



SUPPLIER SUSTAINABILITY POLICY

First Edition
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1. PREAMBLE

At MARELLI, we recognize that our Suppliers play a major role in helping us to achieve a sustainable supply chain, with responsible and ethical business practices.

As such, it is essential that we select Suppliers that are aligned with our own corporate values.

With this aim, we have created the MARELLI Supplier Sustainability Policy to clearly set out the social, human, economic and environmental sustainability standards that we expect from all Suppliers that conduct business with MARELLI.

2. SCOPE AND USE OF THIS POLICY

2.1 Scope

This Policy applies to the Suppliers of all materials, parts, products, and services to MARELLI.

Compliance with this Policy is a prerequisite for conducting any business with MARELLI.

Non-compliance with the standards of this policy may result in you being excluded from MARELLI's sourcing process without the possibility to receive new business.

2.2 Interpretation

Throughout this policy, reference to the term:

"Supplier" includes Suppliers, consultants, contractors and other vendors/service providers, their subcontractors, and any other person acting on our behalf such as sales agents, distributors, resellers, or brokers.

"Applicable Law" means the laws, rules, regulations and executive or judicial orders applicable in the jurisdiction where the Supplier is based and/or conducts its business transactions.

3. MARELLI STANDARDS

Suppliers shall comply with Applicable Law and the standards set out below with respect to the following five key sustainability topics:



3.1 Applicable Law

Suppliers shall comply with all Applicable Laws.

If the Applicable Law falls below the standards required of this policy, Suppliers should comply with the higher standards contained in this policy

3.2 Business Ethics and Compliance

- *Anti-Corruption*: Supplier shall strive to forge transparent and fair relations. Suppliers shall not offer or accept bribes, or facilitation payments. Supplier shall make sure that political contributions and donations are in accordance with Applicable Law. Supplier shall not accept or provide gifts, services or hospitality intended to influence a business relationship or induce improper conduct.
- *Anti-Money Laundering*: Suppliers shall not facilitate or support money laundering and shall prevent any types of fraud. Suppliers shall report any suspicious transactions and be alert for signs of money laundering.
- *Data Protection and Data Security*: Supplier shall only collect personal and/or confidential information about customers, third parties and employees through legitimate methods. Supplier shall rigorously control and protect this information and only use, process, disseminate or retain it for its legitimate purpose, and all times in accordance with Applicable Law.
- *Financial Responsibility/Accurate Records*: Suppliers shall perform their business dealings in a transparent manner and accurately reflect them in the companies' financial reports and filings. Suppliers shall ensure that an adequate financial reporting control system is in place.
- *Disclosure of Information*: Suppliers shall disclose financial and non-financial information in accordance with Applicable Law and prevailing industry practices.
- *Inside Information & Securities Trading*: Supplier shall not trade based on inside information about MARELLI or about our customers, vendors, subcontractors, business partners, or competitors.
- *Conflicts of Interest*: Suppliers shall ensure that their employees avoid situations where their financial or other interests conflict with job responsibilities, or situations giving any appearance of impropriety.
- *Counterfeit Parts*: Suppliers shall minimize the risk of introducing counterfeit and/or diverted parts and materials into deliverable products and adhere to relevant technical regulations in the product design process.
- *Intellectual Property*: Suppliers shall respect valid intellectual property rights and protect them. Suppliers shall not obtain third-party intellectual property by unlawful means nor make improper use of it.
- *Export Controls, Trade, and Economic Sanctions*: Suppliers shall comply with the Applicable Laws on the export or re-export of goods, software, services and technology, as well as with applicable restrictions on trade involving certain countries, regions, companies or individuals.
- *Remediation*: Suppliers shall provide for, or cooperate in remediation through legitimate processes, when their business activities cause or contribute to adverse environmental



- or social impacts.
- *Non-retaliation*: Suppliers shall avoid any form of threats, intimidation, and physical or legal attacks against stakeholders, including those exercising their legal rights to freedom of expression, association, peaceful assembly and protest against their business activities.
 - *Anti-Competition/Anti-Monopoly/Anti-Trust/Fair Trade Laws*: Suppliers shall determine and implement independent business decisions. Suppliers shall not engage in practices that distort competition such as illegal monopolies (cartels, bid rigging, allocations of customers, products, markets or capacities etc.), improper trade restrictions, unfair business practices, abuse of dominant positions or the sharing of sensitive business information with competitors.
 - *Eliminating Japanese anti-social forces*: Supplier shall eliminate and prevent any relationship and/or any business transaction with Japanese anti-social forces.

3.3 Human Rights

Suppliers shall respect the human rights of workers, local communities, and other relevant stakeholders, and prevent and address adverse human rights impacts linked to their business activities, in accordance with the United Nations (UN) Guiding Principles on Business and Human Rights.

- *Child Labor and Young Workers*: Suppliers shall observe the minimum employment age in their business activities and throughout their supply chain in accordance with the International Labor Organization (ILO) Minimum Age Convention and shall ensure that child labor is not tolerated in any form.
- *Wages and Benefits*: Suppliers shall provide their workers with remuneration in accordance with Applicable Law and prevailing industry practices; such remuneration shall be adequate to cover basic needs and enable a decent standard of living for the workers and their families, which includes respecting minimum wages, overtime compensation, medical leave and government-mandated benefits.
- *Working Hours*: Suppliers shall comply with Applicable Laws and collective bargaining agreements (where applicable) regarding working hours, or at least comply with the ILO Standards on Working Time¹ in case the relevant Applicable Law has lower standards.
- *Modern Slavery*: Suppliers shall recognize the principle of freedom of choice of employment. Suppliers shall prohibit any forms of forced, bonded or compulsory labor, including human trafficking (ILO Conventions 29 and 105).
- *Ethical Recruiting*: Suppliers shall not mislead or defraud potential workers about the nature of the work, ask workers to pay recruitment fees, and/or confiscate, destroy, conceal, and/or deny access to worker passports and other government-issued identity documents. Workers shall receive a written contract or employment notification at the start of their recruitment in a language that is understood by them, stating in a truthful, clear manner their rights and responsibilities.

¹ To the extent that Suppliers in the United States have independent working standards that do not reference ILO standards, such company may comply with ILO in the absence of local laws and collective bargaining agreements.



- *Freedom of Association and Collective Bargaining:* Suppliers shall allow workers to communicate openly with management regarding working conditions and management practices without fear of reprisal, intimidation or harassment. Suppliers shall respect worker rights to associate freely, to join or not join labor unions, bargain collectively, seek representation and join workers' councils.
- *Non-Discrimination and Harassment:* Suppliers shall not tolerate any form of discrimination or harassment in respect of employment and occupation and shall provide equal employment opportunities regardless of worker or applicant characteristics such as age, gender, sexual orientation, gender identity, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union association, covered veteran status, genetic information or marital status.
- *Women's Rights:* Suppliers shall provide equal opportunity in employment and commit to equal pay for equal work.
- *Diversity, Equity, and Inclusion:* Suppliers shall develop and promote inclusive cultures where diversity is valued and celebrated, and everyone is able to contribute fully and reach their full potential. Suppliers shall encourage diversity in all levels of their workforce and leadership, including boards of directors.
- *Rights of Minorities and Indigenous Peoples:* Suppliers shall respect the rights of indigenous peoples and local communities, promoted and protected throughout the supply chain in accordance with the 'UN Declaration on the Rights of Indigenous Peoples'. Suppliers are required not to engage in land grabbing, to obtain Free Prior and Informed Consent (FPIC) from existing land users and to promote adequate compensation where land use has been granted to the Supplier.
- *Land, forest and water, rights and forced eviction:* Suppliers shall avoid forced eviction and the deprivation of land, forests and waters in the acquisition, development or other use of land, forests and waters.
- *Private or Public Security Forces:* Suppliers shall not commission or use private or public security forces to protect the business project if, due to a lack of training or control on the part of the company, the deployment of the security forces may lead to violations of human rights.

3.4 Responsible Sourcing of Raw Materials

- Supplier shall not use raw materials that directly or indirectly contribute to human rights abuses, health & safety issues, environmental pollution, or compliance breaches (such as tin, tungsten, tantalum and gold (3TG) from conflict-affected and high-risk areas (CAHRAs) like the Democratic Republic of the Congo (DRC), as well as other raw materials, such as cobalt, mica, lithium, copper etc.)
- Supplier shall obtain raw materials from smelters and refines that have been audited using independent, third party assurance, such as the Standard for Responsible Mining from the 'Initiative for Responsible Mining Assurance' (IRMA).
- Suppliers shall maintain (and disclose) records regarding their supply chain including information on the origin of the material, e.g., via the 'Responsible Minerals Assurance Process' (RMAP) by the RMI.
- Suppliers shall provide every year, within the assigned deadline, the "Conflict Minerals Reporting Template" (CMRT) and the "Extended Minerals Reporting Template" (EMRT)



to disclose about the use of these materials. MARELLI expects also to receive prompt communication about any subsequent update and decision.

3.5 Health & Safety

- *International Standards:* Supplier shall operate an effective and certified health and safety management system according to ISO 45001, or similar, to continuously minimize health and safety risks and improve working conditions for the workforce including sub-contractors working on site.
- *Applicable Laws:* Suppliers shall provide a working environment that meets or exceeds Applicable Laws regarding safety, occupational health, and fire safety, in addition to encouraging remote workers to understand and apply best practices.
- *Personal Protective Equipment:* Where applicable, Suppliers shall provide their workforce with necessary Personal Protective Equipment (PPE) and ensure they understand how and when it needs to be applied.
- *Emergency preparedness and readiness:* Suppliers shall reduce the risk of occupational hazards and develop an emergency preparedness and effective response plan.
- *Incident and Accident Management:* Suppliers shall implement (i) hazard and risk analysis systems to minimize the potential for incidents or accidents at the workplace, (ii) an investigation system to determine the root cause of incidents or accidents, and (iii) a corrective action system to ensure all permanent measures have been taken to minimize the chance of a recurrence.
- *Contractors:* Suppliers shall properly manage the health and safety of contractors as part of a company's extended supply chain. Suppliers shall coordinate their procurement processes to identify hazards and to assess and control risks arising from the contractor's business activity with the Supplier, and the company's business activity that impacts the contractors' workers.

3.6 Environmental & Energy Consumption Responsibilities

- Suppliers shall develop, implement, and support a proactive approach to environmental responsibility through environmental protection practices, conserving natural resources and reducing overall environmental footprint of production, goods and services throughout their life cycle.
- *International Standards:* Suppliers shall operate an effective and certified Environmental Management System according to ISO 14001 or Eco-Management and Audit Scheme (EMAS).
- *MARELLI Environmental Initiatives & Targets:* Suppliers shall work cooperatively with MARELLI to achieve our environmental sustainability targets. Suppliers shall monitor and provide requested data from their own operations as well as from their upstream activities, develop feasible and effective action plans, and participate in third party sustainability assessments.
- *Carbon Neutrality:* Suppliers shall strive to prioritize energy efficiency across operations and its entire value chain via renewable energy objectives and science-based and time bound emission reduction targets to reduce the overall demand for energy, with the aim



to achieve a net-zero trajectory that doesn't allow carbon offsets. Such targets and objectives shall be aligned with the Paris Agreement effort to limit global temperatures rising by 1.5°C compared to pre-industrial levels.

- **CO2 emission reporting:** Suppliers shall provide information related to CO2 emissions, such as the carbon footprint of the materials and parts they deliver to MARELLI, their weight, their energy consumption in case of equipment, the emission factors used in calculations, LCA (Life Cycle Assessment) results, etc. Such information may be shared further with OEMs. Suppliers are strongly encouraged to annually report their emissions data via reliable platforms such as CDP (Carbon Disclosure Project) climate change questionnaire or EcoVadis and to share such information with MARELLI via the platform upon request. From 2025 onwards MARELLI may formally request Suppliers to respond and share their emissions information either via CDP climate change questionnaire or EcoVadis.
- **De-carbonization plan:** Suppliers shall promote society's de-carbonization and provide evidence of a structured roadmap to reach net-zero at latest by 2045.
- **Water Usage & Security:** Suppliers shall improve their water conservation efforts, by tracking and monitoring water consumption. Suppliers shall implement recycling practices to enable circular economy, effectively reuse and recycle water with responsible treatment of wastewater discharges and prevent potential impacts from extreme weather events such as droughts and flooding, as required by and in accordance with Applicable Law. Suppliers shall prohibit the use of chemicals and materials that can be particularly detrimental to water quality if improperly disposed.
- **Water Usage & Security Reporting:** Suppliers shall provide information related to water, such as equipment's water usage. Suppliers are strongly encouraged to annually report data regarding their water usage via the CDP (Carbon Disclosure Project) water security questionnaire. From 2025 onwards MARELLI may formally request Suppliers to respond and share their CDP water security questionnaire.
- **Air Quality:** Suppliers shall routinely monitor and disclose, appropriately control, minimize, and to the extent possible, eliminate emissions contributing to air pollution, as required by and in accordance with Applicable Law. Suppliers shall assess cumulative impacts of pollution sources at their facilities and mitigate their pollution levels accordingly.
- **Responsible Chemical Management:** Suppliers shall eliminate or reduce the use of substances that are potentially hazardous for people and the environment, by promoting the use of suitable alternatives. Our Suppliers and sub-Suppliers shall comply with all Applicable Laws regarding the restriction and registration and where necessary, authorization or notification of chemical substances contained in the end-product or production process.).
- **Reporting on the use of Environment-impacting Substances and Substances of Very High Concern (SVHC):** In accordance with EU REACH legislation, *Supplier* shall report all SVHC's, their CAS number and their concentration rate via IMDS, SDS or other designated method if the SVHC usage or preparation amount in parts, raw materials, preparation (mixtures), subsidiary materials or packaging materials Suppliers exceeds the applicable threshold in RNESB-00027. Supplier shall promptly communicate any changes in the use of SVHCs resulting from component or raw material substitution to MARELLI Purchasing department, and at the same time, the changes must be reported by using IMDS, SDS or other designated methods.



- **Circularity:** Suppliers shall promote internal and external closed loop systems by reducing waste generation, promoting the reuse of resources (e.g. remanufacturing) and the use of more sustainable materials including recycled ones. Suppliers shall apply modular designs as much as possible, so products' constituent parts can be easily separated and either re-used without further processing, or easily recycled near the point of disposal.
- **Circularity Reporting:** Suppliers shall submit information about the recycled content of the materials and parts they deliver to MARELLI via the International Material Data System (IMDS), in accordance with RNEB_B-00043 (NES M0302) for IMDS reporting. In order to comply with recycling legislations and customer requirements, Suppliers shall provide material composition data (e.g. identification and weight of composing materials), and the guarantee of origin of the source of energy used to recycle those materials.
- **Waste:** Suppliers shall reduce waste and ensure that any unavoidable waste is utilized to the fullest degree.
- **Animal Welfare:** Suppliers shall respect the five animal freedoms formalized by the World Organization for Animal Health (OIE) concerning animal welfare. No animal shall be raised and killed for the single purpose of being used in an automotive product.
- **Biodiversity, Land Use and Deforestation:** Suppliers shall protect ecosystems, especially key biodiversity areas, impacted by their operations, and avoid illegal deforestation in accordance with international biodiversity regulations, including the International Union for Conservation of Nature (IUCN) Resolutions and Recommendations on Biodiversity. MARELLI will rely on Suppliers that are actively implementing deforestation-free supply chains, with tangible results coming from reliable initiatives and local agreements or partnerships.
- **Soil Quality:** Where appropriate, Suppliers shall monitor and control their impact on soil quality to prevent soil erosion, nutrient degradation, subsidence and contamination
- **Noise Emissions:** Where appropriate, Suppliers shall monitor and control the levels of industrial noise to avoid noise pollution.

4. SUPPLIER RESPONSIBILITY

4.1 Supplier Commitment

All Suppliers are requested to accept this Supplier Sustainability Policy by:

- Signing the MARELLI Purchase Agreement or General Terms and Conditions; and/or
- Acknowledging the Sustainability Policy in the Request for Quotation dedicated form.

4.2 Management System

Suppliers shall establish a robust internal management system to ensure compliance with Applicable Laws and the standards contained in this policy. At a minimum, the Suppliers internal management system should include the following key components:



a) **Policies & Procedures:**

Supplier shall put in place policies and procedures regarding the key sustainability topics contained in this policy. Such documents should clearly set out the Suppliers position and the specific actions that will be taken to ensure compliance with Applicable Laws and the standards contained in this policy.

b) **Risk identification & Action Plans:**

Suppliers shall map their supply chain to effectively identify, analyze and prioritize material sustainability risks and implement effective action plans to address them properly.

c) **Due Diligence**

Suppliers are expected to choose contractors and sub-contractors that uphold the principles of this policy.

Suppliers shall take steps to ensure that their contractors and sub-contractors are informed of, and are required to comply with, the Applicable Laws and standards contained in this policy (such as issuing their own supplier sustainability policies, or including obligations in their contracts).

Suppliers shall implement a due diligence process to ensure that their contractors and sub-contractors comply with Applicable Laws, as well as the standards set out in this policy.

d) **Grievance Mechanism**

Suppliers shall establish an operational-level grievance mechanism (OLGM) that allows concerns related to compliance with Applicable Laws, business ethics, human rights, or any other topic to be raised anonymously, confidentially and without retaliation.

Such mechanism should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, based on dialogue and engagement and a source of continuous learning.

Suppliers should cooperate with reporters in good faith.



4.3 Reporting

Supplier shall promptly provide MARELLI with information to demonstrate its compliance with the standards of this Policy, or to satisfy MARELLI's Sustainability reporting duties and targets.

Suppliers are not authorized to provide any information on behalf of MARELLI directly to car makers. If MARELLI's customer requests a visit to inspect Suppliers facilities or operations, Supplier shall promptly inform MARELLI and permit a MARELLI representative to be present during the visit.

4.4 Sustainability Assessment

MARELLI shall monitor the sustainability maturity of its Suppliers every 2 years, by requiring them to have an EcoVadis rating or, as alternative, fulfill MARELLI Sustainability Self-Assessment via Resilinc platform (MARELLI Risk Management Platform) or any other recognized Sustainability Assessment recognized by MARELLI. In addition, we shall monitor Suppliers based on Resiliency Risk, and carry out third-party audits at Supplier sites, mainly in high-risk countries.

4.5 Actions in the event of Supplier breaches

Suppliers shall promptly report any actual, or potential, non-compliance with Applicable Law or the standard contained in this Policy, by contacting the MARELLI purchasing team via the following email: supplier.sustainability@MARELLI.com

Supplier shall promptly develop a corrective action plan, and implement improvement activities to ensure compliance.

MARELLI shall evaluate the adequacy of the action plan and the effectiveness of the improvement implemented by Supplier, and shall determine the eligibility of the Supplier to continue business with MARELLI.

The highest escalation level is equivalent to 'New Business Hold' where Supplier shall be excluded from MARELLI's sourcing process without any possibility to receive new business.

MARELLI Integrity Hotline

Suppliers are firstly encouraged to report any potential or actual non-compliance by directly communicating with the MARELLI purchasing team, as outlined above. However, concerns may also be raised anonymously to MARELLI via our Integrity Hotline www.MARELLI.ethicspoint.com



4.6 Sustainability Targets

In addition to compliance with the sustainability standards contained in this Policy, Suppliers shall commit to cooperate with MARELLI to achieve the following specific Sustainability Targets.

- Report Full Carbon Footprint of your product (Scope 1, 2 and 3) and provide any requested data for the evaluation of the sustainability of your product. Commitment to monitor Scope 3 emissions is mandatory and need to be put in place no later than 2025
- Develop feasible and effective CO2 reduction plans for MARELLI related products starting from 2023 included, to reach at least -25 % by the end of 2025
- Increase the use of recycled material, whenever is possible, from 2023 included, to reach at least +20% by end of 2025
- Provide a valid ISO 14001 certification (prerequisite to be nominated at Marelli for new business award)
- Be assessed via EcoVadis Sustainability Assessment, Marelli Supplier Sustainability Self-Assessment, or provide an evidence of other recognized sustainability assessment in the last 12 months (prerequisite to be nominated at Marelli for new business award)
- Have a strong Business Continuity Plan, monitor and request the same for your critical suppliers
- Grasp present entire supply chain CO2 emission to effectively monitor your company and product emissions
- Increase the use of renewable energy (respecting project-specific requirements, and in any case plan the use and proof of production with electricity coming from only renewable sources). Switch to 100% renewable energy shall be guaranteed no later than 2030
- Reduce the usage of new natural resource
- Reduce the waste at manufacturing sites
- Promote product innovation through development and adoption of new recycled materials
- Reduce the water consumption per global production at manufacturing sites, and water usage along the entire supply chain
- Reduce the environmental impact through engagement with stakeholders, including your suppliers
- Deploy these behaviour and actions along your supply chain, ensuring its application

Lack of cooperation may negatively impact Suppliers eligibility for new business with MARELLI.



CONTACT DETAILS BY SUBJECT CATEGORY

Subject	Department	e-mail
Supplier Sustainability	Purchasing	supplier.sustainability@MARELLI.com
Conflict Minerals	Purchasing	conflict.minerals@MARELLI.com

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