

# CLARIOS North America – Supplier Corporate Social Responsibility Code

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## I. INTRODUCTION TO OUR SUPPLIER CSR-CODE

**We believe in acting with integrity, showing respect, protecting the environment, and meeting our commitments.**

**From those who want to do business with us we expect nothing less.**

Our Clarios North America Supplier CSR-Code hereinafter referred to as the “CSR-Code” sets out these expectations.

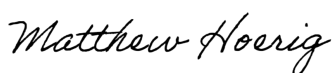
The CSR-Code is based on internationally agreed upon standards, primarily the conventions of the **International Labor Organization** (ILO) and relevant norms of the **United Nations Global Compact**, of which Clarios is a signatory member, covering human rights, labor rights, environmental care, and anti-corruption. The following Corporate Social Responsibility regulations and standards apply to all Suppliers and Pre-Suppliers, including involved parties of extraction, transport and trade of sourced minerals, metals, and parts (hereinafter referred to as suppliers). They must know and follow these standards to ensure an ethical and responsible cooperation and help preserve our reputation.

As we are committed to upholding a traceable, transparent, ethical, and sustainable supply chain, we furthermore expect our Suppliers to have a process in place which verifies that these regulations and standards are met along their supply chain accordingly.

Although sometimes the culture and political background of our Suppliers may differ from our own, we are convinced that common social and environmental compliance standards create sustainable value that can benefit society and business.

Therefore, we kindly invite you to carefully read the following expectations and requirements and **confirm your understanding and adherence to the following CSR-Code by signature.**

We are looking forward to your cooperation and continue working with you in the future!



Matthew Hoerig  
Director US Procurement



Sonia Martinez  
Director MX Procurement

## II. KEY CONDITIONS – OUR PRINCIPLES AND EXPECTATIONS OF THE BUSINESS PARTNERSHIP

### TRANSPARENCY AND ADHERENCE TO LAWS AND REGULATIONS

The principles set out in this CSR-Code are minimum requirements. Suppliers must always conform to the current applicable statutory and regulatory requirements in the country of receipt, the country of shipment, and the customer-identified country of destination, if provided. If applicable statutory and regulatory requirements are stricter than this CSR-Code, they shall prevail.

**The key conditions of our understanding of due diligence are in line with the UN Global Compact and ILO Conventions.** The below-mentioned explanations will outline our expectations and requirements to these key conditions.

### HUMAN RIGHTS

Fundamental Human Rights	<p>We are committed to upholding an ethical and transparent supply chain that is free of child labor, forced labor, slavery, and human trafficking.</p> <p>All employees, regardless of employment form, shall be treated fairly, with dignity and respect, in accordance with international human rights. Suppliers must have adequate procedures for compliance and remedial of human rights violations.</p>
Right to Life, Liberty, Health and Safety at Workplaces	<p>Personal freedom and the right to life, liberty and personal security is what we believe in. Moreover, safe working conditions and personal data security are key expectations and should be upheld. This implies, that the workplace and the execution of the work must not harm the health and safety of the employees. Health at work and safe working practices as well as preventive actions should be encouraged and pursued. All safety measures and prevention practices should be communicated to all employees and if needed, trainings on practical adherence should be provided. The same applies for all sub organizations/ sites that will be used by the own staff.</p>

### LABOUR

Freedom of Association and Collective Bargaining	<p>All employees should have the right to set up or join workers' organizations, including unions, for collective bargaining.</p> <p>In case of law restrictions on the right of freedom of association or collective bargaining, employees should be allowed to form representative bodies of their interests as well as to being able to enter into direct exchange with the employer. Moreover, an alternative option for freedom of association and collective bargaining should be provided.</p>
No Forced Labor	<p>Suppliers must not use, be complicit in, or benefit from any forced or involuntary labor. All kinds of slavery or forced labor, bonded labor or prison labor are strictly prohibited.</p> <p>No one shall be subject to working under the menace of any penalty or forced to deposit money or original documents (such as passports, education certificates) at the start of or during their employment. Employees must not be restricted in their freedom of movement.</p>

No Child Labor	According to the ILO and UN conventions as well as national law, child labor is strictly prohibited. Suppliers must not use, or support any use of, child labor or other child exploitation. The age of admission to employment must not be less than the age of completion of compulsory schooling and in any case not less than 15 years (or 14, where national law permits it in accordance with the ILO convention 138).
No Discrimination	All staff and workers need to be treated equally. Discrimination will not be tolerated. Discrimination includes but is not limited to gender, religion, age, race, social background, caste, nationality, ethnic and national background, membership in a worker association, disability, sexual or political orientation, or any other personal characteristics, will not be tolerated.
Working Conditions	All employees should be treated with dignity and respect. Any kind of physical punishment, psychological, sexual, or verbal harassment and abuse, and any other kind of mistreatment are prohibited. Disciplinary actions must be in compliance with national law as well as international human rights standards and must not be imposed on employees who report violations against this CSR-Code or national law. Suppliers shall inform all employees of their employment conditions. All employees are entitled to written employment contracts in a language understandable to the employees that includes terms and conditions of the employment, including remuneration and benefits, period of payment, leave entitlement and period of notice.
Wages and Benefits	Suppliers shall ensure that employees are paid a wage which should at least meet national or industry minimum standards and at least be sufficient to cover the basic needs of the employee and the living costs. Suppliers shall provide, or otherwise ensure that its employees have access to, adequate social insurance. Any kind of wage deductions as disciplinary actions are prohibited.

## ENVIRONMENT

Clean Environment, Waste and Environmental Protection	<p>All Suppliers are required to adhere to the applicable environmental protection laws.</p> <p>Furthermore, Suppliers shall conduct business in a responsible way with as little impact on the environment as possible. This includes having an environmental management system, or as a minimum an environmental policy and a system including a risk assessment approach, to prevent, mitigate and control environmental damage from their operations especially in regards to a responsible chemical management.</p> <p>Suppliers shall continuously strive to minimize greenhouse gas emissions as well as their energy and water consumption.</p> <p>Suppliers shall minimize the amount of waste. Waste shall foremost be recycled and otherwise sent for appropriate waste treatment to minimize environmental impact.</p> <p>The environmental performance and operations should be documented.</p>
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## ANTI-CORRUPTION

Anti-Corruption and Bribery	We do not tolerate any kind of bribery and fraudulent misrepresentations of the origin of the raw materials or goods we are sourcing. The adherence to this and the rejection of any abuses regarding then payment of taxes, fees and government royalties is expected from every business partner. Additionally, we do not support money laundering, neither directly connected to our business practices, nor regarding to other practice in which your Suppliers are involved in. This also implies to the acceptance of gifts, which we do not support in this context.
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Compliance	<p>We expect our Suppliers to strictly adhere to international and national laws or regulations in regards to:</p> <ul style="list-style-type: none"><li>- Fraud, Extortion, Money Laundering and Trade Sanctions</li><li>- Fair Competition</li><li>- Conflicts of Interest</li><li>- Taxes, Fees and Royalties</li><li>- Privacy and Data protection</li></ul> <p>Furthermore, we expect our Suppliers to ensure no connection or support to any terrorist activities.</p> <p>It must be ensured that anyone who raises a concern in good faith will not face retaliation of any kind including threats, harassment, reduced hours, release from employment or any other negative consequence.</p>
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### III. CONFLICT MINERALS AND CONFLICT-AFFECTED AND HIGH-RISKS AREAS

In response to violence and human rights violations in the mining of certain minerals from the Democratic Republic of the Congo (DRC) and surrounding countries (the “Covered Countries”), the U.S. Securities and Exchange Commission (SEC) adopted rules to implement reporting and disclosure requirements related to “conflict minerals,” as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The rules require companies who file reports with the SEC to annually disclose due diligence measures taken to determine whether the products they manufacture or contract to manufacture contain “conflict minerals” that are “necessary to the functionality or production” of those products.

The definition of “conflict minerals” refers to gold, as well as tin, tantalum, and tungsten, the derivatives of cassiterite, columbite-tantalite, and wolframite (referred as 3TG), regardless of where they are sourced, processed, or sold. The U.S. Secretary of State may designate other minerals in the future if it determines that such minerals are financing conflict in the Covered Countries. In addition to the DRC, the “Covered Countries” are Angola, Burundi, Central African Republic, the Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia.

We support the humanitarian goal of ending violent conflict in the Covered Countries. Therefore, we are committed to conducting our worldwide business operations in a manner that complies with applicable laws and regulations. We are also committed to the responsible sourcing of “conflict minerals” throughout our supply chain. Clarios is a member of the Responsible Minerals Initiative (RMI), and we compare the aggregation of smelter lists provided by our suppliers with the RMI list of conformant smelters. The information provided by our suppliers is used to conduct our due diligence, including assessing reports for completeness and consistency. Our due diligence processes also conform to the primary principles of the internationally recognized due diligence framework from the Organization for Economic Cooperation and Development (OECD).

Clarios has a multi-tiered, complex, and geographically dispersed supply chain and engagement with our suppliers in this environment requires focused efforts to comply with these rules. We continue to promote and encourage suppliers to conduct responsible sourcing from conflict-affected and high-risk areas. We expect our suppliers to conduct due diligence on their respective supply chains and to assist us with our compliance with these rules; to the extent that a supplier refuses to cooperate with our compliance efforts or does not conduct responsible sourcing from conflict-affected and high-risk areas, we may reconsider our supply arrangement and implement remedies available to us.

To mitigate risk, we expect our Suppliers to carefully choose and check its business partners, located in the identified covered countries, and ensure adequate precautions on any CSR-code violations.

However, we are aware that under specific circumstances sourcing operations or business relationships cannot be avoided. In those cases, we expect our Suppliers to communicate the same to the responsible buyer immediately. Moreover, we expect a close monitoring of the compliance matters for those business practices subject to 3TG and/or taking place in the covered countries. The documentation and evidence of compliance should be made available on demand.

## IV. CRISIS MANAGEMENT

**Should any kind of Corporate Social Responsibility incident occur, an immediate notification to our CSR-Code is expected.** Furthermore, a root-cause-analysis should be prepared and derived after consultation with our representatives.

- Any infringement of the described key conditions (“II. KEY CONDITIONS – OUR PRINCIPLES AND EXPECTATIONS OF THE BUSINESS PARTNERSHIP”) in this CSR-Code.
- Any circumstances or activities leading to potential high risks on unethical working practices as mentioned in this document that we as a responsible acting organization would like to prevent.
- Potential high risks or incidents based on the origin or transit of minerals and metals in relation with CAHRAs.
- Serious incidents at your production/ processing sites, such as site collapses, serious fires, accidents, or any other incident where live and limb of your staff is in danger or that led to deaths and/ or severe injuries.
- Serious incidents which result or will result with a reasonable degree of certainty in a high level of Non-Governmental Organizations (NGO) and/ or media attention.

## V. MONITORING

We as Clarios focus on the future, as well as the positive impact we can have today. As we expect our Suppliers to operate with the same high standards that we apply to ourselves, we are undertaking several activities to secure and enhance compliance in the supply chain:

Self-Assessment Questionnaire (First Party Audits)	The assessment is containing pre-formulated questions as well as space for advanced answers with special focus on your Corporate Social Responsibility performance and due diligence measures.
On-site Visits through Clarios (Second Party Audits)	We reserve the right to conduct own on-site visits at your organization’s premises with the focus is on your Corporate Social Responsibility measures and supply chain due diligence activities only.
Audits on behalf of Clarios (Third Party Audits)	In addition to above-mentioned verification formats, we reserve the right to conduct third party audits at your organization’s premises in order to verify the social and environmental compliance performance according to our minimum standards as described in this CSR-Code.
Audits through an accredited audit company or initiative	Should your organization have been already audited or certified through a sustainability initiative or accredited auditing institute, e.g., OHSAS 18001/ISO45001, ISO14001, ISO50001, CFSI, SEDEX, RMI, SA8000, etc. you are welcome to share the outcome of the audit/certification with us. Kindly note that we can consider valid audits and certifications only.

In case you have any question regarding this CSR-Code or would like to contact us in order to report incidents, occurrences or grievances, please contact us through the details provided below.

### Contacts:

For direct contact please approach your procurement counterpart at Clarios or send an email to: [Procurement@clarios.com](mailto:Procurement@clarios.com)

For anonymous contact you may choose the Clarios 24-hour Integrity Helpline via phone or internet. Please go to: [ClariosIntegrityHelpline.com](http://ClariosIntegrityHelpline.com)

Non-compliance with this CSR-Code may have negative impact on Clarios or the relationship with the Business Partner. Clarios reserves the right to terminate the contract with any Business Partner who itself or in any part of their value chain, has materially breached this CSR-Code.

**Herewith I confirm the acceptance and understanding of the above-mentioned CSR-Code of Clarios North America and according standards and requirements on responsible sourcing.**

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Company name

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Date and Place

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Name in block letters

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Signature