



# **Policy statement on respect for and protection of human rights and associated environmental standards.**

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## Motherson Group values and sustainability principles.

The Motherson Group ("**Motherson**") combines the power of innovation and product quality to develop diversified as well as sustainable products that meet the needs of customers in a wide range of industries around the world. In particular, the group also includes SMP Deutschland GmbH, Samvardhana Motherson Peguform GmbH and their subsidiaries in Germany and abroad.

Our "Policy statement on respect and protection of human rights and associated environmental standards" underlines the Motherson Group's commitment to these values, in addition to its numerous sustainability initiatives. Detailed reporting on our sustainability initiatives is included in the [Motherson Group Sustainability Report](#) and the [Global Citizenship Report](#). In addition, we have implemented group-wide guidelines that express our attitude towards ourselves and our stakeholders and form the basis of our daily actions. At the Group level, these are in particular the following guidelines:

- Corporate Social Responsibility Policy
- Climate Change Policy
- Human Rights Principles
- Code of Conduct for Managers
- Code of Conduct for Employees
- Supplier Code of Conduct
- Prevention of Harassment Policy
- Inclusion and Diversity Policy

Motherson aims to make a significant contribution to the observance of internationally recognised human rights. The prevention of human rights violations is a crucial part of these values.

Human rights are universal. The inherent dignity and equality of all human beings is the basis for freedom, justice and peace, worldwide. Motherson upholds the principle that everyone has the right to be treated with dignity, fairness and respect. Motherson respects the dignity, fundamental freedoms and human rights of its employees, contractors and the communities in which they live and work.

With regard to our commitment to human rights, we are particularly committed to the following frameworks and standards across the Group:

- The Universal Declaration of Human Rights
- The United Nations (UN) Guiding Principles on Business and Human Rights
- The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- The OECD Guidelines for Multinational Enterprises
- The ten principles of the UN Global Compact

In addition, Motherson aims to make a significant contribution to leaving a clean environment for our next generation and to do all we can to preserve the future of the planet by adopting environmentally friendly technologies, business practices and innovations that lead to a clean and green future. For Motherson and our stakeholders, this is an issue of high importance to which we want to make a positive contribution. In this regard, Motherson is actively working on the following principles to minimise the environmental impact of its current operations and supply chain, focusing on the following areas, among others:

- Minimizing and avoiding the emission of greenhouse gases
- Improving energy efficiency in all sectors and optimizing access to renewable energy sources
- Improving the efficiency of water use and production
- Minimizing and avoiding waste with a focus on increasing the use of recycling solutions
- Focus on climate-friendly measures and maximize the economic circular economy
- Alignment and compliance with evolving regional and country environmental targets

We take the internationally recognised standards as well as the legal regulations, such as the German Supply Chain Due Diligence Act ("**LkSG**"), as an opportunity to constantly drive forward the fulfilment of our requirements for human rights and environmental conditions in our supply chains. In addition, our policy statement defines the minimum requirements and expectations for our employees, partners, customers, service providers, suppliers and their employees as well as other stakeholders.

The following statements explain the aspects and scope of our commitment to respect and uphold human rights and related environmental standards, and thus our commitment to corporate responsibility.

## **Our risk analysis approach.**

As part of our risk management, we conduct risk analysis for human rights and environmental risks annually, on an ad hoc basis, or when we receive information through our complaints procedure. Our systematic basic analysis covers our business area as well as our direct suppliers and service providers. However, if there are actual indications that human rights and/or environmental violations of obligations by indirect suppliers (upstream suppliers) or service providers appear possible, we extend our risk management to the latter.

In the first step of our analysis, the so-called abstract risk analysis, we ensure transparency in our supply chain. In addition to obtaining an overview of our own procurement processes as well as the structure and actors of the supply relationships, we carry out an identification of risk potentials. In doing so, we match our locations, commodity groups, raw materials and industries with critical thresholds of various relevant indices and external information sources (e.g. industry initiatives, risk databases), and in this way assess potentially risky business areas and suppliers.

In the second step, the so-called specific risk analysis, we evaluate and prioritize which potential risks in our business area and which supply relationships are considered in depth and addressed first. The prioritization of identified potential risks is carried out in particular on the basis of the following criteria: our ability to influence, our risk contribution, as well as the potential risk impact and the probability of occurrence. One criterion, for instance, is the severity of the identified risk in connection with a relevant risk contribution (e.g. large purchasing volumes of a certain commodity group).

## **Prevention and remedial measures.**

Part of our risk management system is the development and implementation of appropriate preventive measures within the value creation process, with which we pursue the goal of preventing human rights and environmental violations as far as possible.

Through targeted training, we sensitize our employees and prepare them for the additional legal requirements. In addition, we implement control mechanisms within our supplier management system to better reflect our human rights and environmental expectations when selecting suppliers. Based on the risk analysis and our experience, we also conduct regular reviews of our procurement strategies and practices, and adjust them if necessary.

We design further preventive measures depending on our assessments as part of the regular risk analysis. For example, compliance clauses in contracts and contract amendments are applied. In addition, we ask our contractual partners to agree to our Supplier Code of Conduct and to take appropriate and comprehensible measures so that our suppliers' suppliers also comply with the due diligence obligations. Obtaining and evaluating self-disclosures, training suppliers and conducting supplier audits are further measures that are taken if the situation is assessed accordingly.

If, despite our preventive measures, there are indications, suspicions or imminent or actual violations in the environment of our suppliers, we will immediately take appropriate remedial action to address the grievances. In doing so, we will endeavour to make the best possible use of our options to influence the violator and, if necessary, implement corrective measures in cooperation with third parties, such as industry initiatives or associations. In the case of very serious violations and if the measures taken remain ineffective, we reserve the right to terminate the business relationship with corresponding suppliers.

In our own business, we pursue a restrictive zero-tolerance strategy. Should human rights and environmental risks be imminent or even have already occurred, we will immediately take all necessary measures to clarify the causes of the violation and eliminate its effects.

## **Expectations towards our employees.**

We expect the best possible cooperation from our employees in establishing and continuously implementing the measures described in this policy statement as part of the value creation process. Both through internal and external channels, our employees are encouraged to comply with and observe our value and sustainability principles. In addition, we consider cross-divisional and global compliance with the internationally recognised standards and frameworks referred to in this statement to be a matter of course within our business units. Furthermore, we call on each of our employees to exercise increased care and prudence, especially in relation to regions and industries identified as potentially risky. In the event that risks or violations within our business units or our supply chains become known or are imminent, we call on them to report them to our Human Rights Officer through our complaints procedure and to actively participate in preventive and remedial measures. To raise awareness among our employees about our human rights and environmental objectives and expectations, we also communicate this policy statement through internal channels across the company.

## **Expectations towards our partners.**

We expect our partners, especially our suppliers and service providers, to globally comply with the internationally recognised standards and frameworks referred to in this declaration, as well as to address them in the direction of upstream suppliers. In addition, we ask them to support us actively and in partnership in carrying out risk analysis and in implementing the resulting preventive and remedial measures. In particular, with regard to the risks identified in the context of the risk analyses

within our supply chain, we propagate a prudent and reflective behaviour of all parties involved. For human rights or environment-related indications or complaints, our grievance procedure is also open to all stakeholders of our partners. In order to create clarity regarding our human rights strategy, we communicate it within our supplier network.

## **Established complaints mechanisms.**

We enable all stakeholders along our supply chains to submit complaints and notices regarding human rights and environmental risks or violations in our business, or of our suppliers and sub-suppliers. We have set up a complaints procedure for this purpose. In principle, an (anonymous) complaint can be submitted via a form on our corporate website, by e-mail, or by post by anyone worldwide. Each indication or complaint is followed by a structured process in which the individual facts are investigated, if necessary with the involvement of the complainant or reporting person, and appropriate further remedial action is taken to eliminate or reduce the violation or risk. The identity of the complainant or reporting person will be kept strictly confidential in all cases. This serves in particular to protect the respective person from any possible disadvantages.

We provide additional and more detailed information about our complaints mechanisms within a separate procedural instruction on our [corporate website](#).

## **Internal responsibilities.**

The company's management board, as well as the managers of the divisions concerned, are responsible for ensuring the implementation of and compliance with the measures within the framework of this policy statement. The monitoring of our risk management, as well as the supervision of our complaints procedure, is the responsibility of our internal human rights officer. The implementation of risk analyses, as well as the initiation of measures derived from them, is controlled by the Supplier Quality Management department. Measures relating to our suppliers and sub-suppliers are implemented jointly by the Supplier Quality Management and Purchasing departments. The implementation of measures in our own business unit is the responsibility of the respective unit concerned.

## **Continuous improvement and reporting.**

Our risk management is the starting point for continuous optimization. Particularly with regard to the complaints procedure, risk analysis and the implementation of preventive measures, we see potential for optimization above all in digital solutions from external service providers. To this end, we plan to convert our complaints procedure to a group-wide platform in the course of 2023.

In addition, we are currently reviewing the offers of a recognized service provider in the area of sustainability-related risk analysis in order to be able to design our risk analysis even more comprehensively through the support of artificial intelligence. The intelligent solution approach strengthens our insight capabilities with regard to risk-increasing events and violations in our supply chain.

We fulfil our continuous reporting obligation by regularly updating our policy statement on respecting and upholding human rights and related environmental standards and publishing it both internally and externally on our corporate website. In addition, there will be an annual report to the Federal Office of Economics and Export Control ("**BAFA**") in which we report on the findings of our risk

analysis and the measures taken. The respective BAFA report will be made publicly available on our corporate website for at least seven years.

The managing directors of SMP Deutschland GmbH:

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**Andreas Heuser**

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**Cezary Zawadzinski**