



Sustainability & Social Responsibility Guiding Principles



Plant 2 - Windsor





Supplier Goals and Expectations

We strive to achieve excellence, innovation, transparency, and performance in a sustainable manner.

For more than 75 years, The NARMCO Group has been an integral leader serving in the automotive industry. Today, with over 2000 dedicated employees across Canada, the United States, and Mexico, the NARMCO Group looks to take on challenges leading us further into the future. We remain proud, determined, committed... Driven to the Future.

People and the environment are the automotive industry's most important resources. We strongly feel that companies should fulfil their social responsibilities and obligations to realize a healthy and harmonious development between enterprises and employees, society, and the environment. To achieve these goals, we are working together to attain the highest standards in business integrity and the social and environmental performance of our supply chain.

The automotive industry supply chain has a high degree of complexity; therefore, we believe in the benefits of a common approach and message where possible. These Sustainability Guiding Principles ("Guiding Principles") contain certain expectations towards business ethics, working conditions, human rights, health and safety, environmental leadership, and supply chain due diligence for suppliers at all tiers, regardless of the country in which they are operating. Suppliers must set up appropriate management systems to ensure compliance with the requirements set out in this document.

Our expectations are based on fundamental principles of social, environmental and governance responsibility that are consistent with applicable laws and international standards. The Guiding Principles define common expectations of the signatories for their suppliers. To fulfil the Guiding Principles, automotive suppliers should implement a management system(s) – defined as a combination of policies, processes, functions, tools, and internal controls – that help an organization to control its operations, reach objectives and ensure continuous improvement.

The NARMCO Group reserves the right to terminate the contractual relationship with any suppliers or contractors that fail to comply with the principles outlined in this document.



1. Business Ethics

Suppliers should uphold the highest standards of integrity and operate honestly and equitably throughout the supply chain.

Suppliers should implement a management system for business ethics that includes the following:

- **Anti-Corruption and Anti-Money Laundering:** Suppliers should not participate in or endorse any corrupt practices in whatever form, including offering or accepting bribes, excessive gifts or hospitality or facilitation payments. Suppliers should not facilitate or support money laundering. Suppliers should report any suspicious transactions and be alert for signs of money laundering.
- **Privacy/Data Protection and Data Security:** Suppliers should respect the privacy and civil liberties in respect of the collection, retention, use or dissemination, as well as any other processing of personal data.
- **Financial Responsibility/Accurate Records:** Suppliers should perform their business dealings in a transparent manner and accurately reflect them in the companies' financial reports and filings. Suppliers should confirm an adequate financial reporting system control is in place.
- **Disclosure of Information:** Suppliers should disclose financial and non-financial information in accordance with applicable regulations and prevailing industry practices.
- **Conflicts of Interest:** Suppliers should ensure that their employees avoid and disclose situations where their financial or other interests' conflict with job responsibilities, or situations giving any appearance of impropriety.
- **Counterfeit Parts:** Suppliers should 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.
- **Export Controls, Trade, and Economic Sanctions:** Suppliers should comply with applicable restrictions 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 entities and individuals.
- **Remediation:** Suppliers should provide for or cooperate in remediation through legitimate processes when their business activities cause or contribute to adverse environmental or social impacts.
- **Non-retaliation/Whistleblower Policy:** Suppliers should 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 their business activities.



2. Environmental

Suppliers should 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.

Suppliers should implement an environmental management system that includes the following:

- **Greenhouse Gases (GHG) & Carbon Neutrality:** Suppliers should strive to set science-based and time-bound Green House Gas and emission reduction goals and put in place measures that drive forward the decarbonisation of the entire value chain.
- **Renewable & Efficient Energy:** Suppliers should strive to set measurable, time-bound goals regarding energy efficiency and renewability.
- **Water Quality, Consumption & Management:** Suppliers should minimize water consumption, effectively reuse, and recycle water with responsible treatment of wastewater discharges and prevent potential impacts from flooding because of rainwater run-off, as required by and in accordance with applicable law. Should environmental damage occur, suppliers commit to allocate all the resources necessary to restore the situation to what it was prior to the events that caused the impact in question.
- **Air Quality:** Suppliers should 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 should assess cumulative impacts of pollution sources at their facilities and mitigate their pollution levels accordingly. Should environmental damage occur, suppliers commit to allocate all the resources necessary to restore the situation to what it was prior to the events that caused the impact in question.
- **Responsible Chemical Management:** Suppliers should identify, minimize, or eliminate the use of restricted substances in manufacturing processes and finished products to ensure regulatory compliance. Companies should also be aware of any use of restricted substances in processes and finished products, and actively investigate suitable substitutes to maintain product and environmental stewardship.
- **Animal Welfare:** Suppliers should respect the five animal freedoms formalized by the World Organization for Animal Health (OIE) concerning animal welfare. No animal should be raised and killed for the single purpose of being used in an automotive product.
- **Biodiversity, Land Use and Deforestation:** Suppliers should protect ecosystems, especially key biodiversity areas, impacted by their operations, and avoid illegal deforestation in accordance with international biodiversity regulations.



- **Soil Quality:** Where appropriate, suppliers should monitor and control their impact on soil quality to prevent soil erosion, nutrient degradation, subsidence, and contamination. Should environmental damage occur, suppliers commit to allocate all the resources necessary to restore the situation to what it was prior to the events that caused the impact in question.
- **Noise Emissions:** Where appropriate, suppliers should monitor and control the levels of industrial noise to avoid noise pollution.
- **Reuse, Recycle & Waste Management:** Suppliers should aim to avoid waste, improve, and maintain a resource recovery and recycling program, and increase the use of recycled materials.
- **Land Rights and Forced Eviction:** Suppliers should avoid forced eviction and the deprivation of land, forests and waters in the acquisition, development, or other use of land, forests, and waters.



3. Human Rights and Working Conditions

Suppliers must 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.

Suppliers should implement a management system for human rights and working conditions that includes the following:

- **Child Labour and Young Workers:** Suppliers must observe the minimum employment age in their business activities and throughout their supply chain and shall ensure that child labour is not tolerated in any form.
- **Wages and Benefits:** Suppliers must provide their workers with remuneration in accordance with applicable regulations and prevailing industry practices; such remuneration should 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 must comply with local laws and collective bargaining agreements (where applicable) regarding working hours. Suppliers must respect the provisions of applicable legislation and sectoral and avoid more than 48 hours of work per week, ensuring one day of rest per week.
- **Forced Labour/Modern Slavery:** Suppliers must avoid hiring employees against their will or under threat, particularly when this includes the use of violence or intimidation, forced debt, limitation of freedom of movement, withholding of wages, disciplinary practices, and physical punishment, withholding of identity documents or threats of reporting to the immigration authorities. Employees shall be free to terminate their employment at any time pursuant to the stipulated notice period, without incurring any penalties or deductions from wages.
- **Ethical Recruiting:** Suppliers must 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 must receive a written contract or employment notification at the start of their recruitment in a language well understood by them, stating in a truthful, clear manner their rights and responsibilities.
- **Freedom of Association and Collective Bargaining:** Suppliers should allow workers to communicate openly with management regarding working conditions and management practices without fear of reprisal, intimidation, or harassment. Companies should respect worker rights to associate freely, to join or not join labor/labour unions, bargain collectively, seek representation and join workers' councils.



- **Non-Discrimination and Harassment:** Suppliers should not tolerate any form of discrimination or harassment in respect of employment and occupation and should 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 should provide equal opportunity in employment and commit to equal pay for equal work.
- **Diversity, Equity, and Inclusion:** Suppliers should develop and promote inclusive cultures where diversity is valued and celebrated, and everyone can contribute fully and reach their full potential. Suppliers should encourage diversity in all levels of their workforce and leadership, including boards of directors.
- **Rights of Minorities and Indigenous Peoples:** Suppliers should respect the rights of local communities to decent living conditions; education, employment, social activities; and the right to Free, Prior, and informed Consent (FPIC) to developments that affect them and the lands on which they live, with consideration for the presence of vulnerable groups.
- **Rights of Migrant Workers:** Suppliers must ensure decent working conditions for migrant workers due to their vulnerability.



4. Health and Safety

Suppliers should provide workers a safe and healthy working environment that meets or exceeds applicable local laws and industry standards for safety and occupational health.

Suppliers should implement a management system for a safe and healthy working environment that includes the following:

- **Workspace:** Suppliers should provide a working environment that meets or exceeds local and national safety, occupational health, and ergonomics, in addition to encouraging remote workers to understand and apply best practices.
- **Personal Protective Equipment:** Where applicable, suppliers should provide their workforce with necessary Personal Protective Equipment (PPE) and ensure they understand how and when it needs to be applied.
- **Emergency Preparedness:** Suppliers should reduce the risk of occupational hazards and develop an emergency preparedness and response plan.
- **Incident and Accident Management:** Suppliers should implement hazard and risk analysis systems to minimize the potential for incidents or accidents at the workplace. An investigation system should drive to determine the root cause, and a corrective action system should ensure all permanent measures have been taken to minimize the chance of a recurrence.
- **Contractors:** Suppliers should properly manage the health and safety of contractors as part of a company's extended supply chain. Suppliers should 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.
- **Machine Safety:** Suppliers should ensure proper training in the handling of machinery and ensure safe guards are in place.
- **Emergency Plans:** Suppliers should implement and enforce emergency action plans including fire safety, tornado safety, flooding, and outside threats.
- **Hazardous Chemicals:** Suppliers should ensure proper handling and storage of hazardous chemical materials.



5. Responsible Supply Chain Management

Suppliers should select business partners that comply with the practices of responsible business conduct and cascade the Guiding Principles along the supply chain.

Suppliers should implement a supplier management system that includes the following:

- **Due Diligence:** Suppliers should conduct due diligence on their direct suppliers and subcontractors, promote transparency and traceability and use their best efforts to implement the ESG standards further along the supply chain, and cascade the Guiding Principles further along the supply chain.
- **Responsible Sourcing of Raw Materials and Minerals:** Suppliers should responsibly source raw materials and minerals used in their products by developing a management system that promotes supply chain traceability and transparency, and by implementing due diligence measures. Suppliers must comply with the laws regarding the responsible sourcing of minerals and will apply and undertake any legally required investigations in relation to minerals sourced from conflict areas. Suppliers are also required provide the NARMCO Group with any information regarding the potential impact on human rights or the environment of the minerals included in their products. If such an impact is suspected or confirmed, steps must be identified and taken as quickly as possible to find alternative sources of supply of the minerals in question.



Supplier Agreement

The NARMCO Group asks its Suppliers to conduct a self-assessment of their compliance with these Sustainability & Social Responsibility Guiding Principles. The Supplier acknowledges having read and understood the text above and agrees to apply it throughout its company.

The Supplier formally accepts the principle that self assessment questionnaires will be sent out, that they should be completed, and that audits can be carried out at its various sites, or at those of its subsidiaries, by The NARMCO Group or by a third party appointed by The NARMCO Group for this purpose.

Company Name: (please print) _____

First & Last name: (please print) _____

Title and email: (please print) _____

I undertake to comply with the social, compliance, sustainability, training environmental responsibility requirements of The NARMCO Group.

Date & Signature / Stamp:

Once signed, send this document back to your contact in the purchasing department or to CPadmin@narmco.com