



# ***Kasai***

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Kasai North America, Inc.

## **Supplier Code of Conduct**



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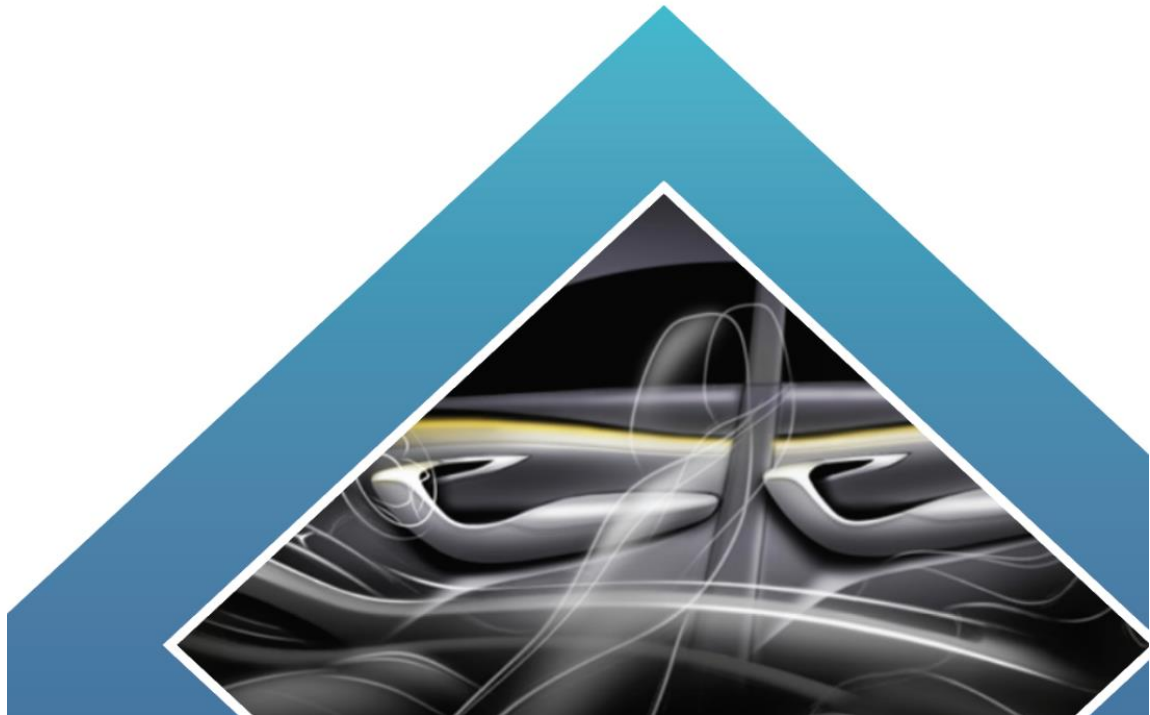
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## Purpose

Today, as the automotive industry continues to become more complex and challenging, it is important that we all understand our obligations to conduct business in a way that is ethical and in compliance with the law. Corporate integrity, responsible product sourcing, and the safety and wellbeing of workers across the global supply chain are of paramount importance to the Kasai Group (hereinafter referred to as Kasai). Operating on a global basis, Kasai is committed to the highest standards of product safety and quality and business integrity when we are dealing with our customers, suppliers, business associates and employees. These high standards must apply not only to our employees and third parties, but also to our suppliers, their third parties and their employees.

Kasai's Supplier Code of Conduct is part of the foundation of our relationship with our suppliers – creating a mutual understanding of our company's core values and beliefs. It is designed to outline our ethical standards and expectations according to law and to ensure consistent compliance from all of our suppliers. The principles expressed in our Supplier Code of Conduct comprise an important component of supplier selection and evaluation. It is the responsibility of our suppliers to implement training and systems that facilitate compliance with our Supplier Code of Conduct and the law, mitigate related operational risks, and facilitate continuous improvement. Kasai expects our suppliers to meet or exceed the standards set forth in our Supplier Code of Conduct. Kasai reserves the right to cease doing business with any supplier who does not comply with our Supplier Code of Conduct.





## Labor & Human Rights

Suppliers must recognize and be committed to upholding the human rights of workers, and to treat them with dignity and respect as understood by the international community. Suppliers shall make every reasonable effort to ensure that they, their business partners and their suppliers do not violate any human rights or become involved in any such violations.

### Slavery and Human Trafficking

All labor must be voluntary. Suppliers shall not use forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery, or trafficking of persons in any part of its supply chain. This includes transporting, harboring, recruiting, transferring, or receiving vulnerable persons by means of threat, force, coercion, abduction or fraud, or payments to any person having control over another person for the purpose of exploitation.

### Compliance and Documentation

Suppliers shall implement and maintain a reliable system to verify the eligibility of all workers, such as:

- age eligibility; and
- legal status of foreign workers.

### Child Labor

All workers shall be at least 18 years old unless the applicable local law allows otherwise. Suppliers must maintain official and verifiable documentation of each worker's date of birth, or lacking this documentation, have some legitimate means of confirming each worker's age. Harmful child labor is prohibited.

### Wages and Benefits

Suppliers must compensate workers in accordance with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. If required by local laws, Suppliers must compensate workers for overtime at pay rates greater than regular hourly rates.

Suppliers shall pay accurate wages in a timely manner. Suppliers shall offer vacation time, leave periods, and time off for legally recognized holidays as required by law.

## Freedom of Movement

Suppliers must ensure that workers have the right to freedom of movement without delay, hindrance or the threat or imposition of any discipline, penalty, retaliation, or fine or other monetary obligation.

Worker freedom of movement rights include each worker's right to leave the facilities without retaliation:

- at the end of each workday;
- based on reasonable health and safety-related justifications; and
- based on any reasonable circumstances, such as personal or family emergencies.

## Freedom of Association and Collective Bargaining

Suppliers must comply with all applicable laws relating to employees' rights to engage in concerted activity or collective bargaining without interference, discrimination, retaliation, or harassment. Suppliers are expected to permit workers to openly communicate and share grievances with management about working conditions without fear of reprisal or harassment.

## Freedom to Terminate Employment

Suppliers must allow workers to terminate their employment or work arrangement without restriction and without the threat or imposition of any discipline, penalty, retaliation, or fine.

## Working Hours

Workweeks are not to exceed the maximum set by local law. Suppliers shall follow all applicable laws and regulations with respect to working hours and days of rest.

## No Discrimination, Abuse, or Harassment

Suppliers shall be committed to a diverse and equal opportunity workforce free of harassment and unlawful discrimination. Suppliers shall not engage in discrimination based on race, color, age, gender, gender-identity, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices, such as wages, promotions, rewards, and access to training.

## Diversity

Kasai embraces diversity not only in our relationships with employees, but in our relationships with our suppliers, our customers, our shareholders, and all others with whom contacts are made in the normal course of business. We expect our suppliers,

therefore, to equally support an environment that fosters diversity and inclusion based on any personal traits or beliefs, not just those protected under the law.

We seek to have a diverse supplier base including suppliers that are women, minorities, veterans, service disabled veterans, members of the LGBT business community and disability-owned business enterprises. Suppliers are encouraged to identify, adopt and integrate diverse vendors into their processes so their own supply base reflects the diversity of society.

## Supply Chain Tracing

To achieve the requirements of this Code, Suppliers must engage in effective supply chain tracing practices. This requirement extends throughout the entire supply chain. Effective supply chain tracing includes maintaining documentation tracing the supply chain from raw materials to imported goods, including (1) evidence pertaining to the overall supply chain, (2) evidence pertaining to merchandise or any component thereof, and (3) evidence pertaining to miner, producer, or manufacturer.





## Environmental, Health and Safety

We recognize our responsibility to the environment and seek to operate sustainably. Suppliers are expected to apply a continuous improvement approach to enhance their environmental performance and reduce their environmental footprint. Suppliers must follow all applicable laws and regulations regarding environmental practices.

Suppliers must comply with all applicable environmental, safety and health laws and regulations in the countries in which they operate. Suppliers are expected to provide employees with a healthy and safe workplace, including access to clean, safe and reasonable working conditions. Suppliers shall implement procedures and safeguards to prevent workplace hazards, and work-related accidents and injuries, including procedures and safeguards to prevent industry-specific workplace hazards.

General and industry-specific procedures and safeguards include those relating to:

- health and safety inspections;
- equipment maintenance;
- maintenance of facilities;
- worker training covering the hazards typically encountered in their scope of work;
- fire prevention; and
- documentation and recordkeeping.

### Occupational Safety

Suppliers must protect workers from exposure to chemical, biological, and physical hazards, in addition to on-site accidents. Suppliers shall provide appropriate controls, safe work procedures, adequate maintenance and necessary technical protective measures to mitigate health and safety risks in the workplace and to prevent accidents and occupational illnesses. In addition, suppliers shall provide employees with appropriate personal protective equipment and on-going safety training.

### Environment

Kasai is aware of our company's impacts on the environment and is committed to good stewardship as critical to our environmental goals and aspirations – and we expect our suppliers to share this same commitment. Suppliers must conduct their business operations in a way that protects and sustains our environment and in a manner that complies with all applicable laws and regulations.

Suppliers should use reasonable efforts to ensure and demonstrate continuous environmental improvements, including efficient use of raw materials, energy, emissions, waste, hazardous substances and reliance on natural resources, by means

of clear targets and improvement policies. Suppliers are expected to implement improvement plans for waste reduction, recycling, and energy conservation policies, seek ways to use cleaner sources of energy and develop environmentally and climate-friendly products, processes and technologies.

## Hazardous Waste

Suppliers must create and maintain systems to ensure the safe handling, movement, storage, disposal, and management of hazardous materials. Any activity that has the potential to adversely impact human or environmental health shall be appropriately managed, measured and controlled. Suppliers are expected to train employees on how to handle hazardous material and comply with all applicable laws and regulations.

## Wastewater, Solid Waste Emissions and Air Emissions

Suppliers must monitor, treat, control, manage, and properly dispose of wastewater and solid waste. Suppliers must comply with all applicable waste management laws and regulations.

Suppliers must identify, manage, reduce, and properly dispose of waste that pose a hazard to the environment. Suppliers are expected to conduct routine monitoring of the performance of its air emission control systems and seek to minimize energy consumption and greenhouse gas emissions and comply with all applicable laws and regulations.

## Responsible Chemical Management

Suppliers must follow all applicable laws and Occupational Health and Safety regulations in the jurisdictions in which they operate. Suppliers should strive to maintain robust management systems throughout the entirety of the chemical lifecycle, including processes for evaluating chemicals and exposure risks, chemical onboarding, and safe use and end-of-use phases. Suppliers shall maintain accurate chemical inventories to ensure that hazard information and Safety Data Sheets are maintained.

## Conflict Minerals

Suppliers and their subcontractors must not use conflict minerals, whose obtainment is linked to conflict regions that directly or indirectly finance or benefit armed groups and cause or foster human rights violations. Suppliers shall exercise due diligence on the source and chain of custody of these minerals. Suppliers shall in particular

- perform a reasonable country of origin inquiry throughout its entire supply chain (in accordance with standards that are equivalent to the



requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act);

- immediately notify Kasai in writing in case supplier should become aware of any warning signs in its supply chain that indicate that the representation in accordance with the preceding paragraph might no longer be valid. Supplier shall in such case promptly conduct further examination to verify, whether materials or parts delivered by supplier contained or still contain Conflict Minerals and shall provide Kasai with reasonable documentation.

Suppliers must meet the conflict reporting requirements as required by applicable laws and regulations, which may include the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Securities and Exchange Commission.

## Emergency Prevention Preparedness and Response

Suppliers must identify and assess potential emergency situations in the workplace. Suppliers must develop and implement emergency plans and response procedures, including but not limited to fire alarms, fire drills, exit facilitates, fire detection and suppression equipment, and recovery plans to minimize harm to life and property. Suppliers must regularly test emergency preventative methods, such as fire alarms, to ensure that they are in working order.

Suppliers shall develop, implement, and maintain a program to prepare for, prevent, and respond to the potential of an infectious disease outbreak among its employees.





## Quality

Suppliers shall provide high-quality, safe and effective goods and services that are in full compliance with applicable laws and regulations.

### Quality Requirements

Suppliers shall meet generally recognized quality standards and contractually agreed quality requirements and standards in order to provide goods and services that consistently meet Kasai's and its customers' needs, perform as warranted and are safe for their intended use. Suppliers shall immediately address all critical issues that have the potential to negatively affect the quality of goods and services.

### Risk Assessment, Management and Performance Objectives

We expect our suppliers to develop and maintain processes that identify risks in all areas addressed in this Code. Suppliers shall assess the significance of each risk and implement appropriate procedures and controls to minimize the identified risks. Suppliers shall continuously develop and outline performance objectives and implementation plans, including assessments of performance against those specified objectives.

### Security and Anti-Counterfeiting Measures

Suppliers shall implement the necessary and appropriate measures in their area of responsibility to ensure that workable components or raw materials as well as the corresponding know-how do not end up in the hands of counterfeiters, smugglers, thieves or other unauthorized third parties and do not leave the legitimate supply chain. Suppliers shall promptly analyze the relationship with a third party if they obtain or are provided with evidence that they are inadvertently involved in the manufacturing or selling of counterfeit products via the actions of the third party, including products destined for export that are considered counterfeit products in their country of destination.





## Ethical Business Practices

To meet social responsibilities, suppliers shall conduct their business in an ethical manner and act with integrity. We expect the highest level of integrity in all business activities and business relationships. Suppliers are requested to refrain from all forms of fraud or disloyalty, insolvency crimes, corruption, granting of unfair advantages, and giving or taking bribes.

### Legal and Other Requirements

Suppliers shall identify and comply with all applicable international, national and local laws and regulations, contractual agreements and internationally recognized standards. Suppliers should strive to conform their practices to generally accepted industry standards, shall obtain, maintain and keep up-to-date all applicable permits, certificates, licenses and registrations, and shall operate in accordance with permit limitations and requirements at all times.

### Financial Responsibility and Records Management

Kasai expects suppliers to honestly, accurately, and timely record and report all business information including, without limitation, financial records, to ensure that such information is maintained in a manner consistent with applicable laws and regulations and that effective internal controls are in place to protect and comply with these same requirements. It is expected Kasai be advised immediately of any material clerical or accounting errors as they become known.

### Disclosure of Information

Suppliers shall accurately record information regarding their business activities, labor, health and safety, and environmental practices and shall disclose such information, without falsification or misrepresentation, to all appropriate parties. Falsification of records or misrepresentations of conditions or practices in the supply chain are prohibited.

### Confidentiality/Privacy

In order to conduct day-to-day business with Kasai, Suppliers may need access to confidential/private records. Suppliers must ensure this information is protected and remains confidential and abide by all applicable data privacy laws and regulations. Suppliers may not disclose this information unless given written permission from Kasai. Suppliers should advise Kasai immediately when an inadvertent disclosure of confidential or private information becomes known.

## Intellectual Property

Suppliers shall respect intellectual property rights and safeguard customer information. Transfer of technology and know-how is to be done in a manner that protects intellectual property rights and in accordance with stringent information protection requirements under applicable agreements.

## Conflicts of Interest

Kasai expects our suppliers to work with our employees to identify and prevent situations where there is an actual conflict of interest or the appearance of such. Any material transaction or relationship that involves or may involve a conflict of interest or potential conflict of interest involving outside activities, financial interests or relationships with family members or close personal friends should be disclosed promptly.

## Antibribery and Anticorruption

Kasai has a zero-tolerance policy for corruption and prohibits anyone conducting business on behalf of Kasai, including suppliers, from offering or making any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons. This includes the offer and/or receipt of any bribe or kickback to and/or from any customer, supplier or others. Suppliers must comply with the anti-corruption laws that govern operations in the countries in which they do business, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

## Fair Competition

Suppliers must avoid business practices such as entry into arrangements that unlawfully restrain competition, the improper exchange of competitive information, price fixing, bid rigging, or improper market allocation. Companies must respect rules of fair competition and comply with the ban on agreements with competitors or other actions taken to interfere with the free market.

## Insider Trading

Suppliers may have access to material non-public information about Kasai or other companies. Suppliers must comply with all insider trading and securities laws, including refraining from purchasing or selling stock on the basis of material non-public information, and recommending a stock to a third-party based on any such information (i.e. "tip").

## Gifts and Entertainment

Kasai expects our suppliers to adhere to our guidelines for the exchange of small business courtesies such as gifts, moderate meals, and entertainment. Suppliers may not offer or accept anything of value from business partners, third parties or vendors to obtain unfair business advantages. Any gifts or entertainment must comply with applicable laws and regulations and must not violate Kasai's policies.

## Export Controls and Trade Sanctions

Suppliers must comply with all trade rules, sanctions, and export control regulations applicable to their business and provide accurate and truthful information about it to customs and other authorities when required.



## Reporting Violations

Suppliers shall encourage and provide means for their employees to report concerns, complaints or potentially unlawful activities in the workplace without threat of reprisal, intimidation or harassment. Any report received should be treated in a confidential manner. Suppliers shall appropriately investigate such reports and take corrective action if needed.

Suppliers shall provide an anonymous complaint mechanism for managers and workers to report workplace grievances. Suppliers shall protect whistleblower confidentiality and prohibit retaliation against any worker who has, in good faith, reported violations or questionable behavior.



## Noncompliance

Part of conducting business with Kasai includes compliance with our Supplier Code of Conduct. Upholding the highest standards of ethical business conduct is a shared responsibility – ours and our suppliers. It is the responsibility of our suppliers to ensure that its representatives understand and comply with our Supplier Code of Conduct. Our Supplier Code of Conduct shall not be deemed exhaustive. We have the right to terminate business with a supplier who fails to adhere to our Supplier Code of Conduct. If it is determined a supplier does not adhere to our Supplier Code of Conduct, they must correct their actions to ensure compliance.



***Kasai***

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