

Supplier Code of Conduct And Corporate Social Responsibility

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INTRODUCTION

CSP strives to engage in sustainable business activities and enhance its corporate value by exercising its social responsibilities and obtaining the confidence and trust of society (stakeholders). Our mission is to provide superior products in a sustainable and stable manner to satisfy customers. We believe that to fulfill this mission, it is vital to maintain the highest quality practices in our purchasing and procurement of raw materials, components, and services, and we have therefore established this Supplier Code of Conduct & Corporate Social Responsibility (Code) with the aim of communicating our principles and forging sound relationships with suppliers. We have also determined Basic Stance of Persons in Charge of Purchasing / Procurement that describes in specific terms how purchasing / procurement personnel should behave to ensure that they do not establish inappropriate relationships with suppliers, and to promote initiatives based on cooperation with the aim of sustainable purchasing and procurement.

It is required for CSP's suppliers to adhere to this Code and report any instance of violations immediately to the VP of Procurement.

Code of Conduct

Basics of CSP Principles

1. Compliance with Laws and Regulations

CSP observes all laws and regulations of respective countries in which we operate and from which we secure goods and services. It endeavors to understand and respect international norms and guidelines in conducting its procurement activities.

In addition, CSP purchasing/procurement individuals will regularly monitor international norms and guidelines, industry standards and their trends and strive to respect them in engaging in transactions.

2. Fair Trade

CSP endeavors to engage in highly transparent transactions that are just and fair. It does not participate in cartels or bid-rigging, kickbacks, gratuities, or any type of compensation to our employees to influence sourcing decisions.

Purchasing/procurement personnel do not have personal interests with any supplier, and do not accept personal benefits such as rewards or gifts.

3. Basis of Product and Supplier Assessment

CSP, in addition to quality, prices, delivery dates, and procurement periods, accurately assesses the financial situation, technological capabilities, social responsibility initiatives, and other attributes of suppliers, and engages in transactions that are based on rational, fact-based decision-making.

4. Human Rights/Labor

CSP promotes purchasing and procurement from suppliers that respect human rights and do not commit human rights infringements, including but not limited to unjust discrimination, slave labor, forced labor, child labor, and human trafficking.

5. Safety and Health

CSP promotes purchasing and procurement from suppliers that effectively manage health and safety risks and take action to improve occupational health and safety on an ongoing basis.



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6. Environment

CSP promotes purchasing and procurement from suppliers that practice environmental management, e.g., practices that conserve the environment and protect natural resources.

7. Blocking of Relationship with Antisocial Forces

CSP blocks relationships with antisocial forces such as criminal organizations, refuses inappropriate requests, and does not provide them with money.

8. Relationship with Stakeholders

CSP proactively communicates with stakeholders and promotes sustainable purchasing and procurement based on cooperation grounded in trust relationships. Furthermore, CSP collaborates with suppliers to promote initiatives based on its Code.

9. Information Security

Purchasing/procurement personnel carefully manage and safeguard confidential information relating to transactions, technology, pricing, and intellectual property rights.

10. Conflicts of Interest

To ensure that relationships with our business partners are based on integrity and sound business judgment, we require our employees to promptly disclose conflicts of interest. Similarly, we expect any supplier to inform us promptly whether it has a family or close personal relationship with the CSP employee making or influencing a business decision that may benefit the supplier.

Business Dealings

CSP sets and lives by high ethical standards for our employees as well as our suppliers.

CSP's suppliers, vendors, consultants, independent contractors, agents, or any other third party engaged to carry out any action on our behalf ("Suppliers") must always act with integrity by obeying the letter and spirit of laws, regulations, industry standards (together, "laws"), and CSP policies that apply to them, wherever they do business in the world. Suppliers also must require their tier/sub-suppliers to abide by the requirements of this Code.

The requirements of this Code are in addition to the requirements set out in any agreement, terms and conditions, or other supplier manual that applies to your relationship with CSP, including the CSP Supplier Quality Requirements Manual. These documents, along with CSP's Corporate Social Responsibility Guidelines, create the foundation of how CSP and its Suppliers will conduct business.

While the laws that apply to our suppliers are numerous and vary by jurisdiction, some important principles that must be followed include:

Antitrust and Competition Laws

Suppliers must comply with all applicable antitrust and competition laws and cannot engage in any act that improperly reduces competition. Examples of such prohibited acts include agreeing with competitors to fix prices, set discounts or terms of sale, limit production, divide markets, allocate customers, coordinate bidding activities, boycott customers and suppliers, fix employee compensation, or refrain from hiring each other's employees. Anti-Corruption and Anti-Bribery Laws

Our Suppliers must follow all applicable laws that prohibit the giving of anything of value to any person or entity to obtain an improper commercial or governmental advantage, as well as laws that require keeping accurate records.

Suppliers must follow anti-corruption and anti-bribery laws in all cases and must be particularly careful when interacting with government officials.

Gifts and Entertainment

Any gift or entertainment offered to a CSP employee to induce or unduly influence a business decision (e.g. awarding business to the supplier, offering favorable terms) is strictly prohibited. Supplier and or representative of Supplier may offer "Company Logo" items to CSP employees, such as pens, calendars, coffee mugs, clothing, backpacks, or comparable items that are normally offered to Supplier's customers. No employee, at any level within the Supplier's organization, or representative of a Supplier may offer any CSP employee (including family members) or representative of CSP any entertainment or gratuity, **including but not limited to:**

- Paid travel expenses for personal or company business. This includes airfare, train, bus, hire cars, and lodging.
- Making travel arrangements for personal use by CSP employee(s).
- Use of vacation or rental properties, whether owned, leased, or rented by Supplier or Supplier's employee, including use of vehicles.
- Trips for hunting, fishing, camping, and/or similar recreational activities.
- Cash or gift cards may not be offered in any value.



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- Tickets to sports or entertainment venues.
- Prizes, favors, and/or discounts.

In the normal course of business dealing, meals may be offered to CSP employees only. However, Supplier must provide their Buyer or Procurement Regional Director a list of all attendees (CSP, Supplier, others) in attendance and an itemized receipt, regardless of the dollar amount. This information shall be sent to the appropriate CSP purchasing representative responsible for the business relationship with the Supplier.

Suppliers are not to entertain any request from a CSP employee or representative of CSP regarding requests for gifts, entertainment, or gratuity of any manner or type, including but not limited to those listed above.

- If a request is made to any employee of a Supplier for gifts, entertainment, and or gratuity, the Supplier is to immediately inform the VP Procurement of CSP, confidentially and not inform the individual making the request.
- Supplier is to deny the request immediately to the requestor.

Suppliers must also formulate and implement a policy and measure for preventing corruption, bribery, and extortion within their company.

Special Exception:

In the event a Supplier holds a conference or expo, whereby the majority of its customer base are invited to attend, and the Supplier offers to cover the costs of travel, business meals, and hotel accommodations, the CSP employee may accept such offer provided:

- Hotel accommodations are aligned with CSP Travel & Entertainment policy, (i.e. No executive suites)
- Airfare is on commercial carriers and not in business or first class.
- Meals are reasonable in cost and nature.

The CSP employee must not be reimbursed directly for any expense paid for by the employee that would have been covered by the Supplier. CSP employees may not be compensated by the Supplier for their time to attend.

Export Control

With regard to products or technologies subject to any applicable export control laws and/or regulations, you must implement thorough measures to ensure that you comply with them and are not involved in illegal exports. All Suppliers to CSP are required to comply with all export control laws related to the country of destination as well. This includes laws that restrict or prohibit business dealings with sanctioned countries, entities, industries, and persons.

Conflict Minerals

“Conflict minerals,” as defined by US legislation (section 1502 of the U.S. Dodd Frank Act), currently include the metals tantalum, tin, wolframite (source of tungsten), and gold, which are the extracts of the minerals cassiterite, columbite-tantalite and wolframite; respectively, mined in conflict regions and high-risk areas with the concern to provide sourcing of finance for armed groups or organizations involved in



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human rights violations, environmental disruption, corruption, etc. Downstream companies often refer to the extracts of these minerals as 3TG.

When requested, our Suppliers are required to provide data and reports using a defined reporting tool and structure, in the form we request, regarding their use of such minerals in their products. Furthermore, Suppliers may be required to request similar information of their tier/sub-Suppliers to establish the origin of such minerals, and to provide their findings to CSP purchasing department.

Intellectual Property

Suppliers must safeguard CSP and our customers' intellectual property rights. Furthermore, you must not infringe the intellectual property rights of other companies.

Information Security

You must only obtain and store personal information and confidential information using appropriate methods. You must also strictly manage and protect it and only use it within a reasonable scope. Suppliers are also required to maintain cyber security measures and systems that protect against cyber-attacks, such as Trojan Horses, Malware, Ransomware, which do not corrupt or disrupt Supplier's information, operations, and ability to supply CSP, and that protect all CSP provided information.

Blocking of Relationships with Antisocial Forces

Suppliers must adopt a firm attitude toward criminal organizations and other antisocial forces, not allowing their involvement, and blocking all relationships with them.

Workplace

Human Rights and Labor

Forced Labor

Slave labor, human trafficking, debt bondage, labor based on violence, threats, or political oppression, or any other form of forced labor is prohibited.

Child Labor and Young Workers

Children under the age of 15 years must not be hired in any country in which you have activities. Furthermore, you must not allow young workers between the ages of 15 and 17 to work at night, work overtime, or perform work that puts their health or safety at risk. You must also pay young workers appropriate remuneration and respect their right to learn.

Foreign Workers

Foreign workers must be provided with an employment contract and rules of employment in languages which employees can understand. Employers and temporary staffing agencies (including business cooperatives and nonprofit organizations) must not confiscate and prevent the use by workers of government-issued identity cards, passports, and work permits (unless holding work permits is required by law) as well as migrant applications. Furthermore, employers and temporary staffing agencies must not charge fees to workers.

Working Hours and Holidays

Working outside regular hours (overtime, working on holidays, etc.) is only permitted if the worker agrees to it. Except under special circumstances, workers cannot be required to work more than the maximum weekly working hours prescribed under local laws and workers must be given at least one contiguous 24-hour period off per week. Furthermore, paid holidays and statutory holidays must be provided in accordance with local laws.

Wages and Welfare Benefits

After explaining the components of wages and the method used for calculating them, you must pay workers at least the minimum wage. You must also provide statutory welfare benefits. Wages for work performed outside regular hours must be calculated in accordance with applicable laws and must be higher by a reasonable percentage than wages for regular work.

Discrimination

Recruitment, remuneration, welfare benefits, training opportunities, work duties, promotions/wage increases, and discipline/dismissal must not be influenced by race, nationality, gender, religion, age, disability, marital status, family background, organizations joined, gender identity, sexual orientation, or political ideology. You must implement measures to prevent discrimination such as providing training to all workers.



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Harassment

Workers must be treated with respect and dignity and must not be exposed to any sort of harassment or pestering. You must implement measures to prevent harassment such as providing training to all workers.

Freedom of Association

The right of workers to freely exercise the right to organize and the right to collective bargaining must be recognized. You must also make efforts to resolve labor disputes and engage in effective and periodic communication with workers and their representatives.

Environment

Environmental

Action on Climate Change

You must endeavor to devise methods for improving energy efficiency and minimizing the consumption of resources. You must also identify current emissions of greenhouse gases by each of your facilities and by your company as a whole and take action to reduce them.

Permits Relating to Environmental Conservation (air, wastewater, noise, vibration, etc.)

You must apply for environmental-conservation-related permits for facilities and operations that require them and assign licensed personnel in accordance with laws, regulations, etc. in order to responsibly manage them.

Minimizing Environmental Impact (air, water, soil)

To prevent air, water, and soil pollution, you must manage and treat discharged substances in accordance with all applicable laws, rules, permits, guidelines, and company policies.

Management of Chemical Substances

Chemical substances that could cause environmental pollution must be managed safely. Chemical substances that are prohibited under the laws and regulations of individual regions and territories must not be used. Furthermore, regarding the substances whose use has been limited by laws and regulations you must notify customers of whether those substances are contained in products. In addition, Safety Data Sheets (SDS) must be issued and updated.

Waste Reduction (3Rs)

Suppliers must pursue the 3Rs (reduce, reuse, and recycle) in order to reduce waste and byproducts.

Water Usage Control

Suppliers must manage water intake and water discharge, and you must strive to optimize water usage.

Environmental Management System

Suppliers must formulate an environmental policy, act, and develop products, raw materials, and technology for preventing pollution, and make efforts to conserve the environment. We also recommend that you conduct internal audits, obtain certification, such as ISO 14001, for your environmental management system, and perform environmental impact assessments.

Promotion of Green Purchasing and Procurement

When purchasing or procuring products or services, you must consider the environment and promote to purchase and procure from suppliers that are endeavoring to reduce environmental impact such as by selecting products and services with the minimum environmental impact.

Safety and Health

Labor Safety and Health

Permits

You must apply for permits relating to labor safety and health for facilities and operations that require them and assign licensed personnel in accordance with laws, regulations, etc. to effectively manage them.

Sanitary Facilities

You must endeavor to maintain the health of employees in order to prevent diseases and occupational accidents. Workers must be provided with a safe and hygienic working environment, and access to sanitary facilities such as toilets and dining rooms must not be unjustly restricted. Furthermore, dormitories for workers must be equipped with proper sanitary facilities and kept clean.

Preparedness for Emergencies

To prepare for emergencies, workers must be provided with training concerning notifications and evacuation procedures, and proper equipment such as fire extinguishers and fire alarms must be installed and maintained. In other words, efforts must be made to minimize damage in the event of an emergency.

Safety Training

Proper training concerning workplace health and safety must be provided on an ongoing basis in languages which employees can understand. Furthermore, information relating to health and safety must be clearly displayed in the workplace.

Measures to Ensure the Safety of Machinery

Machinery needs to be assessed for safety risks. If there is a risk of workers suffering injury due to machinery, physical protection measures must be implemented such as guard rails, interlocks, protective walls, etc. as required and the machinery concerned must be properly maintained and managed.

Occupational Health

The risk which chemical, biological, and physical substances will influence workers must be identified, assessed, and managed.

Occupational Accidents

Classification and records of injuries resulting from occupational accidents and illnesses must be kept, the necessary treatment must be provided, the causes of occupational accidents must be investigated, corrective action must be taken to eliminate the causes of them, and a process must be followed for enabling workers to return to the workplace.

Occupational Health and Safety Management System

A management system for occupational health and safety, such as one based on ISO 45001, must be deployed and internal audits must be performed in order to facilitate ongoing improvements in occupational health and safety. We also recommend the management of health and safety risks.



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Reporting

Suppliers to CSP must uphold the values of honesty and integrity embedded in this Code. In particular, we note that violating certain elements of this Code is a violation of the law in the jurisdictions in which we operate. CSP has a ZERO TOLERANCE policy for any violations of the law by Suppliers.

CSP considers this Code to be a fundamental basis for a business relationship with our Suppliers. Suppliers are required to ensure that employees and agents on behalf of the Supplier understand and comply with this Code. Suppliers are not only expected to adhere to the Code, but also self-report to CSP. We expect our suppliers, and their employees, to immediately come forward in the event that they learn of a violation of the law or this Code, either by the Supplier itself or by CSP employees.

Any report of violation of the Code should be reported to your primary purchasing/procurement contact. Suppliers may also directly contact the VP of Procurement located at the CSP Corporate Headquarters in Auburn Hills, MI, USA.