

2020  
SUSTAINABILITY  
REPORT





# COMMITMENT TO SUSTAINABILITY

Our commitment to sustainability influences the way we run our business, operate our facilities and contribute to communities around the world. We strive to conduct business in ways that respect the rights of stakeholders, including shareholders, employees, customers and the communities in which we operate in. As a result of this pledge, we are committed to be a responsible corporate citizen and have backed our commitment with concrete actions in core areas of sustainability.

- ENVIRONMENTAL RESPONSIBILITY
- FAIRNESS AND CONCERN FOR EMPLOYEES
- CORPORATE ETHICS AND COMPLIANCE
- RESPONSIBLE SUPPLY CHAIN
- CONTRIBUTIONS TO OUR COMMUNITIES

# ENVIRONMENTAL RESPONSIBILITY

## OUR COMMITMENT TO HEALTH, SAFETY AND THE ENVIRONMENT

Litens has been an industry leader in health, safety and environmental practices in our operations. All Litens manufacturing sites have established Environmental Management Systems, which have been third party certified. Additionally, we have been contributing through technological innovations and process efficiencies to minimize the impact of our operations on the environment and to provide safe and healthful working conditions. Our Health, Safety and Environmental Policy ("HSE Policy") commits us to, among other things:

- complying with and exceeding where reasonably possible, all applicable health, safety and environmental laws, regulations and conforming with our internal standards based on the generally accepted environmental practices and industry codes of practice;
- regularly evaluating and monitoring past and present business activities impacting on health, safety and environmental matters;
- improving the efficient use of natural resources, including energy and water;
- minimizing waste streams and emissions;
- implementing effective recycling in manufacturing operations, in each case, through the use of locally set continuous improvement targets;
- utilizing innovative design and engineering to reduce the environmental impact of our products during vehicle operation and at the end of life;
- ensuring that a systematic review program is implemented and monitored at all times for each of our operations, with a goal of continuous improvement in health, safety and environmental matters; and
- reporting to the Senior management.

The full text of our HSE Policy is available at our website >> [www.litens.com](http://www.litens.com).

*"HAVE ESTABLISHED ENVIRONMENTAL MANAGEMENT SYSTEMS, WHICH HAVE BEEN THIRD PARTY CERTIFIED"*



## COMPLIANCE TO ENVIRONMENTAL LAWS

As a global automotive supplier, we are subject to a wide range of environmental laws and regulations relating to emissions, soil and ground water quality, wastewater discharge, waste management and storage of hazardous substances. Litens has a global environmental program that includes the routine assessment of environmental compliance. This environmental program consists of third party and internal audits as well as inspections of our facilities for compliance with local regulations, internal corporate environmental requirements and industry best practices.

## RESPONDING TO CLIMATE CHANGE OPPORTUNITIES AND RISKS

Climate change - the alteration of long-term weather patterns and increasing frequency of extreme weather events - presents both opportunities and challenges for OEMs and suppliers in the automotive industry. We seek to realize the opportunities through sustainability-focused innovation, while addressing the risks in several ways, such as minimizing the impact of our operations, CO2 reduction through lean logistics and climate risk mitigation for our property portfolio.

Improvement items are identified through CI initiatives, audits or inspections. Action items are established to improve overall environmental performance rating for the organization. Global sites are provided with ideas, suggestions and reports containing recommendations which are prioritized based on the level of risk identified. The sites are required to develop appropriate corrective action or improvement plans.

## MANAGEMENT OVERSIGHT, PERFORMANCE TRACKING AND REPORTING

- Environmental management leadership provides ongoing assistance to site's personnel in resolving action items.
- Audit/inspection findings are also communicated to Senior Management to enhance oversight and management's commitment to resolving action items
- A performance review / CI objectives review takes place with Senior Management on a quarterly basis.
- An escalation process is in place to deal with action items that are not being resolved on a timely basis, with additional environmental risk awareness training provided to the relevant areas.

General environmental awareness training is provided to employees by our Environmental and Quality Systems during orientation and at regular intervals by management representatives at the facilities, as part of ISO 14001 certification compliance. In addition, our Environmental Department at LAP holds regional collaborations on a regular basis with the representatives of manufacturing facilities in order to:

- reinforce our commitment to environmental responsibility;
- communicate changes in local and regional regulations; and
- share best practices with respect to environmental protection, compliance and sustainability initiatives.

We are also subject to environmental laws that require prevention of environmental contamination and, where contamination has occurred, to investigate and remediate to acceptable levels. To date, the aggregate costs incurred in complying with environmental laws and regulations have not had a material adverse effect on us.

**SUSTAINABILITY FOCUSED INNOVATION**

Litens has been developing technologies that helps our OEM customers bring to market vehicles which meet or exceed consumer expectations regarding fuel consumption and greenhouse gas (GHG) emissions. Our contribution in this regard is through:

- use of advanced and lightweight materials;
- components and systems with reduced mass through use of advanced/lightweight materials, innovative multi-material joining;
- processes, increased use of electronics and reduced number of parts;
- solutions to help optimize internal combustion engines; and
- innovative powertrain products, such as hybrid and fully electric drivetrains, as well as electrified accessory systems.

**MINIMIZING THE IMPACT OF OUR OPERATIONS**

We have active programs in place to improve the efficiency of our manufacturing operations, including through the energy, water and waste reduction efforts discussed below under “Energy, Water and Waste Reduction”. Our operations are not major GHG emitters and generally do not exceed local GHG reporting thresholds. Accordingly, we do not currently anticipate that current or future regulatory targets for GHG reduction or future GHG emission caps would have a material impact on our overall operations.

General environmental awareness training is provided to employees

PART OF ISO 14001

Examples of our activities to develop sustainable products are discussed and highlighted on our website [www.litens.com](http://www.litens.com)

**REDUCING CO2 THROUGH LEAN LOGISTICS MANAGEMENT**

We have implemented processes that incorporate sustainability considerations in materials management and logistics. These sustainable lean logistics initiatives aim to achieve synergies and efficiencies that reduce both costs and our environmental impact, including by reducing CO2 emissions, energy use, water consumption and waste.

Litens conducts analyses at our facilities to determine complete processing times from the initial supplier stage to the final customer delivery stage. Weekly deliveries, internal warehouse procedures, interim transporting, external warehousing and monthly deliveries to customers are areas of particular focus. These analyses allow us to simplify our logistics processes and determine ways to reduce our CO2 emissions.

Logistics department at Litens aims to reduce our carbon footprint continuously by improving equipment, capacity and efficiency through analyzing and streamlining of logistics processes. To minimize the impact on the environment, Logistics had investigated and implemented various sustainability initiatives in our operations to reduce emissions.

**INTRODUCTION OF B-TRAIN**

Litens had converted 53’ tridem trailers to B-trains for our long haul runs to Montmagny Quebec. B-train has a 53% greater load capacity than a tridem, thus allowing our trucks to move the same amount of cargo in 4 trips per week vs. 7 in a tridem. This translates into 150 less trips a year; or a reduction of 150,000 L in fuel consumption and corresponding CO2 emissions. A significant investment in equipment and training was allocated to the introduction of the B-train into our fleet - demonstrating Litens’ commitment to improve processes with sustainability in mind.

**STRAIGHT TRUCK TO TRIDEM**

While the B-train is a better fit for our long-haul operations, tridems provide the same benefit for our local runs. Litens started our local supplier pick-ups in the GTA with straight trucks. We converted the fleet to tridems to improve load capacity by carrying an increased volume of cargo each trip, ultimately reducing the total number of trips. Together with the implementation of the milk run to optimize routing, the use of tridems minimized distances travelled and reduced the carbon footprint of our local runs.

**ENGINE IDLE GPS MONITOR**

All Litens trucks are equipped with GPS tracking units that not only monitors location but also engine idle. The U.S. Department of Energy estimates that truck idling results in the emission of 11 million tons of carbon dioxide, 55,000 tons of nitrogen oxides and 400 tons of particulate matter annually in the US [1]. Idling time is tracked by our GPS system and monitored in order to curb unnecessary idle that produces CO2 emissions.

**AUXILIARY POWER UNITS**

Litens' long-haul trucks are equipped with auxiliary power units to provide drivers with on-board power for climate control and electrical devices on overnight trips. Auxiliary power units consume 80% less fuel than a truck engine.

**LOW SULPHUR EMISSION**

A large portion of Litens' supply base is located offshore in today's global marketplace. As such, ocean transport plays a big part in our supply chain. Reducing Sulphur emissions has become a main focus in ocean transport, as regulations set by the International Maritime Organization (IMO) came into effect in 2020. The new regulation states that vessels must use marine fuels with a maximum Sulphur content of 0.5% compared to the previous limit of 3.5%. To comply with IMO 2020, many containerships had undergone scrubber retrofits:



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This new IMO 2020 regulation had indirectly resulted in an

**85% REDUCTION IN SULPHUR OXIDE EMISSIONS**

in Litens' ocean freight. We recognize environmental benefits of more local sourcing and it is taken into consideration with our supplier selection strategies.

**RISK MITIGATION AND CONTINGENCY PLANNING**

Extreme weather events such as floods and windstorms and other natural disasters such as earthquakes may cause catastrophic destruction to our or our sub-suppliers' facilities, which could in turn disrupt our production and/or prevent us from supplying products to our customers. Given the diversity of climates to which we are exposed to in our operations across many countries globally, we maintain a global contingency plan.

Our contingency planning includes risk assessment and mitigation strategies to address, where practical, physical risks related to applicable extreme weather events. In addition, the program extends the risk assessment by identifying and evaluating potential exposures to our direct supply chain (including natural hazards) which could disrupt business operations. Where such supply chain exposures are identified, a more detailed assessment may be performed to better understand the supply chain risk, including further on-site assessment, where feasible.

**REPORTING**

We participate in the Carbon Disclosure Project, a not-for-profit project designed to provide investors with information relating to corporate GHG emissions, water use and perceived corporate risk due to climate change. In addition, Litens provides sustainability reporting directly to our customers upon request and through our website to all interested parties. These sustainability assessments are OEM's supplier requirements and typically follow common reporting templates approved by automotive industry associations in North America (Automotive Industry Action Group) and Europe (CSR Europe/Drive Sustainability).



**HAZARDOUS WASTE AND INDUSTRIAL EMISSIONS**

Litens operates several manufacturing facilities with limited or low environmentally sensitive processes and mildly hazardous materials. We believe that all of our operations meet, in all material respects, applicable governmental standards for waste handling and emissions.

**Energy Efficiency, Water and Waste Reduction**

We aim to achieve efficiencies in and minimize waste from our manufacturing operations by focusing on increasing energy efficiency, as well as reducing water consumption and waste generation.

**ENERGY EFFICIENCY**

Our efforts to reduce energy consumption and operate facilities on a more energy efficient basis. We have programs in place to identify and promote energy reduction initiatives described below:

- We shut down all equipment not in use, so that our lines do not draw resources when not running.
- We have teamed up with Electra, our utility provider conducted a full audit of our compressed air system and devised a government sponsored energy saving upgrade initiative, which will result in reducing our air consumption by 30% or more.
- We have an air make up system that refreshes plant air continuously. We also have column mounted fans for further circulation.
- We have programmable thermostats installed that are programmed to reflect hours of work and are in alignment with Litens' overall commitment as a Plan A government certified user with Electra to reduce peak demand consumption.

- Litens has Preventative Maintenance plans in place with thermal scanning of panels and fuses to ensure they are operating efficiently. Substation maintenance and oil testing is performed annually as per regulations.
- We have FM Global approved fire insulated doors at single door entry/exit points. Main entrances are double door entries with glass doors to control ambient temperature.
- Our compressors were all upgraded and as stated above, we have a sponsored initiative under way to further enhance the efficiency of our system. We only have one small chiller, which is insignificant in overall resource usage.
- All our HVAC systems are automatically controlled via a heat / cool damping system and have been upgraded to new energy efficient models over the last five years.

Litens has completed the government sponsored lighting initiative two years ago, we switched over to high efficiency LED panel lights both in the offices and the production floor. Sensors are installed in areas with low usage. In addition, an initial review was conducted to explore use of solar power and it was concluded that solar was not going to be realistic or cost-effective option for Litens.

Our processes do not generate much heat, our new initiative with the compressed air will provide heat recovery from the compressor units to help heat the plant in winter with the goal of reducing our natural gas consumption.

**WATER CONSUMPTION**

We collect water usage data to understand the volume of water used in our business; identify facilities with high water use; benchmarking of water use at comparable facilities; and identification of water reduction opportunities. Some of our facilities are also implementing water reduction and re-use activities.

**WASTE REDUCTION AND RECYCLING**

Waste reduction and scrap elimination are important considerations in our manufacturing activities, as part of our efforts to achieve World Class Manufacturing objectives in our facilities globally. One example of our waste reduction efforts is our “packaging and packing” initiative. This initiative aims to replace disposable packaging with reusable packaging for our parts, as well as redesign product packaging to more efficiently use space when transporting products to our customers, thus reducing the number of trips needed.

We work with set objectives for waste management to reduce our waste streams to be as efficient as possible and we review our plans with Cascades annually. Scrap reduction is also a monitored KPI with a 10% reduction goal each year. Litens was recognized for our efforts on waste reduction and diversion for 2020.

**CONNECTING PEOPLE TO NATURE**  
**EARTH DAY AND EVERYDAY**

**IN RECOGNITION OF YOUR OUTSTANDING ENVIRONMENTAL ACHIEVEMENT**

**LITENS AUTOMOTIVE GROUP RECOVERY ...PLUS®**  
**RECYCLING PROGRAM HELPED THE ENVIRONMENT BY SAVING:**

8,352 MATURE TREES SAVED	68,938 BATH TUBS FILLED	383 VEHICLES OFF THE ROAD (PER YR)	81 HOUSEHOLD ELECTRICITY NEEDS (PER YR)	2,012 WASTE DIVERTED FROM LANDFILL (CUBIC YARDS)
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WWW.CASCADESRECOVERY.COM **Cascades**



**GLOBAL SUPPLY - ENVIRONMENTAL INITIATIVES AND RESPONSIBILITY**

**RETURNABLE PULLEY AND SHAFT TRAY**

In 2020, Litens Automotive estimates approximately 30M OAD sold worldwide. Supplier packaging used to ship raw components (Pulley & Shaft) is recycled packaging. The use of this packaging has reduced Litens Automotive environmental impact for 2020. A total of 833.33 tonnes of expendable packaging material was saved.

22.23  
tonnes  
of expendable packaging  
material was saved.

**LIST OF ADDITIONAL BENEFITS:**

- Increased the number of parts per skid (Shaft & Pulley);
  - Shaft - Approximately 1500 - 1700pcs depending on diameter of the shaft.
  - Pulley - Approximately 1700pcs.
- Litens Global Supply Chain has a standard pack size which enables each supplier from various regions to use the same shipment methods.
- Trays made of ABS material with a thickness of 0.080 inch. ABS is impact resistant, though, lightweight and easily machined. Reusable, with a life span of three to five years.

**RECYCLED PACKAGING PRODUCTS**



**CORRUGATED MATERIAL**

All suppliers - Boxes, Layers pads, partitions, sleeves, Lids, dividers  
Litens recycled a total of 133.75 tonnes of HDPE material in 2019.  
**Total of \$1284.00 in rebate.**



**RETURNABLES**

Litens recycled a total of 485.82 tonnes of corrugated material in 2019.  
**Total of \$13,695.41 in rebate.**



**WOOD PALLETS**

All suppliers  
Litens recycled a total of 205.97 tonnes of wood pallets in 2019.  
**We do not receive any rebates for this item currently.**



**PLASTIC TRAYS**

Litens recycled a total of 31.63 tonnes of plastic trays in 2019.  
**Total of \$13,324.20 in rebate.**

**NORTH AMERICA RETURNABLE PACKAGING**

In 2020, Litens Automotive moved all Mitsubishi Decouplers to returnable packaging for existing and new jobs. This move has reduced Litens Automotive's environmental impact for 2020. A total of 22.23 tonnes of expendable packaging material was saved.

Mitsubishi part number 1001725A01 1023227AC01 1021331AA01 1018055B01 1015437AA01 1021304B01

Volume/per year in 2020 **1,980 pcs** **225,000 pcs** **35,000 pcs** **170,000 pcs** **35,000 pcs** **120,000 pcs**

# FAIRNESS AND CONCERN FOR EMPLOYEES

**OUR COMMITMENT TO OUR EMPLOYEES**

We are committed to an operating philosophy based on fairness and concern for people. This philosophy is part of our "Code of Conduct and Ethics" policy promoting a culture in which employees and management share the responsibility to help ensure our success. Our Code of Conduct and Ethics sets out this philosophy through the following principles:

- **Job Security** - Being competitive by making a better product for a better price is the best way to enhance job security. We are committed to working together with our employees to help protect their job security, including through job counselling, training and employee assistance programs to our employees;
- **A Safe and Healthful Workplace** - We strive to provide our employees with a working environment that is safe and healthful;
- **Fair Treatment** - We offer equal opportunities based on an individual's qualifications and performance, free from discrimination or favoritism;
- **Competitive Wages and Benefits** - We provide our employees with information which enables them to compare their total compensation, including wages and benefits, with those earned by employees of direct competitors and local companies with which we compete for labour. If total compensation is not competitive, it will be adjusted;
- **Employee Equity and Profit Participation** - We believe that our employees should share in our financial success. Accordingly, 10% of our qualifying annual pre-tax profits before profit sharing are shared among participating employees in the form of cash and Magna equity, helping to create an "owner's mindset" among employees and aligning them with shareholders;
- **Communication and Information** - Through regular employee meetings between management and employees, continuous improvement meetings and through various publications and videos, we keep our employees informed on company and industry developments. We also conduct employee opinion surveys to help ensure employee involvement and feedback; and
- **Open door policy and Action Response Line** - Should any of our employees have a complaint, or feel the foregoing principles are not being met, we encourage them to use our Open Door Policy and then contact our confidential and anonymous employee Response Line to register their complaints. We are committed to investigating and resolving all concerns or complaints received through the Action Response Line and must report the outcome of all submissions to our Senior Management Team. The Action Response Line serves as a confidential and anonymous whistle-blower forum for employees and other stakeholders that is overseen by our Legal Counsel. Complaints and responses are audited to ensure Action Response Line is meeting expectations in the released policies.

*We are committed to an operating philosophy based on fairness and concern for people.*

Our adopted policies codify our existing practices consistent with our culture and provide us a framework for our commitment to fundamental human rights and internationally accepted labour rights. In particular, the policies set out key commitments with regard to:

- maintaining respectful work environments where our employees feel safe and welcome, with opportunities for personal and professional growth;
- refusing to tolerate harassment of any kind, including physical, sexual, psychological or verbal abuse;
- treating and compensating employees without discrimination based on race, nationality, social origin, colour, sex, religion, gender identity, disability, sexual orientation, or any other ground protected by applicable law in the way we treat, promote or compensate employees;
- condemning child labour;
- rejecting forced or compulsory labour;
- maintaining safe and healthy workplaces;
- providing employees with appropriate rest and leisure time; and
- respecting the right of employees to associate freely and to bargain collectively where permitted by local laws and regulations.

#### RESPECTING EMPLOYEE RIGHTS

We are committed to providing working conditions and standards that promote dignified and respectful treatment of all of our employees, globally, which are set out in our "Code of Conduct and Ethics" policy ("Code").

Our Policy also articulates that we respect the rights of workers to associate freely and have freedom of choice to decide whether or not they wish to be represented by labour unions or workers' councils in accordance with applicable laws.

#### DIVERSITY AND INCLUSION

Our commitment to diversity and inclusion aligns with our values and is embedded in our culture. We strive to create an open and inclusive work environment enabling us to attract people from variety of different backgrounds providing us with diverse perspectives and capabilities. We believe in the principles of fair treatment, diversity and inclusion which we reinforce through regular communications, employee meetings and training at Litens. Any employee who believes that we are not living up to any of the principles including the principle of fair treatment can use our 'Open Door Process', which encourages employees to speak with anyone who can be of assistance without fear of retaliation as well as raise their concerns through the Action Response Line.

We abide by all applicable labour and employment laws, including those prohibiting discrimination and harassment and those providing for reasonable accommodation of differences. We are committed to providing equal employment and career advancement opportunities for everyone, without discrimination based on sex, race, ethnic background, religion, disability or any other personal characteristic protected by law.

#### GENDER DIVERSITY

We promote and embed gender and cultural diversity through our talent acquisition and management processes. Currently, 16% of the 204 leadership positions, 32 are held by females. We recognize that gender diversity is an important aspect of our commitment to fairness, we will continue to foster the environment that improves gender representation in coming days as well.

## OCCUPATIONAL HEALTH AND SAFETY

#### HEALTH AND SAFETY STANDARDS AND COMPLIANCE

Our commitment to providing a safe and healthful work environment is fulfilled through our health and safety programs which includes audits and inspections of our facilities, covering health, safety, industrial-hygiene, industrial ergonomics, emergency preparedness practices and associated action plans. Audits are designed to address documentation requirements while inspections assess physical hazards. Audits and inspections are followed with a report requiring the facility to develop an action plan to address deficiencies or best practices which is reviewed by senior management regularly.

The compliance program incorporates international and regional standards, including ISO 45001, Canadian Standards Association (CSA), as well as country-specific standards. Legislative changes, accident trends and changes to industry standards are incorporated into the program as part of the annual review of the program and updates of audit requirements

#### MANAGEMENT OVERSIGHT, PERFORMANCE TRACKING & REPORTING

Health and Safety Department presents, manages and updates on health and safety compliance to the Senior Management.

#### ERGONOMICS PROGRAM

A key program for supporting employee well-being is our ergonomics program which aims to reduce the risk of musculoskeletal injuries.



# CORPORATE ETHICS AND COMPLIANCE

## OUR COMMITMENT TO ETHICS AND LEGAL COMPLIANCE - LITENS CODE OF CONDUCT AND ETHICS

We are committed to conducting business in a legal and ethical manner globally. Our President, Chief Executive Officer and Management have communicated and consistently reinforced our clear and unequivocal compliance expectations through all levels of our organization. Our Code, which applies equally to all of our directors, managers and employees, articulates our compliance-oriented values and our expectations. It also establishes our standards of conduct in a number of specific areas, including:

- employment practices and employee rights;
- respect for human rights;
- compliance with law, generally;
- conducting business with integrity, fairness and respect;
- fair dealing, including prohibition on giving or receiving bribes;
- accurate financial reporting;
- standards of conduct for senior financial officers;
- prohibition on insider trading and derivative monetization transactions;
- timely public disclosure of material information;
- compliance with antitrust and competition laws;
- environmental responsibility;
- occupational health and safety;
- management of conflicts of interest;
- protection of employees' confidential information; and
- compliance with our corporate policies

The Code is available on our website ([www.litens.com](http://www.litens.com)) and is posted on our employee intranet in different languages. The Code is reviewed regularly, and proposed amendments must be approved by our senior management. We have also supplemented the requirements of the Code through the adoption of policies in key areas.

## ETHICS AND LEGAL COMPLIANCE PROGRAM

In order to help our employees, understand the values, standards and principles underlying our Code, we have developed specialized compliance training modules targeting select functional audiences and high-risk regions. In addition to providing training on legal compliance and ethics topics generally, these specialized programs are designed to be interactive and incorporate real-life scenarios and exercises, which we believe amplifies our compliance expectations and resonates more powerfully with participants.

## LITENS ACTION RESPONSE LINE

We maintain a confidential and anonymous Action Response Line which is overseen by our Legal Counsel. The Response Line is available for employees and other stakeholders such as customers and suppliers to make submissions by phone or online at any time. Submissions are received and tracked. Reports to the Response Line are reviewed and when appropriate, an investigation is conducted. Our social audits also review these investigations to ensure consistency of discipline.

## ENTERPRISE CYBERSECURITY

We are committed to ensuring that we fulfill the cybersecurity requirements of our customers. In addition, we ensure that we comply with all emerging governmental rules and regulations regarding cybersecurity or privacy regulations such as The General Data Protection Regulation (GDPR), which directly affect cybersecurity requirements. Our selection process for third party (e.g. Cloud-based) services includes a due diligence approach that ensures that such services are evaluated and aligned with our overall approach to cybersecurity.

We regularly evaluate and adjust our information security management system implementation strategy based on risk assessments, continuous monitoring and periodic independent cybersecurity maturity evaluations.

We have processes in place to ensure that our IT systems receive appropriate upgrades, including patching and other required remediation in a timely manner.

## PRIVACY

Litens is committed to preserving the privacy of our stakeholders in accordance with applicable law. Our Code articulates our approach to the privacy of our employees and protection of their personal information. We only collect, use and disclose personal information for legitimate business or employment purposes or if required by law or with an individual's consent. In addition, like any other asset, confidential information, which includes trade secrets and proprietary information is a valuable part of our business and we aim to safeguard it.

# SUPPLY CHAIN RESPONSIBILITY

## OUR EXPECTATIONS OF OUR SUPPLIERS

We have introduced a Supplier Code of Conduct and Ethics ("Suppliers Code") which outlines the principles we apply internally at Litens through our Code, as well as expectations we have for every company that supplies goods or services to Litens, relating to, among other things:

- **Ethical business conduct**, such as compliance with antitrust/competition, anti-corruption/ bribery and export controls laws; conflict minerals reporting; avoidance and reporting of conflicts of interest; and protection of intellectual property and confidential information;
- **Employee rights**, including those rights set out in our Employee's Charter, Global Working Conditions and Global Labour Standards; and
- **Environmental responsibility and compliance.**

The Suppliers Code forms an integral part of our overall contractual relationship with our suppliers. We expect the standards set out in the Supplier Code to be met by our suppliers, even in jurisdictions where meeting such standards may not be considered part of the usual business culture. Failure to do so may result in the termination of the supply relationship by Litens. The full text of our Suppliers Code is available on our website >> [www.litens.com](http://www.litens.com). We continue to support and participate in industry efforts to develop common standards relating to business ethics, environmental standards, working conditions and employee rights. We will continue to engage with our suppliers to raise awareness of the importance of sustainability in our supply chain.

## WORKING CONDITIONS IN OUR SUPPLY CHAIN

We expect that our supply chain will adhere to our Suppliers Code, which prohibits the use of child, underage, slave or forced labour. Our Global Working Conditions are an integral part of our supplier package that emphasizes the importance of maintaining global working conditions and standards that result in dignified and respectful treatment of all employees within all our global operating locations, as well as those of our supply chain. A failure by any of our suppliers to comply with its terms may result in the termination of the supply relationship.

*WE WILL CONTINUE  
TO ENGAGE WITH  
OUR SUPPLIERS  
TO RAISE  
AWARENESS OF THE  
IMPORTANCE OF  
SUSTAINABILITY IN  
OUR SUPPLY CHAIN.*

## SUPPLY CHAIN MANAGEMENT

### GENERAL

Our supply chain management group focuses on a number of elements that we believe are integral to world class supply chain management, such as: key performance indicators (KPIs); specific roles and responsibilities; processes and standards; training; and risk management. The global KPIs we use are focused on purchasing savings, supplier ratings, supplier quality measurements and supplier diversity. We also maintain a strong financial and commercial risk management process focused on supplier quality and financial risk. We use cross-functional sourcing teams to help ensure compliance with our internal standards when we place new business within our supply base. In order to promote awareness of the key elements of our supply chain risk management program, including the requirements in our Suppliers Code, we provide training program on an ongoing basis to internal purchasing employees.

### SUPPLIER REVIEWS

We use our Supplier Scorecards to provide ongoing monitoring and assessment of suppliers. Among other criteria, our Supplier Scorecard tracks whether suppliers have certain industry-recognized environmental, health and safety certifications, such as ISO 14001 and ISO 45001. No suppliers were terminated in 2019 as a result of a violation of working conditions or human rights.

### SUPPLIER DIVERSITY

To support the supplier diversity efforts, we participate and provide our Minority and Women owned business spend numbers to our customers as required. Our supplier diversity policies are in accordance with in the regional and global legal boundaries.

### CONFLICT MINERALS REPORTING

Consistent with the approach taken by our customers, suppliers and other fellow members of the Automotive Industry Action Group with respect to "conflict minerals", we are engaged in an annual process of determining whether any products we make or buy contain such "conflict minerals". Our latest conflict minerals report is available on our website [www.litens.com](http://www.litens.com). We continue to engage with our suppliers to increase awareness and accuracy of "conflict minerals" reporting requirements and through our membership in the Responsible Minerals Initiative (RMI) (formerly the Conflict Free Sourcing Initiative), support continuing cross-industry efforts to identify and validate conflict-free smelters and refiners.



OUR COMMITMENT TO OUR COMMUNITIES AND SOCIETY

*Litens recognizes that sustainability goes beyond our processes and products and we believe it is important to give back to the communities in which we are based.*

**CORPORATE GIVING**

We have a long history of supporting social and charitable causes, primarily in the communities around the world in which our employees live and work.

Most of our donations and sponsorships are focused on:

- **Employee and Community Health and Wellness;**
- **Technical and Vocational Training/Education;**
- **Calamity stricken regions;**
- **Culture;** and
- **Youth Sports**

We encourage and support our employees who devote their time, energy and passion to making a positive contribution to their workplace and communities through direct giving, special events, fundraising and volunteer work.

In order to further support and enhance employee fundraising efforts, we maintain a Matching Program, which matches donations by Litens employees to qualified, non-profit initiatives up to specified amounts. Since the beginning of the program, Litens has matched the funds raised by our employees and have donated to numerous projects globally. Some examples are as under;

- Princess Margaret Ride to Conquer Cancer
- Jack.org Mental Health Suicide Prevention
- Canadian Red Cross (Philippines typhoon, Nepal earthquake & Fort McMurray fires)
- Heart and Stroke Ride
- Sunnybrook Woman Health Foundation
- Canadian War Museum (veterans' program) Operation Veteran
- Camp Oochigeas (for kids with cancer)
- Canadian Cancer Society
- Sick Kids Hospital

# CONTRIBUTING TO COMMUNITIES IN WHICH WE OPERATE

## OUR COMMITMENT TO ETHICS AND LEGAL COMPLIANCE - LITENS CODE OF CONDUCT AND ETHICS

We are committed to conducting business in a legal and ethical manner globally. Our President, Chief Executive Officer and Management have communicated and consistently reinforced our clear and unequivocal compliance expectations through all levels of our organization. Our Code, which applies equally to all of our directors, managers and employees, articulates our compliance-oriented values and our expectations. It also establishes our standards of conduct in a number of specific areas, including:

- employment practices and employee rights;
- respect for human rights;
- compliance with law, generally;
- conducting business with integrity, fairness and respect;
- fair dealing, including prohibition on giving or receiving bribes;
- accurate financial reporting;
- standards of conduct for senior financial officers;
- prohibition on insider trading and derivative monetization transactions;
- timely public disclosure of material information;
- compliance with antitrust and competition laws;
- environmental responsibility;
- occupational health and safety;
- management of conflicts of interest;
- protection of employees' confidential information; and
- compliance with our corporate policies

The Code is available on our website ([www.litens.com](http://www.litens.com)) and is posted on our employee intranet in different languages. The Code is reviewed regularly, and proposed amendments must be approved by our senior management. We have also supplemented the requirements of the Code through the adoption of policies in key areas.

## ETHICS AND LEGAL COMPLIANCE PROGRAM

In order to help our employees, understand the values, standards and principles underlying our Code, we have developed specialized compliance training modules targeting select functional audiences and high-risk regions. In addition to providing training on legal compliance and ethics topics generally, these specialized programs are designed to be interactive and incorporate real-life scenarios and exercises, which we believe amplifies our compliance expectations and resonates more powerfully with participants.

## LITENS ACTION RESPONSE LINE

We maintain a confidential and anonymous Action Response Line which is overseen by our Legal Counsel. The Response Line is available for employees and other stakeholders such as customers and suppliers to make submissions by phone or online at any time. Submissions are received and tracked. Reports to the Response Line are reviewed and when appropriate, an investigation is conducted. Our social audits also review these investigations to ensure consistency of discipline.

## DATA AND CYBERSECURITY / PRIVACY

### ENTERPRISE CYBERSECURITY

We are committed to ensuring that we fulfill the cybersecurity requirements of our customers. In addition, we ensure that we comply with all emerging governmental rules and regulations regarding cybersecurity or privacy regulations such as The General Data Protection Regulation (GDPR), which directly affect cybersecurity requirements. Our selection process for third party (e.g. Cloud-based) services includes a due diligence approach that ensures that such services are evaluated and aligned with our overall approach to cybersecurity.

We regularly evaluate and adjust our information security management system implementation strategy based on risk assessments, continuous monitoring and periodic independent cybersecurity maturity evaluations.

We have processes in place to ensure that our IT systems receive appropriate upgrades, including patching and other required remediation in a timely manner.

### PRIVACY

Litens is committed to preserving the privacy of our stakeholders in accordance with applicable law. Our Code articulates our approach to the privacy of our employees and protection of their personal information. We only collect, use and disclose personal information for legitimate business or employment purposes or if required by law or with an individual's consent. In addition, like any other asset, confidential information, which includes trade secrets and proprietary information is a valuable part of our business and we aim to safeguard it.



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