

## **Aptiv Services (UK) Limited**

**Financial year ended 31 December 2019**

**22<sup>nd</sup> April 2021**

### **Section 172(1) Statement**

The Directors have ensured compliance with their duties under s.172 in relation to the Company and its various stakeholders, including its investors, workforce, customer and suppliers, local community and the environment. As a wholly-owned subsidiary of the Aptiv PLC group of companies (the “Aptiv Group”), the Company has a sole member.

Engagement with the Company’s stakeholders has informed the way in which the Directors have discharged their duties as detailed below. Where individual directors are not directly involved in the processes described below, regular discussions are held between the relevant business management teams within Aptiv. The Directors have oversight of the management of the Company, by ensuring appropriate processes and controls are in place which enables regular review of the Company performance.

#### **Investors**

The Company is part of the Aptiv Group and as such the Directors have ensured that the strategy, values and policies of the Group have been adopted.

Central to the trust between a Company and its investors is the commitment to principled corporate governance.

In order to ensure compliance, the Aptiv Group’s Corporate Ethics and Compliance Program (the “Compliance Program”) is designed to promote an ethical and compliant culture, which in turn, minimizes the risk of criminal and financial liability.

The Compliance Program consists of various policies, including the Code of Ethical Business Conduct (the “Code”), conflicts of interest, anti-corruption, gifts and entertainment, among others and procedures. The Code is the foundation of the Compliance Program and serves as a key element of the Group’s governance, risk management and compliance efforts.

The Compliance Program is overseen by the Aptiv Group’s General Counsel and Chief Compliance Officer. The Chief Compliance Officer provides regular updates about the program and its effectiveness to the Audit Committee of Aptiv’s Board.

Management financial reporting is also a key focus of corporate management. Financial reporting is submitted monthly and is reviewed by operational and financial senior management. Regular forecasts are also calculated to provide a detailed plan of Company performance for the current year. The financial results are reviewed at a facility level with the results consolidated to business units and ultimately the Aptiv Group. The outcome of these performance measures are critical in strategic and operational decision making. Due to the operational reporting structure of the Aptiv Group, financial performance is not monitored at a total Company level but all components of the Company are subject to the same level of divisional scrutiny.

## **Workforce (past and present)**

### **Current Employee Engagement**

One of the key ways the Aptiv Group delivers on our mission to create safer, greener and more connected solutions that enable the future of mobility is through our enterprise of 160,000 highly engaged employees. The Aptiv Group invests in training and development curriculum that ensures our employees have the appropriate resources for empowered careers. The Group also focus on providing the Aptiv workforce with holistic incentives, enticing career development plans and competitive compensation. Engaged employees are productive employees, and the Aptiv Group is constantly interacting with our workforce to ensure that they are heard and provide the feedback and support they need to develop their careers at Aptiv. Key to our employee engagement is our range of communications tools which include quarterly all-employee broadcasts, monthly global leadership calls and our interactive employee mobile app.

Our people play a critical role in executing our vision and strategy, and giving us our competitive edge in the market. Together we embrace Aptiv's mission to deliver safe, green and connected technologies that enable the future of mobility, and each of us comes to work knowing that we are helping to create a world with zero traffic fatalities, cleaner air and connected mobility. We are focused on attracting and retaining top talent, including our 20,200 engineers and scientists, situated in talent hubs around the world. We focus on providing our employees with holistic incentives, including competitive compensation, personal development and exciting career opportunities. Our world-class human capital allows us to simultaneously transform our existing businesses and to build robust new businesses. In addition, our flat organizational structure results in clear accountability and enables the necessary flexibility to meet local requirements. A common set of core values and behaviours guides all of our employees to operate as one team and to think and act like owners, allowing us to deliver on our strategy. We are very proud that Ethisphere Institute has now recognized Aptiv as one of the "World's Most Ethical Companies" for the eighth year in a row, reflecting our commitment to always do the right thing, the right way. We continuously invest in Aptiv's differentiating culture to ensure significant leadership commitment and employee engagement. We recognize that thriving in today's challenging environment requires a diverse team with the absolute best talent.

The Aptiv Equal Opportunities and Dignity at Work policy supports a positive working environment free of harassment and bullying, where everyone is treated with dignity and respect. The Aptiv DRIVE Line allows employees (as well as external stakeholders) to report (anonymously, if desired) alleged ethical or compliance violations, or any issue that employees may face, without fear of retaliation. We investigate all reported incidents. All Aptiv sites widely advertise the DRIVE Line in social areas and shop floors.

The importance of health and safety is paramount, and critical in this time of response to the COVID-19 pandemic. Rigorous assessments and actions are in place to support and protect employees health and safety both working on site and remotely. The Employee Assistance helpline and healthcare services are communicated regularly to employees together with resources to support both physical and mental wellbeing.

### ***Post-retirement benefits***

The Company provides post retirement pension provisions for both its current employees and in respect of previous employees, through a combination of defined benefit and defined contribution pension schemes. The Company works with the Scheme Administrators, Actuaries, member nominated trustees and employer nominated trustees.

Trustee meetings are held on a regular basis in an effort to ensure legal reporting requirements have been met and to identify new legislation, funding requirements, PPF Levy updates, governance and other appropriate pension matters. Where urgent matters arise outside of the meeting dates, telephone conference calls take place.

During the Trustee meetings, the pension administrator reports on key metrics associated with the relevant scheme, including for example monthly gross pension payments, cashflow and investments, feedback from pensioners and statutory reporting requirements.

In respect of defined benefit schemes, the Trustees also have objectives for the investment strategy that are regularly reviewed, and a Risk Register being utilised to help prioritise objectives.

### **Customer**

Our business is diversified across end-markets, regions, customers, vehicle platforms and products. Our customer base includes 23 of the 25 largest automotive OEMs in the world, and in 2019, 27% of our net sales came from the Asia Pacific region, which we have identified as a key market likely to experience substantial long-term growth. Our ten largest platforms in 2019 were with eight different OEMs. In addition, in 2019 our products were found in 19 of the 20 top-selling vehicle models in the United States (“U.S.”), in 19 of the 20 top-selling vehicle models in Europe and in 15 of the 20 top-selling vehicle models in China. We have also entered into collaborative arrangements with mobility providers and with smart cities such as Boston and Singapore as we develop solutions for the evolving nature of the mobility industry.

Aptiv’s unique position as the only provider of both the brain and the nervous system of the vehicle makes us the only technology company capable of conceiving, specifying and delivering the advanced architecture and software solutions that are enabling the future of mobility. The pace of digitization in our industry is accelerating, and the demand for vehicles to be safer, greener and more connected entails new software-dependent features that in turn, require more advanced technologies, including sensing and compute platforms. In response, we have focused our portfolio on providing innovative end-to end solutions, putting Aptiv at a meaningful competitive advantage as we deliver:

- Safer vehicles enabled by scalable advanced safety solutions: helping OEMs cost-effectively move to higher levels of active safety and ultimately automated driving;
- Lower CO2 emissions delivered through a portfolio of high-voltage electrification solutions: leveraging our design and manufacturing capabilities to help OEMs optimize vehicle architectures to minimize mass and weight, and reduce costs; and

## **Customer (continued)**

- Improved in-cabin experiences provided through software-enabled functionality: empowering OEMs to introduce more advanced sensing and compute solutions to optimize the vehicle experience. These advanced technologies position Aptiv to benefit from higher-value content growth opportunities, as well as create new business models for monetization. Given the speed and scale required to develop these differentiating platforms, we have selectively pursued strategic partnerships.

## **Supplier**

Aptiv is becoming the partner of choice for our customers, capable of delivering these advanced solutions in a responsible and sustainable way. Our commitment to exceptional customer stewardship starts with our proactive approach to listening and anticipating our customers' needs, executing flawlessly and rigorously measuring our results. The foundation of that model is our culture of innovation; innovation in terms of our product portfolio, but also in terms of how we do business, our people, and our processes. We collaborate with our supplier partners and we have the processes in place to ensure we consistently deliver flawless execution to our customers.

Over half of Aptiv's product cost is purchased material. As a result, we continuously monitor supplier inputs to help ensure suppliers operate to standards Aptiv and our customers expect, mitigating potential risks to our people, product or the planet.

To ensure compliance, Aptiv monitors the following:

- **Environmental Certification:** Applicable Aptiv suppliers are encouraged to have an environmental management system certified by a third party. In 2019, 85% of strategic suppliers were ISO 14001 certified.
- **Supplier Code of Conduct:** Aptiv's strategic production suppliers are required to agree to the principles articulated in our Code of Conduct for Business Partners, which includes clauses on the environment, human rights, social and employee matters, data management, and business ethics. Additionally, as part of our Manufacturing Capability Assessment process, Aptiv's auditors inspect supplier records and observe their operations. Finally, new suppliers provide agreement our Code of Conduct for Business Partners during their on-boarding process.
- **Human Rights:** We are fully committed in all Aptiv business locations to ensure compliance with applicable human rights laws, including those relating to slavery and human trafficking and pass this expectation on to all suppliers. We also require indirect suppliers identified as posing a high-risk to comply with our Code of Conduct for Business Partners.
- **Conflict Minerals:** Aptiv itself diligently complies with the US Dodd-Frank Act Section 1502, regarding conflict materials. In 2019, Aptiv surveyed the relevant portion of our supply base for 3TG use following the OECD due diligence guidelines.
- **Leader in Supplier Diversity:** We continue our longstanding support of diversity suppliers through significant spend with them and by participating in key national and regional diversity organizations in the United States.

## **Community**

Aptiv is committed to delivering advanced technologies and superior shareholder returns in a responsible and sustainable way. The passion our employees share to make the world safer, greener and more connected doesn't stop when they go home at the end of the day. Aptiv actively encourages and supports our employees' efforts by sponsoring community activities during normal working hours and offering paid time off for volunteerism. Every year we work to improve the communities where we work and live, organizing our efforts around our three megatrends:

- Safe: Road Safety education for children
- Green: Reforestation through tree planting
- Connected: STEM education for children

In addition, every year for the past 16 years, we have sponsored Aptiv Sustainability Awards to recognize the great work our global employees do to improve their communities, either on behalf of Aptiv or on their own time. In 2019, employees submitted a record 194 projects for consideration, nearly double historic levels. Examples of recent projects include: Aptiv volunteers project where our employees donated their time to NGOs and charities.

## **Environmental**

Focused on doing things right, we base our environmental policy on internationally recognized standards and management systems. Every Aptiv site must follow established guidelines, including environmental requirements that 100% of our manufacturing sites are certified according to ISO 14001, a voluntary norm going above and beyond legal obligations.

In 2012 Aptiv set our 2020 environmental targets to decrease greenhouse gas emissions, water consumption and waste generation by 30% from our 2011 baseline, we have exceeded the environmental goals we publicly set for ourselves seven years ago – reducing CO2 emissions by 41%, cutting water consumption by 38% and eliminating 32% of waste.

We know we can always do better, so this year we are renewing our commitments with the significant goals set for 2025.

During the next five-years Aptiv will work to reduce our Greenhouse Gas emissions by 25% from 2019, power our operations with 25% of renewable electricity, educate our suppliers on sustainability topics but also reduce our water consumption by 2% in water scarce areas and maintain a diversion rate from manufacturing above 80%.