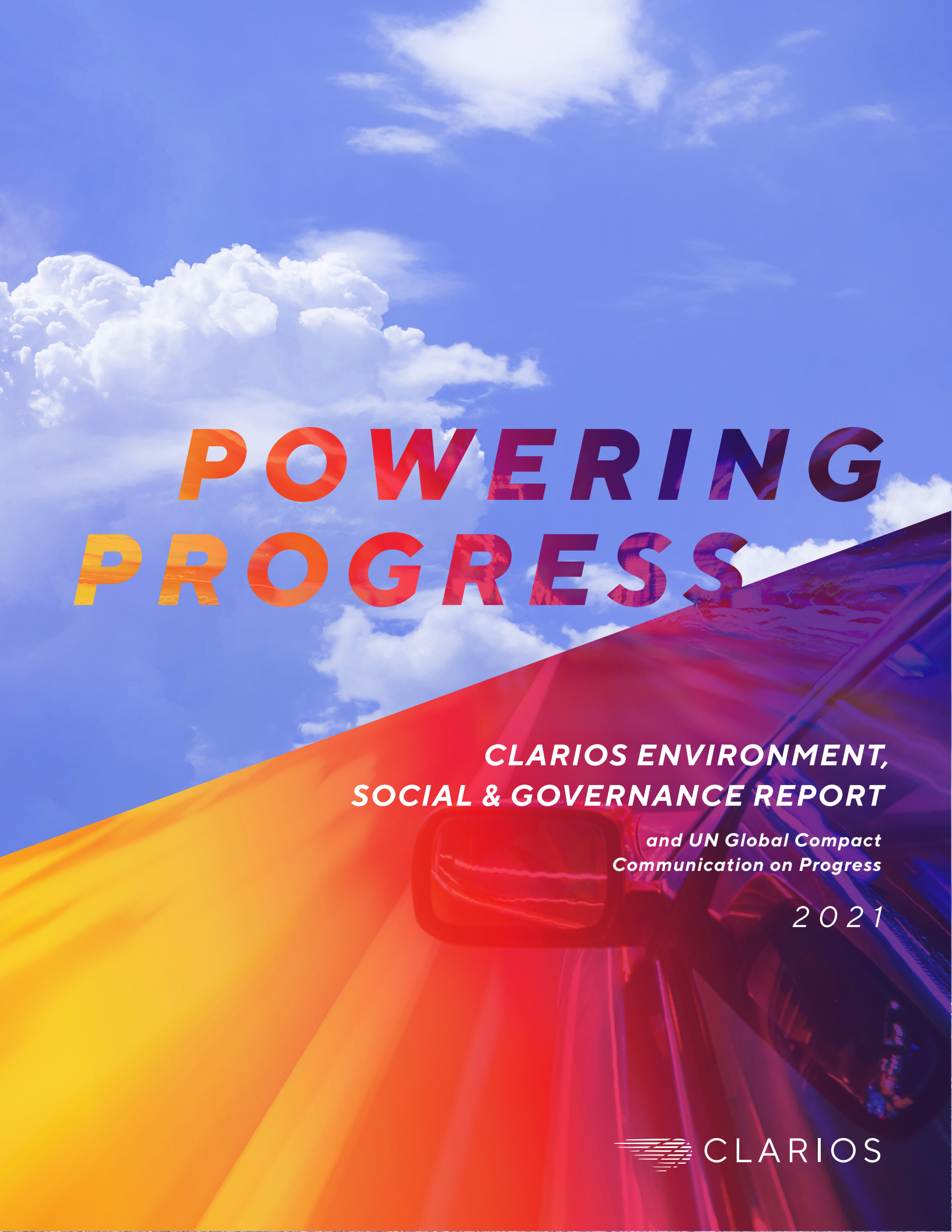


POWERING PROGRESS

CLARIOS ENVIRONMENT, SOCIAL & GOVERNANCE REPORT

and UN Global Compact Communication on Progress

2021

CLARIOS


Powering today,
into tomorrow.
CLARIOS

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

UNITED NATIONS GLOBAL COMPACT

Clarios is proud to have renewed our commitment for 2021 as a participant of the United Nations Global Compact. We are committed to aligning our operations and strategies with the Compact's Ten Principles that cover the topics of human rights, labor, health and safety, the environment and anti-corruption.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We seek to support the United Nations Sustainable Development Goals (SDGs) and the vision of "peace and prosperity for people and the planet, now and into the future" established in the *The 2030 Agenda for Sustainable Development.* As a result, we have identified the most relevant to our business to focus and align our efforts and reporting.

TABLE OF CONTENTS

2021 ESG REPORT 4

CEO LETTER

MARK WALLACE
Clarios CEO

From electrification to autonomy, vehicles are becoming safer, more convenient and increasingly sustainable. No one understands the impact of these changes better than we do.

Clarios is one of the world's largest suppliers of advanced energy storage solutions. We make the world's most reliable and sought-after batteries with an uncompromising commitment to quality, safety and environmental and sustainability leadership. We are at the forefront of low-voltage battery science and technology essential to the future of mobility and a low-carbon economy.

By 2025, we will see twice the number of hybrid and electric vehicles on the road. Each one will require an advanced low-voltage battery to operate, maintain peak performance and power critical safety functionality.

Our goal is to drive cutting-edge technology in a sustainable manner — with investments that continue to create value for all our stakeholders. Our commitment to the U.N. Global Compact and excellence in Environmental, Social and Governance (ESG) is a source of pride and empowerment for our employees as well as a competitive advantage. In 2021, we made clear progress on our journey to implement our Sustainability Blueprint due to the efforts of our people and our partnerships. This includes our new focus on serious potential incidents (SPIs) as a proactive metric of workplace safety to identify and address hazards that could result in serious injury.

The world's vehicle-makers are facing unprecedented regulatory, consumer and ESG demands. They look to us to specify low-voltage batteries to help them transition from traditional internal combustion engines to electric vehicles. As a result, our focus is on innovative solutions that are safe, reliable, cost effective and increasingly sustainable.

That's why we launched our xEV portfolio to play a leading role and help accelerate the electrification of mobility. Our advanced AGM and lithium-ion technologies are specifically designed for the demands of hybrids, EVs and greater levels of autonomy.

Clarios xEV batteries work in tandem with the batteries that propel the vehicle to ensure optimal performance and power critical safety functionality in emergency situations.

Clarios has established one of the world's most successful examples of a circular economy. We have worked with the U.S. Department of Energy (DOE) to advance a more stable, secure and sustainable lithium-ion supply chain. Through our joint research and development with DOE's Argonne National Laboratory, we are exploring new technology that uses low-cost, readily available and highly recycled materials to help enable a broader clean energy transition.

Our commitment does not end there. We advocate for responsible practices and standards to promote children's health, sustainable communities and a cleaner environment. We're founding members of the Global Battery Alliance and the Responsible Battery Coalition. And we are proud of the progress made through our partnership with Pure Earth and UNICEF to prevent children's exposure to lead in low- and middle-income countries.

We distinguish ourselves through the exceptional quality of our products and services and our excellent partnership performance.

As you'll see in this report, we value transparency, and have aligned our 2021 disclosures with the Sustainability Accounting Standards Board framework. Looking forward, we will continue to refine climate-related risks and opportunities based on the principles of the Task Force on Climate-Related Financial Disclosures (TCFD) framework and the development of science-based targets in future reports.

COMPANY BACKGROUND

For well over a century, Clarios has created the most advanced, low-voltage battery technologies for nearly every type of vehicle — and then made them better.

In 2021, Clarios sold more than 150 million batteries, which were distributed to vehicle makers and aftermarket or replacement customers in more than 140 countries. Today, with more than 16,000 employees, the company is the clear global leader in low-voltage energy storage solutions for mobility, powering one in three vehicles around the world.

Through a chemistry-agnostic approach, Clarios applies the most effective technology to every application to meet the exacting requirements of vehicle manufacturers, including fuel-saving engine start-stop, advanced driver assistance systems, over-the-air software updates and autonomous driving. We have more than 15 years of experience in lithium-ion and software, systems, electronics and the integration to the vehicle, and offer the essential paring with the batteries that propel electric vehicles.

And to align with our customer's product road maps, we have established partnerships to extend our portfolio of low-voltage battery technologies including lithium-ion.

VARTA LTH Heliar OPTIMA BATTERIES Delkor MAC

Clarios supplies replacement batteries to the aftermarket through recognized global and regional brands including VARTA®, LTH®, Heliar®, OPTIMA®, Delkor® and MAC®. Based on consumer awareness studies, Clarios brands are consistently No. 1 or No. 2 in brand recognition in nearly every major market.

The company also is the leading private label aftermarket supplier of brands, notably DieHard®, Interstate®, Duralast®, Bosch® and EverStart®.

Our circular supply chain enables us to use recycled materials to produce batteries with 90% less energy and 90% less greenhouse gas emissions than virgin materials.

We add value at every link in the supply chain, so that up to 99% of the materials in our batteries can be recovered, recycled and reused — contributing to the progress of the communities we serve and the planet we all share.

"Compliance with applicable laws, regulations, internal standards, and other requirements is not a goal we strive to accomplish, rather it is the foundation from which we build."
Clarios Environmental Health and Safety Policy

We believe industry-leading performance is a key enabler of our continued success. That's why we are a staunch and vocal advocate for improved environmental, health and safety standards and with local regulatory bodies in regions where we operate and beyond. The result has been significant improvements within our industry over the past two decades.

Through our commitment to the U.N. Global Compact, the largest corporate sustainability initiative in the world, we have adopted 10 universal sustainability principles and uphold established requirements in the areas of human rights, labor, environment and anti-corruption.

As a founding member of the Responsible Battery Coalition and the Global Battery Alliance, we are committed to a multi-stakeholder approach to promote responsible management for all batteries. Meaningful impact has been made in the second year of Protecting Every Child's Potential our partnership with the Clarios Foundation, Pure Earth, and UNICEF — to protect children from the harmful effects of lead exposure and to abolish the dangerous illegal, substandard and informal practices that cause it.

Our Sustainability Blueprint embodies our commitment to setting high Environmental, Social and Governance (ESG) standards. It is core to both our business philosophy and operational excellence, continuing to create competitive differentiation.

Leaving the world better than we found it.

Setting the highest standard of performance.

Advancing products and circular supply chains.

Holding ourselves accountable, always.

Standing up for all people and all locations.

DRIVING INNOVATION

The world's vehicle makers look to us to provide low-voltage systems integration expertise and drive technological innovation.

We work closely with vehicle makers during the development of future platform launches, designing energy storage technologies that will cost-effectively help manufacturers meet increasing environmental, safety and vehicle electrification requirements.

Clarios advanced battery technologies help enable the industry's response to satisfy these new requirements from powering critical systems in start-stop vehicles to ensuring reliable performance and functional safety in hybrids, EVs and vehicles with greater levels of autonomy.

Next-generation vehicles — those with start-stop, mild hybrid, full hybrid, plug-in hybrid or fully electric technologies — now account for approximately 20% of the global car parc and will reach more than 50% by 2030, according to IHS Markit.

Our solutions support critical functions including traditional key-off loads, engine starting and ignition as well as increasing demands for start-stop, advanced driver assistance systems, over-the-air software updates and autonomous driving.

Critically, our batteries provide the fail-safe power required to support electric and autonomous vehicles in emergency situations.

Vehicles equipped with start-stop are up to 5% more energy efficient and release 5% less greenhouse gas emissions (GHGs) than conventional ICE-powered vehicles. Additionally, in start-stop applications, Clarios advanced AGM batteries enable higher fuel efficiency through added capabilities such as engine-off coasting, passive boost and regenerative braking.

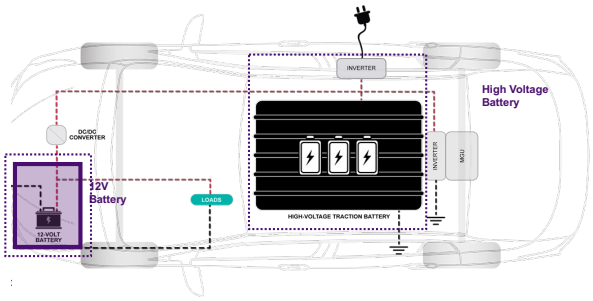
Our leading global position enables us to continue to collaborate with vehicle makers to bring new technologies to market that can support and accelerate advancements in powertrain technology and autonomy.

Every vehicle requires a low-voltage 12V battery — especially battery electric vehicles

When Driving
- Supports low voltage power needs for growing accessory loads
- Powers loads beyond DC/DC capability (power steering, etc.)
- Provides peak shaving off primary motor during heavy usage

When the Vehicle is Off
- Starts the car by engaging connectors for the high voltage battery
- Keeps key functions operating (entertainment, theft-protection, etc.)
- Powers connected-vehicle technologies (over-the-air updates, etc.)
- Manages the process of safely charging the vehicle

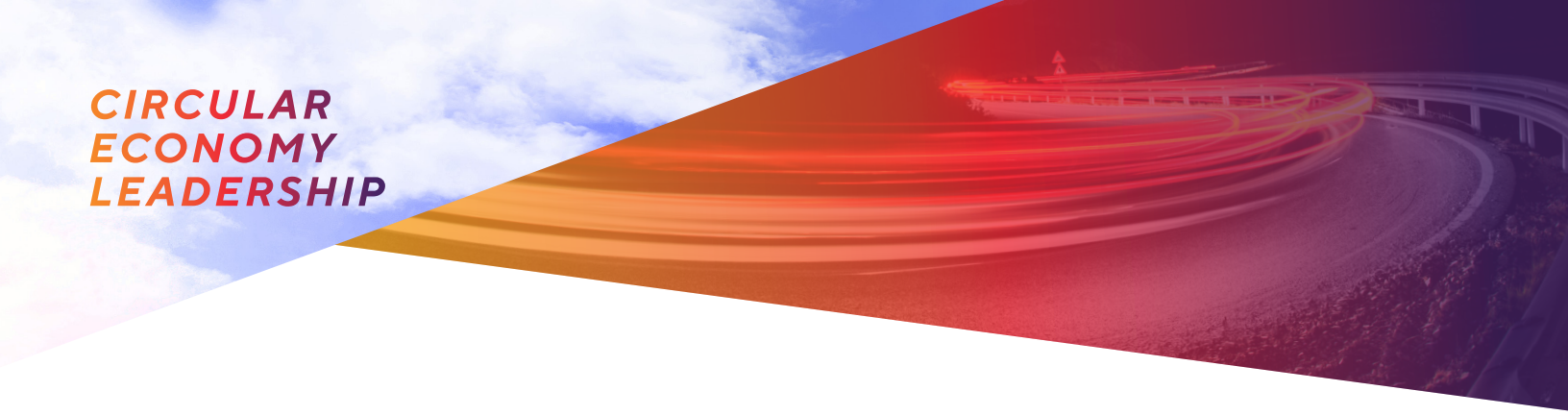
When There is an Emergency
- Supplies low voltage systems if high voltage battery fails or disconnects
- Powers steering and braking systems to ensure safe operation



Clarios works with customers to optimize full system solutions for their low voltage requirements

Clarios new xEV battery portfolio was developed to meet the specific needs of hybrids and EVs and offer greater levels of autonomy. Our batteries help ensure optimal vehicle performance in every state of driving including security and software updates while parked, switching on or starting the vehicle, and peak load support while driving. Most importantly, they support critical safety functionality in emergency situations when the high-voltage system fails or disconnects.

CIRCULAR ECONOMY LEADERSHIP



We have established one of the world's most successful examples of a circular economy. We design, manufacture, transport, recycle and recover the materials in vehicle batteries using a closed-loop system.

Our batteries are designed so that up to 99% of the materials can be responsibly recovered, recycled and repurposed to make new batteries or other products.

Our batteries are on a journey. Today's batteries are on their way to becoming tomorrow's batteries.

Our closed-loop system and reverse logistics network reduce the need for hundreds of thousands of additional transportation miles each year. Our supply chain both starts and ends when a consumer replaces a used vehicle battery with a new one at a dealer, repair shop or auto parts store. We have built feedback into our agreements with our customers so when we deliver new batteries, we get used batteries in return.

In our system, we have moved beyond the linear paradigm and do not look at a battery as a waste, nor do we consider pollution an externality. Instead, these concepts represent system inefficiencies and missed opportunities — as well as potential risks to human health and the environment.

For example, since 1990, we've reduced our lead air emissions in the United States by 96%, while increasing battery production six-fold.

UP TO 99%
of the materials in our batteries can be recovered, recycled and reused to make new batteries

90%↓
lower energy and greenhouse gas emissions using recycled versus virgin raw materials

8,000
batteries recycled globally every hour, every day in our network

Clarios helped form the Responsible Battery Coalition (RBC) and Global Battery Alliance to help ensure all batteries regardless of chemistry are responsibly recycled and work with local governments to support the goal of secure domestic supply of critical minerals for the future. We are working with the U.S. Department of Energy ("DOE") and industry partners to leverage our closed-loop and logistics expertise and develop and apply innovative technologies to lithium-ion recycling in connection with low-voltage and high-voltage lithium-ion batteries.

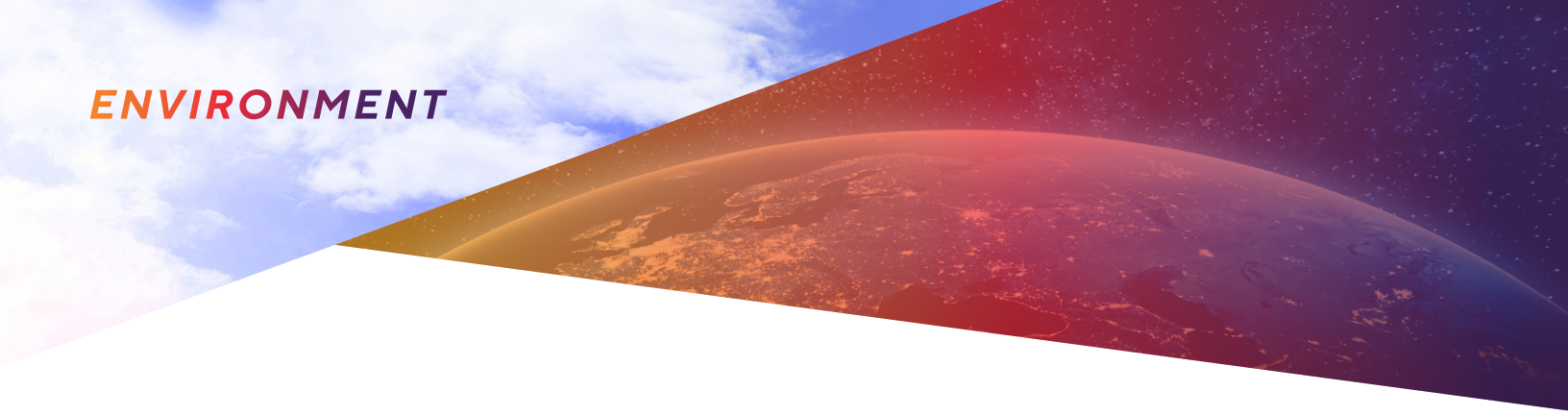
Responsible Leadership Through The RBC and GBA

Clarios worked with leading organizations to form the Responsible Battery Coalition (RBC), and was a founding member of the World Economic Forum's Global Battery Alliance (GBA). The RBC is a nonprofit focused on improving the sustainability of all types of transportation, industrial and stationary batteries.

It exists to ensure that batteries, regardless of chemistry, are properly managed across their life cycle and reused when possible – then ultimately recycled. The GBA aims to connect and scale efforts to ensure the battery value chain is socially, environmentally and economically sustainable. It is currently working to eliminate child labor and forced labor from the cobalt value chain and to contribute to the sustainable development of communities.

Responsible Battery Coalition™

GLOBAL BATTERY ALLIANCE



ENERGY AND GREENHOUSE GAS EMISSIONS

Clarios circular practices significantly lower our energy and greenhouse gas (GHG) footprint by using recycled materials versus virgin materials. The lead-acid battery is unique since the two main components can be sourced from used batteries. The reuse of the metals from used batteries results in 90% lower greenhouse gas emissions than processing primary ore from a mine. And the ability to recycle the plastic from used battery cases decreases the energy required by 90%, compared with virgin plastic made from oil or natural gas. In addition, innovative PowerFrame® technology embedded in Clarios batteries uses 20% less energy and releases 20% fewer GHG emissions than traditional plate-making manufacturing methods.

Our advanced battery technologies are enabling fuel-saving start-stop capabilities that are up to 5% more energy efficient and release 5% less GHGs than conventional ICE-powered vehicles. In fact, over 70% of all new vehicles in Europe are equipped with start-stop batteries from Clarios, and by 2025 nearly 20% of the cars on the road in the U.S. are expected to be start-stop capable. To support the increasing electrification of vehicles, our xEV portfolio has been designed to meet the demands of hybrids and EVs, as well as greater levels of autonomy.

Across our operations, we carefully evaluate our energy consumption and seek greater efficiencies and opportunities to further mitigate GHG emissions. Through our "Energy Hunt" program, we identify and apply energy savings at our manufacturing facilities such as repairing compressed-air leaks, installing heat-recovery systems, improving lighting efficiency, and making our processes more energy efficient.

We have certified all our European facilities to the ISO 50001 Energy Management Standard. Since we have become Clarios, the Energy Hunt program has saved $8.9 million globally.

We've established our baseline GHG accounting in our last report and continue to improve our Scope 1 and 2 GHG accounting. Our intent is to further define our material Scope 3 emissions associated with our supply chain.

This foundation enables us to continue to pursue additional science-based targets to inform and accelerate operational and supply chain efficiencies, enterprise GHG mitigation and low-carbon product innovation.

ENERGY AND GHG METRICS	FY20 VALUE	FY21 VALUE
Total energy consumed	10,779,688 gigajoules	11,246,786 gigajoules
Percentage Renewable	< 1%	< 1%
GHG emissions — CO2e Scope 1 (Utilities: natural gas, propane, diesel)	225,340 metric tons	228,270 metric tons
GHG emissions — CO2e Scope 1 (Recycling process GHGs: anthracite coal, coke, sodium carbonate, polypropylene, polyethylene)	285,539 metric tons	282,363 metric tons
GHG emissions — CO2e Scope 2 (Utilities: electricity and steam) [1]	774,134 mt CO2e	789,217 mt CO2e
Percentage of plants certified 50001	20% (100% of plants in Europe)	20% (100% of plants in Europe)
Revenue from clean tech projects and products (i.e., fuel efficient or emissions reducing)	$1.8 billion	$2.6 billion

[1]FY20 emission figure restated due to corrected emission factors in our Mexico locations.

WASTE

We are continuously improving the use and reuse of materials to better make batteries while challenging ourselves to find new ways to further reduce waste and reintroduce additional recycled materials into our plants.

To that end, we use a cradle-to-grave approach to minimize, recover, and safely dispose of waste in a manner that complies with regulations and protects human health and the environment. This extends to our transportation and logistics partners, who play a critical role in the collection and movement of spent batteries. They are required to be licensed and insured for moving hazardous waste and dangerous goods.

Clarios plays an integral role ensuring used lead-acid batteries are diverted from hazardous waste landfills and are responsibly recycled — making these batteries the most recycled consumer product in most countries.

Lead acid batteries are designed and built not only to provide power throughout their useful life, but also to be readily collected, recycled, and converted back into new batteries — altogether avoiding their disposal at end of life.

Through our circular supply chain, used batteries are safely collected, transported and recycled to recover lead and plastics to make new batteries. The process starts with the physical separation of the primary components that make up a battery: plastic, electrolyte and lead.

Polypropylene plastic is washed and pelletized for use in new battery cases. The electrolyte is chemically processed to capture residual lead then neutralized for disposal or converted into sodium sulphate, which can be sold for use in other sectors. Solid lead is segregated, cleaned and used to make new battery alloys. Lead compounds in paste-form require a process known as smelting to recover battery-grade material.

Smelting removes sulfur and oxygen from lead compounds using a thermochemical process, which adds iron, sodium and a carbon source at temperatures approximately 1000°F. Results are high purity lead and a mineral-like byproduct comprised of sodium, iron, and phosphate called slag.

The more batteries recycled, the more slag produced from smelting. In many countries, slag may be considered non-hazardous based on its chemical characteristics. In some countries, most notably in Mexico, it is regulated as a hazardous waste, regardless of its chemical characteristics, and legal requirements dictate disposal in a hazardous waste landfill.

Due to this regulatory requirement, we generated roughly 74,000 metric tons of slag in Mexico in FY21, accounting for approximately one-third of our total hazardous waste generated.

WASTE METRICS[2]	FY20 VALUE	FY21 VALUE
Total amount of waste from manufacturing	237,684 metric tons	261,231 metric tons
Percentage of waste generated from manufacturing operation that is hazardous	80%	80%
Waste diverted from landfill	69,215 metric tons	79,246 metric tons
Percentage of waste generated from manufacturing operation that is recycled	29%	30%
Amount of hazardous waste generated	190,834 metric tons	208,353 metric tons
Percentage of hazardous waste recycled	16%	17%
Percentage of sites with hazardous waste operations and emergency response (HAZWOPER) certification or that are complaint with ISO 14001	96%	100%
Average recyclability of auto parts sold	100%	100%

[2]FY20 waste data restated due to correction. made in the calculations. In addition, restatements are due to the inclusion of additional data collected.

ENVIRONMENT

WATER

Most of the water we consume goes directly into our manufacturing processes, and the vast majority of the water we purchase comes from local water utility companies. Stringent procedures are in place to prevent accidental discharges and spills as part of our global operating discipline

To inform our water-conservation initiatives, we have updated our water risk evaluations for our facilities using the World Resources Institute Aqueduct™ tool following its baseline (current), 2030 and 2040 scenarios.

Examples of our water conservation efforts include closed-loop acid recycling systems, in which acid is reused to achieve the desired acid concentration as well as pasting recycling systems, in which acid and oxide form a paste within a closed-loop system minimizing releases into the wastewater treatment system. We also contain, recycle and continuously reuse battery wash water or use for acid mixing.

In addition to this innovative water reclamation and reuse at our manufacturing facilities, our corporate headquarters is supplied through a 30,000-gallon rooftop cistern to capture and reuse rainwater.

WATER METRICS	FY20 VALUE	FY21 VALUE
Water consumed	3,082,916 cubic meters	3,227,593 cubic meters
Number of reportable water spills or pollutants	7	1
Water risk percentage (Current and Projected)	2021: 23% 2030: 38% 2040: 40%	2022: 27% 2030: 41% 2040: 43%

HEALTH AND SAFETY

At Clarios, every day begins with a commitment to ensuring our employees can work safely and effectively.

Clarios facilities are governed by a global EHS program that establishes operating principles for our company and all our employees, contractors and visitors.

It includes the documentation, implementation, and maintenance of our EHS policies, procedures, and data collection to support consistent implementation of our initiatives. Manufacturing plants are incentivized based on the level of achievement in a variety of different health and safety topics.

We follow the Hierarchy of Controls, which was established by the National Institute for Occupational Safety and Health that is based on global best practices and governed by the Centers for Disease Control and Prevention.

Our total recordable incident rate (TRIR) adheres to the Occupational Safety and Health Administration's guidelines and is measured by the ratio of total number of recordable incidents to total number of hours worked by all employees

In 2021, we implemented serious potential incidents (SPI) as a proactive key performance indicator across our operations to complement TRIR. Our focus on SPIs helps us identify and address hazards to help prevent potentially life-altering incidents before they can occur.

Serious Potential Incidents — A proactive, preventive mindset Protecting Our Workforce

Some may conclude this training scenario depicts a safe environment — the workplace appears clean, organized and personnel are wearing safety equipment.

Our SPI focus helps us take a closer look to identify high-risk hazards in plain sight:

1. Safe operating distance is not maintained between the forklift, worker and column
2. Inappropriate footwear
3. Matching scuff marks on forklift and damage on column suggest previous collisions
4. Eyes fixed on tablet versus hazard awareness of the operating forklift.

Each of these controllable risks has the potential to cause a life-altering incident if left unattended.

Protecting Our Workforce

In addition to common hazards often found in the manufacturing environment, we recognize the unique risks associated with battery production and recycling processes.

To manage these risks, Clarios implements a hierarchy of controls that incorporates investments in hazard elimination and substitution wherever possible.

We augment these measures through a series of engineering and administrative controls to ensure employees are protected when working with potentially harmful materials by providing specially selected personal protective equipment (PPE).

These guidelines are incorporated into our process-design standards, pollution-control strategies, indoor air management practices, PPE selection, clean-side/dirty-side infrastructure, and employee training — all informed on a regular basis by robust industrial hygiene data.

HEALTH AND SAFETY METRICS	FY20 VALUE	FY21 VALUE
Percentage of plants certified 18001 or 45001	100%	100%
Lost time incident rate	0.22	0.29
Total recordable injury rate	0.57	0.65
Number of incidents	92	115
Number of fatalities	1	0
Near-miss frequency rate	2.33	3.65

INCLUSION AND DIVERSITY

At Clarios, we promote an inclusive and diverse environment in which everyone can contribute to our success.

This is a competitive advantage enabling us to solve problems more creatively, make decisions more thoughtfully and identify opportunities more proactively.

That's why we seek to attract, develop and empower individuals with a wide range of experiences, capabilities and viewpoints.

We work collaboratively, interacting in ways that promote mutual trust and respect. Our employment decisions are based on qualifications, aspirations and performance, never on prejudice or bias. And we do not tolerate discrimination on the basis of race, color, religion, national origin, gender, pregnancy, age, disability, sexual orientation, gender identity, marital status, military service or any other status protected by law.

Valuing what makes each of us unique broadens our perspectives and stimulates new ideas. When everyone feels they can participate in our success, our employees, customers and investors all benefit.

EXTND

(Educate, Expand. Transform. Network. Develop.) is a program connecting employees at Clarios headquarters with students from Marquette University; Milwaukee School of Engineering; the University of Wisconsin-Milwaukee; and members of organizations including the Society of Women Engineers (SWE), the Society of Hispanic Professional Engineers (SHPE), and the National Society of Black Engineers (NSBE). The goal of the partnership is to provide students with a realistic depiction of the opportunities available in the engineering profession via networking opportunities, coffee chats, speaker series and outreach events.

INCLUSION & DIVERSITY METRICS[3]	FY20 VALUE	FY21 VALUE
Percentage of women in position of senior management (VP) and above	24%	26%
Number of women in positions of senior management (VP) and above	12	13
Total number of positions of senior management (VP) and above	49	50
Percentage of women on board of directors	11%	18%
Number of women on board of directors	1	2
Total number on board of directors	9	11

[3]*FY20 Inclusion & Diversity data restated as it was not recorded correctly.*

TALENT DEVELOPMENT & TRAINING

We attract talented people, develop their potential and set them up to succeed. In addition, strategic talent reviews and succession planning occur on an annual basis globally and across all business areas.

Our employees engage in meaningful conversations with their managers to share aspirations and opportunities for career development. Concrete development plans are established to align individual career goals with organizational priorities.

We emphasize real-life, real-time learning that enables our employees to meet the demands of challenging and changing work. The company's approach to learning focuses on reinforcing key principles that are designed to support each individual's effectiveness.

An example is our Engineering College Graduate Rotational Program (CGRP), which is a 2-year early career development program for recent engineering graduates to prepare them for the rigors of designing and engineering energy storage solutions. Participants complete four rotational assignments each lasting 6 months to learn how our current products are manufactured and new ones are developed and launched.

Upon successful completion of the CGRP, participants are offered a position within our product engineering organization. Since its inception in 2015, 21 engineers (17 in the U.S. and 4 in Mexico) have been hired from this program.

SUCCESSFUL ENGINEERING DEVELOPMENT PROGRAM GRADUATES FIRST CLASS IN MEXICO.

Universidad Autonoma de Nuevo Leon engineering graduate Fatima Guerrero said:

"As the first generation in Mexico, I can say that the program helped us to consolidate strong knowledge of the business, our products, our processes and our people. The CGRP is a great initiative to retain young talent and allow new generations to share their ideas and energy."

TALENT DEVELOPMENT AND TRAINING METRICS	FY20 VALUE	FY21 VALUE
Percentage of employees receiving ethics training	99%	100%

HUMAN RIGHTS

In addition to promoting responsible sourcing, we recognize the need to focus our efforts on mitigating risks associated with conventions from the UNGC and the International Labour Organization (ILO). Clarios' Human Rights Policy aligns with the Modern Slavery Act 2015 and complies with all national and local laws and regulations of the countries in which it operates.

We are committed to respecting and protecting human rights throughout our operations and supply chain by operating by these principles:

1. We do not engage in child labor and employ only workers who are at least 16 years old.
2. We prohibit the use of forced, bonded, indentured or involuntary prison labor.
3. We prohibit the engagement in slavery or human trafficking or practices that support human trafficking, including transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services.
4. We comply with all applicable wage laws, regulations, and relevant collective bargaining agreements, including those relating to minimum wages, hours, overtime hours and legally mandated benefits.
5. We prohibit the withholding of any part of any person's salary, benefits, property or documents to force such personnel to continue working for the organization.
6. We respect our employees' voluntary freedom of association, including their right to organize and bargain collectively in a manner that is legally compliant; legally recognized workers' representatives will have access to facilities necessary to carry out their required functions; and we will not discriminate against such workers' representatives.
7. We encourage open communication and direct contact between workers and management in situations in which representation and collective bargaining are restricted by law.
8. We maintain workplaces free of physical or mental harassment and abuse.
9. We maintain workplaces free of unlawful discrimination and harassment in all of its forms, including related to race, gender, sexual orientation, age, pregnancy, caste, disability, union membership, ethnicity, religious beliefs or any other factors protected by law.
10. We respect the special needs of individual employees, including those who are pregnant or are returning to work after childbirth.
11. We respect our employees' rights to privacy of their personal information.

In addition to our workers' safety, Clarios respects freedom of association and our employees' right to collective bargaining. Close to half of our manufacturing facilities operate subject to collective bargaining agreements, including health and safety topics covered by these agreements. We believe strongly in providing all employees a safe place to work no matter their location or union association.

Clarios communicates that support through its Code of Ethics, which applies to all employees and our suppliers. In the European Union, Clarios' health and safety programs are subject to Works Council review and approval and to collective-bargaining agreements in certain countries.

In addition, Clarios offers competitive benefits packages for our employees in compliance with national and subnational laws, including those governing vacation, childcare, and parental leave, and remains competitive with peers based on geography.

SA 8000 Social Accountability Standard

The SA 8000 Social Accountability International Standard certificate focuses on human rights standards among private organizations as established within the principles of the United Nations Global Compact (UNGC). We are progressing as a company in obtaining this internationally recognized certificate to provide greater protection of our employees' human rights.

The certification is based on internationally recognized standards of ethical work, including the Universal Declaration of Human Rights, International Labour Organization (ILO) conventions and national laws. It is comprised of nine key standards for social accountability and measurement that range from child labor to health and safety, and freedom of association, among others. In 2021, Escobedo, Optima and Torreon Plants in Mexico secured the SA 8000 certification along with our Yumbo plant in Colombia.

Employee Engagement

We take pride in making a positive impact in the communities where we live and work. Included below are a few examples of our employees making a difference through volunteering, engagement and charitable activities.

MILWAUKEE
Clarios Engineering Day connects middle school students to careers in STEM

HANOVER
Provided 555 holiday meals for needy through 96plus professional soccer club partnership

MIDWEST USA
Over $200k raised with Red Cross to help those displaced from over 30 tornadoes

GLOBALLY
Employees commemorate UN Human Rights Day and commitment to Global Compact

NUEVO LEÓN
Rehabilitation of 4 schools impacts over 2400 students

ACROSS CHINA
Employees collected 1500 books with Share the Care for children in southwest China.

MEXICO CITY
Nation's first lead-free restaurant district drives lead-free pottery

ACROSS BRAZIL
Sales process donated blankets to vulnerable families to weather harsh winter

OUR WAY: CLARIOS CODE OF ETHICS

The *Clarios Code of Ethics*, called "Our Way," guides all of our processes and actions as a company. It sets our policies across a wide array of areas and provides specific guidance on the behaviors that allow us to implement our culture globally.

Our Way encompasses the following topics:

- Speaking up and getting help
- Health and safety
- Respectful treatment, preventing harassment and workplace bullying
- Diversity and inclusion
- Equal opportunity and preventing discrimination
- Employee data privacy
- Product quality and safety
- Honest marketing and sales practices
- Customer data privacy
- International trade compliance
- Fair competition and antitrust
- Research integrity and ethically sourcing competitive intelligence
- Bribery and other forms of corruption
- Third-party intellectual property and commercial rights
- Conflicts of interest
- Record keeping and disclosure
- Physical property and assets, our reputation, and our confidential and proprietary information
- Insider trading and securities market abuse
- Responsible communications
- Procurement
- Preventing abuses in the supply chain
- Supplier expectations
- Sustainability and environmental responsibilities
- Community engagement and investment
- Political activity and lobbying

Compliance with our Code of Ethics and our Anti-Corruption Policy is a condition of employment. Clarios trains its employees on a variety of anti-corruption and related matters, including the Foreign Corrupt Practices Act, anti-bribery statements from our Code of Ethics, and our Code of Ethics more broadly.

All online employees must complete ethics certification. Employees for whom certification is not required, such as plant employees, must demonstrate that they know and understand the Code of Ethics as part of their orientation and as part of their annual job appraisals.

As of the 2021 fiscal year, 100% of our employees through our e-learning platform are in compliance with the training and certification requirements.

GOVERNANCE

INTEGRITY HELPLINE

A 24-hour Integrity Helpline and online portal is managed by the Ethics & Compliance department and is available to anyone who wishes to raise an ethics or compliance-related concern to the company. The Helpline is available in 16 languages, is operated by an independent third-party vendor, and allows callers to log concerns anonymously.

Concerns are routed to the appropriate function for review and investigation. Statistics are collated quarterly and are reviewed with the global compliance leadership team and presented to the audit committee.

ESG MATERIALITY

We continue to build on our evaluation of ESG topics important to our internal and external stakeholders used to create our FY20 Baseline ESG Report.

We continue to develop and implement strategies around topics we believe are material to our business and our stakeholders.

This report is aligned with the results of this work as well as our comprehensive Enterprise Risk Management (ERM) process, which helps identify material topics relevant to Clarios. Our ESG topics include functions associated with technology and product development, ERM, climate change, environment, health and safety, compliance, social, governance, public policy, sustainability, and corporate responsibility.

ESG AND RISK MANAGEMENT

Clarios' Enterprise Risk Management (ERM) process provides the company with a common framework and terminology to ensure consistency in identification, reporting, analysis and management of key risks and opportunities.

It is also linked to the strategic planning process, compliance and internal audit, and includes a formal process to identify and document key risks and opportunities perceived by a variety of stakeholders.

An ESG and risk committee of the Clarios Board of Directors oversees the ERM program by providing feedback, guidance and direction on the process, procedures and results, and will escalate any new risks that should be elevated to the executive committee.

To manage ESG concerns, a central team is tasked with the implementation of the Clarios Sustainability Blueprint with clear executive accountability established for the enterprise. This team works in partnership with key functions including legal, information technology and cybersecurity, procurement, environmental health and safety, as well as government affairs and communications as part of our ERM program.

Key sustainability topics are reviewed monthly to leadership and quarterly to the board. Board meetings regularly include strategic overviews by the CEO that describe the most significant issues affecting our company, including risks associated with our financial forecasts, business plan and operations. In addition, the board regularly receives updates from our business-unit leaders, the general counsel, and other functional leaders.

SUPPLIERS AND VALUE CHAIN

Clarios understands the influence we have with our suppliers and the industry as a whole to ensure that raw materials are secured safely and sourced responsibly.

We procure our raw materials from a variety of suppliers around the world. The most significant raw materials we use to manufacture our products include lead, polypropylene, separators and sulfuric acid. Generally, we seek to obtain materials in the region in which our products are manufactured in order to minimize transportation and other costs.

We champion supply chain material stewardship and sustainable value chain initiatives. This includes the Global Battery Alliance's efforts to ensure essential battery materials "are produced, sourced, processed, transported, manufactured and recycled in a responsible and sustainable manner which minimizes environmental harm, respects human rights and creates benefits for stakeholders along the supply chain."

We actively support the work of industry associations to drive continuous improvement across the battery supply chain, such the Metal Alliance for Responsible Sourcing of the WirtschaftsVereinigung Metalle (WVM), also known as the Non-Ferrous Metals Association.

Clarios played a leading role driving the formation of the global alliance of the International Lead Association (ILA), Battery Council International (BCI), European Automotive and Industrial Battery Manufacturers (EUROBAT), and the Association of Battery Recyclers (ABR) to improve standards in lead battery manufacturing and recycling worldwide, including the Lead Battery 360° initiative.

In addition, this industry alliance has committed to support the efforts of Protecting Every Child's Potential to advocate for standards of lead battery recycling in low and middle-income countries by reducing the influence of the informal sector.

Since our products contain tin, we complete a conflict-minerals assessment every year in accordance with the Responsible Minerals Initiative to ensure our suppliers are conflict-free.

All of our suppliers are required to adhere to our Code of Ethics, and we now embed the Ten Principles of the UN Global Compact into contracts with suppliers and partners. We have revised our contractual terms and conditions to expressly align with our expectations on human rights, the environment and anti-corruption across our supply chain.

Lead Battery 360°

Lead Battery 360° is a global program established by the four leading associations representing the lead and lead battery industries — the International Lead Association, Battery Council International, EUROBAT and the Association of Battery Recyclers – to unlock the power of lead batteries for a sustainable future.

Lead Battery 360° champions best practices in lead mining, lead production, lead battery manufacturing and recycling, and by encouraging responsible practices along the entire battery value chain through supply chain management and product stewardship.

Conflict Minerals

We are committed to the responsible sourcing of conflict minerals throughout our supply chain and are guided by our conflict minerals policy. We follow the recommendations of the Responsible Minerals Initiative (RMI) requiring annual RMI-compliant Conflict Minerals Reports from all our smelter partners.

For this reporting period, Clarios conducted a reasonable country of origin inquiry utilizing the RMI Conflict Minerals Reporting Template that was distributed to all smelter partners. Clarios reviewed the responses provided and requested additional evidence to clarify or validate the responses when warranted.

As a result, we have no reason to believe that Clarios products contain conflict minerals that may have originated in designated conflict countries during this reporting period.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

Index includes metrics from our report as well as additional SASB sector accounting items we track.

TOPIC	ACCOUNTING METRICS	CODE	FY20 VALUE	FY21 VALUE
Energy management	Total Energy Consumed	TR-AP-130a.1	10,779,688 gigajoules	11,246,786 gigajoules
	Percentage Grid Electricity	TR-AP-130a.1	100%	100%
	Percentage Renewable	TR-AP-130a.1	<1%	<1%
Waste management[2]	Total Amount of Waste from Manufacturing	TR-AP-150a.1	237,684 metric tons	261,231 metric tons
	Percentage of waste generated from manufacturing operations that is hazardous	TR-AP-150a.1	80%	80%
	Percentage of waste generated from manufacturing operations that is recycled	TR-AP-150a.1	29%	30%
Product Safety	Number of Recalls Issued	TR-AP-250a.1	0	0
	Total Units Recalled	TR-AP-250a.1	0	0
Design for fuel efficiency	Revenue from Products Designed to Increase Fuel Efficiency or Reduce Emissions	TR-AP-410a.1	$1.8 billion	$2.6 billion
Materials (sourcing)	Description of the Management of Risks Associated with the Use of Critical Materials	TR-AP-440a.1	See Conflict Minerals	See Conflict Minerals
Materials (efficiency)	Percentage of Products Sold that are Recyclable	TR-AP-440b.1	100%	100%
	Percentage of Input Materials from Recycled or Remanufactured Content[4]	TR-AP-440b.2	80% to 90% of each battery is made from recycled materials	83%
Competitive Behavior	Total Amount of Monetary Losses because of Legal Proceedings Associated with Anti-Competitive Behavior	TR-AP-520a.1	$0	$0

ACTIVITY METRICS	CODE	FY20 VALUE	FY21 VALUE
Number of Parts Produced[5]	TR-AP-000.A	143,024,900	153,951,631
Weight of Parts Produced[6]	TR-AP-000.B	631,831.5 metric tons	2,800,627 metric tons
Area of Manufacturing Plants	TR-AP-000.C	1,259,584.62 square meters	1,368,933.78 square meters

[2] FY20 waste data restated due to extended dataset and incorrect categorizations.

[4] Percentage of recycled lead used globally. Increased data fidelity for FY21.

[5] FY20 Number of Parts Produced restated due to a methodology change to align with other Clarios public reports. Data is tracked as the number of units sold.

[6] FY20 Weight of Parts Produced US data only. FY21 includes all regions.

While we are proud of our accomplishments, we also know there is much work yet to do. We look forward to continued collaboration with our partners, suppliers, regulators and other stakeholders to meet this challenge. We understand and acknowledge the urgency of this moment. Guided by our Sustainability Blueprint, we will continue to advance our ESG journey.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