

UK Modern Slavery Act

Delphi International Holdings S.A.R.L statement for financial year 2016

This statement is made pursuant to Section 54 of the United Kingdom's Modern Slavery Act 2015, which requires certain companies doing business within the UK to provide information about their efforts to address the issue of modern slavery and human trafficking within their business and supply chain. Delphi fully supports these efforts, which align with our core values and beliefs, and are also part of our Corporate Social Responsibility program (<http://www.delphi.com/responsibility>).

This report is inclusive of all entities and subsidiaries under the parent company "Delphi International Holdings S.a.r.l.," (referred to as "Delphi" in this statement). This entity consolidates the activities of all our operations in the UK, among other locations.

Organisation's structure, business and supply chain

Our own business operations overview

We are one of the largest vehicle component manufacturers, and our customers include most of the world's automotive original equipment manufacturers. Delphi and its affiliated companies operate 126 major manufacturing facilities and 14 major technical centers to efficiently and effectively serve our global customers. We have a presence in 44 countries and have 166000 employees globally focused on developing and producing market relevant product solutions for our customers.



We have organized our business into three diversified segments, which enable us to develop solutions and manufacture highly-engineered products that are "Safe", "Green" and "Connected." For more details, see page 5 of our annual report at <http://www.delphi.com/docs/default-source/financial-documents/delphi-annual-report-2016.pdf>

Supply chain overview

The automotive supply chain is one of the most complicated an industry can face. For the vast majority, our supply chain is organized horizontally, and there are often three to eight levels of suppliers between an auto part maker and the mining level (raw materials extraction).

The data listed below represent our “tier 1” suppliers, with whom we have a direct business relationship.

	Direct	Indirect	Total
# of suppliers	2500+	25000+	27500+
# of Suppliers sites	4500+	27000+	31500+
# of Countries	62	52+	62+

Our policies in relation to modern slavery and human trafficking

Process for policy development

A Human Rights Committee meets twice a year to assess customer, legal and other stakeholder requirements in the area of modern slavery/forced labor, as well as other human rights topics. This committee defines and implements improvements to our policies and due diligence processes. Participants include representatives of Human Resources from all regions, Supply Chain Management (procurement), Legal, Internal Audit, and Corporate Social Responsibility, with senior management oversight.

Policies

We maintain a number of internal policies to ensure our requirements on modern slavery/forced labor are well communicated, integrated into our contractual framework, and agreed upon by all employees and business partners. These include:

For our own operations:

- Delphi’s **Code of Ethical Business Conduct** explains the manner in which we behave as an organization and how we expect our employees and representatives to act. The Code contains a forced/slave labor clause (see page 7 of the code at <http://www.delphi.com/responsibility/code-of-ethics>). Employees who violate our Code are subject to possible disciplinary measures, up to termination of employment.
- Delphi’s **Non-Discrimination, Diversity and Workforce Labor Policy** defines our expectations for treatment of employees, and includes the same forced labor clause.
- We pay our employees in compliance with applicable law in their country of operations.

For our supply chain:

- Delphi’s key suppliers are required to agree to the principles articulated in our Supplier Code of Conduct, which includes a clause on forced labor and human trafficking:
https://delphi.portal.covisint.com/web/portal/fud/-/journal_content/56_INSTANCE_WREV/107627/114800#guidelines
- In addition, Section 15 of Delphi’s General Terms and Conditions requires suppliers to commit that they will not utilize “slave, prisoner or any other form of forced or involuntary labor or engage in abusive employment in the supply of Goods under this Contract”:
https://delphi.portal.covisint.com/web/portal/fud/-/journal_content/56_INSTANCE_WREV/107627/114800#guidelines
- In case of breach of the contractual obligations in our General Terms and Conditions, Delphi has the right to terminate the contract and pursue indemnification.

- During the onboarding process to elect new partners on our suppliers panel, a verification of reputational issues is performed, including controversies on labor conditions, human rights and health and safety. Such vendors are also required to sign our Supplier Code of Conduct mentioned above.

Due diligence: Part of the business and supply chain where risk exists, steps taken to assess and manage the risk

Actions taken to understand the business operating context

Desk work was performed, and is regularly updated, with investigation of literature from organizations such as the UN, OECD and ILO, regarding forced labor, guidelines on traceability, and recommendations for addressing these issues. We also identified a list of think tanks and NGOs that are active in the area of labor rights. We analyzed relevant publications and positions, with particular focus on automotive sector cases.

External stakeholders engagement

Delphi is a member of the CFSI (Conflict Free Smelter Initiative), in the context of its activities on conflict minerals. Delphi also participates in a variety of CSR work groups from automotive industry organizations (such as AIAG, CCFA, CLEPA, and VDA) dealing with development of new or enhanced responsible purchasing processes. We also established dialogue with an NGO that has capabilities to map complex international supply chains (traceability), and is experienced in dealing directly with victims of modern slavery, to help us understand the practical difficulties of tackling this issue.

Due diligence for our own operations

Details of risk assessment

A pilot forced labor risk study was performed this year, covering our internal operations. We used a third party forced labor risk map by country to help us identify a short list of Delphi sites in higher-risk locations.

From there, we further focused on a risk assessment by categories of products we manufacture. The production of original equipment for car manufacturers is stable, and not subject to significant seasonal variation. In general, our production work force ranges from medium to highly skilled, in order to produce high volumes of complex technical products under stringent quality requirements. Therefore, our industry is not considered highly exposed to slavery/forced labor risk. We estimate the risk of forced labor to be close to zero for the people we pay directly.

Our most relevant target for further investigation will be those sites that utilize labor agencies, from time to time, for a low percentage of their staff. We also believe that contractors working on site in catering, cleaning, waste collection, and logistics may warrant further investigation.

Impact assessment undertaken

Delphi's Human Resources department systematically checks employee work permits and immigration documents at the hiring stage, in every country where this is a legal requirement. Our internal audit staff found **no record** of forced labor in our operations, including in high risk countries.

Business-level grievance mechanisms in place to address modern slavery

Whistleblowing tool: The Delphi DRIVE Line (Diversity, Respect, Integrity, Value and Excellence) allows employees to anonymously report alleged ethical or compliance violations, or any issue that employees may face at work without fear of retaliation. We investigate all reported incidents. All Delphi sites widely advertise the DRIVE call-in number in social areas and shop floors. Any victim of abusive disciplinary measures, or forced labor conditions, may use this line to raise their concern to the top management without fear of retaliation.

Our compliance staff confirm that **no** complaints to the Delphi DRIVE Line have related to forced labor.

Due diligence for our supply chain

Details of risk assessment

A pilot forced labor risk study was performed in 2016, covering our tier 1 direct production suppliers. This preliminary study led to identification of approximately 1000 supplier sites located in high risk countries. We plan to refine our risk assessment in the future. Options could include identification of risk by categories of purchased products, or focus on services (indirect suppliers), where we believe there is potential exposure via contractors working on site.

Impact assessment undertaken

As part of Delphi Manufacturing Capability Assessment (MCA) audit process, Delphi auditors inspect supplier records and observe their operations. If any inappropriate or unfair work conditions are observed or suspected, the situation is reviewed for appropriate action, on a case by case basis. This physical audit is also used to perform a documentary check of supplier's CSR policies and organization, to verify compliance with our Supplier Code of Conduct.

We also reserve the right to conduct unannounced audits of our suppliers, including inspection of facilities and review of documentation, to ensure compliance with our standards.

Business-level grievance mechanisms in place to address modern slavery

The Delphi DRIVE line described above is accessible via the Delphi supplier portal, and makes it possible for our suppliers to report any issue regarding compliance to our Supplier Code of Conduct, including any breach of our forced labor policy.

Effectiveness measured with performance indicators

For our operations

Delphi tracks the following indicators:

- Number of cases of forced labor elevated in 2016 via the DRIVE line: 0
- Number of cases of forced labor elevated in 2016 via internal audits: 0
- Rate of completion of the code of conduct training in 2016: 95%.

For our suppliers

- As of 2015, 93 % of strategic suppliers signed our Supplier Code of Conduct

Some of these metrics can be viewed in our CSR reports : <http://www.delphi.com/responsibility/corporate-social-responsibility-reports>

Staff training and capacity building

All Delphi salaried employees receive training regarding our Code of Ethical Business Conduct, which includes prohibitions on slavery and human trafficking. The Human Rights committee described on page 2 of this document also meets twice a year to continuously improve our processes and stimulate the various functions to develop new ways to tackle forced labor.

Approval for this statement

This statement was approved by the Board of Directors from Delphi International Holdings SARL,
registered in Luxembourg

Name : MICHELE COMPTON

Position : DIRECTOR (director, partner)

Signature : 

Date : July 03rd, 2017