



GLOBAL SUSTAINABLE PROCUREMENT POLICY

MARCH 26, 2026

Motorcar Parts of America, Inc. (“MPA”) is committed to integrating environmental, social, and governance (ESG) principles into all procurement activities. As part of this commitment, MPA requires its suppliers and business partners to operate in a manner that is consistent with internationally recognized standards for sustainability, ethical conduct, and human rights.

This policy establishes a shared responsibility between MPA’s Corporate Supply Chain organization and its suppliers to ensure that procurement decisions and supply chain practices are reflected:

- Environmental stewardship
- Respect for human rights and fair labor practices
- Ethical business conduct and transparency

Suppliers are required to implement, maintain, and formally declare these principles within their policies, ensuring alignment between documented practices, supporting evidence, and stated commitments.

Scope

This policy applies to all operations of Motorcar Parts of America, Inc. (“MPA”), including:

- All global locations and legal entities, both domestic and international
- All employees and management involved in procurement activities
- All suppliers, contractors, and business partners (collectively referred to as “Suppliers”)

Suppliers are responsible for ensuring that these requirements are communicated, implemented, and enforced throughout their own supply chains, including all tier-1 suppliers.



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Principles of Sustainable Procurement

We are committed to sourcing raw materials and services from suppliers who demonstrate full compliance with defined environmental, social, and governance (ESG) standards. Sustainable Procurement is defined as the acquisition of goods and services that meet business requirements for quality and cost while minimizing environmental impact, upholding human rights, and ensuring ethical business conduct across the entire supply chain.

1. Environmental Responsibility

We prioritize suppliers that actively manage and reduce their environmental impact and formally declare their commitments in policy and practice. This includes:

- Measurement and reduction of **greenhouse gas (GHG) emissions**
- Implementation of **energy efficiency** and **decarbonization strategies**
- Management of **water quality, consumption, and conservation**
- Control of **air emissions and pollutants**
- Adoption of **sustainable resource management practices**
- Commitment to **waste reduction, reuse, and recycling**

Suppliers must not only demonstrate these practices in evidence but also formally declare them within their sustainability policies.

Suppliers shall maintain a formal disclosure policy ensuring accurate, complete, and transparent reporting of ESG, operational, and compliance-related information.



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2. Social Responsibility and Human Rights

We require suppliers to uphold internationally recognized human rights and labor standards, ensuring these are both **implemented and explicitly documented**. This includes:

- Prohibition of **child labor** and protection of **young workers**
- Elimination of **modern slavery**, including forced labor and human trafficking
- Respect for **freedom of association** and **collective bargaining rights**
- Commitment to **non-discrimination, diversity, and anti-harassment practices**
- Provision of fair **wages and benefits**
- Compliance with **working hours regulations**

Suppliers shall establish, implement, and maintain formal, documented policies covering all the above human rights and labor requirements. These policies must be actively implemented, supported by verifiable evidence, and formally declared within supplier policy documentation.

Suppliers must align with recognized frameworks such as **ISO 26000 Guidance on Social Responsibility** and ensure these commitments are clearly stated in their policies.

3. Ethical Business Practices

We expect the highest standards of integrity and transparency across all supplier relationships, including:

- Enforcement of anti-corruption and anti-money laundering practices
- Commitment to accurate disclosure of information
- Maintenance of transparent, auditable records



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Suppliers shall maintain formal, documented anti-corruption, anti-bribery, and anti-money laundering policies. All practices must be implemented, supported by verifiable evidence, and formally declared within supplier policies.

4. Supply Chain Responsibility (Tier-1 and beyond)

Suppliers are required to extend equivalent sustainability standards throughout their supply chains and shall formally define and document how these standards are implemented and enforced across tier-1 suppliers, including:

- Defining and implementing sustainability requirements
- Monitoring and enforcing compliance
- Demonstrating cascading accountability mechanisms

All practices must be implemented, supported by verifiable evidence, and formally declared within supplier policies.

5. Economic and Governance Considerations (Enhanced)

Procurement decisions and supplier engagements shall support long-term economic sustainability, effective governance, and risk management across the supply chain.

Suppliers shall:

- **Support total cost of ownership (TCO) considerations**, including environmental and social impacts, in the pricing and delivery of goods and services
- **Demonstrate long-term value creation**, including risk mitigation, operational efficiency, and sustainability performance
- **Maintain alignment between declared policies, operational practices, and supporting evidence**, ensuring that all commitments are accurate, transparent, and auditable



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Policy and Evidence Alignment Requirement:

Suppliers must ensure that all economic, environmental, and governance-related practices are:

- Implemented in operations
- Supported by verifiable evidence
- Formally declared within supplier policies

Any misalignment between documented practices and formal policy declarations shall require timely corrective action and may be subject to review under MPA's audit and enforcement provisions.

Purchasing Compliance, Supply Chain, and Buyer Rights

MPA's Purchasing, Supply Chain, and/or designated representatives (the "Buyer") reserve the right to:

- **Conduct audits, inspections, and assessments**, including on-site visits or remote reviews, and request documentation, records, and evidence necessary to verify Supplier compliance with this Sustainable Procurement Policy.
- **Require Suppliers to provide complete, accurate, and timely information**, including evidence demonstrating alignment between declared policies, operational practices, and actual performance
- **Suppliers shall retain relevant documentation** for a minimum period (e.g., 3–5 years) and make such records available upon request.
- **Issue corrective action requests (CARs)** and require Suppliers to develop and implement corrective action plans within a specified timeframe, including root cause analysis and preventive measures



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- **Monitor progress against corrective actions**, including follow-up audits or documentation reviews to confirm effective remediation
- **Suspend business activities**, including orders or new sourcing decisions, in cases of non-compliance or failure to implement corrective actions
- **Terminate the business relationship**, in whole or in part, in cases of:
 - Material non-compliance
 - Repeated or unresolved violations
 - Failure to maintain required policies
 - Misalignment between documented practices and formal policy declarations
 - Violations related to human rights (e.g., forced labor, child labor, human trafficking), which may result in immediate termination

Conclusion of why Sustainable Procurement Reporting is Important

Reporting on our progress is valuable so that we can share our progress in reducing our environmental footprint with third parties, including customers, investors, and local, state, and federal governments. These reporting measures are used as evidence in the scoring surveys to measure our progress. Monitoring is a cycle to track the Procurement and all that it involves.

MPA follows the United Nations Global Compact's Ten Principles for businesses in their Sustainability approach in doing business. Click on the link provided to have a clear understanding of these 10 Principles. [The Ten Principles | UN Global Compact](#)

MPA requires all suppliers to cooperate fully with sustainability reporting, data requests, and performance evaluations. Suppliers shall provide timely, accurate, and complete information to support monitoring, documentation, and scoring of sustainability performance. Failure to provide such information may impact supplier evaluation and business continuity.