

ETHICS

is good business and
integrity is the bottom line



MERITOR®

OUR VISION

To be the recognized leader in providing advanced drivetrain, mobility, braking and aftermarket solutions for the global commercial vehicle and industrial markets.

OUR MISSION

We anticipate our customers' needs by developing innovative products that provide superior performance, energy efficiency and reliability.

We provide a leading portfolio of differentiated services supporting our customers' products throughout their life cycle.

We distinguish ourselves through our ability to consistently deliver on our commitments while maximizing value for our shareholders, customers and employees.

OUR CORE VALUES

Pursuit of Excellence

We exceed customer expectations.

We deliver superior results.

We commit to innovation and continuous improvement.

Integrity

We do the right thing.

We deliver on our commitments.

We are socially and environmentally responsible.

Teamwork and Respect

We recognize the power of collaboration.

We respect each other's opinions.

We empower employees to make decisions.

Meritor Employee,

At Meritor, we expect the highest standards of honesty and integrity from every employee.

We are committed to transparency in our global operations and accuracy and reliability of our financial disclosures. We consistently work to ensure not only compliance with the latest regulatory measures, but also to demonstrate exemplary business practices.

It is critical to the success of Meritor and M2022 that we demonstrate high ethical standards, sound corporate governance practices and unquestioned integrity on a daily basis – regardless of the language we speak or the country in which we live. As part of our culture, we expect proper business conduct from all our employees.

I urge you to carefully consider your actions and conduct yourself in a manner that continues to enhance our reputation. If you should witness unethical business practices in others within the company, please understand that you have the responsibility to report that violation.

I strongly recommend that you review the Ethics handbook and commit yourself to the highest standards of business and personal integrity. Should a situation arise that is not covered by your handbook, or if you have questions concerning possible violations, please talk to your supervisor or any member of the leadership team.

Maintaining trust and respect of our shareholders, customers, business partners and communities is everyone's responsibility. Our behavior and values define us as a company.

Thank you for your commitment.

Sincerely,

Timothy Heffron
Senior Vice President, Human Resources and
Chief Information Officer

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**Note: Not all policies referenced are in the handbook; the complete list of Meritor's Policies and Procedures are located on Bulletin.*

The Bottom Line • *Meritor policy is to conduct its business in accordance with all applicable laws and with the highest standards of business conduct.*

ETHICS IS GOOD BUSINESS

Why It's the Meritor Way • We want to be respected for honesty and unquestioned integrity. Our continued business success depends on our customers and shareowners recognizing these qualities as Meritor hallmarks. Even a perception of less than the highest ethical standards by any Meritor board member, officer or employee can damage the reputation of our company.

Q: *I do my job and I follow the rules. Frankly, I think we're all ethical employees. Why does Meritor keep reminding us to be ethical? Does someone think we're not?*

A: Not at all. We certainly aren't implying that anyone is dishonest. But we believe it is important to remind ourselves of the many rules and policies concerning standards of business conduct. We expect our employees to be familiar with those rules that apply to their jobs.

Q: *Will this handbook be available to every Meritor employee?*

A: Yes. This handbook will be available to all Meritor employees in the HR office at each location and on the Ethics page of the *Bulletin* website.

Q: *Parts of this handbook don't appear to apply to my job, but I'd like to learn more about the subjects. Where do I turn for help?*

A: Start with your supervisor, your local HR representative or the *Bulletin* website. It is not expected that every section of the handbook will apply to the work every Meritor employee does, but each section is an important statement of the value Meritor places on ethical business conduct.

The Bottom Line • *If you have knowledge of any activity that is or may be a violation of the company's Ethics policies or guidelines, it is your responsibility to report the violation to your supervisor or member of local management. If further action is required, contact one of the corporate representatives or the Helpline.*

For issues specific to internal controls, accounting or auditing, contact the Audit Committee of the Board of Directors on a confidential basis.

Corporate representatives, Helpline and Audit Committee information can be found on the Ethics Contacts poster at each location or on the Ethics page of the Bulletin website.

Harassment of, or retaliation against, an employee for making a disclosure to the Helpline or any member of management is prohibited by company policy. Deliberately making a false report is also prohibited.

PROBLEM REPORTING AND RESOLUTION

Why It's the Meritor Way • Meritor employees must conduct all business activities in a way that is consistent with the company's standards of business conduct. Unethical behavior is wrong and can damage the company. Employees are urged to seek answers or clarification if there are any doubtful or "gray" areas. To help ensure that the company's standards of business conduct are enforced, all employees must understand and accept their obligation to report any violations and know that they can do so in confidence and without fear of retaliation.

Q: *I know of a violation of company policy related to standards of business conduct. Do I have to call the Helpline?*

A: You are required to disclose the violation as soon as possible to an appropriate authority. Appropriate authority means your supervisor, other member of management, Office of General Counsel, or if you prefer, the Helpline.

Q: *If I identify myself when I call the Helpline, who will be told that I was the caller?*

A: Any contacts with the Helpline are held in extreme confidence. You need not give your name, but if you do, your name will be held in confidence.

Q: *What can I do if I think someone is retaliating against me for reporting a matter to management or for contacting the Helpline?*

A: Report it to the Helpline immediately. Retaliation is a violation of company policy, and appropriate action will be taken to stop the retaliation and to prevent future occurrences.

Q: *I called the Helpline to report an incident. The person I called about is still working here. Why wasn't I told what happened?*

A: When the investigation resulting from a call to the Helpline or disclosure to management is completed, appropriate corrective action is taken. If you want to be informed of the results of an investigation, you should make your desire known when you first report the matter. Please be aware, however, that the specifics of employee discipline are confidential.

Q: *I suspect that there is an issue with financial reporting at my facility. Should I call the Helpline or contact the company Legal department?*

A: You should first consider using the Ethics Contacts poster to locate the contact name for your area of concern - in this case Finance. If you are not comfortable reporting the issue to your business unit controller, Vice President of Finance or the company's Chief Financial Officer, consider contacting the Helpline. The Helpline will ensure your anonymity and will address your concern quickly. Since this issue involves internal financial reporting, you may choose to contact the Meritor Audit Committee of the Board of Directors by regular mail or through e-mail.

The Bottom Line • *All employees, officers, and board members must conduct themselves with the highest standards of integrity, honesty and fairness to avoid any conflict between their personal interests and the interests of the company. No employee, or member of the employee's related family, may be involved with any business that competes with Meritor or does business with Meritor unless the involvement is disclosed and approved as required in Corporate Policy A-03, "Conflicts of Interest."*

CONFLICTS OF INTEREST

Why It's the Meritor Way • Meritor has an obligation to its customers, suppliers and shareowners to ensure that business decisions are based on quality, price, delivery, and supplier experience and reputation. Business decisions must not be influenced by personal considerations or interests.

Q: *How do I know if I have a reportable conflict of interest?*

A: You need to report a potential conflict of interest if you or a related family member has any direct or indirect interest in, renders any service to, or is otherwise involved with any competitor, supplier or customer.

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Q: *What is meant by "related" family?*

A: "Related" family members include an employee's spouse, children, parents and in-laws.

Q: *What is wrong with having a relative who works for a customer or supplier?*

A: In most cases nothing, but the company needs to know about it so appropriate action can be taken to protect potential conflicts from affecting, or appearing to affect, Meritor decisions. For example, if your son works for a supplier and the company is aware of this relationship, you cannot be involved in the selection process for this supplier. This will ensure that no questions can be raised about your relationship affecting selection of that supplier.

Q: *My mother owns a machine repair shop and believes her shop can provide better service, price, and repair time than our current supplier. Can she be put on our "bidders" list?*

A: Your mother may apply to be placed on the "bidders" list, but you must disclose the relationship and relevant facts. If you are in a position to influence the selection process, it is unlikely that your mother will be placed on the "bidders" list. However, she may be placed on the list if you are not involved in the selection process.

References

Corporate Policy A-03, "Conflicts of Interest"
Corporate Policy A-08, "Standards of Business Conduct"

The Bottom Line • *Meritor and its employees and representatives must conduct business with customers, subcontractors and suppliers on the basis of service, quality, performance and price without giving or accepting anything of value that could influence or appear to influence the outcome of a transaction.*

Further, it is against the law for employees or representatives of a U.S. corporation regardless of global location to give anything of value, directly or indirectly, to an official of another country in order to obtain or retain business or influence an official act or decision.

GIVING AND RECEIVING GIFTS AND GRATUITIES

Why It's the Meritor Way • Sales, purchases and other business decisions must not be influenced or appear to be influenced by the personal considerations of employees. Further, the company has a long-standing tradition of not doing anything that might cause others to violate the law or the policies of their employer.

Q: *Does this mean I can never accept a gift from a business contact?*

A: No. Exchanging modest gifts is usually acceptable. Each Meritor business is familiar with the customs, practices and restrictions that govern the markets it serves, and has established rules as to what employees may accept as business gifts. Ask your management for the guidelines applicable to your business.

Unless your business or function has established a more restrictive policy, company policy permits employees to accept gifts of modest value, consistent with generally accepted ethical and legal business practices. The value of these gifts or gratuities may not exceed \$200 U.S., or a comparable amount based on local policies in other locations, for any employee in any year from any single source.

Q: *Exactly what is a gratuity?*

A: A gratuity is anything of value given voluntarily, usually in appreciation or expectation of some service. It may be monetary or nonmonetary (e.g., money, a clock, a vacation trip, an expensive dinner, or tickets to a theater or sports event).

Q: *What should I do if I'm offered an inappropriate gift such as a weekend vacation? Refusing it could embarrass the giver.*

A: Tell the giver that accepting the gift violates company policy. You could also say that the company wishes to avoid any suggestion of impropriety. It may be appropriate to acquaint your customers and suppliers with Meritor's policies prior to holidays or other events where a gift customarily might be presented.

Q: *What should I do if a high-level government official of another country gives me an expensive gift?*

A: Where the return of the gift may be interpreted as an insult because of local business customs, the gift should be accepted and acknowledged, but referred to the Chief Financial Officer and to the Senior Vice President, General Counsel & Secretary for disposition.

Q: *Can we offer U.S. government employees meals and other non-monetary gifts?*

A: As a general rule, it is best to follow a basic policy of not providing gifts to U.S. government employees. However, there are ways to allow them to participate in business activities without causing an uncomfortable situation. For example, when there is a working lunch, a cash box can be provided so your customer may contribute voluntarily to the cost of the meal.

Q: *If I am invited to lunch or dinner while on a business trip to a supplier's plant, may I accept?*

A: Unless your business or function has established a more restrictive policy, you may accept when the lunch or dinner is part of, or a logical conclusion to, a meeting. However, meals at expensive restaurants should be avoided.

Q: *In some countries, personal gifts are regarded as common courtesy. Does our policy prevent such gifts?*

A: It depends on the circumstances. You need to check if the gift is proper under the laws and customs of the recipient's country. In addition, gifts to government officials with a value of more than \$50 U.S., or a comparable amount based on local policies in other locations, must first be approved by the Office of the General Counsel.

Q: *In some countries, cash has to change hands before government clerks will perform certain routine duties. Are such payments forbidden?*

A: Not necessarily. Under U.S. law, for example, there is an exception in the Foreign Corrupt Practices Act for payments made to "facilitate routine government actions." However, you must check with the Office of the General Counsel before making such a payment.

Q: *I'm in Sales. What kind of promotional activities, gifts and gratuities can I provide to potential customers?*

A: Generally, the exchange of modest gifts, gratuities, or providing business courtesies is acceptable as long as the offer made by company personnel, and the receipt by the potential customer, would not violate the law or conflict with the applicable policies of our company or the recipient's employer. Business courtesies may include meals, entertainment, transportation, or lodging in connection with the marketing, product information, or public relations activity of the company. However, they should not be in connection with, or give the appearance of giving something of value that could influence the outcome of, a transaction or negotiation. Contact the Legal Department for guidance if you have any questions or concerns, or if any of the following situations exist: if an anticipated gift or gratuity or business courtesy is to be provided to an individual or agency associated with any government; if the value of a gift, gratuity, donation, or business courtesy value exceeds \$200 U.S., or a comparable amount based on local policies in other locations; or if a gift, gratuity or business courtesy could be readily converted to cash.

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References

Corporate Policy A-08, "Standards of Business Conduct"

The Bottom Line • *As a large, publicly held corporation, Meritor has a legal and ethical obligation to fully and fairly disclose to the investing public material information about the company. Each employee, officer and board member has a responsibility to ensure the integrity of company documents by providing complete and accurate records.*

PUBLIC COMMUNICATIONS AND INTERNAL RECORDS

Why It's the Meritor Way • Meritor is committed to providing shareowners and other investors with accurate and complete information as to its business and financial condition and timely disclosure of material developments regarding the company.

The integrity of company books and records begins with each of us. Whether the records are timecards, expense reports, accounting, purchasing or manufacturing records, each of us has a responsibility to ensure that every document is complete and accurate.

Accurate books and records, together with effective reporting processes and systematic, open communication among different business units and functions, are important elements of ensuring that the company's financial statements and filed documents are accurate, complete and timely.

It is also important that all public communications, including press releases and the non-financial portions of the company's Annual Report to Shareowners, be accurate and complete. Such communications must undergo extensive internal review and verification prior to publication.

Q: *If I suspect that published company data is incorrect, who should I contact?*

A: If you suspect that published data is incorrect, please contact the Communications department.

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Q: *What should I do if I suspect that a co-worker is deliberately falsifying company records?*

A: To report your suspicion, contact the lead management representative(s) on site including the lead Human Resources contact. If the situation is not resolved, call the appropriate representative on the Ethics Contacts poster or contact the Helpline.

Q: *Must I have receipts for all business expenses?*

A: Where receipts are normally obtainable, they must be attached to expense reports in support of amounts claimed. Please refer to the Business Travel and Expense Policy on Bulletin for more details.

Q: *What exactly is the Sarbanes Oxley Act?*

A: The Sarbanes Oxley Act was signed into U.S. law during the summer of 2002. The legislation requires, among other things, that the company CEO and CFO annually confirm to its shareowners the integrity of company financial statements and that the company's internal controls are working effectively. Internal controls have always been important to Meritor, but the company previously was not required to extensively document and provide evidence to external auditors of financial processes and key internal controls. The law has broadened both the internal and external audit requirements and has more explicitly defined company's reporting responsibility to its shareowners

Q: *How is Meritor responding to the Sarbanes Oxley requirements?*

A: The company ensures that the internal procedures and practices fully satisfy the legislative requirements and that each employee has access to the applicable company policies by their effective date.

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References

Corporate Policy A-08, "Standards of Business Conduct"

The Bottom Line • *Employees are required to confirm through their management and/or relevant company policies what constitutes appropriate use of company resources and property.*

It is also imperative that each employee makes a concerted effort to protect company resources from theft or damage and to ensure that the resources or property are not used wastefully or carelessly. Further, employees are prohibited from taking opportunities that belong to the company and using them for personal gain.

USING COMPANY RESOURCES

Why It's the Meritor Way • Meritor's continued success depends on effective use of available resources and opportunities. Using resources for nonbusiness purposes may reduce profit to our shareowners or increase prices to our customers, resulting in less business and fewer jobs.

Q: *May I give the Global Contacts List to people outside the company?*

A: No. It is company proprietary information and is not for external distribution.

Q: *Over the years, I have developed a file containing documents relevant to my job, including organization charts, product information, and customer and supplier contracts. Since I developed the file as my own reference data, may I take it with me if I leave the company?*

A: No. Company data belong to the company. Since you developed it in connection with your job, it is not your personal property.

Q: *I am taking college courses and want to use company-owned computer software on my home computer for homework. May I do so?*

A: Meritor encourages continuous learning by our employees, but it must be in accordance with ethical and sound business practices. Using company-owned software on your home computer, therefore, depends on the licensing agreement between Meritor and the software supplier. Since use of company-owned software must be authorized, you should first check with your supervisor and then seek guidance from your Information Systems or Purchasing department.

Q: *May I use the company computer after hours to work on college homework?*

A: With your supervisor's approval, you may use company computing resources.

References

Corporate Policy A-08, "Standards of Business Conduct"
Corporate Policy B-04, "Innovation Protection & Rewards Policy"
Corporate Policy B-05, "Safeguarding Company Sensitive Information"
Corporate Policy B-07, "Copying Copyrighted Publications of Others"

The Bottom Line • *Meritor products must meet the required specifications. There can be no unauthorized substitutions.*

PRODUCT INTEGRITY

Why It's the Meritor Way • Meritor is committed to being the outstanding provider of quality systems and technology solutions to our customers worldwide, with a strong focus on our goals to generate superior shareowner value. Our reputation depends on diligent adherence to customer and contractual specifications. Any unauthorized variance could violate the contract and our customers' faith in the integrity of our products.

Q: *We've been processing a product a certain way for*

A: Only with proper approval. Documented approval by engineering and quality is required before changing

Notes

years. We believe we can change temperature and process times to speed up production. May we change the process?

a manufacturing process. There may be reasons, such as changes in material strength or corrosion resistance that might make the product performance unacceptable or violate contractual obligations to our customers. If you believe there is a better way, please submit a request to change in writing to seek approval from product engineering and quality management. We encourage “Lean” to improve productivity; however, changes cannot be made until appropriate management approval (possibly including customer approval) has been obtained.

Q: *The specification for a particular product calls for a plate of a specific size and thickness with two holes placed in particular locations. We have plates that are the same except with a third hole. May we use them since the only difference is the extra hole?*

A: Not without written product engineering and quality approval of the material substitution on a variance and in some cases customer approval. There may be reasons, such as weight or strength tolerances, that make the third hole unacceptable.

Q: *We have been making a product a long time and there are many inspection criteria that the product always meets. May we skip these inspection steps?*

A: You may not eliminate any required inspection procedures without proper approval. If you believe some steps are unnecessary, please submit your suggested change in writing and obtain approval from product engineering and quality management. We encourage cost savings measures, however, changes may not be made without engineering and quality management (and possibly customer) approval

Q: *We are late on our production schedule. Can we modify the quality assurance procedures to support a schedule recovery plan?*

A: Only with approval of appropriate company management and, if necessary, the customer. We are required to establish and maintain a quality program acceptable to our customers. This includes, for example, in-process and inspection controls that, if not strictly adhered to, could result in a product that fails to meet basic requirements. Meritor allows procedural exceptions only when all responsible functions are informed and approve the changes in writing.

Q: *A customer has just rejected a number of our parts due to a wrong component. We've shipped*

A: Yes, all customer rejections must be reported properly per the global Meritor standards. The amount of the rejection can only be reduced or a rejection removed from the quality metrics by the site Quality

the replacement parts and the customer has agreed to replace them. Some people do not want to count these in our customer rejections because it will make our quality metrics look bad. Do we have to count these since the customer is fixing at their location?

Manager with evidence that the customer is not counting the rejection against Meritor.

References

Corporate Policy A-08, "Standards of Business Conduct"

The Bottom Line • *Information that is not public, whether it is sensitive Meritor information or sensitive information received from a third party, may not be disclosed except as authorized. Employees must be familiar with established policies and procedures that govern the protection of sensitive, proprietary, confidential and classified information. It is the responsibility of every employee to protect the company's informational assets and communications through proper password management, file sharing, document control, and discreet conversations. If governing laws are violated, the company and the person or persons involved in the violation could face substantial fines and imprisonment.*

PROTECTING SENSITIVE AND CLASSIFIED INFORMATION

Why It's the Meritor Way • Most employees come into contact with information or processes that give Meritor a competitive edge or involve matters of personal privacy. Unauthorized disclosure of classified and company-sensitive information, or unauthorized possession or use of another company's sensitive information, could compromise customer trust in Meritor.

Employees may work on government classified contracts or may work on projects that, although not classified, may involve information protected by export regulations or copyright laws or the provisions of confidentiality agreements.

Q: *A recruiter from another company called to inquire about the performance experience and work habits of a former employee who reported to me. What should I tell the recruiter?*

A: Tell the caller that a written request must be directed to Human Resources. The requested information is company confidential and should only be disclosed through proper channels.

Q: *A professional society has requested that I make a presentation at a seminar. I want to participate. What approvals do I need?*

A: If the area of expertise to be addressed is nontechnical, the presentation should be approved by your department management and Communications. If it is technical, it also should be reviewed by the appropriate technical staff and the Intellectual Property Department. If it involves a classified government contract, it may require government approval. Stick to the approved material during your remarks and in response to questions that may arise during or following the presentation.

Q: *An extremely sensitive business project on which I work was mentioned in today's newspaper. Now that it is public, am I free to discuss it?*

A: No. If asked, you should neither confirm nor deny the existence of any sensitive project. Wait until your supervisor advises you that the project is no longer sensitive and may be discussed openly.

Q: *A consultant has offered me information about a competitor's bid in an upcoming government procurement. Should I accept that information?*

A: No! To do so could violate the law and result in loss of the contract. Company policy prohibits employees or consultants from seeking or accepting procurement information in a manner not permitted by law, regulation or the procurement process.

Q: *What should I do if I inadvertently receive proprietary data of a competitor?*

A: Immediately notify your manager and contact the Office of General Counsel representative listed on the Ethics Contacts poster.

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Q: *Meritor is in competition with my former employer for a major contract award. A pricing system I developed when I worked for that company is still being used today. If I share some of the information that I have with my new boss, Meritor will have a clear advantage. Would this present a problem for either me or Meritor?*

A: Yes! Your former company's pricing system is probably considered proprietary by that company, and you have an obligation to your former employer not to disclose such information to any unauthorized persons.

References

Corporate Policy A-08, "Standards of Business Conduct"
Corporate Policy B-05, "Safeguarding Company Sensitive Information"

The Bottom Line • *Sharing, selling, giving, or otherwise transferring company products, services or technical data to another country or to citizens of another country must be in compliance with applicable laws and regulations of the countries involved in the transaction.*

EXPORT AND IMPORT CONTROLS

Why It's the Meritor Way • It is Meritor policy to abide by all applicable governmental rules and regulations wherever Meritor business is being conducted. Many countries have Import and export regulations that control the movement of certain goods, software and technical information. Pursuant to these regulations, certain licenses or other government authorization may be required to export Meritor's products, services or technical data. The U.S. export regulations apply broadly and extra-territorially. In addition to controlling exports from the U.S. to other countries, these regulations also control the transfer of technical information to citizens of other countries within the U.S. and the sale or resale of certain products by Meritor distributors inside and outside of the U.S. Employees involved in the export of controlled goods, software or technical data must understand and fully comply with all governing rules and regulations. The U.S. and other countries also have import regulations that govern the movement of goods, software and technical information into a country. Employees also must abide by all rules and regulations regarding the import of materials and equipment into the U.S. and other destinations.

As a member of the Customs-Trade Partnership Against Terrorism (C-TPAT) program, Meritor has made the commitment to do everything possible to improve the security of

our international supply chains, both in the United States and abroad, including ensuring that the shipments we import are not tampered with and verifying that our vendors and carriers use appropriate measures to safeguard our materials while at their facilities and in transit.

Q: *While I am in Paris for a technical meeting, I plan to contact several companies to discuss Meritor products and capabilities and to review with them the technical specifications and drawings. Do I need any special approvals to have these discussions?*

A: You should contact local Export Compliance personnel to determine if an export license or other government authorization is required to discuss the data with the companies involved.

Q: *May I fax technical data to a business associate in another country? May I send it via the Internet? May I hand-carry technical data to another country?*

A: It depends on the person, the technical data, and the country. An export license may be required, even if the technical data is to be sent to a Meritor employee of a subsidiary in another country. Further, export regulations prohibit exports to certain persons and/or countries on “prohibited” lists. You should check with local Export Compliance personnel to determine specific export requirements. You need to be aware also that the Internet lacks sufficient security to ensure confidentiality.

References

Corporate Policy A-08, “Standards of Business Conduct”
Bulletin – Business Groups/Functions – Legal –Global Trade Compliance

The Bottom Line • *We must comply with all applicable laws regulating competition. Agreements between competitors regarding prices or sharing of markets and customers and similar arrangements affecting competition are prohibited under these laws and regulations.*

COMPETITION AND ANTITRUST

Why It's the Meritor Way • It is Meritor policy and good business to obey the laws of every country where we do business.

Q: *One of our U.S. customers has asked for a discount from the standard price. The customer says one of our competitors has offered to sell him the same quantity of a similar product at a lower price than Meritor is offering him. May we give our customer the discount?*

A: In the U.S., it is unlawful for a seller to charge a price that is different from the price charged to other buyers for products of like grade and quality, where the difference in price produces a competitive injury. There is, however, an exception for meeting (not beating) the competition. The Office of the General Counsel should be consulted to assist in drafting forms to document competitors' offers.

Q: *One of our U.S. businesses wants to enter into a contract under which a customer will agree to buy only Meritor products for a period of one year. Is this legal?*

A: This is called "exclusive dealing" and may be illegal. A seller may not sell a product on condition that the buyer not deal in products of a competitor where the effect may be to lessen competition substantially. Questions should be referred to the Office of the General Counsel.

Q: *After a trade association meeting, representatives of several competing companies often get together to socialize. If one of the representatives asks the others to review their companies' pricing policies, is there any problem?*

A: Yes. Agreements among competitors to fix prices (i.e., to adopt similar prices) are illegal under antitrust laws. Even if there were no such agreement, it may look like there were if the discussion of prices were followed by similar pricing action. It is a good idea never to discuss prices with competitors. You should let the representatives know that it is Meritor's policy not to discuss prices with competitors, then leave the room.

References

Corporate Policy A-08, "Standards of Business Conduct"
Corporate Policy B-04, "Innovation Protection and Rewards"
Antitrust Compliance Manual (US)
Competition Law Compliance Manual - European Community Antitrust Compliance Manual

The Bottom Line • *Board members, officers and employees must not trade in Meritor securities when they possess material inside information about the company.*

PROHIBITION ON INSIDER TRADING

Why It's the Meritor Way • Board members, officers and employees must comply with all applicable laws, including laws regarding insider trading. We have a responsibility to our shareowners and to the securities markets to ensure that everyone who makes a decision to buy or sell company stock has access to the same information.

Information gained through an individual's position with the company, which is not available to the public and which could affect the market for Meritor stock either positively or negatively, may not be used for that individual's personal gain. For instance, if you have earnings information for Meritor or another public company, trading in securities for that company before that information has been released to the public is prohibited.

Failure to comply with applicable laws and regulations can carry substantial fines and criminal penalties and can expose you to private lawsuits seeking monetary damages. Board member and officers are required to consult with the Office of the General Counsel prior to trading in Meritor securities. All employees are encouraged to contact the Office of the General Counsel prior to trading in Meritor securities if they have any questions regarding insider trading.

Q: *What should I do if I suspect insider trading?*

A: You have a responsibility to the company and your fellow employees to immediately report suspected insider trading activity to the Office of the General Counsel.

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Q: *How can I be certain that my trading activities will not be viewed as suspect, a violation of company policy and/or the law?*

A: When in doubt, contact the Office of the General Counsel to ensure that your activities are compliant with both company policy and the law. Refer to the complete Insider Trading Policy on Bulletin for more details.

The Bottom Line • *Meritor seeks to reduce or eliminate the generation of waste or the release of potentially hazardous materials into the environment; prevent adverse impact on the environment and on the health and safety of our employees and communities as a result of our operations; create a corporate culture in which environmental concerns are recognized as priority considerations in all our decisions; and recognize and respond to community concerns. All Meritor operations must comply with company policies, standards and procedures as well as governing environmental laws and regulations.*

RESPECT FOR THE ENVIRONMENT

Why It's the Meritor Way • Failure to conduct operations properly can have serious and damaging consequences for our employees, neighborhoods, customers and shareowners. The potential risk of even minimal exposure to various substances has focused public and political attention on environmental issues. Governments have established strict standards for the storage, use, treatment and disposal of a wide variety of materials. Meritor has pledged to ensure that our company, employees and communities are not exposed to risks that may result from violating these laws.

Q: *Environmental law is complex and changes frequently, and the civil monetary penalties for violations can be high and in some cases the company as well as individuals can have criminal liability. How are we supposed to know what laws and regulations apply to us?*

A: Each site has an environmental, health and safety (EHS) representative who helps ensure compliance with governing environmental laws and regulations, and who knows where to obtain clarification on any unusual situations. If you are unsure of what laws or regulations may apply in a given situation, discuss your concern with your supervisor, your site EHS representative or a Corporate Environmental Manager in Troy.

Q: *A permit license or authorization for air emissions or water discharge will be expiring shortly. We know that the permitting authority will give us a new permit after submitting a renewal application,, but we want to wait until we move to another facility next year. May we wait to obtain the permit?*

A: Current permits, licenses and authorizations must be maintained at all times regardless of the situation, otherwise the company can be exposed to civil penalties and possibly criminal liabilities. In many jurisdictions, employees can also be exposed to criminal prosecution for environmental violations, especially if the violations are the result of intentional or willful actions. In this example, the existing permit must be renewed and a separate new-source permit application should be processed in advance of moving to the new facility.

Q: *Two maintenance employees are working on the production line and they spill some lubricating oil on the floor, where the oil flows to a floor drain and enters the sewer system. Neither scientist is injured. What should be done?*

A: Any employee becoming aware of a hazardous material spill must immediately report the incident to the facility EHS representative and his/her supervisor. Certain hazardous material spills must be reported to environmental authorities. Concealing a spill violates company policy and may violate the law exposing the company and the employees to potential civil and criminal actions. A spill of hazardous materials should also be reported to the company's Incident Management Hotline in Troy (1-248-435-1530).

Q: *A facilities engineer asked a plumber to replace some rusted pipes. In order to get to them, some walls that are known to contain asbestos must be torn down. What should be done about the asbestos?*

A: The facilities staff must tell the plumber and any nearby employees about the asbestos. Demolition work involving asbestos must be done by a properly licensed asbestos contractor before the plumbing work can begin.

Q: *We use solvents to clean our paint spray equipment. Are there rules for storing these solvents?*

A: Yes. Flammable solvents must be stored in flammable storage cabinets for small quantities and in approved, explosion-proof storage facilities for larger quantities such as drums. In addition, storage facilities should have physical barriers and containment to prevent solvent spills from reaching drains and surface areas.

Q: *You hire a contractor to excavate soil for the foundation of a new structure at your site. The soil is stained and has an oily smell. What do you do?*

A: Stop the work immediately and contact your site EHS representative. The soil should be quarantined, covered with plastic and it should be tested for hazardous substances. If hazardous substances are confirmed the soil should be disposed at a licensed disposal facility.

References

Corporate Policy A-08, "Standards of Business Conduct"
Corporate Policy EHS-001, "Environmental, Health and Safety Policy"

The Bottom Line • *Meritor will not tolerate discrimination, sexual harassment, or physical or verbal threats, all of which deny employees the opportunity to contribute to the best of their abilities and deprive the company of their full talents.*

RESPECT AND CONCERN FOR EACH OTHER

Why It's the Meritor Way • Integrating the unique attributes and talents of a diverse workforce allows for greater flexibility and creativity in the workplace and in the community.

Preventing harassment, discrimination and threats is a matter of respecting each other's rights and dignity, which is a basic value at Meritor.

Meritor employees and business associates are entitled to conduct their business in a work environment free of these distractions. To help ensure such an environment, we must all take any discrimination, harassment or threat seriously and promptly advise appropriate management and/or Human Resources

Q: *I overheard a manager say he would not promote a particular individual because the person is of a different race. He also used a racial slur about that person. What should I do?*

A: As a Meritor employee, you must take immediate action. Discrimination is not right, is against company policy, and is illegal in most countries. Race must never be a factor in making a personnel decision. Contact the offender's supervisor, Human Resources, Office of General Counsel or the Helpline to report the manager's comments.

Q: *I have a disability. Am I entitled to accommodations to enable me to perform my job?*

A: It is Meritor policy to work with employees with disabilities to find reasonable accommodations. If you believe you have a disability that requires a reasonable accommodation(s) to perform the essential functions of your job you should approach your supervisor and/or Human Resources to discuss what, if any, accommodations may be available..

Q: *What is sexual harassment?*

A: There are basically two kinds of sexual harassment. The first kind is when unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature is made a term or condition of an individual's employment, or when rejection of such conduct by an individual is used as the basis of employment decisions affecting that individual. The second kind is when ongoing offensive conduct unreasonably interferes with an individual's work performance or creates an intimidating, hostile or offensive working environment.

Q: *One of my coworkers has a temper and often uses threatening and abusive language with others. I'm concerned about working near him, and I don't know what to do about it.*

A: Report your observations and concerns to your supervisor,, Ethics Helpline,, or Human Resources.

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Q: *A recently terminated employee has been in the parking lot several times and has been overheard telling former coworkers of his intent to "get even" for being terminated. Should I do something about this?*

A: The situation you describe could be an indication of potential violent behavior and should be reported to your supervisor, Security, or Human Resources immediately. If the issue is not resolved, contact the Ethics Helpline.

References

Corporate Human Resources Policy HR-017 "Equal Employment Opportunity/Affirmative Action Programs Policy" (U.S. only)
Corporate Human Resources Policy HR-025 "Sexual Harassment" (U.S. only)
Corporate Human Resources Policy HR-026 "Workplace Violence Policy (U.S. only)
Corporate Policy EHS-001 "Environmental, Health and Safety Policy"

The Bottom Line • *No “related employees” are permitted to improperly influence the hiring, work responsibilities, salary, hours, career progress, benefits, termination or other terms and conditions of employment of other “related employees.” To ensure no employee is in such a position, employees may not supervise, directly or indirectly, other employees related by blood, marriage, or engagement to be married. Individuals who are “related employees” can work for the company provided no actual or perceived reporting relationship exists.*

NEPOTISM

Why It’s the Meritor Way • Meritor has a responsibility to its employees to ensure personnel decisions are based on qualifications, abilities, merit, service and performance and not on personal considerations. Company policy prevents “related employees” from supervising other “related employees” to ensure no actual or perceived favoritism exists in the workplace.

Q: *I have an open position in my department for an engineer who would report to me. One of the potential candidates is my sister-in-law. Can I interview her for the position?*

A: Company policy states that employees are not permitted to improperly influence the hiring of “related employees.” Related employees are considered anyone related by blood, marriage, or engagement to be married. The policy also indicates that a reporting relationship between “related employees” is not permissible, so your sister-in-law is not eligible for a position in which she would report directly to you. She could, however, report to someone else in a different department.

Q: *Two of my co-workers announced they are engaged to be married. Once married, can they continue to work together?*

A: Your co-workers are considered “related employees” now that they are engaged. If they do not have a working relationship in which one reports to the other, they can continue to work together. If a reporting relationship does exist between them, one of them will have to transfer to another supervisor or department within 30 days following the said marriage.

Q: *Two brothers work in my department. Their direct supervisor is retiring, and the older brother has applied for the position and is the best candidate to fill it. If the older brother does become the new supervisor, his younger brother would report to him, which is not permissible under company policy. As the department manager, how should I handle this situation to comply with company policy and keep both brothers employed by the company?*

A: As part of the job offer to the older brother, inform him of the policy that prohibits him from supervising his brother. If he intends to take the position, assist the younger brother to find a different position or place him under a different supervisor.

Q: *I have always wondered about a co-worker's qualifications for her job and was recently surprised when she was promoted. I overheard our supervisor mention that she is her distant cousin. As far as I know, their relationship is not common knowledge, but I believe it was a factor in my co-worker's hiring and promotion. What should I do?*

A: It is against company policy for your supervisor to have a "related employee" as a direct report. You should report your concerns to a member of management, Ethics Helpline, or Human Resources.

Q: *My niece would like to apply for a position as a summer co-op in my department. She would not report directly to me but to one of my supervisors. Can I tell my niece that she can apply for the co-op position?*

A: It is against company policy for you to supervise, directly or indirectly, any "related employee" in any position for any amount of time. Suggest that your niece apply for another co-op position in another department.

Q: *A supervisor at our plant has been dating one of her employees for several months. Since they are not married, and therefore not "related employees," they are not in violation of the company's nepotism policy. Other employees, however, have expressed concern that the supervisor has given better shifts and more overtime to the employee she is dating. As a fellow supervisor, what should I do, if anything, about this situation at our plant?*

A: Consider discussing your concerns with the supervisor or your manager. Personnel decisions must not be influenced by personal considerations. Even if the supervisor is making every effort to ensure personal considerations do not influence work decisions regarding the employee she is dating, the perception of favoritism by other employees is resulting in a negative work environment. The best scenario would be for the supervisor and plant management to find another position for the employee, so he no longer reports to the supervisor he is dating.

References

Corporate Policy HR-019, "Nepotism Policy"

The Bottom Line • *We must comply with those laws of the United States and elsewhere which prohibit human trafficking and slavery and/or knowingly benefiting from any such activity. This policy applies to all Meritor facilities, both domestic and foreign. It is the responsibility of all Meritor employees worldwide to ensure that the provisions and guidelines of Corporate Policy L-013 “Human Trafficking and Slavery” are followed.*

HUMAN TRAFFICKING AND SLAVERY

Why It’s the Meritor Way • In furtherance of our commitment to ensure that we respect the rights and dignity of others, it is important that we do not engage in, or benefit from, slavery, and other forms of forced labor and human trafficking. In particular, we need to be sure that we do not cause, participate in, assist, or knowingly benefit from the enslavement, involuntary servitude, forced labor, or debt bondage of any person.

Q: *What is meant by forced labor or “involuntary servitude”*

A: The term "involuntary servitude" includes a condition of servitude induced by means of (A) any scheme, plan, or pattern intended to cause a person to believe that, if the person did not enter into or continue in such condition, that person or another person would suffer serious harm or physical

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restraint; or (B) the abuse or threatened abuse of the legal process.

Q: *What is “Sex Trafficking?”*

A: The term "sex trafficking" means the recruitment, harboring, transportation, provision, or obtaining of a person for the purpose of a commercial sex act.

Q: *What is debt bondage?*

A: The term "debt bondage" means the status or condition of a debtor arising from a pledge by the debtor of his or her personal services or of those of a person under his or her control as a security for debt, if the value of those services as reasonably assessed is not applied toward the liquidation of the debt or the length and nature of those services are not respectively limited and defined.

Q: *What are the red flags or Indicators of Human Trafficking?*

A: Some of the red flags or indicators of Human Trafficking include, but are not limited to: the individual has bruises or other signs of physical abuse; defers to someone else to speak for them; isn't allowed to socialize with others; is doing a different job than expected; or is a minor engaged in commercial sex.

Q: *What are the requirements for Government Contractors such as Meritor?*

A: Meritor must notify its employees of the United States government's zero tolerance policy. Actions taken against employees and subcontractors for violations of the policy may include, but are not limited to, removal from the contract, reduction in benefits, or termination of employment.

Q: *What should employees do if they think that there has been a*

A: Any employee of the Company who becomes aware of any violation of this policy shall be required to report such violation to his or her supervisor, another member of management or the Company's Helpline.

violation of this policy?

References

Corporate Policy L-013, Human Trafficking and Slavery



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