







UN Global Compact

Communication on Progress
Nissens

| 2021



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Our business

The Nissens Group develops, manufactures and markets Cooling, Climate and Efficiency & Emissions products for the international automotive aftermarket and customized cooling systems for the renewable energy and special vehicles segments.

The Group consists of two business units:

- Nissens Automotive, performing its main interaction with wholesalers and distributors in the automotive aftermarket
- Nissens Cooling Solutions, focusing its activities on two industry segments; the wind energy industry and the industrial segment, targeting respectively global wind turbine manufacturers and global heavy-duty equipment OEMs

Sustainability as a priority

At Nissens, we have a strong focus on enhancing sustainability through the industry segments that we operate in and through the way that we manage our own operations.

Our markets

Nissens Automotive contributes to the green transition in the automotive industry by supporting both of the two main technology streams: by developing products for electric and hybrid vehicles and by making line extensions for the electrification of components in traditional vehicles.

Nissens Cooling Solutions is one of the leading providers of thermal management in the global on- and offshore wind turbine industries and engages in the ongoing innovation in the wind energy segment through development projects with the leading wind turbine manufacturers creating next generation wind turbines. Nissens Cooling Solutions also develops customized cooling systems for a variety of industrial segments focusing on the green transition in e.g. train, bus or other heavy-duty machinery applications through hybrid, electrical or fuel-cell driven technologies.

Statement of Continued Support

August 27, 2021



Our operations

As a long-term ISO14001-certified company, our commitment to sustainability is embedded in the way we run our business and operations. This year, we have taken an additional step in defining an ambitious target for Nissens Cooling Solutions to become carbon neutral on Scope 1 and 2 by 2025 in Europe and by 2030 worldwide.

Our ambitious targets for carbon neutrality build on a meticulous CO₂ baseline study, which has been made during the course of 2020, and which allows for us to start taking the necessary measures to reduce our carbon footprint in Nissens Cooling Solutions going forward.

SDG focus – even during a global pandemic



With climate and people forming an integrated part of our

way of doing business, we have made **SDG 8 – Decent Work and Economic Growth** and **SDG 13 – Climate Control** the key priorities in our ongoing sustainability development.

In a year, where the global Covid-19 pandemic has made lives of people and businesses uncertain and turbulent, we have from the breakout of the pandemic defined two main priorities at Nissens:

Keep the business in operation and protect our employees. Besides their overall strategic importance for our business, both of our main priorities have fully supported our SDG 8 and SDG 13 focus.

In the year of a global pandemic, we have managed to minimize risks of virus spread in our organization; further strengthen Nissens' position as a strong and developing organization, e.g. thanks to a successful inauguration of a new foreign production site with new workplaces in Eastern Europe; an acquisition of a group of companies in Europe to support our growth and market position; an increase in product launches, including new technology; as well as strong growth rates, not least in the wind energy segment.

We are grateful for our ability to keep our business in operation during a challenging year – with the amazing support of our employees worldwide.

Continued commitment to Environmental, Social & Corporate Governance

In 2021, Nissens celebrates its 100 years anniversary. For 100 years, we interact closely with employees, customers, suppliers and stakeholders, who form a part of our environment, and we look to preserve relationships and make

sustainable footprints in the world that we actively engage in and form a part of.

Through this third COP Report from Nissens, the 2021 edition, I am pleased to reconfirm Nissens' formal commitment and official statement of continued support to the ten principles of the UN Global Compact within the areas of Human Rights, Labor Rights, Environmental Protection and Anti-corruption.

Nissens' ESG commitment, our CSR Policy and Code of Conduct are approved by Nissens' Group Management and our Board of Directors.

Sincerely yours,

Mikkel Krogslund Andersen
CEO
Nissens

Human Rights Principles

Commitment

Nissens is headquartered in Horsens, Denmark, with in-house production and assembly sites in Slovakia, Czech Republic, Denmark, China and the US. Additionally, within the Group, we have a large number of subsidiaries across three continents performing activities within sales, production and distribution. We have local employees in more than 20 countries.

Nissens offers support and respect for the protection of internationally proclaimed human rights, and we are committed to leading and driving our business in a manner that ensures our company's compliance with the protection of human rights in our internal as well as in our external value chains.

We operate in respect of diversity, and we do not accept discrimination on the basis of race, religion, gender, age, nationality or sexual orientation within the company. For decades, our organization builds on representation of multiple nationalities, and we embrace the value and strength in the diversity of different cultures as an integrated part of our business composition.



Implementation of Actions: 2020/21

We continue to focus on our compliance with the EU General Data Protection Regulation (GDPR). Professional data privacy protection is important to leverage the speed of trust between Nissens and our internal as well as external stakeholders, and we have implemented a number of automated solutions and processes to secure and enhance efficient management on personal data protection.

Awareness of data privacy protection and compliance in our organization is important. To emphasize our continued focus on the importance of the GDPR implementation in the past year, Nissens maintains the defined data protection KPI in our CSR Policy, which outlines our requirement for management signatures on Nissens' Data Privacy Policy as a testimony of compliance.

Action	KPI	Target	Status 2020/21
Implementation of GDPR, incl. Nissens' Data Privacy Policy	Full compliance on signatures on Data Privacy Policy from Top Tier Three Group of Managers	100%	100%

HUMAN RIGHTS PRINCIPLES

Performance Evaluation & Outlook

Our ambition on management signatures on our new Data Privacy Policy remains unaltered. With 100% target fulfilment in the fiscal years of 2018/19, 2019/20 and 2020/21, we are satisfied with the level of compliance and will continue to strive for maintaining 100% target fulfilment in the coming year.

In general, Nissens has not been subject to any external investigations, nor have we internally received reports or made registrations of any incidents involving human rights violations in the past year, so Nissens reaffirms our commitment to UN Global Compact's principles on Human Rights.

THE PRINCIPLES OF THE UN GLOBAL COMPACT

i) Human Rights

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights;

and

Principle 2:

Make sure that they are not complicit in human rights abuses

Labor Rights Principles



Implementation of Actions: 2020/21

THE PRINCIPLES OF THE UN GLOBAL COMPACT ii) Labor Rights

Principle 3:
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4:
The elimination of all forms of forced and compulsory labor

Principle 5:
The effective abolition of child labor

Principle 6:
The elimination of discrimination in respect of employment and occupation

Commitment

Nissens continues to be among the preferred suppliers to the leading players in the international automotive aftermarket, the global wind turbine industry as well as a number of industrial segments. Our ability to attract and retain professional and market-leading customers builds on Nissens' continued success in attracting and retaining competent and dedicated employees in our global organizations.

We wish for all of our employees to go to work and perform their daily tasks in a safe and well-organized working environment.

We respect the freedom of association of our employees as well as their right to collective bargaining, and we secure

To secure a safe and good working environment, Nissens has carried out a full HSE review across all global factories in the past year. Only minor findings and recommendations formed the outcome of the local HSE reports, and initiatives for actions and improvements are in the process of implementation or already subject to completion.

In the past year, various measures have also been put in place to protect our employees worldwide during the Covid-19 pandemic, and that has represented a major focus area for the management as well as the organization in general. Distribution of Covid-19 guidelines, mandatory use of face masks and gloves, respect of distance guidelines, use of hygienic measures like disinfection and

our dialogue and co-operation with the representatives of our employees through formalized meeting structures and fora.

In our Code of Conduct, we state that Nissens has zero tolerance of forced labor, child labor and discrimination. Our Code of Conduct is made publicly available to all employees at Nissens on our InfoNet and in our local employee handbooks. Managers at top tier levels in the organization are requested to provide their signatures on their commitment to respecting Nissens' Code of Conduct. Suppliers to Nissens Automotive and Nissens Cooling Solutions are provided with Nissens' Code of Conduct upon engagement in co-operation with our two business units.

extra cleaning, limitation of external visits, guests and travelling, introduction of home offices, online meeting activities and online socializing events, onsite offers for PCR testing and quick test kits as well as offers for coaching/mental treatment and the performance of a mental health survey are among the measures taken.

In addition, Nissens of course also pursues its regular measurement and follow-up on prioritized focus areas serving as indicators of the well-being of our employees. We have included our performance on absence due to injuries (LTIR) and short-term sickness absence below:

Actions	KPIs	Baseline			
		2017/18	2018/19	2019/20	2020/21
Absence Rate due to injuries in Denmark and Slovakia (Lost Time Injury Rate (LTIR) per 200,000 working hours)	Improved performance in FY2020/21 compared to FY2019/20	4.1	3.5	4.4	2.2
Overall Sickness Absence Rate (across DK, SK, CZ, CN Tianjin)	Maintained or improved average short-term sickness absence rates in FY2020/21 compared to last year's result	2.90%	-	3.4%	2.9%



Performance Evaluation & Outlook



We will maintain our ambitions for improving our LTIR and short-term sickness absence rates in the coming year. We are very pleased to see the positive LTIR development in FY2020/21 bringing us to the best LTIR performance in the company since the formalization of the reporting in FY2017/2018. As planned, new factory layouts, enhanced safety initiatives as well as increased focus on follow-up on LTIR developments have contributed to improving our safety and our LTIR performance in our largest production sites. This is a fundamental element in our focus on **SDG 8 – Decent Work & Economic Growth**.

After two fiscal years with short-term sickness absence levels above our defined ambitions, our average short-term sickness absence level has positively developed in the past year and is now back to the level of our FY2017/18 baseline. We are very satisfied with this development, especially seen in the light of a year, where Covid-19 has increased the risk of short- (and

long-term) illness among our employees, but thanks to a joint effort between the company and our employees to limit the risk of virus spread in our organization, we have managed to limit short-term sickness absence driven by Covid-19 to a minimum level.

We will continue to follow up on developments in our short-term sickness absence rates per country on a weekly and monthly basis going forward, and we put in place activities, which serve the purpose of supporting the individual employee affected by illness and securing the manning levels across Nissens' global organizations.

In the past year, Nissens has not been subject to any external investigations, nor have we internally received reports or made registrations of any incidents involving labor rights violations in the past year, and, in the year to come, we will pursue our focus on Nissens' continued compliance with UN Global Compact's principles on labor rights.

LABOR RIGHTS PRINCIPLES

NISSENS' CODE OF CONDUCT

We have developed seven codes that serve as guidelines for our ethical behavior:

- | | |
|--|--|
| <p>1 Responsible business principles
Legal Compliance</p> | <p>2 Responsible business principles
Prohibition of Corruption</p> |
| <p>3 Responsible business principles
Accounting & Reporting Standards</p> | <p>4 Responsible business principles
Conflicts of Interest</p> |
| <p>5 Fundamental company ethics
Non-Discrimination</p> | <p>6 Fundamental company ethics
Environmental Protection & Work Environment</p> |
| <p>7 Fundamental company ethics
Forced Labor & Child Labor</p> | |

Environment Protection Principles



Implementation of Actions: 2020/21

Commitment

Nissens is committed to act as an environmentally responsible company.

For many years, we are certified according to the ISO14001 environmental standard across our production sites in Denmark, Slovakia and China. Our environmental initiatives in the

business include activities on e.g. reduction of energy consumption, emissions and waste. Our ISO14001 certification is an acknowledgement of our responsibility towards environmental protection.

In the past year, we have taken a strategic decision to define and announce our ambitions for carbon neutrality for our Nissens Cooling Solutions business unit. Together with a specialized external consultancy partner, we have made comprehensive and deep analyses of the composition and the complexity of our CO₂ emission in Nissens Cooling Solutions in order to fully understand the main drivers and sources behind CO₂ emission within our company. The deep dive analyses have led to the establishment of a CO₂ baseline for Nissens Cooling Solutions.

Based on the elaborate and meticulous CO₂ baseline study, we have formalized three objectives to reduce Nissens Cooling Solutions' carbon footprint. We have committed to our ambitions in the current two-year business plan for Nissens Cooling Solutions by integrating our GHS emission ambition in our strategic focus and by defining a milestone plan and sub goals for our execution to reach the following objectives:

By 2025: Carbon neutrality within Scope 1 and 2 in Europe

By 2030: Carbon neutrality within Scope 1 and 2 worldwide

The sub goals with individual KPIs will be defined from FY2021/22 to support the journey towards the above carbon neutrality ambitions for Nissens Cooling Solutions. In the coming year, we will also look into the preparations for a CO₂ baseline study for the Nissens Automotive business unit.



Our prioritization of **SDG 13 – Climate Control** centers

around our carbon neutrality ambitions as well as our role as an existing and future supplier for electrical, hybrid, fuel-driven applications within the wind energy industry and a number of industrial segments as well as our role as the leading EC, AC and Efficiency & Emissions specialist supporting the transition towards EVs and hybrid vehicles and the electrification of components in the automotive industry and independent aftermarket.

In the past year, many other initiatives have been implemented to improve our overall sustainability performance across Nissens, including e.g. purchasing of 100% renewable electricity certificates for productions sites in Denmark, product development contributing to reduced energy consumption, technology changes optimizing energy usage and continued conversion of traditional lighting sources to LED lighting.

Action	KPI	2018/19	2019/20	2020/21
Measurement of CO₂ emission	Global CO ₂ emission per kg brazed aluminum in FY2020/21 compared to FY2018/19 and FY2019/20	Index 100	Index 100	Index 107



Evaluation of Performance & Outlook

We will continue to focus on improving our environmental footprint through initiatives to limit our energy consumption, emissions and waste through planned initiatives in our global factories.

The slight increase in the global CO₂ emission per kg brazed aluminum in the FY2020/21 fiscal year is mainly caused by increased idle time of the brazing furnace, which is the main equipment in one of our core processes, brazing of aluminum. Additionally, a change in the product mix running through the brazing process also influence the above KPI.

It is especially in the Alu Core production site in Denmark that the emission from brazing has increased in FY2020/21, since the Danish production site is, where

mainly low-volume series and run-in of new products are handled. In the coming year, we plan to improve the performance on emission from the brazing process in Denmark by optimizing the furnace technology applied.

The above KPI from the past three fiscal years will however as of FY2021/22 be replaced by new KPIs targeting the carbon neutrality ambitions for Nissens Cooling Solutions towards 2025, 2030 and 2040.

In the past year, Nissens has not been subject to any external investigations, legal cases or incidents involving violations of the environmental protection principles defined by UN Global Compact.

THE PRINCIPLES OF THE UN GLOBAL COMPACT

iii) Environment

Principle 7:

Businesses should support a precautionary approach to environmental challenges

Principle 8:

Undertake initiatives to promote environmental responsibility

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies



Anti-corruption Principles



Implementation of Actions: 2020/21

Commitment

Nissens has zero tolerance on the application of corruption and bribery as an acknowledgement of corruption and bribery being barriers to the development of free and fair trade between companies and countries.

In Nissens' Code of Conduct, it is outlined that our employees must refrain from offering rewards and means of corruption when exercising their duties and acting as representatives of the company. Additionally, our employee handbooks contain guidelines on maximum values for appreciations made by external partners to employees at Nissens in order to keep the professional impartiality and personal integrity of Nissens' staff.

Nissens has a whistleblower policy and an internal information channel, which serve the purpose of providing access to named or anonymous, formalized reporting of alleged breaches of laws, regulations, Nissens' Code of Conduct or other valid policies and processes.

During the course of 2021, an external whistleblower scheme will be implemented by Nissens and further enhance the access to safe and confidential reporting of whistleblower information from internal or external sources.

Action	KPI	Target	Status 2020/21
Measurement of whistleblower incidents	Zero confirmed incidents in whistleblower scheme	0 incidents	0 incidents

Evaluation of Performance & Outlook

We continue to strive for optimal business ethics within Nissens and maintain a KPI of zero confirmed whistleblower incidents in the coming year.

In the past year, no investigations or legal incidents on anti-corruption

violations have been reported to Nissens or registered by Nissens, and we will continue to focus on full compliance with the principles of anti-corruption defined by UN Global Compact.

THE PRINCIPLES OF THE UN GLOBAL COMPACT iv) Anti-corruption

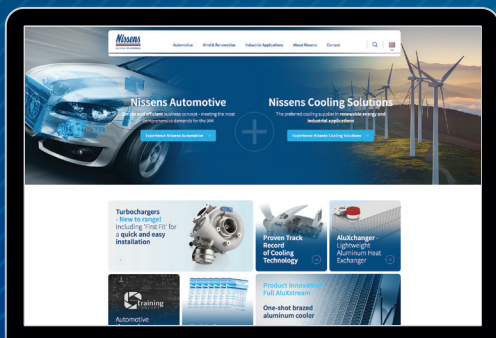
Principle 10:
Businesses should work against corruption in all its forms, including extortion and bribery

Nissens' Communication on Progress Reporting is available on:

UN Global Compact's website
Nissens' website:
www.nissens.com

For more information about Nissens' CSR profile and activities, contact the CSR officer at Nissens:

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WE SUPPORT



Nissens[®]
DELIVERING THE DIFFERENCE