

## CORPORATE SOCIAL RESPONSIBILITY

### Business model & Nissens' approach to sustainability

Being a global production company, the Nissens Group is committed to offering a contribution to a limitation of the Group's environmental and climate footprint, just as it is the Group's obligation to consider the health and safety standards applicable for its employees.

In 2019/2020, Nissens published its first COP Report as a formal member of UN Global Compact, and the Group's focus on social responsibility and sustainability is maintained and initiatives as well as actions are presented in the COP Report.

### Human rights

Nissens is committed to supporting and respecting the internationally proclaimed human rights.

Area	Risk	Actions in 2019/2020	Results 2019/2020
Code of Conduct	Adverse human rights, negative environmental impact, and corruption issues in own organizations and external supply chain.	We continue to specify our expectations to our employees across Nissens' global organization and to our suppliers in our Code of Conduct.	All of Nissens' employees are made acquainted with the Code of Conduct, and a large number of our suppliers receive our Code of Conduct in the course of formalizing our business interaction.
Data privacy	Not handling personal and sensitive personal data and information in compliance with legal regulations and internal guidelines.	We have initiated a number of new initiatives and procedures to further strengthen our processes on management of sensitive personal data and information.	Our target for 2019/2020 was to secure that all managerial staff at top three tier levels at Nissens receives and signs our Data Privacy Policy and procedures to secure compliance. This target is reached. The same applies to a selection of employees with duties requiring access to personal data. All other employees have access to Nissens' Data Privacy Policy through official publications.

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### Social & Labor Conditions

The experience, competence and well-being of Nissens' employees are vital elements in our ability to develop the business and succeed with our strategic plans and objectives. Across the Nissens Group, there is a commitment to support a safe and healthy work environment, the risk management of work-related accidents and injuries is a focus area.

Area	Risk	Actions in 2019/2020	Results 2019/2020
Employee development & satisfaction	Unstable employee turnover	To ensure organizational stability in our main production site, we have introduced a variety of initiatives, which have positively influenced the retention of existing employees.	Reasonably stable retention rates across Nissens' main production sites. Main, overall drivers for employee turnover are planned organizational restructurings or adaptation to market requirements.
Employee safety, health and well-being	Employees getting injured at work	Our health and safety focus is supported by regular, ongoing measurement and follow-up on e.g. the development of injury rates.	In 2019/2020, our LTIR (Lost Time Injury Rate) on blue-collar employees in Slovakia and Denmark combined is 5.4. In comparison, the LTIR in 2018/19 was 3.5.
	High sickness absence impacting negatively on daily operations and planned outputs	We measure and follow up on our sickness absence on both blue-collar and white-collar employees on a monthly basis and take necessary actions to support our employees and limit as well as prevent absence due to sickness.	Weighted average for our short-term sickness absence rate for blue-collar and white-collar employees measured across our main sites in Denmark, Slovakia and China in 2019/2020: 3.4% compared to similar level of 3.4% in 2018/2019.
Diversity in other managerial positions	Risk of discriminating based on gender, race, religion, ethnicity when hiring new employees	In our policy on gender and cultural diversity, we have defined a target of a minimum share of female managers on all management levels.	In 2019/2020, the female representation in Nissens' Group Management amounts to 17%.
Gender distribution at BoD and Management	Our board of directors currently consists of seven members, of which seven are male, and zero are female. It is outlined in Nissens' policy on gender and cultural diversity that we work to ensure that regardless of gender, race, and religion, all employees must be treated equally, in order to ensure that everyone has equal opportunities for employment. We have a wish to increase the representation of women in the Group Management Team supporting the CEO and the Board of Directors, and we therefore strive to have at least one of each gender among the final candidates for open positions.		

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### Climate

Nissens strives to minimize the risk of having an unnecessary detrimental impact on the climate through the optimization of our energy consumption and a reduction of the Group's CO<sub>2</sub> emissions. The Group's ambition and approach are outlined in its environmental and energy policies, which apply to all of Nissens' locations and define the work within environment and climate in Nissens' production sites.

Area	Risk	Actions in 2019/2020	Results 2019/2020
Energy consumption	Limitation of energy consumption impact	In 2019/2020, we have benefited from investments made in previous years to reduce our energy consumption. We are still looking to identify potential savings, but the focus has mainly involved optimization of the energy consumption on new production technology and machinery.	During 2019/2020, we have stabilized the energy consumption deriving from one of our core processes, brazing. Additionally, reduction of energy consumption through the implementation of sustainable and cost-efficient lighting sources has a positive trend especially in our factory in Slovakia through conversion into LED lighting.
CO <sub>2</sub> emissions – scope 1	Limitation of climate impact through production optimization	In 2019/2020, we have continued our work with optimization of production processes to reduce our scope 1 CO <sub>2</sub> emissions. We are working with external energy consultants to identify potential reductions in emissions.	New machinery for our one of our core processes, brazing, is installed in our lead factory. Optimization gains are expected to be documented in course with the run-in of the new technology in the coming year.
CO <sub>2</sub> emissions – scope 2	Management of climate impact through operations initiatives	In 2019/2020, we have continued our work with optimizing energy usage across production processes and buildings and are using external energy consultants for expert advice.	Positive results of converting from traditional lighting sources to LED lights in Nissens' factories are registered.

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### Environment

Nissens strives to minimize the environmental footprint of our production through a continuous focus on resource optimization throughout the Group's production facilities. The environmental management system is certified according to ISO14001 standards, and the Group is working in a structured manner with our environmental awareness and sustainability for years.

Area	Risk	Actions in 2019/2020	Results 2019/2020
Waste	Excessive waste through production	We continuously work with optimizing our process waste. I.e. we continue to convert more and more products from dip flux to paint flux reducing the total usage of flux.	In 2019/2020, new and advanced production machinery is fully installed in the lead factory. The machinery includes an in-line paint flux process, which not only reduces the usage of flux, but also minimizes internal transport of goods significantly.

### Anti-corruption

The Nissens Group is committed to upholding a high degree of business ethics in all the markets in which the Group operates, and Nissens works against corruption in all of its forms. The Group's expectations regarding anti-corruption are specified in a Code of Conduct, which all of Nissens' employees must comply with.

Area	Risk	Actions in 2019/2020	Results 2019/2020
Corruption	Employees engaging in activities of corruption	Our Code of Conduct is distributed to our employees during their onboarding in the company.  Whistleblower access is available for named or anonymous reporting of breaches of laws and regulations as well as non-compliances with Nissens' policies.	We have not identified any non-compliance or breaches with our Code of Conduct in the reporting year.  No reports on incidents nor confirmed incidents are registered in our whistleblower system in the past year.