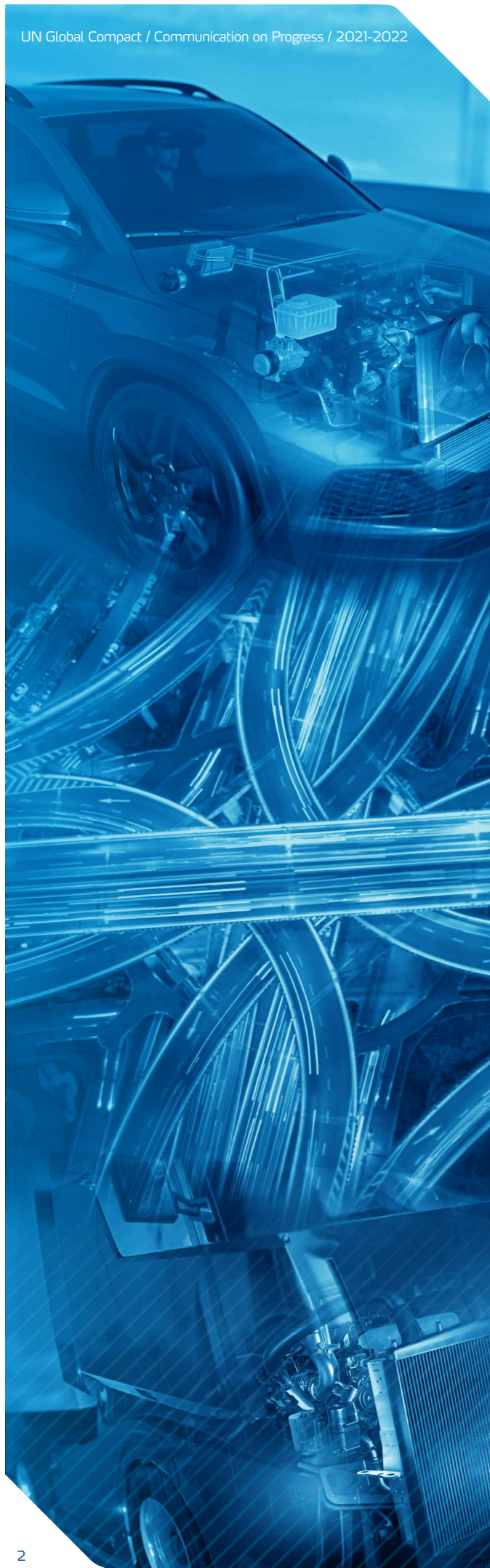




# UN Global Compact

Communication on Progress  
Nissens

## 2021/2022



Contents:

	Statement of Continued Support	pp. 2-3
	Human Rights Principles	pp. 4-5
	Labor Rights Principles	pp. 6-7
	Environmental Protection Principles	pp. 8-9
	Anti-corruption Principles	pp. 10-11
	Publication & Contact	p. 12

**Our business**

Nissens manufactures, distributes and sells Engine Cooling, Climate as well as Efficiency & Emissions product solutions for the international automotive aftermarket. Our main interaction is with the aftermarket's leading wholesalers, buying groups and distributors worldwide.

With a view of our company structure, Nissens has historically been divided into two business units: Nissens Cooling Solutions and Nissens Automotive. The past year is marked by the divestment of Nissens Cooling Solutions, which is a business unit focusing its activities on wind energy and industrial applications.

Following the company split, Nissens Automotive, now merely named Nissens, focuses its business model entirely on the automotive aftermarket business segment. Following the new company structure, we have put in place a HSESG Committee, where managers from key functional areas are represented to secure development, alignment and execution of initiatives within health, safety, environment and CSR. On a quarterly basis, we offer targeted ESG reporting to our ownership and investors.

In everything we do, we strive at Delivering the Difference in a highly competitive market place. We believe that our promotion of environmental, social and corporate governance goes fully hand in hand with the development of our business activities as well as the positioning of Nissens in the aftermarket.

**Our commitment to ESG development**

At Nissens, we continue to develop our ESG focus and take new measures to enhance our commitment to environmental and social responsibilities as well as corporate governance. We work from a twofold perspective:

- Externally: We support the community and the industry segment, which we form a part of
- Internally: We integrate sustainability into the way, in which we operate our business

# Statement of Continued Support

August, 2022



**Supporting the green transition**

Nissens offers an ongoing contribution to the green transition in the automotive industry by supporting the two main technology streams:

- The launch of products for electric and hybrid vehicles
- The introduction of line extensions for the electrification of components in traditional vehicles

**Our SDG focus**

Sustainability development requires true transformation initiated by company, industry and country leaders. We acknowledge the importance of the Sustainable Development Goals (SDGs) defined to fuel change.

For more than 100 years, Nissens serves as the workplace for skilled and dedicated employees. We act as the proud employer of a diversity of people across three continents, and we have a strong awareness of our responsibilities as a professional work place seeking to offer an attractive and safe working environment for our colleagues.

In addition, we see the public focus on climate and environmental sustainability gaining increasing traction, which is well in line with Nissens' historic focus and long-term outlook on environmental protection. From a market perspective, we detect interesting opportunities in supporting the green transition of the automotive segment.



With people and climate considerations being clear priorities

in our company, we have selected two of the defined SDGs, which we wish to put our main focus into developing as a part of Nissens' ESG ambition:

- **SDG 8 – Decent Work and Economic Growth**
- **SDG 13 – Climate Control**

In a year, where a number of 100-year events, like the war in Ukraine, the Covid-19 pandemic and the global supply chain disturbances challenge human beings as well as companies worldwide, we continuously seek to manage the uncertainty and turbulence caused by a variety of external factors in the best possible way.

Our aims are to secure the continued operation of our business, safeguard the jobs of our employees and offer market-compliant service levels and optimal delivery performance to our customers.

In this respect, our SDG 8 and SDG 13 focus forms a part of our ongoing strategical, tactical and operational decision-making and execution. Among other initiatives, we have offered support to employees affected by the war in Ukraine; adapted our operation during the Shanghai Covid-19 lockdown and carried out investments in additional warehouse and production capacities to secure the future growth and sustainability of our

company and future work places of our employees.

We have an immense gratitude towards our employees for their support, flexibility and commitment to Nissens during the past year's time of challenge and transformation.

**A clear statement of continued support to UN Global Compact**

This is the fourth COP Report from Nissens, but it is the first COP Report for Nissens as a standalone business focusing entirely on the automotive aftermarket and as a registered independent UN Global Compact member.

With this 2021/2022 edition of our COP Report, I am pleased to confirm Nissens' official statement of continued support as well as our commitment 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' Leadership Team and by our Board of Directors.

Sincerely yours,

Klavs Thulstrup Pedersen  
CEO, Nissens

# Human Rights Principles

## Commitment

Nissens is headquartered in Horsens, Denmark. We have in-house production facilities in Denmark and Slovakia. We perform our comprehensive distribution of goods from central warehouses in Denmark, the Netherlands and Poland. In addition, we have a large number of subsidiaries across three continents performing activities within e.g. sales, distribution, data management and engineering technology. 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 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 the 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: 2021/22

We continue to focus on our compliance with the EU General Data Protection Regulation (GDPR) as well as other local data protection regulations across the different countries that we operate in.

We see professional data privacy protection as an important tool to lever the speed of trust between Nissens and our internal as well as external stakeholders. We support our personal data management with a number of automated solutions and processes to ensure

professional 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 management, Nissens measures and follows up on our data privacy performance with KPI measurement of compliance. The KPI target is integrated into our CSR Policy and outlines the requirement for management signatures on Nissens' Data Privacy Policy as a testimony of compliance.

Action	KPI	Target	Status 2021/22
<b>Implementation of GDPR, incl. Nissens' Data Privacy Policy</b>	Full compliance on signatures on Data Privacy Policy from Top Tier Three Group of Managers	100%	100%

## Performance Evaluation & Outlook

### Data Privacy

Our ambition on management signature compliance with our Data Privacy Policy remains unaltered. With 100% target fulfilment since the KPI measurement was established in 2018, we are satisfied with the level of compliance. We will continue to strive for maintaining 100% target fulfilment in the coming year.

### Diversity

In the coming year, we will also continue our growing focus on gender diversity. We measure and report on our gender distribution on a regular basis. In Nissens' leadership team, the female representation is 28.87% in 2021/2022, and we aim at reaching a defined target of 40% of the underrepresented gender. We also wish to increase the female representation in our Top Three management levels, and we continue to strive for at least one female candidate among the

candidates for final interviews for open management positions.

### Donations

Nissens pursues our long-term history of actively investing in the well-being of our surrounding communities by sponsoring a large variety of initiatives within charity, sports and fundraising. We mainly focus our efforts on contributions to the prevention of poverty and the cure of critical diseases.

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: 2021/22

### 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 leading and preferred suppliers to the predominant players in the international automotive aftermarket. Our ability to serve professional and market-leading customers builds on Nissens' continued success in attracting and retaining competent and dedicated employees in our global organization.

We wish for all of our employees to perform their daily work tasks in a safe and well-organized working environment. Nissens is committed to offering a good working atmosphere based on open communication and the possibility for personal and professional development within the company.

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

Following Nissens' celebration of our 100 year-anniversary in 2021, we seized the opportunity to praise our employees for their commitment to Nissens. Over ten decades, generations of employees have offered their contribution to the growth and development of our company. The acknowledgement to our existing staff reflects the appreciation of the service and efforts of our organization over the years as well as our recognition of their support and loyalty during a challenging time of a global pandemic.

We continue to follow the development of outbreaks of Covid-19 across different countries in the past year. Again, a

the dialogue and co-operation with our employees as well as their formally elected representatives in 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 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.

As a part of our partnership approach, the suppliers to Nissens are requested to comply with Nissens' Code of Conduct when engaging in their co-operation with our company.

variety of measures have been put in place to protect our employees during the Covid-19 pandemic, and the actions involve e.g. adaptation of work patterns, use of protective equipment and focus on hygienic measures.

As always, Nissens pursues our regular measurement and follow-up on prioritized focus areas serving as indicators of the well-being, diversity and retention of our employees.

We have included an update on Nissens' performance on absence due to injuries (LTIR) and short-term sickness absence below:

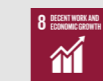
Actions	KPIs	Baseline				
		2017/18	2018/19	2019/20	2020/21	2021/22
<b>Absence Rate due to injuries (in Denmark and Slovakia)</b> (Lost Time Injury Rate (LTIR) per 200,000 working hours)	Improved performance in FY2021/2022 compared to FY2020/2021	4.1	3.5	4.4	2.2	2.2
<b>Overall Sickness Absence Rate (across Denmark, China, Slovakia)</b>	Maintained or improved average short-term sickness absence rates in FY2021/2022 compared to last year's result	2.9%	3.4%	3.4%	2.9%	3.9%

Note: Above data from 2017/2018 – 2020/2021 include both Nissens Cooling Solutions and Nissens Automotive (now Nissens). The 2021/2022 are standalone Nissens data only.



## Performance Evaluation & Outlook

We will maintain our focus on injury and sickness absence performance. This priority is supported by our SDG choice:



Providing a safe and good working environment for our employees is a fundamental element in our focus on **SDG 8 – Decent Work & Economic Growth**.

#### Injuries

We are very pleased to maintain the positive LTIR development from FY2020/2021 in the past year, and we will focus on strengthening our injury performance additionally to provide an even safer workplace.

#### Sickness absence

The increase in sickness absence that we see in 2021/2022 is driven by fragmented occurrences of Covid-19 infections and compliance with local isolation guidelines in different Nissens sites. The overall sickness absence rate is not at a satisfactory level. However, the Covid-19 infection level across Nissens' different locations has not prevented us from keeping our warehouse, distribution and manufacturing activities in operation at all times.

As always, we will maintain our focus on follow-up and implementation of actions in relation to sickness absence in order to support the well-being of our employees and the stable operation of our business. We see a strong correlation between the stability of our skilled workforce and our ability to generate 40% sales turnover growth in the past year.

#### Supporting talent attraction in the aftermarket

As a new feature in our endeavors to promote the development of people, we have since the spring of 2022 engaged in actively seeking to support the promotion and development of the international aftermarket as an attractive, future work place for the next generation of employees. Nissens is among the founders of Talents 4AA, which is a non-profit association that aims at attracting and retaining talents of all ages and origins in all professions of the automotive aftermarket.

In the past year, Nissens has not been subject to documented incidents involving labor rights violations. In the year to come, we will pursue our focus on Nissens' continued compliance with UN Global Compact's principles on labor rights.

### NISSENS' CODE OF CONDUCT

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

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

# Environment Protection Principles



Implementation of Actions:  
2021/22

## 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 main operating sites in Denmark and

Slovakia. 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 map our carbon footprint at Nissens. Together with a specialized external consultancy partner, we have made comprehensive and detailed analyses of our CO<sub>2</sub> emissions. Now, we have the foundation to know and understand the main drivers and sources behind the CO<sub>2</sub> emission within our company. The deep dive analyses have led to the establishment of a comprehensive and detailed CO<sub>2</sub> baseline for our company, which is prepared in compliance with the Greenhouse Gas Protocol (GHG).

Based on our CO<sub>2</sub> baseline, we are now in the process of defining our ambition and targets for reduction of our CO<sub>2</sub> emissions on a short- and long-term basis. In addition, we are in the process of emphasizing our sustainability focus by integrating an outspoken ESG agenda in our company strategy with a targeted Must Win Battle on our ESG ambition in the coming strategy period.



Our prioritization of **SDG 13 – Climate Control** centers around our carbon footprint ambitions across the full value chain of Nissens. Furthermore, it centers around our role as an existing and future supplier of components supporting the transition towards EVs and hybrid vehicles in the global car parks and the support of the electrification of components in the automotive industry and international aftermarket. We continue to expand our product range with items numbers promoting the electrification of car makes and component models.

In the past year, we also work with initiatives to improve Nissens' environmental profile in our production facilities by enhancing our management of chemicals as well as implementing filter solutions on production machinery to limit oil and aluminum residues as well as turnings in the surface water.

Action	KPI	2020/21	2021/22
<b>Measurement of CO<sub>2</sub> emission</b>	CO <sub>2</sub> emission (electricity, natural gas and central heating) across DK and SK production sites	Index 100	Index 95



## Evaluation of Performance & Outlook

### Strengthening our carbon footprint

We will continue to focus on improving our environmental footprint through mapping and implementation of initiatives across Nissens' own facilities and our full value chain.

The above KPI on CO<sub>2</sub> emissions from our factories in Denmark and Slovakia will in future be replaced by new KPIs targeting additional strengthening of our carbon footprint as a part of Nissens' ESG ambition to be approved by our Board of Directors in the autumn of 2022.

### Contributing to the green transition in the automotive industry

We see exciting business opportunities for Nissens in supporting the green transition in the automotive industry, and we continue with an ambitious product road map to secure ongoing category, product and item launches supporting the electrification journey in the industry.

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 the 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

## Commitment

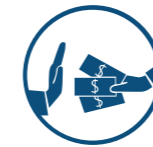
Nissens has zero tolerance towards corruption and bribery. We consider corruption and bribery as barriers to the development of free and fair trade between companies and countries.

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 safeguard the

professional impartiality and personal integrity of Nissens' staff.

Nissens has a whistleblower policy and offers an internal information channel, which serves the purpose of providing access to named or anonymous, formalized reporting of alleged breaches of laws and regulations as well as non-compliance with Nissens' Code of Conduct.

In the coming year, we will engage in the process of reviewing our group compliance policy and governance.



## Implementation of Actions: 2021/22

Action	KPI	Target	Status 2021/22
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.

### Openness and integrity

Nissens seeks open and transparent dialogues with our employees, and we welcome inputs and intelligence aiming at securing high professional standards for our business ethics. We wish to continue to be a professional business

partner known for integrity and reliability by all of our stakeholders and partners.

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:

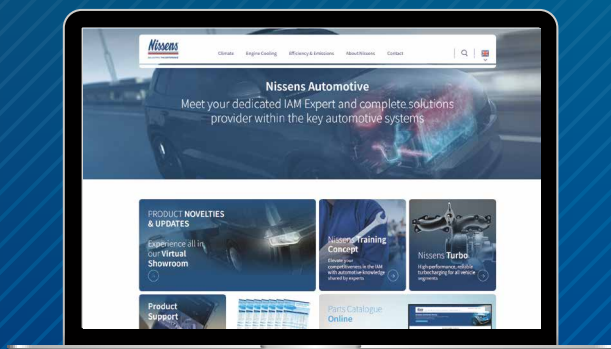
Businesses should work against corruption in all its forms, including extortion and bribery

**Nissens' Communication on Progress Reporting is available on:**

UN Global Compact's website  
Nissens' website:  
[www.nissens.com](http://www.nissens.com)

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

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COMMUNICATION  
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

**Nissens**<sup>®</sup>  
DELIVERING THE DIFFERENCE