

CORPORATE SOCIAL RESPONSIBILITY

Business model & Nissens Cooling Solutions' approach to sustainability

This report constitutes the company's statutory reporting of, § 99a and 99b according to the Danish companies act.

Being a global production company, the Nissens Cooling Solutions 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.

Nissens Cooling Solutions was acquired by A.P. Moller Holding on November 30th 2021 in a carve-out from K. Nissen International. As a result of the acquisition, the fiscal year is changed from May 1st – April 30th in alignment with the calendar year. The reported measures in this report thus only contain data for 8 months ranging from May 1st 2021 to December 31st 2021 and is the first reported figures for the company on a stand-alone basis. Nissens Cooling Solutions will continue to adhere to UN Global Compact and will continue to develop the focus and initiatives linked to social responsibility and sustainability.

Human rights

Nissens Cooling Solutions is committed to supporting and respecting the internationally proclaimed human rights. In the future, the Company continues its efforts within the area

Area	Risk	Actions in 2021	Results 2021
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 Cooling Solutions' global organization and to our suppliers in our Code of Conduct.	All of Nissens Cooling Solutions' 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 2021 was to secure that all managerial staff at top three tier levels at Nissens Cooling Solutions 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. One event of breach of data privacy was recorded, reported and closed in 2021.

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Social & Labor Conditions

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

Area	Risk	Actions in 2021	Results 2021
Employee development & satisfaction	Fluctuating employee turnover levels	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 Cooling Solutions' main production sites. Overall drivers for employee turnover are planned organizational restructurings or results of responsive ramp-ups and ramp-downs.
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.	From May to December 2021, our LTIR (Lost Time Injury Rate) on blue-collar employees in Slovakia, the Czech Republic and Denmark combined is 3.3.
	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 2021: 2.8% compared to a level of 3.4% in 2020/2021.
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.	End of 2021, the female representation in Nissens Cooling Solutions' Group Management amounts to 21%.
Gender distribution at BoD and Management	<p>Our board of directors currently consists of five members, of which five are male, and zero are female. It is outlined in Nissens Cooling Solutions' 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.</p> <p>The target of female representation in the Board of Directors was not achieved as no women was elected for the Board of Directors.</p>		

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Climate

Nissens Cooling Solutions 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 CO₂ emissions. The Group's ambition and approach are outlined in its environmental and energy policies, which apply to all of Nissens Cooling Solutions' locations and define the work within environment and climate in Nissens Cooling Solutions' production sites.

During 2021 Nissens Cooling Solutions has mapped out the CO₂ emission footprint for Scope 1, Scope 2 and Scope 3 enabling the company to identify and implement actions to reduce the climate impact.

In the future, the Company expects to continue our efforts within the area.

Area	Risk	Actions in 2021	Results 2021
Energy consumption	Limitation of energy consumption impact	In 2021, 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 2021, we have stabilized the energy consumption from previous investments. We have continued to prepare for a lower energy consumption in relation to how our furnaces across the factories are utilized.
CO ₂ emissions – scope 1 and 2	Limitation of climate impact through production optimization	In 2021, we have continued our work with optimization of production processes and implementation of targets for carbon neutrality in Europe by 2025 within Scope 1 and Scope 2.	Due to Covid-19 we have been delayed in reducing gas consumption by changing from continuous bracing furnaces into batch furnaces. We plan this to be implemented in 2022 which will lower gas consumption considerably.

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Environment

Nissens Cooling Solutions 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. In the future, the Company expects to continue our efforts within the area.

Area	Risk	Actions in 2021	Results 2021
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 process waste reduction in the manufacturing of components for the coolers has been carried out.	In 2021, new production machinery is installed to support reduced material consumption and initiatives to reduce waste has been implemented. The machinery includes an in-line paintflux process, which not only reduces the usage of flux, but also minimizes internal transport of goods.

Anti-corruption

The Nissens Cooling Solutions Group is committed to upholding a high degree of business ethics in all the markets in which the Group operates, and Nissens Cooling Solutions 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 Cooling Solutions' employees must comply with. In the future, the Company will continue our efforts within the area.

Area	Risk	Actions in 2021	Results 2021
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 Cooling Solutions' 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 2021.

Covid-19

In 2021, the Nissens Cooling Solutions group has put great focus on protecting our employees during this time by prescribing guidelines and providing protective equipment. This has, among other things, ensured the health of employees during the pandemic.