

# UN Global Compact

Communication on Progress  
Nissens Cooling Solutions

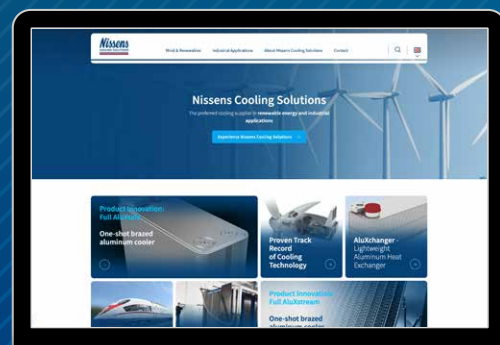
# | 2022

Nissens Cooling Solutions' Communication on Progress Reporting is available on:

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

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

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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**  
COOLING SOLUTIONS

- PART OF THE A.P. MØLLER GROUP







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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 Cooling Solutions develops, manufactures and markets customized cooling systems for the renewable energy and special vehicles segments.

- The organization focuses 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 Cooling Solutions, 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 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

October, 2022



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.

Our company

Since we entered into a new ownership in November 2021, being part of APMH, the focus on SDG has only increased and our dedication and investments in this area will continue to increase. As an ISO14001-certified company, our commitment to sustainability is embedded in how we run our business and operations. Our commitment for Nissens Cooling Solutions to become carbon neutral on Scope 1 and 2 by 2025 in Europe and by 2030 worldwide remain. The legwork of defining and measuring our CO2 footprint is already done and allows for us to develop a plan to take the necessary measures to reduce our carbon footprint in Nissens Cooling Solutions going forward.

SDG focus – as we continue to navigate uncertainty



Climate and people are both central to our business, and as such, **SDG 8 – Decent Work and Economic Growth and SDG 13 – Climate Control** are the key priorities in our ongoing sustainability development.

Like 2021, 2022 has brought a lot of uncertainty to people's lives and

businesses. Our focus has been to ensure we continue to be a trusted partner to our customers and a good place to work for our employees.

While the short term is uncertain across our business, the focus on climate and climate friendly technologies is stronger than ever and we work closely with our customers to develop technologies and products that support Wind, Power to X and environmentally friendly industrial applications.

Continued commitment to Environmental, Social & Corporate Governance

Last year we celebrated our 100 years anniversary. We have a longstanding experience of interacting closely with employees, customers, suppliers and stakeholders, who form a part of our environment. Under the new ownership, we aim to continue the commitment to the long term, preserve relationships and be a responsible and sustainable company in the world that we actively engage in and form a part of.

Through this fourth COP Report from Nissens Cooling Solutions, the 2022 edition, I am pleased to reconfirm

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

Sincerely yours,

Lars Rasmussen  
CEO  
Nissens Cooling Solutions



# Human Rights Principles

## Commitment

Nissens Cooling Solutions is headquartered in Horsens, Denmark, with in-house production and assembly sites in Slovakia, Czech Republic, Denmark, China and the US.

Nissens Cooling Solutions 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: 2021/22

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 Cooling Solutions 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 Cooling Solutions maintains the defined data protection KPI in our CSR Policy, which outlines our requirement for management signatures on Nissens Cooling Solutions' Data Privacy Policy as a testimony of compliance. After the split separating Nissens Automotive and Nissens Cooling Solution, Legal, IT and HR have used resources to make sure all GDPR guidelines and documents were up to date.

Action	KPI	Target	Status 2021/22
<b>Update of GDPR, incl. Nissens Cooling Solutions' Data Privacy Policy after the split</b>	Full compliance on signatures on Data Privacy Policy from Top Tier Three Group of Managers. Making sure all documents are up to date.	100%	100%

## 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 2019/20, 2020/2021 and 2021/22, 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 Cooling Solutions 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 Cooling Solutions 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 accupation

### Commitment

Nissens Cooling Solutions continues to be among the preferred suppliers to the leading players in 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 Cooling Solutions' 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 our dialogue and co-operation with the representatives of our employees through

To secure a safe and good working environment, Nissens Cooling Solutions has carried out a full HSE review across all global factories in the past year, which we follow up continually. 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,

formalized meeting structures and fora. In the fall 2022 we are re-launching our guidelines globally.

In our Code of Conduct, we state that Nissens Cooling Solutions has zero tolerance of forced labor, child labor and discrimination. Our Code of Conduct is made publicly available to all employees at Nissens Cooling Solutions 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 Cooling Solutions' Code of Conduct. Suppliers to Nissens Cooling Solutions are provided with Nissens Cooling Solutions' Code of Conduct upon engagement in co-operation with our two business units.

respect of distance guidelines, use of hygienic measures like disinfection and 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 Cooling Solutions 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	2018/19	2019/20	2020/21	2021/22
		2017/18				
<b>Absence Rate due to injuries in Denmark and Slovakia)</b> (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	3.3
<b>Overall Sickness Absence Rate (across DK, SK, CZ, CN Tianjin)</b>	Maintained or improved average short-term sickness absence rates in FY2020/21 compared to last year's result	2.90%	-	3.4%	2.9%	2.8%



## Performance Evaluation & Outlook



We will maintain our ambitions for improving our LTIR and short-term sickness absences rates in the coming year. We are very pleased to see the positive LTIR development in FY2021/22 (2,8%) 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 Cooling Solutions' global organizations.

In the past year, Nissens Cooling Solutions 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 Cooling Solutions' continued compliance with UN Global Compact's principles on labor rights.

### NISSENS COOLING SOLUTIONS' 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 Cooling Solutions 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, Czech Republic 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 addition, NCS is one of the founding members of Momentum - a network created by Danish tier1 suppliers to the Wind Industry with the purpose of gaining and sharing knowledge within Sustainability.

Based on the elaborate and meticulous CO<sub>2</sub> baseline study (baseline 2020), 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 for FY2021/22 to support the journey towards the above carbon neutrality ambitions for Nissens Cooling Solutions were to look into 100% usage of renewable electricity in Europe and investigate possibilities to convert to pure biogas in our brazing processes.



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 – also including the new market for Power-2-X.

In the past year, many other initiatives have been implemented to improve our overall sustainability performance across Nissens, including e.g. purchasing of 100 % carbon free / renewable electricity certificates for productions sites in not only Denmark but also Slovakia and Czech Republic. Product development is contributing to reduced energy consumption, technology changes optimizing energy usage and continued conversion of traditional lighting sources to LED lighting. Possibilities to convert to 100% renewable electricity in CN are being explored.

Action	KPI	2019/20	2020/21	2021/22
Measurement of CO <sub>2</sub> emission	Global CO <sub>2</sub> emission per kg brazed aluminum	Index 100	Index 107	Index 30



## 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 major decrease in the global CO<sub>2</sub> emission per kg brazed aluminum in the FY2021/22 fiscal year is mainly caused by the introduction of carbon free / renewable electricity in our furnaces in Europe, which by far represent the major output of our cooler production.

Especially in the Alu Core production site in Denmark we expect to see the benefit in switch of furnace technology next year. We are replacing a conveyer furnace with a batch furnace, which should lower energy consumption from idle time significantly.

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: 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 Cooling Solutions 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 Cooling Solutions or registered by Nissens Cooling Solutions, 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