



BORG

**ESG
REPORT**

2022

BORG
AUTOMOTIVE GROUP

ESG

ESG

ESG

CONTENT

P04 Introduction: A clear direction

P05 About BORG Automotive Group
P06 Our value chain

P07 Strategy, active ownership and responsible conduct

P09 Ambitions for the future
P11 Where are we today?

Actions and results in 2022
P17 Environment
P19 Social
P21 Governance

P23 ESG data overview
P25 Environmental reporting 2022
P27 Social reporting 2022
P29 Governance reporting 2022

P31 Diversity policy



Introduction:

A clear direction

Although 2022 will be remembered as a year full of uncertainty and geopolitical instability, it was also a year when we at BORG Automotive Group accelerated developments in the area of ESG. In 2021, we launched our ESG ambitions and in 2022, we have set out our strategy on how to achieve our ambitions. We are confident that our dedicated work to deliver solid reductions in greenhouse gas emissions from our in-house production and our focus on reducing lost-time injury frequency will pay off and bring us closer to our targets.

“We give new life to vehicles by providing responsible automotive solutions

- BORG Automotive Group's mission

As our company mission implies, BORG Automotive Group has a long history of being a responsible and reliable company. Taking our responsibility seriously also means acknowledging that we have a considerable impact through our business.

The energy crisis and the sharply rising energy costs have affected our business and naturally brought challenges. But it has also sparked a renewed focus on the green transition and, in particular, on strengthening renewable energy technologies.

Last year, we set a clear direction with the introduction of our ESG ambitions, including targets to reduce GHG emissions from in-house production by 30% and to reduce the total LTIF rate by 30%.

This year, we have set out our strategy on how to achieve our ambitions and initiated several initiatives to reduce our total greenhouse gas emissions. We are looking forward to seeing the effect of these initiatives in the coming years.

Growth is a goal anchored in the BORG Automotive Group organisation, both organic and acquisitive. In 2021, we made a significant acquisition of the trading company, SBS Automotive. Mainly due to the acquisition, we could report a 33% revenue improvement in 2022. At the same time, our EBITDA was up by 14%, driven in particular by large volumes of goods for resale in the final months of the year. It is likewise very important to future-proof our competitive strength and dedicate adequate resources to invest in innovation, sustainability and resilience. We take responsibility and have a structured approach to strengthening ESG activities. In this report, you can read much more about how we do it.

About BORG Automotive Group

We are Europe's largest independent automotive remanufacturing business. Our principal business activity is to remanufacture defective parts, such as brake callipers, turbochargers, starters and alternators, and to sell them in the B2B market in a circular business model. We offer a full product range by also supplying new products to complement remanufactured items.

We have a strong market position, and remanufacturing is a business area offering a wide range of environmental and resource benefits.

With about 250 million cars on the European roads and an average age of more than 11 years, there is a great need to ensure spare parts for a continuously growing fleet. The proportion of electric and hybrid cars on the roads is increasing as society transitions towards low-emission vehicles, but these also need spare parts. About half of the items in our product range can be used whether a vehicle has an electric motor or a combustion engine. The transition is in progress, both in the industry at large and at BORG Automotive.

We offer a broad product range. Most of the products have been remanufactured, which means parts produced on the basis of an existing product that have less of an environmental impact and in a process requiring fewer resources and materials. Our business model applies a return system combined with remanufacturing and is a good example of a circular business model.

Geography

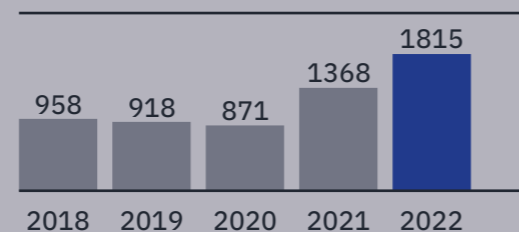
Headquartered in Silkeborg, Denmark. Production/distribution facilities in Poland, the United Kingdom, Spain and Germany.

// We give new life to vehicles by providing sustainable automotive solutions

Ownership – past and present

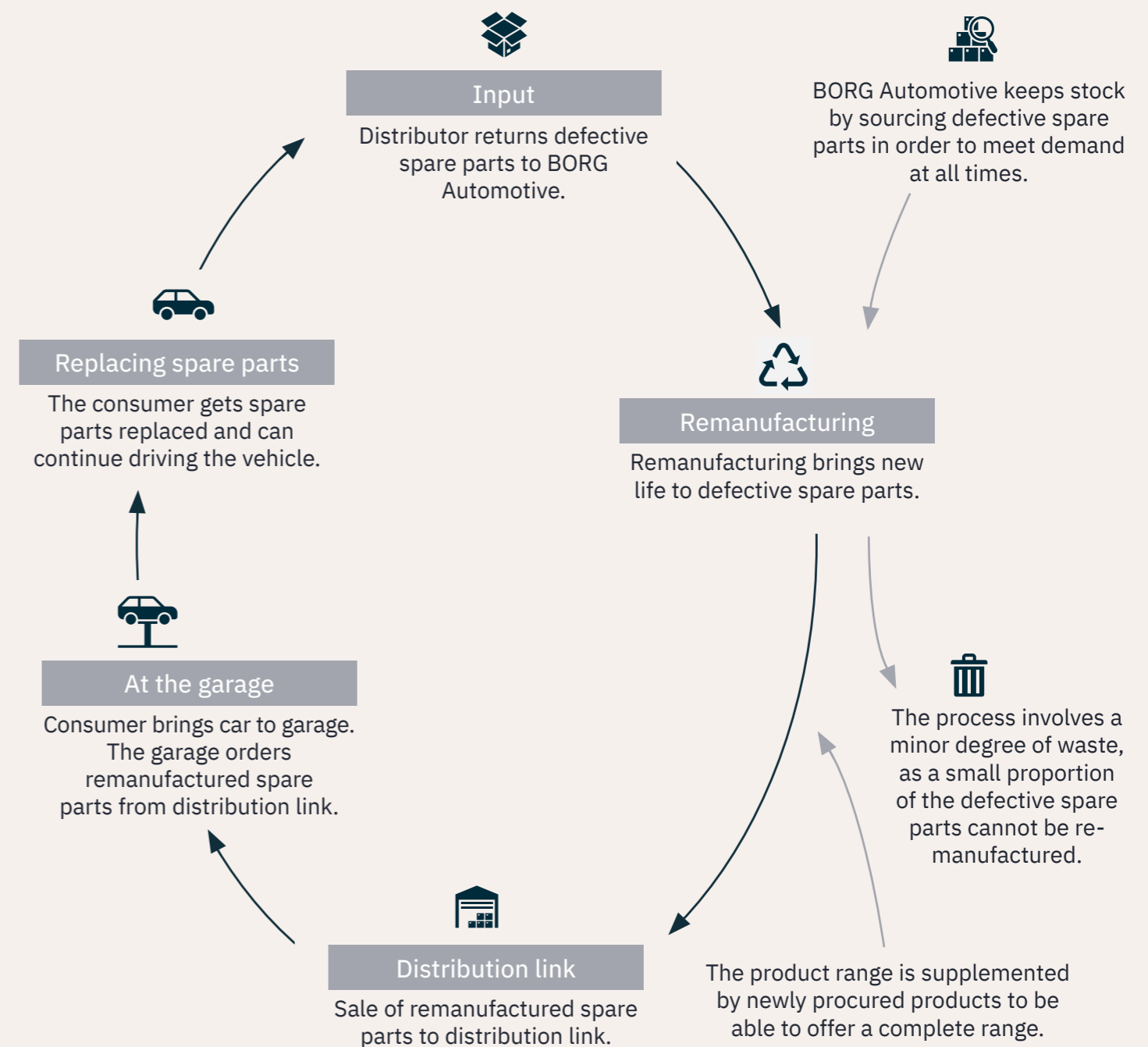
BORG Automotive was founded in 1975 and has been a part of the Schouw & Co. Group since April 2017. Growth through acquisitions is part of the strategy. We acquired the Spanish business TMI in 2020 and added the trading company SBS Automotive in 2021.

Revenue performance (DKKm)



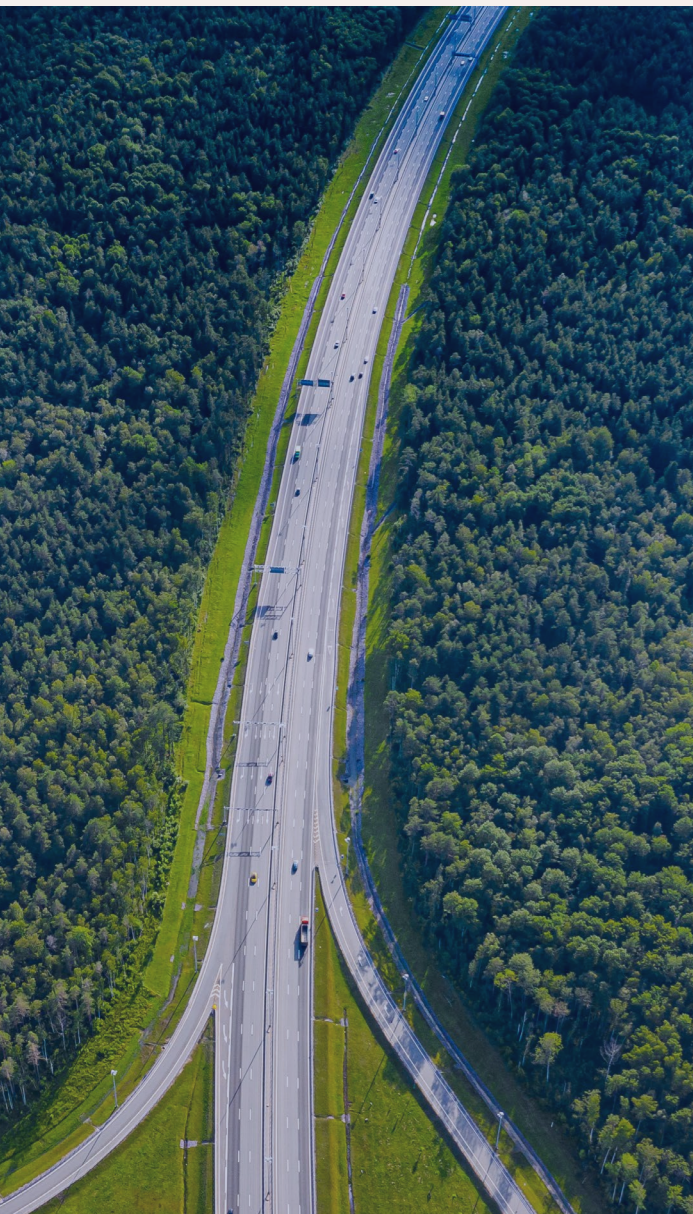
Our value chain

Most of our revenue derives from remanufacturing based on recycling of end-of-life spare parts, which is combined with a return system that supports the products' role in a circular economy. This is combined with newly procured products to be able to offer a complete range.



Strategy, active ownership and responsible conduct

As an active owner, Schouw & Co. lays down the general framework for the Group's companies, creating long-term value through active and inspirational ownership. This serves to set a clear strategic direction and firm targets for our ESG efforts.



Strategic goals

We pursue strategic goals, at both group and portfolio company level. As part of these goals, we have an impact target to guide our ESG efforts and to be reflected in our responsibility wheel.

STRATEGIC GOALS AT GROUP LEVEL

<p>RETURN</p> <p>ROIC > 15%</p>	<p>LEVERAGE</p> <p>NIBD/ EBITDA preferably 1-2.5x</p>	<p>DIVIDEND</p> <p>Constant or rising dividends</p>
---	--	--

STRATEGIC GOALS AT COMPANY LEVEL

<p>GROWTH</p> <p>Significant growth every year</p>	<p>EARNINGS</p> <p>On a par with the best</p>	<p>IMPACT</p> <p>Innovative products and responsible production</p>
---	--	--

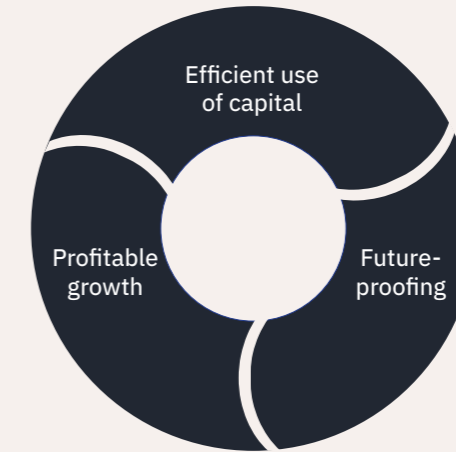
Strategy wheels

Our strategy is based on three 'wheels' that reflect the Group's modus operandi and our mindset. We use a responsibility wheel to highlight our strategic prioritisation of ESG and responsible conduct.

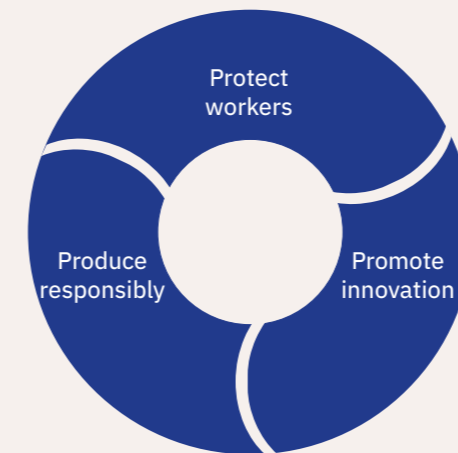
CONGLOMERATE STRATEGY



ACTIVE AND DEVELOPING OWNERSHIP



RESPONSIBILITY



Produce responsibly

The companies of the Schouw & Co. Group are required to manufacture their products efficiently in terms of resource consumption and climate impact.

Protect workers




All employees of the Schouw & Co. Group must be able to go to work and return home safely every day – anywhere in the world.

Promote innovation

Our companies assume a responsibility for ensuring strong governance and compliance, and they allocate resources for the development of sustainable solutions.

Ambitions for the future

With our circular business model, we focus on climate and the environment. The upward trend in GHG emissions softened despite higher growth rates, and we are mapping emissions from products. Increasing employee satisfaction is another focal area, and annual employee satisfaction surveys are introduced in 2022.

 <p>Effort to limit climate impact of in-house production</p> <p>Reduce GHG emissions from in-house production by 30% by 2030*</p> <p><small>*Baseline 2020</small></p>	 <p>Caring for the employees</p> <p>Increase employee satisfaction by 5% over the next five years</p> <p>Reduce LTIFR by 30% by 2025*</p> <p><small>*Baseline 2020</small></p>	 <p>Circular products, saving CO₂ emissions</p> <p>Be able to quantify the CO₂ savings of remanufactured products</p>
--	---	--



MILESTONES IN 2022

- Implemented annual employee satisfaction survey
- Installed solar panels at factory in Poland
- 2.6% reduction in scope 2 emissions
- New e-learning platform for business ethics and anti-corruption training

Ambitions for the future: Where are we today?

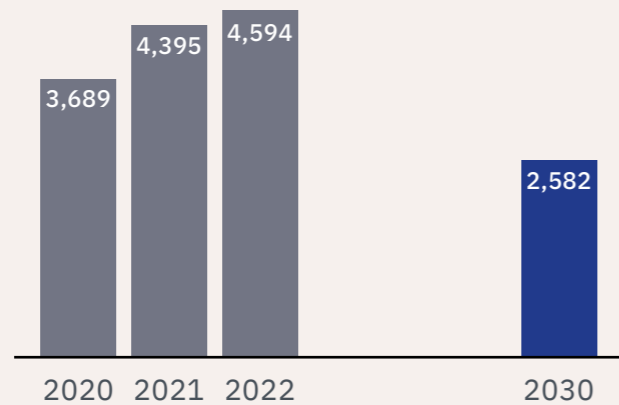


Effort to limit climate impact of in-house production

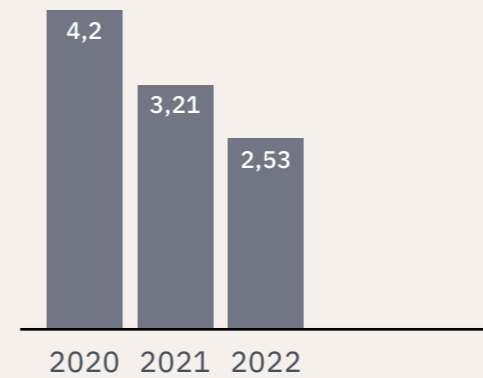
Reduce GHG emissions from in-house production by 30% by 2030*

*Baseline 2020

Total greenhouse gas emissions (tonnes CO2e)



Total greenhouse gas emissions per DKK million revenue



Comments


Looking solely at total greenhouse gas emissions (tonnes CO2e), the figure has increased with 19,7% since 2020. The increase is the consequence of the acquisitions of TMI and SBS. Therefore, when looking at total greenhouse gas emissions per DKK million revenue instead, we see an impressive fall of 39,8% since 2020.

In 2022, we have initiated different initiatives to reduce our total greenhouse gas emissions, the effects of which we have not yet seen. The initiatives include solar cells on our production sites in Poland and at our new headquarter in Denmark, where 80 % of the energy demand will be covered by renewable sources. Furthermore, we launched a Group-wide project to increase the share of re-

newable electricity by way of a Power Purchase Agreement (PPA). A PPA enables the establishment of a new renewable energy source, for example solar or wind farms. Such an agreement is quite complex, so in 2022 we worked on examining the implications of signing a PPA and obtaining concrete offers. It is still too soon to conclude whether we will enter an agreement and if so, what type of project will be pursued.

As regards the company's target of a 30% reduction in absolute emissions, the base year has not yet been recalculated following the acquisitions of TMI and SBS Automotive and the inclusion of mobile combustion. The recalculation of the base year will be made in 2023.

Ambitions for the future: Where are we today?



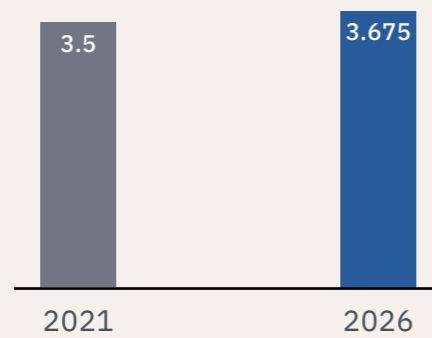
Caring for the employees

Increase employee satisfaction by 5% over the next five years

Reduce LTIFR by 30% by 2025*

*Baseline 2020

Employee satisfaction



Comments

Employee wellbeing is a top priority for BORG Automotive Group. The ambition is to increase employee satisfaction by 5% within five years, where the baseline is the measures from 2021. A new structured process has been launched to measure employee satisfaction. From 2023, employee satisfaction will be measured annually to ensure continuous follow-up.

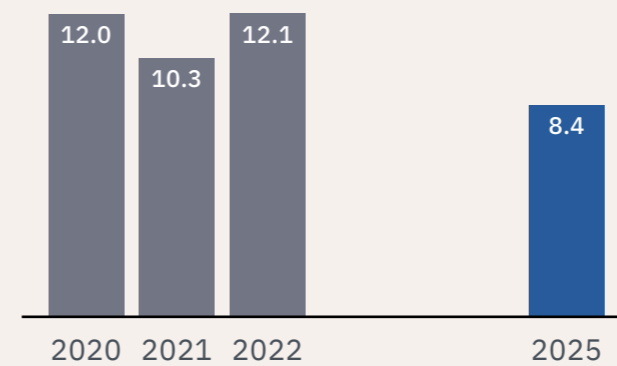


The most important part is you



Comments

Lost Time Injury Frequency rate (LTIF) (number per million working hours)



In 2022, the LTIF rate rose, amounting to 12.1 incidents per million working hours. As the target of a 30% LTIF rate reduction by 2025 implies a rate of less than 8.4 incidents per million working hours, the situation in 2022 is regarded as unsatisfactory. The incidents recorded were of a less serious nature, partly due to the introduction of rotation shifts at certain units so that some employees were working at new stations compared to what they were used to. Focus on preventive work will nonetheless increase further.

Ambitions for the future: Where are we today?



**Circular products,
saving CO₂
emissions**

Be able to quantify
the CO₂ savings
of remanufactured
products



Comments

In 2022 we launched our life-cycle-assessment project to be able to quantify the potential CO₂ savings of remanufactured products compared to newly manufactured products. Currently, we are in the progress of completing comparable LCA for all our 8 product groups together with third parties. We expect to publish the LCA results in the course of 2023. The first LCA for brake calipers is expected to be published in Q1.



Environment

Actions and results in 2022

In 2022, BORG Automotive Group elaborated and further specified its strategy and action plan for all locations to achieve the ESG ambitions towards 2030. Concurrently, the company launched several significant initiatives, including a major LCA project to document the climate and resource impact of its products.

Decoupling electricity consumption and growth

For Borg Automotive Group electricity consumption is the primary cause of GHG emissions, and strong business growth in recent years has previously also equalled a strong increase in electricity consumption. However, this trend was reversed in 2022 when we succeeded in decoupling growth in revenue from growth in scope 2 electricity consumption, achieving a slight reduction from 8,314 MWh in 2021 to 8,105 MWh in 2022 despite higher business activity. Altogether, energy consumption rose to 12,293, up from 11,408 MWh in 2021, mainly due to the inclusion of mobile combustion.

GHG emissions in focus

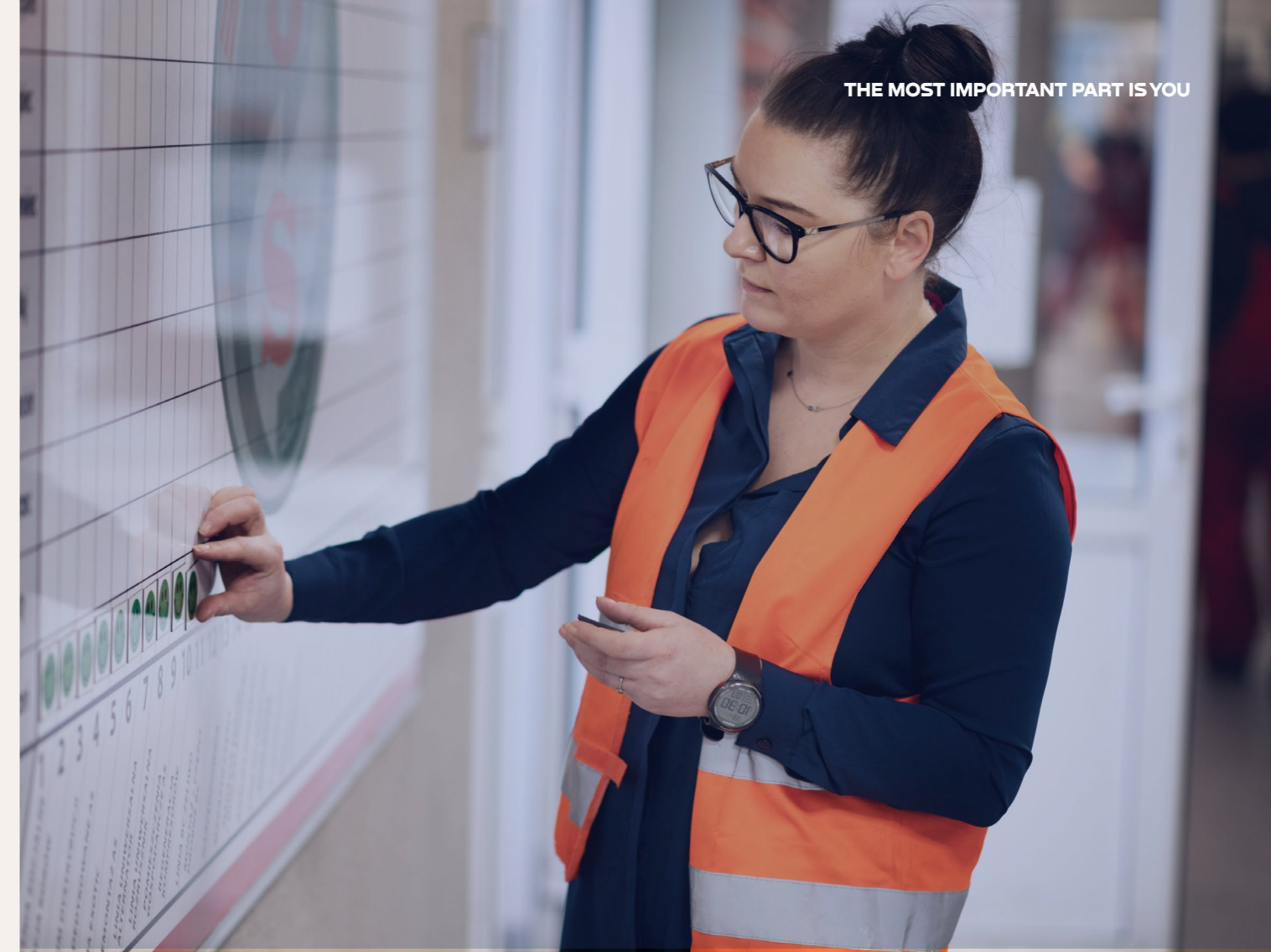
As a direct consequence of the reduction in electricity consumption, we also succeeded in turning the trend of rising scope 2 GHG emissions. Despite business growth and major acquisitions, the company reduced scope 2 emissions by 2.6%, while its total emissions increased by 4.5% from 2021 to 2022, which was satisfactory considering the fact that mobile combustion accounts for about 7% of total emissions. Looking at emission intensity, this figure dropped from 3.21 CO₂e per DKK million to 2.53 CO₂e per DKK million, an impressive fall of

21%. As regards our target of a 30% reduction in absolute emissions, the base year has not yet been recalculated following the acquisitions of TMI and SBS Automotive and the inclusion of mobile combustion. The recalculation of the base year will be made in 2023 as part of the Group-wide recalculation and will provide a better view of the company's progress against the target.

Solar panel projects to unlock further reduction potential

An increased proportion of renewable energy will contribute further to the downward trend, and efforts to ensure more renewable energy gained momentum in 2022 with the decision to install solar panels at the two production facilities in Poland. The solar panels will generate about 100 MWh annually and contribute to reducing emissions from our operations.

In 2022, we started building a new head office at Funder, Silkeborg, and the building will be equipped with solar panels and a heat pump to be able to use the power for both electricity and heating purposes. The solar panels will be able to supply an estimated 80% of the energy consumption in the new building.



Reduction of hazardous waste

Our production mostly involves manual processes without strong chemicals or use of large amounts of energy and water, so remanufacturing therefore poses limited environmental challenges compared with the manufacture of original spare parts. Nonetheless, we have been focused on reducing hazardous waste. Besides the health and safety aspects, it also makes good sense financially. One of the initiatives launched concerns the refilling of spray cans, which would normally end up as hazardous waste. In addition, the installation of new CNC machines has resulted in a reduction of metal waste.

Life-cycle assessment project

A very important priority for us is to be able to document, by means of life-cycle assessment, the reduction of resources and greenhouse gases achieved with remanufactured products compared to newly manufactured products. The focus is on avoided emissions related to a given product compared to the alternative newly manufactured product which would typically be used instead. Independent external parties are in charge of calculations and documentation for the project, which is coming to a close. We expect to publish the LCA results for the remanufactured products vs. newly manufactured products in the course of 2023, documenting the environmental benefits achieved by remanufacturing spare parts.

Social

Actions and results in 2022

As production processes at BORG Automotive Group are mostly manual, employee welfare is a key focus area. Occupational health and safety as well as employee wellbeing are a top priority. A sustained effort is required, and activities in this area will be ramped up further going forward.

New structured process to measure employee satisfaction

Employee wellbeing is a top priority for us. As part of the overall 2030 target, a new structured process has been launched to measure employee satisfaction. From 2023, employee satisfaction will be measured annually to ensure continuous follow-up.

Active effort to reduce occupational injuries

In the base year 2020, the LTI frequency rate was 12.0 incidents per million working hours, while

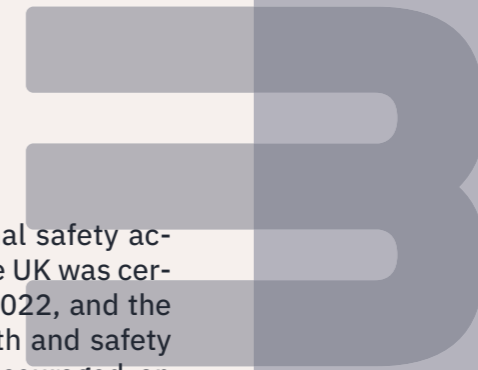
in 2021 it had been reduced to 10.3 incidents. In 2022, the rate rose again, amounting to 12.1 incidents per million working hours. As the target of a 30% LTI frequency rate reduction by 2025 implies a rate of less than 8.4 incidents per million working hours, the situation in 2022 is regarded as unsatisfactory. The incidents recorded were of a less serious nature, partly due to the introduction of rotation shifts at certain units so that some employees were working at new stations compared to what they were used to. Focus on preventive work will nonetheless increase further.

ISO 45001 certification

As part of our preventive occupational safety activities, the production facilities in the UK was certified to the ISO 45001 standard in 2022, and the certification of the occupational health and safety management system has further encouraged an active approach to employee health and safety.

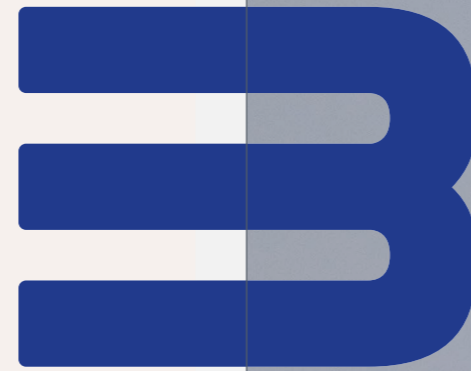
Employee initiatives across the business

The unit in the UK went from bronze to silver accreditation by Investors in People, an external organisation that assesses companies, during a two-day audit, against a range of social benchmarks related to culture, engagement and in-house competencies. Another main initiative for employees was the construction of a brand-new building, complete with a canteen, changing rooms and common rooms at the production unit in Poland, improving the physical environment for employees.



Governance

Actions and results in 2022



For BORG Automotive Group 2022, like 2021, was characterised by the integration of acquisitions and ensuring good governance structures across the organisation. Systems for handling anti-corruption, business ethics and responsible supply chain management are also being integrated on a continuous basis.

E-learning platform for anti-corruption training

The implementation of an e-learning platform in BORG Automotive Group has resulted in more training of employees within business ethics, competition law, including anti-corruption, and it covers both new and existing employees. This ensures that all relevant employees receive training and understand what is required of them and what will not be accepted. Therefore, as of 2022, we are now able to report the proportion of relevant employees having confirmed their compliance with the company's anti-corruption policy. In 2022 the share is 99%, which is highly satisfactory, as this was the first year it was included as a reporting item.

Suppliers and value chain

Supplier audits were challenged once again due to the coronavirus situation, and the proportion of suppliers that formally confirmed adherence to the company's Code of Conduct was therefore 86% in 2022. As regards its value chain, we were awarded a bronze sustainability rating across the organisation again in 2022 by EcoVadis. EcoVadis assesses companies' performance within various social, environmental and governance areas and presents proposals for improvement that can be incorporated into future efforts.

Digitalisation and enhanced focus on IT security

In 2022, we focused strongly on upgrading IT security measures and on IT awareness to ensure that employees have the required skills to handle risks. In addition, digitalisation and implementation of new IT systems also provides opportunities for optimising business operations further to achieve even greater efficiency.



Again this year, we improved our rating and was awarded bronze status for the second time.



ESG data overview

New EU reporting standards underway

At Schouw & Co., ESG reporting is an area that is constantly evolving as both Schouw & Co.'s and general reporting practices gradually mature. In 2020, the Group introduced a new common frame of reference inspired by Nasdaq's ESG Reporting Guide 2.0 and defined a common set of performance indicators across the E, S and G criteria.

In 2022, the revision of the Non-Financial Reporting Directive (NFRD), in Denmark known as section 99a of the Danish Financial Statements Act, was adopted under the name Corporate Sustainability Reporting Directive (CSRD). An important element of the new directive, which will take effect on 1 January 2024 for listed companies, is the requirement of a double materiality assessment. All companies of Schouw & Co. have previously conducted materiality assessments, which will be updated in the course of 2023.

With the introduction of statutory standards at EU level, Schouw & Co. launched a Group project in 2022 to implement the new European Sustainability Reporting Standards (ESRS). The first step is to conduct a gap analysis and afterwards update the Group's reporting manual and reporting tools accordingly.

Until the new common EU reporting standard is introduced, these performance indicators will serve as the basis for Schouw & Co.'s ESG reporting.

Recalculation scheduled for 2023

From 2022, mobile combustion is included in our greenhouse gas (GHG) reporting. In our reporting for 2020 and 2021, it was omitted on grounds of materiality, but to ensure compliance with the GHG Protocol, mobile combustion has now been included.

Knowledge sharing

Initiatives have been launched through a newly established Schouw & Co. ESG Academy covering various ESG themes, to ensure the sharing of knowledge and best practice between Group companies.



Environmental reporting 2022

	2022	2021
Revenue (DKKm)	1,815	1,368
Total greenhouse gas emissions (tonnes CO₂e)	4,594	4,395
Scope 1 (tonnes CO ₂ e)	931	634
Scope 2 market-based (tonnes CO ₂ e)	3,663	3,761
Scope 2 location-based (tonnes CO ₂ e)	3,672	3,761
Total greenhouse gas emissions per DKK million revenue	2.53	3.21
Total greenhouse gases per alternative scaling factor	n/a	n/a
Total energy consumption (MWh)	12,293	11,408
Direct energy consumption, scope 1 (MWh)	4,187	3,094
Indirect energy consumption, scope 2 (MWh)	8,105	8,314
Total energy consumption per DKK million revenue (MWh)	6.77	8.34
Total energy consumption per alternative scaling factor (MWh)	n/a	n/a
Share of renewable energy	0 %	0 %
Total water consumption (m³)	22,667	21,916
<i>The company adheres to a formal environmental policy</i>	✓	✓
<i>The company adheres to a specific waste, energy and/or recycling policy</i>	✓	✓
<i>The company uses a recognised energy management system</i>	✗	✗
<i>The Board of Directors monitors and/or manages climate-related risks</i>	✓	✓
<i>Senior management monitors and/or manages climate-related risks</i>	✓	✓

Accounting policies

Energy consumption and GHG emissions

Scope 1: Reporting on scope 1 energy consumption and greenhouse gases is based on the GHG Protocol. Scope 1 covers direct emissions from owned or controlled sources, typically from combustion of gas, diesel or the like. Consumption data have been collected across the companies. For all large sites, figures were calculated based on data on purchases. Consumption figures are multiplied by emission factors obtained using the GHG Protocol calculation tool for stationary and mobile combustion and then translated into CO₂ equivalents using GWP factors.

The 2022 figures now include mobile combustion. In accordance with IFRS, vehicles owned and leased vehicles capitalised in the balance sheet are included in scope 1. The companies collect consumption data on the basis of either fuel consumption or distance, if no data is available on the former. Energy consumption is calculated on the basis of the lower combustion value and added to total scope 1 consumption. The GHG Protocol calculation tool for mobile combustion is then used to translate the consumption into CO₂ equivalents. For hybrid and electric vehicles, electricity consumption data are collected, the figure is multiplied by emission factors for the vehicle's country of registration and the result added to scope 2 consumption.

Scope 2: Reporting on scope 2 energy consumption and emissions is based on the definition set out in the GHG Protocol. Scope 2 covers indirect emissions from electricity, district heating or cooling purchased from other sources. Consumption data is gathered for the businesses from energy bills and similar documents for the purpose of calculating the energy consumption. For minor, less significant sales units, consumption is estimated based on an OECD standard factor per FTE, which is added to the data reported.

The Group reports according to both the market-based and the location-based approaches. The market-based approach reflects emissions from the purchase of energy

and is linked to the financial products and agreements on which the purchases are based. These are verified against the quality criteria of the GHG Protocol described in the Scope 2 Guidance. The location-based approach is based on the actual grid to which factories are connected and mainly uses the latest IEA emission factors, while more specific regional emission factors are obtained for some sites. The market-based approach is used for calculation purposes and in relation to targets.

Energy intensity and emission intensity: Energy intensity is a measure of energy consumption relative to a measure of activity. Two different scaling factors are applied. Energy intensity based on revenue is defined as total energy consumption in scopes 1+2 in MWh divided by DKK million of revenue. Energy intensity based on alternative scaling factors is applied for three Group companies where it is meaningful to measure the ratio of energy consumption to volumes produced. Here, total energy consumption in scopes 1+2 in MWh is divided by the volumes produced, and the intensity measure thus shows energy consumption per tonne of volumes produced.

The same applied to emission intensity, where total GHG emission in tonnes of CO₂e (market-based) are divided by either total DKK million of revenue or the alternative scaling factor in tonnes. The unit for emission intensity is thus tonnes of CO₂e per DKK million of revenue or tonnes of CO₂e per tonne of volumes produced.

Share of renewable energy: The share of renewable energy is calculated as the share of purchased energy (scope 2) if satisfactory certificates matching an emission factor of 0 for the specific electricity consumption are available.

Water consumption: Water consumption data are gathered from sites through meter readings and invoices. For minor sites that are not considered significant, consumption is estimated using a standard factor per FTE.

Social reporting 2022

	2022	2021
Employees		
Average no. of employees (FTEs)	2,111	1,848
Male average compensation relative to female average compensation	1.3	1.2
<hr/>		
Employee turnover for full-time employees	24%	14%
Employee turnover for part-time employees	4%	6%
Proportion of female employees	37%	36%
Proportion of female employees in managerial positions	33%	26%
Proportion of female employees in senior management and executive-level positions	0%	0%
Proportion of part-time employees	3%	2%
Proportion of temporary workers (e.g. contractors or consultants)	3%	3%
<hr/>		
Health and safety		
Fatalities (no.)	0	0
Lost time injury frequency rate (LTIFR) (no. per million working hours)	12.1	10.3
<hr/>		
<i>Company follows a policy against discrimination and sexual harassment</i>	✓	✓
<i>Company follows a health & safety policy</i>	✓	✓
<i>Company follows a policy against child and forced labour</i>	✓	✓
<i>The policy against child and forced labour also applies to suppliers and vendors</i>	✓	✓
<i>Company follows a human rights policy</i>	✓	✓
<i>The human rights policy also covers suppliers and vendors</i>	✓	✓

Accounting policies

Full-time equivalents (FTEs): FTEs are calculated according to the principles used in financial reporting as the monthly average number of FTEs during the year.

LTIFR and fatalities: The total number of accidents, defined as on-the-job accidents that result in an employee being absent from work for at least one day, not including the day of the accident. The LTI frequency rate is calculated per million working hours. Fatalities are defined as deaths caused by accidents on the job or during the performance of work related to the employment relationship. Figures are calculated based on working hours and number of accidents reported for the year.

Male average compensation relative to female average compensation: The average compensation paid to male employees compared with the average compensation paid to female employees. The average compensation is calculated based on the employees' total salaries broken down by men and women.

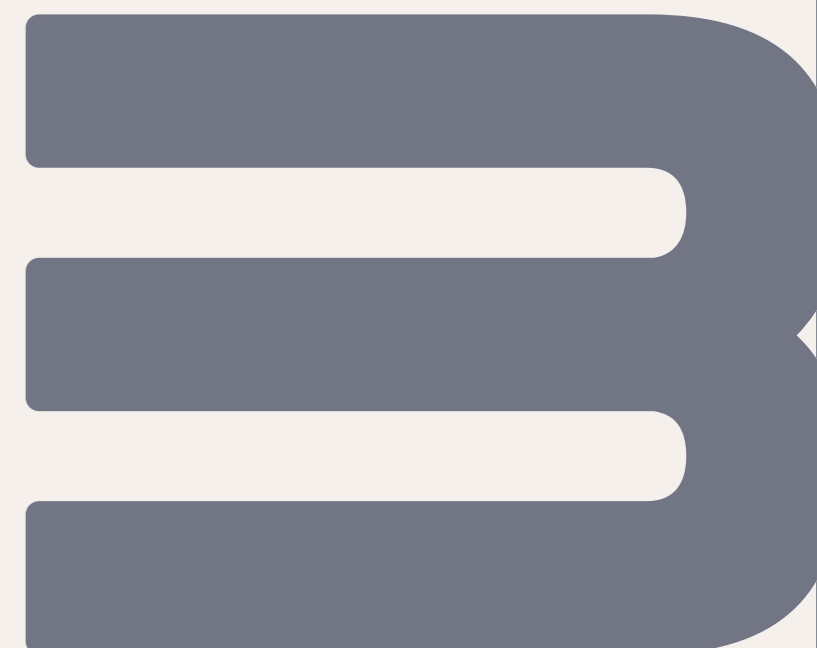
Employee turnover: Employee turnover is defined as the share of employees leaving their jobs as a result of dismissal, resignation, internal job changes, old-age retirement, being employed with another company or death during the year out of the total average number of employees for the year. Figures are reported to the parent company at the end of the year.

Proportion of women in managerial positions: We measure the proportion of women forming part of the

general group of staff, the proportion of women in managerial positions and the proportion of women in senior management and executive-level positions.

Managers are defined as persons having managerial responsibilities, while the uppermost tier of management is defined as persons in executive-level or senior management positions. These figures are also reported to the parent company at the end of the year.

Proportion of part-time employees and temporary workers: Part-time employees: employees who work less than full time. Temporary workers: employees who are not employed by us, but over and for whom we have operational control and have employment responsibility. They include temporary workers in production, summer staff, etc. These figures are also reported to the parent company at the end of the year.



Governance reporting 2022

	2022	2021
Board of Directors		
Proportion of women on the Board of Directors*	0%	0%
Proportion of independent board members*	67%	67%
CEO is barred from serving as board chair		
	✓	✓
The company has a whistleblower system		
	✓	✓
<i>The company adheres to a data protection policy</i>	✓	✓
<i>Suppliers are required to comply with a code of conduct</i>	✓	✓
Proportion of suppliers which formally have confirmed their compliance with a code of conduct	86%	86%
<i>The company adheres to a policy on anti-corruption and business ethics</i>	✓	✓
Proportion of relevant workforce which formally has confirmed its compliance with the policy	99%	-
<i>The company includes ESG data in statutory reporting</i>	✓	✓
<i>The company is focused on a number of selected UN SDGs</i>	✓	✓

* Only includes members elected by the shareholders as calculated at the end of the year

Accounting policies

Board of Directors

Diversity: Proportion of female relative to male shareholder-elected board members for the company. The figure was calculated at 31 December 2021.

Independence as a board member: The number of independent board members (defined based on the definitions set out in the Recommendations for Corporate Governance) relative to the total number of members in the business.

Proportion of suppliers having formally confirmed their compliance with a code of conduct: Measured according to the value of purchases from the suppliers. Approval is obtained if a supplier has signed the business's own code of conduct or has its own policy or code of conduct which is consistent with the requirements of the business' code of conduct.

Anti-corruption: Measured on the size of the relevant workforce, i.e. typically management, sales, procurement and others with external-facing roles who have formally confirmed their compliance with the policy. Registration takes place by the individual businesses,

which then report the data to the parent company.

Data protection: Schouw & Co. has a group-wide data protection policy, which BORG Automotive Group is required to comply with.

ESG reporting: All businesses are covered by the Group's ESG report, which fulfils the requirements of the Danish Financial Statements Act.

UN Sustainable Development Goals: The ESG report includes data on whether the company has committed to selected SDGs as part of its sustainability and ESG efforts.

Corporate income tax paid: The corporate income tax paid for the year is reported. For more information on accounting policies for tax purposes, see Schouw & Co.'s Annual Report.

Diversity Policy

Adopted by the Board of Directors, February 21, 2023.

1. Purpose

The purpose of this Policy is to ensure relevant diversity at the management levels of BORG Automotive Group to the effect that the right qualifications and expertise are present at any time in the company's management and that talent is utilised and retained in the best possible way. The Policy is supplemented by an annex defining the specific targets for the proportion of the underrepresented gender at the company's management levels.

2. Diversity and Inclusion

BORG Automotive Group wants to increase and safeguard value creation in the company through a focus on relevant diversity in the employee composition with a wide range of expertise and for enhancing dialogue, knowledge sharing and risk management. Diversity is broadly defined as a variety of expertise, seniority, education, age, gender, ethnicity, religion, sexual orientation and disability.

The purpose of the company's targets and efforts on diversity is to ensure a corporate culture that supports diversity. It is important that no barriers of opinion or assumption (whether or not deliberate) exist that would restrict diversity or counteract equal employment or career opportunities, regardless of seniority, age, gender, ethnicity etc.

- We want relevant diversity to be reflected at all levels in the organisation.
- We want to be an attractive and inclusive workplace, regardless of where an individual employee is in their course of life and regardless of the position the employee is hired for.
- We want to give our employees the best possible conditions to thrive and develop their skills and expertise.
- To the widest extent possible, we want to take into consideration the individual employee's personal affairs, e.g., when the employee starts a family, approaches their retirement age or experiences other life-changing circumstances.

3. Ensuring relevant diversity at the company's management levels

BORG Automotive Group is built on the company values; transparency, competence, responsibility, continuous improvement and interdependency. In that context, BORG Automotive Group considers diversity a strength that makes a positive contribution to growth, risk management and value creation for the company. In addition, diversity of expertise and backgrounds is considered a factor that contributes to enhancing the quality of the work performed by management and the interaction in and between the company's management levels.

BORG Automotive Group wants a degree of diversity at the company's management levels that will ensure a broad range of expertise, views and experiences. Broad representation of educational and business backgrounds, age and gender as well as both national and international experience at the management levels is a big priority. Among other things, the company aims to ensure that the members of its management levels possess adequate knowledge, professional expertise and experience collectively to be able to understand the Group's activities and the risks associated with them.

Qualification and expertise are taken into account when members are elected to the company's Board of Directors. The evaluation and election of new members for the company's Board of Directors are mainly based on the person's possessing of professional knowledge and experience, that can contribute and ensure a wide range of competencies in the Board of Directors. Moreover, independency of special interests, the need of renewal, and diversity are also considered to the widest extent possible.

With a view of supporting equal access to management positions in general, the company is continuously aware of any hidden barriers that may limit diversity. This applies both to day-to-day work as well as to all stages of the appointment process, in which we strive to not aim any job descriptions, job advertisements, screening of applicants or job interviews without legitimate reason at a specific gender, age or the like.

4. Policy for increasing the proportion of the under-represented gender at the company's other management levels

BORG Automotive Group wants to be an attractive and stimulating workplace that attracts and retains the most qualified employees, and we want equal career opportunities for all employees - regardless of gender.

The company will always want to have its management positions filled by the most qualified candidates. The employment process includes an assessment of competences for the potential new manager based on the job assignments and context in which the new manager will perform its role. Moreover, in any employment, whether made in-house or externally, the emphasis should, to the widest extent possible, be diversity, including gender distribution.

However, the current proportion of women is relatively low at management level, which is why women in this connection are the under-represented gender. Consequently, the focus is on getting more women into management positions by taking dedicated initiatives and actions to support a more equal gender distribution.

This Policy reflects the company's efforts to ensure a more equal gender distribution at the company's management levels, including its ambition that:

- The company is and will remain an attractive workplace for managers of either gender,
- Recruitment and employment procedures support an inclusive culture for both genders,
- When recruiting managers, we strive to always have at least one of each gender among the final candidates,
- The company's employees feel that they have equal opportunities in respect of career advancement and management positions, regardless of gender,
- All employees, regardless of gender, are ensured equal opportunities to develop their professional and personal expertise through participation in seminars and personal development programmes, and
- The company's policies and practices for remuneration and granting of salary benefits to employees in management positions are gender neutral and to the widest extent possible support the principle of equal pay for equal work or equal value.

5. Publication and updates

At least once a year, the Board of Directors must revise this Policy with a view to ensuring that it continues to comply with statutory requirements and the company's business model, values and long-term goals. The Policy is published on the company's website.

As adopted by the Board of Directors of BORG Automotive Group on February 21, 2023 to take effect from February 21, 2023.



BORG Automotive Group

Bergsøesvej 12
8600 Silkeborg
Denmark

P: +45 86 80 11 77
M: info@borgautomotive.com
W: www.borgautomotive-group.com