

COMPANY POLICY AND BUSINESS ETHICS CODE OF CONDUCT

The purpose of this document is to set out BORGERS policy in the areas of Health and safety, Quality, Environment, Business ethics and Human rights & working conditions, along with the minimum standards of behaviour BORGERS expects its employees and business partners to uphold in their dealings and business relationships with BORGERS.

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1 Foreword

BORGERS develops and produces acoustically effective components for motor vehicles worldwide. As particularly light trim & carrier parts, dampening & insulation components, they are used in the interior and exterior of all types of vehicles - from cabriolets to electric cars and heavy trucks. In addition to design-oriented, functional equipment parts for the passenger compartment and boot, our product range also includes non-visible acoustic absorbers for the entire interior as well as wheel arch liners and (textile) undershields for the exterior. Our customers include almost all major automotive manufacturers worldwide, with whom we work closely as a system and development partner from the initial idea through to series production. In this way, intelligent and individual solutions are created for every vehicle, optimised in terms of time and cost.

BORGERS is fully committed to the protection of the Health and Safety of all its stakeholders, to operate all business activities using fair and ethical business practices, maintaining a strong focus on environmental protection. BORGERS has the utmost respect for Human rights and ensures good working conditions internally and expects that all stakeholders with business relationships uphold the same high values and principles in their own business activities and dealings with BORGERS.

This policy document sets out these policy commitments and in the code of conduct section the minimum expectations BORGERS places on its own workforce and other stakeholders who have business relationships with BORGERS.



“Creating long term value, socially, environmentally and economically guides our everyday doing”

Vicente Pérez-Lucerga
CEO

2 BORGERS Company values

As a successful family enterprise established over 150 years ago, we feel a natural responsibility for our employees and their families, our stakeholders and society.

Our company values are at the heart of everything we do, from the strategies we set to the decisions and actions we take in our daily business activities, these five values are of the highest importance to the owners and shareholders of BORGERS and they define us as an organisation, we stand by our values at all times, we expect our stakeholders to adopt similar values and hold themselves to high standards at all times in the course of their professional relationships with our organisation.

Our values can be briefly summarized in the following way:

BORGERS is...

...Reliable

We are reliable partners both internally and externally. We consistently keep arrangements, irrespective of topic and person. This creates confidence and success. This reliability is the basis of our actions – there are no empty promises or uncertainties.

...Sustainable

Our thinking and behaviour is directed towards long-lasting and overall benefit. We preserve and increase the resources which are the basis of our existence – regarding our company and to the whole of society: People and environment.

...People oriented

All our activities and success are based on human relations and mutual respect. This means that we show mutual regard and respect and address the personal and social needs when we are working together at Borgers, too. Our communication in

the company as well as with third parties is formed by mutual respect, trust and by creating relationships with openness and honesty.

...Committed

We take courage in quickly and flexibly making decisions in difficult situations, in carrying them out and supporting them. Acting decisively, we do not lose time. This finds expression in an extensive feeling of responsibility of each one of us which does not only refer to company-related topics, but also to every other aspect of our day-to-day cooperation.

Every single person contributes to customer satisfaction and to the company result by his commitment.

...Innovative.

It is not only decades of experience, but also open-mindedness, willingness to make changes and unrestricted thinking about new ways which are the key for our success in a dynamic environment. Regarding our products this means continuous development of existing concepts and the development of new solutions for fulfilling changed requirements and opening new areas of application for the sake of our customers.

Further information about our values can be found in the companion publication
“Company values”

3 Company policy for Health and Safety

3.1 Health and safety

Protecting the health and safety of all employees, other stakeholders who visit our facilities, the consumers who ultimately use our products and those that handle our products at the end of their useful life is of the utmost importance to Borgers and our highest priority, through our policy and actions we are fully committed to the elimination of potential for harm in all our operational undertakings both from accidents and ill health, in support of this goal, risks and opportunities are regularly evaluated and there is a process in place for identification and elimination of hazards, it is our on-going strategy to implement and achieve third party certification of the occupational health and safety management system ISO 45001 into all facilities within the BORGERS group, and to use this management system as the main driver for the continual improvement of Health and safety performance and for risk reduction.

We recognise that committed and qualified employees are an essential basis of our economic success; BORGERS respects and values its employees and is committed to consulting with employees before changes are made which have a material impact upon them. BORGERS encourages the participation of employees and workers' representatives in the management of change and furthermore BORGERS welcomes the knowledge, creativity, and expertise of its employees regarding opportunities in all areas of business operations.

Based on solid specialist knowledge and commitment, we provide the freedom for entrepreneurial, self-governing work; offer individual development opportunities and commit ourselves to providing information and the necessary resources to achieve our goals.

To be a reliable employer for our employees, "Safety First" stands for us in all areas. Through consistent and exemplary action at all company levels, we want to achieve a safety culture in which our striving for a zero accident rate can be realized.

BORGERS is committed to meeting all Health and safety compliance obligations, including the legal requirements in all countries and regions of operation.

Our main policy points for Health and safety can be summarized as follows:

- **Machine safety** – a core goal for Borgers is to achieve zero accidents, our policy is to ensure that all machines have sufficient protection to always safeguard employees and other stakeholders from injury. This includes guarding, both physical and through technologies such as light curtains, emergency stops and technical measures such as captive key systems to prevent machines operating when personnel may be inside. Tag-out lock-out systems are used in combination with technical controls to minimize risk of injury as far as possible.
- **Emergency preparedness** – risks are regularly assessed to ensure that emergency scenarios are planned for, this includes the use of training and physical drills along with technical solutions such as fire protection systems
- **Incident and accident management** – A zero accident culture is the BORGERS philosophy, this means all accidents and incidents are investigated and monitored, accident and incident investigations, along with actions implemented and best practices are shared with all HSE representatives via regular group level HSE meetings.
- **Workplace ergonomics** – Borgers operates in high-volume production environments and uses standardized work procedures. It is vital to consider the effects of the work and work environment on our employees. Not only are work movements evaluated during the development of standardized work methods, but it is also our policy to use job rotation and other systems like 5S to ensure workplaces are as safe and well organized as possible to avoid preventable ergonomic injuries like repetitive strain injuries (RSI). All employees have access to occupational medical support so that any concerns are identified and addressed as early as possible.
- **Handling of chemicals** – BORGERS recognises that the handling, transporting, and using chemicals can present many risks for the health and safety of personnel and it is important to reduce both the hazards and the exposure of personnel to these. To facilitate this, there is a dedicated release process which evaluates the supplier's Material Safety Data Sheets (MSDS) to identify all risks and requirements for safe transportation, handling, use and disposal of chemicals, along measures to be taken in case of an accident or emergency. It is BORGERS policy to actively seek substitute chemicals for safer alternatives where possible and ensure measures are implemented to minimize exposure as far as possible. The latest MSDS

information for all chemicals in use is kept in readily accessible locations and formats to facilitate fast emergency response. The supplier MSDS information is periodically checked to ensure that the latest versions are available. In addition to protective measures the relevant personnel receive specific training for risks, hazards and for safe use, including how any wastes or residues should be handled.

Borgers commits to compliance with all legal requirements and publishes a restricted chemicals list within the management system and publicly on the company webpage.

- **Fire protection** – Fire has many negative consequences aside from the risk of direct physical harm or of secondary harms through exposure to hazardous materials in smoke or dust, ash, contaminated fire-fighting water etc., so fire prevention is a key objective. BORGERS provides a range of physical fire-fighting equipment such as sprinklers, hydrants and extinguishers, personnel are trained in emergency response and drills are regularly conducted to ensure that all work areas can be quickly and safely evacuated in an orderly fashion. Retrospectively, the results of drills are evaluated to identify any shortcomings or risks & opportunities for further improvement. BORGERS also ensures that key information like chemicals' storage areas or locations of critical infrastructure presenting secondary risks such as gas mains or high voltage installations, are available and made known to emergency responders.
- **Personal protective equipment** – Borgers believes that personal protective equipment (PPE) is the last line of defence after technical & procedural measures have been exhausted. Nevertheless, the BORGERS policy is to provide free PPE to mitigate any residual risk and BORGERS makes PPE freely available all personnel who wish to use PPE as a voluntary additional protective measure.

3.2 Product safety

Our highest priority is top quality products that are safe and meet legal requirements. BORGERS' products are evaluated and monitored by strict quality management systems. Products undergo a safety monitoring process throughout product development, production, and aftermarket. We are responsible for identifying, reporting, and escalating suspected safety issues. Where necessary we report shortcomings to the relevant authorities and take the necessary

measures to ensure products' safety and have suitably qualified Product Safety Officers (PSOs) within both Product development and manufacturing facilities.

4 Quality policy

The name Borgers stands for the highest quality. This applies not only to the development and manufacture of our products but also to all other corporate processes and not least to the sustainable implementation of our social responsibility towards our five key stakeholders:



- In our market segment, we see ourselves as a leading partner of the automotive industry with a clear priority on "quality", which is an essential criterion of our competitiveness.
- Through holistic quality, we secure new orders and satisfy customers to guarantee sustainable growth.
- Our goal is to continuously increase quality from the project to the series phase to further increase the satisfaction of our customers, secure profitability and orient our systems towards the future.
- To ensure that customer, stakeholder, and market needs are met, we have embedded customer requirements alongside our own into our integrated management system. This meets the normative requirements for health, safety, quality, environmental, energy and sustainability management. We are aware that a successful, integrated management system is of fundamental importance for our business. BORGERS is, therefore, committed to continuously improving all relevant processes and procedures. It is a matter of course for us that all legal requirements and other binding obligations are complied with as a minimum.

To remain a reliable partner for all of our stakeholders in the future, we continuously strive for consistency in our goals and activities to ensure the efficient and sustainable development of our business and its manufacturing processes thus achieving our ultimate goal of "zero-defect production" and stakeholder satisfaction throughout the entire value chain.

To ensure that Quality objectives are met, BORGERS has formally adopted the automotive Quality standard IATF 16949:2016, which is based on the ISO 9001:2015 standard. BORGERS is committed to meeting the normative requirements of IATF 16949:2016 and this compliance is assured through annual 3rd party certification in all facilities. The current certificates can be found on the BORGERS webpage.

5 Environmental policy

- **GHG emissions, energy efficiency and renewable energy** – BORGERS is committed to reducing Green House Gas (GHG) emissions through a program of energy reduction initiatives and by the inclusion of renewable energy in purchased electricity contracts. BORGERS measures and is committed to reporting its emissions and targets through the annual Carbon disclosure program (CDP). To support energy efficiency, BORGERS has implemented formal and certified energy management systems (ISO 50001) in those plants identified with higher energy intensity. This has identified projects like LED lighting, heat recovery and Co-Generation, that have led to significant GHG emission reduction in recent years. In line with commitments of the Paris accord, BORGERS is exploring the establishment of a validated Science Based target (SBT) under the SBT initiative, which could form the basis of a future ambitious net zero target.
- **Water quality and consumption** – In developed countries the availability of a clean and plentiful supply of fresh water is often taken for granted, BORGERS considers water to be an invaluable resource and is committed to using water more efficiently and avoiding water pollution, BORGERS facilities measure water quality to ensure that local standards are met. BORGERS has evaluated its facilities operating in areas of baseline water stress and is committed to acting upon the risks and opportunities identified. BORGERS remains committed to disclosing

information about water use and performance through the annual CDP carbon disclosure program.

- **Air quality** – BORGERS is committed to the prevention of pollution and has implemented technical pollution control measures on production lines in order to prevent or reduce the emission of particulates and odour to the local environment, BORGERS also recognises the impact of noise pollution on the local environment and, where residential areas lie in close proximity to a BORGERS facility, noise levels are minimized as far as possible, especially for operations occurring during night time hours.
- **Sustainable resources management and waste reduction** – BORGERS was founded on the recycling of textile waste over 150 years ago and as such, recycling is in our DNA and remains a core principle today.

A high proportion of our input raw materials come from recycled sources and BORGERS continues to strive to develop innovative new materials where wastes can be directly be recycled during manufacture and at end of life. This philosophy is also true in our development of products which reduce the consumption of raw materials, such as in our wide range of light-weight product groups. Our light-weight products also contribute to fuel efficiency and emission reduction during the vehicle's use phase by contributing to vehicle weight savings.

The EU Waste framework Directive's hierarchy for waste is always considered, with the main goal being to prevent waste generation. Where this is not possible, we remain committed to evaluating our waste streams, to seek out opportunities to minimize, reuse, and recycle as much waste material as possible. For remaining waste fractions, where no other viable solution exists, we seek to dispose of these using methods that include energy recovery where possible.

- **Responsible chemical management** – BORGERS is committed to the responsible transportation, handling, use and disposal of chemicals due to the potentially high environmental impacts. To mitigate the risk of pollution BORGERS has implemented technical solutions such as secondary containment in storage areas and around processes with high risk. All purchased chemicals are required to go through a formal release process during which, substitution opportunities are evaluated, especially for hazardous or environmentally toxic substances. BORGERS does not permit the use of any substances specified on our restricted substance list, neither in our own processes nor in our supply chain. Our list in its

current form can be found on the BORGERS webpage. Risks, such as ground water pollution, are evaluated using the source, pathway, receptor model and we are committed to finding and implementing technical solutions, supported by fully trained personnel, to reduce any opportunities for ground, water, or air pollution.

- **Management systems ISO 14001 and ISO 50001** – through formal third-party certified management systems BORGERS identifies and regularly reviews its significant environmental aspects and risks and opportunities. BORGERS is committed to setting environmental and energy performance targets and taking actions that continually improve environmental performance and energy efficiency. BORGERS is committed to maintaining full compliance with these normative requirements, within the scope of its management systems. Any potential deviations identified will be evaluated and acted upon in a timely manner, as appropriate, to ensure robust and long-lasting environmental and societal protection.

Stakeholders having business relationships with BORGERS should uphold similar environmental principles and implement systems and measures to ensure environmental protection in their own organisations.

6 Policy for Human rights & working conditions

- **Child labour and young workers** - BORGERS rejects all forms of child labour and adheres to the minimum age requirements for employment stipulated by the applicable local law.
- **Wages and benefits** - The remuneration paid to BORGERS employees shall be in accordance with all applicable local laws on remuneration, which includes laws on the minimum wage.
- **Working hours** - The working hours shall not exceed the maximum set by the applicable local law.
- **Modern slavery** - BORGERS rejects all forms of forced labour, which includes slavery and human trafficking.
- **Freedom of association and collective bargaining** - We respect the right of all employees to establish and join trade unions and representative bodies and to engage in collective bargaining in accordance with the applicable local law.

- **Harassment and non-discrimination** - Motivated and competent employees are a feature of our family enterprise. We show respect to everybody as an individual, irrespective of his ethnic origin, skin colour, ideology, religion, nationality, sexual orientation, social background, gender, age or disabilities. Every employee is obliged to refrain from any kind of discrimination (e. g. disadvantaging, harassment, bullying) and to facilitate a respectful and fair cooperation.

Furthermore, BORGERS expects that all stakeholders having business relationships with BORGERS uphold these same values and principles.

7 Business ethics policy and code of conduct

The Borgers Group has an excellent reputation, built up over five generations. This reputation is based on our high-quality products, our power of innovation, entrepreneurial spirit, customer orientation, and on our social conduct and orientation towards people. Though it took decades to achieve this reputation, it can irrevocably be destroyed in a moment by a single action against the rules.

It is essential to prevent this. During daily behaviour, each employee can affect the reputation of our company. For this reason, we expect that all employees and other stakeholders demonstrate ethically sound and lawful behaviour in business life and during their professional relationships and dealings with BORGERS.

We are committed to obeying and complying with all laws and regulations, wherever we do business, as well as establishing internal rules for our daily work. Violations will not be tolerated as these can result in severe consequences for both BORGERS and any individuals involved.

The Code of Conduct forms the basis of all our decisions and actions, it is an essential part of our corporate culture. We expect all employees and business partners to always hold themselves to these principles.

7.1 Lawful conduct

We expect compliance with the law and regulations. All employees are obliged to know, respect and comply with the laws relevant to them.

Compliance with existing law takes precedence over any conflicting instruction given by a superior. In case of violation of laws the person responsible and/or the company may be sentenced to imprisonment or fined.

Furthermore, every employee guilty of a violation – regardless of the sanctions provided by statutory law – will have to face disciplinary action up to and including termination because of the violation of his employment obligations.

7.2 Corruption, extortion and bribery

BORGERS fully complies local and international laws which prohibit corrupt business practices in dealing with all stakeholders including public officials and private sector companies.

BORGERS does not tolerate corruption in any form.

Transparent and correct business practice is mandatory and always possible. We do not give or take bribes – neither directly nor indirectly by involving a third party. Offering or giving anything of value (including money, gifts, or services) to a third party with the aim of winning business or getting any other improper advantage is forbidden e.g., keeping a customer from raising legitimate claims.

Even the appearance of impropriety must be avoided. In turn, we never use our position or role within the company to demand, accept or obtain any personal benefit.

Benefits in the form of gifts, invitations to meals, business, or entertainment events, which may influence decisions of business partners may be interpreted as corruption and, as such, a violation of criminal law.

Even the impression of the potential exertion of influence should be avoided.

Benefits shall, therefore, only be granted or accepted if they are in accordance with local law, BORGERS internal rules and providing they are:

- appropriate in value and with regard to the recipient's position and the circumstances of the benefit (these are the typical criteria used to examine the legal requirements);
- in line with customary and reasonable business practices. Offering or receiving promotional items and occasional (courtesy) gifts of low value as well as offering or accepting invitations to reasonable meals or business

events is acceptable. Extra care must be taken regarding public officials and employees. No benefit may be offered or granted as an incentive to get something done or to speed up a process.

- Benefits must be kept transparent and be documented correctly, this means in an understandable, truthful, and complete manner and with reasonable detail.

7.3 Privacy

BORGERS respects the privacy of its employees and business partners and recognizes that healthy relationships are built on trust. Therefore, we protect the individual's right to data privacy. Everyone has the right to determine whether their personal information is disclosed and how it is processed. Our use of personal information is transparent. Further, employees and business partners may, at any time, decide if and how their personal data is used or processed, unless it is otherwise required by law or its use is necessary for a BORGERS business processes. Personal information is only collected, processed, and used to the extent that applicable laws and internal policies permit.

7.4 Financial responsibility

All records and reports such as accounting documents e.g., financial statements, business reports, audit reports and the like which are prepared internally or are outsourced must be correct and truthful.

7.5 Disclosure of information

We do not disclose business information that is not public. Information is treated as confidential and may not be shared with unauthorized persons unless doing so is required by law. This standard also applies to confidential information that belongs to our customers or other business partners. The obligation to maintain confidentiality continues even after the termination of an employee's contract of employment or the termination of the contract with the business partner. The direct or indirect use of confidential business information for personal benefit, for the benefit of third parties and/or to the detriment of BORGERS is prohibited.

An Information Security Management System must effectively counteract the growing variety of potential attacks, both internal and external, and the associated, continually evolving risks.

Ensuring information security i.e., preventing confidential data from being accessed without authorization, is not only a management responsibility: All of us and our external service providers contracted by BORGERS bear responsibility for information security within our respective fields of activity.

It is our duty to ensure a high level of information security adapted to the applicable requirements and developments in all our activities.

7.6 Fair competition and anti-trust

Compliance with antitrust laws (competition rules) is of utmost importance to BORGERS.

BORGERS will never resort to unfair or illegal methods to win business in our market segment. We are confident that we can win business awards based purely on the quality of our products, the strength of our reputation and our commitment to build long lasting partnerships, and through our never-ending determination to meet and exceed customer expectations.

An infringement of competition rules can seriously harm our business and undermine our reputation by exposing us - both the company and any persons responsible for an infringement – to sanctions and severe consequences and it also places our integrity in doubt.

Anticompetitive behaviour is never an acceptable means of winning business. BORGERS would forego a business opportunity rather than violate the law – even if this means failing to meet our established business targets. Our reputation and long-term success are worth far more. BORGERS does not tolerate any anti-competitive conduct, in particular agreements with competitors which aim at exchanging sensitive information, e.g. on pricing, partitioning markets or allocating projects, bidding proceedings or customers. Disciplinary action can be taken against any employee found to be responsible for a breach of competition rules. BORGERS is committed to competing vigorously and fairly, and expects all employees to do so, wherever and with whomever they do business. It is the policy of BORGERS to comply with all competition rules and, therefore, it is also the responsibility of each individual employee to ensure their own compliance.

The Borgers board of management unreservedly commits to ensuring all employees fully understand and respect the competition rules.

Furthermore, the BORGERS board of management expects BORGERS' suppliers, and all other stakeholders, to uphold similar standards at all times in their business dealings with BORGERS.

Should there be any doubts about any conduct, please contact the HR department or your line manager who will be able to support you. Other stakeholders and business partners should contact their Borgers representative for further guidance. If this is not reasonable or they are not comfortable contacting their Borgers representative, they are free to contact Borgers top management directly.

7.7 Conflicts of interest

It is important to us that our business activities and decisions do not cause conflicts between our private interests and BORGERS' interests. Such conflicts of interest are not automatically prohibited, but in all cases these must be declared transparently by informing BORGERS management in writing and without request, about participations and shareholdings in companies which have business relations with the Borgers Group, work or provide services for it, so that agreement can be reached. Where the conflict of interest is incompatible with BORGERS interests, it is prohibited and must be eliminated.

Typical conflicts of interest scenarios where we must seek prior explicit consent on our own initiative are the following:

- paid secondary employment (employed or self-employed activities),
- BORGERS business transactions with family members/relatives or friends, and
- interests in other companies or membership in their governing body.

Consent will be generally given, unless BORGERS' interests are harmed, for example, where secondary employment is for a competing company and thereby employment obligations to BORGERS would be impaired.

7.8 Handling of company and third party property, Intellectual property, assets and resources

All tangible and intangible assets and property, including property and resources ("Property") belonging to BORGERS and any third-party Property placed into BORGERS' care, must be handled with care and protected from loss and misuse to prevent serious harm to BORGERS.

BORGERS Property may only be used for BORGERS business purposes. Private use must be authorized in advance. Third-party Property, particularly intellectual property, may only be used when authorized.

Private use of third-party Property is prohibited.

7.9 Export controls and economic sanctions

As a global company, we comply with all local and international trade regulations and import and export control laws related to our international business transactions. This includes any economic sanctions or regulations intended to prevent terrorism. Each of us contributes to adhering to the laws, regulations and internal BORGERS rules in this field.

7.10 Whistleblowing and protection against retaliation

A whistle-blower is a person who passes on information about an individual's and/or a company's wrongdoing to the company, an individual, and/or a third party. The act of passing on that information is known as "blowing the whistle" or "making a disclosure."

Grounds for whistleblowing normally fall into one of the following categories:

- criminal offences
- failure to comply with legal obligations
- miscarriages of justice
- the endangering of someone's health and safety
- damage to the environment
- covering up wrongdoing in one of those categories

BORGERS fully believes that employees have the right to "blow the whistle" either where the company or an individual has demonstrated past or present wrongdoing or there are grounds to believe this will happen in the future.

BORGERS will investigate all claims of wrongdoing vigorously and fairly and will seek to protect the whistle-blower, including the whistle-blower's anonymity where appropriate. There will be no reprisals or consequences, such as dismissal, where

a whistle-blower acts in good faith or has grounds to raise genuine concerns about wrongdoing.