



bilstein group Sustainability Report

Non-Financial Report 2022

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Letter from Group Managing Directors



„Mobility is what drives us“ - and has done so since 1844. However, mobility does not only refer to our products, but also to our characteristics as a group of companies to deal flexibly and proactively with changes in our markets and in the world. With a customer-centric approach, we continue to be globally successful, now in our seventh generation.

Since our founding 180 years ago, however, we had to live and manage in harmony with our stakeholders and the environment around us. That is why the bilstein group, as a family-run group of companies, has always taken its social and ecological responsibility very seriously. For us, sustainability is not just a legal obligation, sustainability has always influenced our corporate decisions, and it will continue to do so in the future. As a locally rooted family business, we know that only sustainable business processes can be future-proof.

Our goal is to maintain mobility - sustainably and globally. Sustainability at the bilstein group is made up of the following three key components:

Economy: The bilstein group produces high-quality and durable products that take equal account of environmental protection and affordable mobility.

Ecology: In the production and distribution of our products and services, we rely on products, processes and structures that conserve resources as much as possible.

Social aspects: In the production of our products, we pay attention to appropriate wages and working conditions - also along the supply chain - and, as a multi-generational company, we have always operated in harmony with our stakeholders.

Sustainable products are therefore not only limited to producing the smallest CO₂ footprint, but also to creating long-term jobs with good working conditions and living wages. Thus, for us, sustainable production means manufacturing products through economically viable processes that minimize negative impacts on the environment while conserving energy and natural resources. The bilstein group has already been doing this for many years through digitalization and investments in our energy efficiency.

However, it is not only in the past that the protection of our environment has always played a central role for us. For upcoming generations in particular, climate protection will be one of the most challenging tasks. That is why we are committed to the Paris Climate Agreement. To contribute to this, the bilstein group reduces emissions along the entire supply chain and relies, for example, on energy-efficient technologies, renewable energies, resource-conserving production processes and efficient building standards as well as a comprehensive energy management system. Our declared goal is to reduce emissions along the entire value chain.

Our sustainability strategy sets the path here:

Creating situational awareness and transparency by

- establishing global energy teams
- integrating all bilstein group sites into the energy management system

Avoidance of emissions by

- continuous improvement of all environmental and energy-related processes
- regular audits and certifications

Reduction of emissions and the ecological footprint by

- the consideration of sustainability aspects in every investment
- the evaluation of the use of renewable energy sources

Compensation of unavoidable CO₂ emissions by

- supporting climate protection projects

One example is the increased energy efficiency standards, which all of our new buildings have since 2008. Simultaneously, the energy efficiency of our production and logistics processes is continuously being increased and processes are being converted to renewable energies. The share of self-generated renewable energy is being continuously expanded and the German bilstein group sites have been operated exclusively with green electricity since 2021. Unavoidable emissions, such as in the vehicle fleet area, are subsequently offset by climate-friendly projects.

In this way, the bilstein group was able to achieve climate neutrality in 2022 in all German administrative, logistics and production locations with regard to emissions on which the company has a direct influence.

There is still a long way to go to achieve sustainable mobility. The bilstein group will continue along this path it embarked on many years ago in order to make a significant contribution here.

Karsten Schübler-Bilstein
Group Managing Director

Jan Siekermann
Group Managing Director

Our Sustainability Impact in 2022 – Key Figures

Environmental

Our products:

- 6,000+ articles applicable for hybrid & electric passenger cars
- Motair RECO program - Circular economy remanufactured turbochargers
- Climate neutral engine oils

Our operations:

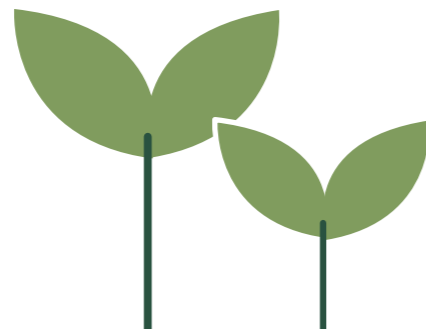
- 345,104 t CO₂-eq emissions worldwide (Scope 1, 2, 3)
- 0.37 kg CO₂-eq per EUR turnover
- 77% electricity from renewable sources, 1,201 MWh (9.3%) produced onsite
- Climate neutral operations and production in Germany – avoidance and compensation of all CO₂ emissions
- 97% recycling rate for waste generated in our operations in Germany and UK

Social

- 2,677 employees worldwide – 31% female, 69% male
- 98% of employees with regular performance and development reviews
- Accident rate in our German locations – 62.87 injuries per 1,000,000 working hours (LTIFR)

Governance

- Customer satisfaction index – 8.54 direct customers and 7.54 indirect customers
- 0.1% complaints rate
- DIN ISO 9001 Quality Management Standard certificate for all locations in Germany and UK
- Quality Management System certification in accordance with German National and International Road Traffic legislation certified by TÜV Nord
- 100% suppliers-risk rated based on sustainability requirements (human rights, business ethics, environmental approach)



Who we are

The bilstein group is a family-owned group of companies in its seventh generation, headquartered in Ennepetal, Germany. As a supplier and manufacturer of spare parts for the Independent Automotive Aftermarket (IAM), we offer repair solutions for all common vehicle types in the car and commercial vehicle sector. The bilstein group Engineering division is a main supplier of automotive spare parts for the group, but also manufactures high quality components for various industrial applications.

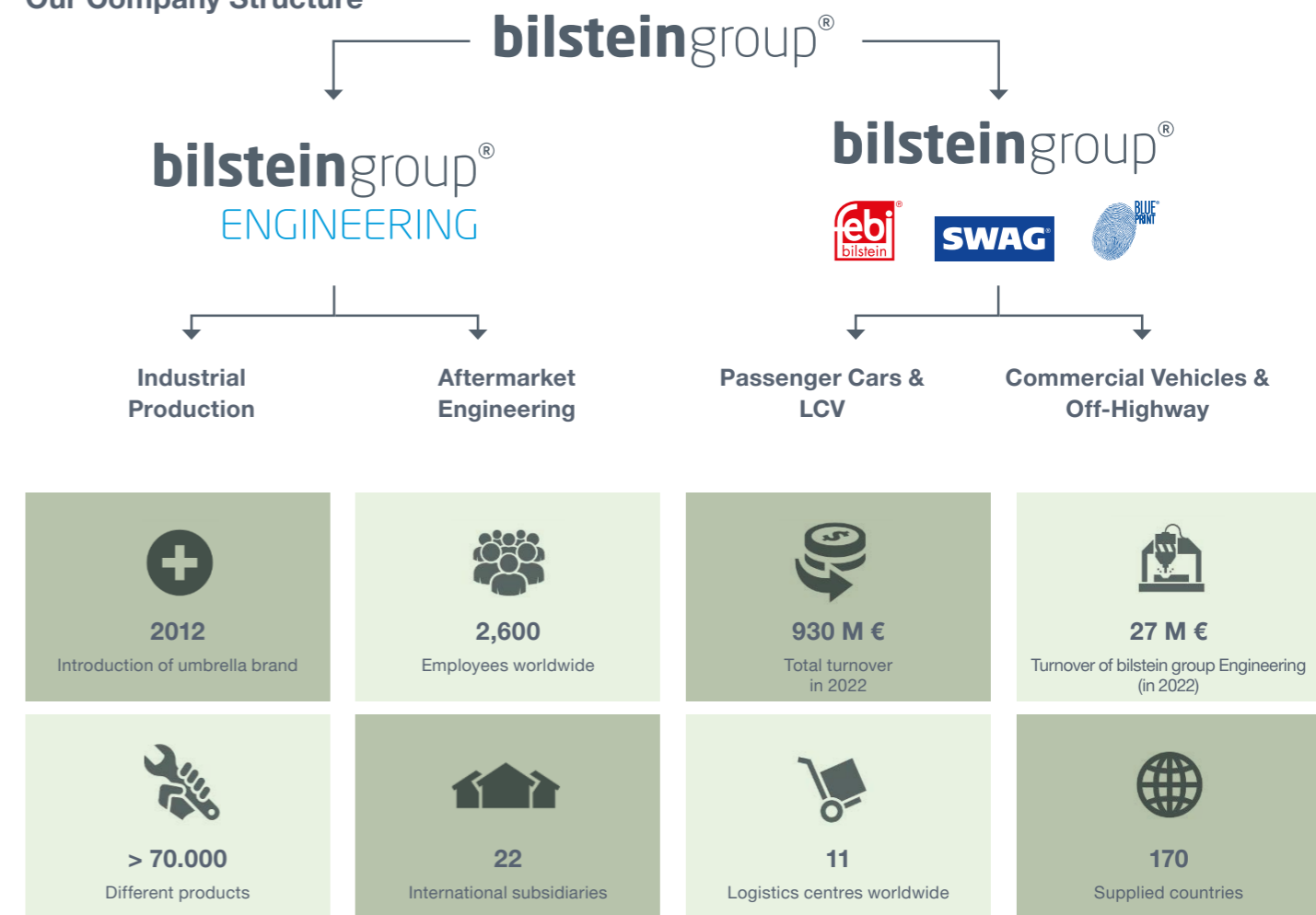
Since 2012, the bilstein group unites its internationally renowned product brands febi, SWAG, Blue Print and Motair (since 2021) under its umbrella.

Sustainably maintaining mobility worldwide is driving our mission: Through an open and creative environment, we provide the framework for future-oriented solutions with the aim of offering the IAM a comprehensive range of high-quality replacement parts and outstanding services for efficient

vehicle repairs. All the while, we act as a family business in the long term – making us reliable and predictable. A vital part of our philosophy is the focus on longstanding and cooperative partnerships with our international customers. Together with them we want to develop the IAM and make our business environment fit for the future. A key factor in partnering with our customers is the creation of new opportunities along the way. Our focus lies on the current possibilities of the IAM, but tomorrow's needs have always been our drive. Therefore, electrification and the evolution of mobility are high on our agenda.

We are offering over 70,000 different replacement parts to customers in 170 countries worldwide. To be as close to our partners as possible we are located in Europe, Africa, Asia, North and South America as well as the Middle East. In 2022, the 2,600+ employees in our 22 locations, most of which are international, turned over 930 million euros.

Our Company Structure



Our Holistic Approach towards Sustainability

As a mid-sized, family-run group of companies, the bilstein group has always taken its social and environmental responsibility seriously. For us, sustainability is more than just a mandatory obligation: in the coming years, we intend to focus all our actions on it. As we work towards becoming a more sustainable company, we cover all three pillars of sustainability: Environmental, Social and Economical (Governance).

In preparation of this report, we have identified eight material topics which are most relevant for the bilstein

group. As a first step, we conducted a desk research and reviewed our peers, ratings and trend reports to select topics which are applicable for our industry. We also took our customers' and external stakeholders' perspectives into consideration. In a second round, we assessed the topics from the desk research based on impact and risk and made a final selection.

Our list of material topics is mapped against GRI standards and UN SDG goals and is consistent with most commonly used sustainability frameworks.

List of material topics:

| Environmental | Social | Governance |
|--------------------------------------|---------------------------|--|
| Climate protection | Our employees | High quality and customer satisfaction |
| Saving resources through circularity | Health and safety at work | Business ethics |
| | Supporting our community | Sustainability in supply chain |



Environmental

Environmental protection is a major concern for us. We focus on processes and structures that reduce our carbon footprint and conserve natural resources as much as possible.



Material Topic 1: Climate Protection

GRI 302: Energy | GRI 305: Emissions

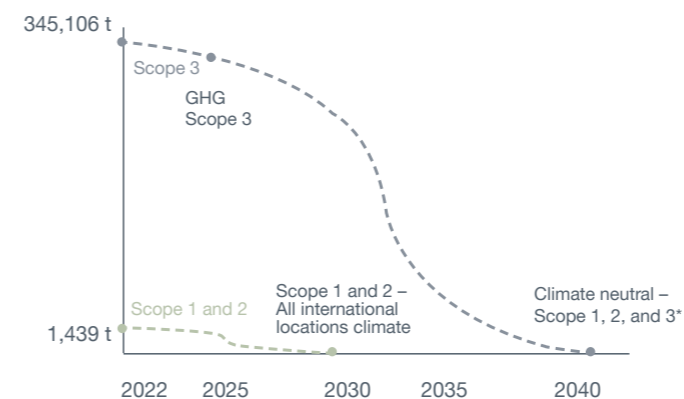
We are committed to the Paris Climate Agreement and aim to reduce the environmental impact of our operations around the world and along our supply chain. Our goal is to reach carbon neutrality for all our direct and indirect emissions until 2040. We aim to reduce and avoid as much emissions as possible. The unavoidable emissions will be compensated with approved and trusted carbon offsetting programs.

Protocol and analysed where most of our emissions are coming from. Results showed that our Scope 1 and 2 emissions are originating from energy consumption in our production, warehouses, and office spaces, whereas our Scope 3 emissions arise from our value chain and procurement of products and raw materials.

In 2022 we took significant actions to reduce our Scope 1 and 2 GHG emissions.

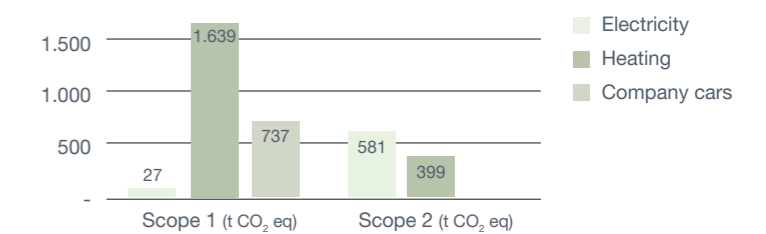
As a first step we have assessed our Scope 1, 2 and 3 emissions for our baseline 2022 year in line with the GHG

| GHG Emissions | Market based (tCO ₂ -eq) | Location based (tCO ₂ -eq) | GHG Intensity (kg CO ₂ /EUR turnover) – market based |
|--|-------------------------------------|---------------------------------------|---|
| Scope 1 | 2,403 | 2,403 | 0.003 |
| Scope 2 | 980 | 4,089 | 0.001 |
| Scope 3 | 343,667 | 343,667 | 0.369 |
| Compensated emissions | 1,944 | | |
| Total Scope 1+2+3 (compensated) | 345,106 | 348,215 | 0.371 |
| Total Scope 1+2+3 (without compensation) | 347,050 | 350,159 | 0.373 |



Scope 1 and 2 – German locations climate neutral*
 * GHG avoided as much as possible and unavoidable emissions compensated

Scope 1 and 2 Emissions





Renewable Electricity

In 2022, 77% of our electricity consumption worldwide has been generated from renewable sources.

We have produced 9.3% of renewable energy onsite with photovoltaic systems in our production facility in Ennepetal (Germany) and our logistics centres in Gelsenkirchen (Germany), Chesterfield (UK) and Venda do Pinheiro (Portugal). For the remaining 67.7% we have purchased electricity from renewable sources. In that way, we have avoided more than 3,000t CO₂ emissions and reduced our Scope 1 and 2 emissions by half.

The photovoltaic (PV) power station in Ennepetal is one of the largest in the Ennepe-Ruhr district, covering around 6,000 square metres. Our own production facility, the bilstein group Engineering, uses around 75% of the electricity generated (approx. 800,000 kWh/year) for its machinery. The surplus 'green' electricity is sold into the municipal power grid.

The PV system in Gelsenkirchen is also around 6,000 square metres in size and has 2,200 photovoltaic modules which can produce over 700,000 kWh of electricity per year. The output capacity of both solar plants – 1.5 million kWh/year – corresponds to the electricity needs of approximately 500 households.

Since 2013 we are also using CHP (combined heat and power) in our logistic centre in Ennepetal which helps us to produce energy in a more efficient way. Combined heat and power is part of both the heat and the electricity markets and plays a key role in transforming Germany's energy supply*. It is powered by natural gas, meaning that electricity is not generated from renewable sources, but is far more efficient than other power generation facilities.

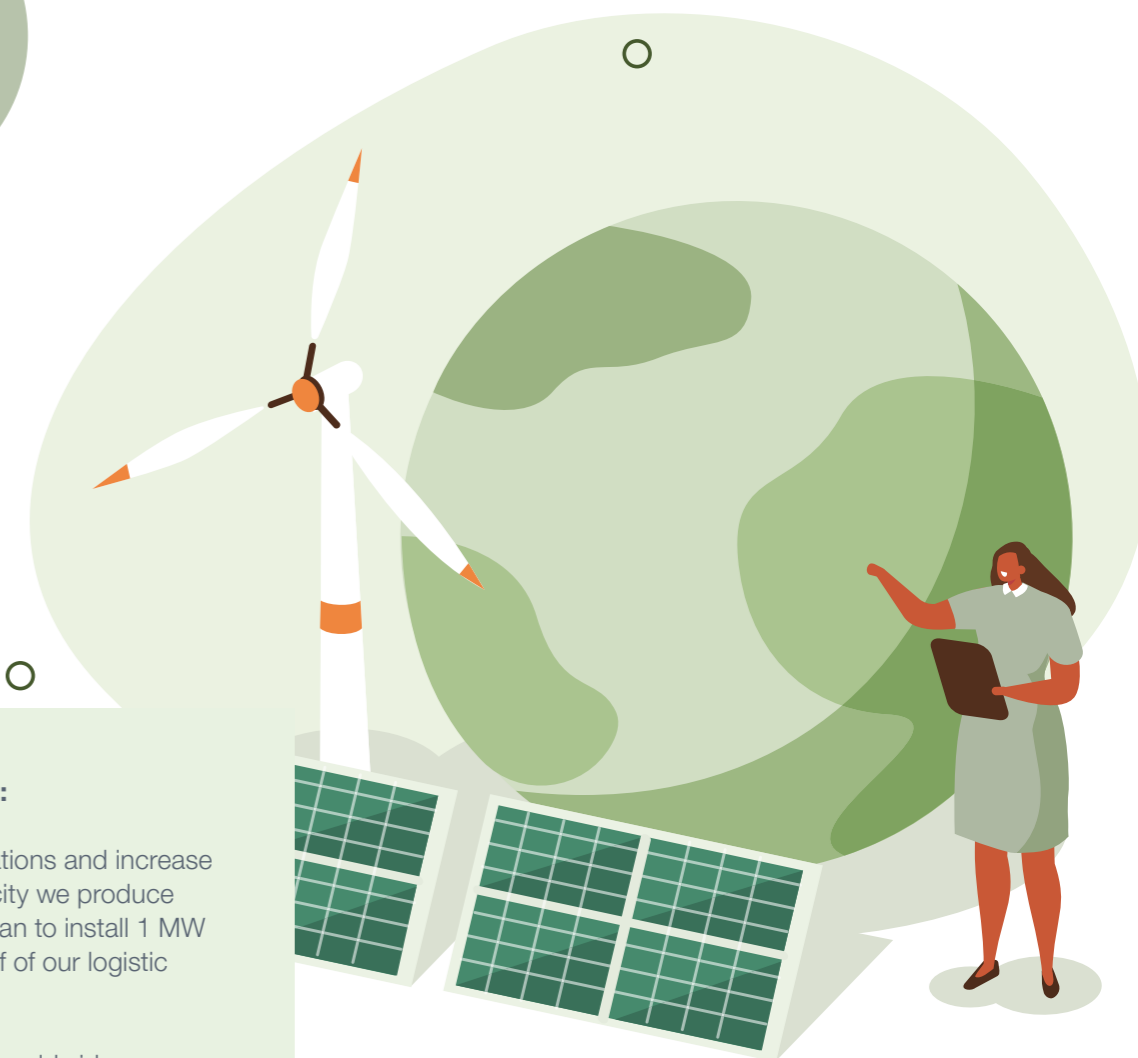
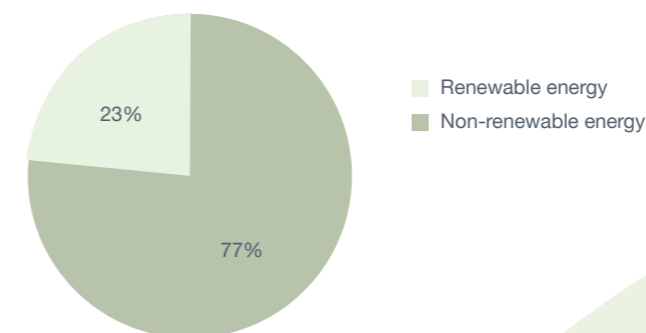
It requires less fuel and heat that is generated as a by-product of power generation is used to supply thermal energy.

* <https://www.bmwk.de/Redaktion/EN/Artikel/Energy/modern-power-plant-technologies.html>



| Worldwide Energy Consumption – 2023 | MWh | % |
|---|---------------|-------------|
| Consumption of purchased electricity (Green certificates) | 8,716 | 67.70% |
| Consumption of purchased electricity (District heating) | 2,719 | 21.12% |
| Consumption of self-generated electricity from solar panels | 1,201 | 9.33% |
| Consumption of self-generated electricity from CHP | 137 | 1.06% |
| Consumption of self-generated electricity from Diesel (Emergency power) | 102 | 0.79% |
| % of electricity consumption from renewable sources | | 77% |
| Produced renewable energy onsite and sold to grid | 388 | |
| Total electricity consumption | 12,875 | 100% |

Electricity (% of renewable energy)



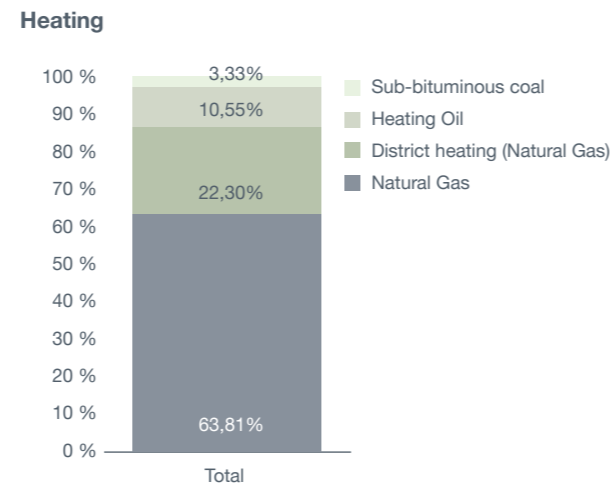
Goals and next steps:

- Extend our PV installations and increase the amount of electricity we produce onsite: By 2024 we plan to install 1 MW PV system on the roof of our logistic centre in Ennepetal
- By 2030 all locations worldwide are supplied with 100% renewable electricity; producing more electricity onsite and avoiding remaining emissions by purchasing certificates for green electricity

Sustainable Heating

All our heating energy was generated by combustion of fossil fuels (mostly natural gas, but also fuel oil and small amounts of coal). In our new logistics centre in Gelsenkirchen (Germany) we are using district heating and we are planning to further reduce our negative impact on the environment and are researching options to supply renewable heating energy.

| Worldwide Energy Consumption – 2022 | MWh |
|--|--------------|
| Onsite natural gas combustion | 6,237 |
| Purchased district heating (District heating - mostly natural gas) | 2,180 |
| Onsite combustion heating oil | 1,031 |
| Onsite combustion coal and coal products | 326 |
| Total heating consumption | 9,774 |



Goals and next steps:

- By 2024 we purchase 'green' gas for all our German locations which currently have onsite combustion of natural gas
- Elimination of fuel oil and coal as sources of heating energy

Energy Efficiency

To create transparency of our energy consumption and enable a systematic energy management, an energy management system in accordance with DIN EN ISO 50001, certified by TÜV, was introduced at all our German and UK sites. With this, the bilstein group has committed itself to collecting and evaluating energy-relevant data and initiating appropriate measures to save energy and resources.

Goals and next steps:

- By 2025 we include all bilstein group logistics centres and production sites into the energy management system
- By 2030 we include all bilstein group locations worldwide into the energy management system
- All new buildings are built in accordance with a higher energy efficiency standard than required (at least KfW Standard 55 in Germany)

Green Sites, Green Buildings

In logistics, buildings tend to look functional from the outside, but our new facilities have it all when it comes to energy efficiency. Both our in-house production in Ennepetal and the logistics centre in Gelsenkirchen, opened in 2022, were built according to KfW Standard 55. This means they consume around 45 percent less energy than a comparable new building without these efficiency measures.

In addition, the buildings in Gelsenkirchen have been equipped with a green roof of around 15,000 square metres. Not only environmental aspects are of concern: among other things, the green roof helps to reduce the negative effects of heavy rainfall and contributes to better climate conditions in the rooms below.

In our logistics centres, we mainly rely on automated logistics systems. The automated warehouse systems in Ennepetal and Gelsenkirchen, for example, allow us to save around 75% of the space required by a fully manual warehouse. We also use energy-efficient components and drives (active shutdown of conveyor technology when not in use; use of braking energy of the stacker cranes). Thanks to savings in light and heat as well as process energy, in our logistics centre in Ennepetal alone, we consume up to 1,500 t less CO₂ per year in our automated warehouses than in a comparable manual warehouse.



All our German locations are climate neutral for Scope 1 and 2

Our locations in Germany account for more than 80% of total Scope 1 and 2 emitted CO₂ from bilstein group operations across the globe. That is why our focus was mostly to reduce and avoid emissions in our German locations as much as possible. By focusing on electricity as a central source of energy, the usage of PV systems, a climate friendly district heating and through the use of "green" electricity for all our German locations, we have managed to avoid 47% (3,109 t CO₂-eq) of our Scope 1 and 2 emissions in Germany.

For the remaining unavoidable emissions (1,944 t CO₂-eq) we have purchased carbon offsetting certificates for programs that naturally enhance carbon capture (e.g. through forest restoration) and thus reached carbon neutrality for all bilstein group locations in Germany. Even though we have decided to compensate for our remaining emissions we won't stop our investments and efforts in further reducing and avoiding CO₂ emissions in our operations. With planning to purchase 'green' gas for our heating facilities and to increase the number of electric vehicles in our fleet, we will continue to decrease our emissions.

Additionally, in our pursue of climate neutrality by 2040, we will expand the measures in our subsidiaries around the world in the following years.



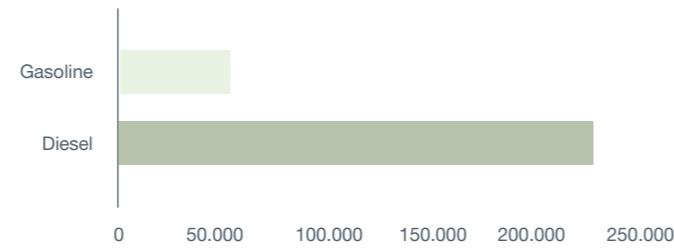
Sustainable Fleet Management

In 2022, 737 t CO₂-eq was emitted from our company fleet. The bilstein group owns or leases 183 passenger cars in total. Most of the cars in our fleet are individual company cars used by employees (part of our employee benefits).

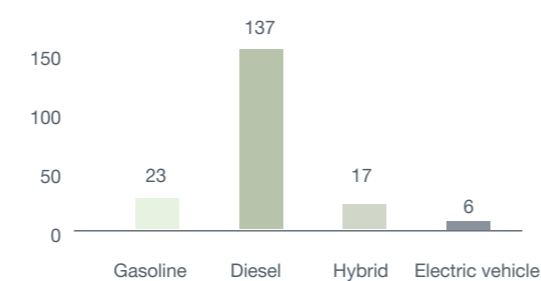
We have introduced a fleet policy more than five years ago which regulates CO₂ emission limits for passenger cars which can be purchased or leased.

| Fuel type | Fuel consumption (l) | Emissions t CO ₂ -eq |
|--------------|----------------------|---------------------------------|
| Diesel | 230,147 | 607 |
| Gasoline | 52,877 | 130 |
| Total | | 737 |

Fuel consumption – Company cars



Fuel type – Company cars



Goals and next steps:

- By 2023, 30% of our car fleet will consist of electric or hybrid vehicles
- By 2027 all locations owned by the bilstein group will have charging stations for electric vehicles

Indirect GHG Emissions – Scope 3

GRI 308: Supplier environmental assessment

To reach more transparency about how our indirect operations and our supply chain are impacting climate change, we have decided to conduct a systematic Scope 3 emissions assessment according to GHG Protocol Guidelines. Results confirm that 99% of our total CO₂ emissions are originating from products and materials we are purchasing from our suppliers (around 343,667 t CO₂-eq).

For the calculation of Scope 3 emissions, we have used secondary data and emission factors from reliable databases. We were able to observe that this data is not very precise and often lacking specific information for our industry. Therefore, we plan to gather primary data on carbon emissions directly from our suppliers and investigate opportunities to further reduce Scope 3 emissions.

Carbon assessment will also be done for all new and potential suppliers and their carbon intensity will become one of the prerequisites when choosing new suppliers.

| Significant Scope 3 GHG Emissions (t CO ₂ -eq) | 2022 |
|---|----------------|
| Purchased goods and services | 333,789 |
| Downstream transportation and distribution | 3,542 |
| Upstream transportation and distribution | 2,746 |
| Capital goods | 3,215 |
| Waste generated in operations | 95 |
| Business travel | 280 |
| Total Gross indirect (Scope 3) GHG emissions – t CO₂-eq | 343,667 |



Carbon Neutral Fluids

All our oils, offered within the febi and SWAG brands are carbon neutral. We rely on suppliers that have reduced, avoided or compensated 100% of their CO₂ emission which originated from the production of the fluids. In that manner we have managed to save more than 9,500 t CO₂ emissions – which accounts for 3% of our total Scope 3 CO₂ emissions.

We have even higher ambitions in this area: together with our partners we are researching possibilities to recycle fluids and be able to reuse them without quality loss.

Goals and next steps:

- By 2025 we will have gathered primary data and assessed carbon intensity of all our suppliers
- By 2040 we aim to achieve carbon neutrality for all indirect emissions (reducing, avoiding and compensating)

Material Topic 2:

Saving Resources through Circularity

GRI 306: Waste | GRI 301: Materials

Spare Parts for the Mobility of the Future

Cost-conscious usage of resources is at the core of our business. As a pioneer in the IAM, we believe that our high-quality and durable products are extending the vehicle lifespan so significantly (with comparatively low use of resources), that we have a positive influence on the sustainability balance of the whole vehicle.

We are well aware that the CO₂ balance of mostly older vehicles with combustion engines must be compared to vehicles with more modern drive technology. In the future, it will be all the more important that vehicles with hybrid, electric or other alternative-drive systems are supplied with

the necessary spare parts for the longest possible service life. Therefore, we are shifting together with sustainability trends and develop our spare parts for the mobility of the future.

We already have thousands of parts on offer for the hybrid, electric, hydrogen and alternate-powered vehicle sector, be it passenger cars or commercial vehicles. More than 2,000 new articles are being introduced annually for passenger cars alone, and we have a database of over 90,000 individual vehicle variants. By adding more and more parts for alternative-drive vehicles to our range, we will be able to keep cars on the road for longer in the years to come, thus securing the future of sustainable mobility.

+/-400

hybrid & electric models catalogued in partsfinder & TecDoc

articles applicable for hybrid & electric passenger cars

6000+

Fast to Market

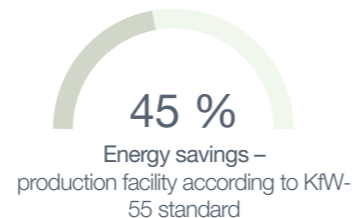
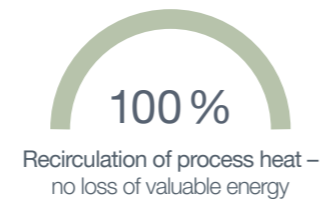
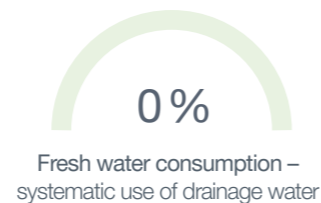
Proactive research of all new models to identify existing & new OE references for immediate cataloguing and fast development of key product lines

Sustainable Production

Almost 1,000 tons of steel and 9,000 pieces of aluminium were used in our production facility in Ennepetal to produce spare parts in 2022. Both steel and aluminium are infinitely recyclable, without any degradation in quality.

In our production, we intend to reuse all the resources we have:

- Heat from the machines is used to heat the fresh air drawn in from outside in colder months, saving on additional heating.
- The waste heat from the compressors is, in turn, used to generate hot water for the sanitary facilities.
- For our metal hardening processes, we consequently use rain and drainage water to cool down the cooling circuit.



Circular Packaging

We continuously work on making our packaging more sustainable and circular. We started our journey with eliminating 'Combipackaging' (packaging made of combination of cardboard and plastics) which made our packaging easy to sort and recycle after usage. Additionally, we have introduced logistics guidelines that set clear rules both internally and for our external partners as to what types of packaging material may be used.

When using plastics, only PE (polyethylene), PP (polypropylene) or PET (polyethylene-terephthalate) can be used and the quantity is kept to a minimum. The use of PVC (polyvinylchloride) is strictly prohibited and the use of polystyrene should always be avoided (only permitted for moulded parts).

In 2019 we conducted an analysis on the usage of bubble wraps and used the results to reduce quantities by 24.5 t (from 2019 to 2020). In 2022 we went one step further and switched to bubble wrap that consists of 50% recycled plastic.

We do not plan to stop there, our goal is to minimize the usage of plastic as much as possible. Therefore, until 2024 we will further increase our share of recycled plastic (depending on the type of packaging between 10% and 30%) and reduce the thickness of plastic foil from 100 µm to 80 µm.

| Packaging material | Weight (t) |
|---------------------|------------|
| Paper and cardboard | 7,571 |
| Plastics | 2,129 |

Zero Waste Ambitions

We are recycling 97% of waste we generate in our operations in Germany and UK. We are aiming for 100%. Our plan for the next years is to gather data about waste management in our logistics centres outside of Germany and set a goal for a recycling rate for all our locations.

| Waste type | Weight (t) |
|-----------------------|------------|
| Paper and Cardboard | 2150 |
| Plastic | 122 |
| Metal | 1773 |
| Wood | 1430 |
| Unsorted waste | 202 |
| Recycling rate | 97% |

Remanufacturing

In November 2021, the bilstein group has acquired the Motair Turbolader GmbH, a Cologne based company which specializes in turbochargers. Turbochargers are an integral part of modern combustion engines, combining high performance with environmental efficiency. As such, it is almost essential for new vehicles.

Motair offers products from well-known OE manufacturers as well as remanufactured turbochargers: the Motair RECO program. The industrially remanufactured turbochargers are a cost-effective and high-quality repair alternative for engines at the end of their life cycle. Production is carried out in audited quality processes according to ISO 9001. The remanufactured turbochargers are functionally the same as the original part. Compared to the new production of turbochargers, remanufacturing conserves valuable resources and thus relieves the burden on the environment.

Starting point for the Motair RECO range is the old turbo-charger. All turbochargers are sold in exchange for a deposit, i.e. remanufactured part for old part. When the old turbo-charger is returned, the deposit is also returned.



Social



Material Topic 3: Our Employees

GRI 401: Employment | GRI 404: Training and Education | GRI 405: Diversity and Equal Opportunity

Individually strong, unbeatable as a team

All our employees, regardless of their origin, gender and other personal characteristics, are treated fairly and transparently according to the same valid criteria of our Compensation and Benefits Principles. We are committed to create equal opportunities for all our employees and to promote and develop personal abilities of our co-workers.

Each year, our employees have a performance review, in which they discuss together with their managers their progress in the previous year and set goals for the following

year. This is also an opportunity to discuss potential for improvement and identify tailor made trainings to strengthen the employee's skills and qualifications. Potential for improvement, training requirements or a redesign of the area of work and activity may be initiated.

We have set out to become a 'New Work' company implementing agile working methods. The aim behind this is to become more flexible and less bureaucratic. We have adopted hybrid working environments (teams that are on-site and mobile at the same time) and are currently redesigning our offices to adapt to the new working style.

In Germany we offer our co-workers a set of different benefits they can choose from:

- Company cars and bikes
- Additional retirement plans
- Company health insurance options
- Employee share ownership models

The bilstein group offers its employees a comprehensive range of services aimed at promoting health and well-being. This includes a bike leasing program, which provides employees with the opportunity to lease high-quality bicycles. This program does not only contribute to improve health but also supports environmental conservation by encouraging the use of eco-friendly modes of transportation.

Furthermore, the bilstein group actively engages in society by organizing an annual blood donation day. This exemplifies the company's commitment to social responsibility. In addition to these initiatives, employees are provided with ergonomic workspaces, optional regular check-ups by the company physician, and annual flu vaccinations to promote their health and well-being.

These measures underline the bilstein group's holistic commitment to the health and well-being of its employees and its sense of social responsibility.

We see training and development as an important investment in future success and competitiveness of the company.

Embedded in the corporate strategy, bilstein group training and development aims to offer employees individual career paths and perspectives for personal development. As a family business, the focus lies on individual contact

and social responsibility towards the employees – not on standard training catalogues. The challenge associated with the growth of the locally rooted company is to translate the traditional values and closeness to the employees into supporting structures.

In 2022, the management mission statement was published in which the managers openly and decisively committed themselves to the guiding principle 'People matter!'. In workshops, 145 managers pleaded for a management development programme in which they are continuously trained to apply the values in their daily work.

To further expand individual personnel development, a new skill and talent management system was introduced in 2022*. Additionally we have redesigned the company-wide appraisal talks. Individual development goals can be discussed either in these talks or throughout the year. As a result 373 employees participated in further training. Effectively 21% of the workforce took part in a training measure in 2022. Hence a total of 2,958 hours of training were completed just in Germany. Worldwide our employees participated in more than 11,000 hours.

In order to be able to offer employees new digital and workplace-based training opportunities, the management has commissioned the acquisition of a learning management system for 2023. In the future, all employees will have immediate access to e-learnings and will be able to plan a training schedule independently of the appraisal talks. Furthermore, the system will also enable managers to have a quicker overview of the learning status and skills of the employees in order to identify the need for support and opportunities for development faster and in a more structured manner.



“As a family company, the bilstein group is a reliable employer that offers longterm prospects and at the same time communicates with its employees at eye level. Here, people can contribute and develop to the best of their talents. No matter what position you are in: at the bilstein group, everyone can present their own ideas and will be heard.”

Natascha Tetzner, Director Group HR & Organisation

* Numbers refer to the German business location

| General figures | Total | Male | Female |
|---|-------|-------|--------|
| Number of employees | 2,677 | 1,841 | 836 |
| Permanent contracts | 1,979 | 1,328 | 651 |
| Temporary contracts | 456 | 340 | 116 |
| No direct contract with BG | 242 | 173 | 69 |
| % of employees with regular performance and development reviews | 98% | | |
| Average number of training hours provided to employees | 4.18 | | |

| Diversity figures | | | |
|----------------------------------|----|----|---|
| Top Management (Group Directors) | 20 | 18 | 2 |
| Employees with disabilities | 51 | | |
| Managing Directors Subsidiaries | 17 | 16 | 1 |

The bilstein group employs 2,677 employees worldwide. Most of the workers (74%) have permanent contracts with the bilstein group, while 17% of the employees have temporary contracts or are vocational students. Additionally, the bilstein group hires indirectly through temporary employment agencies or self-employed workers – this accounts for 9% or 242 workers.

It has always been a particularly important concern to the bilstein group to enable young people to enter the

professional life. Around 50* apprentices are trained in technical, commercial and logistical professions as well as in IT. The quality of the training has been externally certified every year since 2013 through a two-stage examination procedure. In 2022, the quality of training at the bilstein group was again confirmed with the seal of 'Ausgezeichneter Ausbildungsbetrieb'.** As part of the training, apprentices are also offered stays abroad for intercultural exchange. This is intended to ensure the internationality of the organisation in the future.



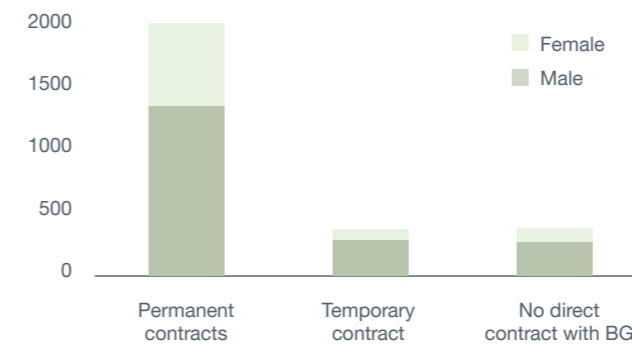
* Numbers refer to the German business location
 ** Award-winning training company selected by an independent organisation

Gender Diversity & Age

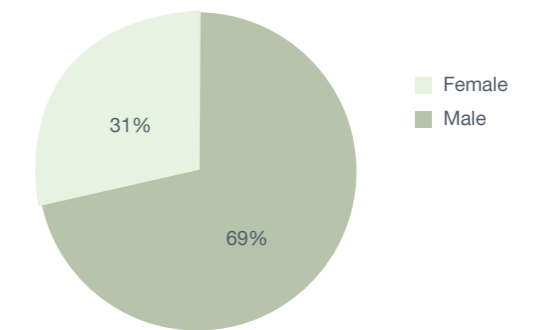
The IAM has historically been a male-dominated industry, but in recent years, there has been a noticeable shift towards greater gender diversity. Nevertheless, especially in logistics and production the percentage of male staff is still significantly higher. One reason might be the handling of heavy parts and components, which the bilstein group addresses through ergonomic workstations.

In general, diversification not only promotes a more inclusive and equitable industry but also results in fresh perspectives and skills, contributing to innovation and growth. As gender diversity continues to expand in the IAM, it reflects a broader trend of breaking down traditional barriers and promoting equality across various sectors of the workforce.

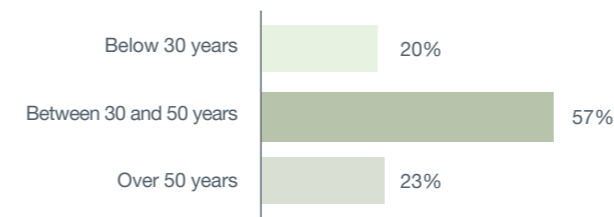
Type of work contract (Germany)



Gender diversity



Age Diversity

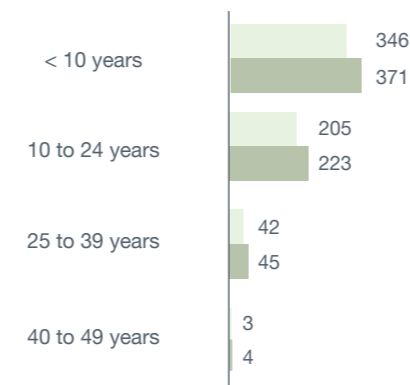


Goals and next steps:

- By 2025 we build an internal diversity council that will set and implement diversity targets and organize diversity trainings for employees
- By 2030 the number of females in top management relate to the total number of female employees

Period of employment (Germany - without Motair)

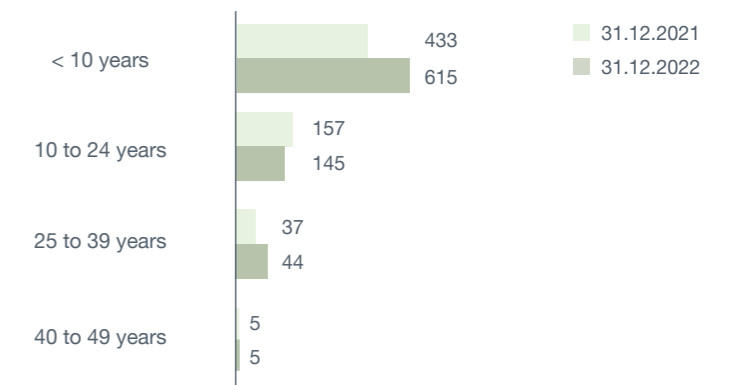
White Collar-Employees



Number of White Collar-Employees
 2021: 597 | 2022: 597

Total number of employees:
 2021: 1294 | 2022: 1521
 Average period of employment: 8.9

Blue Collar-Employees



Number of Blue Collar-Employees
 2021: 697 | 2022: 876

Material Topic 4: Guaranteeing Health, Safety and Well-Being of our Employees

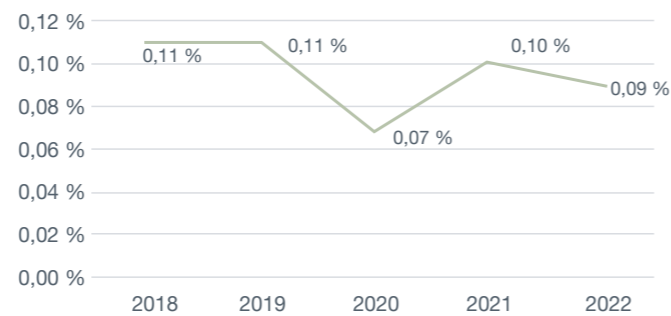
GRI 403: Occupational health and safety

All our employees participate in a safety training at the start and during their work for the bilstein group where they learn how to perform their work in a healthy and safe manner. All work-related accidents and injuries are recorded according to local legislation. Risk analyses are available for every workplace and accident causes are analysed to prevent them from happening again in the future.

Data in the table on the right include information about work-related injuries of our workers in German locations. We plan to include information for all our employees worldwide. Furthermore, we will again stress out the medical service provided by our company doctor.

| General figures | Number | Rate per 1,000,000 hours* | |
|---|--------|---------------------------|-------|
| | | 2021 | 2022 |
| Recordable work related injury | 170 | 68,48 | 62,87 |
| High-consequence work related injury** | 57 | 26,87 | 25,94 |
| Fatalities as a result of work-related injury | 0 | 0 | 0 |

Number of hours lost to work-related injuries



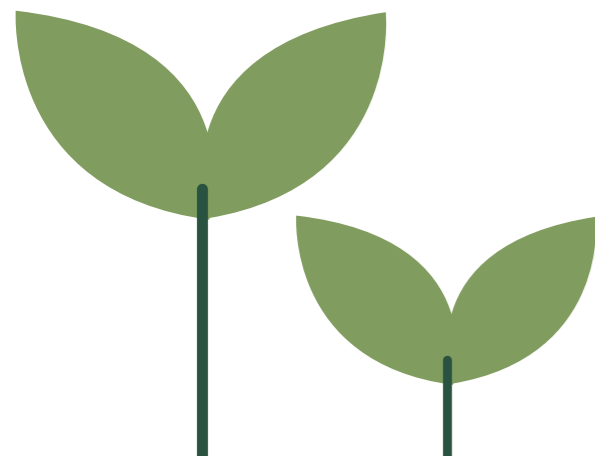
Main types of work-related injuries***:

| Type of injury | Number of cases |
|-------------------------|-----------------|
| Cut wound | 16 |
| Split laceration | 4 |
| Graze wound | 8 |
| Stab wound | 3 |
| Bruise/Compression | 55 |
| Fracture | 1 |
| Circulatory problems | 13 |
| Shortness of breath | 6 |
| Nausea/vomiting | 4 |
| General discomfort/pain | 18 |
| Commuting accident | 4 |
| Other | 36 |

* Lost time Injury Frequency Rate (LTIFR)

** Injury resulted in more than 3 days absence from work

*** Rate of absence hours – calculated as: total absence hours which occurred as result of injury divided by scheduled working hours.



Goals and next steps:

- By 2025 we reduce the rate of high-consequence work related injury to below 20 injuries per 1,000,000 hours worked
- By 2024 we include data from subsidiaries outside Germany in the injury rate

Material Topic 5: Our Community



The bilstein group engages in different local and global CSR (Corporate Social Responsibility) activities with the aim to support and give back to the community. Regular activities include sponsoring participation in local sports clubs and cultural associations, which help to maintain diversity in the Ennepe-Ruhr district.

The bilstein group donated 10,000 Euros to the Child Protection Association in Ennepetal and 25,000 Euros to day care institutions in Gelsenkirchen

Once again, our company supported the Child Protection Association in Ennepetal: The donation was intended to finance a special fund in order to be able to maintain care in the open all-day program, which is provided by two school social workers from the Child Protection Association. In addition, there are expenses for the so called 'Schokoticket' – the local transport ticket on the spot in Ennepetal – school trips and swimming courses, amongst others. The fund is intended exclusively to help children from financially disadvantaged families.

The bilstein group received the CAAR 2022 award

On September 22nd, the 4th edition of the Aragon Automotive Cluster (CAAR) awards took place, in recognition of the importance of the general automotive sector in the Aragonese economy. The final objective of these awards is to tribute the companies in the sector that have maintained the leadership of the Aragonese automotive industry over all these years in the transition towards greener mobility, and to highlight the effort they have made, demonstrating their capacity for innovation in all aspects.

Under this premise, Ferdinand Bilstein Spain received the Corporate Social Responsibility award in the Large Company category, thus recognizing the work carried out and its commitment to different SDGs (Sustainable Development Goals), health and well-being, gender equality, reduction of inequalities, decent work and economic growth or the end of poverty, among others.



Photo of all the winners, including the president of the General Council of Aragon (Javier Lambán) and Juan Lanaja (General Director of FES)



Daniel Tomeo (Marketing Director of FES) collects the award from the councilor Ms. Marta Gastón

Aid for Ukraine

War has been raging in Ukraine since 24th February 2022. Thanks to support from the bilstein group headquarters and from the subsidiaries in Poland and Hungary, five families of employees - as well as the family of a customer - were able to flee to Ennepetal, including a baby who was only a few months old. At the company's headquarters, the total of 19 people were able to find accommodation in private flats - organised by committed employees.

The board quickly decided to make about 250,000 Euros available as Ukraine aid. In the spring of 2022, about

15,000 euros were already donated to a shelter in Cologne, where a Ukrainian women's football team had been accommodated. This made it possible to accommodate the athletes for one month. Another large donation followed in September: 100,000 Euros were donated to "The Power of Motion", a non-profit Ukrainian organisation founded by a long-standing customer of the bilstein group.

Currently, 13 family members of the Kiev colleagues still live in Ennepetal, while some of the original 19 have already returned home, despite the ongoing war.



Governance



ESG Governance Structure

The bilstein group is family-operated its seventh generation and run by dual leadership of our two managing directors Karsten Schüßler-Bilstein and Jan Siekermann. Both of them have a strong understanding that only sustainable business processes have a future. Because of this – and the bilstein group being a family company with corresponding values – all of the company's actions will be aligned with sustainability efforts in the coming years.

That is why our managing directors play an active role in overseeing management of sustainability topics. They drive the sustainability strategy as well as initiatives, approve targets set in the sustainability report and delegate the implementation of measures to responsible teams.

As our sustainability targets have become more and more ambitious, we are planning to form a separate sustainability team which will take the lead for this topic within the bilstein group and implement our sustainability strategy.

Goals and next steps:

- In 2023 we create a sustainability team which will operationalise the sustainability strategy within the bilstein group

Membership

In addition to our individual efforts to do our business in the most sustainable way, we are also cooperating with our peers to reach our common goals. We are active in different environmental committees of IAM associations and work together with other companies in our industry to create solutions for our common environmental challenges. Besides, we are fully committed to support the independent replacement parts business on all levels. That is why we are lobbying together with our IAM peers for free competition. Today, and in the future, car and commercial vehicle drivers need to be able to choose between an OE and an IAM workshop. For this to work, we need free competition.

We are members and actively participating in following associations:

- **GVA** – German Association of Car Part Distributors
- **AAMPACT** – The International Independent Aftermarket Association
- **FIGIEFA** – International federation and political representative of independent automotive aftermarket distributors towards EU and international institutions
- **CLEPA** – European Association of automotive suppliers

Material Topic 6: Quality and Customer Satisfaction



High quality of our products and services is one of the foundations of our business. It is an important criteria for our customers to make a purchase decision and obligation to uphold the reputation and success of the organization and continue to positively strengthen it.

Our product range comprises of more than 70,000 different replacement parts. Although we possess the necessary well-founded production expertise, the variety and diversity of our range means that we cannot manufacture all these articles ourselves. We therefore outsource the production order to external partners. In doing so, we retain complete control over the quality of articles as they are produced in strict accordance with our detailed specifications.

With our febi, SWAG and Blue Print product brands, we supply replacement parts in OE matching quality. In numerous product groups, we focus on faithful, longstanding partnerships with prestigious OE suppliers.

Be it in-house production or partner producers: We ensure consistently high product quality with regular quality assurance inspections. In order to meet the demand across the entire product range, various centrally controlled

departments for quality management work closely together. Safety-relevant components in particular are subject to the strictest specifications in checking the material quality and fitting accuracy.

Quality procedures are based on extensive, repeatedly carried out product tests – both before inclusion in the range and after. In the state-of-the-art testing laboratories of the bilstein group, various replacement parts are examined in detail.

We hold:

- DIN ISO 9001 Quality Management Standard certificate for all locations in Germany and UK
- Quality Management System certification in accordance with the German National and International Road Traffic legislation certified by TÜV Nord



In 2020, we have introduced our Manufacturer’s Guarantee which is valid for three years for all replacement parts in the range. This gives customers a clear signal that they can trust our products at all times.

<https://legal.bilsteingroup.com/guarantee-terms.html>

Customer Satisfaction

Customer satisfaction is our top priority. As one of the market-leading companies in our industry, our aim is to assess the needs, motives, and problems of our customers in order to be able to develop best solutions that fit the many. We are using different mechanisms to reach our customers and receive their feedback on our products and services so that we can constantly improve.

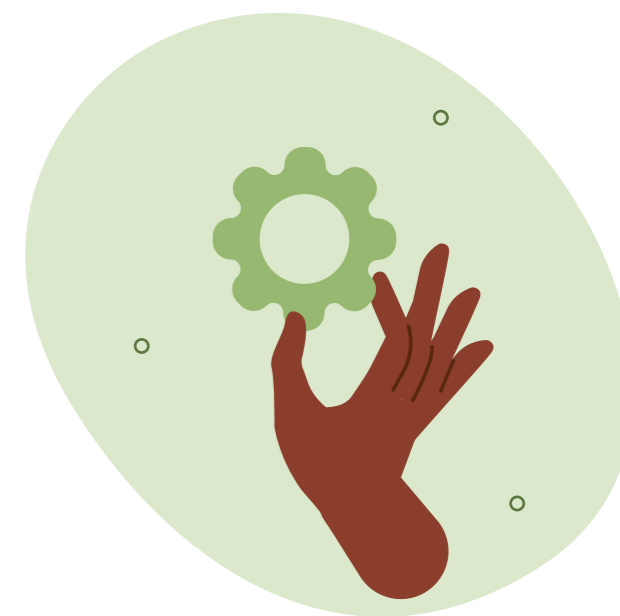
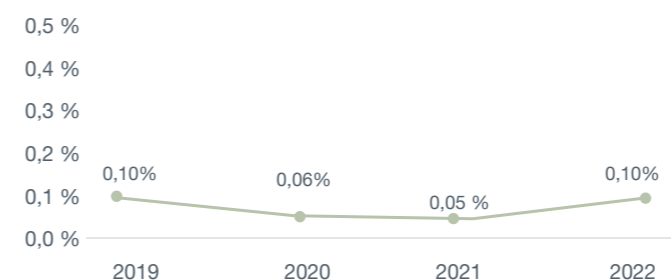
One of the metrics that we are following when it comes to product quality is the complaints rate. We are registering all complaints we receive, analyse the reasons for complaints and take follow up measures. In the last years our complaints rate was up to 0.1% (1 complaint per 1,000 products sold). Our goal for the following years is to keep the complaints rate below 0.1%.

We are not only waiting for our customers to report problems, instead we want to know how we meet expectations of all interested parties and determine potential for improvement. In order to achieve this, we conduct yearly customer satisfaction surveys, which include questions about products, service, marketing, brand awareness, technical support, price and sustainability (included in the survey for the first time in 2022).

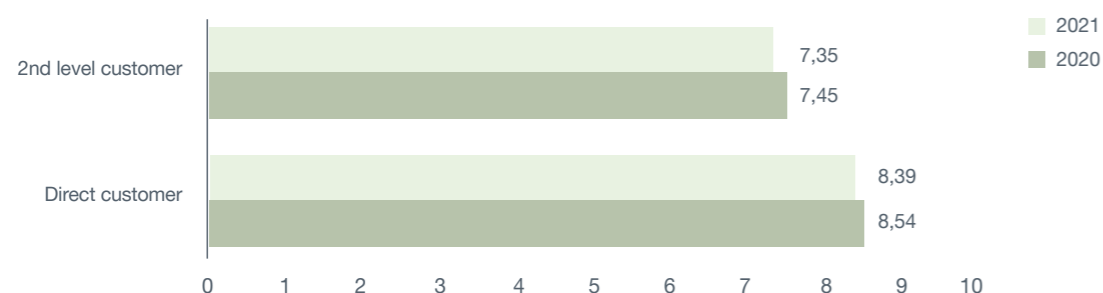
Due to the complex structure of the IAM with several trading levels, it is not sufficient to consider only feedback from (direct) customers, as there are different needs at each level of trade, some of which can be contrary to each other. For example, the direct customers (wholesalers) of the bilstein group have an increased focus on the product price, while the focus of the workshops (second or third level of trade) is primarily on accuracy of fit and product quality. However, it is also important to take into account the consumer (driver), who weighs the above-mentioned attributes differently. In addition, there are other requirements in an international comparison, which can differ significantly from each other. That is why we include both our direct customers and indirect ones (workshops) in our survey.

In 2022, we interviewed 1,472 direct customers, and another 370 indirect customers answered an online questionnaire. Based on the answers received we calculated a customer satisfaction index of 8.54 for direct customers (+0.15% higher than in 2021) and of 7.54 for indirect customers (+0.19% in comparison to 2021).

Complaints rate



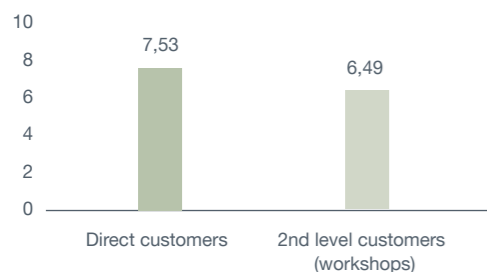
Customer satisfaction index



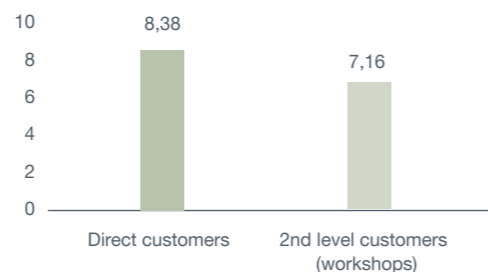
In our 2022 survey, we introduced two questions regarding sustainability for the first time:

1. How important is the purchase of climate-friendly products to you?
(10 – extremely important, 1 – not important at all)
2. Do you perceive the bilstein group as a sustainable company?
(10 – very much, 1 – not at all)

Importance of purchase of climate-friendly products



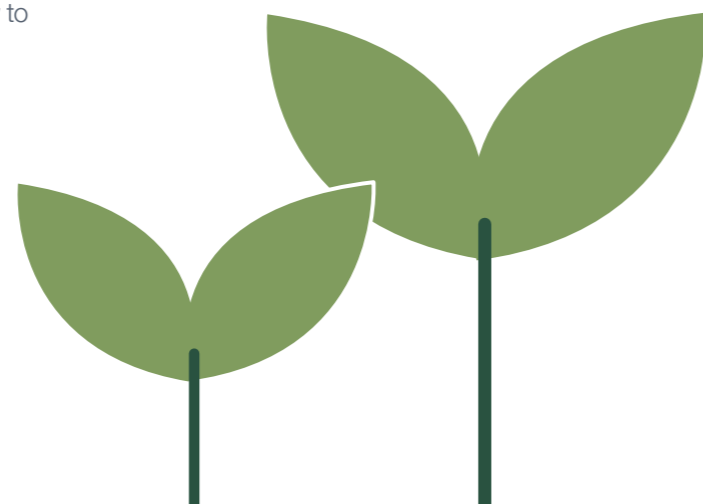
Perception of bilstein group as sustainable company



Both direct and indirect customers perceive the bilstein group as a sustainable company: average rating by direct customers is at 8.38 and 7.16 for indirect customers. We plan to keep sustainability questions also in future surveys and assess how customers react to sustainability activities done by the bilstein group and how the importance of sustainability in our industry is changing.

We have always tried to be close to the customer and to act in partnership. This is done with good service and direct contact through our sales staff. Internationally, the bilstein group has always pursued a very local strategy and ensures proximity to

the customer through its own sales offices or subsidiaries in the individual countries. In addition to sales staff, the bilstein group also employs so-called 'Technical Consultants', who have direct contact with the workshops and obtain information on needs, problems and developments in the field.



Material Topic 7: Business Ethics

Policies

In 2022 we have implemented our new Code of Conduct. The Code of Conduct is mandatory for all our employees and it includes our internal policies on relevant ethical topics.

Free and fair competition

We have a strict internal policy on free and fair competition to ensure that we are complying with all applicable competition and anti-trust law. We do not conclude any agreements with competitors or business partners who are likely to influence competitive behaviour. To make sure that our policy is also implemented in the field, we organized an anti-trust training for all employees at critical functions.

Anti-bribery and corruption

We instruct our employees not to accept gifts or benefits from business partners or other third parties which could compromise the objectivity of their decisions or even give the appearance of doing so. We have set a maximum limit value for gifts and meals provided by external parties which can be accepted by employees in accordance with local legislation.

The bilstein group does not tolerate corruption and we strictly reject to receive unjustified advantages through bribery of business partners or officials. Any gifts or benefits made by our employees to our business partners are subject to same maximum limit values in accordance with local legislation. Until today, we have not had any corruption cases.

We take all necessary measures and processes in accordance with applicable legal requirements to ensure that money laundering is prevented and that the bilstein group is not misused for illegal activities. Potential risks are analysed and evaluated on an ongoing basis. Our employees are instructed to immediately report if they suspect that business partners, customers or third parties may be involved in money laundering.

Goals and next steps:

- By 2024 we will have prepared training programs for anti-bribery and corruption for all functions with assessed risks.



You can find a complete overview of our legal documents here: legal.bilsteingroup.com

iWhistle

Since 2022 we have a platform called iWhistle integrated on our website. The whistle-blower system serves as a central contact point for our employees as well as business partners, customers and other stakeholders to point out misconduct. All grievances can be reported completely anonymously. This allows us to react very quickly.

We value honesty, integrity and transparency. We invite all our employees and business partners to help us uncover and eliminate violations and misconduct.

<https://bilsteingroup.iwhistle.de/en>



Material Topic 8: Sustainability in the Supply Chain

The bilstein group is actively working on the implementation of the Supply Chain Act which is in effect in Germany and will be soon in the entire EU. The aim of the German Supply Chain Act is to protect people and the environment along global supply chains.

We have partnered with 'Ecovadis', an established digital risk management tool and provider of sustainability ratings to assess our suppliers. In 2022 we have already gathered the relevant supplier data and conducted an initial risk analysis. 100% of our suppliers have been rated from low to critical risk based on the general information such as location, industry and size.

All our 'critical' suppliers have been invited for an individual self-assessment. These then automatically receive a comprehensive questionnaire from Ecovadis, focusing on topics such as ethics, sustainable procurement and human rights. Based on the answers, the companies are assessed in terms of the Supply Chain Act and their CSR readiness.

We aim to assess all our critical and high risk rated suppliers until end of 2024 and our medium risk suppliers until end of 2025. Based on the results of the self-assessments we will take appropriate measures: further investigation and audits as a first step; up to phasing out of suppliers if we detect serious issues as a consequent last step.

Goals and next steps:

- By 2024 we assess all 'critical and high risk' suppliers based on their performance in business ethics, sustainability procurement and human rights
- By 2025 we include all 'medium risk' suppliers in the assessment



Contact

for questions related to this sustainability report:

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