



SUSTAINABILITY REPORT

2023

BHTC | A
PART
OF
AUO

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At BHTC, we aim for superior and sustainable solutions – with passion, pioneering spirit and entrepreneurial responsibility for people of present and future generations.



Dear readers,

Numerous global and geopolitical crises brought global challenges such as price inflation, material shortages or rising energy prices. We see the extensive consequences every day and face them in both society and industry. Additionally, the effects of climate change are becoming increasingly evident, whether through extreme weather and climate conditions in various regions, threatened ecosystems, or rising sea levels that endanger the homes of many people worldwide.

As a forward-thinking company, we are responsible for making a positive contribution in all three areas of sustainable development – environmental, social and governance. We understand sustainability not as an additional burden but as a vital part of the solution to face the existing and upcoming challenges.

The year 2023 was dedicated to solidifying our sustainability strategy by shaping our plans and roadmaps to achieve our objectives. Our next major milestones are the transitioning to 100% green electricity by 2025, expanding our ESG-related KPI set, and complying with new regulatory requirements like the Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy, and the German Supply Chain Act. We look forward to sharing our progress within this report.

In parallel, our company is undergoing an extensive transformation. With the recent acquisition of BHTC by the AUO Corporation, we face new opportunities together with a new shareholder. AUO is an ESG pioneer and leader in implementing sustainability in industrial settings. Their years of successful dedication are evident through various recognitions, including being selected by the Dow Jones Sustainability World Index for the 13th consecutive year, an MSCI ESG rating of “A” and a top 5% ranking in the TWSE Corporate Governance Evaluation. With AUO, we gain a partner whose extensive experience in sustainability will undoubtedly benefit our progress.

We invite you to join us on this journey and contribute to positive change in the world.



Michael Jaeger

CEO



Jens Helbig

Vice President
Operations Management



BHTC was founded in 1999 in Lippstadt, Germany as a joint venture between MAHLE Behr and Hella. In 2024, BHTC became part of the AUO group. BHTC provides comfort for all vehicle passengers in every driving situation. This includes first-class and comfortable climate conditions and the intuitive and ergonomic operation of our HMI systems.

In 2023, the BHTC Group generated sales of 634 mEUR with 3110 employees in ten regions worldwide (Germany, United States of America – Silicon Valley and Novi, China, India, Japan, Taiwan R.O.C., Bulgaria, Mexico and Finland). BHTC has five production sites to secure its leading position among manufacturers of air conditioning panels, equipment for vehicle air conditioning and state-of-the-art HMI solutions. These are located in Bulgaria, China, Germany, India and Mexico.



A BHTC INC. Silicon Valley, USA 2018 ■	D BHTC GMBH Lippstadt, Germany 1999 ■ ● ◆	G BHTC INDIA PVT. LTD. Pune, India 2006 ■ ● ◆	J BHTC JAPAN K.K. Tokyo, Japan 2007 ■ ◆
B BHTC MEXICO S.A. DE C.V. San Miguel de Alende, Mexico 2014 ● ◆	E BHTC EOOD Sofia, Bulgaria 2013 ■ ● ◆	H BHTC (SHANGHAI) CO., LTD. Shanghai, China 2004 ■ ● ◆	
C BHTC INC. Novi, USA 2002 ■ ◆	F BHTC FINLAND OY Tampere, Finland 2017 ■	I BHTC GMBH TAIWAN RO Jhubei, Taiwan, R.O.C. 2018 ■	

Development ■ Production ● Distribution ◆

As an innovative and agile company, BHTC is a valued partner to the automotive industry. Together with our customers, we bring forward-looking technologies to new generations of vehicles around the world. At BHTC, challenges meet outstanding employee creativity, resulting in innovations and the company's long-lasting success story.

The framework of our employee actions is BHTC's management policy, which applies to all sites. The policy takes into account the needs and expectations of our stakeholders as well as the assessment of risks with regard to quality, environment, occupational safety, energy and information security.

BHTC-POLICY FOR QUALITY, ENVIRONMENT, OCCUPATIONAL SAFETY, ENERGY AND INFORMATION SECURITY

We inspire with convincing quality!

Our integrated management system for quality, environment, occupational safety, energy and information security is implemented and continuously improved at all BHTC locations. We consider the needs and expectations of our interested parties as well as assessing risks involved. As managers we consider our employees to be our most important resources. As such we want to encourage and support our employees in the implementation and consistent application of this policy. We are committed to the following principles:

- ✓ We listen carefully to our customers; they challenge us to continuously improve our level of quality.
- ✓ We involve our employees in occupational health and safety considerations and actively involve them in decisions.
- ✓ We inspire our customers with innovative and high-quality products and services.
- ✓ We work steadily to reduce our environmental impact and increase energy efficiency in order to improve our ecological footprint.
- ✓ We develop our innovative and competitive products and services based on standardized and established quality processes and methods.
- ✓ We continuously strive to improve our management system and the associated processes.
- ✓ We rely on efficient, smart production and logistics processes to deliver always high quality on time.
- ✓ We periodically review and fulfill the requirements of our stakeholders such as customers, employees, shareholders, suppliers and authorities.
- ✓ We promote a long-term partnership with our suppliers and service providers.
- ✓ We are committed to comply with legal and regulatory requirements that are relevant to BHTC.
- ✓ We plan and procure new installations, equipment and services with the aim of achieving high energy efficiency.
- ✓ We use technically and economically available resources and information to comply with this policy.
- ✓ We challenge and encourage ourselves implementing this policy through consistent training and further education.
- ✓ We will carry out necessary corrective measures for observance with this policy immediately.
- ✓ We provide all employees with safe and healthy workplaces; identified risks and hazards are systematically reduced or eliminated.

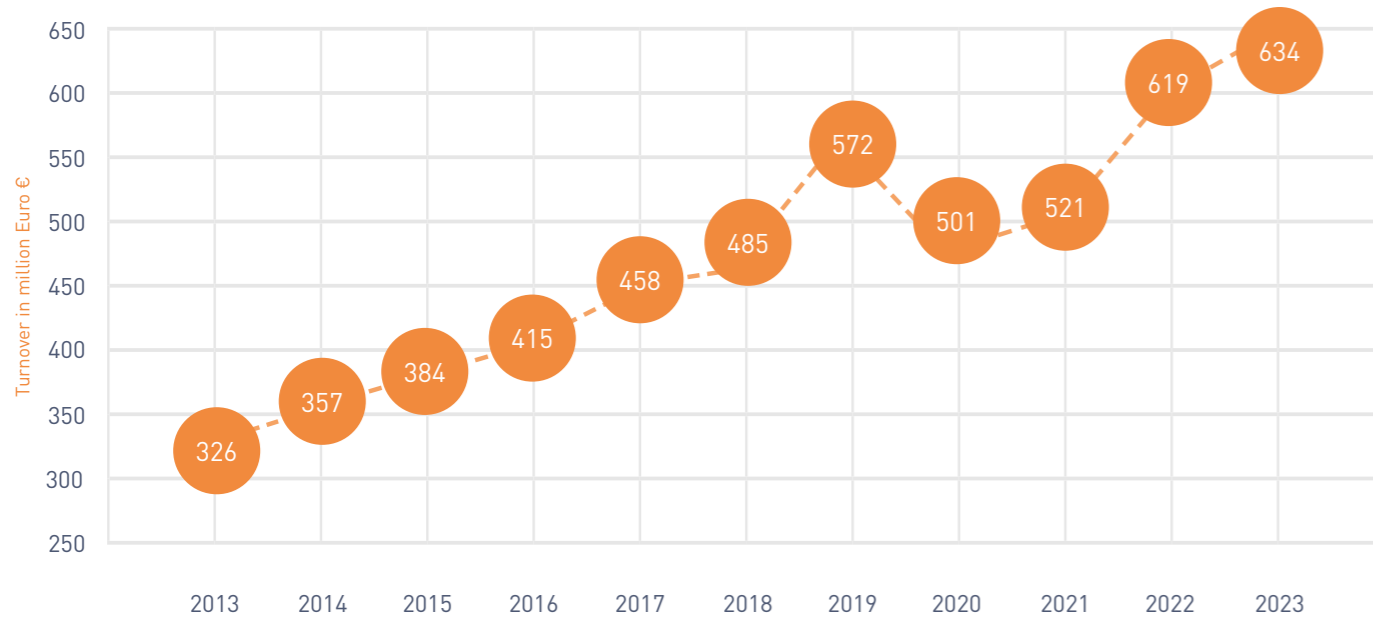
We will support each other by following this policy!
General Management and Management Board BHTC Group



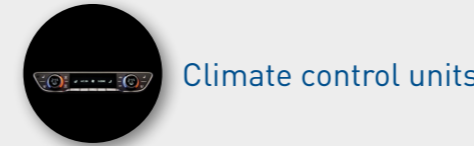
Our goal is zero-defect quality of our products and services, combined with competence, innovation and a global organization, in order to ensure satisfaction of all customers. We pursue this goal with highly qualified, motivated employees, state-of-the-art quality assurance methods and production facilities as well as consistent quality management. In order to improve our high-quality management standards, all production and development locations within BHTC are certified according IATF 16949.

In 2023 BHTC has continued its growth path. Compared to 2022, we were able to increase our turnover by around 15 mEUR.

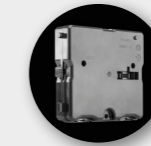
SALES DEVELOPMENT



CLIMATE



Climate control units



Climate control (black-boxes)



Climate components



Climate software

HMI



Center Information Display (CID)



Integrated Center Stack (ICS)



Touch devices



Cluster

As experts for vehicle climatization as well as display and control systems, we contribute to a relaxed and safe driving experience. The efficient climate regulation in our control units ensures optimal comfort no matter the external conditions and the various driving situations. Our climate control applications range from one-zone variant for smaller vehicle classes through two-zone variants for medium-sized to four-zone variant for high-end and luxury vehicles. The control algorithms customized and developed by our engineers ensure energy-efficient and noise-optimized operation of the climate system. Thereby, vehicle passengers can adjust the climate quickly and easily to their individual needs. In addition, our innovative climate sensors ensure the complete measurement of all ambient conditions. This way, we guarantee your personal feel-good climate in the vehicle and pave the way for safe and relaxed travel.



Climate Operating Panels

Functional, intuitive, and outstanding workmanship quality. Climate operating panels from BHTC!



ITOS & Power Electronics

Top-quality intelligent sensors, auxiliary heaters, blower controllers and fans.



Black-box Climate Control Units


Climate control units from BHTC mean powerful electronics that contain highly complex climate algorithms.




Climate Software

The new kind of climate control, detached from hardware components.

Our engineers develop pioneering control and display systems for vehicle interiors. These are central operating elements, climate and audio panels as well as fully integrated center stacks. Alongside precise classical mechanical solutions with keys, buttons and rotating actuators, BHTC focusses on the area of multi-touch displays. Displays are the central interface to the user. Our technology experts are constantly looking for new ideas and solutions to improve user experience even further. The focus is on comfort and safety as well as on revolutionary technologies. New display technologies, the integration of tactile effects, acoustic feedback, innovative materials and other exciting topics are setting the trends for the interiors of the future.



Center Information Displays (CID)
The latest display technologies with multi-touch and other ground-breaking innovations.



Tactile Feedback
Operating interfaces that convey the haptics of a conventional button. BHTC as a pioneer of future technologies.

We are always striving to improve what is already good. We design the interior of the future even better thanks to new ideas. We inspire customers by developing new concepts with creative freedom in an optimal working atmosphere. All of that is what drives our engineers to achieve top performance.

We benefit from long-term and close partnerships with all our customers in the automotive industry. Whether control panels, center stacks, or complex display systems with touch technology are required – we create the most advanced solutions for our customers. Thanks to intensive partnerships with our suppliers, we always both get and require cutting-edge technology. Our experts are extremely well connected. Co-operations with universities as well as start-ups, our innovation center in Tampere (Finland) as well as our technology scouting office in San José (USA) – all contribute to our success. Recognizing trends, setting trends and designing the vehicle interior of the future – that is what BHTC is about.



FROM IDEAS TO THE FUTURE



The acquisition of BHTC by the AUO Corporation marks a strategically significant milestone for a successful further development of both companies. This merger unites the leader in automotive displays with the leader in climate control business. Together, we combine our strengths under the new shared vision of the Mobility Solutions Business Group. The mission statement has firmly established sustainability as a guiding principle for our business activities.



YOUR JOURNEY, OUR VISION

Bringing Humans Together and Connecting Communities



MISSION

We deliver the most exciting and intuitive human-centered mobility experience that enhances comfort, safety and sustainability as the highest quality and most agile, innovative, and trusted partner for costumers worldwide.

OUR JOINT VALUE PROPOSITIONS

Together, we offer a fully integrated value chain as well as a multi-faceted global footprint including local engineering and production capabilities to all our customers worldwide. Our leadership in technology and innovation, coupled with deep insights into consumer electronics, forms a strong foundation to redesign in-vehicle experience for future generations.

We share a common understanding that the industrial sector bears a significant responsibility for sustainable development across the world. AUO is an ESG-pioneer with decades of experience in implementing sustainability in industrial applications. BHTC has an extensive know-how in implementing environmental protection and occupational health & safety in productions across various countries and continents. We want to learn from each other and combine the best of both worlds. Together, we aim to reaffirm our commitment to present and future generations, embedding sustainability as a central aspect in our activities and initiatives.

We have established an ESG workstream as part of our integration program. This workstream – driven by key sustainability players from both companies – aims to support the exchange between both teams, support mutual learning and implement synergy potentials within both AUO and BHTC with regards to sustainability.



Fully-Integrated Value Chain

Display maker + full Tier-1 capability



Tech & Innovation Leadership

Advanced display & HMI technologies



Deep Insights in Consumer Electronics

AUO leads in IT, TV & Gaming displays



Multi-Faceted Global Footprint

Local engineering & production



ESG Pioneer

Industrial leader in ESG commitment & action



Accelerating Customer Leadership

Enabling possibilities to help customer lead

SUSTAINABILITY MANAGEMENT

Sustainability is considered as a BHTC group-wide obligation. Ensuring the worldwide exchange on sustainability subjects and evaluating relevant aspects and requirements, BHTC has established an interdisciplinary and global sustainability team. This team exists of specialists from central functions such as Environmental Health & Safety, Purchasing, Research & Development, Sales, Human Resources, Treasury and Legal as well as site representatives from our production sites. They exchange ideas regularly, devise strategic contents and implement specific initiatives according to the overall roadmap. Central functions such as Sales, Quality and Purchasing communicate and conduct dialogs with key stakeholders. The Sustainability Manager develops, implements, and monitors BHTC's sustainability strategy along the three sustainability dimensions of environment, social and governance.

All activities are guided by our Vice President Operations Management. In order to steer the related activities on a regular basis, we established a steering committee consisting of our Sustainability Manager, as well as our Vice President Operations Management, Vice President Quality and Executive Vice President Purchasing. Together with the sustainability team the steering committee members set sustainability priorities and the company's strategic direction.

Our whole management team is responsible for ensuring the implementation of the relevant principles within the entire product development and value creation process. The continuous development of initiated activities is being reviewed in regular management meetings.



PUR = Purchasing; EHS = Environmental, Health & Safety; R&D = Research & Development; HR = Human Resources

ENVIRONMENTAL MANAGEMENT

Protecting the environment for current and future generations is a central part of our corporate responsibility. In this context we aim to continuously reduce our ecological footprint, making use of a holistic environmental management system that is certified at all production sites in accordance with ISO 14001 standard. Thereby legal framework conditions and customer requirements are transferred into environmental standards. The effectiveness and implementation of specifications are constantly confirmed by internal and external audits.

BHTC Group	2023
Number of production plants	5
Thereof with certification according to ISO 14001:2015	5
Quota of certified production plants	100%

In order to evaluate BHTC's improvement in environmental performance, we have defined meaningful targets, which are published as part of this sustainability report. The achievement of BHTC Group's targets will be ensured by the definition of internal sub-targets for each individual production site including their continuous monitoring. In this way, we strengthen the awareness of the environmental indicators in all locations.

The energy consumed at our international production sites is a key aspect of our environmental management system – not only to reduce our emissions and save resources, but also as a key lever to cut operational costs. Therefore, we set the target to constantly reduce our energy intensity by at least 10% until 2030 compared to the base year 2021.

We have already reached our target corridor in 2022 and 2023 due to improvements in the absolute energy consumption and a significant increase in sales. However, we expect the vertical integration of a new energy-intensive production process at our location in China to have a significant impact over the next few years, with the first offsetting effects already visible in 2023 and a further ramp-up in the coming years. Nevertheless, our goal is to maintain the target corridor of at least 10% improvement by 2030 compared to the base year 2021.

BHTC Group	2021	2022	2023	Target 2030
Specific energy consumption (kWh / 1000 EUR of sales) ¹	57,7	47,8	49,1	Min. -10%

¹ Takes into account sales according to IFRS standard

ENVIRONMENTAL MANAGEMENT

Besides the target to reduce our energy intensity, switching to renewable energy sources is a main pillar of our sustainability strategy. In order to achieve the target of fully operating all production sites with renewable electricity in 2025, BHTC currently relies on three different elements: self-produced electricity from photovoltaic systems, green electricity purchase from the local electricity suppliers and the purchase of renewable electricity certificates. In addition, we are also examining whether and in what form Corporate Power Purchase Agreements (CPPAs) can be used to open up further opportunities for BHTC to generate electricity from renewable sources. Our first system contracted via an on-site Power Purchase Agreement (PPA) will go live in 2024 as we will be delivered with renewable electricity from solar panels at our location in India.

In 2023, we have covered 14.525 MWh of our electricity consumption by Energy Attribute Certificates. Additionally, we benefit from our photovoltaic system at our site in Mexico, which is already in the second year of operation. In 2023, this photovoltaic system generated around 800 MWh of electricity, covering almost a fifth of the site's total electricity demand.

All of our activities resulted in an again rising Renewable Electricity Share of 54%.

BHTC Group

2021 2022 2023 Target 2025

Renewable electricity share (%)

41 45 54 100

Decarbonization is one of the central tasks of our time. By 2030, our goal is to produce CO₂-neutral in all production sites (according to Scope 1 and 2). Therefore, we will constantly work on minimizing our corporate carbon footprint. Unavoidable, remaining emissions are to be offset by certified climate protection projects.

In 2023, we were able to reduce our consumption of natural gas by 25%, which contributed directly to a further reduction in Scope 1 emissions. We expect a further positive trend for the upcoming year, as we are currently installing new heat pump systems at our plant in Germany, which will lead to 90% less consumption of natural gas on site.

ENVIRONMENTAL MANAGEMENT

Thanks to the increase in the share of renewable electricity, we were able to significantly reduce Scope 2 emissions compared to 2022. We are expecting a further positive trend as we are aiming towards our global target to fully cover our electricity demand by renewable electricity starting in 2025.

BHTC Group

2021 2022 2023 Target 2030

Scope 1 (in tCO₂)²

1.688 1.220 1.102 CO₂-neutral

Scope 2 (in tCO₂)²

12.204 13.155 7.306 CO₂-neutral

Last year, we launched a wide range of initiatives at our international locations, which have been recognized and awarded by external parties. We would like to highlight a few of them:

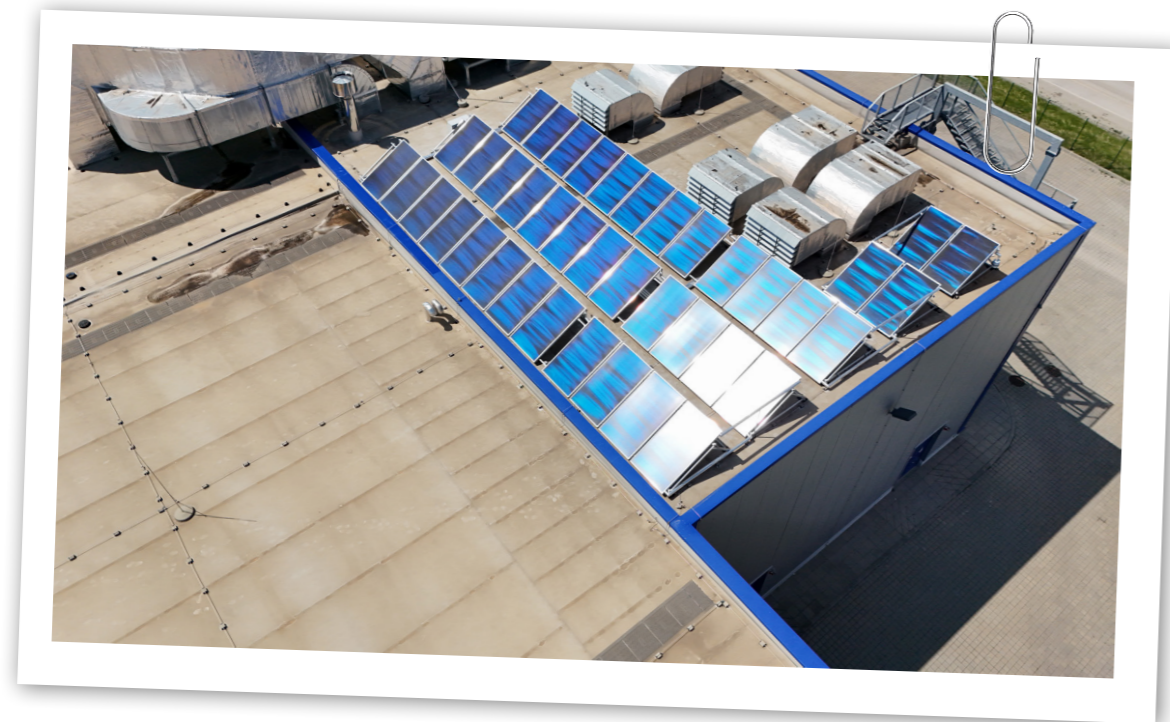
- Our location in Germany has again achieved the first place in the world's largest bicycle campaign "Stadtradeln". This is an initiative designed to promote both environmental protection and the personal health of the participants in a fun competition against other teams and companies. 126 BHTC participants drove more than 29.000 km in 3 weeks and avoided emissions of 4.711 kgCO₂. The company donated 10 cents per kilometer to a charitable cause. Thus, we supported a local association, that is caring for children with life-limiting illnesses and their families by fulfilling special wishes or dreams. To celebrate the great results, the participants were invited to a joint breakfast.



Our CEO Michael Jaeger celebrating BHTC's great results together with participants of the "Stadtradeln" Campaign

² According to Greenhouse Gas Protocol Scope 1 consists of all direct emissions from sources that are owned or controlled by the company. This includes all direct emissions caused by our facilities (e.g. heating or refrigerant) and our vehicle fleet. Scope 2 accounts for all indirect emissions from the generation of purchased electricity as well as purchased heating or cooling.

- „Green Oscar“ for BHTC Bulgaria! On 15.05.2023, the 13th edition of the B2B media competition “The Greenest Companies in Bulgaria” took place under the patronage of the President of the Republic of Bulgaria, the Ministry of Environment and Water and the BTV Media Group. At this event, our plant in Bulgaria took first place in the “Automotive, Transport, Logistics” category. CO₂ reduction, reduction of energy intensity and reduction of the consumption of natural resources such as gas or water convinced the jury, as did the comprehensive certifications according to relevant ISO standards and the implementation of individual sustainability initiatives.
- One of these sustainability initiatives was honored with another award at the same event. In the “green idea” category, BHTC was able to impress with a project and take an outstanding third place. The subject of the project, which has meanwhile been implemented, was the realization of a humidity control system in the production hall, which is achieved by a special solar-powered hot water system. This allows the humidity in the production hall to be kept at an optimum level for electronics production at BHTC for around 8 months of the year. Fed solely by the sun - without any other energy supply.



Our solar thermal system implemented in BHTC Bulgaria – honored with the 3rd place in “The Greenest Companies in Bulgaria” competition

- BHTC Mexico is continuing its sustainability journey: As the preconditions for waste separation in private households are not yet fully in place in Mexico, BHTC has installed its own recycling center for its employees on the company premises. This center is designed not only to reduce waste generation and ensure proper waste management but also to foster a recycling culture among our employees. This culture is intended to permeate their homes and contribute to broader social awareness. The initial version of the recycling center was launched as a pilot in February 2023, with the fully updated version commencing operations in January 2024.

The project required a total investment of 247.805 Mexican pesos, and on a quarterly basis, we recover approximately 362 kg of waste. There is still a potential to further utilize the containers. Thereby we are striving to further educate and raise awareness among BHTC employees.



Our new recycling center in BHTC Mexico

- Our location in India received a special form of recognition from our customer SKODA Auto Volkswagen India Pvt. Ltd. As part of the ECO EDGE - Integrating sustainability in value chains of companies program on behalf of the Confederation of Indian Industry (CII), a comprehensive sustainability assessment was carried out with BHTC, which included the areas of decarbonization, circularity, health & safety and human rights. On this occasion, BHTC India received an award at a ceremony at our client’s site, honoring BHTC India for its participation. The award demonstrates BHTC India’s commitment to sustainable practices and its dedication to contributing positively to the environment and society.

In context of our business activities, a harmonization of environment, society and economy aspects is essential. In this way, the requirements of current business activities have to be met, while at the same time the concerns of future business activities have to be taken into account in a responsible manner. We are committed to fulfill society's expectations which have increased in recent years. One of these increasing society's expectation is Occupational Health and Safety.

Occupational Health and Safety aspects have the highest priority for us. Each individual employee is being asked and obligated to contribute to our strict goal: "zero accidents".

Occupational Health and Safety aspects are firmly anchored in the company's business activities as an integral part of corporate policy. The relevant internal processes are designed with these aspects in mind. We strive to reduce the risk of accidents and injuries to a minimum by effective preventive measures and procedures. Furthermore, we ensure compliance with all legal obligations and agreed customer specifications.

Local representatives with specific knowledge regarding Occupational Health and Safety topics are available at all our production sites and are networked with each other via the headquarters in Lippstadt. An area of special focus is the aspect of continuous improvement - in order to do things better where appropriate or necessary.

Relevant performance indicators are evaluated regularly, checked for effectiveness and adapted to the prevailing conditions. Furthermore, the effectiveness of the activities regarding Occupational Health and Safety is evaluated through both internal and external audits. All these measures create a high level of transparency within the company and ensure that activities can be managed in a targeted manner.

At our production sites in Germany and Bulgaria, the Occupational Health and Safety Management System is established according to the worldwide relevant standard ISO 45001:2018 and certified by an external accredited body.

BHTC Group

2023

Number of BHTC production plants	5
Thereof with certification according to ISO 45001:2018	2
Quota of certified production plants	40%
Employee quota of certified production plants	52%

In 2023, we can report a very positive result in the accident figures. We are pleased to report that the Group-wide accident indicators Lost Time Injury Rate (LTIR) and Lost Time Rate have improved compared to 2022 and also compared to the previous best year 2021.

We have recorded a particular success at our site in Germany, as the absolute number of accidents has been reduced by more than 50%. This means that the resulting LTIR figure at the German site for 2023 is again significantly lower than the industry average reported by the employers' liability insurance association.

In this context, we would also like to note that the accidents remaining at the site in 2023 also include commuting accidents, which contribute for around 42% of accidents. We naturally take these commuting incidents into account in our key figures, even though our influence as a company on commuting incidents is unfortunately very limited. We would also like to emphasize that the accidents of external employees are also taken into account in the key figures. External employees work for BHTC - and therefore enjoy the same appreciation as our own employees.

BHTC Group

2021 2022 2023

Accident rate ³ [LTIR; accidents per 1 million working hours ⁴]	1,4	3,4	1,3
Lost time rate ⁵ [work hours missed per 1 million working hours]	419	640	256

3 Number of accidents with min. 1 working day lost time
 4 Total working hours are calculated on basis of BHTC headcount and planned working hours (365 days per year minus national holidays, paid holidays and weekends).
 5 Lost time due to work related accidents including commuting accidents



UP TO NOW

Sustainable solutions are not only to be realized in our production processes. They already have to be established during our product development activities, e.g. by selecting the right materials. We have already worked on this in the past. A sustainability check-up has been implemented in our development reviews, which acts as a guide for reaching a more sustainable product.

The requirements for the materials vary depending on the project; for example, in a black box project (Start of production in 2023), we used 92% recycled plastic in relation to the total weight of the plastic components. The aluminum die cast parts from our largest aluminum supplier contained an average of about 40% recycled aluminum in 2023. In general, we try to protect the environment by reducing our material consumption.

We are on a path of continuous improvement towards CO₂-neutral products and CO₂-neutral production. Regarding this topic BHTC can provide offers in a normal and a CO₂-reduced version, to enable customers to put a stronger focus on sustainability.

The integration of BHTC into the AUO Group offers enormous potential for progress towards sustainability, as AUO is a pioneer in this field with many years of experience in practical implementation and a great depth of background knowledge. BHTC benefits from this and is currently undergoing extensive adaptation processes.

TARGETS

At BHTC, we pursue a number of important goals for our products, materials and development processes, which represent maxims for our sustainable actions and milestones on the way to an even more sustainable future.

We design parts and products with the circular economy in mind. On the one hand, this means that the parts and products are being designed for a long life; on the other hand, the materials we will use can be recycled or are bio-based.

Where technologically possible, without restricting the function, we endeavor to provide separable assemblies. This means that we focus on using detachable connections so that parts can be reused and repaired. Our design complies with both light weight construction principles and development according to material-specific aspects. We also strive for robust, reliable product with a minimum of waste in production of BHTC and our customers.

BHTC strives to use the material that has the best possible carbon footprint, for example by containing a high proportion of renewable material, presumed that it meets the technical and commercial customer requirements. In the future, BHTC will increasingly consider alternative raw material sources, with a focus on mechanical and chemical recyclates (metal and plastic), as well as mass-balanced plastics (based on bio-based raw materials). However, we need to overcome current limitations in regards to technical properties and requirements in the automotive industry as well as the market availability of alternative materials in high volumes. The creation of a Product Carbon Footprint (PCF) will be our basis for evaluating sustainability decisions, e.g. design with mono-materials to simplify the recycling processes.

In order to be able to analyze the sustainability of our products, data must be collected for the components from the entire supply chain. We are currently evaluating the quality of the data collection channels and the way in which we will be able to submit our report in accordance with the European Sustainability Reporting Standards (ESRS) from 2025 especially for scope 3.

At BHTC we are a people centric organization. This applies in all business focus areas such as intuitive human-centered mobility experience that enhances comfort, safety and sustainability at the highest quality for drivers and their passengers worldwide. Our employees master the challenges as a community by working continuously on new ideas, and by contributing their creativity to deliver world class products with passion.

We continuously promote and align to our business strategies and practices. Only if we are an attractive employer, people will choose BHTC in the long run and with their great ideas they will drive the growth of our company every day. Without the innovative power of our employees, we would not be where we are today and could not achieve our goals for an even better future.

It is crucial for the future success of our company that our employees feel comfortable with their work and their working environment. They should feel part of a large and international BHTC family. Ownership, agility and transparency are the key strengths for us in every conversation, in every decision and in every development phase of our organization.



OUR HR MISSION:

We want to promote a culture of ownership, accountability and transparency with continuous collaboration and commitment across stakeholders as well as ensuring services, policies, and systems are aligned with BHTC's core strategies and goals.



Our Key Strengths are

- Recruit and hire diverse talents
- Strengthen communication
- Enhance culture development
- Offer competitive & effective salary and benefits
- Foster employer and employee relations
- Design learning programs and events
- Use efficient Human Resources information management systems
- Support cooperation & teamwork
- Develop a professional feedback environment
- Comply with employment related legislation
- Foster fairness & integrity



HR - FAIRNESS & INTEGRITY

Our Human Resources Team represents all employees, regardless of sex, national origin, age, marital status, religion, disability or other protected class and at all levels of the organization. We create an environment for fair and equitable treatment of all employees. We are ethically responsible for promoting and fostering fairness and justice for all employees. We must fairly administer all company policies and procedures, regardless of an employee's status or level in the organization. In disciplinary actions, compliance issues or grievances, we must conduct thorough investigations and make recommendations and decisions based on facts without favoritism.

Human Resources professionals must adhere to the strictest code of ethics and integrity in all employee interactions. We must keep employee and company information in the strictest confidence and protect the integrity of company proprietary information when dealing with employees or individuals outside the company. We are aware, that we need to act and work compliant in all areas of our daily activities. All applicable laws and regulations as well as internal policies will be respected. We are aware, that employer-employee relationship is highly regulated. The risk of violating the laws and regulations may be substantial. The costs of failing to comply with employment laws is significant.

We believe, fair, timely and equal compensation is the basis for a trustful work relationship. Our employee's payments are in compliance with federal, state and local wage and hour laws.

BHTC BEHAVIORS

In a quickly changing environment our BHTC Behaviors give guidance to all of our BHTC teams. We honestly believe in feedback and support cooperation and communication.

To generate a global understanding of expected behavior, our BHTC Behaviors are part of our employee appraisal. They provide a framework and orientation.

OUR CORE BEHAVIORS

IN TOUCH WITH THE FUTURE



Give clear feedback

- Immediate and on a regular basis
- Respectful, clear and specific
- Objective and based on reflection



Express clear expectations

- Provide context and explanation about expectations in your sphere of responsibility
- Ensure a consistent and clear understanding of expectations and objectives
- Write down your expectations in case of any uncertainty



Treat everyone in a respectful manner

- Encourage employee comments and opinions
- Be open for dialogue and offer a trustful relationship
- Interact respectful, independent from level



Lessons learned

- Treat mistakes openly and learn from mistakes
- Demonstrate accountability and integrity on a daily basis
- Drive improvement based on prior experiences



Live a decision culture

- Make well-prepared decisions based on facts and figures
- Take ownership for decisions within your sphere of work
- Reflect on ideas and make decisions on time



Think and act entrepreneurially

- Support and drive change
- Think strategically and future oriented
- Take over ownership of outcomes and focus on achievements



Live cooperation

- Foster team commitment and spirit
- Encourage teamwork and interaction within and between teams
- Take different perspectives into account and recommend solutions

LEADERSHIP BEHAVIORS



Provide context and a vision to the team

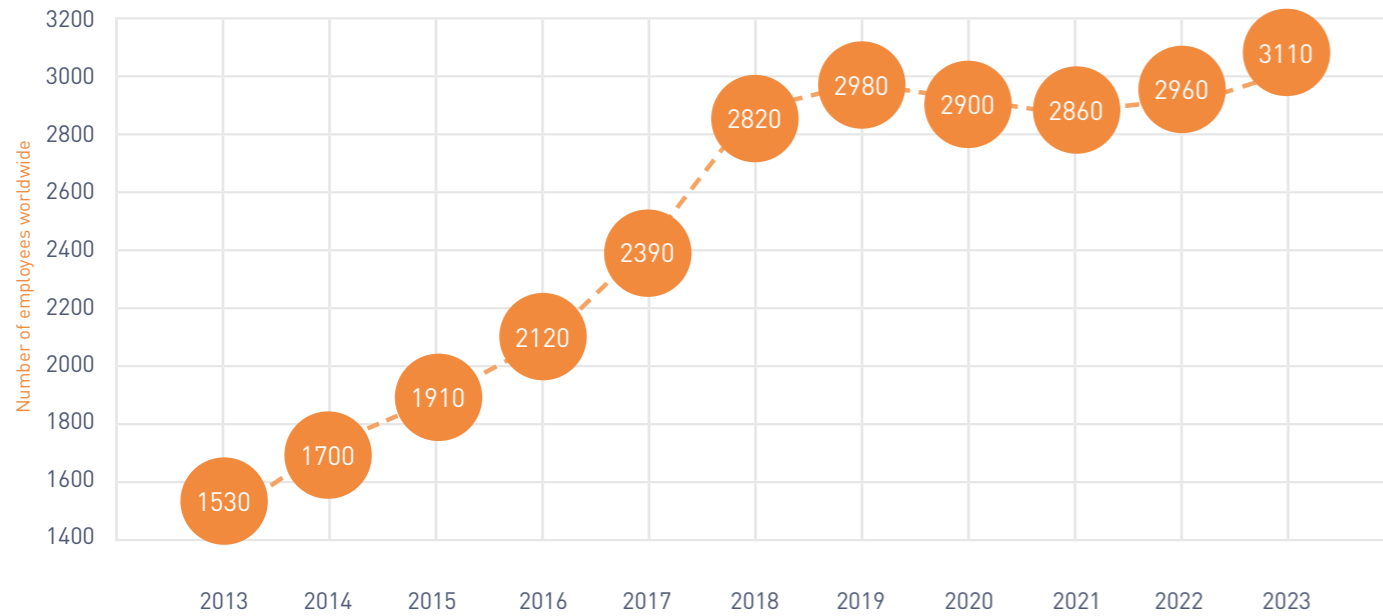
- Give orientation and share background information
- Communicate clearly
- Explain and encourage



Give Leadership priority

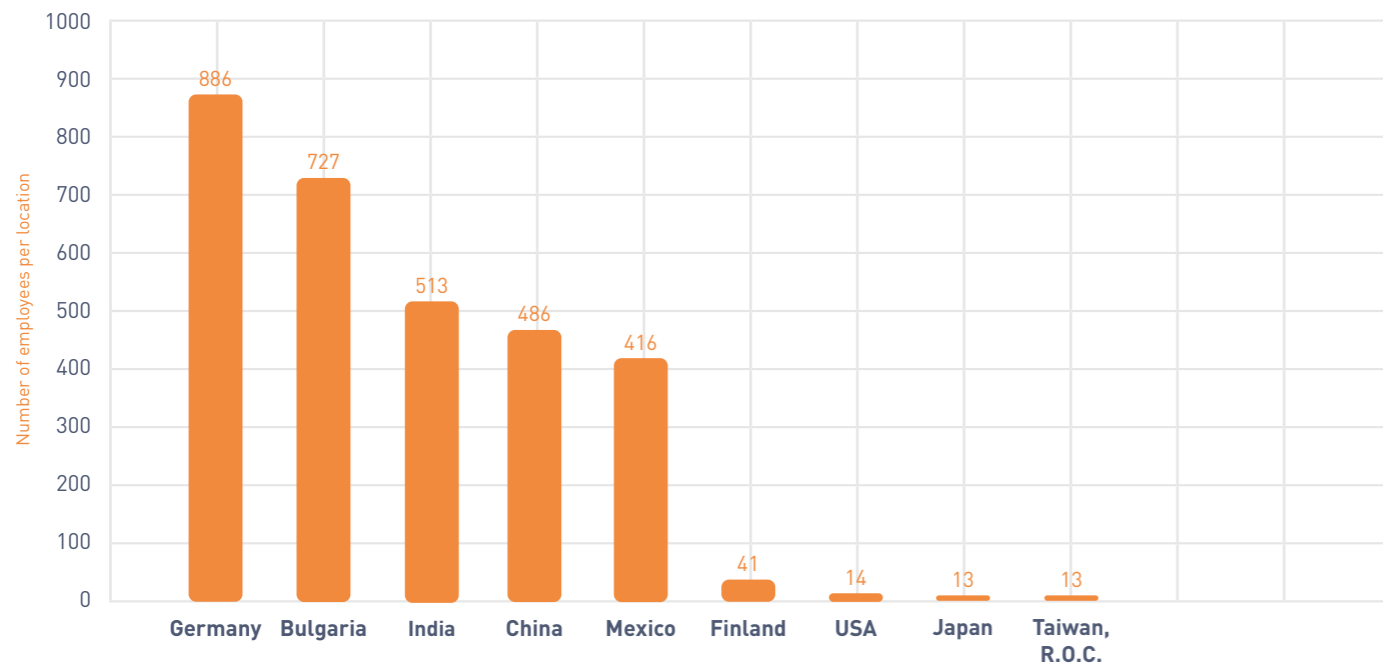
- Act as a Leader and reflect your Leadership style
- Coach and develop your team
- Take time for Leadership

EMPLOYEE NUMBERS (ROUNDED TO THE NEAREST 10)



Our employees are our strongest resource and we are happy to have a team of many great personalities. Since 2010, the BHTC team has more than doubled in size. Our international team is spread all over the world.

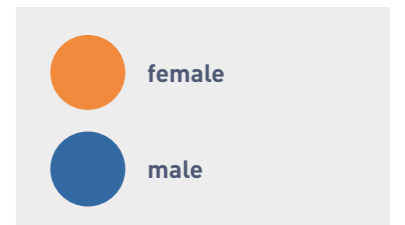
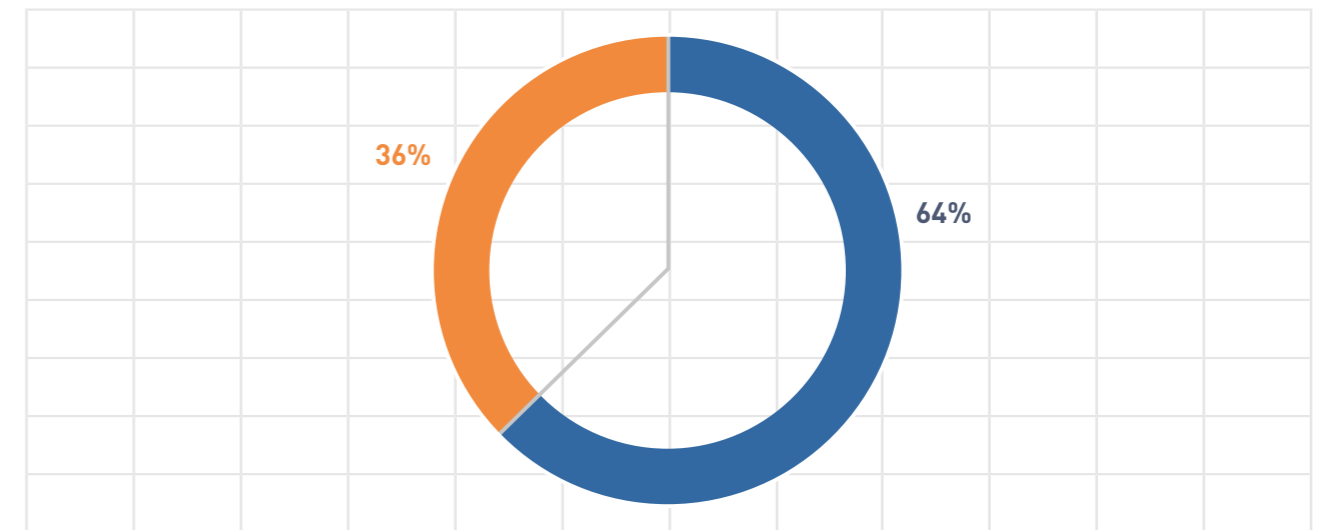
NUMBER OF EMPLOYEES PER REGION (STATUS: DECEMBER 2023)



The age structure is very diverse. From trainees starting their training at the age of 18 to colleagues getting to celebrate their retirement with us, all age groups are represented at BHTC. BHTC can only benefit from this broad range. Knowledge is passed on to future generations, and new ideas are always finding their way into our daily routine. The average age of our employees is 39,4 years internationally.

Female employees currently account for 36% of our total workforce. To further inspire women for technical professions, we actively participate in the “Women in MINT⁶ Professions” network. This creates a cooperation platform and inspires female pupils and students for technical careers.

GENDER DISTRIBUTION



⁶ MINT is an abbreviation for Mathematics, Informatics, Natural Sciences and Technology.

BHTC AS AN ATTRACTIVE EMPLOYER

Our employees are our most valuable asset to enable our continued success story and to reach our strategic objectives. Thanks to their specialized skills, competence, commitment and collaboration they are creating a high performing culture. It is important to us that our employees are motivated, experience a respectful and fair working environment and are able to perform their tasks effectively and efficiently.

To provide them with the best possible support, we conduct a global employee survey every two years. The feedback we receive is shared with all employees. By participation of our employees and contribution of our leadership teams, specific actions for further improvement are developed. We continue to be an employer of choice and a great place to work. Our locations in China, Finland, India, Mexico and the US are all officially certified as a "Great Place to Work". In past two years we have also increased our overall results in the focus areas of Credibility, Respect, Fairness, Pride and Camaraderie by 4-6% globally. There are ongoing activities at all of our locations worldwide to continuously improve our positive company culture. This is a testament to our commitment in fostering a positive, inclusive, and engaging workplace culture where everyone can contribute together.

In 2023 our learning culture was promoted globally by providing bite size learning initiatives, LinkedIn Learning licenses and additional language courses for all employees. Other measures relate to leadership development, promoting culture, meeting culture and local benefits. Since 2021, all actions in this context have been implemented under the title "YOU!@BHTC" to promote the corporate culture.

We place great emphasis on raising awareness on wellness and encouraging people to take personal responsibility of self-wellbeing. Thereby we organized several health campaigns and offerings at various BHTC locations. For example, BHTC promotes health checks, eye check-ups, free vaccinations, sports events, and counseling offers (e.g. on mental health or the compatibility of family care and work).

Some of our sites also offer company doctors, well-being teams or cooperation with regional medical facilities. Finally, employees returning to work after a period of illness will be supported through reintegration programs.

Our teams realized great projects worldwide, such as planting new trees, fundraising for those in need, or internally promoting recycling projects, as well as energy and paper savings.

Additionally, BHTC supports our employees to participate in various sports events. For example, internal cricket tournaments, football and badminton events are held, there are joint sportive running events and running trainings. In Germany, BHTC is the main sponsor of the "BHTC Mohnesee Triathlon", thus supporting the sporting spirit in the region.

DIVERSITY & EQUITY

As a global company, we embrace different perspectives and cultures. We collaboratively contribute towards creating a work environment where differences are valued, recognized and supported. Our workforce brings with it a variety of different cultures, religions and origins. We value the differences in culture as well as knowledge and foster a respectful and inclusive work environment. For us, every opinion, every experience and all ideas are valuable and crucial for the daily work and development of our products and innovations. That's why we want to create an atmosphere and culture where everyone feels individually heard, supported and included.

In order to promote mutual acquaintance and understanding of other cultures, we place great emphasis on, among other things, the international communication of various local traditions and celebrations. These find their way into everyday life at BHTC. In addition, feedback of our employees in the global employee survey revealed that equal rights and equal opportunities are particularly well received by employees throughout the company. The "we" feeling exists to a high degree at BHTC. Nevertheless, we would like to further promote and strengthen this team feeling.



BHTC China preparing for the Mid-Autumn Festival by organizing one of its traditional customs. An exquisite traditional craft and artwork design symbolizing reunion, friendliness, and good fortune.

HUMAN RIGHTS

In all of BHTC's activities, the observance of human rights and respect for the personal freedom of employees is a natural part of the company's business. All BHTC sites operate in compliance with all applicable laws and regulations. Violations are subject to disciplinary action in accordance with applicable labor laws. Policies are in place to identify risks both during the hiring process as well as for the duration of the employment relationship. The age of the applicant and the availability of important documents, such as residence or work permits, are checked before employment begins. Employees who witness violations or human rights abuses have the opportunity to report these violations without risking personal harm.

BHTC offers various internal and external reporting channels or contact persons, for example internally by contacting supervisors, employee representatives or our Compliance Board. Additionally, there are external ombudspersons established.

At BHTC, we do support those who need it most. We have been organizing fundraising campaigns in case there are situations of need and adversity.

TRAINING & DEVELOPMENT

We recognize the importance of empowering our people to perform at their best. In all our global locations we use competence evaluation and/or employee appraisals to explore the training needs of our employees in a structured way. A wide range of trainings from basics to high technological trainings but also soft skill trainings are offered in our locations.

Through our succession planning, which is regularly carried out internationally, we ensure a strategic approach to secure our talent pipeline. When we recognize talent, we do support the growth of the employee, no matter what stage he or she may be in his or her career. For example, we continued our internal global talent development program "Energizing BHTC" in 2023 and gave young talents and leaders the chance to build international networks and share business strategies and leadership skills. With several days of international workshops, the program was a complete success. We also launched the "IGNITE program" for young leaders inhouse to enable and equip them for successful transition to lead high performing teams. Several initiatives at locations were successfully conducted such as customer centricity, team building and many more learning avenues to grow, engage and develop talents. The opportunities provided to our intern, students and apprenticeship programs have empowered numerous talent employees to begin their careers as important members of our team with a combination of project-based activities, hands-on experience and guidance from our BHTC team. In all our locations we also run dedicated programs such as self discovery insights to support our managers in their roles and to give guidance to those who are growing into new roles, to ensure a high-quality standard of leadership.

Therefore, we encourage establishing a continuous learning culture as a new normal to build and grow our vision towards bringing humans together and connecting communities.

As an international, worldwide operating company, BHTC does practice a responsible corporate governance and expect all its 3110 employees worldwide to act with integrity in an exemplary manner and to comply with laws and regulations. This includes responsible treatment of employees, customers, business partners and the environment. Conducting in accordance with regulations and acting with integrity in everyday business is the basis for BHTC's long-term corporate success.

The Compliance Management System of the BHTC Group aims to continuously incorporate global compliance requirements by having a decentralized system of persons responsible do have a regular exchange with the locally responsible managers and do systematically analyze compliance risks in their respective area of responsibility. By application of the BHTC Compliance Program, they implement and control required appropriate compliance measures, and improve compliance at BHTC.

Based on the regulations of the Compliance Policy, the Compliance Board as the superordinate, central advisory and decision-making body is responsible for the further development of the Compliance Management System of the BHTC Group. The Compliance Board particularly decides on superordinate, cross-departmental and cross-company relevant compliance measures. The Compliance Board supervises the implementation of compliance requirements by the central departments and group companies, whereby the persons responsible for compliance do report on a regular basis on existing compliance risks and suspected cases.

The Compliance Management System of the BHTC Group allocates specific topics to the heads of the central departments, who exercise their responsibility independently and in coordination with the persons locally responsible for compliance. With assistance of central and local contacts, the BHTC compliance organization allows a direct and qualified dealing with compliance-related issues as well as it provides for constructive support with regard to the fulfillment of the local compliance requirements.

The Code of Conduct of the BHTC Group represents a fundamental guideline for corporate and compliance culture at BHTC, providing for clear and binding guidelines, helping to act in compliance with rules and integrity. The Code of Conduct includes principles related to data protection, information security and environmental protection as well as labor and social standards and fundamental guidelines related to a fair business conduct, anti-corruption practices and the avoidance of conflicts of interest.

To further raise awareness of employees, BHTC regularly trains its employees on its Compliance Management System and on the applicable compliance basics. In addition, special trainings on competition and antitrust law as well as on the subject of anti-corruption are provided via the e-learning module. For the relationship between BHTC and its business partner's cooperative behavior based on trust and partnership as well as a mutual conduct in compliance with laws and regulation are fundamental pillars.

The Code of Conduct for Suppliers and Service Providers of the BHTC Groups considers this aspiration and requires from business partners to comply with legal regulations as well as with the essential labor and social standards applicable to the supply chain, inter alia with a focus on compliance with human rights and the minimum requirements on environmental protection.

Employees can report violations of laws and rules of conduct at any time to superiors, managing directors, the heads of the central departments and other compliance contacts. Alternatively, employees can contact the ombudsperson appointed for their respective group company. A digital whistleblowing system accessible via BHTC's website was implemented in mid 2023. This digital whistleblowing system of the BHTC Group allows employees as well as suppliers and other third parties to report concerns or complaints by use of a reporting channel, preserving confidentiality of the whistleblowers identity as required under the German Whistleblower Protection Act. In 2023 no such complaints and concerns were reported via the digital whistleblowing system of the BHTC Group. In general, BHTC investigates all reports and does not tolerate confirmed misconduct. If indicated, criminal and civil claims are to be investigated and, where appropriate, any necessary consequences under employment law are taken, including termination of the employment or business relationship.



BHTC Group leverages a robust global network of supply chain partners to drive innovation, facilitate development and manufacturing processes, and ensure timely delivery of components integral to offered customer products. With regard to our suppliers, we focus on quality as well as compliance with social and environmental protection standards. Therefore, we have developed a Code of Conduct for Suppliers and Service Providers of the BHTC Group that requires to comply with human rights, working conditions, health and safety regulations, sustainable sourcing of raw materials, environmental performance and business ethics. The document has undergone further revision in 2023 to ensure alignment with emerging industry sustainability requirements and to establish definitive guidelines for both potential and serial supply chain business partners. The Code of Conduct for Suppliers and Service Providers of the BHTC Group is an essential prerequisite for the establishment and continuation of the business relationship with the supplier and is an integral part of BHTC's Framework Supply Agreement.

Supplier's environmental management system shall also align with the requirements of ISO 14001 or EMAS in the version valid at the date of delivery and certified evidence thereof shall be provided upon request to BHTC. This requirement is contractual obligation addressed in BHTC's Framework Supply Agreement. Our focus is continuously to prove compliance of potential suppliers and upholding certification of existing business partners in a dedicated database.

BHTC Group	2021	2022	2023	Target 2030
Key suppliers ⁷ certified under ISO 14001 (% share)	63%	64%	65%	68%

Furthermore, we strive to enhance our activities to maintain due diligence in the supply chain and to establish processes that consider social and environmental aspects. A major step in this direction has been to create a potential supplier Self-Assessment and Approval Form and implement it worldwide. An integral part of this document is a corporate social responsibility assessment that result in final rating which help us to understand and address risks. The assessment is an important prerequisite for joining BHTC's panel of suppliers.

In addition to binding contractual documents, certifications check, etc., BHTC is evaluating supplier quality performance with on-site audits. They are typically performed at our suppliers' facilities by VDA 6.3 certified audit experts. We have carried out 130 supplier audits in 2023. Throughout this period, no significant risks related to working conditions have been identified.

⁷ Key suppliers = suppliers with production related order volume larger than 10 kEUR in the reported year. A supplier of this group is considered as certified only if evidence for an active ISO 14001 certificate is available.

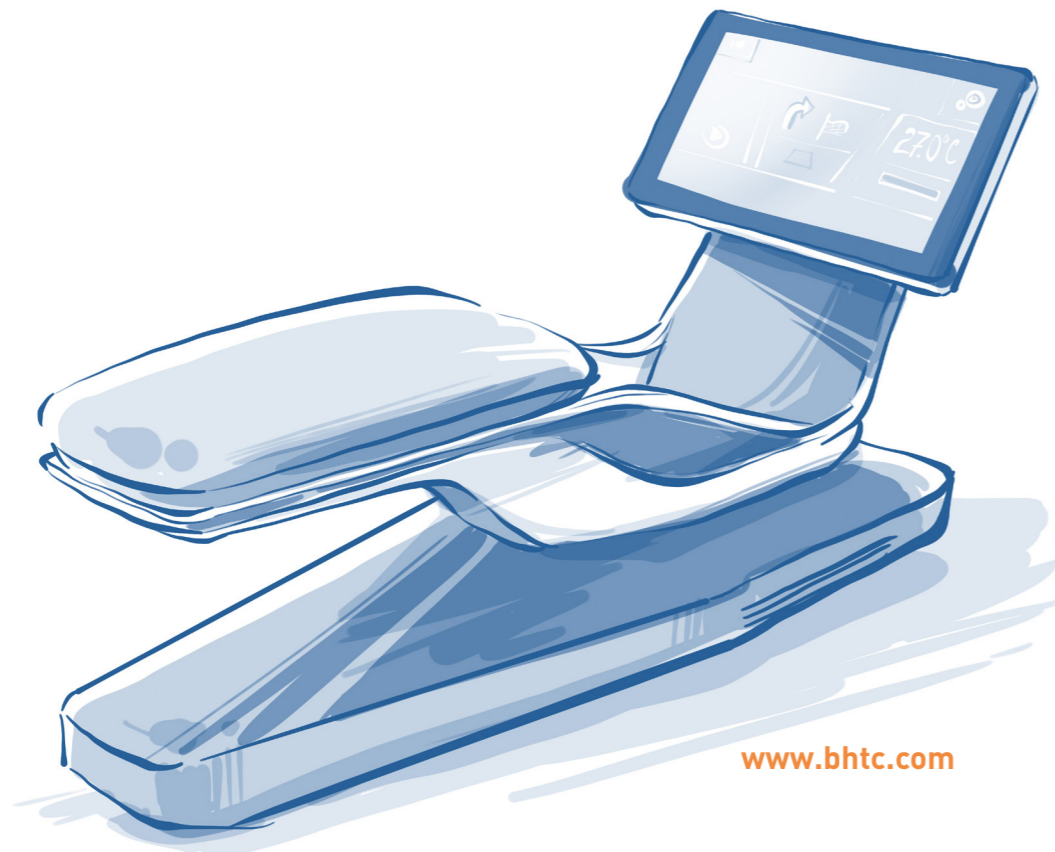
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