TI Fluid Systems

Sustainability Report 2021

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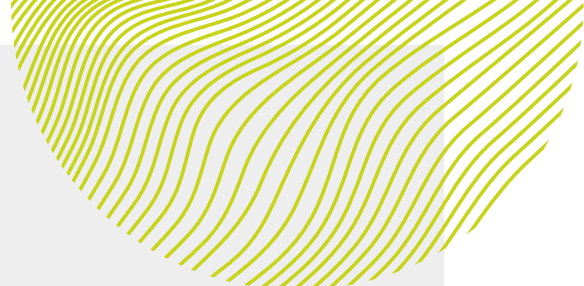
TI Fluid Systems

For the past 100 years, we have provided advanced fluid handling and thermal management solutions for increasingly efficient internal combustion vehicles.

Now we are using our expertise and technologies to Take the Turn to support electrification with products designed for hybrid and battery electric vehicles, contributing to a greener and cleaner environment, and making the world a better place to live.

We seek to achieve our long-term success in a sustainable, socially responsible, ethical and compliant manner, and strive to reduce our impact on the environment by focusing on resource conservation, energy efficiency, renewable energy sourcing and water conservation.

Our corporate purpose

Our purpose is to partner with our OEM (original equipment manufacturer) customers to develop technology and deliver innovative products which enable our customers to make greener vehicles that help keep our environment clean and make our world a better place to live.

We design and manufacture award-winning, industry-leading automotive fluid systems in a sustainable manner for OEMs across the globe, operating out of 104 manufacturing locations in 29 countries.

Our sustainability mission

As a company, TI Fluid Systems is committed to a sustainable future and improving the environmental and social wellbeing of the communities we operate in. We are dedicated to environmental improvements and decreasing our global emissions to foster a sustainable future. We are committed to working with our stakeholders to develop products for the low carbon economy of the future.

Our sustainability strategy

Take the Turn – T³

Technology

At the heart of our Take the Turn (T³) strategy is product development and application engineering which supports the electrification of the automotive industry. To meet the unique requirements of hybrid electric vehicles (HEVs) and battery electric vehicles (BEVs), the Group is capitalising on our extensive knowledge of fluid components, lighter-weight materials, systems architecture and manufacturing processes to provide our OEM customers with advanced designs and products, especially thermal management systems, which are efficient and economical.

> See Take the Turn – T³ on page 18.

Transformation

Climate change is a significant issue, and the need to decarbonise our industry is crucial. The Group is committed to being an automotive industry leader to reduce greenhouse gas emissions and build a more sustainable future. While it is key that our technology and advanced products support the automotive industry's transition to cleaner and greener electric vehicles with lightweight, energy-efficient system solutions, we recognise that we must transform our business in line with new standards and expectations of environmental responsibility to deliver sustainable value to our stakeholders – investors, customers, suppliers, employees and the communities we operate in.

Talent

The talent of our workforce is crucial to us. The Group's success is directly linked to our ability to recruit, retain, motivate, educate and develop a diverse and talented workforce ready for the new electrified future. In 2021, we introduced our 'Fluid Learning' online learning platform that provides every salaried employee with access to a variety of educational and developmental tools to improve their skills and abilities to be a valuable and enthusiastic participant in our collaborative organisation.

OUR CORE VALUES

Customers
- Ensure our customers are the focus of our business
- Build a foundation for positive, mutual success

Compliance
- Comply with all laws applicable to our business, operations, workforce and products
- Demonstrate the highest levels of integrity by embracing our Code of Business Conduct

Innovation and improvement
- Stay ahead of business challenges
- Develop new methods and skills to improve our business
- Maintain and strengthen continuous improvement culture in all areas of our business

Environment
- Encourage the prevention of pollution and the conservation of resources

Employees
- Hire, develop and retain talented people
- Provide a safe, respectful and inclusive working environment
- Foster teamwork through communication

Communities
- Be a responsible member of our communities
- Support local engagement in charitable and other activities that benefit our communities

Sustainability in the automotive industry

Transition to Electric Vehicles and Cleaner ICE Vehicles

As the automotive industry seeks to address climate change by transitioning from internal combustion engines (ICEs) to electric vehicles (EVs), the Group is using its expertise and technologies to develop and supply customers with fluid handling products specifically designed to meet the requirements of hybrid electric vehicles (HEVs) and battery electric vehicles (BEVs), contributing to a greener and cleaner environment and making the world a better place to live.

19%
HEVs CAGR
(2021–28)

29%
BEVs CAGR
(2021–28)

The automotive industry is transforming into a more sustainable industry, which is being driven by three megatrends:

- Long-term shift to BEVs
- Near-term continuation of ICE programme with leverage of ICE assets to support HEVs
- Lower carbon footprint for Tier 1 supplier manufacturing (our Scope 1 & 2) and downstream supply chain (our Scope 3).

The increasing demand for electric cars and innovative mobility solutions shows how important sustainability has become. Meanwhile, investors and lenders are also paying more attention: they want to understand the climate risks faced by car manufacturers and suppliers to avoid reputational damage by associating with climate unfriendly organisations.

This trend is accelerated by political policies and changing consumer preferences. Manufacturers and suppliers have responded to these trends. Manufacturers are increasing the number of electric vehicles in their mix and providing flexible mobility solutions.

Two of the key transformational issues are reducing carbon emissions from manufacturing to address climate change together with sustainability in the value chain.

Climate change and its impacts have been part of a broader societal debate for some time. Lawmakers have made carbon emissions regulations considerably more onerous in recent years. Car manufacturers are required to reduce their carbon emissions during the manufacturing process and of the vehicles themselves. In this context, the use of alternative powertrains such as batteries, hydrogen, and fuel cells may play an important role.

As natural resources become more and more scarce, sustainable value chains are becoming increasingly important for the automotive industry. They are based on the principle of reusing and recycling resources. Creating transparency along the supply chain is critical – this is the only way to trace the origin of parts and ensure sustainability along the value chain. Car manufacturers and suppliers are considering how to implement innovative solutions such as a circular economy, battery recycling, biodegradable components and sustainable processes in research, development and manufacturing.

Our Sustainability Strategy aligns to automotive megatrends.

Sustainability in the automotive industry

Megatrend: Transition to Electric Vehicles

Hybrid Electric Vehicles (HEVs)

HEVs run on both an internal combustion engine (ICE) and an electric motor that uses energy stored in a battery. In these applications, the electric motor also provides extra power for auxiliary systems to allow for a smaller ICE. In addition, the battery is also able to reduce engine idling when the vehicle is stopped. In combination, these features create better fuel economy without sacrificing performance. HEVs primarily use the ICE to charge the battery but some also use regenerative braking to charge the battery.

Plug-in hybrid electric vehicles (PHEVs) expand on the concept of the standard hybrid vehicle. Like HEVs, PHEVs have an internal combustion engine and a battery-powered electric motor. However, PHEVs have a much larger battery that is primarily charged by plugging in. This allows the battery to store enough power to run the electric motor for a longer period of time and over a wider range of driving cycles and, in turn, decrease the reliance on the ICE power. PHEVs can travel much longer distances on electric power alone, rather than the short distance that a standard HEV can travel on electric power.

What this means for TI Fluid Systems

Traditional vehicles with ICEs typically have two main thermal management loops. HEVs (including PHEVs) contain traditional ICE fluid systems but also have additional fluid handling systems (up to six thermal loops) to manage electrification-related component temperatures, including chassis, power electronics, electric motor drive and the battery. These thermal management systems typically include fluid lines, manifolds and connectors that the Group produces as well as pumps, sensors, valves and other mechatronics that the Group is seeking to add to its product portfolio through collaborative sourcing, joint ventures and acquisitions.

In addition to increased thermal management requirements, the Group produces fuel tank systems for HEVs (and PHEVs) that can accommodate increased fuel vapour pressure that builds up when the ICE is not operating and cannot purge the fuel vapour.

Battery Electric Vehicles (BEVs)

BEVs use an electric motor powered by an onboard battery and do not have ICEs. Instead of fuel, these vehicles run solely on battery power. Drivers can charge them at home or at charging stations. Removing the ICE opens up the packaging space for more battery capacity, thus resulting in a longer range for the vehicle on a single charge than a hybrid vehicle.

What this means for TI Fluid Systems

BEVs are expected to have additional thermal management loops. Based on recent platform launches, we expect significantly higher line and tubing content than traditional ICEs, depending on vehicle size and system design.

As the thermal components and systems in BEVs may not be exposed to the same heat generated by ICEs, the systems may contain different materials, such as plastic, to help optimise system weight, temperature and pressure.

Plastic lines have an approximate 30–60% weight advantage compared to rubber and aluminium lines. Therefore, plastic lines would reduce vehicle weight and help to extend battery life (required for extended driving range) of EVs. The Group has existing material 'know-how' in plastic and aims to utilise its existing industrialised capacity to support plastic usage.

Autonomous electric vehicles (AEVs)

AEVs merge artificial intelligence (AI) and BEV technology to transport passengers more efficiently, without the need for drivers or fossil fuel driven ICEs.

What this means for TI Fluid Systems

AEVs increase the requirement of thermal lines as more electronic components are needed, which require cooling.

Sustainability in the automotive industry

Megatrend: Reducing ICE Emissions
Megatrend: Lighter EVs

Reducing exhaust emissions

To address climate change, governments have adopted requirements focused on reducing exhaust emissions from automobiles, some including a phase-out of sales of new ICE vehicles over an extended period. Some developed markets have mandated CO_2 emission reductions, with emerging markets increasingly following.

Reducing evaporative emissions

Evaporation of fuel while stored in the fuel tank has been a source of hydrocarbon emissions from permeation through walls and various other components on the tank. Regulations now require OEMs to reduce these evaporative emissions from automotive fuel systems.

For example, in California, USA, low emissions vehicle (LEV) standards dictate the evaporative emissions thresholds that OEMs are required to achieve. LEV II standards, which came into effect in 2004, lowered emissions thresholds by approximately 75%. LEV III standards, which are expected to be phased in over the next decade through to the 2025 model year, require a reduction of 30% in the emissions threshold from 2010 levels.

Similarly, the European Union has established an emissions target for 2021 that will require an emissions reduction of 27% from 2015 levels. In addition, China has introduced its Beijing-6 evaporative emissions targets similar to California's LEV II standards.

Reducing vehicle weight to increase EV range

Range is a key selling point for many EVs and can be enhanced if there is less weight to move. The EV battery is a significant heavy component within a vehicle and there is a focus on solutions on the other elements of the vehicle to offset this weight and thus improve the range.

What this means for TI Fluid Systems

OEMs have sought to introduce higher pressure fuel systems and turbochargers to improve the efficiency of the combustion reaction in an engine to achieve lower exhaust emissions.

Our product offering includes products that optimise the efficiency of the ICE process, including gasoline direct injection (GDI) fuel rails, fuel pumps and turbocharger engine lines.

For example, we design, engineer and manufacture efficient fuel pumps so an ICE vehicle will burn less fuel and reduce the level of CO_2 emitted into the environment.

What this means for TI Fluid Systems

We have specific technology in our plastic fuel tanks to reduce evaporative emissions. The six-layer wall structure includes a barrier layer to capture the hydrocarbons and prevents them from being emitted into the environment.

We are the only supplier with a fully integrated design, development, manufacturing and supply capability for the fuel tank system.

What this means for TI Fluid Systems

With lower engine bay temperatures, this provides an opportunity to replace heavy metal and rubber tubing with plastic tubing. We have expertise in manufacturing plastic tubing for fluid handling and have innovative applications in EV products. We also produce heat pumps that take waste heat and recycle it for heating the cabin that would otherwise use energy from the battery, thus improving range.

Geographical footprint

Significant amount of revenue generated from global OEM platforms (i.e. platforms produced in three or more regions)

29 countries

Footprint includes regional manufacturing centres and assembly locations near customers that provide logistics competitiveness and customer service
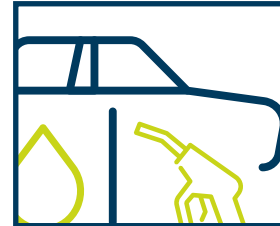
104 manufacturing locations

Facilities in every major automotive manufacturing market

Well positioned through the global manufacturing footprint to cost effectively expand fluid handling content, business and infrastructure to OEMs transitioning to the EV market

Organisational structure

Fluid Carrying Systems

Products include: brake and fuel lines and bundles, thermal management fluid systems (including HEV and BEV heating and cooling lines), powertrain components and quick connectors.

Fuel Tank and Delivery Systems

Products include: plastic fuel tanks, filler pipes, vent lines, fuel pumps and modules.

Brake and fuel

We design and manufacture a wide range of multilayer low-permeation plastic tubes, high-pressure steel double-wall and single-wall tubes and a variety of quick connectors and flexible lines.

Thermal products

We develop a variety of thermal management products. This includes traditional aluminium air conditioning lines, modern multilayer plastic tubing, rubber lines, and battery cooling lines.

Powertrain products

We develop and produce powertrain products that help to improve fuel economy. These include gasoline direct injection and high-pressure diesel systems, as well as cooling and lubrication systems for turbochargers.

€1,603.5m
revenue

€117.9m
operating profit

19,715
employees

Fuel tanks

We develop and manufacture award-winning fuel tank systems for diesel, petrol, flex-fuel and hybrid vehicle applications. We have revolutionised the production of plastic fuel tanks through our ship-in-a-bottle (SIB) and tank advanced process technology (TAPT) manufacturing methods. Our fuel tanks improve fuel system performance and are engineered for a wide range of packaging options, reduced evaporative emissions and low weight.

Fuel pumps

Our pumps and modules for petrol, diesel and flex-fuel vehicles are designed for quiet, efficient, low-voltage performance and durability.

Aftermarket products

The Group has been manufacturing fuel pumps for decades. We manufacture drop-in fuel pumps and modules for the aftermarket segment.

€1,353.1m
revenue

€94.7m
operating profit

5,850
employees

Product offering

Responding to market and environmental needs

Internal combustion engine vehicle (ICE)
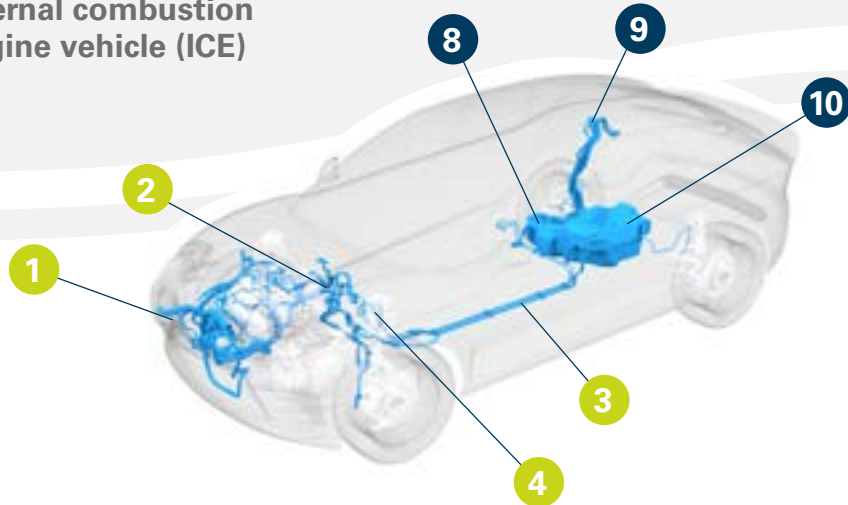
Hybrid electric vehicle (HEV)
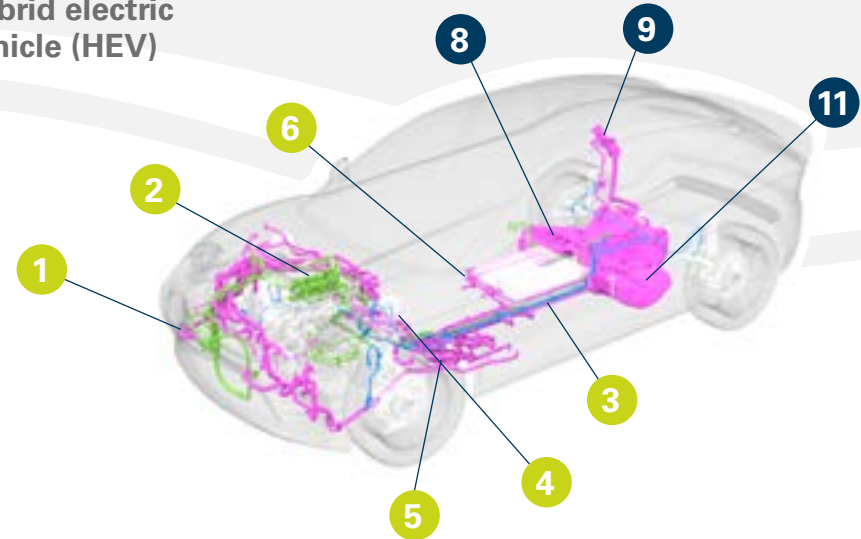
Our innovative and versatile products

Fluid Carrying Systems (FCS)

The FCS division manufactures brake and fuel lines and thermal management fluid systems, including thermal management products.

1 Under-Hood Thermal Rubber Lines

2 AC Cabin Climate Control Lines

3 Brake and Fuel Bundle Assembly

Fuel Tank and Delivery Systems (FTDS)

The FTDS division manufactures plastic fuel tanks, plastic filler pipes and electric fuel pumps and modules.

8 Brushless Fuel Pump Module with Electronics

9 Plastic Fuel Filler Pipe and Emissions Vent Line
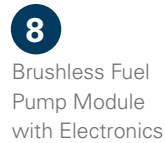
Battery electric vehicle (BEV)

Autonomous electric vehicle (AEV)

4 Brake Bundle Assembly

5 Chassis Thermal Plastic Manifolds

6 Battery Thermal Plastic Lines and Connectors

7 Autonomous Vehicle Thermal Plastic Lines

10 Plastic Fuel Filler Pipe and Emissions Vent Line

11 HEV Pressure-Resistant Fuel Tank Assembly
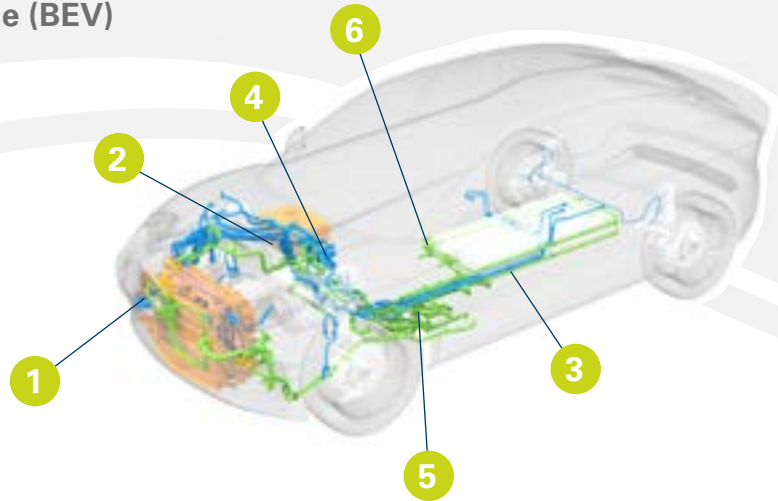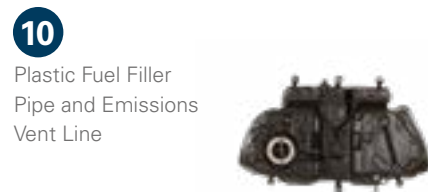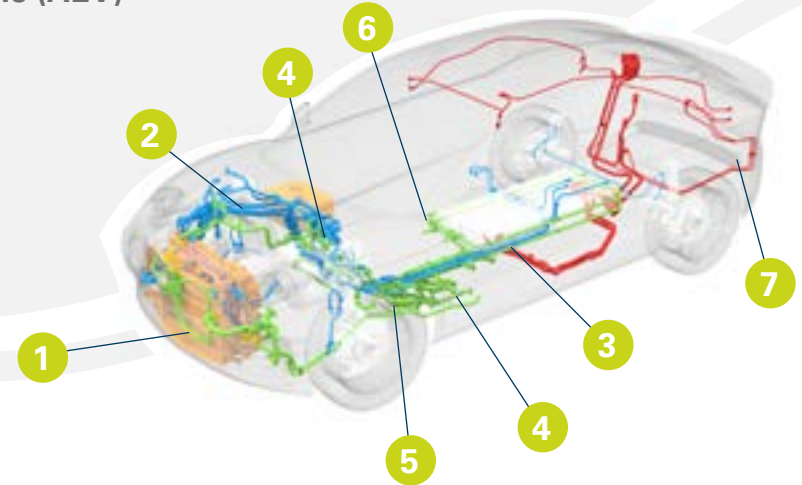
Development of our sustainability approach

Establishment of ESG Steering Committee

Our Board is committed to the sustainability mission and appreciates the guidance of the ESG Steering Committee, chaired by Elaine Sarsynski. It was established in 2021 to provide long-term vision and oversight of our sustainability strategy.

The Committee is responsible for establishing Scope 1 and 2 greenhouse gas (GHG) emissions targets, approving policies, and assuring that climate-related risks are adequately addressed by the organisation.

Improved data collection on water, energy and waste

In 2022, the Group began working with an independent consultant to assist with measuring and assessing our Scope 3 emissions. We are actively working on the collection and validation of hazardous and non-hazardous waste streams and expect to publish this data in our next sustainability report.

We continue to evaluate our greenhouse gas reduction programme to ensure our objectives and efforts remain appropriate as the world improves its collective understanding of what action is required to respond to climate change.

To further demonstrate our environmental and social commitment, we have publicly disclosed a wide range of environmental, water and risk management data through CDP (formerly the Carbon Disclosure Project), an international non-governmental organisation. Our first public disclosure was made in 2021 for the 2020 calendar year.

Our progress:
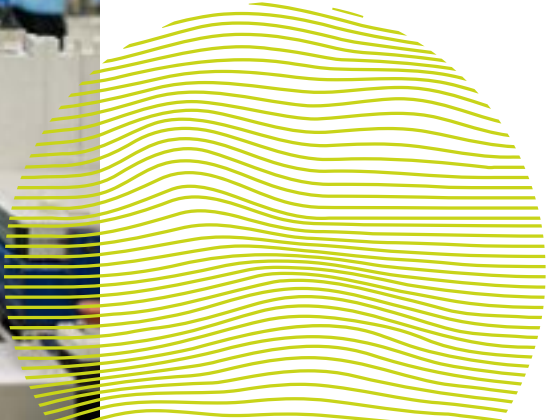
Updated environmental, and health and safety policies

We have sharpened our focus on safety for the wider workforce with enhanced procedures, reporting, audits and education, together with the expansion of our ISO 45001 safety management scheme, which will cover every manufacturing location within the next few years. The Board has approved and adopted an updated Health and Safety policy and Human Rights policy, which are available on our website.

The Group's Corporate Environmental, Health and Safety (EHS) organisation reports to the Chief Legal Officer and ESG Director, who reports directly to the CEO. The Corporate EHS team works closely with regional managing directors to develop and implement standardised management systems and procedures to reduce risks to our people, environment and facilities. The Corporate EHS management team issues regular bulletins and holds monthly calls in all regions to discuss current EHS issues facing the organisation, along with conducting education and training to drive consistent safety procedures and practices at all plants. The EHS group is also responsible for collecting data related to safety, energy consumption, waste generation and water consumption, which is used to set the Group's sustainability goals.

Materiality assessment

We completed our materiality assessment for 2021 by completing a six-step process:

> See material issues on page 17.

1. Identify internal and external stakeholders
2. Identify and prioritise key issues for ESG categories for evaluation
3. Conduct internal stakeholder outreach
4. Review external stakeholders' ESG requests and expectations
5. Develop a materiality matrix, scoring ESG categories based on internal and external data
6. Plot the results on an X–Y scatter graph

Environmental:

- Public disclosure to CDP
- Set water conservation targets
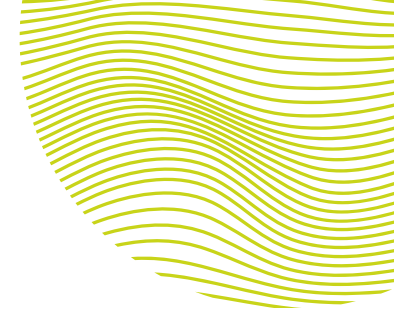- Increased renewable energy use

Social:

- Diversity and inclusion (D&I) committees and working groups formed and meeting regionally
- Developed D&I targets
- Expanded our safety management system and had it certified by a third party

Governance:

- CEO Succession
- Added a formal ESG Committee

Stakeholder engagement on sustainability

Engaging with stakeholders is central to our corporate purpose and strategy to achieve the long-term success and sustainability of our business.

Stakeholder	Why we engage	Interests of the stakeholder	How we engage	Outcome
Shareholders	• Quality of governance • Effectiveness of the Board and management • Growth potential and profitability • Share price appreciation • Dividends	• Climate technology that limits GHG emissions, GHG emissions reductions, net zero, privacy and social impact • Diversity, inclusion and equity • Board diversity • Corporate governance • Executive compensation	• Investors relations meetings • Annual meetings • Completion of shareholder survey requests • Capital markets days	• Implemented a range of greenhouse gas reduction initiatives in line with stakeholder expectations, including our OEM customers.
Employees	• Good communications improves motivation, morale and productivity • Fosters retention and reduces employee turnover • Identify issues and solutions quickly • Identify needs for resources and support	• Safe work places • Commitment to environmental stewardship • Social concerns • Diversity and inclusion	• Surveys • Plant interaction	• Enhanced our policies and procedures to ensure our staff have a safe place to work and thrive. • Inclusivity assessments and training. • Expanded ISO safety management scheme.
Customers	• Drive revenue growth and business success • Identify sourcing opportunities • Align product and technology development with customer needs • Effectively and efficiently address any supply or quality issues	• Using partners with good safety records • GHG reduction • Net zero • Renewable energy programmes • Circular economy • Recycling • Safe, high quality parts	• Customer meetings • Surveys • CDP • Ecovadis	• Better GHG reporting including CDP reporting. • GHG reduction targets and renewable energy assessment.

Stakeholder	Why we engage	Interests of the stakeholder	How we engage	Outcome
Community	• Promote our reputation as a responsible and ethical business • Attract, motivate and retain employees • Conserve resources and reduce our impact on the environment to ensure we are a sustainable business	• Clean air, water and land • Fair and equitable treatment with respect to labour practices • Community support • Good corporate citizens	• Our global facilities seek to be a responsible member of its local community • Strive to consistently operate our business that minimises our impact on the environment through energy efficiency, waste reduction and conservation of resources • Expansion of our EHS group has improved our processes to measure, report and assess our greenhouse gas emissions and the environmental impact our operations have on the wider community • Our Code of Business Conduct includes policies to enhance our reputation for excellent business conduct, including anti-corruption, anti-bribery, fair competition (anti-trust), and positive work environment and inclusion (anti-discrimination and anti-harassment)	• Provided support for various charitable functions in our communities.
Suppliers	• To build strong, collaborative and strategic relationships to obtain competitive pricing, quality products, reliability of supply, and logistics efficiency • To ensure we have access to advanced materials and components that meet our technical requirements • To ensure responsible sourcing and ethical business practices and conduct by our supply base	• GHG emissions • Fair sourcing practices • Ethical business practices	• Our purchasing organisation has regular, extensive contact with our suppliers regarding quoting and sourcing opportunities, delivery logistics, and quality controls and testing • Our engineering organisation works closely with suppliers on development activities, validation testing and cost reduction initiatives (value engineering) • Our business and compliance expectations is in our global supplier requirements manual, on our dedicated supplier portal and in our purchasing terms and conditions	• Produced several global supplier manuals, policies and provisions to ensure fair and ethical business practices.

Material issues

Materiality assessment process

STAGE 1

Identifying internal and external stakeholders

Engaging with, and giving consideration to, these stakeholders is central to our corporate purpose and strategy to achieve the long-term success and sustainability of our business.

STAGE 2

Identifying and prioritising key ESG issues

We utilised the ESG Risk Ratings definitions of material ESG issues and Corporate Governance guidance, by Sustainalytics, to develop our key issues assigned to ESG categories.

STAGE 3

Internal stakeholder outreach

We conducted an employee engagement and culture survey in North America, and held all-employee meetings and calls throughout the year.

STAGE 4

Reviewing external stakeholder ESG requests and expectations

We reviewed the results from shareholder, customer, supplier and community engagement.

STAGE 5

Creating materiality matrix

The ESG sub-categories were assigned a score of 1–10 based on our internal assessment.

STAGE 1

Identifying internal and external stakeholders

Our key stakeholders consist of our shareholders, customers, employees, suppliers and community. Engaging with, and giving consideration to, these stakeholders is central to our corporate purpose and strategy to achieve the long-term success and sustainability of our business. In doing so, we are considering the:

- likely consequences of any decision in the long term;
- interests of employees;
- importance of authentic relationships with suppliers, customers and others;
- impact of our operations on the community and environment;
- desirability of maintaining our reputation for high standards of business conduct; and
- need to act fairly.

Internal stakeholders were identified as: employees, management and the Board. External stakeholders were identified as: shareholders, customers, suppliers and communities we operate in.

STAGE 2

Identifying and prioritising key ESG issues

We utilised the ESG Risk Ratings definitions of material ESG issues and Corporate Governance guidance, by Sustainalytics, to develop our key issues assigned to ESG categories.

Key Environmental sub-categories:

1. **Emissions – Effluents** focuses on the management of emissions and releases from a company's own operations to air, water and land, excluding GHG emissions.

2. **Carbon – Own Operations Carbon** refers to a company's management of risks related to its operational energy use and GHG emissions (Scope 1 and 2). It also includes parts of Scope 3 emissions, such as transport and logistics. It does not include emissions in the supply chain or during the use phase/end-of-life cycle of a product.

3. **Carbon – Products and Services Carbon** refers to a company's management of the energy efficiency and/or GHG emissions of its services and products during the use phase.

4. **Impact of Products and Services** refers to the management of environmental or social impacts of products or services, including inherent characteristics of input materials, both positive and negative, and impacts during use, disposal and recycling.

5. **Land Use and Biodiversity** focuses on how companies manage the impact of their operations on land, ecosystems and wildlife. Topics covered include land conversion, land rehabilitation and forest management, and the protection of biodiversity and ecosystems.

6. **Land Use and Biodiversity – Supply Chain** focuses on how companies manage the impact of their suppliers' operations on land, ecosystems and wildlife.

7. **Resource Use** focuses on how efficiently and effectively a company uses its raw material inputs (excluding energy and petroleum-based products) in production and how it manages related risks.

8. **Resource Use – Supply Chain** focuses on how efficiently and effectively a company manages risks related to raw material inputs (excluding energy and petroleum-based products) within its supply chain.

9. **Water Use** focuses on water scarcity and how effectively a company uses its water supply.

10. **Waste Management** focuses on the generation and management of hazardous and non-hazardous waste, including waste minimisation and recycling.

Key Social sub-categories:

1. **Community Relations** focuses on how companies engage with local communities (including indigenous peoples) through community involvement and development, and/or measures to reduce negative impacts on local communities.

2. **Data Privacy and Security** focuses on data governance practices, including how companies collect, use, manage and protect data. The emphasis is on measures to ensure safe and secure use and/or maintenance of customers' personally identifiable data.

3. **Human Rights** focuses on how companies manage and respect fundamental human rights within their own operations. Emphasis is on measures taken to protect civil and political rights, and economic, social and cultural rights, including child and forced labour.

4. **Human Rights – Supply Chain** focuses on a company's management of fundamental human rights issues occurring in its supply chain. For subindustries that rely on conflict minerals, this also includes a company's handling of conflict minerals in its supply chain.

5. **Human Capital** focuses on the management of human resources. It includes the management of risks related to scarcity of skilled labour through retention and recruitment programmes, and includes career development measures such as training programmes. Additionally, it includes labour relations issues, such as the management of freedom of association and non-discrimination, working hours and minimum wages.

6. **Occupational Health and Safety** focuses on the management of workplace hazards affecting a company's employees and on-site contractors.

7. **Product Safety** focuses on how companies manage their responsibilities regarding clients (quality and/or safety of their products and services). Emphasis is on quality management systems and product safety.

Key Governance sub-categories:

1. **Corporate Governance** comprises six pillars: Board/management quality and integrity; Board structure; ownership and shareholder rights; remuneration; audit and financial reporting; and stakeholder governance.

2. **Business Ethics** focuses on the management of general professional ethics, such as taxation and accounting, anti-competitive practices and intellectual property issues. Business Ethics includes bribery and corruption, which focuses on the management of risks related to alleged or actual illicit payments, such as kickbacks, bribes and facilitation payments to government officers, suppliers or other business partners, as well as the receipt of those payments from suppliers or business partners.
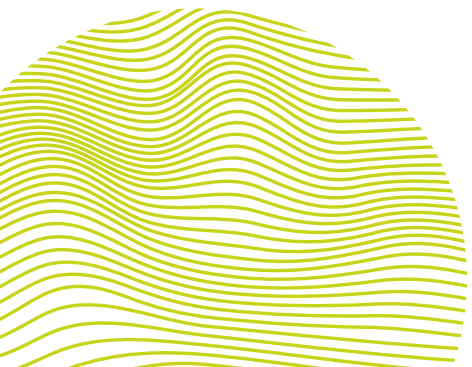
Engaging with, and giving consideration to, these stakeholders is central to our corporate purpose and strategy to achieve the long-term success and sustainability of our business.

Material issues

Materiality assessment process

STAGE 3

Internal stakeholder outreach

We conducted an employee engagement and culture survey in North America, and held all-employee meetings and calls throughout the year to provide updates on the business, such as our COVID-19 response, financial performance, leadership changes and strategic objectives. Our designated Non-Executive Director for workforce engagement attended these all-employee meetings, and reviewed our survey results, employee feedback and whistleblower reports.

In addition, we held several top-level management meetings to review our Take the Turn strategy, including reviewing and incorporation of management input and ideas on our technology and products, sustainability and learning initiatives.

STAGE 4

Reviewing external stakeholder ESG requests and expectations

Shareholder engagement included:

- Executive Directors, supported by our investor relations team, had numerous interactions with the shareholders that represent over 80% of our sharebase (by shareholding value);
- Our second virtual Capital Markets Day was held in April 2021, which provided an in-depth review of our business model, strategy and product portfolio to all shareholders;
- Our Remuneration Chair met with our top 20 shareholders to gain their input on our remuneration practices and policies. One element of our remuneration practice is our long-term incentive programme. This programme incorporates several ESG concepts designed specifically to reward the management team for achieving key Environmental and Social improvement targets;
- The two Non-Executive Directors who represent the Bain Shareholders attend and actively participate in our Board meetings; and
- All shareholders are regularly informed of the performance of the business through trading updates in January, May and November, half and full-year announcements in August and March, and our full annual report in April.

Customer engagement included:

- Extensive and regular contact with our OEM customers at all organisational levels and regions regarding sourcing, commercial matters, product performance and quality, programme launches, and development and planning of new products;
- Our Executive Vice Presidents, CCO and CEO communicate directly with customers' senior executives regarding significant commercial matters and strategic initiatives;
- Our customers provide us with their clear communication regarding ESG-related expectations and requirements; and
- Our reporting on several key ESG-related metrics to customers through third parties like CDP, Ecovadis, Open-es and NQC.

Supplier engagement included:

- Our purchasing organisation has regular, extensive contact with our suppliers regarding specific quoting and sourcing opportunities, delivery logistics and quality controls and testing;
- Our engineering organisation works closely with suppliers on development activities, validation testing and cost-reduction initiatives (value engineering); and
- Our compliance expectations and how to do business with us are communicated through our global supplier requirements manual, dedicated supplier portal and purchasing terms and conditions.

Community engagement included:

- Striving to consistently operate our business in a manner that minimises our impact on the environment through energy efficiency, waste reduction and conservation of resources;

- Expansion of our EHS group has improved our processes to measure, report and assess our greenhouse gas emissions and the environmental impact our operations have on the wider community;

- Individual plants have membership on many community-related forums, which allows our local teams to selectively support causes and initiatives that are important for their local communities. We believe that this drives better engagement for our team members in their local communities; and

- We participate in charitable donation programmes.

STAGE 5

Creating materiality matrix

The ESG sub-categories were assigned a score of 1–10 based on our internal assessment of the information we have compiled from various sources, which was then put into a graph. As these results are commercially sensitive, we will not be publishing these. Here is an example of how the graph looks; the X-axis represents material importance from internal stakeholders, and the Y-axis represents material importance from external stakeholders.

Materiality matrix

Internal material importance
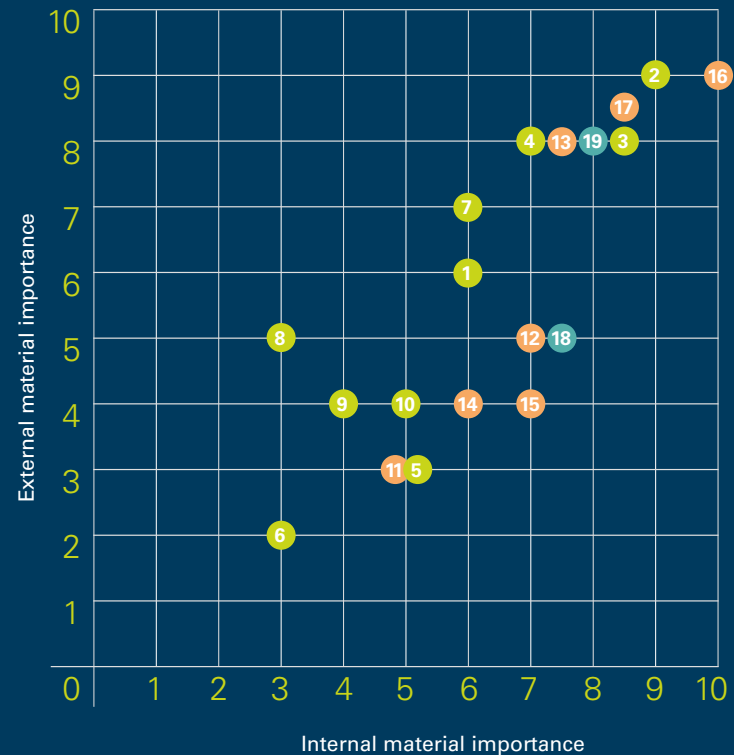
Environmental
1. Emissions – effluents
2. Carbon – own operations
3. Carbon – products and services
4. Impact of products and services
5. Land use and biodiversity
6. Land use and biodiversity – supply chain
7. Resource use
8. Resource use – supply chain
9. Water use
10. Waste management

Social
11. Community relations
12. Data privacy and security
13. Human rights
14. Human rights – supply chain
15. Human capital
16. Occupational health and safety
17. Product safety

Governance
18. Corporate governance
19. Business ethics

Our sustainability strategy

Take the Turn – T³

Our Take the Turn strategy addresses the transitional risks and opportunities associated with vehicle electrification, as well as the need to operate a business in a more sustainable manner to address climate change and maintain a diverse and talented workforce. We have further refined our T³ strategy to reflect three main pillars that combine to drive sustainable growth: Technology (Electrification), Transformation (Sustainability), and Talent (Learning).

Technology

At the heart of our Take the Turn strategy is product development and application engineering to support the electrification of the automotive industry. To meet the unique requirements of HEVs and BEVs, we are capitalising on our extensive knowledge of fluid components, lighter weight materials, systems architecture and manufacturing processes to provide our OEM customers with advanced designs and products, especially thermal management systems, that are efficient and economical. Our technology and advanced products are supporting the automotive industry's transition to greener vehicles.

Material issues:

Environmental

- Impact of products and services
- Carbon – products and services
- Resource use

Social

- Product safety

Our pipeline:

Bookings on lifetime revenue basis in 2021

- HEV €0.7bn
- BEV €1.0bn

Transformation

Climate change is a significant issue, and the need to decarbonise our industry is crucial. We are committed to being an automotive industry leader to reduce greenhouse gas emissions and build a more sustainable future. We recognise that we must also transform our business in line with new standards and expectations regarding the environment and broader business practices to deliver sustainable value to our stakeholders – investors, customers, suppliers, employers and the communities we operate in.

Material issues:

Environmental

- Emissions – effluents
- Carbon – own operations carbon
- Land use and biodiversity
- Water use – particularly scarcity
- Waste management

Social

- Community relations
- Data privacy and security

Governance

- Corporate governance
- Business ethics

Our targets:

Greenhouse gas emissions* – 2039 targets

- 37.5% reduction of our Scope 1 and 2 emissions compared to 2019 levels on a like-for-like basis

Water conservation – 2030 target

- FCS Process Plants: 25% reduction from 2020 baseline (3.00% annual reduction)
- FCS Thermal Plants: 10% reduction from 2020 baseline (1.25% annual reduction)
- FCS Systems, FTDS Pump and FTDS Tank Plants: change to 100% low-flow fixtures by 2030

* In connection with our next (2022) Sustainability Report to be published in April 2023, we are evaluating the potential to revise our GHG reduction target in line with a 1.5°C model and consistent with the SBTi (science based targets initiative).

Talent

Our success is directly linked to our ability to recruit, retain, motivate and develop a diverse and talented workforce ready for the new electrified future. In 2021, we introduced our 'Fluid Learning' online learning platform that provides every salaried employee with access to a variety of relevant educational and developmental tools to improve their skills and ability to be a valuable and enthusiastic participant in our collaborative organisation.

Material issues:

Social

- Human rights
- Human capital
- Occupational health and safety

Our targets:

- Targeting diversity hiring rates that are in line with or greater than the available candidate pool, measured by national university graduation rates for women and people of colour
- Ensure middle management is assessed for and provided training on inclusivity, as a fundamental management style to ensure our diversity initiatives are sustainable and embraced by the organisation
- In 2021 our global gender split improved to 2.3/1.0 (male to female)

Alignment with the UN SDGs
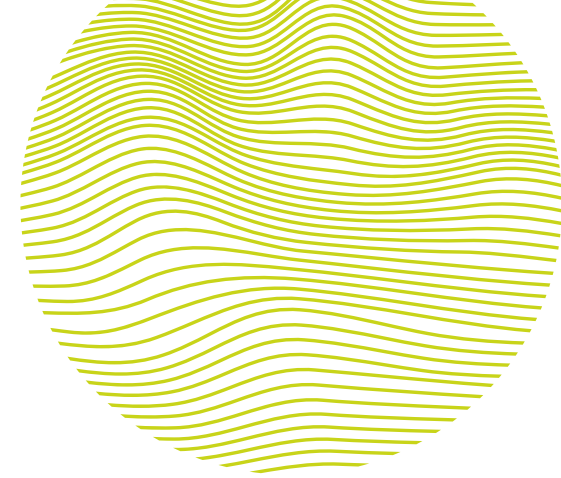
Our purpose and sustainability focus aligns with many United Nations Sustainable Development Goals (UN SDGs).

UN Global Compact

We have employed the ten principles of the UN Global Compact for several years.
In 2022, we intend to become signatory members to the UN Global Compact.

SDG	Description	Alignment with our sustainability approach	Link to strategy
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote wellbeing for all at all ages	We have committed to having all manufacturing locations certified to ISO 45001, an internationally recognised safety management system. Since adopting this in 2021, we have aggressively expanded this certification effort, and more than half of our locations will be certified by the end of 2022; we expect all locations to be certified by 2024. At various locations, we promote a variety of health-related programmes, including mobile vaccination clinics, mammogram screening and other wellness programmes.	
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	We are actively pursuing renewable energy in our markets. Where appropriate, we are committing to adaptive energy projects to bring more renewable energy to the grid; for example, our MI GreenEnergy commitment in Michigan with DTE where we have committed to purchasing 100% renewable energy from them for a ten-year period. Our support assists with building solar fields to provide a new source of solar power for Michigan. In connection with our next (2022) Sustainability Report to be published in April 2023, we are evaluating the potential to revise our GHG reduction target in line with a 1.5°C model and consistent with the SBTi (science based targets initiative).	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	We are tracking water use in the manufacturing locations that we operate in. We have programmes to promote inclusive sourcing in the supply chain, including women-owned businesses. We actively track and report on conflict minerals.	

SDG	Description	Alignment with our sustainability approach	Link to strategy
5 GENDER EQUALITY	Achieve gender equality and empower all females	We have contracted an outside consultant to provide assessments and training on unconscious bias in order to promote a more inclusive business environment, particularly for our female workforce. We have developed formal diversity and inclusion committees in all operational regions to promote diversity and inclusion. We are actively looking at developing a STEM (science, technology, engineering and mathematics) scholarship programme aimed at school-age girls.	
6 CLEAN WATER AND SANITATION	Ensure available and sustainable management of water and sanitation for all	We have set water conservation targets for our business groups. We continue to provide strong leadership and stewardship of our water resources. Where we treat water and return it to rivers or local sewerage systems, we do so by meeting the effluent limitations set out by local government.	
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	In connection with our next (2022) Sustainability Report to be published in April 2023, we are evaluating the potential to revise our GHG reduction target in line with a 1.5°C model and consistent with the SBTi (science based targets initiative). We are working on a long-term strategy for the purchase of renewable energy in our markets. We are developing an energy efficiency plan for the organisation. We are actively investigating an internal price of carbon to help us tackle challenges related to the future regulation of carbon and other GHGs as the world transitions to a low carbon economy.	
14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	We meet or exceed all effluent requirements for discharge to sanitary sewage systems and, in limited cases, rivers. Clean fresh water is vital in assuring that estuaries and oceans provide healthy food sources. As we procure transportation, we will assess vendors with lower carbon transport for oceanic transportation needs.	

Sustainability metrics
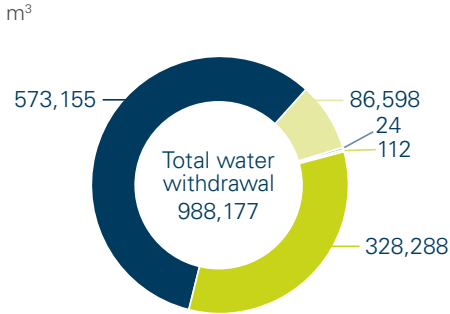
Global: Scope 1 emissions
tCO$_2$e

34,619.35
2021

Water sources
m^3

Total water withdrawal
988,177

573,155
86,598
24
112
328,288

- Groundwater
- Municipal water supplies or other water utilities
- Purchased water
- Rainwater collected directly and stored by the organisation
- Wastewater from another organisation

% of energy consumed that is from renewable sources

2.8
2021
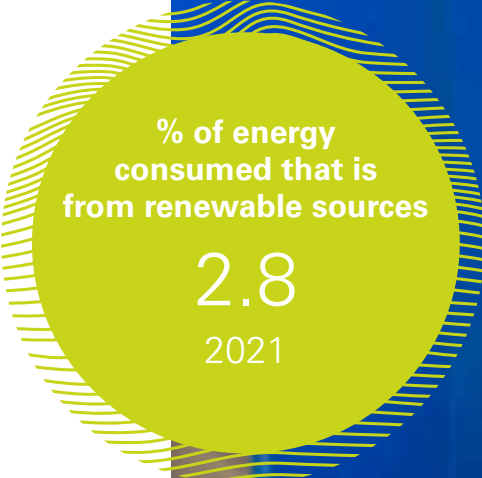
Total energy consumed
kWh

485,717,373
2021

457,404,458
2020

526,434,728
2019

Global: Scope 2 emissions
tCO$_2$e

230,266.09
2021

Employee, contractor and visitor lost time injury frequency

1.75

2021

1.67
2020

2.87
2019

Employee, contractor and visitor recordable injury frequency

2.57
2021

Training hours

701.3
2021

BEV products lifetime revenue

€1bn
2021

Gender diversity

Male – 70%   **Female – 30%**

CEO

Executive Committee

Direct reports to Executive Committee

Other employees
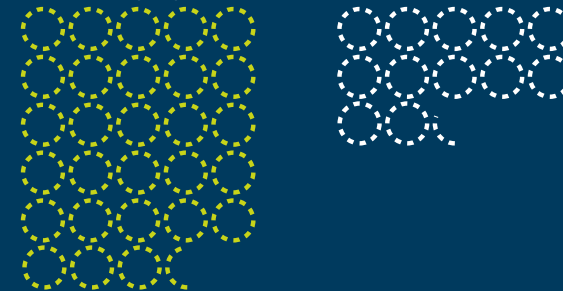
2,889   1,249

Number of employees
4,138

● One employee   ● One employee
○ 10 employees   ○ 10 employees
⊙ 100 employees   ⊙ 100 employees

Environmental

Contents

Our current target

Carbon – own operations refers to a company's management of risks related to its own operational energy use and GHG emissions (Scope 1 and 2). It also includes part of Scope 3 emissions, such as transport and logistics. It does not include emissions in the supply chain or during the use phase/end-of-life cycle of a product.

Our ambition

Our CO_2e emissions reduction goal, working with the ESG Steering Committee, was updated in 2021. Our target is a 37.5% reduction by 2039 for our Scope 1 and 2 emissions compared to 2019 levels on a like-for-like basis. The following interim milestones have been established to track progress towards the target by 2039:

- **2029** – reduce Scope 1 and 2 emissions by 16% compared to 2019
- **2034** – reduce Scope 1 and 2 emissions by 26% compared to 2019
- **2039** – reduce Scope 1 and 2 emissions by 37.5% compared to 2019

Our current reduction target is based on absolute contraction consistent with the Paris Agreement 'Well Below 2°C' scenario and in support of SDG 13: Climate action. This firm approach means that we will compare our actual mass of emissions in 2039 to the baseline year of 2019, without adjustment for expected growth and increased production levels between 2019 and 2039.

In connection with our next (2022) Sustainability Report to be published in April 2023, we are evaluating the potential to revise our GHG reduction target in line with a 1.5°C model and consistent with the SBTi (science based targets initiative).

Link to SDGs

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Link to strategy

Reduction in energy consumption

We have experienced a net reduction in the consumption of electricity over the last three years. The vast majority of this reduction is related to the COVID-19 pandemic and the microchip shortage, while a smaller portion is related to energy efficiency projects that have been completed worldwide.

Greenhouse gas emissions

Our GHG emissions have decreased from our 2019 baseline year significantly. This is due in large extent to volume reduction related to COVID-19 and the microchip shortage. We have also reduced emissions through the procurement of renewable energy, particularly in the UK and Spain.

Energy intensity

Intensity factor (CO_2eT per €m revenue)

Year	Value
2019	90.03
2020	94.72
2021	89.61

Electricity consumption

Global electricity consumption (kWh)

Year	Value
2019	526,434,728
2020	457,404,458
2021	485,717,373

Scope 1 emissions

Global Scope 1 emissions (CO_2eT)

Year	Value
2019	39,170
2020	30,680
2021	34,619

Scope 2 emissions

Global Scope 2 emissions (CO_2eT)

Year	Value
2019	267,913
2020	235,947
2021	230,266

CASE STUDY
MIGREENPOWER RENEWABLE ENERGY PROGRAMME

The MIGreenPower initiative is one of the largest voluntary renewable energy programmes in the US.

It enables customers of DTE Energy in Michigan to attribute a greater percentage of their electricity usage to DTE's wind and solar projects, contributing towards a cleaner future for all as part of its wider strategy to reduce its global carbon footprint by investing in green energy and other sustainable solutions. We have committed to purchasing 100% renewable power for three manufacturing locations, two test centres, and corporate offices in Michigan. Our contract with DTE will begin in January 2024, with approximately 19% of its electricity use in North America being attributed to DTE's renewable energy projects.

Over the year, we will use an estimated 22m kWh of renewable energy under this initiative. This will have a significant impact on our greenhouse gas emissions – reducing our annual CO_2e emission by 15,600 metric tonnes, which is equivalent to eliminating more than 7.8m kg (17.2m lbs) of burned coal. More than 44,000 residential and 450 businesses subscribe to MIGreenPower, including prominent automotive players such as Ford Motor Company and General Motors. Since its launch in 2017, MIGreenPower subscribers have supported the transition to clean energy and improving the environment.

"

In addition to the many improvements we are making through the lightweight and energy efficient product lines we supply to our automotive customers, we have made a firm commitment to decarbonising our manufacturing and support business, reducing global greenhouse gas emissions and investing in green energy. Working with a renewable energy pioneer like DTE Energy, we can make significant strides towards our goals in North America, while also supporting community projects in Michigan. I look forward to seeing the positive benefits our enrolment will have in the future with all of our facilities in Michigan powered 100% by green energy.

Hans Dieltjens, President and CEO of TI Fluid Systems

Carbon – products and services

Carbon – products and services refers to a company's management of the energy efficiency and/or GHG emissions of its services and products during the use phase.

Our ambition

We provide product offerings to help reduce exhaust and evaporative emissions, as well as reduce the weight of material in the vehicle. Reducing weight directly affects the fuel efficiency for ICE powered cars and allows EVs to go further on a charge.

Link to SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Link to strategy

Reduction in energy requirements of products and services

The Company has been awarded the London Stock Exchange's Green Economy Mark in recognition of the positive environmental impact our product technologies have by helping make cars greener. We are proud that our technology and products support the green economy, and that we deliver safety-critical technology for the environmental benefit of vehicles.

These products include lightweight pressure-resistant fuel tanks, lightweight plastic lines and connectors for coolant and refrigerants.

We also manufacture high-pressure fuel rails that allow for the optimisation of internal combustion engines and increased fuel efficiency.

Products for electric vehicles

Chassis thermal plastic manifolds, battery thermal plastic lines and connectors, aluminium lines and connectors, rubber lines.

€1bn
2021 BEV products lifetime revenue

30%
of 2021 awards

Our products are on

37%
of BEVs for nameplates launched during 2021

CASE STUDY
LIGHTWEIGHT PRESSURE-RESISTANT FUEL TANK

Proprietary design and manufacturing process for tank pressure resistance enables OEMs to reach partial zero evaporative emissions, and for hybrid applications, retain pressure build-up of fuel vapour when the vehicle is in hybrid electric mode and the engine is shut off.

Our 2009 Automotive News PACE award-winning ship-in-a-bottle (SIB) fuel tank changed the way plastic fuel tanks were made. By integrating the fuel system components into the tank via a preassembled carrier, TI Fluid Systems was able to develop the world's first plastic partial zero emissions vehicle (PZEV) fuel tank. Today, our new tank advanced process technology (TAPT) marks the next step in plastic tank production innovation for component integration in new tank solutions.

Our 2014 Automotive News PACE award-winning TAPT innovation is an adaptable blow molding manufacturing process that makes it possible to produce multiple types of fuel tanks for all types of powertrains – diesel, petrol, flex-fuel, PZEV and hybrid – from a single blow molding tool set design.

During TAPT, the parison is separated into two halves while a robot inserts the fuel system components into designated gripper areas of the tank assembly. The mold then closes to optimise the pinch joint flange. This process has fewer limitations as to size and complexity of shape.

These advanced methods enable TI Fluid Systems to set new standards in lightweight, flexible packaging technology with emissions integration.

Water use

Water use focuses on water scarcity and how effectively a company uses its water supply.

Our ambition

Reduce water use, especially in areas with high water scarcity risks. Protect the quality of the water in the communities that we operate and live in.

Link to SDGs

6 CLEAN WATER AND SANITATION

14 LIFE BELOW WATER
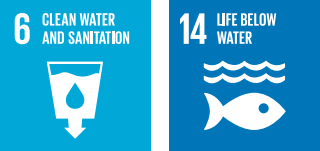
Link to strategy

Water recycled and reused

We are implementing a strategy to reduce the use of water and increase our conservation efforts, particularly in areas that have water scarcity issues. In 2021, the following water conservation targets were established for us to achieve by 2030:

- FCS Process Plants: 25% reduction from 2020 baseline (3.00% annual reduction)
- FCS Thermal Plants: 10% reduction from 2020 baseline (1.25% annual reduction)
- FCS Systems, FTDS Pump and FTDS Tank Plants: Change to 100% low-flow fixtures by 2030

Water recycled and reused

The majority of the water that we use is related to non-contact cooling. As such, much of this water is discharged to local sanitation departments.

We have several initiatives used to minimise the volume of water that we use in our production environment.

Water sources significantly affected by withdrawal of water

None.

Water withdrawal by source
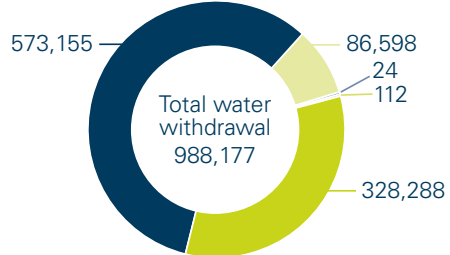
573,155
86,598
24
112

Total water withdrawal
988,177

328,288

● Groundwater ● Municipal water supplies or other water utilities
● Purchased water ● Rainwater collected directly and stored by the organisation ● Wastewater from another organisation

Total water withdrawal

by source in m³

2020	888,388
2021	988,177

Water consumption – FCS

in m³

2020	797,758
2021	871,543

Water consumption – FTDS

in m³

2020	83,035
2021	107,490

CASE STUDY
TUBE COATING TECHNOLOGY IN MICHIGAN

New high-speed zinc electroplating line installed in our Marysville, Michigan plant.

We continue to work diligently in the specification and commissioning of state-of-the-art technologies when making asset purchases. This strategic approach has resulted in a reduction of energy and water consumption, as well as waste generation. The recent installation of cutting-edge tube coating technology in our facility in Marysville, Michigan, USA, exemplifies our deliberate commitment to established ESG initiatives. This significant, critical investment improves product quality for our OEM customers and provides measurable reductions in several environmental-critical areas. We are now recognising zero solid waste and near-zero wastewater generated by this process. Compared to prior technology, a 35% reduction in chemical consumption and a 60% reduction in rinsing water significantly reduce resource consumption, a 30% reduction in the required electrical energy load yields a notable reduction in CO_2e emissions.
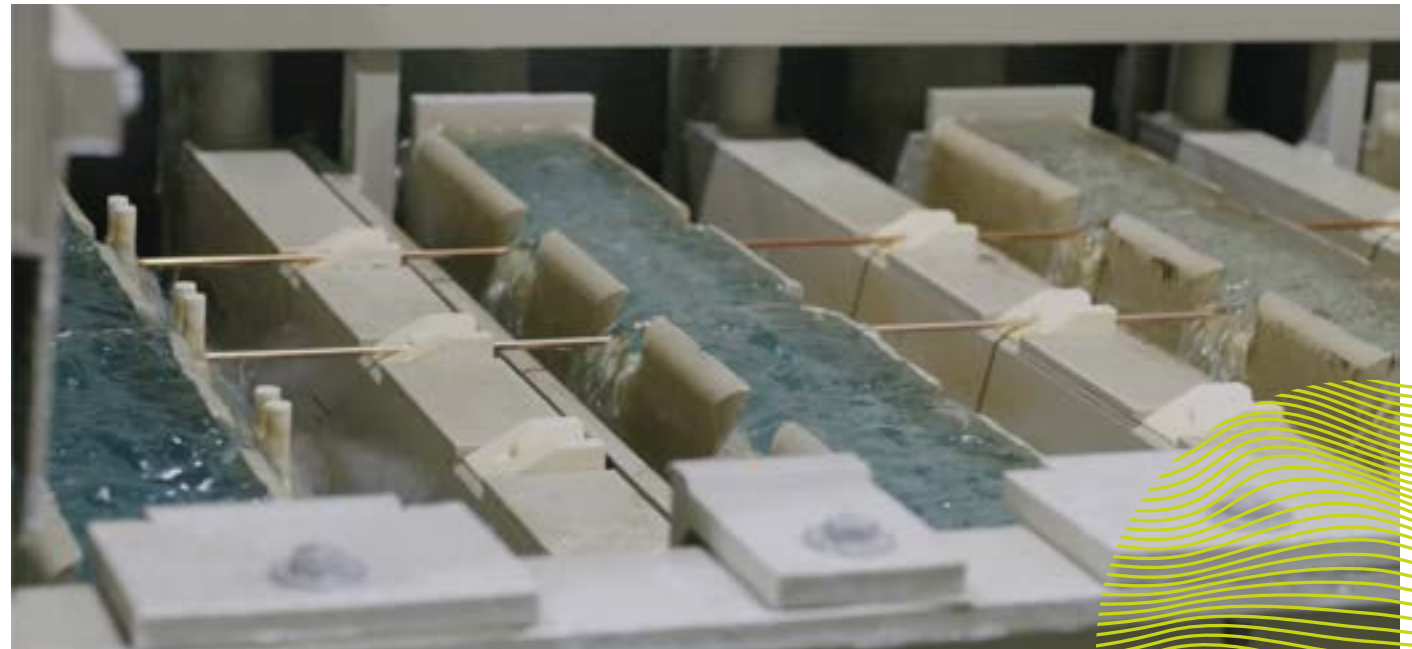
This new line, when fully functional in 2022, will reduce our plating chemical consumption and raw material purchase by approximately 35%, reduce our water consumption by 60%, and lower our electricity consumption for this process by 30%.

Social

Contents

Community relations

Community relations focuses on how companies engage with local communities (including indigenous peoples) through community involvement, community development and/or measures to reduce negative impacts on local communities.

Our ambition

We operate in 29 countries worldwide. Our people and operations are encouraged to develop a local strategy to make positive contributions to their communities through participation in local events. In 2021, our employees participated in and contributed to many community and charitable projects across the world.

We also seek to make a positive impact in the many local communities where we operate through local charitable and outreach activities.

For 2022, we are in the process of establishing a scholarship programme in several countries to support and provide opportunities for students to pursue their STEM (science, technology, engineering and mathematics) studies at colleges and universities in countries where we have significant operations.

Link to SDGs

3 GOOD HEALTH AND WELL-BEING

Link to strategy

CASE STUDY
TI FLUID SYSTEMS EAST LONDON HOSTS EASTERN CAPE GOVERNMENT DELEGATION

TI Fluid Systems had the great honour of welcoming a delegation from the Eastern Cape, South Africa Government during their tour of the East London Industrial Development Zone (ELIDZ). The delegation included Eastern Cape Premier, Mr. Lubabalo Oscar Mabuyane, and other dignitaries.

The visit was part of Premier Oscar Mabuyane's post "State of the Province Address" and was designed to give the delegation an opportunity to see first-hand the great progress taking place within the ELIDZ's Automotive Supplier Park.

For TI Fluid Systems, hosting the Eastern Cape delegation represented an opportunity to showcase its new Blow Mould Plant and give these very special guests the opportunity to meet the company, products and people leading the technological revolution in the global automotive industry.

The visit also reinforced TI Fluid Systems' commitment and ongoing investment in Broad-Based Black Economic Empowerment (BBBEE) initiatives. TI Fluid Systems recently achieved a level 8 BBBEE compliance rating with the targeted goal of reaching level 4 status by 2024.

In South Africa, the BBBEE initiative was created to address the legacy of apartheid and to promote the economic participation of BIPOC (Black, Indigenous, and People of Colour) people in the South African economy.

By hosting the Eastern Cape Government delegation, TI Fluid Systems also solidified its commitment to supporting transformative initiatives such as BBBEE and doing business in South Africa.

Data privacy and security

Data privacy and security focuses on data governance practices, including how companies collect, use, manage and protect data. The emphasis is on measures taken to ensure safe and secure use and/or maintenance of customers' personally identifiable data.

Link to SDGs

Link to strategy

We are committed to safeguarding the privacy of our stakeholders and have established a robust data protection policy to ensure compliance with applicable laws.

At the core, sitting alongside our Information Security policy and Record Retention policies, is our Privacy policy, which details the general data protection principles, responsibilities and expectations of the Company regarding the handling of the personal data of our employees for legitimate business purposes as required by law or with individual consent.

Regular training is delivered to ensure knowledge regarding the processing of such data is current as well as requiring an annual acknowledgement of employees confirming their ongoing commitment to the policy. The policy is available on the intranet and in our facilities, and we also have an external-facing policy available on our website.

The establishment of a dedicated email (privacy@tifs.com) for queries, requests and reporting of potential and actual data breaches, ensures timely management of queries and prompt investigation of reports.

Audits are performed locally throughout Europe, recording the categories of personal data held, the purpose of the processing, the technical and organisational security measures in place to safeguard such information and the lawful basis of the processing according to the General Data Protection Regulation.

As well as ensuring the internal safeguarding of stakeholder data, we have adopted measures to ensure such requirements are met by relevant third-party service providers through data processing agreements.

We continue to closely monitor developments in the privacy landscape and update our data protection policy as necessary.

Human Rights policy

Code of Business Conduct

We expect that all employees will conduct their business in accordance with this Code, and all applicable laws, rules and regulations of all jurisdictions that may apply to our business activities. Compliance with applicable law, both in letter and in spirit, is the foundation on which our ethical standards are built. All employees must respect and obey the laws of the jurisdictions we operate in.

The Code of Business Conduct addresses the following:

- Gifts, loans and other benefits to employees
- Conflicts of interest
- Confidential information
- Record keeping
- Business-related expenses

- Facilitation payment to government employees or officials
- Competition and fair dealing
- Positive work environment
- Intellectual property
- Product safety and quality
- Environmental standards
- Workplace health and safety

CASE STUDY
DATA TRANSFER AGREEMENT

Following the EU Commission's publication on 4 June 2021 of new Standard Contractual Clauses, TI Fluid Systems has updated its International Data Transfer Agreement.

These updates ensure that, where personal data is required to be transferred between group entities, such transfers are done in accordance with the law.

Human rights

Human rights focuses on how companies manage and respect fundamental human rights within their operations. Emphasis is on measures taken to protect civil and political rights, as well as economic, social and cultural rights, including child and forced labour.

Our ambition

We are committed to conducting business in an ethical and professional manner at all times. The foundation of our Human Rights policy is respect for the fundamental and essential human rights of our employees, customers, suppliers and other stakeholders. Our Human Rights policy aligns with internationally recognised human rights standards, including the United Nations Guiding Principles on Business and Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work. This Human Rights policy is intended to serve as a supplement to our Code of Business Conduct. Our management team works to eliminate or reduce the risk of human rights violations in all areas of our business across all global locations. We recognise the diverse racial, social and economic conditions where we operate and seek to uniformly apply our Human Rights policy and Code of Business Conduct at all locations. Consistent with our commitment to fundamental human rights, we seek to maintain the highest standards and values across all locations while fully complying with any specific human rights regulations applicable in the jurisdictions we operate in.

Link to SDGs

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

Link to strategy

We are signing the UN Global Compact.

The foundation for our Human Rights policy is respect for the fundamental and essential human rights of our employees, customers, suppliers and other stakeholders.

The Group is committed to doing business ethically. We fully support generally accepted human rights conventions as reflected in our Human Rights policy as well as Code of Business Conduct and in our annual Modern Slavery Statement.

We take the protection of human rights seriously and have zero tolerance for the use of slave and child labour.

CASE STUDY (MONTORNÈS, SPAIN)
DIVERSITY AND SOCIAL RESPONSIBILITY AWARD

Our manufacturing facility in Montornès has won the fifth edition of the Lismivo Award celebrating diversity and social responsibility.

The award ceremony took place in November 2021 in Can Saurina, Montornès, Spain. The award is an initiative of the Lismivo Network, co-ordinated by the County Council, and distinguishes companies within the county that are committed to the labour integration of people with functional diversity and corporate social responsibility. The annual Lismivo Awards establish the percentage of recruitment of people with disabilities, with the awards broken down into the following criteria: age range, percentage of indefinite and full-time contracts, contracts for people with a diverse background with special difficulties, and the recruitment of women with a degree of disability equal to or greater than 33%. The awards also considers the purchase of products or services from special employment centres, as well as collaboration and internships with organisations that find work for people with functional diversity. In addition, the awards consider other aspects of corporate social responsibility, such as obtaining electricity from suppliers that guarantee a low environmental impact on production, utilising low-emission vehicles, using an EMAS or ISO 14001-certified environmental management system, and generating energy independently. Patrícia Rodríguez, who has been Human Resources Director for nine years, collected the award.

Achieving this award, with the difficulties of the last two years, is a recognition of the work of our Human Resources department, and characterises the value we give to the people in the company. We promote social inclusion and take on the challenge of reconciling business needs with social needs.

Human capital

Human capital focuses on the management of human resources, including the management of risks related to scarcity of skilled labour through retention and recruitment programmes and career development measures such as training programmes. Additionally, it includes labour relation issues, including the management of freedom of association and non-discrimination, as well as working hours and minimum wages.

Link to SDGs

Link to strategy

Our strength as a global Tier 1 automotive supplier is directly tied to the talent and diversity of our staff, management and Board leadership. We are committed to treating individuals with respect, and to building and maintaining a culture that values and promotes ethical business practices, compliance, diversity and inclusion. We welcome employees with diverse perspectives who share our vision of a world marked by knowledge and compassion.

Our Core Values promote our social programmes by valuing our employees, sustaining enduring relationships with our customers, and making positive contributions in the communities where we operate. Our people are considered for employment, training, career development and promotion on the basis of their abilities and aptitudes, regardless of age, gender, sexual orientation, religion or ethnic origin. These messages are reinforced by our Core Values.

Consistent with our Core Values and focus on our employees, we have continued to develop and improve our global safety and our diversity programmes.

In 2021, we again engaged directly with our workforce through our Global Employee Engagement Survey and were pleased to see that our good engagement levels have not diminished, despite the prolonged work from home due to COVID-19.

We learned the importance that our employees place on work-life balance and implemented a Group-wide hybrid work model that provides many employees the opportunity to work from home 40% of the time.

We take our employees' health, both physical and mental, seriously, and we have implemented several initiatives to support our employees. These include a Global Employee Assistance Programme across all countries which provides resources for our employees' emotional and mental health, a robust health and safety programme ensuring our workplaces are safe, a feedback loop with employees through skip level meetings, employee engagement surveys and a hotline for employees to address potential issues they might have in their location.

Our diversity programmes include an inclusivity assessments and inclusivity education of our top management, anti-bias training, the implementation of regional diversity committees, programmes to increase gender diversity, and mentoring programmes for women.

CASE STUDY
WOMEN'S MENTORING PROGRAMME

The Women's Network Mentoring Programme provides opportunities for women across the organisation to accelerate their careers and navigate the Group's culture through meaningful connections with organisational leaders.

The programme helps to quickly build effectiveness in new talent, providing visibility and improving promotion, which leads to increased productivity and retention of female employees. The participants learn important aspects of our culture, processes and tools to be effective in their roles, while the mentors build network connections across the organisation and increase depth of expertise. Skip level communication is improved, as is the opportunity for cross-functional interaction and understanding the motivational factors of our employees. The female-only programme pairs employees with senior executives based on survey results, which identify elements such as background and experience, expertise and interests, and a visual personality survey. The pairs met at least once a month and tracked milestones within the MentorCliq software.

We are committed to developing and fostering a true 'Learning Organisation'. This programme is one of many others we are working on to help deliver our goals and drive diversity and inclusivity within our culture.

The career mentoring helped me to find new goals and has significantly increased my ability to progress and achieve these targets.

K. Goldbeck, Programme Manager, Rastatt

Occupational health and safety

Occupational health and safety focuses on the management of workplace hazards affecting a company's own employees and on-site contractors.

Our ambition

To have world-class safety for all locations we operate in.

Link to SDGs

3 GOOD HEALTH AND WELL-BEING

Link to strategy

The health and safety of our employees remains an overarching priority and is central to everything we do. We focus on safe working environments and eliminating work-related injuries and illnesses.

We report safety statistics to the Board at every meeting, including all potentially life-threatening incidents and lost time injury frequency (LTIF) for the organisation as a whole. This information, with a detailed breakdown of injury by plant and open injury reports, is provided to each regional Managing Director on a monthly basis.

The Corporate Safety Steering Committee consists of the Chief Legal Officer and Chief HR Officer, the Divisional Executive Vice Presidents and the Global EHS Director. The Committee is responsible for providing the architecture and direction for the Group's safety-related programmes. This Committee determines our safety KPIs and objectives, and helps to implement our safety strategy.

The corporate safety team helps to steer and implement policies and programmes approved by the Corporate Safety Steering Committee.

At a local level, each plant is required to have a Safety Committee that comprises the plant manager, at least one other senior manager, and operators and supervisors working on the plant floor. The mandates of local safety committees vary depending on the plant but, generally, include hazard identification and assessments, accident investigations, safety audits, safety training and recommending personnel protective equipment.

LTIF for the period 2019 to 2021 is presented in the graphic to the right. Our LTIF has decreased from 2019. We believe this reduction has been driven, in part, by our strict COVID-19 protocols and regular safety meetings with EHS plant teams. The slight increase in LTIF from 2020 to 2021 is primarily driven by our initiative to have more accurate and timely safety reporting by our Asia Pacific plants. Our LTIF compares very favourably to industrial benchmarks.

Lost time injury frequency

(Lost time incidents ÷ hours worked) x 1m hours

Year	Value
2019	2.87
2020	1.67
2021	**1.75**

Safety data reporting

	Fatality rate	Lost time injury rate	Recordable injury rate
All employees	0	1.75	2.56
Visitors, contractors and temps	0	0.51	1.01
TI Fluid Systems full time	0	2.06	2.95

- All employees
- Visitors, contractors and temps
- TI Fluid Systems full time
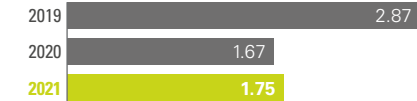
CASE STUDY
ISO 45001 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

In 2021, we began our journey to align our plants to a central occupational health and safety management system.

Our ISO 45001 occupational health and safety management system is compliant with the standard and includes the following system elements: hazard identification, risk ranking and management, safety reporting, training, emergency preparedness, internal and external audits, and management inclusion and review. A key focus of our programme revolves around contractor safety. We treat our contract employees and external contractors as employees. We hold all individuals on our sites to our stringent safety protocols, which, in most cases, are more stringent than local law requires. This system was integrated into plants located in Europe and North America. A total of 29 plants and the Auburn Hills corporate offices were certified by our third-party registrar in 2021.

We have prioritised our sites and will be expanding this certification to another 30 plants, representing plants in all regions in 2022. Our goal is to continue to roll this programme out across the globe and to have all manufacturing locations certified by the beginning of 2024.

This system was designed by our EHS team to allow our plants to integrate ISO 14001 environmental management and our ISO 45001 occupational management systems into one environmental health and safety management system. This will allow our plants to leverage the existing ISO 14001 framework that we have in place at most locations into our new combined management system.

We are proud of our teams' safety performance and we look forward to continuing to improve our safety programme as we strive for world-class safety across our operations.

Product safety

TI Fluid Systems has established product safety processes that ensures our products are consistently reliable and comply with all applicable customer, industry, legal and government regulatory requirements.

Our ambition

The majority of our manufacturing locations are IATF 19649 certified. We have a very low rate of non-conforming pieces that have been rejected by customers verses pieces sold. This is shown in the graph on the right.

Link to SDGs

3 GOOD HEALTH AND WELL-BEING

Link to strategy

Our Customer Safety or Critical Concern Process (CSCC) provides clear direction regarding concerns that could be classified as safety or critical in nature and that could impact the performance of saleable product.

We ensure that the importance of product safety is understood and prioritised by all our employees and, to support this, we provide continuous training, starting with the initial induction process, and continuing to annual roadshow events.

In the event that a performance concern is suspected, internally or externally, our teams initiate the CSCC process, triggering a structured approach to analyse, classify and communicate the issue within the organisation. Potential critical or safety concerns are automatically logged, escalated and monitored via our portal to conclusion by senior staff members working with team members on appropriate resolutions of the issue.

Mandatory lessons learned from each safety or critical concern event is used to drive product and process improvements across the organisation. Corrective actions are cascaded across similar products and manufacturing lines to prevent future issues with product guidelines updated for reference during advanced product quality planning (APQP) team design reviews.

In addition, we conduct on-site Safety, Regulatory and Functional (SRF) audits to verify that production practices comply with the latest knowledge.

Certified product safety and conformance representatives – 26

SRF audits conducted – 169

Updated product and process standards – 59

Customer satisfaction (parts per million sold)

Year	Value
2019	3.8
2020	7.7
2021	5.0

The quantity of non-conforming pieces rejected by external customers versus pieces sold, measured in parts per million.
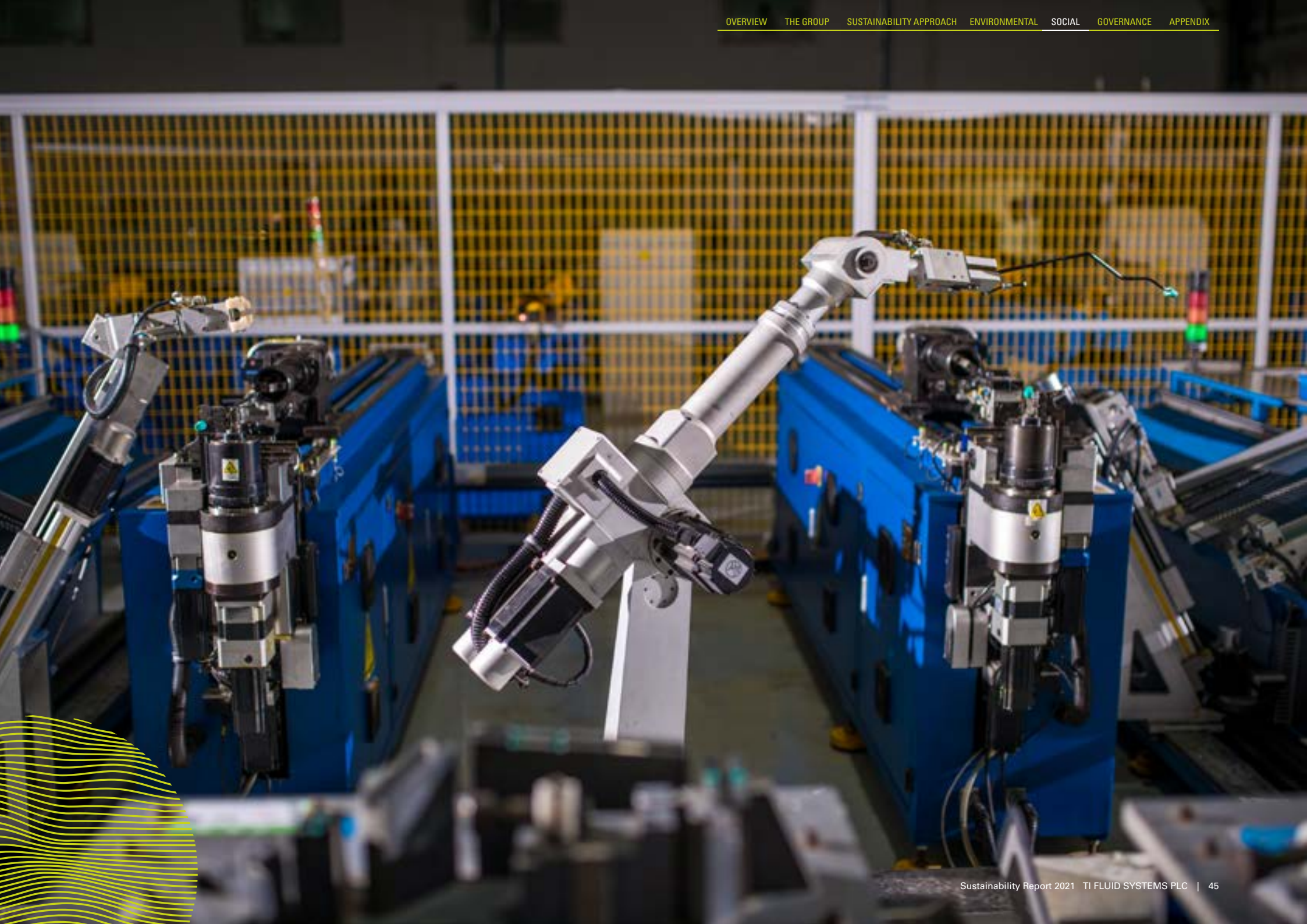
Governance

Contents

The Board

31 December 2021

Manfred Wennemer Independent Non-Executive Chair	**Julie Baddeley** Independent Non-Executive Director	**John Smith** Independent Non-Executive Director
Hans Dieltjens Chief Executive Officer and President	**Tim Cobbold** Senior Independent Director	**Stephen Thomas** Non-Executive Director
Ronald Hundzinski Chief Financial Officer	**Susan Levine** Non-Executive Director	**Jeffrey Vanneste** Independent Non-Executive Director
	Elaine Sarsynski Independent Non-Executive Director	

> At TI Fluid Systems, we recognise the importance of effective oversight of our Corporate Governance Framework and that it supports the successful delivery of our strategy.

Nomination Committee

Manfred Wennemer
Chair

Tim Cobbold
Stephen Thomas
Members

Key responsibilities:

- Evaluating the size, structure and composition of the Board
- Assisting the Board in relation to the composition of the Board, including evaluating the balance of skills, knowledge, experience and diversity
- Consideration of succession planning

See our **2021 Annual Report** on page 84.

Audit & Risk Committee

Jeffrey Vanneste
Chair

Elaine Sarsynski
John Smith
Members

Key responsibilities:

- Reviewing and monitoring the integrity of the financial statements
- Ensuring effective systems of internal controls, internal audit and risk management are maintained
- Advising on the appointment of the external auditors and monitoring non-audit work undertaken by the external auditor

See our **2021 Annual Report** on page 86.

Remuneration Committee

Tim Cobbold
Chair

John Smith
Jeffrey Vanneste
Members

Key responsibilities:

- Setting the Remuneration policy for all Executive Directors and the Chair
- Determine remuneration packages, including bonuses and awards, for Executive Directors and senior management in consultation with the Chair and Chief Executive Officer, as appropriate

See our **2021 Annual Report** on page 92.

ESG Steering Committee

Elaine Sarsynski
Chair

Julie Baddeley
Hans Dieltjens
Ronald Hundzinski
Members

Key responsibilities:

- Recommending the overarching ESG vision and strategy road map to the Board in order to ensure that sustainability priorities are met
- Monitors the Group's corporate responsibility, sustainability and stakeholder engagement activities

See our **2021 Annual Report** on page 115.

Corporate governance

Our ambition and sustainability governance

Corporate governance comprises six pillars: Board/management quality and integrity; Board structure; ownership and shareholder rights; remuneration; audit and financial reporting; and stakeholder governance.

Our ambition

Governance remains a top priority for the Board and executive leadership in order to promote the strategic development and sustainable success of the Group.

The Group has long recognised the importance of effective corporate governance in supporting the long-term success and sustainability of our business. Our robust governance framework not only satisfies the provisions of the UK Corporate Governance Code but also supports the effective operation of our business, enabling us to deliver our strategy. The Annual Report covers our governance arrangements, the operation of the Board and its Committees, and describes how the Board discharges its collective responsibilities. The Board's decision-making reflects the balancing of stakeholder interests and how we have engaged is explained in our Section 172(1) statement.

Link to strategy

Sustainability governance

The ESG Steering Committee was established in 2021 to support the Board to fulfil its oversight responsibilities for ESG matters. The Terms of Reference are available on our website. As a leader in the automotive industry, we recognise the part the Group plays in the global community. Environmental and social performance is now a part of the wider management team's strategic objectives for 2022 and beyond. Sustainability targets have also been included as a performance element of our Long-Term Incentive Plan for Executive Directors and senior management. The alignment of our purpose and strategy using our remuneration will ensure we will continue to develop and supply products to support hybrid and battery electric vehicles in the most sustainable way. Colleagues from different areas of the business attend the meetings and support the discussions. Elaine Sarsynski, Committee Chair, regularly reports to the Board on key sustainability issues considered by the Committee, and Matt Paroly, Chief Legal Officer, has been appointed as the Group's ESG Director to act as a liaison between the Committee, senior management and the wider workforce.

Sustainability progress

The Committee has shown its commitment to operating our business in a more environmentally responsible and sustainable manner to provide long-term success for all stakeholders. Especially, focusing on the enhanced measurement and reporting of our carbon footprint, including Scope 3, and establishing appropriate CO_2e emissions reduction and water conservation targets. Additionally, introducing more robust safety procedures to protect our workforce and developing initiatives to promote further diversity within our organisation.

In 2022, we aim to revise and publish updated targets to reduce our Scope 1 and 2 CO_2e emissions, and have begun implementing conservation and renewable energy programmes to achieve these objectives. Partnering with Schneider Electric Consultancy, a sustainability provider, we have identified ways to measure and incorporate Scope 3 emissions into our plans.

Other initiatives continue to be supported, including evaluating our greenhouse gas reduction programme to ensure our objectives and efforts remain appropriate. Our social initiatives include updating and enhancing our Safety policy, procedures and processes, and updating our Human Rights policy. We have implemented a new learning platform to support education and career development for all employees. Other initiatives and educational programmes to promote ethics, diversity and inclusion within our organisation are also underway.

In addition, the Board has continued to incorporate environmental and social performance targets as a significant element of our long-term incentive programme for Executive Directors and senior management, as described in more detail in the Remuneration Report in the latest Annual Report.

Link to SDGs

❞

We are very pleased with the Company's work this year to build a more sustainable business. We will continue to review measures and targets to gauge our progress and ensure accountability at all levels of our organisation.

Elaine Sarsynski, ESG Steering Committee Chair

Sustainability governance framework

Board of Directors

The Board of Directors recognises that sustainability is essential to the Group's long-term success and that sound environmental, social and governance practices are fundamental and necessary to a sustainable business.

ESG Steering Committee

To assist the Board in its oversight of ESG matters, the ESG Steering Committee was formed in 2021. The Committee was charged with recommending the overarching sustainability vision and strategy to the Board, together with annual plans and targets for ESG matters, as well as supporting management to prioritise sustainability within the Group's overall corporate strategy. The Committee seeks to solicit and understand the views of the Group's stakeholders to inform the Group's long-term strategic decisions and identify the relevant sustainability priorities that most significantly impact the Group and its stakeholders, reputation and public interest role.

Integration of ESG into all aspects of the business through cross-functional teams

We have a top-down approach to facilitate ESG integrations across the business. The Board and senior management understand the value and relevance of ESG initiatives and engage regularly to ensure employee and supplier awareness. Cross-functional teams are working to establish and communicate our initiatives, KPIs, goals, strategies, and long-term vision for our ESG programmes.

Consideration of ESG in determining Executive remuneration

The decision to link a significant portion of the long-term incentive to sustainability, favouring the quantitative environmental measure and the quasi-quantitative social measure, was supported by the ESG Steering Committee. The inclusion of the reduction of Scope 1 and 2 emissions is in line with specific long-term public commitments made to our customers, so is well aligned to the business imperative.

The Committee is aware that 25% of the long-term incentive allocated to sustainability is at the 'high end' of expectations but felt this was appropriate as it aligns directly with the overall role of the Group in helping the automotive business through the transition away from fossil fuels.

The Committee was insistent, however, that the measures used should be quantitative and/or independently assured to provide confidence that genuine progress had been delivered and that the targets were suitably challenging.

Business ethics

Business ethics focuses on the management of general professional ethics, such as taxation and accounting, anti-competitive practices and intellectual property issues. Business ethics includes bribery and corruption, which analyses the management of risks related to alleged or actual illicit payments, such as kickbacks, bribes and facilitation payments to government officers, suppliers or other business partners, as well as the receipt of those payments from suppliers or business partners.

Our ambition

We intend to operationalise ethics and compliance across our organisation so that our employees are empowered to make business decisions with integrity and are confident that they can raise concerns when necessary.

Link to SDGs

Link to strategy

Communication, and ethics and compliance awareness

We believe that, to embed and operationalise a culture of ethics and compliance across our company, requires more than one-off training sessions. Instead, we believe it takes an educational journey of continuous learning and reinforcement. Since 2020, the Group has been taking incremental steps to improve communication and awareness of ethics and compliance across the Company. Examples of actions taken include displaying posters promoting our SpeakUp hotline and reinforcing messages on our intranet homepage.

All Employee Meetings provide greater awareness of our ethics and compliance programme to a wider employee base, and workshops and meetings frequently include external speakers and experts in the field of ethics and compliance.

Education and development

Each year, our salaried employees undertake certification of our Code of Business Conduct. This is a mandatory requirement for all employees. Additional training is targeted in areas of the business.

While we recognise that ethics and compliance risks will exist, we see the actions we have taken, continue to develop and embed, will support our employees and the company in minimising and mitigating such risks.

The future of ethics and compliance at TI Fluid Systems

In 2022, we intend to issue a risk and sentiment survey and conduct an externally facilitated Adequate Procedures Review process. The following year, we hope to undertake a programme benchmarking in order to understand how we are performing and take best practices from other organisations to enhance our own programme.

ESG Steering Committee report

Dear Shareholder, On behalf of the Board, I am pleased to present the first ESG Steering Committee report for the year ended 31 December 2021. The Committee was established to support the Board to fulfil its oversight responsibilities for Environmental, Social and Governance (ESG) matters. The Terms of Reference are available on our website.

ESG Steering Committee at a glance

Committee membership

	Meetings attended
Elaine Sarsynski (Chair)	4/4
Julie Baddeley	1/1
Hans Dieltjens	1/1
William Kozyra	3/3
Ronald Hundzinski	4/4

2021 highlights

- Agreed on Terms of Reference to provide oversight of the Group's sustainability strategy
- Populated and launched sustainability pages on our website
- Supported enhanced public reporting via CDP Reviewed sustainability metrics for 2022 LTIP awards
- Updated Health and Safety and Environmental policies
- Progressed data collection for water, energy and waste

Focus for 2022

- Explore increased renewable energy options
- Address measurement of Scope 3 greenhouse gas emissions
- Evaluate sustainability strategies of peer group companies to help inform our thinking
- Review $CO_2(e)$ emissions reduction targets and benchmark to our automotive peers

As a leader in the automotive industry, we recognise the part the Group plays in the global community.

We are committed to operating our business in a more environmentally responsible and sustainable manner in order to provide long-term success for all of our stakeholders. We are focused on the enhanced measurement and reporting of our carbon footprint, including Scope 3, and establishing appropriate $CO_2(e)$ emissions reduction and water conservation targets. We are also instituting more robust safety procedures to protect our workforce and developing initiatives to promote further diversity within our organisation.

Environmental and Social performance is now a part of the wider management team's strategic objectives for 2022 and beyond. Sustainability targets have also been included as a performance element of our Long-Term Incentive Plan for Executive Directors and Senior Management. The alignment of our purpose and strategy using our remuneration will ensure we will continue to develop and supply products to support hybrid and battery electric vehicles in the most sustainable way. Hans Dieltjens and Ron Hundzinski are members of the Committee and colleagues from different areas of the business attend the meetings and support the discussions. I regularly report to the Board on key sustainability issues considered by the Committee, and Matt Paroly, Chief Legal Officer, has been appointed as the Group's ESG Director to act as a liaison between the Committee, Senior Management and the wider workforce.

We are very pleased with the Company's work this year to build a more sustainable business. We will continue to review measures and targets to gauge our progress and ensure accountability at all levels of our organisation.

I look forward to updating you on our continuing sustainability journey.

Elaine Sarsynski
ESG Steering Committee Chair
14 March 2022
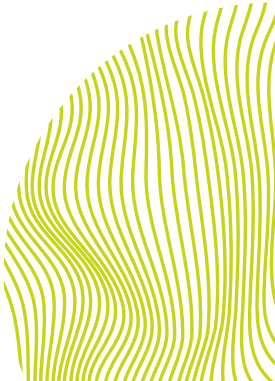
CASE STUDY
BUSALLA, ITALY

Solar panels on our plant to increase use of renewable electricity.

As part of our commitment to Environmental Health and Safety and environmental stewardship, the roof of our Busalla, Italy FCS plant was replaced. This project removed asbestos containing material from the roof and included the addition of photovoltaic solar power across the majority of the available roof area. In 2017, the solar system generated 862,000 KWh of power which was consumed at the plant. This use of green energy resulted in a reduction of 413 tons of $CO_2(e)$ emissions. Similarly in 2018, the solar system generated 786,000 KWh of power resulting in the reduction of 377 tons of $CO_2(e)$ emissions. For 2019, the system has generated 726,000 KWh in the first nine months of the year, resulting in the reduction of 348 tons of CO_2 (e) emissions.

GRI Content Index

This report was prepared in accordance with the GRI standards. The consolidated set of GRI Sustainability Reporting Standards 2022 served as the basis. The following index gives the page references for required information and provides information on the completeness of the answer.

General disclosures

Disclosure	Description	Comments/ page reference	Completeness (self assessment)
1. The Organization and its Reporting Practices			
2-1	Organizational details	Back cover, 8	Partially reported
2-2	Entities included in the organization's sustainability reporting	N/A	Not reported
2-3	Reporting period, frequency, and contact point	N/A	Not reported
2-4	Restatements of information	N/A	Not reported
2-5	External assurance	N/A	Not reported
2. Activities and Workers			
2-6	Activities, value chain, and other business relationships	5, 8, 9, 16, 17	Partially reported
2-7	Employees	9	Partially reported
2-8	Workers who are not employees	N/A	Not reported
3. Governance			
2-9	Governance structure and composition	58–61	Partially reported
2-10	Nomination and selection of the highest governance body	N/A	Not reported
2-11	Chair of the highest governance body	58	Fully reported
2-12	Role of the highest governance body in overseeing the management of impacts	60–61	Partially reported
2-13	Delegation of responsibility for managing impacts	60–61	Partially reported
2-14	Role of the highest governance body in sustainability reporting	N/A	Not reported
2-15	Conflicts of interest	N/A	Not reported
2-16	Communication of critical concerns	52	Partially reported
2-17	Collective knowledge of the highest governance body	N/A	Not reported
2-18	Evaluation of the performance of the highest governance body	N/A	Not reported
2-19	Remuneration policies	N/A	Not reported
2-20	Process to determine remuneration	14	Partially reported
2-21	Annual total compensation ratio	N/A	Not reported
4. Strategy, Policies, and Practices			
2-22	Statement on sustainable development strategy	7, 31	Partially reported
2-23	Policy commitments	13–15, 21, 48, 49	Partially reported
2-24	Embedding policy commitments	13–15, 21, 60	Partially reported
2-25	Processes to remediate negative impacts	N/A	Not reported

Disclosure	Description	Comments/ page reference	Completeness (self assessment)
2-26	Mechanisms for seeking advice and raising concerns	N/A	Not reported
2-27	Compliance with laws and regulations	N/A	Not reported
2-28	Membership associations	N/A	Not reported
5. Stakeholder Engagement			
2-29	Approach to stakeholder engagement	14, 15, 18	Fully reported
2-30	Collective bargaining agreements	N/A	Not reported
GRI 3			
Disclosures on Material Topics			
3-1	Process to determine material topics	N/A	Not reported
3-2	List of material topics	N/A	Not reported
3-3	Management of material topics	N/A	Not reported

Topic-specific disclosure obligations (by materiality)

GRI 200: Economic

Disclosure	Description	Comments/ page reference	Completeness (self assessment)
201	**Economic Performance**		
201-1	Direct economic value generated and distributed	N/A	Not reported
201-2	Financial implications and other risks and opportunities due to climate change	N/A	Not reported
201-3	Defined benefit plan obligations and other retirement plans	N/A	Not reported
201-4	Financial assistance received from government	N/A	Not reported
202	**Market Presence**		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	N/A	Not reported
202-2	Proportion of senior management hired from the local community	N/A	Not reported
203	**Indirect Economic Performance**		
203-1	Infrastructure investments and services supported	N/A	Not reported
203-2	Significant indirect economic impacts	N/A	Not reported
204	**Procurement Practices**		
204-1	Proportion of spending on local supplier	N/A	Not reported
205	**Anti-Corruption**		
205-1	Operations assessed for risks related to corruption	N/A	Not reported
205-2	Communication and training about anti-corruption policies and procedures	15, 17, 62	Partially reported
205-3	Confirmed incidents of corruption and actions taken	N/A	Not reported
206	**Anti-Competitive Behavior**		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A	Not reported
207	**Tax**		
207-1	Approach to tax	N/A	Not reported
207-2	Tax governance, control, and risk management	N/A	Not reported
207-3	Stakeholder engagement and management of concerns related to tax	N/A	Not reported
207-4	Country-by-country reporting	N/A	Not reported

GRI Content Index

GRI 300: Environment

Disclosure	Description	Comments/ page reference	Completeness (self assessment)
301	**Materials**		
301-1	Materials used by weight or volume	N/A	Not reported
301-2	Recycled input materials used	N/A	Not reported
301-3	Reclaimed products and their packaging materials	N/A	Not reported
302	**Energy**		
302-1	Energy consumption within the organization	30, 31	Partially reported
302-2	Energy consumption outside of the organization	N/A	Not reported
302-3	Energy intensity	30	Partially reported
302-4	Reduction of energy consumption	30	Partially reported
302-5	Reductions in energy requirements of products and services	N/A	Not reported
303	**Water**		
303-1	Interactions with water as a shared resource	N/A	Not reported
303-2	Management of water discharge-related impacts	N/A	Not reported
303-3	Water withdrawal	40, 41	Partially reported
303-4	Water discharge	N/A	Not reported
303-5	Water consumption	N/A	Not reported
304	**Biodiversity**		
304-1	Operational sites owned, leaded, managed in, or adjacent to, protected areas and areas of high biodiversity outside protected areas	N/A	Not reported
304-2	Significant impacts of activities, products, and services on biodiversity	N/A	Not reported
304-3	Habitats protected or restored	N/A	Not reported
304-4	IUCN Red List Species and national conservation list species with habitats in areas affected by operations	N/A	Not reported
305	**Emissions**		
305-1	Direct (Scope 1) GHG emissions	30	Partially reported
305-2	Indirect (Scope 2) GHG emissions	30	Partially reported
305-3	Other indirect (Scope 3) GHG emissions	N/A	Not reported
305-4	GHG emissions intensity	N/A	Not reported
305-5	Reduction of GHG emissions	N/A	Not reported
305-6	Emissions of ozone–depleting substances (ODS)	N/A	Not reported
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	N/A	Not reported
306	**Effluents and Waste 2016**		
306-3	Significant spills	N/A	Not reported
306	**Waste 2020**		
306-1	Waste generation and significant waste-related impacts	N/A	Not reported
306-2	Management of significant waste-related impacts	N/A	Not reported

Disclosure	Description	Comments/ page reference	Completeness (self assessment)
306-3	Waste generated	N/A	Not reported
306-4	Waste diverted from disposal	N/A	Not reported
306-5	Waste directed to disposal	N/A	Not reported
307	**Environmental Compliance**		
307-1	Non–compliance with environmental laws and regulations	N/A	Not reported
308	**Supplier Environmental Assessment**		
308-1	New suppliers that were screened using environmental criteria	N/A	Not reported
308-2	Negative environmental impacts in the supply chain and actions taken	N/A	Not reported

GRI 400: Social

Disclosure	Description	Comments/ page reference	Completeness (self assessment)
401	**Employment**		
401-1	New employee hires and employee turnover	N/A	Not reported
401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	N/A	Not reported
401-3	Parental leave	N/A	Not reported
402	**Labor/Management Relations**		
402-1	Minimum notice periods regarding operational changes	N/A	Not reported
403	**Occupational Health and Safety**		
403-1	Occupational health and safety management system	13, 22	Partially reported
403-2	Hazard identification, risk assessment, and incident investigation	N/A	Not reported
403-3	Occupational health services	N/A	Not reported
403-4	Worker participation, consultation, and communication on occupational health and safety	52	Partially reported
403-5	Worker training on occupational health and safety	N/A	Not reported
403-6	Promotion of worker health	N/A	Not reported
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	N/A	Not reported
403-8	Workers covered by an occupational health and safety management system	N/A	Not reported
403-9	Work-related injuries	52	Partially reported
403-10	Work-related ill health	52	Partially reported
404	**Training and Education**		
404-1	Average hours of training per year per employee	N/A	Not reported
404-2	Programs for upgrading employee skills and transition assistance programs	1, 21	Partially reported
404-3	Percentage of employees receiving regular performance and career development reviews	50	Partially reported
405	**Diversity and Equal Opportunity**		
405-1	Diversity of governance bodies and employees	N/A	Not reported
405-2	Ratio of basic salary and remuneration of women to men	N/A	Not reported
406	**Non-discrimination**		
406-1	Incidents of discrimination and corrective actions taken	N/A	Not reported
407	**Freedom of Association and Collective Bargaining**		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A	Not reported
408	**Child Labor**		
408-1	Operations and suppliers at significant risk for incidents of child labor	N/A	Not reported

GRI Content Index

Disclosure	Description	Comments/ page reference	Completeness (self assessment)
409	**Forced or Compulsory Labor**		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A	Not reported
410	**Security Practices**		
410-1	Security personnel trained in human rights policies or procedures	N/A	Not reported
411	**Rights of Indigenous Peoples**		
411-1	Incidents of violations involving rights of indigenous peoples	N/A	Not reported
412	**Human Rights Assessment**		
412-1	Operations that have been subject to human rights reviews or impact assessments	N/A	Not reported
412-2	Employee training on human rights policies or procedures	N/A	Not reported
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	N/A	Not reported
413	**Local Communities**		
413-1	Operations with local community engagement, impact assessments and development programs	N/A	Not reported
413-2	Operations with significant actual and potential negative impacts on local communities	N/A	Not reported
414	**Supplier Social Assessment**		
414-1	New suppliers that were screened using social criteria	N/A	Not reported
414-2	Negative social impacts in the supply chain and actions taken	N/A	Not reported
415	**Public Policy**		
415-1	Political contributions	N/A	Not reported
416	**Customer Health and Safety**		
416-1	Assessment of the health and safety impacts of product and service categories	N/A	Not reported
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	Not reported
417	**Marketing and Labeling**		
417-1	Requirements for product and service information and labeling	N/A	Not reported
417-2	Incidents of non-compliance concerning product and service information labeling	N/A	Not reported
417-3	Incidents of non-compliance concerning marketing communications	N/A	Not reported
418	**Customer Privacy**		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A	Not reported
419	**Socioeconomic Compliance**		
419-1	Non-compliance with laws and regulations in the social and economic area	N/A	Not reported

SASB Index

The following index shows TI Automotive's sustainability activities described in the context of the industry-specific reporting standards of the Sustainability Accounting Standards Board (SASB) for automotive suppliers (Automotive Parts).

| Disclosure	Description	Page reference	Completeness (self assessment)
Energy Management			
TR-AP-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	30, 31	Partially reported
Waste Management			
TR-AP-150a.1	(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled	N/A	Not reported
Product Safety			
TR-AP-250a.1	Number of recalls issued; total units recalled	N/A	Not reported
Design for Fuel Efficiency			
TR-AP-410a.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	32	Fully reported
Materials Sourcing			
TR-AP-440a.1	Description of the management of risks associated with the use of critical materials	N/A	Not reported
Materials Efficiency			
TR-AP-440b.1	Percentage of products sold that are recyclable	N/A	Not reported
TR-AP-440b.2	Percentage of input materials from recycled or remanufactured content	N/A	Not reported
Competitive Behavior			
TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	N/A	Not reported
Activity Metrics			
TR-AP-000.A	Number of parts produced	N/A	Not reported
TR-AP-000.B	Weight of parts produced	N/A	Not reported
TR-AP-000.C	Area of manufacturing plants	N/A	Not reported

TCFD Index

The following index shows our sustainability activities described in the context of the disclosure recommendations for climate reporting by the Task Force on Climate-related Financial Disclosures (TCFD). References are made to TI Fluid Systems plc's 2021 Annual Report.

	TCFD recommended disclosures	Reference pages	Compliance
Governance	Describe the board's oversight of climate-related risks and opportunities	See Governance – Board of Directors on pages 76–77	Full compliance
	Describe management's role in assessing and managing climate-related risks and opportunities	See Governance – Management on page 66	Full compliance
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	See Background and Framework and Strategy and Financial Planning on pages 64–66	Full compliance
	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	See Strategy and Financial Planning on pages 65–66	Full compliance
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	See Strategy and Financial Planning on pages 65–66	Compliance except only one scenario used for Sustainability transition with additional scenarios to be used in coming years
Risk management	Describe the organisation's processes for identifying and assessing climate-related risks	See Risk Management on pages 66–67	Full compliance
	Describe the organisation's processes for managing climate-related risks	See Risk Management on pages 66–67	Full compliance
	Describe how processes for managing climate-related risks are integrated into the organisations overall risk management	See Risk Management on pages 66–67	Full compliance
Metrics and targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	See Metrics and Targets on page 67	Full compliance
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	See Metrics and Targets on page 67 and Our approach to sustainability on page 36	Compliance except Score 3 GHG to be initially measured in 2022
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	See Metrics and Targets on page 67	Full compliance

UN Global Compact Index

The following index serves as the 2021 Communication on Progress for TI Fluid Systems in relation to the implementation of the principles of the UN Global Compact and, in this regard, presents the sustainability activities described in the context of the principles of the UN Global Compact.

Topic area	Principle	Page reference
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	13, 48, 49
	2. Make sure that they are not complicit in human rights abuses.	13, 48, 49
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	50
	4. The elimination of all forms of forced and compulsory labor.	48
	5. The effective abolition of child labor.	48
	6. The elimination of discrimination in respect of employment and occupation.	15, 50
Environment	7. Businesses should support a precautionary approach to environmental challenges.	1, 30
	8. Undertake initiatives to promote greater environmental responsibility.	13, 60
	9. Encourage the development and diffusion of environmentally friendly technologies.	20
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	15, 62
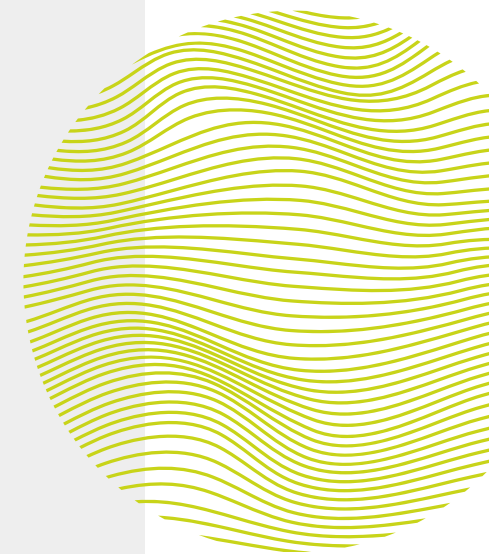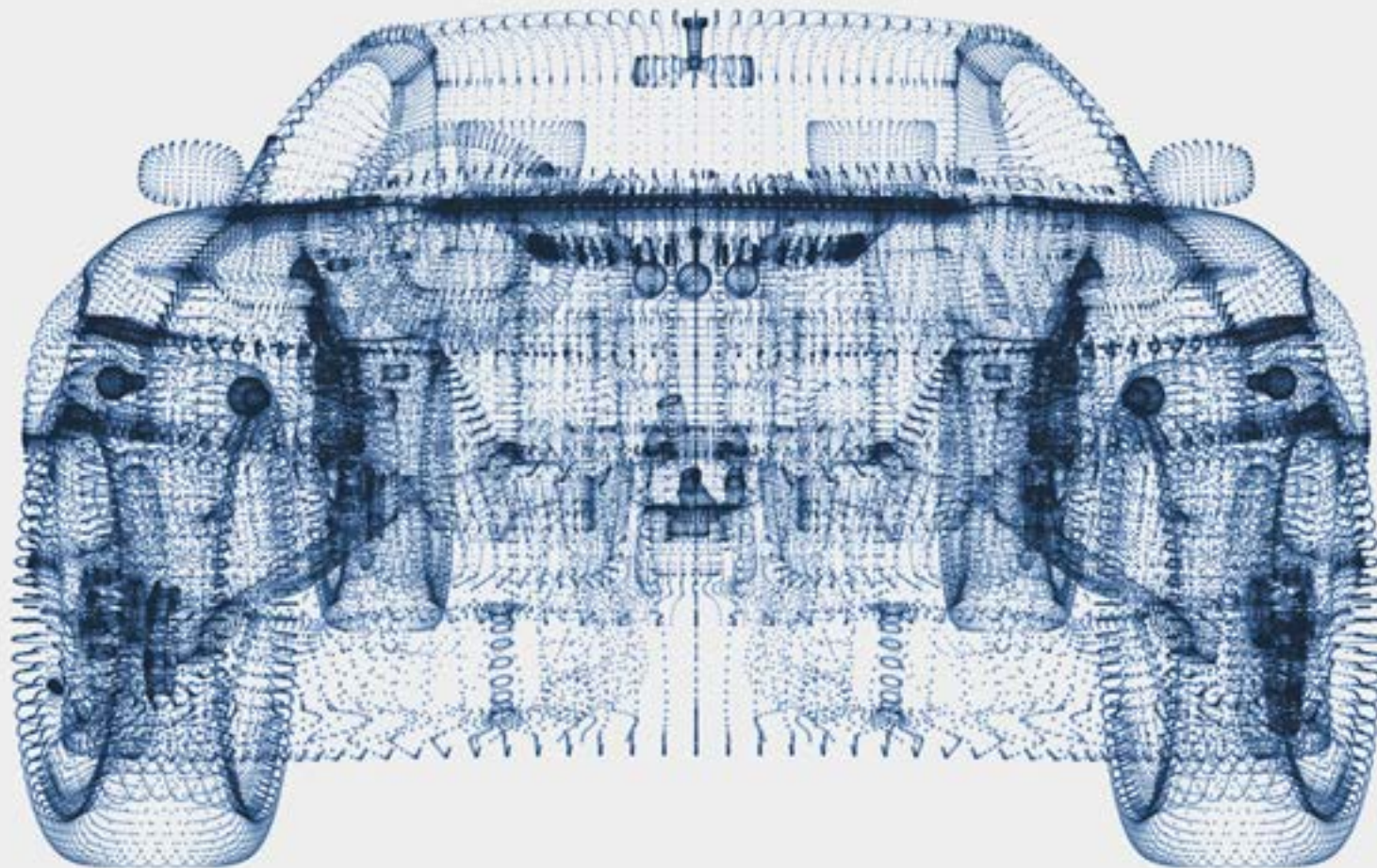
Glossary

AEVs	autonomous electric vehicles
AI	artificial intelligence
BEVs	battery electric vehicles
D&I	diversity and inclusion
e-MIC	e-Mobility Innovation Centre
EVs	electric vehicles
GDI	gasoline direct injection
HEVs	hybrid electric vehicles
HPD	high-pressure diesel
ICE	internal combustion engine
LEVs	low emissions vehicle
LTIF	lost time injury frequency
OEM	original equipment manufacturer
PHEVs	plug-in hybrid electric vehicles
PZEV	partial zero emissions vehicle
SBTi	science based target initiative
SCR	selective catalytic reduction
SIB	ship-in-a-bottle
STEM	science, technology, engineering, and maths
TAPT	tank advanced process technology
UN SDGs	United Nations Sustainable Development Goals

TI Fluid Systems