



ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

INTRODUCTION AND OBJECTIVES

In today's rapidly evolving global landscape, the importance of Environmental, Social, and Governance (ESG) considerations has never been more critical. HORSE is committed to being a transformative agent, providing sustainable, low-emission, inclusive, and responsible mobility solutions. By committing to the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and adhering to the 10 principles of the UN Global Compact, we establish this policy to set the ground rules for our sustainability performance as a strategic issue.

Our ESG policy serves as a strategic framework to guide our efforts in minimizing negative impacts and enhancing positive contributions to the environment and society. HORSE understands that its ESG objectives and initiatives must be approached from a double materiality perspective. This means focusing on both minimizing negative impacts and enhancing positive impacts on the environment and stakeholders, as well as addressing issues that may pose risks or opportunities from a business perspective. The key objectives are:

Minimize Negative Impacts: Reduce adverse effects on the environment and society.

Enhance Positive Impacts: Promote beneficial outcomes for the environment and stakeholders.


Risk and Opportunity Management: Identify and address issues that could present risks or opportunities for the company.

Through this policy, we aim at contributing to the United Nations 2030 Agenda for Sustainable Development, focusing on goals related to economic growth, innovation, sustainable communities, responsible consumption, climate action, and partnerships. By embedding ESG considerations into our core strategy, we strive to drive long-term value for our stakeholders and contribute to a sustainable and equitable future.

SCOPE

This policy applies to all activities of HORSE across all markets where it operates encompassing every aspect of our business operations. The principles outlined in this policy are to be adhered to by all employees, contractors, and partners, ensuring that our commitment to sustainability and ethical practices is consistently upheld.





The policy is communicated to all stakeholders, including employees, suppliers, customers, partners, investors, and regulatory bodies, to ensure transparency and accountability. By integrating these principles into our daily operations, we aim to foster a culture of sustainability and responsibility throughout our organization and its extended network.

PRINCIPLES

General principles

Contribution to Sustainable Mobility and Sustainable Development Goals: HORSE's value proposition is based on providing sustainable mobility solutions essential for achieving the automotive sector's decarbonization goals while ensuring a just transition. HORSE's activities contribute to the United Nations 2030 Agenda, specifically through 6 Sustainable Development Goals: Decent work and economic growth; Industry, innovation, infrastructure; Sustainable cities and communities; Responsible consumption and production; Climate action; and Partnerships for the goals.

- Management of ESG impacts, risks and opportunities: HORSE considers essential to identify, evaluate, manage and report on positive and negative impacts, risks and opportunities, from the perspective of the double materiality of impact and financial.
- Sustainable finance: Due to its contribution to sustainable mobility, HORSE is positioned as an eligible company for financial institutions by linking the financing of its projects to ESG objectives and metrics.


Responding to the global challenge of climate change, resource scarcity and biodiversity loss

- Climate change adaptation and mitigation: The transport sector is one of the world's largest emitters. As a manufacturer of propulsion systems, HORSE is committed to establishing transition plans and reducing the carbon footprint of its products during use. Furthermore, from an industrial perspective, it works to reduce CO2 emissions in its production processes.

In addition, the company is committed to establish climate change adaptation measures according to its activities and geographical presence to mitigate potential negative impacts.

- Circular economy: HORSE views the circular economy as encompassing not only the reduction, recovery, and proper management of waste during production processes and at the end of product life but also the reduction of raw material consumption and the use of natural resources such as water and energy.
- Biodiversity: For HORSE, the conservation of nature and natural resources is an important aspect not only by not degrading them. For this reason, HORSE not only mitigates the negative impacts on biodiversity of its





direct activities, but also the consequences on ecosystems, deforestation and animal welfare derived from the extraction and use of raw materials throughout its value chain.

Responding to the global challenge of inequalities and the protection of labor and human rights

- **Employment and talent development:** In addition to generating employment as part of the automotive industry, HORSE is dedicated to fostering a supportive and inclusive workplace where every employee has access to career development, training, and a secure environment of equal opportunities, ensuring that everyone is valued and respected.
- **Human and labor rights:** To ensure respect for human rights through the implementation of a due diligence process based on internationally recognized standards covering not only HORSE's direct activities but its entire value chain.
- **Health and safety:** As a company in the industrial sector, the health, safety and welfare of employees and subcontractors is one of the company's priorities and therefore ensures safe facilities, adequate protective equipment and training.
- **Social contribution:** HORSE is aware of the impact of the automotive industry on employment generation and local wealth creation. For this reason, it promotes the generation of a positive social footprint in the local communities in which it operates.

Ensuring ethical principles in all activities

- **Legal compliance and ethics:** HORSE adheres to the highest ethical and compliance standards in all countries where it operates, conveying these commitments to all stakeholders, particularly in areas such as anti-corruption, bribery, and anti-competition.
- **Transparent communication:** The company recognizes the importance of providing financial and non-financial information in a truthful and rigorous manner and of interest to its stakeholders, following international reporting guidelines as well as best communication practices. It is also committed to establish adequate communication channels for employees, suppliers, customers, partners, public institutions, policy makers, financial institutions, investors and the media, among others.
- **Responsible management of supply chain:** HORSE is aware of the complexity of the supply chain in the automotive sector and is committed to transmitting the highest standards of sustainability to its supply chain by working to ensure that these values are transmitted upstream of its activities while minimizing the negative impact that can be produced through its activities.

Patrice Haettel

CEO
HORSE POWERTRAIN
SOLUTIONS





Definitions

To ensure clarity and a common understanding of the terms used in this policy, the following definitions are provided:

Double Materiality: The concept that a company should consider both the financial materiality (how ESG issues affect the company's financial performance) and the impact materiality (how the company's operations affect the environment and society).

Sustainable Mobility: Transportation solutions that are environmentally friendly, reduce emissions, and promote the efficient use of resources, contributing to the overall sustainability of the transport sector.

Circular Economy: An economic system aimed at eliminating waste and the continual use of resources through principles of reuse, repair, refurbishment, and recycling, creating a closed-loop system that minimizes resource input and waste.

Biodiversity: The variety of life in the world or in a particular habitat or ecosystem, including the diversity of species, genetic variation, and ecosystems.

Sustainable Finance: Financial services that integrate environmental, social, and governance criteria into business or investment decisions to benefit both the client and society at large.

Stakeholders: Individuals or groups that have an interest in the decisions and activities of a company, including employees, customers, suppliers, investors, communities, and regulators.

Due Diligence: A comprehensive appraisal of a business or its assets, conducted to establish its assets and liabilities and evaluate its commercial potential, often used in the context of ensuring compliance with legal and ethical standards.

Decarbonization: The process of reducing carbon dioxide emissions through the use of low-carbon power sources, increased energy efficiency, and other measures to reduce the carbon footprint.

Just Transition: A framework for a fair shift to an economy that is ecologically sustainable, equitable, and just for all its members, ensuring that the transition to a low-carbon economy does not disadvantage workers and communities.

Ethical Standards: Principles that guide behavior in business, ensuring actions are morally right and adhere to laws, regulations, and societal expectations.

