ENVIRONMENTAL SOCIAL AND GOVERNANCE POLICY

HORSE POWERTRAIN LTD

Table of Contents

1 Introduction 2

2 Who this policy applies to 2

3 Our approach and activities 2

4 Our principles 3

5 Consequences of violations of this policy 5

6 How to report a concern 5

7 Guidance and assistance 5

1 Introduction

In today's rapidly evolving global landscape, the importance of Environmental, Social, and Governance (ESG) considerations is critical. Horse Powertrain is committed to being a transformative agent, providing 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.

2 Who this policy applies to

This policy applies to all activities of Horse Powertrain[1] employees[2] 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.

3 Our approach and activities

Horse Powertrain 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.

[1] "Horse Powertrain" means Horse Powertrain Ltd and its subsidiaries (i.e. all persons and entities directly or indirectly controlled by Horse Powertrain Ltd, where control may be by management authority, equity interest or otherwise).

III. the members of the Horse Powertrain Board of Directors of any Horse Powertrain entity.

[2] For purposes of this policy, the notion of "employees" includes:

I. all Horse Powertrain employees, regardless of function, position or location, whether working full-time or part-time, under a permanent contract or on a temporary basis, as well as

II. consultants and agency personnel who work at Horse Powertrain premises or under the direction of Horse Powertrain (who usually have a Horse Powertrain identification and/or a Horse Powertrain email address). Note that this policy shall not be construed as an employment contract and does not give consultants or agency personnel any right to continued employment by Horse Powertrain; and

IV. the members of the Horse Powertrain Board of Directors of any Horse Powertrain entity.

- **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.

4 Our principles

4.1 General principles

- Contribution to sustainable mobility and sustainable development goals: Horse Powertrain's value proposition is based on providing low-emission mobility solutions essential for achieving the automotive sector's decarbonization goals. Our activities contribute to the United Nations 2030 Agenda, specifically through six sustainable development goals:
    - Decent work and economic growth
    - Industry, innovation, infrastructure
    - Sustainable cities and communities
    - Responsible consumption and production
    - Climate action
    - Partnerships for the goals.
- Management of ESG impacts, risks and opportunities: Horse Powertrain identifies, evaluates, manages and reports on positive and negative ESG impacts, risks and opportunities, from the perspective of the double materiality of impact and financial.
- Sustainable finance: Through its contribution to sustainable mobility, Horse Powertrain aligns financing of its projects to ESG objectives and metrics.

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

- Climate change adaptation and mitigation: Horse Powertrain is committed to establishing transition plans and reducing the carbon footprint of its products during use. Furthermore, it works to reduce CO_2 emissions from its production processes.
- The company is also committed to establishing climate change adaptation measures according to its activities and geographical presence to mitigate potential negative impacts.

- Circular economy: Horse Powertrain 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: Horse Powertrain works to mitigate the negative impacts on biodiversity from its direct activities, as well as the effects on ecosystems, deforestation and animal welfare associated with the extraction and use of raw materials throughout its value chain.

4.3 Responding to the global challenge of inequalities and the protection of labour and human rights

- Employment and talent development: In addition to generating employment as part of the automotive industry, Horse Powertrain 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: Horse Powertrain respects human rights through the implementation of a due diligence process based on internationally recognized standards covering our direct activities and entire value chain.
- Health and safety: Horse Powertrain prioritizes the health, safety and welfare of our employees and subcontractors, ensuring safe facilities, adequate protective equipment and training.
- Social contribution: Horse Powertrain recognizes the contribution of the automotive industry on employment generation and local wealth creation, and promotes a positive social footprint in the local communities in which it operates.

4.4 Ensuring ethical principles in all activities

- Legal compliance and ethics: Horse Powertrain 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: Horse Powertrain recognizes the importance of providing financial and non-financial information in a truthful and rigorous manner to its stakeholders, following international reporting guidelines as well as best communication practices. It is also committed to providing appropriate 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 Powertrain recognizes the complexity of the supply chain in the automotive sector and promotes high sustainability standards throughout its supply chain. It works to extend these values upstream while minimizing negative impacts arising from its activities.

5 Consequences of violations of this policy

Failure to comply with this policy could cause significant harm to Horse Powertrain such as loss of business, substantial fines and reputational damage; and may lead to sanctions for the violating employee(s), up to termination of employment as well as substantial fines and in some cases criminal prosecution.

6 How to report a concern

If you notice any activity or conduct that may result in a violation of this policy, you are expected to report the issue promptly to either your direct manager or your local HR representative. If for some reason you are not comfortable with this reporting procedure, you can also contact another manager or Legal & Compliance or report via the whistleblowing reporting line[3]. For more information about reporting, please refer to the Internal Reporting Policy.

Horse Powertrain will ensure that there are no adverse work-related consequences for any employee who, in good faith, alerts management to possible violations of this policy.

See Internal Reporting Policy

7 Guidance and assistance

This policy is an overriding policy document, which sets the framework for managing and protecting information.

Guidance and assistance regarding this policy should be sought, first and foremost, from your manager. For further guidance, you may also refer to the corporate directives and guidelines related to this policy.

Inquiries about this policy may also be directed to Legal & Compliance at legal-compliance@horse-powertrain.com

[3] Note that in some countries there can be legal restrictions on what can and cannot be reported through the whistleblowing reporting line. Details of these restrictions are presented when accessing the system. If you wish to report concerns about wrongdoing or malpractice, please refer to our Internal Reporting Policy, which contains full details of how to raise a concern, including the reporting channels and further guidance.

