



ANNUAL REPORT 2025

Horse Powertrain Ltd

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CEO'S Letter

The world feels different today than it did only a few years ago. War, energy insecurity, inflation and rising living costs have reshaped priorities for governments, industries and families alike. In this environment, climate is too often pushed aside by more immediate concerns. We understand that reality because we live in it too. That is why we believe the way forward must be both practical and ambitious.

What gives us confidence is that, in our industry, the answer to the cost challenge and the climate challenge is often the same. It starts with engineering excellence and a simple belief that cutting emissions and making mobility affordable are part of the same mission. Smaller, lighter and more efficient engines reduce what automakers spend to build a vehicle and what drivers spend to run one. They also emit less.

This shapes how we think about the energy transition. The goal was never electrification alone. The goal was net zero. Electrification is essential, and we support it. So are advanced hybrid systems, hydrogen combustion, range extenders and alternative fuels. A realistic path to net zero must reflect the world as it is, across different markets, infrastructures and income levels. That is the philosophy behind Horse Powertrain.

2025 was a financially strong year. Revenue grew and operating returns were solid. But what matters most is where we reinvested. 40% of our capital expenditure went into research and development. That is not a cost. That is a choice about what kind of company we are building.

Our 2025 results were delivered by almost 19,000 people across 18 plants and five R&D centers, serving 25 customers and producing close to eight million engines and transmissions during the year. They reflect deep expertise, strong execution and real industrial scale.

Throughout 2025 we continued to turn strategy into action. We presented our future hybrid system (F15), compact range extender (C15) and a hydrogen combustion engine at industry shows. The response

from automakers confirmed that the demand for solutions which bridge combustion and electric is real, growing and under-served.

Inside the company, 2025 was a year of establishing foundations. We united our global teams with a shared culture built around three values: Caring, Collaborating and Creating Excellence. We strengthened our corporate governance, and rolled out key parts of our compliance program. We agreed our first unified ESG plan, covering decarbonization, our people, our communities and our supply chain, with firm targets for 2030 set out in full in this report. These are not small steps. They are the architecture of a company built for the long term.

In 2026 we are launching our X-Range family – the industry's first full toolkit for adding hybrid capability to a battery electric vehicle platform. This will enable automakers to protect their electric vehicle investment and drivers to continue to enjoy the experience of a pure electric vehicle. 2026 will also see us establishing ourselves in the US and India.

The roads to net zero are many. Our job is to build the best powertrain technology for all of them. I am proud of what we built together in 2025, and confident in the role we can play in the years ahead.

I am grateful to everyone at Horse Powertrain for making 2025 the year we really established ourselves as a new and unique player in the automotive sector.

Matias Giannini
CEO, Horse Powertrain



01

HORSE POWERTRAIN VALUE PROPOSITION

- About Horse Powertrain
- Our business strategy
- Corporate governance framework
- Quality management



About Horse Powertrain

Horse Powertrain is an independent powertrain technology leader, built on 125 years of heritage from Geely and Renault. We bring together expertise, innovation and global reach to offer innovative ICE (internal combustion engine) and hybrid powertrain solutions for OEMs around the world.

We design and deliver highly-efficient integrated powertrain systems and standalone powertrain products, from engines to transmissions to electric motors. With around 19,000 people, 18 plants and five R&D facilities, we're equipped to serve global OEMs at scale. At the end of 2025, we had around 25 automotive customers globally, including Geely Auto, Renault Group, Volvo Cars, Proton, Nissan, and Mitsubishi Motors Corporation.

Our vision is to revolutionize motion for all. At least half the global vehicle fleet will still be powered by hybrid and combustion engines by 2040. As the world recognizes the continued need for highly-efficient combustion engines, our goal is to provide powertrains that are scalable and diverse enough to suit the needs of different regions – and deliverable in the real world.

With our combustion engines, hybrid systems and range extenders, we can serve the needs of almost every customer, across every region, every fuel type, and every kind of vehicle. We offer OEMs the powertrain technology to cut emissions now and at scale – and help build a better world for the many, not the few.

Horse Powertrain in numbers

c. 19,000
people

125 years
of heritage from Geely
and Renault

2 divisions
Aurobay Technologies
and Horse Technologies

VISION

Revolutionizing motion for all.

MISSION

We will become the global leader in highly-efficient ICE and hybrid powertrains, pioneering innovative solutions that make sustainable mobility accessible to all.

VALUES

Caring

We are committed to our mission and take responsibility for our actions and their outcomes. We care for our people, society and the planet.

Collaborating

Stronger as one, we are dedicated to building integrity-driven relationships with each other, our shareholders, our customers and the industry.

Creating Excellence

We are bold, customer-centric pioneers, who never stop learning and never stop innovating to drive performance.

Our solutions

The automotive industry is facing a complex and evolving environment. OEMs around the world must navigate increasingly stringent and frequently changing regulations, particularly around emissions and electrification, while simultaneously responding to rising competition from new entrants and global players. This is further complicated by broader economic and geopolitical uncertainties that affect supply chains, demand and investment decisions. In this context, automakers are required to balance innovation, cost efficiency and flexibility in order to remain competitive.

Horse Powertrain is a trusted partner for OEMs in this challenging environment. As a powertrain leader, with global scale and a proven capability to deliver efficient, adaptable solutions, we combine strong industrial heritage with deep expertise in ICE and hybrid technologies, and continuous innovation. We offer a frictionless way for OEMs to focus on automotive differentiators – design, software and EV platforms – while broadening their line-ups on new and existing vehicle platforms.

THE TRUSTED PARTNER FOR OEMS



Scale

- 18 manufacturing plants and 5 R&D centers
- Global industrial footprint
- High-volume production capabilities



Maturity

- In-house R&D and engineering capabilities
- Full development and industrialization cycle
- Proven delivery at scale



Reach

- Presence across key global markets
- Ability to support diverse customer requirements
- Established global operations



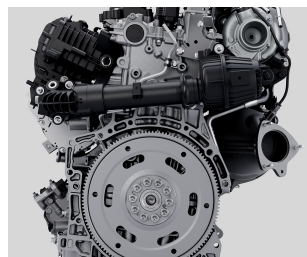
Product range

- ICE and hybrid powertrain solutions
- Multi-fuel and flexible technologies
- Continuous innovation across platforms

We deliver integrated systems and engineering solutions across markets, technologies and vehicle platforms

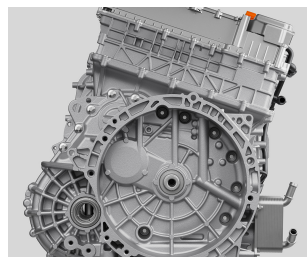
STANDALONE PRODUCTS

We design and deliver a broad range of combustion engines, transmissions, powertrain components and range extenders.



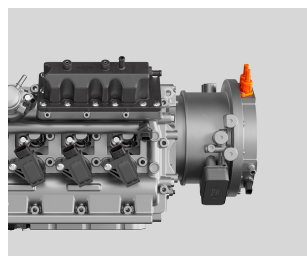
ENGINES

Customers can choose engines by fuel type, size, power, region of manufacture, emission regulations, and more. Many of our engines can be adjusted to suit different vehicle architectures.



TRANSMISSIONS

- Automatic transmissions
- Manual transmissions

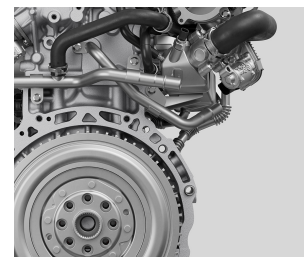


RANGE EXTENDERS

Range extended powertrains for dedicated EV platforms and multi-fuel platforms.

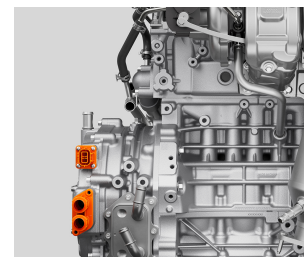
INTEGRATED POWERTRAIN SYSTEMS

Our integrated powertrain systems bring together powertrain components from across our portfolio, enabling customers to cost-efficiently broaden their offering and shorten time to market.



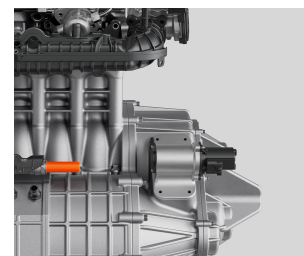
HORSE ONE COMBUSTION POWERTRAIN SYSTEMS

Integrated systems compatible with a variety of fuels – from traditional to synthetic – to meet local demand around the world.



HORSE FUSION HYBRID POWERTRAIN SYSTEMS

HEV, PHEV and REEV solutions for any fuel type, which can be easily integrated into multi-fuel vehicle platforms.



HORSE X-RANGE POWERTRAIN SYSTEMS

Integrated HEV and REEV solutions for dedicated EV platforms, enabling full flexibility – with all the benefits of electrification but no range limitation. Enabling OEMs to fully scale the use of their EV platforms and follow market demand with the right solution.

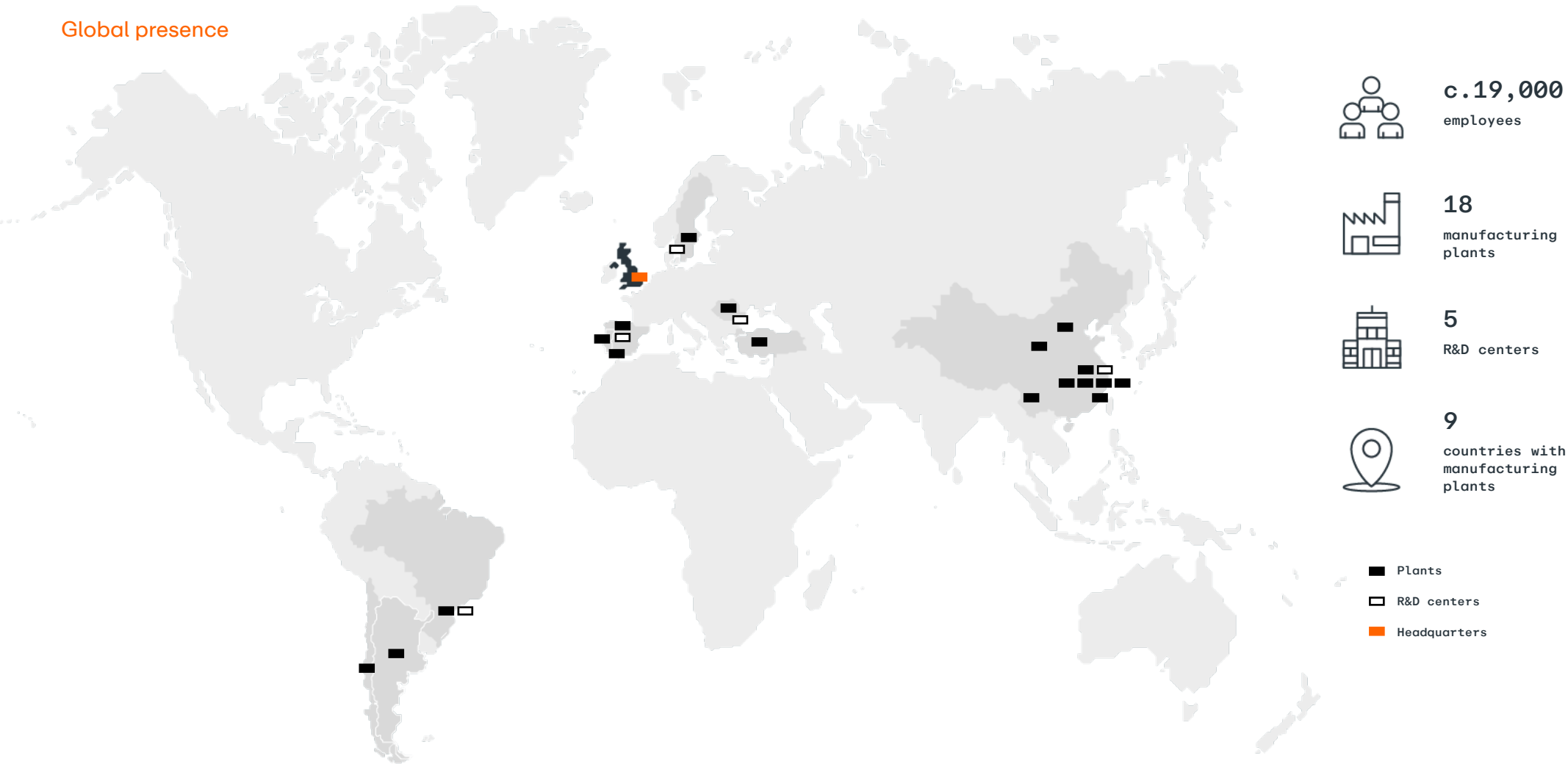
OUR VALUE CHAIN

Our value chain spans the full lifecycle of our products, from the sourcing of raw materials and components to product development, manufacturing, delivery, product use and end-of-life management. This end-to-end model allows us to integrate industrial, technological and sustainability considerations across the different stages to create value.

HORSE POWERTRAIN'S VALUE CHAIN



Global presence



MAIN ACTIVITIES BY SITE



United Kingdom

London
Corporate headquarters



Türkiye

Bursa
Internal combustion and hybrid engines, manual transmission systems



Brazil

Curitiba
Gasoline engines, hybrid engines, flex-fuel engines

R&D Brazil
Specialized center for flex-fuel technologies and laboratory engine testing



China

Hangzhou Bay regional office
Central Services

R&D China

Development of hybrid systems, internal combustion engines, intelligent e-drive systems, range-extender solutions, methanol-hydrogen fuels, and intelligent control systems.

Baoji
Internal combustion and hybrid engines

Changxing
Transmission systems for internal combustion and hybrid applications

Hangzhou Bay
Internal combustion and hybrid engines

Chunxiao
Transmission systems for internal combustion and hybrid applications

Taizhou
Internal combustion and hybrid engines

Yiwu Transmission
Hybrid transmission systems

Yiwu Engine
Internal combustion and hybrid engines

Guiyang
Internal combustion and hybrid engines

Zhangjiakou
Internal combustion and hybrid engines



Spain

Madrid regional office
Central Services

Valladolid
Internal combustion (gasoline and diesel) and hybrid engines

R&D Spain
Project management, design, testing, fine-tuning, and calibration, as well as certification or mass production for hybrid and diesel powertrains, hydrogen and e-fuels

Sevilla
Manual, hybrid and electric transmission systems



Sweden

Gothenburg regional office
Central Services

Skövde
Hybrid engines, components

R&D Sweden
Development of hybrid powertrains, including research, design, CAE, testing and verification for global markets



Argentina

Córdoba
High-pressure die-cast aluminum parts



Chile

Los Andes
Manual transmission systems



Romania

Mioveni
Gasoline engines, LPG engines, manual transmission systems

R&D Romania
Development of engines, gearboxes and software, as well as calibration and testing facilities



Portugal

Aveiro
Manual transmission systems, engine components and e-motors

Financial Figures

BUSINESS REVIEW

The Board of Directors monitor the group's strategic execution through a balanced matrix of financial and operational key performance indicators. In alignment with regulatory expectations, these metrics encompass revenue momentum, profitability benchmarks, and cash-generation efficiency.

Key financial indicators (million euros)

Financial Metric (million €)	2025 (12 months)	2024 (7 months)	Annualized 2024 (Pro-rata)* Unaudited	Underlying Performance Variance (%)**
Revenue	€12,307	€7,221	€12,379	-0.6%
EBIT ¹	€591	€256	€439	34.7%
EBIT % ²	4.8%	3.5%	3.5%	+126 bps
Cash Gen. from Operations	€1,256	€738	€1,265	-0.7%
Net Debt Position	-€791	-€1,385	N/A	-42.9%

(*) Calculated as: (Statutory 7-Month Metric / 7) x 12

(**) Represents the variance between Current FY2025 (12 Months) and Annualized FY2024 (Pro-rata).

ANALYSIS OF FINANCIAL PERFORMANCE

Statutory revenue increased by 70.4% to €12,307 million, because of the extended 12-month trading window compared to seven months in 2024. On a like-for-like basis against the annualized prior period performance (€12,379 million), underlying organic revenue was broadly flat with a nominal variance of -0.6%. This performance demonstrates robust revenue stability and resilient volume metrics across our primary divisions.

Operating profit (EBIT) reached €591 million, representing a 34.7% expansion against the annualized prior period baseline of €439 million. Consequently, our operating margin expanded by 126 basis points to 4.8% (FY2024: 3.5%). This profitability growth stems from structural efficiencies and scale achieved during our first full 12-month cycle.

ANALYSIS OF FINANCIAL POSITION

- **Net Debt Position:** Net Debt was significantly reduced by 42.9% to €791 million (2024: €1,385 million), driven by strict capital discipline and strong operational cash generation. This statutory balance is heavily structured by €931 million in long-term loans from related parties and €302 million in capitalized lease liabilities under IFRS 16. Consequently, when isolating our third-party borrowing obligations, the Group maintains a highly liquid net-cash asset position with commercial lenders, leaving our core financing risk exceptionally low
- **Working capital and cash dynamics:** Cash generated from operations reached €1,256 million, compared with €738 million during the prior seven-month period. Compared against the annualized 2024 baseline of €1,265 million, underlying

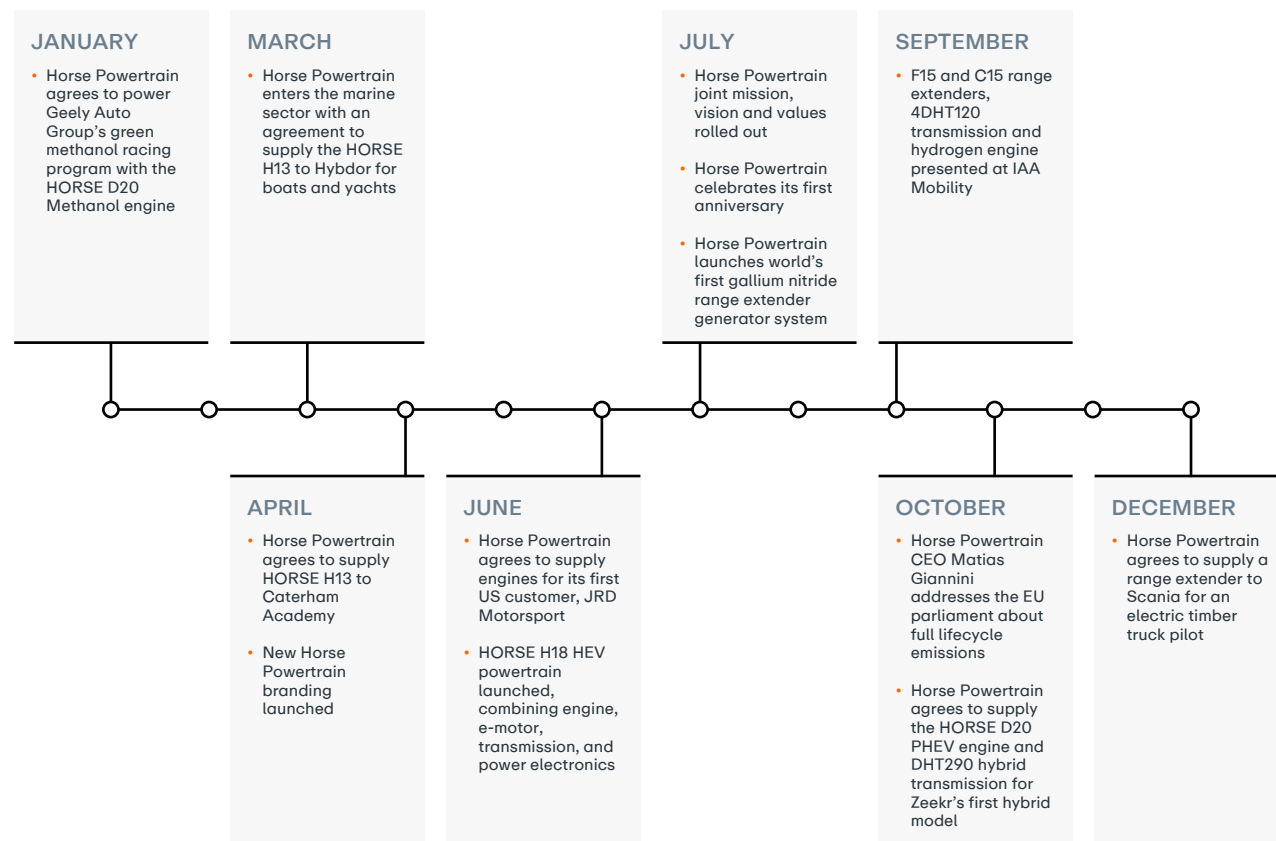
operational cash generation remained broadly stable, soft by a marginal 0.7%. This resilient performance reflects the successful stabilization of our working capital cycles, as the group effectively optimized its cash conversion cycle through tighter inventory turnover management and normalized debtor collection periods.

- **Capital expenditure and infrastructure investment:** Total capital allocation for the 12-month period totaled €553 million, compared to €397 million in the prior seven-month period. On an annualized basis (pro-rata FY2024: €681 million), infrastructure investment decreased by 18.7%. Investments in property, plant and equipment (PP&E) reached €338 million (FY2024 statutory: €267 million), representing an underlying annualized decrease of -26.2%. Investment was strictly focused on targeted infrastructure optimization and routine asset maintenance, allowing the company to significantly reduce its capital intensity while maintaining full operational capacity. At the same time, Horse Powertrain sustained its technology pipeline by allocating €215 million to Research and Development (R&D) and product innovation (FY2024 statutory: €130 million). This represents an underlying annualized decrease of -3.5%, showing that our engineering commitment remained steady.

¹ Earnings before interest, taxes, depreciation and amortization

² Earnings before interest and taxes

Milestones in 2025



AWARDS IN 2025

We are proud to have been awarded automotive and manufacturing prizes around the world for our innovative solutions.



Automotive News: USA

PACE Award for our hybrid platform technology



AutoData: Brazil

AutoData Award in the Powertrain Supplier category



National Innovation Awards: Portugal

Robotics & Aerospace prize for our Aveiro plant



AUTOBEST: Europe

Technobest 2025 award for our hybrid powertrain technology



Gasgoo: China

A top 100 Players in the Automotive Supply Chain in the powertrain, EV charging & battery swapping, thermal management category



Lean Award finalist: Sweden

Finalist in the Svenska Leanpriset for our Skövde plant.

Our business strategy

According to S&P Global Mobility forecasts (January 2026), hybrid vehicle production is expected to grow steadily through 2030 at a pace comparable to that of fully electric vehicles. Both technologies are projected to reach a similar level of market penetration, each accounting for roughly 30% of total vehicle production by the end of the decade. This convergence highlights the increasing importance of a multi-technology transition, where hybrids play a key role alongside battery electric vehicles in the shift towards lower-emission mobility solutions.

Regions are adopting distinct pathways to reduce emissions, progressing at varying speeds depending on local economic, regulatory and infrastructural conditions. As a result, powertrain solutions are evolving in line with the specific realities of each market, rather than following a single global trajectory. This divergence is driving an increasing need for flexible, multi-energy solutions that can accommodate a wide range of technologies – from advanced internal combustion and hybrids to fully electric powertrains – ensuring OEMs can remain compliant and competitive across diverse markets.

Horse Powertrain offers a range of powertrain solutions to meet the needs of customers, in every region, across every fuel type. From integrated powertrain systems to standalone products – combustion engines, hybrid solutions, transmissions and range extenders. Whatever the customer needs, Horse Powertrain has the expertise, scale and innovation to deliver.

GROWTH STRATEGY

Product portfolio competitiveness

Sustained product portfolio competitiveness is a key driver of sales growth, as it ensures that offerings remain aligned with evolving customer needs, regulatory requirements, and technological trends. By continuously improving performance, cost efficiency, and adaptability, we can strengthen our value proposition, expand its addressable market, and capture new business opportunities, ultimately supporting long-term revenue growth.

Geographical expansion

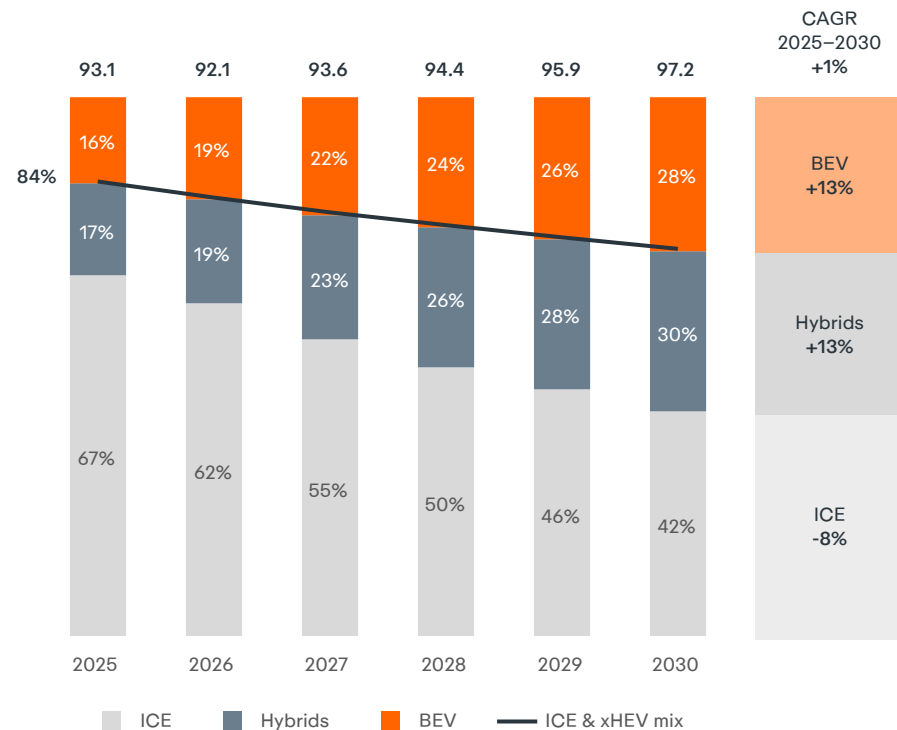
Commercial development into new markets represents a key growth lever, particularly where our product portfolio is already well aligned with local needs. By offering proven, adaptable solutions that deliver value both to OEMs and end customers, we are well positioned to capture new opportunities and support expansion across diverse regions.

Strategic partnerships

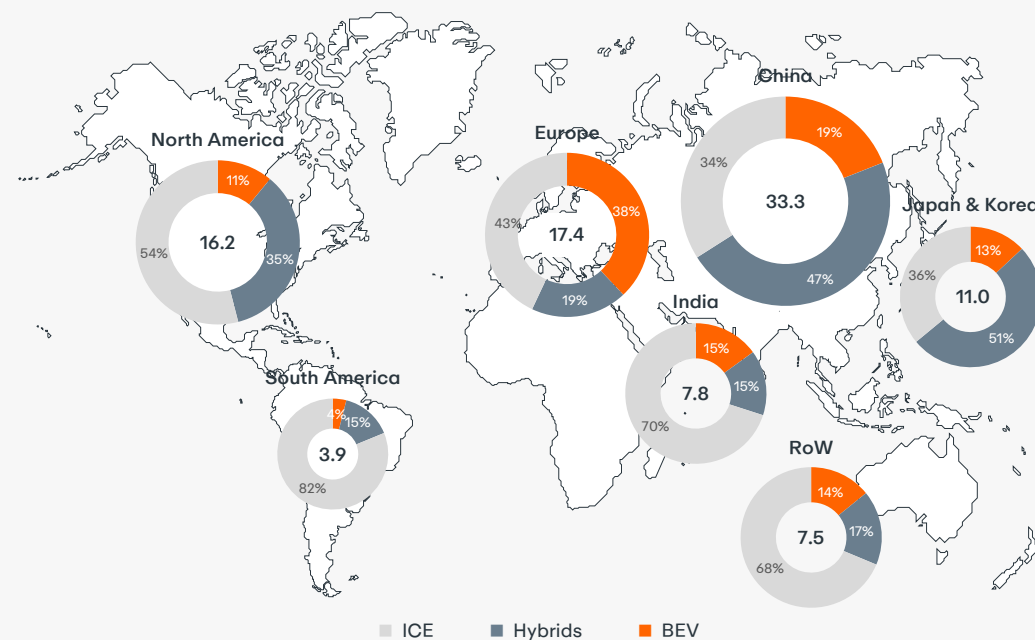
A third growth lever lies in identifying and integrating strategic partnerships that enhance our competitiveness and overall value. By collaborating with complementary players across technology, supply chain, and market access, we can accelerate innovation, expand capabilities, and strengthen our positioning in a rapidly evolving ecosystem.



Market technology mix evolution



2030 production volume (million units) and technology mix



Innovation

DRIVING THE GLOBAL MULTI-ENERGY TRANSITION

Horse Powertrain operates in a rapidly evolving automotive global landscape, characterized by increasingly diverse customer needs, regulatory requirements and regional dynamics. In this context, our R&D strategy is focused on delivering competitive, scalable and cost-efficient multi-energy powertrain solutions around customer needs, enabling OEMs to navigate the complex transition toward low-carbon mobility.

Globally distributed innovation

Our strategy is built on a globally distributed innovation model, leveraging strong complementarities between Europe, Brazil and China. While European and Brazilian teams drive advanced engineering, regulatory compliance and long-term technology development, China plays a critical role as a high-speed innovation and industrialization hub, contributing to faster development cycles, cost optimization and market-driven solutions.

This multi-center approach allows Horse Powertrain to combine engineering excellence, execution speed and competitiveness, ensuring strong alignment with regional needs while maintaining global scale.

INNOVATING WITH BREAKTHROUGH TECHNOLOGIES

Horse Powertrain is actively advancing a range of breakthrough and future-oriented technologies to secure long-term competitiveness and address the evolving needs of a multi-energy mobility landscape.

Next-generation electrified architectures

A key focus is on developing a suite of powertrain systems that enable automotive OEMs to use their BEV native platforms as foundations for hybrid vehicle line-ups (from xHEVs to REEVs) with minimal modification, such as the HORSE C15 and our future hybrid system (F15). These cost-competitive and scalable, integrated systems are designed to offer optimal thermal, mass, and space efficiencies.

High-performance combustion

At the same time, Horse Powertrain continues to invest in high-performance combustion technologies, including the development of new-generation V6 engines, targeting enhanced efficiency, performance and system integration within hybridized powertrains.

Alternative fuels

Significant efforts are also dedicated to expanding fuel flexibility beyond conventional pathways, with active exploration of methanol combustion solutions and other alternative fuels. These developments aim to leverage existing infrastructure and enable pragmatic, lower-carbon mobility solutions across different markets.

In addition, ongoing work on hydrogen internal combustion engines and e-fuel compatibility further strengthens the company's ability to keep multiple technological options open in an uncertain transition environment.



ACCELERATING HYBRID SYSTEMS

Hybrid powertrains are a central pillar of Horse Powertrain's growth strategy. The company is now developing a new generation family of Dedicated Hybrid Transmissions (DHT), designed to deliver enhanced performance, scalability and competitiveness across multiple vehicle segments.

R&D efforts are increasingly focused on maximizing overall system efficiency, going beyond individual components to optimize the full hybrid architecture. This includes significant advancements in:

- e-motor performance and efficiency
- power electronics and power unit optimization
- energy management and control strategies
- system integration between engine, transmission and electrified components

This system-level approach enables substantial improvements in fuel consumption and CO₂ performance, while also enhancing drivability and reducing total system cost.

In parallel, development activities aim to ensure high scalability and adaptability, allowing hybrid solutions to be efficiently deployed across a wide range of applications and markets.

These efforts position Horse Powertrain to deliver next-generation hybrid systems combining high efficiency, strong performance and competitive cost, reinforcing hybrid technology as a key enabler of pragmatic and scalable decarbonization.

OPTIMIZING ADVANCED ICE

Horse Powertrain continues to invest in advanced internal combustion technologies to ensure sustained competitiveness in an evolving regulatory and market environment.

BTE optimization

Development efforts are focused on maximizing overall engine efficiency, with a particular emphasis on brake thermal efficiency (BTE) improvements, while maintaining high standards of performance, durability and cost-effectiveness. Today Horse Powertrain displays solutions with more than 44% of BTE at lambda one.

Significant progress has been achieved through optimization of combustion systems, friction reduction, thermal management and system integration, enabling continuous gains in fuel consumption reduction and CO₂ performance across the product portfolio.

Fuel flexibility

In parallel, R&D activities are accelerating on fuel flexibility, ensuring compatibility with a wide range of energy carriers, including LPG and emerging low-carbon fuels such as e-fuels. We are also continuing to develop our expertise in ethanol in Brazil. This approach reinforces the long-term relevance of ICE technologies within a multi-energy ecosystem.

These developments contribute to delivering highly competitive, scalable and adaptable powertrain solutions, capable of addressing diverse market requirements while supporting the transition toward lower-carbon mobility.



Corporate governance framework

At Horse Powertrain, our governance model is designed to ensure clear accountability, effective oversight, and alignment with our strategic objectives. Rooted in our Corporate Governance Policy, the model defines the roles, authorities and interactions of the company's key governing bodies.

Our governance model is further supported by a hierarchy of corporate policies, global process oversight mechanisms, and process governance forums, which ensure that internal controls, risk management practices, and operational standards are consistently applied. This framework supports responsible risk management, ethical conduct and consistent execution across the organization.

GOVERNANCE STRUCTURE

Horse Powertrain Ltd maintains a balanced and stable shareholding structure composed of Geely (45%), Renault Group (45%), and Aramco (10%). The shareholders of Horse Powertrain Ltd represent the company's highest governing authority and exercise their rights primarily through the Annual General Meeting, including the appointment of the Board of Directors. (See [Board of Directors](#))

The Board of Directors, directly accountable to the shareholders, serves as the highest governing body. Operational responsibility for implementing the strategy approved by the BoD rests with the CEO. The CEO delegates part of this authority to the Executive Management Team (EMT), its cross-functional forums, and individual EMT members in accordance with the Delegation of Authorities (DoA), ensuring the implementation of the strategic objectives, policies and resolutions adopted by the BoD and its committees.

The EMT meets once a month, with the majority of these meetings taking place in person in London and a minority held online. The purpose of these meetings is to discuss strategic priorities, operational initiatives and risk management within the scope of the DoA and the Joint Venture Agreement.

Below the executive level, Horse Powertrain operates through a structured network of committees and forums covering finance, risk management, technology, procurement, industrial performance, ESG matters, ethics and compliance, investments, sales, and quality. These groups provide specialized expertise, monitor critical performance indicators, and help ensure compliance with corporate policies. Their work forms the foundation of the first and second lines of defense established in our Corporate Governance Policy.

Board of Directors

The Board of Directors (BoD) oversees the management of the business, approves the strategy of the company and its entities, and ensures that governance standards are upheld. It is supported by specialized board committees that enhance oversight in critical areas.

Board composition

Our Board of Directors is composed of a total of seven directors, all of whom are classified as proprietary directors, each representing our three shareholders — Geely, Renault Group, and Aramco.

Detailed information about the directors is presented in the table below:

Name	Position	Last appointment date	Shareholder representation
Donghui Li	Board Chair	May 31, 2024	Geely
Ali Abdullah Al Meshari	Director	December 2, 2024	Aramco
Conghui An	Director	May 31, 2024	Geely
Francois Thomas Antoine Provost	Director	May 31, 2024	Renault Group
Jiayue Gan	Director	October 24, 2023	Geely
Philippe Pierre Brunet	Director	September 30, 2025	Renault Group
Thierry Jacques Charvet	Director	September 1, 2024	Renault Group

Directors are appointed for five-year terms from the date of their appointment, with the possibility of renewal.

Accountability and governance mechanisms

The governance of Horse Powertrain Ltd is reinforced by mechanisms embedded in the company's Articles of Association (AoA). These include, among others, the limitation of directors' liability to the unpaid portion of their shares, and the requirement for shareholder approval for any amendments to the by-laws.

The company does not feature golden shares or any special voting rights. Aramco's participation — exceeding the 5% threshold — qualifies it as a government-linked shareholder, reflecting the strategic and institutional diversity of the company's ownership. This distribution ensures a robust governance foundation, grounded in shared decision-making and long-term commitment from all three partners.

These provisions strengthen transparency and accountability while ensuring that key structural decisions remain aligned with shareholder interests.

Board committees

To assist the BoD in fulfilling its responsibilities, three committees have been established: the Strategy Committee, the Audit and Compliance Committee, and the Compensation and Nomination Committee. Each operates under a Board-approved mandate, enabling focused supervision of strategic development, financial integrity and compliance, and executive leadership and remuneration.

The Audit and Compliance Committee oversees the integrity of financial reporting, monitors compliance with key legal and regulatory requirements, and supervises both internal and external audit processes. It also plays a central role in risk oversight and promoting ethical business practices.

The Strategy Committee guides the short- and long-term strategic direction of Horse Powertrain. Its responsibilities include reviewing technologies, market trends, and major investment proposals prior to BoD approval, ensuring alignment with the company's mission, vision and shareholder interests.

The Compensation and Nomination Committee supports the BoD in shaping and overseeing the compensation philosophy, structure and practices for the Chief Executive Officer (CEO) and the Executive Management Team (EMT). It also manages CEO and EMT nomination, selection, succession planning, and continuation or termination processes, ensuring compliance with applicable regulations and adherence to best-practice governance standards.

Board meetings and attendance

Throughout 2025, the Board of Directors maintained a steady and structured meeting schedule, holding a total of five ordinary sessions in line with the quarterly frequency established in the company's governance framework. Meetings were generally convened at the company's registered office in London, United Kingdom. No extraordinary meetings were required during the year, reflecting a period of stable governance and regular strategic oversight.

Attendance levels remained high throughout the year. In accordance with the company's governance rules, a valid quorum requires the presence or representation of a majority of directors, including at least two members appointed by Geely and two by Renault Group. This structure ensures balanced representation in all decisions. In practice, participation was consistently high: all directors attended three of the five meetings, with only one director absent from two sessions. This level of engagement underscores the Board's commitment to active, informed and continuous oversight.

Executive Management Team

The EMT has a shared responsibility to ensure that operations are run according to expectations of the CEO, based on our Corporate Policy Framework as well as other instructions issued by the CEO from time to time.

The EMT gathers at least once a month to decide on day-to-day business and strategic initiatives, within the limits of the Delegation of Authority (DoA) and Joint Venture Agreement. To ensure that the EMT is delivering as expected, each EMT member is responsible for ensuring that their function operates in accordance with the governance mechanisms.

Horse Powertrain Executive Management Team



Matias Giannini

Chief Executive Officer



Lee Ma

Chief Financial Officer



Patrice Haettel

Chief Operating Officer
and CEO of Horse
Technologies division



Fortune Zhao

Chief Technology Officer
and CEO of Aurobay
Technologies division



Clémence Auroy-Vernin

Chief Legal and
Compliance Officer



Helene Carlson

Chief Communications
and Public Affairs Officer



Arnaud Fages

Chief Strategy and
Partnerships Officer



Juan Ferrera

Chief Human Resources
Officer



Simon Hu

Chief Procurement Officer



Thomas Lewis

President, Horse
Powertrain USA, Head of
Global Corporate Sales
Methods



Ingo Scholten

Deputy CTO and
Managing Director of
Aurobay Technologies
division, Sweden



Armstrong Yang

Deputy COO

Quality Management

Quality goes far beyond complying with regulations or ensuring a product performs according to specifications. We drive to make quality a comprehensive promise, encompassing product durability and, above all, consistency across our entire range. Quality is not a department or a function. It is a mindset built on excellence. At Horse Powertrain, we don't settle for mere compliance. We strive to exceed expectations.

As established by our corporate strategy, our commitment to excellence is based on our ambitions:



STRATEGIC VISION FOCUSED ON QUALITY

Our medium- and long-term strategy is focused on the customer. Every decision we make – from initial conception and design, through industrialization and manufacturing – is based on improving the customer experience. By addressing emerging challenges, adapting to new technologies and meeting the needs of new markets, we aim to create value for our customers and secure the long-term growth of our business.

In 2025, our quality strategy was geared towards positioning Horse Powertrain as a quality leader in our global industry by 2030, consolidating our position as a leading Tier 1 partner and reinforcing excellent, consistent and transparent execution.

It is based on three strategic pillars that drive excellence in all our operations:



Customer focus

Achieving 100% customer satisfaction through proactive measures, product and process robustness, flawless launches, and approaches tailored to multi-client environments, balancing speed-to-market with quality and mitigation of supplier risks.



Zero defects culture

Continuous improvement in defect reduction, with a focus on electronic and software reliability, effective problem-solving, improved supplier performance and reduced warranty costs, addressing the 'cost of non-quality' to strengthen our operational resilience.



Data intelligence

Digitalization and AI-powered decision-making – creation of a unified database, optimization of audit management, AI tools for efficiency and real-time data access for clients, increasing our transparency and responsiveness.

HOW WE DO IT

Our improvement process is based on established quality culture methodologies to achieve sustainable results through compliance with global standards, awareness and commitment of people, continuous improvement and innovation, and professional and talent development.

STRATEGIC ACTIONS

Innovation is not just about creating something new, but about ensuring that the new product is of higher quality and meets customer expectations. To achieve these objectives, we integrate quality management at every stage, from product development to supplier processes and production, ensuring effective end-to-end value creation.

To ensure future success and meet these challenges, we have established key strategic actions:

- Promote a data-centric quality system, supported by digitalization, artificial intelligence (AI) and a unified database, strengthening decision-making.
- Standardize and strengthen global supplier performance governance (qualification, audits, incident tracking and action plans), extending preventive quality methodologies based on the Process Book of Requirements (PBOR) and lessons learned.
- Standardize and strengthen global supplier performance governance (qualification, audits, incident tracking and action plans), reducing risk and increasing supply chain robustness.

- Strengthen project management and milestone robustness, supporting the timely achievement of agreed commitments and quality in product launches.
- Accelerate continuous improvement of plant performance through standards, process audits, defect analysis and QRQC (Quick Response Quality Control) methodologies.
- Initiate a comprehensive environmental integration assessment, aligning plant operations and R&D with the environmental management system to ensure consistency and effective deployment.

QUALITY MANAGEMENT SYSTEM

To ensure proper control and improvement of our processes, we have established a Quality Management System (QMS). This allows us to demonstrate our ability to provide products and services that meet the specific safety expectations and requirements of both our internal teams and our customers, as well as all applicable regulatory requirements in the activities and locations where we deliver our products. These requirements are integrated into the standards applied in the design of new processes and products, and are verified throughout the manufacturing cycle.

QUALITY TEAM GOVERNANCE

Our Quality function plays a crucial role throughout our value chain, ensuring that every process and product meets the highest standards. We have Quality teams in each of our manufacturing plants, comprised of managers, technicians and operators. In total, we employ 755 people dedicated to quality.

The Quality function is structured around a global governance framework that reinforces customer focus, prevention and consistent execution across all plants, integrating specialized functions and a cross-cutting layer of digitalization to accelerate data-driven decision-making.

Global quality direction

- Cross-functional oversight of all quality activities and definition of the overall strategy.
- Governance of key performance indicators and corporate standards.
- Comparison with industry best practices and optimization of the cost of poor quality, aligning the organization with international standards.

Responsibilities

- Supplier quality: Manages supplier performance through qualification, audits, incident tracking and corrective action plans, ensuring that components meet specifications and regulatory requirements.
- Customer quality (control tower): Globally monitors customer-perceived quality, analyzes incidents, coordinates countermeasures, manages claims, and reduces warranty costs by improving durability.
- Product quality engineering: Ensures quality in design and development, validating specifications, performing risk analysis, and providing support with QRQC methodologies, including meeting committed milestones on time.
- Process quality engineering: Controls and improves industrial processes through the implementation of standards, process audits, and defect analysis, with engineering support for robustness and efficiency.
- Manufacturing quality: Ensures quality on the factory floor (production control, inspections, and non-conformity management) and applies QRQC methodologies, the 'five whys' (a simple root cause analysis tool based on repeatedly asking "why" to move from symptoms to the underlying cause) and the 8D methodology (a structured eight-step problem-solving process used to contain issues, identify root causes, implement corrective actions, and prevent recurrence). It also drives the continuous improvement of operations.
- Warranty and after-sales costs: Monitors and reduces warranty costs, manages provisions and cost recovery from the supplier when applicable, reinforcing the efficiency of after-sales activities.
- Quality Management System (QMS): Develops and maintains the system, ensures regulatory compliance, coordinates internal audits, manages documentation, and promotes continuous improvement of the system.
- Digital Transformation Manager: Leads the digitalization of quality processes – data-centric tools, reporting automation, predictive analytics, and digital transformation projects.

Quality certifications

At Horse Powertrain, our commitment to quality and the pursuit of product excellence is reflected in our achievement of internationally recognized certifications, including ISO 9001, which guarantees a robust quality management system adaptable to diverse industries.

Building on this foundation, we have gone a step further to meet the specific demands of the automotive sector, achieving IATF 16949 certification in 100% of our plants and R&D centers. Developed by the International Automotive Task Force (IATF), this standard provides a framework for establishing, implementing, and maintaining a quality management system designed to meet the industry's stringent requirements. Furthermore, it reinforces the principles of ISO 9001, which we hold in 52% of our plants, by incorporating additional industry-specific elements such as supply chain risk management, traceability, and product defect prevention.

Horse Powertrain has IATF 16949 certification in 100% of its plants and R&D centers and ISO 9001 certification in 52% of them.

Country	Plant / R&D center	IATF 16949	ISO 9001
China	Baoji	✓	✗
	Changxing	✓	✗
	Chunxiao	✓	✗
	Guiyang	✓	✗
	Hangzhou Bay	✓	✗
	Taizhou	✓	✗
	Yiwu Engine	✓	✗
	Yiwu Transmission	✓	✗
	Zhangjiakou	✓	✓
	Valladolid	✓	✓
Spain	R&D Valladolid	✓	✓
	Seville	✓	✓
Sweden	Skövde	✓	✓
Portugal	Aveiro	✓	✓
Romania	Mioveni	✓	✓
	R&D Romania	✓	✗
Türkiye	Bursa	✓	✓
Brazil	Curitiba	✓	✓
	R&D Brazil	✓	✗
Argentina	Córdoba	✓	✓
Chile	Los Andes	✓	✓

Commitment to customers

Every decision we make, from initial conception and design, through to industrialization and manufacturing, is based on the premise of improving the customer experience.

We have established daily processes that identify, monitor and resolve any defects in our products. If we detect an issue with a part or product, whether delivered or not, we immediately inform the customer, explain the actions being taken to resolve it, and communicate any potential delays.

If a nonconformity is detected at a customer's plant, we ask that the customer conducts an initial investigation to identify the cause and responsibility for the problem. When necessary, this investigation should be carried out jointly with one of our representatives.

Our goal is to manage the problem in the best possible way, minimize any impact on the customer's production, and carefully assess any financial implications for both parties. Once the necessary actions have been defined and agreed, we ensure these are communicated to the relevant commercial representatives within both organizations.

INCIDENT MANAGEMENT SYSTEM

We view complaints as an opportunity for improvement because they provide valuable information from which to learn.

Our incident management system ensures a robust, structured and fully traceable process for all reported incidents. The platform allows for detailed and continuous tracking of each case, direct and transparent interaction with the customer, and complete traceability from detection to closure, facilitating root cause analysis and the implementation of corrective and preventive actions.

How we handle an incident



In 2025, 649 OEM customer complaints were registered. We track each complaint according to its status, strengthening our ability to prioritize, resolve and close issues with complete traceability and continuous communication with the customer.

Number of complaints received

	2025
Closed	434
Confirmed	123
Recognized	92
Total	649



Audit Systems

At Horse Powertrain, we establish strict criteria for internal audits with the aim of assuring continuous improvement and compliance with the established standards.

INTERNAL AUDIT CRITERIA

- **Compliance with regulations and standards:** Internal audits should verify compliance with standard IATF 16949, encompassing all its components. This includes the use of key tools developed by the Automotive Industry Action Group (AIAG).
- **Effectiveness of processes:** We assess the effectiveness of our internal processes, procedures and practices to make sure that they comply with the required standards and contribute effectively to continuous improvement.
- **Regulatory requirements:** We verify compliance with all applicable legal and regulatory requirements, consolidating our responsibility to customers and the pertinent authorities.

A series of teams at different levels of the business play different roles in quality audits.

OUR AUDIT TEAMS

- **Internal auditors:** These are qualified professionals responsible for planning and conducting the audits. Their role is fundamental in order to identify breaches and assure compliance.
- **Process managers:** They play an essential role by providing information and assuring that the necessary corrective actions are implemented.
- **Senior management:** Reviews the results of the audits, ensures that the necessary resources are assigned for corrective actions and supports continuous improvement initiatives.

AUDIT FOCUS AREAS

Our internal audit efforts are focused on three key areas



Quality management system audit

This includes a comprehensive review of the entire system, encompassing the main manufacturing site, support functions and remote locations.



Manufacturing process audit

Aimed at production activities in all shifts, also evaluating both consistency in shift handovers. This audit considers key results such as the risk analyzes and control plans established during advanced quality planning.



Product audit

We verify that the final products meet the specified requirements, including aspects such as packaging and labeling.

Supplier Audit Systems

The Supplier Quality function ensures that suppliers of purchased parts for our products (direct suppliers) support a continuous quality policy and have quality governance in place at all their plants. At the same time, we ensure that suppliers consistently and reliably deliver the expected level of quality.

This mission begins before supplier nomination, with an initial assessment that includes preparatory audits and is maintained through continuous evaluation throughout mass production, via regular audits and annual reviews.

Our goal is to ensure our suppliers are aligned with IATF standards, establishing a robust quality system at all stages.

Audits are conducted at three key points:

1. During the nomination phase: Suppliers prepare any requested information before receiving a visit from our auditors, who conduct an on-site assessment of the processes in the first phase.

2. During the approval phase: Once a supplier is nominated for a project, a second audit is carried out before the product is launched. This audit verifies that the supplier has all the necessary quality controls in place, that there are no bottlenecks that could compromise production, and that everything complies with the standards defined in the manual. Only after passing this audit is mass production authorized.

3. During production: If quality issues arise during production, a third, specific audit is conducted to address the identified problems. After implementing the corrective action plan, a Horse Powertrain auditor reviews the process on-site to ensure the corrective measures have been carried out, guaranteeing the resolution of the issues.

Additionally, we review supplier scores annually to evaluate their overall performance. In cases where a risk analysis identifies a supplier who could potentially compromise quality, preventive actions are implemented, such as Failure Mode and Effects Analyses (FMEA), quality system audits, or process assessments.

We have 57 certified auditors on our supplier quality teams, who send suppliers a reference document to complete in advance of audits, with a series of specific criteria.

In 2025, we conducted a total of 1,440 supplier audits.

Number of quality audits performed by topic³

	2025
Preventive	186
System	128
Process	536
Corrective (8D)	590
Total	1,440

We work closely with our suppliers to ensure quality from the beginning of the process to mass production

³ Preventive audits assess supplier quality status, system audits evaluate quality management systems across departments, process audits focus on specific production lines, and corrective (8D) audits address issues linked to customer complaints.

02

ESG AT HORSE POWERTRAIN

- ESG governance
- ESG strategic vision



ESG Governance

As a strategic priority and a driver of our long-term competitiveness, ESG is a shared responsibility at Horse Powertrain. Our ESG strategy is therefore integrated at every level of the business through strong ESG governance, spanning the Board, Executive Management Team and senior leaders, ESG function, regional business units, and operational teams.

Our ESG governance is designed to enable the proper design, approval, implementation and monitoring of the ESG strategy. It ensures risks and impacts are systematically identified and managed, decisions are aligned with due diligence principles and performance is tracked over time, driving measurable impact across the company.

ESG AT BOARD AND MANAGEMENT LEVEL

Our governance model is anchored at the highest level of the organization. Board-level involvement ensures strategic alignment, sets the tone for responsible leadership, and provides independent oversight of ESG risks and opportunities.

Our Executive Management Team and senior leaders translate Board expectations into actionable priorities. Their engagement ensures that ESG goals are embedded into corporate strategy, operational roadmaps, resource allocation, and performance management.

ESG FUNCTION

During 2025, the ESG function was made up of specialized ESG teams and subject-matter experts from the divisions and integrated into the operational structure. Since the beginning of 2026, the ESG teams have been combined into one ESG function, reporting directly to the COO, ensuring technical rigor and continuous improvement. Their expertise enables the organization to correctly interpret regulatory requirements, industry standards, and stakeholder expectations. The ESG function also guides the development of targets and robust reporting systems.

FUNCTIONAL AND CROSS-REGIONAL ESG APPROACH

Given the geographic spread and operational diversity within Horse Powertrain, business units across our regions take an active role. Their local insights are crucial for aligning global ESG ambitions with regional realities, regulatory environments and market dynamics. This bottom-up contribution ensures the ESG strategy remains practical, culturally relevant, and feasible across all locations.

The ESG strategy is brought to life by cross-functional operational teams, who ensure that environmental, social and governance principles are embedded in operational processes, manufacturing practices, supply chain decisions, and continuous improvement initiatives.



GOVERNING BODIES

To operationalize this governance framework, we have established dedicated governance bodies that enable the approval, oversight and effective implementation of the ESG strategy, including its objectives and initiatives.

HORSE POWERTRAIN LEVEL

Quarterly reporting	EMT / BoD*	ESG advisory and final strategy approval
Monthly reporting	COO**	Responsible for the approval and monitoring of the ESG strategy
Monthly reporting	ESG COMMITTEE Head of Sustainability ESG teams Global functions	Strategy definition and implementation Monitoring of objectives, promotion and follow-up of initiatives, identification of ESG trends, detection of barriers, etc.

DIVISIONAL LEVEL

Monthly reporting	REGIONAL ESG COMMITTEES China /Europe & LATAM ESG direction ESG plant ambassadors ESG representatives from divisional functions	Monitoring of objectives, promotion and follow-up of initiatives, identification of ESG trends, detection of barriers, at division level
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Biweekly/monthly reporting

WORKING GROUPS

Definition and implementation of cross divisional plans and initiatives

* EMT: Executive Management Team / BoD: Board of Directors
 ** COO: Chief Operating Officer
 China's regional committee starting June 2026

ESG Policy

Our ESG Policy defines the principles and commitments that guide how environmental, social and governance considerations are integrated into our strategy, operations and decision-making. It provides a common framework for managing impacts, risks and opportunities, and reflects our ambition to contribute to sustainable, low-emission and responsible mobility.

The policy establishes ESG as a strategic topic for the company and sets the foundation for how we minimize negative impacts, enhance positive contributions and strengthen long-term value creation across our activities and value chain.

The ESG Policy applies across all Horse Powertrain operations where we have financial and operational control. It sets common expectations for how ESG considerations are addressed throughout the organization and serves as a reference framework for the development of more specific policies, objectives and action plans.

The ESG Policy acts as an overarching reference for our sustainability governance. It underpins the ESG Plan 2030, supports the development of topic-specific policies, and provides a shared direction for integrating ESG considerations into day-to-day decision-making.

By establishing clear principles and expectations, the policy helps ensure that sustainability is addressed consistently across the organization and remains aligned with our long-term objectives.

CORE PRINCIPLES



Environmental responsibility

We are committed to addressing global challenges related to climate change, resource scarcity and biodiversity loss. This includes reducing greenhouse gas emissions across our products and operations, promoting energy efficiency and circular economy principles, and minimizing impacts on natural ecosystems throughout the value chain.



People and human rights

We promote fair working conditions, equal opportunities and respect for human and labor rights across our operations and business relationships. Our approach emphasizes safe and healthy workplaces, talent development, inclusion and the protection of human rights throughout the value chain.



Ethics and responsible governance

We uphold high ethical standards in all activities and expect integrity, transparency and legal compliance in the way we conduct business. Responsible supply chain management, transparent communication and robust governance practices are central to our ESG framework.

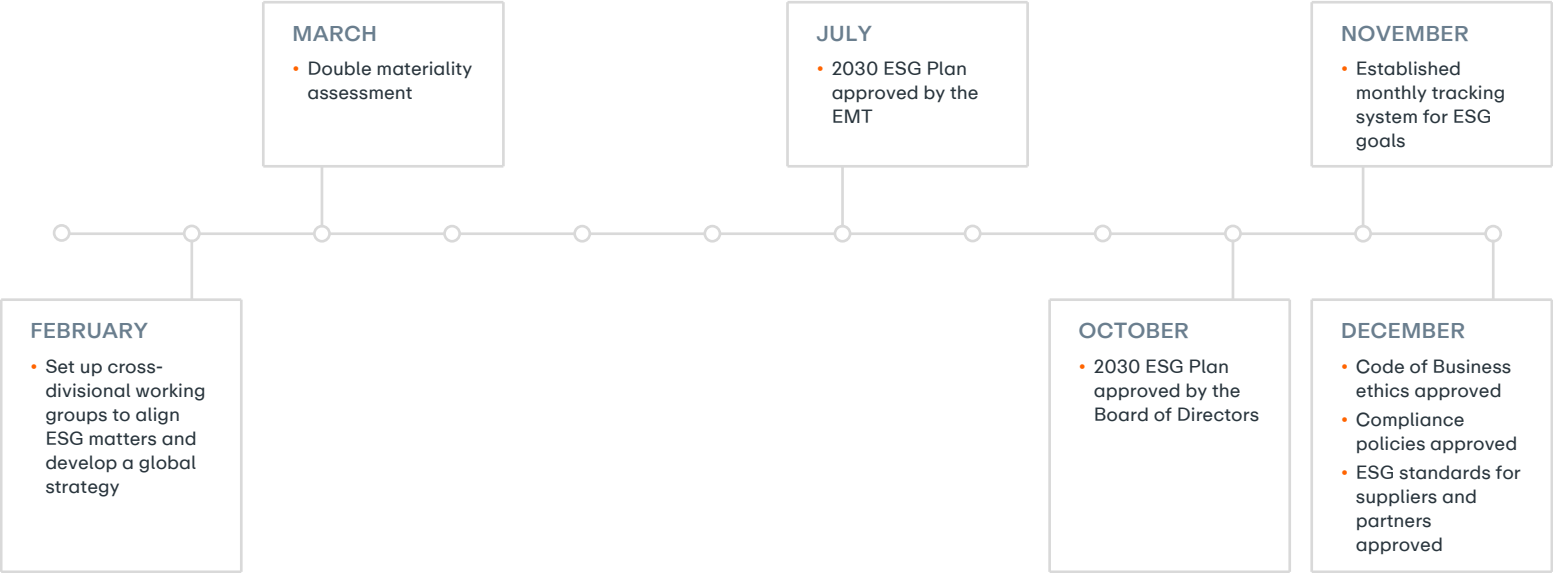
OUR ESG APPROACH

Our ESG Policy is built on a double materiality perspective, considering both the impacts of our activities on people and the environment, and the sustainability-related risks and opportunities that may affect our business performance and resilience.

Through this approach, the policy aims to:

- Minimize negative environmental and social impacts
- Enhance positive contributions to society and the environment
- Identify, manage and monitor ESG-related risks and opportunities.

ESG Milestones 2025



ESG Strategic Vision

We view ESG as a core part of how we create long-term value, strengthen resilience and support the transition towards more sustainable, decarbonized and inclusive mobility. Our approach combines strategic ambition with material priorities and measurable commitments, providing the framework through which we guide action across the company and our value chain.

Horse Powertrain is a global company committed to sustainable, decarbonized and inclusive mobility, integrating ESG strategy in our value proposition



Contribution to SDGs

We contribute to the UN 2030 Agenda for Sustainable Development, focusing on the Sustainable Development Goals that are most closely related to our business activities. For that purpose we have followed the UN SDG Compass, selecting the goals related to economic growth, innovation, sustainable communities, responsible consumption, climate action and partnerships.



SDG 8: Decent work and economic growth
We foster the creation of decent and stable work, guaranteeing respect for human rights and the safety of our employees. We also work to generate economic growth in the countries and communities where we are present.



SDG 9: Industry, innovation and infrastructure
We drive innovation in the automotive industry by developing cutting-edge technological infrastructures to develop more efficient and sustainable engines and transmission systems.



SDG 11: Sustainable cities and communities
We contribute to urban sustainability by designing technologies that reduce vehicle emissions, fostering the transition of our cities towards cleaner and healthier communities.



SDG 12: Responsible consumption and production
We optimize our production processes to minimize waste, using more sustainable materials and fostering responsible practices throughout the supply chain.



SDG 13: Climate action
We improve the energy efficiency of our engines and transmission systems, contributing to the reduction of carbon emissions and supporting the fight against climate change.



SDG 17: Partnerships for the goals
We collaborate with strategic partners, sector associations and international organizations to develop innovative solutions that will promote and contribute to the transition towards sustainable mobility.

Double Materiality

OUR APPROACH

In 2025, we carried out Horse Powertrain's first consolidated double materiality assessment in order to identify the sustainability matters that are most relevant to our company and to the people and environments connected to our activities. This assessment provides the foundation for the ESG strategy 2030 and content of this first voluntary ESG Annual Report and represents an anticipatory step towards evolving sustainability reporting regulation.

The overall objective was to identify, assess and prioritize our material impacts, risks and opportunities (IROs) across environmental, social and governance matters.

Double materiality combines two complementary perspectives: first, the impacts we may have on people and the environment; and second, the financial risks and opportunities that sustainability matters may create for our business.

SCOPE AND GOVERNANCE

Our assessment covered Horse Powertrain and its three operating entities. In analytical terms, we considered the full value chain — upstream, own operations and downstream — recognizing that our most significant sustainability impacts, risks and opportunities may arise across products, operations, suppliers and business relationships.

The process was led by our ESG team with support from managers across the company and from an external advisor. The final results were reviewed and approved by the Executive Management Team (EMT).

In this first cycle, we relied on internal expertise and management input — we did not carry out an external stakeholder consultation or a broad employee survey.

METHODOLOGY

Our methodology combined three inputs: the existing double materiality work previously carried out in the Horse Technologies division, the results already available for the Aurobay Technologies division, Sweden, and a dedicated assessment developed for the Aurobay Technologies division, China. These inputs were then consolidated into a single company-level assessment (evaluated on a scale from 1 to 4), reflecting the relative economic weight of each division. The work program included the identification of material matters, the identification of IROs, the evaluation of new IROs from both impact and financial perspectives, the consolidation of the three underlying exercises, and a final context analysis linking material IROs, material topics and the value chain.

Material matters were identified using a two-step approach. At divisional level, topics scoring above a 2.5 threshold were considered material. At company level, consolidation criteria were applied: topics were generally retained if they were material across more than one division under the same perspective. If a topic was material in only one division or assessed differently across divisions, it is only included in cases where that topic is material for an entity representing at least 21% of the company's total sales. The overall consolidation reviewed 120 IROs, which were subsequently refined into 49 grouped material IROs at company level.

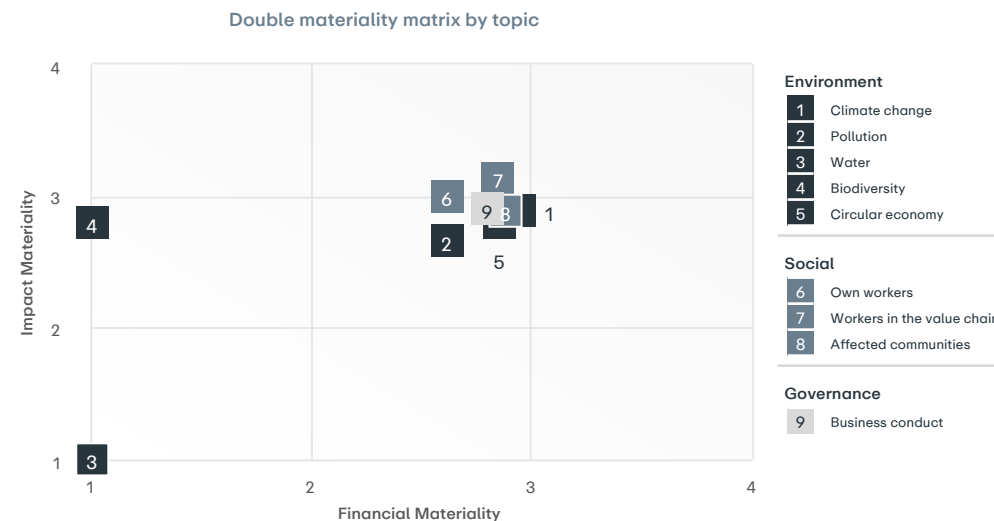


MATERIAL TOPICS AND RESULTS

As a result of the assessment, we identified eight material topics for Horse Powertrain: Climate change (E1), Pollution (E2), Biodiversity and ecosystems (E4), Resource use and circular economy (E5), Own workforce (S1), Workers in the value chain (S2), Affected communities (S3), and Business conduct (G1). The topic Water and marine resources (E3) was assessed as not material in this reporting cycle, while the topic Consumers and end-users (S4) was considered not applicable to our business model.

It is important to note that Biodiversity and ecosystems (E4) is material only in a limited and specific way in this cycle, and that the only IROs found as material are related to upstream phases in the value chain.

In summary, most positive impacts are concentrated in social matters, particularly those relating to our own workforce and to equal treatment and opportunities. Most negative impacts are associated with climate change mitigation and with resource use and waste. Risks are more diversified, but are especially concentrated in climate change and business conduct. Opportunities are fewer in number and are spread across environmental, social and governance topics, with environmental opportunities being the most frequent.



This assessment will serve as the foundation for Horse Powertrain's future ESG reporting architecture

The results of the double materiality assessment shape the structure and content of this report. The environmental, social and governance chapters that follow reflect the material topics and the underlying IROs identified through the assessment, so that our disclosures focus on the areas where we currently see our most significant sustainability-related impacts, risks and opportunities.

This assessment also gives us a more robust foundation for the further development of our sustainability reporting architecture. As we continue to mature our approach, we expect to improve data availability, the control environment around sustainability information, and visibility across the value chain, enabling us to refine future assessments and strengthen the consistency and depth of our disclosures over time.

Material topics, sub-topics and materiality perspective

To make the results transparent and easy to navigate, we present them in different tables showing the material status and materiality perspective of the main topics and sub-topics.

Governance matters

Topic	Sub-topic	Material status	Materiality perspective
Business conduct (G1)	Corporate culture	Material	Impact and financial
	Management of relationships with suppliers, including payment practices	Material	Impact and financial
	Corruption and bribery - incidents	Material	Financial
	Protection of whistle-blowers	Not material	-
	Animal welfare	Not material	-
	Political engagement	Not material	-
	Corruption and bribery - prevention and detection including training	Not material	-

Environmental matters

Topic	Sub-topic	Material status	Materiality perspective
Climate change (E1)	Climate change adaptation	Material	Financial
	Climate change mitigation	Material	Impact and financial
	Energy	Material	Impact and financial
Pollution (E2)	Pollution of air	Not material	-
	Pollution of water	Material	Impact
	Pollution of soil	Material	Impact and financial
	Pollution of living organisms and food resources	Not material	-
	Substances of concern	Material	Impact
	Substances of very high concern	Material	Impact
	Microplastics	Not material	-
Water and marine resources (E3)	Water / Marine resources	Not material	-
Biodiversity and ecosystems (E4)	Direct impact drivers of biodiversity loss	Not material	-
	Impacts on the state of species	Not material	-
	Impacts on the extent and condition of ecosystems	Material	Impact
	Impacts and dependencies on ecosystem services	Not material	-
Resource use and circular economy (E5)	Resource inflows, including resource use	Material	Impact and financial
	Resource outflows related to products and services	Material	Impact and financial
	Waste	Material	Impact and financial



Social matters

Topic	Sub-topic	Material status	Materiality perspective
Own workforce (S1)	Secure employment, working time, adequate wages, work-life balance, health and safety	Material	Impact and financial
	Gender equality and equal pay for work of equal value	Material	Impact and financial
	Training and skills development	Material	Impact and financial
	Diversity	Material	Impact
	Privacy	Material	Financial
	Social dialogue, freedom of association, collective bargaining, employment and inclusion of persons with disabilities, measures against violence and harassment, child labor, forced labor, adequate housing	Not material	-
Workers in the value chain (S2)	Secure employment, working time, adequate wages, social dialogue, freedom of association, collective bargaining, work-life balance, health and safety	Material	Impact and financial
	Measures against violence and harassment in the workplace	Material	Impact
	Diversity	Material	Impact
	Child labor	Material	Impact
	Forced labor	Material	Impact
Affected communities (S3)	Gender equality and equal pay, training and skills development, employment and inclusion of persons with disabilities, adequate housing, water and sanitation, privacy	Not material	-
	Adequate housing, adequate food, water and sanitation, land-related impacts, security-related impacts	Material	Impact and financial
	Free, prior and informed consent; self-determination; cultural rights	Material	Financial
	Freedom of expression, freedom of assembly, impacts on human rights defenders	Not material	-
Consumers and end-users (S4)	All sub-topics	Not applicable	-

LIST OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

E1 Climate change – Impact materiality

Positive impacts

Contributing to environmental protection by sourcing energy from renewable sources and implementing energy efficiency measures

Encouraging Tier 1 suppliers' transition to renewable energy

Negative impacts

Impact on environment by emitting large amounts of CO₂

E1 Climate change – Financial materiality

Risks

Raw material supply disruptions due to suppliers not meeting environmental requirements, especially regarding critical materials

Operational costs due to higher temperatures may influence the functioning of equipment or adaptation of the production facilities

Delays and insurance re-price increased by operating restrictions on certain days of the year or on certain times of the day due to extreme weather events where the suppliers operate

Risk arising from the difficulty of changing the design of the components of products resulting from regulatory restrictions prohibiting the use of certain raw materials

Reduced income from internal combustion engines production

Increased carbon taxes and regulations

Increased or fluctuating costs of energy

Opportunities

Long-term reduction of operating costs through more efficient and less carbon-intensive technological innovations (energy management systems, improved thermal insulation or solar panels)

Increase of sales share with plug-in hybrid engines production and new markets in low-emission mobility

E2 Pollution – Impact materiality

Positive impacts

(No material positive impacts have been identified for the topic of Pollution)

Negative impacts

Environmental impacts from the use of rare-earth and mineral materials (e.g. conflict minerals) in the manufacture of batteries, engines and gear boxes

Polluted soil surrounding the manufacturing facilities derived from own operations and lack of adequate waste management

Water pollution resulting from the leaching of pollutants through the soil in which our factories are located, and the mining and production of materials for our products

Soil contamination during mining and producing aluminum and steel for our products

E2 Pollution – Financial materiality

Risks

High cost derived from investment in remediation technologies to deal with contaminated soils from the inherited manufacturing facilities

Opportunities

(No material opportunities have been identified for the topic of Pollution)

E4 Biodiversity and ecosystems – Impact materiality

Positive impacts

(No material positive impacts have been identified for the topic of Biodiversity and ecosystems)

Negative impacts

Land degradation, desertification and soil sealing caused by mining materials in the supply chain for producing components procured by the company

E4 Biodiversity and ecosystems – Financial materiality

Risks

(No material risks have been identified for the topic of Biodiversity and ecosystems)

Opportunities

(No material opportunities have been identified for the topic of Biodiversity and ecosystems)

E5 Circular economy – Impact materiality

Positive impacts

Promoting the circular economy by using used or recycled parts in the manufacture of new products such as engines, gear boxes and batteries

Supporting circular economy by remanufacturing engines

Negative impacts

Waste increase due to mining for raw materials in our products and disposal of used oil, filters, and worn-out parts use to regular maintenance for combustion of batteries, engines and gear boxes

Contributing to increasing resource depletion through use of raw materials in our products that cannot be replaced for sustainable materials

E5 Circular economy – Financial materiality

Risks

Difficulty in obtaining recycled steel due to low availability and complexity of recycling scrap materials from traditional production processes within the steel industry

Supply chain disruption due to long-term resource scarcity

Opportunities

Opportunity to sell by-products like any other product
Market differentiation through the inclusion of the digital passport in our products that facilitate traceability and recyclability

Promote circular economy by extending the life of equipment used in factories through flexible production lines.

S1 Own workforce – Impact materiality

Positive impacts

Employee satisfaction with good practices in working conditions, by implementing initiatives to address the needs of employees in their working environment

Protection and satisfaction of employees by ensuring good working conditions of employees through flexibility and work life balance

Ensure employee fulfillment and development through skills development, responsible management practices, strengthening social ties between employees, training employees to new digital and sustainable ways of working, and maintaining attractiveness as an employer

Reassurance and stability of our employees by securing and reinforcing a fair transition in future years

Promotion of workers' rights through establishment of the Diversity, Inclusion, Equality and Belonging (DEIB) group

Negative impacts

Potential health and safety incidents among employees

Dissatisfaction of employees by not promoting good working conditions of employees through flexibility and professional and personal life balance

S1 Own workforce – Financial materiality

Risks

Risk of not being able to attract or retain the talent needed to achieve strategic targets or business transformation due to a competitive working market

Risk of losing key private company information because of cybersecurity or data privacy breaches

Opportunities

Increased productivity and good results for the business by investing in training employees with the skills and knowledge they need to work more efficiently

S2 Workers in the value chain – Impact materiality

Positive impacts

(No material positive impacts have been identified for the topic of Workers in the value chain)

Negative impacts

Lack of protection of human rights and conditions of workers in the value chain due to suppliers failing to meet working conditions, international standards or not complying with due diligence requirements

Limited visibility in our Tier-N and Raw materials value chain could allow for us unknowingly contributing to violations of workers' human rights and health and safety

S2 Workers in the value chain – Financial materiality

Risks

Reputational and legal risk due to association with violations on working conditions and human rights for workers in our value chain

Opportunities

(No material opportunities have been identified for the topic of Workers in the value chain)

S3 Affected communities – Impact materiality

Positive impacts

(No material positive impacts have been identified for the topic of Affected Communities)

Negative impacts

Impact on people's human rights by using rare-earth and mineral materials (e.g. conflict minerals) in the manufacture batteries, engines and gear boxes

S3 Affected communities – Financial materiality

Risks

Reputational and legal risk due to association with violations of human rights in communities within our supply chain

Raw materials suppliers delays derived from conflicts with community and indigenous people living in the areas where the company and their value chain operates

Opportunities

(No material opportunities have been identified for the topic of Affected Communities)

G1 Business conduct – Impact materiality

Positive impacts

Social and public trust derived from the creation of a responsible and sustainable supply chain through requirement of adherence to ESG requirements and supplier evaluation

Promotion of ethical values by fostering ethical business behavior at all levels of the company

Negative impacts

(No material negative impacts have been identified for the topic of Business Conduct)

G1 Business conduct – Financial materiality

Risks

Risk of sanctions from non-compliance with laws and regulations due to insufficient anticipation or implementation of policies and management systems and/or sustainability performance

Increased sanctions and loss of reputation due to perceived malpractice related to incidents of corruption and bribery within the company due to its business relationships and activity

Risk of limited availability and increased costs of raw materials and transport due to supply chain disruptions caused by climate, geopolitical and pandemic events

Opportunities

Build a more sustainable supply chain by auditing high-risk suppliers

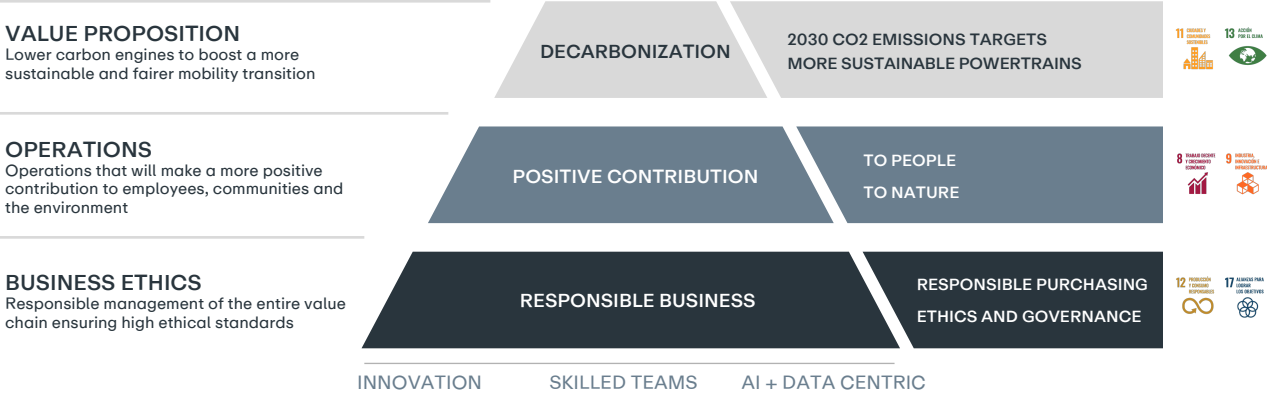
ESG Plan 2030

Our ESG Plan 2030 is the framework through which we translate our sustainability ambition into clear priorities, measurable commitments and coordinated action across the company. Approved in 2025 by the Board of Directors, the plan reflects a company-wide scope, with consolidated targets for Horse Powertrain and specific deployment by division. In this way, the plan not only guides how we respond to environmental, social and governance challenges, but also how we create long-term value through operational efficiency, innovation and responsible business conduct.

The plan has been designed taking into account our material issues, the main global sustainability challenges, the expectations of our stakeholders, the characteristics of our value chain and the regulatory and market context in which we operate. It is also aligned with our broader strategic direction as a company contributing to more sustainable, efficient and inclusive mobility.

The plan is built around three pillars: Decarbonization, Positive contribution and Responsible business. Together, these pillars define the areas where we believe focused action can generate the greatest strategic, operational and societal value. To enable implementation, the plan is supported by three cross-cutting levers: innovation, skilled teams, and an AI- and data-centric approach.

In 2025, we started embedding the plan into our governance and management processes through monthly monitoring of targets and corrective actions where needed. As a result, the ESG Plan 2030 is not a static commitment framework, but a management tool that helps us track progress, identify gaps and continuously improve execution.



Our ESG Plan 2030 sets out the priorities through which we seek to create sustainable value while strengthening resilience, competitiveness and responsible growth

To give our ESG strategy a clear operational direction, we have translated each pillar of the plan into a set of 2030 commitments. These commitments define where we want to be by the end of the decade and provide a common frame of reference for annual target-setting, monitoring and execution:

Decarbonization



2030 CO₂ emissions targets⁴

- Scopes 1 & 2: -70% in our operations
- Scope 3 Cat. 1: -48% in purchased goods & services per powertrain (-39% in purchased goods & services absolute)
- Scope 3 Cat. 11: -22% in use of sold products per powertrain (-9% in use of sold products absolute)



More sustainable powertrain

- 65% sales from engines with better CO₂ performance⁵

Positive contribution



To people

- Zero injuries commitment
- -17% Lost Time Case Ratio (LTCR)
- 100% of plants certified in ISO 45001
- Equality plan implemented
- Social action
- Two initiatives per site per year, on preserving nature and supporting education in the community



To nature

- Reach 80% of recycled content in aluminum
- Reach 100% of renewable electricity
- Biodiversity protection approach across supply chain

Responsible business



Responsible purchasing

- 100% of ESG requirements acceptance by direct materials suppliers
- 90% of direct materials suppliers score above threshold after ESG evaluation
- 95% of our ESG high-risk suppliers have an action plan implemented⁶



Ethics and governance

- Global compliance program 100% implemented
- Global corporate policies and statements approved
- Human rights due diligence implemented

⁴ Baseline year: 2023

⁵ E100, LPG, HEV, PHEV, E20, HEV LPG, E85, CNG

⁶ ESG high-risk suppliers: underscored or non-scored suppliers under ESG evaluation

PROGRESS IN 2025 AND ROADMAP TO 2030

We monitor the ESG Plan 2030 through a regular governance process that allows us to track progress, identify deviations early and define corrective actions where needed. In 2025, this monitoring was set on a monthly basis, allowing us to strengthen execution discipline and maintain visibility over each pillar of the plan.

By the end of 2025, the overall level of achievement of the ESG Plan 2030 reached 53%. This represents a significant step forward in implementation. Progress was especially visible in decarbonization-related metrics, in selected people and nature targets, and in several responsible business indicators. Where targets were not met in full, action plans were defined for follow-up and implementation during 2026, by which time 74% of the plan's targets must be achieved.

By the end of 2025, the overall level of achievement of the ESG Plan 2030 reached 53%.

TARGETS	GOAL FOR 2025	ACHIEVEMENT 2025	GOAL FOR 2026	GOAL FOR 2030
DECARBONIZATION				
Absolute reduction in our operations (Scopes 1&2)	-59%	-73%	-61%	-70%
Reduction of Scope 3 emissions from purchased products and services				
Intensity target per powertrain	-28%	-29%	-40%	-48%
Absolute target	-25%	-18%	-31%	-39%
Reduction of Scope 3 emissions from the use of sold products				
Intensity target per powertrain	4%	-2%	-8%	-22%
Absolute target	8%	12%	7%	-9%
Sales from engines with better CO ₂ performance	31%	32%	44%	65%
POSITIVE CONTRIBUTION				
Reach global certification that recognizes our focus on people	88%	88%	100%	100%
Reduction Lost Time Case Ratio (LTCR)	-3%	-55%	-6%	-17%
Plants certified in ISO 45001	71%	76%	100%	100%
Equality plan implemented	27%	23%	55%	100%
Social action initiatives	100%	100%	100%	100%
Reaching recycled content in aluminum	72%	75%	73%	80%
Reaching renewable electricity	89%	87%	90%	100%
Plants with biodiversity assessment and plans implemented	59%	100%	84%	100%
TNFD framework study	N/A	N/A	N/A	100%
RESPONSIBLE BUSINESS				
ESG requirements acceptance of direct materials suppliers	25%	95%	96%	100%
Direct materials suppliers above threshold under ESG evaluation	70%	81%	75%	90%
ESG risky suppliers with action plan implemented	25%	23%	60%	95%
Global compliance program implemented	10%	29%	86%	100%
Global corporate policies and statements approved	75%	59%	100%	100%
Human Rights Due Diligence implemented	—%	17%	50%	100%

03

ENVIRONMENTAL PROTECTION

- Climate disclosure
- Positive contribution to nature



Climate disclosure

Greenhouse gas emissions from the use of energy in road transport represent 12% of global emissions. Our business proposition is based on offering solutions that contribute to decarbonization of the sector and more sustainable mobility. We are committed to reducing our CO₂ emissions through our ESG Plan.

DECARBONIZATION TARGETS

During 2025, we defined our emission reduction targets, establishing 2023 as the base year.

2030 CO₂ emissions targets

- Scopes 1 & 2: -70% in our operations*
- Scope 3 Cat. 1: -48% in purchased goods & services per powertrain (-39% in purchased goods & services absolute)
- Scope 3 Cat. 11: -22% in use of sold products per powertrain (-9% in use of sold products absolute)

More sustainable powertrains

- 65% sales from engines with better CO₂ performance**

*CO₂ emissions from energy purchasing and consumption in our industrial operations

**LPG, HEV, PHEV, FLEX (Ethanol), REX



Climate change governance

We have established a governance and organization structure that ensures that climate change and decarbonization are tackled from the highest level of the company right down to each one of our production processes. Our climate change governance is integrated with our ESG governance.

In addition, within corporate functions such as Strategy, Procurement, and R&D, as well as at the plant level, responsibilities are assigned to ensure the proper management of climate-related risks and opportunities, and the implementation of climate change mitigation measures.



Board of Directors

The Board of Directors of Horse Powertrain approves the decarbonization targets and emission reduction measures, ensuring that all the necessary resources to meet these targets are put in place. The Board also monitors progress against climate-related targets, transition plans and commitments.

In 2026, the ESG function will present to the Board of Directors a scenario-based analysis identifying specific climate-related risks and opportunities, as well as the first financial quantification of one risk and one opportunity.



ESG Committee

The ESG Committee oversees the implementation of the ESG strategy, integrating climate risk and decarbonization into everyday business decisions. It tracks progress on emissions-reduction targets, ensures alignment with climate regulations and reporting standards, and coordinates mitigation and adaptation actions across departments.



ESG function

Reporting directly to the COO from 2026, the ESG function is responsible for setting ambitious decarbonization targets, the strategy to meet them, and for carrying out studies on climate risks and opportunities. It is responsible for calculating the corporate carbon footprint and the product carbon footprint, as well as executing, from the operational standpoint, the decarbonization measures with other departments involved. It is also responsible for communicating and disclosing the carbon footprint, targets and other matters related to climate change.



Climate Change and Decarbonization Working Group

The Climate Change and Decarbonization Working Group is a cross-functional ESG working group, composed of decarbonization leads from our divisions. This working group meets weekly to monitor the calculation of the carbon footprint and product carbon footprints, the decarbonization targets, and to analyze climate-related risks and opportunities.

Climate Risk and Opportunities

We identify, assess and prioritize short-, medium- and long-term climate risks and opportunities and the financial consequences they may have in the organization. 'Short term' refers to a period of up to one year, 'medium term' covers one to five years, and 'long term' applies to periods of more than five years.

Based on climate scenarios, we first conducted an identification and assessment exercise of climate risks and opportunities:

Physical risks

Risks that arise as a result of acute or chronic climate impacts such as floods, droughts, tornadoes or rising temperatures.

Transition risks

Regulatory, market, technological or reputational risks that arise as a result of the transition towards an emission reduction model.

Opportunities

That may arise from the transition towards a low-carbon-emission economy such as reduced costs, resilience or competitive advantage.

CLIMATE SCENARIOS AND METHODOLOGY

Scenarios for physical risks

To identify and analyze physical risks, two of the IPCC (Intergovernmental Panel on Climate Change) scenarios for the 2100 time horizon have been applied:

- SSP5-8.5: temperature increase of 4.4 °C compared to pre-industrial levels, assuming that no significant effort has been made to limit greenhouse gas emissions.
- SSP1-2.6: temperature increase of 1.8 °C compared to pre-industrial levels, assuming that greenhouse gas emissions have been limited so that the temperature increase does not exceed 2 °C.

Scenarios for transition risks

As far as transition risks are concerned, a NGFS Net Zero 2050 scenario has been applied in which temperatures are expected to rise by 1.5 °C compared to pre-industrial levels, through strict climate policies and innovation, a rapid development of technologies and high CO₂ removals.

To identify climate risks and opportunities, the following steps were carried out:

1. Study of the company's value chain from the standpoint of climate change and data collection.
2. Analysis of the exposure of the company's assets to the consequences of climate change, including databases, specific tools, sector benchmarking and internal workshops.
3. Mapping climate risks and opportunities throughout our value chain based on likelihood (of occurrence of climate hazards and transition levers) and magnitude (criticality, sensitivity and adaptability).

The results obtained from this first analysis were as follows:

CLIMATE PHYSICAL RISKS				
Physical risks	Type of risk	Main impact	Likelihood	Magnitude
Increasing temperature	Chronic	Likely to result in increased cooling costs, decreased productivity, and increase in capital costs of adaptation	●●●○	●●●○
Heavy precipitation (direct operations)	Acute	Resulting in structural damages to buildings and roofs which may not be able to handle heavy precipitation events	●●●○	●●●○
Water stress	Chronic	Increased indirect (operating) costs due to having to obtain water from other sources	●●●○	●●●○
Tornado	Acute	Damage to assets	●●●○	●●●○
Heavy precipitation (supply chain)	Acute	Supplier activities may be interrupted, resulting in disruptions for our own operations	●●●○	●●●○

CLIMATE TRANSITION RISKS				
Transition risks	Type of risk	Main impact	Likelihood	Magnitude
Mandates on products	Policy and legal	Decreased revenues due to reduced demand for fossil-fueled products and services	●●●○	●●●○
Reputational risk	Reputation	Potential loss of market share and investors support if climate action is insufficient	●●●○	●●●○
Changing customer behavior	Market	Decreased revenues due to reduced demand for products and services	●●●○	●●●○
Lack of availability of raw materials	Market	Disruption in raw materials supply and increased raw materials costs	●●○○	●●●○
Carbon pricing mechanisms	Policy and legal	Increased operating costs	●●●○	●●●○

CLIMATE OPPORTUNITIES				
Opportunity	Type of opportunity	Main impact	Likelihood	Magnitude
Development of new low-emission products	Products and services	Increased revenues through access to new or emerging markets	●●●○	●●●○
Use of renewable energy sources	Energy source	Long-term cost stability due to non-exposure to fossil fuels volatility. Reduced carbon costs	●●●○	●●●○
Shift in consumer preferences	Markets	Increased revenues resulting from increasing demand	●●●○	●●●○
Increased efficiency of production and distribution processes	Resource efficiency	Reduced direct costs, improved reputation, contribution to reaching decarbonization targets	●●●○	●●●○
Use of recycled materials	Products and services	Reduced direct costs	●●●○	●●●○

In 2026, we plan to initiate efforts to quantify the financial implications of climate-related transition risks and opportunities, starting with the assessment of one transition risk, 'Mandates on products', and one opportunity, 'Development of new low-emission products'. These have been identified through the scenario analysis as most relevant to Horse Powertrain's business model at this stage. This work represents an initial step in translating scenario-based analysis into quantified financial impacts, and will support the further integration of climate considerations into risk management and strategic decision-making.

Climate Risk Management

Climate risk management is key in order to assure business resilience and sustainability in a constantly changing environment. At Horse Powertrain, this approach allows us to identify and assess threats related to climate change, ensuring that strategic decisions incorporate preventive and adaptation measures.

This commitment is reflected in sound governance, rigorous analysis processes and the integration of risk management in the company's general planning. In this way, we promote actions that mitigate potential impacts and strengthen our capacity to respond to current and future challenges.

Governance of climate risk management

Climate-related risks are addressed within Horse Powertrain's broader ESG governance framework, anchored at the highest levels of the company.

The ESG function leads the identification and assessment of these risks, drawing on internal ESG expertise, and communicates relevant matters through the cross-functional Sustainability Committee, which includes key functions such as finance, sales, procurement, legal and operations, to ensure oversight and alignment.

The functions affected by the identified risks are responsible for implementing the necessary measures to manage them, ensuring an effective response aligned with the business objectives.

Identification and assessment of climate risks

At Horse Powertrain we consider risk management to be an essential tool to reach our business goals and respond to the consequences of climate change in business.

In 2025, we conducted our first climate risks analysis as part of our double materiality assessment, building on divisional risk management practices and consolidating them across Horse Powertrain. In parallel, we carried out a detailed analysis of climate risks and opportunities as the first step in addressing both the physical and transition risks that could affect our operations. Risk identification was carried out by analyzing the location of production centers, conducting internal interviews and consulting specialized databases. To assess them, factors such as the likelihood of occurrence and the magnitude of the impact are prioritized, considering the vulnerability, exposure and degree of potential impact on our activities.

Integration of climate risk management in the company's general strategies

Climate risks are part of our general risk management and are addressed by the departments responsible for the affected areas. This cross-cutting approach allows us to implement specific measures to mitigate the risks and reduce their impact.

In 2025, we implemented a company-wide mitigation plan, centered on targeted emissions-reduction initiatives. These measures directly support the decarbonization objectives set out in our 2030 ESG plan.

Looking ahead to 2026, we will deepen the integration of climate risk management into our business strategy through a structured climate adaptation plan, informed by risk and scenario analysis and by the quantified impacts of our most significant climate-related risk and opportunity.

Corporate Carbon Footprint

To support the effective management of our main climate-related metrics, in 2025 we calculated Horse Powertrain's corporate carbon footprint using the Greenhouse Gas (GHG) Protocol methodology. This calculation provides a consistent basis for measuring greenhouse gas emissions across our operations and value chain, and supports the monitoring of our climate-related performance.

Our carbon footprint data is presented below, broken down by scope. This approach allows us to identify the main sources of emissions across the company, and to strengthen the design and implementation of emission reduction measures.

As a result of increased production by around 15% above our 2023 baseline, we saw an increase of absolute emissions figures. However, intensity values show an improvement in emissions and performance in comparison to our base year.

Corporate carbon footprint (GHG Protocol) Key figures

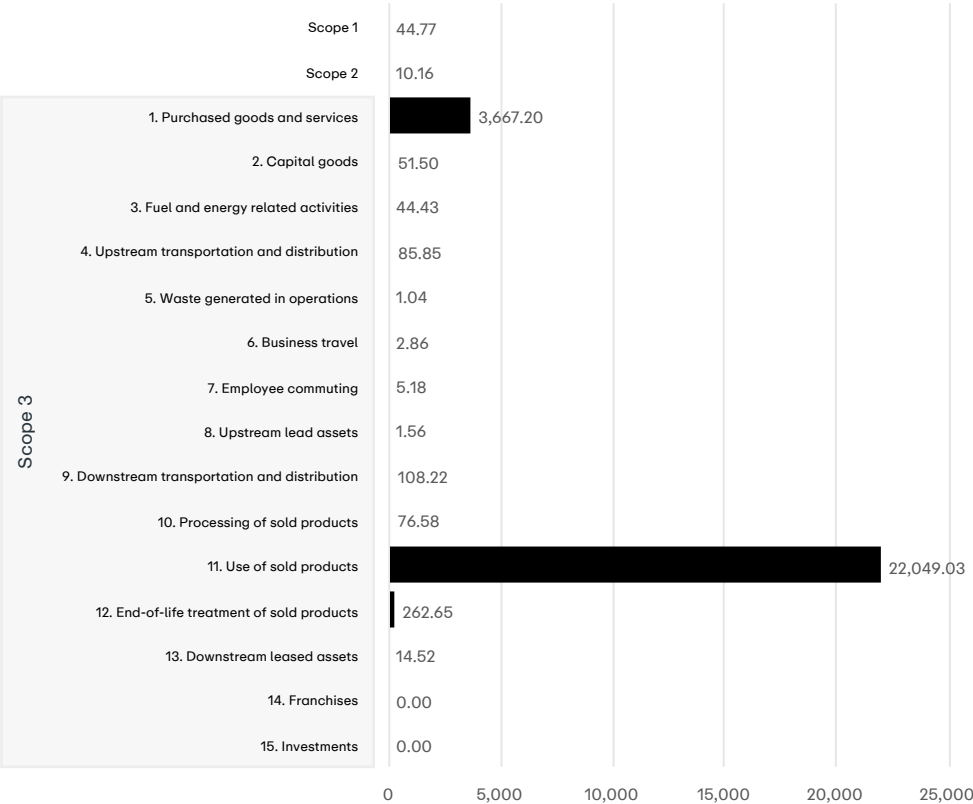
2023 (Base year)		2025		Comparison % reduction in intensity
Absolute	Intensity	Absolute	Intensity	
25,652 ktCO2eq	5.8 tCO2eq/PWT	26,426 ktCO2eq	5.3 tCO2eq/PWT	-9.0%



CO₂ emissions by scope type (thousand tonnes of CO₂eq - GHG Protocol)

		2023	2024	2025	Variation vs. 2023 (%)
Scope 1 emissions	Total - Scope 1 (KtCO ₂ eq)	64.5	54.0	44.8	-30.5%
	Natural Gas	38.9	36.8	27.6	-29.2%
	Biomethane	0.0	0.0	0.0	-
	Hydrogen	0.1	0.0	0.2	159.7%
	Diesel	0.6	1.3	0.6	4.6%
	Gasoline	7.1	7.7	2.9	-59.0%
	Refrigerants	17.8	8.1	13.5	-24.3%
Scope 2 emissions	Total - Scope 2 (KtCO ₂ eq)	144.6	124.4	10.2	-93.0%
Scope 3 emissions	Total - Scope 3 (KtCO ₂ eq)	25,442.6	25,015.5	26,370.6	3.6%
Upstream	1. Purchased goods and services	4,493.9	4,442.7	3,667.2	-18.4%
	2. Capital goods	114.4	93.6	51.5	-55.0%
	3. Fuel and energy related activities	275.8	246.2	44.4	-83.9%
	4. Upstream transportation and distribution	63.6	77.2	85.9	34.9%
	5. Waste generated in operations	5.4	1.2	1.0	-80.6%
	6. Business travel	5.4	5.8	2.9	-46.6%
	7. Employee commuting	7.6	4.2	5.2	-31.7%
	8. Upstream lead assets	0.2	0.1	1.6	721.4%
Downstream	9. Downstream transportation and distribution	95.2	88.9	108.2	13.6%
	10. Processing of sold products	52.2	53.8	76.6	46.6%
	11. Use of sold products	20,038.9	19,730.9	22,049.0	10.0%
	12. End-of-life treatment of sold products	271.5	252.2	262.7	-3.3%
	13. Downstream leased assets	18.4	18.7	14.5	-21.2%
	14. Franchises	0.0	0.0	0.0	-
	15. Investments	0.0	0.0	0.0	-
TOTAL (Scopes 1+2+3)		25,651.6	25,193.9	26,425.6	3.0%
Production volumes (total units)		4,376,140	4,693,130	5,040,752	15.2%

Corporate carbon footprint 2025 (KtCO₂eq)



OUR EMISSIONS PROFILE

Emissions due to own activities

Although Scopes 1 and 2 represent less than 1% of the total carbon footprint, these emissions derive from our direct activities, making them a priority within our decarbonization strategy. During 2025, we achieved a significant emissions reduction in Scopes 1 and 2 compared to our base year (2023). We achieved a 30.5% reduction in Scope 1 and over 93.0% in Scope 2, which amounts for a total 73.7% reduction in Scopes 1 and 2 combined.

Purchased goods and services

Emissions from the first category of Scope 3, according to the GHG Protocol, represent indirect emissions deriving from the acquisition of goods and services by a company. Purchased goods and services represent 14% of the emissions of our value chain, which makes it the second most important category of emissions. Within this category, emissions in aluminum, especially primary, and the steel parts of our products represent most of the emissions in this category. The greenhouse gas emissions associated to both aluminum and steel occur mainly in the casting process.

In relation to management and future targets, in 2025 we developed our ESG roadmap, including a commitment to reduce carbon emissions from purchased goods and services by 38% in absolute terms and by 48% per powertrain sold by 2030.

Due to a production increase of 15.2% compared to 2023, the reduction in emissions related to category 1 was not as significant as expected. Nevertheless, in 2025 we achieved an 18.4% reduction in absolute emissions and a 29.2% reduction per powertrain, demonstrating a positive trend toward our 2030 targets.

Use of sold products

Emissions corresponding to category 11 of Scope 3 of the GHG Protocol represent indirect emissions deriving from the use of our products. This constitutes 83% of the total footprint of our value chain, making it the most significant category in terms of impact.

Additionally, all new product developments will be backed by a detailed carbon footprint analysis that will ensure compliance with our decarbonization roadmap. This approach allows us to continue leading the transition towards cleaner technologies, reducing not only the emissions associated to manufacture, but also

the emissions deriving from the use of our products, to the benefit of our customers and the environment.

Due to increased sales, emissions from the use of sold products rose in absolute terms, with a 10% increase compared to 2023. However, performance improved in intensity terms, with a reduction of more than 4% per unit compared to 2023.

Other emissions

In addition to CO₂ emissions, other emissions from our production process include nitrogen oxides, sulfur oxides and volatile organic compounds.

The origin of the CO, NO_x and SO_x emissions is from two different sources:

- Melting furnaces and thermal treatments, for which direct measurements in stack are taken periodically.
- Use of fuels in our test benches and own vehicles.

The emissions from direct sources are measured directly at the smoke vent. It should be noted that, in our production process, no emissions of VOCs (Volatile Organic Compounds) occur, as these come mainly from the incineration of solvents, an activity which is not carried out at our sites.

The table below reflects a breakdown of direct emissions of these gases during the last year:

Other significant emissions into the air in our operations (tonnes)

	2025
CO (Carbon monoxide)	4.00
NO _x (Nitrogen oxides)	1.47
SO _x (Sulphur oxides)	1.19
VOCs (Volatile organic compounds)	32.23

Energy Use

Energy use across Horse Powertrain's operations varies depending on plant location, production processes and technologies used. Overall, energy use can be grouped into the following main categories:

- **Electricity:** Used primarily to operate production machinery – such as machine tools, cooling systems and furnaces in certain locations – as well as for climate control equipment, lighting and electric industrial vehicles. The source of our electricity depends on local conditions and supply arrangements. Where renewable electricity is used, it is sourced from photovoltaic, wind or hydropower, and in a limited number of cases from biofuels such as bioethanol or biogas.
- **Natural gas:** Used for space heating and in manufacturing processes. In production activities, it is primarily consumed in melting furnaces, thermal treatments and the heating of cutting fluids or similar applications.
- **Other fuels:** A small share of our energy use comes from other fuels, such as:
 - District heating
 - Propane – used in specific thermal treatment processes in certain locations
 - Gasoline and diesel – with varying shares of biofuels, used mainly in engine testing, internal logistics and industrial vehicles
 - Liquefied Petroleum Gas (LPG) – used in selected test benches and company-owned vehicles.

In 2025, 874,396 MWh of electricity were consumed, of which 91% was from renewable sources. A total of 226,619 MWh of fuel was consumed, of which the main source was natural gas, representing 93%.

Overall energy use increased in 2025, reflecting higher production volumes and changes in product mix. In particular, increased production of hybrid engines and associated components led to higher energy demand in manufacturing processes, including greater use of natural gas in foundry operations and increased electricity consumption in plants producing electric motors and related systems.

At the same time, continued efforts to improve energy management and operational efficiency helped mitigate the impact of this increased demand. Across our operations, we continued to strengthen energy efficiency practices, optimize equipment performance and improve process control, contributing to a progressive decoupling of production output from energy use and also to our Scope 2 objective.

These efforts, combined with the growing use of renewable electricity across a number of sites, support lower direct and indirect emissions and enhance cost efficiency and long-term operational resilience.

Fuel consumption by type (MWh)

Type of fuel	2024	2025	Year-on-year variation (%)	% over total (2025)
Natural gas	199,239	209,739	5%	93 %
Biomethane	0	0	-	- %
Hydrogen	0	0	-	- %
Diesel	2,906	2,854	-2%	1 %
LPG	499	1,285	158%	1 %
Biomass	0	0	-	- %
Petrol	11,621	12,741	10%	6 %
Total	214,264	226,619	6%	100 %

Electricity consumption by type of source (MWh)

		2024	2025	Year-on-year variation (%)	% over total (2025)
Purchased electricity	Non-renewable electricity	297,115	74,975	-75%	9 %
	Renewable electricity	500,757	792,264	58%	91 %
	Wind	16,080	0	-100%	— %
	Solar	283,861	310,445	9%	36 %
	Hydro	186,038	207,587	12%	24 %
	Certificates	14,779	274,232	1756%	31 %
Self-generated electricity	Solar	0	7,157	-	1 %
	Wind	0	0	-	— %
	Hydro	0	0	-	— %
Total		797,872	874,396	10%	100 %

USE OF RENEWABLE ELECTRICITY ACROSS OPERATIONS

Across our operations, we use different renewable electricity solutions adapted to local market conditions, including power purchase agreements (PPAs), self-consumption, guarantees of origin, green electricity certificates and vouchers. The table below summarizes the type of renewable electricity used at each plant, grouped by country.

Spain

- Valladolid – Solar electricity through PPA
- Valladolid R&D – Solar electricity through PPA
- Seville – Solar electricity through PPA
- Madrid – Solar electricity through PPA

Portugal

- Solar electricity through self-consumption

Romania

- Plant – Hydropower through PPA
- R&D Center – Hydropower through PPA

Türkiye

- Electricity covered by guarantees of origin

Sweden

- Skövde – Electricity covered by guarantees of origin, EPD hydropower
- Gothenburg – Electricity covered by guarantees of origin

Brazil

- Plant – Solar electricity through PPA
- R&D Center – Solar electricity through PPA
- Electricity covered by guarantees of origin

Argentina

- Electricity covered by guarantees of origin

Chile

- Electricity covered by guarantees of origin

China

- Baoji – Solar electricity and guarantees of origin
- Changxing – Solar electricity and guarantees of origin
- Chunxiao – Solar electricity and guarantees of origin
- Taizhou – Solar electricity and guarantees of origin
- Yiwu Transmission – Solar electricity and guarantees of origin
- Yiwu Engine – Solar electricity and guarantees of origin
- Guiyang – Solar electricity and guarantees of origin
- Zhangjiakou – Green electricity certificates and solar electricity
- Hangzhou Bay – Renewable electricity not yet implemented; transition planned through guarantees expected to start in May 2026

Emission Reduction Measures

Horse Powertrain faces a significant decarbonization challenge, one that requires a comprehensive and long-term transformation of our industrial and product footprint. Achieving meaningful progress demands concrete emission-reduction measures not only within our own operations, but also across the full value chain. This includes lowering the carbon impact of our products, as well as addressing upstream and downstream activities in close collaboration with suppliers, partners and customers. Decarbonization is therefore a shared responsibility and a strategic priority that will shape the way we design, manufacture and deliver our technologies in the years ahead.

SCOPE 1 AND 2 REDUCTION MEASURES

Reducing energy use in our plants has been a long-standing priority. Each year, we deploy energy efficiency action plans across manufacturing sites, comprising initiatives of varying complexity and investment levels. These measures are designed to reduce overall energy consumption regardless of the energy source used, including electricity and fuels.

Scope 1 reduction achievements

The reduction of Scope 1 emissions in 2025 was driven by a combination of energy transition and efficiency initiatives, including:

- Electrification of thermal processes, replacing natural gas with heat pump systems, such as in our Aveiro plant for thermal treatment processes
- Energy efficiency improvements, including heat recovery and improved insulation systems in thermal production processes, as implemented in our Bursa plant

- Advanced energy optimization tools, using AI-based systems in plants such as Valladolid and Seville to manage energy consumption more efficiently. These integrate variables such as production data, building occupancy, external temperatures and historical performance.

Scope 2 reduction achievements

In 2025, Scope 2 emissions were reduced through a combination of renewable electricity sourcing and energy efficiency initiatives, including:

- Expansion of renewable electricity solutions, particularly in locations with limited access to power purchase agreements, where electricity demand is covered through guarantees of origin
- New renewable energy agreements, including contracts signed in our Chinese plants in Baoji and Guiyang, and in our Aveiro plant, where renewable electricity supply with guarantees of origin entered into force in January 2026
- Energy efficiency improvements at plant level, such as those implemented in Skövde, focusing on process optimization, refrigerant system efficiency and equipment performance
- Optimization of compressed air systems, using real-time monitoring of demand, compressor status and load modulation to reduce energy consumption.

These actions supported a reduction in indirect emissions and contributed to improving energy efficiency while maintaining stable production performance.

SCOPE 3 REDUCTION MEASURES

To reduce indirect Scope 3 emissions, we have implemented a range of initiatives aimed at minimizing the environmental impact associated with purchased goods and services, as well as with the use of sold products.

Category 1 – Purchased goods and services

Emissions from purchased goods and services represent a significant share of our Scope 3 footprint. Our approach focuses on supplier engagement, improved data quality and the transition toward lower-emission materials, including:

- Integration of ESG criteria in sourcing decisions, incorporating requirements on recycled content and carbon footprint in new supplier selection processes
- Increased use of lower-emission materials, particularly recycled aluminum and steel, to reduce embedded emissions from energy-intensive processes
- Supply chain collaboration, working with suppliers to improve environmental performance and transparency of emissions data
- Decarbonization of material production, promoting the use of renewable and fossil-free energy in upstream processes.

Together, these actions contribute to reducing the carbon intensity of purchased materials and strengthening our overall Scope 3 emissions management.

Category 11 – Use of sold products

Emissions from the use of sold products represent a material share of our overall footprint and are a key focus of our decarbonization efforts. Our approach to reducing these emissions is driven by product innovation and portfolio evolution, including:

- Improving powertrain efficiency, through continuous engineering optimization and development of high-efficiency technologies
- Evolving our product portfolio, increasing the share of lower-emission technologies such as hybrid, plug-in hybrid, LPG and flex-fuel engines, while gradually phasing out higher-emission solutions
- Advancing technology innovation, including new applications such as range extenders and the development of more efficient powertrain systems
- Exploring alternative fuels, supporting the integration of low-carbon energy solutions into current and future platforms.

Innovation plays a key role across our operations. In Sweden, engineering improvements have focused on enhancing efficiency and reducing energy intensity in powertrain solutions. In our plants in China, we have achieved a break thermal efficiency (BTE) of 47.26%, demonstrating progress in reducing emissions during product use.

Together, these actions support the transition toward lower-emission mobility solutions across different markets and vehicle segments.

Positive Contribution to Nature

Environmental Policy

Our approach to environmental management goes beyond compliance, metrics and standards. We believe that responsible environmental conduct is essential to the long-term sustainability of our resources, operations and business model. Our approach also contributes to cost efficiency through better energy performance and resource use, while strengthening trust and credibility with stakeholders, who increasingly expect strong environmental responsibility.

Our environmental system provides the framework through which environmental risks and impacts are identified, managed and continuously improved across our operations.

ENVIRONMENTAL POLICY

Our Environmental Policy is built on a clear commitment to sustainability and to preventing and reducing our environmental footprint through proactive and responsible practices across the design, manufacture and operation of our products. The scope of this policy covers Horse Powertrain and all entities over which the company exercises financial and operational control, without geographical or technological exceptions. The policy is guided by the following principles:

1	Environmental Policy principles Environmental compliance and governance • We are committed to full compliance with local, national and international regulations, standards, and other requirements, concerning all environmental aspects such as quality of soil, water, air, as well as depletion of natural resources and ecosystems. • Human and material resources are allocated for implementing this policy, helping a better environmental performance and stronger risk planning towards continual improvement.
2	Carbon footprint reduction • We prioritize reducing our carbon footprint by improving energy use and efficiency from a broad perspective. Our goal is to achieve measurable reductions in greenhouse gas emissions from our supply chain, manufacturing processes and product lifecycle.
3	Water and biodiversity conservation • As part of our climate change adaptation and resilience strategy, we make every effort to minimize water usage in our manufacturing processes, especially in areas where water resources are scarce, preserving ecosystems and reducing our impact on biodiversity across the value chain.
4	Waste management and recycling • We promote waste reduction, reusing and recycling strategies across our operations, to encourage the reuse and recycling of parts, materials and packaging in both our production processes as well as at the end of the product life.
5	Supply chain stewardship • We collaborate with suppliers who share our responsibility to environmental stewardship and sustainable practices. Our supply chain is regularly assessed to ensure that materials are sourced responsibly and sustainably, reducing environmental harm and waste.
6	Stakeholder engagement and transparency • We are committed to transparent communication on our environmental efforts, providing regular updates on progress and challenges. We foster a culture of awareness, responsibility and innovation by engaging with all stakeholders to support the reduction of environmental impact both in and out of the workplace.

Environmental system

ORGANIZATIONAL STRUCTURE FOR ENVIRONMENTAL MANAGEMENT

Environmental governance at Horse Powertrain is evolving as part of the broader integration of sustainability into our operations. While areas such as ESG strategy and climate management are increasingly coordinated through global frameworks, environmental governance remains more decentralized, reflecting differences in operational maturity, regulatory contexts and historical organization across locations.

As a result, environmental management is implemented through a combination of global coordination and site-specific governance structures, allowing each location to address its environmental risks and priorities while aligning with shared corporate principles.

- At corporate level, environmental management is supported through global coordination mechanisms that define policies, objectives and common frameworks. These mechanisms facilitate alignment across regions and functions, promote the exchange of best practices and support the monitoring of environmental performance at company level.

- At site level, environmental governance is embedded within local management structures. Depending on the organization and maturity of each location, this governance is typically supported by dedicated environmental roles that ensure effective implementation of environmental policies and management systems.

Together, these roles and coordination mechanisms ensure that environmental risks are identified and managed effectively, that local actions remain aligned with corporate environmental objectives, and that environmental performance is continuously monitored and improved across our operations.

ENVIRONMENTAL MANAGEMENT SYSTEM

We design our management approach to adapt to the unique characteristics of each factory or workplace in each country and, therefore, the regulations in force in each region. We promote good environmental practices through education, innovation in clean technology, and continuous monitoring of key indicators. Our environmental management is based on a comprehensive system that encompasses four pillars:

1

Waste management

We implement processes for waste reduction, reuse and recycling. All waste is collected and treated by duly authorized external waste management companies, which also submit the corresponding periodic reports to the authorities.

2

Energy efficiency

We have a long-term strategy to implement low-consumption technologies and practices that optimize energy use, such as installing LED lighting, consumption monitoring systems, and incorporating renewable energy sources, such as solar panels. This not only reduces greenhouse gas emissions, but also lowers operating costs.

3

Water management

We implement measures to optimize water use, such as installing wastewater recycling and treatment systems, as well as reducing consumption through best practices in production processes.

4

Emissions control

We control the emission of pollutants into the atmosphere by using filters when necessary. We also carry out regular monitoring in accordance with legal requirements as part of our continuous improvement projects for existing production lines, particularly when new production lines are implemented or substantial changes are made to existing ones.

WE HAVE ISO 14001 CERTIFICATION IN 96% OF OUR PRODUCTION PLANTS AND R&D CENTERS

We take our environmental responsibility seriously with a preventive approach, especially in situations where there is uncertainty about the potential impacts of our activities. We apply the precautionary principle by making decisions that prioritize environmental protection, carefully assessing risks and avoiding actions that could cause irreversible damage, even when scientific evidence is inconclusive. We adopt safe technologies and practices that minimize adverse effects, ensuring that our environmental management is proactive and responsible.

Regulatory monitoring

We collaborate with an external consulting firm responsible for regulatory monitoring, having access to its IT platform, as well as receiving regular newsletters with relevant changes.

Internal and external audits

External audits related to environmental management systems are conducted in line with certification renewal cycles, which typically take place every three years. In addition, each plant carries out an annual internal assessment of regulatory changes, complemented by external audits focused on compliance with applicable environmental requirements.

To support these actions, we have a global budget managed by our Environment function, which works closely with our plants to define the appropriate measures and, when necessary, works with specialized consultants who provide us with expertise in this area.

To ensure compliance with environmental regulations, at Horse Powertrain we have established the following mechanisms:

Specific budgets

In annual environmental budgets, investments related to legal compliance are priority investments.

Some of our plants have been operating for around 50 years and, in some cases, historical activities have resulted in soil contamination. As part of the due diligence process conducted before the establishment of the joint venture, an external consultant carried out an initial environmental assessment of each plant. Given the significance of soil contamination as a potential environmental impact, we have established a 10-year investment plan to address identified issues at our European and Latin American plants (excluding Sweden). Budgetary provisions have been allocated to support this work, and remediation studies are already underway at all affected sites.

Country	Plant	ISO 14001
China	Baoji	✓
	Changxing	✓
	Chunxiao	✓
	Guiyang	✓
	Hangzhou Bay	✗
	Taizhou	✓
	Yiwu Engine	✓
	Yiwu Transmission	✓
	Zhangjiakou	✓
Spain	Valladolid	✓
	R&D Valladolid	✓
	Seville	✓
Sweden	Skövde	✓
Portugal	Aveiro	✓
Romania	Mioveni	✓
	R&D Romania	✓
Türkiye	Bursa	✓
Brazil	Curitiba	✓
	R&D Brazil	✓
Argentina	Córdoba	✓
Chile	Los Andes	✓

MANAGEMENT OF ENVIRONMENTAL IMPACTS

In our operations, we proactively identify and manage the environmental impacts associated with our activities at all our plants and R&D centers. We apply robust environmental management systems, aligned with the ISO 14001:2015 standard, and develop specific programs to mitigate risks, comply with regulations, and advance toward sustainability. Below, we highlight the main environmental impacts and our management strategies, grouped by topic:

Our approach is based on identifying the main environmental risks, applying specific controls to prevent or mitigate them, and ensuring clear resources and responsibilities in all centers

Environmental risk management

We manage the environmental risks associated with our industrial activity with a preventive approach, combining technical controls, procedures, and continuous improvements to reduce impacts and strengthen the resilience of our operations. These risks are aligned with those identified in the double materiality analysis, but deal in greater depth with environmental aspects that are more specific and directly linked to our industrial activity. This approach allows us to prioritize the areas of greatest exposure and apply mitigation measures proportionate to the risk, integrating the environment into decision-making.

Main environmental risks associated with our activities

The environmental risks associated with our activity are primarily linked to industrial operations and our value chain, although their nature and magnitude vary depending on the type of activity and location of each site. At our facilities, we focus on preventing soil and groundwater pollution, controlling air emissions from industrial processes, and managing noise and environmental impacts associated with production activities. In some operations, including casting and metal processing, additional controls are applied due to the higher environmental sensitivity of these processes.

Identification, assessment, and management: how we control them

To manage these risks, we apply a preventive approach that combines procedures, technical measures, and investments aimed at reducing impacts and strengthening control.

- In preventing soil pollution, we have specific procedures and investment plans in place to minimize the likelihood of incidents.
- In the case of particle emissions in foundries, at some locations we use control solutions such as baghouse filters.
- For noise pollution, we implement procedures and improvement measures aimed at noise prevention and mitigation.
- And, in relation to the risks associated with primary aluminum, we are working on initiatives such as circular economy projects and sustainable purchasing strategies, with the aim of reducing environmental impacts in the value chain, as explained later in this report.

In addition, we implement preventive measures to control air emissions, noise and waste discharges, adapting controls to the specific environmental risks of each activity.

Circular economy management

We are progressively integrating circular economy principles into the way we manage resources, design products and operate our industrial activities. Our approach focuses on reducing the use of raw materials, water and energy, extending the useful life of materials, and minimizing waste across our operations and value chain.

While the maturity of circular economy practices varies across locations, we are advancing a common set of objectives and actions that support more circular ways of working. To this end, we have begun to systematically measure material consumption, the use of recycled content, as well as water, energy and waste flows. These metrics provide a shared foundation to identify priorities, track progress and progressively strengthen circular practices across the company.

APPROACH AND PRINCIPLES APPLIED

Our circular economy approach is built around six core principles:

 Design for circularity We design products to last longer and be more recyclable, using more recycled material and avoiding materials with ESG risks.	 Close cycles We reintroduce recovered materials into our processes and collaborate with key partners to reduce raw material consumption.
 Maintain materials and products in use We extend the life of parts and assemblies through correction, repair, and reconditioning, relying on collaborations.	 Energy efficiency in operations We develop efficiency initiatives to minimize electricity and fuel consumption.
 Recover and regenerate resources We recover and treat fluids and process water for reuse, reducing water consumption and waste generation.	 Circular logistics and packaging We reduce waste in transportation through reusable or returnable packaging and optimization of loads and routes.

GOVERNANCE AND PROGRESS MADE IN 2025

To launch the strategy, the following actions were implemented in 2025, enabling the transition from diagnosis to implementation:

- Creation of the Circular Economy Working Group within the ESG function.
- Understanding and mapping material flows (prioritizing aluminum and steel) to identify inefficiencies, opportunities to close loops, and savings levers.
- Collection and structuring of recycled content data with a calculation approach by plant/product/supplier and progressive improvement of data coverage.
- Identification of short- and medium-term opportunities in aluminum and ferrous materials, and preliminary analysis of risks, legal requirements and investment needs.

CIRCULARITY: OUR STRATEGIC PILLARS



Circularity of aluminum

Aluminum is the priority focus due to its weight in the product and its high recycling potential. In 2025, we achieved 75% recycled content in aluminum and we are focusing our actions on continuing to increase this percentage through two levers: more recycled content in parts and ingots, and more internal scrap recovery.



Circularity of steel and cast iron

For ferrous materials (steel and cast iron), the strategy focuses on progressively improving recycled content and data traceability in the supply chain. As a reference, we estimate that we currently have an average recycled content of 21% in ferrous materials, with room for improvement in categories and suppliers with lower levels.

Our work in 2026 will focus on improving the transparency of recycled content data received from our business partners and driving improvements where we find the greatest potential impact.



Circular design and end-of-life preparation

The strategy focuses on analyzing new product design processes to try to reinforce circularity criteria from early stages: materials with greater recyclability potential, fewer materials with ESG risks, and designs that facilitate the separation of materials at the end of their life.



Extension of useful life and reconditioning

In later phases, we will seek to keep materials in use for as long as possible through corrective actions, repairs and reconditioning of parts and assemblies, relying on specific collaborations when necessary.

In addition, there is a cooperation framework with Renault for reconditioned parts equivalent to original specifications. Renault currently leads the program, and our Horse Technologies division contributes by providing parts/subassemblies and technical information to ensure compliance with requirements.



Circular resources and logistics

The strategy includes actions to reduce consumption and waste through the recovery and reuse of process resources (such as fluids and water) and the reduction of logistics waste through reusable or returnable packaging and the optimization of loads and routes.

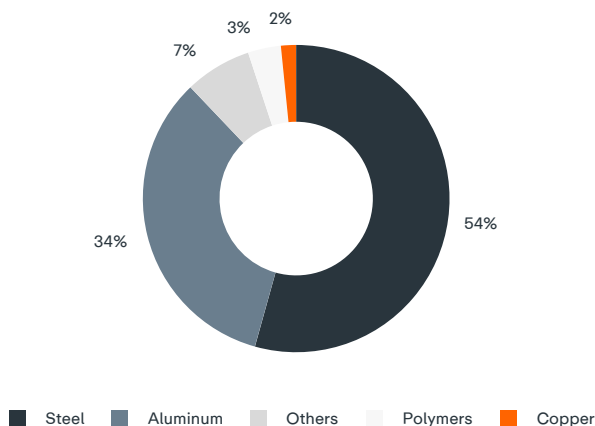


Materials consumption

Materials consumption is a key element of circular economy management, as it provides a clear picture of the materials used in our products and manufacturing processes. In 2025, we measured the materials incorporated into our engines and gearboxes, covering a wide range of metals, polymers and other inputs.

As shown in the charts, metallic materials represent the largest share of total consumption by weight, reflecting the industrial nature of our activities. Steel and aluminum are the most significant material categories, followed by polymers, copper and other materials. This breakdown provides a baseline to support future actions related to recycled content, material efficiency and circular design considerations.

Distribution of materials contained in our products



Breakdown of materials consumed (tons)

Type of material (tons)	2025	Percentage
Aluminum	261,890	33.56 %
Secondary aluminum	192,785	24.70 %
Primary aluminum	69,105	8.86 %
Steel	424,124	54.35 %
Cast iron (lamellar + spheroidal)	60,304	7.73 %
Flat steel	32,910	4.22 %
Long steel	195,735	25.08 %
Stainless steel	12,579	1.61 %
Copper	12,411	1.59 %
Polymers	27,125	3.48 %
Others	54,847	7.03 %
Various metals (chromium, tin, lead, gold, silver, lead, nickel)	10,953	1.40 %
Fluids (95% lubricants)	31,973	4.10 %
Elastomers	3,142	0.40 %
Minerals (including glass)	2,381	0.31 %
Electronics	1,006	0.13 %
Organics (in leather)	2,455	0.31 %
Adhesives, paint, sealants	850	0.11 %
Magnets	1,696	0.22 %
Zinc alloys	295	0.04 %
Material mix	87	0.01 %
PGM	8	– %
Total	780,397	100 %

Content of recycled materials in our products (tons and %)

Type of material	Content	Unit	2025
Steel	Total recycled content in steel	Tons	90,573
		%	21%
	Recycled content in cast iron (Laminated + Spheroidal)	Tons	28,885
		%	48%
	Recycled content in flat steel	Tons	6,233
		%	19%
Aluminum	Recycled content in long steel	Tons	52,927
		%	27%
	Recycled content in stainless steel	Tons	2,528
		%	20%
	Recycled content in aluminum	Tons	196,543
		%	75%
	Reusable content in aluminum in close loop	Tons	16,559
		%	9%

The two main types of materials used were steel, accounting for 54% of the total, and aluminum, accounting for 34% of the total. The latter is a priority material for us, as aluminum ingots are the main raw material used in our foundries.

In order to move towards a more efficient use of materials, we monitor consumption based on operational indicators and promote measures that combine reduction at source and greater circularity:

We monitor recycled aluminum content on a monthly basis and are preparing equivalent monitoring for ferrous materials (steel and cast iron) as data availability and traceability are consolidated.

It is also important to consider the appropriate management of critical materials and conflict minerals. We are in the process of monitoring the origin of these materials in the supply chain, among other measures. For more information on this issue, full details can be found in the section [Critical raw materials](#).

Water

In many of the geographic regions where we operate, water is a scarce natural resource. Efficient management not only ensures the availability of this resource for operations, but also minimizes environmental impact and helps mitigate risks associated with scarcity.

In our industrial operations, we implement various measures to monitor, control and reduce water use, while ensuring that wastewater discharges are carried out responsibly and in accordance with applicable environmental regulations.

We use water in different applications throughout the production process:



Demineralized water

Oil filtration plants, cutting fluids, phosphating, and other general uses such as cleaning



Cooling water

Heat treatment processes, compressed air compressors, induction treatment, cooling exchangers



Superheated water

Parts washing processes, climate control

WATER MONITORING AND EFFICIENCY

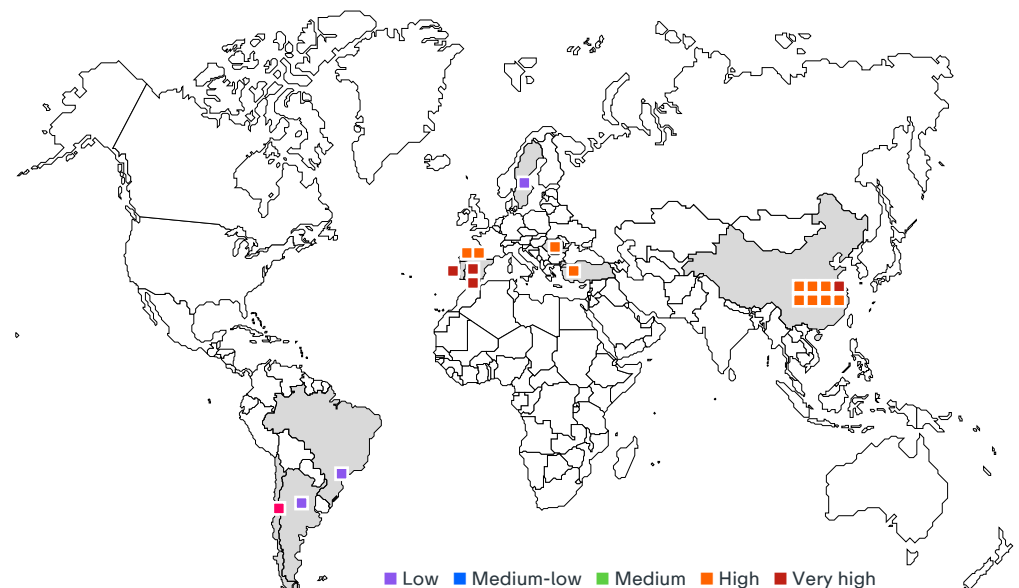
Accurate consumption monitoring is essential to identify opportunities for improvement and prevent inefficient use and losses. We use meter systems distributed at key points in our facilities to record and analyze both industrial and drinking water use, as well as to identify possible leaks. Production processes are designed to use as little clean water as possible, prioritizing recirculation or the use of recycled water. At several locations, digital platforms enable real-time monitoring, facilitating the detection of anomalies and the rapid implementation of solutions. Regular consumption checks are also carried out, comparing it with production levels to ensure efficient management.

We aim to minimize water consumption with a variety of measures, including the reuse of industrial water, the installation of automatic control systems, and the implementation of good operating practices. Employee awareness also plays a key role, promoting responsible use of the resource in all areas.

WATER STRESS ANALYSIS

Recognizing water is a scarce resource, we used the [Aquaduct Water Risk Atlas](#) tool developed by the World Resources Institute to determine the level of water stress within our operations. This tool categorizes water stress areas in the following five levels: low, medium-low, medium, high and very high.

Risk level of Horse Powertrain's plants



WATER USE AND SOURCING

Water use management is an important part of our environmental management approach, as it provides visibility on how water is sourced and consumed across our operations. Understanding these patterns supports responsible water use and consistent monitoring of water-related impacts.

Water withdrawals originate from three main sources: the public network, surface water and groundwater. The public network represents the primary source of water, accounting for 80% of total consumption, followed by surface and underground sources.

Water consumption by source (m3)

Source of consumption	2025
Public	1,146,384
Surface	179,904
Underground	76,450
Rainwater captured	28,371
Total	1,431,109

WATER DISCHARGE AND TREATMENT

Wastewater is managed to ensure compliance with applicable regulations and to protect the environment. Wastewater generated in our operations undergoes treatment processes before discharge, either on site or through external systems, depending on the characteristics of the effluent and local infrastructure.

For wastewater treatment, we distinguish between the following stages:

- Primary treatment, which involves the physical separation of suspended solids and floating materials through processes such as screening and sedimentation.
- Secondary treatment, which incorporates biological processes to reduce organic matter and, where applicable, contribute to nutrient reduction.
- Tertiary treatment, which adds an additional treatment stage to remove remaining contaminants, such as nutrients or other substances, through complementary processes.

In addition, part of the wastewater generated is sent to municipal sewer systems or external treatment facilities, where purification is carried out outside our operations.

As shown in the tables, the majority of water discharged is directed to the public sewer system or external third-party treatment facilities. A smaller share is treated through on-site primary, secondary and tertiary treatment processes, reflecting the different treatment configurations in place. This distribution provides visibility on how wastewater is managed and treated across our operations.

Quantity of water discharged by destination (m³)

Destination	2025
To surface water	0
To underground (infiltration)	0
To public sewer system and/or external third party	570,142
Total	570,142

Quantity of water discharged by treatment method (m³)

Destination	2025
Sanitary wastewater (municipal sewage)	337,963
Primary treatment	136,295
Secondary treatment	78,616
Tertiary treatment	17,268
Total	570,141

Waste

We focus on preventive waste management, aiming to minimize waste generation and promote circularity wherever possible. While some waste generation is unavoidable, our efforts are centered on reducing its impact through segregation at source, proper classification in line with legal requirements (LER), and ongoing employee training and awareness.

WASTE GENERATION BY PRODUCTION PROCESS

Due to our production process, a variety of waste – both hazardous and non-hazardous – is produced, which needs to be categorized to ensure its proper management. Depending on the production phase in question, the following categories of waste are generated:

- Parts machining and assembly: non-hazardous waste such as shavings, metal, cardboard and plastic is produced, as well as hazardous waste associated with the use of fluids and chemicals in the process, such as used oils, emulsions, solvents and contaminated rags.
- Smelting: slag, hazardous and non-hazardous metal modules, ferrous dust and wet dust removal sludge are produced.
- Oil filtration: this process generates waste in the form of shavings, filters, oils, sludge, etc. Its recovery is promoted by prioritizing the recovery of shavings and extending the useful life of fluids through filtration systems and return to the process.
- Logistics: Most of the waste produced is non-hazardous and non-metallic, such as cardboard, plastic and wood. We optimize waste separation to maximize recycling and minimize landfill disposal in accordance with the waste hierarchy (reduce, reuse, recycle).

In 2025, we produced a total of 94,044 metric tons of non-hazardous waste, representing 85% of the total, compared to 16,767 metric tons of hazardous waste, equivalent to 15% of the total waste generated. It should also be noted that the main item of non-hazardous waste is non-recycled scrap metal, with a total of 63,525 metric tons, representing 57% of the total.

Hazardous and non-hazardous waste generated (tons)

Non hazardous	
Type	2025
Wood	3,435
Paper/cardboard	5,362
Municipal solid waste	4,723
Non hazardous mud	96
Packaging	3,307
Scrap (non recirculated)	63,525
Others	13,596
Total	94,044

Hazardous	
Type	2025
Wastewater	1,076
Oils	3,415
Mud	2,856
Cutting fluid	4,645
Chemicals	379
Contaminated packaging	965
Others	3,430
Total	16,767

MANAGEMENT OF THE WASTE GENERATED

Waste management at Horse Powertrain focuses on the operational handling, treatment and recovery of waste streams generated across our activities. This includes the use of dedicated systems and procedures to ensure proper collection, traceability and compliance with environmental requirements.

A central aspect of this approach is ensuring that each type of waste follows the appropriate treatment route, whether recycling, recovery or controlled disposal, supported by site-specific infrastructure, monitoring systems and continuous improvement initiatives.

Metal waste plays a particularly important role in our circularity approach. This includes machining chips, scrap parts from ferrous alloys and aluminum, and residues from melting operations. These materials are managed through authorized treatment and recycling channels so they can be reintroduced into industrial processes as secondary raw materials.

In some cases, circular practices go a step further through closed-loop arrangements with suppliers. For example, at the Valladolid and Pitești plants, aluminum chips, scrap parts and slag are sent for treatment and remelting and later returned as ingots suitable for new production processes, helping to close material loops and maximize circularity.

In addition, several sites have implemented targeted initiatives to improve waste management in specific processes. These include liquid waste reduction measures, improved handling of technical fluids, dedicated sorting areas for recyclables, and training and awareness activities to strengthen good practices in day-to-day operations.

At the Skövde plant, steel chips are sent directly for reuse in industrial processes, such as remelting in

smelters. Under applicable Swedish legislation, material streams of this kind may be classified as by-products rather than waste when they are transferred directly to a subsequent productive use, reflecting an advanced form of circular material management.

In our plants in China, waste management is supported by centralized treatment systems and reinforced traceability controls. Waste gases and liquids are collected and treated through dedicated facilities, while solid waste undergoes initial treatment, including separation and compaction, before being recycled or recovered. Hazardous waste is managed by qualified third-party operators, and digital systems are used to ensure secure and reliable data tracking. In addition, a high share of packaging materials is designed for reuse, with remaining materials systematically collected for recycling.

The results of the various measures we have implemented mean that 79% of waste is sent for recycling, 10% for energy recovery, and 3% for reuse. As a result, the total amount of waste sent directly to landfill has been reduced to just 8%.

Final destination of the waste generated (tons)

	2025	Percentage
Reuse	3,797	3 %
Recycling	93,108	79 %
Landfill	9,390	8 %
Energy Valorization	11,164	10 %
Total	117,459	100 %

Position on biodiversity

We aim to make a positive contribution to nature by progressively integrating biodiversity considerations into our environmental management approach. We recognize that our impacts and dependencies on nature extend across the entire value chain, beyond our direct operations, and that addressing these aspects requires a structured and phased approach.

In 2025, biodiversity assessments were in place across our operations, providing a first level of understanding of site-specific interactions with nature. Building on this foundation, we initiated preparatory work to advance toward a more comprehensive assessment of biodiversity dependencies, impacts, risks and opportunities, aligned with the Taskforce on Nature-related Financial Disclosures (TNFD) framework, starting from our own operations. This initial phase focuses on defining scope, methodology and priorities, and sets the basis for a progressive rollout of TNFD-aligned studies in the coming years.

LOCATION AND ENVIRONMENTAL SENSITIVITY

None of our plants – in Europe, Latin America or Asia – are located within protected areas. Some facilities are located near sensitive ecosystems (e.g. rivers, agricultural areas or biodiversity corridors), so we maintain enhanced monitoring of the environment.

Potential impacts include water consumption and discharge (possible impact on water bodies), atmospheric emissions linked to smelting processes, noise (environment and wildlife), and waste management (risk of soil or water pollution if not managed properly). To mitigate these impacts, we have impact assessments and regulatory compliance, effluent treatment and monitoring programs, emission control systems (filters, dust collection, and continuous monitoring), acoustic measures (insulation, operational restrictions, and preventive maintenance), strict hazardous waste protocols, spill prevention and emergency plans, as well as periodic environmental audits and monitoring.



ASSESSMENTS BY PLANT

To gain a better understanding of our relationship with the ecosystem, we began by analyzing our direct impacts on biodiversity resulting from the manufacture of our products. During 2024 and 2025 we conducted assessments for the first time at all our plants, and the studies led to the following conclusions:

Country	Plant	Distance to protected area	Study findings
Spain	Valladolid	>2.5 km	The studies do not reveal any particular ecological problems. Natural heritage areas are distant and unconnected to the study area.
	Seville	There is a Natura 2000 network area within 2-2.5 km of the plant.	
Portugal	Aveiro	There is a Natura 2000 network area less than 1 km away.	
Romania	Pitesti	>2.5 km	
Türkiye	Bursa	>2.5 km	
Chile	Los Andes	>5 km	
Argentina	Córdoba	>5 km	
Brazil	Curitiba	>2.5 km	There is no protected area zoning or areas of interest for biodiversity located directly on the plant site. However, several areas of interest for conservation are located nearby and form an important ecological continuum for jungle species, monkeys and birds classified by the International Union for the Conservation of Nature (IUCN).
Sweden	Skövde	>5 km	Within a radius of 5 km from the factory area there are several nature reserves, Natura 2000 areas and national interests. There are also protective areas in the form of biotope areas, swamp forests and water protection. The closest is a Natura 2000 area (Källedalsbäcken) approximately 700-800m south of the production facility. Based on the design and emissions of the applied activity and the distance to the described areas, the applied activity is not assessed to have a negative impact on nature, culture and other environmental interests. It is also not assessed that there will be a negative impact on the water protection areas.

Country	Plant	Distance to protected area	Study findings
China	Baoji	>10km	The site shows a moderate biodiversity risk. The presence of protected and IUCN-listed species is assessed as medium risk, while most other indicators are low or very low. Water-related risks at basin level are generally medium, with other risks remaining low.
	Changxing	>10km	The site is classified as having a moderate biodiversity risk. Protected and IUCN-listed species represent a medium risk, while the majority of other indicators are assessed as low or very low. Water-related risks are generally medium.
	Hangzhou Bay	>10km	The overall biodiversity risk is moderate, with medium risk associated with protected and IUCN-listed species. Most other indicators are considered low or very low, including water-related impacts outside basin-level considerations.
	Chunxiao	>10km	The overall biodiversity risk is moderate, with medium risk associated with protected and IUCN-listed species. Most other indicators are considered low or very low, including water-related impacts outside basin-level considerations.
	Taizhou	>10km	The site shows a moderate biodiversity risk. Protected and IUCN-listed species are associated with medium risk, while most other indicators remain low or very low. Water-related risks are mainly medium at basin level.
	Yiwu	>10km	The site shows a moderate biodiversity risk. Protected and IUCN-listed species are associated with medium risk, while most other indicators remain low or very low. Water-related risks are mainly medium at basin level.
	Guiyang	>10km	The site shows a moderate biodiversity risk. Protected and IUCN-listed species are associated with medium risk, while most other indicators remain low or very low. Water-related risks are mainly medium at basin level.
	Zhangjiakou	>10km	The site presents a moderate biodiversity risk, with medium risk associated with protected and IUCN-listed species. All other indicators are assessed as low risk.

04

POSITIVE CONTRIBUTION TO PEOPLE

- Our workforce
- Health and safety
- Social contribution



Our workforce

TALENT MANAGEMENT AT HORSE POWERTRAIN

Job creation alongside attracting and retaining talent, are essential drivers that directly impact our operations and determine our long-term sustainable success. In today's changing and disruptive environment, our people will play a key role in helping us achieve our business objectives, with the help of technology. Analyzing the environment and adapting our value proposition to market trends are key elements in building a highly qualified and competitive team.

Our selection, performance evaluation, training and employee well-being procedures are designed to establish a framework that promotes continuous improvement, commitment to the company's values, responsibility, and a healthy work-life balance for our employees.

KEY HR MILESTONES IN 2025

Throughout 2025, the most relevant milestones have been focused on launching core projects to empower our employees throughout the annual cycle:

Talent acquisition and selection

We implemented the Applicant Tracking System (ATS), standardizing recruitment processes and strengthening data-driven decision-making throughout the talent acquisition cycle. This advancement improves the candidate experience and enhances transparency and compliance, establishing a scalable foundation for attracting both internal and external talent.

Onboarding and new hire experience

We introduced structured onboarding materials and launched onboarding surveys to systematically measure and improve the onboarding experience. These initiatives strengthen early engagement, accelerate time to productivity, and provide actionable insights for continuous improvement in development and retention.

Culture and values

We launched our new corporate values globally – Caring, Collaborating and Creating Excellence – aligned with our mission, vision and strategic objectives, to reinforce the culture and guide behaviors. All employees undertook training on these values, and we developed measures to embed them through communication, recognition and core people processes.

Development and internal mobility

We established Career Committees to identify and discuss potential candidates for key positions, connecting career aspirations with business needs and supporting people development. Within this, we developed global talent identification and succession status standards, training our HR and leadership teams to participate in Career Committees.

PREPARING FOR FUTURE CHALLENGES

The challenges – or opportunities – facing the HR function are global and not significantly different from those of any other function within a company. They relate to the technological, demographic, economic, and cultural changes of our era. Undoubtedly, the development of new technologies associated with artificial intelligence, virtual reality, robotics and automation will demand new skills and the adoption of advanced talent management tools. Data-driven decision-making and the promotion of a strong and resilient organizational culture will be fundamental to aligning people objectives with the organizational strategy, creating an attractive and adaptable work environment.

Looking ahead to 2026 and the 2030 horizon, we are proactively working on initiatives aimed at ensuring critical capabilities and leadership by developing our talent pipeline and succession plans. We are strengthening our talent pipeline through a rigorous talent management methodology focused on identifying and preparing candidates for key positions. We have deployed succession planning globally to build this talent pool with both internal and external talent.

Organizational structure of our Human Resources function

In 2025, we strengthened our Corporate HR function to provide clear strategic direction, governance and common standards across the organization, while maintaining decentralized decision-making close to the business. Our model is designed to be lean, agile and responsive, enabling fast execution and strong local accountability.

Organizational structure of the Human Resources function:

- Corporate HR sets the overall people strategy, frameworks, and priorities, ensuring alignment with business objectives and consistency in key processes. The function operates with a lean structure, focusing on value creation, simplification, and enabling the organization rather than adding complexity.
- Country HR teams in each country are empowered to make decisions locally, managing people processes in line with local regulations and market conditions. This decentralized approach ensures proximity to the business, faster decision-making, and flexibility to respond to operational needs.
- HR Business Partners work closely with business leaders to translate strategy into people actions, supporting workforce planning, organizational effectiveness, and performance while ensuring alignment with corporate frameworks.

Centers of Expertise provide focused and scalable solutions in key areas:

- People development: Covering talent management and talent acquisition, ensuring leadership development, succession planning, internal mobility, and effective recruitment aligned with business priorities.
- Organization transformation: Supporting organizational design, change management, and capability building to enable strategic transformation and long-term growth.
- HR digital: Driving digitalization and data transparency through HR systems and tools, simplifying processes, improving decision-making, and enhancing the overall employee experience.
- Employee experience: Strengthening engagement, culture, and employee lifecycle practices to enhance retention and organizational performance.



KEY PEOPLE POLICIES AND PRACTICES

We manage the employee lifecycle with a set of practices aimed at attracting talent, developing skills, driving performance, and fostering a positive and balanced work environment.

Talent selection and attraction process

- We apply a rigorous selection process, with structured interviews and skills assessment, to ensure that candidates align with our values and business needs.

Performance evaluation

- Regular conversations: We promote ongoing dialogue through check-ins and feedback sessions throughout the year, ensuring alignment on goals, behaviors and development priorities.
- Evaluation criteria: We assess performance with a balanced approach that combines the achievement of individual goals ('what') with the demonstration of professional behaviors ('how'), fostering sustainable results and collaboration.
- Development plans: We design customized development plans based on conversations and assessments to strengthen capabilities, boost careers, and support long-term business success.

Learning and development

- We are committed to a culture of continuous learning to ensure our people have the skills and support they need in a rapidly evolving environment.
- Experiential learning: We strengthen on-the-job development through real-world challenges and hands-on experiences.
- Collaborative learning: We foster interaction, knowledge sharing, and cross-functional learning across teams and departments.
- Training resources: We provide access to a digital learning platform with over 20,000 resources, along with technical training and soft skills programs to drive adaptability and growth.

Benefits and compensation

- We offer compensation packages tailored to the local context, while adhering to our global principles of non-discrimination and equal pay for work of equal value. In the European Union, our compensation practices and monitoring processes are being aligned with the requirements of the EU Pay Transparency framework, including more granular analysis of pay levels by comparable groups.

Positive work environment

- We promote an inclusive and collaborative environment, where people feel valued and motivated to contribute.

NEEDS ASSESSMENT AND MANAGEMENT APPROACH

Needs assessments are aligned with our business strategy and conducted in collaboration between HR and business leadership across all locations. We assess capability needs and workforce implications as part of our annual planning process, ensuring alignment between strategic priorities and resource planning.

Corporate HR provides overall direction and common frameworks, while decision-making remains decentralized. Local HR teams are empowered to adapt plans in accordance with local market conditions and applicable legislation, ensuring compliance and operational relevance.

ENGAGEMENT AND RISK MONITORING

We maintain oversight of key organizational indicators, including absenteeism and workforce trends, to support informed decision-making at both corporate and local levels.

Employee feedback is gathered through the independent Great Place to Work (GPTW) survey, providing structured insights into engagement and organizational climate. The results support continuous improvement and leadership dialogue across the organization.

Established reporting channels are in place to ensure concerns can be raised confidentially and handled in accordance with our governance principles.

Our employees

EMPLOYEE WORKFORCE COMPOSITION

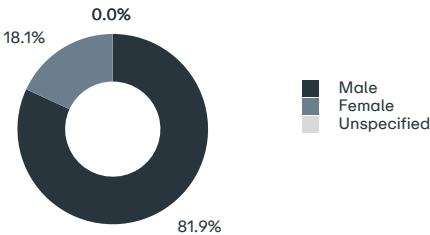
As of December 31, 2025, Horse Powertrain's workforce was composed of a total of 18,604 employees. The workforce is predominantly male, comprising 15,232 employees compared with 3,371 female employees. One (1) employee is classified as unspecified. This represents 82% male and 18% female employees, as shown in the accompanying charts.

Our workforce reflects a balanced mix of experience and generational diversity. The largest share of employees is concentrated in the 30–49 age group, which represents 58% of the total workforce, with 10,801 employees.

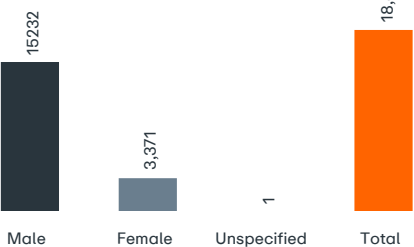
Employees under 30 years of age account for 23% of the workforce, representing 4,288 employees, while employees over 50 years of age represent 19%, with a total of 3,515 employees.

This age distribution illustrates the coexistence of early-career talent and experienced professionals across the organization, supporting knowledge transfer, continuity and long-term capability building.

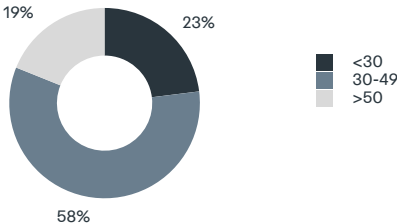
Employee distribution by gender (%)



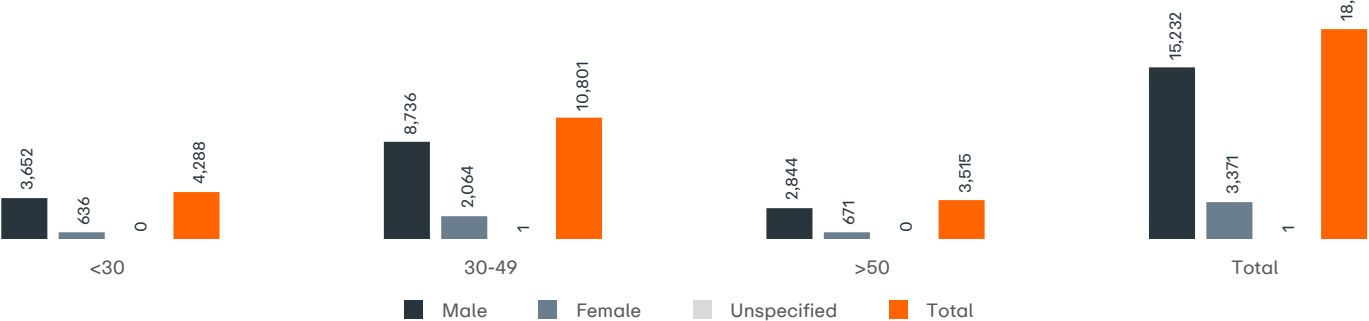
Number of employees by gender



Distribution of employees by age



Number of employees by gender and age



WORKFORCE DISTRIBUTION BY PROFESSIONAL CATEGORY

Our workforce is structured across different professional categories that reflect the nature of roles performed within the organization.

1 Executive Management Team (EMT): composed of senior management, whose 12 members report directly to the CEO and are responsible for leading key strategic decisions within their respective areas of oversight.

2 White collar: employees based at manufacturing plants and office locations who provide technical, operational, administrative or managerial support to the business, including both functions directly linked to the production process and corporate functions.

3 Blue collar: employees based at manufacturing plants who are directly involved in the transformation of raw materials and the manufacturing of our product range.

As shown in the charts, the largest share of employees corresponds to blue-collar roles, with a total of 10,803 employees, primarily based at manufacturing plants and directly involved in production activities. White-collar employees account for 7,789 employees, performing professional, technical and support functions across plants and corporate locations.

When analyzed by age group, blue-collar roles are distributed across all age segments, with a higher concentration in the 30–49 age group, while white-collar roles show a similar pattern, reflecting a balanced mix of experience levels across the organization. The EMT is in the higher age groups, consistent with senior leadership profiles.

Overall, this distribution illustrates a workforce structure aligned with Horse Powertrain’s industrial footprint, combining operational roles with professional and managerial functions to support business activities.

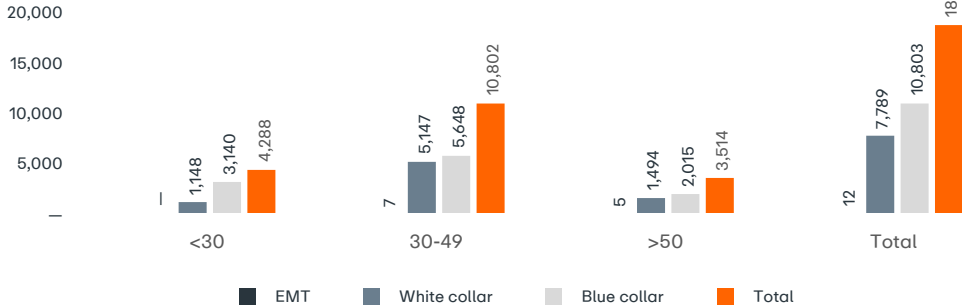
Distribution of employees by professional category and gender

	Male	Female	Unspecified	Total
EMT	10	2	0	12
White collar	6,008	1,780	1	7,789
Blue collar	9,214	1,589	0	10,803
Total	15,232	3,371	1	18,604

Distribution of employees by professional category and age group

	<30	30-49	>50	Total
EMT	0	7	5	12
White collar	1,148	5,147	1,494	7,789
Blue collar	3,140	5,648	2,015	10,803
Total	4,288	10,802	3,514	18,604

Distribution of employees by gender, age group and professional category



DISTRIBUTION BY CONTRACT TYPE

Our workforce is predominantly based on indefinite employment contracts, reflecting the company's focus on stable and long-term employment relationships.

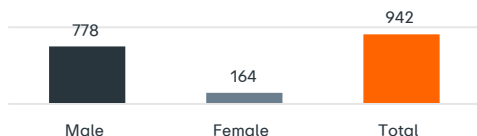
A total of 11,245 employees are employed under indefinite contracts, representing the majority of the workforce. Of these, 9,160 are male, 2,084 are female, and 1 employee is classified as unspecified. Employees with temporary contracts account for 7,359 employees, including 6,072 male employees and 1,287 female employees.

Overall, the distribution by contract type highlights a workforce structure centered on employment stability, while maintaining flexibility through temporary arrangements where required by operational needs.

Distribution of employees by contract type and gender

	Male	Female	Unspecified	Total	%
Indefinite	9,160	2,084	1	11,245	60 %
Temporary	6,072	1,287	0	7,359	40 %
Total	15,232	3,371	1	18,604	100 %

Voluntary departures by gender

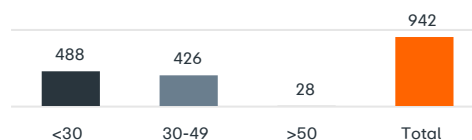


EMPLOYEE TURNOVER

Employee turnover provides insight into workforce dynamics and retention patterns. During the reporting period, voluntary departures were recorded across different demographic groups, reflecting the overall composition of the workforce. The overall voluntary turnover rate stood at 8.4%, with differences observed by gender. The turnover rate among male employees was 8.5%, while the turnover rate among female employees was 7.9%.

Voluntary departures were more concentrated in early-career and mid-career profiles, while turnover among more senior age groups remained comparatively limited.

Voluntary departures by age group



In addition to voluntary departures, we also track other reasons for contract termination, such as layoffs, of which there were a total of 947 in 2025. The complete breakdown of the number of layoffs is included in the following table:

Number of dismissals by gender, age and occupational category

Gender	Male	716
	Female	231
Age	<30	367
	30-49	444
	>50	136
	EMT	0
Professional category	White collar	193
	Blue collar	754
Total		947

Workforce transitions and restructuring

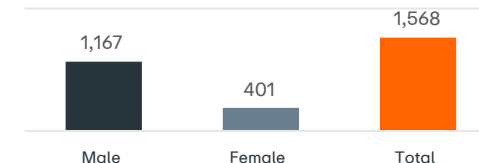
Restructuring processes and dismissals are carried out in accordance with applicable legislation, collective agreements and our internal policies. Whenever structural adjustments are required, we prioritize measures such as internal redeployment, natural attrition and voluntary solutions, and we implement consultation processes with employee representatives where required by European and national regulations.

During the reporting period, we continued to strengthen our workforce through new hires across different functions and locations. A total of 1,568 new employees joined the company during the year.

New hires were predominantly male, reflecting the overall gender composition of the workforce.

This recruitment activity supported operational needs and ongoing business development, contributing to workforce renewal and capability building across the organization.

Total number of new hires by gender



Communication channels with employees

We believe that informing employees is just as important as listening to them. We believe in and promote a conversational model where employees have the freedom to express themselves clearly, and the company is committed to truly listening. This is a fundamental and essential principle for ensuring healthy transparency, which fosters trust and a positive work environment. To this end, we have a broad ecosystem of channels to interact with our employees and promote strong connections at all levels.



Intranet

Our One Company Portal functions as a centralized hub for all internal communications, providing access to announcements, corporate news, policies and relevant resources. Launched in 2025 in Europe and Latin America, it will be rolled out to all employees during 2026. We also have WeChat for Aurobay Technologies division, China, Empower for Horse Technologies and a local intranet for Aurobay Technologies division, Sweden.



Town halls

Global town halls are used for important announcements and management updates to bring the company together. Our sites and offices also run local town halls.



Team meetings

- General
- Team
- One-on-one
- Focus group



Employee survey

We use Great Place to Work annual surveys to benchmark the employee experience, and gather feedback. This feedback is used to inform decisions and improve working practices.



Email and instant messaging platforms

Tools like email and Microsoft Teams facilitate quick and informal communication, enabling real-time collaboration and keeping teams connected.



HR portals

They provide access to personal information, benefits, and HR-related services, as well as a communication channel for relevant announcements and updates.



Whistleblowing portal

This secure and confidential channel allows employees to report unethical behavior, violations of corporate policies, or other concerns, ensuring they can raise their concerns without fear of retaliation and that the company can address these situations promptly.



EMPLOYEE SATISFACTION AND COMMITMENT

We recognize that employee engagement is a key enabler of sustainable performance. We aim to foster a professional and inclusive environment where expectations are clear, leadership accountability is reinforced, and employees are supported in contributing to business objectives.

Our approach combines structured performance dialogue, active listening mechanisms, and transparent people processes. Incentive frameworks and development opportunities are aligned with business priorities and local practices.

GREAT PLACE TO WORK CERTIFICATION

The Great Place to Work (GPTW) survey is a key tool for measuring employee perception and organizational climate across our locations and forms part of our ESG target to achieve a globally recognized certification that reflects our focus on people across 100% of plants by 2026.

**Great
Place
To
Work®**

For 2024-25, we held the independent Great Place to Work certification, providing external recognition of the workplace culture we are building and of our commitment to fostering an inclusive, supportive and engaging working environment. In 2026, the survey was conducted across 10 countries, covering our factories, R&D centers and global headquarters, with 9 out of 10 locations achieving the certification.

Across the certified locations, the results highlighted strong performance in areas such as fairness and respect, pride in meaningful work, collaboration and community, being part of a company people are proud to represent, and a sense of belonging regardless of role.

Survey results are reviewed at local level to identify priority actions and drive improvement initiatives. At the same time, corporate functions provide guidance and support to ensure consistency in methodology and to facilitate knowledge sharing across the organization, reinforcing a continuous improvement approach aligned with our ESG objectives.

Organization of working time

Working time is organized by shift work in operational and plant roles, and standard working hours in support roles, with flexible measures when the position allows. Our goal is to ensure operational continuity and regulatory compliance. Working time management relies on time tracking and monitoring tools, which allow us to monitor the workday, facilitate compliance with legal limits, and manage adjustments in an orderly manner.

GENERAL STRUCTURE

- Shift work in operational and plant roles, with rotating and/or fixed shifts depending on industrial needs and local agreements.
- Standard working hours for support roles and non-operational profiles, with flexible scheduling in some countries.
- Overtime is regulated and limited by law and/or collective bargaining agreements, used as an occasional, not structural, measure.

The organization of working time is regulated through collective agreements and/or national labor frameworks, supplemented by internal rules (e.g. internal regulations) and, where applicable, by specific teleworking policies.

In some countries, the labor framework introduces progressive changes (e.g. gradual reductions in the

maximum working day), which require planning and social dialogue for their implementation.

POLICIES FOR MANAGING ABSENTEEISM

- Clear attendance policies: We have well-defined attendance policies that specify expectations and procedures for reporting absences.
- Reintegration programs: We implement reintegration programs to support employees in their transition back to work after an extended absence.

During the 2025 fiscal year, absenteeism hours amounted for a total of 752,769. For context, total hours worked reached 39,450,469.

The reported absenteeism level in 2025 reflects a combination of factors commonly observed across the industrial and automotive sectors, including short-term illnesses, seasonal health impacts and a limited number of long-term medical cases. While absenteeism continues to be an area of attention and active management, the overall trend remains broadly consistent with market dynamics observed across the sector. In response, the company continues to strengthen its focus on prevention, employee wellbeing, health and safety initiatives, and engagement actions aimed at supporting a sustainable and healthy working environment.

MATERNITY AND PATERNITY LEAVE

In addition to working time and absenteeism management, we record maternity and paternity leave as part of our broader approach to employee wellbeing, equal opportunities and responsible people management. The data below provides an overview of employees who are new parents and are entitled to maternity or paternity leave, those who took leave during the year, and those who returned to work after their leave period.

Employees taking paternity/maternity leave

	Male	Female	Total
Number of new parents, with the right to maternity/paternity leave	2,109	603	2,712
Number of employees who took maternity/paternity leave	452	187	639
Number of employees who returned to work after taking maternity/paternity leave	192	63	255

Talent development

TALENT DEVELOPMENT POLICIES

We foster the professional and personal growth of our employees at all levels of the organization, promoting a dynamic and accessible learning environment. We encourage internal mobility, continuous feedback, and collaborative learning through experiences, presentations and structured training based on the 70-20-10 model.

Our values of Caring, Collaborating and Creating Excellence guide all development initiatives, ensuring that each person can reach their full potential and actively contribute to the company's strategic objectives. We promote a culture of continuous learning supported by advanced technological tools, partnerships with training institutions, and programs designed to strengthen current and future capabilities.

Performance management

- Regular evaluations: We conduct performance evaluations on a structured annual cycle that includes goal setting, mid-term review, and final evaluation. This process combines the assessment of results with professional behaviors and forms the basis for feedback and development decisions.

- Development plans: Based on performance evaluations, individual development plans are created that integrate training, exposure to new challenges, manager support, and learning activities designed to strengthen key skills and prepare employees for future opportunities.

Professional development

- Career development: We have a professional development framework that connects different roles with clear career paths and internal growth opportunities. Career Committees and talent review processes allow us to identify successors for critical roles and align opportunities with organizational priorities.
- Identifying training needs: Training needs are gathered annually through a global campaign channeled via the LMS. Business areas identify critical and strategic needs, which are validated with managers and the Learning & Development team to shape the annual Training Plan.
- Training impact assessment: We evaluate training effectiveness through satisfaction (Level 1), knowledge acquisition (Level 2), and job application through deferred assessments for strategic programs (Level 3) and benefits that training brings to the organization (Level 4).

Professional growth and mobility

- Career conversations: Integrated into the annual performance cycle, these conversations align individual aspirations with business priorities. They allow employees to identify mobility interests, discuss growth paths, and define personalized development actions.
- Internal mobility: We encourage mobility within the organization as a key development tool. The combination of training, exposure to different environments, and management support enables employees to advance within their area or explore new roles.
- Language training: We offer language training in English for our white collar employees where they have regular need to communicate globally.
- Competency model trainings: General training program and technical competency training programs.

This year, we have continued to evolve our professional development processes, strengthening our talent planning system and the quality of career conversations between managers and employees.

ADDITIONAL TRAINING

Leadership development

- Leadership training: We offer specialized training programs for current and aspiring leaders, focused on developing leadership skills, including strategic thinking, team management, and effective communication.
- Succession planning: Succession planning is an integral part of our talent development strategy. We identify high-potential employees and prepare them for future leadership roles through targeted development initiatives.

TALENT MOBILITY

We encourage internal mobility by providing opportunities for employees to move across roles, functions and locations within the organization. This is supported by global career platforms where vacancies are published, as well as by structured annual career development conversations and formal review processes. In addition, we actively manage succession planning through dedicated people committees, helping to identify talent, create internal movement and expand development opportunities. As a result of this approach, in 2025 a total of 2,335 positions were filled by internal candidates.

Social dialogue and labor rights

We strive for a trustful environment, characterized by transparency and the active participation of employees at all times and at all levels. We believe that this will help us grow and become an even better place to work.

Information sharing:

- **Regular updates:** We provide frequent updates on company performance and relevant changes through meetings, newsletters and the intranet.
- **Transparent communication:** We maintain open and clear channels to ensure employees are informed about decisions that affect them.
- **Formal meetings with employee representatives:** We hold regular meetings with unions as part of established formal channels of dialogue.
- **Town halls and leadership meetings:** We organize town hall sessions for supervisors and managers to ensure the consistent dissemination of key information.
- **Informal channels of dialogue:** We facilitate meetings in more relaxed settings with union representatives to foster open and constructive dialogue.

Consultation processes:

- **Employee surveys:** We conduct regular engagement surveys to gather feedback on development needs and preferences. This feedback is used to adjust our talent development programs to meet the needs of our workforce.
- **Focus groups:** We organize focus groups to delve into specific topics, fostering a collaborative approach to problem-solving.
- **Industrial sustainability criteria:** Collective bargaining agreements are designed with a focus on long-term operational stability, continuity of investment, and responsible industrial competitiveness.
- **Country-specific approach:** Each country applies its own model of social dialogue, in line with its labor framework, negotiation traditions, union maturity, and the visibility of industrial plans.

Participation mechanisms:

- **Employee committees:** We establish committees focused on areas such as health and safety and diversity and inclusion to enable employee participation in decision-making.
- **Inclusive leadership:** We promote leadership focused on active listening and participation, strengthening dialogue at all levels, especially among middle management and frontline teams.

Feedback channels:

- **Whistleblowing portal:** We offer a secure and confidential portal for employees to report inappropriate conduct or policy violations without fear of retaliation.
- **Direct on-site consultation:** We complement existing channels with additional mechanisms for dialogue and consultation at the workplace such as town halls and regular meetings with trade unions/workers councils, to strengthen relationships and trust.

COLLECTIVE AGREEMENTS, IN COUNTRIES WHERE THIS APPLIES

Collective bargaining agreements help ensure fair and consistent treatment for employees, and an inclusive environment, where all employees feel valued and empowered to contribute to the company's success. During 2025, 12,012 employees were covered by collective agreements, representing 65%⁷ of total employees. All workers, regardless of their collective bargaining agreement coverage, have adequate opportunities to express and discuss their working conditions.

Examples of the topics commonly addressed in collective bargaining at Horse Powertrain:



Health and Safety

Safety standards: Procedures to maintain a safe work environment, including the use of personal protective equipment and safety training.

Health and safety committees: Committees to monitor and address safety-related concerns.



Working conditions

Working hours and breaks: Provisions regarding standard working hours and breaks to ensure a healthy work-life balance.

Paid leave policies: Policies regarding various types of leave, including vacation and sick leave.



Compensation and benefits

Wages and salaries: Salary scales and criteria for bonuses and incentives.

Benefits: Benefit packages, including insurance and retirement plans.



Job security and professional development

Workplace safety measures: Protections against unfair dismissal and to ensure fair treatment during workforce restructuring.

Training and development: Commitments to providing ongoing development opportunities for employees.



Equality and non-discrimination

Equal opportunities: Provisions to ensure equal opportunities in employment.

Anti-discrimination policies: Clear regulations to prevent and address discrimination and harassment.

⁷ In China, labor conditions are primarily governed by national legislation rather than collective bargaining agreements as commonly defined in other jurisdictions. Trade unions operate under a legally regulated and centralized framework, and employee rights and protections are largely established through statutory provisions. As a result, employees in China are not considered to be covered by collective agreements in the same way as in other regions.

Equal treatment and equality management

Advancing equality is key to our ESG commitment, and our ESG Plan 2030 includes the implementation of an equality plan. During 2026, we will roll out an Equality Policy to provide the framework for promoting equal opportunities, preventing discrimination and supporting a respectful workplace across our operations.

EQUALITY POLICY

We are committed to ensuring equal opportunity and fair treatment for all. Our Equality Policy establishes common principles across all our operations, aligned with applicable legislation in each country and supported by our own high standards for fairness and respect. The policy forms part of our ESG framework and reflects our commitment to providing equal opportunities in recruitment, career development, promotion, remuneration, and daily work, free from discrimination, bias or unfair barriers.

Leaders are expected to set an example and ensure that decisions related to people and organization are made in line with these principles.

We set global standards, while implementation is adapted locally. Each country applies the policy in accordance with national legislation, collective agreements and cultural context, and may adopt additional measures where required. This ensures both compliance and continued progress in promoting equality and removing barriers to opportunity.

We maintain zero tolerance for discrimination and harassment. Clear reporting channels, including a whistleblowing mechanism, are in place to ensure concerns can be raised confidentially and addressed in accordance with our governance standards.

Equality at Horse Powertrain is a shared responsibility, supported by leadership accountability, open dialogue and continuous follow-up to strengthen an inclusive and respectful workplace across all locations.

Equal opportunities

Selection and hiring

Our processes are designed to ensure equal opportunities and are free from bias for all candidates, regardless of gender, race or age.

Professional development

We ensure equitable access to training and development opportunities, enabling all employees to advance in their careers based on merit.

Against discrimination and promoting diversity management

Zero tolerance

We have a zero tolerance towards discrimination of any kind.

Reporting mechanisms

Employees can report cases of discrimination through a confidential portal. All reports are investigated and appropriate action is taken via whistleblowing



Equality and diversity initiatives examples by country

In addition to global commitments to equality, diversity and inclusion, each country adapts these guidelines to its own legal, social and industrial framework, developing specific initiatives that reinforce corporate principles and consolidate a culture of respect, equity and fair treatment for all.

The following summary provides an overview of some of the main actions implemented locally in the various countries where we operate.

Spain

- Promotion of gender equality in the recruitment pipeline through initiatives encouraging girls to pursue technical and industrial careers, including school visits, job fairs, and visibility of female role models.
- Employee engagement through sessions and activities around International Women's Day to foster inclusion and gather feedback.
- Internal recognition via the 'Women Role Models' initiative to highlight inspiring female employees.

Portugal

- Explicit commitment to gender equality, with 20 nationalities represented and female presence in leadership positions.
- Active inclusion through job adaptations, medical/ergonomic support, and guidance for employees undergoing gender transition.

Romania

- Internal policy of zero discrimination, with mandatory annual training and formalized reporting channels.
- Local guide for the prevention of harassment, with proactive measures, formal investigation, and disciplinary sanctions.
- Participation as an affiliated entity in the European project 'EQUAL HR' to strengthen inclusive practices.

Sweden

- International Women's Day – discussions and workshops on different types of bias and how it may take form in the workplace.
- Workshops on how to create inclusive job advertisements and bias training for recruiters and leaders.
- Lunar New Year – our Chinese colleagues were invited to a dinner to celebrate the new year.
- Workshops and trainings for managers and employees in unwelcome behaviors.
- Feminine hygiene products for free at all our locations.

Türkiye

- Equal pay for work of equal value and work-life balance measures such as: childcare for children aged 0–6, a lactation room, and daytime shifts until the baby's first birthday.
- Succession plans that require the inclusion of at least one woman for each critical position.
- Inclusion of people with disabilities through sign language interpreters and paid leave on the International Day of Persons with Disabilities.

China

- Support for female employees through flexible work arrangements during pregnancy and lactation, and dedicated wellbeing facilities.
- Equal access to development through removal of seniority barriers and provision of academic advancement opportunities and financial support.
- Inclusion of employees with disabilities through accessible work environments and targeted job opportunities.
- Recognition of female employees through 'Female Hero' initiatives and Women's Day activities.
- Encouragement of open communication through multiple employee feedback channels, fostering an inclusive and trusting workplace.
- Commitment to social responsibility through local hiring, skills development, and collaboration with communities.

Brazil

- Selection processes that prioritize diversity and HR review when the final selection is a male candidate.
- Inclusive leadership programs, such as HORSE PLURAL, and ongoing training on the Code of Business Ethics and reporting channels.
- Accessibility measures: facility renovations, psychological support rooms, and physical rehabilitation programs.

Chile

- Local Inclusion and Diversity Policy and accessible reporting channels.
- Procedure for integrating pregnant employees and adapting infrastructure through new accessible spaces.
- Support actions for people with disabilities, including guidance on obtaining official credentials.

Argentina

- Gender-balanced candidate selection lists and monitoring of the gender pay gap during annual review cycles.
- Review of technical and ergonomic requirements for operational roles to promote greater female participation in the future.

Health and safety

A robust health and safety (H&S) policy and management system are fundamental to protecting employees from the inherent risks of an industrial environment. It's not just about reducing accidents or preventing occupational illnesses.

This commitment applies at all levels of the organization and is based on three principles:

1. Commitment from management, employees and all companies that are part of the company's value chain.
2. Communication, training and development for all employees.
3. A structured management system covering all operations, ensuring performance monitoring, compliance with legal requirements and internal standards, and driving continuous improvement.

ORGANIZATIONAL MODEL OF THE HEALTH AND SAFETY TEAM



Global health and safety committee

This team leads the definition and dissemination of sustainable policies and strategies. It is composed of the health and safety managers from all plants, who then evaluate compliance with all relevant parties at the local level.



Local health and safety committees

A multidisciplinary team with representatives from all relevant departments, such as purchasing, manufacturing, human resources, as well as health and safety, addresses operational or day-to-day issues. Depending on the plant, the committee may apply to the entire plant or a specific department.



Local officials

All plants, depending on their size, have a designated team or person responsible for monitoring compliance with health and safety regulations, ensuring that procedures are applied correctly, and also responsible for collaboration with the global team.



Global managers

Local teams are supported by the global team in problem-solving and lead the collection and dissemination of best practices or implementation of strategic initiatives.



Executive management

Senior managers at both the plant and company levels oversee and support health and safety initiatives, ensuring that the working environment is part of the corporate strategy.

Health and safety system

Our essential tool for strengthening our health and safety management system is the PDCA cycle (Plan, Do, Check, Act). This process allows us to anticipate and reduce risks, continuously improve our protocols, and ensure that everyone works in a safe and healthy environment. By remaining committed at every stage of the cycle, we build together a safer and more efficient workplace where everyone can perform with peace of mind and confidence.

DuPont's Bradley Curve is a fundamental model in our health and safety strategy. Integrated into the PDCA cycle, it represents the stages of an organization's commitment to and maturity in safety, from the reactive phase to the interdependent phase, where everyone actively collaborates to protect each other.

At plant and global level, we invest in people and resources to ensure the effective implementation of safety policies and measures, and the ongoing training of our employees on occupational health and safety.

Leadership and commitment
of managers and middle management to health and safety, promoting the active participation of all employees.

Risk assessment
to identify hazards, assess the probability and severity of risks, and establish preventive controls.

Training and awareness
to ensure that all employees understand the risks and know how to handle them safely.

Inspections and audits
to verify compliance with regulations and the effectiveness of control measures.

Communication and consultation
Involving employees in safety-related decision-making improves commitment and the adoption of preventative measures.

Financial resources
to be able to make the necessary acquisitions such as protective equipment for workers or safety devices for the machines they operate.

ZERO ACCIDENTS COMMITMENT

Our commitment to workplace safety is centered on the 'Zero Accidents' philosophy: we strive to create an environment free of injuries where employees and contractors can perform their duties safely. This commitment is reflected in preventive measures, investment in training, and the enforcement of high standards in our operational processes.

In 2025, we continued working on the consolidation and formalization of our Health and Safety Policy, which is currently pending within our internal development and approval process. In the meantime, the corporate system of minimum requirements and operational procedures continues to guide the consistent implementation of health and safety across all our plants.

ISO 45001 CERTIFICATION

Our commitment to safety is reflected in the implementation of our own system, which establishes mandatory minimum standards across all our facilities, regardless of the country, local legislation or cultural differences. This robust system is fully integrated into our organization and is understood and applied at all levels – it serves as the foundation for our ongoing efforts to improve occupational health and safety.



In this context, we have chosen to certify our operations under the international ISO 45001 standard, which sets the highest standards for occupational health and safety management. In 2025, we made significant progress exceeding the target set for the year and bringing the percentage of certified plants to 76%. In 2026, we will continue to advance the implementation process to achieve certification at the remaining plants, with the goal of reaching 100%.

In 2025, 76% of our facilities are certified under the ISO 45001 standard for occupational health and safety

Country	Plant	ISO 45001
China	Baoji	✓
	Changxing	✓
	Chunxiao	✓
	Guiyang	✓
	Hangzhou Bay	✗
	Taizhou	✓
	Yiwu Engine	✓
	Yiwu Transmission	✓
	Zhangjiakou	✓
Spain	Valladolid	✓
	R&D Valladolid	✗
	Seville	✓
Sweden	Skövde	✗
Portugal	Aveiro	✗
Romania	Mioveni	✓
	R&D Romania	✓
Türkiye	Bursa	✓
Brazil	Curitiba	✗
	R&D Brazil	✗
Argentina	Córdoba	✗
Chile	Los Andes	✗



MAIN HEALTH AND SAFETY RISKS

Prevention is a fundamental pillar in managing the risks inherent in our activity. We actively work to avoid or minimize their potential consequences from the earliest design stages, prioritizing solutions that eliminate or reduce risks at their root. When this is not possible, we implement measures such as maximizing the distance from the hazard, establishing physical barriers or effective protection systems, and ensuring that personnel have the appropriate protective equipment.

In this way, we strengthen our ability to protect both people and our environment. We have identified the main risks in our operation to maintain a proactive approach and ensure their efficient management.

2026 INITIATIVES

We will continue to strengthen our health and safety system with a practical and ongoing approach, supported by concrete initiatives that allow us to consolidate a strong preventative culture and improve the well-being of our people. Our priorities for 2026 are to:

- Extend ISO 45001 certification to all our factories by the end of 2026.
- Implement artificial intelligence systems to monitor unsafe behaviors and conduct ergonomic assessments.
- Celebrate Safety Week, incorporating multiple awareness campaigns focused on health and safety.
- Conduct health campaigns in areas such as disease screening, nutrition, Pilates, physiotherapy and psychology.
- Implement a strategy to reinforce risk awareness and safe behaviors through risk identification training, weekly activities, awareness sessions, and other initiatives.

The main risks in our operations



Mechanical risks caused by entrapments, cuts/blows and falls on the same or different level



Ergonomic risks due to repetitive efforts and/or handling of loads



Chemical risks from direct contact and/or inhalation of fumes



Risks caused by hazardous energies, for example electrical, hydraulic and/or pneumatic



Vibrations



Noise



Psychosocial risks



Other industrial risks such as fires and explosions



Risk of interaction between pedestrians and industrial vehicles

Health and safety measurement

Monitoring and analyzing key health and safety indicators is fundamental to evaluating our performance and establishing continuous improvement plans.

We set ambitious targets to reduce our accident frequency and severity rates, aligned with our commitment to continuous improvement and achieving safe working environments. These targets are reviewed and adjusted periodically based on the results obtained and the action plans implemented.

INDICATORS

We track Lost Time Case Ratio (LTCR) as our primary performance indicator for accident rates. The LTCR measures the frequency of lost-time accidents relative to the total number of hours worked⁸. This indicator is included as a target in our 2030 ESG Plan. We have set a reduction target of 17% by 2030. As an interim milestone, we have achieved a reduction of 55% in 2025, exceeding the 3% target set for the year.

In 2025, a total of 15 workplace accidents resulting in sick leave were recorded, 11 involving men and 4 involving women. This breakdown reinforces the need to continue implementing measures tailored to the specific conditions of each job and work group.

A total of 34 occupational illnesses were detected during the year, distributed between 23 cases in men and 11 in women. These results reflect the importance of continuing to strengthen our ergonomics and healthy working conditions initiatives. No fatal accidents were recorded.

During 2025, we recorded frequency and severity rates of 0.38 and 22.66, respectively, reflecting the effectiveness of our preventative measures and the awareness of our teams.

Accidents with sick leave and occupational diseases detected by gender (number)

	Male	Female	Total
Accidents with sick leave	11	4	15
Occupational diseases	23	11	34

Frequency and severity rates⁹ by gender

	Male	Female	Total
Frequency rate	0.3	0.6	0.4
Severity rate	23.4	18.7	22.7

⁸ The formula is as follows: LTCR = number of lost-time cases / total number of hours worked × 1,000,000

⁹ The frequency rate was calculated as follows: (Number of accidents resulting in lost time / Hours worked) × 1,000,000.

The severity rate was calculated as follows: (Number of workdays lost due to accidents / Hours worked) × 1,000,000



Social contribution

Social responsibility is key to Horse Powertrain’s culture, and we strive to take into account our surroundings and improve living conditions in the communities where we operate.

Through our social investment approach, and specifically our target included in the ESG Plan, we seek to make a positive contribution in the territories where we operate. Our ESG Plan requires each of our sites to implement two community action initiatives every year.

As a result, our social contribution is not an isolated activity, but a strategic goal that supports the plan’s implementation in both its social and environmental objectives..

Social action milestones in 2025

Key figures			
Social action standard Development of a social action standard that prioritizes the empowerment of people and the protection of nature	46 initiatives aimed at contributing to a positive impact on society	2,708 volunteers have collaborated in developing the actions carried out	9,783 estimated beneficiaries through the actions carried out

¹⁰ Sweden’s two sites are counted counted as one for target-setting purposes

Our ESG Plan 2030 targets two initiatives per site per year on preserving nature and supporting education in the community¹⁰



SOCIAL ACTION STANDARD

Our mission is to become the global leader in highly-efficient ICE and hybrid powertrains, pioneering innovative solutions that make sustainable mobility accessible to all.

To support this, we aim to give a more positive contribution to nature and people through social action and investments focused on two areas: empowering people and preserving nature.

1. EMPOWERING PEOPLE



The first pillar focuses on empowering people through education. Technical and digital skills are needed to support the transition to more sustainable and decarbonized mobility. Education is also a way to access decent work and living standards. We focus on training young people, women, older unemployed individuals and vulnerable groups in acquiring new technical skills.

Transport is fundamental in improving people's lives, enabling access to services such as health, education, food and employment. We support projects that improve people's lives through transport and mobility, whether by facilitating the movement of people or enabling the delivery of essential goods.

2. NATURE PRESERVATION



The second pillar focuses on conserving biodiversity and natural resources. We support projects that improve the environment and natural capital, such as the recovery of ecosystems, the promotion of the circular economy and reforestation, and the reduction of greenhouse gas emissions.

We aim to creating lasting, positive impacts in the countries where we operate, and are exploring opportunities to extend these projects across our value chain.

Our social investment approach is based on the following principles of social contribution:

- Positive contribution: contributing to improving people's live and preserving the environment in a way that is aligned with our commercial strategy.
- Contribution to the Sustainable Development Goals: through social action initiatives.
- Added value: understanding social action as a voluntary contribution that complements our environmental, social and ethical performance.
- Intention to be permanent: collaborating with communities and organizations in the third sector to generate lasting partnerships and initiatives.
- Stakeholders: taking into account the expectations of our stakeholders, especially the needs of the local community.
- Ethics: assigning resources transparently and without breaching legislation or our Code of Business Ethics.

- Employee collaboration: encouraging our people to get involved in both our own initiatives and in those that involve other workplaces.
- Transparency: aligning our social action with both at local and global priorities, and reporting our community investment activities in a complete and transparent manner.

The ESG 2030 Plan target of implementing two initiatives per year per site was approved during 2025. Initially, it only been applied to our Horse Technologies division, where 46 initiatives were carried out.

From 2026 onwards, the target will be applied to our Aurobay Technologies division as well. However, the division already implemented a number of social action initiatives in 2025.



Local social initiatives

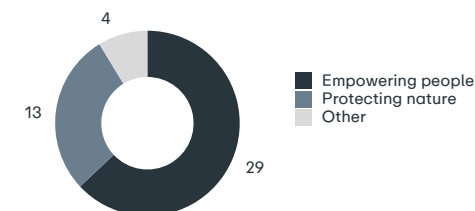
Throughout 2025 social initiatives have been carried out locally in nine of the countries where we operate.

Almost 100% of the initiatives delivered as part of the ESG Plan were aligned with the two social action pillars. This has been possible thanks to our employee volunteers, strengthening our approach to volunteering and also promoting solidarity, teamwork and social responsibility across all of Horse Powertrain.

These social initiatives have also been carried out in collaboration with other organizations, including governmental and educational institutions, NGOs, and foundations, among others.

A total of 9,783 people have benefited through our actions so far, including local communities, as well as women, young people, children, and other vulnerable groups.

Local social initiatives by pillars



INITIATIVES DELIVERED IN 2025

Throughout the year, we delivered many initiatives focused on empowering people and preserving nature, helping to improve the living conditions in the communities where we operate.

Empowering people:

- We welcomed students from educational institutions to our sites, giving them valuable exposure to the working environment and strengthening their practical learning and employability.
- We implemented educational support initiatives to improve access to education and employment opportunities for disadvantaged groups. These initiatives included grants and training programs aimed at supporting entry into the labor market.
- We equipped schools and educational institutions with resources for research rooms, computer laboratories, and special needs classrooms. We also donated materials, such as engines and gearboxes, to universities and technical schools, supporting hands-on learning and strengthening the link between education and industry.

Caring for nature:

- We helped nature conservation through reforestation initiatives and clean-up activities in natural areas, with strong participation from employee volunteers. These actions contributed to the protection and restoration of local ecosystems while reinforcing employee engagement in environmental stewardship.
- We also promoted the circular economy through recycling days at production plants, waste separation initiatives, and the recycling of used uniforms. The uniforms were repurposed into blankets and other useful items, extending their life cycle and supporting both environmental and social objectives.

Other initiatives included improvements to neighborhoods near our operations; the promotion of local culture; sustainable transport adapted for people with disabilities; and charity events.

EUROPE – REFORESTATION PROJECT WITH BOSQUIA ASSOCIATION

In La Vid de Gordón (Spain), a five-hectare reforestation project was launched featuring various tree species, aimed at protecting the land, restoring biodiversity, and improving soil conditions. We partnered with the Bosquia Association, which has an agreement with the La Vid de Gordón Neighborhood Council, the landowner. We allocated €80,500 for site preparation, planting and monitoring, and promoted

volunteer activities for employees, resulting in 150 volunteering hours. An estimated 975 tons of CO₂ will be absorbed by the end of the project's lifespan. The project generates value for local communities by combining ecological restoration, environmental education, and local environment regeneration.

BRAZIL – EMPOWERING WOMEN PROGRAM

We allocated €6,600 to the Empowering Women Program, created to address the socioeconomic vulnerability affecting women in local communities. In partnership with Sesi, the initiative offers practical training focused on employability and income generation, aligned with opportunities in the manufacturing and service sectors. In total, the program helped 50 women, strengthening their skills, broadening their career prospects, and contributing to their economic independence. This initiative reaffirms our commitment to equal opportunities and socioeconomic inclusion through regional partnerships that drive sustainable impact.

TÜRKİYE – DAYCARE CENTER IN EARTHQUAKE-AFFECTED AREA

In an earthquake-affected area, we supported the creation and equipping of an early childhood education facility to reestablish a safe and stimulating learning environment. The initiative, carried out in coordination with the Ministry of Education, made it possible to fully equip a daycare center with educational materials and supplies, facilitating educational continuity and the psychosocial well-being of the children. The company allocated €25,000 for

the purchase and installation of resources, and eight volunteers dedicated 120 hours to setting up the space. The project directly benefits 30 children, improving their learning conditions

CHINA – UNIVERSITY STUDENTS VISITS

We carried out three industry-academia collaboration initiatives in 2025 to strengthen youth talent in engineering and technology. In Baoji, together with Shaanxi University of Science & Technology, our plant launched a three-week intensive program combining technical visits and project-based practice. In Guiyang, our plant hosted faculty and students from Guizhou University's School of Mechanical Engineering for an exchange focused on reinforcing cooperation between industry, academia and research. In Yiwu, representatives from China Jiliang University visited the Engine Plant, Transmission Plant and the Metrology & Testing Center, taking part in immersive experiences on intelligent manufacturing and precision measurement technologies. Together, these initiatives bring the industrial environment closer to the education sector and reinforce our commitment to developing advanced technical skills among young people and students.

Association and sponsorship

Given the importance of the collective development of the automotive sector, we participate actively in initiatives that promote social and economic development, collaborating with business and technological associations. Our involvement includes forums and organizations dedicated to promoting innovation, improving quality and strengthening the sustainability of the sector.

We encourage the exchange of knowledge and support educational programs, especially in the sphere of dual technical and vocational education. This allows us to contribute to talent development and value generation in the communities where we operate.

In the institutional sphere, we maintain ethical and transparent dialogue with public administrations, associations and other key entities, supporting the design of public policies that favor progress in the sector. With a total financial contribution of €251,535¹¹, in 2025 we participated in the following organizations or associations at global level:

Europe

Region	Name of the association	Purpose of Horse Powertrain	Financial contribution (euros)
European Union	CLEPA	Advocacy for Horse Powertrain's objectives in EU policy-making in Brussels	52,500 €
	eFuel Alliance	Advocacy for Horse Powertrain's objectives in EU policy-making in Brussels, particularly on issues related to synthetic fuels (e-fuels)	60,000 €
	WGMM (Working Group for Monitoring Methodologies)	Purpose is to reflect company's position to support technical investigation for monitoring methods for individual vehicle category running solely with carbon neutral fuels	6,500 €
Spain	Sernauto	Advocacy for Horse Powertrain's objectives in Spain, with a special focus on participation in the Responsible Business Commission	13,000 €
	Cámara de Comercio Franco-Española	Participate in broader policy debates between France and Spain, and partner with like-minded companies	4,500 €
Sweden	FKG (Scandinavian Automotive Supplier Association)	Purpose is to reflect position of the company among Scandinavian vehicle suppliers in automotive industry regarding policies	2,323 €
Romania	ACAROM	Advocacy for Horse Powertrain with association representing the automotive industry in Romania	2,500 €
	CCIA	Representing Horse Powertrain and the industry at large in policy debates at the Romanian Chamber of Commerce	1,500 €
Portugal	ACAP (Associação Automóvel de Portugal)	Representing Horse Powertrain in the public debate on the automotive industry in Portugal	3,096 €
	AIDA - Association Industrial Dis. Aveiro	Representing Horse Powertrain in regional development and policy in Aveiro	718 €
	AFIA - Associi Fabricantes Ind Automovel	General association of the automotive industry representing Horse Powertrain in Portugal	2,800 €
	MOBINOV - Associacao Do Cluster Automovel	Representing Horse Powertrain in the Portuguese automotive sector	3,200 €
Türkiye	Bursa Organized Industrial Zone	Regional representation of Horse Powertrain in public affairs	37,865 €
	Automotive Supplier Association	Horse Powertrain representative in Türkiye's national passenger car associations	1,165 €
	Uludag Automotive Industry exporters association	Representing Horse Powertrain in exports	5 €
	Bursa Chamber of Commerce	Facilitates engagement with local government	203 €
	Istanbul Chamber of Commerce	Facilitates engagement with the local government of the capital	5 €

¹¹ Economic data converted to euros using the daily average exchange rate for 2025. Specifically, the following data: EUR-CNY: 8.1193; EUR-SEK: 11.0637

Latin America

Region	Name of the association	Purpose of Horse Powertrain	Financial contribution (euros)
Chile	ASIMET	Participate in dialogue between policymakers and industry on metal production and related topics through the Association of Metallurgical and Metalworking Industries (A.G.), particularly relevant for gearbox manufacturing	3,000 €
	French Chilean Chamber	Representation of a broader industrial sector that has business opportunities with France and Chile	3,000 €
	Spanish Chilean Chamber	Support link between Chile and Spain to foster greater cooperation and mutual understanding regarding industrial challenges and opportunities	3,500 €
	ProAconcagua	Support ProAconcagua, dedicated to promoting the sustainable development of the Aconcagua Valley, where Horse Powertrain is situated in Chile. This benefits our plant and the region.	3,000 €
Brazil	Sindipeças & Abipeças	Support Sindipeças, Brazil's largest association of suppliers and represents our sector in government bodies	29,532 €
	Associação Brasileira de Hidrogênio e Combustíveis Sustentáveis (Brazilian Association of Hydrogen and Sustainable Fuels)	Represent Horse Powertrain in Brazil in political and business discussions on hydrogen and e-fuels	0 €
	AEA Associação Brasileira de Engenharia Automotiva (Brazilian Association of Automotive Engineering)	Represent Horse Powertrain in Brazil in broader political discussions regarding the Brazilian automotive industry.	5,241 €
	Hotmilk PUC PR	Improve visibility in Brazil's innovation ecosystem through The Innovation Forum	0 €
	CREA - Conselho Regional de Engenharia e Arquitetura (Regional Council of Engineering and Architecture)	Represent Horse Powertrain in regional debates (Curitiba, São Paulo) within the engineering sector	491 €
	AER - Associação Empresas Usuárias de RECOF e OEA (Association of Companies Using Recof and OEA)	Represent Horse Powertrain in the development of the Brazilian economy by contributing to the improvement of the RECOF regime and the Brazilian AEO Program	1,313 €
	Amcham Brazil USA	Provide Horse Powertrain with a platform to represent our industry in debates related to relations between Brazil and the United States	6,883 €

Asia

Region	Name of the association	Purpose of Horse Powertrain	Financial contribution (euros)
China	China Society of Automotive Engineers (China SAE)	To advance scientific and technological progress in the field, nurture professional talents, facilitate international exchanges, popularize automotive science and technology knowledge, and establish platforms for academic communication, research on laws, regulations and policies, etc.	1,232 €
	China Internal Combustion Engine Industry Association (CICEIA)	Its main functions include policy research, information services, industrial self-regulation, international exchanges and exhibition services. It gives full play to the industry association's role in serving the government, the industry and enterprises, so as to promote the sound and rapid development of China's internal combustion engine industry.	616 €
	Chinese Society for Internal Combustion Engines (CSICE)	Carry out academic exchange activities, enliven academic thinking, promote the cultivation of scientific and technological talents in the internal combustion engine industry, advance the development of the internal combustion engine cause and the progress of the discipline, and serve the construction of the national innovation system.	1,847 €

05

RESPONSIBLE BUSINESS

- Responsible procurement
- Human rights
- Cybersecurity
- Data protection



Responsible procurement

The automotive manufacturing supply chain is inherently complex, driven by its global reach, the vast number of components required for each vehicle, and a highly multi-tiered supplier network. While globalization has enabled access to specialized technologies and cost efficiencies, it has also increased vulnerability to external disruptions and systemic risks.

To address these challenges, we prioritize greater transparency in the supply chain, supplier diversification, the digitization of logistics and planning processes, and the strengthening of resilience through closer, long-term collaboration with strategic suppliers – all guided by the core principles of efficiency, transparency and accountability at every stage of our collaboration with suppliers:

SUPPLIER JOURNEY

1	Search Search for suppliers that align with our strategy. We assess whether the supplier is eligible for inclusion in the panel.
2	Certification (Panel) Supplier approval is required in order to compete for our contracts. This decision is made by the Horse Powertrain Ltd Commodity Panel.
3	Supply Selecting the most suitable supplier for a purchase.
4	Mass production Commissioning of the purchased product.

Responsible procurement is one of the ways in which we extend our ESG commitments beyond our own operations. We manage supplier relationships through a common framework built on ethics, sustainability, quality, transparency and long-term partnership, while progressively aligning procurement practices across divisions.

In 2025, we strengthened procurement governance, advanced a common ESG supplier approval model, and expanded the use of assessments and audits to improve visibility over supplier-related risks and performance. This section summarizes how we govern procurement, approve suppliers, monitor our supply chain footprint, and integrate ESG criteria into supplier evaluation.

 Procurement governance We manage procurement through a cross-functional governance model that combines supplier panels, supplier risk management, and common guidelines to support oversight, consistency, and risk mitigation across the company.	 Supply chain footprint In 2025, we worked with 1,715 suppliers worldwide and managed €9,020 M in supplier expenditure, with 45% of total spend allocated to suppliers located in countries where we operate production plants.	 Supplier approval We approve suppliers through multi-stakeholder panel decisions that incorporate ESG criteria, baseline qualification requirements, and enhanced due diligence for higher-risk suppliers.	 ESG integration and improvement In 2025, we assessed 392 suppliers through ESG questionnaires and conducted 100 ESG audits, helping us strengthen supplier oversight and define corrective actions where needed.
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Procurement governance

We base supplier management on the principles of ethics, sustainability, quality, transparency and long-term partnership. We formally communicate our expectations to suppliers through a combination of publicly available policy documents, supplier portals, codes of conduct and contractual obligations, which are consistently applied across the Horse Technologies and Aurobay Technologies divisions.

We have appointed a Chief Procurement Officer (CPO) who reports directly to the Chief Operating Officer (COO). In parallel, each division operates with its own divisional CPO, reporting to the respective divisional Chief Executive Officer (CEO).

The procurement organization under each CPO is structured around four main functional areas:

- Direct Material Procurement
- Indirect Procurement
- Strategy and Excellence
- Excellence & Project Management

Supplier Risk Management (SRM) is embedded within the Strategy and Excellence function. This function is currently undergoing a harmonization and standardization process, with the objective of ensuring consistency in risk assessment and mitigation practices across the company.

SRM operates as a cross-functional process, involving close coordination among procurement, finance, legal, supply chain, quality, sustainability, engineering, and manufacturing teams. Each function contributes to the identification of specific risk categories and is

accountable for defining and implementing the corresponding mitigation or corrective action plans. In this context, the main purpose of SRM is to reduce exposure to supply chain risks, including disruptions, supplier-related issues and operational dependencies, ensuring continuity and resilience across our operations.

At present, we generally consider supplier-related issues – such as financial distress, regulatory or compliance risks, sustainability concerns, or quality performance deviations – to be isolated and limited in scope, as our supplier assessment and monitoring processes serve as effective filters across the supply chain.

We manage disruptions caused by exceptional or catastrophic events separately through dedicated business continuity and crisis management teams, in accordance with established continuity and resilience frameworks.

In 2025, we created the Horse Powertrain Commodity Panel, which is responsible for defining and rating the list of suppliers included in the panel. The committee also clarifies the medium-term strategy for each supplier and helps us maintain our competitive advantage in the market. Through this panel, we can optimize supplier management and strengthen collaboration with strategic partners over the long term.

This comprehensive approach guarantees the quality, competitiveness and sustainability of our supply chain, while fostering continuous improvement and the implementation of corrective action plans when necessary.



Transparency in supplier management

PROCUREMENT DATA

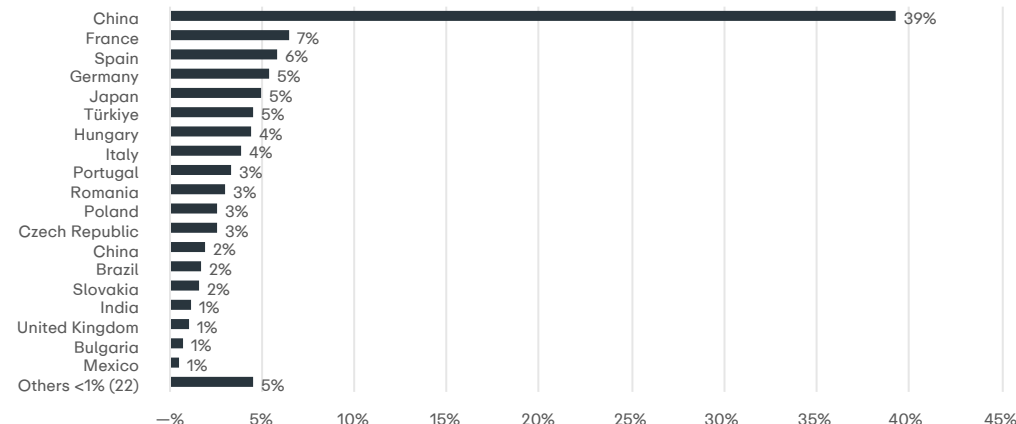
The total expenditure on suppliers in 2025 amounted to €9,020 M, reflecting the global scale of our operations and our commitment to the development of a robust and sustainable supply chain. Of this total, €8,877 M corresponded to direct materials, while €143 M was related to indirect procurement, underlining the central role of suppliers in the delivery of our products and services. The total expenditure on direct suppliers, broken down by country, is set out below.

In 2025, we managed our supplier payment practices in line with sector standards, with payment periods maintained generally between 45 and 60 days depending on the entity. Specifically, and taking into account the company's weighted level of expenditure, the average payment period is 56 days. This approach supports stable, long-term relationships with our suppliers while ensuring business continuity.

We work with a broad and diversified supplier base, comprising 1,715 suppliers worldwide. Within this network, 400 were identified as critical suppliers, while 474 qualified as local suppliers¹². Our purchasing expenditure is concentrated on a limited number of strategic partners, with the top 100 suppliers representing 92% of total turnover. This structure reflects the critical role of key suppliers in supporting our operations and value chain performance.

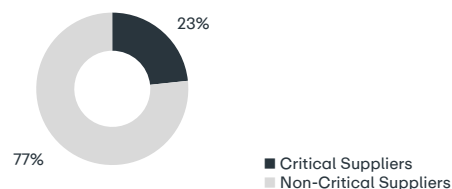
In terms of expenditure distribution, in 2025 we allocated €8,324 M to critical suppliers and €4,014 M million to local suppliers. Supporting local sourcing is an integral part of our purchasing strategy, combining business efficiency with sustainability considerations. In 2025, we allocated 45% of our total expenditure to suppliers located in countries where we operate production plants. This approach contributes to regional economic development, helps reduce environmental impacts associated with transportation, and strengthens long-term commercial relationships within our operating ecosystems.

Expenditure on suppliers by country (%)

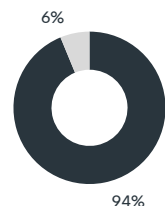


*Expenditure by country does not cover Aurobay Technologies division, Sweden, since disclosure is not available

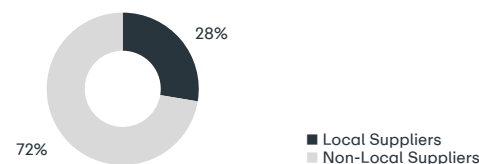
Critical supplier distribution



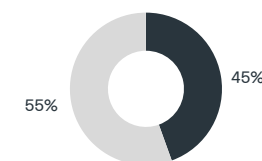
Critical supplier expenditure



Local supplier distribution



Local supplier expenditure



¹² Suppliers based in the same country as the plant they provide the products/materials.

ESG within the Supplier Approval Process

Our supplier approvals are driven by a panel, which takes a strategic view on whether a supplier is approved to serve a given product family globally or within a defined region.

This decision is made through a multi-stakeholder process in which engineering, procurement, compliance, supply chain, quality and ESG functions assess whether a supplier is aligned with our strategy, needs and opportunities for a specific product family.

From an ESG perspective, during 2025 a supplier must have met a series of requirements to be approved:

- Acceptance of the ESG standards
- Achievement of a specific score in the ESG assessment
- Additionally, based on the ESG assessment result the supplier must develop an action plan to ensure compliance with the company's sustainability standards

ESG STANDARDS FOR SUPPLIERS OF GOOD & SERVICES AND PARTNERS

Our ESG Standards for Partners approved in 2025, define the ethical, social and environmental expectations that apply to third parties across the value chain and support the consistent application of our sustainability principles beyond our own operations.

The ESG Standards for Partners establish the minimum requirements that suppliers, contractors, service providers and other business partners are expected to meet when working with Horse Powertrain, regardless of the country or territory in which partners operate, and are designed to be observed throughout the partner's own supply chain.

They aim to identify, mitigate and prevent potential negative environmental and social impacts associated with sourcing, manufacturing and service provision, while promoting continuous improvement and collaboration.

Through these standards, we expect partners to implement appropriate management systems, allocate resources to ensure compliance, and cascade ESG requirements within their own operations and upstream supply chains.

The standards also promote access to grievance and whistleblowing mechanisms, enabling concerns to be raised confidentially and without retaliation.



Ethics and compliance

Partners are expected to act with integrity, comply with applicable laws and regulations, and uphold high ethical standards. This includes zero tolerance for corruption and bribery, compliance with competition, trade, sanctions and anti-money laundering requirements, and the prevention of conflicts of interest.



People and human rights

Partners are expected to respect internationally recognized human and labor rights and to provide safe, fair and dignified working conditions. This includes the prohibition of child and forced labor, respect for freedom of association, non-discrimination, occupational health and safety, and the protection of vulnerable groups and local communities.



Environmental responsibility

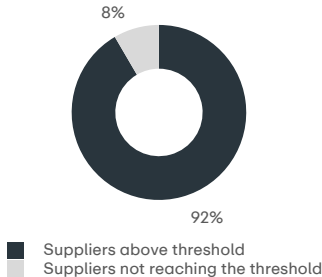
Partners are expected to manage environmental impacts responsibly, including compliance with environmental laws, reduction of greenhouse gas emissions, efficient use of resources, waste and chemical management, biodiversity protection and the promotion of circular economy principles.

ESG ASSESSMENT

In 2025, we assessed the ESG performance of our suppliers through evaluation processes implemented at divisional level. Each division applied its own ESG questionnaire and scoring methodology (SAQ or EcoVadis), reflecting the specific characteristics of its supply base. As a result, ESG assessments were conducted using different tools and thresholds across the company.

These assessments serve as the baseline ESG qualification criteria for suppliers operating outside high-risk classifications. The data reported below reflects the aggregated outcome of these assessments, providing a consolidated view of supplier ESG performance.

Percentage of suppliers evaluated



During the year, a total of 392 suppliers were evaluated through ESG questionnaires. Of these, 359 suppliers successfully met or exceeded the applicable ESG thresholds, while 33 suppliers did not reach the required minimum score. These results reflect the overall effectiveness of our supplier ESG screening process, despite the use of different assessment frameworks.

Where suppliers did not achieve the required ESG threshold, corrective measures were initiated depending on the nature of the risk and the business relationship. These measures included engagement with suppliers to improve ESG performance, the definition of corrective action plans, restrictions on nomination for new business, and, where relevant, the launch of targeted audits. In specific cases, human rights audits were carried out by external firms, based on internationally recognized standards, to address identified risks and ensure appropriate follow-up.

In 2025, we further reinforced this approach through our supplier ESG audit activity. During the year, we audited 100 suppliers in specific ESG terms, identifying a total of 66 non-conformities. These results helped us strengthen supplier oversight, improve visibility over ESG-related risks, and define corrective actions where improvements were required. Through this process, we continued to enhance the consistency and effectiveness of our supplier approval and monitoring framework.

IMPROVED ESG APPROVAL PROCESS

To strengthen ESG approval of suppliers in 2025, work began to develop an ESG Risk Identification and Management Guideline that spans from the sourcing phase through supplier qualification and selection to delivery.

This enhanced process, which will begin to be implemented in 2026, adds other criteria that determine ESG risk to the acceptance of ESG standards and the minimum score in the ESG assessment:

- Geographic risk exposure
- The type of products or services supplied
- Ownership and corporate structure
- Relevant external ESG indicators.

From the perspective of procurement governance this guideline will support:

- Creation of a common and comprehensive list of direct materials suppliers
- Classification and tracking of suppliers under common guidelines
- Integration of ESG risk management into global SRM
- Expansion of common panel activities, including ESG, to cover more than 50% of turnover.

This approach ensures that ESG considerations are fully integrated into supplier selection decisions, aligned with our sustainability commitments, and consistently applied across divisions.

Critical raw materials

In 2025, we continued to strengthen our approach to the responsible sourcing of critical raw materials, with a particular focus on human rights risks in higher-risk supply chains.

While the overall direction is common across Horse Powertrain, the scope and maturity of implementation vary depending on product portfolio, sourcing exposure and regulatory relevance across our operations.

Our approach to critical raw materials forms part of our broader responsible procurement and supply chain due diligence framework. It is intended to improve visibility over material-related risks, strengthen traceability where needed, and support more consistent management of sourcing practices linked to human rights, environmental impacts and regulatory compliance.

FOCUS AREAS

Our current focus includes 3TG minerals – tin, tantalum, tungsten and gold – across relevant supply chains, given their presence in multiple industrial applications and their historical association with conflict-affected and high-risk areas.

We also monitor other critical or strategic materials, such as cobalt, platinum group metals and rare earth elements, where these are relevant to the product portfolio or procurement scope.

Through this combination of common standards and risk-based implementation, we continue to strengthen our approach to critical raw materials management across Horse Powertrain.

OUR MANAGEMENT FRAMEWORK

Our current framework is built around three complementary elements:



First, we apply common supplier requirements through our ESG Standards for Suppliers and Partners, which establish expectations on responsible sourcing, human rights, environmental due diligence and compliance practices across the value chain.



Second, we are implementing risk-based due diligence tools that are applied according to the relevance of materials and supply chain exposure. These tools include supplier questionnaires, traceability templates, declarations of non-applicability, and follow-up processes designed to improve transparency and support corrective action where needed.



Third, we maintain ongoing regulatory monitoring and adaptation in relation to critical raw materials and related supply chain requirements. This includes developments linked to conflict minerals, strategic raw materials and deforestation-related regulations where applicable, allowing us to progressively strengthen our internal processes and supplier expectations.

Human rights

Respect for human rights is a core commitment for Horse Powertrain and a central pillar of our ESG approach. As a global company, we recognize our responsibility to act in accordance with the United Nations Guiding Principles on Business and Human Rights, which state that companies must respect, prevent, mitigate and remedy any negative impacts they may have on people.

This commitment is also grounded in widely recognized international frameworks, such as the Universal Declaration of Human Rights, the ILO Core Conventions, the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the Sustainability Due Diligence Directive.

In 2025, there were no complaints or sanctions related to human rights violations.

HUMAN RIGHTS PRINCIPLES

In 2025, we strengthened our commitment to respecting and promoting internationally recognized human rights, applying this commitment both to our operations and to our commercial relations.

Our Human Rights principles apply to all employees, management teams, subsidiaries, and governing bodies, and extend to business partners and suppliers through ESG standards.

The main human rights topics covered are:

- **Working conditions:** We prohibit child labor, forced labor, and human trafficking. We promote safe and healthy working conditions and preventive training.
- **Equality and non-discrimination:** We promote equal opportunity and non-discrimination in all employment practices.
- **Freedom of association and collective bargaining:** We respect freedom of association and collective bargaining, as well as fair wages, reasonable working hours, and work-life balance.
- **Local and Indigenous communities:** We protect access to essential services (water, housing, health, education) and pay special attention to the rights of Indigenous peoples, particularly regarding land acquisitions.

- **Customers and end users:** We ensure that our products and services meet the highest health and safety standards throughout their lifecycle, incorporating a preventive approach to risk.
- **Healthy environment:** We recognize the link between environmental integrity and human rights, and we work to reduce pollution, manage waste responsibly, and protect habitats.

In 2026, we will formalize the commitments already made by our business divisions into a single, unified human rights policy

HUMAN RIGHTS DUE DILIGENCE

From 2025 and into 2026, we are focusing on the implementation of a comprehensive, risk-based, and continuous due diligence process that covers 100% of our facilities and regions. In 2025, we completed due diligence in Europe and Latin America, including the following steps:

- Review of legislation and standards, analyst reports, civil society complaints, and industry benchmarks.
- Interviews with corporate functions and plant management, as well as a document review of policies, systems, and evidence.

- Development of a risk map across the value chain (upstream, own operations and downstream), identifying rights holders and the nature of our involvement, and assessing impacts according to criteria of severity and likelihood.
- Effective governance structure ensuring human rights oversight has been organized according to a three-pillar model, which ensures clear accountability at all levels.
- Identification opportunities for improvement to strengthen the prevention, mitigation and remediation of potential negative impacts on human rights.
- Developing an action plan to address the identified gaps.

Throughout 2026 we will expand the human rights due diligence in our operations in China.

Cybersecurity

Cybersecurity remains a strategic priority for us, supporting business continuity, operational resilience, and stakeholder trust. Since 2025, we have been designing the building blocks for a common information security governance model, reinforcing common policies and controls across business units, and promoting a security-by-design culture through structured awareness initiatives and continuous improvement programs.

STRENGTHENING AND ALIGNING INFORMATION SECURITY GOVERNANCE

We intensified our efforts to further align information security governance across our divisions and operating entities. Through this alignment, we aim to ensure consistent decision-making, clearer accountability, and comparable levels of risk management throughout the organization, while respecting local regulatory requirements and operational realities.

Key actions included:

- Harmonization of governance practices and reporting lines to ensure consistent oversight and escalation paths across the company
- Consolidation of risk-based security priorities to better support strategic objectives and operational needs
- Increased coordination across divisions to promote shared standards, reusable controls and effective risk mitigation.

GLOBAL INFORMATION SECURITY POLICY FRAMEWORK

We maintain a Global Information Security Policy that sets the baseline requirements for protecting information assets, systems, and services. This policy framework establishes core principles, responsibilities, and minimum controls applicable across the organization, forming the foundation for divisional and local procedures.

The policy framework is designed to:

- Promote confidentiality, integrity and availability of information
- Enable consistent security requirements across the company
- Provide clear guidance for the implementation of technical, organizational and procedural controls.

INFORMATION SECURITY COMMITTEES AND OVERSIGHT STRUCTURE

To support effective governance and oversight, we operate a structured set of information security committees. These committees serve as a formal mechanism to coordinate security strategy, review key risks, monitor progress against objectives, and drive cross-entity consistency.

The committee structure supports:

- Strategic direction and prioritization of security initiatives
- Monitoring of key cybersecurity risks and material incidents (where applicable)
- Alignment of divisional roadmaps with our global policies and standards
- Escalation and decision-making for risk acceptance and remediation plans.



COMMON INFORMATION CLASSIFICATION STANDARDS

We have implemented common information classification policies to ensure that information is consistently handled and protected according to its sensitivity and criticality. This approach enables coherent safeguards across the information lifecycle, including creation, storage, processing, sharing and disposal.

The common classification framework:

- Defines classification levels and handling rules
- Establishes expectations for labeling, access control and secure sharing
- Supports consistent protection requirements across business units and third parties where relevant.

RESILIENCE AND CYBERSECURITY INITIATIVES

In line with our commitment to operational resilience, during 2025 we undertook multiple initiatives to strengthen preparedness, detection, response, and recovery capabilities. These initiatives are oriented toward enhancing resilience against evolving cyber threats and minimizing potential business impact.

Typical areas of focus included:

- Improvements to security monitoring and incident response capabilities
- Reinforcement of business continuity and disaster recovery practices for critical services
- Strengthening of identity and access management practices and privileged access controls
- Ongoing vulnerability management and remediation governance
- Increased focus on third-party and supply chain risk management (where relevant).

SECURITY AWARENESS AND USER TRAINING

Recognizing that cybersecurity is a shared responsibility, we continued investing in security awareness and training initiatives for employees and relevant contractors. Our goal is to strengthen the security culture, reduce human-related risk, and embed safe behaviors into daily operations.

The awareness program, our Cyber Academy, includes:

- Periodic training on cybersecurity fundamentals and acceptable use
- Targeted communications on emerging threats (e.g. phishing, social engineering)
- Role-based training for teams with elevated risk exposure or privileged access
- Campaigns and exercises designed to reinforce practical behaviors and accountability.

PROGRESS ON CERTIFICATIONS AND DIVISIONAL COMPLIANCE EFFORTS

We continued advancing our security maturity through certifications and assurance activities, aligned with business needs and applicable regulatory expectations. These initiatives help demonstrate robust security management practices and support continuous improvement through independent validation.

Depending on divisional scope and requirements, these efforts may include:

- Progress toward internationally recognized standards (e.g. ISO/IEC 27001) and/or sector-specific frameworks (TISAX and ISO 21434)
- Internal and external audits to assess control effectiveness and compliance readiness
- Remediation plans and maturity roadmaps aligned with risk assessments and business priorities.

Data protection policy

We have identified data protection as a key priority, and made significant progress in 2025 toward a compliance program that meets the needs of the business and our customers. We integrate processes and controls in daily operations, assuring that personal data are adequately protected in accordance with the applicable regulatory requirements.

We also see data protection as a pillar that is supported by a corporate framework of information security and cybersecurity (information classification, access control, cryptography and secure management of third parties, among others), reinforcing prevention and continuous improvement.

Over the last year, we have updated or implemented the following measures, processes and procedures:

Update of records of processing activities (ROPA)	Implementation of a new technological solution for Human Resources	Performance of a cookies and privacy notice audit of the website
Drafting/update of global data-processing agreement with third parties	Data protection compliance audit in relevant Horse Powertrain entities	Reinforcing the privacy by design and by default approach, including impact assessments when applicable
Update and enhancement of mandatory data protection training	Governance: Data Protection Officer (DPO) and internal coordination	Corporate communication and whistleblowing channels

We are working to consolidate a privacy by design and default approach, so that the key processes that handle personal data consider data protection risks from the outset and, where necessary, incorporate specific assessments for new processing activities.

Our website provides clear and transparent information about the processing of personal data, user rights and the use of cookies. Regular reviews are also carried out ensure that privacy notices and preference management mechanisms remain aligned with the applicable requirements.

In terms of governance, the Data Protection Officer (DPO) is integrated in the Compliance Team and supported locally by legal teams and by specialized firms, ensuring compliance with corporate policies and local legal requirements. In addition, a dedicated DPO contact channel is available to enable data subjects to exercise their rights in a structured and timely manner, in line with applicable data protection regulations.

To date, we have not suffered any material breach of security that has resulted in the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, any personal data. Furthermore, we have not to date had any claims, complaints, correspondence or other material communication from a data subject or any other person claiming a right to compensation or alleging a breach of any applicable data protection laws. We can also confirm that Horse Powertrain does not have any data subject rights requests (such as access requests) that are currently the subject of any complaints. In addition, as part of our comprehensive approach to compliance, Horse Powertrain has corporate communication and reporting channels (including the whistleblowing channel and avenues for reporting incidents), which are described in detail in the next section.

06

ETHICS AND COMPLIANCE

- Policy framework
- Compliance
- Internal control
- Tax strategy
- Risk management



Ethics and Compliance

At Horse Powertrain, ethics and good governance are not just formal principles – they form the foundation upon which we build our identity, our credibility and the sustainability of our business.

As a technology company operating in a highly competitive and constantly evolving environment, acting with integrity is essential to ensuring that our growth is responsible, transparent and aligned with the expectations of our stakeholders.

Ethics guides every decision we make, from product development to our relationships with customers, suppliers and partners.

Good governance reduces risks, prevents practices that could compromise the company's reputation, and fosters a work environment where responsibility and accountability are the norm. Furthermore, it facilitates informed decision-making that is consistent with our corporate values.

AUDIT AND COMPLIANCE COMMITTEE

We reinforce our approach to ethics and compliance with a model of oversight and support at the highest level of governance. Within this framework, the Audit and Compliance Committee, established by the Board of Directors, assists the Board in fulfilling its responsibilities and to act in an advisory capacity. Its purpose is to ensure that the organization operates ethically and responsibly, and in accordance with legislation and internal standards, by promoting the development and implementation of policies and procedures that support this commitment.

The committee is composed of three members nominated by the Board based on the designation of each shareholder. In the reporting process, the Chief Legal and Compliance Officer leads the reporting to the committee, as well as the implementation of its decisions. The committee meets four times a year, with extra meetings if requested, and submits an annual report to the Board. In addition, the committee may invite, when necessary, members of the Horse Powertrain management team, as well as any other employee whose participation is deemed relevant.

The committee's responsibilities include:

- Disclosure of conflicts of interest
- Oversight of the independent auditor
- Independence and quality assessment of the independent auditor
- Financial statements and presentations
- Financial reporting and integrity
- Internal audit and staffing
- Audit independence and assurance
- Oversight of risk management
- Compliance and investigations, including the application of the Business Ethics Code.

Key milestones in 2025

In 2025, the Global Compliance Team drove significant progress in consolidating the corporate compliance framework:

- Approval of new global compliance policies and the Business Ethics Code

- Deployment of internal reporting channels on the corporate website
- Deployment of global internal processes across various compliance areas, with a particular focus on internal reporting investigations, due diligence on counterparties, and contractual risk mitigation clauses
- Global fulfillment of the Audit and Compliance Committee's responsibilities.

Key priorities for 2026

Looking ahead to 2026, we will focus on consolidating and scaling our global compliance system with three key priorities, all of which are centrally managed:

- Advancing the consolidation of the various internal reporting channels across Horse Powertrain divisions into a single platform.
- Expanding the reach of the Know Your Counterparty Process due diligence tool from the Aurobay Technologies division to a global scope.
- Addressing the consolidation of our compliance training program, updating the divisional training programs inherited from Renault and Volvo to converge on a common approach.

Policy framework

Our policy framework forms the foundation of how we translate our sustainability ambition into clear expectations, consistent standards, and accountable decision-making. This policy framework supports the implementation of our ESG strategy and ensures that environmental, social, and governance considerations are embedded across the organization.

The policy framework described in this section reflects an important step in building a consolidated and company-wide approach to governance, compliance and sustainability. These documents provide guidance on responsible conduct, risk management and regulatory compliance, while supporting progress toward our long-term objectives.

During 2025, and continuing into early 2026, we significantly strengthened our policy framework through the approval of a set of common policies, codes, standards, protocols and frameworks. This effort was designed to create a coherent and robust foundation that supports consistent implementation across divisions and reinforces accountability at all levels of the organization.

GOVERNANCE AND POLICY APPROVAL PROCESS

Our policy framework is developed and maintained through a coordinated governance process designed

to ensure consistency, relevance, and effective implementation. Documents are prepared and reviewed collaboratively by the ESG and Legal functions, together with other relevant departments depending on the subject matter.

Final approval of these documents is granted by the CEO, ensuring that the framework is aligned with the company's strategic priorities, risk profile, and regulatory obligations. This approval process supports clear accountability while enabling efficient decision-making.

As a general principle, they are reviewed annually, unless a specific policy establishes a different review cycle. Policies may also be updated outside the regular review cycle to reflect regulatory changes, emerging risks, or significant developments in the business environment.

Once approved, these documents are communicated internally through established channels and form part of the reference framework guiding day-to-day operations and decision-making across Horse Powertrain.

Policies, codes, standards and protocols approved during 2025:

- Anti-bribery and Corruption Policy
- Antitrust Policy
- Code of Business Ethics
- Competition Law Policy
- Confidentiality Policy
- Conflict of Interest Policy
- Cookie Policy
- Data Protection Policy
- Donations and Sponsorship Standard
- ESG Standards For Suppliers of Goods & Services and Partners
- Intellectual Property Policy
- Internal Reporting Policy
- Privacy Notice
- Protection of Company Assets Policy
- Tax Policy
- Trade Regulatory Compliance Standard
- Whistleblowing Protocol

Policies and frameworks to be approved in Q1 2026

- Corporate Governance Policy
- Cyber Policy
- Environmental Policy
- Equality Policy
- ESG Policy
- Health and Safety Framework
- Quality Policy
- Anti-money Laundering and Counter-terrorist Financing Policy
- Information Security Policy

Code of Business Ethics and policies

Beyond legal compliance, integrity is part of our identity and culture. Accordingly, in 2025 we developed and approved a Code of Business Ethics that sets out the principles of individual and collective behavior across the company.

The code, adopted at company level, is preceded by a statement from our CEO emphasizing the company's commitment to ethical conduct, transparency and responsibility in all business activities. The code establishes the ethical standards that guide how we work and how we engage with employees, partners and other stakeholders.

THE CODE'S OBJECTIVES ARE:

- To establish basic guidelines for conduct
- To define mandatory ethical rules – these rules should govern the work and professional behavior of the persons subject to the Code of Business Ethics
- To serve as a reference for stakeholders connected to Horse Powertrain, including employees, suppliers, customers, shareholders and partners.

WHO DOES THIS CODE APPLY TO?

- Members of the Board of Directors and executives, who have a special responsibility to lead by example.
- All individuals working for Horse Powertrain: employees, apprentices and temporary workers.
- Stakeholders that interact directly or indirectly with the company.

OUR PRINCIPLES:



ETHICAL BEHAVIOR

Horse Powertrain has zero tolerance of any kind of corruption and bribery.

The company condemns any unethical behavior involving conflicts of interest, bribery, improper gifts or undue influence.



TRANSPARENCY

Horse Powertrain undertakes to always provide precise information.

Communications must be objective, specific and clear, and avoid misleading statements, unqualified opinions or speculation.



HUMAN AND LABOR RIGHTS

Horse Powertrain respects all human rights recognized in international frameworks:

- Eradication of child labor, forced labor, human trafficking and modern slavery
- Respect for the rights of communities, especially vulnerable groups
- Rights of immigrant workers
- Fair working conditions in terms of wages, benefits, working hours and vacations.
- Fair hiring and promotion processes
- Equality, non-discrimination and respect for diversity.



SUSTAINABLE DEVELOPMENT

Horse Powertrain upholds high ESG standards to ensure adequate risk management across its value chain.

The company is committed to environmental protection, responsible resource use, support for surrounding communities and compliance with ethical and governance standards.

In summary, the principles described in the code encompass the following topics:

- Transparency
- Respect for human rights
- Health and safety
- Non-discrimination and anti-harassment
- Environmental awareness
- Compliance with laws and regulations (in particular, anti-monopoly, anti-bribery and money laundering, export control, economic sanctions)
- Confidentiality
- Conflict of interests
- Data privacy
- Gifts and hospitality.

The Code of Business Ethics was approved at Horse Powertrain level in 2025 and applies across all company operations. During 2025, training and awareness initiatives were implemented to support understanding and effective application of the code.

WHISTLEBLOWING CHANNEL

We are committed to conducting business activities ethically, and we encourage employees and stakeholders to raise concerns or report suspected violations of the Business Code of Ethics.

We have established dedicated global reporting channels via an external company available to employees and external stakeholders, ensuring protection against retaliation, enabling confidential and, where permitted by law, anonymous reporting of concerns related to unethical behavior, breaches of the Code of Business Ethics, any policies or violations of applicable laws.

Concerns may also be reported through traditional channels, including the Legal and Compliance function, compliance network, Human Resources function, and direct managers.

Reports are received and assessed by appointed and authorized personnel within the Compliance team in accordance with a decided governance process to determine whether they are admissible and require further investigation. Where investigations confirm misconduct, appropriate corrective measures and disciplinary actions may be taken, in accordance with applicable procedures.

In 2025, 19 reports were received through the reporting channel.

Compliance

Compliance and internal control help ensure sustainable growth and responsible business operations.

- Compliance: Ensures adherence to applicable laws and internal policies, protecting assets and reinforcing our credibility as a technology company.
- Internal control: Supports the integrity of our operations by ensuring reliable decision-making, proper resource management, and transparent processes.

COMPLIANCE PROGRAM

Our compliance program is designed to establish a robust and efficient corporate compliance system that facilitates operational compliance management and reinforces a culture of integrity across the company. This work is geared towards ensuring compliance with applicable regulations and the adoption of best practices, with a specific focus on criminal regulations and the prevention of corruption and bribery. We based our global compliance program on the key elements of our shareholders' compliance work, policies and systems, mandatory laws and regulations in all jurisdiction where we are established and international standards and best practices, including the UNE 19601 standard.

We had previously taken our first steps to strengthen the prevention framework. We did this by mapping criminal risks and promoting divisional policies and guidelines in key areas, such as gifts and invitations, conflicts of interest, and donations and sponsorships, while also paying attention to risks such as fraud, competition, privacy and data protection, as well as export controls.



Building on this foundation, in 2025 we made significant progress in the structural elements and consolidation of the compliance program, with the approval and publication of globally applicable corporate policies at Horse Powertrain and the development of the Crime Prevention Model, defining its global framework and validating the risk and control matrix for the company. This progress is supported by global supervisory governance and coordinated operational deployment by the global compliance team.

Thanks to these implemented controls, no sanctions were issued during fiscal year 2025 related to compliance, corruption, bribery, money laundering, the environment, conflicts of interest, competition, or human rights. Therefore, no monetary losses were incurred in connection with these areas.

Design and implementation of our compliance program

The compliance program is structured in interrelated stages to ensure complete and effective implementation. The initial scope of the program was for Horse Powertrain in Spain, and in 2026 the program will be rolled out across different regions and its integration into support tools.

- Environmental analysis and internal diagnosis: As a first step in the program, we conducted an analysis of Horse Powertrain's context in Spain and the conditions under which it operates.
- Identification of compliance requirements: For Horse Powertrain in Spain, we based our identification on the Spanish Criminal Code, Circular 1/2016 from the Public Prosecutor's Office, and the best practices for criminal compliance outlined in UNE 19601.
- System design and formalization: We are designing the system to meet our specific needs, including the development of a criminal risk map and the identification and proposal of mitigation controls, in addition to the necessary documentation to formalize the model.
- Implementation and ongoing operation: We are supporting the compliance system implementation with technical assistance to ensure the correct execution and continuity of the system, including coordinating follow-up sessions and workshops, as well as training on model elements, roles and responsibilities, and compliance trends.

Governance and responsibilities

Compliance oversight is structured at two complementary levels:

- Audit and Compliance Committee: This is the global corporate body at Horse Powertrain that oversees compliance matters. It is a committee nominated by the Board of Directors and meets quarterly, in line with Board meetings.
- Finance Department: Its internal control teams are responsible for overseeing the internal controls of the compliance program.

The Compliance team operates globally, and there are no local compliance teams.

Mitigation measures are designed to cover both global and local risks. Initiatives are developed globally, and when local regulations deviate from global processes, the company works with the support of local legal personnel to ensure regulatory compliance.

Training and awareness

Training is a key lever for ensuring awareness and understanding of compliance obligations. We have defined a transitional approach and a gradual expansion of our training.

We continue to maintain our existing in-house training programs, such as the Code of Business Ethics, and continuously monitoring their completion rates. At the same time, we are integrating training content from legacy systems into Horse Powertrain.

All training will be translated into relevant languages and available on the global portal, providing a more consistent training program for all employees, and aligned with our compliance framework.



Internal control system

Using a risk-based approach, Horse Powertrain has established an internal control system as a key element of our second line of defense. This system is designed to ensure the reliability of financial reporting, enhance operational efficiency, and ensure compliance with external and internal requirements.

We annually review the results of the enterprise risk assessment, financial performance, and risks identified by senior managers in each division, incorporating these elements into the annual internal control plan. The scope of our internal control system covers strategic, operational, financial and compliance-related risks.

We apply different risk monitoring mechanisms depending on the level of maturity, complexity and risk profile of each entity. These mechanisms include periodic self-assessment campaigns, key indicator monitoring programs, and risk-based process and control reviews. Each of these approaches provides a complementary level of assurance and enables effective identification of, and response to risks across the organization.

We are actively working toward greater alignment and harmonization of these monitoring activities across all entities. Our objective is to progressively implement a consistent and integrated internal control and risk monitoring framework throughout the company, ensuring comparable levels of control maturity, enhanced risk visibility, and a common governance approach, while allowing sufficient flexibility to reflect local specificities.

All improvement opportunities and control enhancements identified through the different risk monitoring activities are systematically monitored by the governance, risk, internal control, and compliance functions to ensure timely and effective implementation. Through the continuous identification of control deficiencies and the consistent follow-up and closure of action plans, we continuously enhance our internal control environment and ultimately add sustainable value to the organization.

Tax strategy

In 2025, we formally adopted and implemented a global tax policy for the entire company. The policy defines our strategy for the administration of and compliance with our tax obligations, including the tax principles that govern all our activities. Tax administration encompasses both accurate and timely filing of tax returns and payment of tax obligations.

This policy is backed by the CEO and the Board of Directors of Horse Powertrain Ltd, and is aligned with our commercial and financial strategies, and with the values and principles established in our Code of Business Ethics and other internal policies. Oversight of the tax policy is the responsibility of the CFO of Horse Powertrain, who delegates its implementation to the global tax function.

Several international bodies (including the OECD, and trade associations) and tax authorities (UK, Australia, Spain, etc.) provide best practices and recommendations on developing and implementing tax control frameworks and tax strategies and policies. These best practices have been assessed and taken into account in preparing our tax policy.

The policy is reviewed annually to guarantee its effectiveness to adapt to best practice, market trends, the expectations of stakeholders – such as institutional investors – and extended regulatory frameworks, including those related to sustainability. The policy will also be updated in the event of regulatory changes or when other relevant circumstances occur.

The policy applies to all entities that form Horse Powertrain, including those over which Horse Powertrain has effective control and covers all tax obligations in the jurisdictions where we operate. If local entities develop their own tax policies, these must be aligned and consistent with the global tax policy.

During 2025, we reinforced the implementation of this policy in all our geographies, ensuring consistent application throughout the company and consolidating a responsible and consistent tax approach at global level.

We act proactively, responsibly and efficiently, with integrity, honesty and transparency at all times. This commitment is reflected in our approach to tax administration and reinforces our reputation as a sound, credible and reliable organization for all our stakeholders



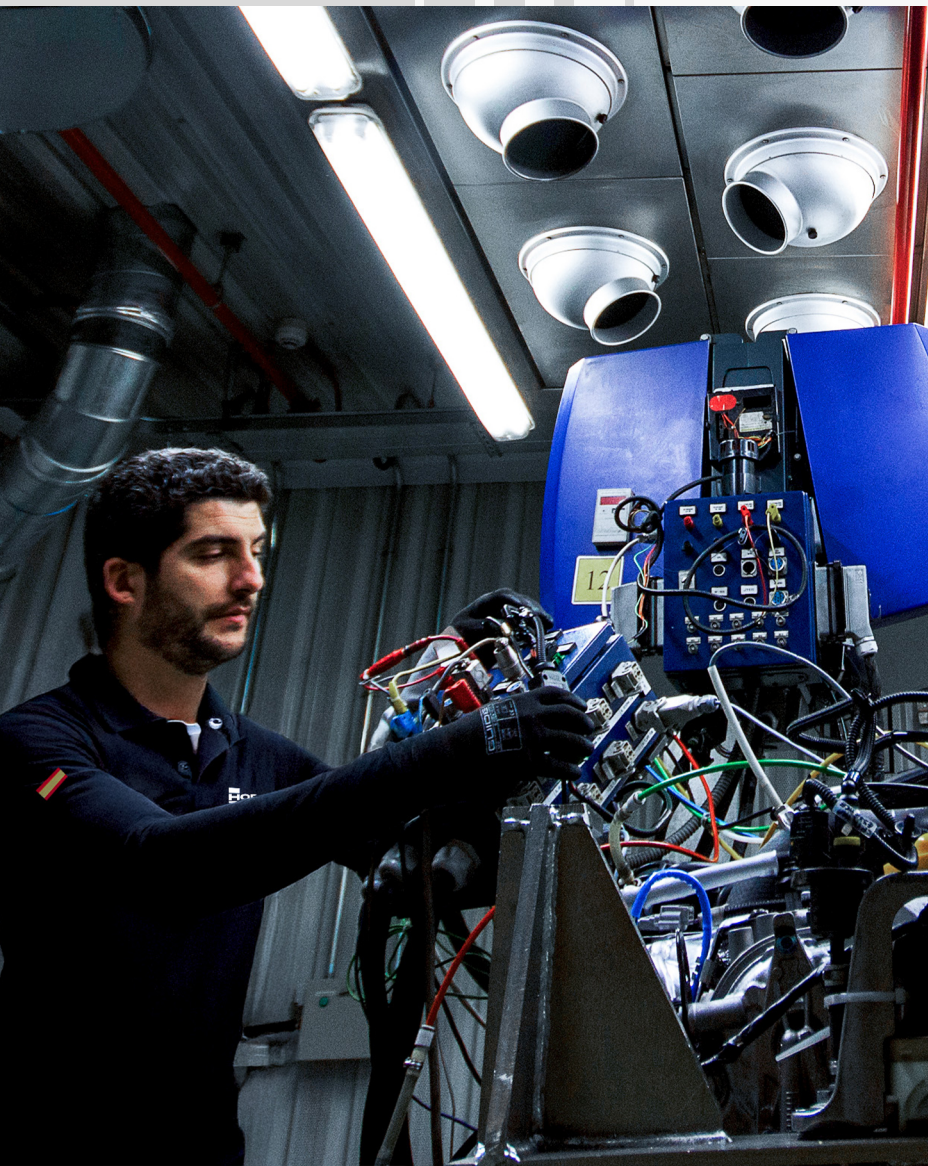
TAX PRINCIPLES OF HORSE POWERTRAIN

The following principles guide our tax conduct and must be observed in all the activities in which we are involved:

- Tax compliance and tax planning
 - We are committed to complying with both the spirit and the letter of local and international tax laws and regulations in the countries where we operate.
 - We pay the right amount of taxes at the right time, according to the value created in the normal course of our commercial activities.
 - Our transactions are based on genuine commercial and economic activities. Accordingly, we do not use artificial structures to evade taxes and we do not carry out aggressive tax planning.
 - We benefit from lawful tax incentives and deductions, always in line with the applicable legislation and in a transparent manner.
 - We apply the arm's-length principle in accordance with OECD transfer pricing guidelines, ensuring results that are aligned with international standards and best practice.
- All related-party transactions are carried out in accordance with the arm's-length principle and comply with the applicable transfer pricing regulations.
- We manage our intangible assets in a responsible manner, avoiding the use or generation of such assets exclusively for tax purposes.
- Tax risks and governance
 - We adopt a conservative approach to tax risk, with the Board of Directors responsible for establishing the tax strategy. Daily management of tax risk lies with the Global Head of Tax, supported by our tax and financial teams.
 - We have a formalized governance framework for managing tax risk and assuring compliance with tax requirements.
 - We implement a sound internal control and risk management system to identify, assess and handle tax risks. The roles, approval levels and lines of communication are clearly defined.
 - We strictly observe the tax governance frameworks required by the jurisdictions where we operate, such as the policy of zero tolerance of tax evasion and the facilitation thereof.
- The tax teams report to the Board of Directors at least annually on tax compliance, risks, policies and adherence to the tax strategy.
- The members of our tax and financial teams have the necessary knowledge and skills, and have the support of external tax experts when necessary.
- We operate an anonymous Whistleblowing Channel so that employees can confidentially report any conduct that breaches our internal regulations or ruling law, including in respect of tax matters.
- Relationship with the tax authorities
 - We build open and transparent relationships with the tax authorities, promoting a proactive and constructive dialogue that makes it possible to resolve issues in a timely manner.
 - We file our tax returns and make payments accurately and on time.
 - We commit to making relevant representations and disclosures to the tax authorities on time and in the proper form whenever significant issues arise.
- When appropriate, we seek clarifications or rulings from the tax authorities on important transactions or legal interpretations.
- Relationship with stakeholders
 - We provide regular information on our tax compliance approach to our stakeholders, including investors, policymakers, employees, civil society and the public in general.
 - We promote a constructive debate with stakeholders to foster responsible tax practices. We support initiatives to strengthen the capabilities of tax authorities when so requested.

Total Income Taxes (million euros)

	2025
Taxes accrued	€102
Taxes paid	€105



Risk management

Effective risk management is essential to safeguarding our long-term resilience and competitiveness. As a company operating in a dynamic and highly demanding global market, we recognize that understanding, anticipating and addressing risk is fundamental to sound governance and sustainable value creation.

To support this commitment, Horse Powertrain applies the Committee of Sponsoring Organizations (COSO) Enterprise Risk Management (ERM) framework as the foundation of its ERM approach. This framework provides a comprehensive and structured methodology for identifying, assessing and managing risks that could affect our strategic objectives, business operations, or compliance obligations. The ERM exercise is conducted annually across all business functions and is complemented by a more granular review of Horse Technologies and Aurobay Technologies division, Sweden, ensuring that both

enterprise-wide and operational risks are thoroughly assessed.

The Audit and Compliance Committee plays a key oversight role within this system. The committee regularly reviews the company's risk profile, monitors the effectiveness of mitigation measures, and helps ensure that the ERM process remains aligned with best practices in governance and internal control. Through close coordination with management, the committee also supports transparency, accountability, and a strong culture of risk awareness across the organization.

Through this structured and integrated approach to risk management, we strengthen our ability to anticipate challenges, protect value and operate with confidence in a rapidly evolving automotive landscape.

07

APPENDICES

- About this report
- GRI content index
- SASB content index



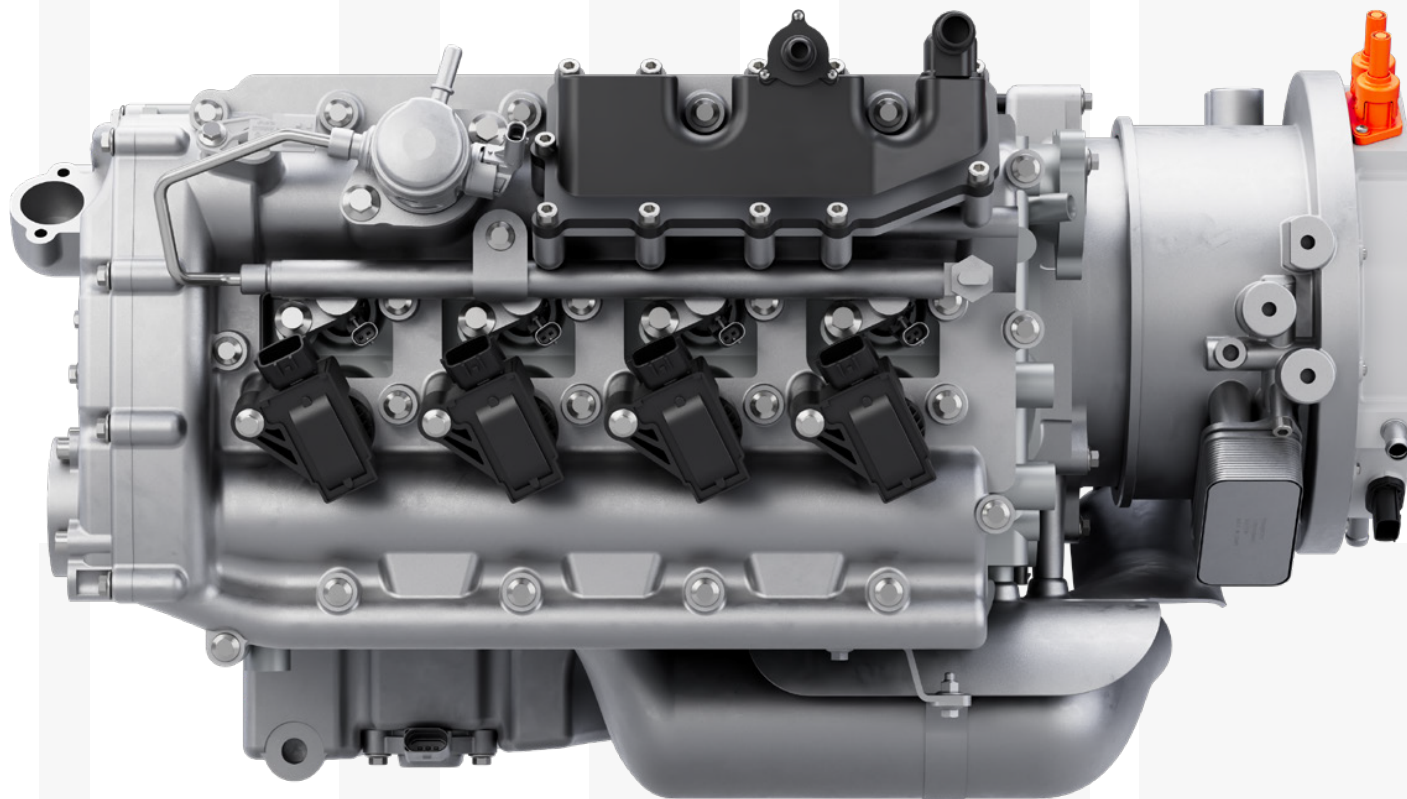
About this report

This is Horse Powertrain Ltd's first voluntary annual and sustainability report. It has been prepared to provide a consolidated view of the company's value proposition, financial performance and ESG performance and progress for the year ended 31 December 2025.

In preparing this report, we have used the Global Reporting Initiative (GRI) Standards as a reference framework to support the structure and selection of disclosures. However, this report has not been prepared as a formal report in accordance with the GRI Standards.

This report is issued on an annual basis and covers the period from 1 January 2025 to 31 December 2025.

Unless otherwise indicated, the scope of this report includes the entities covered by the consolidation principles applied in Horse Powertrain Ltd's financial reporting.



GRI content index

GRI Standard	Disclosure	Location in the report	Page
2-1	Organizational details	About Horse Powertrain	5
		Our Solutions	6
		Global presence	9
		About this report	116
2-2	Entities included in the organization's sustainability reporting	About this report	116
2-3	Reporting period, frequency and contact point	About this report	116
2-5	External assurance	Audit report	123
2-6	Activities, value chain and other business relationships	Our solutions	6
2-7	Employees	Horse Employees	71
2-9	Governance structure and composition	Corporate Governance Framework	17
		Board of directors	18
		EMT	19
2-10	Nomination and selection for the highest governing body	Board of directors	18
2-11	Chairman of the highest governing body	Board of directors	18
2-23	Policy commitments	Policy Framework	106
		Code of Business Ethics	107
		Human Rights	100
2-28	Membership associations	Association and Sponsorship	91
2-30	Collective bargaining agreements	Social Dialogue	78
GRI Standard	Disclosure	Location in the report	Page
3-1	Process to determine material topics	Double Materiality Assessment	33
3-2	List of material topics	Double Materiality Assessment	33

GRI Standard	Disclosure	Location in the report	Page
201: Economic Performance			
201-1	Direct economic value generated and distributed	Financial Figures	11

GRI Standard	Disclosure	Location in the report	Page
204: Procurement Practices			
204-1	Proportion of spending on local suppliers	Transparency in supplier management	96

Material Topic: Climate Change			
GRI Standard	Disclosure	Location in the report	Page
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		Climate Change Governance	45
		Climate R&O	46
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	Corporate Carbon Footprint	49
305-2	Energy indirect (Scope 2) GHG emissions	Corporate Carbon Footprint	49
305-3	Other indirect (Scope 3) GHG emissions	Corporate Carbon Footprint	49
305-4	GHG emissions intensity	Corporate Carbon Footprint	49
305-5	Reduction of GHG emissions	Corporate Carbon Footprint	49
		Emission Reduction Measures	54
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Corporate Carbon Footprint	49
GRI 302: Energy			
302-1	Energy consumption within the organization	Energy use	52
302-4	Reduction of energy consumption	Energy use	52
		Emission Reduction Measures	54

Material Topic: Circular Economy			
GRI Standard	Disclosure	Location in the report	Page
3-3	Management of material topics	Circular Economy	59
GRI 301: Materials			
301-1	Materials used by weight or volume	Materials Consumption	61
301-2	Recycled input materials used	Materials Consumption	61
GRI 306: Waste			
306-1	Waste generation and significant waste-related impacts	Waste	64
306-3	Waste generated	Waste	64
306-4	Waste diverted from disposal	Waste	64
306-5	Waste directed to disposal	Waste	64

Material Topic: Water				
GRI Standard		Disclosure	Location in the report	Page
3-3	Management of material topics	Environmental Policy		55
		Environmental System		56
		Water		62
GRI 303: Water and Effluents				
303-1	Interactions with water as a shared resource	Water		62
303-3	Water withdrawal	Water		62
303-4	Water discharge	Water		62

Material Topic: Biodiversity			
GRI Standard	Disclosure	Location in the report	Page
3-3	Management of material topics	Environmental Policy	55
		Environmental System	56
		Biodiversity & Natural Capital	65
GRI 304: Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity & Natural Capital	65
304-2	Significant impacts of activities, products and services on biodiversity	Biodiversity & Natural Capital	65

Material Topic: Own employees				
GRI Standard		Disclosure	Location in the report	Page
3-3	Management of material topics		Positive Contribution to People	67
GRI 401: Employment				
401-1	New employee hires and employee turnover		Horse employees	71
401-3	Parental leave		Organization of working time	76
GRI 404: Training and Education				
404-2	Programs for upgrading employee skills and transition assistance programs		Organizational structure	69
			Talent development	77
GRI 405: Diversity and Equal Opportunity				
405-1	Diversity of governance bodies and employees		Board of Directors	18
			Executive Management Team	19
			Horse employees	71
GRI 403: Occupational Health and Safety				
403-1	Occupational health and safety management system		Health and safety system	83
403-9	Work-related injuries		Health and safety measurement	86

Material Topic: Affected Communities			
GRI Standard	Disclosure	Location in the report	Page
3-3	Management of material topics	Human rights	100
GRI 408: Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	ESG within the Supplier Approval Process	97
GRI 409: Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESG within the Supplier Approval Process	97

Material Topic: Business Conduct			
GRI Standard	Disclosure	Location in the report	Page
3-3	Management of material topics	Ethics and compliance	104
GRI 205: Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken	Compliance	109
GRI 207: Tax			
207-1	Approach to tax	Tax strategy	112
207-2	Tax governance, control, and risk management	Tax strategy	112

SASB content index

Table 1. Sustainability disclosure topics and accounting metrics

Topic	Code	Name of indicator	Section of the report	Section start page
Energy management	TR-AP-130a.1 (1)	Total energy consumed	Climate Disclosure - Energy Consumption	52
	TR-AP-130a.1 (2)	Percentage grid electricity		
	TR-AP-130a.1 (3)	Percentage renewable		
Waste management	TR-AP-150a.1 (1)	Total amount of waste from manufacturing	Positive Contribution to Nature - Waste Management	64
	TR-AP-150a.1 (2)	Percentage hazardous		
	TR-AP-150a.1 (3)	Percentage recycled		
Materials sourcing	TR-AP-440a.1	Description of the management of risks associated with the use of critical materials	Responsible Procurement - Critical Raw Materials	99
Materials efficiency	TR-AP-440b.1	Percentage of products sold that are recyclable	Not reported	-
	TR-AP-440b.2	Percentage of input materials from recycled or remanufactured content	Positive Contribution to Nature - Materials Consumption	61
Competitive behaviour	TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Ethics and Compliance - Compliance	109



Horse Powertrain Limited and subsidiaries

Independent Limited Assurance Report on the Annual Report 2025
31 December 2025



KPMG Auditores S.L.
Torre de Cristal
Paseo de la Castellana, 259 C
28046 Madrid

Independent Limited Assurance Report on the Annual Report 2025 of Horse Powertrain Limited and its subsidiaries for the year ended 31 December 2025

To the Management of Horse Powertrain Limited:

Conclusion

We have performed a limited assurance engagement on whether the 2025 Annual Report (hereinafter, the Annual Report) of Horse Powertrain Limited (hereinafter, the Entity) and its subsidiaries (hereinafter, the Group or the Horse Group) for the year ended 31 December 2025 has been prepared, in all material respects, in accordance with the criteria in the "GRI content index" table of the report.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the information identified in the "GRI content index" table included in the accompanying 2025 Annual Report of Horse Powertrain Limited and subsidiaries for the year ended 31 December 2025 has not been prepared, in all material respects, in accordance with the selected Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter, the selected GRI Standards).

Our work was limited exclusively to reviewing the information identified in the "GRI content index" table of the accompanying 2025 Annual Report. Our conclusion on the 2025 Annual Report does not extend to any other information that accompanies or contains the 2025 Annual Report and our report.

Basis for Conclusion

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3000 (Revised)*, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the "Our Responsibilities" section of our report.

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.



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Restriction on Use or Distribution of Our Report

In accordance with the terms and conditions of our engagement letter dated 15 July 2026, this independent limited assurance report has been prepared for Horse Powertrain Limited and its subsidiaries solely in relation to its 2025 Annual Report and for no other purpose. This report is not intended for use, nor should it be used, by any person other than the specified parties.

Our conclusion is not modified in respect of this matter.

Responsibilities of the Management of Horse Powertrain Limited regarding the Annual Report

Management of Horse Powertrain Limited is responsible for:

- designing, implementing and maintaining relevant internal control for the preparation of the 2025 Annual Report so that it is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the 2025 Annual Report and appropriately referring to or describing the criteria used; and
- preparing and presenting the 2025 Annual Report using the selected GRI Standards as a reference framework.

Our Responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the 2025 Annual Report is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence that we have obtained; and
- reporting our conclusion to Management of Horse Powertrain Limited.

Summary of the work performed as the basis for our conclusion:

We exercised our professional judgment and maintained our professional scepticism throughout the engagement. We designed and applied the required procedures to obtain evidence on whether the 2025 Annual Report is sufficient and appropriate to provide a basis for our conclusion.

Our procedures selected depended on our understanding of the 2025 Annual Report and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- Through inquiries and meetings with the Entity's personnel, gaining an understanding of the business model, policies and management approaches applied, the risks related to these matters and obtaining the information necessary for the assurance engagement.
- Evaluation of the scope, relevance and completeness of the content of the 2025 Annual Report, based on the materiality assessment performed by the Entity, considering the criteria defined by the Entity.



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- Evaluation of the processes for compiling and validating the data disclosed in the 2025 Annual Report.
- Evaluation of the information relating to risks, policies and management approaches in relation to the material matters presented in the 2025 Annual Report.
- Verification, through sample testing, of the information included in the 2025 Annual Report and whether it has been adequately compiled based on data provided by the information sources.
- Obtaining a representation letter from the Directors and management.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

KPMG Auditores, S.L.


Marta Contreras

29 July 2026