



2024

annual report

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CEO'S LETTER

Just over a year ago, HORSE was created as a new force in the automotive industry. The time was not by chance. The whole world, although at different speeds, is well on the way towards decarbonisation and sustainable mobility. The challenge is complex, so much so that it requires a diverse approach, adaptable to the economic, technological and geographic realities of each region.

This approach brings relevance to our mission. At HORSE what we do is just as important as why we do it. As well as favouring decarbonisation, facilitating the energy transition with low-emission technological solutions for a future that is more responsible, sustainable and inclusive.

This first year has been an intense journey, full of challenges and opportunities, in which the initial uncertainties soon turned into certainties. The Renault Group carve-out in July 2023 marked the beginning of a stage full of challenges. But, above all, it allowed us to take charge of our history and be the lead players in our own story with the ambition of building something great. The joint venture with Geely and the subsequent inclusion of Aramco was a key milestone, combining our strengths with one of the most innovative companies in the industry to boost the development of highly efficient hybrid and low-emission combustion engines. This alliance not only reinforces our technological capabilities, but also underlines our global vision.

It is incredible to look back and see what we have achieved over the last 12 months. We have launched our first 100% HORSE products, such as the HR18 engine and the DB49 gearbox. In Spain we started production of the HR12 PHEV plug-in hybrid, in Brazil the HR10 and HR13 engines and in Portugal we commenced production of the Power Electronic Box and eMotor. And something that is no small matter, and on the contrary is a milestone for HORSE is the development of Range Extender technology which significantly increases electric vehicle autonomy and which is being so well received in different markets.

Not forgetting the important advances made in process engineering that place HORSE at the forefront of the market, such as the revolutionary Matrix Flow assembly system in Aveiro or the new gravity injection in Curitiba. We have optimised our production systems and given our

processes a clear data-centric approach, integrating artificial intelligence, virtual twins in our processes - a strategy that allows us to discover unknown patterns, identify opportunities, mitigate potential risks and, a key factor, optimise our organisation to make better decisions.

Today HORSE is better prepared to open up new horizons and conquer new markets. This is the reason for the alliances with companies in the sector such as Habas, WEG, Marco Polo, Reborn, Corvus, Dumarey and most recently with Lecar for the development of Range Extender technology. This growth is a clear sign of the success of a business strategy based on geographical diversification, an innovative and differential product portfolio, an approach focused on creating long-term value, leading the transition towards electric vehicles.



The challenge is complex, so much so that it requires a diverse approach, adaptable to the economic, technological and geographic realities of each region

Our ambition is to be a global leader is not limited to commercial aspects. At HORSE, we take our responsibility to the planet and to people very seriously, committing to the highest sustainability standards. Having signed up to the UN Global Compact, at HORSE we all work on three strategic areas: decarbonisation, positive impact on people and the environment, and responsible business, which are the central axis of our global ESG strategy which has recently been validated by SBTi (Science Based Targets initiative).

But this is just the beginning; our commitment will continue to guide every step we take in the future until we reach our ultimate goal of Net Zero by 2050.

HORSE has also advanced in the development of ESG from a financial perspective, involving key financial institutions by including ESG performance metrics in its financial products (short and long-term financing, supplier financing, etc.) As a result, financial institutions have shown great interest in this initiative, and the proposed products include ESG performance metrics related to decarbonisation and social well-being.

All this has been possible thanks to the commitment of our teams. I have never doubted the success of our operations, but, above all, I have had complete confidence in our people. I have had the opportunity to visit our factories and workplaces, and what I have perceived is a unique spirit, a mixture of enthusiasm and commitment. A spirit that has been recognised with "Great Place to Work" certification, an achievement that reflects the environment of trust, inclusion and development that we have built. This is not just a recognition, but a statement of who we are and how we want to advance together.



Our commitment will continue to guide every step we take in the future until we reach our ultimate goal of Net Zero by 2050

Looking forward, we are only at the beginning of an exciting path. At HORSE, our mission is clear: reinvent the present and build a future in which innovation and sustainability set the pace. We will continue to develop our capabilities, strengthening our alliances and leading with a vision that transcends the immediate. We are not just creating mobility solutions, we are building a culture of excellence, responsibility and daring.

I am convinced of the success of our project, committed - as set out in our techno road map - to improving the efficiency of thermal and hybrid powertrains, and to developing technologies linked to e-fuels and hydrogen. We are building something extraordinary, and I am convinced that, together, HORSE will continue to open up new opportunities and create new horizons in the road towards a more sustainable future mobility. We will keep on POWERING TOMORROW

Patrice Haettel
CEO, HORSE

HORSE VALUE PROPOSITION

- About Horse
- Market positioning
- Excellence and quality

ABOUT HORSE

HORSE is a global company dedicated to innovation in and the supply of low-emission propulsion solutions, drawing on decades of industrial experience in the Renault Group. This is especially relevant in the current context if we focus not so much on what we do at HORSE, but on why we do it.

Deeply engaged with the challenge of decarbonisation, we are committed to offering a variety of low-emission mobility alternatives that will reduce CO₂ emissions and at the same time facilitate the energy transition around the world. We understand that the challenge is so complex that it requires a comprehensive and diverse approach, which takes into account the economic, technological and geographical realities of each region, accepting that not all of them start from the same place or move at the same speed.

We therefore believe that there is not just one solutions, but instead a combination of low-emission technologies encompassing the vehicle's entire life cycle: from the start of its production until it is scrapped.

Since May 2024, HORSE is a division of HORSE Powertrain Limited, a Joint Venture in which the Renault Group and Geely have a 50% stake, and which ARAMCO joined in December 2024 with a 10% stake.



VISION

A global innovation partner for propulsion system solutions.



MISSION

To provide next-generation solutions for a more sustainable future.



PERSONALITY

An approach that rejects a one-size-fits-all solution and supports a peaceful change and the technical needs of global markets.

HORSE is a company dedicated to innovation in low-emission propulsion solutions and alternative fuels supported by the experience of the Renault Industrial Group

ACTIVITY AND PRODUCTS

At HORSE we design, develop, manufacture and market a full range of components for propulsion systems, including internal combustions engines, hybrid systems, transmissions, batteries and power electronics.

In 2024, we have focused our efforts on advanced technologies to make mobility more sustainable, and would highlight the production of next-generation hybrid propulsion solutions and the development of engines that work with synthetic fuels and hydrogen.

HORSE product range

Products	N° of products produced	Weight of parts produced (t)
Combustion engines	Core diesel engines	578,976
	Core petrol engines	803,499
	Core hybrid engines	417,867
	Flex fuel	66,189
	GLP engine	676,597
Gearboxes	Manual transmission	1,626,070
	Hybrid transmission	403,159
	Electric vehicle transmission	53,394
Total	4,625,751	381,889

*Figures for revenue per product not included for confidentiality reasons

CURRENT LINE-UP



Transmission systems

- Manual transmissions
- Automatic transmissions

Engines

- Diesel engines
- Petrol engines
- Hybrid systems



Power electronics

- Battery development (not manufacture)
- Power Electronic Box (PEB)
- eMotor

Engineering services

- Conception
- Development
- Prototypes
- Testing
- Adaptations
- Commissioning

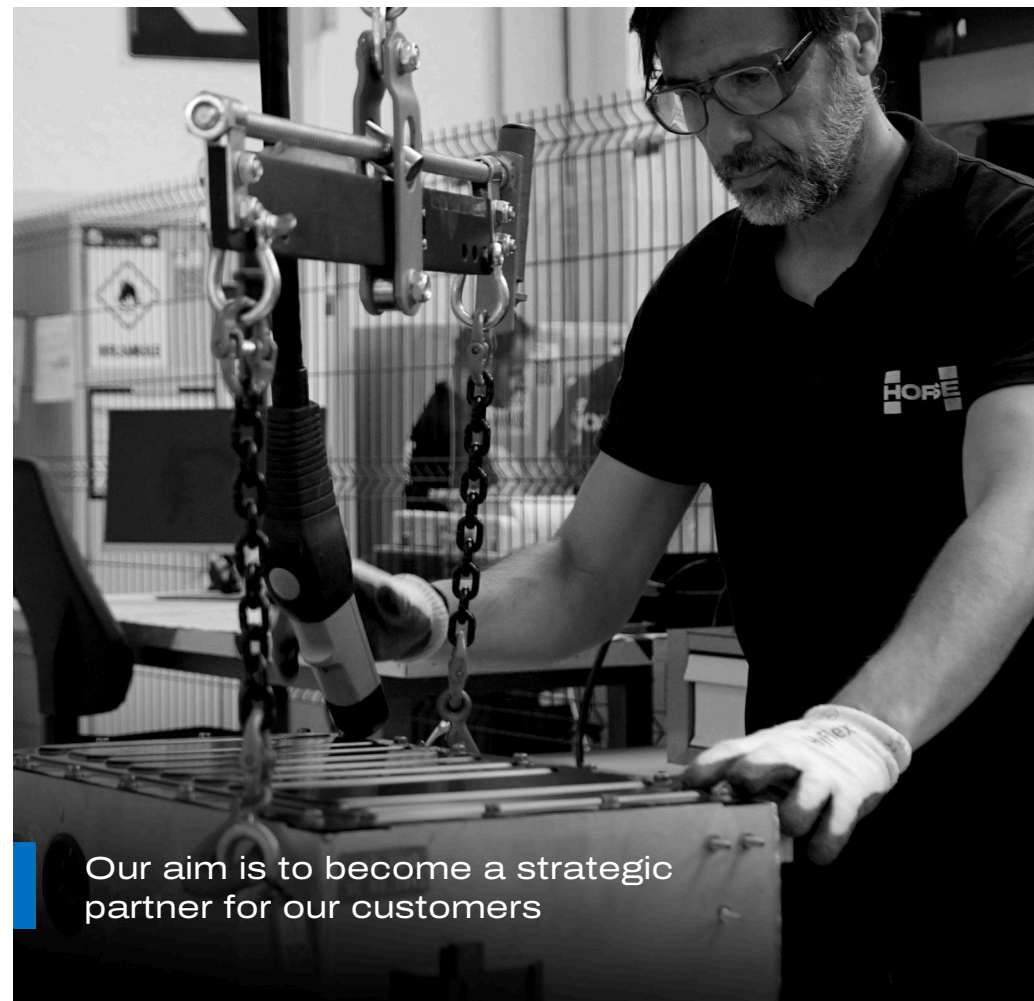
The production process and development of new products in HORSE

At HORSE we have implemented a comprehensive process with which we achieve more robust developments, with shorter times to market, highly efficient, at a lower cost and clearly customer-focused. This end-to-end approach is possible thanks to our decades-long experience in R&D in industrial processes, bringing together highly qualified technical and human teams and the most sophisticated and cutting-edge technological programmes and platforms.

This positions us as the ideal partner for any company seeking tailored turnkey products as it guarantees our efficiency, sustainability and technological excellence.

An eminently end-to-end process involves owning and being responsible for every decision in each phase of the project, from conception and initial design, through industrialisation and manufacture, to after-sale service. All with a well-defined goal, that marks out our strategy: to become a strategic partner for our customers.

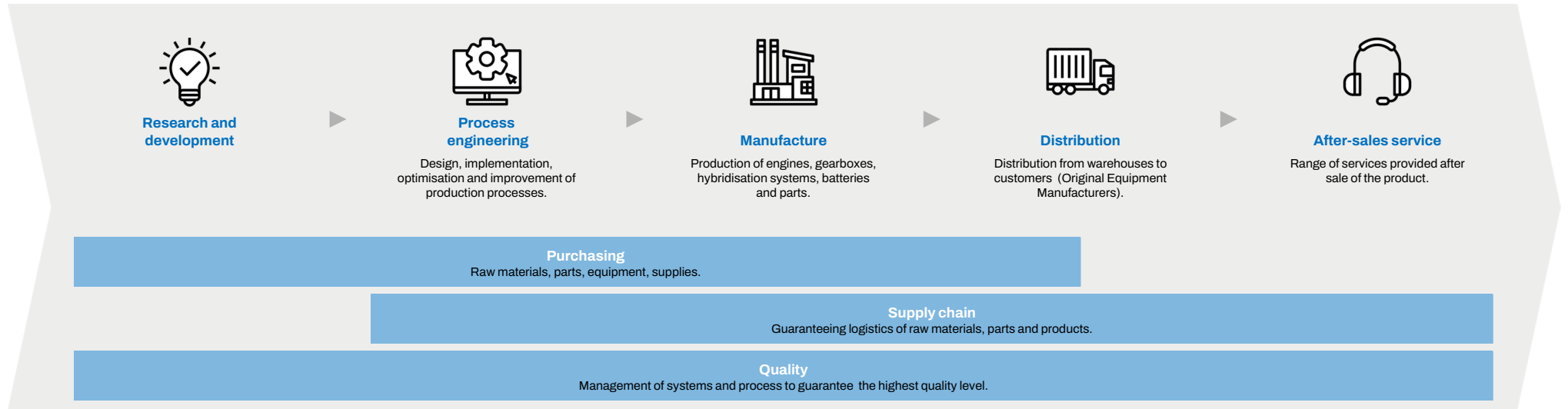
- **Research and development:** Innovations starts at HORSE with a blank sheet. We design hardware using numerical simulations and virtual mock-ups to guarantee reliability and performance. We validate the list of materials and perform quality testing at every stage. We also develop and calibrate software with up to 80,000 tags, using advanced tools such as the V cycle. At this phase, we also perform laboratory and field testing, including climate and pressure tests, optimising efficiency and sustainability. Our trial and extreme test tracks in locations such as Granada and Sweden ensure that our products exceed the customer's expectations.
- **Process engineering:** During the prototyping stage, we use advanced technologies such as simulations and virtual reality to guarantee success before mass production. Our structure includes high-precision metrology and hybrid manufacturing, which permits total traceability and exact replicability. We collaborate with suppliers that have a long track record, ensuring timely deliveries and high quality. These tools allow us to optimise processes and guarantee sustainability at every step.
- **Manufacture:** We have eight factories in seven countries, equipped with cutting-edge technology. From aluminium casting to final assembly, we produce key components for powertrains such as engine blocks, cylinder heads, crankshafts, rods and camshafts, in the case of engines, and pinion systems, shafts and power electronics in our transmission systems. This approach places us as leaders in efficiency and adaptability to market needs.
- **Distribution:** We guarantee swift and reliable distribution thanks to our efficient planning. From manufacture to the point of delivery, we manage logistics with precisions, ensuring that our products are delivered on time and in optimal conditions. The purchasing phase accompanies this process, boosting our capacity to respond to market demand.
- **After-sales service:** Our commitment to customers does not end with delivery. Our After-Sales service department ensures our customers' operational continuity through specialised technical support and supply of parts until 15 years after the end of production. Efficient logistics and close collaboration guarantee fast and effective solutions. This approach lets us build lasting relationships based on trust and continuous satisfaction.



Our aim is to become a strategic partner for our customers

In addition, we have three cross-cutting phases in the process: "Purchasing", focused on ensuring the correct acquisition of high-quality materials; "Supply chain", which goes from the engineering phase to after-sales service, guaranteeing the availability and efficient delivery of products; and "Quality", which is present throughout the value chain, ensuring that each phase meets the highest standards, as well as guaranteeing an adequate after-sales service and optimal attention to possible incidents and complaints.

HORSE VALUE CHAIN



ORGANISATION



>9000

employees



11

plants/centres



7

countries

Spain

Madrid HQs - Valladolid - R&D Valladolid - Sevilla

Number of employees	Plant area (ha)	Revenue 2024 (€ million)
3,822	69	6,025 €

Portugal

Aveiro

Number of employees	Plant area (ha)	Revenue 2024 (€ million)
1,181	40	464 €

Brazil

Curitiba - R&D Brasil

Number of employees	Plant area (ha)	Revenue 2024 (€ million)
703	35	623 €

Argentina

Córdoba

Number of employees	Plant area (ha)	Revenue 2024 (€ million)
80	3	17 €

Romania

Pitești - R&D Romania

Number of employees	Plant area (ha)	Revenue 2024 (€ million)
2,645	25	967 €

Turkey

Bursa

Number of employees	Plant area (ha)	Revenue 2024 (€ million)
950	8	496 €

- Plant
- R&D centre
- Central offices

*Income from R&D centres is consolidated and accounted for in the Madrid HQ office

Main activities by site



Spain

Madrid HQs

Central Services

Valladolid

Diesel engines, gasoline engines, hybrid engines

R&D Valladolid

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



Turkey

Bursa

Gasoline engines, hybrid engines, manual transmission systems



Brazil

Curitiba

Gasoline engines, hybrid engines, flex-fuel engines

R&D Brasil

Specialized center for flex-fuel technologies and laboratory engine testing



Portugal

Aveiro

Manual transmission systems



Argentina

Córdoba

High-pressure die-cast aluminum parts for gearboxes and engines, clutch housing, mechanism housing, and timing cover



Romania

Pitesti

Gasoline engines, LPG engines, manual transmission systems

R&D Romania

Development of engines, gearboxes, and software, as well as calibration and testing facilities



Chile

Cormecánica

Manual transmission systems

Our management organisation at HORSE has a global matrix structure with functional dependence. It is led by the CEO, Patrice Haettel, and designed to facilitate integration of key functions between central offices and the production centres, as well as co-ordination between technological centres and countries. This design also allows us to collaborate more effectively with Aurobay (Geely division in the Joint Venture) and with ARAMCO. The CEO also co-ordinates the HORSE operations team, which includes each of the plant directors.



Patrice Haettel

Chief Executive Officer

HORSE LEADERSHIP TEAM



Caroline Mechai

Chief Sales &
Business
Development
Officer


Rafael Vázquez

Global Metaverse
& Ind. Excellence
Director


Julien Faure

Chief Technology
Officer


Frederic Collomp

Chief Financial
Officer


Juan Ferrera

Chief P&O
Officer


Ana Sampelayo

Global CEO
Office & ESG
Director


Kate Saxton

Chief
Communication
Officer


Juan Jacobo Bregante

Global Quality
Director


Edouard Simon

Chief Information
Officer


Antonio Vaz

Chief Process
Engineering
Officer


Roberto Soto

Chief Purchasing
Officer


Marlon Fonsaka

Global Supply
Chain Officer


Clemence Auroy

Chief Legal
Officer

HORSE OPERATION'S TEAM



Wesley Palma

Brazil Plant
Operations
Director


Javier Bernáldez

Seville Plant
Operations
Director


Gokhan Deniz

Oyak Plant
Operations
Director


Diego Cufre

Chile Plant
Operations
Director

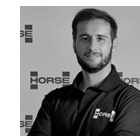

Alberto de los Ojos

Valladolid Plant
Operations
Director


Raynald Joly

Aveiro Plant
Operations
Director


Gabriel Vieru

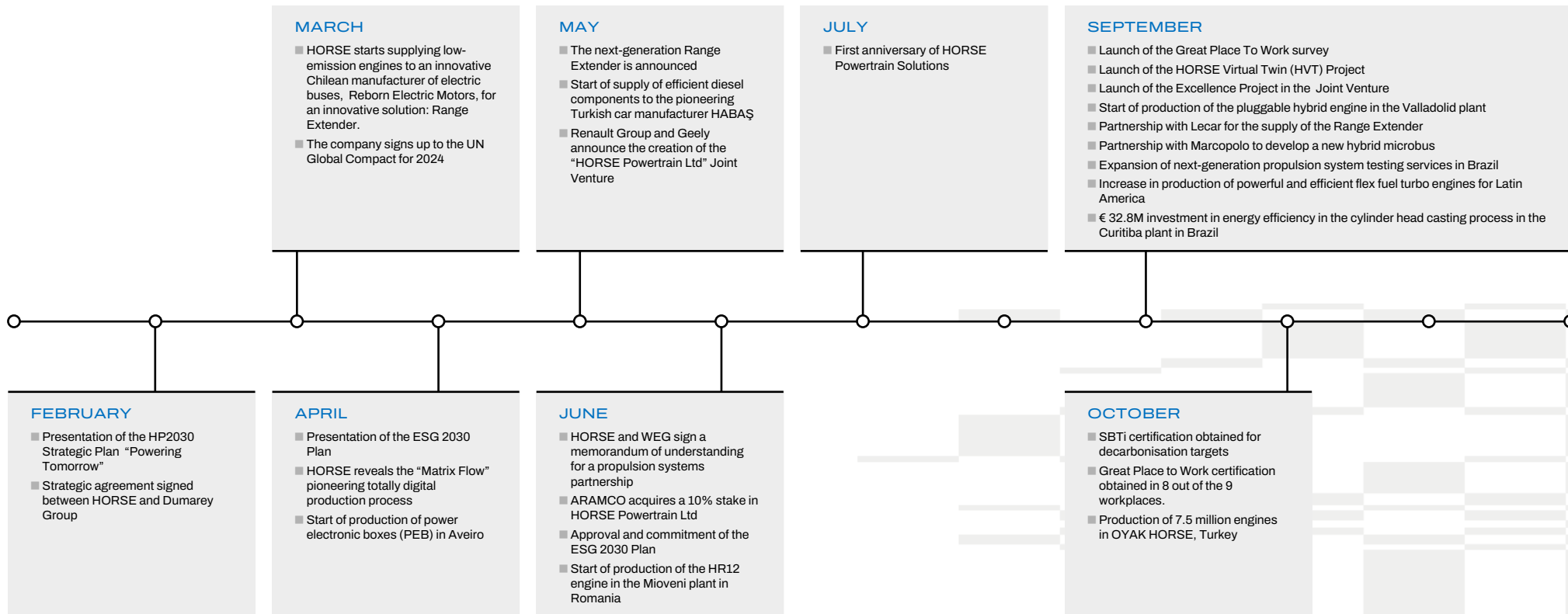
Romania Plant
Operations
Director


Andrés Pavone

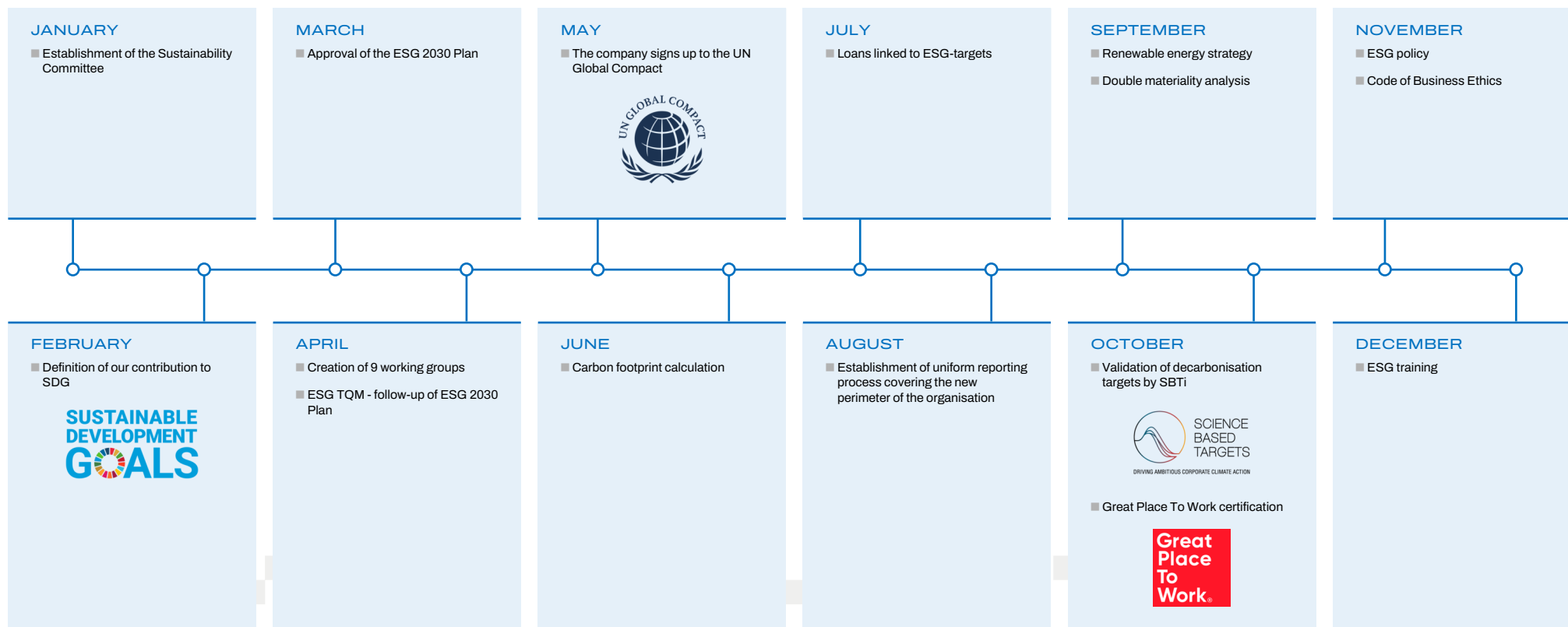
Argentina Plant
Operations
Director

MILESTONES 2024

Among other milestones, 2024 has been marked by the presentation of our first ESG 2030 Plan as a company, which is aligned in timing and ambition with the HP2030 Strategic Plan “Powering Tomorrow”.



ESG milestones in 2024



Participation in trade fairs and events

Throughout 2024, we have participated in several key events which have sought to reinforce our position in the market and increase our presence in relation to different stakeholders. Accordingly, we have attended, either as guests, participants or exhibitors, prestigious trade fairs and congresses in key areas such as the automotive industry, sustainability and new technologies.

Specifically, we were present at:



RESEARCH IN MOTION.

**International Symposium
Automotive and Engine
Technology**
Germany



ABX2024
Brazil



Fenatran
Brazil



Motortec
Chile



AEC Congress
Spain



Annual Sernauto Congress
Spain



Thiesel Congress
Spain



SIA
France

Awards and recognitions

Although we are just over one year old, we have been recognised in different fields and geographical locations, mostly in recognition of our commitment to and investment in innovation and technologies. This is the case of:



Investment in Innovation of the Year Award

[Chambre Officielle de Commerce d'Espagne en France - COCE](#)



Best Future of Operations Project

Best Digital Transformation Project

[Portugal Digital Transformation Awards](#)



Best Innovative Project in Engines, Spain

[FACYL - Cluster de Automoción y Movilidad de Castilla y León](#)



Award to the Aveiro Matrix Flow Project

[Robotics & Automation Awards](#)

MARKET POSITIONING

The global automotive market is in a process of transformation driven by the need to reduce carbon emissions and improve energy efficiency in the use of vehicles. In this context, hybrid technology has emerged as a key solution in the transition towards a more sustainable mobility, combining internal combustion engines with electric systems to optimise fuel consumption and reduce emissions. Despite the strong regulatory and strategic boost that the European Union has given to electric vehicles, massive adoption of such vehicles continues to be much slower than expected due to barriers such as the cost of batteries, insufficient charging infrastructure and the dependence on critical materials.

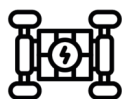
Given this situation, technological innovation plays a fundamental role in the evolution of the sector, with the development of supplementary solutions to the electrification of vehicles on the road. Technologies such as hydrogen offer a promising alternative, especially in segments such as heavy transport and long-distance logistics. Similarly, synthetic fuels (*e-fuels*), produced from renewable sources, make it possible to reduce the carbon footprint without the need for immediate replacement of the existing vehicle and refuelling infrastructure.

At HORSE, we approach our market positioning through a strategy focused on the current and future global market, with special focus on emerging trends. In a competitive and constantly changing environment, understanding these trends is essential in order to anticipate the market dynamics and consolidate sustainable advantages in the automotive industry.



NOVEL TECHNOLOGIES

Hydrogen and e-fuels are emerging as complementary solutions to electrification, in order to reduce the carbon footprint in the automotive sector.



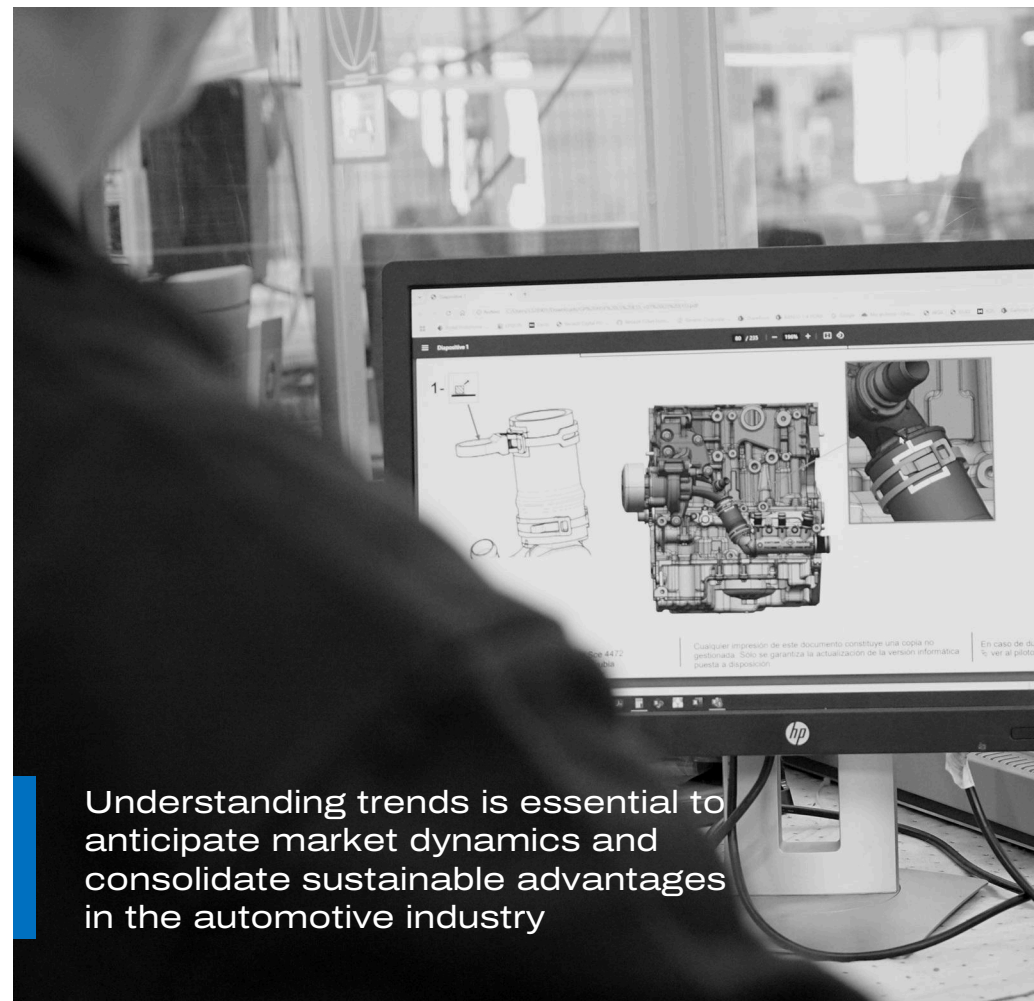
RANGE EXTENDER

Solutions to extend the autonomy of electric vehicles, mitigating their limitations and offering greater flexibility and efficiency.



EMERGING MARKETS

Latin America and India present major opportunities for growth, requiring strategies adapted to their particular economic and infrastructure circumstances.



Understanding trends is essential to anticipate market dynamics and consolidate sustainable advantages in the automotive industry

BUSINESS DEVELOPMENT STRATEGY

At HORSE, our commercial and business development strategy has been well defined since the start of the project and remains stable, despite the uncertainty the automotive sector is experiencing. This context affects Europe very particularly on account of the regulatory requirements and the entry of new players in the sector.

Our positioning as a global player in the energy transition gives us a key role as a strategic leader in mobility solutions that favour the evolution towards sustainable technologies. Our strategy is driven by our cutting-edge technological innovation, our regional adaptability and a deep understanding of our customers' needs.

Electric vehicle

13%

The global market share of electric vehicles in 2024 was 13%, driven by government incentives and technological advances, in markets such as China, Europe and the USA.

Hybrid

24%

Hybrid vehicles maintain an upward trend and are placed as an efficient transitional solution, especially in regions like Europe and North America, reaching a share of 24% of the global market in 2024.

Internal combustion engine

63%

Although in decline in developed markets due to strict regulations, they are still dominant in regions such as Latin America, Africa and South East Asia, where the electrification infrastructure is limited.

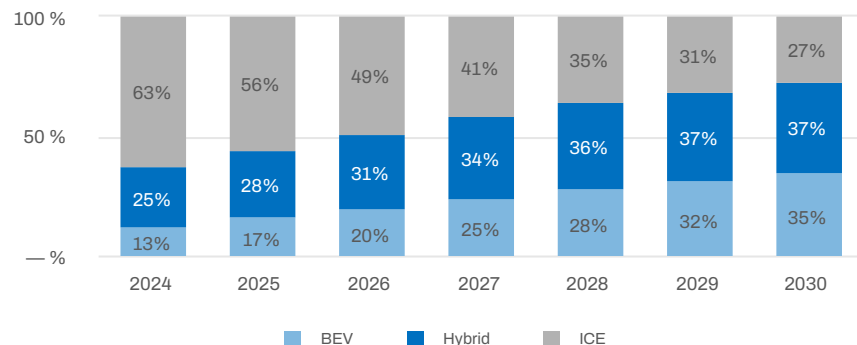


Source: S&P production database, December 2024

The hybrid as the vehicle of the future

At the global level, the hybrid vehicle is emerging as the best option for the transition towards sustainable mobility. Backed by the data published by *Standard & Poor's*, the share of global production is expected to grow from 25% in 2024, to 37% in 2031. The key to this is that the production of battery electric vehicles (BEV), although expected to experience notable growth in forthcoming years, is not sufficient to offset the reduction that internal combustion engine (ICE) vehicles will experience. In this context, the need to extend and consolidate the production of hybrid vehicles is seen as the best option for this transition, and is expected to have an equal share of the market with electric vehicles in the future.

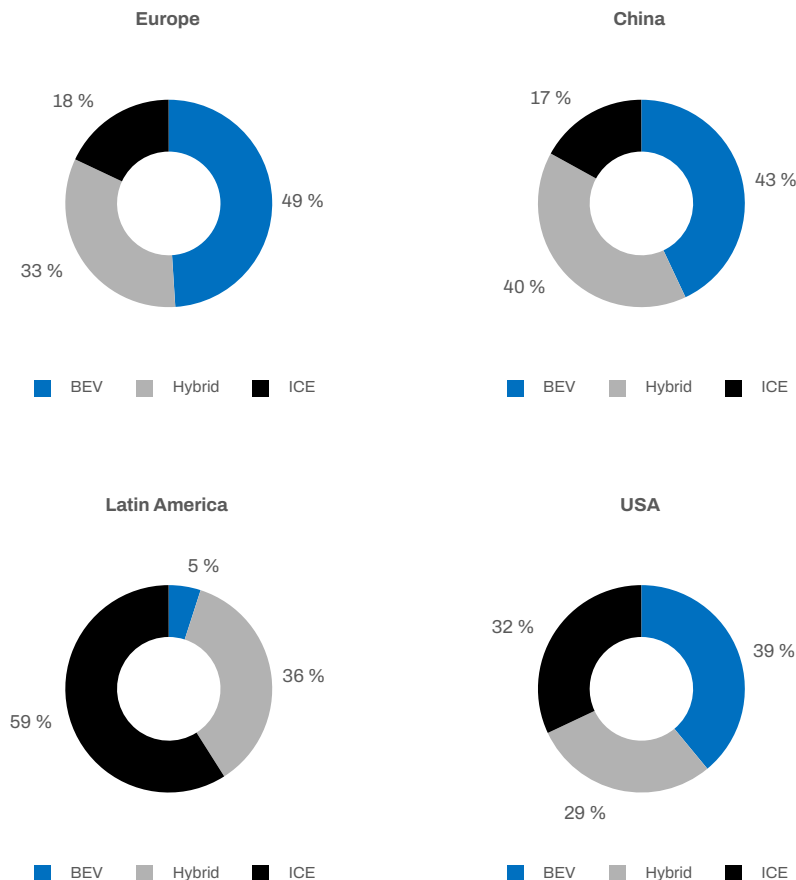
Distribution of global production



At regional level, the transition towards sustainable mobility by 2030 is expected to show significant differences. Although hybrids will be key globally, their share will vary according to the economic and regulatory conditions of each market.

China will lead production of electric vehicles (BEV) with a share of 43 %, although hybrids will represent 40 %, reflecting a strategy of gradual transition. In turn, in Latin American countries the electric vehicle will only reach a market share of 5 %, while hybrids will represent 36 %, consolidating their position as the best alternative compared to 59 % for ICE. The lack of infrastructure and the high costs of electric vehicles will slow their adoption. Europe will have the highest market share for BEV with 49 %, driven by strict regulations. However, hybrids will still play an important role with 33 %, while ICE will drop to 18 %. In the USA, BEV will reach a market share of 39 % and hybrids 29 %, reflecting a gradual adoption. ICE vehicles will remain steady at 32 %, showing a certain resistance to total electrification.

Forecast global vehicle production mix in 2030 by regions



HORSE's strategic vision

Our focus on advanced propulsion systems, research and technologies compatible with next-generation fuels and Range Extender solutions allows us to address the specific needs of our customers in different markets, aware that, in extensive regions, especially in the southern hemisphere, market trends point towards a low penetration of electric vehicles.

Accordingly, our strategy is built on 3 pillars:

1. Keeping the performance and cost of our current portfolio competitive

The strength of our product portfolio is key to keep competitive in an environment where performance and cost optimisation are determining factors. We therefore dedicate technical and engineering resources to continuously improve our current technologies.

An example of this is our powertrain, equipped with the HR18 engine or DB45 transmission, and the different versions of the HR12 -HEV & PHEV engine-, which, as they have the same application range, allow us to significantly improve our efficiency and competitiveness without the need to develop completely new solutions from scratch.

This approach guarantees that we can continue offering highly optimised and competitive products in a global context of energy transition.

2. Exploring new applications for our portfolio outside the automotive sector

HORSE's knowledge and accumulated experience provide us with a unique opportunity to expand the use of our technologies beyond the automotive sector. The adaptation of our propulsion systems to new industries allows us to diversify our business and generate new growth opportunities.

Fields such as energy generation, the marine sector, the drone industry or even applications in machinery can benefit from our technologies, which gives us greater flexibility and resilience to changes in the automotive market.

This strategy places us as a key player in the energy transition, taking advantage of our strengths in thermal efficiency, emission reduction and alternative fuel optimisation.

3. Growth in new markets through strategic partnerships

HORSE's global expansion requires a detailed understanding of the electrification needs and pace of each market. Our growth strategy is underpinned by strategic partnerships with local and international players, suppliers and potential customers that will allow us to adapt swiftly and efficiently to different environments.

Through these partnerships, we can guarantee that our products evolve in line with the specific demands of each region, optimising the relationship between electrification, alternative fuels and hybrid technologies.

This allows us not only to expand our presence in markets where electric vehicles have a lower penetration, but also to strengthen our value proposition in regions where the energy transition is following a more diversified path.

Our strong competitiveness and high quality standards did not come about by chance. In 2024, we consolidated our leadership with a best-in-class catalogue and key strategic partnerships, strengthening our position in emerging and advanced markets.



Competitiveness through innovation

Our philosophy as a company places innovation as the cornerstone of the product development strategy. Therefore, adaptation to the changing automotive landscape -in particular the shift towards electrification and decarbonisation- guide our future decisions.

The global strategy involves a combination of internal development and strategic partnerships to accelerate innovation and manage risks. Our technological roadmap and the R&D plan focus on improving efficiency, reducing emissions and expanding to new markets, as we seek to assure continued competitiveness and profitability until 2035.

Internal combustion engine



Efficiency of internal combustion engines

Our advances are focused on optimised combustion, reduced friction, advanced materials and new fuels. These improvements lead to quantifiable results, for example, a reduction of more than 15% in CO₂ emissions. This technology is applicable to diverse vehicle segments and contributes to reducing fuel consumption and the environmental impact. A clear example of this is our HR18 engine series, which has achieved a significant increase in thermal efficiency compared to previous generations.

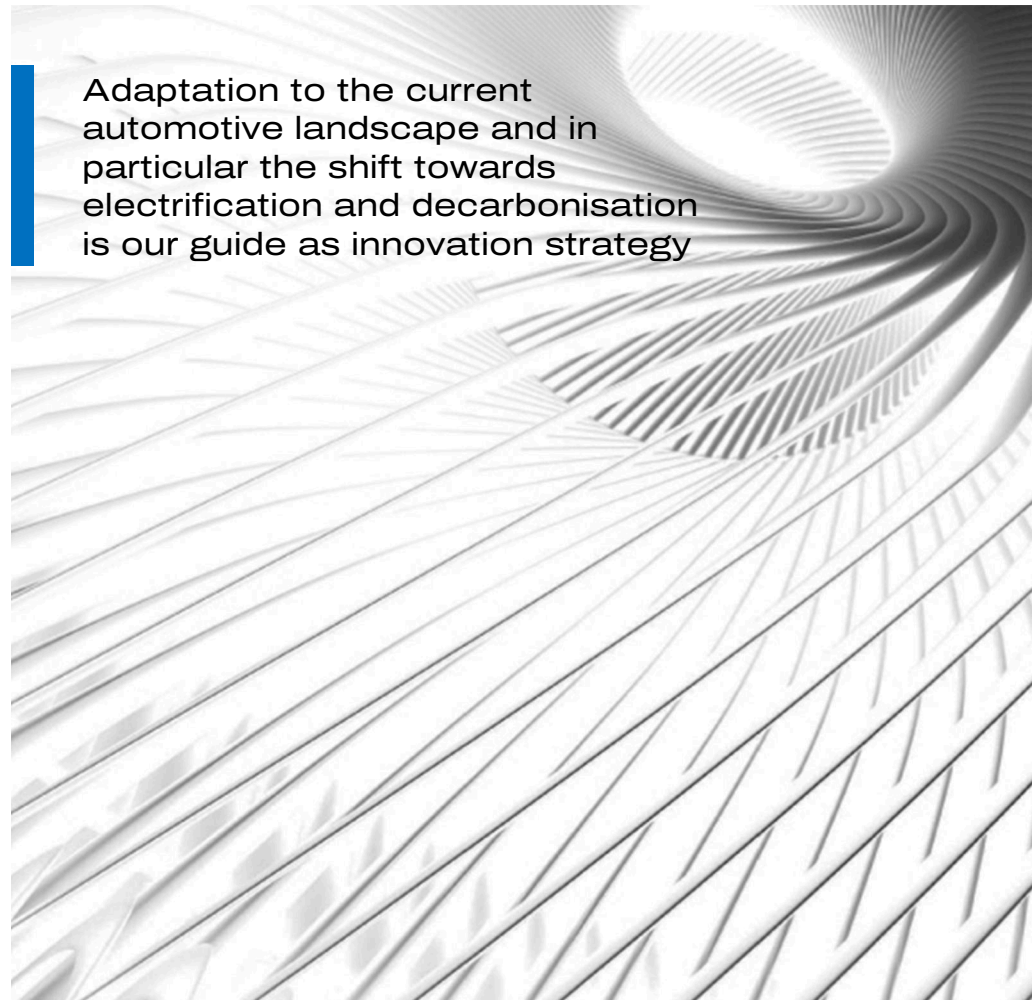


Hydrogen internal combustion engines (H2 ICE)

Our H2 ICE technology seeks to offer a profitable and efficient alternative to traditional fossil fuel-based engines. For this purpose we adapt existing engines and explore new designs that optimise performance with hydrogen, working on both specific hydrogen engines and on the reconversion of existing diesel engines. Specifically, we focus on two key power ranges:

- Low power range (<100 kW): aimed at applications in light commercial vehicles and other smaller vehicles segments. We are currently working with ARAMCO on a demonstration engine.
- Medium power range (100 kW-300 kW): this range will be extended to lorries and larger vehicles, and this will require a more exhaustive redesign and optimisation of the engine to obtain greater power and efficiency in the use of hydrogen.

Adaptation to the current automotive landscape and in particular the shift towards electrification and decarbonisation is our guide as innovation strategy



Hybrid vehicle



Hybrid systems

We offer a range of hybrid systems adapted to diverse vehicle types and market needs. Our approach focuses on optimised energy distribution, fluid transitions between energy sources and advanced energy management systems. This helps to achieve optimal fuel savings and reduce emissions.



Improved XHEV (extended hybrid electric vehicle)

Although electrification is gaining ground, HORSE anticipates that demand for improved XHEV technology will continue to be important until 2035. Our R&D teams are focused on improving engine efficiency, power electronics and the integration of improved battery systems.

Improved autonomy



Electric engine and power electronic box

We invest significantly in the development of high-efficiency electric engines and advanced power electronic boxes, with greater power density, improved thermal management and optimised control algorithms, among others). This produces relevant results such as an increase in power, improved energy efficiency and a reduction in weight.



Batteries for hybrids and plug-in hybrids

Our priorities are greater energy density, a longer useful life and a faster charging capacity, while at the same time reducing the cost. This is crucial in order to achieve greater electric autonomy and improve the vehicle's general efficiency.



Range extenders

To capitalise the battery-powered electric vehicle revolution, HORSE plans to develop range extender systems that focus on addressing the limitations of current 100% electric technology. This technology uses a small internal combustion engine to charge the battery, which considerably extends total autonomy. To do this, we focus on cost, compactness, efficiency and noise reduction; and we foresee applications in private cars, light commercial vehicles and buses.

Innovative technologies



Low-carbon fuels (E-fuels):

At HORSE we aspire to participate in the use of low-carbon fuels, which are considered to be a potential way to reduce CO₂ emissions in combustion engines. Convinced of their usefulness, we are researching and actively developing technologies that are compatible with e-fuels, biofuels (such as ethanol blends) and all kinds of low-carbon gases. Our efforts seek to make the use of these fuels possible in current and future propulsion systems.

New markets



We seek the expansion of HORSE beyond the traditional automotive markets, exploring opportunities in new vehicle segments (for example, jeeps or ATV) and developing new products to offer for these markets.

Innovation in figures

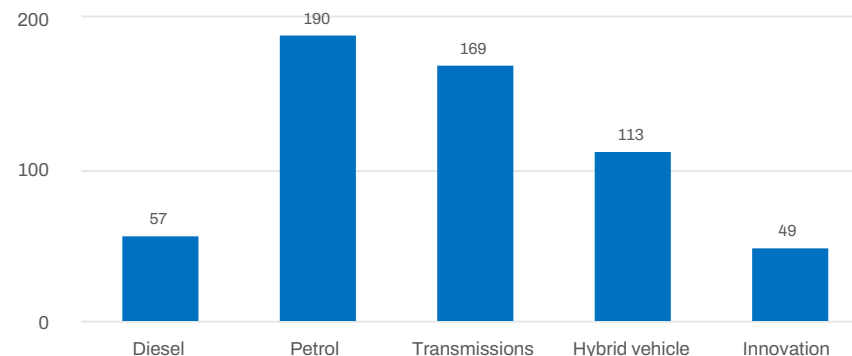
Our commitment to innovation is reflected in R&D investment of 375 M€, driven in part by the help from subsidies, which represent 1.1 % of the total. For this we have a team of 1,018 professionals dedicated to research and development, working on advanced solutions for energy efficiency and emission reduction.

Thanks to these efforts, the revenues generated by products designed to improve fuel efficiency or reduce emissions totalled 25 M€ in the last year. We also applied 12 M€ specifically to the development of low-emission engines, consolidating our leadership in the transition towards more sustainable technologies. Our innovative capacity is also reflected in the number of global patents published in motor engineering, which total 1,762.

The following classification groups R&D projects according to their technological focus and main objective. These initiatives seek to improve efficiency, reduce emissions and develop innovative solutions for the mobility of the future. The main project categories are indicated below:

- **Diesel:** In 2024, the focus was on reducing emissions for 1.5L and 2.0L diesel engines. Activities centred on compliance with Euro 6e-bis (reduction in NOx, particles and durability) and on the technical framework of Euro7, with stricter limits and new test conditions.
- **Petrol:** The priority in 2024 was to improve the driving performance and fuel consumption efficiency, including the adaptation of a 1.2L turbo engine to LPG technology. Work was done on NOx reduction and on compliance with the Euro 6e-bis standard and LEV8.x for Latin America, with stricter emission limits in real driving conditions.
- **Transmissions:** Adaptations were made in manual and automatic transmission families to support the engine portfolio, optimising the driving experience, fuel efficiency and general performance.
- **Hybrid vehicle -HEV & PHEV-:** To meet CO₂ targets, in 2024 the range of hybrid products offered was extended with the mass production of more efficient Full Hybrid E-TECH transmission, combined with a new 1.2L turbo engine and a 1.8L naturally aspirated engine.
- **Innovation:** Advances were made in hydrogen, alternative fuel and electrification projects for a more sustainable future. In 2024, the adaptation of the 2.0L diesel engine for hydrogen continued, Range Extender technologies and future opportunities with e-fuels were explored.

Number and type of research projects



Beyond the vehicle

At HORSE we have diversified our approach beyond the automotive industry to meet the needs of key sectors such as the maritime and off-road sectors (including mining, construction and agriculture), and stationary applications. These markets share common challenges related to sustainability, energy efficiency and emission reduction, which allows us to take advantage of our experience in advanced propulsion systems and low-emission technologies to offer tailored solutions.



Maritime

At HORSE we are exploring hybrid and electric propulsion systems adapted to boats, paying special attention to the transition towards alternative fuels such as hydrogen and synthetic fuels.



Off-road

In sectors such as mining, construction and agriculture, we develop propulsion systems designed to operate in extreme conditions, focusing on hybrid and electric solutions.



Stationary

We also focus on stationary applications, such as renewable energy system generators, which can benefit from technologies based on hydrogen and sustainable energy sources.

Opening up new horizons. Conquering new markets

Our philosophy as a business consists of offering mobility solutions that favour decarbonisation for all. And that means not only citizens as end users, but also vehicle manufacturers who, especially in Europe, have resolutely committed -for regulatory reasons- to electric vehicles.

In this context, we come in as a strategic ally of OEMs, so that they can maintain their investment and business plants, focusing their efforts on developing electric technology; while we act as the supplier of other technologies, offering tailored solutions and technological support in key areas.

It is from this philosophy that our first commercial agreements have come into being, with companies such as Habas, Dumarey Group, Lecar, Marcopolo and CEii, based on our product catalogue and innovative technological developments, such as the Range Extender. This technology, developed together with WEG, extends the autonomy of electric vehicles and allows them to exceed charging infrastructure limitations.

A growing market focused on Brazil

Beyond Europe, Latin America represents a strategic opportunity for HORSE, with a market in expansions and a growing adoption of low-emission technologies, mainly for two reasons:

- The increase in hybrid vehicles or the influence of policies such as PROCONVE L8¹ offer a favourable landscape for the transition towards more sustainable cars.
- The MOVER programme, which will invest R\$19 billion between 2024 and 2028, and which will provide economic support to both manufacturers and consumers for the transition towards hybrid and electric vehicles.

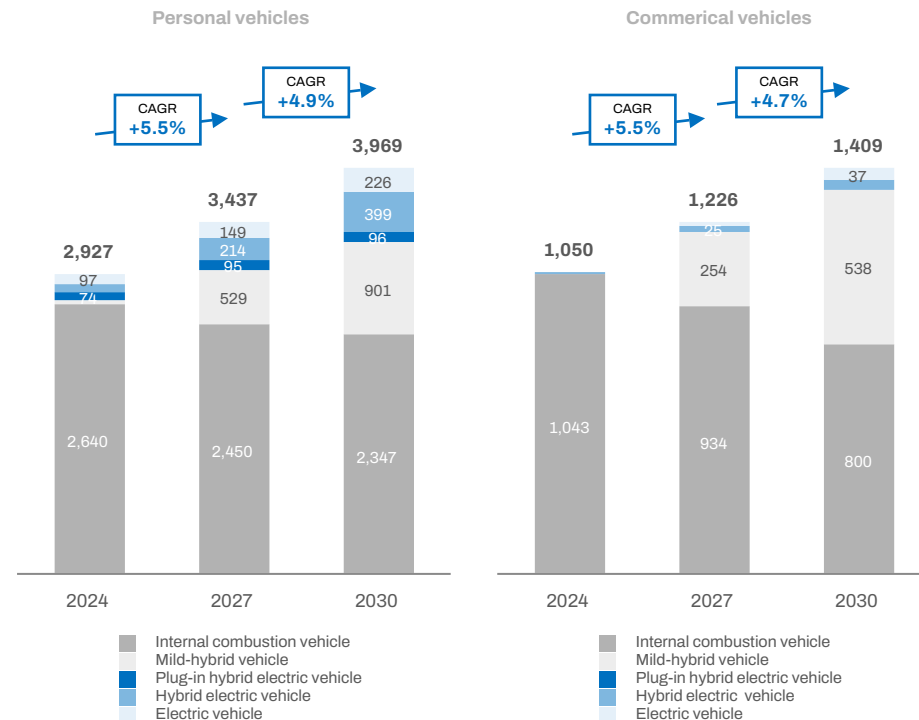
The Latin America region has shown continuous growth in the automotive sector, with projected sales of passenger vehicles that will experience compound annual growth of 4.9%. In the light commercial vehicle segment, an increase of 4.7% is forecast.

Brazil is the key market in Latin America, representing approximately 60% of the region's total sales. This is due to its size and the strong local production capacity, which makes it less dependent on imports, as they represent less than 10% of the total. However, other markets such as Argentina, Chile and México also have significant relevance, although they are more dependant on imports due to their smaller volumes of local production.

In 2024, internal combustion engines have maintained their market dominance, representing 90% of passenger vehicle sales and 99% of sales of light commercial vehicles. However, the share of hybrid technologies, such as hybrid petrol vehicles and plug-in hybrid vehicles, is expected to grow significantly. By 2030, hybrid vehicles will reach 16% of sales in

the personal vehicle segment, compared to 6% in 2024. Despite this transition, the adoption of 100% electric vehicles continues to be limited, with a projection of less than 2% in 2030. In the light commercial vehicle segment, hybrids will grow to 5%, and electric vehicles to 2%. The limited charging infrastructure and high initial costs of the 100% electric vehicle are the main challenges.

Projected distribution of sales in Latin America 2024-2030 (million units)



¹ Brazilian regulation that establishes limits and technical requirements for emissions of polluting gases and particles from new light vehicles sold in Brazil. It is part of the Programme for Control of Air Pollution from Motor Vehicles (PROCONVE), a set of regulations that seeks to reduce the environmental impact of vehicles in the country.

India - Scaling up local production

India is experiencing impressive growth in the automotive industry.

- Sales of passenger vehicles are expected to grow from 4.2 million units in 2024 to 9.3 million in 2040.
- For light commercial vehicles and small commercial vehicles, growth will be even more notable, at a cumulative annual rate of 6.7%.

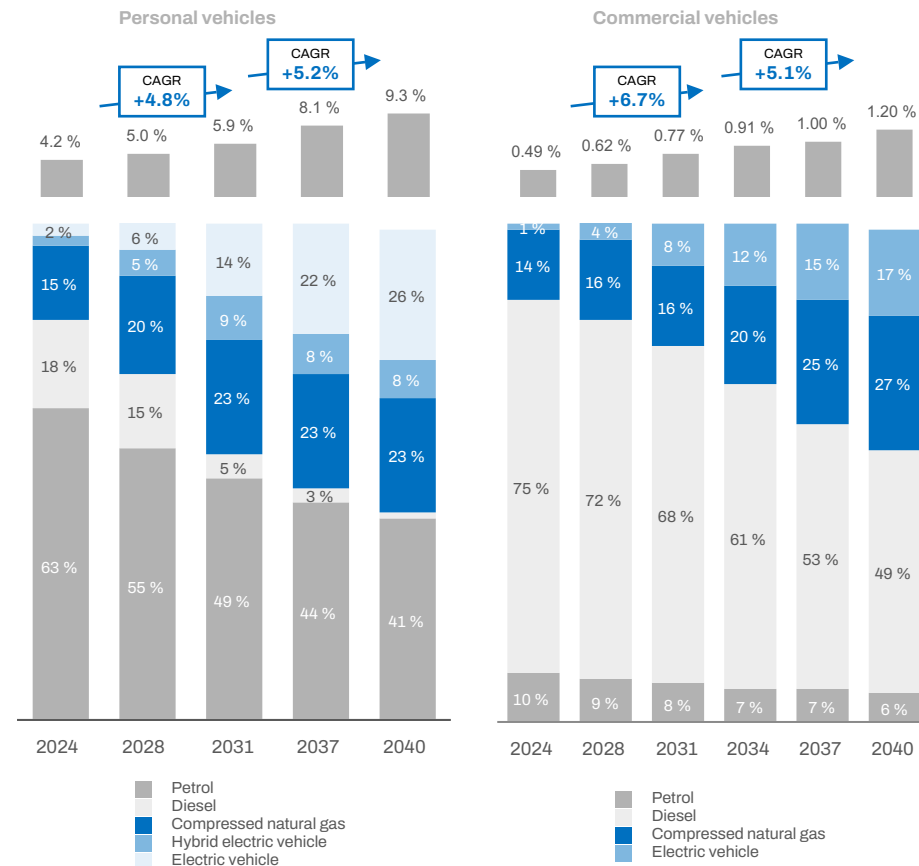
India is experiencing impressive growth in the automotive industry.

- Sales of passenger vehicles are expected to grow from 4.2 million units in 2024 to 9.3 million in 2040.
- For light commercial vehicles and small commercial vehicles, growth will be even more notable, at a cumulative annual rate of 6.7%.

In this context, the expansion of compressed natural gas and the progressive adoption of the hybrid electric vehicle are key trends that will allow us to position ourselves as leader in low-emission technologies. The integration of efficient and sustainable technological solutions will be crucial to take advantage of these opportunities in both markets. As far as manufacture is concerned, India stands out for its self-sufficiency, as 100% of sales are manufactured locally, which reinforces its independence in the sector. In addition, the off-road equipment market -construction machinery, agricultural vehicles, etc.- shows great potential for growth, with a projection of 1.3 million units in 2030, driven by the growing demand for machinery for construction and infrastructure.

With regard to its current sales distribution, vehicles with internal combustion technologies, especially those that operate with petrol and diesel, dominate the market, although a gradual transition towards cleaner technologies is projected. In 2024, internal combustion vehicles represented 90% of the passenger vehicle markets and 75% of commercial vehicles. By 2040, compressed natural gas is expected to represent 20% of the passenger vehicle market, which reflects its appeal due to its lower cost and the growing distribution infrastructure. Hybrid vehicles will also experience strong growth, reaching between 22% and 24% in the personal segment. In turn, electric vehicles, although still at an initial phase, will see greater penetration driven by regulatory incentives and advances in infrastructure.

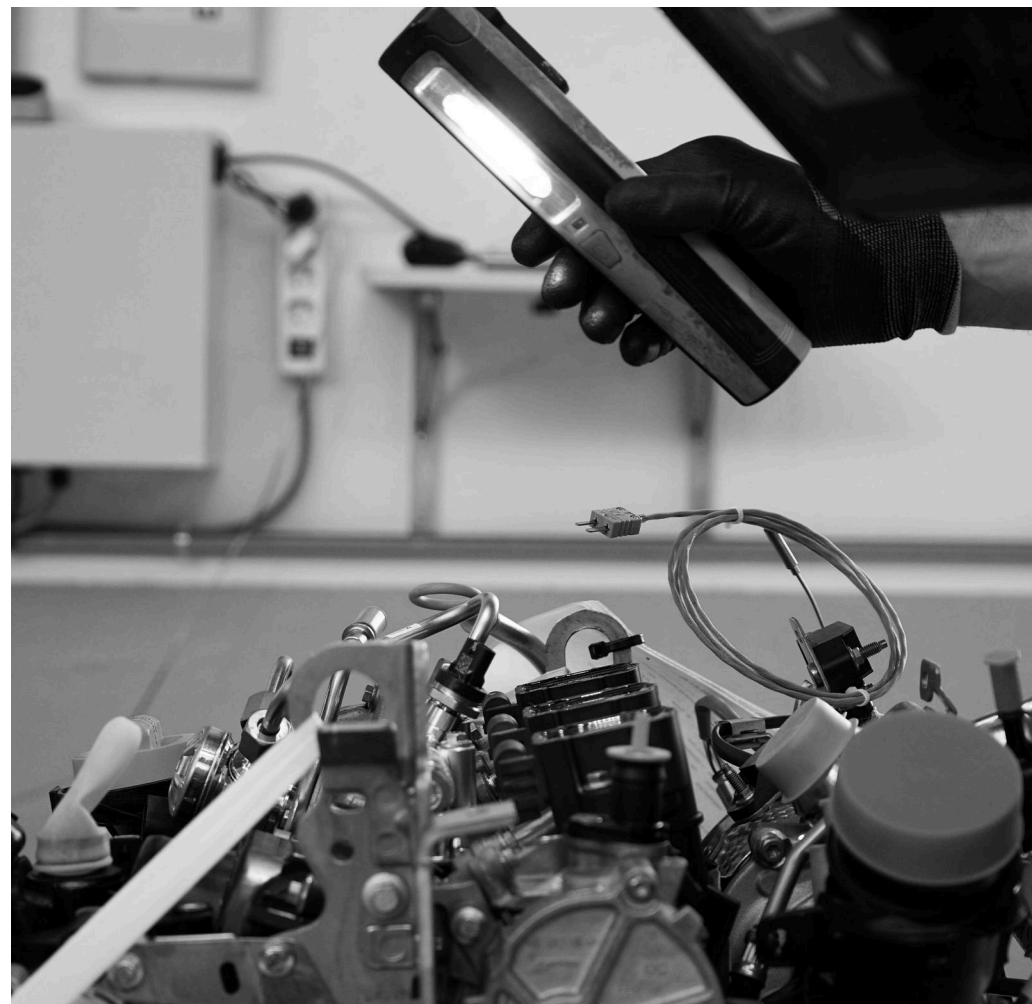
Projected distribution of sales in India 2024-2030 (million units)



EXCELLENCE AND QUALITY

Quality is much more than complying with regulations or guaranteeing that a product works according to specifications. Quality is a comprehensive promise, that encompasses product durability, the sustainability of their manufacture and, above all, consistency throughout our range. Quality is not a department, or a function. It is a mindset underpinned by excellence. At HORSE we do not settle for compliance. We seek to exceed expectations.

As established in our corporate strategy, our commitment to excellence is focused on:



Strategic vision focused on quality

Our medium and long-term strategy has a starting point and a target: the customer. Every decision we make, from initial conception and design through industrialisation to manufacture, is based on the premise of improving the customer experience in pursuit of the future success of the business by addressing emerging challenges, adapting to new technologies and satisfying the needs of new markets.

Our vision is summarised in the principle: "Powering Quality, Powering Tomorrow" and is supported by 3 pillars:

1. Ambition for excellence
2. Conquering new markets
3. Lasting design

Innovating is not just creating something new, but ensuring that the new thing is of better quality and meets the customer's expectations. To meet these goals, we address the challenge of integrating quality management into all stages, from product development to supplier processes and production, assuring effective end-to-end capitalisation. At HORSE, as a business with a data-centric approach that integrates cutting-edge technologies in data management, we discover unknown patterns, identify opportunities, mitigate potential risks, and therefore guarantee that our products exceed expectations in performance and efficiency and, most especially, in sustainability.

To assure future success and deal with these challenges, we have established fundamental strategic actions:

- Implementation of a data-centric quality system that optimises decision-making processes.
- Conducting exhaustive overall evaluations in all our production plans, ensuring a 360° view that lets us identify and pursue opportunities for improvement.
- Creation of a unified governance system to manage supplier relations and their performance efficiently.
- Optimisation of project management by integrating end-to-end capitalisation, promoting continuous improvement at all levels.
- Development of a global certification system aligned with the highest standards, including excellence in hybrid cutting-edge technologies.

These actions strengthen the base of our quality department, foster innovation and assure our competitiveness in a constantly evolving landscape that faces the challenges of sustainable mobility. In this way, we will be better placed to meet the demands of new technologies and our customers' expectations, assuring long-term success.

Quality management system

To guarantee suitable control and improvement in our processes, at HORSE we have established a Quality Management System (QMS) that allows us to prove our capacity to provide products and services that meet both internal and customer expectations and specific safety requirements; as well as complying with all applicable regulatory requirements for the activities and in the places where we deliver our products. These requirements are integrated in the standards applied in the design of new processes and products and are verified throughout the manufacturing cycle.

Quality organisation

Our Quality Department plays a crucial role throughout the value chain, ensuring that each process and product meets the highest standards. To this end, we have quality team at each of our manufacturing plants, comprising managers and skilled workers. In total, there are 430 people dedicated to quality matters at HORSE. Their customer-focused approach establishes sound governance frameworks and performance targets, managing zero mileage processes - that address defects detected before the product is delivered to the customer, assuring that it arrives in optimal conditions - and warranty claims, that concern defects occurring during use of the product within the term of the warranty.

As far as projects are concerned, the team defines quality objectives and ensures the robustness of each milestone, guaranteeing successful execution. It leads supplier quality management throughout the entire product lifecycle and oversees the company's quality management system, including certifications and digital transformation initiatives for continuous improvement.

The team also ensures rigorous control in the manufacturing processes, validating industrial development to assure consistent quality in production.



Global Quality Director

Customer, Parts Warranty and Zero Mileage Manager

Customer, Part Warranty and Zero Mileage Director: Defines governance with customers and establishes objectives. Leads and manages the quality process and field complaints and zero mileage, including cost management.

Product Quality Engineering Manager and Manufacturing Quality Engineering Manager

Ensure the robustness of the project milestones. Define the project's quality objectives and assure application of the production parts approval process for the customer.

Manufacturing Manager

Ensures the consistency and standardisation of the quality system in all production facilities, maintaining alignment with the company's global quality standards.

Supplier Quality Manager

Leads and manages supplier performance throughout the lifecycle.

Quality Management System Manager

Leads the quality system and certification process, including digital transformation.

QUALITY CERTIFICATION

At HORSE, our commitment to quality and search for excellence in the product is reflected in the internationally prestigious certification we have obtained, including ISO 9001, which assures a strong quality management system, adaptable to diverse industries.

On this basis, we have taken a step further to respond to the specific demands of the automotive sector, achieving IATF 16949 certification, developed by the International Automotive Task Force (IATF). This standard provides a framework to establish, implement and maintain a quality management system focused on meeting the strict requirements of the industry. It also reinforces the principles of ISO 9001 as it includes additional elements that are specific to the industry, such as risk management in the supply chain, traceability and the prevention of product defects.

With the main objective of fostering continuous improvement, the focus on defect prevention and waste reduction, this certification offers several advantages, especially in the automotive industry:



Improved Quality

The certification helps improve the quality of products and processes, reducing defects and waste.



Global Recognition

IATF 16949 is recognised worldwide, which helps access new markets and customers.



Customer Satisfaction

It shows our commitment to quality and safety, increasing customer trust and satisfaction.



Operational Efficiency

Implementing the requirements of the standard may lead to a more efficient use of resources and simplified processes

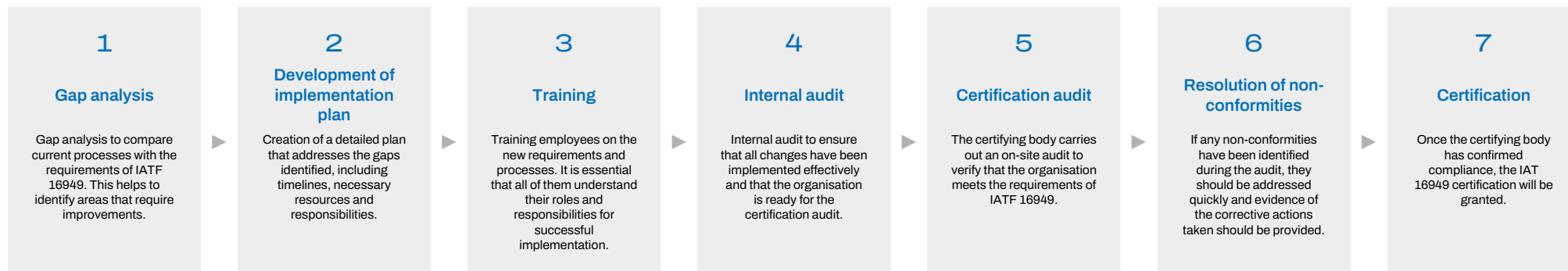


Competitive Advantage

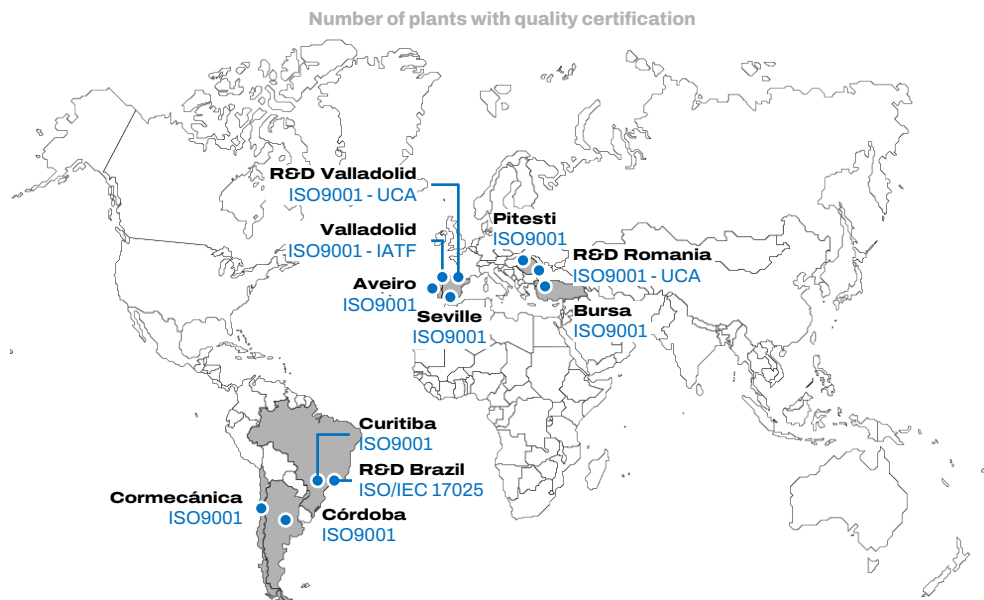
Being certified can set the company apart from the competition, highlighting the commitment to excellence and continuous improvement.

HORSE has the most internationally recognised quality certification

In 2023, we started the IATF certification process with the following outline:



Thanks to our exhaustive efforts, at the end of 2024 we have obtained the following certification for our plants:



COMMITMENT TO CUSTOMERS

Our medium and long-term strategy has a single starting point and a target: the customer. Every decision we make, from initial conception and design through industrialisation to manufacture, is based on the premise of improving the customer experience. We strive to assure the future success of the business by addressing emerging challenges, adapting to new technologies and satisfying the needs of new markets.

Any complaint is an opportunity to improve because it provides valuable information to learn from. We therefore establish a daily procedure that identifies, oversees and solves any failing in the end product. Accordingly, if we notice a problem in a part or a product, delivered or not, we firstly inform the customer of the problem, its solution and any possible delay in delivery of the parts.

In the event that a non-conformity is detected at our customer's plant, we consider it essential, before any compliant is reported, that the customer conduct an initial investigation to identify the cause of and responsibility for the problem. When necessary, this investigation should be carried out jointly with one of our representatives.

At HORSE, we undertake to define a solution whenever the fault is caused by quality issues attributable to us. The formal communication method to deal with the problem will conform to each customer's specific requirements, to guarantee a transparent and efficient process. We will work in good faith with our customers to agree on the necessary actions that both parties must take. Our goal will be to manage the problem in the best way possible, minimise any impact on the customer's production and carefully analyse the financial implications for both parties. Once the actions to be undertaken have been defined, we will make sure that the agreements reached are communicated to the corresponding commercial representatives both of our organisation and the customer's organisation.

The formal communication method for complaints from our customers is a computer or automated monitoring system. Through this computer system, at HORSE we respond to the reported problem, providing information about causes and actions and completing the different stages involved in solving it. Between 1 January and 31 December 2024, the number of complaints received from OEM customers was 111, according to the protocol defined in the management of such complaints.

Breakdown of complaints received

	2024
Closed	49
Confirmed	44
Recognised	18
Total	111



AUDIT SYSTEMS

At HORSE, we establish strict criteria for internal audits with the aim of assuring continuous improvement and compliance with the established standards. These criteria include:

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), the organisation that promotes standards and best practice in the automotive industry.
- 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.

Teams involved

- 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. They have in-depth knowledge of the applicable regulations, a process and risk-based approach, and analytical and communication skills to present findings clearly. They are also committed to continuous learning to keep up to date.
- Process managers: they play an essential role by providing information and assuring that the necessary corrective actions are implemented. They bring a deep understanding of their processes, ensure regulatory compliance, address non-conformities and work in a collaborative manner with the auditors.
- Senior management: reviews the results of the audits, ensures that the necessary resources are assigned for corrective actions and supports continuous improvement initiatives. Its commitment reinforces our customer-focused quality philosophy.

Priority matters

Our internal audit efforts are focused on three key 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

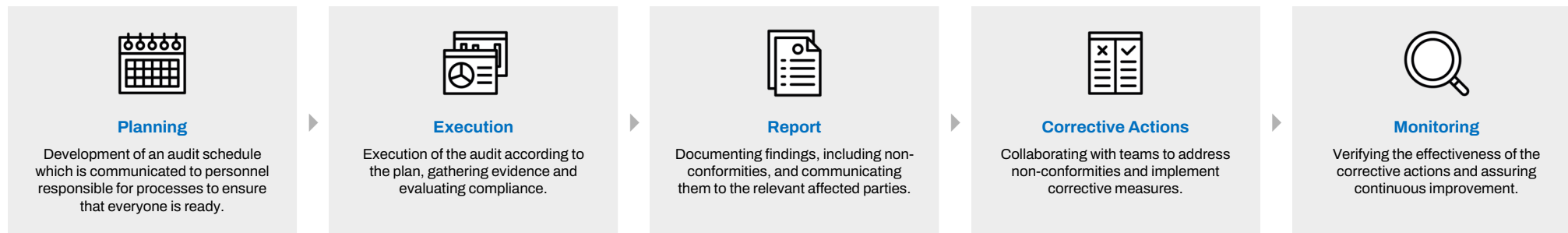
Aimed at production activities in all shifts, also evaluating both consistency in shift handovers. This audit considers key results such as the risk analyses and control plans established during advanced quality planning.



Product Audit

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

Steps in the internal audit process



In relation to our suppliers, we conduct initial audits, prior to production and specifically to resolve quality problems, evaluating key aspects such as IATF standards and quality controls. Our teams are in charge of ensuring both the immediate resolution of incidents and the long-term development of suppliers. We also conduct an annual review of our suppliers' performance, applying preventive measures to maintain excellence in our supply chain. For further information on these processes, a full breakdown is provided in the chapter on ["Sustainable Procurement"](#).

2

ECONOMIC IMPACT

- Description of the financial strategy
- Financial results
- Tax strategy

DESCRIPTION OF THE FINANCIAL STRATEGY

Financial strategy and organisation

At HORSE, our financial strategy is designed to guarantee the company's long-term stability, profitability and growth, aligned with our mission to lead the development of new low-emission technologies to facilitate the energy transition and decarbonisation. And, of course, it supports the corporate and strategic objectives driven by the CEO and the management team.

Organisational structure

HORSE's Finance Department is organised in a Corporate Department and decentralised financial teams in the seven countries where the Group operates.



Corporate Finance Department

Led by the Group CFO, this team defines the financial strategy, including the capital structure, cash management, cost control, risk management and regulatory compliance.



Local Financial Teams

Present in each country, these teams implement the corporate instructions, oversee daily operations and assure that all financial activities comply with local laws and regulations.

This dual structure ensures strategic coherence while maintaining operational flexibility, allowing HORSE to address global objectives and local challenges effectively.

Innovation through investment in new technological developments is a fundamental part of HORSE's financial strategy



Strategic Objectives for 2030

HORSE's financial strategy is guided by five key pillars, designed to provide a solid base for the company's long-term ambitions:

1. **Stable Capital Structure:** Guaranteeing financial stability through responsible capital allocation and investment decisions.
2. **Secure Cash Generation:** Prioritising liquidity and efficient cash flow management to support strategic operations and initiatives.
3. **Efficient Cost Control:** Maintain profitability by optimising resources and through operational efficiency.
4. **Proactive Risk Management:** Anticipating and mitigating financial risks through comprehensive information, daily supervision and strategic alliances.
5. **Financial Compliance:** Guaranteeing adherence to global standards and taxes, customs, accounting, audits and internal controls.

For 2030, HORSE aspires to consolidate its position as a financial resilient organisation that backs innovation and sustainable growth.

The Carve-Out

HORSE's financial framework was established through the Renault Group carve-out process in July 2023. Between 2022 and 2023, Renault Group restructured its combustion and hybrid powertrain business, encompassing the production of engines and gearboxes and the development of batteries and power electronics to optimise hybrid systems. This reorganisation involved the divestiture of mixed subsidiaries, the transfer of assets and eventual contribution or sale of shares to HORSE Powertrain Solutions S.L.U., a Spanish holding company owned by Renault s.a.s.

Accordingly, the carve-out includes:

- **Mixed Subsidiaries:** Operations in Brazil, Romania, Spain and Turkey that were split off from Renault Group's broader activities, requiring complex divestitures.
- **Dedicated Subsidiaries:** Existing operations in Argentina, Chile and Portugal which were integrated directly in HORSE, as they were exclusively part of the powertrain business

2024: A Year of Key Milestones

In 2024, HORSE reached several key economic milestones that showed the strength of our financial strategy:

- Successful integration of the split-off subsidiaries, establishing HORSE's financial independence.
- Optimisation of financial operations in seven countries, achieving greater alignment with our strategic objectives.
- Investments in cutting-edge technologies to facilitate financial reporting and regulatory compliance processes.

Getting ready for 2025

Looking ahead to 2025, HORSE's Finance Department is focused on addressing emerging challenges and pursuing new opportunities:

- **Digital Transformation:** Implementing advanced financial analyses and AI-driven tools to improve forecasting, decision making and cost control.
- **Market Volatility Management:** Adapting to economic changes through predictive models and a robust risk management framework.
- **Supporting Expansion:** Guaranteeing that the financial structures back HORSE's continued growth in new markets and sectors.
- **Sustainability Alignment:** Integrating ESG considerations in planning and financial reporting to align with HORSE's sustainability goals.

Driving Resilience through Finance

HORSE's financial strategy is not limited to managing resources; it is about enabling the organisation to navigate a tremendously complex and shifting environment and, at the same time, drive innovation by investing in new technological developments. The carve-out is a significant step forward in HORSE's evolution, establishing the bases for a self-sufficient financial model.

With a clear vision of the future, a sound organisational structure and a commitment to excellence, the Finance Department is positioned to be a fundamental pillar of HORSE's continued success. Through our financial expertise, we are establishing the pillars to drive a resilient, innovative and sustainable tomorrow.

FINANCIAL RESULTS

In the automotive sector, financial strength is a fundamental pillar to guarantee sustainable development, technological innovation and the capacity to respond to a highly competitive market. Although we were only recently established, at HORSE we are proud to present our first Annual Report, which reflects not only operational performance but also our consolidation in a demanding and constantly evolving sector.

An analysis of the main financial metrics, broken down by products and group companies, is set out below, highlighting our current position and the bases we are building for the future.

Total earnings during last year amounted to 7.19 billion euros, while our EBITDA totalled 642 million euros, showing a strong generation of operating resources. In turn, we closed the year with earnings before meeting our financial and tax obligations of 187 million euros.

Out profit before taxes was 143 million euros. The balance of financial debt was 1.19 billion euros, while cash totalled 392 million euros, which reinforces our capacity to meet financial commitments and maintain adequate liquidity.

Capital expenditure totalled 387 million euros, aimed , mainly in (R&D) development projects amounting to 124 million euros and investments in property, plant and equipment amounting to 258 million euros. It should be noted that, among the main investments made, 12 million euros were invested in low-carbon technologies (alternative fuels, hydrogen and electrification)

Key financial indicators (million euros)

	2024
Revenues	7,189 €
EBITDA ²	642 €
EBIT ³	187 €
Profit before taxes	143 €
Financial debt	1,186 €
Capital expenditures (CAPEX)	387 €

² Earnings before interest, taxes, depreciation and amortisation

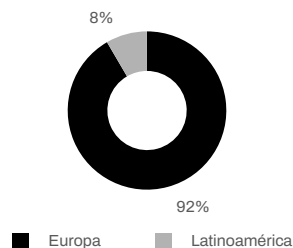
³ Earnings before interest and taxes



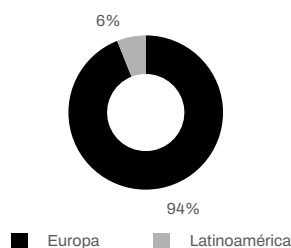
Financial results by geography

At geographical level, the differentiated performance between Europe (Spain, Portugal, Romania and Turkey) and Latin America (Brazil, Chile and Argentina), key regions for our operations, is noteworthy. In terms of earnings, Europe represents 92 % of the total, while Latin America contributed 8 %. These figures bear a logical relationship to the company's size in each region. For example, Europe makes up 88 % of the group's employees. This European leadership is also reflected in the generation of EBIT, with a contribution of 94 % compared to 6 % by Latin America.

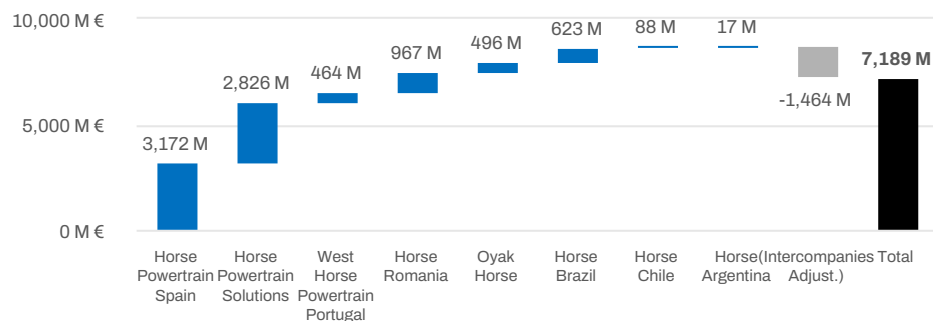
Earnings by geographical area



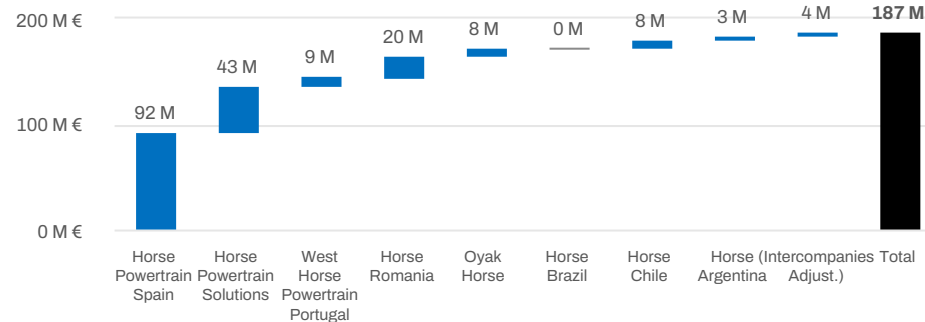
EBIT by geographical area



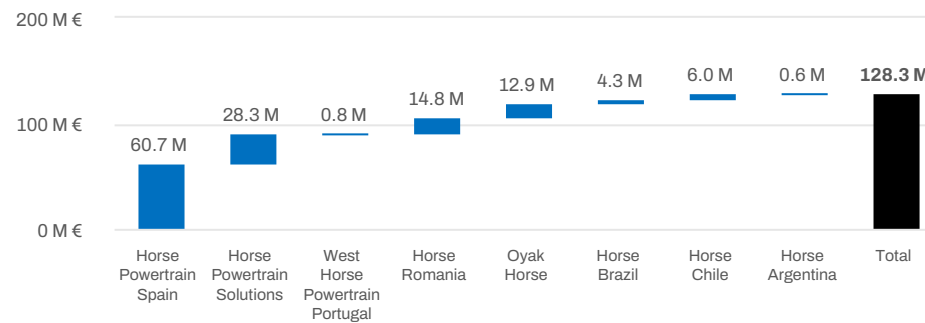
Earnings by group company (million euros)



EBIT by group company (million euros)



Net income by group company (million euros)



These results by geography reflect the importance of diversifying our operations between mature and emerging markets, balancing the contributions of earnings and profitability to guarantee the company's sustainable growth.

TAX STRATEGY

At HORSE, we have developed a Tax Policy that 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 pay of tax obligations. This policy is aligned with the group's commercial and financial strategies, and with the values and principles established in our Code of Business Ethics and other internal policies.

We act proactively, responsible and efficiently, always with integrity, honesty and transparency. This commitment, reflected in our tax administration approach, reinforces our credit and reliable attitude towards our stakeholders.

Our Tax Policy is aligned with the relevant guidelines and recommendations of the OECD, and with best tax practice established by several tax authorities. Furthermore, this Policy is reviewed periodically to adapt to best practice, market trends, stakeholder expectations -as institutional investors- and extended regulatory frameworks, including those related to sustainability.

This Policy applies to all Group companies, including entities in which HORSE has effective control (such as joint ventures) and covers all the Group's tax obligations in the jurisdictions where we operate. If local companies develop their own tax policies, these must be aligned and consistent with the Global Tax Policy.



Tax principles of HORSE

The following principles guide the Group's tax conduct and must be observed in all the activities in which we are involved as a Group:

■ 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 structure to avoid 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 rules 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 risk and governance

- We adopt a conservative approach to tax risk, with the Board of Directors of the Joint Venture responsible for establishing the tax strategy. Daily management of tax risks lies with the Global Head of Tax, supported by the Group's tax and financial teams.
- We have a formalised governance framework to manage tax risks and guarantee 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 avoidance and the facilitation thereof.
- The tax teams report at least annually to the Board of Directors on tax compliance, 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 relationship 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 with accuracy and on time.
- We commit to making relevant representations and disclosures to the tax authorities on time and in 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 to our stakeholders, including investors, policy makers, employees, civil society and the public in general, on our tax compliance approach.
- 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.

Our Tax Policy has been approved by the CEO of HORSE Powertrain Limited. The review of this policy and supervision of its observance are the responsibility of the Chief Financial Officer, who delegates implementation of the policy to the Global Tax Function. This Tax Policy is reviewed annually to guarantee its effectiveness. It will also be updated in the event that regulatory amendments or relevant circumstances so require.

Taxes accrued by country (million euros)

Country	2024
Spain	-27.8 M€
Portugal	1.0 M€
Romania	1.2 M€
Turkey	5.8 M€
Brazil	4.3 M€
Argentina	0.2 M€
Chile	0.6 M€
Total	-14.6 M€

Subsidies received by country (euros)

País	2024
Spain	75,796 €
Portugal	0 €
Romania	0 €
Turkey	0 €
Brazil	0 €
Argentina	0 €
Chile	0 €
Total	75,796 €

ESG

ESG STRATEGY FOR SUSTAINABLE MOBILITY

- ESG Governance
- ESG Strategic Vision

ESG GOVERNANCE

At HORSE, we regard ESG management as a strategic and priority matter. Accordingly, company management has put in place a robust and well defined governance structure, made up of a series of internal bodies that ensure that the ESG Plan 2030, its objectives and its initiatives have the backing, leadership and resources necessary to be implemented successfully at all levels of the organisation.

Our ESG governance model is designed to guarantee that every aspect of this commitment leads to concrete and measurable actions. Specifically, it is structured as follows:



Leadership from senior management

The ESG department depends on and reports to the company CEO, who provides ESG leadership and assures that it is integrated into the management of HORSE's global strategy. From this position, he not only ensures that the ESG department has the necessary resources, but is also the person who provides the sustainability vision that inspires and guides the whole organisation.



ESG management with a cross-cutting approach

ESG Management, a key part of our structure, works across all areas of the organisation. Its principal mission is to guarantee that environmental, social and business ethics aspects are considered and integrated in all processes and decisions. This department not only designs the ESG strategy, but also acts as a catalyst and co-ordinator so that the work teams can meet the ambitious goals we have set.



Continuous monitoring and tracking of objectives

ESG objectives are not static: they are rolled out internally through annual plans and monthly reviews that let their evolution be monitored in real time. This rigorous approach lets us identify opportunities for improvement, correct possible deviations and guarantee sustained progress towards our long-term goals.



Sustainability Committee

We have established a Sustainability Committee made up of high-level representatives of the corporate departments and delegates from all our manufacturing plants, known as ESG Ambassadors. This body meets on a monthly basis to assure that the ESG Plan 2030 is rolled out effectively in all departments and reaches every corner of the organisation, from offices to production lines. Its work ensures complete alignment between the central strategy and operational activities, promoting total integration of ESG principles in our day-to-day business.



Operational and multidisciplinary working groups

To guarantee that the plan's initiatives and measures are implemented successfully, we have created specific operational working groups, most of them multidisciplinary. These teams are made up of professionals from various areas for the purpose of executing the specific initiatives to fulfil the goals of the plan. Their practical and collaborative approach ensures that the actions designed will be effective, relevant and adapted to the realities of our operations.



ESG STRATEGIC VISION

At HORSE, we position ourselves as a global company capable of offering solutions in the transition towards sustainable, decarbonised, responsible and inclusive mobility. Accordingly, in our first year of life we have made sure that the ESG strategy is part of the company's value proposition.

We are committed to the OECD Guidelines for Multinational Enterprises and we uphold the 10 principles of the UN Global Compact.

We have approved an ESG Policy that serves as a framework for establishing our priorities, our principles of action in relation to sustainability through the following basic lines:

- Contribution to sustainable mobility and the Sustainable Development Goals
- Management of ESG positive and negative impacts and opportunities
- Eligibility for sustainable financing

Specifically, the policy develops how we respond to the main ESG challenges facing businesses:

- Climate change, resource scarcity and biodiversity loss, climate change mitigation and adaptation, promotion of circular economy and biodiversity protection.
- Inequalities and protection of labour and human rights- employment, attracting and developing talent development, safeguarding human and labour rights and health and safety, and through social contribution in the communities where we are present.
- Guaranteeing ethical principles in all activities- through legal compliance, transparency and responsible management of our supply chain.



At HORSE, we position ourselves as a global company committed to sustainable, decarbonised and inclusive mobility, integrating ESG strategy in our value proposition from the first year



CONTRIBUTION TO SDG

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.

8 DECENT WORK AND ECONOMIC GROWTH



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.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



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.

11 SUSTAINABLE CITIES AND COMMUNITIES



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.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



SDG 12: Responsible consumption and production

We optimise our production processes to minimise waste, using sustainable materials and fostering responsible practices throughout the supply chain.

13 CLIMATE ACTION



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.

17 PARTNERSHIPS FOR THE GOALS



SDG 17: Partnerships for the goals

We collaborate with strategic partners, sector associations and international organisations to develop innovative solutions that will promote and contribute to the transition towards sustainable mobility.

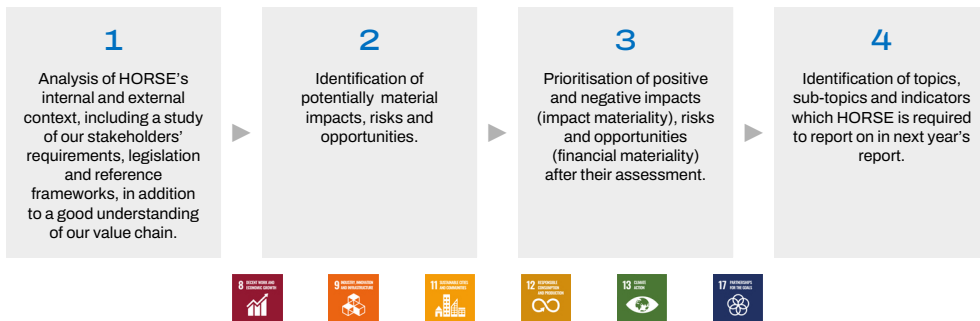
DOUBLE MATERIALITY

In Europe, the ESG framework is acquiring strategic relevance, driven by increasingly stricter regulations that seek to promote sustainability and corporate transparency. Notable among these initiatives is the Corporate Sustainability Reporting Directive (CSRD), adopted by the European Union as part of the European Green Deal. The CSRD establishes new disclosure requirements that compel companies to report with greater detail their performance in environmental, social and governance aspects. This approach seeks to not only guarantee corporate responsibility, but also to provide investors, consumers and other stakeholders with key information for decision making.

For HORSE, the implementation of the CSRD represents a significant change in the way it manages and reports its ESG initiatives. As a company committed to sustainability, we face this new regulation with the certainty that it not only demands an adaptation in terms of regulatory compliance, but also opens up opportunities to reinforce our position in the sector. Although we are not required to report information until 2025 in accordance with the CSRD, in 2024 we have taken the first steps to adapt to its new requirements. In this regard, we have conducted our first Double Materiality analysis with the aims of:

- Identifying the main sustainability impacts, risks and opportunities (IROs) for the company following the latest EFRAG recommendations and aligning them with our sustainability strategy.
- Preparing in advance for the reporting requirements resulting from the new standards and indicators related to the IROs identified.

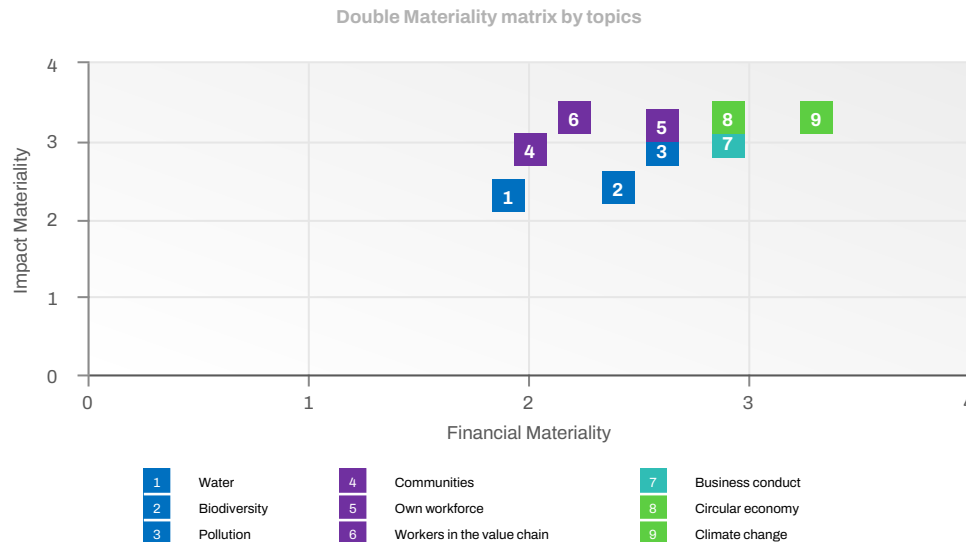
To carry out the study, we have engaged the services of an external consultancy firm, which has supported us in conducting the analysis through the following phases:



As a result of the analysis of this year, we have identified 7 material topics:

- 5 of them are material from the point of view of both impact and financial materiality: climate change, circular economy, business conduct, own workforce and pollution.
- 2 of them are material in respect of impact materiality: workers in the supply chain and communities.

Additionally, we have 3 non-material topics, two of which were not identified as material following the assessment (water and biodiversity), and one of them was ruled out as it is not applicable to HORSE (consumers and end-users). In the matrix shown below, the results discussed on our material topics and their prioritisation according to their degree of impact and financial materiality:



In addition, throughout each of the chapters of this report, the 38 impacts, risks and opportunities identified as material will be presented.

ESG Plan 2030

Thanks to the integration and firm belief in the importance of ESG commitments, the company's recent creation has not been an impediment to development and the necessary strategic decision making. In this regard, in 2024 we have implemented our first Strategic Sustainability Plan, articulated as a Plan for 2030, applying the same time horizon as the company's global business plan.

To devise the plan the ESG department has taken the following as the starting point:

- The global challenges for which the company wishes to contribute to providing a solution, including the Sustainable Development Goals
- The HORSE value chain
- All the initiatives already in place in the production plants during the years spent in the Renault Group
- Environmental, social, ethical and good governance guidelines, frameworks and regulations
- Requirements of current and potential customers
- Good practice of comparable businesses, giving as a result our ESG Plan 2030: Powering Sustainability. Powering Tomorrow:

Value proposition

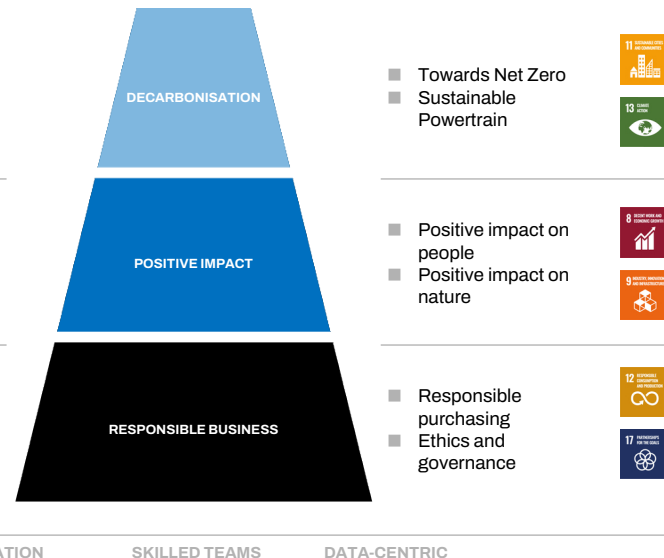
Low-emission engines to power a transition towards sustainable and fair mobility

Operations

Operations that generate a positive impact on employees, communities and the workforce

Business ethics

Responsible management of the value chain, guaranteeing the highest ethical standards



Aware of the importance of defining firm commitments, we have established the following objectives by 2030 for each of the Plan's priority areas:

Decarbonisation



Towards Net Zero

- 42% reduction in scope 1 and 2 emissions (aligned with the 1.5°C scenario)
- 25% reduction in scope 3 emissions from the use of the products sold (aligned with the well below 2°C - WB2C scenario)



Sustainable Powertrain

- Reaching 60% of sales for low-emission engines⁴

In addition, at HORSE we are committed to a Net Zero emissions target by 2050

Positive impact



On people

- All countries certified as a Great Place to Work
- 100% of employees with access to ESG training
- Zero-accidents commitment:
 - 100% of plants certified with ISO 45001
 - 30% reduction in frequency index
 - 30% reduction in severity index
- Investment of 3 M€ in social action to generate a positive impact on communities



On nature

- Circular economy:
 - 73% of the aluminium contained in parts of recycled origin
 - 100 % energy from renewable sources
- Biodiversity: 100% of plants with biodiversity plan implemented

Responsible business



Responsible purchasing

- 100% acceptance of ESG requirements by suppliers
- 90% of critical suppliers evaluated under ESG
- 90% audits of suppliers considered to be ESG risk



Ethics and governance

- 100% of employees have accepted the Code of Business Ethics
- 100% of activities and countries with human rights due diligence implemented
- 100% of countries with compliance programme implemented
- Inclusion of ESG and climate change Risks in risk management systems

⁴ E100, LPG, HEV, PHEV, E20, HEV LPG, E85, CNG

Status in 2024 and targets for 2025

At HORSE we believe that defining targets and commitments should not be separated from monitoring and assessing their attainment. Accordingly, the company's Sustainability Committee carries out monthly monitoring of each of its objectives. This frequency in monitoring allows for the rapid detection of deviations, as well as a swift reaction to put corrective measures in place. The degree of attainment of the ESG Plan 2030 targets during the last year can be seen in the table below, where it should be noted that the overall attainment of the plan was 93 % of the targets set for 2024. In relation to total attainment of the Plan for 2030, this year we have managed to achieve 32 %.

The planned objectives have been broadly achieved, with only two of the targets not able to be met. The severity index has increased due to an increase in sick days in Chile and Portugal. Despite this increase, none of the incidents resulted in irreversible injuries and only 35% of the absences related to ill health corresponded to absences of more than 30 days. A specific action plan has been created to reduce this indicator next year. Furthermore, we have achieved 93% acceptance of the Code of Business Ethics instead of the planned 100% acceptance. This difference is due to the fact that the Code was launched in the last months of the year, giving only a short time for acceptance by all employees. It is expected that this target will be met in the first months of next year.

The process of compliance with our ESG objectives is dynamic, and therefore they are monitored on a monthly basis. At HORSE, we act according to the results obtained, and the targets can be modified for a number of reasons, such as greater ambition, reaching the target early, among others.

TARGETS	TARGET BY 2030	TARGET FOR 2024	ATTAINMENT 2024	TARGET FOR 2025
DECARBONISATION				
Scope 1 and 2 emissions	-42 %	-2 %	-11.9 %	-12 %
Emissions from use of products sold	-25 %	-3 %	-8.4 %	-9 %
Sale of low-emission engines	60 %	28 %	35.6 %	45 %
POSITIVE IMPACT				
Great Place to Work certification	100 %	28 %	85.7 %	100 %
Access by employees to ESG training	100 %	50 %	100.0 %	70 %
ISO 45001 certification	100 %	10 %	10.0 %	33 %
Frequency index	-30 %	-5 %	-21.0 %	-11 %
Severity index	-30 %	-5 %	90.1 %	-10 %
Investment in social action	3,000,000 €	NA	NA	500,000 €
Recycled aluminium content	73 %	66 %	66.0 %	70 %
Renewable electricity	100 %	72 %	72.0 %	82 %
Biodiversity plan implemented	100 %	10 %	12.5 %	25 %
RESPONSIBLE BUSINESS				
Acceptance of ESG requirements by suppliers	100 %	80 %	93.0 %	90 %
Supplier ESG assessment	90 %	50 %	65.0 %	70 %
Critical suppliers audited under ESG	90 %	16 %	16.0 %	29 %
Acceptance of Code of Business Ethics	100 %	100 %	93.0 %	100 %
Human Rights due diligence implemented	100 %	NA	NA	50 %
Compliance programme implemented	100 %	NA	NA	50 %
ESG and Climate change Risks assessed	100 %	25 %	25.0 %	50 %

STAKEHOLDERS

We regard it as fundamental to understand the impacts that our operations have on our stakeholders and how our operations are influenced by them. We therefore establish communication channels to ensure that we integrate their expectations.

Stakeholder	Communication channels	Contribution to expectations	Key indicators
EMPLOYEES	Intranet Mailing Meetings Whistleblowing channel Performance evaluation tool	<ul style="list-style-type: none"> Approval of the first Equality Plan “Great Place to Work” certification Implementation of flexible working policies and parental co- responsibility measures to favour work-life balance 	<ul style="list-style-type: none"> 9,546 employees 91 % permanent contracts 0 fatal accidents
SUPPLIERS	Supplier platform Audits Meetings	<ul style="list-style-type: none"> Unified governance system to ensure efficient management with suppliers Introduction of ESG assessment criteria in supplier selection 	<ul style="list-style-type: none"> 275 suppliers 4.58 billion € expenditure on suppliers 65 ESG-assessed suppliers
CUSTOMERS	Regular contact with corporate and plant sales departments Customer platforms Audits	<ul style="list-style-type: none"> “Best Innovative Project” in engines Prize (FaCyL) Implementation of a Quality Management System focused on customer satisfaction. Obtaining quality certifications: ISO9001, IATF16949 Conducting internal audits of quality, manufacturing processes and products Obtaining the SBTi stamp for decarbonisation targets 	<ul style="list-style-type: none"> 67 % recycled aluminium 96 % of products sold are recyclable
FINANCIAL INSTITUTIONS	Specific meetings and calls	<ul style="list-style-type: none"> Sustainability-linked loans Innovation Investment of the Year Prize (Official Chambe of Commerce of Spain in France) Design of strategic objectives for 2030: stable capital structure, secure cash generation, efficient cost control, proactive risk management and financial compliance 	<ul style="list-style-type: none"> 3 sustainability-linked loans SBTi approval obtained for decarbonisation targets
ASSOCIATIONS AND REGULATORS	Events Lobbying Conferences Meetings	<ul style="list-style-type: none"> Signed up to the UN Global Compact Participation in multiple trade fairs and events of interest Involvement in different sectorial associations to share experience and knowledge 	312,632 € financial contribution in association and sponsorship actions
LOCAL COMMUNITIES	Plant communication department Whistleblowing channel	<ul style="list-style-type: none"> Investment target of 3 M€ in social action to generate a positive impact on communities by 2030 Comprehensive environmental management system based on waste management, energy efficiency, water management and emission control ISO14001 certification in 100% of plants and R&D centres Biodiversity assessment performed in 100% of plants and R&D centres 	Approval of 3 million euros in social contribution 2025-2030
JOINT VENTURE (Renault Group, Geely and Aramco)	Executive Management Team Working groups to create synergies	<ul style="list-style-type: none"> Approval of the ESG Plan 2030 for Horse Powertrain Solutions Development of the double materiality analysis Launch of Excellence Project in the Joint Venture 	Organisation of 5 working group to take advantage of synergies in the JV

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CLIMATE CHANGE

- Climate change governance
- Climate change strategy and risk management
- Metrics and targets

HORSE's business proposition is based on offering solutions that contribute to decarbonisation of the sector and sustainable mobility. For this reason, HORSE is committed to reaching Net Zero by 2050 and the short-term decarbonisation targets included in its ESG Plan by 2030.

As a result of the first double materiality study, we set out below the impacts, risks and opportunities detected for ESRS E1 - Climate Change:

Impact materiality

Positive impacts

- Reduction in CO₂ emissions from engines by improving the efficiency of internal combustion engines, developing hybrid solutions, using efficient batteries, gearboxes, power electronics, e-fuels and hydrogen.
- Contribution to the protection of the environment through energy supply from renewable sources and the application of energy efficiency measures.

Negative impacts

- Impact on the environment due to the emission of large quantities of CO₂ and other greenhouse gases as a result of the processes used to obtain raw materials.

Financial materiality

Risks

- Interruptions in raw material supply due to suppliers' failure to comply with environmental requirements, especially with regard to critical materials.
- Operating costs as the increase in temperatures may affect equipment operation.
- Delays and overruns due to operational restrictions caused by extreme weather phenomena in the places where suppliers operate.
- Risk derived from failure to redesign or adapt production facilities that could be affected by floods due to climate change.
- Risks derived from the difficulty in modifying the design of product components as a result of regulatory restrictions that prohibit the use of certain raw materials.

Opportunities

- Long-term reduction in operation costs through more efficient and less carbon-intensive technological innovations.

Decarbonisation targets

During 2024, we have validated our short and long-term emission reduction targets, establishing 2023 as the base year, and finally obtaining the approval of the Science Based Targets initiative (SBTi).



Aware that greenhouse gas emissions from the use of energy in road transport represent 12% of global emissions, we have to establish a long-term commitment in line with the Paris Agreement to limit the temperature increase to 1.5° C compared to pre-industrial levels.

To reinforce the commitment, we have established the following targets for 2030:

■ Towards Net Zero

- Reduce direct and indirect emissions under our control (scope 1 and 2) in our production processes under the 1.5° C scenario by 42%.
- Reduce our main emissions, which come from the use of the engines sold, during the vehicle's useful life, under a WB2C scenario as established in the new SBTi guide for transport, by 29%.

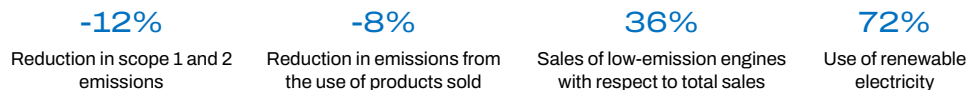
■ Sustainable Powertrain

- 60% of sales will be of low-emission and alternative fuel products.

Therefore HORSE will be Net Zero by 2050

Results of the ESG Plan 2030 in 2024

The first pillar of our ESG Plan sets annual decarbonisation targets in order to meet the targets proposed for 2030. In 2024, the three proposed decarbonisation targets were met, reaching achievement of more than 100% in total:



CLIMATE CHANGE GOVERNANCE

At HORSE we have established a governance and organisation structure that guarantees that climate change and decarbonisation are tackled from the highest level of the company right down to each one of its production processes:

The HORSE leadership team, with the CEO at the head and made up of senior management of the company, approves the decarbonisation targets and emission reduction measures, ensuring that all the necessary resources to meet these targets are put in place.

The different internal bodies and their functions are detailed below:

Sustainability Committee

This group, led by ESG Management, is responsible for overseeing the company's ESG objectives and initiatives, including decarbonisation. This Committee is made up of representatives of each of the corporate departments, as well as ESG Ambassadors from all the production plants.

ESG Direction

Reporting directly to the CEO, this Department is responsible for establishing the ambition of the decarbonisation targets, the strategy to meet them, and for carrying out studies on climate risks and opportunities. It is also responsible for communicating and disclosing the carbon footprint, targets and other matters related to climate change.

Purchasing Department

The department responsible for co-ordinating and overseeing decarbonisation measures through the relationship with product suppliers and service providers.

Climate Change and Decarbonisation Working Group

This is one of the groups created in the framework of the ESG Plan 2030 to share knowledge on climate change and promote decarbonisation measures in all departments and plants.

Decarbonisation Department

The Decarbonisation department has been integrated into ESG Management during the year in light of its strategic importance. It is responsible for calculating the corporate carbon footprint and the product carbon footprint, as well as executing, from the operational standpoint, the decarbonisation measures with other departments involved. It is also responsible for defining the company's renewable energy strategy.

Research and Development Department

Department in charge of development powertrain systems with a smaller in-use carbon footprint.

At plant level: we have a number of different profiles in place whose responsibilities include energy efficiency measures or process and material optimisation to reduce the associated emissions.



CLIMATE CHANGE STRATEGY AND RISK MANAGEMENT

CLIMATE RISKS AND OPPORTUNITIES

Due to HORSE's activity and positioning explained in preceding chapters of this report, it is fundamental for us to identify, assess and prioritise long-term climate risks and opportunities and the financial consequences they may have in the organisation.

Taking a time horizon of the year 2030 and based on climate scenarios, in the second half of 2024 we conducted a first identification and assessment exercise of climate risks and opportunities, supported by a leading consultancy firm. For this analysis, the following have been taken into account:

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.

Climate opportunities

Derived 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 analyse 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 HORSE's 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 RISKS					
Physical risks	Type of risk	Main impact	Likelihood	Magnitude	
Direct activities	Rising temperatures	Chronic	Increase in air-conditioning costs	■■■■■	■■■ ■
	Water stress	Chronic	Reduction in plant productivity	■■■ ■	■■■ ■
	Fires	Acute	Damage to building and machinery	■■■ ■	■■ ■■
	Heavy precipitation	Acute	Damage to building	■■■ ■	■■ ■■
	Floods	Acute	Reduction in revenues due to drop in productivity	■■■ ■	■ ■■■
Supply chain	Tornados*	Acute	Reduction in plant productivity that affects HORSE's supply	■■ ■■	■■ ■■
	Rising temperatures	Chronic	Increase in purchase prices due to transfer of cooling costs	■■■■■	■■ ■■
	Water stress	Chronic	Reduction in plant productivity that affects HORSE's supply	■■ ■■	■■ ■■
	Landslide*	Acute	Reduction in plant productivity that affects HORSE's supply	■■ ■■	■■ ■■
	Floods*	Acute	Reduction in plant productivity that affects HORSE's supply	■■■ ■	■■ ■■

CLIMATE RISKS				
Transition risks	Type of risk	Main impact	Likelihood	Magnitude
Regulation of existing products and services	Regulatory and legal	Increase in operating and research and development costs; Decrease in sales.	■■■■■	■■■■■
Changes in consumption patterns	Market	Increase in operating and research and development costs; Decrease in sales.	■■■ ■	■■■ ■
Regulatory carbon pricing mechanisms	Regulatory and legal	In the long term, possible carbon tax to pay for industrial combustion or other company activities.	■■■ ■	■■ ■■
Increases in prices or availability of raw materials	Market	Increase in costs and interruption of operations	■■■ ■	■■■■■

*Very local hazards: the uncertainty related to likelihood and magnitude for the supply chain is high

CLIMATE OPPORTUNITIES				
Opportunity	Type of opportunity	Main impact	Likelihood	Magnitude
Development and/or expansion of low-emission products	Products and services	■ Increase in sales and revenues. ■ Protection against market and legislative changes.	■■■■■	■■■
Use of more efficient production and distribution processes	Resource efficiency	■ Reduction in costs; ■ Enhanced reputation. ■ Activity continuity	■■■ ■	■■■
Use of recycled materials	Resource efficiency	■ Lower costs and ■ Protection against scarcity of materials	■■■ ■	■■■

RISK MANAGEMENT

Climate risk management is key in order to assure business resilience and sustainability in a constantly changing environment. At HORSE, 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 risk management is integrated in our corporate governance, assuring a co-ordinated and effective approach. ESG Management leads the identification and assessment of these risks, in collaboration with the members of the Sustainability Committee, which includes key departments such as finance, sales, procurement, legal and operations.

The results of the analysis are presented to the HORSE Leadership Team, headed by the CEO. The departments affected by the risks that have been identified 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 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 2024, 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 analysing the location of production centres, conducting internal interviews and consulting specialised databases. To assess them, factors such as the likelihood of occurrence and the magnitude of the impact are prioritised, 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. Among these actions the following stand out:

- Taking out insurance against extreme climate events and natural disasters.
- Improving production plant ventilation systems to deal with rising temperatures.
- Supplier diversification to minimise the risk of interruptions in the supply chain.
- Adaptation and development of new products that respond to market demands derived from climate change.
- Design of commercial strategies aligned with current and future regulatory frameworks.

METRICS AND TARGETS

CORPORATE CARBON FOOTPRINT

To guarantee adequate management of our main climate change metrics, at HORSE we consider it fundamental to have in place correct measurement and monitoring of such metrics. Accordingly, in 2023 we calculated our corporate carbon footprint for the first time. In 2024, we focused on setting decarbonisation targets in order to obtain SBTi validation.

The carbon footprint data are set out below, broken down by scope type, and calculated using the GHG Protocol methodology. In addition, and in order to obtain the SBTi seal, we carried out the calculation according to the methodology required by that organisation. The information on the calculation according to SBTi is included in the Appendix - [Tables and additional information](#).

The main difference between the GHG Protocol and SBTi when it comes to calculating the CO₂ footprint is found in category 11 -Use of sold products- of scope 3. GHG Protocol assigns the emissions to the powertrain (propulsion system) according to its contribution to the total weight of the vehicle. In our case, we have a weighting of 10.6% of the vehicle weight. For its part, SBTi considers total emissions without considering the weight, in other words, 100% of the vehicle's emissions are assigned to the propulsion system. In terms of data, these methodological differences lead to the following results:

- According to GHG Protocol:
 - The corporate footprint is 13,535 KtCO₂eq in 2024
 - Category 11 is 10,795 KtCO₂eq, representing 79.8 % of the total.
- According to SBTi:
 - The corporate footprint is 101,652 KtCO₂eq in 2024
 - Category 11 is 98,912 KtCO₂eq, representing 97.3 % of the total.

In addition, we carry out monitoring of the footprint according to both methodologies:

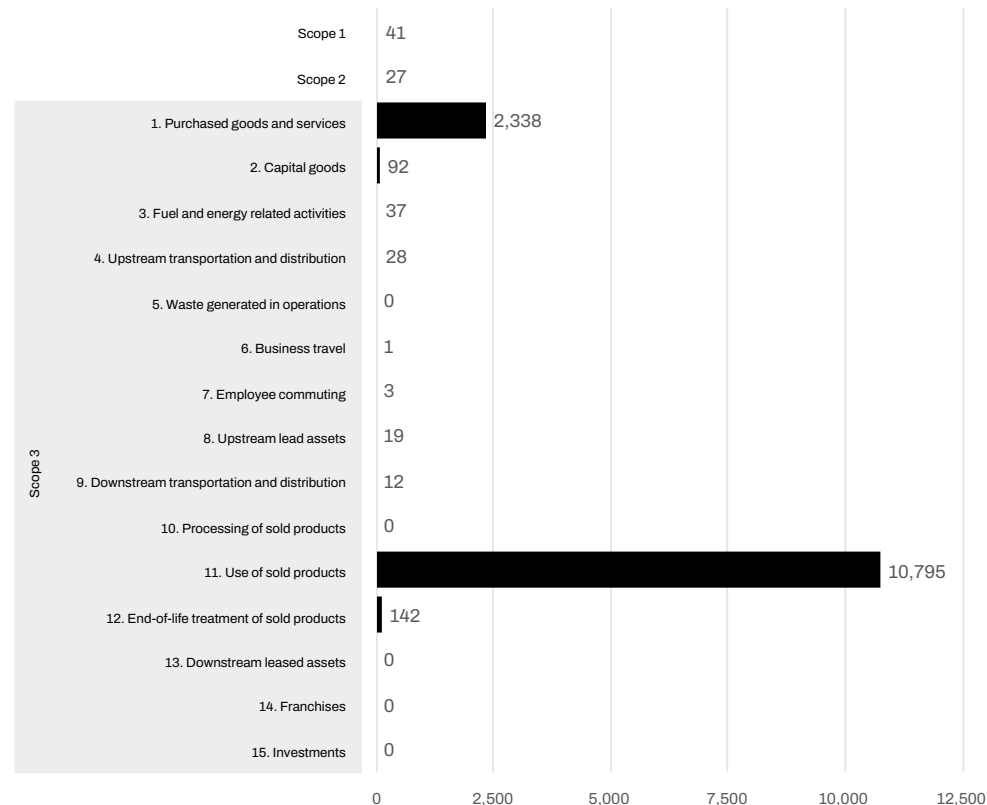
- GHG Protocol: as this is the criterion that was adopted initially, to keep documentary consistency and in communications; and the information contributed by our peers.
- SBTi: as it is the entity with which we have validated the target for 2030.

Both values are updated simultaneously in our calculation tool.



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

		2023	2024	Variation (%)
Scope 1 emissions	Total - Scope 1 (KtCO₂eq)	48	41	-15.3 %
	Natural Gas	45	36	-21.1 %
	Biomethane	0	0	-
	Hydrogen	0	0	-
	Diesel	0	1	-
	Petrol	2	1	-35.2 %
	Refrigerants	1	3	303.2 % ⁵
Scope 2 emissions	Total - Scope 2 (KtCO₂eq)	30	27	-10.6 %
Scope 3 emissions	Total - Scope 3 (KtCO₂eq)	14,140	13,468	-4.8 %
Upstream	1. Purchased goods and services	2,617	2,338	-10.7 %
	2. Capital goods	95	92	-3.4 %
	3. Fuel and energy related activities	42	37	-12.0 %
	4. Upstream transportation and distribution	26	28	9.5 %
	5. Waste generated in operations	4	0	-89.9 %
	6. Business travel	1	1	3.7 %
	7. Employee commuting	5	3	-37.9 %
	8. Upstream lead assets	18	19	1.2 %
Downstream	9. Downstream transportation and distribution	16	12	-25.4 %
	10. Processing of sold products	1	0	-80.0 %
	11. Use of sold products	11,147	10,795	-3.2 %
	12. End-of-life treatment of sold products	167	142	-14.8 %
	13. Downstream leased assets	0	0	-0.2 %
	14. Franchises	0	0	-
	15. Investments	0	0	-
TOTAL (Scope 1+2+3)		14,217	13,535	-4.80 %

Corporate carbon footprint 2024 (KtCO₂eq)

⁵ Data on emissions due to refrigerants for 2023 was based on estimates made on the basis of data received from Renault Group. In the 2024 reporting, the calculation was carried out using actual consumption. For this reason, an increase of more than 300% compared to the base year is reflected.

Emissions in the value chain

Emissions from the first category of scope 3, according to GHG Protocol, represent indirect emissions deriving from the acquisition of goods and services by a company. Purchased goods and services represent 17 % of the emissions of our value chain, which makes it the second most important category of emissions. Within this category, emissions in aluminium, especially primary, and the steel parts of our products, represent most of the emissions in this category. The CO₂ emissions associated to both aluminium and steel occur mainly in the casting process.

In relation to management and future targets, HORSE Procurement make the commitment and drew up the roadmap to reduce carbon emissions by at least 10% from 2023 to 2030.

With effect from 2024, and lead by a working group that includes experts on decarbonisation, product engineering and heads of purchasing, all our new supplies will be backed by a Carbon Footprint Report which will allow us to guarantee the emissions roadmap. In this declarative file, the supplier declares its action plan to reduce the carbon footprint and allows our decarbonisation teams to advise them on carbon footprint improvements. Our principal carbon footprint contributors are also asked for this statement, based on secondary data to provide a precise calculation and roadmap.

Emissions corresponding to category 11 of scope 3 of the GHG Protocol represent indirect emissions deriving from the use of our products, which constitutes 80 % of our value chain's total footprint, making it the most significant category in terms of impact. These emissions are split between 15 % corresponding to well to tank⁶ emissions and 65 % corresponding to tank to wheel⁷ emissions.

With effect from 2024, all new product developments will be backed by a detailed carbon footprint analysis that will guarantee compliance with our decarbonisation 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.

Other emissions

In addition to CO₂ emissions during our production process, another type of relevant emissions into the air occurs, the most significant being emissions of nitrogen oxides, sulphur oxides and volatile organic compounds.

The origin of the CO, NOx and SOx emissions is from two perfectly identified sources of a different nature:

- 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 in HORSE.

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

Other significant emissions into the air (tonnes)

	2024
CO (Carbon monoxide)	268.02
NOx (Nitrogen oxides)	13.02
SOx (Sulphur oxides)	2.08
VOCs (Volatile organic compounds)	0.00

⁶ Emissions associated to the extraction, production and transportation of fuel or energy to the point of supply (such as the tank of a vehicle)

⁷ Emissions generated during the use of the fuel or energy in the vehicle, i.e. emissions produced by the operation of the engine.

PRODUCT CARBON FOOTPRINT

The calculation of the product carbon footprint is a part of the product life cycle assessment (LCA). This analysis covers all the phases of the product's life, from extraction of the raw materials necessary to manufacture it to the recycling or end-of-life process. The six main phases to be studied are as follows:

- Raw materials
- Transport
- Manufacturing
- Distribution
- Use phase
- End of Life

The starting point for the calculation is the so-called Bill of Material (BOM), which consists of the list of materials and components that form part of the product. Once the BOM is available, information is obtained on the materials used in each component and its production process. The software we use at HORSE to perform the LCA is UMBERTO, associated to the secondary database ECOINVENT, in the most recent version. Once the information on the product has been prepared, we are in a position to calculate the model that has been fed with data from different sources:

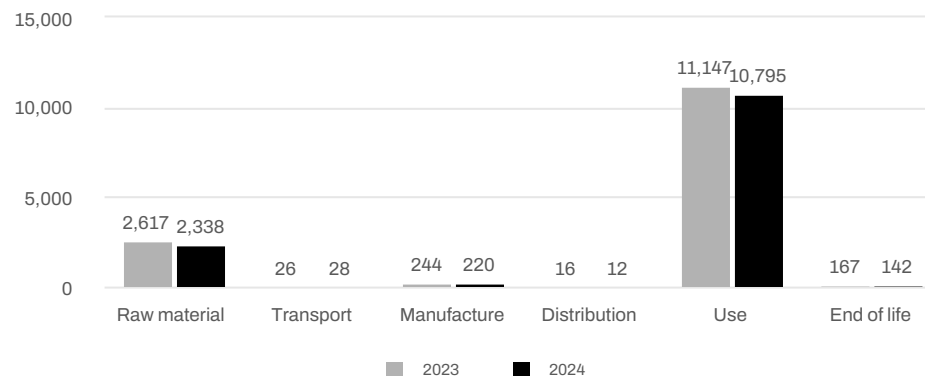
- Primary data: directly from the component supplier.
- Secondary data: from recognised databases which give information on the general environmental impacts of such materials depending on the production process, geographical location, etc.

The information to calculate the impact during the use phase comes from fuel consumption and emissions information from vehicle approval testing and secondary data for the fuels used. In the end-of-life phase, the percentage of recycled and/or reused parts as well as discarded parts is taken into account.

Life cycle emissions (thousands of tonnes of CO₂eq by product)

Life-cycle phases	2023	2024	Variation (%)
Raw materials	2,617	2,338	-11 %
Transport	26	28	9 %
Manufacturing	244	220	-10 %
Distribution	16	12	-25 %
Use	11,147	10,795	-3 %
Well-to-Tank - WtT	2,223	1,970	-11 %
Tank-to-Wheel - TtW	8,924	8,824	-1 %
End of life	167	142	-15 %
Total	14,217	13,535	-5 %

Evolution of product carbon footprint (KtCO₂eq)



ENERGY CONSUMPTION

The energy consumed in our plants is varied according to the plant location, but basically is summarised in the following groups:

- **Electricity:** used in process machinery (machine tools, coolers, furnaces in certain locations), in climate control equipment in cases in which heat pumps are used, in lighting and electric forklifts. Its origin is diverse and depends on the location. In plants where renewable electricity is used, its origin is photovoltaic, wind, hydraulic or produced by biofuels -in a smaller number of cases-, either bioethanol or biogas.
- **Natural gas:** used in heating and the manufacturing process. In manufacturing, it is used mainly in melting furnaces, thermal processes, heating of cutting fluids or similar.
- **Other minority fuels:**
 - **Propane:** in certain locations it is used in thermal processes (Bursa)
 - **Petrol/Diesel:** with a higher or lower percentage of bioethanol in engine testing, internal vehicles or forklifts
 - **Liquid Petroleum Gas - LPG:** in test benches and own vehicles

At HORSE we have an in-factory target of a 42% reduction in scope 1 and 2 GHG emissions by 2030. This means that the consumption of emissions-free electricity in all of the plants and the reduction of at least 10% in natural gas consumption, by replacing it with gas or another emission-free fuel in all plants, with this reduction to reach 100% by 2050.

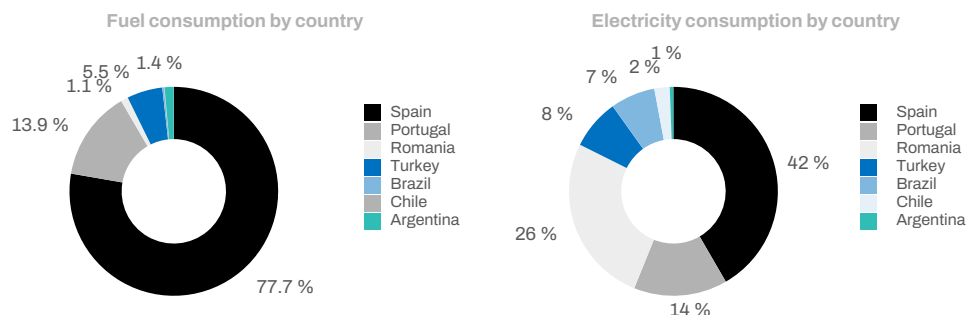
In 2024, a total of 6,881,772 MWh of fuel was consumed, the main sources of which are petrol and diesel, representing 64 % and 33 %, respectively. In relation to electricity, 488,504 MWh was consumed, 82 % of which corresponds to Spain, Portugal and Romania.

Fuel consumption by type and country (MWh)

Site	Natural Gas	Diesel	Petrol	LPG	Total
Spain	80,316	1,722,313	3,503,628	37,508	5,343,764
Valladolid	59,248	158,336	952,728	22,708	1,193,019
R&D Valladolid	1,436	1,494,520	2,531,220	14,800	4,041,976
Sevilla	19,507	69,457	19,680	0	108,645
Madrid	124	0	0	0	124
Portugal	9,573	442,364	500,843	0	952,780
Romania	81,694	1,553	1,489	0	84,736
Turkey	13,562	0	366,705	0	380,267
Brazil	16,942	0	0	0	16,942
Chile	5,880	0	0	0	5,880
Argentina	7,660	89,744	0	0	97,404
Total	215,626	2,255,974	4,372,665	37,508	6,881,772

Electricity consumption by type of source and country (MWh)

	Spain	Portugal	Romania	Turkey	Brazil	Chile	Argentina	Total
Non-renewable electricity	0	63,429	0	38,034	0	11,568	2,758	115,788
Renewable electricity	203,447	7,301	128,153	0	33,815	0	0	372,716
Wind	0	0	0	0	0	0	0	0
Solar	203,447	7,301	0	0	33,815	0	0	244,562
Hydroelectric	0	0	128,153	0	0	0	0	128,153
Others	0	0	0	0	0	0	0	0
Total	203,447	70,730	128,153	38,034	33,815	11,568	2,758	488,504



EMISSION REDUCTION MEASURES

Energy efficiency has become a fundamental pillar to reduce resource consumption, reduce greenhouse gas emissions and promote sustainable development. Aware of its importance, and in line with the targets set in our ESG 2030 Plan, below we present a set of strategies and practices designed to optimise the use of energy in different plants. Implementing energy efficiency measures not only contributes to caring for the environment, but also allows for a reduction in operational costs, improve systems performance and foster technological innovation.

Scope 1 and 2 reduction measures

From the beginning of HORSE, one of the main tasks and commitments was the reduction of energy consumption in our plants. To this end, every year we launch an energy efficiency plan for all the manufacturing plants, which consists of proposals of greater or lesser complexity and cost that pursue a reduction in energy consumption, independently of the source used (electricity, fuels, etc.).

In 2024, 1.16 M€ was invested to obtain a reduction in energy consumption of 13,890 MWh, achieving a total of 1,888 tCO₂eq avoided emissions. In 2025, the current forecast is to invest around € 1.5 M to achieve an additional reduction of 16,000 MWh in energy consumption in all the group's plants.

In relation to scope 2, in 2024 we have drawn up an emission reduction plan. To do so, we have a good starting point as the plants in Spain already have a renewable energy power purchasing agreement (PPA), while the plants in Romania and Brazil have guarantee of origin certificates. In aggregate, this total electricity consumption represents 72% of the total for HORSE. In this regard, renewable energy is expected to be consumed in Portugal in 2025 and then gradually in the rest of the plants by 2030.

Notable measures implemented include the reduction in the use of compressed air and the automation of thermal points, which optimises energy consumption in key processes. The installation of drives in motors of ventilation units, together with insulation of singular points and the decentralisation of steam, contribute significantly to thermal efficiency. Air curtains have also been implemented at logistics entry points as well as advanced control from Centralised Technical Management for filtration, aspiration and climate control units, improving the monitoring and remote management of systems.

Other actions include the replacement of heat pumps, the sectorisation of climate control and fluid networks using automatic valves, and environmental control of compressors. Heat recovery in specific industrial processes has also been optimised and the pressure of compressed air used has been reduced to lower energy consumption. Finally, the installation of independent compressors for the slurry plant and remote control of heating and cooling systems reinforces efficient and sustainable energy management.

Scope 3 reduction measures

In the context of the commitment to sustainability and the reduction of scope 3 indirect emissions, we have introduced several initiatives aimed at minimising the environmental impact associated to purchased goods and services, as well as the use of sold products. The following measures we have implemented represent avoided emissions of 976 tCO₂eq.

Category 1 - Purchased goods and services

To reduce emissions deriving from purchased raw materials, measures have been established such as obtaining carbon footprint reports directly from suppliers, which enables us to assess and compare the environmental impact of key materials. Emission factors have also been updated using advanced tools, such as the UMBERTO life cycle analysis software and reference databases such as Ecoinvent, ensuring a precise standard-aligned evaluation. In addition, component assignment have been optimised, for example by relocating loose parts to guarantee efficient assembly in vehicles. The update of catalyst data and correction of errors in material assignments contribute to a more reliable calculation of emissions.

Category 11 - Use of sold products

As far as emissions generated during the use of sold products is concerned, strategies have been implemented to reflect precisely the changes in consumption habits and vehicle characteristics. In terms of management and future targets, we have agreed with the Science Based Targets (SBTi) initiative to reduce the emissions in this category by 25% by 2030. To meet this goal, we have designed a roadmap based on an optimised production mix, where existing low-emission products, such as hybrid engines, plug-in hybrids, LPG applications and flex fuel engines such as E100, will gain importance in our offering. This change in the production mix will contribute significant to reducing the total carbon footprint.

Furthermore, the proportion of high-powered diesel engines and high-emission petrol engines will be reduced, aligning our offering with more efficient and sustainable technologies. The development of new applications such as the range extenders will also bring innovative solutions to minimise even more the environmental impact associated to the use of our products. Specific emission factors, such as LPG, have been updated after identifying that more than 90% of users use the gas mode. The consumptions and emissions associated to different technologies have also been updated, taking into account the new production mix. This guarantees that the data reflect real conditions of use, contributing to a more efficient planning of future emissions.

Planned measures for 2025

With a view to 2025, we will continue to update emission factors to align them with new regulations and emerging technologies. A more favourable production mix will also be promoted, that prioritises vehicles with a lower environmental impact, ensuring a progressive improvement in consumption and emissions throughout the product range.

POSITIVE IMPACT ON NATURE

- Environmental policy and systems
- Circular economy
- Position on biodiversity

ENVIRONMENTAL POLICY AND SYSTEMS

ENVIRONMENTAL SYSTEM

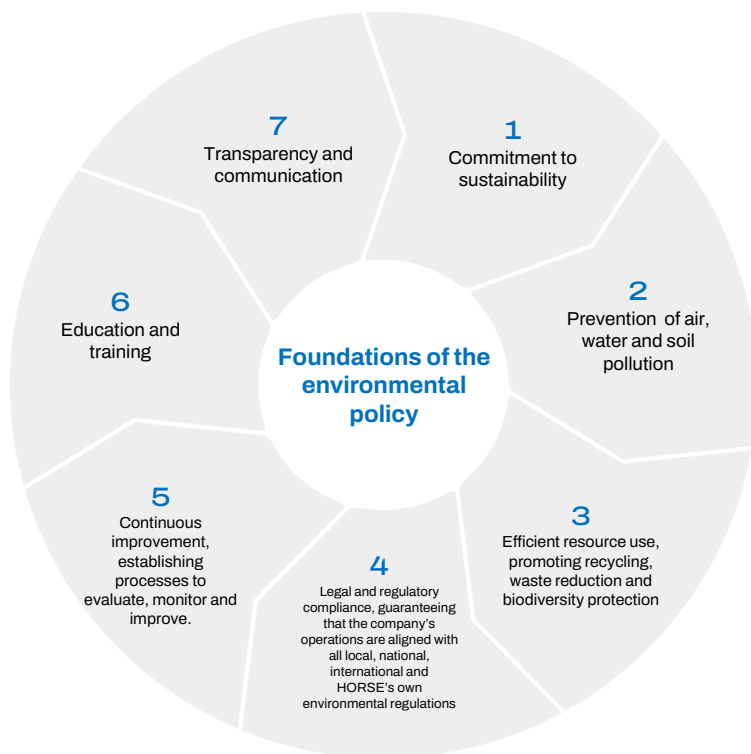
At HORSE, we are responsible for our actions and decisions. In the case of environmental management, our responsibility goes beyond metrics and standards. We do not just comply with regulatory requirements in order to avoid fines, instead we act convinced that unimpeachable conduct assures the sustainability of our resources and operations in the long term. Because responsible management reduces costs through greater energy efficiency and optimisation of resource use, as well as strengthening our reputation among our stakeholders, who are increasingly valuing the environmental responsibility of companies.

As a result of the first double material study, we present below the impacts, risks and opportunities detected for standard ESRS E2 - Pollution:

Impact materiality	
Positive impacts	Negative impacts
(No material positive impacts have been detected for the sub-topic of Pollution)	<ul style="list-style-type: none"> Environmental impacts of the use of rare earths and minerals in the manufacture of batteries, engines and gearboxes. Polluted soil surrounding the manufacturing facilities deriving from own operations and absence of adequate waste management. Water pollution resulting from the leaching of pollutants through the soil where HORSE's factories are located.
Financial materiality	
Risks	Opportunities
<ul style="list-style-type: none"> High costs derived from the investment in remediation technologies to treat polluted soil of inherited manufacturing facilities. 	(No material opportunities have been detected for the sub-topic of Pollution)



The foundations of our environmental policy at HORSE is based on a firm commitment to sustainability, with clear goals to minimise our environmental impact and promote responsible practice.



Organisational structure for environmental management

Our organisational structure integrates local teams and a Sustainability Committee that drives these policies, backed by a global HSE (Health, Safety & Environment) team and with the commitment of executive management to align sustainability with the corporate objectives.

Executive management

Senior management, at both plant and company level, oversees and supports environmental initiatives, ensuring that the environment is part of the corporate strategy.

Sustainability Committee

Team that leads the definition and disclosure of sustainable policies and strategies. It is made up of a multidisciplinary team with representation of all relevant departments, such as purchasing, manufacture, human resources, HSE, etc.

Global heads

Local teams are supported by the global team, which acts as a liaison between the sustainability committee and the plants. It also provides support in problem solving and leads the compilation and disclosure of good practice or implementation of strategic initiatives.

Local heads

All plants, depending on their size, have a team or designated person to oversee compliance with environmental regulations, guaranteeing that procedures are applied correctly and also responsible for collaborating with the global team.



Environmental management system

We design our management so that it adapts to the uniqueness of every factory or workplace in each country and, therefore, to the legislation existing in each geography. We promote good environmental practice through education, innovation in clean technology and continuous monitoring of key indicators. Our environmental management is based on a comprehensive system that covers 4 pillars:

1

Waste management

We implement processes for the reduction, re-use and recycling of waste. All waste is collected and processed by external duly authorised managers, who also carry out the corresponding periodic reporting to the authorities.

2

Energy efficiency

At HORSE we have a long-term strategy in place whereby we are implementing low-consumption technologies and practices that optimise the use of energy, such as the installation of LED lighting, consumption monitoring systems and the incorporation of renewable energy sources, such as solar panels. This not only reduces greenhouse gas emissions, but also reduces operating costs.

3

Water management

We implement measures to optimise water use, such as the installation of waste water recycling and treatment systems, as well as the reduction of consumption through best practice in the production processes.

4

Emission control

We control polluting emissions into the atmosphere through the use of filters when necessary. There is also periodic monitoring, following the established legal requirements, as part of continuous improvement projects in the existing production lines and especially when new production lines are put in place or substantial changes to existing lines are made.

We have ISO14001 certification in 100% of our production plants and R&D centres.

We taken on our environmental responsibility with a preventive approach, especially in situations that present uncertainty as to the possible impacts of our activities. We apply the precautionary principle by making decisions that prioritise protection of the environment, carefully assessing the risks and avoiding actions that may generate irreversible damage, even when the scientific evidence is not conclusive. We adopt safe technologies and practices that minimise adverse effects, thus ensuring that our environmental management is proactive and responsible.

To back these actions, we have a global budget managed by the HSE department which collaborates closely with our plants to define adequate measures and, when necessary, work with specialised consultants that bring their experience in this area.

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



Regulatory monitoring

We collaborate with an external consultancy firm, that is responsible for regulatory monitoring, and have access to its computer platform, and also periodically receive information bulletins on relative changes.

Internal and external audits

External audits on legal compliance are carried out in all plants every 3 years; and internally every 3 months each plant undergoes self-assessment of regulatory changes, and the results are consolidated by the global HSE team.

Specific budgets

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

Some of our plants have an average age of approximately 50 years, which means that, in some cases, there is pollution as a result of past activity. Part of the due diligence process prior to the establishment of the Joint Venture was a preliminary specific evaluation for each plant by an external consultancy firm. Considering the negative impact materiality of soil pollution, a 10-year investment plan was set up to remedy the deficiencies, we have made budgetary provisions for this purpose, while at the same time we have initiated remediation studies in all affected plants.

As part of this prevention philosophy, at HORSE we have assigned a number of resources, both monetary and personal, to environmental management. All this with the aim of anticipate risks and guaranteeing correct management of such risks, as well as preventing regulatory sanctions.

4.25 M€

in expenditure related to environment matters in 2024.

37

In total there are 37 people in the organisation dedicated to environmental affairs.

2,000 €

Economic provisions set aside for environmental matters in 2024 totalled 2,000 €.

0

In 2024, there have been no environmental sanctions.

In addition to the provisions related to environmental issues, at HORSE we have insurance that covers environmental liability for damages both to the facilities and externally, such as general civil liability for pollution, with a limit of 7.60 M€.

Management of environmental impacts

In our operations, we proactively identify and manage the environmental impacts associated to our activities in all our plants and R&D centres. We apply robust environmental management systems aligned with standard ISO 14001:2015, and we develop specific programmes to mitigate risks, comply with regulations and advance towards sustainability. We highlight below the main environmental impacts and our management strategies, grouped by topical areas:



1. Consumption of natural resources

The sustainable use of resources such as water, energy and materials is a cross-cutting priority in our installations. Efficient management of these resources includes implementation of programmes to reduce industrial water and energy consumption, adopting key indicators to monitor advances and foster continuous improvements. In some facilities, such as our central offices, sustainable construction standards have been adopted, such as LEED certification which guarantees a lower environmental impact through efficient building design and operation.

In a noteworthy case, in our plants in Valladolid and Pitesti we have significantly optimised water and energy consumption through advanced monitoring systems and preventive maintenance. These initiatives have allowed us to achieve measurable improvements in efficiency and reduce the associated emissions.



2. Waste management

The management of both hazardous and non-hazardous waste is one of the most significant environmental aspects in our operations. We apply environmental management systems that ensure adequate waste segregation, promoting recycling whenever possible and managing hazardous waste through specialised processes, such as thermal destruction or disposal in authorised facilities.

A notable example can be found in our plant in Argentina, where the dry fractions of municipal waste is recycled, while the wet fractions is managed adequately in landfills.



3. Pollution prevention

Preventing soil, water and air pollution is a key component of our environmental strategy. We have specific programmes in place to prevent leaks and spillage of chemical substances, conduct regular controls of atmospheric emissions and ensure safe handling of industrial and domestic sewage. These actions include periodic internal and external audits, as well as exhaustive reviews of the management plans.

We highlight the preventive actions implemented in our plant in Bursa, Turkey, where field inspections and continuous monitoring are carried out to prevent soil pollution caused by improper use of chemicals. These measures have not only mitigated environmental risks, but have also improved operational resilience to potential incidents.



4. Emission and noise management

The control of greenhouse gas and particle emissions and ambient noise is essential in our facilities. We regularly monitor emissions, implement advanced filters in chimney stacks and adopt preventive maintenance plans to reduce the impact of our operations on the atmosphere. As far as noise is concerned, we carry out periodic measurements and apply corrective measures in critical areas to protect both our workers and the neighbouring communities.

In particular, in our plant in Aveiro, Portugal, we have led projects to reduce emissions by optimising processes and adopting cleaner technologies. These actions have generated concrete results, significantly reducing emissions of CO₂ and other pollutants associated to our industrial activities.

CIRCULAR ECONOMY

At HORSE we understand the circular economy as a system in which materials never become waste and nature is regenerated. In a circular economy, products and materials are kept in circulation through processes such as maintenance, re-use, refitting, re-manufacture, recycling and composting. With this aspirational vision, we start to measure our material consumption and the percentage that currently comes from recycled origin, as well as water and energy consumption and the quantities of waste generated, as the basis on which to build our circular economy strategy.

As a result of the first double materiality study, we set out below the impacts, risks and opportunities detected for standard ESRS E5 - Circular Economy Circular:

Results of the ESG 2030 Plan in 2024

With the aim of contributing to the circular economy and generating a positive impact on nature, the ESG Plan includes a specific target aimed at increasing recycled aluminium content. This year, the annual target has been 100% met:

66 %

Recycled aluminium
content in our products



Impact materiality

Positive impacts

- Reduction in consumption of natural resources using recycled aluminium and steel.
- Reduction in resource consumption through the circular economy, with efficient management from the design phase and manufacturing processes.
- Fostering the circular economy through the use of used or recycled parts in the manufacture of new products such as engines, gearboxes and batteries.
- Promotion of recycled engines, gearboxes and batteries derived from the traceability of the materials used thanks to the digital passport.

Negative impacts

- Increase in waste due to the elimination of used oil, filters and worn parts due to the period maintenance of batteries, engines and gearboxes.

Financial materiality

Risks

- Difficulty in obtaining recycled steel due to the low availability and the complexity involved in recycling waste material from traditional production processes in the steel industry.

Opportunities

- Market differentiation through inclusion of the digital passport in HORSE products that facilitates traceability and recyclability.
- Promote the circular economy by extending the useful life of the equipment used in factories through flexible production lines.



CONSUMPTION OF MATERIALS

At HORSE, we recognise the importance of responsible consumption of materials and we are firmly committed to the circular economy. This approach not only minimises the extraction of raw materials, but also reduces pollution and energy consumption, reducing the quantity of waste in landfills. The use of recycled materials, such as aluminium and steel, is essential to reduce our environmental footprint and promote sustainability in our operations.

A notable example of our management of materials is the cylinder block casting process. In all stages of this process, we recover aluminium, from injection to final processing of the part. This includes recovery of major waste obtained after the semi-finished product leaves the die, as well as the recovery of shavings from final tooling.

We are working to increase the percentage of recycling, integrating more parts with recycled content in our list of materials. For example, we will start a study to replace primary aluminium material in the head with secondary aluminium. We also seek to increase the percentage of recycled content in parts that already contain recycled material, both in our own parts and in those manufactured by our suppliers.

Last year, our total consumption of materials was 304,041 tonnes. The two main types of waste generated were steel with 167,394 tonnes, representing 55 % of the total, and aluminium with 91,342 tonnes, representing 30 % of the total. The importance of the use of recycled materials should be highlighted, strengthening our commitment to circularity. In this regard, we used both recycled steel and aluminium in our production process, which represent 59 % and 67 % of the total material used, respectively. We also see circularity as an end-to-end process, from obtaining the raw materials to waste management. Accordingly, 96 % of our manufactured products can be recycled at the end of their useful life.

By adopting these practices, not only do we optimise resource use, but we also contribute to environmental sustainability and foster a more circular economy.

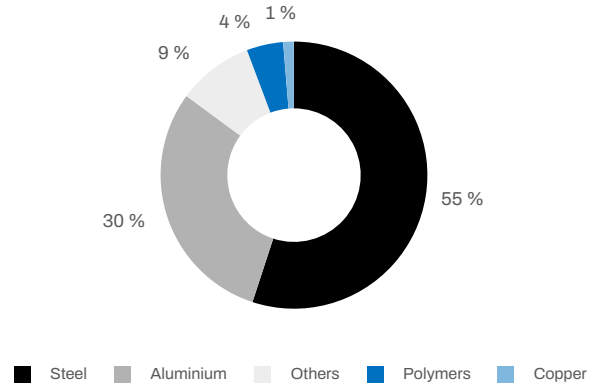
It is also important to consider appropriate management of critical materials, which continue to be managed according to the policies inherited from Renault during the carve-out process. We are currently starting to monitor the use of certain critical raw materials and we will continue to work to establish our own model for adequate management of such materials. For further information on this matter, full details can be found in the chapter [“Supplier approval and ESG evaluation”](#).

Breakdown of materials contained in our products (tonnes)

Type of material (tons)	2024	Percentage
Aluminium	91,342	30.04 %
Secondary aluminium	68,799	22.63 %
Primary aluminium	22,544	7.41 %
Steel	167,394	55.06 %
Cast Iron (lamellar + spheroidal)	50,988	16.77 %
Flat steel	34,082	11.21 %
Long steel	73,174	24.07 %
Stainless steel	9,150	3.01 %
Copper	3,931	1.29 %
Polymers	13,499	4.44 %
Others	27,874	9.17 %
Various metals (chromium, tin, lead, gold, silver, lead, nickel)	10,790	3.55 %
Fluids (95% lubricants)	10,789	3.55 %
Elastomers	2,904	0.96 %
Minerals (including glass)	998	0.33 %
Electronics	778	0.26 %
Organics (in leather)	586	0.19 %
Adhesives, paint, sealants	337	0.11 %
Magnets	459	0.15 %
Zinc alloys	146	0.05 %
Material Mix	80	0.03 %
PGM	9	— %
Total	304,041	100 %



Distribution of materials contained in our products



Content of recycled materials in our products (tonnes and percentage)

Type of material	Content	Unit	2024
Steel	Recycled content in steel	Tons	98,733
		%	59 %
Aluminium	Recycled content in aluminium	Tons	60,855
		%	67 %
	Reusable content in aluminium in close loop	Tons	18,467
		%	20 %

Recyclable products sold (tonnes and percentage)

	Unit	2024
Products sold that are recyclable (aluminum, steel, copper, etc.)	Tons	291,152
	%	96 %

Circularity of aluminium

Secondary aluminium is the aluminium produced from remelting scrap. This term is used to differentiate it from primary aluminium which is obtained directly from the mineral bauxite. On the other hand, secondary aluminium comes from recycled materials, which makes it a more sustainable alternative.

The total quantity of secondary aluminium is calculated considering the recovery of several materials such as:

- Scrap (reusable metal waste).
- Shavings (waste generated during the manufacturing process).
- Non-conforming parts (those that do not meet quality standards and are discarded).

It is important to note that material recovered and reused directly within the same production process, provided that it comes from clean scrap, is not considered recycled material. Instead, it is classified as part of the circular economy as it does not require additional processing to be reused.

On the other and, scrap recovered from post-industrial operations (waste generated in the production process but not reused internally) and post-consumption scrap (materials disposed of after their useful life) are considered to be recycled.

To calculate the recycled aluminium content, we follow this process:

1. We determine the total volumes of secondary aluminium of each plant, for each month, and in all parts produced (both internally and those provided by suppliers).
2. We estimate the weight of clean scrap, classified as part of the circular economy.
3. We calculate the difference between the secondary aluminium and the clean scrap, which gives us the recycled content.

Based on the above data, we determine the percentage of recycled content and the monthly volume per plant; we then consolidate the total weight and the annual percentage.

In addition, the percentage of aluminium present in a closed circuit (circular economy) was estimated considering materials as reprocesses, regenerated material or general scrap in a process and recovered to be reused in the same process (in accordance with the standard ISO 14021).

Circularity of steel

In the case of steel, the percentage of recycling was obtained from the data provided by Renault. This was verified for the most important parts using information from various sources, such as:

- MDS (Material Data Sheets) files.
- Information provided by suppliers.
- USFT (United States Foundry Technology) data.

Calculation of recyclable products

To determine the percentage of recyclable products:




- We identify and add up all recyclable materials .
- We calculate their percentage with respect to the total volume of materials used.

This calculation is linked to the Design for Recycling 00-10-060 standard and meets the requirements of the ELV directive (End-of-Life Vehicle).

WATER CONSUMPTION AND TREATMENT

Adequate water management is crucial, especially in geographical regions where HORSE is present and is a scarce natural resource. Benjamin Franklin said that “when the well is dry, we know the worth of water”, highlighting the importance of caring for this resource before it is too late. Efficient management not only guarantees the availability of the resource for operations, but also minimises the environmental impact and helps to mitigate the risks associated to scarcity. Water conservation is fundamental for long-term sustainability. In the framework of our commitment to sustainability and optimisation of resources, efficient water management is a priority of our industrial operations. We implement various measures to monitor, control and reduce the consumption of this vital resource, at the same time ensuring that dumping is carried out responsibly and in accordance with applicable environmental legislation.

We use water in different applications throughout the production process, such as:

 <p>Demineralised water</p> <p>Oil filtration plants, cutting fluids, phosphatisation and other general uses such as cleaning</p>	 <p>Cooled water</p> <p>Thermal treatment processes, compressed air compressors, induction treatment, cooling exchangers</p>	 <p>Superheated water</p> <p>Part cleaning process, heating/air-conditioning</p>
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Main consumption and water management

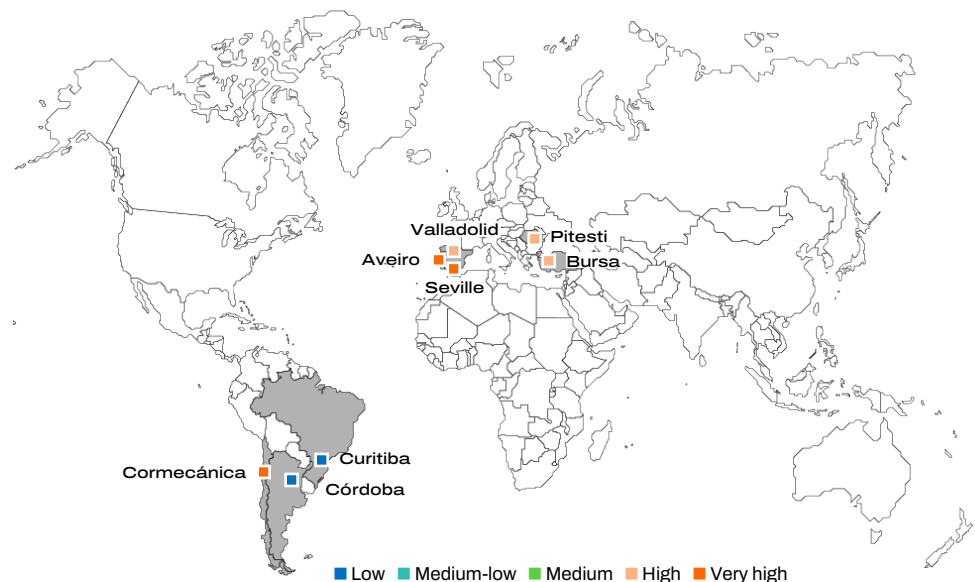
Precise monitoring of consumption is essential to identify opportunities for improvement and prevent waste. We use systems of meters distributed at key points of our facilities to record and analyse the use of both industrial and drinking water; and identify possible leaks, just as the production processes are designed to use the lowest possible volume of clean water, prioritising recirculation or the use of recycled water. At several locations, digital platforms permit real-time monitoring, facilitating the detection of anomalies and rapid implementation of solutions. Periodic verifications of consumption are also carried out, comparing them with production levels to ensure efficient management.

With the aim of minimising water consumption, at HORSE we have adopted a variety of measures that include the re-use of industrial water, the installation of automatic control systems, and the implementation of good operational practice. Raising awareness in employees also plays a fundamental role, promoting responsible use of the resource in all areas.

At our engine factory in Brazil, the use of advanced technological tools makes it possible to measure consumption by unit produced, establishing rigorous control that favours operational efficiency. Similarly, in our plant in Portugal, aerators in taps and automatic sensors in the administrative facilities to reduce drinking water consumption.

The plants in Chile, Portugal, Seville (Spain), and the central offices in Madrid, are located in areas of “high risk” of water stress. To determine the level of water stress, we have carried out an analysis through the [Aqueduct Water Risk Atlas](#) tool developed by the World Resources Institute. This tool categorises water stress areas in the following five levels: Low, Medium-low, Medium, High and Very high.

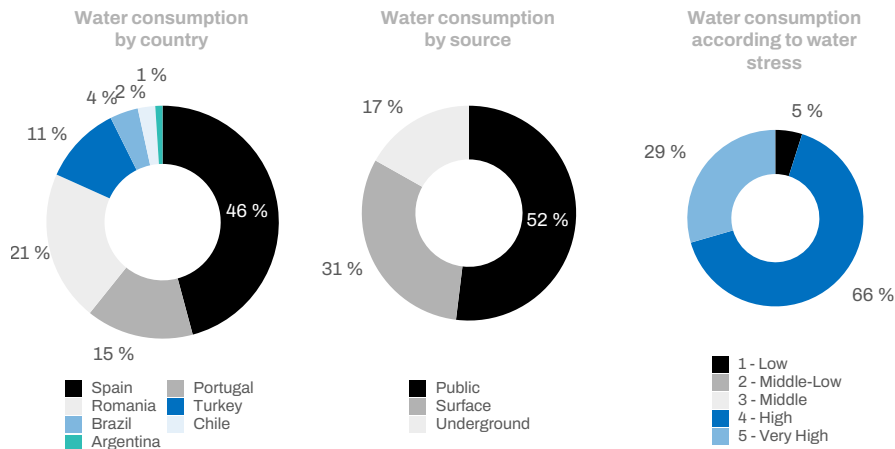
Risk level of HORSE's plants



Results of our water use management

Although as this is our first Annual Report we only have consolidated consumption data for 2024, our efforts in water management are already showing significant progress in the identification of opportunities for improvement and the optimisation of the use of the resource. This approach underlines our commitment to sustainability and reinforces our role as responsible agents in the protection of the environment.

In relation to consumption, in 2024 we consumed around 578,130 m³ of water, of which 170,318 m³ came from areas of very high water stress, representing 29 % of total consumption. In terms of geographical distribution, most consumption was in Spain, Portugal and Romania, which make up 82 % of the total. Water withdrawals occur from three main sources: the public network, surface water and underground water. The main source from which water is obtained is the water consumed from the public network, which represents 52 % of total consumption.



Water consumption by country and source (m³)

Plant	Water stress analysis		Water consumption (m3)			
	Water stress level (1-5)		Public	Surface	Underground	Total
Spain	High	4.5	70,161	180,421	14,434	265,016
Valladolid	High	4.0	0	180,421	3,526	183,947
R&D Valladolid	High	4.0	8,148	0	2,938	11,086
Seville	Very high	5.0	61,554	0	7,970	69,524
Madrid	Very high	5.0	459	0	0	459
Portugal	Very high	5.0	16,610	0	69,705	86,315
Romania	High	4.0	115,371	0	5,669	121,040
Turkey	High	4.0	55,640	0	7,561	63,201
Brazil	Low	1.0	22,725	0	0	22,725
Chile	Very high	5.0	14,020	0	0	14,020
Argentina	Low	1.0	5,813	0	0	5,813
Total			300,340	180,421	97,369	578,130
Total - Water consumed in very high stress areas			92,643	0	77,675	170,318

At HORSE we recognise the importance of caring for water resources and act accordingly in our operations. In this regard, we use recycled water in three of our plants (Valladolid, Portugal - Aveiro and Brazil-Curitiba). This water, which represents 10 % of consumption, is the water reused after a treatment, reducing consumption and environmental impact.

Percentage of recirculated or recycled water by plant

Site	% Water recirculated	% Water recycled
Spain	8 %	— %
Valladolid	12 %	— %
R&D Valladolid	— %	— %
Sevilla	— %	— %
Madrid	— %	— %
Portugal	33 %	— %
Romania	— %	— %
Turkey	— %	— %
Brazil	44 %	— %
Chile	— %	7 %
Argentina	— %	— %
Total	10 %	— %

Management of discharges and sewage treatment

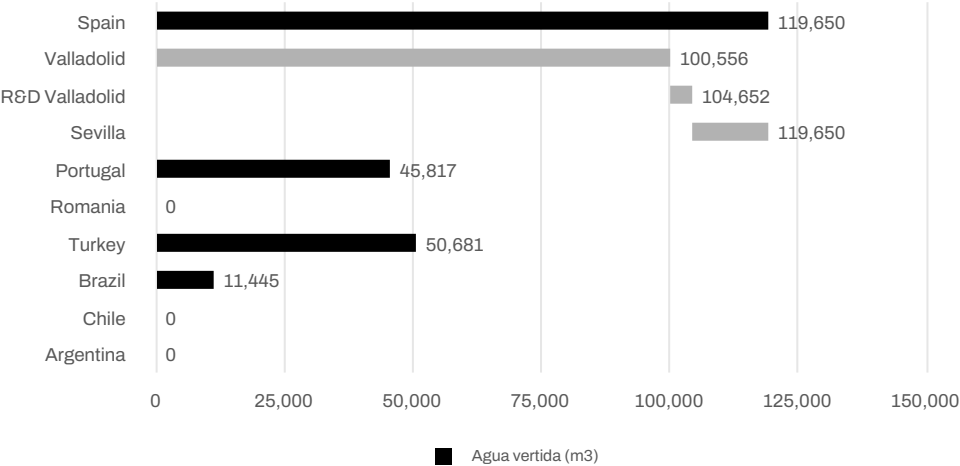
Discharges are managed rigorously to guarantee that they comply with local regulations and contribute to the protection of the environment. In most of our facilities, sewage receives physical-chemical and biological treatments before being discharged to the municipal system. In certain locations, such as in our plant in Argentina, industrial discharges go through specialised treatment plants, ensuring elimination of pollutants and the safe re-use of water.

Depending on the size of the plant, we have purification plants, which can be chemical and/or biological. In certain locations (for example, Portugal), the discharged water goes to a purification plant in the industrial estate before being discharged to the public sewer system, while sewage that cannot be treated in the purification facilities is deposited in containers to be treated by specialised managers.

Furthermore, in Chile, industrial effluents are treated at a dedication station before being discharged, complying with strict quality controls and monthly verifications to guarantee environmental compliance.



Water discharged by country



Quantity of water discharged by plant

Site	2024
Spain	119,650
Valladolid	100,556
R&D Valladolid	4,096
Sevilla	14,998
Madrid	0
Portugal	45,817
Romania	0
Turkey	50,681
Brazil	11,445
Chile	0
Argentina	0
Total	227,593

WASTE MANAGEMENT

At HORSE, our approach to waste management is preventive. Accordingly, when we implement a project, we always study the best solutions so that our process generates the smallest possible quantity of waste. In an industry such as ours, it is physically and materially impossible not to generate some type of waste, and therefore our efforts are focused on reducing its impact. With this philosophy in mind, we always try to carry out waste segregation at the production source, and therefore continuous training and awareness raising of employees plays a decisive role.

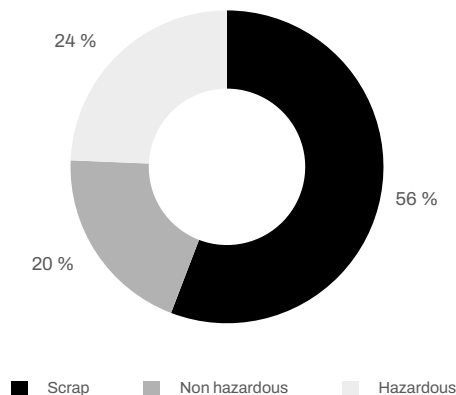
Waste generation by production process

Due to our production process, a variety of waste -hazardous and non-hazardous- is generated, which has to be categorised to guarantee adequate management. Depending on the production phase in question, the following waste categories are generated:

- Machining of parts and assembly: non-hazardous waste such as shavings, metal, cardboard, plastic; and hazardous waste such as absorbents, oils and metal sludges.
- Melting: slag is produced, hazardous and non-hazardous metal modules, iron dust and wet sludge from dust removal.
- Oil filtering: waste in the form of shavings, filters, oils, sludge etc. derives from this process.
- Logistics: mainly non-hazardous and non-metallic waste is produced, such as cardboard, plastic and wood.

In relation to waste generation in 2024, a total of 51,355 tonnes of non-hazardous waste were produced in our activity, representing 76 % of the total, and 17,881 tonnes of hazardous waste equivalent to 24 % of the total waste generated. Furthermore, it should be noted that the main item of non-hazardous waste corresponds to non-recycled scrap, with a total of 36,391 tonnes, representing 56 % of the total.

Distribution of waste generated



Hazardous and non-hazardous waste generated (tonnes)

Non hazardous		Hazardous	
Type	2024	Type	2024
Wood	2,405	Polluted water	1,936
Paper/cardboard	3,840	Oils	2,546
Municipal solid waste	1,011	Mud	2,119
Non hazardous mud	47	Taladrine	5,374
Packaging	2,034	Chemicals	560
Scrap (non recirculated)	36,391	Contaminated packaging	948
Others	3,603	Others	2,375
Total	51,355	Total	17,881

Management of the waste generated

Correct management of the waste generated is a fundamental pillar to minimise the environmental impact of the industrial activities. Adequate segregation at origin, the reduction of waste generation and recycling through efficient processes is promoted in all facilities, with a unified approach that includes awareness raising, training and compliance with international regulations.

One of the main strategies implemented is segregation at origin, supported by standardisation of waste paper baskets, bins and ecopoints, ensuring that waste is correctly classified from the time it is generated. In Portugal, this practice is supplemented with the use of clearly identified ecopoints for adequate separation and reduction in volume through centrifugation to eliminate oils, thus reducing the frequency of waste transportation.

Specific projects have been carried out to optimise resources and reduce waste generation in critical areas. For example, in Valladolid, the control over glycol consumption through automatic pumping systems, preventive alerts and leak management have made it possible to minimise waste in technical processes. In Seville, evaporators have been implemented to treat emulsions and phosphatising wastewater, which significantly reduces the volume of industrial waste.

Recycling also plays a central role, with a focus on re-using materials such as aluminium and metals from manufacturing processes. In Valladolid, recycling flows have been established for non-conforming aluminium parts, while in Seville metal waste is managed through authorised managers. In Romania, it is noteworthy that most of the waste generated is already recycled, consolidating a sustainable approach in material management.

Environmental management is strengthened with comprehensive systems that include the evaluation of segregation points, adjustments in the distribution of waste bins and the installation of specific areas for the separation of recyclables and production waste. In Brazil, these actions include the construction of specific separation areas for recyclables and materials derived from production.

Furthermore, awareness raising and training play a key role. In Turkey, workshops on waste reduction and separation have been organised, accompanied by environmental communication campaigns and the creation of dojo areas in departments to reinforce good practice. In Chile, correct segregation at point of origin is fostered, together with specific actions plans to reduce hazardous liquid waste.

To complement this, work is done in collaboration with suppliers to explore sustainable waste disposal alternatives and reduce waste generation. In Argentina, for example, selective collection campaigns have been strengthened, existing segregation points have been evaluated and the distribution of bins has been adjusted to optimise processes.

These joint actions reflect the overall commitment to responsible waste management, minimising the environmental impact and fostering an organisational culture that is geared towards sustainability and the efficient use of resources.

The results of the various measures that we have implemented are that 85 % of waste goes to recycling, 7 % to energy valorisation and 1 % to re-use. Thanks to this, the total quantity of waste sent directly to landfill is reduced to just 7 %.

Final destination of the waste generated

	2024	Percentage
Reuse	997	1 %
Wood	997	1 %
Recycling	58,788	85 %
Scrap	41,814	60 %
Paper/cardboard	16,974	25 %
Landfill	4,788	7 %
Energy Valorization	4,577	7 %
Chemicals	235	— %
Others	4,342	6 %
Total	69,151	100 %

POSITION ON BIODIVERSITY

At HORSE, we want to contribute to a positive impact on nature and we have therefore included biodiversity as one of the fundamental pillars of our ESG strategy. We are aware that our impacts on sustainability come from our entire value chain, and not only from our direct production activities. We recognise that we still have a long way to go in this regard. As a first step, we have met our goal for 2024 of having a biodiversity evaluation in place in all our plants.

Results of the ESG 2030 Plan in 2024

Biodiversity protection guides one of our objectives to generate a positive impact on nature. In 2024, 100% of the goal set was achieved.

10 %

A biodiversity evaluation was carried out in 100% of the plants and a biodiversity plan has been implemented in one of them (Aveiro)



To address this challenge, we have decided to start by analysing our direct impacts on biodiversity deriving from the manufacture of our products. We have therefore carried out evaluations in all our plants, which include an area of 2-5 km adapted to the nature of our activities and their locations. Based on the studies performed, the following conclusions have been obtained:

Country	Plant	Distance to protected area	Conclusions of the studies	Main actions carried out in 2024
Spain	Valladolid	> 2.5 Km	The studies do not show any particular ecological problem. The natural heritage areas are far away and not connected to the area of study.	Treatment of green spaces, control of irrigation water consumption, awareness-raising measures such as biodiversity workshops with children/families, construction of insect hotels.
	Seville	2- 2.5 Km from the plan is a Nature 2000 Network area		Study of new plant treatment products, planting of holm oaks.
Portugal	Aveiro	A Nature 2000 Network area is located < 1 Km away		Planting of 70 trees in the S. Jacinto reserve, reduction of irrigation periods, placing of nests in trees; planting parterres with flowers suitable for bees; alternatives to the use of phytosanitary products, integration of biodiversity in training on the environment.
Romania	Pitesti	> 2.5 Km		Ongoing analysis of the results of the biodiversity study and forecast preparation of an action plan based on these results.
Turkey	Bursa	> 2.5 Km		Preparation of an ongoing action plan based on the pre-diagnosis carried out in 2023.
Chile	Cormecánica	>5 Km		No action related to biodiversity has been carried out.
Argentina	Córdoba	>5 Km		No action related to biodiversity has been carried out.
Brazil	Curitiba	> 2.5 km	There is no zoning of the protected area or areas of interest to biodiversity located directly at the plant site. However, several areas of interest for conservation are located nearby and form an important ecological continuity for jungle species, monkeys and birds classified by IUCN.	A forest inventory was performed to identify what successional stage the protected areas of the surroundings are at, through which a flora and forestry inventory of 24.7 hectares will be obtained, as well as an evaluation of water masses and the use of land and sensitive areas.

In 2025 we will start work on implementation of the action plans derived from the evaluations, without losing sight of the ultimate goal of having all such plans fully implemented in all our plants by 2028. These plans will include measures to prevent and mitigate the negative impacts found, as well as conservation and/or restoration actions.

Results of the ESG 2030 Plan in 2024

Biodiversity protection guides one of our objectives to generate a positive impact on nature. In 2024, 100% of the goal set was achieved:

10 %

A biodiversity evaluation was carried out in 100% of the plants and a biodiversity plan has been implemented in one of them (Aveiro)

6

POSITIVE IMPACT ON PEOPLE

- Our workforce
- Health and safety
- Social contribution

At HORSE, we prioritise the wellbeing, inclusion and development of the people in our organisation and communities. We guarantee high health and safety standards, we foster diversity and equality of opportunities, and we promote an inclusive environment. We also work actively to contribute to social progress and have a positive impact on our surroundings.

As a result of the first double materiality study, below we present the impacts, risks and opportunities detected for ESRS S1 - Own Workforce:

Impact materiality	
Positive impacts	Negative impacts
<ul style="list-style-type: none"> Employee satisfaction with good practice in working conditions, through the implementation of initiatives to meet employees' needs in their work environment. Worker protection and satisfaction by guaranteeing good working conditions for employees through flexibility and work-life balance. Guaranteeing employees' development by fostering skills, responsible management practice, training employees in new digital and sustainable ways of working. Job security and stability for workers. Improving employee equality by incorporating best practice in all stages of their career path. 	<ul style="list-style-type: none"> Not guaranteeing wage equality between men and women.

Financial materiality	
Risks	Opportunities
<ul style="list-style-type: none"> Risk of being penalised or fined for failing to comply with minimum standards of gender ratio or remuneration by gender. Risk of being unable to attract or retain the necessary talent to achieve the strategic objectives or business transformation due to a competitive labour market. Risk of losing key private information of the company due to cybersecurity breaches or data privacy breaches. 	<ul style="list-style-type: none"> Greater productivity and good results for the business through investment in training employees in the skills and knowledge they need to work more efficiently.

Results of the ESG Plan 2030 in 2024

The second pillar of our ESG Plan contains targets that seek to generate a positive impact on the people who make up our organisation. In 2024, major progress has been made in relation to these targets, achieving results that exceed the initially established goals:

- Six of the seven countries where we are present have been certified as a Great Place to Work
- A course is available to 100% of employees, focused on understanding sustainability and the ESG approach

OUR WORKFORCE

Importance of generating employment

In our organisation, generating employment and attracting and retaining talent are critical elements that have a direct impact on our operations and determine our long-term sustainable success. In a changing and disruptive environment such as that we are living in, we understand that it is people, together with machines and algorithms, who will help us to achieve the business goals we have set. Analysing the environment and adapting our value proposition to market trends are key elements in creating a highly qualified and competitive team.

Our selection, performance evaluation, training and occupational wellbeing policies are designed to establish a framework that promotes constant improvement, commitment to the company's values, responsibility and work-life balances for our employees. In this context, the Renault carve-out represents a strategic change that is allowing us to redefine our strategies and reinforce our commitment to our teams.

Main P&O milestones in 2024

Selection process

- We implement a rigorous selection process that includes structured interviews and skills evaluations, ensuring that candidates are aligned with the company's organisational values and specific needs.

Performance evaluation:

- Regular evaluations: We carry out regular performance evaluations to offer constructive feedback and establish clear and attainable development goals.
- Evaluation criteria: The evaluation criteria include the attainment of strategic goals and the contribution to teamwork.
- Development plans: We design personalised development plans, based on the evaluations, to help employees maximise their potential.



Training and development:

- Training programmes: We provide a range of training programmes, from technical courses to interpersonal skill development workshops, with the aim of fostering the continuous growth of our employees.
- Career development: We implementing mentoring and coaching programmes aimed at facilitating the professional and personal development of our employees.
- Access to resources: We offer access to online learning platforms and resource libraries that favour self-directed learning.

Benefits and remuneration:

- We provide a competitive package of benefits and remuneration that includes health insurance, pension schemes and bonuses.

Positive working environment:

- We promote an inclusive and collaborative working environment where employees feel valued and motivated to contribute.

Work-life balance:

- Flexibility policies: We implement flexible working policies that cover telework options and adaptable hours, facilitating work-life balance for employees.

Preparation of the challenges of 2025

The challenges -or opportunities facing the People department are global, and not differ excessively from those of any other department in a company. They have to do with the technological, demographic, economic and cultural changes of our age. Without a doubt, the development of new technologies associated to Artificial Intelligence, virtual reality, robotics and automation are going to require new skills and the adopting of advanced talent management tools. Data-based decision making and the promotion of a sound and resilient organisational culture will be fundamental in aligning the goals of individuals with the organisational strategy, generating an attractive and adaptable working environment.

Accordingly, at HORSE we have started to implement strategic policies and initiatives that address both current and anticipated future needs:

- **Strategic planning of the workforce and and assessment of future skills:** Starting in January 2025, we will establish a new function dedicated to assessing the critical skills required in the future. This will include investments in skill improvement and retraining programmes, to ensure that our workforce is adequately prepared for technological advances and changes in the industry.
- **Development of the talent pipeline:** We will strengthen talent channels through a rigorous talent management methodology, focused on identifying and developing the future holders of key positions in the organisation.



ORGANISATIONAL STRUCTURE OF THE PEOPLE DEPARTMENT

Occasionally, for a number of different reasons, the organisation of People function in HORSE poses a series of challenges that have to be faced. Among others, we would mainly highlight our global presence -in 7 countries of 3 contents-, the broad range of products, services and technological solutions we offer; as well as the diversity of functions and areas or the highly specific nature of the required skills. We have therefore organised the People department in a matrix structure that covers several countries, global functions and specialisation centres that contribute effectiveness and efficiency, as well as flexibility to meet global and local demands.

Departments per country: Each country has its own People department, which has full authority over all talent management processes. This guarantees that local teams can meet their specific needs and comply with regional regulations effectively.

Global HR Business Partners, responsible for covering global functions, providing strategic support in HR matters and ensuring alignment of practices in different regions and functions.

Specialisation centres:

- **Talent management:** Focused on developing and retaining talent within the organisation.
- **HRIS and Digital:** Responsible for management of HR information systems and digital initiatives, seeking to optimise processes and improve organisational efficiency.
- **Talent Acquisition:** Responsible for recruiting and attracting new employees, ensuring that the organisation captures the best available talent.
- **Health, Safety and Environment:** Ensures compliance with workplace health and safety regulations.
- **Security:** Manages the protection of the organisation's assets and employees.
- **Property and plant management:** Supervises the management of property and plant to assure that they meet the company's operational needs.



HORSE'S EMPLOYEES

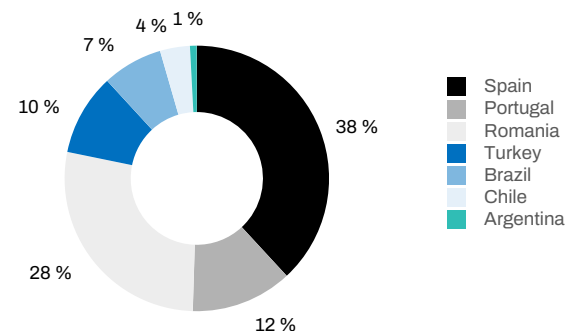
Classification of the workforce

At 31 December 2024, our global workforce was made up of a total of 9,546 own employees, of whom 7,762 are men and 1,784 women. As regards the geographical distribution of our workforce, we have own workforce in a total of seven countries, four of them European (Spain, Portugal, Romania and Turkey) and three Latin American (Brazil, Chile and Argentina). Most of our workforce is in Spain and Romania, which represent 66 % of the total number of employees in our own workforce.

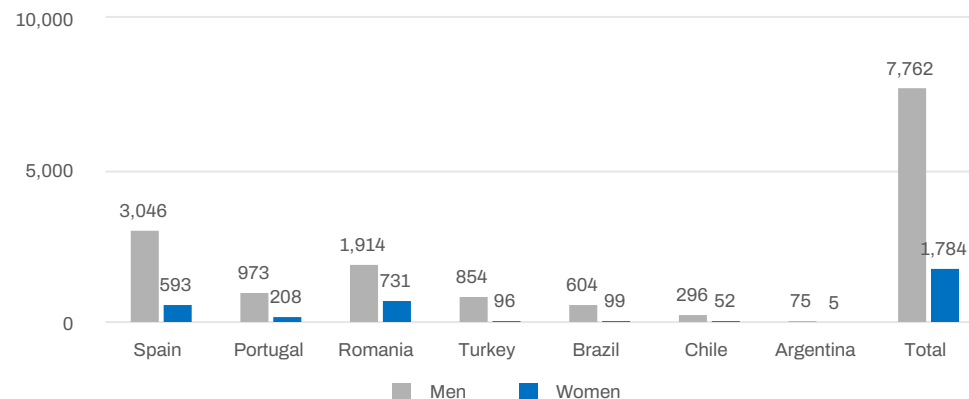
Distribution of employees by gender and country

	Men	Women	Total
Spain	3,046	593	3,639
Portugal	973	208	1,181
Romania	1,914	731	2,645
Turkey	854	96	950
Brazil	604	99	703
Chile	296	52	348
Argentina	75	5	80
Total	7,762	1,784	9,546

Distribution of employees by country



Distribution of employees by gender and country

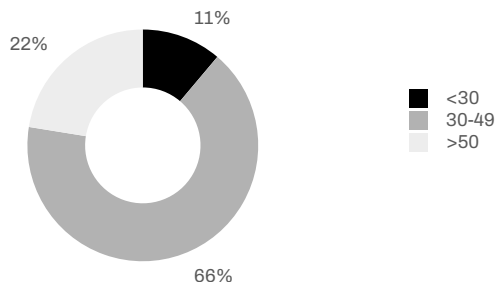


At HORSE we believe that the combination of young and experienced talent is the key to generating adequate synergies and fostering an enriching work environment for our workforce. Accordingly, we have a majority of employees in the 30-49 age group, who make up 66 % of the total number of employees. We are also gradually incorporating more young people, whose presence in 2024 represented 11 % of the workforce, bringing their vision, spirit of learning and willingness to develop and grow with us. Finally, individuals with more experience represented 22 % of our employees.

Distribution of employees by age group and country

	Men				Women				Total			
	<30	30-49	>50	Total	<30	30-49	>50	Total	<30	30-49	>50	Total
Spain	227	2,177	642	3,046	63	452	78	593	290	2,629	720	3,639
Portugal	106	673	194	973	39	150	19	208	145	823	213	1,181
Romania	199	1,056	659	1,914	49	363	319	731	248	1,419	978	2,645
Turkey	193	642	19	854	37	58	1	96	230	700	20	950
Brazil	29	485	90	604	24	67	8	99	53	552	98	703
Chile	75	149	72	296	26	24	2	52	101	173	74	348
Argentina	0	35	40	75	1	4	0	5	1	39	40	80
Total	829	5,217	1,716	7,762	239	1,118	427	1,784	1,068	6,335	2,143	9,546

Employees by age: Total



Organisation of the workforce by category

As regards the organisation of professional categories, at HORSE we distinguish three major groups:

- Management committee:** comprising senior management, its members report directly to the CEO and are responsible for leading key strategic decisions within their area of oversight.
- White collar:** employees located both in production plant and in the central office in Madrid, who provide direct support to the production process from the different areas and departments.
- Blue collar:** employees located in the plants, who participate directly in the transformation of raw materials and manufacturing of our product range.

Following our incorporation as a group in 2023 and the subsequent growth during this last year, at 31 December 2024 we have a total of 5,848 employees classified as blue collar and 3,684 employees classified as white collar. The size of the Management Committee has also increased to 14 members, 10 men and 4 women.

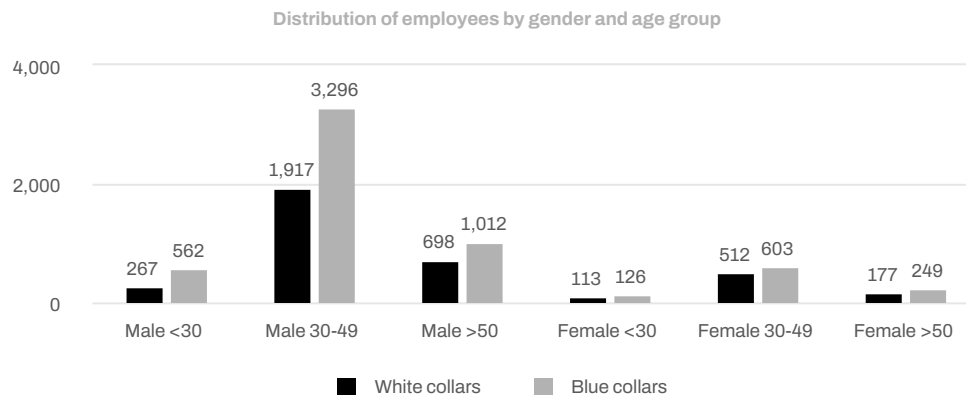
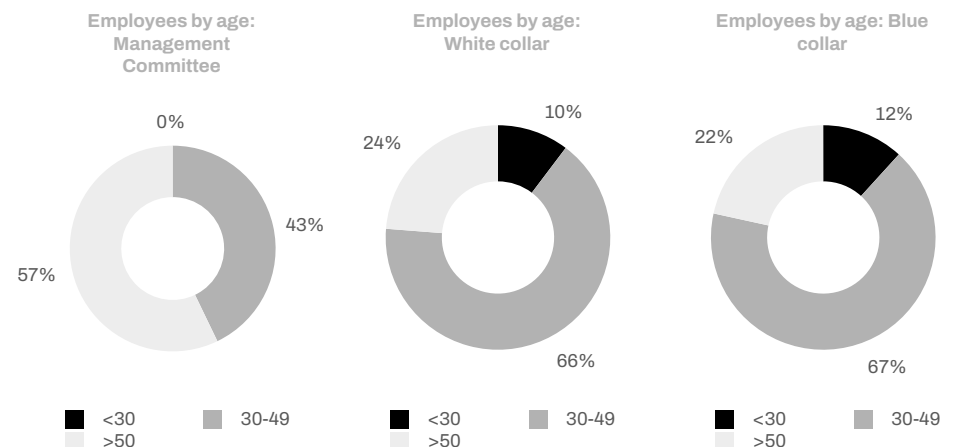
Because of our business model, the need to have persons directly present at the plant throughout the manufacturing chain is crucial. Accordingly, it can be seen that most of our workforce is concentrated in blue-collar employees, who represent 61.3 % of the total, while 38.6 % is made up of white-collar employees.

Distribution of employees by professional category, gender and age group

	Male				Female				Total			
	<30	30-49	>50	Total	<30	30-49	>50	Total	<30	30-49	>50	Total
HLT members	0	3	7	10	0	3	1	4	0	6	8	14
White collars	267	1,917	698	2,882	113	512	177	802	380	2,429	875	3,684
Blue collars	562	3,296	1,012	4,870	126	603	249	978	688	3,899	1,261	5,848
Total	829	5,216	1,717	7,762	239	1,118	427	1,784	1,068	6,334	2,144	9,546

Number of employees by professional category, gender and country

	HLT			Blue collar			White collar		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Spain	10	4	14	1,903	311	2,214	1,133	278	1,411
Portugal	0	0		603	135	738	370	73	443
Romania	0	0		1,121	417	1,538	793	314	1,107
Turkey	0	0		671	46	717	183	50	233
Brazil	0	0		322	26	348	282	73	355
Chile	0	0		193	43	236	103	9	112
Argentina	0	0		57	0	57	18	5	23
Total	10	4	14	4,870	978	5,848	2,882	802	3,684



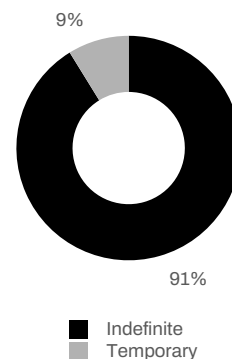
Classification by contract type

At HORSE, we approach job creation according to the principles that employment should be secure, stable and quality, as the basis for the professional and personal development of all the individuals who form part of the company. This commitment is reflected in the efforts to offer working conditions that promote long-term stability and meet the needs of our workforce. Our priority has been to consolidate permanent employment, which represents a significant part of the total. Specifically, in 2024, of the 9,546 employees who make up our workforce, 91 % are employed under permanent contracts.

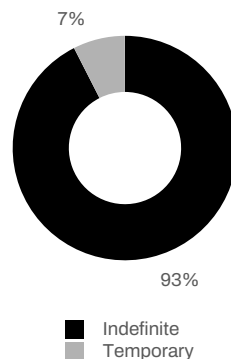
Distribution of employees by contract type, gender and country

	Indefinite			Temporary		
	Male	Female	Total	Male	Female	Total
Spain	2,834	482	3,316	212	111	323
Portugal	884	158	1,042	89	50	139
Romania	1,765	654	2,419	149	77	226
Turkey	748	77	825	106	19	125
Brazil	594	98	692	10	1	11
Chile	281	51	332	15	1	16
Argentina	75	5	80	0	0	0
Total	7,181	1,525	8,706	581	259	840

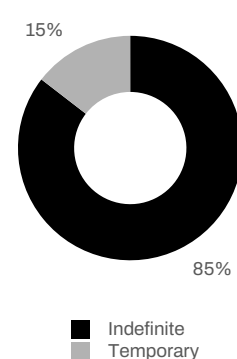
Distribution by contract type - Total



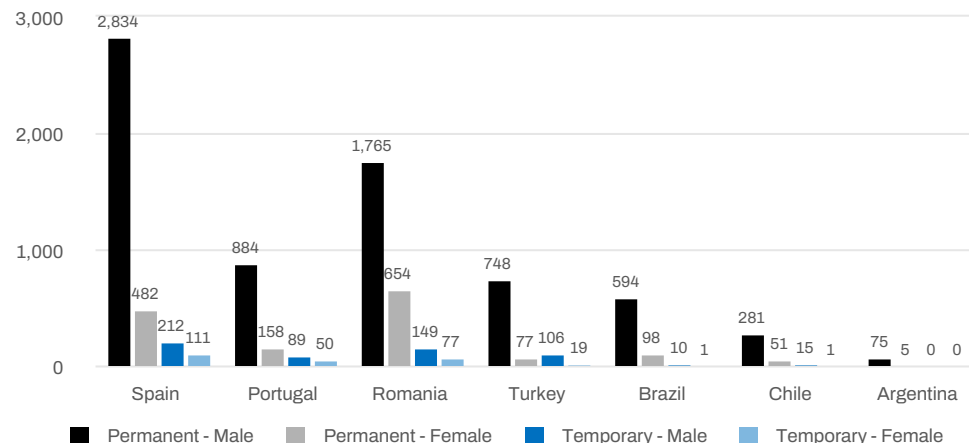
Distribution by contract type - Men



Distribution by contract type - Women



Distribution of employees by contract type, gender and country



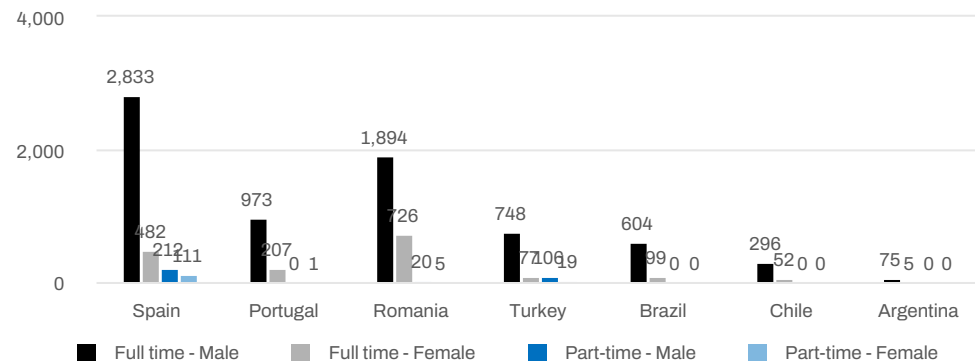
Classification by type of working hours

We also recognise the important of flexibility to adapt to the personal and professional circumstances of our employees, which results in the existence of part-time employment to facilitate work-life balance. In 2024, full-time contracts represented 95 %.

Distribution of employees by type of working hours, gender and country

	Full time			Part time		
	Male	Female	Total	Male	Female	Total
Spain	2,833	482	3,315	212	111	323
Portugal	973	207	1,180	0	1	1
Romania	1,894	726	2,620	20	5	25
Turkey	748	77	825	106	19	125
Brazil	604	99	703	0	0	0
Chile	296	52	348	0	0	0
Argentina	75	5	80	0	0	0
Total	7,423	1,648	9,071	338	136	474

Distribution of employees by type of working ours, gender and country

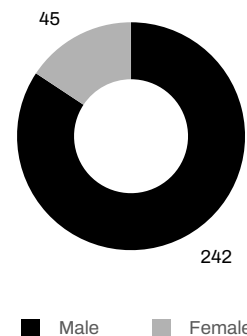


Employee turnover

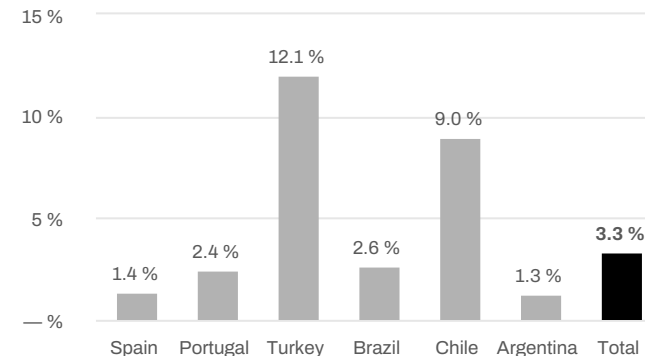
At HORSE, we value human talent as a fundamental pillar of our success and we work constantly to create an environment in which individuals can develop their maximum potential. Below we set out information on employee turnover, including both the voluntary turnover rate, departures and new hires.

The voluntary turnover rate reflects the percentage of employees who decide to leave the company on their own initiative. This indicator allows us to measure the level of satisfaction and commitment of our workforce. In 2024, a total of 287 employees opted to end their employment relationship with us, which is equal to a voluntary turnover rate of 3.3 %.

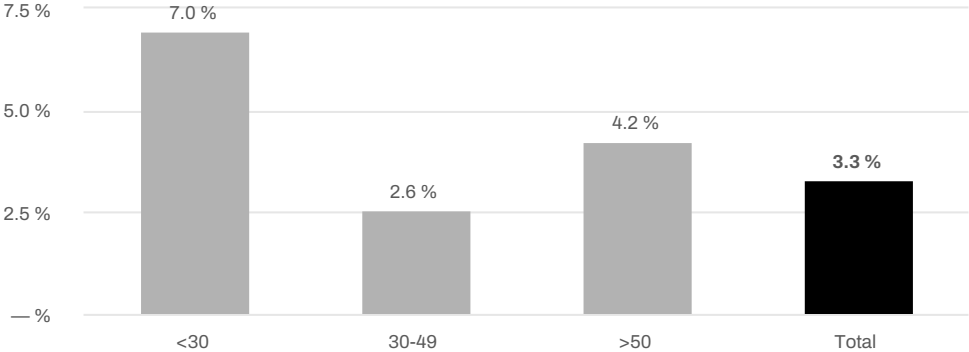
Number of voluntary departure by gender



Voluntary turnover rate by country

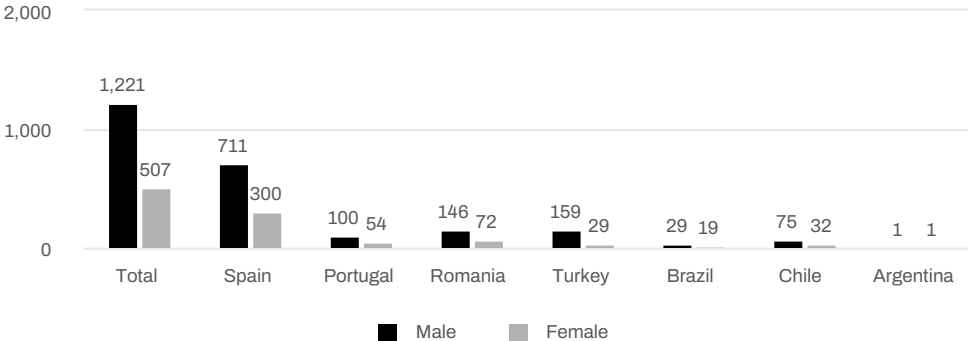


Voluntary turnover rate by age group



In 2024, we completed a total of 1,728 new hires, which shows our commitment to continuing to build up a strong, and diverse workforce, aligned with our strategic goals. On a consolidated basis, the costs associated to the search for talent totalled 1.31 million euros. These new hires not only reinforce our operational capacity, but also enrich our team with new perspectives and skills that are fundamental to respond to a changing and competitive environment; especially in the automotive sector.

Number of total new hires by gender and country



In addition to voluntary departures, we also monitor other reasons for termination of contract,, such as dismissals, of which a total of 75 were recorded in 2024. It should be noted that this figure is equal to only 0.8 % of the total workforce. A complete breakdown of dismissals is provided in the table below:

Number of dismissal by gender, age and professional category

		N° of dismissals
Gender	Male	65
	Female	9
Age	<30	27
	30-49	37
	>50	10
Professional category	HLT members	0
	White collar	19
	Blue collar	56
Total		75

Communication channels with employees

At HORSE we consider it just as important to inform employees as to listen to them. We believe in and promote a conversational model in which employees are free to express themselves clearly, and the company is committed to really listening. It is a basic and essential principle to guarantee healthy transparency, that will generate trust and a positive working atmosphere. For that purpose, we have a broad ecosystem of channels to interact with our employees and promote a strong connection at all levels.



Intranet

Acts as a centralised base for all internal communications, providing access to notices, company news, policies and relevant resources.



E-mail

Used for formal communications, including management updates, modifications to policies and important notices, ensuring that all employees receive critical information directly.



Team meetings

- General
- Team
- One to one
- Focus group



Employee surveys

We conduct surveys to obtain opinions on various aspects of their work experience, using this feedback as the basis for making decisions and improving work practices.



Instant messaging platforms

Tools such as Microsoft Teams facilitate fast and informal communication, permitting real-time collaboration and keeping teams connected.



HR portals

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



Whistleblowing portal

This secure and confidential channel allows employees to report unethical behaviour, breaches of corporate policies or other concerns, guaranteeing that they can raise their concerns without fear of reprisals and that the company can address these situations opportunistically.

Employee satisfaction and engagement

Our organisation places high value on employee satisfaction and engagement, aware that a motivated and satisfied team is fundamental in order to achieve our business goals. We place emphasis not just on the “What” quantitative targets-, but also on the “How” qualitative targets.

Therefore, with the aim of creating an inclusive and motivating environment, we work on policies aimed at active listening, conduction periodical performance evaluations and fostering an open-door policy to to deal with concerns and suggestions. We also establish a system of incentives that pursues excellence in performance and professional development with clear pathways for growth. And, of course, we favour work-life balance, with flexible working hours and remote work options, adapted to the regulations of each country or site.

Great Place to Work certification

At HORSE we care more about being than about seeming. Put another way, we care about words, but especially about deeds. Therefore, we believe it is necessary to have global certification, such as Great Place to Work, a globally recognised standard of excellence in work culture. .

It is based on comments of our employees and an exhaustive evaluation of our practices and policies in the working environment. To achieve this certification, we focus on fostering a culture of trust, cultivating a strong sense of pride and camaraderie.

With the development of our first ESG 2030 Plan, we have set ourselves the target of becoming certified as a Great Place to Work in all our countries by 2026. Last year, we moved notable closer to total compliance, with this certification in 6 of the countries where we are present. We are currently working to obtain this certification in Portugal in 2025.



Results of the Great Place to Work survey

Strengths

- Safe workplace
- Trust in management
- Contribution to the community.
- Price in the job.
- Fair treatment independently of race and gender.

Areas for Improvement

- Share in financial benefits.
- Special recognition.
- Psychological and emotional health.
- Avoiding favouritism.
- Work-life balance.



ORGANISATION OF WORKING TIME

Every organisation that wants to evolve and develop in a sustainable manner must be based on two concepts: trust and responsibility. With this mindset, we have designed actions aimed at facilitating an adequate work-life balance.

Accordingly, based on shared responsibility and mutual trust, we have established policies in relation to, for instance, digital disconnection, the option of remote working or concepts such as flexible working or shift system in roles that do not require physical presence and provided that they assure continuous operability.

Policies to manage absenteeism

- **Clear attendance policies:** Well-defined attendance policies are established that specify expectation and procedures to report absences.
- **Supported sick leave:** We provide adequate sick leave to guarantee that employees can recover without the pressure of returning to work before they are ready.
- **Return to work programmes:** We implement reintegration programmes to support employees in their transition when they return to work after a prolonged absence.

In 2024, a total of 838,572 hours of absenteeism were recorded.

Measures to facilitate work-life balance and shared parental responsibility

- **Equality in parental leave:** We assure equitable parental leave for both parents.
- **Flexible working for parents:** We offer flexible working options for parents, which include part-time work and job sharing.
- **Support for childcare:** We provide access to childcare services or subsidies to help parents balance their work and family responsibilities.

As regards measures aimed at facilitating work-life balance for parents, in 2024, 590 people -263 men and 327 women- availed themselves of maternity/paternity leave, of whom a total of 150 people have returned to work. The return to work rate was 25 %.

Employees that have taken paternity/maternity leave

	Men	Women	Total
Number of employees with the right to maternity/paternity leave	263	327	590
Number of employees who took maternity/paternity leave	265	327	592
Number of employees who returned to work after taking maternity/paternity leave	125	25	150

TALENT DEVELOPMENT

Talent development policies

Boosting the professional and personal growth of our employees at all levels of the organisation is an obsession. We believe that the company's success is directly linked to the continuous development of our people, which is why we foster a dynamic and accessible learning environment. We promote internal mobility, continuous feedback, and collaborative learning through interdepartmental and global projects, so that each person can reach their full potential and actively contribute to HORSE's strategic goals. With collaboration agreements and alliances with top-tier partners and the adoption of advanced technological tools, we seek to empower our teams and cultivate a culture of constant improvement.

Performance management

- **Regular evaluations:** Regular performance evaluations are carried out to assess employee's performance, provide feedback and establish development goals.
- **Development plans:** Based on the performance evaluations, personalised development plans are created to help employees meet their professional goals and improve their performance.

Professional development

- **Career development:** Clear career pathways are established for several roles within the organisation, offering guidance on the skills and experience needed to advance in their careers.
- **Mentoring programmes:** We have mentoring programmes that pair less experienced employees with long-serving professionals, providing guidance, support and knowledge transfer.

We have 62 % of the workforce covered by professional development plans.

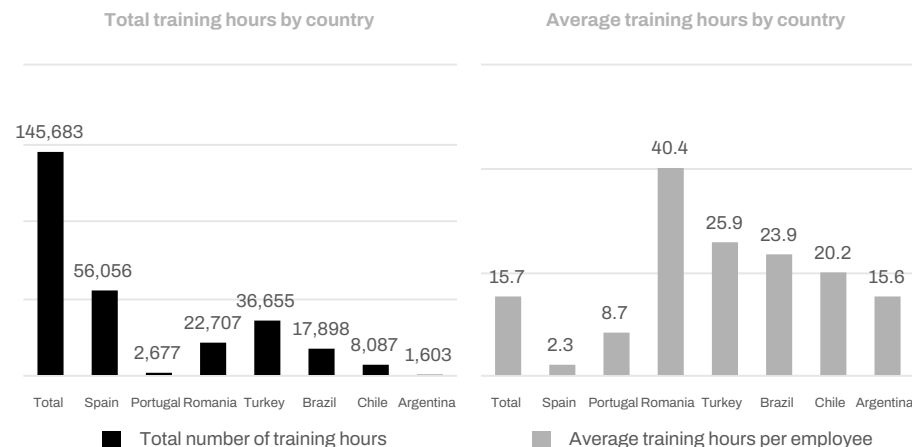
Training and education

- **Continuous learning:** We offer a variety of training programmes that include technical courses, interpersonal skills workshops and leadership development programmes, accessible through internal training sessions, online platforms and external suppliers.

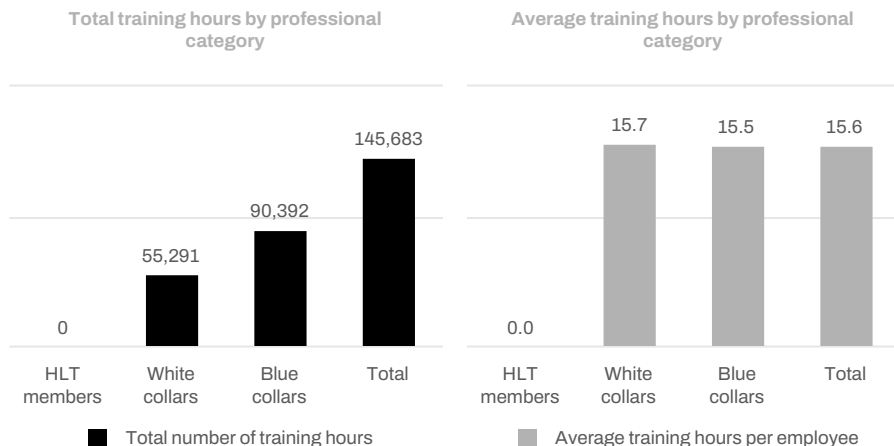
Employee training

In 2024, we invested a total of 145,683 hours in training our employees, distributed among the different countries and professional categories. On average, each employee received a total of 15.6 hours of training. This effort reaffirms our commitment to the comprehensive development of our workforce, ensuring that each employee has access to the necessary tools to achieve his or her maximum potential.

The breakdown by country shows the regions where we have focused more resources, showing how we adapt our training initiatives to the specific needs of each location.



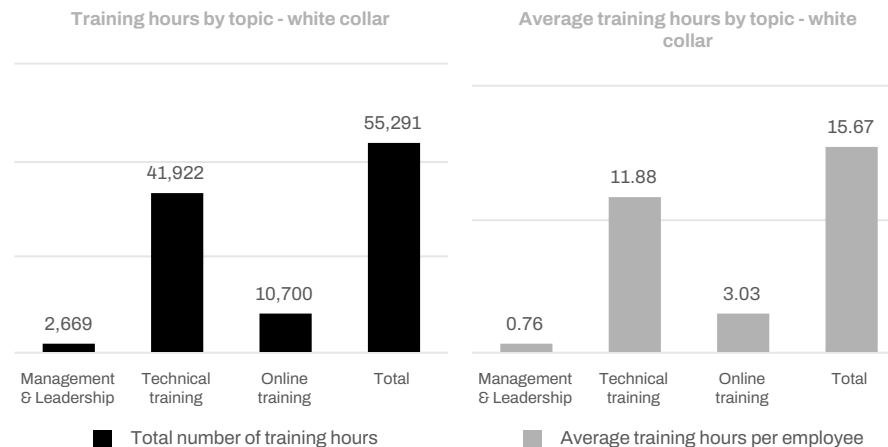
We analyse by professional category how we distribute training hours to cover the specific needs of each role in the organisation, from operational positions to the more strategic functions. In this way, of the 145,683 total training hours, 62 % correspond to blue-collar employees, and 38 % to white-collar employees.



Aware of the importance to us of the functions of both factory and office employees, we seek to design differentiated training plans. In addition, given the diversity of the needs of our workforce, we have defined the following topical categories depending on the professional category:

■ White collar:

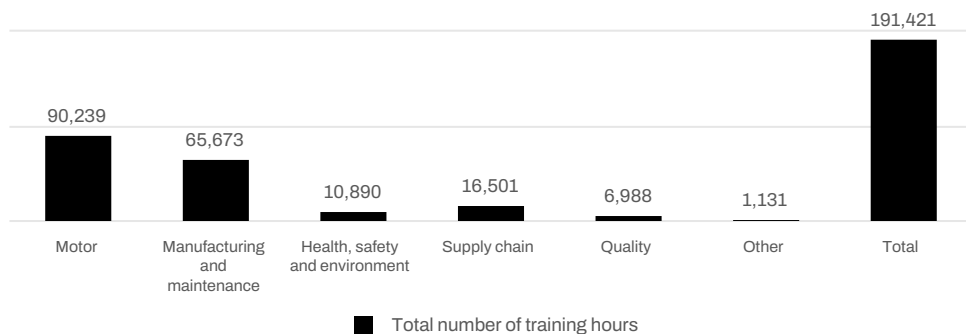
- **Management and leadership:** Training aimed at providing the necessary knowledge to design, develop, implement, maintain, support or use a specific technology or an application, product or service related to it.
- **Technical training:** This provides the necessary knowledge to design, develop, implement, maintain, support or use a specific technology or an application, product or service related to it.
- **Online training:** Any form of instruction that takes place entirely online. It can be text-based and have graphics, video, audio, animations, simulations and other more complex interactive elements such as augmented or virtual reality components.
- **Basic skills:** Basic skills, knowledge and behaviour to contribute effectively to the HORSE organisation.



■ **Blue collar:**

- **Engine:** Training on design, development and optimisation of engines and transmission systems.
- **Manufacture and maintenance:** Training on production processes, continuous improvement and inspection, repair and optimisation of industrial equipment.
- **Health, safety and environment:** Programmes on regulations and practices to guarantee safe, healthy and sustainable working environments
- **Supply chain:** Training in logistics, inventory management and optimisation of material and product flows.
- **Quality:** Training on quality control, regulations and improvement in processes to ensure compliant products.
- **Other:** Training on talent management, professional development, safety, infrastructure maintenance and acquisition strategies.

Training hours by topic - Blue collar



Average training hours by topic - blue collar



Additional training

Leadership Development

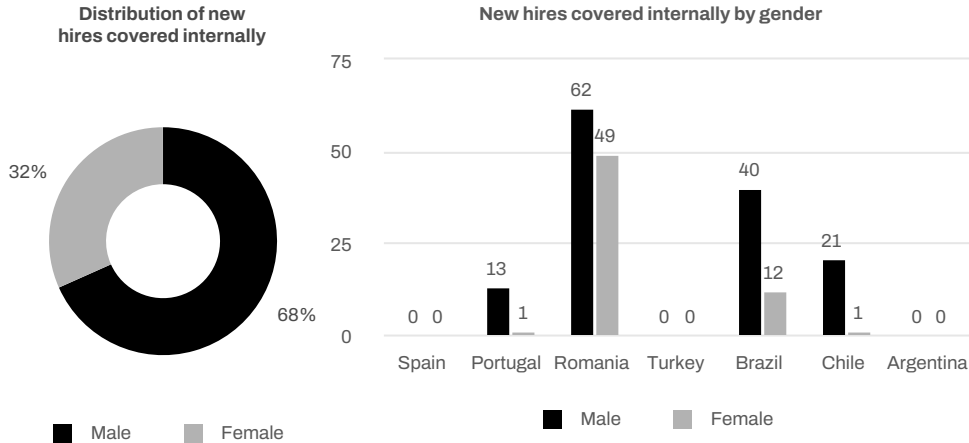
- **Leadership training:** Starting in 2025, we will offer specialised training programmes for current and aspiring leaders, that include strategic thinking, team management and effective communication.
- **Succession planning:** Succession planning is an integral part of our talent development strategy. We identify employees with high potential and prepare them for future leadership roles through specific development initiatives.

ESG training

Additionally, as part of our ESG 2030 Plan and our commitment to raise awareness about sustainable development, we set ourselves the goal of having ESG training available for 100% of employees in 2026. In 2024, we have developed our first training on sustainability, which consists of an introductory video, accessible to all white-collar employees, which deals with concepts such as decarbonisation, the circular economy, responsible purchasing or human rights. In 2024, we have made this course available to 100% of the workforce, although our target was to reach 50%. Throughout 2025, we will work to extend these training contents to the rest of the professional categories.

Talent mobility

We foster internal mobility by providing opportunities for employees to transfer to different roles or departments within the organisation. Evidence of this is that in 2024 a total of 199 vacancies were filled by internal candidates⁸. These positions were covered in Portugal, Romania and Brazil, with a gender distribution of 68 % covered by men and 32 % by women.



⁸ The data on positions filled by internal candidates does not include Spain, as this information was not recorded during 2024.

REMUNERATION AND SOCIAL BENEFITS

At HORSE, our remuneration system is designed to attract, retain and motivate our employees through fair and competitive compensation, which is made up of two principal components: fixed and variable remuneration.

■ Fixed remuneration:

- **Base salary:** All employees receive a base salary which is determined according to their role, experience and market benchmarks. This salary is reviewed annually in April to guarantee that it is still competitive.
- **Benefits:** In addition to the base salary, employees enjoy a comprehensive package of benefits that may include health insurance, retirement plans, paid time off and other specific benefits according to their location and role.

■ Variable remuneration:

- **Performance bonuses:** Employees are eligible to receive bonuses based on their individual performance and on the company's performance, in recognition of their contributions to the general success of the organisation.

Policies to guarantee fair remuneration and non-discrimination

We are committed to ensuring fair and equitable remuneration for all our employees. Our policies to guarantee this include:

- **Regular market reviews:** We conduct regular reviews to compare our salaries and benefits with industry standards, ensuring that our packages are competitive.
- **Transparent pay structures:** Our pay structures are clear and defined, with explicit criteria for salary levels, increases and bonuses.
- **Equal pay for work of equal value:** We comply with the principle of pay equality, ensuring that employees who perform similar functions with equivalent levels of experience and responsibility receive comparable remuneration, independently of their gender, race or other personal characteristics.
- **Non-discrimination policies:** Our policies ensure that all employment-related decisions, including remuneration, are based on merit and performance, with no tolerance of discrimination.
- **Employee feedback:** We encourage our employees to share their opinion on our remuneration practices through surveys and focus groups, using this feedback to continuously improve our policies.

Our commitment to generating quality employment is reflected in the significant investment we make in our workforce. In 2024, the total cost of the workforce amounted to 426 M€, a figure which shows our dedication not just to job creation but also to guaranteeing fair and competitive working conditions aimed at the development of our employees.

Components of variable remuneration

At HORSE, variable remuneration is designed to incentivise and compensate performance at both individual and collective level, adapting to different employee categories and their respective responsibilities. This applies to the different employee categories in the various locations where we carry on our activities. Employees who are eligible for this remuneration include both the Management Committee and white-collar and blue-collar employees, according to the applicable agreement. In 2024, 69 % of the company's employees were eligible to receive variable remuneration

In general, variable remuneration is based on a combination of company, area and individual objectives. These objectives may vary according to the employee's degree of responsibility, with percentages that increase in line with it.

Furthermore, blue-collar workers are usually subject to collective agreement that determine bonuses. These bonuses may be linked to specific objectives of the company, such as safety, quality and energy savings, as well as individual objectives such as absenteeism and manager's evaluation.



Average remuneration

At HORSE we calculate average remuneration as the average of the salaries of eligible employees, considering total remuneration, which includes both fixed and variable remuneration. To assure comparability, we have converted the values to euros using the exchange rate in force on the first day of the month throughout 2024. The tables below show average remuneration by gender, age group and professional category.

Average remuneration by professional category

	Male	Female	Total
HLT members	284,153 €	255,515 €	275,970 €
Managers	51,820 €	56,696 €	52,600 €
White collars	36,607 €	35,444 €	36,332 €
Blue collars	23,089 €	19,800 €	22,537 €
Total	29,748 €	28,848 €	29,580 €

Average remuneration by age group and professional category

	<30	30-49	>50	Total
HLT members	0 €	237,348 €	304,938 €	275,970 €
Managers	28,280 €	49,678 €	63,956 €	52,600 €
White collars	28,062 €	36,481 €	39,973 €	36,332 €
Blue collars	16,510 €	23,397 €	23,127 €	22,537 €
Total	20,315 €	29,819 €	33,274 €	29,580 €

Gender pay gap

In 2024, we have continued working to obtain a detailed and reliable analysis of the gender pay gap, one of the key indicators to measure differences in compensation between men and women in our organisation. This indicator is calculated using the average remuneration (including fixed salary and variable remuneration) of each country, comparing for jobs of equal value, which are aggregated in the company's main categories. To define jobs of equal value, the following criteria have been established:

- Office employees: At HORSE we have an internal categorisation for office employees based on "grades", which is an internal categorisation used to set objectives, define variable, among others. Subsequently, to simplify the information sample, they have been grouped in Horse Leadership Team (HLT), Managers and White collar.
- Blue collar: jobs of equal value have been defined as those included in the collective agreements of each of the countries where we are present.

These average remuneration values are then weighted according to the relative importance of each region with regard to the total number of eligible employees, obtaining a global indicator that reflects precisely the reality of our workforce. This year, the analysis has covered the 7 countries where we are present, and includes the entire workforce.

Our commitment to diversity and equal opportunities is reflected in an overall pay gap of 3 %

Gender pay gap by professional category

	Gender Pay Gap (%)
HLT members	10 %
Managers	-9 %
White collars	3 %
Blue collars	14 %
Total	3 %

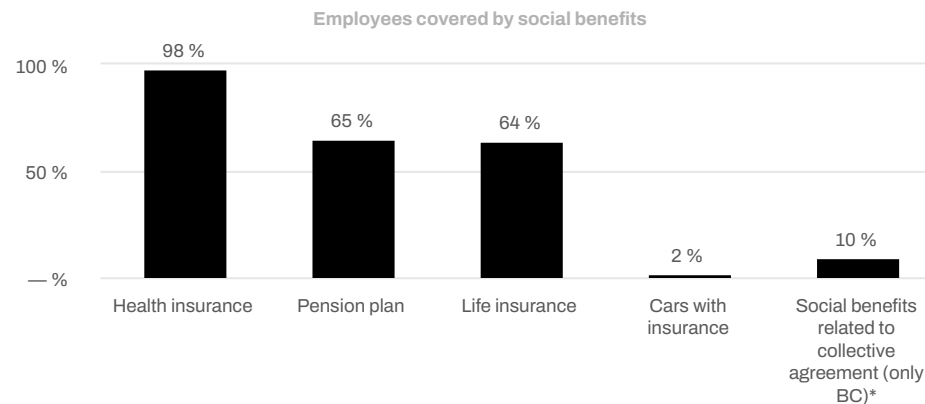
Social benefits

In addition to the remuneration package we offer, employees can opt for other voluntary social benefits. These include health and life insurance subsidised 100% by the company, and a pension plan to which the company contributes 4% of the employee's gross salary, while the employee contributes an additional 2%. The following table details the percentage of employees who have signed up for each of the benefits we offer.

Percentage of employees covered by social benefits

Type of benefit	Employees covered
Health insurance	98 %
Pension plan	65 %
Life insurance	64 %
Cars with insurance	2 %
Social benefits related to collective agreement (only BC)*	10 %

*Social benefits related to the collective agreement apply only to employees based in Turkey.



SOCIAL DIALOGUE AND LABOUR RIGHTS

The basis for trust is transparency, one of the elements on which we have been working most intensely since the start of the project. To create this atmosphere of trust, the employee's participation at all times and at all levels is important, convinced that their contribution will help us to grow and be a better place to work every day.

Information sharing:

- **Regular updates:** We provide frequent updates on the company's performance and relevant changes through meetings, newsletters and the intranet.
- **Transparent communication:** We maintain open and clear channels to guarantee that employees are informed of decisions that affect them.

Consultation processes:

- **Employee surveys:** We conduct regular engagement surveys to gather views on development needs and preferences. This feedback is used to adjust our talent development programmes according to the needs of our workforce.
- **Focus groups:** We organise focus groups to discuss specific matters in depth, fostering a collaborative approach to problem solving.

Participation mechanisms:

- **Employee committees:** We establish committees focused on areas such as health and safety, diversity and inclusion, and employee engagement, allowing them to participate in decision making.

Feedback channels:

- **Open-door policy:** We foster an environment where employees can approach management with their concerns and suggestions at any time.
- **Whistleblowing channel:** We offer a secure and confidential channel for employees to report inappropriate conduct or breaches of policies without fear of reprisals.



Collective agreements

Collective agreements are fundamental to ensure fair and consistent treatment for employees. By implementing these mechanisms and procedures, we seek to create an inclusive work environment where all employees feel valued and empowered to contribute to the success of the company. Specifically, issues commonly addressed in collective bargaining include:



Health and safety

Safety regulations: Procedures are defined to maintain a safe work environment, including the use of protective equipment and training on safety.

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



Working conditions

Work and break times: Provisions are established on standard working hours and breaks to guarantee a health work-life balance.

Remunerated time-off policies: Policies on various types of leave are detailed, including vacation and sick leave.



Compensation and benefits

Wages and salaries: The agreements establish wage scales and criteria for bonuses and incentives.

Benefits: Benefit packages are specified, including insurance and retirement plans.



Job security and professional development

Job security measures: Protection against unfair dismissal and to ensure fair treatment in workforce restructuring.

Training and development: Commitment to offer continuous development opportunities to employees.



Equality and non-discrimination

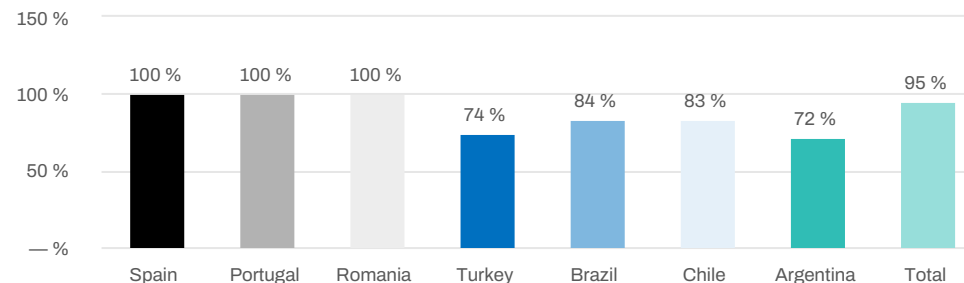
Equal opportunities: Provisions to ensure equal opportunities in employment.

Policies against discrimination: Clear regulations to prevent and address discrimination and harassment.

In our organisation, 95 % of the workforce is covered by collective agreements that guarantee protection of their labour rights and access to formal social dialogue mechanisms. For employees that are not covered by such agreements, the possibility of freely discussing work conditions through the established channels, depending on the country, is actively promoted. Furthermore, we always act taking into consideration the principles included in the conventions of the International Labour Organisation (ILO).

In the central offices in Madrid, employees have free access to discuss labour matters directly with the Human Resources Business Partners (HRBP). In Turkey, Brazil, Chile and Argentina, white-collar employees can raise their concerns initially with their direct supervisors and, secondly with HRBP. These mechanisms ensure that all workers, independently of their coverage by collective agreements, are provided with adequate spaces to express and discuss their work conditions.

Percentage of employees covered by collective agreements by country



EQUAL TREATMENT AND DIVERSITY MANAGEMENT

"The first equality is equity". Victor Hugo

Equal opportunities policies

Selection and hiring

Our processes are designed to guarantee equal opportunities for all candidates, without distinction of gender, race or age.

Professional development

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

Policy against discrimination and diversity management

Zero tolerance

We have a policy of zero tolerance for any kind of discrimination.

Reporting mechanisms

Employees can report cases of discrimination through a confidential portal; all reported incidents are investigated and the pertinent actions are taken.

Challenges in promoting gender diversity in the automotive industry

Promoting gender diversity in our industry poses specific challenges, including:

- **Historical gender imbalance:** The automotive industry has historically been dominated by men, especially in technical roles, which makes it difficult to attract female talent.
- **Educational pipeline:** The gender gap in STEM education limits the enrolment and graduation of women in technical disciplines. This difference results in fewer job opportunities in the sector and, consequently, in a greater pay gap.
- **Stereotypes and bias:** Gender stereotypes hinder the recruitment and progress of women in certain roles.
- **Work-life balance:** The demand for certain roles may make it complicated for women, especially those who have family responsibilities, to maintain a healthy work-life balance.



HORSE Equality Plan

At HORSE, we reaffirm our commitment to effective equality between men and women through the implementation of our first Equality Plan. The main objective of this plan, which applies to all workers in our workplaces in Spain, is to guarantee a work environment based on respect, inclusion and tolerance, eradicating any type of discrimination.

The Equality Plan has been agreed upon and signed by all the Trade Union Sections and the Company's Management, reflecting a firm collective commitment. In addition, it includes a Protocol for situations of sexual and gender-based harassment, in which the organisation establishes specific measures to prevent and act in any situation of this type, regardless of who the person affected or involved may be.

This plan will be valid for four years, during which continuous monitoring will be carried out through a joint Monitoring Committee. This committee will be responsible for supervising the application of the measures contemplated in the Plan, evaluating their effectiveness and ensuring compliance. This joint effort seeks to consolidate HORSE as an inclusive, safe place committed to equal opportunities. Specifically, our plan includes the following objectives:

Defence of gender equality

To promote and consolidate effective equality between men and women in all work stages.

Work-life balance and shared responsibility

To ensure work-life balance, fostering shared responsibility.

Equality in professional promotion

To facilitate professional promotion in positions where there is gender under-representation, guaranteeing equality in selection.

Harassment-free space

To guarantee a working environment free from sexual, moral or psychological harassment and establish guidelines for identifying it.

Inclusive language

To promote the use of non-sexist, diverse and inclusive language in communications.

Integration of women victims

To favour the integration into employment of women who have been victims of gender violence.

Non-discriminatory working environment

To encourage a working environment free from any discriminatory behaviour, respecting the dignity of all.

LGTBIQ+ rights

To ensure equal treatment and no discrimination on account of sexual orientation and identity, gender expression or sexual characteristics.

Worker inclusion

To guarantee a safe and inclusive environment for all workers, independently of their characteristics.

Compliance with principles

To ensure that all persons apply these principles and take the necessary actions to prevent harassment at work.

Measures to promote equal treatment and opportunities

To address these challenges, we have implemented several measures:

- Directed recruitment: We actively seek women for technical and leadership roles through associations with educational institutions and participation in careers fairs.
- Protocols against harassment:
 - Clear policies: We have policies that prohibit gender harassment, which are communicated to all employees.
 - Reporting and support: Employees may report harassment confidentially and receive support, including legal advice and assistance.
 - Investigation and actions: All reports of harassments are investigated immediately, taking the necessary disciplinary measures to prevent future incidents.

At HORSE we strive to improve equality in the company, and women currently make up 19 % of our workforce, rising to 29 % of the members of the Management Committee. In coming years, considering the challenges and particular features of our sector of activity, we will focus our efforts along the same lines, always committed to equal treatment for all.

Percentages of employees who are women by country

Country	% of women
Spain	16 %
Portugal	18 %
Romania	28 %
Turkey	10 %
Brazil	14 %
Chile	15 %
Argentina	6 %
Total	19 %

Percentage of employees who are women by professional category

Job category	% of women
HLT members	29 %
White collars	22 %
Blue collars	17 %
Total	19 %

HORSE Powering Talent Programme

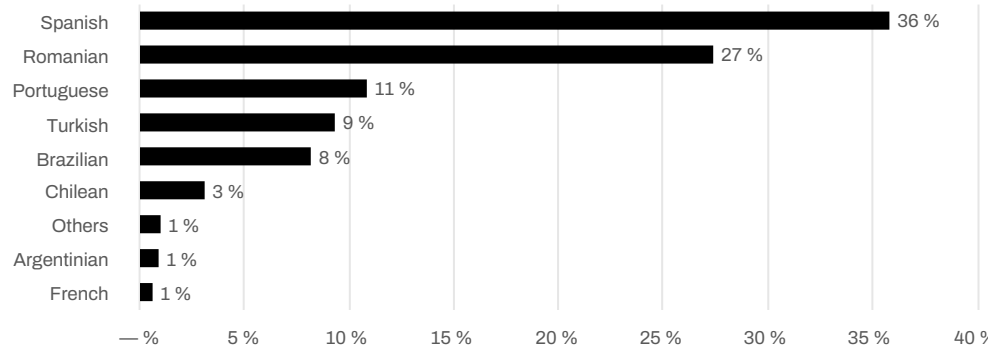
Through the "Powering Talent" training programme, at HORSE we contribute to the comprehensive development of new professionals who have been trained in STEM disciplines or technical skills. In 2024, 36 internships were offered in Valladolid, Seville and Aveiro, with a monthly financial allowance. The programme runs for 10 months, during which it offers an experience of learning the company's culture, developing interpersonal skills and training in technical skills in different areas (industrial excellence, health and safety, quality, finance, product engineering, etc.). In addition, a pioneering model of reverse mentoring is introduced, in which young professionals will share their digital perspectives and skills with senior leaders, promoting mutual learning and collaborative innovation.

HORSE Powering Talent Programme is an exceptional opportunity for young people who seek to make a difference in the automotive industry, offering them a comprehensive platform for professional development and growth in a motivating, innovative and sustainable environment. This experience seeks to help connect the academic world with the world of work by providing participants with the tools and experiences necessary to start their professional career. While the programme helps attract and develop talent, it also contributes to building strong relationships with communities by favouring employment and development of local talent.

Beyond gender diversity

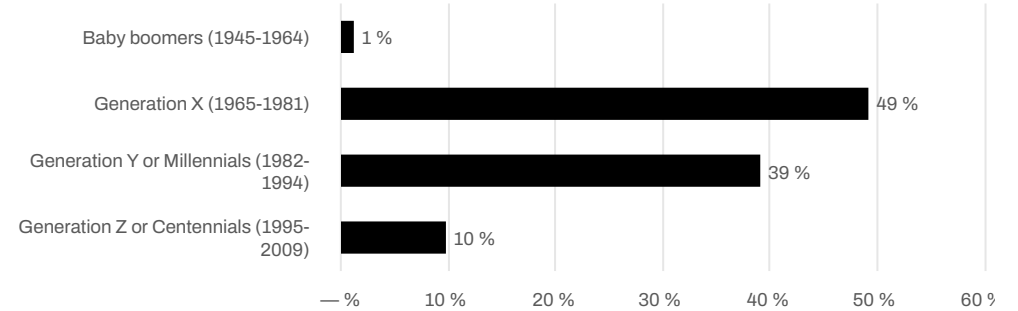
Our commitment to diversity extends to multiple dimensions that enrich our organisation and strengthen our culture. The figures shown below reflect a globally diverse workforce, with representation of employees of multiple nationalities, which fosters a dynamic cultural exchange and innovative perspectives. We have also made progress in the inclusion of persons with disabilities, consolidating our position as an accessible and equitable environment for all.

Distribution of employees by nationality



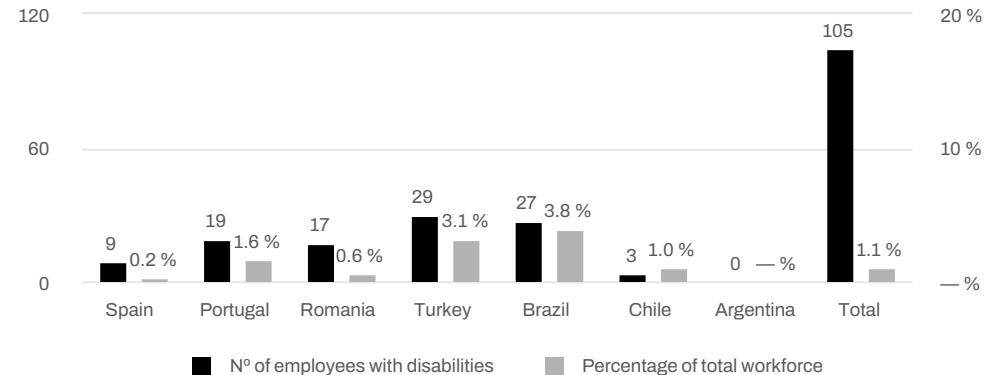
As far as generational diversity is concerned, our workforce encompasses from Baby Boomers (1945-1964), who bring experience and stability, to Generation Z (1995-2009), who drive innovation and technological adaptation. Between these extremes, generations X (1965-1981) and Y or Millennials (1982-1994) play an essential role in intergenerational connection, combining strategic skills with a vision focused on change, added to their extensive experience. This generational balance allows us to address challenges from multiple angles, ensuring sustainable and collaborative growth.

Distribution of employees by generation



At HORSE we firmly believe in the importance of building an inclusive and diverse working environment, where everyone has the opportunity to develop fully and contribute their talent. During the period analysed, we have a total of 105 employees with a disability, which represents 1.1 % of our global workforce. The integration of persons with a disability is reflected in their participation in diverse areas of the organisation and shows our dedication to fostering an inclusive and accessible working environment for everyone.

Employees with a disability by country



HEALTH AND SAFETY

A robust health and safety (hereinafter H&S) policy is fundamental in order to protect employees from the inherent risks of the industrial environment because it not only reduces accidents and work-related ill health, but also ensures a safer and healthier working environment. The health and safety of people is therefore one of the main commitments made by HORSE, which is applied at all levels and encompasses the following points:

1. Commitment by management, the employees themselves and all the companies that form part of the company's value chain.
2. Communication, education and training of all employees.
3. Having a management system in place that regulates the entire operation, performance monitoring and the commitment to continuous improvement, complying with legal regulations and company's own requirements.

At HORSE, we adapt health and safety governance to the needs both in terms of people who participate and in the frequency and duration of meetings, workshops, among others. In total, we have 31 people dedication exclusively to health and safety matters.



Results of the ESG 2030 Plan in 2024

As part of the second strategic pillar of our ESG 2030 Plan “Positive Impact”, we want to be a safe and accident-free space. Accordingly, three of our objectives are committed to this goal. In 2024, two of them have been met 100% :

- A plant certified under ISO 45001 (Bursa)
- Reduction of 21% in the accident frequency index, exceeding the target set for this year of a 5% reduction
- However, it has not been possible to meet the target of reducing the severity index, obtaining an increase in this indicator due to the increase in the number of days off work, despite having reduce the number of accidents. However, none of this work-related accidents has resulted in irreversible injuries.⁹



Global H&S committee

Team that leads the definition and dissemination of sustainable policies and strategies. It is made up of H&S officers of all the plants, who then at local level evaluate the corresponding conformity with all necessary parts.



Local H&S committee

Multidisciplinary team with representation of all relevant departments such as purchasing, manufacturing, human resources, H&S, etc where the more operational or everyday matters are discussed. Depending on the plant, the committee may be applicable to the entire plant or to a specific department.



Local officers

All plants, depending on their size, have a team or a designated person to oversee compliance with H&S regulations, guaranteeing that procedures are applied correctly and also responsible for collaborating with the global team.



Global heads

Local teams are supported by the global team in solving problems. It also leads the compilation and dissemination of good practice and the implementation of strategic initiatives.



Executive management

Senior management at both plant and company level oversees and supports H&S initiatives, ensuring that the environment is part of the corporate strategy.

⁹ For more information, see section [ESG 2030 Plan](#)

HEALTH AND SAFETY SYSTEM

Our essential tool for strengthening our health and safety management system is centred on the PDVA cycle (Plan, Do, Check, Act). This process allows us to anticipate and reduce risks, continuously improve our products and guarantee that we all work in a safe and healthy environment. By staying committed in each stage of the cycle, together we build a safer and more efficient workplace, where we can all perform with peace of mind and confidence.

Leadership and Commitment

of executives and middle managers to H&S, promoting the active participation of all employees.

Training and Awareness Raising

to guarantee that all employees understand the risks and know how to handle them safely.

Communication and Consultation

involving employees in decision making related to safety to improve commitment and the adoption of preventive measures.

Risk Assessment

to identify hazards, assess the likelihood and gravity of risks, and establish preventive controls.

Inspections and Audits

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

Financial resources

to be able to make the necessary acquisition such as protection equipment for workers or safety devices for the machinery they operate.

The DuPont Bradley curve is a fundamental model in our health and safety strategy at HORSE. Integrated in the PDCA cycle, it represents the stages of commitment and maturity in an organisation's safety, from the reactive phase to the interdependent phase, where everyone collaborates actively to protect each other. This curve guides our progress towards an advanced safety culture, in which every employee, beyond following the rules, feels the responsibility for caring for his or her safety and this of his or her workmates.

As well as having a highly qualified team dedicated to workplace health and safety management, we assign a significant proportion of our resources and budget to guarantee the effective implementation of safety policies and measures, as well as for the continuous training of our employees in matters related to occupational health.



Human and monetary resources allocated to H&S

Resources allocated to H&S

People	31
Financial resources	N/A

Zero Accidents Commitment

At HORSE, our commitment to safety at work is a fundamental priority. We strive to create a working environment in which no injuries occur, ensuring that all our employees and collaborators can perform their duties safely. This commitment, based on the “Zero Accidents” philosophy, drives us to adopt preventive measures, invest in training and guarantee that all operational processes meet the highest safety standard.

ISO 45001 Certification

Our commitment to safety is reflected in the implementation of an in-house system that establishes mandatory minimum criteria in all our plants, independently of the country, local legislation or cultural differences. This robust system is fully integrated in our organisation and is known and applied at all levels.

In this context, we have opted to certify our operations under the international standard ISO 45001, which establishes the most demanding standards in occupational health and safety management. Currently, only the plant in Bursa, in Turkey, has this certification, which represents 9 % of the total. In 2025, we will continue to advance in the implementation process to obtain this certification in the plants in Valladolid, Seville and Romania.

Main Health and Safety risks

Prevention is a fundamental pillar in the management of the inherent risks of our activity. We work actively to prevent or minimise their possible consequences from the first design stages, prioritising solutions that will allow us to eliminate completely or reduce risks. When this is not possible, we implement measures to maximise the distance from the risk, establish physical barriers or effective protection systems and guarantee that individuals have adequate protective equipment. In this way we strengthen our capacity to protect both people and our environment. The main risks identified in our operation are indicated below, for the purpose of maintaining a proactive approach and guarantee efficient management of such risks.



Mechanical risks caused by crushing, cuts/blows and falls on the same level or from a different level.



Ergonomic risks from repetitive strain and/or handling loads.



Chemical risks from direct contact and/or inhalation of fumes.



Risk caused by hazardous energy, for example electric, hydraulic and/or pneumatic energy.



Vibrations



Noise



Psychosocial risks



Other industrial risks such as fires, explosions.

SAFETY AND WELLBEING OF WORKERS

At HORSE, the monitoring and analysis of key health and safety indicators is fundamental to evaluate our performance and establish continuous improvement plans. The key areas we consider in our health and safety management are presented below.

We also establish ambitious targets to reduce our frequency and severity indices, aligned with our commitment to continuous improvement and the achievement of safe working environments. These targets are reviewed and adjusted periodically in line with the results obtained and the action plans implemented.

Work-related accidents and diseases

In 2024, a total of 31 accidents at work with sick leave were recorded, of which 24 involved men and 7 involved women. This breakdown reinforces the need to continue implementing measures adapted to the specific conditions of each job and group.

A total of 44 occupational diseases were detected during the year, of which there were 37 cases in men and 7 in women. These results reflect the importance of continuing to reinforce our ergonomics and healthy working conditions initiatives. In relation to fatal accidents, there were no cases in 2024.

	Male	Female	Total
Nº Accidents with sick leave	24	7	31
Nº of occupational diseases detected	37	7	44

Accidents with sick leave by gender and country

Site	Male	Female	Total
Spain	1	3	4
Madrid	ND*	ND*	ND*
Valladolid	0	0	0
R&D Valladolid	0	0	0
Sevilla	1	3	4
Portugal	5	1	6
Romania	1	0	1
Turkey	1	0	1
Brazil	0	0	0
Chile	16	3	19
Argentina	0	0	0
Total	24	7	31

*Figure not available

Frequency and severity indices

In 2024, we recorded frequency and severity indices 1.67 and 106.94, respectively, reflecting the effectivity of our preventive measures and the awareness of our teams.

Frequency index¹⁰ by gender and plant

	Male	Female	Total
Valladolid	0.0	0.0	0.0
R&D Valladolid	0.0	0.0	0.0
Sevilla	0.6	12.8	2.1
Portugal	2.8	2.2	2.7
Romania	0.3	0.0	0.2
Turkey	0.5	0.0	0.5
Brazil	0.0	0.0	0.0
Chile	22.4	15.3	20.9
Argentina	0.0	0.0	0.0
Total	1.6	2.0	1.7

Severity index¹¹ by gender and plant

	Male	Female	Total
Valladolid	0.0	0.0	0.0
R&D Valladolid	0.0	0.0	0.0
Sevilla	152.0	952.8	252.1
Portugal	561.3	217.3	492.6
Romania	9.0	0.0	6.5
Turkey	0.0	0.0	0.0
Brazil	2.8	0.0	2.3
Chile	428.5	366.4	415.1
Argentina	0.0	0.0	0.0
Total	105.9	111.2	106.9

Vision 2025

Consistency is good advice in terms of health, wellbeing and safety. So much so that we deal this matter from the very highest levels in our organisation right down to the bases of our workforce. Accordingly, our strategy is structured on two levels of collaboration to ensure a robust approach adapted to our needs.

- At Joint Venture (JV) level, a multidisciplinary group with representatives of all business areas establishes policies and minimum operational requirements that apply to all plants, guaranteeing a sound common standard in health and safety.
- At division level, five of our plants have specific working groups that go beyond these alignments, adapting and supplementing the JV initiatives to their particular operational characteristics. This dual approach ensures that each plant is aligned with the global HORSE vision while at the same time permitting a detailed implementation adapted to the needs of each environment.

¹⁰ The frequency index has been calculated as follows: (No. of accident with sick leave/Hours worked) *1,000,000

¹¹ The severity index has been calculated as follows: (No. of days lost due to accidents/Hours worked)*1,000,000

SOCIAL CONTRIBUTION

Social responsibility is one of HORSE’s main values, always taking into account its surroundings and the improvement in the living conditions of the communities where it is located. Through the social investment policy, and specifically the social investment goals, we seek to make a positive contribution in the territories where we operate.

As a result of the double material study, the following are the impacts, risks and opportunities detected for standard ESRS S3 - Affected communities:

Impact materiality

Positive impacts

(No positive impacts have been detected for the topic of Affected communities)

Negative impacts

Impact on the human rights of persons due to the extraction of raw materials and minerals in the manufacture of batteries, engines and gearboxes

Social action milestones in 2024

Key figures

Social action policy

Development of a social action policy that prioritises the empowerment of people and the protection of nature

500,000 €

Approval of a budget of € 500,000 in social action for 2025

31

initiatives aimed at contributed to create a positive impact on society

287

volunteers have collaborated in developing the actions carried out

8,504

estimated beneficiaries through the actions carried out



SOCIAL INVESTMENT POLICY

Our mission since we were created as HORSE has been to contribute to one of the greatest world challenges: offer a low-emission and inclusive mobility for everyone.

We want to accompany this mission by generating a positive impact on nature and people through social action and investments focused on two areas: empowering people and protecting nature.

We have therefore developed a social action policy that establishes **two lines of social contribution** that are priorities for the company.

1. EMPOWERING PEOPLE



The first pillar seeks to contribute to empowering people through education, as in future years industrial profiles will be needed with technical and digital skills to transform mobility towards a more sustainable and decarbonised model. Furthermore, training is also a level to access decent work and living standards. Accordingly, HORSE wishes to contribute to training young people, women, people over 55 years old and vulnerable groups in the acquisition of technical skills.

In addition, mobility -transport- is a fundamental factor in people's lives, as it gives access other basic services such as health, education, food or employment. Therefore, HORSE wishes to support projects that improve people's life through transport and mobility, such as projects that will make it possible to convey necessary goods to communities or facilitate the movement of people in their lives efficiency.

2. PROTECTING NATURE



The second pillar seeks to generate a positive impact by conserving biodiversity, which is conceived as a way of contributing to the fight against the scarcity of natural resources and loss of biodiversity, which is currently one of the main global challenges. HORSE participates in projects that improve the environment and natural capital, such as the recovery of ecosystems, the promotion of the circular economy and reforestation, also contributing to the removal of greenhouse gas emissions.

Through these areas, HORSE aims to generate positive impacts in the long term in the countries where it carries out its activity, and may extend this perimeter to the locations of its value chain.

The social investment policy follows our principles of social contribution:

- **Positive impact:** contributing to improving people's live and conserving the environment in a way that is aligned with HORSE's commercial strategy.
- **Contribution to the Sustainable Development Goals:** through social action initiatives the company aims to generate the greatest contribution to the selected SDGs.
- **Added value:** understanding social action as a voluntary contribution that complements its environmental, social and ethical performance, in consonance with the company's business activity.
- **Intention to be permanent:** collaborating with communities and organisations in the third sector to generate lasting partnerships and initiatives.
- **Stakeholders:** taking into account the expectations of its stakeholders, especially the needs of the local community.
- **Ethics:** assigning resources transparently and without breaching legal legislation or the company's code of business ethics.
- **Employee collaboration:** encouraging the participation and involvement of the workforce both in corporate initiatives and in those that involve the participation of other workplaces.
- **Transparency:** striving to align its social action with the pillars defined both at local and corporate level and reflecting and publishing the community investment contributions in a rigorous, complete and transparent manner.

As we are committed to generating a positive impact in the territories through the two chosen pillars, one of the **objectives of the ESG 2030 Plan** refers precisely to social investment. In the framework of the second pillar of the Plan -Positive impact on people- and with the aim of contributing actively through resources, time and capabilities to improving living conditions in communities, we have established the target of investing 3 million euros in social action by 2030. Through this economic investment, the goal is to finance and organise initiatives that generate positive and lasting effects in the territories where we are located.

Although in 2024 the targets in this regard were not defined, starting from 2025 there will be an annual budget of €500,000 dedicated in full to the social investment policy. However, last year we also carried out local social initiatives with the aim of favouring HORSE's impact on communities.



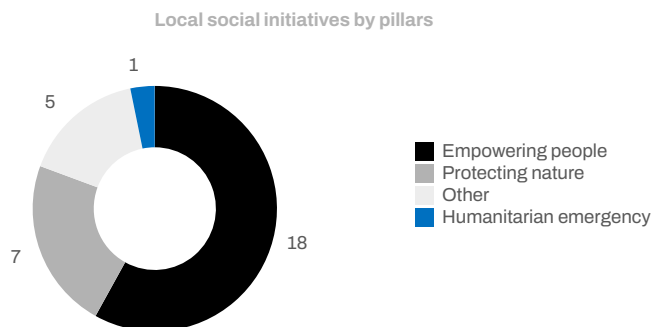
LOCAL SOCIAL INITIATIVES

Throughout 2024 social initiatives have been carried out locally in the seven countries where we are located. In total, 31 initiatives have been carried out aimed at contributing to create a positive impact on society. As there was no budget for this year, the economic investment data are not included.

81 % of the initiatives were aligned with the two social action pillars designed in the social investment policy, thus generating a benefit in the empowerment of people and care for nature. This has been possible thanks to the employee volunteers who participated in the actions, with a final number of 287 volunteers collaborating in the execution of these actions. In this way, not only has it been possible to fulfil the commitment to contribute to social wellbeing, but the values of solidarity, teamwork and social responsibility have also been fostered among the employee volunteers.

These social initiatives have been carried out though through internal organisation, and in collaboration with other associations. In total, there have been collaboration with 14 associations, including both governmental organisations and educational institutions, NGOs and foundations, among others.

The development of the initiatives has involved the generation of a positive impact in a total of 8,504 estimated beneficiaries through the different actions carried out. The social groups that have benefited including local communities, women, young people, children, vulnerable groups...



Initiatives carried out

Throughout 2024, initiatives have been organised with the aim of empowering people and caring for nature, resulting in an improvement in living conditions in the communities where we are present:

- With the aim of achieving a positive impact on young people and students, we received **visits from students** of educational establishment throughout the year. Through these visits, value is contributed to students' practical training and their preparation for their future employment. These visits included individuals with functional diversity, vulnerable groups, open days...
- Continuing with the goal of contributing to education in local communities, we made **donations of materials** to universities and educational establishments to foster practical learning by their students. These donations include engines, gearboxes, etc.
- Through the *T-acompañamos* Programme, HORSE has contributed to the **integration to the job market** of vulnerable groups through training aid and the inclusion in the workforce of individuals in a situation of vulnerability.
- Protection and **care of nature** has been fostered through different initiatives such as awareness-arising workshops, dissemination of information, the construction of houses for insects to promote biodiversity, recycling activities, etc.
- Other activities have been carried out with the aim of raising awareness and **promoting equality** both internally and in the communities. These include workshops to discuss the challenges around gender equality, dissemination of information, celebration of Women's Day, visits to schools by female engineers to inspire girls to create their future as STEM professionals, etc.

EMPOWERING PEOPLE: COACH PROJECT

In collaboration with the Exit Foundation, Project Coach was developed in the Seville plant. This corporate volunteering initiative aims to provide guidance and to motive young people in a situation of social vulnerability who have failed at school by providing them with coaching and introducing them to the reality of a business. In various sessions, meetings and visits to the plant, the volunteers worked with the students to increase their employability by boosting their self-esteem, and providing motivation and professional guidance.

The results of this activity were very positive both for students and professionals. On the one hand, the beneficiaries have work in pairs of young persons-volunteer accompanied by social entities and educational centres to help them define their professional future. On the other hand, the volunteers from HORSE have learned basic coaching techniques and have increased their engagement with the company through a tangible Social Responsibility action.

PROTECTING NATURE: OYAK HORSE FOREST AND TOGETHER FOR GREEN

Aligned with the second pillar of caring for nature, HORSE carried out a reforestation project in Oyak in collaboration with the Turkish Ministry of Agriculture and Forestry and the Directorate General of Forests. Through this initiative, 10,000 trees were planted providing benefits to the local community in the conservation of biodiversity, carbon capture and improvement in air quality. HORSE contributed with a monetary investment of € 20,000 and the work of 120 volunteers who participate in the reforestation activity with their family members, and in doing so strengthen environmental education and boosting a sense of belonging in the community. This action generates long-term positive impacts such as the contribution to climate change adaptation in the territory where we are located.

Gökhan Deniz, General Manager of OYAK HORSE, shared his thoughts on the meaningful project:

"The OYAK HORSE Memorial Forest is one of the most tangible representations of our sustainability vision. Together with our employees, we are fulfilling our responsibility to nature by creating a legacy that will help reduce carbon emissions in the future. This initiative supports environmental sustainability, enhances biodiversity, and addresses climate change challenges. These trees, which will breathe life into our ecosystem, will absorb CO₂ throughout their life cycle, reducing our carbon footprint and contributing to a cleaner future. With the OYAK HORSE Memorial Forest in the Göynüklü region of Mudanya, we are creating a breath of fresh air for the future through our eco-friendly project."

The "Together for Green" initiative was carried out in Pitesti, and also follows the line of caring for nature through reforestation. In association with 20 other entities and the Chamber of Commerce and Industry of Arges, 15,000 trees were planted, achieving a positive environmental impact in the area. The voluntary participation of workers also serviced to foster values of teamwork, environmental awareness, solidarity, etc.



ASSOCIATION AND SPONSORSHIP

Aware of 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 organisations dedicated to promoting innovation, improving quality and strengthening the sustainability of the sector.

We encourage the exchange of knowledge and support educational programmes, 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 favour progress in the sector. We also comply with European transparency and responsibility standards in our activities. With a total financial contribution of 312,632 €, in 2024 we participated in the following organisations or associations at global level:

Europe

Region	Name of the association	Purpose of HORSE	Financial contribution (euros)
European Union	CLEPA	Representation of HORSE's objectives in EU policy in Brussels	31,500 €
	e-fuel alliance	Representing HORSE's objectives in EU policymaking in Brussels, especially on issues related to synthetic fuels (e-fuels).	50,000 €
Spain	Sernauto	Representation of HORSE's objectives in Madrid	13,000 €
	Cámara de comercio Franco-Española	Participating in broader political debates between France and Spain and teaming up with like-minded companies.	4,500 €
Romania	ACAROM	Association representing the automotive industry in Romania	2,500 €
	CCIA	Romanian Chamber of Commerce, representing HORSE and the industry in general in political debates.	1,500 €
Portugal	ACAP - Associação Automóvel de Portugal	Represents HORSE in the public debate on the automotive industry in Portugal	3,096 €
	AIDA-ASS.INDUSTRIAL DIS.AVEIRO	Representation of HORSE in regional development and policy in Aveiro	71,828 €
	AFIA ASSOCI FABRICANTES IND AUTOMOVEL	General automotive industry association representing us in Portugal	2,800 €
	MOBINOV ASSOCIACAO DO CLUSTER AUTOMOVEL	Representation of HORSE in Portuguese automotive affairs	3,200 €
Turkey	Bursa organised industrial zone	Regional public affairs representation	37,865 €
	Automotive Supplier Association	HORSE representative in Turkey's national passenger car associations	1,165 €
	Uludag Automotive Industry exporters association	Representing HORSE in the field of export	5 €
	Bursa Chamber of Commerce	Facilitates engagement with local government	203 €
	Istanbul Chamber of Commerce	Facilitates engagement with the local government of the capital	5,521 €



Latin America

Region	Name of the association	Purpose of HORSE	Financial contribution (euros)
Chile	ASIMET	The Association of Metallurgical and Metalworking Industries A.G. allows us to be part of the debate between policymakers and the industry regarding metal production and beyond. This is relevant for gearboxes.	3,000 €
	French Chilean Chamber	It represents a broader industry with business opportunities in France and Chile.	3,000 €
	ProAconcagua	ProAconcagua is dedicated to promoting the sustainable development of the Aconcagua Valley, where HORSE Chile is headquartered. This benefits both our plant and the region.	3,000 €
Brazil	Sindipecas & Abipeças	Sindipecas is the largest association of suppliers in Brazil and represents our sector in governmental instances.	31,440 €
	Associação Brasileira de Hidrogênio e Combustíveis Sustentáveis (Brazilian Association of Hydrogen and Sustainable Fuels)	It represents HORSE Brazil, among others, in political and business discussions on hydrogen and e-fuels, an important part of our business.	8,359 €
	AEA Associação Brasileira de Engenharia Automotiva (Brazilian Association of Automotive Engineering)	It represents HORSE Brazil in broader political debates about the Brazilian automotive industry.	5,241 €
	Hotmilk PUC PR	The Innovation Forum provides us with greater visibility in Brazil's Innovation Ecosystem.	28,105 €
	CREA - Conselho Regional de Engenharia e Arquitetura (Regional Council of Engineering and Architecture)	It represents us in regional discussions (Curitiba, São Paulo) within the engineering sector.	491 €
	A.E.R - Associação Empresas Usuárias de RECOF e OEA (Association of Companies Using Recof and OEA)	A partnership aimed at being an active and collaborative institution, representing HORSE in the development of the Brazilian economy by contributing to the improvement of the RECOF regime and the Brazilian OEA Program.	1,313 €

RESPONSIBLE BUSINESS

- Responsible purchasing
- Ethics and good governance

RESPONSIBLE PURCHASING

Our commitment to sustainability does not end at our company's doors; it extends to every supplier and partner that works with us. Only in this way can we build a fairer and more sustainable future for all.

As a result of the first double materiality study, we set out below the impact detected for standard ESRS S2 - Workers in the Value Chain:

Impact materiality

Positive impacts

- (No positive impacts have been detected for the topic Workers in the Value Chain)

Negative impacts

- Lack of protection of human rights and conditions of workers in the value chain due to suppliers' failure to comply with working conditions, international standards or failure to comply with due diligence requirements

Financial materiality

Risks

- Not guaranteeing pay equality between men and women

Opportunities



Objectives of the ESG 2030 Plan



2024 has been noted for the approval of our first ESG 2030 Plan, aligned with the company's global strategy. As part of the Responsible Business pillar, we have defined a series of ambitious goals for 2030 in relation to the value chain, under the strategic line of Responsible Purchasing.

- 100% of suppliers committed to ESG requirements
- 90% of critical suppliers evaluated under ESG criteria
- 90% of risk suppliers audited under ESG criteria

Results of the ESG 2030 Plan in 2024

In 2024, 100% of the objectives set in the context of the ESG Plan have been achieved:

- 93% of suppliers have accepted ESG requirements
- 65% of critical suppliers have been evaluated under ESG criteria
- 16% of critical suppliers have been audited under ESG criteria

Vision 2025

In 2025 and thereafter, our goal will be to lay the foundations for responsible purchasing management in HORSE, evolving from a continuist approach based on Renault practices. Based on the same initial requirements, we will build our own methodology, adapted to the specific needs and values of our organisation.

Supplier Approval and ESG Evaluation

General approach and structure of the purchasing functions

In 2024, the Purchasing function in HORSE has carried out a strategic role in aligning our procurement operations with the ESG commitments and objectives defined in the ESG 2030 Plan. In this initial phase, we have continued to work under the Renault Group policies and procedures, laying the foundations for the evolution of our own supplier approval and ESG evaluation system in the future.

Our processes have been guided by a series of key reference documents:

- Corporate Social Responsibility (CSR) Guidelines for Renault Group Suppliers (2023): Guidelines that define the social and environmental responsibility criteria that suppliers must meet.
- Global Framework Agreement (2013): Formal commitment that establishes the fundamental principles of collaboration with suppliers.
- Renault Group Green Purchasing Guide (2023): Policies aimed at reducing the environmental impact in the supply chain.
- Renault Group Policy on the Supply of Cobalt and Minerals from Conflict or High Risk Areas (2019): Focused on guaranteeing traceability and responsible sourcing of raw materials.

Under this approach, we have prioritised collaboration with suppliers who share our values and ethical standards, with emphasis on:

- The safety and quality of products and services.
- Respect for human and labour rights.
- Compliance with environmental and governance regulations.
- The confidentiality of shared information.

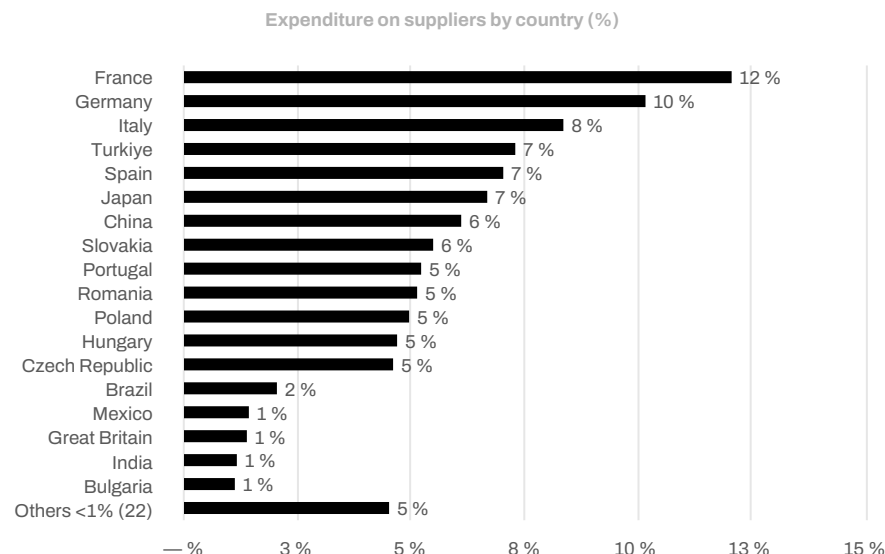
This framework not only guarantees the sustainability of our business, but also fosters the creation of shared value throughout the supply chain. Throughout the year, we have upheld these commitments, and at the same time we have initiated the transition towards the development of an independent Purchasing system, aligned with HORSE's needs and vision.

Looking ahead to 2025, at HORSE we plan to maintain these foundations with the approval of our own HORSE ESG Standards for suppliers, which will replace the current standards. This commitment will include our more than 260 direct purchase suppliers, who will be a fundamental part of the approval and ESG evaluation process that defines our strategy towards sustainability and shared progress.

Transparency in supplier management

To offer greater transparency on the management of our supply chain, we set out below data of the supply chain corresponding to 2024:

The total expenditure on suppliers in 2024 amounted to 4.58 billion euros, reflecting the global scale of our operations and HORSE's commitment to the development of a robust and sustainable supply chain. The total expenditure on suppliers, broken down by country and supplier category, is set out below:





In 2024, payment management remained within sector standards, with an average payment period of less than 45-60 days. The total of 275 supplier groups that collaborate with HORSE shows a diversified network aligned with our strategic sustainability goals. Specifically, 95.17 % of these suppliers represent the top 100 of our turnover. In addition, supporting local suppliers is key in order to promote regional development and minimise the environmental impact derived from transport. In 2024, HORSE applied 27% of its total expenditure to suppliers in countries with Horse production plants. This approach not only benefits the communities but also strengthens our long-term commercial relationship.

Supplier Approval System

The supplier approval system guarantees that all our commercial partners comply with the required standards before establishing contractual relationship. This structured process ensures that our suppliers are aligned with our values and goals, promoting transparency and sustainability in our supply chain.

Evaluation Criteria

In 2024, supplier approval was carried out through a detail evaluation based on QCDDMSR criteria. These criteria allow us to perform a comprehensive evaluation of suppliers and ensure that they meet the expected standards. Approval is carried out through a panel of suppliers which consists of a global list of suppliers authorised to develop or supply raw materials in different geographical regions.

	Q Quality	C Cost	D Delivery	D Development	M Management	S Sustainability	R Risk
Responsible	Quality and Purchasing	Purchasing and Costing	Supply Chain	Engineering	Purchasing	ESG Team	Purchasing, Quality, Finance
Purpose	Verification and quality audits	Competitiveness	Evaluation of delivery performance	Development and innovation capabilities	Open and transparent, Cooperative, Long-term focus, Strategy and footprint consistent with Horse	Sustainability and Evaluation of decarbonisation roadmap	Global risk assessment

Approval Process

At HORSE, we are committed to the implementation and roll-out of our ESG 2030 Plan throughout the value chain. We work in conjunction with our suppliers under a philosophy of shared progress, ensuring that environmental, social and governance standards are present in all our sourcing and production activities. The approval process consists of the following stages:

1. Initial registration in the HORSE supplier portal.
2. Evaluation of minimum requirements: Documentary review and compliance with basic conditions, such as the explicit commitment to our ESG policy and commitment to ESG requirements, in other words the adoption of the CSR Guidelines and the Global Framework Agreement.
3. External ESG evaluation: We perform an external evaluation through EcoVadis, a platform that allows us to measure and rate suppliers' policies and actions in relation to environmental, social and governance criteria. This evaluation is key in monitoring the percentage of critical suppliers evaluated under ESG criteria.
4. Onsite ESG audits: We perform specific audits of our suppliers and subcontractors, focused on the risks identified. In 2024, these audits were carried out following the Renault Group risk map, focusing on countries such as China, India and Turkey. From 2025 onwards, with the implementation of the HORSE Code of Conduct for Suppliers, we will update the risk map to focus on HORSE's specific suppliers, which will allow us to launch a new audit campaign.
5. Confirmation of approval: Inclusion of the supplier in our database.

HORSE Panel Committee

En 2024, we created the HORSE Panel Committee, which is responsible for defining and rating the list of suppliers included in the panel. This committee is also responsible for clarifying the medium-term strategy with each supplier and ensuring HORSE's competitive advantage in the market. The panel allows us to optimise supplier management and strengthen collaboration with strategic partners in 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.

Management of critical raw materials

At HORSE, we take traceability and responsible sourcing of critical raw materials very seriously. In 2024, we have followed the Renault Group Policy on the Supply of Cobalt and Minerals from Conflict or High Risk Areas, in compliance

with the applicable legislation and with a firm commitment to respect human rights and combat child labour, forced labour and working conditions throughout the supply chain.

In addition, we have started to monitor the use of raw materials such as natural rubber, wood and other inflows that could contribute to deforestations. Although the use of these materials in our supply chains is extremely low, we implement Due Diligence observations using tools inherited from the Renault Group, in order to prevent and mitigate any associated risk. Specifically, working in conjunction with the engineering area, we have analysed the bill of materials for our products, to find out what use there is of natural rubber and wood. In 2025, depending on the evolution of the legislation, we will apply measures to manage the risks associated to the product.

Thanks to these efforts, at HORSE we guarantee a transparent, responsible and sustainable supply chain, in line with our long-term vision and our objectives as defined in the 2030 Plan.

Vision for 2025: Innovations and Changes in the Approval Process

At HORSE, our vision for 2025 is focused on consolidating our own robust supplier approval system, that incorporates new ESG requirements and guarantees adaptation to the challenges of the global environment. This effort is structured on three major areas of development:

1. **Independent ESG system with new customer requirements:** From 2025 onwards, we will implement a stand-alone ESG system, designed specifically for HORSE. This system will allow for a more efficient and transparent valuation of our suppliers, ensuring compliance not only with our own standards, but also with the new demands of our customers. The implementation of this approach will strengthen our autonomy, optimising the performance of the supply chain.
2. **ESG requirements for suppliers and third parties:** In 2025, we will work on drawing up and presenting global ESG requirements for our suppliers, clearly and precisely establishing the values and standards that we expect from our commercial partners. These requirements will reflect updated criteria regarding sustainability, business ethics and human rights, guaranteeing responsible practices and strong alignment with HORSE's principles.
3. **Supplier ESG evaluation tools:** We will continue to use recognised standards to evaluate the ESG performance of our suppliers. Until now the main tool used has been EcoVadis, which will continue to be the principal mechanism used in the evaluation. In doing so, we maintain our commitment to responsible practice in the supply chain. We will also continuously explore new tools to complement our efforts in this area.

SUPPLIER AUDIT SYSTEMS

Supplier Quality Management guarantees that suppliers of Bought Out Part (BOP) support a continuous quality policy had have quality assurance in place in all their plants. At the same time, it ensures that suppliers deliver the expected quality level in a constant and lasting manner. This mission starts before the supplier is appointed, with an initial evaluation that includes preparatory audits and is maintained with continuous evaluation throughout mass production, through regular audits and annual reviews.

At HORSE, we work closely with our suppliers to assure quality from the start of the process to mass production. Although it is not mandatory, we have set ourselves the goal of ensuring our suppliers are aligned with IATF standards, establishing a robust quality system at all stages. We have 23 certified auditors in the supplier quality teams, who send suppliers a reference in advance that includes a series of specific concepts. Suppliers prepare this information before receiving a visit from our auditors, who travel in person to evaluate the processes in a first phase.

Once the supplier has been nominated for a project, a second audit is conducted before the product goes to market. This audit verifies that the supplier has all the necessary quality controls, 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 authorised.

If quality issues arise during production, a third specific audit is carried out to address the incidents detected. After implementing the corrective action plan, a HORSE auditor reviews on site that the measures have been carried out correctly, thus ensuring that the issues have been resolved.

These tasks, geared towards the excellence of our processes and products, are carried out from two main teams:

- Supplier Quality Assurance (SQA): it carries out its activity in the HORSE plants and establishes the immediate corrective measures necessary to protect customers and restore the situation in as short a time as possible.
- Specialist Supplier Development (SSD) Team: it ensures long-term quality development of suppliers, validates the supplier's process before production starts and conducts audits in their facilities.

Additionally, every year we review the suppliers' scores to evaluate their overall performance. In cases where, after a risk analysis, it is detected that a supplier could compromise quality, preventive actions such as FMEA risk analysis, quality system audits or process evaluations are implemented. These actions are defined at the beginning of the year in order to anticipate and prevent possible deficiencies in supplier quality, thus ensuring the continued excellence of our supply chain.

Thanks to the exhaustive and organised supplier audit system we have in place in HORSE, we guarantee the quality of our service to the customer. Specifically, in 2024 we performed a total of 65 supplier audits, the specific details of which are included in the table below. The system audit consists of auditing a plant or factory at the level of its quality management system with respect to the different departments, such as production, laboratory, maintenance, warehouse and projects. Process auditing focuses on auditing a particular manufacturing line with regard to its process and product controls. Finally, corrective audit (8D) is performed to audit a customer complaint about a particular manufacturing line, such as a component with an internal problem.

Number of quality audits carried out by type

	2024
System	36
Process	18
Corrective (8D)	11
Total	65

We also evaluate the ESG performance of our suppliers, through the results of a survey carried out by EcoVadis. Specifically, of the 65 suppliers evaluated in 2024, 38 of them obtained a score of 45-64, while 27 suppliers scored in the 65-84 range. It should also be noted that 14 specific ESG audits were carried out, two of which are included in our top 100. These audits were carried out due to country risk criteria established by the Renault Group and resulted in a total of 9 non-conformities, for which specific actions plans and follow-up have been developed.

Percentage of suppliers evaluated under EcoVadis

Ecovadis results	% of suppliers
0-24	— %
25-44	— %
45-64	58 %
65-84	42 %
85-100	— %

ETHICS & GOOD GOVERNANCE

At HORSE, ethics and good governance are not just abstract principles, but fundamental pillars that guide every one of our decisions and actions. We understand that operating with integrity and transparency not only strengthens our reputation, but also builds trust among our employees, customers, and strategic allies. Therefore, we firmly believe that by acting responsibly we can build a sustainable and decent future for all those who are part of our community.

As a result of the first double materiality study, we set out below the impacts, risks and opportunities for the standard ESRS - G1 Ethics and Good governance:

Impact materiality

Positive impacts

- Social and public trust derived from the creation of a responsible and sustainable supply chain by demanding observance of ESG requirements and supplier evaluation.
- Promotion of ethical values by fostering ethical business behaviour at all levels of the company.

Negative impacts

- (No negative impacts have been detected for the topic of Ethics and Good governance)

Financial materiality

Risks

- Risk of sanctions due to breach of laws and regulations because of insufficient anticipation or implementation of HORSE policies and management systems.
- Risk of limited availability and increase in costs of raw materials and transport due to interruptions in the supply chain caused by climate, geopolitical and pandemic events.
- Increase in sanctions and loss of reputation due to the perception of malpractice in relation to incidents of corruption and bribery within the company due to its commercial relationships and activity.

Opportunities

- (No opportunities have been detected for the topic of Ethics and Good governance)



Results of the ESG 2030 Plan in 2024

The “Responsible business” strategic line of our ESG 2030 Plan includes objectives related to Ethics and Good Governance. In 2024 important progress has been made in each of them:

- 93% acceptance of the Code of Ethics
- Design of the compliance programme
- Design of the Human Rights Due Diligence
- Identification of climate risks and ESG risks

Ethics and Compliance Committee

This Committee is a corporate body that has to ensure that the organisation acts ethically, responsibly and in accordance with laws and internal standards, developing and applying policies and procedures that guarantee that the organisation complies with ethical standards.

It also supports the organisation's leaders and provides advice on any ethical issues that may arise. This includes identifying areas of ethical risk, developing strategies to address those risks, and making recommendations on how best to promote ethical practices within the organisation.

The Committee is led by the Chief Legal Officer of HORSE with the participation of Human Resources, ESG and Internal Control management. It meets at least 4 times a year with the mission of:

- Promoting a culture of ethics and compliance throughout the group and in its relationships with third parties
- Defining the group's ethics and compliance strategy and the effective and consistent implementation of that strategy in the countries and each of the group companies
- Approving anti-corruption programmes and other group compliance programmes, the resulting key corporate procedures and the initiatives necessary to drive continuous improvement

CODE OF BUSINESS ETHICS AND POLICIES

Beyond legal compliance, integrity is part of HORSE's identity and culture. Accordingly, in 2024 we developed and approved a Code of Business Ethics that sets out the principles of behaviour that should be followed in our business.

The Code, subtitled "Adopting ethics from the ground up", is preceded by a statement by our CEO which highlights the group's commitment to ethics, which is based on the ethical behaviour of every employee.

The Code's objectives are:

- To establish basic guidelines for conduct.
- To define mandatory ethical rules. These rules should govern the work and professional behaviour of the persons subject to the Code of Business Ethics.
- To serve as a reference for stakeholders that are in any way related to the different parts that make up HORSE (employees, suppliers, customers, shareholders, associates, etc.).

Who does this Code apply to?

- Members of the Board of Directors and executives that have special responsibility for leading teams by example.
- Employees of all the companies that are part of HORSE: employees, apprentices, temporary workers.
- The different stakeholders that work directly or indirectly with HORSE.

Our principles:



ETHICAL BEHAVIOUR

HORSE has zero tolerance of any kind of corruption and bribery

HORSE considers corruption to be any unethical behaviour that involves accepting gifts and invitations, conflicts of interests or bribes.



TRANSPARENCY

HORSE undertakes to always provide precise information.

All communications must be objective, specific and precise, and should avoid misleading statements that express unqualified opinions or speculations.



HUMAN AND LABOUR RIGHTS

HORSE respects all Human Rights recognised in international frameworks

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



SUSTAINABLE DEVELOPMENT

HORSE upholds the highest ESG standards to guarantee an adequate level of risk management in its value chain

HORSE is committed to protection of the environment, support to the 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.

This Code was published a few months after the creation of HORSE and has been translated into 6 languages, and can also be downloaded from the group's website and intranet.

In our ESG Plan we have the objective of achieving acceptance of the Code by 100% of our employees in 2024. At the end of 2024, 93 % of our employees had accepted our Code of Business Ethics.

To ensure correct understanding of the Code by our employees both in offices and in production plants, we have developed an internal course that has been provided online or in person, respectively. Blue-collar employees had to complete the course in person, as they did not have access to our Intranet or e-mail until the end of 2024. For this reason, the completion of the training and subsequent acceptance of the Code of Business Ethics has been slightly delayed. However, we expect to reach 100% acceptance by all employees by the beginning of 2025.

Whistleblowing channel

The group undertakes to carry out all its commercial activities ethically and wants employees and stakeholders to be able to express and report any breaches of the Code of Business Ethics.

During most of 2024, at HORSE we have continued to use the Renault whistleblowing channel, with the group carve-out transition. From December 2024, we have acquired our own channel available to employees and external stakeholders, thus implementing a single system for reporting irregularities for the whole group. Available in 6 languages, the system can be accessed by our employees and temporary workers, and also be customers, suppliers, service provided and other external stakeholders through a secure website hosted by an independent company. The system allows whistleblowers to report anonymously and confidentially any behaviour, practice or situation that allegedly breaches applicable law, the internal procedures or Code of Business Ethics of HORSE.

As established by the Code, the possible infractions can also be reported through traditional channels:

- Legal department
- Compliance network
- Human resources
- Line manager

The reports are analysed and processed by authorised personnel. Based on the information reported, the Ethics and Compliance Committee decides whether the report is admissible and whether it merits an internal investigations. If this investigations confirms the alleged facts, the Committee defines and implements action plans with corrective measures and/or disciplinary sanctions that may include dismissal.

In 2024, HORSE received three reports:

- A report of a problem with the behaviour of an employee which lead to that employee's dismissal.
- An employee reports a possible discrimination. An analysis was carried out and the employee was provided with a response.
- A report by a supplier which, following an exhaustive analysis, proved not to have grounds.

Additional policies

In 2024 the compliance policies in force were Renault policies to assure that we were covered by an ethical behaviour framework during this transition year. In addition to the Code of Business Ethics that acts as an umbrella of the group's principles of action, we have developed specific policies:

- ESG Policy
- Environment Policy
- Quality Policy
- Health and Safety Policy

In 2025, additional compliance policies will be approved such as the anti-bribery and corruption policy, the donations and sponsorship policy, gifts and invitations policy, conflict of interest policy or whistleblowing policy.

COMPLIANCE PROGRAMME

At HORSE, committed to continuously improving our anti-corruption and compliance programme, in 2024 we launched a criminal risk mapping, accompanied by the creation of the necessary policies covering gifts and invitations, conflicts of interest or donations and sponsorships. We pay attention to any type of fraud, issues concerning competition, employee privacy and personal data, as well as tax and export control regulations.

The corporate legal organisation is supported by a local compliance network that is responsible for instilling the values and principles of the Code of Business Ethics, implementing training initiatives and ensuring the correct application of procedures. Compliance with the standards of conduct of the Code of Business Ethics is assured through the application of internal procedures and is verified during internal controls and audit tasks.

Thanks to these controls implemented, there were no sanctions in 2024 in respect of compliance, corruption, bribery, money laundering or competition; therefore, there have been no monetary losses in relation to these matters.

“With this compliance programme, at HORSE we aim to not only comply with Spanish legislation, but also establish a solid foundation for adapting to new regulations and territories, thus assuring the integrity and sustainability of our operations at global level.”

Compliance Programme

In the framework of this work, the design of the compliance programme has as its objective the application of best practice, considering the legal requirements applicable to the group. The main objective is to design a robust and efficient Corporate Compliance System that facilitates the operational management of compliance, taking as a reference the key elements of the Renault Group Spain Compliance System. This system is geared towards complying with legal requirements and market best practice, with a particular focus on criminal regulation and the prevention of corruption and bribery. The initial scope of this programme has been set for HORSE Spain, considering a subsequent expansion to the rest of the countries in which we are present.

Our compliance programme will be developed in several interrelated stages that ensure comprehensive and effective implementation. Initially, we will conduct a thorough analysis of the HORSE environment and the conditions in which we operate. This analysis will include meetings with the main business and support areas, as well as a detailed review of our internal procedures and policies. The identification of compliance requirements will be based on the Criminal Code, Circular 1/2016 of the Public Prosecutor's Office and best practice in Criminal Compliance contained in standard UNE 19601.

Subsequently, we will design and formalise a Corporate Compliance System adapted to our specific needs. This design will include the development of a Criminal Risk Map, the identification and proposal of key controls, and the creation of the necessary documentation to formalise the system. Among the key documents are the Corporate Compliance Policy and the Whistleblowing Channel Rules of Operation. In addition, a Compliance Committee will be established to oversee the operation and compliance of the system.

The implementation of the system will be carried out with the necessary technical support to ensure its correct execution and continuous operation. This will include advice on the implementation of recommendations, coordination of follow-up meetings and workshops, and organisation of training sessions on compliance. These training sessions will be designed to address the key elements of the model, its implications, roles and responsibilities, as well as trends in compliance.

As regards the current status of its design and implementation, in the final months of 2024 the analysis of the requirements of Spanish legislation and UNE 19601 was completed. In addition, the corresponding action plans were drawn up which will be implemented with a planned completion date in mid-2025.

RISK MANAGEMENT

Proper risk management is essential to identify, evaluate, prioritise and manage events that may negatively affect the achievement of the company's objectives and strategy.

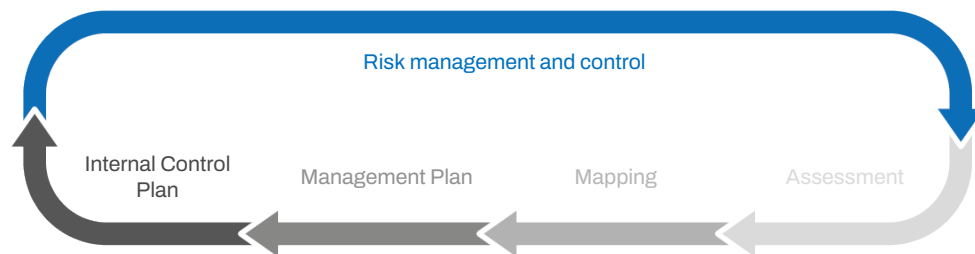
For this reason, in this first year of HORSE and once its business plan for 2030 has been approved, we have established a first analysis of corporate risks for the company.

Business risk management methodology

At HORSE we have taken the COSO framework and ISO 31000 as the basis for:

- Being capable of identifying possible risks: assessing them according to their likelihood of occurrence and impact on the company in both economic and reputational terms; prioritising them based on the assessed risk level and the level of the established control measures.
- Establishing the most adequate responses to the risks in each case, to guarantee achievement of the company's objectives.
- More informed decision making by management.
- Detecting opportunities derived from proper risk management that represent possible competitive advantages.
- Demonstrating externally that the company has strong business management in place.

Currently, the economic, geopolitical, business and technological world is constantly changing. For this reason, the approach to risk management we apply in HORSE is a cyclical process constantly being updated:



Main risks and management measures:

After completing the first exercise, we have identified the following main risks:

Strategic risks

■ Economic and geopolitical changes

We are currently in a rapidly changing and highly interconnected world, with characteristics such as uncertainty, multipolarity and volatility. Both we and our value chain operate on several continents, so we study the impact that these changes have on the supply chain, the location of our production plants, logistics networks and also on our customers.

■ Regulatory changes

In the last two years, new laws and regulations have been impacting the operations and strategic positioning of the automotive sector, especially in Europe. At HORSE we adapt to the regulatory environments in which we operate and, as a global company, we offer sustainable mobility solutions adapted to the needs of the markets in which we carry out our activity.

Financial risks

■ Fluctuations in financial markets

External risk scenarios, such as changes in exchange rates, interest rates, credit risk, or inflation; which can result in an impact on project margins and the company's income statement. In the face of these risks, we establish different mechanisms such as hedging, contract clauses, reduction of exposure to these risks, among others, so that they have the least possible impact.

Operational risks

■ Disruptions in the supply chain

This is a very common risk derived from the automotive sector's dependence on its supply chain and logistics providers. For this reason, at HORSE we work hand in hand with strategic suppliers and establish controls to ensure any deviation from the planned supplies. In addition, we establish alternatives in the event that specific incidents could jeopardise times in the production processes.

■ Defects related to quality

In the automotive sector, there are several possible sources of quality-related incidents, from design, production of parts, parts manufactured by third parties, to assembly, among others. For this reason, quality management is a strategic priority at HORSE, based on the customer, excellence and innovation.

■ Talent attracting

Industrial sectors bid to attract the best talent in all fields, especially in digital technical profiles. In a sector such as the automotive industry, this is essential to ensure that projects are developed with excellence. At HORSE we are working to create an employer brand in all the countries in which we are present, ensuring that we have the necessary resources aligned with our business culture.

Legal risks

■ Breach of laws and external and internal regulations

The laws to which we are subject in all the countries in which we are present are many and diverse. We are currently reinforcing the legal department and working on a criminal risk prevention model to reduce the likelihood and impact of this risk.

In addition to the corporate risk map, HORSE's different departments identify their specific internal risks to ensure that they are properly managed and do not produce negative impacts on the day-to-day operations. Therefore, industrial risks, compliance risks, cybersecurity risks, supplier risks or sustainability risks are identified.

In particular, at HORSE we consider it a strategic risk not to meet the ESG expectations of our main stakeholders. Because of this, we have developed our ESG 2030 Plan and have carried out the double materiality analysis one year earlier than required by the CSRD.

Finally, there are certain emerging risks that we see starting to take shape and which could affect the company, such as:

- Inequalities and social polarisation which could have consequences on consumption patterns.
- The race towards digitalisation and technological advancements that could give rise to cybersecurity breaches in companies.
- Scarcity of electricity as a resource, especially renewable electricity, due to the high demand of artificial intelligence and the development of the electric vehicle.
- Physical and transition climate risks which, although some have already started to materialise, are expected to become more acute and more frequent in future years.

In 2025, we will continue advance in the management of business risks with our focus on the following:

- Drawing up risk maps for each of the production plants and R&D centres.
- Approval of the company's risk policy.
- Creation of a risks and internal control committee.
- Update of the corporate risk map.



HUMAN RIGHTS DUE DILIGENCE

As we have already stated, HORSE is a company with a strategy and a value proposition based on sustainability. Therefore, we want to ensure the management of actual and potential adverse impacts on human rights and the environment through our global value chains, including the operations of our subsidiaries and business partners.

Although the Corporate Sustainability Due Diligence Directive (CS3D) adopted by the European Parliament will not come into force until July 2027 and has not been transposed into Spanish legislation, HORSE is aware of the complexity it involves and for that reason wishes to start to assure its compliance.

Furthermore, HORSE recognises the CS3D as a supplementary directive to the CSRD, by virtue of which it will be required to provide non-financial reporting in 2025.

For all these reasons, in the first quarter of 2025 we will start a project, with the help of an external consulting firm, to follow not only the recommendations included in the CS3D, but also the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, which establish in general terms that companies should:

- Establish a human rights policy.
- Integrate due diligence in their risks management policies and systems
- Identify and evaluate the actual or potential adverse impacts on human rights and the environment when necessary, prioritising actual and potential adverse impacts
- Prevent and mitigate possible adverse impacts, and end actual adverse impacts and minimise their scope
- Provide reparation for actual adverse impacts
- Carry out significant engagement with stakeholders
- Establish and maintain a reporting mechanism and a complaints procedure
- Oversee the effectiveness of their due diligence policy and measures
- Make public communications about due diligence
- Adopt a plan to guarantee that the business model and strategy are compatible with the transition towards a sustainable economy, including limiting global warming to 1.5 °C in accordance with the Paris Agreement.

It should be noted that, in 2024, there were no reports or sanctions for breaches in relation to human rights.

CYBERSECURITY

If at HORSE we work based on trust, in the case of cybersecurity, being aware of the danger goes a long way on the path towards security. Under this premise, the objective of the Cybersecurity Department is to protect HORSE's information and technology infrastructure against vulnerabilities and possible threats, as well as to ensure compliance with information security regulations.

The Cybersecurity team is responsible for reviewing information security aspects, implementing protection measures, monitoring and acting against cyber threats. However, it is the responsibility of all employees to protect ourselves against possible threats, so awareness is a fundamental element in our strategy for the present, but especially for the future.

Cybersecurity governance in HORSE

Chief Information Security Officer

The Cybersecurity team is led by the CISO, Maria Luisa Redondo, and is organised in the following areas:

Governance, Risks and Compliance

- IT Risk Management
- IT Compliance (TISAX, ISO 21434, NIS2)
- Business Continuity
- Governance and Body of Regulations

IT, Architecture, Innovation and Solution Design

- Infrastructure and Networks
- Identity and Access Management
- Cloud and Digital Workplace Security
- Cybernetic Architecture
- Security in DevOps and Applications
- Cybersecurity in SAP:
- Global Cybersecurity Processes + Basis
- Access Control and Separation of Duties (SoD)

OT (Operational Technology), Architecture, Innovation and Solution Design

- Cybersecurity in OT
- Engineering in OT Cybersecurity
- Development of OT cybersecurity standards, policies and procedures

Security Operations

- Security Operations Centre (SOC)

Objectives achieved in 2024

- Starting preparation of projects for implementation and therefore complying with TISAX (Trusted Information Security Assessment Exchange) and ISO 21434.
- Identifying and analysing all HORSE's in-house IT solutions or those inherited from Renault, evaluating them to protect HORSE's security.
- Analysis and evaluating new projects and initiatives to protect HORSE's information assets and systems.
- Design of the SOC strategy
- Implementation of PKI (Public Key Infrastructure)

Planned objectives for 2025

- Guaranteeing compliance with laws and regulations applicable to the cybersecurity and information security environment (such as NIS2), and ensuring compliance with the mandatory certifications HORSE is required to have as a level 1 provider (such as TISAX and ISO 21434).
- Implementation of the SOC
- Implementation of BCP (Business Continuity Plan), DRP (Disaster Recovery Plan) and IRP (Incident Response Plan) with a view to the regulatory obligations of NIS2 for Cyber.
- Development of the cybersecurity body of regulations

DATA PROTECTION POLICY

At HORSE, we have identified data protection as a key priority, and have made significant progress over the past 12 months towards a data protection compliance programme that meets business and customer needs. Given the volume and nature of the personal data processed, we recognise that it is necessary to have processes and policies in place that are aligned with applicable data protection regulatory requirements. Policies and processes must be integrated into HORSE's day-to-day operations and measures must be put in place to ensure that any personal data is adequately protected. With this in mind, over the past 12 months we have updated, implemented, or are in the process of implementing the following policies, processes, and procedures:



Implementation of an online whistleblowing platform, a hotline and associated policy



Preparation of policies and procedures for NIS2, which updates the Directive on Security of Network and Information Systems



Performance of a data protection compliance audit of the relevant HORSE entities



Update of data processing records



Implementation of a new technological solution for Human Resources



Review and update of records of relevant HORSE entities



Drafting of a new global data processing agreement



Performance of a cookies and privacy notice audit of the website



Update of the anti-bribery and corruption policy

At HORSE, we are working to include a privacy by design and by default process that requires all key processes that handle personal data to consider data protection risks in order to comply with our corporate and legal commitments in relation to personal data protection. All personnel with whom we collaborate globally, including direct employees and agency and contract staff, must comply with HORSE's data protection policies and procedures, and are expected to comply with data protection considerations at all times.

Our website provides a privacy notice to all users that clearly and transparently details how and for what purpose user data is processed and sets out the rights of users in relation to this processing. Users are also given the option to 'accept', 'reject' or 'manage' cookies that are not strictly necessary when entering the website. In addition, users have access to our cookie policy, where they can manage and update their preferences at any time. At HORSE, we are currently conducting a website and cookie audit to ensure that relevant data protection requirements are met

We are also in the process of updating and perfecting our data protection training, which is compulsory for all our own employees. This will be backed by a comprehensive training framework on privacy compliance adapted to duties and roles.

With respect to data privacy governance, HORSE has appointed an external Global Data Protection Officer (DPO) to assist the company in complying with global data protection obligations, including updating and implementing data protection policies and procedures. The DPO also works closely with stakeholders in the business, which includes conducting data protection impact assessments and other regulatory impact assessments, as appropriate, for proposed new data processing activities.

To date, HORSE has not suffered any material security breach that has resulted in the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, any personal data. Furthermore, to date we have not received 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 applicable data protection laws. We can also confirm that we do not have any data subject rights requests (such as access requests) that are currently the subject of any complaints.

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APPENDICES

- About this report
- Tables and additional information
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About this report

This Sustainability Report is the first Non-Financial Statement for HORSE POWERTRAIN SOLUTIONS S.L. This report has been drawn up in compliance with the requisites established in Spanish Act 11/2018, of 28 December, concerning non-financial and diversity reporting.

To prepare it, the Guide to the preparation of sustainability reports issued by the Global Reporting Initiative (GRI Standards) has been used. The information required by Act 11/2018, together with the necessary content to report it, is detailed in the “APPENDIX - [Index of Contents Act Ley 11/2018](#)”. A number of additional indicators have also been included, following the recommendations of the Sustainability Accounting Standards Board (SASB), for the Auto Parts sector. These indicators are detailed in the “[Index of contents SASB](#)”

The Non-Financial Statement is annual and covers data corresponding to the year ended 31 December 2024.

The entities included in the scope of this non-financial statement are those which following the consolidation principles applied in the group's financial information.



Tables and additional information

Additional tables in relation to Chapter 5. Climate Change

CO₂ emissions by scope (thousand tonnes of CO₂eq - SBTi)

		2023	2024	Variation (%)
Scope 1 emissions	Total - Scope 1 (KtCO₂eq)	48	41	-15.29 %
	Natural Gas	45	36	-0.21
	Biomethane	0	0	-
	Hydrogen	0	0	-
	Diesel	0	1	-
	Petrol	2	1	-0.35
	Refrigerants	1	3	3.03
Scope 2 emissions	Total - Scope 2 (KtCO₂eq)	30	27	-10.62 %
Scope 3 emissions	Total - Scope 3 (KtCO₂eq)	107,857	101,585	-5.82 %
Upstream	1. Purchased goods and services	2,617	2,338	-10.67 %
	2. Capital goods	95	92	-3.38 %
	3. Fuel and energy related activities	42	37	-11.96 %
	4. Upstream transportation and distribution	26	28	9.49 %
	5. Waste generated in operations	4	0	-89.89 %
	6. Business travel	1	1	3.72 %
	7. Employee commuting	5	3	-37.92 %
	8. Upstream leased assets	18	19	1.18 %
Downstream	9. Downstream transportation and distribution	16	12	-25.40 %
	10. Processing of sold products	1	0	-80.04 %
	11. Use of sold products	104,865	98,912	-5.68 %
	12. End-of-life treatment of sold products	167	142	-14.82 %
	13. Downstream leased assets	0	0	-0.21 %
	14. Franchises	0	0	-
	15. Investments	0	0	-
TOTAL (Scope 1+2+3)		107,935	101,652	-5.82 %

Additional tables in relation to Chapter 6. Positive impact on people

Distribution of the workforce

Distribution of employees by gender and country

	Men	Women	Total
Spain	3,046	593	3,639
Portugal	973	208	1,181
Romania	1,914	731	2,645
Turkey	854	96	950
Brazil	604	99	703
Chile	296	52	348
Argentina	75	5	80
Total	7,762	1,784	9,546

Distribution of employees by age group and country

	Men			Women			Total		
	<30	30-49	>50	<30	30-49	>50	<30	30-49	>50
Spain	227	2,177	642	63	452	78	290	2,629	720
Portugal	106	673	194	39	150	19	145	823	213
Romania	199	1,056	659	49	363	319	248	1,419	978
Turkey	193	642	19	37	58	1	230	700	20
Brazil	29	485	90	24	67	8	53	552	98
Chile	75	149	72	26	24	2	101	173	74
Argentina	0	35	40	1	4	0	1	39	40
Total	829	5,217	1,716	239	1,118	427	1,068	6,335	2,143

Distribution of employees by professional category, gender and age

	Male			Female			Total		
	<30	30-49	>50	<30	30-49	>50	<30	30-49	>50
HLT members	0	3	7	0	3	1	0	6	8
White collars	267	1,917	698	113	512	177	380	2,429	875
Blue collars	562	3,296	1,012	126	603	249	688	3,899	1,261
Total	829	5,216	1,717	239	1,118	427	1,068	6,334	2,144

Distribution of employees by professional category, gender and country

	HLT		Blue collar		White collar	
	Male	Female	Male	Female	Male	Female
Spain	10	4	1,903	311	1,133	278
Portugal	0	0	603	135	370	73
Romania	0	0	1,121	417	793	314
Turkey	0	0	671	46	183	50
Brazil	0	0	322	26	282	73
Chile	0	0	193	43	103	9
Argentina	0	0	57	0	18	5
Total	10	4	4,870	978	2,882	802

Distribution of employees by contract type, gender and country at 31 December

	Indefinite			Temporary		
	Male	Female	Total	Male	Female	Total
Spain	2,834	482	3,316	212	111	323
Portugal	884	158	1,042	89	50	139
Romania	1,765	654	2,419	149	77	226
Turkey	748	77	825	106	19	125
Brazil	594	98	692	10	1	11
Chile	281	51	332	15	1	16
Argentina	75	5	80	0	0	0
Total	7,181	1,525	8,706	581	259	840

Average number of employees by contract type, gender and country

	Indefinite			Temporary		
	Male	Female	Total	Male	Female	Total
Spain	2,782	453	3,234	211	110	320
Portugal	876	149	1,024	98	51	148
Romania	1,764	660	2,424	130	60	190
Turkey	793	76	869	33	6	39
Brazil	595	90	685	5	1	6
Chile	265	35	300	26	13	39
Argentina	75	4	79	0	0	0
Total	7,149	1,466	8,615	502	241	743

Distribution of employees by contract type, age group and country at 31 December

	Indefinite			Temporary			Total		
	age <30	age 30-49	age >50	age <30	age 30-49	age >50	age <30	age 30-49	age >50
Spain	156	2,454	706	134	175	14	290	2,629	720
Portugal	86	745	211	59	78	2	145	823	213
Romania	156	1,296	967	92	123	11	248	1,419	978
Turkey	156	658	11	74	42	9	230	700	20
Brazil	50	545	97	3	7	1	53	552	98
Chile	90	168	73	11	4	1	101	172	74
Argentina	0	39	40	0	0	0	0	39	40
Total	694	5,905	2,105	373	429	38	1,067	6,334	2,143

Average number of employees by contract type, age group and country

	Indefinite			Temporary			Total		
	age <30	age 30-49	age >50	age <30	age 30-49	age >50	age <30	age 30-49	age >50
Spain	135	2,477	622	137	171	12	272	2,648	634
Portugal	81	744	200	66	81	1	147	824	201
Romania	159	1,290	976	80	98	12	239	1,388	987
Turkey	187	659	23	27	10	2	214	669	25
Brazil	49	539	97	2	4	1	51	543	98
Chile	64	162	74	27	11	1	90	174	75
Argentina	1	38	41	0	0	0	1	38	41
Total	674	5,908	2,033	340	375	29	1,014	6,283	2,061

Distribution of employees by contract type, professional category and country at 31 December

	Indefinite			Temporary			Total		
	HLT members	White collars	Blue collars	HLT members	White collars	Blue collars	HLT members	White collars	Blue collars
Spain	14	1,407	1,895	0	4	319	14	1,411	2,214
Portugal		410	632		33	106	0	443	738
Romania	0	1,103	1,316	0	4	222	0	1,107	1,538
Turkey	0	215	610	0	18	107	0	233	717
Brazil		349	343		6	5	0	355	348
Chile		111	221		1	15	0	112	236
Argentina	0	23	57	0	0	0	0	23	57
Total	14	3,618	5,074	0	66	774	14	3,684	5,848

Average number of employees by contract type, professional category and country

	Indefinite			Temporary			Total		
	HLT members	White collars	Blue collars	HLT members	White collars	Blue collars	HLT members	White collars	Blue collars
Spain	12	1,310	1,912	0	8	312	12	1,318	2,225
Portugal	0	393	632	0	40	108	0	433	740
Romania	0	1,065	1,359	0	5	185	0	1,070	1,544
Turkey	0	230	187	0	5	35	0	235	222
Brazil	1	337	348	0	4	4	1	341	351
Chile	0	107	194	0	2	36	0	108	230
Argentina	0	22	57	0	0	0	0	22	57
Total	13	3,463	4,688	0	63	680	13	3,526	5,369

Distribution of employees by type of working hours, gender and country at 31 December

	Full time			Part time		
	Male	Female	Total	Male	Female	Total
Spain	2833	482	3315	212	111	323
Portugal	973	207	1180	0	1	1
Romania	1894	726	2620	20	5	25
Turkey	748	77	825	106	19	125
Brazil	604	99	703	0	0	0
Chile	296	52	348	0	0	0
Argentina	75	5	80	0	0	0
Total	7423	1648	9071	338	136	474

Average number of employees by type of working hours, gender and country

	Full time			Part time		
	Male	Female	Total	Male	Female	Total
Spain	2761	434	3195	184	106	290
Portugal	951	181	1132	0	1	1
Romania	1875	696	2571	6	1	7
Turkey	801	73	874	3	0	3
Brazil	600	86	686	0	0	0
Chile	274	33	307	0	0	0
Argentina	75	4	79	0	0	0
Total	7337	1507	8844	193	108	301

Distribution of employees by type of working hours, age group and country at 31 December

	Full time			Part time			Total		
	<30	30-49	>50	<30	30-49	>50	<30	30-49	>50
Spain	156	2,453	706	134	175	14	290	2,628	720
Portugal	145	823	213	0	0	1	145	823	214
Romania	242	1,403	975	6	16	3	248	1,419	978
Turkey	156	658	11	74	42	9	230	700	20
Brazil	53	552	98	0	0	0	53	552	98
Chile	101	173	74	0	0	0	101	173	74
Argentina	1	39	40	0	0	0	1	39	40
Total	854	6,101	2,117	214	233	27	1,068	6,334	2,144

Average number of employees by type of working hours, age group and country

	Full time			Part time			Total		
	<30	30-49	>50	<30	30-49	>50	<30	30-49	>50
Spain	138	2499	558	124	155	11	262	2,654	569
Portugal	139	811	182	0	0	1	139	811	183
Romania	246	1370	955	3	4	0	249	1,374	955
Turkey	194	655	25	0	2	1	194	657	26
Brazil	49	540	97	0	0	0	49	540	97
Chile	59	171	77	0	0	0	59	171	77
Argentina	1	37	41	0	0	0	1	37	41
Total	826	6,083	1,935	127	161	13	953	6,244	1,948

Distribution of employees by type of working hours, professional category and country at 31 December

	Full time			Part time			Total		
	HLT members	White collars	Blue collars	HLT members	White collars	Blue collars	HLT members	White collars	Blue collars
Spain	12	1,408	1,895	0	4	319	12	1,412	2,214
Portugal	0	442	738	0	1	0	0	443	738
Romania	0	1,107	1,513	0	0	25	0	1,107	1,538
Turkey	0	215	610	0	18	107	0	233	717
Brazil	0	355	348	0	0	0	0	355	348
Chile		112	236	0	0	0	0	112	236
Argentina	0	23	57	0	0	0	0	23	57
Total	12	3,662	5,397	0	23	451	12	3,685	5,848

Average number of employees by type of working hours, professional category and country

	Full time			Part time			Total		
	HLT members	White collars	Blue collars	HLT members	White collars	Blue collars	HLT members	White collars	Blue collars
Spain	10	1246	1939	0	9	281	10	1,255	2,220
Portugal	0	398	734	0	1	0	0	399	734
Romania	0	1039	1532	0	0	7	0	1,039	1,539
Turkey	0	228	646	0	3	0	0	231	646
Brazil	0	338	348	0	0	0	0	338	348
Chile	0	109	198	0	0	0	0	109	198
Argentina	0	22	57	0	0	0	0	22	57
Total	10	3,380	5,454	0	13	288	10	3,393	5,742

Employee turnover, hires and dismissals

Voluntary turnover rate by country

Country	Voluntary Turnover Rate (%)
Spain	1.4 %
Portugal	2.4 %
Romania	2.8 %
Turkey	12.1 %
Brazil	2.6 %
Chile	9.0 %
Argentina	1.3 %
Total	3.3 %

Voluntary turnover rate by age group

	Voluntary turnover rate (%)
<30	7.0 %
30-49	2.6 %
>50	4.2 %
Total	3.3 %

Number of dismissals

	Despidos
Gender	Male
	65
Age	Female
	9
	<30
	27
Professional category	30-49
	37
	>50
	10
	HLT members
	0
	White collar
	19
	Blue collar
	56
Total	75

Number of new hires by gender and country

	Male	Female	Total
Spain	711	300	1,011
Portugal	100	54	154
Romania	146	72	218
Turkey	159	29	188
Brazil	29	19	48
Chile	75	32	107
Argentina	1	1	2
Total	1,221	507	1,728

Employee training

Total training hours and average training hours per employee

Country	Total number of training hours	Average training hours per employee
Spain	56,056	16
Portugal	2,677	2
Romania	22,707	9
Turkey	36,655	40
Brazil	17,898	26
Chile	8,087	24
Argentina	1,603	20
Total	145,683	16

Training hours by professional category

Job category	Total number of training hours	Average training hours per employee
HLT members	0	0
White collars	55,291	16
Blue collars	90,392	16
Total	145,683	16

Talent mobility

New hires covered internally

	Male	Female	Total
Spain	0	0	0
Portugal	13	1	14
Romania	62	49	111
Turkey	0	0	0
Brazil	40	12	52
Chile	21	1	22
Argentina	0	0	0
Total	136	63	199

Social dialogue and labour rights

Percentage of employees covered by collective agreements by country

Country	2024
Spain	100 %
Portugal	100 %
Romania	100 %
Turkey	74 %
Brazil	84 %
Chile	83 %
Argentina	72 %
Total	95 %

Diversity and equity

Percentage of employees by nationality

Nationalities	%
Spanish	36 %
French	1 %
Portuguese	11 %
Romanian	27 %
Turkish	9 %
Brazilian	8 %
Argentinian	1 %
Chilean	3 %
Others	1 %

Percentage of employees by generation

	% of employees
Baby boomers (1945-1964)	1 %
Generation X (1965-1981)	49 %
Generation Y or Millennials (1982-1994)	39 %
Generation Z or Centennials (1995-2009)	10 %

Number and percentage of employees with disabilities, by country

Country	N° of employees with disabilities	Percentage of total workforce
Spain	9	0.2 %
Portugal	19	1.6 %
Romania	17	0.6 %
Turkey	29	3.1 %
Brazil	27	3.8 %
Chile	3	1.0 %
Argentina	0	— %
Total	105	1.1 %

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	GRI 2-2 (2021) Entities included in the organisation's sustainability reporting	Appendices - About this report	140
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	GRI 2-2 (2021) Entities included in the organisation's sustainability reporting	About HORSE - Activity and products	7
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Equality plans, measures taken to promote employment protocols against sexual harassment and harassment by reason of sex	GRI 3-3 (2021) Management of material topics	Our workforce - Equal treatment and diversity management	105
Integration and universal accessibility of persons with disabilities	GRI 3-3 (2021) Management of material topics	Our workforce - Equal treatment and diversity management	105
Policy against all kinds of discrimination and, as the case may be, on diversity management	GRI 3-3 (2021) Management of material topics	Our workforce - Equal treatment and diversity management	105

Respect for Human Rights

Act 11/2018	Related GRI	Section of the report	Section start page
Management approach: description and results of policies related to these matters, and the main risks related to these matters associated to the group's activities	GRI 3-3 (2021) Management of material topics	Ethics and good governance - Human rights due diligence	136
Application of due diligence procedures			
Act 11/2018	Related GRI	Section of the report	Section start page
Application of due diligence procedures in relation to human rights and the prevention of risks of breach of human rights and, as the case may be, measures to mitigate, manage and remedy possible abuses committed	GRI 2-23 (2021) Policy commitments	Ethics and good governance - Human rights due diligence	136
Reported cases of breach of human rights	GRI 2-27 (2021) Compliance with laws and regulations GRI 406-1 Incidents of discrimination and corrective actions taken		
Measures implemented for the promotion of and compliance with the provisions of the fundamental conventions of the ILO in relation to respect for freedom of association and the right to collective bargaining	GRI 3-3 (2021) Management of material topics	Our workforce - Social dialogue and labour rights	103
Elimination of discrimination in employment and occupation	GRI 3-3 (2021) Management of material topics	Our workforce - Equal treatment and diversity management	105
Elimination of forced or compulsory labour and effective abolition of child labour	GRI 3-3 (2021) Management of material topics	Ethics and good governance - Code of Business Ethics and policies	131

Fight against corruption and bribery

Act 11/2018	Related GRI	Section of the report	Section start page
Management approach: description and results of policies related to these matters, and the main risks related to these matters associated to the group's activities	GRI 3-3 (2021) Management of material topics	Ethics and good governance - Code of Business Ethics and policies	131
Measures adopted to prevent corruption and bribery	GRI 2-23 (2021) Policy commitments GRI 2-27 (2021) Compliance with laws and regulations GRI 205-3 Confirmed incidents of corruption and actions taken	Ethics and good governance - Code of Business Ethics and policies Ethics and good governance - Compliance programme	131 133
Measures to combat money laundering	GRI 2-23 (2021) Policy commitments GRI 3-3 (2021) Management of material topics		
Contributions to foundations and non-profit entities	GRI 201-1 Direct economic value generated and distributed	Social contribution - Association and sponsorship	120

Information on society

Company's commitments to sustainable development

Act 11/2018	Related GRI	Section of the report	Section start page
Impact of the company's activity on employment and local development	GRI 3-3 (2021) Management of material topics	Our workforce - HORSE employees Social contribution	87 115
	GRI 204-1 Proportion of spending on local suppliers	Responsible purchasing - Supplier approval and ESG Evaluation	125
Relationships with actors in local communities and forms of dialogue with them	GRI 3-3 (2021) Management of material topics	Social contribution	115
	GRI 2-29 (2021) Approach to stakeholder engagement		
Association or sponsorship actions	GRI 2-28 (2021) Membership associations	Social contribution - Association and sponsorship	120

Subcontracting and suppliers

Act 11/2018	Related GRI	Section of the report	Section start page
Inclusion of social, gender equality and environmental matters in the purchasing policy	GRI 3-3 (2021) Management of material topics	Responsible purchasing	123
Consideration of their social and environmental responsibility in relationships with suppliers and subcontractors	GRI 2-6 (2021) Activities, value chain and other business relationships	Responsible purchasing - Supplier audit systems	128
	GRI 308-1 New suppliers that were screened using environmental criteria		
	GRI 414-1 New suppliers that were screened using social criteria		
Oversight and audit systems and their results	GRI 2-6 (2021) Activities, value chain and other business relationships	Excellence and quality - Audit systems Responsible purchasing - Supplier audit systems	31 128

Consumers

Act 11/2018	Related GRI	Section of the report	Section start page
Measures for the health and safety of consumers	GRI 3-3 (2021) Management of material topics	Excellence and quality	25
Systems for claims, complaints received and their resolution		Excellence and quality - Commitment to customers	30

Tax information

Act 11/2018	Related GRI	Section of the report	Section start page
Profits obtained country by country	GRI 201-1 Direct economic value generated and distributed	Economic impact - Financial results	37
Taxes paid on profits			
Public subsidies received	GRI 201-4 Financial assistance received from the government	Economic impact - Tax strategy	38

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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	Circular economy - Energy consumption	61
	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	Circular economy - Waste management	78
	TR-AP-150a.1 (2)	Percentage hazardous	Circular economy - Waste management	
	TR-AP-150a.1 (3)	Percentage recycled	Circular economy - Waste management	
Materials sourcing	TR-AP-440a.1	Description of the management of risks associated with the use of critical materials	Responsible purchasing - Supplier approval and ESG evaluation	125
Materials efficiency	TR-AP-440b.1	Percentage of products sold that are recyclable	Circular economy - Consumption of materials	71
	TR-AP-440b.2	Percentage of input materials from recycled or remanufactured content	Circular economy - Consumption of materials	
Competitive behaviour	TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	Ethics and good governance - Compliance programme	133

Table 2. Activity metrics

Code	Name of indicator	Section of the report	Section start page
TR-AP-000.A	Number of parts produced	About Horse - Activity and products	7
TR-AP-000.B	Weight of parts produced		
TR-AP-000.C	Area of manufacturing plants	About Horse - Organisation	10



HORSE Powertrain Solutions S.L.U., and subsidiaries

Independent Assurance Report on the
Consolidated Non-Financial Information
Statement (NFIS)

27 March 2025

(Transl)



KPMG Auditores, S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Consolidated Non- Financial Information Statement of HORSE Powertrain Solutions S.L.U. and subsidiaries for 2024

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of HORSE Powertrain Solutions, S.L.U.:

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFIS) of HORSE Powertrain Solutions and subsidiaries (hereinafter the Group) for the year ended 31 December 2024, which forms part of the consolidated Directors' Report of the Group for 2024.

The NFIS includes additional information to that required by prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. Our work was limited exclusively to providing assurance on the information identified in the "Index of contents required by Law 11/2018" table included in the consolidated NFIS attached hereto.

Directors' Responsibility

The Directors of the Parent are responsible for the content and authorisation for issue of the NFIS included in the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) based on each subject area in the "Index of contents required by Law 11/2018" table of the aforementioned NFIS.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS was obtained.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



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(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Our firm applies International Standard on Quality Management (ISQM), which requires the firm to design, implement and operate a quality management system that includes policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed¹. We conducted our engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

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, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Group that participated in the preparation of the NFIS, reviewing the processes for compiling and validating the information presented in the NFIS and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2024 based on the materiality analysis performed by the Group and described in the Double Materiality section, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2024.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2024.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2024 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.



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(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of HORSE Powertrain Solutions S.L.U. and its subsidiaries for the year ended 31 December 2024 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards based on the content indicated for each subject area in the "Index of contents required by Law 11/2018" table included in the aforementioned NFIS.

Use and Distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Marta Contreras Hernández

28 March 2025