



**SUSTAINABILITY
REPORT**
2023



COINDU



DRIVE IN TOGETHER

A close-up, low-angle photograph of a person's hands and arms working with a large pile of fabric scraps and pieces on a dark surface. The person is wearing a light-colored t-shirt. The background is blurred, showing what appears to be a workshop or factory setting. The text 'SUSTAINABILITY REPORT 2023' is overlaid in white on the left side of the image.

**SUSTAINABILITY
REPORT
2023**

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COINDU

MESSAGE FROM THE BOARD

As for all companies in the sector, 2023 was another challenging year for COINDU, moving directly from the recovery from pandemic situation in 2020 and 2021 and from the semiconductor shortage crisis in 2021 to a war in Ukraine and a situation of capacity problems due to the increase of volumes, in the short term, of more than 50%. However, the improvement strategy was maintained throughout 2022 and 2023, which allowed COINDU to improve its competitive position.

Ultimately, unlike previous years, which were mainly focused on internal recovery, the improvement in the competitive position, from 2020 onwards, allowed us to return to market and make quotations for a relevant number of projects inside and outside the existing client portfolio.

As part of a responsible Business Strategy, Sustainability is a key topic for the automotive industry in general

and for COINDU in particular, since is a major contributor to the global economy and is responsible for a significant amount of environmental impact, in particular greenhouse gas emissions, arising from production and use of vehicles, which contribute to climate change. Additionally, the industry relies on a wide range of raw materials, including metals, plastics, and rubber, which can be expensive and scarce. COINDU is aligning with the industry efforts to reduce our carbon footprint and adopt more sustainable business practices.

We are committed to making sure that the components we produce are of high quality and meet the highest standards in the automotive industry, while also reducing the environmental impact of our operations. We have taken steps to reduce our energy consumption, reduce water usage, and increase the efficiency

António Cândido
Administrator



Pedro Gomes
Administrator

of production processes. We are also exploring opportunities to source renewable energy, reduce our waste and use materials recyclable and/or bio based and/or reused. We are working to reduce our carbon footprint through various initiatives. At COINDU, we strive to be a leader in sustainable business practices and corporate social responsibility. We strive to reduce our impact on the environment and promote social and economic development in the communities in which we operate. We have dedicated strongly to attracting and retain talent by creating job opportunities and providing training and skills development our employees. Alongside, we are

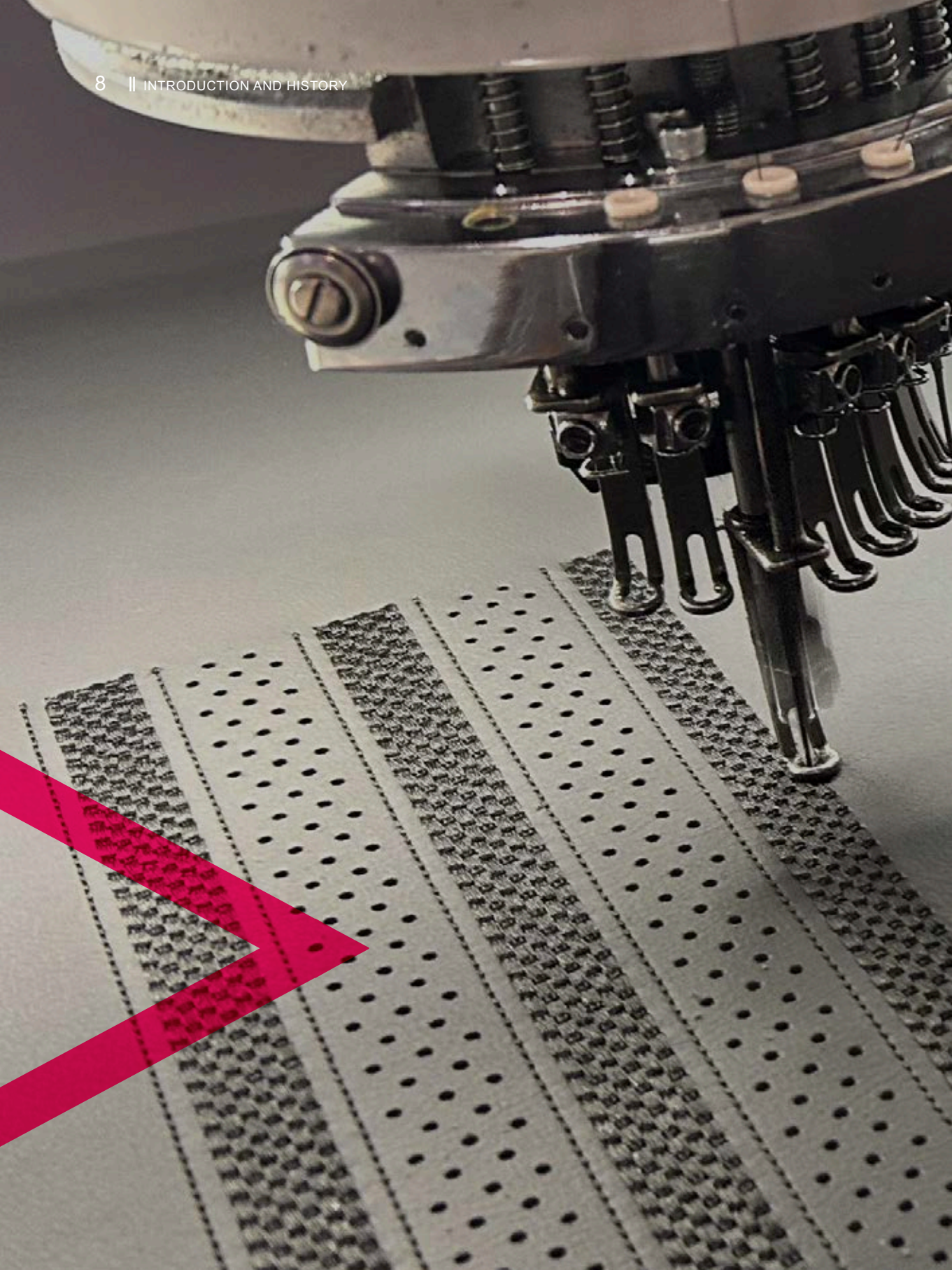
“COINDU BELIEVES THAT THE APPROACH TO SUSTAINABILITY THAT WE ARE DEVELOPING, TOGETHER WITH OUR SHAREHOLDERS, WILL MAKE US STRONGER”

promoting safe working conditions, providing fair wages and benefits, and preventing discrimination.

COINDU believes that the approach to Sustainability that we are de-

veloping, together with our shareholders, will make us stronger, projecting us to higher levels of economic, environmental, and social responsibility performance.

The present report outlines a company’s sustainability performance, goals, and initiatives, representing the willingness of COINDU to increase transparency and accountability, providing economic opportunity for all stakeholders, and promoting responsible investment. ●



1. INTRODUCTION AND HISTORY >



1. Introduction and History

History

The company was founded in 1988 under the name Conflex, operating out of rented facilities located in Labruge-Joane, town hall Vila Nova de Famalicão. At the time the company mainly manufactured Big Bags (large bags for various applications). Three years after it began operating, it was constructed a new larger unit, in order to meet the market demands of the time (increased orders). It is then that it became known as COINDU and began to transition its business into production of fabric and leather upholstery (covers) for automobiles, employing 182 workers, 159 of them working at production.

Today, COINDU business is in the automobile components sector, supplying covers in natural leather and fabric for seats and accessories, such as arm rests, head rests, panels, etc.

It is against a backdrop of high standards for quality, flexibility and compliance with delivery deadlines, demanded at the automobile industry, that COINDU business has experienced high growth since that time. Because of its growth, in 1999 COINDU reached its maximum production capacity. The availability of labour from the areas surrounding its facilities illustrated that expanding its manufacturing installations was not an option to be considered. However, COINDU faced a growing pressure from our customers to increase its potential supply.

Accordingly, the company decided to initiate the construction of a second manufacturing unit in June 2000, at the new industrial park

near the Arcos de Valdevez City. In January 2001, the new unit began its production.

In 2004, again due to market needs, COINDU began the construction of a new manufacturing unit in Romania. With its opening in 2005, COINDU seeks to expand and internationalize its business.

During 2012, COINDU have launched 2 development centers at Germany, one in Braunschweig and another in Ingolstadt. However, currently none of these development centres have activity anymore. Now, each COINDU plant have the responsibility to perform the development (when it exists) of their projects that are going to be industrialized.

In 2015, COINDU continued its internationalization strategy, opening a new plant in Mexico.

After more than 30 years of Group History fully dedicated to the assembly of seat covers for the automotive OEM, COINDU has started to develop a strategy around the material competence with the acquisition of HEWA Leder GmbH in 2016.

HEWA Leder is a family owned Tannery Company founded in 1984 and which have generated, in 2016, with 170 employees at their two facilities (Bavaria and Saxony) a turnover of EUR 29 M per year.

At the end of 2018, the process of acquisition of COINDU and Hewa Leder in 100% of the equity was initiated by Richina Group. Richina Group is an international investment group with a New Zealand

background, which can be traced back since 1855, with the acquisition of Mair Ashley Leather Group of New Zealand.

Richina Group it is currently active in 5 sectors (Financial Services, Real Estate, Automotive, Tourism, ecommerce, retail and Trading) with over 80 operating units in China. The group's financial, consumer and trade services businesses are based in Auckland, New Zealand and the Leather manufacturing is based at China, with more than 25 years consolidated at Shanghai area and recently at Fuxin area.

With the increasing diversity of materials on the seat car covers and the decreasing market share of leather convinced us to not follow on with specializing on this single material and eventually divest the position in HEWA during 2021, so as to actually become fully independent of any material in particular.

At the end of March 2024, the sale process of the Romanian COINDU Plant was concluded. This process resulted from a strategic decision by COINDU Top Management and Shareholders, which aims to concentrate resources for the next chapters on the further development of COINDU, considering the current global geopolitical reality, business opportunities in new geographies and the expectations of our customers. Therefore, the Romania plant is not part of the scope of this sustainability report.

Visit our Internet site.

www.coindu.com



Producing for Renowned Brands

COINDU main products are Covers in natural leather and fabric for seats and accessories and Leather Kits.

Business competition has grown to be a major motivating force for companies because of globalization. Companies must develop a long-term strategy that is concentrated on innovation, quality, and knowledge to be successful and sustainable. COINDU is renowned among the leading premium brands for the caliber of its goods and the adaptability of its production methods. The stated cornerstone is to meet or exceed our customers' expectations, with our employees, partners, and suppliers all sharing this goal. COINDU stands out from rivals by forming the right partnerships. To meet and exceed customer expectations as a full-service supplier, COINDU has forged long-term relationships with international OEMs and Tier 1 clients.

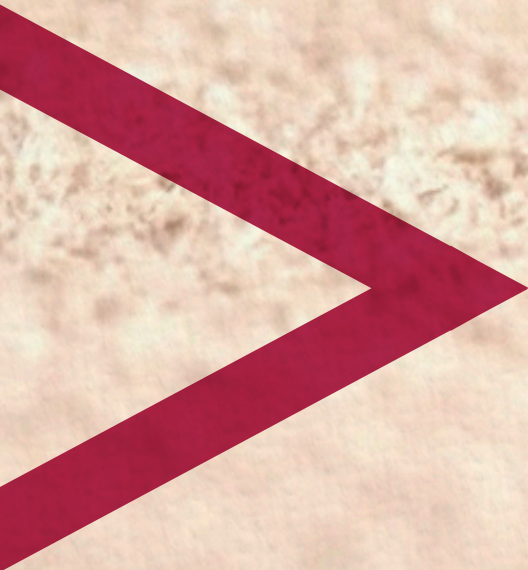
INTERNACIONAL OEM



TIER 1 CUSTOMERS







2. KEY PERFORMANCE INDICATORS >



2. Key Performance Indicators

Global indicators 2023 

Revenue

277,0 M€

Profit/loss before tax

-20,1 M€

Energy consumption

 **33.607,1 GJ**

GHG Emissions (Scope 1 and 2)

 **1.238,3 Ton CO₂e**

2 Number of fatalities and high-consequence work-related injuries

42 h Average training hours per employee

Regional indicators 2023

PT - Arcos

Revenue

172,2 M€

Profit/loss before tax

-18,2 M€

Energy consumption

5.031,0 GJ

GHG Emissions
(Scope 1 and 2)

1,7 Ton CO₂e

1 Number of fatalities
and high-consequence
work-related injuries

42 h Average
training hours
per employee

PT - Joane

15.178,8 GJ

179,0 Ton CO₂e

1 Number of fatalities
and high-consequence
work-related injuries

29 h Average
training hours
per employee

Mx - Tetla

104,8 M€

-1,9 M€

13.397,3 GJ

1.059,6 Ton CO₂e

0 Number of fatalities
and high-consequence
work-related injuries

33,7h Average
training hours
per employee



3. COINDU GROUP DRIVING THE WORLD



3. COINDU Group – Driving the world

GRI 2-1|2-2

Coindu - Componentes para a Indústria Automóvel S.A. is a public limited company headquartered in Joane, Portugal.

COINDU currently has 3 plants, 2 in Portugal and 1 in Mexico.

PORTUGAL

Joane e Arcos Units: Taxpayer Nr.: PT 501998055

Joane Unit and Headquarters

Coindu S.A., Transversal, à Rua de Rio Pele, Nr. 100

4770-277 Joane

Vila Nova de Famalicão

Tel. +351 252 920 010

Fax. +351 252 991 21



Arcos de Valdevez Unit

Parque Empresarial de Padreiro Salvador,

Lote 5 Padreiro Salvador

4970-500 Arcos de Valdevez

Tel. +351 258 900 140

Fax. +351 258 900 148



MEXICO

Tetla Unit: Taxpayer Nr.: CME150410CR0

México Unit

Tetla

Calle Piedras Negras, N°. 1000

Ciudad Industrial Xicohténcatl

Tetla de la Solidaridad

90434 Tlaxcala

Tel. +52 241 412 7294



Processes

GRI 2-6

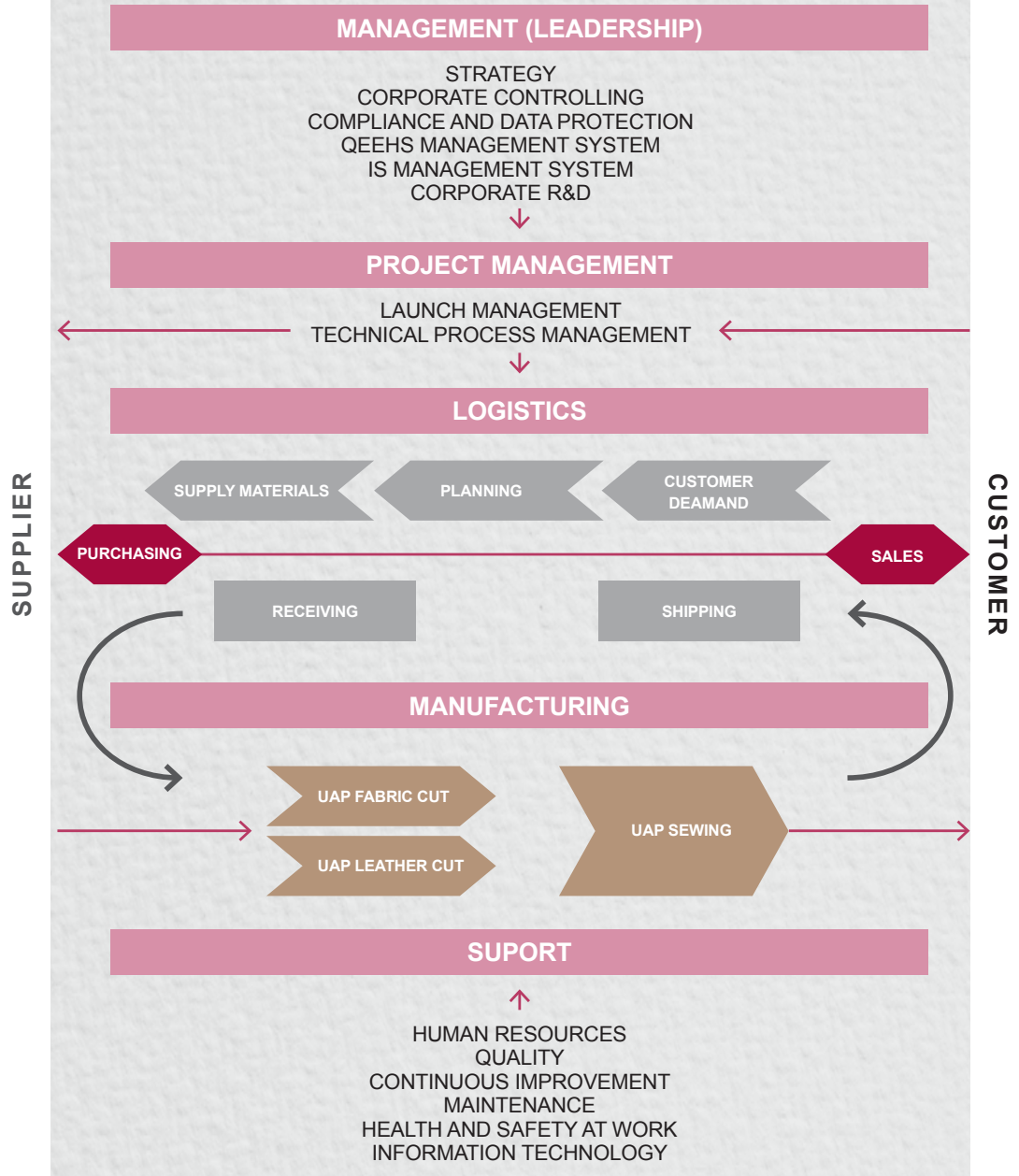
COINDU Group processes mapping is defined in a Corporate Management level and applicable to each manufacturing site and its Processes map is based on 3 groups:

Management Processes: Management or Leadership where lives the Strategy, Compliance and Data Protection as activities from the process itself. Corporate Controlling process (Corporate Plant Controlling, Corporate Financial Controlling and Corporate Costs), Quality, Environment, Energy (where applicable), Health and Safety Management System (QEHSMS) and VDA-ISA (TISAX) Management System (where applicable) are processes from Management with Crosby Turtles defined.

Key Processes: Project Management, Technical Process Management, Logistics, Sales and Purchase processes and the Manufacturing (Autonomous Production Units (UAP's)) are the key processes with the Crosby Turtle defined.

Support Processes: Human Resources, Quality (product/process), Continuous Improvement, Maintenance, Health and Safety at Work and Information Technology are the support processes.

COINDU GROUP PROCESSES MAP



MANAGEMENT PROCESSES

- MNG - MANAGEMENT (LEADERSHIP)
- CCO - CORPORATE CONTROLLING
- QEEHS MS - QUALITY, ENVIRONMENT, ENERGY AND HEALTH AND SAFETY MANAGEMENT SYSTEM
- ISMS - INFORMATION SECURITY MANAGEMENT SYSTEM

KEY PROCESSES

- PMNG - PROJECT MANAGEMENT
- TPM - TECHNICAL PROCESS MANAGEMENT
- LOG - LOGISTICS
- PUR - PURCHASING
- S - SALES
- UAP - AUTONOMOUS PRODUCTION UNITS (MANUFACTURING)

SUPPORT PROCESSES

- HR - HUMAN RESOURCES
- MNT - MAINTENANCE
- CI - CONTINUOUS IMPROVEMENT
- IT - INFORMATION TECHNOLOGY:
- QL - QUALITY
- HSW - HEALTH AND SAFETY AT WORK



The interaction between local processes in each Plant and the corporate processes on corporate Plant are described in a matrix included in the CORPORATE MANAGEMENT MANUAL. For each COINDU Plant there are processes that have the fulfilment of all the activities by the local processes, there are processes that have the fulfilment of all activities by the local processes in dependence of corporate processes and there are processes that have a partial fulfilment of some activities by the local processes in dependence of corporate processes. This fulfilment of the local activities is on each process Crosby turtle.

For each COINDU Plant Matrix, it is also described the interaction between IATF standard and Customer Specific Requirements and processes.

In 2023 COINDU reached 95% OEE (Overall Equipment Effectiveness). This is the result of the effort and collaboration off all employees and we marked that moment.



Employees and Other Workers

GRI 2-7|2-8|2-16

| Question | Gender | | | Total | Region | | | Total | |
|---|--|------|---------------|-------|--------|-------------------|-------|-------|------|
| | Female | Male | Not disclosed | | Joane | Arcos de Valdevez | Tetla | | |
| Report the total number of employees, and a breakdown of this total by gender and by region | 3252 | 1673 | 0 | 4925 | 2427 | 879 | 1619 | 4925 | |
| Report the total number of: | Permanent employees, and a breakdown by gender and by region; | 2709 | 1351 | 0 | 4060 | 1772 | 669 | 1619 | 4060 |
| | Temporary employees, and a breakdown by gender and by region; | 543 | 322 | 0 | 865 | 655 | 210 | 0 | 865 |
| | Non-guaranteed hours employees, and a breakdown by gender and by region; | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Full-time employees, and a breakdown by gender and by region; | 2709 | 1351 | 0 | 4060 | 1772 | 669 | 1619 | 4060 |
| | Part-time employees, and a breakdown by gender and by region; | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

92% of Tetla unit employees are covered by collective bargaining agreements and the remaining 8% have are determined with the protocolization of individual employment contracts. No employees in Joane and Arcos de Valdevez units are covered by collective bargaining agreements. Since the end of the collective contract in force, and because the parties involved did not reach a negotiating agreement, the labor code, which is common to the entire country, has been applied. COINDU has other workers that are not employees, like medical people (doctors and nurses) as well as security personnel at each location. These people work daily on our facilities under contracts agreements with service providers companies.

| Region | | |
|------------------|-------------------|-------|
| Joane | Arcos de Valdevez | Tetla |
| 15 | 6 | 40 |
| Total: 61 | | |



4. COINDU GROUP POLICY >



4. COINDU Group Policy

GRI 2-23|2-24

Our Vision

We are the global brand most focused in developing smart surfaces, with specific functionalities, while using the most advanced technologies. Our knowledge and our sophisticated processes help us innovating our materials, services, delivering the utmost future-proof, most economical, and sustainable superior interior solutions.

Our Mission

We promote change and innovation to efficiently apply high-end technology to both our processes and our products to accelerate the future of mobility.

What drives us is our firm belief that in the mobility sector, consumer demands are continually increasing. To meet those successfully and at maximum speed, planning, and performing smart to efficiently provide competitive, high-end smart products personalized to each end user's needs is crucial.

Our Values

RELIABILITY

FIRST TIME RIGHT! That's our COINDU-DNA. If the conditions of a request don't allow best-in-class output we will consult our customers with a factual, solution oriented, and decisive approach.

INTEGRITY

We take pride in ourselves and in our customers and in our effort to always face towards success – our success, our customer's success. We never undermine those values.

RESPECT

We stand up for our global team, their achievements and their performance. We appreciate and reward performance. At the same time, we constantly focus on improving our skills every single day to keep ourselves on track.

RESPONSIBILITY

We strive to always achieve safe and healthy working environments and to achieve our goal of environmental protection, to meet the demands of the society in which we live: Protect the environment by constantly introducing new sustainable solutions. We demonstrate commitment in supporting the design and procurement of products and services that promote improved energy performance. We also work daily to be fully and socially responsible for all our employees and communities, locally and globally.

SUSTAINABILITY

COINDU integrates the fundamental principles of sustainability into its culture, strategy, activities, management acts and in the relationship with its employees, suppliers, clients, shareholders and all those who, directly or indirectly, are affected by the organization activities. Our integrated approach to sustainable value creation, by anticipating risk, helps maximizing opportunities and building strong relationships with stakeholders.

INFORMATION SECURITY

We are committed to protecting the company's information assets, continuously improving our processes to ensure Privacy, Confidentiality, Integrity and Availability.

CONSISTENCY

No matter the volume or the complexity of a project, we always deliver on time and at the highest quality. Every day for every one of our customers! COINDU stands for efficient workflows at highest expectations on its output.

CURIOSITY

Today is better than yesterday, tomorrow is better than today –that is what we believe in. Therefore, we steadily search and implement the new to meet the needs of tomorrow. For us and for our customers. Change is today!



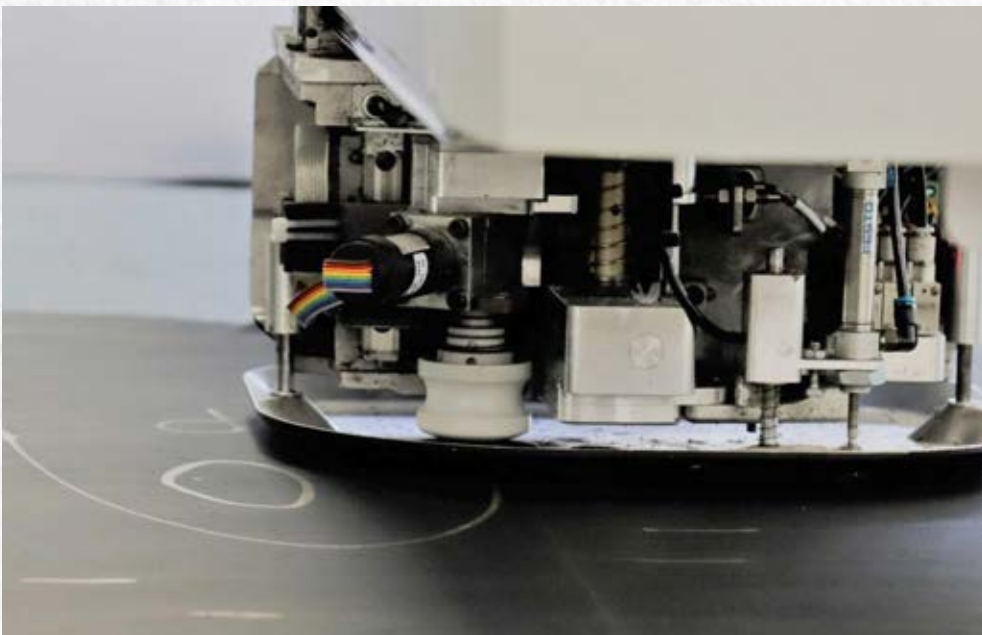
Our Customers

COINDU is known amongst the major premium brands for the quality of its products and the flexibility of its manufacturing processes.

The defined cornerstone is to respond positively to our customer's expectations, having this ambition transmitted by our employees as well as our partners and suppliers.

Our Goals

- Growth through diversification of customers, products and locations, increasing stability in ongoing activities, in addition to positive diversification and reducing business risk.



- Assure a consistent profitability, optimizing operational management, focusing on customer/product categories, implementing continuous improvement procedures throughout the organization, developing competences and skills of staff, implementing effective training programs and management and implementing an effective management system.
- Environmental protection and pollution prevention, in terms of significant environmental aspects, via the sustainable use of resources, by reducing water and energy consumption, reducing waste production based on the best industrial practices available, or giving them the best available route, prioritizing recycling over landfill.
- Promote the health, safety and well-being of employees, through hazards elimination and Occupational Health and Safety risks reductions, to prevent injuries and health problems related to work and reduce work accidents, thus contributing to the increase in productivity and motivation of workers.
- Full compliance with legal and regulatory requirements and commitments.
- Cooperation with relevant stakeholders by promoting internal and external communication and consultation and participation of workers.
- To promote the culture of privacy and information security, establishing controls for mitigating relevant information security risks, for handling security incidents and for complying with the applicable requirements.



5. SUSTAINABILITY VISION AND STRATEGY



5. Sustainability Vision and Strategy

Context and Sustainability

UN Sustainable Development Goals (UN SDG)

The Sustainable Development Goals (SDGs) are a set of 17 global goals adopted by the United Nations in 2015 as part of the 2030 Agenda for Sustainable Development. The SDGs are designed to be a blueprint for a better and more sustainable future for all, and address a wide range of global challenges, including poverty, inequality, climate change, and environmental degradation.

The SDGs are relevant to the automotive industry because the production and use of vehicles has significant impacts on the environment and society. COINDU can contribute to the achievement of several SDGs, including:



SDG 3 - Good Health and Well-Being: COINDU contributes to this goal by developing and promoting safe working conditions, as well as improving access to health care, increasing promoting healthy behaviours, and addressing the root causes of health inequities. At industry level the promotion of vehicles that are safer and healthier for people to use, such as vehicles with advanced safety features or electric vehicles that produce fewer emissions.



SDG 4 - Quality Education: COINDU contributes to this goal by implementing an inclusive and equitable quality training and promoting lifelong learning opportunities for all employees.



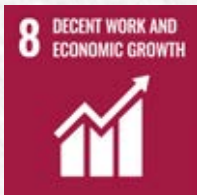
SDG 5 – Gender Equality: COINDU contributes to this goal via the elimination all forms of discrimination and ensuring women’s full and effective participation and equal opportunities for leadership at all levels of decision-making, by adopting and strengthening internal addressing gender equality.



SDG 6 – Sustainable management of water and sanitation: COINDU contributes to this goal via efficiency of water use, protecting water sources, investing in infrastructure and technologies to improve water treatment and delivery, and promoting responsible water management practices in all manufacturing plants. COINDU strives to Increasing water-use efficiency across all sectors and ensuring sustainable withdrawals and supply of freshwater to address water scarcity.



SDG 7 – Sustainable energy: COINDU contributes to this goal via the planned investment in renewable energy sources to be installed in production plants and improve energy efficiency, in order to increasing the share of renewable energy in the energy mix.



SDG 8 – Decent Work and Economic Growth: COINDU contributes to this goal by promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



SDG 10 – Reduce Inequality: COINDU contributes to this goal due to its global footprint in 3 continents, by adopting policies, especially wage, and social protection policies, aiming progressively achieving greater equality, as well enhancing the use of enabling technology, in particular information and communications technology, to boost productivity and promote economic diversification in the countries where it operates.



SDG 12 - Responsible Consumption and Production: COINDU contributes to this goal by adopting sustainable business practices, such as sustainable procurement, reducing waste and pollution, and developing more sustainable products.



SDG 13 – Combat Climate Change: COINDU can contribute to this goal by focusing on reducing greenhouse gas emissions, including through the promotion of sustainable practices in the energy and transportation, as well as sustainable procurement practices.

By working towards the achievement of the SDGs, COINDU can play a role in creating a more sustainable and equitable future for all.

Sustainability Strategy 2020-2025

GRI 2-22|2-23|2-24

COINDU's Sustainability Strategy drives our actions in the period 2020 – 2025, involving all levels of the organization and our stakeholders, including customers, employees, suppliers, local communities, and partners. The sustainability strategy aims to consolidate our positioning and build resilience to face current and future challenges, such as climate change, resource depletion and social inequality, in addition to generating economic, social, and environmental benefits. The programs and initiatives contemplated in the sustainability strategy are focused on:

- LONG-TERM BUSINESS STABILITY
- GLOBAL FOOTPRINT AND GROWTH STRATEGY
- STRENGTHEN ETHICAL CONDUCT IN ALL OPERATIONS
- SUSTAINABLE ENERGY
- WASTE REDUCTION

Alongside with our customer and suppliers, COINDU is partnering with industry and government to advocate and promote sustainable practices in the automotive industry in four dimensions:

- Reduce material waste and use recycled materials by minimizing the amount of material that is used in the production of car seats.
- Improve energy efficiency production processes, by using more energy-efficient equipment or adopting renewable energy sources.
- Develop eco-friendly car seats by research and develop car seats that are made from sustainable materials, and that are designed to be easily recycled at the end of their life.
- Support sustainability in the supply chain, working with its suppliers to ensure that they are also implementing sustainable practices, such as reducing waste and conserving resources.

COINDU GROUP SUSTAINABILITY POLICY

COINDU Group has a strong sense of social responsibility and an active and permanent concern with the environment protection, preventing pollution, employee health and safety, and sustainability, complying with the applicable legal requirements and regulations, costumer specific requirements and other obligations.

COINDU Group is doing everything to honor the commitments and meet the expectations through a strategy of continuous improvement on its integrated management system.

Social and Economic Responsibility

Code of Ethics and Social Responsibility and Business it is a key tool to achieve and to keep the company aligned with the positioning expressed. The COINDU Group Code of Ethics & Social Responsibility and the COINDU Group Code of Business contains the guiding principles of COINDU Group everyday professional action.

Code of Conduct Sourcing & Supply Chain is where COINDU Group communicates its expectations to suppliers and service providers with respect to working conditions, health and safety, environment and business ethics. We are committed to a responsible sourcing of raw materials and purchased goods.

Conflict Minerals - COINDU is committed to the responsible sourcing of all raw materials and purchased goods and continually review the approach to ethical and sustainable supply chain management.

Environmental Management

COINDU Group not only comply with all environmental laws and regulations, but also implement measures contributing to the protection of the environment. Therefore, we strive to minimize the adverse environmental impact of products and services during the whole product life cycle.

- **Energy Efficiency-** COINDU promotes strategies and goals for Decarbonisation prioritizing the use of Renewable Energy to decrease the dependence on fossil fuels as energy sources in order to Reduce GHG Emissions that increase global temperatures.
- **Water -** COINDU promote Water Quality Control and definition of goals and awareness to reduce Water Consumption.
- **Air Emissions -** COINDU is committed with all Air Quality laws for air pollutants emission into atmosphere and with laws that regulate the quality of air inside buildings.
- **Waste -** COINDU is focused on sustainable Natural Resources Management and Waste Reduction, Reuse and Recycling.
- **Chemicals -** COINDU promotes a Responsible Chemical Management complying with applicable national laws, European regulations and Customer Specific Requirements.
- **Animal Welfare -** COINDU respect animals welfare and provide humane treatment in line with the five animal freedoms formalized by the World Organization for Animal Health (OIE) concerning animal welfare. COINDU does not conduct or commission the use of animals in tests for research purposes, either directly or indirectly.

- Biodiversity, Land Use and Deforestation - COINDU is committed to comply with the law proposed by the European Commission, European Union's Deforestation Regulation (EUDR), to halt deforestation and minimize the impact on forests around the world.
- Soil quality - COINDU established measures to maintain and improve Soil Quality.
- Noise emissions - COINDU complies with all legal requirements and promotes periodic monitoring from its activities Noise Emissions.

Health & Safety Management

COINDU Group ensures that the health and safety risks for its policyholders, employees, contractors and others that arise from its operations, are reduced, carrying out its operations in a safe manner, in accordance with the applicable laws and regulations.

- Incidents and Accidents - COINDU ensures Incidents and Accidents Management through implementation of health and safety indicators, risk assessment and associated health and safety improvement plans.
- Individual Protection Equipment / Emergency Preparedness - COINDU ensures provision and maintenance of Individual Protection Equipment with no cost to workers and ensures the identification and evaluation of Potential Emergency Situations/Fire Protection minimizing their impact through implementation of emergency plans, testing the resources and reporting procedures.
- Machine safety - COINDU ensures Machines Safety having in place procedures, preventive maintenance plans, safety checklists and safety devices.

- Ergonomics - Ergonomics in the Workplace it is COINDU concern, developing and promoting ergonomic devices/resources, labor gymnastics and health awareness campaigns.
- Chemicals - COINDU ensures procedures for Chemicals Handling, packaging, labeling and protective equipment as per MSDS.

Strategies for achieving these goals

CERTIFICATIONS & EXTERNAL RECOGNITION

Our daily motivation is the production of top-quality seat covers. One of our key objectives is to exceed the expectations of our automotive premium customers. For COINDU the certification of our Quality, Environment and Safety Management Systems is an opportunity to streamline processes, improved efficiency, and productivity, aligned with industry best practices.

Certification demonstrates to our clients, suppliers, and other stakeholders that we are committed to operating in a professional and responsible manner, and willing to be held accountable to industry-recognized standards. At COINDU we are continuously working on optimizing our products as well as our production processes according to the highest standards of IATF 16949.

COINDU seeks to manage its environmental responsibilities in a systematic way, contributing to the environmental pillar of sustainability (environmental protection and pollution prevention, etc...) including legal compliance with all applicable legislation or even the socio-economic needs and impacts of COINDU activities. With this vision,

COINDU implemented a certified environmental management system in accordance with ISO 14001 in all plants.

The promotion of health, safety and well-being of employees, is a key target for the COINDU Group. Through the elimination of hazards and reduction of Occupational Health and Safety risks, to prevent injuries and work-related health problems and reduce work accidents, we are able to increase productivity and motivate our workers. All our plants are certified according to ISO 45001 standard.

Within the framework of the Circular Economy in which the current pyramid of the waste management is intended to be invested, maximizing prevention and recovery, includes certification of Zero Waste to Landfill Commitment, which aims to value the activity of COINDU's that pursue the objective of achieving efficient waste management avoiding the landfill as its final destination. COINDU Portugal plants achieved an Advanced Commitment on this certification.

TISAX is a standard that aims to prove the compliance of organizations



in the automotive industry with defined information security levels, allowing the sharing of assessment results on the Portal ENX. With the Information Security Management System certified by TISAX/VDA-ISA COINDU ensures compliance with Customer Requirements, Strengthening of Information Security, Market Competitiveness and Simplifying Security Assessments. All COINDU plants in Portugal and Mexico are certified according to VDA-ISA /TISAX.

In uncertain times, like the 2020-2021 period, management systems played a central role in enhancing risk management, helping our organizations to identify and mitigate potential risks, leading to a more stable and secure operations, as well create a positive work culture and improve employee morale, as it promotes a focus on continuous improvement and personal development.

Our continuous effort to improve its efficiency, customer satisfaction, and competitiveness has been translated into a portfolio of certification awarded described below.



IATF 16949:2016 Quality management system for organizations in the automotive industry

Certified Sites: Joane (PT), Arcos (PT) and Tetla (MX)

Scope: Design and manufacturing.

Permitted exclusions: None

Products delivered: Seat Covers and Other Interior Components

ISO 14001:2015 Environmental management systems - Requirements with guidance for use

Certified Sites: Joane (PT), Arcos (PT) and Tetla (MX)

Scope: Manufacturing of Leather, Textile and PVC Seats Covers and Other Components for the Automotive Industry

ISO 45001:2018 Occupational health and safety management systems - Requirements with guidance for use

Certified Sites: Joane (PT), Arcos (PT) and Tetla (MX)

Scope: Manufacturing of Leather, Textile and PVC Seats Covers and Other Components for the Automotive Industry

ZERO WASTE TO LANDFILL Waste management systems

Certified Sites: Joane (PT) and Arcos (PT)

Scope: Manufacturing of Leather, Textile and PVC Seats Covers and Other Components for the Automotive Industry

Level: Advanced Commitment

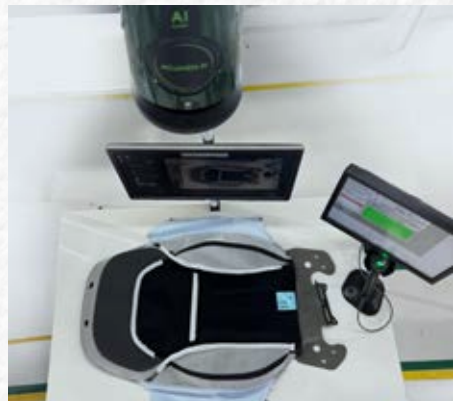
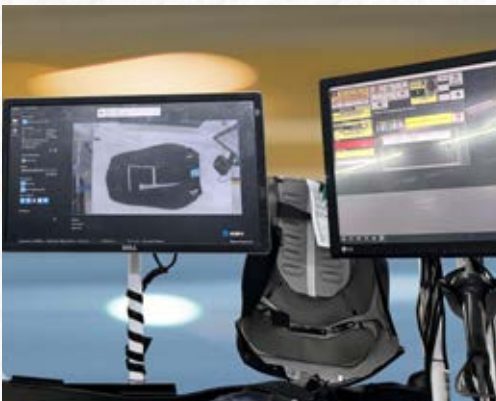
TISAX | VDA-ISA Information security management systems

Certified Sites: Joane (PT), Arcos (PT) and Tetla (MX)

Scope: Seat Covers and Other Interior Components

Assessment Objectives: Information with High Protection Needs

The individual certificates can be downloaded from www.coindu.com.





6. CORPORATE GOVERNANCE



6. Corporate Governance

Governance structure and responsibilities related to sustainability

GRI 2-9|2-10|2-11|
2-12|2-13|2-14

GRI 2-17|2-18|2-19|2-
20|2-21

COINDU Executive Board is the highest level of executive management with the responsibilities of making strategic decisions and defining the general direction of COINDU, ensuring that a company's operations and activities are sustainable.

COINDU Executive Board is responsible for setting the overall sustainability policy, strategy and goals for the organization and ensuring that these goals are integrated into the company's operations and decision-making processes, including:

- Setting long-term sustainability goals and targets that align with international sustainability standards, such as the United Nations Sustainable Development Goals (SDGs).
- Setting group's mission, values, and guiding principles.
- Developing and implementing policies and procedures to promote sustainable practices throughout the organization, such as energy efficiency, waste reduction, and responsible sourcing.
- Incorporating sustainability considerations into decision-making processes, such as investment decisions, risk management, and supply chain management.
- Communicating the company's sustainability performance and goals to stakeholders, including shareholders, employees, and customers.

- Monitoring and reporting on the company's sustainability performance against established targets.
- Assessing and managing the environmental, social and governance risks that may arise in the company activities and operations.
- Promoting sustainability as the core of organization culture.

The Executive Board composition includes the following roles:

- CEO (Chief Executive Officer): The highest-ranking executive in the company, responsible for overall strategy and direction.
- COO (Chief Operating Officer): Oversees the day-to-day operations of the business.
- CFO (Chief Financial Officer): Responsible for financial planning and analysis, as well as financial risk management.
- CMO (Chief Marketing Officer): Responsible for the company's marketing and branding efforts.

Besides the Executive Board, COINDU governance structure also includes a Supervisory board and an Executive Committee of directors.

These top management executive and non-executive members are composed by 8 men and 1 woman and the knowledge of the business and experience at management level allows making important decisions business-wide and managing overall operations for the company.

There is a clear remuneration policy for members of the highest governance body and senior executives, that includes fixed pay and variable pay, according to an objective bonus policy. The salary policy is defined according to the job description, responsibilities and impact on the business results, in line with the job market, always ensuring that in the first instance, the values are tabulated by legal requirements, such as the minimum wage. Views of stakeholders (including shareholders) regarding remuneration are sought and taken into consideration

ensuring compliance with the minimum wage and are included in the negotiation process. Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) is 17,98. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) was 0%. Once all collaborators were listed, all requested data were comparatively analyzed in order to generate contextual information necessary to understand the data and how the data has been compiled.

GRI 2-6|2-15|2-23|
2-24|2-25|2-26|2-27

Committees, policies and management practices

COINDU's Executive Board appointed the COO as responsible for coordinating all levels of corporate and local management in matters related to sustainability, environment and health and work, as well to supervise COINDU's Corporate Management System.

COINDU Group values its stakeholders and recognizes the importance of being socially responsible as essential to our long-term success and to build trust, create a positive reputation, increase customer loyalty, and better business relationships. We have a strong sense of social responsibility to address the needs and well-being of customers, shareholders, employees, suppliers, and the community. COINDU has set a framework of policies and guidelines that inform a company's conduct, decision-making and practice, building upon accountability,

transparency, fairness, and responsibility. Good governance and policies are pivotal for sustainability to:

1. Ensure that COINDU is operating in a responsible and ethical manner, including following laws and regulations, as well as adhering to industry standards and best practices.
2. Promote transparency, which is important for building trust with stakeholders.

Ensure that a company is making decisions that consider the long-term consequences for all stakeholders, rather than just short-term gains for shareholders or other specific groups, considering environmental, social, and economic impacts of a company's actions.

COINDU GROUP POLICY

COINDU's Group Policy establishes, at the highest level, the guiding elements of the company's entire strategy. This policy, already presented in this report, was revised and updated in May 2023.

COINDU GROUP SUSTAINABILITY POLICY

In line with the aforementioned Sustainability Strategy 2020-2025, COINDU has defined, implemented and maintains a Sustainability Policy.

This policy was first approved in July 2021 and last revised in November 2023.

CODE OF BUSINESS ETHICS

First published in December 2020, the CODE OF BUSINESS ETHICS was last revised in July 2024.

COINDU's most valuable asset is our Employees. It is COINDU's expectation that our Employees have an ethical conduct at day-to-day

business relations with other COINDU Employees, and with the other shareholders (Suppliers, Customers, competitors, Local community, local and National official entities and third party regulators).

COINDU's values, guiding principles as well as the recruiting policy, employee induction and employee development all follow strict employee integrity guidelines. These Guidelines are documented at this Business Ethics code.

The scope of this Business Ethics code it is all business relations between COINDU Employees and any shareholder. The principles in the Code of Business Ethics should apply to every business decision in every area of the company, highlighting crucial topics that should always be considered when taking those decisions. All Employees which have roles and responsibilities and functions which are within this scope, must acknowledge this Business Code of Ethics, sign it and strictly follow it.

The Business Code of Ethics presents COINDU principles and rules regarding:

1. Prevention of Corruption & Integrity - No Corruption, Extortion, Bribery, Fraud and Embezzlement.
2. Privacy and Data Protection.
3. Financial Responsibility (Accurate Records).
4. Disclosure of Information and Protection of Confidential Information.
5. Fair Competition and Anti-trust.
6. Avoiding Conflicts of Interest.
7. Counterfeit Parts.
8. Intellectual Property.
9. Export Controls and Economic Sanctions.
10. Whistleblower Protection and Reporting Channels

11. Responsible Procurement of Raw Materials.
12. Hiring or Use of Private or Public Forces.
13. Land, Forest and Water Rights and Forced Eviction.
14. Reporting Data Breach and Security Incidents.
15. Participation of Violations of the Code of Business Ethics.
16. Doubts and Contacts.

CODE OF CONDUCT SOURCING & SUPPLY CHAIN

First published in May 2018, the Code of Conduct Sourcing & Supply Chain - Responsible Supply Chain Management, was last revised in July 2024.

COINDU Group position: a strong sense of social responsibility and an active and permanent concern with the environment - Customers, Shareholders, Employees, Suppliers and Community - we are doing everything to honour the commitments and meet the expectations.

A key tool to achieve and to keep COINDU Group aligned with the positioning expressed, is the Code of Ethics & Social Responsibility, which contains the guiding principles of COINDU Group everyday professional action.

COINDU Group is committed to the responsible sourcing of all raw materials and purchased goods and continually review the approach to ethical and sustainable supply chain management.

COINDU Group considers social principle as a key element in business award decision, for new and existing suppliers.

We are therefore responsible for ensuring that our products and services are produced within a supply chain that complies with international standards. Therefore we have summarized our expectations to our suppliers and service providers (COINDU Group Partners) with respect to working conditions, health and safety, environment and

business ethics in the “Code of Conduct Sourcing & Supply Chain”. COINDU Group Code of Conduct Sourcing & Supply Chain defines principles and expectations to COINDU Group Partners and their employees. By signing this document, COINDU Group Partners commit to acting responsibly and to abiding by the principles set out herein. We expect our Partners to ensure that their own suppliers and service providers will also adhere to and abide by the principles of this code of conduct and the standards upon which it is based.

In the event that other regulations or laws impose more extensive provisions, these have priority over this code of conduct.

COINDU Group will use this code of conduct as part of its supplier selection and evaluation procedures.

This Code of Conduct Sourcing & Supply Chain describes, in particular the Ethical, Social, and Environmental commitments expected by COINDU Group, covering a wide range of topics, namely:

1. WORKING CONDITIONS AND HUMAN RIGHTS

- 1.1 Human Rights
- 1.2 Child Labour and Young Workers
- 1.3 Fair Wages & Benefits
- 1.4 Working Hours
- 1.5 Forced or Compulsory Labour and Human Trafficking
- 1.6 Freedom of Association and Collective Bargaining
- 1.7 Health and Safety
- 1.8 Harassment
- 1.9 Non-Discrimination and Equal Remuneration

2 BUSINESS ETHICS

- 2.1 Prevention of Corruption & Integrity - No Corruption, Extortion, Bribery, Fraud and Embezzlement

- 2.2 Privacy and Data Protection
- 2.3 Financial Responsibility (Accurate Records)
- 2.4 Disclosure of Information and Protection of Confidential Information
- 2.5 Fair Competition and Anti-trust
- 2.6 Avoiding Conflicts of Interest
- 2.7 Counterfeit Parts
- 2.8 Intellectual Property
- 2.9 Export Controls and Economic Sanctions
- 2.10 Whistleblower Protection and Reporting Channels
- 2.11 Responsible Procurement of Raw Materials
- 2.12 Hiring or Use of Private or Public Forces
- 2.13 Land, Forest and Water Rights and Forced Eviction
- 2.14 Reporting Data Breach and Security Incidents

3. ENVIRONMENT

- 3.1 Environmental Policy
- 3.2 Innovation & product life cycle
- 3.3 Energy Consumption/ Renewable energy and Greenhouse Emissions
- 3.4 Water Quality and Consumption
- 3.5 Air Quality
- 3.6 Natural Resources Management and Waste Reduction
- 3.7 Responsible Chemical Management
- 3.8 Land, Forest and Water Rights and Forced Eviction
- 3.9 Animal Welfare
- 3.10 Biodiversity, Land Use and Deforestation
- 3.11 Soil Quality
- 3.12 Noise Emissions



CODE OF ETHICS AND SOCIAL RESPONSIBILITY

First published in May 2017, CODE OF ETHICS AND SOCIAL RESPONSIBILITY, was last revised in June 2024.

COINDU is active in the automotive industry, producing car covers. A strong competitive and differentiating position in the business market, offering the most innovative and comprehensive solutions, as well as a demanding professionalism, where integrity, ethics and management rigor are the norm, sustained by a standard of conduct for all its Employees, Suppliers, Customers and the surrounding Community, are part of the guiding and basic set of all its actions.

Increasingly, the future of organizations and their external recognition will be linked to their ability to operate in the business world, achieving positive results with integrity, integrity, responsibility and within the most absolute and demanding legality.

This is our positioning a strong sense of social responsibility and active and permanent concern for our surroundings - Clients, Shareholders, Employees, Suppliers and the Community - doing everything, we can to honor our commitments and meet legitimate expectations.

The Code of Ethics & Social Responsibility, which contains the guiding principles for our day-to-day professional action, is a fundamental instrument for achieving and keeping us aligned with the position expressed above.

These principles are:

- General Principles
 - Legality and Compliance
 - Statutory Goals
 - Social Responsibility
 - Sustainability

- Ethical Commitments
 - Exemption and Independence
 - Honesty and Integrity
 - Loyalty
 - Secrecy and Confidentiality
 - Fulfilment of Obligations
 - Recognition and Respect for Diversity and Human Rights (non-discrimination)
 - Commitment to transmitting values
- Professional Commitments
 - Demanding and Rigour
 - Training and Qualification
 - Attendance and Punctuality
 - Tools and Work Environment
 - Communication
 - Personal Data Protection and Information Security
 - Reporting Data Breach and Security Incidents
 - Whistleblower Protection and Reporting Channels
 - Prevention of Corruption and Related Offenses
- Labour & Social Policies
 - Child Labour
 - Forced Labour
 - Harassment
 - Wages
 - Freedom of Association
- Knowledge and Disclosure
 - Conduct and Attitude
 - Non-conformities
 - Participation of Violations of the Code of Ethics & Conduct
 - Questions and Contacts

These codes are provided to employees on the onboarding process. Human Resources explain the documents and the responsibility of each one of us to follow the document guidelines.

We guarantee its transversal applicability to the entire organization through the organizational climate monitoring system, Whistleblowing Channel and by carrying out meetings between human resources department and operations area in a daily basis.

COINDU CONFLICT MINERALS POLICY

COINDU is committed to the responsible sourcing of all raw materials and purchased goods and continually review the approach to ethical and sustainable supply chain management.

The COINDU CONFLICT MINERALS POLICY was published in August 2016 and refers specifically to Coindu's approach to avoiding 'Conflict Minerals' entering in its supply chain and supplements the wider supply chain management standards.

COINDU policies and codes are permanently available to stakeholders in COINDU's website www.coindu.com. They are also communicated and explained in training sessions to workers and each area manager is responsible for ensuring the team's commitment. Besides Code of Business Ethics, and Whistleblowing Channels, COINDU as documented procedure (Treatment of Ethical Misconduct Complaints, dated September, 2023) that provides for the remediation of negative impacts that the organization identifies it has caused or contributed to, and to identify and address grievances, including the grievance mechanisms that the organization has established or participates in. There were no instances or monetary value paid in fines for non-compliance with laws and regulations during the reporting period.



7. MATERIALITY ASSESSMENT



7. Materiality assessment

Selection of the most relevant topics for the organization

Materiality analysis is a crucial step in creating a comprehensive sustainability report aligned with the Global Reporting Initiative (GRI) Standards. To ensure that sustainability reporting achieves its purpose, COINDU carried out a materiality analysis with the support of an external consultancy team.

A materiality assessment is a process in which the ESG topics and identified and prioritized based on the most significant risks and opportunities to our business.

The process began with an analysis of the COINDU context and current and potential impacts. The analysis of the organization's context considered the activities performed, business relationships, its sustainability context and stakeholders.

| 1. Context | 2. Identification and classification of topics and type of impact(s) | 3. Significance Assessment | 4. Material topics |
|--|--|---|---|
| <ul style="list-style-type: none"> · Comprehending COINDU context, including its industry, stakeholders, and business environment | <ul style="list-style-type: none"> · List of topics · Type of impacts · Assessing the dimension(s) in which the impact(s) occur | <ul style="list-style-type: none"> · Topic assessment based on impact(s) severity, likelihood and risk | <ul style="list-style-type: none"> · Priorization of topics based on the significance assessment |

The material topics were identified and classified based on their impact and then a significance assessment was carried out based on a set of criteria:

- Type of Impact
 - Actual/Potential;
 - Negative/Positive;
 - Short Term/Long Term;
 - Intended/Unintended;
 - Reversible/Irreversible.
- Impact on:
 - Economy;
 - Environment;
 - People.
- Significance assessment:
 - Scale;
 - Scope;
 - Irremediable character;
 - Likelihood.

The materiality assessment resulted in the identification of the 6 most relevant material topics:

1. Economic Performance
2. Tax
3. Energy
4. Emissions
5. Occupational Health and Safety
6. Training and education

Relationship with stakeholders

GRI 2-28|2-29|2-30

Stakeholder engagement is a crucial process to COINDU because it helps our organization to better understand the needs and concerns of stakeholders, build relationships, and trust, and make more informed and effective decisions. Our efforts to be more transparent and accountable are anchored in involving stakeholders who have an interest in or impact on an organization or project in the decision-making process. Due to the nature of COINDU activities for the OEM and TIER1 in the automotive industry, the process of customer engagement is continuous from quotation to SOP established and production. COINDU as identified is stakeholders, their needs and expectations, as described in the following table.

| STAKEHOLDER GROUP | STAKEHOLDER SUBGROUP | NEEDS/EXPECTATIONS |
|-------------------|----------------------|--|
| CUSTOMERS | OEM | <ul style="list-style-type: none"> - Certification on the standard IATF 16949; - Certification on the standard ISO 9001; |
| | TIER 1 | <ul style="list-style-type: none"> - Certification on the standard ISO 14001; - Certification on the standard ISO 45001; - Certification on the standard ISO 50001; - Certification on the standard VDA-ISA (TISAX); - Compliance with legal and regulatory requirements; - Use of renewable energies; - Ensure that no critical/hazardous material and substances such as heavy metals are contained in products and materials in accordance with the ELV Directive (2000/53/EC) and its updated Annex II: - Meeting its obligations under REACH; - Registration and submission to IMDS; - Returnable/recyclable packaging; - Identification barcode that allows product traceability; - Quality of service provided; - In situations of deviation, implementation of effective corrective actions; - Knowledge of CSR's; - Compliance with Sustainability Requirements. |

| STAKEHOLDER GROUP | STAKEHOLDER SUBGROUP | NEEDS/EXPECTATIONS |
|----------------------|--|--|
| COLLABORATORS | Workers, including: Subcontractors / Temporary Workers / Foreigners (speaking language other than Portuguese) | <ul style="list-style-type: none"> - Fair Wage; - Safe and Functional Working Environment; - Personal and professional growth; - Respected rights; - Good (better) interpersonal relationships, in particular with immediate superiors; - Have autonomy and freedom; - Social responsibility; - Environmental responsibility; - Efficient use of energy; - Effective communication; - Legal aspects such as social protection |
| | Trainees | <ul style="list-style-type: none"> - Safe, healthy and functional working environment; - Have an advisor within the organization; - Training on the work to be done; - Training on Environment, Quality and HSW; - Personal and professional growth; - Have autonomy. |
| | Worker's Family | <ul style="list-style-type: none"> - Workers and family see your rights respected; - Workers to have more time to be with the family. |
| SUPPLIERS | Business material suppliers | <ul style="list-style-type: none"> - Fair evaluation; - Timely payments - Ease of handling of nonconformities; |
| | Nominated Business material suppliers | <ul style="list-style-type: none"> - In situations of diversion Implementation of effective corrective actions; - Clarity in the delivery request; |
| | Non-business material suppliers | <ul style="list-style-type: none"> - Accomplishment of legal statutory and regulatory requirements; - Compliance with Environmental and Safety Conditions; |
| | Service providers | <ul style="list-style-type: none"> - Compliance with Sustainability Requirements (Social, Economic, Environmental and Health and Safety): |
| | Transporters | <ul style="list-style-type: none"> - Safe and healthy conditions for their workers. |
| SOCIETY | Local community | <ul style="list-style-type: none"> - That the company complies with the legal, regulatory, and other requirements - Social, Economic, Environmental and Energetic responsibility; - Potential employment for the community. |
| | Schools and universities | <ul style="list-style-type: none"> - Internship agreements in the company; - Possibility of working on projects in/with the company; - Possibility of employing students (1st job). |
| | Media | <ul style="list-style-type: none"> - Possibility of news about the company, products and/or technologies; - Information to society of company highlighted situations. |

| STAKEHOLDER GROUP | STAKEHOLDER SUBGROUP | NEEDS/EXPECTATIONS |
|--------------------------|--|---|
| OFFICIAL ENTITIES | Legal, Statutory and Regulatory Entities | <ul style="list-style-type: none"> - Compliance with legislation; - Payment of taxes; - Job offer for the population; - Protection of people and goods from risk situations; - Reinforcing public participation and ensuring the involvement of the institutions; - Ensuring excellence in the performance of assigned tasks; - Compliance with environmental legislation; - Compliance with Health and Safety legislation; - Implementation of Environmental and Energetic Decarbonization Programs; - Protection, recovery and enhancement of ecosystems. |
| | Financial Entities | <ul style="list-style-type: none"> - Company profits; - Company loans; - Company accounts at banks. |
| PARTNERS | Partnerships | <ul style="list-style-type: none"> - Partnership success; - Business ethics. |
| | Membership Associations | <ul style="list-style-type: none"> - Best practices; - Industry standards; - Sustainability initiatives; - Networking opportunities. |
| | Research & Development (R&D) | <ul style="list-style-type: none"> - R&D funding opportunities; - Innovation initiatives; - R&D projects; - Intellectual property (IP); - Sustainability initiatives. |
| COMPETITORS | Competitors Companies | <ul style="list-style-type: none"> - Fair competition; - Monitoring of competing products; - Implementation of sustainability strategies. |
| SHAREHOLDERS | Shareholders | <ul style="list-style-type: none"> - Higher profits; - Profit sharing; - Customer satisfaction; - Company information management; - Compliance with legal, regulatory and statutory requirements; - Compliance by the organization with all Sustainability Requirements: Social, Environmental, Economic and Health and Safety requirements. |

LOCAL COMMUNITIES

COINDU seeks to leave a positive legacy for the community close to its business and projects, by establishing a relationship of trust and concern for its needs. One of the ways to consolidate this relationship is the openness of COINDU to community in an internal as well as external way, by establishing agreements with entities around the location of each unit, organizing visits for local institutions and universities, for example. This exchange fosters mutual findings that became important for both communities – internal (COINDU community) and external (the local community surrounding the units), allowing their growth and development of new ideas and projects.

One of the oldest and most fruitful partnerships for both parties, has been the COINDU – Universidade do Minho (Minho University partnership, which has started in 2015. Minho University students have a gateway to the market through the realization of curricular and/or professional internships at COINDU. This promotes the acquisition of learning, with a benchmark company in the market, and allows us access to the contracting of young talents and new foresee.

MEMBERSHIP ASSOCIATIONS

COINDU values membership in industry and sustainability-focused associations are a valuable tool to advance on our sustainability efforts. These associations provide access to resources, such as best practices and industry standards, that help COINDU improve its environmental and social performance, as well provide networking opportunities, allowing a company to connect with other organizations that are working on similar sustainability initiatives. Additionally, membership in these associations reinforce our commitment to sustainability.

| ASSOCIATION | MEMBERSHIP TYPE | SCOPE |
|-----------------|--|--|
| APPICAPS | | Portuguese Association of Footwear, Components, Leather Goods and Substitutes is a national business association, representing the following sectors of activity: footwear; footwear components; leather goods; equipment for the aforementioned sectors. APICCAPS also has the participation, as contributing members, of companies whose activity is related to the sectors it represents. |
| ACIAB | | Commercial and Industrial Association of Arcos de Valdevez and Ponte da Barca is an Association oriented towards the development of the regional and national economy and which always supports its members with a view to maintaining a climate of progress. |
| AEP | Associative Partner Joane and Arcos de Valdevez Units | <p>Defend the interests of companies and offer services that enhance their competitiveness.</p> <p>This is the mission of AEP - Portuguese Business Association, Chamber of Commerce and Industry.</p> <p>Headquartered in Porto, where it was founded in 1849, its statutory purpose is the promotion and defence of business and associative activities.</p> <p>Its intervention with companies through services, designed to meet the needs identified by its technical teams or by listening to the companies it represents, is characterized by its diversity, its multisectoral character and its national scope.</p> |
| AFIA | | <p>AFIA - Portuguese Manufacturers Association for the Automotive Industry</p> <p>MISSION & VISION:</p> <ul style="list-style-type: none"> • AFIA has been bringing suppliers in the Portuguese automotive industry together since 1966; • Representing the interest of this sector; • Spreading information about the sector and the market; • Organizes meetings for suppliers to exchange information and strengthen relations; • Promotes competitiveness, exports and internationalization of all associated companies; • Encourages actions of potential buyers to develop Portuguese suppliers; • Supports the establishment of foreign investors in Portugal; • Financed, for the most part, by privately funds (Membership fees). |

| ASSOCIATION | MEMBERSHIP TYPE | SCOPE |
|-------------------|---------------------|---|
| AEET | Associative Partner | <p>The <i>Asociación de Empresas y Empresarios de Tlaxcala</i> (AEET) is a private, non-profit association with 40 years of experience, which aims to protect the interests of the companies they represent.</p> <p>It has been integrated as a business community that manages the formation of business networks, explores self-sustaining options to improve production processes, avant-garde options in human development and also takes close care of occupational health and safety.</p> |
| CANACINTRA | Tetla Unit | <p>The National Chamber of the Transformation Industry (CANACINTRA) is the body that represents the industrial sector in Mexico. Its objective is to promote the competitiveness and productivity of companies, supporting them to keep themselves constantly updated and become socially responsible innovative agents. Due to its coverage, representativeness and infrastructure, CANACINTRA is the most important chamber in all of Latin America.</p> |





8. ECONOMIC DIMENSION



8. Economic dimension

Economic Performance

Direct economic value generated and distributed

GRI 201-1

| Year | 2021 | 2022 | 2023 |
|--|--------------|--------------|--------------|
| Revenues | 174,9 | 205,8 | 277,0 |
| Direct economic value generated | 174,9 | 205,8 | 277,0 |
| operating costs | 130,2 | 153,4 | 203,5 |
| employee wages and benefits | 44,9 | 55,9 | 71,0 |
| payments to providers of capital | 1,5 | 1,6 | 3,5 |
| payments to government | 0 | 0,5 | 1,1 |
| community investments | 0 | 0 | 0 |
| Economic value distributed | 176,6 | 211,4 | 330,3 |
| Economic value retained | -1,7 | -5,6 | 19,5 |
| (M) | | | |

Financial implications and other risks and opportunities due to climate change

GRI 201-2

Coindu recognizes the need to consider environmental and climate risk in its operations and decisions.

Integrated into its Management System, Coindu developed risk management methodologies to identify the environmental and climate aspects and to minimize their impacts.

A detailed risk assessment to specific Coindu business was carried out. Areas such as resource scarcity, environmental and climate regulations and extreme weather events that may affect our production and value chain were identified.

Coindu is taking action to mitigate and/or eliminate its environmental and climate risks through:

- Sustainable management of natural resources (raw materials, energy, water, etc.), promoting strategies and policies for sustainable purchasing of materials, goals to minimize energy consumption and reduce greenhouse gas emissions, reduce, and promote circular economy in waste generated and reduce water consumption;
- Usage of Best Available Technologies to improve production efficiency and to prevent and reduce pollution and waste;
- Management of generated waste respecting the correct management hierarchy (reduction, reuse, recycling and, as last resort, correct disposal);
- Responsible chemical management;
- Compliance with legal and other stakeholders requirements;
- Continuous improvement at the operational control measures to ensure an effective monitoring of the environmental aspects and respective impacts;
- Promote the continuous training of our employees on environmental and climate issues;
- Promote a culture of environmental and climate awareness throughout the company.

Strategy for Carbon Neutrality by 2050

Climate changes as been identified as one of the greatest challenges facing nations, governments, business and citizens over the future

decades that has implications for both human and natural systems leading to significant changes in resource use, production and economic activity. In response, Coindu developed initiatives to quantify, monitor, report and remove its greenhouse gas emissions (GHG), defining and reporting a Decarbonization Plan:

- Target 1 - by 2050: 80% reduction in Scope 1 emissions
- Target 2 – by 2030: 80% reduction in Scope 2 emissions
- Target 3 – by 2050: 90% reduction in Scope 1 + Scope 2 emissions

The reduction of the remaining percentage will be compensated for with PPA's (Power Purchase Agreements).

These goals can be achieved by systematically reducing and removing GHG emissions internally on the facilities infrastructures and within the entire supply chain.

We are committed to facing climate challenges and contributing to a more sustainable future. We will continue to monitor and adapt our strategies as a new information and regulations emerge.

The set of measures in place ensures that an exponential risk exceeding a loss than €0,5M is very unlikely.

Defined benefit plan obligations and other retirement plans

GRI 201-3

COINDU is a reference in the sector for the effort it has made in recent years to reduce the wage gap between Portugal, México and other low-cost countries. This goal has been achieved by improving processes and productivity, with a focus on digitization, automation and workforce training. However, it is necessary to maintain and reinforce the pace of digital transformation and innovation. In this sense, human capital continues to be the basis of COINDU's growth, through talent development, accelerating empowerment and attracting and retaining highly qualified human resources.

At COINDU, the salary and benefit policy are defined by professional category, based on seniority, technical knowledge, and general performance. At no time is gender or any other personal condition taken into account in the remuneration policy.

COINDU complies with all applicable laws and regulations, including those relating to minimum wages, overtime, and legally bound benefits. Despite COINDU has no formal plans, employees receive a monthly salary above the national minimum wage, with additional fixed remunerations, such as shift allowance, and variable remuneration, such as performance bonuses based on quality and productivity, seniority, and attendance. Presently, there is no Collective bargaining agreement in place in all COINDU locations. However, COINDU recognizes and supports the principles of freedom of association and right to collective bargaining.

In Coindu Mexico we assumed the commitment to provide employees with cash contributions to supplement retirement pensions for retirement, disability, early retirement, and survival pensions. These benefits reflect an increasing percentage according to the number of service years of the employee, applied to the wage table negotiated annually. The present value of liabilities for defined benefits is assessed annually through actuarial studies based on the “Projected Unit Credit” method.

COINDU does not distinguish full time employees, part-time employees or temporary workers with the same function in matters related to wage and benefits offered. Our goal is to eventually be able to integrate temporary and part-time employees into permanent employees. One of our main concerns is the wellness of our employees, providing comfortable facilities, food at a reduced price in the cafeterias, organizing different events to celebrate the holidays – making COINDU a great place to work.

Financial assistance received from government

GRI 201-4

Government grants were limited to 15.635,00 € in 2023. This financial assistance took the monetary form to offset expenses incurred in the execution of Portugal developed projects.

Tax

The tax strategy reflects COINDU commitment to complying with good tax practices through principles of responsibility, sustainability and transparency.

GRI 207-1|207-2|
207-3

It is closely aligned with business objectives and global operations. We work to ensure that our tax practices support our long-term objectives and promote sustainable growth. This approach includes considering tax impacts in all significant business decisions and ensuring that our operations are structured to comply with all tax obligations in a fair and efficient manner.

In the decision-making process, the effects of taxes are considered, either through cost analysis or through possible tax incentives or other exemptions granted by the State.

COINDU takes a prudent approach to tax matters, avoiding tax evasion practices and complying with the rules in line with the spirit of local laws.

Considering the commercial activities carried out in Portugal and Mexico, continuous communication is promoted between local tax teams and the corporate team. In cases where there are tax doubts, the tax team from each geography exposes the situation to the corporate team, and a joint action is defined, which may result in the involvement of tax consultants.

Additionally, together with tax consultants, actions are developed with the aim of identifying areas for improvement and ensuring continuous

compliance with tax rules. These actions include analysing legislative changes, reviewing internal tax practices and evaluating possible financial and reputational impacts.

The Accounting and Taxation area, supported by local teams, is responsible for implementing the Group's tax strategy.

The Executive Committee is always informed of the main tax implications of the most relevant transactions, with the Supervisory Board being responsible for supervising them.

COINDU maintains an open and transparent dialogue with our stakeholders, promptly responding to any questions or concerns they may have.

Country-by-country reporting

GRI 207-4

The tax information reported here covers the period from 1-1-2023 to 31-12-2023.

| | PT - Joane | PT - Arcos | Tetla |
|--|---|------------|----------------------------|
| Tax jurisdictions | Portugal | | Mexico |
| Names of the resident entities | Coindu - Componentes para a Indústria Automóvel S.A. | | Coindu Mexico, S. de RL CV |
| Primary activities of the organization | COINDU main products are Covers in natural leather and fabric for seats and accessories and Leather Kits. | | |
| Number of employees based on social security reports | 2427 | 879 | 1619 |
| Revenues from third-party sales | 161,2 M€ | | 104,1 M€ |
| Revenues from intra-group transactions with other tax jurisdictions | 11,0 M€ | | 0,6 M€ |
| Profit/loss before tax | -18,2 M€ | | -1,9 M€ |
| Tangible assets other than cash and cash equivalents | 48,4 M€ | | 38,5 M€ |
| Corporate income tax paid on a cash basis | -0,2 M€ | | -0,1 M€ |
| Corporate income tax accrued on profit/loss | -0,3 M€ | | -0,8 M€ |
| Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax. | The major reason is the profit/loss not accepted for tax purposes. | | |



9. ENVIRONMENTAL DIMENSION



9. Environmental Dimension

Energy

Energy consumed within the organization

GRI 302-1

Energy is a critical factor in COINDU operations, with efficient energy use ensuring the seamless operation of various production stages. Reliable energy sources power machinery, maintain optimal conditions for processing, and support advanced technologies like automated cutting and precision sewing. Moreover, sustainable energy practices can significantly reduce environmental impact, aligning with increasing industry and consumer demand for eco-friendly products.



| Facility | Energy consumption within the organization | 2021 | 2022 | 2023 |
|-------------------|--|----------------|----------------|----------------|
| | | GJ | GJ | GJ |
| JOANE | Consumption from non-renewable sources | 2667,5 | 3580,6 | 2683,7 |
| | Consumption from renewable sources | 0,0 | 0,0 | 0,0 |
| | Sold energy | 0,0 | 0,0 | 0,0 |
| | Electricity consumed | 10278,8 | 11629,2 | 12495,1 |
| | Heating, Cooling and Steam consumed | 0,00 | 0,00 | 0,00 |
| | Total | 12946,3 | 15209,8 | 15178,8 |
| ARCOS DE VALDEVEZ | Consumption from non-renewable sources | 21,8 | 24,9 | 24,8 |
| | Consumption from renewable sources | 0,0 | 0,0 | 0,0 |
| | Sold energy | 0,0 | 0,0 | 0,0 |
| | Electricity consumed | 4937,3 | 5525,2 | 5006,2 |
| | Heating, Cooling and Steam consumed | 0,0 | 0,0 | 0,0 |
| | Total | 4959,0 | 5550,1 | 5031,0 |
| TETLA | Consumption from non-renewable sources | 2154,5 | 2749,0 | 3577,2 |
| | Consumption from renewable sources | 0,0 | 0,0 | 0,0 |
| | Sold energy | 0,0 | 0,0 | 0,0 |
| | Electricity consumed | 7419,1 | 6960,6 | 9820,1 |
| | Heating, Cooling and Steam consumed | 0,0 | 0,0 | 0,0 |
| | Total | 9573,5 | 9709,6 | 13397,3 |
| COINDU | Consumption from non-renewable sources | 4843,8 | 6354,6 | 6285,8 |
| | Consumption from renewable sources | 0,0 | 0,0 | 0,0 |
| | Sold energy | 0,0 | 0,0 | 0,0 |
| | Electricity consumed | 22635,1 | 24114,9 | 27321,3 |
| | Heating, Cooling and Steam consumed | 0,0 | 0,0 | 0,0 |
| | Total | 27478,9 | 30469,5 | 33607,1 |

For the values presented in the table above, all fuel consumption at COINDU facilities and owned vehicles were considered, as well as consumption in rent-a-cars.

For density, that is, for the conversion of consumption from volume to mass, the DGEG densities were considered. To calculate the reported values, consumption data in mass were converted to GJ using the Low Heating Value (LHV) from the Portugal 2024 NIR (National Inventory Report).

For Mexico, the conversion factors of “Emission factors for different types of fossil and alternative fuels that are consumed in Mexico” were used. INECC/A1-008/2014.

Energy consumption outside of the organization

GRI 302-2

Even though there are some sources of energy consumption outside the organization that may be considered relevant, COINDU has no way, with current information, of estimating this consumption.

COINDU calculates within its carbon footprint the emissions associated with scope 3 categories with associated energy consumption:

- Fuel and energy-related activities (not included in scope 1)
- Upstream and downstream transportation and distribution
- Waste transportation and generated in operations treated in third party facilities
- Business travel
- Employee commuting

These sources through the consumption of fuel or electrical energy represent an important source of energy consumption outside COINDU and which results from its activity.

However, the data used to calculate CO₂ emissions, except for the category Fuel- and energy-related activities (not included in scope 1), are based on data on distance travelled or the associated emission values are provided directly by suppliers. (e.g. some cases in the

Upstream and downstream transportation and distribution category). Therefore, COINDU cannot present reliable energy consumption data outside the organization.

Energy intensity

GRI 302-3

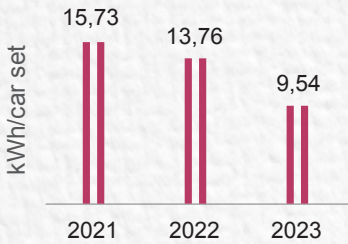
Having relative indicators, such as kWh per car set produced, is crucial in the automotive seat industry. These metrics provide a clear measure of energy efficiency, enabling manufacturers to assess and optimize their energy consumption per unit of output.

By tracking kWh per car set, COINDU can identify areas of inefficiency, implement targeted improvements, and monitor the impact of energy-saving initiatives over time. This not only helps in reducing operational costs but also enhances sustainability by minimizing the carbon footprint.

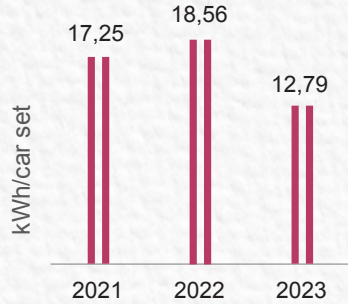
COINDU continuous efforts have allowed a significant reduction in energy consumption per car set.



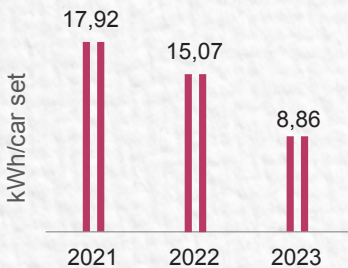
**Energy intensity
GLOBAL - COINDU**



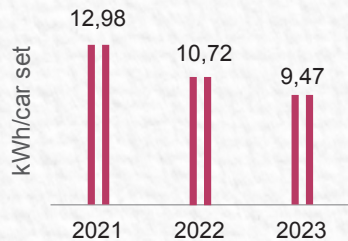
**Energy intensity
ARCOS**



**Energy intensity
JOANE**



**Energy intensity
TETLA**



To calculate the relative indicator of kWh per car set, only COINDU energy consumption is considered, that is, the energy considered in point “Energy consumed within the organization”.

Reduction of energy consumption

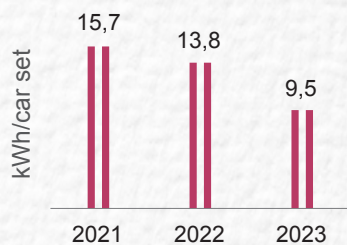
In global terms there was an increase in energy consumption from 2021 (used as a base year for the purposes of calculating the reduction/increase in energy consumption) to 2023, by approximately 6128,2 GJ. 2021 was chosen as the base year because it is the first

post-covid year in which production is considered to have returned to normal and which best represents the current reality of COINDU. It is important to note that this data refers to absolute energy consumption and is influenced by the increase in production, as well as acquisition of new industrial areas for production purposes, among other factors. In fact, COINDU produced 492767 more car sets in 2023 than in 2021.

A better indicator to monitor the reduction in energy consumption is the relative indicator of kWh per car set. As already shown above, energy reduction and efficiency measures have made it possible over the years to reduce energy consumption per car set produced.

The kWh indicator per car set produced reduced from 15,7 kWh/car set in 2021 to 9,5 kWh/car set in 2023, which means that COINDU from 2021 to 2023 was able to produce each car set using 6,2 less kWh and demonstrates COINDU effort to reduce energy consumption.

COINDU KWH/CAR SETS



In 2023, the following initiatives were implemented/reinforced:

- Electrification of the car fleet;
- Implementation of an Energy Management System according to ISO 50001.

Regarding the initiative “Implementation of an Energy Management System according to ISO 50001”, it is not possible to estimate a

reduction, but COINDU believes that an implemented management system will allow better management and knowledge of the energy profile and consequently the study and adoption of energy reduction and/or efficiency measures.

Regarding the electrification of the car fleet, an estimate was made based on the consumption of the replaced vehicles over the course of a year. 5 electrical vehicles were bought and 7 were exchanged/returned. To estimate the reduction in energy consumption, the fuel consumption value of the 5 replaced vehicles was converted into GJ, resulting in 8,368.59 litres of fuel = 307 GJ of estimated fuel consumption in year 2023. The estimated value of the EV's consumption in a year, estimated based on monthly consumption available in the year 2024, is approximately 131 GJ, resulting in a 176 GJ reduction estimate.

Reductions in energy requirements of products and services

GRI 302-5

The product produced by COINDU is not energy consuming. COINDU monitors energy indicators, such as the one presented in “Energy intensity” above (kWh/car set), which allows to monitor reductions in energy consumption in the production process.



Emissions

GRI 305-1|305-2|
305-3|305-4|305-5|
305-6|305-7

Climate change is identified as one of the biggest challenges that countries, governments, companies, and citizens must face in the present and in future decades. Climate change has implications for human and natural systems and can lead to significant changes in resource use, production, and economic activity.

In response, international, regional, national, and local initiatives are being developed and implemented to limit the concentration of Greenhouse Gases (GHG) in the Earth's atmosphere. These GHG initiatives depend on the quantification, monitoring, communication, and verification of GHG emissions and removals, which can follow the structure of ISO 14064-1, which specifies the guidelines for the quantification and communication of emissions and GHG removal, or other reference standards, such as the GHG Protocol.

Reporting boundaries and consolidation approach

COINDU defines as organizational boundaries all GHG emissions and removals over which they have **operational control**. System boundaries are the activities inherent to the services provided at their facilities located at:

- **Joane**, Portugal (Headquarters): Rua do Rio Pele, 4770-217 Braga
- **Arcos de Valdevez**, Portugal: Parque Empresarial Padreiro Salvador, Lote 5, 4970-500
- **Tetla**, Mexico: Piedras Negras 1000 Bis

Once organizational boundaries have been established, the organization should establish and document reporting boundaries. COINDU quantifies direct GHG emissions separately for CO₂, CH₄, N₂O, SF₆

and other appropriate GHG groups (HFCs, PFCs, etc.) in tons CO₂e, as well as quantifying GHG removals, if any.

COINDU considers in its GHG inventory all indirect emission and removal sources for which it holds information (specific or provided), i.e., access to information, and with a reasonable level of accuracy to allow for their calculation.

Some subcategories of GHG indirect emissions are not applicable to COINDU operations, and therefore are not considered to the GHG inventory:

- Downstream Leased Assets
- Investments
- Upstream Leased Assets
- Franchises
- Process of Sold Products
- Use of Sold Products
- Other Indirect Emissions from Mobile Sources Transport (Not included in Cat. 1)

COINDU core business is the production of seat covers, that just need to be placed on the respective vehicles. The products do not undergo any type of processing or transformation after being sold. The emissions associated with the use of sold product are excluded since the product itself does not generate GHG emissions during the use phase, but rather in the final product in which it is incorporated (motor vehicle). Emissions thus vary by type of vehicle, geographic location of use and driver habits, among other factors that COINDU has no influence. Additionally, three of the emission sources presented in the emission scheme were excluded from the report. COINDU defines the following as exclusion criteria for indirect emissions:

- Magnitude/Volume of emissions
- Level of influences on emission/removal sources
- Access to information and reliability of data
- External requirements

For each of the criteria a value from 1 to 5 is assigned according to the table below.

| Level | Magnitude/Volume of emissions | Level of influence on emission/removal sources | Access to information and data reliability | External requirements |
|-------|---|--|--|--|
| 1 | Magnitude/Volume of emissions is predictably low | Weak or non-existent | Weak or non-existent | No external requirements |
| 2 | Magnitude/Volume of emissions is predictably medium | Average | Existing or possible to estimate, but poor reliability | Existence of voluntary external requirements |
| 3 | Magnitude/Volume of emissions is predictably high | High | Existing and highly reliable | Existence of external legal requirements |

Table 1. Exclusion criteria levels for indirect GHG emissions

| Overall risk | Description |
|--------------|---|
| 1 | Negligible indirect GHG emissions |
| 2 | Indirect GHG emissions that are minor but for which the organization should make an effort to account for |
| 3 | Indirect GHG emissions that should not be excluded |

Table 2: Overall risk levels according to exclusion criteria

The risk is assessed considering the average of the level assigned to each criterion, according to the following formula:

Equation 1: $(\text{Magnitude/Volume of emissions} + \text{Level of influence on emission/removal sources} + \text{Access to information and reliability of data} + \text{External requirements})/4$

| Emission/removal sources excluded | Magnitude/ Volume of emissions | Level of influence on emission/ removal sources | Access to information and data reliability | External requirements | Overall risk |
|--|---------------------------------------|--|---|------------------------------|---------------------|
| 4.2 Purchased Goods and Services | 3 | 2 | 1 | 1 | 2 |
| 4.3 Capital Goods | 2 | 1 | 1 | 1 | 1 |
| 5.1 End of Life Treatment of Products | 3 | 1 | 1 | 1 | 2 |

Table 3: Overall risk assessment of indirect GHG emissions

According to the methodology presented and the overall risk assessment carried out in the table above, the sources excluded from the inventory require effort from COINDU for their inclusion in the inventory. This categorization is mostly associated with the magnitude/volume of indirect GHG emissions and/or the level of influence over the emission/removal sources.

Regarding the acquisition of goods and services, as well as capital goods, COINDU is still collecting the necessary data and information to calculate this category of emissions, which it considers relevant. Part of the difficulty is related to the availability of information from its suppliers and databases of emission factors for the goods and services purchased, which, in their absence, do not allow for a calculation that is considered reasonable.

COINDU considers the end-of-life category relevant but is still in the process of understanding how it can calculate the emissions associated with the treatment of its end-of-life products, since these can become waste in different geographic locations and as such subject to different types of treatment and with different scales of GHG emissions depending on the country.

| | | Joane - PT | Arcos - PT | Tetla - MEX | |
|---------------|------------|---|------------|-------------|---|
| | | | | | |
| GHG EMISSIONS | category 1 | Stationary sources | V | V | V |
| | | Mobile sources | V | | V |
| | | Refrigeration and AC | V | V | V |
| | | Fire suppression | V | V | V |
| | | Welding gases | V | V | V |
| | category 2 | Imported energy | V | V | V |
| | category 3 | Upstream transport and distribution | V | V | V |
| | | Downstream transport and distribution | V | V | V |
| | | Business travel | V | V | V |
| | | Employee commuting | V | V | V |
| | category 4 | Purchased goods and services | | | |
| | | Capital goods | | | |
| | | Energy related activities | V | V | V |
| | | Disposal and treatment of waste generated | V | V | V |
| | | Transport of waste generated | | | |
| | category 5 | End of life treatment of products | | | |
| | category 6 | Water supply and water treatment | V | V | V |

COINDU's GHG emission scheme

Base year

The base year is the historical period specified for the purpose of comparing GHG emissions or removals or other GHG-related information over time. The base year is the period from January to December 2019. The base year was chosen considering that it was the first year of data collection necessary for the GHG calculation, and the one that best characterizes COINDU activity in the pre-pandemic period.

Direct (Scope 1) GHG emissions

GRI 305-1

Direct (Scope 1) GHG emissions are those arising from sources that are owned or controlled by the company, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.

COINDU includes in its direct GHG emissions all the GHG covered by the Kyoto Protocol CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃.

There are no Biogenic emissions from GHG sources that are owned or controlled by COINDU.

The gross direct (Scope 1) GHG emissions in 2023 and 2019 are presented below.

| | Facility | Scope 1 (Ton CO2e) – 2023 | Scope 1 (Ton CO2e) – 2019 |
|--------|--------------------|------------------------------|------------------------------|
| COINDU | Joane | 179,0 | 231,5 |
| | Arcos | 1,7 | 13,2 |
| | Tetla | 239,3 | 175,4 |
| | All - Total | 419,9 | 420,1 |

Energy indirect (Scope 2) GHG emissions

GRI 305-2

Scope 2 accounts for GHG emissions from the generation of purchased electricity² consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated.

COINDU accounts for scope 2 emissions based on two methods:

- Market-based method: calculates emissions based on the electricity that organizations have chosen to purchase, often spelled out in contracts or instruments like Renewable Energy Certificates (RECs).
- Location-based method: A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).

In Portugal, since COINDU acquires guarantees of origin that ensure that the electricity consumed comes from renewable sources, emissions using the market-based method are zero.



For Mexico, since COINDU does not have any type of instrument or contract for the energy purchased, there is a supplier-specific emission factor, the used emission factor is the same for both methods, and consequently the associated GHG emissions.

The gross energy indirect (Scope 2) GHG emissions in 2023 and 2019 are presented below.

| | Facility | Scope 2 (Ton CO ₂ e) 2023 | Scope 2 (Ton CO ₂ e) 2019 | Scope 2 (Ton CO ₂ e) 2023 | Scope 2 (Ton CO ₂ e) 2019 |
|---------------|------------------------|--|--|--|--|
| | | Market-Based | Market-Based | Location-based | Location-based |
| COINDU | Joane | 0,0 | 914,0 | 119,6 | 770,5 |
| | Arcos | 0,0 | 382,7 | 298,5 | 322,6 |
| | Tetta | 818,3 | 985,5 | 818,3 | 985,5 |
| | All - Total | 818,3 | 2282,1 | 1236,4 | 2078,6 |

In terms of GHG reduction from the base year, considering the market-based method, there is a considerable reduction already justified above by the acquisition of guarantees of origin for the electrical energy consumed in Portugal facilities (Joane and Arcos). Considering the location-based method, the reduction is justified by the natural decarbonization of the electricity sector. If we compare the value of the 2019 emission factor with that of 2023, we see that it has reduced by more than half.

These conclusions are especially valid for Portugal, since for Mexico the last publicly available data on emission factors in the electricity sector are from 2021.

Other indirect (Scope 3) GHG emissions

GRI 305-3

Scope 3 is a category that allows for the treatment of all other indirect emissions that are a consequence of the activities of COINDU, but occur from sources not owned or controlled.

The other indirect (Scope 3) GHG emissions by emission source in 2023 and 2019 are presented below for each facility.

| Facility | Joane | | Arcos | | Tetla | | |
|----------|--|--|--|--|--|--|---------------|
| | Scope 3 (Ton CO ₂ e) 2023 | Scope 3 (Ton CO ₂ e) 2019 | Scope 3 (Ton CO ₂ e) 2023 | Scope 3 (Ton CO ₂ e) 2029 | Scope 3 (Ton CO ₂ e) 2023 | Scope 3 (Ton CO ₂ e) 2029 | |
| COINDU | Upstream Transport and Distribution | 2017,5 | 1642,5 | 140,5 | 644,6 | 600,1 | 68,2 |
| | Downstream Transport and Distribution | 3633,0 | 1839,8 | 691,6 | 776,6 | 687,4 | 92,7 |
| | Business Tavel | 250,3 | 274,5 | 0,0 | 29,4 | 18,9 | 12,4 |
| | Employee Communting | 3493,3 | 1846,6 | 2483,6 | 1072,1 | 2345,7 | 1447,1 |
| | Fuel- and energy-related activities (not included in Scope 1 or Scope 2) | 41,8 | 243,7 | 7,8 | 81,9 | 329,3 | 132,7 |
| | Treatment of Waste Generated in Operations | 7,6 | 11,4 | 3,5 | 4,2 | 60,7 | 52,6 |
| | Transport of Waste Generated in Operations | 14,5 | 16,1 | 9,2 | 3,5 | 18,6 | 10,1 |
| | Water supply | 1,9 | 4,5 | 0,4 | 1,1 | 3,1 | 4,2 |
| | Water treatment | 3,2 | 8,6 | 0,6 | 2,2 | 5,7 | 8,6 |
| | Total | 9463,2 | 5887,9 | 3337,3 | 2615,7 | 4070,5 | 1828,5 |

COINDU total Scope 3 emissions in 2023 were 16.871,0 Ton CO₂e and in 2019 10.332,2 Ton CO₂e. This increase is essentially related to the growth in the average number of employees, data used to estimate emissions from employee commuting, and the significant increase in emissions from upstream and downstream transportation, due to the greater volume of orders as well as some urgent requests which involved a greater number of transports, which necessarily translates into a greater distance travelled and consequently more emissions.

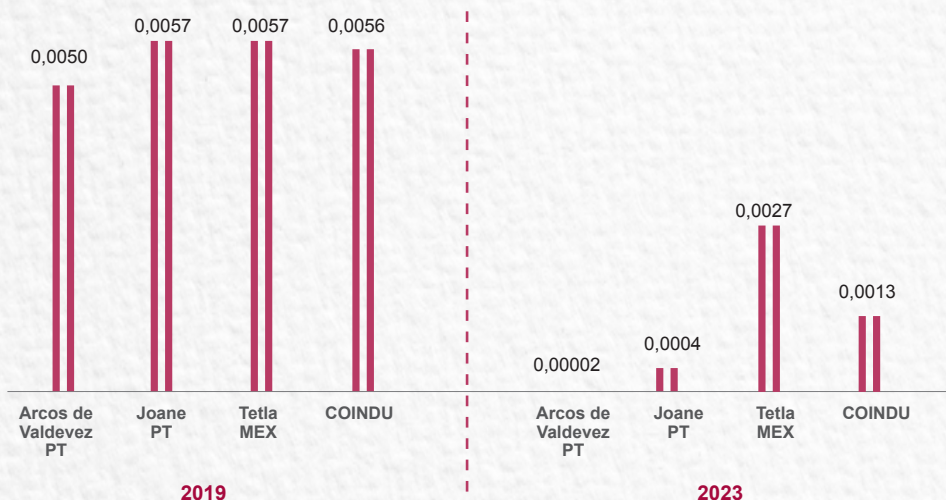
GHG emissions intensity

GRI 305-4

In terms of GHG emissions intensity, COINDU monitors the Ton CO₂e/ set produced relative indicator, considering both Scope 1 and Scope 2 GHG emissions.

The GHG emissions intensity in 2023 and 2019 is presented below for each facility and for COINDU.

TON CO₂E (SCOPE 1 AND 2) PER CAR SETS PRODUCED (2023 VS 2019)



As can be seen, the most significant reduction occurred at the installation in Arcos de Valdevez, followed by Joane and Tetla – México. This reduction in Arcos and Joane is mainly due to the reduction in scope 2 emissions, which resulted from the acquisition of renewable energy. As for Arcos, although there is an apparent significant reduction, it has very low Scope 1 GHG emissions and as such small reductions represent, in relative terms, a large change in the indicator.

Reduction of GHG emissions and targets

GRI 305-5

There were several GHG emission reduction initiative in the last years that can justify the decrease in the intensity metric presented above. There were reductions in scope 1 and 2 emissions/set produced, essentially related to the acquisition of green energy from July 2022 at the Joane and Arcos facility (Scope 2) and the reduction in internal fleet (mobile sources) fuel consumption, explained by the replacement of diesel vehicles (internal fleet) with hybrid and electric vehicles in Joane as well as the reduction in the overall number of vehicles in the internal fleet.

Additionally, since the pandemic, a reduction of external renting transport, consequence of the decrease in face-to-face visits to customers, which also lead to a reduction in Scope 1 and 2 GHG emissions per set produced.

As mentioned above, in Reduction of energy consumption, a 176 GJ per year reduction is estimated from the 5 EV's acquired, which replaced 5 combustion vehicles. If we consider the 2023 emission factor of the Portuguese electricity sector, of 86 kg/kWh (source: APREN), we obtain a reduction of 3 ton CO₂e per year.

In terms of Scope 2 GHG emissions, considering the acquisition of green energy, it is estimated that 418 Ton CO₂e were avoided in 2023.

This estimate is obtained by multiplying the amount of kWh consumed by the emission factor of the Portuguese energy mix, used to calculate the Scope 2 location-based method.

In absolute terms the emissions from Scope 1 decreased slightly and scope 2 there is a reduction of approximately 45%, compared to the base year.

COINDU has the long-term objective of 80% reduction in Scope 1 GHG emissions, comparing to base year emissions (2019) by 2050. This objective is a company-wide target, considering all three COINDU facilities and includes 100% of Scope 1 emission sources. The plan to achieve this target is based on the electrification of the internal fleet and the substitution of stationary sources for more efficient ones and/or using cleaner fuels.

In the reporting year (2023) a 20% of the target was achieved, related to base year.

Regarding Scope 2 GHG emissions, the objective is to achieve an 80% reduction in Scope 2 emissions, considering the market-based method, by 2030, comparing to base year emissions (2019). This target includes all scope 2 emissions from all COINDU facilities (Joane, Arcos de Valdevez and Tetla). The plan for achieving the target implies the acquisition of green electricity (which started in 2022) and implementation of reduction energy efficiency measures.

In the reporting year (2023) a 55,8% of the target was achieved, related to base year.

Emissions of ozone-depleting substances (ODS), Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

GRI 305-6

COINDU does not emit significant amounts of ODS, NOx, SOx or other atmospheric pollutants other than those calculated within the scope

of its carbon footprint and already presented above.

The activity requires mostly electrical energy. Other sources, which can generate emissions of atmospheric pollutants, are limited to vehicles and stationary combustion sources such as natural gas boilers, propane gas laboratory chambers, generators emergency, firefighting pumps and stoves for cooking.

Driving to carbon neutrality

GRI 305-7

COINDU has been deeply committed to achieving CO₂ neutrality. This ambition is integrated into our company's roadmap.

In an era where sustainability and environmental stewardship have become critical for corporate governance and operational strategy, responding to the Carbon Disclosure Project (CDP) is a vital step for businesses committed to transparency and climate action. COINDU collaborates actively with CDP (Carbon Disclosure Project), a global non-profit organization specializing in environmental reporting. By aligning with CDP's recognized standards, we aim to enhance our CO₂ reduction initiatives.

Responding to the Carbon Disclosure Project is more than just a reporting exercise; it is a strategic move that brings numerous benefits. From enhancing reputation and managing risks to driving efficiency and meeting stakeholder expectations, the advantages of CDP participation is clear.

In partnership with a wide range of companies representing the automotive sector, MOBINOV, together with KPMG, during 2023 took the decision to start developing a project focused on building a Decarbonization Roadmap for the National Automotive Sector, a Project/Investment supported by the PRR - Recovery and Resilience Plan, and by the Next Generation EU European Funds.

This was an ambitious project aimed at creating a strategic roadmap for decarbonizing the automotive sector in Portugal. With the participation of 20 companies representing the different sub-sectors of the national automotive industry, of which COINDU was a part, this initiative aimed to boost the transition to a more sustainable future and reduce the environmental impact of operations in the sector.

This project has set ambitious targets for reducing carbon emissions and, at the same time, boosted the adoption of sustainable practices throughout the value chain, signifying an important step towards a more sustainable future for Portugal and demonstrating the fundamental role that the automotive industry plays in building a low-carbon economy.



Methodology, emission factors and assumptions:

| Description | Emission source | Emission factor source | Methodology | Observations and assumptions |
|--|--|---|--|---|
| <p>Scope 1/ Category 1</p> <p>Direct GHG emissions and removals</p> | <p>1. Direct emissions from stationary combustion sources</p> | <p>Joane and Arcos EF: National Inventory Report (NIR) 2024 Portugal (Table 3-82) and IPCC Chapter 2 Stationary Combustion (Table 2.3 Default Emission Factors for Stationary Combustion in Manufacturing Industries and Construction)</p> <p>Tetla EF: IPCC Guidelines for National GHG Inventories 2006 - Chapter 2 Stationary Combustion (Table 2.3)</p> <p>GWP: (CO₂, CH₄ e N₂O) - IPCC AR₆</p> | <p>Consumption of fuel (TJ) x Emission factor (Ton GHG/TJ) x GWP (GHG)</p> | <p>The fuel consumption of each equipment was converted to TJ. And this consumption was multiplied by the emission factor (CO₂, CH₄ and N₂O) of each fuel type.</p> <p>Emission factors for CO₂ used are in units of mass CO₂/TJ on a net calorific value basis and reflect the carbon content of the fuel and the assumption that the carbon oxidation factor is 1.</p> |
| | <p>2. Direct emissions from mobile combustion sources</p> | <p>Joane and Arcos EF: NIR 2024 Portugal (Table B-3: Road transportation energy based implied emission factors (t/TJ) for 2022 and Table B-4: Road transportation distance based implied emission factor for 2022 (g/km and mg/km))</p> <p>Tetla EF: Inventario Nacional de Emisiones de Gases y Compuestos de Efecto Invernadero 1990-2019 (Tabla 12: Factores de emisión específicos de México para los combustibles empleados en el transporte)</p> <p>GWP: (CO₂, CH₄ e N₂O) - IPCC AR₆</p> | <p>Consumption of fuel (TJ) x Emission factor (Ton GHG/TJ) x GWP (GHG)</p> | <p>The fuel consumption of each vehicle was converted to TJ. All vehicles of the same typology (e.g., passenger cars) were aggregated and the consumption multiplied by the respective emission factors (CO₂, CH₄ and N₂O).</p> <p>Emission factors for CO₂ used are in units of mass CO₂/TJ on a net calorific value basis and reflect the carbon content of the fuel and the assumption that the carbon oxidation factor is 1.</p> |
| | <p>3. Direct fugitive emissions from the release of GHGs in anthropogenic systems (Refrigeration and Air Conditioning and Extinguishing Equipment)</p> | <p>GWP: (CO₂, CH₄ e N₂O) - IPCC AR₆</p> | <p>Leakage amount (Ton GHG) x GWP (GHG)</p> | <p>The quantities of GHG leakage from cooling systems and extinguishing equipment were identified and multiplied by the respective GWPs.</p> |
| | <p>4. Direct emissions from the use of welding gases in the industrial process</p> | <p>GWP: (CO₂, CH₄ e N₂O) - IPCC AR₆</p> | <p>Amount of gas (Ton GHG) x GWP (GHG)</p> | <p>The quantities of GHG purchased was multiplied by the respective GWPs.</p> <p>Acetylene combustion: 2C₂H₂ + 5=2 -> 4CO₂ + 2H₂O</p> <p>"The molecular weight of acetylene is 26 and that of carbon dioxide is 44. Therefore, one molecule of acetylene will form 4x44/2x26 = 3.3846 molecule of CO₂, which means the emission factor is 3.3846 kg CO₂e/kg for acetylene."</p> |

| Description | Emission source | Emission factor source | Methodology | Observations and assumptions |
|--|--|---|--|--|
| <p>Scope 2/ Category 2</p> <p>Indirect GHG emissions from imported energy</p> | <p>5. Indirect emissions from imported electricity (Electricity purchased from the grid and Electricity purchased for fueling electric vehicles at public filling stations).</p> | <p>Location based Joane and Arcos EF: Emissões Específicas do Setor Elétrico Português do ano 2023, APREN Associação de Energia Renováveis (https://www.apren.pt/pt/energias-renovaveis/outros) Tetra EF: Climate Transparency Report 2023 Market based Joane and Arcos EF: 100% renewable energy supply contract, with zero emission factor.</p> | <p>Electricity consumption (kWh) x Emission factor (kg CO₂/kWh)</p> | <p>Calculations are based on invoices. The amount of electricity consumed was multiplied by the emission factor.</p> <p>In the case of electricity consumption in Portugal, all energy consumed is of renewable origin and with a zero emission factor, meaning that considering the market method the results are zero CO₂e emissions for Scope 2 in installations in Portugal.</p> |
| <p>Scope 3/ Category 3</p> <p>Indirect GHG emissions from transport</p> | <p>6. Indirect emissions from upstream and downstream transport and distribution</p> | <p>EF: DEFRA Greenhouse gas reporting: conversion factors 2023: Freightng goods</p> | <p>Distance travelled (km) x Emission Factor (Ton GHG/pass.km) x Weight transported (Ton)</p> | <p>In most cases the amount of emissions of CO₂ was calculated directly by the supplier and only this information was given to COINDU.</p> <p>In the other cases the amount of GHG emissions were calculated multiplying the distance travelled by an average emission factor for freight goods transport by land (HGV all diesel - Average laden: kg GHG/km)</p> |
| | <p>7. Indirect emissions from business travel</p> | <p>EF: NIR 2024 Portugal (Table 3-49: Road transportation distance based implied emission factor for 2022 (g/km and mg/km)) ICAO Emission Calculator (ICAO Carbon Emissions Calculator) GWP: (CO₂, CH₄ e N₂O) - IPCC AR6</p> | <p>Passenger Car: Distance travelled (km) x Emission Factor (Ton GHG/km) x GWP (GHG) Plane: ICAO Emission Calculator</p> | <p>Car: The emissions were calculated multiplying the distance travelled by the average emission factor for each type of fuel used and respective GWPs.</p> |
| | <p>8. Indirect emissions from employee commuting</p> | <p>Passenger cars with fossil fuels and Bus: NIR 2024 Portugal (Table 3-49: Road transportation distance based implied emission factor for 2022 (g/km and mg/km)) EVs: DEFRA 2023, Cars (by market segment) – Upper medium – Battery Electric Vehicle GWP: (CO₂, CH₄ e N₂O) - IPCC AR6</p> | <p>Distance travelled (km) x Emission Factor (Ton GHG/km) x GWP (GHG)</p> | <p>A questionnaire was carried out by COINDU among its employees in order to understand the mode of travel (car, bus, bicycle, walking), fuel, when applicable, and the daily round-trip distance that each employee travels.</p> <p>For the responses, the emissions were calculated multiplying the distance travelled in a year (considering the average working days) by the respective distance based implied emission factor and GWPs.</p> <p>Considering that only part of the people responded, an extrapolation was made for the rest, considering the % of vehicle type, average distance traveled by type of vehicle.</p> <p>To reach the total number of people considered to have not responded to the questionnaire, the responses to the questionnaire were counted, adding the people who shared a car and assuming that the transport provided by COINDU (bus) is full.</p> |

| Description | Emission source | Emission factor source | Methodology | Observations and assumptions |
|--|--|--|---|---|
| <p>Scope 3/ Category 4</p> <p>Indirect GHG emissions from products used by the organization</p> | <p>9. Indirect emissions from the extraction, production, and transportation of fuels and energy purchased</p> | <p>EF: DEFRA Greenhouse gas reporting: conversion factors 2023: WTT Fuels DEFRA Greenhouse gas reporting: conversion factors 2021: Well-to-Tank Electricity and Well-to-Tank T&D Electricity</p> | <p>Well-to-Tank Fuels: Fuel Consumption (l) x Emission Factor (kg CO₂e/l) Well-to-Tank Electricity: Electricity consumption (kWh) x Emission Factor (kg CO₂e/kWh) T&D Electricity: Electricity consumption (kWh) x Emission Factor (kg CO₂e/kWh)</p> | <p>This emissions category includes GHG emissions from three activities:</p> <ul style="list-style-type: none"> - Upstream emissions from fuels: Extraction, production and transport of fuels consumed by COINDU. - Upstream emissions from electricity (WTT - Wheel-to-Tank): Extraction, production and transport of fuels used for the production of electricity, steam, heat and cold consumed by COINDU. - Transport & Distribution (T&D) losses: Production (upstream activities and combustion) of electricity, steam, heat and cold that is consumed (i.e., lost) in a T&D system. <p>For the calculation of GHG emissions from upstream fuel emissions, the activity data considered for direct emissions from stationary and mobile sources was considered. For the calculation of GHG emissions from upstream electricity emissions, the consumption of electricity was considered.</p> <p>As there is no emission factors available more recent than that of DEFRA from 2021, at least publicly available, for WTT and T&D electricity emissions these were considered.</p> |
| | <p>10. Indirect emissions from the disposal and treatment of waste generated in operations</p> | <p>EF: DEFRA Greenhouse gas reporting: conversion factors 2023: Waste Disposal</p> | <p>Quantity produced (Ton) x Emission Factor (kg CO₂e/ton)</p> | <p>The collection of data on the quantity of waste generated in the reporting year was based on the Integrated Waste Registration Map (WIRR) of each facility, where applicable. It was assumed that whenever the destination operation was recovery the operation is recycling (Open or Closed-loop).</p> <p>Only 37% (by mass of total waste) was considered in the calculation due to unavailability of reliable and/or specific emission factors for certain types of waste produced (e.g., leather waste, Paint and Varnish Waste, Wastes of Adhesives or Sealants, among others).</p> |
| | <p>11. Transport of Waste Generated in Operations</p> | <p>EF: NIR 2024 Portugal (Table 3-49: Road transportation distance based implied emission factor for 2022 (g/km and mg/km) – Heavy Duty Trucks GWP: (CO₂, CH₄ e N₂O) - IPCC AR6</p> | <p>Distance travelled (km) x Emission Factor (Ton GHG/km) x GWP (GHG)</p> | <p>The distance was calculated based on the route between the waste management operator's installation and the COINDU installation, and the total distance was obtained using the number of loads carried out in the year. This distance was then multiplied by the emission factor and the respective GWP.</p> |
| <p>Scope 3/ Category 6</p> <p>Other indirect GHG emissions</p> | <p>12. Indirect emissions related to water supply and water treatment</p> | <p>EF: DEFRA Greenhouse gas reporting: conversion factors 2023: Water supply and Water treatment</p> | <p>Amount of water consumed/discharged from public network (m³) x Emission Factor (kg CO₂/m³)</p> | <p>Calculations are based on invoices. The volume of water supplied, and the volume of water disposed was multiplied by the respective emission factor.</p> |

Other information

COINDU develops initiatives that raise awareness among employees about adopting good practices with a positive impact on the environment. In 2023, in Portugal, COINDU celebrated tree Day and Water Day, reaching 90% of the Overall Equipment Effectiveness indicator among employees.



At COINDU México, through awareness raising on environmental issues, scientific evidence of COINDU's commitment to sustainability was demonstrated.

Employees gained knowledge of the Good Practices adopted by COINDU, from an environmental point of view.

In addition to the above, it responds to internationally recognized

questionnaires in the field of sustainability, such as the CDP, already mentioned above, but also to the SAQ 5.0 and Ecovadis questionnaires.

- **SAQ 5.0** is a Self-Assessment Questionnaire (version 5.0) on sustainability in an Internet platform NQC-Supplier Assurance (<https://supplierassurance.com>) jointly developed by OEMs for all global suppliers. The questionnaire covers critical environmental, social and governance issues, including managing directors, business ethics and compliance, human rights and fair working conditions, health and Safety at work, supplier management as well as the responsible sourcing of raw materials. The SAQ is a document-based assessment, where evidences for all questions are required. COINDU complies with and supports these automotive industry guidelines improving sustainability in our global operations, communities and value chain.

- **EcoVadis** is another Sustainability Assessment platform adopted by some other customers. It evaluates sustainability practices, supply chain, business ethics and other aspects, assigning scores to companies based on their policies and practices. The EcoVadis rating is often used by companies to demonstrate their commitment to corporate responsibility and sustainability to their stakeholders.

EcoVadis employs rigorous and well-developed scoring guidelines applied to each assessment. The score allows companies to compare themselves to others in the industry, but also helps to situate the company's overall sustainability performance in absolute terms. The score criteria cover environment (operations and products), labour & human rights (human resources and human rights), ethics and sustainable procurement.



10. SOCIAL DIMENSION



10. Social Dimension

Occupational Health and Safety

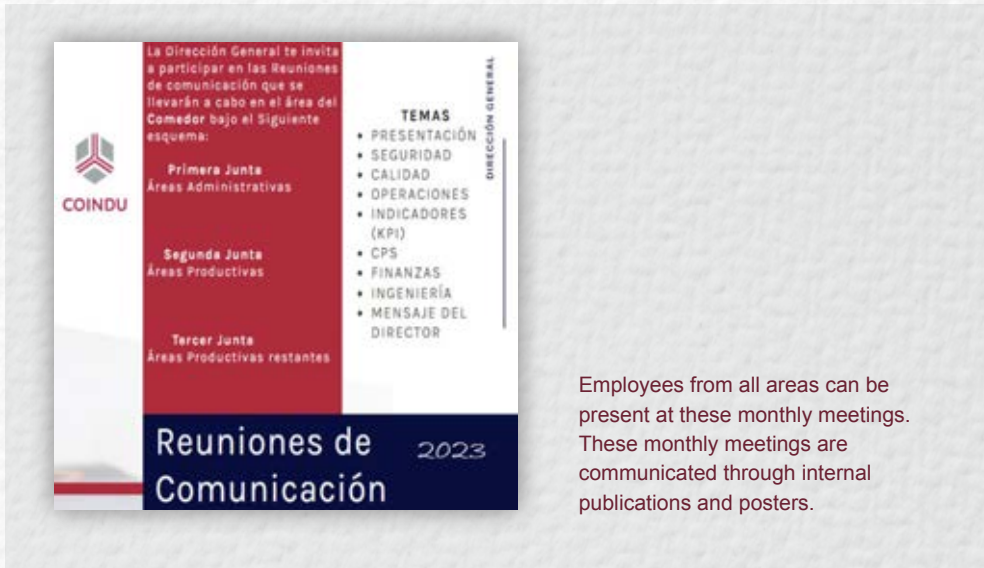
Occupational health and safety management system

GRI 403-1

COINDU has an integrated management system that satisfies the requirements of IATF 16949 standard – Quality Management System, ISO 14001 standard – Environment Management System, ISO 45001 standard - Health and Safety Management System, ISO 50001 standard – Energy Management System (where applicable) and VDA-ISA (TISAX) – Information Security Management System (where applicable). The integrated management System is supported by Management Programs based on a series of principles, processes and procedures adopted by COINDU to assure quality, environment, energy and health and safety suited to the services supplied, guaranteeing ongoing satisfaction of customers and compliance with applicable standards and legislation.

The Management System was developed according to an integrated process management model that establishes added value relations between processes. The COINDU Management System is based on two fundamental vectors: Structure and Documentation of the Management System. These vectors are continuously evaluated and guided by Audits and by Revision of the Management System.

In order to meet the COINDU strategy, quality, environment, energy and occupational health and safety objectives, the right level of processes indicators and the integrity of the system, a scheme of meetings were defined like monthly meetings.



Nevertheless, at least annually is performed an overall management review with data for all COINDU sites to evaluate COINDU corporation performance per site, and to collect data to support strategy revision and definition of new objectives.

Consistent with the organization’s policy, the intended outcomes of the Health and Safety Management System includes:

- a) continual improvement of Health and Safety performance.
- b) fulfilment of legal requirements and other requirements.
- c) achievement of Health and Safety objectives.

The Health and Safety Management System scope includes all activities, products and services within the organization’s control or influence that can impact the organization’s performance as well as all employees and non-employee workers in Portugal and Mexico units. The ISO 45001:2018 Health and Safety Management System scope and Certification is “Manufacturing of Seat Covers and Other Interior Components and lifestyle products”.

Hazard identification, risk assessment, and incident investigation

GRI 403-2

The Health and Safety Management System certified according to ISO 45001, assures that the processes necessary for the Health and safety system are established, implemented and maintained.

As presented in this report, Management Processes includes a Quality, Environment, Energy (where applicable), Health and Safety Management System (QEHSMS) process. This process is supported by several documented procedures such as:

- Identification of hazards and assessment of risks
- Risks and opportunities
- Incident, non-compliance and corrective action

Occupational health services

GRI 403-3

Occupational Health aims to prevent occupational risks and protect and promote the health of workers. Thus, Occupational Health seeks to ensure healthy work environments by reducing exposure to risk factors and promoting high levels of comfort, health, and physical, mental, and social well-being for all workers.

The field of Occupational Health is very broad and therefore requires interdisciplinary collaboration among specialized professionals (e.g., Occupational Medicine, Occupational Safety, Nursing, Ergonomics, Psychology, among others). Consequently, it involves a matrix of complementary knowledge and skills that converge into two main aspects: “Occupational Health” and “Occupational Safety”. Due to the complexity inherent in occupational risk situations, which involve the worker, working conditions, and the activity performed, the participation of various disciplines and a holistic and integrated approach in the risk diagnosis, assessment, and management process is required. This approach should be tailored to each situation and worker.

The main objectives of our Occupational Health Service are as follows:

- a) Prevention of occupational risks by combating risk factors to ensure working conditions that avoid adverse effects on workers' health. This includes effectively increasing the process of risk identification, assessment, and management, prioritizing risk control at the workplace, preferably at the source, to levels considered acceptable.
- b) Protection of workers' health and well-being through early diagnosis and treatment of work-related illnesses, adequate and continuous health surveillance of workers, increased health promotion, and rehabilitation and social reintegration when necessary. This includes actions such as vaccination, screening, information, training, and individual and collective protection, among others, to prevent the onset or worsening of health issues among workers.
- c) Promotion of healthy work environments that not only provide safe working conditions but also enable workers to achieve high levels of physical, mental, and social comfort and well-being. The work context should offer opportunities for improving individual health and reinforcing healthy lifestyles and practices.
- d) Increased attention to vulnerable populations in the workplace, including younger and older workers, workers with disabilities, pregnant, postpartum, or lactating workers, and migrant workers.
- e) Excellence in Occupational Health Services, with particular emphasis on best practices and quality in activities and care provided to workers. These services should ensure an intervention that is comprehensive and directed towards the worker as a whole, integrated into the production process, and involving participation from both workers and employers.

Worker participation, consultation, and communication on occupational health and safety

Consultation and participation of employees in occupational safety and health (OSH) matters will take place once a year, in writing according to the annual plan. This consultation will be conducted v online and paper surveys with distribution points located in the units. Additionally, in Portugal, consultation and participation of employees in OSH according to the legal requirements will be conducted twice a year, in writing, following the planned.

This consultation will also be conducted online and paper surveys with distribution points located in the units. In addition to these surveys, consultation and participation include the following methods:

- Face-to-face consultations and participation in training sessions, working groups, meetings, etc. Attendance by HR and OSH technicians.
- Occupational health consultations.
- Psychology consultations.
- OSH technicians' visits to workplaces.
- Suggestion boxes.

New employees are introduced to these mechanisms during initial training, emphasizing the importance of consultation and participation (C&P). The C&P process begins in this initial training and is reinforced in ongoing contacts with managers and the OSH team, encouraging employees to actively contribute to the development and implementation of the Occupational Safety and Health Management System (OSHMS). Relevant information about the OSH management system, including consultation and participation topics, is conveyed to employees through:

- OSH training/information sessions.
- Distribution of Personal Protective Equipment (PPE).
- Occupational health surveillance consultations.
- Information posted throughout the factory and offices (placards).
- Formation of working groups to address specific issues.
- Other appropriate means of communication.

Information collected from employee consultation and participation is recorded in the Workers' Consultation Report template and analysed to determine its relevance and whether action will be implemented. The results of this analysis are communicated to the worker(s) appropriately, ranging from in-person responses to the publication of an assessment report.

Communication is supported in documented procedures.

Worker training on occupational health and safety

GRI 403-5

Occupational health and safety training plays a crucial role in promoting safe practices and preventing accidents and occupational illnesses. In the context of a dynamic and ever-evolving work environment, the implementation of an annual occupational health and safety (OHS) training plan is essential to ensure that employees are adequately trained and updated with the latest safety standards and regulations. The annual plan covers a variety of internal and external training sessions designed to meet the specific needs of the company and its employees. Internal training sessions are developed internally by the OHS team and tailored to address the demands and challenges faced in the workplace. These include topics such as emergency procedures, fire prevention, safe handling of chemicals, ergonomics, among others. In addition to internal training sessions, external training sessions are

also conducted by experts and recognized institutions in the field of OHS. These sessions provide an external perspective and additional expertise, enriching employees' knowledge and ensuring compliance with industry best practices.

An important component of the annual training plan is training after accidents. Following any workplace incident or accident, conducting a detailed analysis to identify underlying causes and implementing effective corrective measures is essential. Post-accident training is then conducted to reinforce relevant safety procedures and prevent similar incidents from occurring in the future.

This comprehensive approach to OHS training not only promotes the safety and well-being of employees but also contributes to operational efficiency and the company's reputation. Investing in occupational health and safety training demonstrates the organization's commitment to protecting its employees and excellence in safety practices, resulting in a safer, healthier, and more productive work environment. Worker training on occupational health and safety is supported in documented procedure: Identifying training needs including awareness and achieving competence of all personnel.

Promotion of worker health

GRI 403-6

At COINDU, we prioritize the well-being of our employees by offering a comprehensive range of preventive healthcare services. These services are designed to support the physical, mental, and emotional health of our workforce, ensuring they have access to the care they need to thrive both at work and in their personal lives.

One of the key components of our healthcare offerings is preventive medicine services. Through regular check-ups, screenings, and health assessments, our employees can proactively monitor their health status and address any potential issues before they escalate. Our team of experienced medical professionals provides personalized guidance and support, empowering our employees to make informed decisions about their health and lifestyle.

In addition to preventive medicine, we also provide on-site nursing services to address immediate healthcare needs and offer basic medical assistance. Our dedicated nursing staff is available to provide first aid, administer medications, and offer support during medical emergencies, ensuring prompt and effective care whenever it is required.

COINDU offers clinical analysis services to facilitate early detection and diagnosis of health conditions. Our state-of-the-art laboratory facilities enable us to perform a wide range of diagnostic tests and screenings, including blood tests, urine analysis, and other specialized examinations. By conducting regular clinical analyses, we can identify potential health risks and intervene early to prevent the progression of illnesses.



Recognizing the importance of mental health and well-being, we also offer psychological services to support our employees' emotional and psychological needs. Our team of qualified psychologists provides counselling, therapy, and mental health assessments to help employees cope with stress, anxiety, depression, and other mental health challenges. We prioritize confidentiality and provide a safe and supportive environment for employees to seek assistance and support. Additionally, we offer osteopathy services to address musculoskeletal issues and promote physical well-being. Our licensed osteopaths use manual techniques to assess and treat a variety of conditions, including back pain, joint stiffness, and postural problems. By addressing musculoskeletal issues, we aim to improve our employees' overall comfort, mobility, and quality of life.

It's worth noting that consultations for all these services can be requested by the employees themselves, ensuring that they have control over their healthcare and can access the support they need when they need it.

At COINDU, we are committed to providing comprehensive healthcare services that prioritize prevention, early intervention, and holistic well-being. By offering a range of medical, nursing, clinical, psychological, and osteopathy services, we strive to support our employees in leading healthy, fulfilling lives both inside and outside the workplace.



Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

GRI 403-7

Our company, COINDU, recognizes the importance of ensuring the safety and health of all workers involved in our operations, including those from subcontracted companies. As part of our efforts to promote a safe working environment, we require subcontracted companies to provide mandatory documentation, such as accident insurance and liability insurance.

Additionally, it is mandatory for employees of these companies to receive proper safety training, tailored to the activities they will perform on our premises. This training covers various topics, from specific safety procedures to the correct use of personal protective equipment. We believe this training is essential to ensure that all workers are aware of the risks involved in their tasks and know how to act safely.

Furthermore, as part of the onboarding process, we provide specific safety induction for employees of subcontracted companies. This induction details COINDU's safety procedures, internal policies, relevant points of contact, and other crucial information to ensure that subcontracted employees fully understand the safety requirements while working at our facilities.

In addition to legal requirements, subcontracted companies must also comply with COINDU's internal safety and health requirements. This includes following our policies and procedures, participating in additional training as necessary, and collaborating with our safety teams to identify and mitigate any risks related to their activities.

We understand that workplace safety is a shared responsibility and are committed to working closely with our partners and suppliers to ensure that all workers return home safely at the end of the day. By establishing these clear requirements and expectations, we reinforce our commitment to the safety and health of all involved in our operations..

Workers covered by an occupational health and safety management system

GRI 403-8

All employees and workers who are not employees, in all 3 units, are covered by the occupational health and safety management system (OHS) implemented and certified according to ISO 45001:2018. All units were subject to internal and external independent audits.

| Unit | Employees | Other workers | Total | Employees covered by OHS | Other workers covered by OHS | Total covered by OHS |
|--------------|-------------|---------------|-------------|--------------------------|------------------------------|----------------------|
| PT - Joane | 2427 | 15 | 2442 | 2427 | 15 | 2442 |
| | | | | 100% | 100% | 100% |
| PT - Arcos | 879 | 6 | 885 | 879 | 6 | 885 |
| | | | | 100% | 100% | 100% |
| MX - Tetla | 1619 | 40 | 1659 | 1619 | 40 | 1659 |
| | | | | 100% | 100% | 100% |
| Total | 4925 | 61 | 4986 | 4925 | 61 | 4986 |
| | | | | 100% | 100% | 100% |



Work-related injuries

GRI 403-9

| Employees | | | | | | | |
|--------------|---|---|----------------------------------|------------------------|---|--|--|
| Unit | Fatalities as a result of work-related injury | High-consequence work-related injuries* | Recordable work-related injuries | Number of hours worked | Fatalities as a result of work-related injury Rate (x1000000) | High-consequence work-related injuries Rate (x1000000) | Recordable work-related injuries Rate (x1000000) |
| PT - Joane | 0 | 1 | 80 | 3230151 | 0 | 0,310 | 24,767 |
| PT - Arcos | 0 | 1 | 18 | 1080402 | 0 | 0,926 | 16,66 |
| MX - Tetla | 0 | 0 | 0 | 2894201 | 0 | 0,000 | 0.000 |
| Total | 0 | 2 | 98 | 7204754 | 0 | 0,278 | 13.602 |

*-excluding fatalities

Two high-consequence work-related accidents were recorded related to workers who are employees whose work and workplace is controlled by COINDU. The first involved a collision with moving equipment, while the second was related to a needle stick injury. Since then, no further



accidents of this nature with serious consequences for employees have occurred. We remain committed to promoting a safe work environment and implementing effective preventive measures.

The main types of work-related injuries were wounds and superficial injuries, musculoskeletal and other injuries or ill-defined injuries.

COINDU has a documented procedure for Identification of hazards and assessment of risks. All sites have annually reviewed matrixes of Risk Assessment by Workstation matrixes, that includes details such as Department/Section, Task, Risk Factors/Hazards, Risk, Consequence, Situation, Control Measures, Unit, Frequency/Probability, Gravity, Degree of hazardousness, Comments/Connection to the OHS and Measures to be implemented/ Opportunities for the OHS. During the reporting period the identified hazardous that caused or contributed to high-consequence injuries were work at height, electric, run over/ road accidents, noise and chemical agents.

COINDU has two ways to take actions to minimize and eliminate work-related hazards. First, documented procedure for Identification of hazards and assessment of risks defines the Measures to be implemented/ Opportunities for the OHS. Second, all incident situations are treated according to Incident, non-compliance and corrective action procedures.

No workers have been excluded from this disclosure.



Work-related ill health

GRI 403-10

| Employees | | | | | |
|--------------|---|---|--|--|--|
| Unit | Number of fatalities as a result of work-related ill health | Number of cases of recordable work-related ill health | Main types of work-related ill health | Hazards that caused or contributed to cases of ill health | Actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls |
| PT - Joane | 0 | 3 | Carpal Tunnel Syndrome, Tendonitis & Epicondylitis | Repetitive motions, exposure to biological, physical and chemical agents | Creation of procedures, distribution of appropriate Personal Protective Equipment, workplace gymnastics, adaptation of the workstation to the employee, intervention in the workplace, awareness of health and safety at work and CS at an ergonomic level |
| PT - Arcos | 0 | 8 | Carpal Tunnel Syndrome, Tendonitis & Epicondylitis | Repetitive motions, exposure to biological, physical and chemical agents | Creation of procedures, distribution of appropriate Personal Protective Equipment, workplace gymnastics, adaptation of the workstation to the employee, intervention in the workplace, awareness of health and safety at work and CS at an ergonomic level |
| MX - Tetla | 0 | 0 | - | - | - |
| Total | 0 | 11 | - | - | - |

| Workers who are not employees but whose work and/or workplace is controlled by COINDU | | | | | |
|---|---|---|---------------------------------------|---|---|
| Unit | Number of fatalities as a result of work-related ill health | Number of cases of recordable work-related ill health | Main types of work-related ill health | Hazards that caused or contributed to cases of ill health | Actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls |
| PT - Joane | 0 | 0 | - | - | - |
| PT - Arcos | 0 | 0 | - | - | - |
| MX - Tetla | 0 | 0 | - | - | - |
| Total | 0 | 0 | - | - | - |

No workers have been excluded from this disclosure.

COINDU has a couple of documented procedure for Incident, non-compliance and corrective action that allows to make and keep records of all cases of ill health. These situations are also recorded and monitored within the scope of the occupational health consultations carried out between each employee and the company's doctor.

Training and Education

Average hours of training per year per employee

GRI 404-1

Year 2023



Total **42 h**

Average hours of training



| Employee Category | Portugal - Joane and Arcos | Mexico - Tetla | Total |
|-------------------|----------------------------|----------------|--------------|
| Administrative | 27,7 | 3,90 | 12,24 |
| Coordinator | 36,8 | 26,98 | 33,84 |
| Manager | 13,7 | 3,26 | 11,99 |
| Operator | 41,1 | 52,70 | 45,03 |
| Technician | 16,8 | 14,66 | 16,31 |
| Top Management | 0,2 | 0,00 | 0,17 |
| Total | 38,4 | 48,95 | 41,88 |

Programs for upgrading employee skills and transition assistance programs

GRI 404-2

COINDU has a documented and approved procedure for Training Management that defines standard ways to identify training needs and continuously provide proper training to all employees. This training can be Continuous training, Training awareness, On-the-job training and Technical training. A annual training plan is approved and executed every year.

The diagnosis of training needs is carried out on a continuous basis by the Training Manager (TM), with the guidance of the HR Manager, using:

- Application of a questionnaire survey to process managers, in the first quarter of the year.
- Identification of specific training needs identified by managers, supervisors, employees, etc.
- Applicable legislation/regulations.
- Studies, Statistics related to COINDU activity.

Continuous training aims to develop professional and relational skills, with a view to the exercise of professional activity. On-the-job training refers to the training activity that takes place at the person's workplace, being highly adapted and customised to the reality of their work (Coindu concept is multi-skills). Awareness-raising actions is a short-term action aimed at arousing interest and motivation for a particular topic or professional area. This training does not presuppose the acquisition of new competences.

Annual training plan is prepared to assure the continuing training identified. The Plan is drawn up by the TM and approved by the HR Manager.

Training planning is done by the TM and the training officer and complies several tasks such as request and analysis of training proposals, selection of external training providers, elaboration and approval of schedules, communication with trainees, elaboration/analysis of course programmes, etc.

This plan is subject to verification of compliance and compares planned and executed training. Every training is evaluated according to the methodologies defined in the Programme of each course.

Percentage of employees receiving regular performance and career development reviews

GRI 404-3

COINDU executes periodic performance and career development reviews. The percentage of total employees by gender who received in 2024 a performance and career development review referring to 2023 was:

| Gender | Total employees | Employees evaluated - PT | Employees evaluated - MX | Total employees evaluated | Percentage of employees evaluated |
|--------------|-----------------|-----------------------------|-----------------------------|---------------------------|-----------------------------------|
| Male | 1673 | 278 | 112 | 390 | 23% |
| Female | 3252 | 1164 | 74 | 1238 | 38% |
| Total | 4925 | 1442 | 186 | 1628 | 33% |

Other information

COINDU develops a set of initiatives not totally related with the topics described above but that are considered of high value by its interested parties, like, for example, employees.

During 2023 there were some relevant initiatives and benefits that turned this year in a great year.

From a social point of view, COINDU in Portugal collected long-term food items, clothing for children aged 2 to 9, hygiene products for adults and children, with the aim of meeting basic needs, mobilizing and raising awareness among employees for certain social aspects. COINDU provides employees with access to Psychologist services and communicates this initiative, through an informative poster, which contains Psychologist Rita Araújo's telephone number, as well as her email. This contact is strictly confidential and aims to screen employees needs for possible social support.

Below are some examples of informative posters about Social Support provided by COINDU.



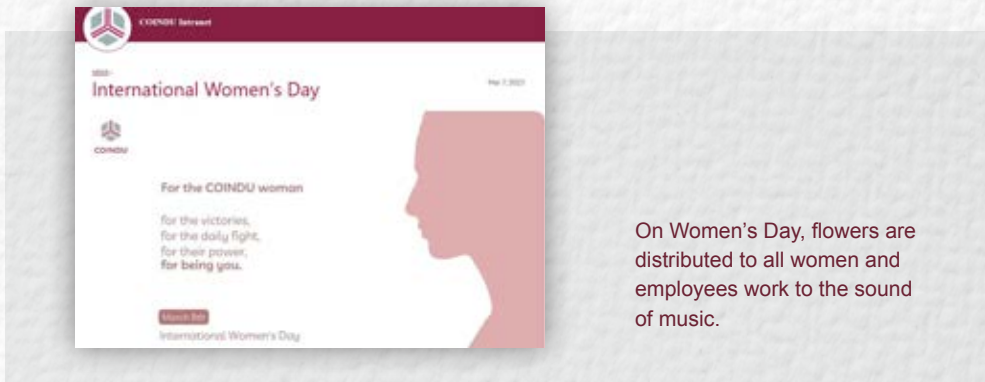
COINDU develops a set of good practices motivated by concern for the well-being of employees, such as offering a basket for babies of newly-parented employees. This initiative is publicized through a poster posted on COINDU's premises, accessible to all employees. Employees must contact HR and inform the baby's date of birth. Below, an example of the initiative.



Within the scope of Good Practices, with a view to promoting interactions between employees, COINDU celebrates important data, such as:

- Women's Day Event
- Employee's birthday
- COINDU Anniversary
- Easter
- Christmas
- Party day for children

It is on these days that highly important initiatives are carried out to establish interpersonal relationships and the people who are part of COINDU, individually, are valued.



On Women's Day, flowers are distributed to all women and employees work to the sound of music.

Employees on their birthday are entitled to an offer, which they can take advantage of in the COINDU canteen.

On COINDU's anniversary, Berlin balls, a famous Portuguese pastry, are distributed to employees during working hours.

At Easter, seasonal sweets are distributed to employees during working hours.

At Christmas, COINDU employees get together and celebrate at a big party. The COINDU Christmas party is aimed at all employees and is publicized through a poster, which informs the registration deadline and location. The COINDU 2023 Christmas Party took place at Quinta da Parada.



Close to Christmas, COINDU organizes a party for employees to involve children in the company where they parents work. A shared snack is held, which promotes relationships between company, employees and members of the family.

COINDU in Mexico also develops GOOD Social Responsibility Practices with its internal and external stakeholders.

COINDU México promotes a party every year that celebrates the end of the year and involves the Local Community. The COINDU México End of Year Party in 2023 took place at the Centro de Convenciones de Tlaxcala.



COINDU involves employees from different departments in a competition.



COINDU México offers employees consultancy services on various topics, legal support, information and awareness on topics such as domestic and dating violence, support in choosing animal care services, among other topics that can positively impact the lives of employees.



COINDU marks important dates through its internal communication processes.

We celebrate dates such as Father's Day, Mother's Day, International Women's day, among others.



11. CONCLUSION AND FUTURE PROSPECTS



11. Conclusion and Future Prospects

Future plans and commitments

ECONOMIC STRATEGIC INITIATIVE

COINDU PRODUCTION SYSTEM (CPS)

To maintain competitiveness, COINDU is surfing the next technological wave, creating the digital concept for the cut-and-sew market. Beyond the known standard of technology, we are now faced with the challenge of developing unique and differentiating solutions by replacing artisanship with automation and digital and artificial intelligence management. Assets, capable of reacting to high complexity within a shorter learning time and much higher productivity, are progressively replacing labour costs. With this work package, we will be able to beat the 40% threshold in value added cost reduction, an essential condition for our survival and growth. Digital CPS leads to a more efficient usage of all company resources and also of all materials, reducing the waste and the energy consumption, using:

- Improve equipment energy efficient in cutting and sewing.
- Improve capability of cutting equipment with digital integration which enables more efficient cutting results and less scrap and waste generation.
- State of art sewing digital technology which can be programmed to prevent most common human dependent sewing failure modes.

- Automation of sewing operations that are repetitive are repetitive or with no value added or performed by non-qualified operators and that have a higher failure rate.

DIGITAL INNOVATION AND TRANSFORMATION

With the increasing digital transformation and with the trend for more often and more sophisticated cyberattacks, to the Automotive Industry companies, the risks of stopping operations have significantly increased, so in order to prevent and mitigate this risk, COINDU is doing a strong investment on its IT infrastructure to ensure the Business continuity through:

- Business continuity plan in place to ensure an effective response to identified risks and potential threats that threaten the activity, guaranteeing the continuity of services.
- Implementation of a contingency plan for security system.
- Nomination of a CISO to administrate the information security system.
- Development and Implementation of Security Policies.
- Periodic internal audits to Information Security System (Self-assessment).
- Implementation of TISAX certification according to VDA-ISA.

NEW PRODUCT DEVELOPMENT

In the long run, COINDU Group has lessened its quantifiable environmental impact in relation to company expansion. By forming alliances with research labs to create methods for recycling used textile

and leather, more value has been produced in relation to the related environmental effects. The goal is to develop novel, environmentally friendly products that have the ability to be circular.

- Develop new product cycle from cutting scrap (leather, PVC / fabrics / foams)

ECONOMIC OBJECTIVES

E1. LONG-TERM STABILITY

E1.1 - COINDU will increase its financial independence and establish a long-term stability of all critical financing tool. COINDU will reach best-in-class debt-to-equity ratios.

E2. GLOBAL FOOTPRINT AND GROWTH STRATEGY

E2.1 - COINDU will reach best-in-class debt-to-equity ratios.

E2.2 - COINDU will grow along the current sectors of activity and ensure a continuous improvement of the performance indicators on all existing sites privileging the growth and strengthening of those sites against short-termism labour low-cost following.

E2.4 – COINDU will add new brands and commodities to the portfolio.

SOCIAL STRATEGIC INITIATIVE

SOCIAL RESPONSIBILITY WITH EMPLOYEES AND LOCAL COMMUNITIES

At COINDU we believe that our success is intertwined with the well-being of our employees and the communities in which we operate. As a responsible corporate citizen, we have undertaken various initiatives to fulfil our social responsibility towards our employees and local

communities. In this section of our sustainability report, we outline our efforts to create a positive impact and contribute towards building sustainable communities. Here are some of the actions we have taken:

- Ensuring fair working conditions and providing a safe and healthy work environment for our employees
- Providing resources and support for the physical and mental well-being of our employees
- Promoting diversity, equity, and inclusion in our workplace
- Supporting local communities through philanthropic activities and partnerships with local organizations
- Minimizing our environmental impact and promoting sustainability in the communities where we operate

PROMOTING DIVERSITY, EQUITY, AND INCLUSION IN OUR WORKPLACE

We are committed to creating a workplace where every employee feels valued, respected, and supported, regardless of their race, ethnicity, gender, age, sexual orientation, or any other factor. Here are some of the actions we have taken:

- Promoting a diverse and inclusive workplace.
- Training for our employees and managers to promote awareness and understanding of different perspectives and experiences.
- Recruiting and retaining a diverse workforce by implementing unbiased recruitment and retention practices

SOCIAL OBJECTIVES

S1. ETHICS CODES IMPLEMENTATION

S1.1 - Code of conduct sourcing & supply chain fully implemented supported by a specific software application.

S1.2 – Reinforce the implementation of code of ethics and social responsibility.

S1.3 – Reinforce employee development and recognition.

S1.4 – Social responsibility programs with employees and local communities

S1.5 – Social Accountability 8000:2014 certification for Portugal, México, and Romania Plants

S1.6 – Maintain ISO 45001 certifications for Portugal, México, and Romania Plants

S1.7 – Zero ethics violation events

S1.8 – Zero accidents rate

ENVIRONMENTAL STRATEGIC INITIATIVE

CO2 FOOTPRINT REDUCTION

Climate change has been identified as one of the greatest challenges facing nations, governments, business, and citizens over future decades that has implications for both human and natural systems leading to significant changes in resource use, production, and economic activity. In response, Coindu developed initiatives to quantify, monitor, report and remove its greenhouse gas emissions (GHG), defining and reporting a Decarbonization Plan within the framework of ISO 14064.

STRATEGY FOR CARBON NEUTRALITY BY 2050

Target 1 – by 2050: 80% reduction in Scope 1 emissions

Target 2 – by 2030: 80% reduction in Scope 2 emissions

Target 3 – by 2050: 90% reduction in Scope 1 + Scope 2 emissions

The reduction of the remaining percentage will be compensated with PPA's (Power Purchase Agreements).

This goal can be achieved by systematically reducing and removing GHG emissions internally on the facilities infrastructure and within the entire supply chain.

Measures to reduce Carbon Footprint:

- Consuming 100% green energy.
- Implementing solar panels.
- Electrifying the vehicle fleet.
- Implementing new technologies more energy efficient.
- Replacing existing equipment's by others more energy-efficient technologies.
- Sensitizing employees to use more sustainable transports.
- Implementing sustainable circularity on waste management,

ENVIRONMENT OBJECTIVES

EN1. SUSTAINABLE ENERGY

EN1.1 – ISO 50001:2018 – Energy Management System certification in all plants

EN1.2 – Reduction on energy consumption by part produced.

EN1.3 – Reduction on total CO₂ emissions by part produced.

EN1.4 – 90% CO₂ Footprint reduction by 2050

EN2. WASTE REDUCTION

EN2.1 – Reduce waste by part produced.

EN2.2 – Integration of a % of recycled or bio based materials on parts produced



12. ABOUT THIS REPORT



11. About this report

GRI 2-3

This is, with a sense of pride and accomplishment, the first Sustainability Report prepared and presented by COINDU to its stakeholders.

COINDU Sustainability Report reflects the material topics resulting from experience, internal reflection, and the major and most recent reference standards for the communication of environmental, social and governance (ESG) performance related topics.

Where possible and appropriate, information from previous years related to the main indicators from each material topic or other relevant information is included to allow an analysis of their evolution.

This report was prepared in accordance with the Global Reporting Initiative (GRI) standards, in its up-to-date editions, and covers the activities developed by COINDU January 1st to December 31st, 2023.

COINDU plans to prepare its Sustainability Report annually.

The Global Reporting Initiative (GRI) is a global organization that provides guidelines and standards for sustainability reporting. The GRI's guidelines and standards are used by companies, governments, and other organizations around the world to report on their environmental, social, and governance (ESG) performance.

The GRI's guidelines are designed to be flexible and allow organizations to report on the ESG issues that are most relevant to their operations and stakeholders. The GRI's guidelines include a range of topics.

The GRI's guidelines are widely used and recognized as a leading standard for sustainability reporting. Many companies, including those

in the automotive industry, use the GRI's guidelines to report on their sustainability performance. By reporting on their ESG performance using the GRI's guidelines, companies can demonstrate their commitment to sustainability and provide transparency to stakeholders.

Cautionary statement

The information in the COINDU Sustainability Report is shared based on the best available data at publication. In some cases, data is estimated. COINDU cautions that our statements with respect to current and future potential implications of business development, corporate social responsibility and sustainability topics are subject to numerous important risks, uncertainties, assumptions, and other factors, some of which are beyond COINDU control, which could cause COINDU actual results and business implications to differ materially from those expressed or implied by the information in this report.

The development of the business for the COINDU Group is fairly assessed with the Group Management Report. Specific aspects of the consolidating entity are considered in the Group Management Report. Both individual accounts for COINDU S.A. and the Group consolidated accounts are prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("IFRS").

While COINDU believes that its assumptions, expectations, and projections are reasonable in view of the currently available information,

you are cautioned not to place undue dependence on forward-looking statements. They are subject to future events, risks, and uncertainties — many of which are beyond COINDU control - as well as potentially inaccurate assumptions that could cause actual results to differ materially from expectations and projections. The forward-looking statements included in this report are made only as of the date of this report, unless otherwise specified, and, except as required by law, COINDU assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this report.

Opinion and contacts

At COINDU we value opinion and contributions of our stakeholders. Questions or suggestions related to the Sustainability Report, as well as other clarifications on sustainability, can be addressed to Isabel Soares - Quality, Environment, Energy and Information Security Management System & Sustainability/Corporate Manager (Isabel.Soares@coindu.com).

Verification of information

The information contained in the report was verified by Bureau Veritas, which prepared an independent limited assurance report on non-financial sustainability information, based on national and international guidelines and specific contracting requirements, which can be consulted at the end of this report.

GRI 2-5

Acknowledgment

COINDU thanks all employees and partners on the journey with COINDU towards sustainability.

Special thanks to everyone directly involved in the preparation, validation and availability of this first COINDU Sustainability Report.

DRIVE IN TOGETHER!

Sustainability Report Datasheet

Title: COINDU Sustainability Report 2023 – Drive in together

Property: COINDU, S.A.

Consultants: EnviEstudos, S.A.

Design: Plenimagem - Design e Comunicação.

Publishing date: July 12th, 2024

Website: <https://coindu.com/>

Contacts:

Isabel Soares

Quality, Environment, Energy and Information Security Management
System & Sustainability/Corporate Manager

Isabel.Soares@coindu.com



13. ANNEXES



GRI Content Index Table

| Standard | Title | Year | Disclosure number | Title | Response | Data gaps/Omissions |
|--------------|---------------------|------|-------------------|--|---|---------------------|
| GRI 2 | General Disclosures | 2021 | 2-1 | Organizational details | COINDU Group – Driving the world | |
| | | | 2-2 | Entities included in the organization's sustainability reporting | COINDU Group – Driving the world | |
| | | | 2-3 | Reporting period, frequency and contact point | About this report | |
| | | | 2-4 | Restatements of information | Not applicable | |
| | | | 2-5 | External assurance | Verification of information | |
| | | | 2-6 | Activities, value chain and other business relationships | Processes Committees, policies and management practices | |
| | | | 2-7 | Employees | Employees and Other Workers | |
| | | | 2-8 | Workers who are not employees | Employees and Other Workers | |
| | | | 2-9 | Governance structure and composition | Governance structure and responsibilities related to sustainability | |
| | | | 2-10 | Nomination and selection of the highest governance body | Governance structure and responsibilities related to sustainability | |
| | | | 2-11 | Chair of the highest governance body | Governance structure and responsibilities related to sustainability | |

GRI CONTENT INDEX

REPORTING INDICATORS ACCORDING TO THE GLOBAL REPORTING INITIATIVE STANDARDS

Statement of Use: COINDU reports in accordance with the GRI Standards for the period between January 1, 2023, and December 31, 2023**Version:** GRI 1: Foundation (2021)
GRI 3: Material Topics (2021)

| Standard | Title | Year | Disclosure number | Title | Response | Data gaps/Omissions |
|--------------|---------------------|------|-------------------|---|---|---------------------|
| GRI 2 | General Disclosures | 2021 | 2-12 | Role of the highest governance body in overseeing the management of impacts | Governance structure and responsibilities related to sustainability | |
| | | | 2-13 | Delegation of responsibility for managing impacts | Governance structure and responsibilities related to sustainability | |
| | | | 2-14 | Role of the highest governance body in sustainability reporting | Governance structure and responsibilities related to sustainability | |
| | | | 2-15 | Conflicts of interest | Committees, policies and management practices | |
| | | | 2-16 | Communication of critical concerns | Employees and Other Workers | |
| | | | 2-17 | Collective knowledge of the highest governance body | Governance structure and responsibilities related to sustainability | |
| | | | 2-18 | Evaluation of the performance of the highest governance body | Governance structure and responsibilities related to sustainability | |
| | | | 2-19 | Remuneration policies | Governance structure and responsibilities related to sustainability | |
| | | | 2-20 | Process to determine remuneration | Governance structure and responsibilities related to sustainability | |



GRI Content Index Table

| Standard | Title | Year | Disclosure number | Title | Response | Data gaps/Omissions |
|--------------|---------------------|------|-------------------|--|--|---------------------|
| GRI 2 | General Disclosures | 2021 | 2-21 | Annual total compensation ratio | Governance structure and responsibilities related to sustainability | |
| | | | 2-22 | Statement on sustainable development strategy | Sustainability Strategy 2020-2025 | |
| | | | 2-23 | Policy commitments | COINDU Group Policy Sustainability Strategy 2020-2025 Committees, policies and management practices | |
| | | | 2-24 | Embedding policy commitments | COINDU Group Policy Sustainability Strategy 2020-2025 Committees, policies and management practices | |
| | | | 2-25 | Processes to remediate negative impacts | Committees, policies and management practices | |
| | | | 2-26 | Mechanisms for seeking advice and raising concerns | Committees, policies and management practices | |
| | | | 2-27 | Compliance with laws and regulations | Committees, policies and management practices | |
| | | | 2-28 | Membership associations | Relationship with stakeholders | |
| | | | 2-29 | Approach to stakeholder engagement | Relationship with stakeholders | |
| | | | 2-30 | Collective bargaining agreements | Employees and Other Workers | |

| Standard | Title | Year | Disclosure number | Title | Response | Data gaps/Omissions |
|---------------------------|----------------------|------|-------------------|--|--|---------------------|
| Economic Dimension | | | | | | |
| GRI 201 | Economic Performance | 2016 | 201-1 | Direct economic value generated and distributed | <p>Direct economic value generated and distributed</p> <p>Revenues includes: Sales & Service provided Operating subsidies Variation in production inventories Work for the entity itself</p> <p>Operating costs includes: Cost of goods sold, and materials consumed External supplies and services</p> <p>Employee wages and benefits includes: Personnel expenses</p> <p>Payments to providers of capital includes: Interest and similar expenses</p> <p>Payments to government includes: Current income tax for the year</p> <p>All the detailed information on Economic Performance can be found in the 2023 Coindu Group Consolidated Financial Statements and Management Report that are publicly available according to local regulations.</p> | |
| | | | 201-2 | Financial implications and other risks and opportunities due to climate change | <p>Financial implications and other risks and opportunities due to climate change</p> <p>All the detailed information on Economic Performance can be found in the 2023 Coindu Group Consolidated Financial Statements and Management Report that are publicly available according to local regulations.</p> | |



GRI Content Index Table

| Standard | Title | Year | Disclosure number | Title | Response | Data gaps/Omissions |
|----------------|----------------------|------|-------------------|--|---|---------------------|
| GRI 201 | Economic Performance | 2016 | 201-3 | Defined benefit plan obligations and other retirement plans | Defined benefit plan obligations and other retirement plans All the detailed information on Economic Performance can be found in the 2023 Coindu Group Consolidated Financial Statements and Management Report that are publicly available according to local regulations. | |
| | | | 201-4 | Financial assistance received from government | Financial assistance received from government All the detailed information on Economic Performance can be found in the 2023 Coindu Group Consolidated Financial Statements and Management Report that are publicly available according to local regulations. | |
| GRI 207 | Tax | 2019 | 207-1 | Approach to tax | Tax | |
| | | | 207-2 | Tax governance, control, and risk management | All the detailed information on Tax can be found in the 2023 Coindu Group Consolidated Financial Statements and Management Report that are publicly available according to local regulations. | |
| | | | 207-3 | Stakeholder engagement and management of concerns related to tax | All the detailed information on Tax can be found in the 2023 Coindu Group Consolidated Financial Statements and Management Report that are publicly available according to local regulations. | |
| | | | 207-4 | Country-by-country reporting | Country-by-country reporting All the detailed information on Tax can be found in the 2023 Coindu Group Consolidated Financial Statements and Management Report that are publicly available according to local regulations. | |

| Standard | Title | Year | Disclosure number | Title | Response | Data gaps/Omissions |
|--------------------------------|-----------|------|-------------------|--|--|---|
| Environmental Dimension | | | | | | |
| GRI 302 | Energy | 2016 | 302-1 | Energy consumption within the organization | Energy consumption within the organization | - |
| | | | 302-2 | Energy consumption outside of the organization | Energy consumption outside of the organization | <p>Although there are sources of energy consumption outside the installation that may be relevant, there is no reliable data that allows consumption data to be presented, or its estimate is considered to have reasonable uncertainty.</p> <p>However, part of the scope 3 categories calculated in the carbon footprint makes it possible to assess the relevance of some of these sources (e.g. employee commuting, other fuel and energy-related activities, etc.).</p> <p>COINDU aims in the future to include energy consumption information, even if estimated, from consumption sources outside the organization that are considered relevant.</p> |
| | | | 302-3 | Energy intensity | Energy intensity | - |
| | | | 302-4 | Reduction of energy consumption | Reduction of energy consumption | - |
| | | | 302-5 | Reductions in energy requirements of products and services | Reductions in energy requirements of products and services | The product produced by COINDU is not energy consuming. COINDU monitors energy indicators, such as the one presented in "Energy intensity" above (kWh/car set), which allows to monitor reductions in energy consumption in the production process. |
| GRI 305 | Emissions | 2016 | 305-1 | Direct (Scope 1) GHG emissions | Direct (Scope 1) GHG emissions | - |



| Standard | Title | Year | Disclosure number | Title | Response | Data gaps/Omissions |
|----------------|--------------------------------|------|-------------------------|---|---|---|
| GRI 305 | Emissions | 2016 | 305-2 | Energy indirect (Scope 2) GHG emissions | Energy indirect (Scope 2) GHG emissions | - |
| | | | 305-3 | Other indirect (Scope 3) GHG emissions | Other indirect (Scope 3) GHG emissions | - |
| | | | 305-4 | GHG emissions intensity | GHG emissions intensity | - |
| | | | 305-5 | Reduction of GHG emissions | Reduction of GHG emissions | - |
| | | | 305-6 | Emissions of ozone-depleting substances (ODS) | Emissions of ozone-depleting substances (ODS) | COINDU does not emit significant amounts of ODS, NOx, SOx or other atmospheric pollutants other than those calculated within the scope of its carbon footprint and already presented above. |
| | | | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | The activity requires mostly electrical energy. Other sources, which can generate emissions of atmospheric pollutants, are limited to vehicles and stationary combustion sources such as natural gas boilers, propane gas laboratory chambers, generators emergency, firefighting pumps and stoves for cooking. |
| | | | Social Dimension | | | |
| GRI 403 | Occupational Health and Safety | 2018 | 403-1 | Occupational health and safety management system | Occupational health and safety management system | |
| | | | 403-2 | Hazard identification, risk assessment, and incident investigation | Hazard identification, risk assessment, and incident investigation | |
| | | | 403-3 | Occupational health services | Occupational health services | |

| Standard | Title | Year | Disclosure number | Title | Response | Data gaps/Omissions |
|----------------|--------------------------------|------|-------------------|---|---|---------------------|
| | | | 403-4 | Worker participation, consultation, and communication on occupational health and safety | Worker participation, consultation, and communication on occupational health and safety | |
| GRI 403 | Occupational Health and Safety | 2018 | 403-5 | Worker training on occupational health and safety | Worker training on occupational health and safety | |
| | | | 403-6 | Promotion of worker health | Promotion of worker health | |
| | | | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | |
| | | | 403-8 | Workers covered by an occupational health and safety management system | Workers covered by an occupational health and safety management system | |
| | | | 403-9 | Work-related injuries | Work-related injuries | |
| | | | 403-10 | Work-related ill health | Work-related ill health | |
| GRI 404 | Training and Education | 2016 | 404-1 | Average hours of training per year per employee | Average hours of training per year per employee | |
| | | | 404-2 | Programs for upgrading employee skills and transition assistance programs | Programs for upgrading employee skills and transition assistance programs | |
| | | | 404-3 | Percentage of employees receiving regular performance and career development reviews | Percentage of employees receiving regular performance and career development reviews | |

Independent Auditor's Report



To the Board of Directors of

Coindu - Componentes para a Indústria Automóvel S.A.

Independent limited assurance report on the sustainability information included in the 2023 Sustainability Report of Coindu - Componentes para a Indústria Automóvel S.A.

Introduction

We were designated by Coindu - Componentes para a Indústria Automóvel S.A. (Coindu) to carry out an independent verification, with limited assurance, of the information contained in *Coindu's Sustainability Report (2023)*, in accordance with the *Global Reporting Initiative Standards (Standards 2021)*.

Responsibilities

Coindu's Board of Directors is responsible for preparing and disseminating the information contained in the Environmental Performance Report, as well as defining the evaluation criteria and monitoring the systems that support the results obtained. By reference to the agreed terms, our responsibility is to draw up a compliance opinion resulting from independent verification.

Scope

Our work was planned and carried out in accordance with the International Standard on Assurance Engagements (*ISAE 3000 - 2019*) issued by the *International Auditing and Assurance Standards Board*, taking into account the *AA1000APS Accountability Principles Standard 2008* and the guidelines of the *Global Reporting Initiative (GRI Standards)*, in order to obtain a limited level of assurance.

In order to obtain a sufficient and adequate understanding of the subjects under analysis (reporting of non-financial information on the environment, society and governance for the period 2023), we plan and apply procedures and techniques, in a sample analysis, for a limited assurance work based on:

- ✓ Interviews with those responsible at Coindu for collecting and processing information for the Sustainability Report, in order to understand the methodologies for organising non-financial information and the matters included in the report;
- ✓ Verification of the existence of internal records leading to the implementation of social responsibility policies;
- ✓ Review of the results obtained with regard to the materiality topics, taking into account the records using the information sources;
- ✓ Assessment of the level of adherence to the principles of inclusion, relevance and responsiveness;
- ✓ Assessment of the level of compliance regarding stakeholder involvement and the relevance of material topics according to the GRI Standards;
- ✓ Confirmation that sufficient data exists to meet GRI Standards requirements.

We apply the International Quality Control Standard ISQM 1 and consequently maintain a comprehensive quality control system that includes documented policies and procedures on compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on the work carried out, nothing has come to our attention that leads us to believe that the systems, processes and procedures for gathering and processing the information included in the 2023 Environmental Performance Report of Coindu, as well as the reporting of information, have not

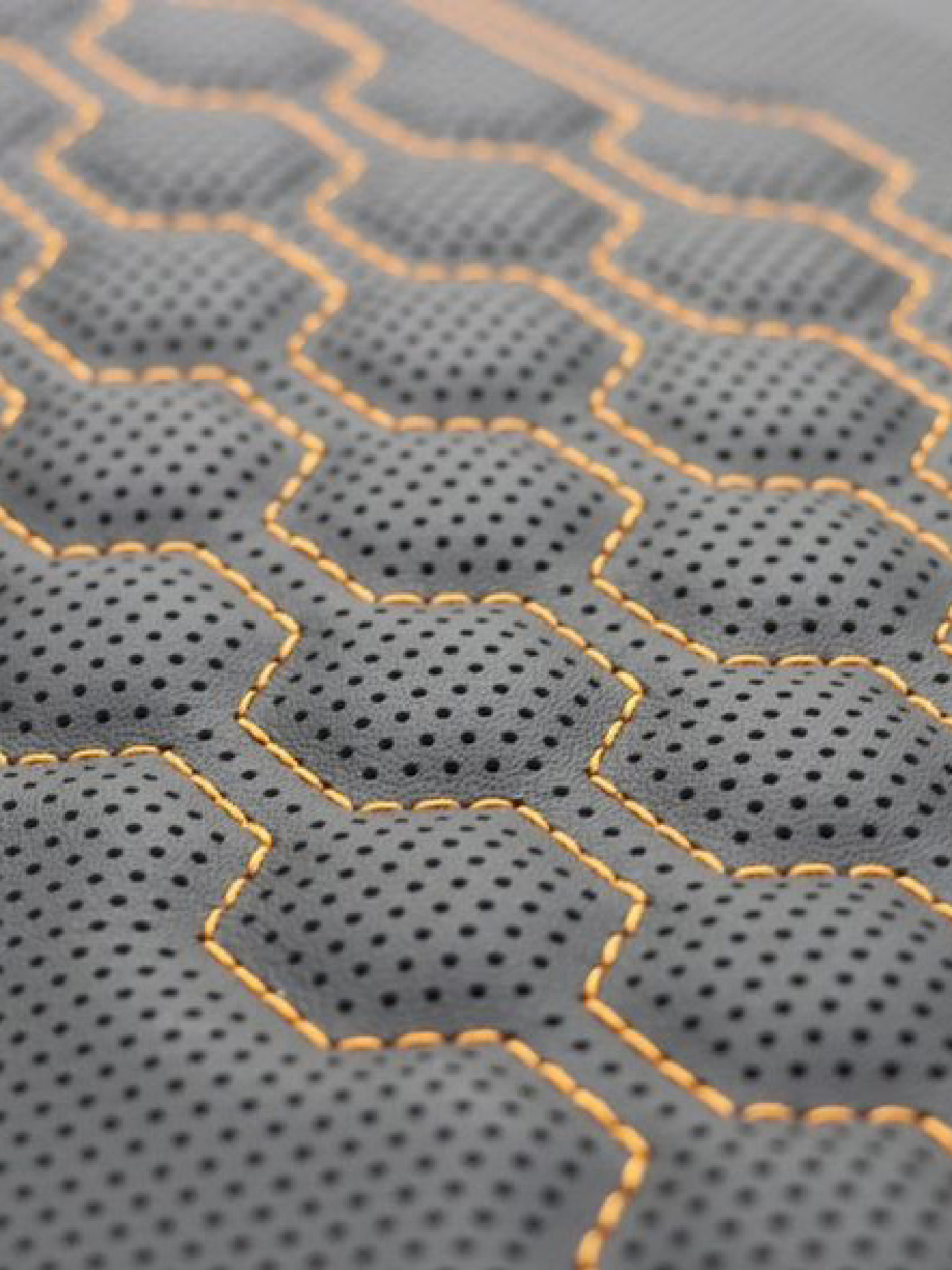
been elaborated with compliance in an appropriate and consistent manne and does not comply with the Global Reporting Initiative Guidelines.

Lisbon, August 6, 2024

Bureau Veritas Rinave - Sociedade Unipessoal Lda

CRISTINA RIBEIRO CARDOSO
Digitally signed by
CRISTINA RIBEIRO
CARDOSO
Date: 2024.08.06
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Cristina Ribeiro





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