

ENVIRONMENTAL POLICY

THK RHYTHM AUTOMOTIVE





1. PURPOSE AND SCOPE

THK RHYTHM AUTOMOTIVE actively promotes sustainability principles both upstream and downstream of its operations. We communicate our climate strategy and decarbonization commitments to customers as part of our long-term value proposition. Toward suppliers, we advocate for responsible practices through the deployment of an ESG supplier portal and enforcement of our Suppliers Code of Conduct, which outlines expectations on environmental, social, and governance performance.

THK RHYTHM AUTOMOTIVE, encompassing operations in Czechia and Germany, is committed to minimizing its environmental impacts across all activities. This policy formalizes our approach to climate action, energy management, pollution prevention, biodiversity, water conservation, materials and waste, and responsible supply chains. It aligns with ISO 14001, EMAS, ISO 50001 and IATF16949 certifications and supports stakeholder expectations, including EcoVadis assessments.

2. CLIMATE AND ENERGY POLICY

We aim to reduce greenhouse gas (GHG) emissions across our operations in line with THK Group targets. Our strategy includes:

- Energy efficiency improvements monitored through ISO 50001 practices.
- Monthly tracking of electricity (kWh/menhour), heating (GJ/degree day), and compressed air (m³/unit).
- Continuous increasing the share of renewable energy.
- Annual development of a decarbonization roadmap and investment plan for both the Czech and German sites. These plans are formally approved by executive management.
- Decarbonization activities go beyond Scope 1 and 2 and actively address Scope 3 emissions in the supply chain.



2. CLIMATE AND ENERGY POLICY

Company Decarbonization Targets:

Scope 1+2:

- 50% reduction by 2030
- 70% reduction by 2035
- 80% reduction by 2040

Scope 3 (Value Chain):

- 10% reduction by 2030
- 20% reduction by 2035
- 30% reduction by 2040

*Base year: 2024



2. CLIMATE AND ENERGY POLICY

GHG (Greenhouse Gas) Regular Data Collection and Monitoring THK RHYTHM AUTOMOTIVE uses a dedicated carbon accounting tool to monitor and calculate emissions across Scope 1, 2, and 3. This tool automatically calculates emissions based on activity data and recognized emission factors in accordance with the Greenhouse Gas Protocol (GHG Protocol) standard. It covers the following greenhouse gases:

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF₆)

The system enables accurate, real-time performance tracking and reporting aligned with both internal and external expectations (e.g. EcoVadis, regulatory, and corporate).



2. CLIMATE AND ENERGY POLICY

Energy Consumption Management Energy use is one of the most significant environmental aspects of our operations. In line with ISO 50001 and best industry practice, THK RHYTHM AUTOMOTIVE manages energy through:

- Ongoing monitoring of consumption by production unit (kWh/month), compressed air use (m³/unit), and heating intensity (GJ/°day).
- Monthly analysis of planned vs actual energy performance data and comparison against HSE KPIs.
- Investments in energy-efficient technologies such as: HVAC upgrades, LED lighting, Investment in electricity meters, improved insulation, and compressed air systems, utilization of waste heat etc.
- Scheduled solar energy implementation (planned for 2026 in CZ) and continuous evaluation of renewable energy sourcing.
- Internal audits and management reviews to ensure continuous improvement.



2. CLIMATE AND ENERGY POLICY

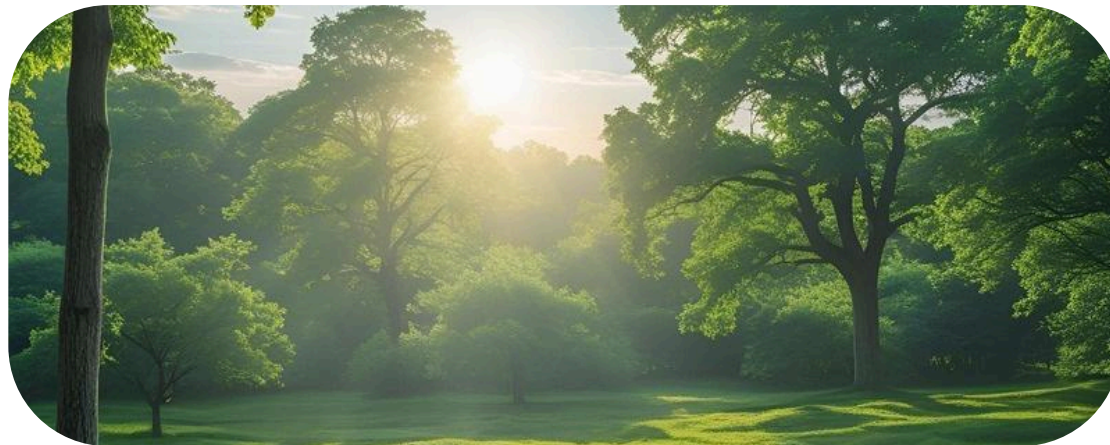
KPIs (Energy):

- Electricity usage: Actual vs plan (kWh/month)
- Compressed air use: Actual vs plan (m³/unit)
- Heating demand: GJ/°day normalized for temperature
- % renewable electricity in total energy mix

Our approach ensures energy efficiency is embedded in operational decisions, capital planning, and employee awareness programs.



3. POLLUTION PREVENTION AND AIR QUALITY



THK RHYTHM AUTOMOTIVE has implemented an Environmental Management System (EMS) aligned with ISO 14001 and EMAS to monitor and control pollution across its operations. The EMS is supported by regular internal and third-party audits.

Although our facilities are not significant emitters of pollution into the surrounding environment, we actively monitor air quality and conduct regular inspections of production technologies to minimize emissions of particulates, noise, and odor. Special attention is paid to pollutants such as NO_x and SO_x. Systems are in place to prevent and manage hazardous material incidents. Regular training for employees via HSE training is in place.

Hazardous Materials Management and Reduction. We follow the parent company's standards for hazardous substances and chemicals, as outlined in the Management and Reduction of Chemical Substances Policy. Measures include:

- Management of chemicals and substances through safe storage, handling, and labeling.
- Clear tracking of substances under regulatory schemes (e.g. REACH).
- Engagement with suppliers to minimize the presence of harmful materials in the supply chain.
- Target: manage toward zero use of harmful substances.



4. WATER STEWARDSHIP

Water is a critical resource in our processes, and we strive to use it efficiently and responsibly. Via our EMS (ISO 14001, EMAS) we regularly measure our consumption and seeking improvements to reduce overall consumption. Further:

- We regularly monitor water consumption.
- We aim to reduce the consumption of potable water per production unit.
- Where possible, we substitute potable water with non-potable or utility water.
- We explore rainwater capture, greywater reuse, and internal recycling loops.
- Wastewater is monitored regularly and discharged only after treatment or validation through licensed providers.
- Water emissions are reviewed during regular EMS audits.

5. MATERIALS AND WASTE MANAGEMENT

Materials are managed in line with circular economy principles and ISO 14001 and EMAS:

- Design for sustainability and longer lifespan is integrated via internal "Sustainability by Design" guidelines.
- We strive to reduce material intensity while maintaining top safety standards.
- Focus areas include reuse of materials, recovery of waste streams, and use of recyclable components.
- Waste is tracked monthly across various waste streams and benchmarked against HSE plan.
- We collaborate closely with certified waste management partners to monitor post-use treatment and disposal. We aim for a zero-to landfill waste target.
- We follow EU Directive on end-of-life vehicles targets and best practices in product phase-out.
- We aim for minimizing packaging material where feasible and use recyclable materials where applicable.
- We regularly monitor our waste streams and seeking the best efficiency to avoid and decrease the waste we produce.



6. BIODIVERSITY PROTECTION



While our manufacturing activities have limited direct impact on biodiversity and biodiversity is not scaled as our material topic (based on impact, risks and opportunities), we assess and mitigate potential risks. Our EMS includes biodiversity considerations as part of site-level environmental assessments.

We acknowledge the impact we have through our supply chain and materials purchase. We will use respective tools to assess our suppliers against ESG criteria, biodiversity impact incl. Where applicable, we align our sourcing with EUDR (EU Deforestation Regulation).



We engage suppliers on environmental responsibility:

- Implementation and use of NQC supplier portal to evaluate ESG criteria and collect ESG information.
- Require/recommend supplier compliance with environmental standards (e.g. ISO 14001, EMAS, GHG data).
- Conduct risk-based due diligence for EUDR and broader ESG compliance.
- Promote supplier adoption of circularity and harmful substance phase-out.
- Promote supplier social responsibility and strong commitment to human rights.

7. SUSTAINABLE SUPPLY CHAIN

8. EMPLOYEE TRAINING AND ENGAGEMENT



All employees are trained regularly to ensure environmental responsibility.

Our program includes:

- Regular environmental awareness and skills training.
- Job-specific instruction on energy, water, and waste management.
- Health, Safety, and Environment (HSE) training.
- Emergency preparedness and spill response drills.

9. MONITORING, REPORTING AND IMPROVEMENT

- Environmental KPIs are monitored monthly and reviewed quarterly.
- Performance is reported to THK Group and supports further ESG credentials (EcoVadis etc.).
- Annual review of this policy and its effectiveness ensures relevance and continuous improvement.



10. GOVERNANCE

- Portfolio Director in collaboration with the entire management team, including the ESG team are responsible for policy implementation.
- This policy is approved by senior management and aligned with THK Group's sustainability strategy and material topics.

Approved by:

Hauke Baumann - EU Portfolio Director

Date:

August 2025

