

ESG STRATEGY

THK RHYTHM AUTOMOTIVE EUROPE



OUR ESG STRATEGY

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.

ESG strategy aligns with THK global vision and sustainability priorities.

Covers all three pillars – Environment, Social, Governance – with measurable goals.

Governance supported by Environmental Policy, CSR Policy, and Supplier Code of Conduct.

ESG Material Topics & Stakeholder Expectations:

- Key priorities identified through stakeholder feedback, customer questionnaires, NQC portal and EcoVadis etc.
- Focus areas: decarbonization, health & safety, ethical supply chain, compliance.
- Customer audits show rising expectations around carbon footprint and human rights.

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European Portfolio Director



PRIORITY ESG TOPICS

TOPICS

CLIMATE & DECARBONIZATION

CLEAN & COMPLIANT PRODUCTION

WATER

BIODIVERSITY

CIRCULAR ECONOMY

SOCIAL

ESG GOVERNANCE



ACTIONS

**COMPANY DECARBONIZATION
PRODUCT DECARBONIZATION**

POLLUTION PREVENTION AND CONTROL

DECREASE OF DRINKABLE WATER CONSUMPTION

SUPPLIER'S MANAGEMENT

**SUSTAINABILITY BY DESIGN
WASTE MANAGEMENT AND REDUCTION**

CORPORATE SOCIAL RESPONSIBILITY

**RESPONSIBLE SUPPLY CHAIN, BUSINESS ETHICS,
ESG DATA MANAGEMENT & REPORTING,
ESG CREDENTIALS**

ENVIRONMENT



CLIMATE & DECARBONIZATION



Company decarbonization targets:

SCOPE 1+2

- Scope 1+2 decrease by 50 % by 2030
- Scope 1+2 decrease by 70 % by 2035
- Scope 1+2 decrease by 80 % by 2040

SCOPE 3 = value chain

- Scope 3 decrease by 10 % by 2030
- Scope 3 decrease by 20 % by 2035
- Scope 3 decrease by 30 % by 2040

Conservative scenario based on passive decarbonization in the supply chain

Yearly investment plan and automated GHG tool (GreenOmeter) aligned with GHG Protocol.

*Base year 2024

Product decarbonization targets:

THK at early stage.

Objective Key results now:

- Product-level CO₂ footprint mapping (PCF) in progress for key product lines.
- Integration with GreenOmeter tool and engineering teams.
- Design for low-impact materials and energy intensity reduction following internal Sustainability by design principles.
- Product decarbonization plan to be created together with designer
- Governance via Environmental Policy

CLEAN & COMPLIANT PRODUCTION

PRIORITIES:

- Hazardous substances management (certificates of non-use by 2026)
- ISO14001 certification maintenance
- Continuous audits for air emissions (e.g. NOx, SOx), waste water, and waste
- Part of ESG questionnaire for our suppliers
- Part of our Supplier's Code of Conduct
- Governance via Environmental Policy



WATER



PRIORITIES:

- Decrease drinkable water consumption
- Evaluating reuse/rainwater harvesting options
- Decrease cooling via drinkable water feasibility check
- Waste water: regularly monitored and audited
- ISO 14001 certification maintenance
- Governance via Environmental Policy

BIODIVERSITY

PRIORITIES:

- Supply chain risk mapping for deforestation (EUDR)
- Promoting sustainable sourcing and low-impact logistics
- Supply chain management via
 - NQC Portal
 - Suppliers Code of Conduct
- Governance via Supplier Code of Conduct



CIRCULAR ECONOMY

PRIORITIES:

- Sustainability by design principles (SbDP): products are designed to be more sustainable and for longer lifespan
- ISO 14001 certification maintenance
- Waste management optimization and waste reduction
- Hazardous materials reduction
- Governance via:
 - Environmental Policy
 - Suppliers Code of Conducts



SOCIAL



OUR PEOPLE

Employee Health & Wellbeing



- Certified as “Safe Company” and “Health-Supportive Company” – with ongoing maintenance of these recognitions.
- Programs include physiotherapy, mental health support, running and cycling groups, and preventive care.
- Ergonomics, workplace nutrition, and work-life balance are continuously monitored.
- Sustainability training included under HSE and emergency preparedness programs.

Goal:

Regular HSE training for 100 % staff

OUR PEOPLE

People & Personal Growth

- We create a safe, inclusive, and learning-oriented workplace.
- TWI-based internal training programs and employee development plans in place.
- Annual MRR (Management Resource Review) process ensures internal succession planning.

Goals:

2028 Goal: 100 % production operators trained via TWI method

2026 Goal: Successors identified for all key positions through MRR



OUR PEOPLE

Diversity, Equity & Inclusion

- We actively prevent discrimination and harassment of all forms.
- Equal opportunities for all, regardless of gender, age, nationality, or disability.
- Inclusive hiring and internal communication practices implemented.

Goals:

2027 Goal: Publish Gender Pay Gap and initiate remediation plan

Ongoing: Monitor workplace diversity metrics and hiring equity



OUR PEOPLE



Employee Engagement & Dialogue

- Transparent communication supported via communication matrix and engagement tools.
- Annual satisfaction surveys (e.g. NPS), team feedback sessions.
- Whistleblowing mechanism and ethics hotline fully operational.

Goal:

2026 Goal: 50 %+ participation in employee satisfaction surveys

STAKEHOLDERS RELATIONS

PRIORITIES:

Community & Stakeholder Relations

- Active involvement in local community development:
 - Annual NGO grants
 - Educational scholarships and factory visits for students
 - Support for local events (e.g. Dačice cultural programs)
- Open exchange with other automotive companies:
 - Organizing site visits and roundtables to share good practices

Goal:

2026 Goal: Organize minimum two stakeholder dialogues or roundtables per year



GOVERNANCE



RESPONSIBLE SUPPLY CHAIN



We expect our suppliers to uphold high ethical and environmental standards:

- Mandatory compliance with our Supplier Code of Conduct
- Implementation of the NQC ESG assessment platform
- Promotion of health & safety, human rights, and ethical business in procurement

BUSINESS ETHICS

We are committed to ethical conduct across all aspects of our operations and value chain.

Key priorities:

- THK Code of Conduct: Sets clear expectations for ethical behavior, anti-corruption, conflict of interest, and respect for stakeholders.
- Training for All Employees
- Whistleblowing System
- Supplier Code of Conduct: Enforces expectations for ethical behavior, environmental compliance, human rights, and fair labor practices throughout our supply chain.

Governance: Code of Conduct, Supplier Code of conduct



ESG DATA MANAGEMENT & REPORTING

ESG data collection and management

We are committed to regular, transparent CSR and ESG reporting, including:

- Annual reporting under the Corporate Sustainability Reporting Directive (CSRD: VSME reporting standards by EFRAG)
- Automated reporting of carbon footprint and ESG topics via GreenOmeter tool
- Disclosure of key performance indicators related to ESG
- Alignment with SDGs and THK global material issues

Goal:

2026 Goal: Maximize publication of CSR achievements on our website and in reports



ESG CREDENTIALS



Maintenance of existing certifications:

- ISO 14001/ EMAS
- ISO 50001
- ISO 9001
- IATF 16949
- Safety Enterprise
- Health Promoting Enterprise

Improvement of ESG credentials:

- NQC portal - SAQ questionnaire
- EcoVadis (top areas: Environment, CSR, Supply Chain and Human Rights)

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