



Environmental, Social and Governance (ESG) Report

Published January 2026

Table of Contents

Introduction	4
Purpose and Scope.....	4
APAG’s ESG Policy.....	4
Business Model and Supply Chain Structure.....	5
Sustainable supply chain initiatives	6
Sustainable Development Goals (SDGs).....	9
Environmental Impact.....	10
Environmental Sustainability	10
Reporting on GHG Emissions.....	10
Environmental impact mitigation	18
Social Impact	19
Introduction	19
Governance	21
APAG Approach to Corporate Governance.....	21
Corporate Governance at APAG.....	21
Public policy.....	22
Regulatory compliance	22
Anti-corruption	22
Non-Financial Assurance	22
Certifications and standards	22
Appendix	24

Our Message

At APAG Cosyst Electronic Control Systems, we are steadfast in our commitment to sustainability and environmental stewardship. As a globally recognized leader in the design and manufacturing of electronic control units (ECUs) and LED lighting solutions for automotive and industrial applications, we recognize the imperative to minimize our environmental footprint and contribute to a greener future.

Our journey towards sustainability begins with our core values and corporate culture, which prioritize innovation, collaboration, and social responsibility. We understand that sustainability is not just a choice but a necessity for the well-being of future generations and the health of our planet. Therefore, we are dedicated to integrating Environmental, Social, and Governance (ESG) principles into every aspect of our operations.

To achieve our sustainability goals, we are committed to implementing environmentally responsible practices across our value chain. This includes sourcing raw materials from suppliers who share our commitment to sustainability, optimizing manufacturing processes to minimize waste and energy consumption, and exploring renewable energy sources to power our facilities. Additionally, we look forward to introducing the use of eco-friendly materials and technologies in our product design and development, ensuring that our solutions not only meet the highest standards of performance and reliability but also minimize their environmental impact throughout their lifecycle.

Furthermore, we recognize the importance of engaging with our stakeholders, including customers, employees, suppliers, and local communities, to drive collective action towards a greener future. Through transparent communication, stakeholder collaboration, and community engagement initiatives, we seek to foster a culture of sustainability and responsibility both within our organization and beyond.

Looking ahead, we are committed to continuous improvement and innovation in our sustainability efforts. We will explore new opportunities to further reduce our carbon footprint, enhance resource efficiency, and promote circular economy principles. By leveraging our expertise, technology, and global reach, we aspire to be at the forefront of sustainable innovation in the automotive and industrial sectors, leading the way towards a greener, more sustainable future for all.

Anand Kanoria

President Operations

About APAG

APAG CoSyst is an integral part of a diverse and established corporate family headquartered in India. As a family-controlled group driven by values, we prioritize quality, partnerships, and social responsibility across all our endeavors. Our interests span a wide spectrum, including environmentally responsible chemical manufacturing, renewable energy, textile production, marketing and representation of international industrial firms, and automotive concept lighting, comfort electronics, and electronic manufacturing services under the APAGCoSyst banner. With a global presence and over 5,000 dedicated team members worldwide, we are committed to serving our customers across various sectors while upholding our values. Our focus on social responsibility is evident through initiatives such as the Sambhava Foundation and the Sheela Kanoria Foundation, primarily targeting education, particularly for women, in India. Additionally, each company within our group contributes to philanthropic efforts, with APAG CoSyst directing its efforts towards the Canada, India, Czech Republic and Germany, where our business is growing again, demonstrating our commitment to making a positive impact in the communities we serve.



About this Report

This report presents disclosures regarding environmental, social, and governance (ESG) practices, procedures, policies, in the services of APAG.

APAG is headquartered in Zentrum Staldenbach 13, 8808 Pfäffikon, Switzerland. The information contained herein reflects decisions, actions, and quantitative data from 2022 cumulative to the 2024 year (January 1, 2022 – December 31, 2024).

Disclosure 2-1: APAG; URL: <https://www.apagcosyst.com/>

Disclosure 2-2: This ESG report covers APAG Cosyst's ESG Disclosures

Disclosure 2.3: This Report is issued for the year 2024, by Anand Kanoria; +420 466 009 800

Disclosure 2-4: There have been no restatements of information in this ESG report.

Disclosure 2-5: APAG has not engaged in external assurance for this ESG report. However, we are committed to providing transparent and accurate reporting of our ESG performance, and we are exploring the possibility of external assurance for future reports.

Introduction

Purpose and Scope

The purpose of APAG CoSyst Electronic Control Systems' ESG report is to provide stakeholders with a comprehensive overview of our commitment to sustainable business practices and responsible corporate citizenship. This report serves as a platform for transparency, accountability, and dialogue, reflecting our dedication to integrating ESG considerations into our decision-making processes and operations. Our objective with this approach is to promote trust and engagement with our stakeholders, including investors, customers, employees, suppliers, and communities. The scope of this ESG report covers a wide range of topics, including environmental stewardship, social responsibility, governance practices, and business ethics. Through this report, we aim to demonstrate our holistic approach to sustainability and showcase the positive impact of our initiatives on both business performance and society, ultimately striving to be a responsible corporate citizen, contributing to the well-being of present and future generations while creating value for all stakeholders.

APAG's ESG Policy

At APAG Cosyst Electronic Control Systems, we are committed to integrating Environmental, Social, and Governance (ESG) considerations into our business practices, recognizing the interconnectedness of these factors with sustainable long-term value creation. As such, we hereby establish our ESG Policy to guide our actions and decisions in alignment with our core values and corporate responsibility.

- We are dedicated to minimizing our environmental footprint through the implementation of sustainable practices across all aspects of our operations. This includes reducing energy consumption, minimizing emissions, optimizing resource usage, and promoting the development and adoption of eco-friendly technologies and solutions.
- We prioritize the well-being and development of our employees, fostering a safe, inclusive, and supportive work environment that respects diversity, promotes equality, and encourages personal and professional growth. Additionally, we are committed to actively engaging with and supporting the communities in which we operate through philanthropic initiatives, volunteerism, and partnerships that address local needs and contribute to social progress.
- We uphold the highest standards of corporate governance, integrity, and ethics, ensuring transparency, accountability, and fairness in all our dealings. Our governance practices promote board diversity, effective risk management, and compliance with regulatory requirements, safeguarding the interests of our stakeholders and upholding the trust placed in us.
- We are dedicated to continuous improvement in our ESG performance, regularly monitoring and measuring our impacts, setting ambitious targets, and implementing action plans to drive positive changes. We actively seek feedback

from stakeholders, benchmark our performance against industry standards and best practices, and strive for innovation and excellence in all areas of ESG management.

- We recognize the importance of transparent and open communication with our stakeholders, including investors, customers, suppliers, employees, regulators, and the wider community. We are committed to actively listening to their concerns, soliciting their input, and incorporating their feedback into our decision-making processes to ensure alignment with their expectations and priorities.
- We are committed to complying with all relevant laws, regulations, and international standards related to ESG issues, as well as to upholding the principles of integrity, honesty, and ethical behavior in all our business activities.

With these measures we aim to contribute positively to society, protect the environment, and enhance the well-being of our stakeholders while ensuring the continued success and resilience of our business.

Business Model and Supply Chain Structure

APAG's business model is centered around innovation, collaboration, and customer satisfaction. As a tier 1, 2 and 3 suppliers, we engage directly with original equipment manufacturers (OEMs) and complementary suppliers, facilitating seamless integration of our electronic control units (ECUs) and LED lighting solutions into their products. Our emphasis on customization and quality ensures that we meet the exacting standards of renowned automotive brands such as Audi, BMW, VW, Mercedes-Benz, Lucid, Rolls-Royce, Bentley, Jeep, and Cadillac. This customer-centric approach forms the cornerstone of our value proposition, where we combine cutting-edge technology, superior quality, and cost-effectiveness to address the evolving needs of our clientele.

In terms of supply chain structure, we prioritize strategic partnerships, efficient logistics, and sustainability. Our global presence, with development locations in Germany, Canada and India, allows us to tap into diverse talent pools and resources. Meanwhile, our production facility in the Czech Republic serves as a hub for manufacturing excellence, utilizing state-of-the-art processes and equipment focusing on front-end production.

Our back-end customized productions are located in our Canadian or Czech plants. Collaboration with suppliers who share our values and uphold stringent quality standards ensures the timely procurement of raw materials and components essential for our operations.

At the heart of our business lies our commitment to research and development (R&D) and innovation. Our specialized teams focus on ECUs, optics/lighting, and automation, continuously pushing the boundaries of technology to enhance product performance and sustainability. We remain agile and responsive to market trends and customer preferences, by investing in R&D and fostering a culture of creativity and collaboration,

Quality management is paramount in everything we do. From product design and development to manufacturing and distribution, we adhere to structured processes and rigorous testing protocols to ensure that each product meets the highest standards of performance, reliability, and safety. This unwavering commitment to quality has earned us the trust and confidence of our customers and partners alike.

Furthermore, sustainability is a core value embedded within our supply chain practices. We strive to minimize waste, reduce energy consumption, and promote circular economy principles, contributing to a more sustainable future for our industry and society. APAG prioritizes environmentally responsible practices and looks forward to creating value not only for its customers and stakeholders but also for the planet we call home.

Sustainable supply chain initiatives

At APAG Cosyst Electronic Control Systems, sustainability is our supply chain's cornerstone. We engage ethical suppliers, prioritize sustainable sourcing, optimize energy use, we prioritize recycling and reuse of waste, uphold labor standards, and reduce emissions. These initiatives ensure value creation while supporting and promoting a more sustainable future for all stakeholders.



Key Stakeholders





OUR COMPANY CREDO

The FIVE Cs



1. CONSIDERATION

- Understand other's perspectives and points of view
- Embrace diversity in thought, age, gender, ethnicity, or any other personal orientation
- Be honest and authentic
- Treat people as we would want to be treated
- Empower people



2. COMMITMENT

- Give our best
- Be reliable
- Be fully present and involved in meetings
- Make it happen and stay till it is done
- Provide a consistency of service to customers, suppliers and colleagues



3. CREATIVITY

- Think beyond our work about how we work, why, and about what we can improve
- Have a positive attitude
- Inspire others to think beyond their work
- Encourage open sharing and feedback
- Look at the root cause of issues and opportunities



4. COHESION

- Work toward the common goal and benefit
- Be vulnerable in truly showing ourselves
- Really care about our colleagues and our relationship with them
- Trust and be trustworthy
- Make the workplace happy for us, our teams, and our colleagues beyond our teams



5. CHARACTER

- Have a customer focus
- Create output we are proud to author
- Take responsibility for our work
- Help rather than blame or accuse
- Breathe quality – work in the same way whether or not somebody is watching

Engaging Stakeholders on ESG matters

Our strategies for engagement of different stakeholders include:

- Customers**
 - We work closely with customers to understand their specific sustainability goals and develop solutions that meet their needs. We also provide detailed product information highlighting energy efficiency and sustainable materials. Additionally, we participate in industry conferences and events to engage in dialogue with customers on sustainability issues.
- Employees**
 - We conduct regular employee surveys to gather feedback on our company culture and ESG initiatives. We also organize internal communication campaigns to raise awareness of ESG issues and encourage employee participation. Additionally, we offer volunteering opportunities for employees to get involved in local sustainability initiatives.
- Regulatory Bodies**
 - We maintain open communication with regulatory bodies and actively participate in industry consultations on environmental regulations. We also submit regular reports on our environmental performance to ensure compliance.
- Local Communities**
 - We hold community forums to discuss local needs and priorities related to sustainability. We also partner with local organizations to develop and implement community initiatives. Additionally, we transparently communicate our environmental impact and mitigation efforts to the local community.
- Corporate Family**
 - We participate in sustainability knowledge-sharing platforms to ensure consistent implementation of ESG practices across the group.

Our customers from various industry sectors



Sustainable Development Goals (SDGs)

Current SDGs and their performance

Based on APAG's business activities, several UN Sustainable Development Goals (SDGs) are relevant and APAG reports its performance in each.



Goal 5: Gender Equality	APAG's commitment to diversity and inclusion, potentially including programs that empower women in the workplace, aligns with this goal. Their global workforce across various countries creates opportunities to promote gender equality throughout the organization.
Goal 7: Affordable and Clean Energy	APAG's focus on energy-efficient ECUs and LED units directly contributes to this goal.
Goal 8: Decent Work and Economic Growth	APAG's commitment to a positive and supportive work environment, employee development, and diversity & inclusion aligns with this goal.
Goal 9: Industry, Innovation and Infrastructure	APAG's development of customized assembly lines and focus on innovation in the automotive sector exemplifies this goal.
Goal 12: Responsible Consumption and Production	APAG's emphasis on sustainable product design, responsible material sourcing, and waste reduction aligns with this goal.
Goal 13: Climate Action	By creating energy-efficient products, APAG helps reduce greenhouse gas emissions and contributes to climate action.
Goal 16: Peace, Justice and Strong Institutions	APAG's commitment to ethical conduct and upholding anti-corruption measures reflects this goal.

SDGs Planned to introduce

APAG looks forward to uplifting community



Goal 4: Quality Education	APAG looks forward to doing CSR in educational institutions
Goal 11: Sustainable Cities and Communities:	APAG supports planning and development of sustainable cities and communities

Environmental Impact

Environmental Sustainability

At APAG Cosyst, we recognize the importance of environmental sustainability and are committed to minimizing our environmental footprint throughout our operations. We integrate environmental considerations into our decision-making processes, focusing on:

Energy Efficiency: We design and manufacture Electronic Control Units (ECUs) and LED units with a focus on energy efficiency. This not only benefits our customers but also reduces our overall greenhouse gas emissions and environmental impact.

Sustainable Manufacturing: We strive to minimize waste and pollution throughout our production processes. Our Automation team develops customized assembly lines optimized for efficiency and reduced material usage. We continuously evaluate and implement new technologies and processes to further reduce our environmental footprint.

Responsible Material Sourcing: We are committed to sourcing materials responsibly and ethically. We work closely with suppliers who share our commitment to sustainability and ensure that materials are procured from conflict-free sources. We are actively exploring the use of recycled materials in our products wherever feasible.

The following is an example of our environmental sustainability initiatives:

The transition to a Hub model, whereby SMT components are centralized through a single supplier or distribution point. This approach reduces the volume of ordered components and minimizes the number of deliveries to the plant, thereby contributing to lower associated emissions.

We continually improve our operational performance in all aspects of environmental sustainability. We track our progress and implement new initiatives to further reduce our environmental impact.

Reporting on GHG Emissions

APAG calculates its operational Scope 1, Scope 2 and Scope 3 emissions in accordance with the Greenhouse Gas Protocol. Scope 1 emissions are direct greenhouse gas (GHG) emissions that occur from sources that are controlled or owned by an organization. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling, and are a result of the organization's energy use. Scope 3 covers the emissions produced during the supply chain, such as delivery of products in this case.

APAG discloses its GHG emissions as part of this ESG report, in accordance with GRI standards 2021's Topic 13.1 Emissions.

Scope 1 Direct emissions (owned or controlled sources)

Emissions Category	Unit	2022	2023	2024	Remarks
Diesel Consumption	tCO2e	119.24	118.24	88.51	ACZ, ACA, ADE, ACH
Petrol Consumption	tCO2e	74.37	77.03	59.14	ACZ, ACA, ADE, ACH
Natural Gas Consumption	tCO2e	128.54	69.17	108.38	ACZ, ACA, ADE, ACH
Refrigerant Leakages	tCO2e	0.00	0.00	0.00	ACZ, ACA, ADE, ACH
Total Scope 1	tCO2e	322.15	264.44	256.02	

Scope 2 Indirect emissions from purchased energy

Emissions Category	Unit	2022	2023	2024	Remarks
Purchased Electricity (kWh)	tCO2e	1,899.44	1,837.45	1,700.94	ACZ, ACA, ADE, ACH
Purchase Heat/Steam (kWh)	tCO2e	0.00	2.90	8.80	ADE, 2022 no data
Total Scope 1	tCO2e	1,899.44	1,840.35	1,709.73	

Scope 3 Other indirect emissions (value chain)

Emissions Category	Unit	2022	2023	2024	Remarks
Upstream Transport Distribution by Truck	tCO2e	17.70	17.63	5.54	ACZ, ACA, ADE, ACH
Upstream Transport Distribution by Ship	tCO2e	0.00	0.00	0.24	ACZ
Upstream Transport Distribution by Air	tCO2e	384.51	432.34	387.58	ACZ, ACA, ADE, ACH
Upstream Transport Distribution by Rail	tCO2e	0.00	0.00	1.07	ACA
Downstream Transport Distribution by Truck	tCO2e	48.47	40.96	43.06	ACZ, ACA, ADE, ACH
Downstream Transport Distribution by Ship	tCO2e	0.00	0.00	10.80	ACA
Downstream Transport Distribution by Air	tCO2e	676.51	744.15	481.86	ACZ, ACA, ADE, ACH
Downstream Transport Distribution by Rail	tCO2e	0.00	0.00	0.90	ACA
Purchased Water (m3)	tCO2e	1.01	1.10	1.07	ACZ, ACA, ADE, ACH
Business Travel by Car	tCO2e	27.02	39.98	14.50	ACZ, ACA, ADE, ACH
Business Travel by Air	tCO2e	17.21	15.43	99.89	ACZ, ACA, ADE, ACH
Business Travel by Train	tCO2e	6.45	2.10	6.74	ACZ, ACA, ADE, ACH
Employee Commuting	tCO2e	428.42	477.20	495.31	ACZ, ACA, ADE, ACH
Waste management	tCO2e	12.07	8.36	6.26	ACZ, ACA, ADE, ACH
Waste management	t	289.56	262.69	241.56	ACZ, ACA
Total Scope 3	tCO2e	1,619.37	1,779.24	1,554.83	

Total GHG Emissions

APAG calculates and reports its Annual GHG Emissions. The following table presents a summary of the Scope 1, Scope 2, and Scope 3 Emissions for the years 2022-2024.

Emissions Category	Unit	2022*	2023	2024	% Reduction 2022-2024	Remarks
Scope 1	tCO2e	322.15	264.44	256.02	20.53%	ACZ, ACA, ADE, ACH
Scope 2	tCO2e	1,899.44	1,840.35	1,709.73	9.99%	ACZ, ACA, ADE, ACH
Scope 3	tCO2e	1,619.37	1,779.24	1,554.83	3.99%	ACZ, ACA, ADE, ACH
Total Emissions	tCO2e	3,840.96	3,884.03	3,520.58	8.34%	

**Baseline = the reference year to which everything is compared.*

References

Report: APAG's GHG Emissions Data (2022-2024)

Notes

1. Scope 1 emissions 2022-2024 include direct fuel consumption, vehicular emissions from company vehicles, etc.
2. Scope 2 emissions sources from purchased electricity, utility gas, energy, and the emissions for such energy mix.
3. Scope 3 emissions cover the supply chain emissions.

The table above analyzes the company's GHG emissions data for 2022 to 2024, highlighting positive trends and areas for further improvement. The total GHG emissions were recorded as 3,840.96 tCO2e for 2022 and 3,520.58 tCO2e for 2024.

The data reveals a significant decrease in total GHG emissions from 2022 to 2024. There's a 8.34% reduction, demonstrating APAG's progress towards a lower carbon footprint. This positive trend is evident across all three scopes of emissions.

Scope 1 emissions, which come from direct sources controlled by APAG, have decreased by 20.53%. This could be attributed to factors like adopting more fuel-efficient vehicles, utilizing renewable energy sources, or optimizing production processes to reduce fuel consumption.

Scope 2 emissions, generated from purchased electricity, heat, or steam, have also seen a reduction of 9.99%. This improvement is due to a shift towards renewable energy sources for power or implementing energy-saving measures within facilities.

Scope 3 emissions decreased by 3.99% compared to the previous year. This category comprises indirect emissions arising from purchased goods and services, transportation and distribution activities, as well as the use of sold products. The results highlight the positive impact of the Hub model organization.

To sustain this progress, it will be important to establish clear and measurable emission reduction targets for the coming years. In parallel, the potential use of carbon credits will be assessed as part of the company's broader decarbonization strategy.

Region Wise Emissions

APAG Cosyst's commitment to environmental responsibility extends beyond overall greenhouse gas (GHG) emissions data. This report delves deeper, analyzing the company's emissions across its operational regions: the Czech Republic, Germany & Switzerland, and Canada. This regional breakdown sheds light on the distribution of APAG's environmental impact and allows for a more nuanced understanding of their sustainability efforts.

While APAG operates in several countries, its GHG emissions for 2022 split for Czech Republic, Germany & Switzerland, and Canada are separately presented in the below table:

Emissions	Unit	Czech Republic	Germany & Switzerland	Canada	Remarks
Scope 1	tCO2e	165.14	76.69	80.32	2022
Scope 2	tCO2e	1,864.62	1.48	33.34	2022
Scope 3	tCO2e	965.98	31.59	621.80	2022
Total Emissions	tCO2e	2,995.74	109.76	735.46	

The data reveals the Czech Republic as the region with the highest overall emissions across all scopes (Scope 1, 2, and 3). This aligns with the previously mentioned information that a significant portion of APAG's production and activities are located in the Czech Republic. As a consequence, Scope 1 emissions in the Czech Republic are more than half of the company's total, highlighting this region as a potential focus area for implementing initiatives to reduce direct emissions from fuel combustion or other on-site sources. Similarly, Scope 2 emissions in the Czech Republic are the highest, due to the size and energy consumption of the facilities compared to other regions.

In contrast, Germany and Switzerland, with a smaller operational footprint as mentioned in the report, exhibit significantly lower emissions across all scopes. Scope 1 emissions for Germany and Switzerland combined are considerably less than those in the Czech Republic, indicating a smaller direct emissions footprint. Notably, Scope 2 emissions in these regions are negligible, suggesting access to cleaner energy sources or the successful implementation of energy-saving measures within their facilities.

Canada presents a moderate emissions profile compared to the Czech Republic. Scope 1 emissions in Canada are similar to the combined emissions from Germany and Switzerland, while Scope 2 emissions are also lower compared to the Czech Republic. This suggests that APAG's Canada's operations might have a more moderate environmental impact compared to the larger production facilities in the Czech Republic.

Emissions	Unit	Czech Republic	Germany & Switzerland	Canada	Remarks
Scope 1	tCO ₂ e	136.29	58.65	61.09	2024
Scope 2	tCO ₂ e	1,656.62	13.45	39.66	2024
Scope 3	tCO ₂ e	1,177.01	55.86	321.95	2024
Total Emissions	tCO₂e	2,969.92	127.97	422.70	

By analysing the 2024 regional emissions data in comparison with 2022, different trends can be observed across APAG Cosyst’s locations – the Czech Republic, Germany & Switzerland, and Canada.

In the Czech Republic, the implementation of the Hub model has led to an increase in reported Scope 3 emissions. This is offset by a significant decrease in Scope 3 emissions in APAG Canada.

In Germany, Switzerland, and Canada, an increase in Scope 2 emissions is observed, primarily driven by improved data collection and reporting accuracy.

While these results are encouraging, there remains room for improvement. Despite notable progress, the Czech Republic continues to account for the highest overall emissions. In future reporting cycles, a more detailed analysis of Scope 2 and the remaining Scope 3 emission sources in this region could support the identification of additional targeted reduction opportunities.

Overall, the comparison between 2022 and 2024 reflects positive progress in APAG Cosyst’s sustainability efforts. By maintaining this momentum and implementing further targeted initiatives, APAG Cosyst can strengthen its position as a responsible and sustainable manufacturing organisation.

Emissions Intensity

Emissions intensity is a metric used to measure the environmental impact of an organization's activities relative to a unit of output. It essentially helps us understand how efficiently an organization is using resources and generating emissions. There are various ways to calculate emissions intensity, depending on the chosen output unit. Here, we'll calculate it using total production output without the influence of the BOM.

Emissions Category	Unit	2022	2023	2024	Remarks
Total Emissions	t CO ₂ e	3,840.96	3,884.03	3,520.58	ACZ, ACA, ADE, ACH
Production Volume*	Units	27,240,652	30,122,012	26,353,357	
Emissions Intensity	kg CO₂e / unit	0.141	0.129	0.134	

* **INTERNAL** = turnover - BOM - Development = Production Volume (EUR)

Energy Usage

Energy Usage	Unit	2022	2023	2024	Remarks
Electricity	kWh	4,616,045.98	4,788,071.56	4,571,699.00	ACZ, ACA, ADE, ACH
Heat/Steam	kWh	0	10,888.88	71,525.00	ADE
Production Volume*	Units	27,240,652	30,122,012	26,353,357	
Energy Consumption	kWh/unit	0.169	0.159	0.176	

* **INTERNAL** = turnover - BOM - Development = Production Volume (EUR)

APAG Cosyst's data reveals a positive trend in emission intensity from 2022 to 2024 (4.97% to reach 0.134 tCO₂e / Production value in 2024). The kWh/unit shows an increase due to the improved data collection of Heat and Steam consumption. This 4.97% decrease suggests that APAG's efforts to improve energy efficiency are yielding positive results.

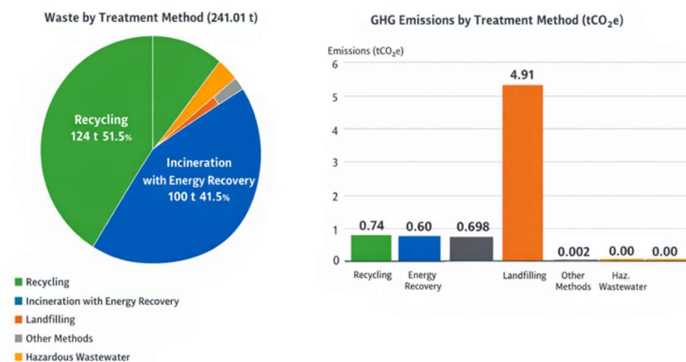
Waste Management – 2024 ACZ only

APAG Cosyst prioritizes responsible waste management by partnering with recyclers who pay for valuable materials like gold and tin in their waste. This not only reduces their environmental footprint by diverting waste from landfills, but also generates revenue for the company.

Waste management	Unit	2022 (t)	2022 (tCO ₂ e)	2023 (t)	2023 (tCO ₂ e)	2024 (t)	2024 (tCO ₂ e)	Remarks
Recycling (material recovery) ¹	(t) / tCO ₂ e	144.35	3.07	147.15	0.88	123.82	0.74	ACZ
Composting / Anaerobic Digestion ²	(t) / tCO ₂ e	0.00	0.00	0.00	0.00	0.00	0.00	ACZ
Incineration with Energy Recovery ³	(t) / tCO ₂ e	122.18	2.60	94.74	0.57	99.64	0.60	ACZ
Incineration without Energy Recovery ⁴	(t) / tCO ₂ e	0.00	0.00	0.00	0.00	0.00	0.00	ACZ
Landfilling ⁵	(t) / tCO ₂ e	8.88	3.96	10.26	4.57	11.02	4.91	ACZ
Other Treatment Methods ⁶	(t) / tCO ₂ e	5.23	0.11	0.20	0.00	0.33	0.00	ACZ
Wastewater (hazardous) ⁷	(t) / tCO ₂ e	2.71	0.00	4.15	0.00	6.19	0.00	ACZ
TOTAL	(t) / tCO₂e	283.36	9.74	256.49	6.03	241.01	6.26	

Notes

- 1) Waste is processed into a new product or raw material: plastics (PET bottles), metals (iron, aluminum), paper and cardboard, glass, biowaste, e-waste (after dismantling – recovery of metals)
- 2) Biological treatment of biowaste, i.e.: Composting (with oxygen access): grass, leaves, fruit and vegetable scraps, garden waste
Anaerobic digestion (without oxygen): kitchen biowaste, manure, agricultural waste, sewage sludge
- 3) Heat or electricity is generated, e.g. mixed municipal waste, non-recyclable plastics, medical waste, sewage sludge
- 4) The aim is to remove hazardous substances, e.g. infectious hospital waste, certain chemical wastes, contaminated materials
- 5) Final disposal without further use, e.g. construction debris (if not recycled), residues after waste sorting, inert waste, ash from incineration
- 6) Special or less common methods, e.g. regeneration of oils and solvents, demulsification of oily water, chemical neutralization, mechanical-biological treatment of waste



Water Consumption

We disclose data on our water withdrawal and discharge by source. This allows us to understand our water usage patterns and identify areas for improvement.

Water Consumption	Unit	2022*	2023	2024	% Reduction 2022-2024	Remarks
Water Consumption	m3	2,894.00	3,162.00	2,910.00	-0.55%	ACZ only
Working Hours	#	683,906	736,002	814,825	-19.14%	ACZ only
TOTAL	m3 / Working Hour	0.00423	0.00430	0.00357	15.60%	ACZ only
TOTAL	liters / Working Hour	4.23	4.30	3.57	15.60%	ACZ only
<i>* Baseline = the reference year to which everything is compared.</i>						

We actively implement water conservation initiatives throughout our production processes. These include water reuse practices and repair programs, and employee awareness campaigns. We continuously monitor our progress.

APAG reduces its water use and wastewater discharge by improving water efficiency and by using water treatment technologies.

Raw Materials

We have established sustainable sourcing policies that prioritize responsible procurement practices. We work closely with suppliers who share our commitment to sustainability and ensure materials are sourced from conflict-free regions. We are actively exploring the use of recycled or bio-based materials wherever feasible.

We conduct life cycle assessments of our products to identify environmental impacts throughout the entire lifecycle, from material extraction to product end-of-life. This information informs our design and manufacturing processes to minimize environmental footprint.

Packaging Materials

APAG is committed to using sustainable packaging materials whenever possible. We are transitioning to the use of recyclable and biodegradable packaging materials to reduce waste generation throughout the product lifecycle.

Environmental impact mitigation

APAG Cosyst is committed to minimizing its environmental impact throughout its operations and value chain. Here are some specific strategies the company is implementing to achieve this goal:

Resource Efficiency
Circular Economy Principles
Renewable Energy Integration
Emissions Reduction
Waste Management



Resource Efficiency

Implementing energy-efficient technologies and processes to reduce electricity consumption (as evidenced by the decrease in purchased electricity per employee).

Optimizing production workflows to minimize material waste. Exploring the use of recycled or bio-based materials in product manufacturing wherever feasible.

Circular Economy Principles

Partnering with suppliers who share a commitment to sustainable practices.

Designing products for longevity, repairability, and recyclability.

Collaborating with recycling companies to recover valuable materials from end-of-life products and reintroduce them into the production cycle.

Renewable Energy Integration

Shifting towards purchasing electricity from renewable sources like wind or solar power.

Exploring on-site renewable energy generation options (e.g., solar panels) for facilities where feasible.

Emissions Reduction

Implementing strategies to reduce Scope 1 and Scope 2 emissions, such as utilizing cleaner fuels for company vehicles or upgrading equipment for better energy efficiency.

Collaborating with suppliers to address Scope 3 emissions within the value chain (e.g., optimizing logistics for reduced transportation emissions).

Waste Management

Partnering with recycling companies to divert waste containing valuable materials from landfills.

Implementing employee training programs for proper waste segregation and responsible disposal practices.

Social Impact

Introduction

Human Safety: Saving Users and Drivers from Car Accidents

This section presents APAG’s social impact for FY2024, with a focus on the topics most relevant to its people and workplaces. In line with selected GRI disclosures, it covers APAG’s approach and performance in occupational health and safety, employee consultation and participation, training and competence development, fair labor practices, and employee wellbeing. It also highlights selected community-related initiatives undertaken during the reporting year. Together, these areas reflect APAG’s commitment to providing a safe, respectful, and supportive working environment while continuously improving its social performance.

Selected GRI disclosures and FY2024 highlights

GRI	Topic	APAG FY2024 response
GRI 3-3	Management of material topics	Social priorities managed through EMS/OH&S governance, risk reviews, internal communication and action tracking.
GRI 403-1	Occupational health and safety management system	ISO 45001 certification achieved in FY2024.
GRI 403-2	Hazard identification, risk assessment and incident investigation	Risk database updated; injuries and near misses analyzed; monthly OH&S checks documented.
GRI 403-4	Worker participation, consultation and communication	EMS/OHS Committee met 14 times; minutes shared via MS Teams and bulletin boards.
GRI 403-5	Worker training on occupational health and safety	All employees passed internal OH&S/EMS training; annual refresh training completed.
GRI 403-9	Work-related injuries	1 serious injury recorded; 5 nearhits tracked; corrective actions followed through SESO.
GRI 404-2	Programs for upgrading employee skills	Selected training included first aid, diisocyanate safety, forklift use, driver training and electrotechnical competence.
GRI 413-1	Local community engagement and development programs	‘To work by bike’ implemented; chapter retains limited but relevant community-oriented disclosure.

GRI 3-3 | Management of material topics

APAG managed its principal social topics through the EMS/OH&S management system, regular committee oversight, risk reviews, internal communication and corrective-action tracking. In FY2024, the company continued to treat occupational health and safety, worker participation, competence development, fair labor practices and employee wellbeing as the most material workforce-related priorities for the Czech operation.

GRI 403-1, 403-2, 403-4, 403-5 | Safe workplace management

A major milestone in FY2024 was the successful certification of the ISO 45001 occupational health and safety management system. Hazard identification and prevention were supported by an updated OH&S risk database, regular incident analysis, monthly OH&S checks and corrective actions tracked through SESO. Worker participation remained embedded in the EMS/OHS Committee, employee representatives, town halls, bulletin boards, screens and MS Teams. Annual refresh training was carried out and all employees completed internal OH&S/EMS training.

GRI 403-9 and 404-2 | Performance, learning and corrective action

APAG analyzed injuries and monitored near misses during the year, while using inspections and action plans to reduce recurrence. One serious injury was recorded in FY2024 and five near hits were tracked for follow-up. Regularly documented OH&S inspections identified findings that were escalated into corrective actions. Training and skills development remained an important preventive lever, with selected programs covering first aid, safe use of diisocyanatos, forklift operation, official vehicle drivers, electrotechnical competence and OH&S/fire prevention for workers and management.

GRI 413-1 and related workforce disclosures | Wellbeing, fair labor practices and community engagement

APAG's social performance also included practical responses to employee feedback and wellbeing needs. Actions during the year included noise measurements and follow-up reduction measures, medical checks and training for diisocyanate use, extraction checks for soldering fumes, parking and staircase safety improvements, and the introduction of Employer Life Assistant support for employees and family members to help prevent psychosocial risks, burnout and workplace stress.

Once again the 'To work by bike' initiative was implemented to motivate employees to use bicycle instead of cars to go to work.

No labor complaints were reported in FY2024.

Governance

APAG Approach to Corporate Governance

APAG Cosyst prioritizes transparency and accountability in its operations by adhering to strong corporate governance principles. This might involve:

- Maintaining a diverse and independent board of directors with relevant expertise to oversee strategic decision-making and ethical conduct.
- Establishing clear policies on financial reporting, risk management, and ethical behavior to guide company actions and ensure compliance with relevant regulations.
- Regularly engaging with stakeholders, including investors, employees, and communities, to understand their concerns and foster open communication.
- ESG Reporting: Consistently reporting on environmental, social, and governance (ESG) performance to demonstrate transparency and commitment to sustainability practices.
- Implementing robust internal controls and regular audits to ensure financial accuracy, mitigate risks, and maintain compliance with legal and regulatory frameworks.

This focus on strong corporate governance contributes to building trust with stakeholders and fostering long-term sustainable growth for APAG Cosyst.

Corporate Governance at APAG

Role of the Board of Directors in ESG Oversight

The Board of Directors is ultimately responsible for overseeing the company's ESG performance. The Board has a number of ways in which it exercises this oversight, including:

- Reviewing and approving the company's sustainability strategy and targets.
- Monitoring the company's ESG performance against its targets.
- Receiving regular updates from the Sustainability Committee on the company's ESG progress and challenges.
- Approving the company's annual ESG report.

The Board of Directors is also committed to ensuring that the company's ESG performance is aligned with its business strategy. The Board believes that ESG performance is essential to the company's long-term success, and it is committed to investing in the resources and capabilities needed to achieve its ESG goals.

APAGCoSyst governance structure is designed to support the company's commitment to sustainability and responsibility. The Board of Directors and its committees play a vital

role in overseeing the company's ESG performance and ensuring that it is aligned with the company's business strategy.

The following table shows the distribution of executive staff and their ESG competency.

Public policy

Public policy refers to the laws, regulations, and programs that are enacted by governments. Public policy can have a significant impact on businesses, and it is important for businesses to engage in public policy discussions on issues that are relevant to them.

Regulatory compliance

APAG is deeply committed to upholding industry-specific standards that ensure the highest level of quality, safety, and sustainability in our operations. Some of the industry-specific standards we comply with include:

Anti-corruption

Corruption is the misuse of public power for private gain. Corruption can have a devastating impact on businesses, societies, and economies.

APAG is committed to preventing corruption in its business operations. The company has a zero-tolerance policy for corruption and has implemented several anti-corruption measures. APAG has a code of conduct that prohibits employees from engaging in corrupt activities. The company also has a whistleblower policy that encourages employees to report any suspected corruption. APAG can also conduct regular anti-corruption training for its employees.

Non-Financial Assurance

We engage an independent third party to assure the accuracy and reliability of the sustainability data reported in this ESG report. This demonstrates our commitment to transparency and accountability in our sustainability reporting practices.

Certifications and standards

Business Method Patents

In our relentless pursuit of innovation and sustainable business practices, APAG is embarking on a strategic initiative to secure Business Method Patents. This forward-looking endeavor underscores our commitment to fostering cutting-edge solutions within the retail sector. As we delve into the intricate details of our business model, we recognize the need to protect our unique processes and methodologies that drive efficiency, reduce waste, and contribute to our overall environmental, social, and economic sustainability goals.

ISO Certifications

The APAG CoSyst Group has its manufacturing facilities certified according to standards

- IATF 16949: Automotive Management System
- ISO 9001: Quality Management System (QMS)
- ISO 14001: Environmental Management System (EMS)
- ISO 45001: Occupational Health and Safety Management System (OHSMS)

The Group is also actively working on enhancing information security and implementing standards in this area. Therefore, it intends to introduce and certify

- TISAX: Trusted Information Security Assessment Exchange in its European locations.

Appendix

Reporting Framework

APAG recognizes the importance of transparently reporting our environmental, social, and governance (ESG) performance to our stakeholders. To achieve this, we follow several well-established ESG reporting frameworks and guidelines that help us effectively communicate our sustainability efforts. These frameworks include:



We utilize the GRI Standards, a widely recognized framework for ESG reporting. GRI provides comprehensive guidance on reporting economic, environmental, and social impacts, ensuring that our disclosures are consistent, comparable, and relevant to stakeholders.



We align our reporting with SASB standards, which provide industry-specific sustainability metrics that are financially material to our business and valuable to investors. This ensures that our disclosures address the unique ESG issues relevant to our industry.



APAG acknowledges the importance of climate-related financial disclosures. We follow TCFD recommendations to assess and disclose climate-related risks and opportunities in our business operations, allowing stakeholders to understand how climate factors may impact our financial performance.



We align our reporting with the SDGs, a universal call to action to end poverty, protect the planet, and ensure prosperity for all. By addressing the specific goals and targets that align with our business, we demonstrate our commitment to contributing to a sustainable future.

Alignment with the United Nations Sustainable Development Goals

APAG aligns its operations with United Nations Sustainable Development Goals. It has merged the following UNSDGs to its business.

UNSDGs in Practice



UNSDGs Planned



Sustainability Accounting Standards Board (SASB) Index

SASB Standard	Disclosure	Page #
CR-AG-100a. Scope 1 greenhouse gas (GHG) emissions	305-1 Direct (Scope 1) GHG emissions	
CR-AG-100b. Scope 2 GHG emissions	305-2 Energy indirect (Scope 2) GHG emissions	
CR-AG-200a. Total water withdrawal	303-1 Water withdrawal by source	
CR-AG-200b. Water discharge	303-4 Water discharge by quality and destination	
CR-AG-500a. Product labelling	416-1 Products and services that have a significant adverse impact on customer health and safety	
CR-AG-500b. Sustainable sourcing	304-2 Significant impacts of activities, products, and services on biodiversity	
CR-AG-600a. Community engagement	413-1 Operations with local community engagement, impact assessments, and development programs	
CR-AG-600b. Labor practices	409-1 Incidents of child labor	
CR-AG-600c. Human rights	411-1 Incidents of violations involving the rights of indigenous peoples	
CR-AG-600d. Business ethics	205-1 Organizational values, policies, and procedures for prevention of corruption	

Global Reporting Initiative (GRI) Index

GRI content index in accordance

Statement of use	APAG has reported in accordance with the GRI standards for a period 1 st January 2024 till 31 st December 2024.			
GRI 1 used	GRI 1: Foundation 2021			
Applicable GRI sector standard(s)	GRI 20: Manufacturing of Machinery and Equipment.			
Title of the GRI Standard	Disclosures	Location	Omission	GRI Sector Standard reference numbers
General disclosures				
GRI 2: General Disclosures	2-1 Organizational details 2-2 Entities included in the organization's sustainability reporting 2-3 Reporting period, frequency and contact point 2-4 Restatements of information 2-5 External assurance	N/A	N/A	N/A
GRI 3: Material Topics 2021	301-1: Identified material topics and boundaries	Chapter 2, 3, 4	-	GRI 3:01
GRI 3: Material Topics 2021	302-1: Energy consumption within the organization	Chapter 2	-	GRI 3:02
GRI 3: Material Topics 2021	302-4: Reduction of indirect (Scope 2) GHG emissions	Chapter 2	-	GRI 3:02
GRI 3: Material Topics 2021	303-1: Water withdrawal by source	Chapter 2	-	GRI 3:03
GRI 3: Material Topics 2021	305-1: Direct (Scope 1) GHG emissions	Chapter 2	-	GRI 3:05
GRI 3: Material Topics 2021	305-2: Energy indirect (Scope 2) GHG emissions	Chapter 2	-	GRI 3:05
GRI 3: Material Topics 2021	306-1: Waste generation by type and disposal method	Chapter 2	-	GRI 3:06
GRI 3: Material Topics 2021	401-1: New employee hires and employee turnover	Chapter 3	-	GRI 4:01
GRI 3: Material Topics 2021	403-1: Workers represented by collective bargaining agreements	Chapter 3	-	GRI 4:03
GRI 3: Material Topics 2021	404-1: Average hours of training per year per employee	Chapter 3	-	GRI 4:04

GRI 3: Material Topics 2021	405-1: Diversity of governance bodies and employees	Chapter 4	-	GRI 4:05
GRI 3: Material Topics 2021	413-1: Operations with local community engagement, impact assessments, and development programs	Chapter 4	-	GRI 4:13
GRI 3: Material Topics 2021	416-1: Products and services that have a significant adverse impact on customer health and safety	Chapter 3	-	GRI 4:16
Material Topics Topic 13.1 Emissions Topic 13.2 Climate adaptation and resilience Topic 13.3 Biodiversity Topic 13.4 Natural ecosystem conversion Topic 13.5 Soil health Topic 13.6 Pesticides use Topic 13.7 Water and effluents Topic 13.8 Waste Topic 13.9 Food security Topic 13.10 Food safety Topic 13.11 Animal health and welfare Topic 13.12 Local communities Topic 13.13 Land and resource rights Topic 13.14 Rights of indigenous peoples Topic 13.15 Non-discrimination and equal opportunity Topic 13.16 Forced or compulsory labor Topic 13.17 Child labor Topic 13.18 Freedom of association and collective bargaining Topic 13.19 Occupational health and safety Topic 13.20 Employment practices Topic 13.21 Living income and living wage Topic 13.22 Economic inclusion Topic 13.23 Supply chain traceability Topic 13.24 Public policy Topic 13.26 Anti-corruption				
Topics in the applicable GRI Sector Standards determined as not material Not applicable				

Task Force on Climate-related Financial Disclosures Index

TCFD Recommendation	Disclosure	Location
Governance	The board of directors of APAG is responsible for overseeing the company's climate-related risks and opportunities. The board has established a climate risk committee, which is responsible for identifying, assessing, and managing the company's climate-related risks. The climate risk committee also reports to the board on the company's climate-related performance.	Chapter 4
Governance	<p>APAG has a number of governance structures in place to manage climate-related risks and opportunities. These governance structures include:</p> <ul style="list-style-type: none"> • The climate risk committee, which is responsible for identifying, assessing, and managing the company's climate-related risks. • The sustainability committee, which is responsible for developing and implementing the company's sustainability strategy, including the company's climate change strategy. • The executive team, which is responsible for implementing the company's sustainability strategy and overseeing the company's climate change performance. 	Chapter 4
Strategy	<p>APAG has identified a number of climate-related risks and opportunities, including:</p> <p>Short-term risks:</p> <ul style="list-style-type: none"> • Increased costs of energy and other inputs due to climate change • Disruptions to the company's supply chain due to climate change events • Damage to the company's assets due to climate change events <p>Medium-term risks:</p> <ul style="list-style-type: none"> • Changes in consumer preferences due to climate change • Increased competition from companies that are better positioned to address climate change • Regulatory changes related to climate change <p>Long-term risks:</p>	Chapter 2

	<ul style="list-style-type: none"> • The physical impacts of climate change, such as sea level rise and more extreme weather events • The transition to a low-carbon economy <p>Short-term opportunities:</p> <ul style="list-style-type: none"> • Increased demand for sustainable products and services • New markets for sustainable products and services • Government incentives for sustainable businesses <p>Medium-term opportunities:</p> <ul style="list-style-type: none"> • Increased brand reputation and customer loyalty • Reduced operating costs through energy efficiency and other measures • Improved supply chain resilience <p>Long-term opportunities:</p> <ul style="list-style-type: none"> • A leading position in the low-carbon economy • Access to new capital markets • Reduced exposure to climate change risks 	
Strategy	<p>APAG strategies take into account climate-related risks and opportunities in a number of ways. For example, the company is:</p> <ul style="list-style-type: none"> • Investing in renewable energy and energy efficiency measures to reduce its greenhouse gas emissions and energy costs. • Sourcing its products from sustainable suppliers. • Developing new sustainable products and services. • Engaging with policymakers to advocate for policies that support a low-carbon economy. 	Chapter 2
Risk Management	<p>APAG has a number of processes in place for identifying, assessing, and managing climate-related risks. These processes include:</p> <ul style="list-style-type: none"> • Conducting scenario analysis to assess the potential impacts of climate change on the company's business • Identifying and assessing the company's exposure to climate-related risks • Developing and implementing risk mitigation and adaptation strategies • Monitoring and reporting on the company's climate-related risks and performance 	

Risk Management	APAG considers climate-related risks when making all investment decisions. The company has developed a climate risk assessment framework that is used to evaluate the potential climate-related risks and opportunities of all investment proposals.	Chapter 2
Metrics and Targets	<p>APAG uses a number of metrics to assess and manage climate-related risks. These metrics include:</p> <ul style="list-style-type: none"> • Greenhouse gas emissions • Energy consumption • Water consumption • Waste production • Exposure to climate-related hazards • Financial impacts of climate-related risks <p>APAG has also set a number of climate-related targets, including:</p> <ul style="list-style-type: none"> • Reducing greenhouse gas emissions by 20% by 2030 • Sourcing 100% of renewable energy by 2030 • Reducing food waste by 50% by 2030 	Chapter 2
Metrics and Targets	<p>APAG's greenhouse gas emissions in 2022 were as follows:</p> <ul style="list-style-type: none"> • Scope 1 emissions: 0 metric tons of carbon dioxide equivalent • Scope 2 emissions: 0.88 metric tons of carbon dioxide equivalent • Scope 3 emissions: 0 metric tons of carbon dioxide equivalent <p>APAG's greenhouse gas intensity in 2022 was as low as zero metric tons with its project APAG</p>	Chapter 2

Disclaimer and Forward-Looking Statements

These forward-looking statements are based on the current expectations and assumptions of APAG about future events and are subject to inherent risks and uncertainties. Stakeholders and readers are cautioned not to overly rely on these forward-looking statements, as actual results may materially differ from the expectations expressed herein. Forward-looking statements contained in this document are valid only as of the date of issuance, and APAG undertakes no obligation to update them to reflect changes or events that may occur after that date.

For a comprehensive understanding of the factors that could cause actual results to differ materially from expectations, readers are encouraged to refer to APAG's reports produced internally, contain discussions on forward-looking statements and risk factors.

It is essential to emphasize that this document should not be considered as a basis for securities trading or making investment decisions related to APAG. Furthermore, it is not intended to provide investment advice, but it does encourage and appreciate sustainable investing. APAG does not offer financial, economic, legal, accounting, or tax advice or recommendations. The content of this document, including positions and approaches to Environmental, Social, and Governance (ESG), reflects the company's stance as of the publication date. This content is subject to change at any time at the discretion of APAG without notice, and the company does not commit to updating this document to reflect any such changes.

References and resources

APAG Home

<https://www.apagcosyst.com/>

GRI Standards

<https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-english-language/>

TFCD Guidelines

<https://www.enbridge.com/sustainability-reports/resilient-energy-infrastructure/metrics-and-targets>

Due diligence

United Nations (UN) Guiding Principles on Business and Human Rights [5], the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational enterprises [3], and the OECD Due Diligence Guidance for Responsible Business Conduct

Code of Ethics and Business Conduct (PDF)

<https://www.apagcosyst.com/wp-content/uploads/D-M053-AGL-APAG-Code-of-Business-Standards-and-principles-1.pdf>

APAG compilation of ESG Data (PDF)

Attached

Products and Services

<https://www.apagcosyst.com/>

