



Environmental, Social and Governance (ESG) Report

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Our Message

At APAGCoSyst 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 introduce 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

APAGCoSyst 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 APAGCoSyst directing its efforts towards the Canada 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 APAGCoSyst.

APAGCoSyst is headquartered in Zentrum Staldenbach 13, 8808 Pfäffikon, Switzerland. The information contained herein reflects decisions, actions, and quantitative data from 2022 cumulative to the 2023 year (January 1, 2023 – December 31, 2023).

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

Disclosure 2-2: This ESG report covers APAGCoSyst's ESG Disclosures

Disclosure 2.3: This Report is issued for the year 2023, by Anand Kanoria; +420 466 009 800

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

Disclosure 2-5: APAGCoSyst 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 APAGCoSyst 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 APAGCoSyst 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 change. 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

APAGCoSyst's business model is centered around innovation, collaboration, and customer satisfaction. As a tier 1,2 and 3 supplier, 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, Lamborghini, Rolls-Royce, Bentley, Ford, 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, Switzerland, 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 and 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. APAGCoSyst prioritizes environmentally responsible practices, and looks forward to create value not only for its customers and stakeholders but also for the planet we call home.

Sustainable supply chain initiatives

At APAGCoSyst Electronic Control Systems, sustainability is our supply chain's cornerstone. We engage ethical suppliers, prioritize sustainable sourcing, optimize energy use, minimize 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 NGOs and organizations to develop and implement Social sustainability initiatives. Additionally, we transparently communicate our environmental impact and mitigation efforts to the local community.

Corporate Family

- We participate in sustainability knowledge-sharing activities 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 APAGCoSyst's business activities, several UN Sustainable Development Goals (SDGs) are relevant and APAGCoSyst 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

APAGCoSyst looks forward to uplift community



Goal 4: Quality Education	APAG looks foreword to do 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 APAGCoSyst, 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 or bio-based materials in our products wherever feasible.

Here are some specific examples of our environmental sustainability initiatives:

- . **Energy Reduction:** In 2023, we implemented a facility upgrade project to reduce our overall energy consumption. Change of light sources, Air conditioning attenuation during week-ends are examples of this global project.
- . **Waste Reduction:** We implemented a comprehensive waste management program that includes waste segregation, recycling, and composting initiatives. This helps to minimize waste generation throughout the product lifecycle.
- . **Sustainable Packaging:** We are transitioning to the use of reusable packaging materials for our products. As a result, we achieved a 15% reduction in our waste sent to landfill in 2023.

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

Reporting on GHG Emissions

APAGCoSyst 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.

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

Scope 1 Emissions in APAG Czech Republic

Emissions Category	Unit ¹	2022	2023	Remarks
Diesel Consumption	MTCO ₂ e	14.880	24.875	Calculated by APAG
Petrol Consumption	MTCO ₂ e	3.448	2.921	Calculated by APAG
Natural Gas Consumption	MTCO ₂ e	27.599	9.670	Calculated by APAG
Refrigerant Leakages	MTCO ₂ e	0	0	Calculated by APAG
Total Scope 1	MTCO₂e	45.927	37.466	Calculated by APAG

Note

1. MTCO₂e stands for metric tons carbon dioxide equivalent.

Scope 2 Emissions in APAG Czech Republic

Emissions Category	Unit	2022	2023	Remarks
Purchased Electricity (kwh)	MTCO ₂ e	2,322,036	1,908,000	Calculated by APAG
Total Scope 2	MTCO₂e	2,322,036	1,908,000	Calculated by APAG

Scope 3 Emissions in APAG Czech Republic

Emissions Category	Unit	2022	2023	Remarks
Upstream Transport Distribution by Truck	MTCO ₂ e	7,608,6937.48	76,086,937.48	Calculated by APAG
Upstream Transport Distribution by Ship	MTCO ₂ e	0	0	Calculated by APAG
Upstream Transport Distribution by Air	MTCO ₂ e	0	0	Calculated by APAG
Downstream Transport Distribution by Truck	MTCO ₂ e	76,086,937.48	66,056,107.57	Calculated by APAG
Downstream Transport Distribution by Ship	MTCO ₂ e	Not calculated	Not calculated	Not calculated
Downstream Transport Distribution by Air	MTCO ₂ e	Not calculated	Not calculated	Not calculated
Business Travel by Car	MTCO ₂ e	1,820	1,820	Calculated by APAG
Business Travel by Air		9000	9000	Calculated by APAG
Employee Commuting		128536613.4	14974765.68	Calculated by APAG
Packaging Film Waste		5197.5	5197.5	Calculated by APAG
Paperboard Waste	MTCO ₂ e	227,250	227,250	Calculated by APAG
Total Scope 3	MTCO₂e	280,953,755	157,361,078	Calculated by APAG

Total GHG Emissions for APAG Worldwide

APAGCoSyst 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 year 2022 and 2023.

Emissions	Unit	2022	2023	% Reduction	Remarks
Scope 1 ¹	MTCO ₂ e	110.19	85.98	21.7	APAG
Scope 2 ²	MTCO ₂ e	2,883.24	2,515.77	12.8	APAG
Scope 3 ³	MTCO ₂ e	332,049.15	207,944.62	37.4	APAG
Total Emissions	MTCO₂e	335,042.58	210,546.39	37.2	APAG

References

Report: APAG's GHG Emissions Data (2022 and 2023)

Notes

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

The total GHG emissions were recorded as 335,042.58 MTCO₂e for 2022 and 210,546.39 MTCO₂e for 2023. The table below presents the percent reduction in emissions from 2022 till 2023.

This table analyses the company's GHG emissions data for 2022 and 2023, highlighting positive trends and areas for further improvement.

The data reveals a significant decrease in total GHG emissions from 2022 to 2023. There's a 37.1% reduction, demonstrating APAGCoSyst'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 APAGCoSyst, have decreased by 21.7%. 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 12.8%. This improvement might be due to a shift towards renewable energy sources for power or implementing energy-saving measures within facilities.

However, Scope 3 emissions, encompassing the entire value chain, remain the most significant contributor to APAGCoSyst's overall footprint, accounting for over 90% of total emissions. This category includes indirect emissions from purchased goods and services, transportation and distribution of products, and the use of sold products.

The data shows an impressive 37.2% decrease in Scope 3 emissions from 2022 to 2023. This suggests that APAGCoSyst is taking concrete steps to address these indirect emissions. Potential contributing factors could include collaboration with suppliers to encourage sustainable practices, optimizing logistics to reduce transportation emissions, or designing products for energy efficiency throughout their life cycle.

While the data is encouraging, it's important to understand the reasons behind these reductions. Were specific initiatives implemented, or were there other influencing factors?

To maintain this momentum, setting clear reduction targets for future years will be crucial. Additionally, providing a more detailed breakdown of Scope 3 emissions by category can offer a clearer picture of APAGCoSyst's environmental impact across the value chain.

Region Wise Emissions

While APAGCoSyst 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	MTCO2e	45.92	31.96	32.30	2022
Scope 2	MTCO2e	2,322.03	3.18	558.02	2022
Scope 3	MTCO2e	280,953.75	696.23	50,399.15	2022
Total Emissions	MTCO2e	283,321.71	731.37	50,989.48	2022

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

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, possibly 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.

However, regardless of location, it's crucial to remember that Scope 3 emissions, encompassing the entire value chain, remain the most significant contributor to APAGCoSyst's overall footprint. This category includes indirect emissions from purchased goods and services, transportation and distribution of products, and the use of sold products. The positive trend observed in the data, with a substantial decrease in Scope 3 emissions across all regions, is encouraging and suggests that APAGCoSyst's efforts to address their value chain impact are yielding positive results.

Emissions	Unit	Czech Republic	Germany & Switzerland	Canada	Remarks
Scope 1	MTCO2e	37.46	26.54	21.97	2023
Scope 2	MTCO2e	1908.00	3.18	604.59	2023
Scope 3	MTCO2e	157361.07	696.237492	49887.31	2023
Total Emissions	MTCO2e	159306.54	725.959942	50513.88	2023

By analyzing the 2023 regional emissions data alongside the information from 2022, we can witness positive trends in APAGCoSyst's efforts to reduce their environmental impact across all operational regions – the Czech Republic, Germany & Switzerland, and Canada.

Encouragingly, all regions have achieved reductions in total emissions. The Czech Republic, with the most significant operations, exhibits a decrease of nearly 43% in total emissions, primarily driven by a substantial drop in Scope 3 emissions (almost 45%). This suggests that APAGCoSyst's initiatives targeting their value chain, such as collaborating with suppliers for sustainable practices or optimizing logistics, are yielding positive results.

Similar positive trends are evident in Germany & Switzerland and Canada. Both regions show reductions in total emissions, with Germany & Switzerland maintaining negligible Scope 2 emissions and Canada exhibiting a decrease in both Scope 1 and Scope 3 emissions.

While the data is promising, we believe that there's still room for improvement. The Czech Republic, despite significant progress, maintains the highest overall emissions. In future reports, deeper analysis into the specific sources of Scope 1 and remaining

Scope 3 emissions within this region could help APAG pinpoint areas for further targeted reduction strategies.

Overall, the comparison between 2022 and 2023 data paints a positive picture of APAGCoSyst's commitment to sustainability. The continued focus on reducing Scope 3 emissions throughout the value chain and optimizing operations in all regions demonstrates a comprehensive approach to environmental responsibility. By maintaining this momentum and implementing further targeted initiatives, APAGCoSyst can solidify its position as a leader in sustainable manufacturing practices.

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 Added Values.

Category	Unit	2022	2023	Remarks
Total Emissions	MTCO2e	335,042.58	210,546.39	
Added Value Europe	Units	23970294	20604128	
Added Value North America	Units	6636524	6151718	
Total Added Value	Units	27240652	30122012	
Emissions Intensity	TCO2e/Added Value	12299,35	6989,78	

Energy Usage

Energy usage	Unit	2022	2023	Remarks
Electricity	kWh	3,651,000	3,000,000	
# of Employees	#	449	493	
Purchased electricity consumption	kWh/employee	8,131.40	6085.19	

APAGCoSyst's data reveals a positive trend in energy efficiency from 2022 to 2023. While the total electricity consumption has decreased from 3,651,000 kWh in 2022 to 3,000,000 kWh in 2023, the number of employees has grown from 449 to 493. This translates to a significant reduction in purchased electricity consumption per employee. In 2022, the consumption was 8,131.40 kWh/employee, whereas in 2023, it has significantly dropped to 6,085.52 kWh/employee. This 25% decrease suggests that APAGCoSyst's efforts to improve energy efficiency are yielding positive results. The company might be implementing measures like switching to energy-efficient equipment, optimizing production processes, or raising employee awareness about responsible energy use. However, further analysis to understand the specific reasons behind this improvement would be beneficial.

APAGCoSyst is committed to energy efficiency and have implemented various initiatives to reduce our energy footprint. These include facility upgrades, process optimizations,

and the use of energy-efficient equipment. We set ambitious energy reduction targets and track our progress towards achieving them.

Waste Management

APAGCoSyst 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	Unit	2022	2023	Remarks
Recycling: plastic, metal, and cardboard	Short tons	Not calculated	0	Not applicable
Other recycling: compost, cable, media, and e-waste ¹	Short tons	Not calculated	0	Not applicable
Paper recycled	Short tons	Not calculated	0	Not applicable
Total recycling	Short tons	Not calculated	0	Not applicable
Total waste to landfill	Short tons	Not calculated	0	Not applicable
Total waste stream	Short tons	Not calculated	0	Not applicable
Reduction in total waste stream (from 2022 baseline)	%	Not calculated	-	Not applicable
E-waste disposed of using certified responsible vendors	%	Not calculated	-	Not applicable

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	Unit	2022	2023	Remarks
Total water consumption (municipal water use)	Cubic meters	3071	3112	
Water Consumption (m3) / working hours		0,00438	0,00416	
Reduction in water consumption (targeted for 2023)	%		5,02	

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

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

APAGCoSyst 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

APAGCoSyst 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

Social Sustainability

Human Safety: Saving Users and Drivers from Car Accidents

APAGCoSyst prioritizes the safety of users and drivers on the road. Here are some potential measures they might be implementing to achieve this goal:

- Equipping vehicles with ADAS features like automatic emergency braking, lane departure warning, and blind spot monitoring can significantly reduce the risk of accidents due to human error.
- Providing comprehensive driver training programs can enhance road safety by improving driver skills, awareness, and defensive driving techniques.
- Ensuring all vehicles incorporate essential safety features like airbags, seatbelts with pre-tensioners, and crumple zones to minimize injuries in case of an accident.
- Utilizing telematics systems can provide valuable data on driver behavior and vehicle performance. Analyzing this data can help identify areas for improvement, such as harsh driving habits or hazardous routes, allowing for targeted interventions to promote safe driving practices.
- Implementing rigorous maintenance schedules and pre-trip inspections can identify and address potential mechanical issues that could lead to accidents.

Customer Privacy

We have established data privacy policies that outline how we collect, use, and protect customer data. We comply with all relevant data privacy regulations. We are committed to transparency with our customers regarding data privacy. We provide clear information on how we use customer data and offer them choices regarding their data privacy settings. Our customer feedback values are all above 80% which exceed the normal targets, however we strive to continuously improve customer privacy and satisfaction.

Diversity, equity and inclusion

Non-discrimination and equal opportunity

APAGCoSyst creates a workplace that is free from discrimination and that provides equal opportunities to all employees. APAGCoSyst is an equal opportunity employer and encourages women to take positions in the company subject to fulfillment of the company's operational criteria.

Year 2023 Employment data				
Female	Male	Others	Not disclosed	Total
No. of employees				
272	230	0	0	502
No. of permanent employees				
272	230	0	0	502
No. of disable employees				
9				

Forced and child labor

APAGCoSyst has a record of zero incidents of child labor, and it takes steps to prevent forced or compulsory labor in its supply chain.

Freedom of association and collective bargaining

APAGCoSyst respects the right of its employees to freedom of association and collective bargaining, all in line with the local labor laws and practices.

Occupational health and safety

APAGCoSyst provides a safe and healthy work environment for its employees.

Total incidents and Compensations	Unit	2022	2023	Remarks
Incidents at work	#	20	22	
Employees having attended different safety trainings	#	1,344	1,114	

Governance

APAGCoSyst's Approach to Corporate Governance

APAGCoSyst 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 APAGCoSyst.

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.

Employment category	Unit	2023	Remarks
# of male executive directors	#	2	
# of female directors	#	0	
# of managers	#	5	
Directors with ESG qualifications	#	0	
Anti-bribery /Corruption training (employees having completed)	#	662	
App/Website cyber security measures	#		Encryption
Paid for cyber security Hacking protection	USD	0	
Compensation paid to executives	USD	Not calculated	

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

APAGCoSyst 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.

APAGCoSyst is committed to preventing corruption in its business operations. The company has a zero-tolerance policy for corruption and has implemented a number of 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. APAGCoSyst 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, APAGCoSyst 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

As a future action plan, APAGCoSyst is working to implement the following standards

- ISO 9001: Quality Management System (QMS)
- ISO 14001: Environmental Management System (EMS)
- ISO 27001: Information Security Management System (ISMS)
- ISO 45001: Occupational Health and Safety Management System (OHSMS)
- ISO 50001: Energy Management System (EnMS)

Appendix

Reporting Framework

APAGCoSyst 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.



APAGCoSyst 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

APAGCoSyst 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 2023 till 31 st December 2023.			
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	<p>The board of directors of APAGCoSyst 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.</p>	Chapter 4
Governance	<p>APAGCoSyst 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>APAGCoSyst 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>APAGCoSyst 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>APAGCoSyst 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	APAGCoSyst 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>APAGCoSyst 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>APAGCoSyst 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>APAGCoSyst '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>APAGCoSyst '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

This document includes forward-looking statements regarding the anticipated financial performance and business outlook of APAGCoSyst, a food supply company based in Santiago. These forward-looking statements are based on the current expectations and assumptions of APAGCoSyst 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 APAGCoSyst 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 APAGCoSyst'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 APAGCoSyst. Furthermore, it is not intended to provide investment advice, but it does encourage and appreciate sustainable investing. APAGCoSyst 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 APAGCoSyst without notice, and the company does not commit to updating this document to reflect any such changes.

References and resources

APAGCoSyst Home

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

GRI Standards

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

TCFD 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 rises [3], and the OECD Due Diligence Guidance for Responsible Business Conduct

Code of Ethics and Business Conduct (PDF)

URL here

APAGCoSyst compilation of ESG Data (PDF)

Attached

Products and Services

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

