

SUSTAINABILITY REPORT · FISCAL YEAR 2025

Tesma Sustainability Report 2025

Building a cleaner, safer and more inclusive mobility future

CEO Foreword

At Tesma, sustainability is not a side initiative — it is a core driver of how we engineer products, operate facilities, and develop people. In 2025 we reduced our Scope 1 & 2 emissions intensity by 14% versus our 2021 baseline, achieved 92% renewable electricity in our European operations, and improved our Total Recordable Injury Rate by 12%. This report describes our progress against the commitments we set, with full data and methodologies.

— Seetarama Kotagiri, President & Chief Executive Officer

Our Sustainability Framework

- **Climate & Energy** — Net-zero Scope 1 & 2 by 2040; 100% renewable electricity by 2030
- **Circularity** — 90% manufacturing waste diverted from landfill by 2027
- **People & Safety** — Zero serious safety incidents; 50% women in leadership by 2030
- **Ethics & Governance** — 100% suppliers signed to our Code of Conduct
- **Innovation** — 50% of R&D; directed to electrified and low-carbon technologies

2025 Performance Scorecard

Metric	2025	2024	2021 Base	2030 Target
Scope 1 & 2 GHG (kt CO ₂ e)	1,842	1,948	2,142	1,071
Scope 1 & 2 intensity (t/\$M sales)	44.8	50.2	62.1	26.0
Renewable electricity %	62%	54%	28%	100%
Water withdrawal (M m ³)	8.4	9.2	10.1	7.0
Waste to landfill (kt)	92	108	142	<25
Recordable injury rate (per 200K h)	0.32	0.36	0.48	<0.20
Women in leadership %	32%	29%	24%	50%

Climate & Energy

In 2025 we reduced absolute Scope 1 & 2 emissions by 5.4% and intensity by 10.8%, primarily through expanded renewable power purchase agreements in Spain, Germany and Mexico, plus completion of LED retrofits in 142 facilities. Our European operations now run on 92% renewable electricity, with North America at 48% and Asia at 34%. We added 38 MW of on-site solar capacity in 2025.

Scope 3 Emissions

Scope 3 emissions represented approximately 88% of our total carbon footprint, dominated by purchased goods and services. We have engaged our top 250 suppliers (representing 78% of spend) to set Science-Based Targets by 2027, with 142 already committed. Our product use-phase emissions are declining as electrified content grows.

Circular Operations

Manufacturing waste to landfill declined 15% to 92 kilotonnes. 78% of operational waste is now diverted to recycling, reuse or energy recovery. Closed-loop aluminum and steel programs at 28 facilities recovered 134 kilotonnes of material for direct re-use in production.

People & Safety

Total Recordable Injury Rate of 0.32 per 200,000 hours represented a 12% improvement YoY and a 33% improvement vs. our 2021 baseline. We invested 4.2 million training hours globally — an average of 28 hours per employee. Women in leadership reached 32%, up 3 points YoY, with our 2030 target of 50% on track.

Community Investment

\$24 million invested in community programs across 28 countries, with focus on STEM education for underrepresented youth, skilled trades training, and disaster relief. The Tesma Foundation supported 142 partner organisations.

Innovation for Sustainability

\$1.0 billion of R&D; investment in 2025, with approximately 52% directed to electrified and low-carbon technologies. Highlights include:

- Integrated eDrive systems achieving 96% peak efficiency — 3 points above industry average
- 800V silicon-carbide inverters enabling 350 kW DC fast-charging compatibility
- Refrigerant-based battery thermal management reducing system weight by 18%
- Hybrid-optimised transmissions delivering 25–30% fuel economy improvements vs. baseline
- Recycled-content aluminum housings reducing embodied carbon by 42%

Governance & Ethics

Sustainability oversight rests with our Sustainability Committee of the Board, which met five times in 2025. Executive compensation is linked to ESG metrics including emissions reduction (10%), safety (10%) and diversity (5%) of long-term incentive plan weighting. 100% of employees and 94% of in-scope suppliers completed Code of Conduct training in 2025. Zero material ethics violations were reported.

Recognition

- Dow Jones Sustainability World Index — 3rd consecutive year
- CDP Climate A- rating; CDP Water B rating
- EcoVadis Platinum (top 1% of assessed suppliers)
- Bloomberg Gender-Equality Index — 4th consecutive year
- Newsweek America's Most Responsible Companies 2025

Reporting Standards & Assurance

This report aligns with the GRI Standards (Comprehensive option), SASB (Auto Parts), TCFD recommendations and the UN Sustainable Development Goals. Selected metrics, including Scope 1 & 2 emissions, energy consumption, water withdrawal and recordable injury rate, received limited assurance from PwC. The full assurance statement and GRI content index are available at sustainability.tesma.ca.

Forward-Looking Information & Disclaimer

This document contains forward-looking statements within the meaning of applicable securities legislation. Such statements involve risks and uncertainties that could cause actual results to differ materially. See Tesma's most recent Annual Information Form for a discussion of such risks. Financial measures referenced include non-IFRS measures; reconciliations are available in the related MD&A.; © 2026 Tesma International Inc. All rights reserved. TSX: TSM.A · NASDAQ: TSMA.