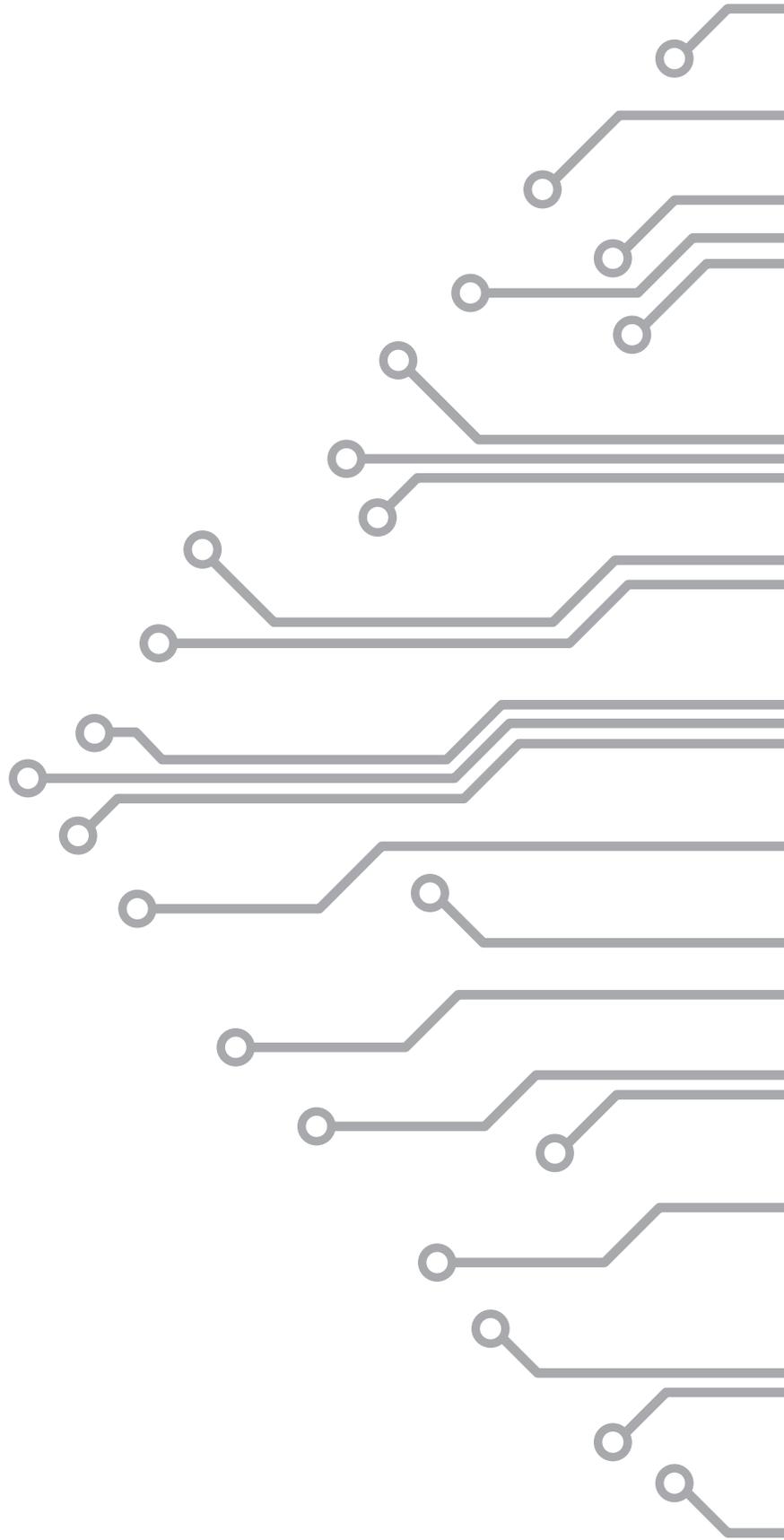


A series of grey circuit-like lines with circular nodes at the end of each branch, extending from the left edge of the page towards the center. One line extends further to the right, ending in a circle that frames the year "2019".

2019
SUSTAINABILITY
REPORT

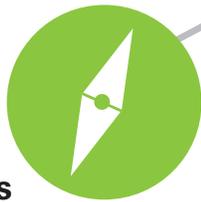
A LEADER IN
INTUITIVE MOTION
CONTROL



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NEXTEER'S **FIVE KEY** **FOCUS AREAS**



Business Ethics

Nexteer recognises that being a good corporate citizen is making a positive impact where we do business, which is the basis for sustainability. We do this by adhering to our global Code of Conduct, working towards achieving greater accountability to non-traditional stakeholders and ensuring continuous improvement of sustainability reporting practices.



Supply Chain

Nexteer is dedicated to providing best-in-class technology, quality and value to every customer, every day. To achieve that goal, we must provide a clear, consistent message to our supply partners regarding requirements and expectations. Our Supplier Requirements Manual and our Corporate Social Responsibility Supplier Principles are intended to do just that.





Health, Safety & Environment

Nexteer promotes a culture of health, safety and environmental responsibility in all activities.

- We design our products, processes and services for continuous environmental improvement
- We commit to comply with laws, regulations and our requirements for environmental protection
- We conserve resources, reduce pollutants and recycle materials for environmental preservation
- We embed health and safety into all aspects of our corporate culture through education, training and awareness
- We are committed to continuous improvement and ultimately achieving a lost workday case rate of zero



Value Creation

Nexteer strives to achieve profitable and balanced global growth by creating value:

- Through innovation
- By partnering with winning automotive original equipment manufacturers (OEMs)
- By growing geographic, customer and vehicle platform diversity



Community

Nexteer embraces corporate citizenship by:

- Seeking to be the business neighbour of choice in every community where we maintain a presence
- Supporting the economic prosperity of the communities where our employees live and work
- Supporting and encouraging the involvement of our employees in company-endorsed community endeavours
- Enhancing technical and economic education by supporting Science, Technology, Engineering and Math (STEM) educational opportunities
- Promoting a culture of collaboration by supporting community-based initiatives that engage our employees, make a difference in the lives of others and matter to our employees

Introduction

This is Nexteer Automotive Group Limited's (Nexteer, Nexteer Automotive, or the Company) fifth annual sustainability report. Annual reporting is an important way in which we communicate progress against our sustainability goals and targets. We strive to report on progress in a balanced and transparent manner and view the publication of this report as one of many ways in which we fulfill our obligations as a good corporate citizen.

We self-declare this report to be in accordance with the applicable Hong Kong Stock Exchange (HKEX) Environmental, Social and Governance (ESG) 2019 reporting requirements. This report focuses on our approach to managing key sustainability issues, which are organised into five areas: Business Ethics; Health, Safety & Environment; Supply Chain; Community; and Value Creation. Taken together, these areas represent our corporate sustainability framework.

In addition to meeting the ESG reporting requirements for the HKEX, we have also elected to expand our 2019 report to include information on how we are helping to achieve the United Nations Sustainable Development Goals (UN SDGs), a set of goals which draw attention to specific global challenges that need to be addressed on a large scale in order to achieve a more sustainable future for current and future generations.

This sustainability report includes information about Nexteer Automotive's performance for our 2019 fiscal year which aligns with the calendar year. Unless

otherwise noted, it covers all of Nexteer's global operations and the information applies to all salaried and hourly employees working in premises owned or co-owned by Nexteer, as well as in majority-owned joint-venture locations. All financial information is reported in US dollars unless otherwise stated.

To ensure that information in this report is accurate and reliable, we have established internal controls and a formal review process, including final approval from Nexteer's Disclosure Committee.

In addition to publishing an annual sustainability report, Nexteer provides sustainability related information to meet specific requests from OEMs. We also provide information to CDP (formerly, the Carbon Disclosure Project) and benchmark our sustainability performance through EcoVadis, a firm that provides corporate social responsibility (CSR) ratings and scorecards by industry. We continue to monitor our performance against these and other external scorecards and rankings, and strive for increased transparency, completeness and accountability to our stakeholders.

For feedback, questions or additional information about this report or our approach to sustainability, please contact us at:

HEADQUARTERS

1272 Doris Road
Auburn Hills, Michigan 48326, USA

Message from **Leadership**

We are steering the way toward **a more sustainable future** for our stakeholders, our global community and our planet.



Tao Liu

As a global leader in intuitive motion control, we provide leading-edge steering and driveline systems including assisted and automated driving (AD) enabling technologies. We are committed to conserving our planet's natural resources, technology breakthroughs and operating with the highest degree of ethics and transparency.

With a heritage spanning over 110 years of innovation, sustainability remains integral to the culture of Nexteer. It is engrained in our Code of Conduct and aligned with stakeholder expectations and our own high standards of excellence.

By integrating sustainability into our global business strategies, we drive performance relative to:

Our products – We are leading the way with sustainable product solutions to align with industry demands. We create value through innovation and in partnership with global automotive OEMs. For example, as global demand for electric vehicles (EVs) increases, similarities designed into our steering system bridge traditional internal combustion engines and EVs making Nexteer the turn-to partner in the launch of new, fuel efficient, low emission vehicle platforms.

Our supply chain – Our focus on sustainability extends deep into our global supplier network. In 2019, we introduced our Corporate Social Responsibility Supplier Principles. Through them we express our expectations for acting in accordance with all applicable laws and conducting business in a socially and environmentally responsible manner with the highest degree of integrity.

Our employees – Our diverse, global talent base makes a difference where we live and work by bringing wide-ranging perspectives and experiences to solving complex challenges. To sharpen our skills, we focus on training to achieve professional, personal and corporate growth that prepares employees for the future.

Our environment, health and safety – Nexteer promotes a culture of environmental responsibility by designing our products, processes, packaging and services for continuous environmental improvement and end-of-life considerations. We evaluate resources, reduce pollutants and recycle materials for environmental preservation. In addition, we embed health and safety into all aspects of corporate culture through education, training and awareness. We strive for zero on-the-job injuries.

Our communities – We seek to be the business neighbour of choice in the communities where we live and work. We listen to our community partners and support education, health, social, civic and cultural endeavours to improve our communities now and for the future.

Our customers – We are regularly recognised by our global customer base for our innovations, excellence in logistics, manufacturing leadership, quality and consistency which contribute to a sustainable future. Growing regional autonomy and capabilities is a critical component in meeting our customers' expectations and is a critical component in our global footprint strategy.

I invite you to read this report to learn more about Nexteer and how we are leveraging our strengths and steering the way toward a more sustainable future for our stakeholders, our global community and our planet.

Sincerely,

Tao Liu
President and Global Chief Operating Officer
Nexteer Automotive



About Nexteer

CORPORATE PROFILE

Nexteer Automotive is a global leader in advanced steering and driveline systems, as well as assisted and AD enabling technologies. In-house development and full integration of hardware, software and electronics give Nexteer a competitive advantage as a full-service supplier.

As a leader in intuitive motion control, our continued focus and drive is to leverage strengths in advanced steering and driveline systems that provide value-added solutions to our customers. We develop solutions that enable a new era of safety and performance for traditional and varying levels of AD. Overall, we are making driving safer, more fuel-efficient and cleaner for today's world and for an automated future.

Our ability to seamlessly integrate our systems into automotive OEM vehicles is a testament to our more than 110-year heritage of vehicle integration expertise and product craftsmanship. Our culture inspires employees to achieve personal and professional

growth by focusing on the Company's core values across all aspects of the Company: people, operational excellence and enterprise growth.

We aim to be the partner of choice for our customers and suppliers by delivering dependable, safety-critical products and building enduring relationships.

Nexteer provides real-world, vehicle-level solutions by being:

- **Customer Focused:** Respected and trusted for delivering on commitments
- **Proactive:** We listen carefully to understand customer requirements
- **Innovative:** A market leader in steering and driveline innovation
- **Agile:** Able to respond quickly with high-quality, cost-effective solutions
- **Global:** Committed to exceeding customer and vehicle needs every time, in every customer-targeted market

GEOGRAPHICAL FOOTPRINT



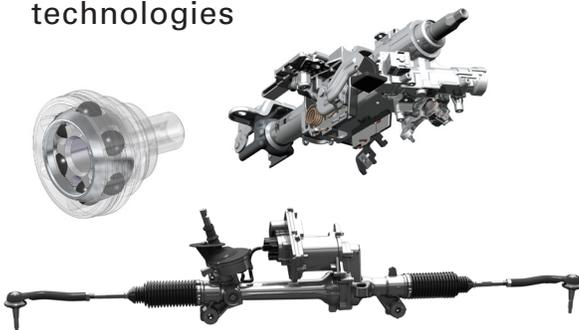
NEXTEER AT-A-GLANCE

▶ **GLOBAL WORKFORCE**
12,820
 Employees
 in **15** Countries

▶ **WORLD HEADQUARTERS**
AUBURN HILLS
 1272 Doris Road, Auburn Hills
Michigan, United States
 48326

▶ **PRODUCTS**

- Electric power steering
- Hydraulic power steering
- Steering columns and intermediate shafts
- Driveline systems
- Assisted and automated driving enabling technologies



▶ **2019 GROSS REVENUE**
\$3.58 BILLION

▶ **GLOBAL FACILITIES**
28 Manufacturing Plants
 Including:
2 Non-consolidated joint ventures
4 Technical and Software Centres
14 Customer Service Centres

▶ **GLOBAL CUSTOMERS**
60+ Including:
 BMW Group, Changan Automotive (Group) Co., Ltd., Dongfeng Peugeot Citroën Automobile Co., Ltd., Fiat Chrysler Automobiles N.V., Ford Motor Company (**Ford**), General Motors Company and Subsidiaries (**GM**), Groupe PSA, Maruti Suzuki India Limited, Renault-Nissan-Mitsubishi Alliance, SAIC General Motors Co., Ltd., SAICGM-Wuling Automobile Co., Ltd. (**SGMW**), Toyota Motor Corporation and Volkswagen Group as well as domestic automakers in India, China and South America

In this section – 2019 Sustainability Highlights & Recognition

2019 Sustainability **Highlights & Recognition**

HIGHLIGHTS

Held our **4th annual Global Service Day**

Contributed **15,500 hours of employee community service**

First report to include **our contribution to achieving UN SDGs**

Nearly 900 suppliers managed throughout our **global supply chain**

Invested **\$201 million** in **Capex**

Invested **\$296 million** in **engineering & product development**

Over half of Nexteer's **salaried staff** are **scientists, engineers** or **other technical employees**

Expanded and formalised membership within our **Sustainability Work Group** through **adoption of a Terms of Reference document**

Received our **highest score to date of 59** from **EcoVadis third-party business sustainability rating organisation** putting Nexteer in the **86th percentile** and earning Nexteer a **Silver Medal** for **CSR performance**

Record low level of **lost work day cases** and **recordable incidents**

MEMBERSHIPS

We hold memberships in the following national and international organisations which support sustainability:

EcoVadis

Inforum

MICHauto

National Safety Council

NQC

Automotive Industry Action Group (AIAG) Environmental Sustainability Advisory Group

Business Leaders for Michigan

European Association of Automotive Suppliers (CLEPA)

Michigan Chamber of Commerce

Michigan Manufacturers Association Environmental Council

Original Equipment Suppliers Association (OESA)

Silesia Automotive and Advanced Manufacturing (SA&AM Cluster) – Poland (local Silesian)

Society of Automotive Engineers International

Society of Automotive Engineers Women's Engineering Committee

2019 Sustainability Highlights & Recognition

THIRD-PARTY RECOGNITION

Both the industry and our customers have recognised Nexteer’s leadership with many awards throughout the year. Nexteer was honoured for product and manufacturing innovation, quality and excellence as well as for exceptional customer relationships. A summary of our achievements by region is listed below.

Nexteer Corporate-wide and North America awarded:

Frost & Sullivan’s **Engineering and Production Technology Leadership Award**

National Association of Manufacturing’s **Manufacturing Leadership Award for Enterprise Integration and Technology Leadership**

GM’s **Supplier of the Year Award**

GM’s **Supplier Quality Excellence Award** for Nexteer’s Saginaw Plant 6

GM’s **Customer Care & Aftersales Drive2Great Program Recognition** for Nexteer’s **North America Service and Aftermarket Manufacturing Performance**

Automotive Innovation Technology Award for **Quiet Wheel™ Steering** and **Stowable Steering Column** at the 2019 International Automotive Congress

Ranked **23rd** in **Super Empresa’s** list for companies with over 3,000 employees

Top Rewards Award for **Nexteer/Health at your community program**

Nexteer Brazil awarded:

Government of Brazil’s **Great Place to Work Certification** (third year in a row)

AGCO CORP’s **Excellence in Quality for Production of Mechanical Steering Columns**

Nexteer China and Asia-Pacific Region awarded:

SGMW’s **International Pioneer Award & Excellent Responding Award** for **Our Quality Products, Goods Service and Spirit of Partnership**

Ford’s **World Excellence Award** for **Electric Power Assisted Steering Gear 2019**

American Society for Quality’s (ASQ’s) **International Team Excellence Award Finalist**

ASQ’s **Attendee Choice Award of Innovative Ideas for Internal Stakeholders**

National Safety Council of India, Karnataka Chapter’s **Excellent Safety Award** for Nexteer India

Ford’s **Silver Level Manufacturing Award** for Nexteer Suzhou’s EPS Production

HR Yuancai’s **Greater Suzhou Best Employer**

51job.com and Yingjiesheng.com’s **Top Graduate Employer**

HR Tech & HR Salon’s **Candidate Experience Award**

Nexteer France awarded:

Great Place to Work Certification

Nexteer Germany awarded:

Great Place to Work Certification

Nexteer Italy awarded:

Great Place to Work Certification

Nexteer Morocco awarded:

Great Place to Work Certification

Nexteer Poland awarded:

MotoSolutions’ **Corporate Social Responsibility Award**

Manpower Group’s **Friendly Place to Work Award**

Moto Idea’s **Decade Award** for Making a Significant Impact on the Polish Automotive Sector

Groupe PSA’s **Platinum Supplier Status Certificate of Excellence** in Recognition of **Outstanding Service**

ThyssenKrupp’s **Delivery Quality Award**

2019 Sustainability Highlights & Recognition



2019 GM's Customer Care & Aftersales Drive2Great Program Awarded to Nexteer's North America Service & Aftermarket Manufacturing Team, USA (first row left)

"Automotive Innovation Technology Award" for Quiet Wheel™ Steering and Stowable Steering Column at the 2019 International Automotive Congress, China (first row center)

Corporate Social Responsibility Award at the 2019 MotoSolutions Conference, Poland (first row right)

Great Place to Work Certification for the third year in a row, Brazil (second row left and right)

Ford's World Excellence Award for Electric Power Assisted Steering Gear 2019, China (third row left)

GM's Supplier Quality Excellence Award—Nexteer Saginaw Plant 6, USA (third row left center, bottom row left)

AGCO CORP's Excellence in Quality for Production of Mechanical Steering Columns, Brazil (third row right center)

National Association of Manufacturing's "Manufacturing Leadership Award for Enterprise Integration and Technology Leadership", USA (third row right)

Manpower Group's Friendly Place to Work Award, Poland (bottom row right)

In this section—Governance

Managing Sustainability

Nexteer's Sustainability Work Group

Governance

Nexteer promotes the highest standards of corporate citizenship.

Nexteer's Board of Directors is responsible for and has general oversight of the direction of management and the conduct of business, including matters relating to sustainability and ESG-related issues. At the time of this report, the Board is composed of nine directors with its Audit and Compliance Committee as well as its Remuneration and Nomination Committee comprising a majority of independent non-executive directors.

We commit to acting in accordance with all applicable laws and conducting our business with the highest degree of integrity. We recognise that the actions of each individual reflect on Nexteer and our deeply engrained One Nexteer culture. Every employee is responsible for upholding the standards established, including reporting violations consistent with applicable laws. Our global compliance standards, including our Code of Conduct, help us achieve greater accountability to our stakeholders and help us to continually improve our sustainability reporting practices.

Nexteer's honesty, integrity and sound judgment are absolutely essential to our reputation and success. Our Code of Conduct sets forth standards that we must abide by as we conduct business. The Code of Conduct is designed to deter wrongdoing and to promote:

- Honest and ethical conduct in personal and business dealings
- Full, fair, accurate, timely and understandable disclosure in Nexteer's public communications and filed documents
- Compliance with applicable laws, rules and regulations
- Prompt reporting of any Code of Conduct violation
- Accountability for adhering to the Code of Conduct

It is important that all of our employees are empowered to report potential violations of our standards so that we can investigate and, if necessary, take corrective measures. To aid in this effort, we implemented an ethics line as a resource to ask questions, seek guidance or anonymously report suspected misconduct.



Governance

MANAGING SUSTAINABILITY

In 2015, Nexteer established a Sustainability Work Group (SWG) composed of a cross-functional, multinational team of experts possessing responsibility and authority to strategise and act on policies, practices and procedures directly impacting Nexteer's direction and performance in sustainability, including our annual sustainability reporting process. This report reflects the SWG's leadership and commitment to sustainability. Before publication, this report is reviewed by Nexteer's Corporate Disclosure Committee and ultimately the Nexteer Board of Directors.

Membership within the SWG is assessed annually to ensure proper representation within each of Nexteer's five key focus areas: Business Ethics; Health, Safety & Environment; Supply Chain; Community; and Value Creation. Collectively, these represent our corporate sustainability framework.

Nexteer's sustainability framework aligns with the HKEX's ESG reporting requirements. This alignment was identified in 2016, when we undertook a comprehensive process to develop our corporate Sustainability Monitoring and Reporting Framework (SMRF). We review and update our SMRF annually to confirm the issues that matter most to our business and to our stakeholders, and to ensure continued alignment with mandatory reporting requirements established by the HKEX (refer to the Materiality section of this report for more details).

The results of our performance against the HKEX's ESG disclosure requirements are presented in this report and are indicated with a green marker as their unique identifier. In addition, we have included a HKEX reference table in Appendix A of this report. Where possible, year-over-year data are presented to show trends over time.

In 2019, we voluntarily expanded our sustainability report to include Nexteer's contribution towards achieving relevant UN SDGs (more information on the UN SDGs and Nexteer's contribution towards achieving them can be found in Appendix B of this report).



NEXTEER'S SUSTAINABILITY WORK GROUP

Since publishing our first annual sustainability report, Nexteer's commitment to—and understanding of—sustainability has grown with each sustainability reporting cycle. The SWG is responsible for leading the development of Nexteer's sustainability programme, which includes managing the annual sustainability reporting process; establishing targets, sustainability initiatives and key performance indicators; reviewing and updating material aspects; and regularly reviewing and revising the Company's SMRF to adapt to changing conditions.

This increased management focus on sustainability at Nexteer, coupled with growing investor and customer demands for transparent sustainability reporting, led us to establish Terms of Reference for the SWG.

Members of Nexteer's SWG meet monthly to assess progress, share best practices and develop action plans. Members are also responsible for gathering data and information to support Nexteer's annual sustainability reporting efforts; reviewing and signing-off on the accuracy of content for the Company's annual sustainability reports; providing advice/recommendations, support and assistance on an as-needed/as-required basis in the implementation of the Company's sustainability programme; championing a culture of sustainability throughout the Company; and assisting with the identification and monitoring of identified and emerging risks and trends in sustainability and advising on their management, mitigation and prevention.

Membership within the SWG is also assessed annually to ensure members serve in roles or functions that directly impact the reporting requirements identified by the HKEX in alignment with Nexteer's sustainability framework.

Nexteer's Sustainability Work Group (SWG)

Kimberly Bostek , Environmental Engineering
Amalia Rebeca Chavez , International Communications
Piotr Dembinski , International Communications
Todd Hare , Information Technology
Jason Hatfield , Health and Safety
Erin Heinrich , Global Marketing Communications
Summer Hou , International Communications
Crystal Huizar , Global Supply Chain Management
Brandon Kalasho , Legal
Cheryl Krieger , Human Resources
Steven Leiger , Internal Audit
Virginia Li , Board Office
Walter Lis , Quality
Julie Malesky , Organizational Effectiveness
Lynn Pavlawk , Global Government Affairs, Corporate Social Responsibility & Sustainability
Kymerly Reeves , Legal
Jerry Rush , Global Government Affairs
Martin Saltiel , Health and Safety
Aaron Seyuin , Engineering
Myiesha Smith , Community Relations
Caren Stajninger , Internal Audit
Luyi Wang , International Communications
Sandra Wilk , International Communications
Sharon Wisniewski , Global Supply Chain Management

NEXTEER'S FIVE KEY SUSTAINABILITY FOCUS AREAS



Business Ethics	Health, Safety & Environment	Supply Chain	Value Creation	Community
	■			
■	■	■	■	■
■	■	■	■	■
■	■	■	■	■
	■			
■	■	■	■	■
■	■	■	■	■
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In this section—Stakeholder Inclusiveness & Engagement

Stakeholder Inclusiveness & Engagement



In this section—Materiality

A Proactive Approach to Materiality

Material issues for Nexteer are issues and topics that can have a direct or indirect impact on our ability to create, preserve or erode economic, environmental and social value for us, our stakeholders and society at large. Opportunities and risks which are most important to our stakeholders, the economy, environment, society and the organisation merit particular focus in our sustainability strategy and framework, therefore deserving significant attention in our sustainability report.

As an organisation committed to reporting on sustainability issues, sharing our process and thresholds used to determine which issues are material is an important part of this commitment.

OUR PROCESS

Nexteer’s materiality process was first defined in 2015. That process helped us understand what to report and how to focus our activities. It led to the creation of our five key sustainability focus areas that represent our corporate sustainability framework which remain valid today.

In 2018, we made minor adjustments to our material topics to better reflect our understanding of our stakeholders’ needs and concerns, and to reflect additional input provided by our stakeholders.

In 2019, we proactively undertook a more comprehensive review of our material issues and broadened our approach to include specific feedback from a variety of internal and external stakeholders. The process involved a number of steps which are depicted in the diagram to the right.

First, we conducted a comprehensive review of publicly available information to generate a long list of potential material topics. We reviewed information provided by stock market indices, industry and globally recognised sustainability reporting protocols and guidelines, third-party sustainability and corporate social responsibility evaluation frameworks as well as sustainability reports published by several of our peers and key customers.

Second, we further evaluated and refined this list of potential material topics through an extensive stakeholder engagement process which included digital surveys distributed to our Global Operating Committee and employees, as well as our customers, investors and suppliers. Our stakeholders were asked to rank issues according to their potential impact on business growth and performance, our brand and reputation, our business culture, product quality and safety and regulatory impacts. Issues were also ranked according to their potential impact on broader social expectations.

Third, Nexteer’s SWG and Global Operating Committee conducted a final review of the process and results to validate findings.



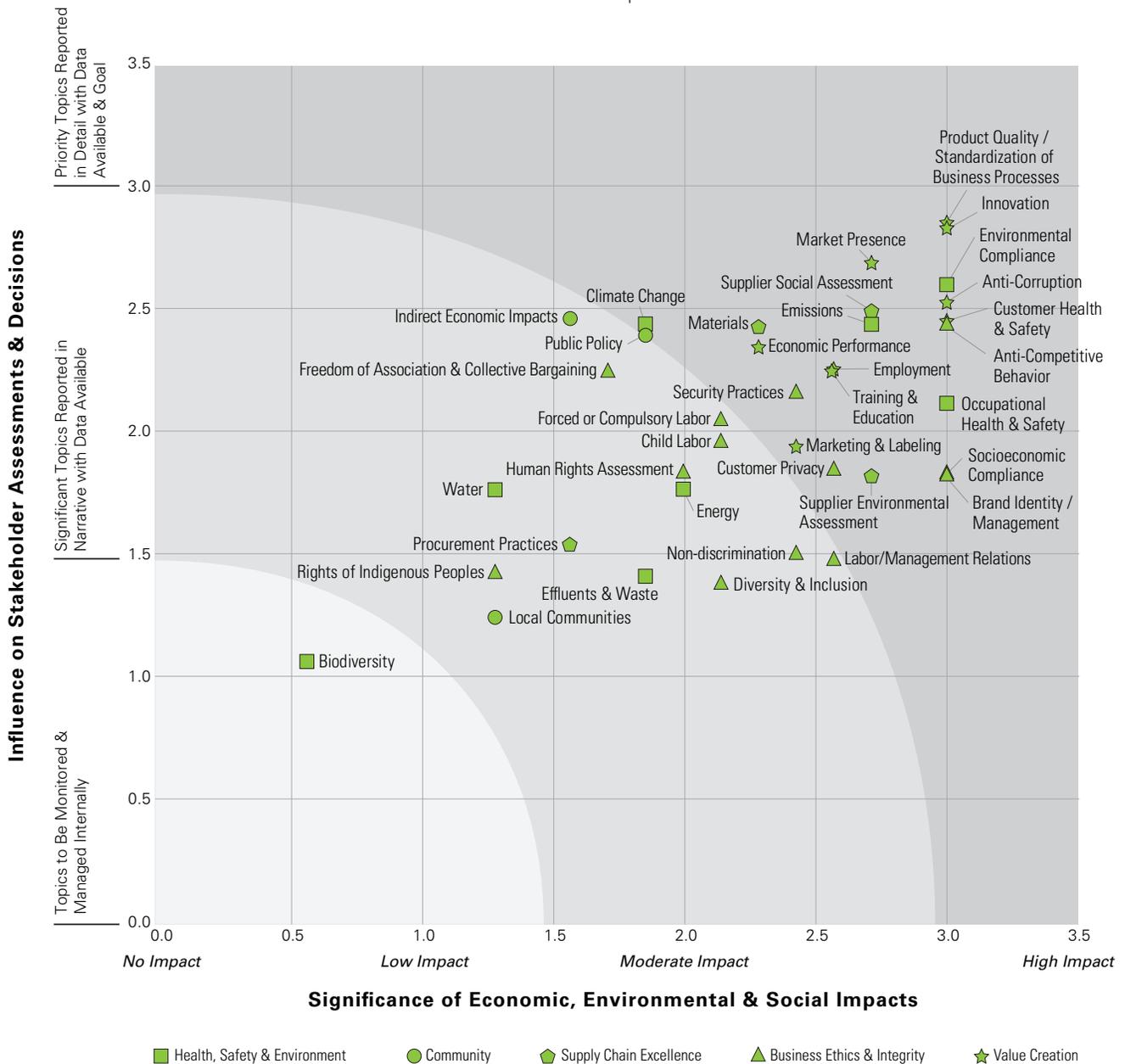
A Proactive Approach to Materiality

The complete result of our materiality assessment process is shown in the figure below.

Most material aspects were evaluated the same or very similar to prior years in that there has been no significant change in terms of their placement on the materiality matrix for Nexteer. However, some key changes have been noted. For example, topics including 'Materials', 'Security Practices' and 'Climate Change' have shifted in importance to both stakeholders and significance to Nexteer's business whereas topics including 'Privacy',

'Diversity & Inclusion', 'Effluents & Waste', and 'Public Policy' have shifted in terms of significance to Nexteer's business but did not change in terms of importance to Nexteer's stakeholders.

We are committed to reviewing our materiality assessment process and results on an annual basis to ensure we are focused on addressing the issues that matter most to our business and our stakeholders. We will continue to use the results of this annual process to refine our sustainability framework and key focus areas as required.



In this section—Attracting & Retaining Top Talent

Employment

Our Workforce

Attracting & Retaining Top Talent

HKEX B1

HKEX B3

As a Company with a deep commitment to innovation and a long history of developing the right product at the right time, the capability to hire and retain top talent is essential for Nexteer’s continued success as a leader in intuitive motion control.

We understand what matters most to jobseekers. In 2016, we conducted a focus group that revealed the top priorities of jobseekers: personalised careers, opportunities for growth and movement within the organisation, doing work that matters and working for ethical and sustainable companies. At Nexteer, we offer all of these attributes to potential recruits. Additionally, our One Nexteer corporate culture, focused on people, operational excellence and enterprise growth, helps us to retain top talent.

At Nexteer, we offer a wide-range of training programmes, global advancement and cross-functional job opportunities which tailor careers.

EMPLOYMENT

HKEX B1

We are committed to acting in accordance with all applicable employment laws and driving a workplace culture of dignity, fairness and respect. This is why all salaried employees complete in-depth training each year on our policies, practices and employment laws. Topics covered in this annual training and in our employee handbook include benefits, compensation, discrimination, dismissal, diversity, equal opportunity, fair labour practices, harassment, human rights, promotions, recruitment, retention, rest periods, safety, working hours and violence prevention.

We are also committed to fair and equitable hiring practices. At Nexteer, hiring, promotions, bonuses and other related employment decisions are based on merit.

We believe that every employee has a role to play in maintaining the highest standards of ethics and



integrity. This includes reporting known and suspected violations of applicable laws and conduct.

We have a number of global compliance standards in place, including our Code of Conduct, that help us to achieve greater accountability to our stakeholders and ensure continued compliance with relevant laws and regulations.

Training on our Code of Conduct is required for all new hires. In 2019, the Code of Conduct training was also relaunched to all employees globally as a refresher and to remind employees of Nexteer’s expectations regarding appropriate workplace conduct. The overall completion rate across the Company was more than 90%.

Attracting & Retaining Top Talent

OUR WORKFORCE

HKEX B1.1

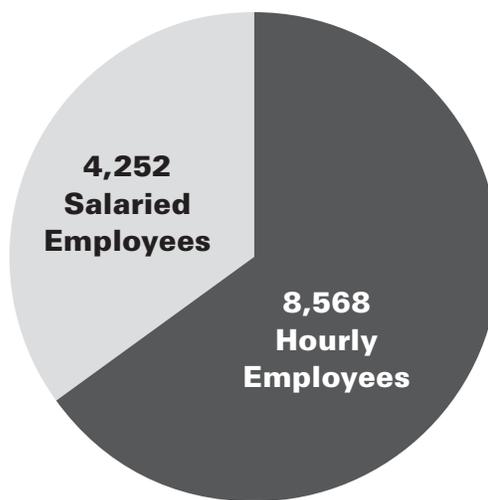
Our workforce is made up of 12,820 hourly and salaried employees. Of our 12,820 employees, 8,568 are hourly employees and 4,252 are salaried. The workforce data is current as of December 31, 2019.

Total Workforce by Type (Hourly, Salaried) and by Geographical Region

Geographical Region	Hourly Employees	Salaried Employees	Totals
Brazil	118	49	167
China	986	1,002	1,988
France	0	58	58
Germany	0	42	42
India	451	332	783
Mexico	2,949	401	3,350
Morocco	221	75	296
Poland	1,107	442	1,549
United States	2,733	1,794	4,527
Other APAC*	3	38	41
Other EMEA-SA**	0	19	19
Total	8,568	4,252	12,820

* APAC: Asia-Pacific

** EMEA-SA: Europe, the Middle East and Africa – South America



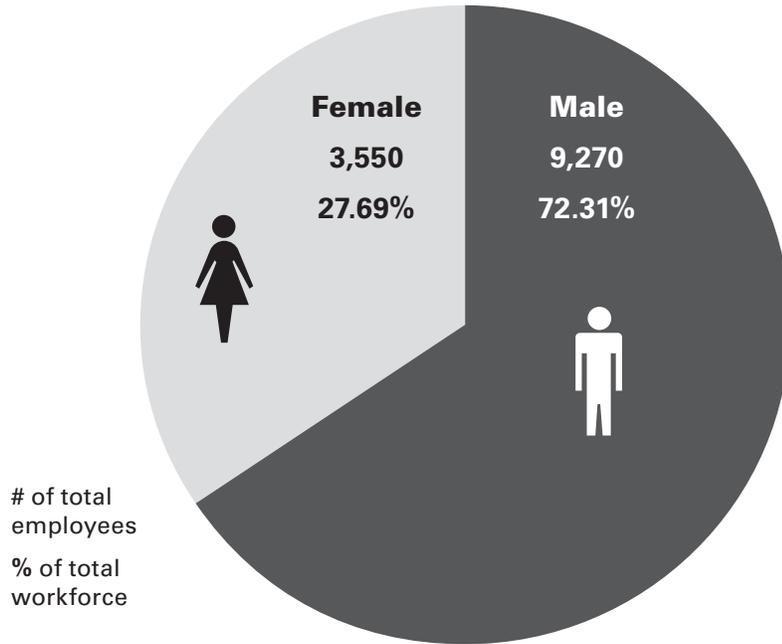
12,820 Employees Total

Attracting & Retaining Top Talent

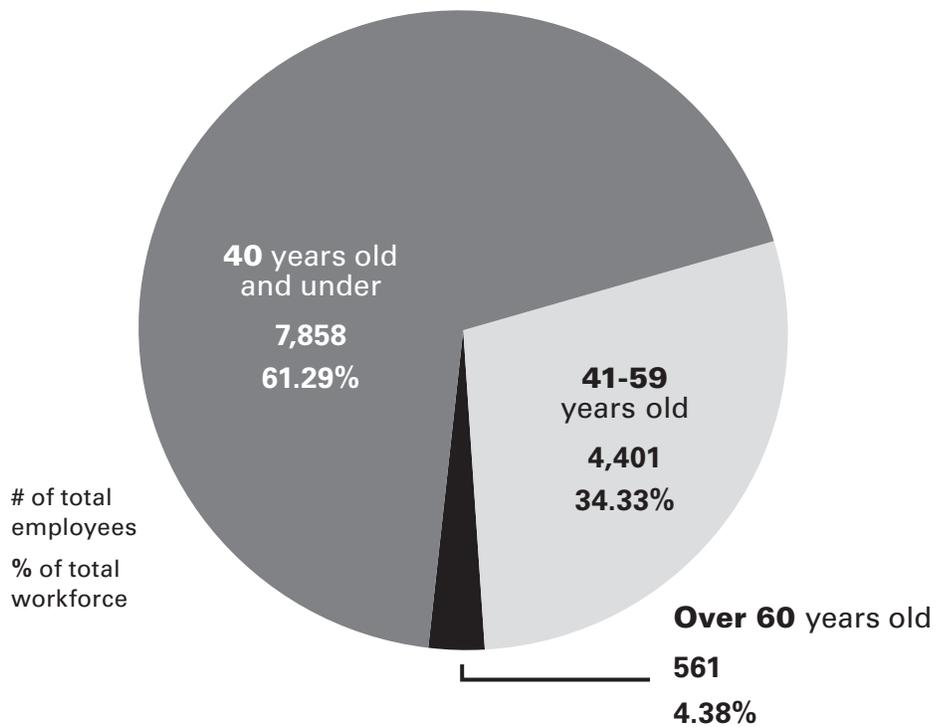
Gender and Age Diversity

HKEX B1.1

Total Workforce by Gender



Total Workforce by Age Group



Attracting & Retaining Top Talent

Employee Turnover

HKEX B1.2

Employee turnover measures employees who leave the organisation voluntarily or due to dismissal, retirement or related reasons. As we were preparing the HR data for our 2019 report, we noticed errors in the turnover rate calculations for 2018 which we corrected and updated.

2019 Turnover by Geographical Region

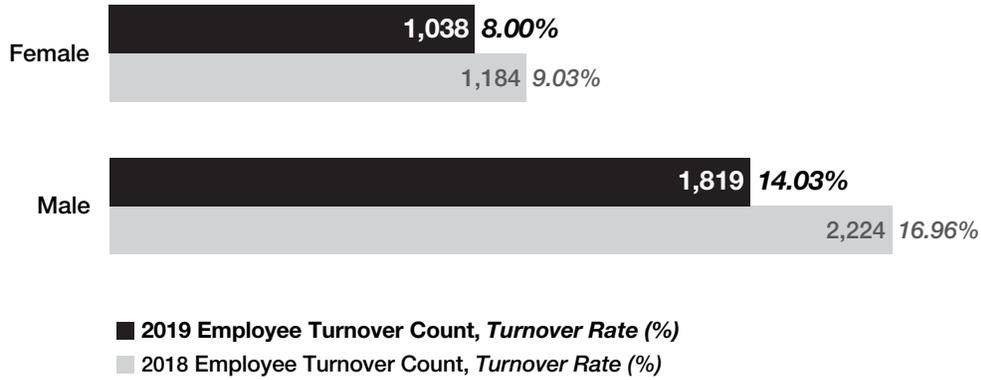
Geographical Region	Employee Turnover Count		Turnover Rate (%)	
	2018	2019	2018	2019
Brazil	35	36	16.43	18.95
China	662	523	28.25	24.15
France	7	4	11.48	6.72
Germany	6	1	15.00	2.44
India	61	38	12.76	6.03
Mexico	1,820	1,488	56.09	45.13
Morocco	1	10	2.33	5.90
Poland	180	159	11.38	10.16
United States	622	595	12.32	12.43
Other APAC*	13	2	29.55	4.71
Other EMEA-SA**	1	1	5.88	5.56
Total	3,408	2,857	25.98	22.03

* APAC: Asia-Pacific

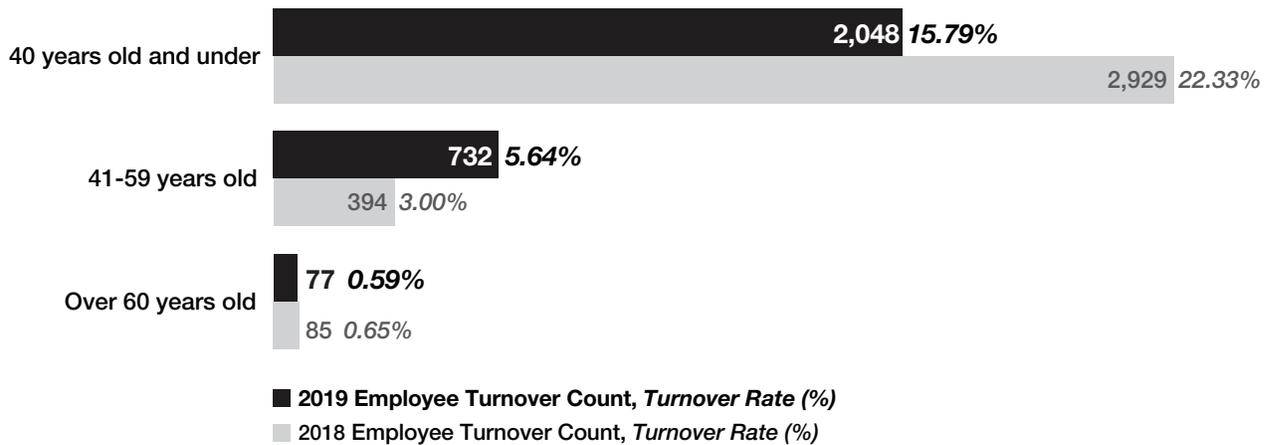
** EMEA-SA: Europe, the Middle East and Africa – South America

Attracting & Retaining Top Talent

2019 Turnover Rate by Gender



2019 Turnover Rate by Age Group



In this section—Training & Development

Training & Development

HKEX B3

In further strengthening our talent management practices for 2019, Nexteer expanded the launch of our technical and behavioural competency frameworks to our corporate staff functions beyond engineering (we launched this framework to our engineering functions in 2018), including global supply chain management, programme management and internal audit and quality. This framework provides a robust competency identification application which better allows each manager within these corporate functions to analyse employee competencies and identify areas of improvement or competency gaps.

In addition, we completed One Nexteer Global Culture Training with more than 85% of global salaried employees completing the training in 2019.

In an effort to support continuous process improvement, we standardised our global recruiting process by merging established recruiting systems and utilising our new system to staff our new software centre in India and plant in Morocco.



Training & Development

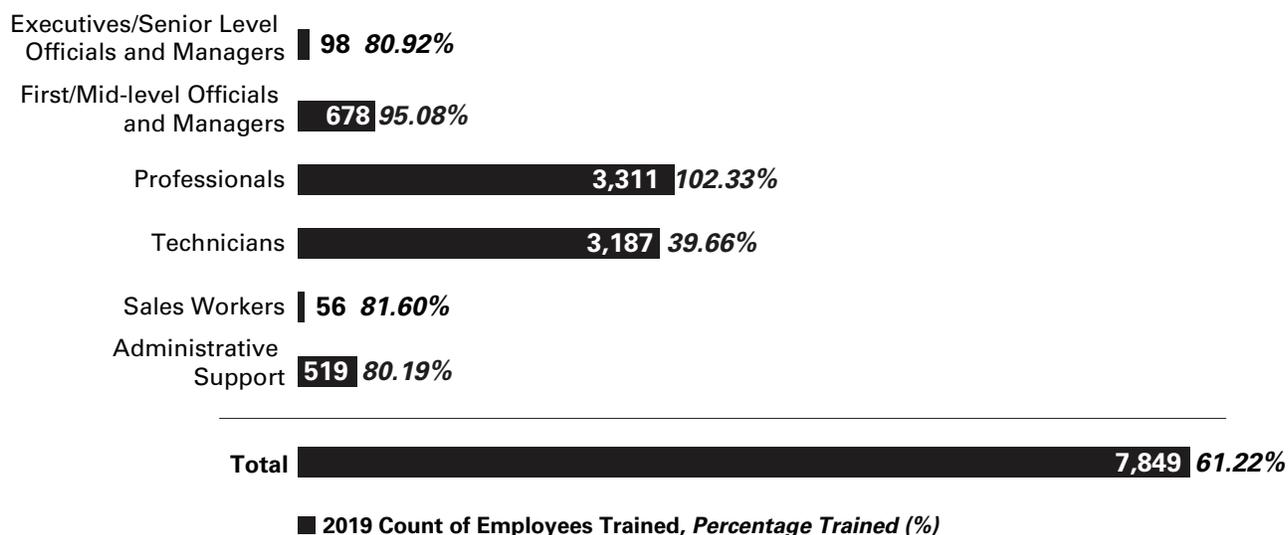
HKEX B3.1

The graphs below show the number and percentage of employees trained by gender and employee category.

Number and Percentage of Employees Trained by Gender



Number and Percentage* of Employees Trained by Employee Category



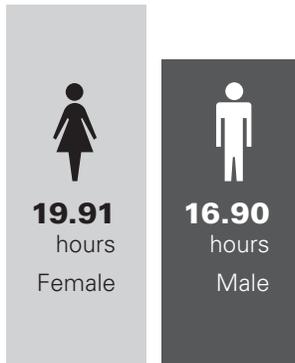
* Training levels over 100% include training completed in 2019 with employees who exited the business in 2019

Training & Development

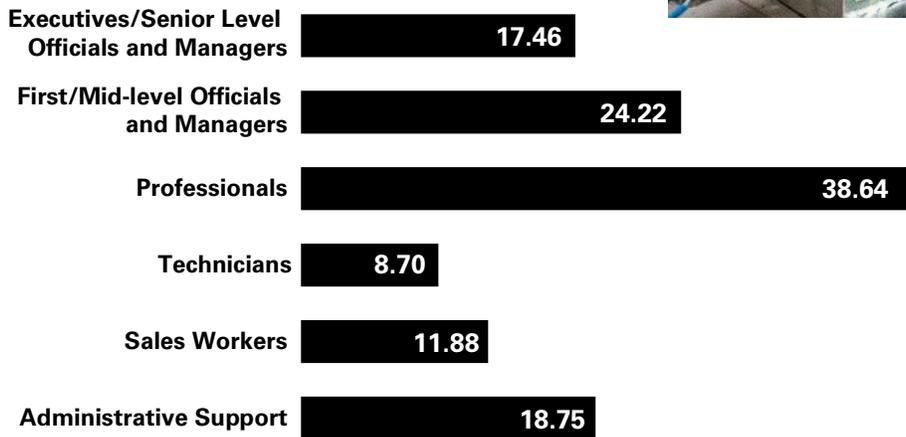
HKEX B3.2

The graphs below present the average training hours completed per employee by gender and employee category.

Average Training Hours Completed in 2019, by Gender



Average Training Hours Completed in 2019, by Employee Category



In this section—Being Ethical Is Everyone's Business

Labour Standards

Anti-Corruption

Being Ethical is at the Heart of Who We Are & What We Do

LABOUR STANDARDS

HKEX B4

Nexteer is committed to lead and to serve as a catalyst for action in its commitment to human rights and dignity. We respect and comply with applicable labour and employment laws, including those pertaining to discrimination, forced or compulsory employment, child labour, freedom of association, hours, immigration, privacy and wages. We do not knowingly partner with suppliers that provide unsafe products or services, violate labour or employment laws or use physical punishment as disciplinary action. Anyone who believes a Nexteer employee, customer, supplier, vendor or any other third-party doing business with Nexteer is in violation of applicable laws is encouraged to report their concerns to our human resources department. Employees also may report potential violations to our internal ethics hotline or legal department.

HKEX B4.1

HKEX B4.2

We are firmly opposed to all forms of child and forced labour. We do not employ anyone under the age of 18 in any country where we do business. To date, we have not had to take steps to eliminate or mitigate the risk of child labour in our operations as we have strict employment practices prohibiting employment of anyone under the age of 18.

ANTI-CORRUPTION

HKEX B7

HKEX B7.1

Nexteer is committed to preventing incidents of bribery, extortion, fraud and money laundering. We follow global policies that promote the highest ethical standards for behaviour and compliance with laws and regulations where we do business. We comply with relevant anti-corruption laws and regulations applicable to us and have not had any legal cases regarding corrupt practices brought against us.

HKEX B7.2

We provide several channels to report suspicious activity or behaviour, such as suspected incidents of corruption and bribery, including direct reports to a supervisor or manager; reports to our human resources, legal or other relevant functional departments; and our ethics line where reports can be made anonymously via telephone or via a web-based form.

In this section—Community Connections
 Annual Global Service Day
 Nexteer Steering the Future Fund

Community Connections

HKEX B8.1

HKEX B8.2

We are proud of the local activities in which our employees have been involved around the world. We focus our charitable giving on one or more of these areas: community partnerships, career and education—particularly in STEM fields—and strengthening our neighbourhoods. In 2019, Nexteer employees volunteered 15,500 hours to community service. From donating blood, revitalizing parks, or mentoring youth in science and engineering, the generosity of Nexteer employees is valued globally.

HKEX B8

Nexteer’s policies related to social responsibility are well-documented. They specifically address community investments, volunteering, memberships and focus areas for our contributions and offer guidance to demonstrate our commitment to community involvement and how we assess community needs in terms of financial and/ or contributions of our time. We will strive to continue our local engagement in the communities in which we operate. We give priority to organisations that operate in communities where Nexteer employees live and work, where Nexteer representation is welcomed on governance boards or leadership teams and where volunteer opportunities for Nexteer employees exist.

In 2019, Nexteer supported four funds administered through the Saginaw Community Foundation in Michigan:

- Steering the Future
- Community Improvement
- Education Fund
- Nexteer Scholarship Fund

These funds focus on providing community support through three distinct approaches:

- Providing scholarships to students pursuing college degrees in STEM or business fields
- Providing competitive grants to local organisations in communities where Nexteer does business
- Providing discretionary charitable grant dollars to meet immediate community needs on an as-needed basis

In 2018, Nexteer set a benchmark for contributions which will be measured after each calendar year. That benchmark is \$0.6 million in global contributions. In 2019, we fell just shy of our goal for monetary contributions, but exceeded prior years’ contributions in terms of volunteer hours. Year-over-year trends in charitable giving and volunteer hours are presented below.

Annual Global Financial and Volunteer Hour Contributions

Year	Charitable Giving (\$)	Volunteer Hours
2016	\$0.4 million	13,500
2017	\$0.3 million	13,500
2018	\$0.6 million	13,000
2019	\$0.5 million	15,500

Community Connections

ANNUAL GLOBAL SERVICE DAY

Nexteer hosted its fourth annual Global Service Day on July 19, 2019, supporting Nexteer’s commitment to contribute to a safer, cleaner and better world. Nexteer employees volunteered at 20 company-organised events globally across four continents: North America, Europe, South America and Asia. In a single day, more than 625 volunteers from Nexteer’s global workforce contributed more than 1,600 hours to support local initiatives.



Global Service Day Activities Around the World

Auburn Hills, Michigan, USA

Nexteer employees volunteered at Focus: HOPE, a Detroit-based, non-profit organisation, to package food for families in need.

Porto Alegre, Brazil

Volunteers spent the day painting walls and rebuilding the roof of a local public school.

Saginaw, Michigan, USA

Volunteers participated in cleaning up and revitalising Saginaw’s Houghton-Jones Community Garden, which included construction activities and beautification efforts such as building a gazebo and farm stand, painting a shed and installing new entrance signs.

Torino, Italy

Volunteers focused their efforts on cleaning up and revitalising various gardens and playgrounds throughout the city.

Tychy, Poland

Volunteers hosted a charity day where they invited children from local foundations to spend the day at Nexteer enjoying activities and learning about the Company’s technologies.

Villepinte, France

Nexteer employees spent the day with disabled students, helping clean up and decorate their school and making lunch for the students.

Rüsselsheim, Germany

Volunteers spent the day cleaning and repainting the walls of a local animal shelter.

Nexteer locations in Australia, China, India, Indonesia, Japan, Korea and Singapore

More than 570 Nexteer volunteers across these locations spent the day cleaning up and promoting health, safety and goodwill in their local communities, as well as contributing financial and blood donations to various organisations.

Community Connections

Giving Back Throughout the Year

Nexteer has a well-established history of giving back throughout the year to the communities in which we do business and where our employees live and work.

Unites States

Annual Golf Outing

In 2019, Nexteer hosted its 7th Annual Scholarship Golf Outing which raised \$40,000 for the Nexteer Scholarship Fund. The Golf Outing has raised more than \$300,000 since it began in 2012. Nexteer provides scholarships to graduating high school seniors, Nexteer interns and co-op students as well as non-traditional students pursuing skilled trades programmes.

New Community Scholarships

Nexteer launched two new community scholarship and grant programmes through the Great Lakes Bay Regional Alliance, focusing on STEM-related youth activities:

- Following feedback from schools that transportation costs are often one of the main barriers preventing students from visiting STEM-rich institutions in the region, Nexteer established a grant open to schools and after school clubs in the region which provides funding to assist with transportation costs
- Through our partnerships, we created grants to assist STEM access and equity which funded seven projects including Little STEMmers with Central Michigan University's Center for Excellence in STEM and Understanding the Nature of STEM which connects the Chippewa Nature Center with various schools in the region

Launch of STEM Passport Tool

Nexteer saw the need to connect employees and their children with the many STEM-rich institutions in our region. To that end, 2019 was the inaugural year for our STEM Passports Tool, which was created to encourage elementary students to pursue higher education in STEM fields by offering discounts to STEM institutions. Nexteer opted to offer our employees additional discounts to encourage participation and created the Nexteer STEM Club. Once a Nexteer family member receives one "stamp" in their passport, their child receives a drawstring backpack and a Nexteer STEM Club cup.

Earth Day

Nexteer's Saginaw site teamed up with the Saginaw Basin Land Conservancy to revive abandoned lots in the Cathedral District and therefore revitalise the neighbourhoods adjacent to the space. This was part of the Saginaw Basin Land Conservancy's newest initiative: The Pollinator Project. Through the use of agricultural planting techniques, the goal of this project is to plant flowers that will bloom from May through late fall, boosting community beautification efforts, while also aiming to reconnect neighbourhoods, reduce crime, help threatened pollinators and benefit local wildlife.



Talent Tour

Nexteer's Saginaw site hosted multiple student and educator tour groups throughout 2019 to encourage students to discover careers in manufacturing and STEM-rich environments. For example, Nexteer hosted a talent tour at its North America manufacturing operations for more than 40 students from 14 different high schools in Saginaw County. During the talent tour, students and school staff members got a first-hand look at the technology and innovation that is involved in Nexteer's advanced manufacturing processes.



Community Connections



FIRST Lego League Competition

Nexteer Automotive hosted the 19th Annual “Nexteer Ready Set, LEGO!” qualifying tournament, where elementary-aged students competed against one another for advancement to the Michigan FIRST LEGO League Championship. The teams were tasked with designing, building and programming a robot with LEGO technology to participate in up to 15 missions.

More than 280 students from the Great Lakes Bay Region, forming 32 teams, participated in the FIRST Lego League qualifying tournament. More than 30 Nexteer volunteers helped to ensure the event’s success. Nexteer also has employees who act as FIRST Coaches and Mentors throughout the year.

Annually, Nexteer donates more than \$50,000 to all FIRST programmes, to support the advancement of STEM initiatives.

Brazil

Annual Diversity Day

In September 2019, Nexteer Brazil hosted its annual Diversity Day: a day that consisted of workshops, videos during lunch hour, information panels and a lecture at the end of the day to celebrate Brazil’s rich culture and inclusive workplace. Diversity Day is part of Nexteer Brazil’s Diversity and Inclusion Programme which has five pillars: women, disabled, generations, ethnicity and culture and LGBTQ+.

Appreciation for our Support

Nexteer Brazil was honoured for their contribution to the EMEF Migrantes school during their 25th anniversary celebration week. This school is in the same neighbourhood as Nexteer’s facility. Nexteer had offered assistance to this school during the 2017 and 2018 Global Service Days.

China and Asia-Pacific Region

Facilities for Police in Pune, India

Nexteer partnered with the Rotary Club of Pune, India to provide proper changing, storage and hygiene facilities for female police officers who lacked access to these facilities during their shifts, many of which are 24-hours long.

Library in Guizhou, China

Nexteer partnered with the Shancheng Welfare Association and sponsored the “100 Libraries for Kids in the West”. Nexteer volunteers helped build a library for a school in a small town in Guizhou Province and provided books, reading desks and chairs for around 200 students.

Mexico

Scholarships

In alliance with the United Way, Nexteer Ciudad Juarez provided scholarships to students in need throughout the region.

Health in Your Community Initiative

Nexteer Queretaro and Ciudad Juarez implemented the programme “Health in your community”. This programme brings a medical mobile unit into communities where access to quality health care is often difficult. The mobile unit provides free primary care and dental services to those in need. The mobile unit provided care on eight separate visits in Queretaro and on two visits in Ciudad Juarez.

Helping Kids with Cancer

Nexteer Queretaro launched a permanent collaboration with Banco de Tapitas, a non-profit organisation that helps kids with cancer by providing much needed medical treatment. Banco de Tapitas earns income to support kids in need by recycling plastic bottle caps. The three plants in Queretaro now have recycling bins for bottle caps to support this charity.

Germany

Charity Ride Initiative

In honour of the grand opening of Nexteer’s new production facility in Kenitra, Morocco, employees from Nexteer Germany travelled to Morocco to participate in a charity ride to raise money for the Dar Al Fatayat orphanage. The employees cycled over 250 km from Fez, Morocco to the Kenitra facility.

Community Connections



Poland

Helping Children and Youth in Need

Nexteer Poland partnered with a foundation called "Zameczek" (in English, Small Castle) which is a centre for children and youth with physical and mental disabilities and terminally ill children. The centre is near Nexteer's Tychy, Poland facility. The partnership initially began after Nexteer employees visited the facility in September 2018. Comprehensive, ongoing support for the facility is now provided by Nexteer. Specifically, Nexteer provides ongoing communications support by developing communications strategies and bringing awareness to the facility on social media, through other promotional campaigns and meetings with investors. Nexteer employees also help maintain the facility by painting rooms, purchasing needed equipment and supplying the facility with items needed for daily operations.

Poland Business Run

Nexteer Poland co-organised the Poland Business Run for the fifth year in a row. The run is one of the biggest nationwide charity events in Poland that combines the idea of helping others with promoting a healthy lifestyle. A group of employees from Nexteer Poland took part in the charity run. More than \$75,000 was collected to assist amputees in purchasing prostheses.

NEXTEER STEERING THE FUTURE FUND

Nexteer's Steering the Future Fund is administered by a committee of Nexteer employees who review charitable grant applications and allocate funds based on the merits of each application and the amount of funding requested. To be eligible for funding, applicants must demonstrate that the activity to be funded meets one or more the following criteria:

- Improves international relations or promotes international commerce
- Promotes entrepreneurialism and innovation in business
- Creates workplaces, communities and economies with greater diversity in ethnicity, national origin, gender, skill sets and thought
- Improves communication skills in home, school, workplace, civic and global settings
- Trains the next generation of industry leaders by improving business, math, engineering and technology education
- Fosters innovation in technology and transportation
- Improves the economies and quality of life in the communities of Nexteer's facilities and customers
- Creates a cleaner, safer environment for future generations

In 2019, we received 17 funding requests and granted 9 for a total of \$24,750.

In this section—Our Suppliers Our Partners

Holding ourselves to a Higher Standard

Expanding Our Global Footprint

Product Responsibility

Our Suppliers Our Partners

HKEX B5

HKEX B5.1

The relationship between Nexteer and its suppliers is one that is built on loyalty and reciprocity. We have established meaningful, long-term relationships with many suppliers in the industry. Our suppliers bring unique capabilities that we do not have internally, and we depend on supply partners to succeed globally.

Both our Nexteer Supplier Requirements (NSRs) and General Terms and Conditions (GT&Cs) are part of every request for quotation and purchase order. They communicate our policy on managing social and environmental risks throughout our supply chain.

878 Total Number of Direct Material Suppliers



Our Suppliers Our Partners

In October 2019, we updated our NSRs to include a specific section outlining corporate social responsibility supplier principles. Our NSRs communicate to our suppliers our commitment to environmental responsibility, which includes striving towards increasingly efficient use of raw materials, energy, water and other inputs. We consider the life cycle impacts of the products we source and strive to continuously improve the environmental footprint of our supply chain.

As a result of our commitment to environmental responsibility, we expect all products manufactured, and the applied materials and substances within the process, to meet environmental standards for design, development, distribution, use, disposal or recycling. Such items include, but are not limited to: reducing energy consumption, reducing emissions, increasing use of renewable energy, managing waste appropriately, conducting environmental testing, training employees and sub-contractors and meeting regulatory requirements.

We expect our suppliers to communicate to their employees an Environmental Policy Statement reflecting their commitment. Suppliers shall, upon request, provide evidence of adherence to these requirements, including any government environmental regulatory requirements, such as audit or testing results. Our NSRs also encourage suppliers to seek environmental training and strongly recommend registration to the International Organization for Standardization's Environmental Management Standard, ISO 14001. If a supplier is found to be non-compliant with one or more of our corporate social responsibility principles, the supplier must implement corrective action plans to remain compliant. In the event the supplier fails to respect these principles, Nexteer reserves the right to impose penalties up to and including the exclusion of the supplier from Nexteer's supply chain.

In our GT&Cs, we communicate Nexteer's expectations to suppliers with respect to complying with all applicable laws, rules, regulations, orders, ordinances and standards relating to the manufacture, labelling, transportation, importation, exportation, licensing, approval, performance and certification of the goods or services being provided. This includes those related to environmental matters, wages, hours and conditions of employment, selection of sub-contractors, discrimination, occupational health and safety and motor vehicle safety. We also specifically communicate our expectations that no supplier or any of its sub-contractors will resource their operations with enslaved persons, prisoners or any other form of forced or involuntary labour in the supply of goods or services to Nexteer. Suppliers are expected to provide evidence of compliance upon request and non-compliance may result in the supplier being removed from Nexteer's supply chain.

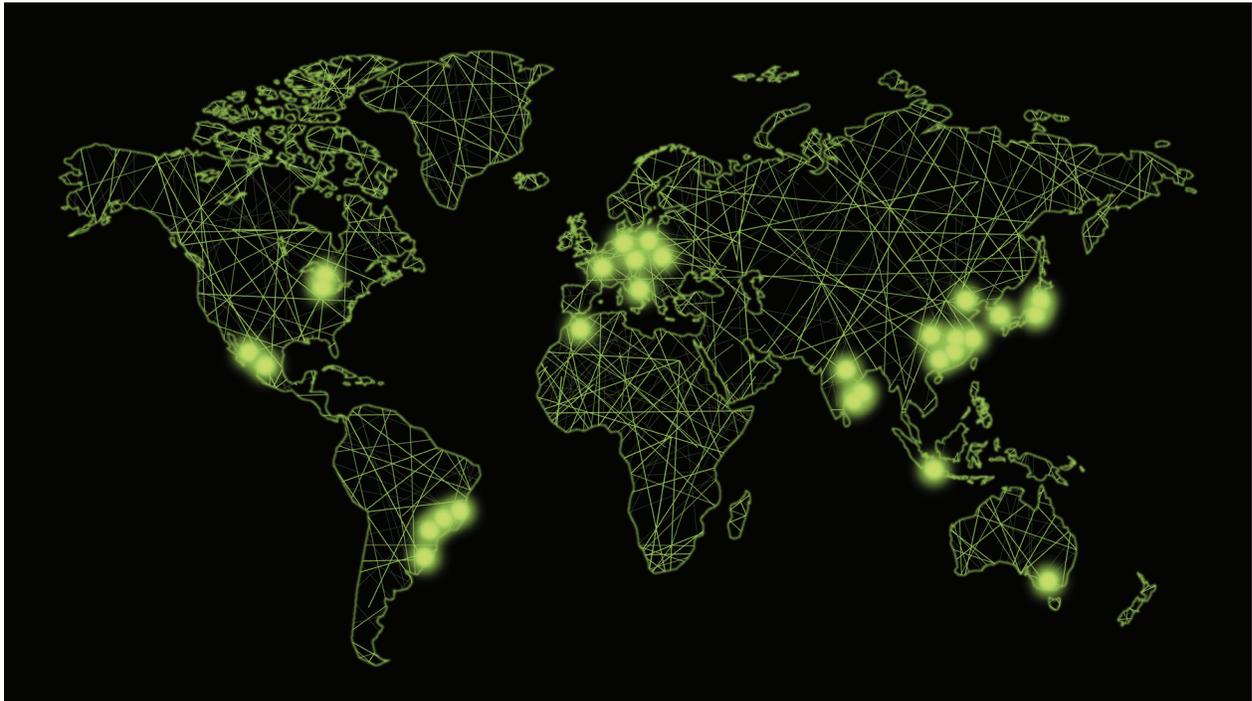


Our Suppliers Our Partners

HKEX B5.2

All (100%) new direct material suppliers undergo our manufacturing capability assessment (MCA), which evaluates the capability of a supplier’s process to produce and deliver a new purchased part that meets customer programme requirements. The MCA includes questions and observations regarding human rights, employment compliance, health and safety, environmental and overall sustainability concepts. The MCA includes a visual plant visit and inspection.

Additionally, Nexteer’s global supply chain management expects the entire direct material supply chain to adhere to the International Automotive Task Force (IATF) 16949 Quality Management Standard and verifies the certification status of all direct material suppliers prior to engaging in business. Specifically, the IATF standard requires the implementation of corporate responsibility policies, which include complying with an anti-bribery policy, an employee Code of Conduct and an ethics policy. If any supplier is not certified to the IATF standard by a third-party certification body, Nexteer validates compliance to the IATF standard as needed via a risk-based model that consists of the supplier’s quality standing, safety critical features of the part provided and certification status of the supplier.



Our Suppliers Our Partners

HOLDING OURSELVES AND OUR SUPPLIERS TO A HIGHER STANDARD

Our Global Supply Management (GSM) team holds itself accountable and strives for continuous improvement.

To this end, Nexteer CSR Supplier Principles were introduced into our supplier requirements in 2019. These are publicly available online. The CSR Supplier Principles confirm our commitment to acting in accordance with all applicable laws and conducting our business in a socially and environmentally responsible manner with the highest degree of integrity. It further outlines our commitments to the principles of honesty, integrity and sound judgement. These same principles extend to Nexteer's global supply base. Additional principles to which our supply base must adhere include:

- Supporting and respecting the promotion of internationally proclaimed human rights
- Upholding freedom of association and recognising the right to collective bargaining
- Eliminating all forms of forced and compulsory labour
- Abolishing child labour
- Eliminating discrimination in respect of employment and occupation
- Offering fair remuneration
- Offering reasonable working hours and sufficient breaks
- Respecting health and safety at work
- Implementing a system of environmental quality management
- Adopting a policy in the field of research to bring products up to an increasingly higher environmental standard
- Respecting laws and regulations applicable in production countries as well as in areas and countries where products are sold and used
- Employing responsible procurement and transparency on the origin of materials
- Implementing fair trade practices which include complying with all applicable anti-corruption laws
- Respecting animal welfare
- Complying with the laws and regulations in force in all countries in which the supplier operates



Additionally, effective mid-2019, any new suppliers to Nexteer must acknowledge our CSR Supplier Principles during our online supplier set-up process.

Also, in 2019 we implemented an application for automated data collection, validation and management of conflict minerals such as tin, tungsten, tantalum and gold ore. This application allows us to streamline our supply chain communications regarding conflict mineral reporting, determine the origin of conflict minerals, assess associated risk and easily adapt to changes in industry practices and regulatory requirements.

Our Suppliers Our Partners

GLOBALISATION & REGIONAL AUTONOMY

In 2019, Nexteer continued our thoughtful global footprint diversification and expansion in regions strategically important to our key customers. These new facilities support our approach of producing in the region of consumption to ensure built-in efficiencies, customer responsiveness and short supply lines.

■ **Asia Pacific Technical Centre in Suzhou, China:**

our recent completion of this 30,000 m² technical centre, comprised of research and development facilities, labs, test track and offices is a prime example of the continued globalisation of our engineering expertise to capitalise on growth opportunities, enhance customer responsiveness and drive efficiencies. The centre will provide in-house ownership of comprehensive engineering processes as well as serve as Nexteer’s Asia Pacific Division headquarters.

● **EPS & DL Production Facility in Chennai, India:**

this production facility is Nexteer’s third manufacturing plant in India. It was opened in January 2019 to expand regional production capacity for Nexteer’s Column Electric Power Steering (CEPS) systems and DL components. Production at the facility began in May 2019.

● **EPS & DL Production Facility in Kenitra, Morocco:**

this is our first facility in Africa which went from field to factory in only 10 months. During the third quarter of 2019, we began an extensive sequence of steering and driveline programme launches that will continue throughout 2020. This facility expands our Single Pinion Electric Power Steering (SPEPS) and Driveline (DL) production to support RNM, PSA and FCA customer programmes in Europe and Africa.

● **EPS Production Facility in Liuzhou, China:**

in June 2019, Nexteer moved our Liuzhou plant to this new, Company-owned facility which provides customers with CEPS systems and related technologies and services. This new plant enhances Nexteer’s manufacturing capacity in the Asia Pacific region to meet the demand for EPS systems in the Chinese and Asia Pacific markets.

● **EPS Production JV Facility in Wuhan, China:**

in August 2019, we began production at our new manufacturing facility in Wuhan as part of our Dongfeng Nexteer Steering Systems (Wuhan) Co., Ltd. joint venture. This site supplies SPEPS primarily for Dongfeng and DPCA programmes.

◆ **Electrical Validation Lab in Tychy, Poland:**

this new, comprehensive lab enhances regional autonomy in electrical capabilities for our Europe, Middle East, Africa and South America regions.

▲ **Software Centre in Bengaluru, India:**

opened in January 2019, this software centre supports the growing demand for software-enabled safety and performance in advanced steering applications. Employing nearly 200 software engineers, the new facility focuses on production intent software and validation, ensuring quality and compliance with our established product requirements as well as those required by external regulations. In September 2019, a new lab facility was completed at the centre to support critical software development, testing and validation in alignment with Automotive Software Process Improvement and Capability Determination (A-SPICE) standards. A-SPICE certification has become increasingly important, as it is required for doing business with German automakers. It is also widely becoming recognised as the standard process to improve software development and ensure compliance to customer requirements industry-wide.



Our Suppliers Our Partners

PRODUCT RESPONSIBILITY

HKEX B6

Nexteer is committed to delivering world-class products. We consistently meet all applicable requirements by promoting, living and leading a culture of quality. Our culture is based on building quality into everything we do, with a commitment to prevention. Every employee at Nexteer understands they are accountable for the quality of their work and our products.

We never stop improving: Nexteer follows industry leading structured problem-solving methodologies in order to improve the performance of our products and processes. Among the methodologies we use are Fast-X, DFSS, DRR, Six Sigma and 3L5W. Nexteer’s problem solving capabilities can address the needs of the Company without external support. Training and certification are handled internally.

While our customers incorporate cyber security at the vehicle level, we further enhance safety by integrating multi-layer cyber security at the steering system level in our advanced steering technologies for maximum protection. Our cyber security technologies consist of specifically designed hardware modules on the semi-conductor level, as well as a multi-layered cryptographic software structure, that identifies and authorises information and command flow between the steering system and other in-vehicle or external controllers.

All our manufacturing facilities are IATF certified and are supported by our technical centres, service centres and corporate offices.

HKEX B6.4

Nexteer utilises a hierarchical documentation structure for its business system, consisting of our business system manual, high-level policies providing guiding principles, process-level maps offering an overview of key business processes and detailed procedures defining the method of performing required activities.

Our Quality Management System (QMS) is integrated within our business system and defines how we meet global governmental product safety compliance and reporting requirements. This system conforms to the laws and regulations of every country where we do business.

Additionally, the packaging and labelling design for our products complies with all customer-specific



packaging and labelling standards and guidelines, including applicable service part packaging standards and regulatory requirements.

HKEX B6.1

HKEX B6.2

HKEX B6.4

Our products are considered safety critical. As such, Nexteer has a very rigorous internal process to escalate and manage any emerging product safety and compliance issue. The focus is to contain and if necessary, take action together with our customers to mitigate field exposure. Given the safety-critical nature of our products, we do not release specifics pertaining to specific field events or specific recall procedures.

HKEX B6.5

Nexteer respects the privacy of individuals whose personal information we need to access, collect, process, use, transmit, disclose and store in the course of doing business. In 2019, Nexteer obtained its fourth successive Privacy Shield Certification. This achievement illustrates our adherence to the EU-US Privacy Shield principles in addition the strength of our People, Process & Technology working in concert to fulfil Information Security & Privacy and protect human resources data.

HKEX B6.3

At Nexteer, we are dedicated to protecting the Company’s intellectual property rights, which are crucial to our sustainable business growth and our ability to differentiate ourselves from competitors. Nexteer complies with all applicable intellectual property laws and regulations. We actively apply for protection for Nexteer’s intellectual property to guard our exclusive rights.

A Culture of Health & Safety

HKEX B2

HKEX B2.3

Culture is a set of shared attitudes, values, goals and practices that characterise an institution or organisation. Nexteer’s culture is one of safety, and we consider safety to be part of everyone’s job. We embrace our Steer for Safety programmes and are committed to protecting the health and safety of each employee, visitor and contractor on our premises through proactive programmes that achieve safe and healthy working conditions. The implementation of actions from identified risks and opportunities to help individuals realise a healthy, injury-free environment is a leadership responsibility. Continuing support of this effort is the responsibility of everyone. It is this Nexteer culture of health and safety that has resulted in our global facilities receiving 53 National Safety Council awards.

At Nexteer, our safety management system globally aligns with personal accountability, proactive programmes and visual transparency. Every employee at every level takes ownership. We focus on preventing re-occurrence through the implementation of robust measures and several dashboard systems to effectively enhance our leading indicators and help us achieve our goal of zero injuries, illnesses and fatalities. We promote a culture of health and safety through ongoing education, training and awareness. All employees are encouraged to speak up if they witness or are privy to unsafe acts or working conditions. The motto has always been and always will be “if you see something, say something”.

Our health and safety management system is built upon a foundation of 25 safety topics ranging from leadership roles and responsibilities to promoting a culture of health and safety, to developing and implementing emergency control plans; to ergonomics, industrial hygiene and machine safeguarding; to the proper use of personal protective equipment. Each of our locations completes an annual health and safety self-assessment

In this section—A Culture of Health & Safety

Training in Health & Safety

Innovative Training Techniques

Don Taylor: A Shining Star

International Recognition For Safety

Application of Virtual Reality To Improve Safety And Ergonomics In The Design Phase

and is subject to corporate audits which occur annually or at least once every two years. To ensure compliance, members of the plant staff—also called our health and safety champions—are assigned one or more of the health and safety aspects upon which our health and safety management system is built. When plant audits are conducted, they consist of thorough plant walk-throughs and interviews with these health and safety champions to verify compliance.

We believe that all accidents are preventable. We work to ensure we are always in compliance with or go above and beyond all applicable health, safety and environmental laws, government regulations and rules in the countries where we operate. We do this through ongoing maintenance of our ISO 14001:2004 and ISO 45001 certifications for environmental management and occupational management.

HKEX B2.1

The number and rate of work-related fatalities in 2019 was 0.

Number and Rate (per 100 workers) of Work-Related Fatalities

2016	0	0
2017	0	0
2018	1	0.007
2019	0	0

A Culture of Health & Safety

HKEX B2.2

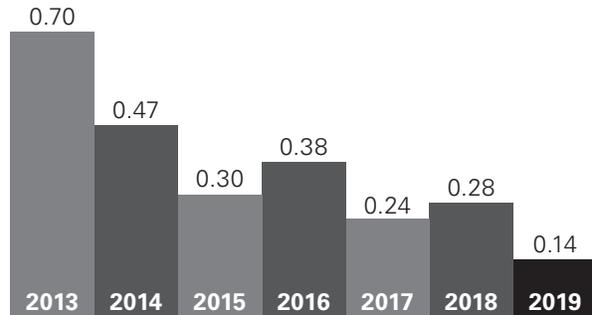
At Nexteer, we track and report on our global lost workday case rates on a monthly and annual basis, as well as our total global recordable incident rates. The lost workday case rate describes the number of lost workday cases per 100 full-time employees in a given time frame. The lost workday case rate accounts for occupational injuries or illnesses which result in an employee being unable to work a full assigned work shift. Fatalities are not factored into this rate.

Recordable incidents include all work-related fatalities or illnesses resulting in days away from work activity, job reassignment or medical treatment beyond basic first aid.

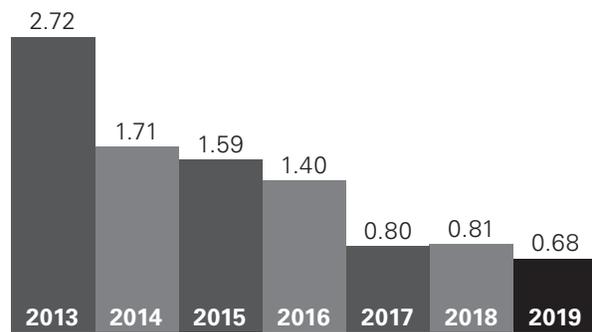
In our business, these two metrics are widely considered to be industry norm and are more accurate than other health and safety metrics (e.g., lost days due to work injury), which can be skewed by a single person who loses many days of work due to an injury or illness.

We are proud to report significant drops in lost workday case and recordable incident rates in 2019, which is a testament to everyone at Nexteer who embodies our culture of health and safety. Year-over-year trends are presented in the charts to the right.

Global Lost Workday Case Rates by Year



Global Recordable Incident Rates by Year



STEER TO A NEW YOU WELLNESS PROGRAM

Our culture of health and safety extends beyond the shop floor. In 2019, we launched the “Steer to a New You Wellness Program” in the United States to promote living healthy lifestyles. This free programme focused on five areas of healthy living: healthy weight, good nutrition, regular exercise, mental health and healthy habits. Employees enjoyed access to many resources across these five areas including but not limited to discounted healthy food options in the cafeteria, local gym memberships, employee assistance programmes, and an all-employee weight loss contest. Nearly 1,900 Nexteer employees participated in the programme. More than 540 people met their weight loss target with a site-wide weight loss of 9,803 pounds, representing an average weight loss of 18 pounds per person among those who met their goals. Participants had the opportunity to win a 2019 Chevy Cruze or \$10,000, two weeks of paid vacation and cash prizes between \$500 and \$1,000.



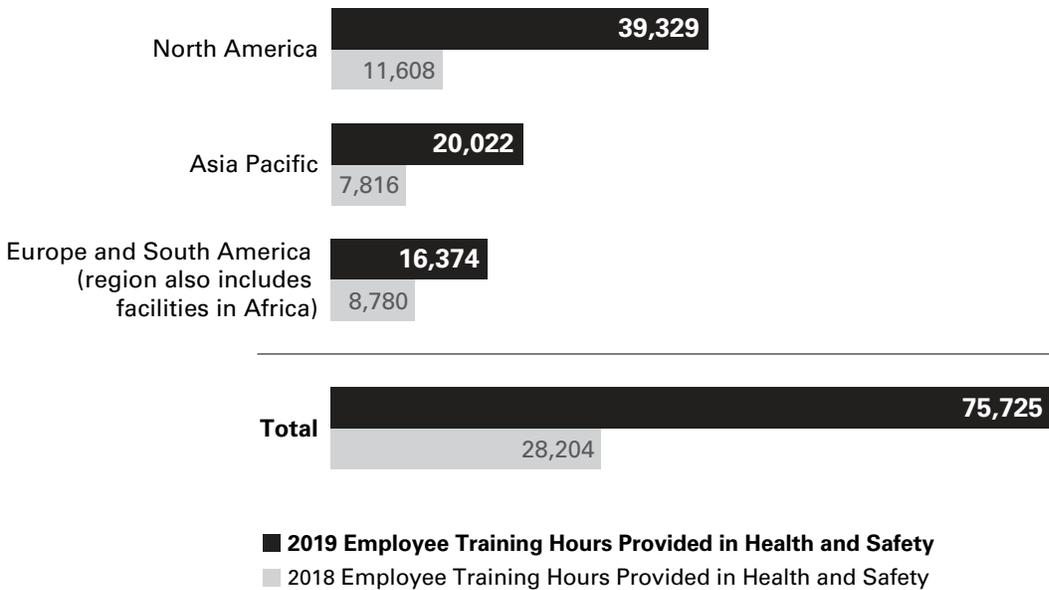
A Culture of Health & Safety

TRAINING IN HEALTH & SAFETY

Ensuring that all employees are properly trained in health and safety is a top priority for Nexteer. The table below presents the number of hours of health and safety training delivered to employees by geographic region. In prior years, we tracked the number of health and safety training sessions conducted, but in 2019 we began to track hours of safety training provided as a new leading indicator.

In 2019, 75,725 hours of health and safety training was provided overall, up from 28,204 hours in 2018. The increase in 2019 is due to the increased focus on tracking safety training hours as a leading indicator and also due to the number of new facilities that were opened in 2019.

Global Distribution of Employee Training in Health and Safety



INNOVATIVE TRAINING TECHNIQUES

Nexteer believes that safety training is the core foundation to a safe workplace. Often, innovative training techniques are used to communicate the importance of safety to our team members.

For example, at our Liuzhou, China site, we implemented a safety dojo where team members actively learn safety principles in a hands-on environment and learn what can happen when not working safely.

Additionally, Nexteer promotes the monthly sharing of health and safety best practices and issues an award to the winning practice annually. This year’s award went to our Poland location for their innovative training in the form of a Safety Escape Room: team members were placed into a room and given a series of safety problems to solve with questions to answer. The objective was to provide all the correct solutions to exit the room in the allotted time.

A Culture of Health & Safety

DON TAYLOR: A SHINING STAR

In 2019, Nexteer Global Health and Safety and Medical Manager, Don Taylor, received several distinguished awards by his peers for significantly improving safety outcomes at Nexteer. At the local level, Don received the "Lifetime Achievement Award" from the Great Lakes Safety Training Center in Bay City, Michigan. At the state level, Don received the "2019 Safety Professional of the Year Award" from the Michigan Safety Conference in Grand Rapids, Michigan. At the national level, Don received the "2019 Distinguished Service to Safety Award" from the National Safety Council in San Diego, California. This award is the most prestigious award given to an individual by the National Safety Council in recognition of outstanding service and contribution in the field of safety. Don was one of only six safety professionals to receive this award. Under Don's leadership and top leadership support, Nexteer's corporate recordable rate dropped 70 percent over the past five years and the corporate lost workday rate dropped 66 percent over the same period.



INTERNATIONAL RECOGNITION FOR SAFETY

Nexteer's Plant 81 in Bangalore, India received the "2019 Utthama Suraksha (Excellent Safety) Award" from the National Safety Council of India (NSCI), Karnataka Chapter. This is the second consecutive year that Nexteer India has been recognised by the NSCI for its outstanding performance in accident prevention, upholding standards, continuous improvement and new initiatives for environmental protection. Among 16,500 plants registered in Karnataka, Nexteer is among the top 41 to receive this honour. One of Nexteer India's best practices is to hold an annual Health and Safety week celebration. Beginning with leadership commitment, there are activities and training each day to promote safety in the workplace.

APPLICATION OF VIRTUAL REALITY TO IMPROVE SAFETY AND ERGONOMICS IN THE DESIGN PHASE

In 2019, Nexteer Advanced Manufacturing Engineering utilised virtual reality technology to improve the design review process and design out ergonomic and safety risks prior to equipment builds. Previously, design reviews used three-dimensional models on a two-dimensional screen along with basic physical mockups. Using an immersive virtual environment, particularly for complex manufacturing equipment, potential issues are now more easily exposed and can be corrected in the design stage. Engineers can now step inside the virtual production environment and interact with the process to evaluate reaches, part presentation, guarding, pinch points, hand clearances and maintenance tasks. This technology is used to evaluate global programmes and Nexteer is seeing returns on investment through reductions in cost and programme delays. The use of immersive virtual reality has resulted in risk and cost avoidance ultimately improving the quality and performance of our assembly equipment and the safety of our operators.

In this section—Managing Our Environmental Footprint
Air and GHG Emissions

Managing Our Environmental Footprint



Our environmental management approach is centred around a number of processes that monitor and identify opportunities to conserve energy and water resources, reduce air pollution and greenhouse gas (GHG) emissions and recycle and reuse materials while complying with all applicable environmental and climate-related laws, government regulations and rules in countries where we operate. Our approach includes engaging with business leaders, experts and local staff to identify and leverage collaboration and to identify innovative opportunities to address some of our toughest challenges.

HKEX A1

HKEX A2

HKEX A3

As part of Nexteer’s strategic planning process we assess policies, practices and procedures to minimise impact on the environment and natural resources. We review and update our sustainability monitoring framework to assess progress towards formal sustainability targets and establish new goals and targets. We also complete risk planning with annual updates to review for financial coverage of any facility asset retirements and environmental liabilities. Since most of our short-term climate-based risks are regulatory-driven, they are assessed and reported continuously through our ISO 14001 Environmental Management System (EMS) which is audited by a third party annually and recertified

every three years. We continuously work to reduce and mitigate risks and improve the effectiveness of our EMS, our policies and procedures. As a result we did not receive any environmentally based fines or monetary sanctions in 2019.

Incorporating environmentally sustainable actions into our business processes has long been a part of our everyday work. By integrating environmental management into our operations we are able to limit effects on biodiversity, conserve and reduce energy and water, reduce and re-use our waste and reduce our GHG emissions. All while meeting local, regional and federal laws and requirements.

HKEXA1.5

HKEX A2.3

We also set relevant and impactful environmental goals like our year-over-year goal of reducing energy use by 3%, waste diversion by 4% and water use by 3% on a per unit of production basis. To move us closer to achieving these targets in 2019, we implemented several projects — ranging from lighting retrofits to process efficiencies — which are estimated to result in a savings of nearly \$0.5 million annually.

Managing Our Environmental Footprint

AIR & GHG EMISSIONS

HKEX A1.1

HKEX A1.2

HKEX A1.5

Almost all of our GHG emissions result from our energy use to power our manufacturing facilities. Recognising our role in reducing global GHG emissions, our 2019 goal was to reduce annual energy usage on a per unit of production basis by 3%. We are happy to announce that we surpassed this goal as a result of our continued energy reduction efforts focused on those areas that contribute to the largest share of our energy use and waste. These include the heating and cooling of buildings, the treatment and heating of process water, lighting and the use of compressed air. During 2019, we implemented several new energy, water and fuel reduction projects that are anticipated to reduce our annual energy consumption by 10.1 million kilowatt hours (kWh).

We estimate that these new projects will result in preventing the release of approximately 3,078 tonnes of carbon dioxide equivalent (tCO₂e) annually.

For the 2019 reporting year, we estimate that as a result of our operations, we emitted 295,119 tCO₂e — a decrease of 13.5% from the 2018 reporting year. On an intensity or per unit of production basis, our GHG emissions have decreased 9.9%. The decrease in intensity in GHG emissions is attributable to grid emission intensity improvements in Saginaw, Michigan, USA, as well as our onsite energy reduction efforts.

Summary GHG Emissions by Scope

Metrics	2018* (tCO ₂ e)	2019 (tCO ₂ e)	Change (%)
Scope 1 GHG Emissions – Direct	63,407	64,895	2.3%
Scope 2 GHG Emissions – Indirect	262,027	218,639	-16.6%
Scope 3 GHG Emissions – Other indirect	15,766	11,585	-26.5%
Total GHG Emissions (tCO₂e)	341,200	295,119	-13.5%
GHG Emissions Intensity (tCO₂e per Unit of Production)	0.0113	0.0102	-9.9%

Notes:

Scope 1 (direct) emissions are those that occur within operational boundaries, such as boilers for steam for production equipment, steam heating.

Scope 2 (indirect) emissions are those that occur from the use of electricity, steam and/or heating/cooling supplied by grids, which tend to occur outside of operational boundaries.

Scope 3 (other indirect) emissions occur indirectly as a result of operations. For example, a scope 3 GHG emissions source included in Nexteer's GHG inventory are GHG emissions occurring from business travel.

* Through improved data collection and reporting practices internally, we were able to update and refine prior year estimates of water consumption, energy usage and GHG emissions.

Managing Our Environmental Footprint

HKEX A2.1

The table below presents a breakdown of our energy usage in kilowatt hours (kWh) for the 2019 reporting year. As a result of reduced production volumes in 2019, our overall energy usage in 2019 decreased 11.5% when compared to the 2018 reporting year. On a per unit of production basis, our energy use decreased 7.8%.

Summary of Energy Use by Fuel Type

Energy Source	2018 * Energy Consumption (kWh)	2019 Energy Consumption (kWh)	Change (%)
Natural Gas	325,746,852	302,577,131	-7.1%
Fuel Oil	—	—	—
Coal	—	—	—
Electricity	385,520,856	325,122,795	-15.7%
Heat	2,000,557	1,355,279	-32.3%
Steam	—	—	—
Cooling	—	—	—
Gasoline	2,607,920	2,609,235	0.1%
Diesel	2,086,320	4,432,336	112.4%
Propane	3,107,708	2,046,140	-34.2%
Total Energy Use (kWh)	721,070,214	638,142,916	-11.5%
Energy Use Intensity (kWh Per Unit of Production)	23.8	22.0	-7.8%

* Through improved data collection and reporting practices internally, we were able to update and refine prior year estimates of water consumption, energy usage and GHG emissions.

To comply with all applicable emissions laws and regulations, our air emissions are reviewed periodically by each manufacturing facility based on air discharge permits or regulatory reporting requirements. At the time of this report, only the Saginaw, Michigan, USA facility is required to monitor its annual air emissions. This is presented in the table to the right.

Overall, our air pollutant emissions increased since the 2018 reporting year due to operational changes at the Saginaw facility.

Summary of Air Pollutant Emissions (USA only)

Pollutant (lbs)	2018	2019	Change (%)
Ammonia	2,252	2,030	-9.9%
CO	2,974	9,321	213.4%
Lead	—	0	—
NO _x	124,749	124,160	-0.5%
PM ₁₀ (Primary)	73,859	66,070	-10.5%
PM _{2.5} (Primary)	5,349	4,820	-9.9%
SO ₂	422	633	50.1%
SO _x	227	0	-100.0%
VOC	74,739	94,671	26.7%

In this section—Our Response to the CDP

Packaging and Waste

Water

Land Use & Biodiversity

Our Response to the Carbon Disclosure Project (CDP)

A growing number of companies are integrating environmental and social responsibilities into their business approaches, including reducing the environmental impacts of their operation, products and services and voluntarily disclosing this information under the Carbon Disclosure Project (CDP). The CDP is an international organisation that provides a global system for companies and cities to disclose their environmental impacts, examining management policies, long-range planning and carbon emissions. Top scores indicate a high level of transparency in disclosing information related to potential climate change, providing a level of comfort to assess corporate accountability and preparing for changing market demands and GHG emissions regulation.

For the 2019 reporting year climate change assessment, Nexteer achieved a score of a C. Although this is an improvement over the current Automobiles and Components industry average of D, we are working diligently to improve our CDP responses to the climate change questionnaire so that our rating reflects our current actions and potential climate change impact awareness. Our 2019 water score was a B- which demonstrates we have taken coordinated action on the potential of water-related climate change issues.

PACKAGING & WASTE

HKEX A1.3

HKEX A1.4

HKEXA1.6

Like most global automotive manufacturers, we produce hazardous and non-hazardous waste, much of which is recycled, reused and recovered. However, other forms of waste are sent to landfills which eventually result in the release of methane, a potent GHG. All of our hazardous and non-hazardous wastes are properly characterised, handled, transported and disposed of and all plants work to minimise waste generation. In general, our hazardous and non-hazardous wastes are treated and discharged to publicly owned wastewater treatment plants, treated/solidified and landfilled or burned for energy recovery or recycled (some as a direct feedstock in other industries). No materials from the United States are disposed of internationally.

In 2019, we produced 5,037 tonnes of hazardous waste and 44,774 tonnes of non-hazardous waste. This amounts to 0.0001733 tonnes of hazardous waste per unit of production and 0.0015402 tonnes of non-hazardous waste per unit of production. In 2019, we reused, recycled, composted and recovered 87.9% of our waste streams.

As part of our 2019 sustainability initiatives, our goal was to divert total waste from the landfill by 4% per unit of production from the previous year. As a result of key waste reduction projects implemented in 2018, and reduced production in 2019, we have reduced waste to landfill on a per unit basis by 53.6%.

Our Response to the Carbon Disclosure Project (CDP)

Summary of Hazardous and Non-Hazardous Waste Treatment

Treatment Method	Treatment of Global Hazardous and Landfilled Waste (Tonnes)	Treatment of Global Non-Hazardous and Landfilled Waste (Tonnes)
Composting	—	41
Deep Well Injection	—	—
Incineration	338	135
Landfill	119	2,858
On-site Storage	—	—
Other	2,378	172
Recovery	1,342	462
Recycling	434	40,145
Reuse	426	962
Total Waste (Tonnes)	5,037	44,774
Waste Generation Intensity (Tonnes/Per Unit of Production)	0.0001733	0.0015402

Note: Totals may not add up due to rounding.

HKEX A2.5

The types of packaging materials we use for finished products are dictated by our customers' packaging specifications which we are required to follow. Most of these types of packaging materials are easily recyclable and reusable. As the recycling and reuse of packaging materials occurs at our customers' locations, we are unable to track the total volume of packaging materials that are recycled or reused.

At this time, Nexteer has no policies on the procurement and usage of raw materials that would minimise the impact on the environment and natural resources. Our current focus is on establishing long-term relationships with ethical suppliers who provide quality materials at fair prices. Any requirements for sustainable raw material procurement policies will continue to be monitored as part of our EMS processes.

Our Response to the Carbon Disclosure Project (CDP)

WATER

HKEX A2.2

Water serves vital functions in our manufacturing processes — from non-contact cooling water, parts washing, heating and (limited) landscaping use.

A total of 98% of our water withdrawals occur in locations with medium- and high-water risk scores according to the WRI Aqueduct Country and River Basin Rankings Tool, which measures water stress, seasonal variability and drought severity of river basins by area. Since the majority of our water withdrawals occur in such locations, we recognise that we must limit our water consumption by improving efficiency and increasing the recyclability of water in our plants.

To reduce our water consumption, we implemented a formal water (use and discharge) data collection and tracking programme and established a 3% reduction target (on a per unit of production basis). In 2019, we consumed 1,044 million litres of water globally which was a 3.8% decrease from the prior year. On an intensity basis, this works out to 35.9 litres per unit of production — a 0.3% increase from 2018. Although we did not meet our water reduction intensity target, we have implemented several water reduction projects which were the direct result of several water savings initiatives estimated to save 12.4 million litres of water annually. Going forward, we will continue to improve our processes and implement additional water conservation and efficiency programmes to achieve this annual per unit of production target.

2018 and 2019 Total Water Use by Source

Water Sources	2018* Water Consumption (Litres)	2019 Water Consumption (Litres)	Change (%)
Groundwater	—	—	—
Municipal water supplies or other waste utilities	1,066,524,591	1,020,908,288	-4.3%
Rainwater collected directly and stored by the plant	1,000	—	-100.0%
Surface water, including water from wetlands, rivers, lakes and oceans	—	—	—
Waste water from another organisation	18,670,000	23,242,000	24.5%
Total Water Use (Litres)	1,085,195,591	1,044,150,288	-3.8%
Water Use Intensity (Litres / Unit of Production)	35.83	35.92	0.3%

* Through improved data collection and reporting practices internally, we were able to update and refine prior year estimates of water consumption, energy usage and GHG emissions.

HKEX A2.4

At the time of reporting, we do not have any water sourcing issues globally. As each new location is established and goes through its due diligence process, water sourcing is one of many items considered. As we believe access to clean water is fundamental, all our facilities include fully-functioning water supply, adequate sanitation and hygiene services for workers.

LAND USE & BIODIVERSITY

HKEX A3

HKEX A3.1

As we build or lease facilities globally, we deploy a series of Global Facilities and Environmental Procedures & Best Practices to minimise the impacts on the local environment, and biodiversity. By having global environmental procedures in place, we can minimise our impact on the environment, including minimising wastes, supporting recycling programmes and minimising effects on biodiversity as applicable, while increasing our energy efficiency at all of our locations.

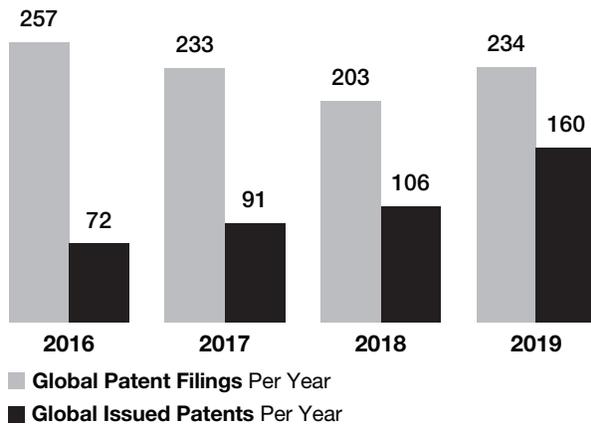
As natural resources, utilities and materials are used in our manufacturing operation, we design our products, processes and services for continuous environmental improvement. Through innovative design and engineering of electric power steering (EPS) systems, we have been able to decrease the weight of our products while increasing their efficiency all of which results in increased vehicle fuel efficiency. By using Nexteer products, our customers can pass these fuel efficiencies on to the consumer thus resulting in potentially large carbon emission reductions on a global scale.

In this section—Creating Value Through Innovation

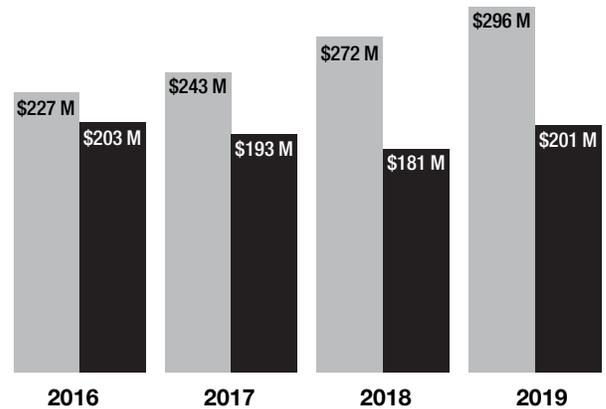
Creating Value Through Innovation

Nexteer’s more than 110-year history is characterised by our steady focus on innovation, which has led to our well-rounded portfolio encompassing all of our traditional product lines. In 2019, Nexteer focused many of its innovation efforts in emerging technologies and adjacent markets to continue to capture additional value using our core competencies. Of all the patents we were issued in 2019, 14 of them were adjacent market patents.

As of December 31, 2019, Nexteer’s global portfolio includes 625 patent applications and 853 issued patents. The growth in issued patents is a result of our strong applications in previous years and proof of our ability to maintain technological leadership in intuitive motion control systems.



Innovation is at the heart of what we do and who we are; therefore, we invest heavily in engineering and product development. In 2019, we invested \$296 million in research and development activities, up from \$272 million in 2018. Year-over-year trends in research and development and capital expenditures (CapEx) are presented in the graph below.



■ Engineering & Product Development (in \$ millions)*
■ CapEx (in \$ millions)

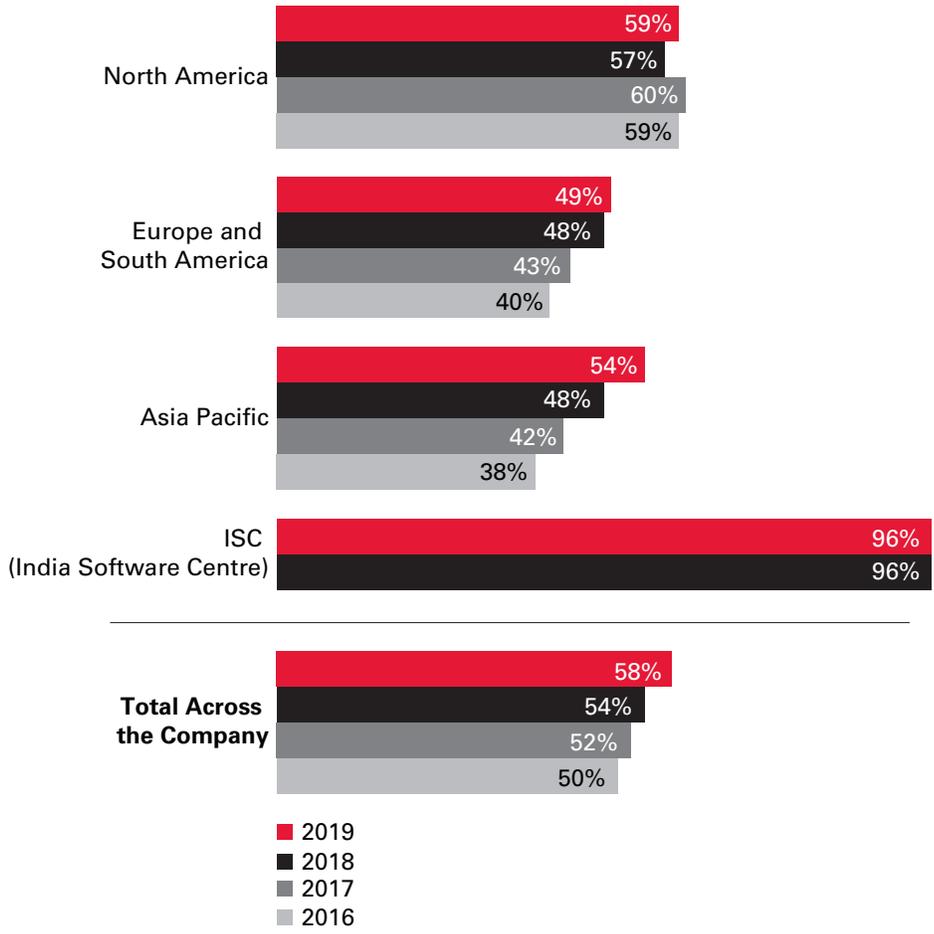
* Note: 2016 – 2018 have been reclassified to be consistent with the current year presentation.

Engineering and product development cost charged to income statement and development costs capitalized as intangible asset.

Creating Value Through Innovation

Our people are the driving force behind Nexteer’s continuous innovation and leadership in intuitive motion control. In 2019, 58% of our global salaried workforce were engineers. The diagram below shows the percentage of salaried employees who are engineers, broken out by region and by year.

Percentage of Engineers



In this section—Recognising & Rewarding Innovation
 Internal Recognition
 External Recognition

Recognising & Rewarding Innovation

INTERNAL RECOGNITION

Continued innovation is encouraged at Nexteer in a variety of ways, including our robust intellectual property award programme. The highlight of the programme is Nexteer’s Innovation Hall of Fame, which recognises and rewards personnel who have made significant intellectual property contributions and enhanced Nexteer’s competitive position.

Nexteer personnel are inducted into the Innovation Hall of Fame upon accumulation of 10 intellectual property points. One point is awarded for each patent, defensive

publication or trade secret. Five points are awarded to individuals who earn our most prestigious award: the Melvin L. Wilcox Engineering Award, named after one of the Company’s founders and inventor of the Jacox Steering Gear. Individuals can advance to higher levels within the Innovation Hall of Fame in 10-point increments. There are five levels of achievement within Nexteer’s Innovation Hall of Fame: Inductee (10 points), Bronze (20 points), Silver (30 points), Gold (40 points) and Platinum (50 points).

The Nexteer Innovation Hall of Fame has a total of 75 lifetime inductees.



Nexteer’s Innovation Hall of Fame and Award

Recognising & Rewarding Innovation

EXTERNAL RECOGNITION

In addition to recognising and celebrating innovation internally through the Nexteer Innovation Hall of Fame, we are also recognised for our innovation within our industry.

In 2019, we received premiere industry recognition from the National Association of Manufacturers for our outstanding achievement in Enterprise Integration and Technology Leadership. This recognition is testament to our ongoing commitment to and leadership in manufacturing excellence, and specifically for our successful implementation of Digital Trace™ Manufacturing. Digital Trace™ Manufacturing is one of the most advanced, holistic and integrative approaches to design and manufacturing systems ever seen in the automotive industry. The system uses the latest technologies and data analytics within one common, global architecture. Digital Trace™ Manufacturing provides Nexteer with a more intimate understanding of its global operations at any given minute. It also enables improvements in design or production discovered at one location to be more easily and quickly rolled out globally.

Also, Nexteer received recognition for its creation of a virtual factory portal called 1Link to quickly and easily connect people and data on the factory floor. 1Link allows simple, mobile access to plant documents that employees need to perform their jobs such as instructions, control plans and prints. It also allows employees to view the latest released documents, training status of operators and previous revisions.

In December 2019, at the International Automotive Congress, we received the “Automotive Innovation Technology Award” for our innovative steering technologies including Quiet Wheel™ Steering and Stowable Steering Column. These technologies showcase how Nexteer’s steering solutions offer advanced safety and performance while re-imagining the ‘behind-the-wheel experience’ for future mobility.

Visits from Elected Officials

Governor Gretchen Whitmer visit

On February 19, 2019, Nexteer was pleased to host Michigan Governor Gretchen Whitmer at the Global Technical Center in Saginaw. Governor Whitmer was sworn-in as the state’s 49th Governor on January 1, 2019. During her visit, she met with Nexteer senior management to be briefed on Nexteer’s global operations, financial impact to the Michigan economy and the Company’s advanced engineering and R&D initiatives. The Governor was asked to consider automotive technology development as a fundamental element of her public policy agenda. In addition to the meeting with executives, the Governor conducted a Town Hall style meeting with employees, took questions and answers and met with media reporters.

The visit was one of several events at Nexteer designed to create opportunities for the Company to build its reputation and hold dialogues with elected officials. For example, throughout the year, Michigan State Senator Ken Horn representing Nexteer facilities in Saginaw, Michigan, USA, visited regularly to discuss opportunities for introducing legislation that would create a tax credit for automotive R&D investments applied to a corporation’s state income tax liability.



Michigan Governor Gretchen Whitmer (center) answers questions from Nexteer employees at a Town Hall style meeting at the Global Technical Center in Saginaw, Michigan, USA

Recognising & Rewarding Innovation

US Representative Haley Stevens Visit

On September 4, 2019, Nexteer World Headquarters hosted US Representative Haley Stevens. Her visit included a meeting with Nexteer President Mike Richardson and senior executives focusing on Nexteer’s global leadership, R&D activities associated with advanced automotive technologies and talent, trade and manufacturing opportunities and challenges.

US Representative John Moolenaar visit

On August 21, 2019, Nexteer hosted US Representative John Moolenaar at our Saginaw Division. Congressman Moolenaar is currently a member of the House Appropriations Committee and represents the 4th Congressional District including Midland—a close neighbour of Saginaw and the hometown of many of our employees.

During his visit, Congressman Moolenaar met with members of Nexteer’s senior management team and was later taken to the test track for a ride/drive demonstration of some of our technologies, including Stowable Column, Steer by Wire, Quiet Wheel™ Steering and the Steering on Demand™ System.

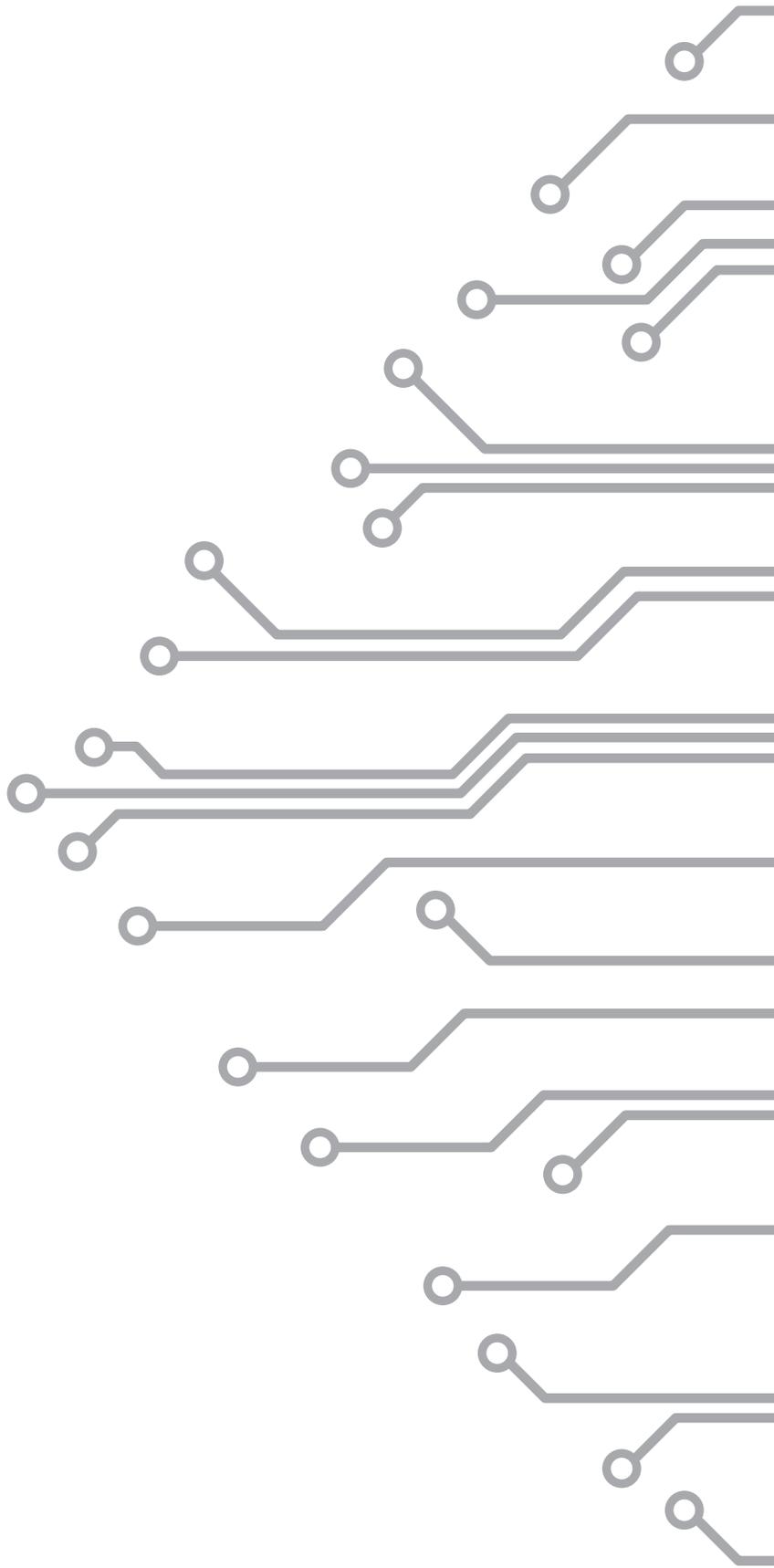


US Representative Haley Stevens, Michigan’s 11th Congressional District (center) meets with the now retired Nexteer President Mike Richardson and senior executives at Nexteer World Headquarters in Auburn Hills, Michigan, USA



US Representative John Moolenaar, Michigan’s 4th Congressional District (left) learns about Nexteer’s Steer-by-Wire technology from Nexteer’s senior management team in Saginaw, Michigan, USA

Appendices



Appendix A: Hong Kong Stock Exchange References

Hong Kong Stock Exchange (HKEX) Environmental, Social and Governance General Disclosures and Key Performance Indicators (KPIs)

HKEX Reference Aspect and KPIs	Alignment with Nexteer Focus Area	2019 Fiscal Year Response on Page
Focus Area: Environmental		
A1: Emissions (General Disclosure)		
Provide information on the policies and compliance with relevant laws and regulations that have a significant impact on Nexteer relating to air and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste		41
A1.1: The types of emissions and respective emissions data		42
A1.2: Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)		42
A1.3: Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)		44
A1.4: Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)		44
A1.5: Description of measures to mitigate emissions and results achieved		42
A1.6: Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved		44
A2: Use of Resources (General Disclosure)		
Provide information on Nexteer’s policies on the efficient use of resources, including energy, water and other raw materials		41
A2.1: Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil), in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility)		43
A2.2: Water consumption in total and intensity (e.g., per unit of production volume, per facility)		46
A2.3: Description of energy use efficiency initiatives and results achieved		41

Appendix A: Hong Kong Stock Exchange References

HKEX Reference Aspect and KPIs	Alignment with Nexteer Focus Area	2019 Fiscal Year Response on Page
A2.4: Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved		46
A2.5: Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced		45
A3: The Environment and Natural Resources (General Disclosure)		
Provide a description of Nexteer’s policies on minimising the company’s significant impact on the environment and natural resources		41, 46
A3.1: Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them		46
Focus Area: Social		
B1: Employment (General Disclosure)		
Provide information on the policies and compliance with relevant laws and regulations that have a significant impact on Nexteer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare		17
B1.1: Total workforce by gender, employment type, age group and geographical region		18, 19
B1.2: Employee turnover rate by gender, age group and geographical region		20
B2: Health and Safety (General Disclosure)		
Provide information on the policies and compliance with relevant laws and regulations that have a significant impact on Nexteer relating to providing a safe working environment and protecting employees from occupational hazards		37
B2.1: Number and rate of work-related fatalities		37
B2.2: Lost days due to work injury		38
B2.3: Description of occupational health and safety measures adopted, how they are implemented and monitored		37

Appendix A: Hong Kong Stock Exchange References

HKEX Reference Aspect and KPIs	Alignment with Nexteer Focus Area	2019 Fiscal Year Response on Page
B3: Development and Training (General Disclosure)		
Provide information on the policies pertaining to improving employees' knowledge and skills for discharging duties at work Provide a description of training activities (e.g., vocational training that may include internal and external courses paid by the employer)		17, 22
B3.1: The percentage of employees trained by gender and employee category (e.g., senior management, middle management)		23
B3.2: The average training hours completed per employee by gender and employee category		24
B4: Labour Standards (General Disclosure)		
Provide information on the policies and compliance with relevant laws and regulations that have a significant impact on Nexteer relating to preventing child and forced labour		25
B4.1: Description of measures to review employment practices to avoid child and forced labour		25
B4.2: Description of steps taken to eliminate such practices when discovered		25
B5: Supply Chain Management (General Disclosure)		
Provide information on Nexteer's policies on managing environmental and social risks of the supply chain		31
B5.1: Number of suppliers by geographical region		31
B5.2: Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored		33
B6: Product Responsibility (General Disclosure)		
Provide information on the policies and compliance with relevant laws and regulations that have a significant impact on Nexteer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress		36
B6.1: Percentage of total products sold or shipped subject to recalls for safety and health reasons		36

Appendix A: Hong Kong Stock Exchange References

HKEX Reference Aspect and KPIs	Alignment with Nexteer Focus Area	2019 Fiscal Year Response on Page
B6.2: Number of products and service related complaints received and how they are dealt with		36
B6.3: Description of practices relating to observing and protecting intellectual property rights		36
B6.4: Description of quality assurance process and recall procedures		36
B6.5: Description of consumer data protection and privacy policies, how they are implemented and monitored		36
B7: Anti-Corruption (General Disclosure)		
Provide information on the policies and compliance with relevant laws and regulations that have a significant impact on Nexteer relating to bribery, extortion, fraud and money laundering		25
B7.1: Number of concluded legal cases regarding corrupt practices brought against Nexteer or its employees during the reporting period (2019) and the outcomes of the cases		25
B7.2: Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored		25
B8: Community Investment (General Disclosure)		
Provide information on the policies on community engagement to understand the needs of the communities where Nexteer operates and to ensure its activities take into consideration the communities' interests		26
B8.1: Focus areas of contribution (e.g., educational, environmental concerns, labour needs, health, culture, sport)		26
B8.2: Resources contributed (e.g., money or time) to the focus area(s)		26

Appendix B: United Nations Sustainable Development Goals (UN SDGs)

The 2030 Agenda for Sustainable Development was adopted by all United Nations Member States in 2015 and provides a shared blueprint for achieving peace, prosperity and environmental sustainability now and for generations to come. At the heart of this agenda are 17 global goals, known as the United Nations Sustainable Development Goals (UN SDGs). While these goals are an urgent call for action by all countries working together

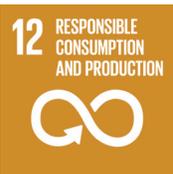
in global partnership, we believe all global corporations like ours also have a role to play in achieving this important agenda. In the table below, we have mapped our five sustainability focus areas to the most relevant targets within these 17 goals and provided examples of the type(s) of impacts we are making to contribute to their achievement.

UN SDG	Related Nexteer Sustainability Focus Area(s)	Most Relevant SDG Targets	Examples of Nexteer's Contributions
 <p>3 GOOD HEALTH AND WELL-BEING</p>		<p>3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents</p> <p>3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p>	<p>Culture:</p> <ul style="list-style-type: none"> → Culture of Health and Safety <p>Recognition:</p> <ul style="list-style-type: none"> → National Safety Council Distinguished Service Award to Nexteer Employee → International Recognition for Health and Safety <p>Workforce:</p> <ul style="list-style-type: none"> → Nexteer Global Code of Conduct → Governance → Launch of new Wellness Programme for Employees <p>Suppliers:</p> <ul style="list-style-type: none"> → Nexteer Supplier Requirements <p>Communities:</p> <ul style="list-style-type: none"> → Annual Global Service Day → Giving Back Throughout the Year <p>Products:</p> <ul style="list-style-type: none"> → Product Responsibility <p>Environmental Management:</p> <ul style="list-style-type: none"> → Air and GHG Emissions → Water → Hazardous and Non-Hazardous Wastes

Appendix B: United Nations Sustainable Development Goals (UN SDGs)

UN SDG	Related Nexteer Sustainability Focus Area(s)	Most Relevant SDG Targets	Examples of Nexteer's Contributions
 <p>4 QUALITY EDUCATION</p>		<p>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p>	<p>Communities:</p> <ul style="list-style-type: none"> ➤ Investments in STEM and Provision of Scholarships ➤ Annual Global Service Day ➤ Steering the Future Fund ➤ Giving Back Throughout the Year
 <p>5 GENDER EQUALITY</p>	  	<p>5.1 End all forms of discrimination against all women and girls everywhere</p> <p>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life</p> <p>5.b Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women</p>	<p>Workforce:</p> <ul style="list-style-type: none"> ➤ Nexteer Global Code of Conduct <p>Suppliers:</p> <ul style="list-style-type: none"> ➤ Nexteer Supplier Requirements <p>Communities:</p> <ul style="list-style-type: none"> ➤ Annual Diversity Day in Brazil
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	 	<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>7.3 By 2030, double the global rate of improvement in energy efficiency</p> <p>7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology</p>	<p>Operations:</p> <ul style="list-style-type: none"> ➤ Energy efficiency
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	 	<p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	<p>Workforce:</p> <ul style="list-style-type: none"> ➤ Nexteer Global Code of Conduct <p>Supply Chain Management:</p> <ul style="list-style-type: none"> ➤ Nexteer Supplier Requirements and General Terms and Conditions ➤ Supplier CSR Principles

Appendix B: United Nations Sustainable Development Goals (UN SDGs)

UN SDG	Related Nexteer Sustainability Focus Area(s)	Most Relevant SDG Targets	Examples of Nexteer's Contributions
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>		<p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> <p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending</p>	<p>Operations:</p> <ul style="list-style-type: none"> ➤ New state of the art facilities <p>Innovation:</p> <ul style="list-style-type: none"> ➤ Nexteer Innovation Hall of Fame ➤ Patents filed and issued ➤ Serving the electric vehicle market <p>Communities:</p> <ul style="list-style-type: none"> ➤ Investments in Science, Technology, Engineering and Math disciplines and research
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>		<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<p>Operations:</p> <ul style="list-style-type: none"> ➤ Environmental Management System <p>Supply Chain Management:</p> <ul style="list-style-type: none"> ➤ Supplier CSR Principles

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