



**A LEADER IN
INTUITIVE
MOTION
CONTROL**

SUSTAINABILITY REPORT

2020



NEXTEER AUTOMOTIVE GROUP LIMITED

耐世特汽車系統集團有限公司

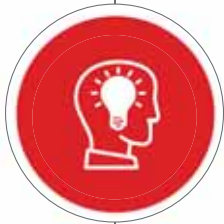
STOCK CODE: 1316

Incorporated under the laws of the Cayman Islands with limited liability

OUR STRATEGY FOR PROFITABLE GROWTH



Expand & Diversify
Revenue Base



Strengthen
Technology Leadership



Capitalise on EPS
as Enabler for ADAS



Optimise
Cost Structure



Pursue Select
Acquisitions & Alliances



Target China &
Emerging Markets





Contents

About Nexteer	2
Introduction	3
Message from Leadership	6
2020 Sustainability Highlights & Recognition	9
Governance	13
Stakeholder Inclusiveness & Engagement	17
A Proactive Approach to Materiality	18
Attracting & Retaining Top Talent	20
Training & Development	25
Being Ethical is at the Heart of Who We Are & What We Do	28
Community Connections	29
Our Suppliers Our Partners	36
Globalisation & Regional Autonomy	39
Product Responsibility	41
A Culture of Health & Safety	44
Managing Our Environmental Footprint	49
Our Response to the Carbon Disclosure Project (CDP)	53
Creating Value Through Innovation	58
Recognising & Rewarding Innovation	61
Appendix I: Hong Kong Stock Exchange References	I.1
Appendix II: United Nations Sustainable Development Goals (UN SDGs)	II.1

About Nexteer

CORPORATE PROFILE

Nexteer Automotive is a global leader in advanced steering and driveline systems, as well as advanced driver assistance systems (ADAS) and automated driving (AD) enabling technologies. In-house development and full systems 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 our design, development and manufacturing strengths in advanced steering and driveline systems that provide differentiated and value-added solutions to our customers. We develop innovative solutions that enable a new era of safety and performance for all levels of ADAS/AD, as well as supporting all modes of vehicle propulsion be it traditional internal combustion, hybrid or pure electric systems. Overall, we are making driving safer, more fuel-efficient and fun for today's world and for an increasingly electrified and 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 One Nexteer culture inspires employees to achieve personal and corporate growth by focusing on the Company's core values across all aspects of the Company: people first, 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



Introduction

This is Nexteer Automotive Group Limited's (Nexteer, Nexteer Automotive, or the Company) fifth official annual sustainability report. Our sustainability report is an important way in which we communicate progress against our sustainability goals and targets as well as how our actions can support the United Nations Sustainable Development Goals (UN SDGs). 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 fulfil 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) 2020 reporting requirements. This report focuses on our approach to managing key sustainability issues, which are organised into five areas: Business Ethics; Environmental, Health & Safety; Supply Chain; Community; and Value Creation. Taken together, these areas represent our corporate sustainability framework.

This sustainability report includes information about Nexteer Automotive's performance for our 2020 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 full-time and part-time employees working in premises operated 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 a formal review process, by internal and external subject matter experts, as well as management review, including final approval by Nexteer's Sustainability Steering Committee and 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 third-party 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
nexteer.sustainability@nexteer.com

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.





Environmental, Health & Safety

Nexteer promotes a culture of Environmental, Health and Safety 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

Message from Leadership

Through these unprecedented times, we are faced with new global challenges and the opportunity to identify how we as an organisation can continue to leverage sustainability as a Nexteer differentiator.



Tao Liu

Through these unprecedented times, Nexteer has adapted quickly by strengthening our focus on employee health and safety, acting with a deeper sense of corporate social responsibility, also learning new ways to operate and move the business forward—including identifying opportunities to continue to leverage sustainability as a Nexteer differentiator.

In 2020, we celebrated our 10th year of the Nexteer brand—carrying with it more than 110 years of automotive heritage and industry leadership. As we look back on our innovation and accomplishments over the last decade, we too, look ahead at an exciting future of continued innovation in advanced steering and driveline systems that enable a new era of safety and performance. We remain highly focused on aligning with industry megatrends and leveraging our deep technical competencies in developing innovative products and value propositions, while maintaining our commitment to preserve the world's natural resources and conduct our business ethically and with transparency.

Sustainability remains at the core of Nexteer's culture, which has resulted in the recognition of our work by being named on *Newsweek's* list of America's Most Responsible Companies for a second consecutive year. We hold ourselves to a high standard of excellence by identifying sustainability in our Code of Conduct to align with our internal expectations, as well as those of our stakeholders.

The year 2020 marked the formalisation of our three-tier governance structure, including Board level oversight of ESG topics and material aspects, the launch of our new sustainability steering committee led by executive leadership, and a cross-functional sustainability working group. These groups continue to work towards advancing ESG efforts, operationalising sustainable

practices across our organisation, and building corporate resilience to the risks from a changing climate.

By aligning our global business strategies with our integration of sustainability practices, we contribute to our organisation's success related to:

Our products & technologies—We continue to focus on relentless innovation and strategic alignment with key industry megatrends, including Electrification, Software, Connectivity, ADAS—Advanced Safety and Performance and Mobility-as-a-Service (MaaS). We do this by leveraging our deep technical competencies to develop innovative, sustainable products and value propositions to drive future growth and meet OEMs' needs. For example, our High-Output Rack-Assist Electric Power Steering (HO REPS) allows heavier vehicles to take advantage of EPS' advanced safety, comfort and fuel economy benefits, while our innovative stowable steering columns allow OEMs to redefine drivers' 'behind the wheel' experience.

Our supply chain—We not only focus on holding ourselves to a high standard of sustainability, but our global supplier network is held to that same standard. We continue to promote and bring awareness through our Corporate Social Responsibility Supplier Principles, which set our expectations for those who do business with Nexteer to conduct business in a socially and environmentally responsible manner with the highest degree of integrity, while following all applicable laws. In addition, we are building increasingly resilient supply chains through our manufacturing capability assessment (MCA) which also aligns with our supplier principles.



Our employees—Our commitment to innovation includes being able to recruit and retain top talent. Engaging our employees and jobseekers has allowed us to focus on differentiators from personalised career development and growth opportunities to training programmes as well as the recognition that employees want to perform meaningful work for companies that are ethical and sustainable. The year 2020 also brought the launch of our new diversity, equity, and inclusion programmes and the opening of our fourth Nexteer Production System Academy. We continue to cultivate and foster growth within our internal culture and also feel thankful for receiving external awards and recognitions in multiple regions for our work in human resources management.

Our environment, health and safety—With a focus on promoting a culture of environmental responsibility, we design our products and services with environmental improvement and end-of-life considerations. We regularly evaluate our resources and work to reduce pollutants and waste by recycling materials. At Nexteer, we embed health and safety into all aspects of our corporate culture through education, training and awareness. Proactively involving our employees in these practices helps us to achieve our goal of zero on-the-job injuries.

Our communities—To us, our operations within a community are about more than just status quo. We work to be valued members of the business and social communities in which we operate. Our community partners are important to us and have become a big part of our company culture. We recognise that the impacts of the COVID-19 pandemic have had major implications for people and organisations around the world; which is why we have been continuing our strong commitments to our communities through education, health, social, civic and cultural support.

Our customers—The reason why we do what we do—our customers are some of our biggest advocates. We work hard to sustain our positive rapport with existing clients and align our business with our potential partners. Our innovative drive, leadership in manufacturing, quality, consistency and logistical excellence continue to be significant factors in building a sustainable future.

I encourage you to read on to learn more about what we are doing to contribute to a more sustainable future along the five key focus areas of Nexteer's sustainability framework.

Sincerely,

Tao Liu
President and Global Chief Operating Officer
Chair, Sustainability Steering Committee
Nexteer Automotive



Locations on
6 continents



60+ CUSTOMERS
GLOBALLY

12,000+
Employees



55% of
SALARIED EMPLOYEES
in **TECHNICAL**
ROLES*

US\$ 3.0B
REVENUE



US\$ 24.6B
BACKLOG



4 **TECH & SOFTWARE CENTRES**



4 **PRODUCT LINES**

- ELECTRIC POWER STEERING
- COLUMNS & INTERMEDIATE SHAFTS
- DRIVELINE SYSTEMS
- HYDRAULIC POWER STEERING

* In 2020, 55% of Nexteer's total salaried workforce was committed to Engineering activities.

In this section—2020 Sustainability
Highlights & Recognition

2020 Sustainability **Highlights & Recognition**

HIGHLIGHTS

- Contributed more than 7,000 hours of employee community service
- First report to reference to the Global Reporting Initiative (GRI) and Second report to include our contribution to achieving UN SDGs
- Nearly 900 suppliers managed throughout our global supply chain
- Established a Sustainability Steering Committee (SSC), as an integral part of our Three-Tiered Sustainability Governance Structure
- Invested \$127 million in Capex
- Invested \$274 million in engineering & product development
- Over half of Nexteer's salaried staff are scientists, engineers or other technical employees
- Created the Respect, Inclusion, Support, Equity (RISE) programme to promote diversity, equity and inclusion
- Formalised a cross-functional global Climate Change Task Force (CCTF) to coordinate enterprise-level efforts to assess climate change related impacts and actions
- Capitalising on Electrification: Estimated 20% of EPS, CIS & DL Backlog related to electric vehicle (EV) applications
- Vehicle Autonomy: 32% of Nexteer's EPS Backlog Enables Levels 3-5 ADAS / AD Functions

2020 Sustainability Highlights & Recognition

MEMBERSHIPS

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

- Automotive Industry Action Group (AIAG) Environmental Sustainability Advisory Group
- Board.Org - CSR Council
- Business Leaders for Michigan
- EcoVadis
- European Association of Automotive Suppliers (CLEPA)
- Hang Seng Corporate Sustainability Benchmark Index
- Inforum
- MICHauto
- Michigan Chamber of Commerce
- Michigan Manufacturers Association Environmental Policy Committee Council
- National Safety Council
- NQC/SupplierAssurance
- 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

2020 Sustainability Highlights & Recognition

THIRD-PARTY RECOGNITION

Our customers and industry have recognised Nexteer's leadership with many awards throughout the years. This 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 Division awarded:

- Recognition in *Newsweek's* America's Most Responsible Companies 2021
- Silver medal from EcoVadis in recognition of sustainability rating
- National Association of Manufacturers' Manufacturing Leadership Award for Nexteer's Manufacturing Engineering Global Talent Management and Training Programme – for the third consecutive year
- Ford Best Managed Companies with Outstanding Quality Performance Award for Nexteer Querétaro, Mexico
- GM Supplier Quality Excellence Awards for Nexteer Plants in Saginaw, US; Querétaro, Mexico; Chongqing, China; Wuhu, China and Bengaluru, India

In the first half of 2020, Nexteer also received our 2019 GM Supplier of the Year Award. Nexteer was recognised with this prestigious award for consistently exceeding GM's expectations and creating outstanding value to GM.

Nexteer not only wins industry awards and recognition, we help our customers win awards too:

- 2021 MotorTrend Truck of the Year: Ram 1500 TRX featuring our REPS & Columns technology
- 2021 NAIAS Truck of the Year: Ford F-150 featuring Nexteer's REPS & Columns technology
- 2020 Car of the Year: Peugeot 208 featuring our SPEPS technology

2020 Sustainability Highlights & Recognition

Nexteer Asia-Pacific (APAC) Division awarded:

- Bronze Medal in Chery’s Quality Tools and Methods Application Achievement Competition for Nexteer APAC segment
- ChangAn Excellent Supplier Award for Nexteer Chongqing, China
- *Auto Business Review’s* Excellent Award in the Chassis Section of the China Automotive Parts Industry Award (Lingxuan Award) for Nexteer’s Advanced Steering Suite
- *China Automobile & Parts’* Innovation Capability Award
- Chongqing City Green Plant Award for Nexteer Chongqing, China
- Liepin’s Innovative Employer of Jiangsu Province (China) Award
- Liuzhou Mayor’s Quality Award for Nexteer Liuzhou, China
- Second Prize in Anhui Province’s Quality Innovation Skills Competition for Nexteer Suzhou, China
- Top Human Resource Management Award 2020 from 51job, China’s leading Human Resources service company
- Suzhou Industrial Park Corporate Social Responsibility (CSR) Best Practice & Caring Awards for Nexteer Suzhou, China

Nexteer Europe, Middle East, Africa and South America (EMEASA) Division awarded

- Great Place to Work Certification (most recently in Morocco during 2020, in addition to multiple countries’ certification status)
- Nexteer Poland recognised with the Forbes Magazine “Business Diamond” award for constant business development and transparent financial processes



2020 Greater Suzhou Best Employer Award



Great Place to Work Certification–France

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 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 of 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 and relevant stakeholders 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 (administered by a third-party), which serves as a grievance mechanism and as a resource for relevant personnel to ask questions, seek guidance, and/or anonymously report suspected misconduct.



Nexteer Automotive World Headquarters: Auburn Hills, Michigan, United States of America (USA or US)

Governance

MANAGING SUSTAINABILITY

Nexteer manages sustainability through its three-tiered sustainability governance structure, including **1)** the Board of Directors' oversight of ESG issues and material aspects; **2)** entrusted by the Board, management sustainability steering committee (SSC) has the objective of leading the organisation on further integrating sustainability throughout global business strategies and advancing ESG efforts building upon our established sustainability framework; and **3)** a cross-functional sustainability work group (SWG), a team whose efforts of supporting the organisation's sustainability journey can be traced back to 2015.

With increased focus on sustainability at Nexteer, coupled with a growing need to meet external stakeholders' expectations, led to the formalisation of Nexteer SSC. In 2020, the SSC is chaired by Nexteer's President and Global COO, with standing members including:

Chair

- **President, Global Chief Operating Officer**
Tao Liu

Regular

- **Senior Vice President, Chief Financial Officer**
Bill Quigley
- **Senior Vice President, Chief Technology Officer, Chief Strategy Officer, Executive Board Director**
Robin Milavec
- **Vice President, Company Secretary, Executive Board Director**
Yi Fan
- **Vice President, General Counsel**
Peter Ziparo
- **Executive Director, Global Manufacturing Operations**
Leo Wang
- **Director of Sustainability, Advisor to CEO & Board, Global Strategy Council Secretary**
Virginia Li

Serving as an overarching tier, the SSC connects with the other two tiers in our sustainability governance structure. With the Board's oversight, the SSC provides leadership and guidance to each of the interrelated functional and divisional teams within our Sustainability Monitoring and Reporting Framework (SMRF). The SSC has been established with the objective to operationalise Nexteer's sustainability efforts and drive continual improvements for the organisation to embrace ever-increasing challenges and opportunities along many fronts.

Nexteer's SWG members are tasked with responsibility to support the organisation on developing initiatives and policies, and working with leadership to directly impact Nexteer's strategy, direction and performance in sustainability, including our annual sustainability report. This report reflects Nexteer's leadership and commitment to sustainability. Before publication, this report is reviewed by Nexteer's SSC, jointly with the Disclosure Committee, and ultimately the 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; Environmental, Health & Safety; 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 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 starting page 18 of this report for more details).

The results of our performance in accordance with the applicable HKEX's ESG 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 I of this report for easy cross-reference and alignment with GRI index.

In addition, Appendix II highlights how Nexteer's actions contribute towards achieving relevant UN SDGs.

HKEX A4.1

In 2020, Nexteer formalised a Climate Change Task Force (CCTF), including representation across operations, environmental, health and safety, legal, finance and risk management, investor relations, engineering, manufacturing operations, sales and marketing, supply chain and sustainability to identify the impacts of physical and transitional risk. In 2020, the CCTF held preliminary meetings to understand objectives, and determine a roadmap for this important priority in 2021. In conjunction with external subject matter experts, they will identify vulnerabilities and adaptation measures to increase corporate resilience to the impacts of climate change.

Nexteer’s Cross-functional CCTF

- Steve Baird**, Operations

- Kimberly Bostek**, Environmental

- Jason Hatfield**, Environmental, Health & Safety

- Joel Horvat**, Finance–Risk Management

- Weisi Hu**, Manufacturing Operations

- Crystal Huizar**, Global Supply Management

- Virginia Li**, Sustainability

- Jim Miller**, Operations

- Jonas Regenfuss**, Legal

- Mark Schmidt**, Finance–Enterprise Risk Management

- Aaron Seyuin**, Engineering

- Sue Sullivan**, Sales and Marketing

- Yutong Wang**, Finance–Investor Relations

- Sharon Wisniewski**, Global Supply Management

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 supporting management for 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.

Members of Nexteer’s SWG meet semi-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 for accuracy of content for the Company’s annual sustainability report; providing recommendations, support and assistance for implementation of the Company’s sustainability programme; championing a culture of sustainability throughout the Company; monitoring the identified and emerging risks and trends in sustainability, as well as assisting on the appropriate risk treatment.

Membership within the SWG is also assessed annually to ensure members serve in roles and responsibilities that directly impact Nexteer’s sustainability framework, and pursuant to the HKEX ESG reporting requirements.

Governance

Nexteer's Sustainability Work Group (SWG)

Laura Barnett, Human Resources

Kimberly Bostek, Environmental

Piotr Dembinski, International Communications

Todd Hare, Information Technology

Jason Hatfield, Environmental, Health and Safety

Erin Heinrich, Global Marketing Communications

Summer Hou, International Communications

Crystal Huizar, Global Supply Management

Brandon Kalasho, Legal

Steven Leiger, Internal Audit

Virginia Li, Sustainability

Walter Lis, Quality

Julie Malesky, Organisational Effectiveness

Kymberly Reeves, Legal

Martin Saltiel, Health and Safety

Aaron Seyuin, Engineering

Myiesha Smith, Community Relations

Caren Stajninger, Internal Audit

Allison Vincent, Engineering – Intellectual Property

Luyi Wang, International Communications

Yutong Wang, Investor Relations

Rachael Weinberger, Human Resources

Sharon Wisniewski, Global Supply Management

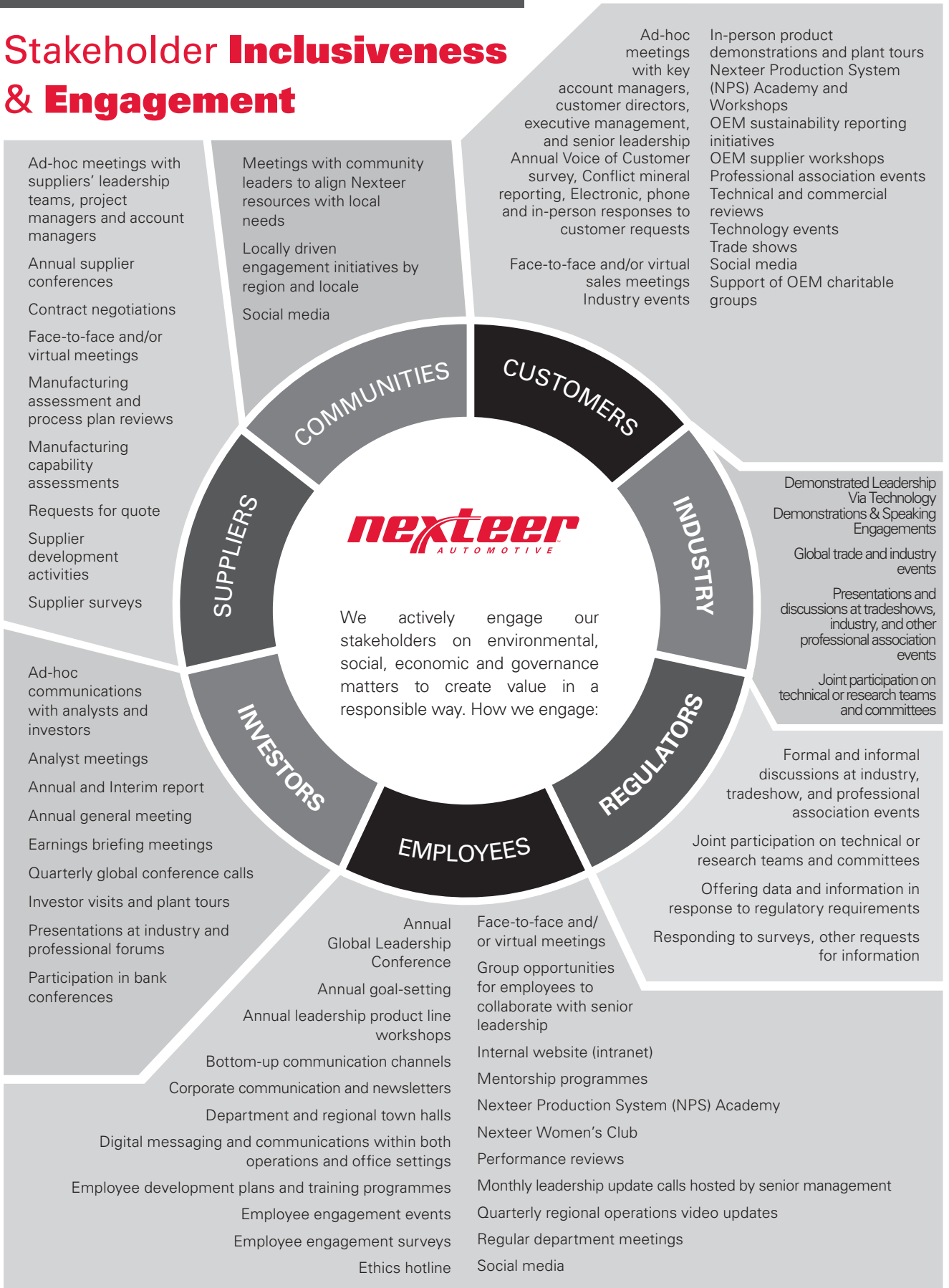
NEXTEER'S FIVE KEY SUSTAINABILITY FOCUS AREAS



	Business Ethics	Environmental, Health & Safety	Supply Chain	Value Creation	Community
Laura Barnett, Human Resources	■				
Kimberly Bostek, Environmental		■			
Piotr Dembinski, International Communications	■	■	■	■	■
Todd Hare, Information Technology	■	■	■	■	■
Jason Hatfield, Environmental, Health and Safety		■			
Erin Heinrich, Global Marketing Communications	■	■	■	■	■
Summer Hou, International Communications	■	■	■	■	■
Crystal Huizar, Global Supply Management			■		
Brandon Kalasho, Legal	■	■	■	■	■
Steven Leiger, Internal Audit	■	■	■	■	■
Virginia Li, Sustainability	■	■	■	■	■
Walter Lis, Quality	■			■	
Julie Malesky, Organisational Effectiveness					■
Kymberly Reeves, Legal	■	■	■	■	
Martin Saltiel, Health and Safety		■			
Aaron Seyuin, Engineering				■	
Myiesha Smith, Community Relations					■
Caren Stajninger, Internal Audit	■	■	■	■	■
Allison Vincent, Engineering – Intellectual Property				■	■
Luyi Wang, International Communications	■	■	■	■	■
Yutong Wang, Investor Relations	■			■	
Rachael Weinberger, Human Resources	■				
Sharon Wisniewski, Global Supply Management			■		

In this section—Stakeholder Inclusiveness & Engagement

Stakeholder Inclusiveness & Engagement



In this section—A Proactive Approach to Materiality
Our Process

A Proactive Approach to Materiality

Material topics for Nexteer are 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 topics, sharing our process and thresholds used to determine which topics 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 both 2019 and 2020, we proactively undertook a more comprehensive review of our material topics 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 Board of Directors, management committee—the Global Operating Committee, employees, as well as our customers, investors and suppliers. Our stakeholders were asked to rank topics according to their potential impact on business growth and performance, our brand and reputation, our business culture, product quality and safety and regulatory impacts. Topics were also ranked according to their potential impact on broader social expectations.



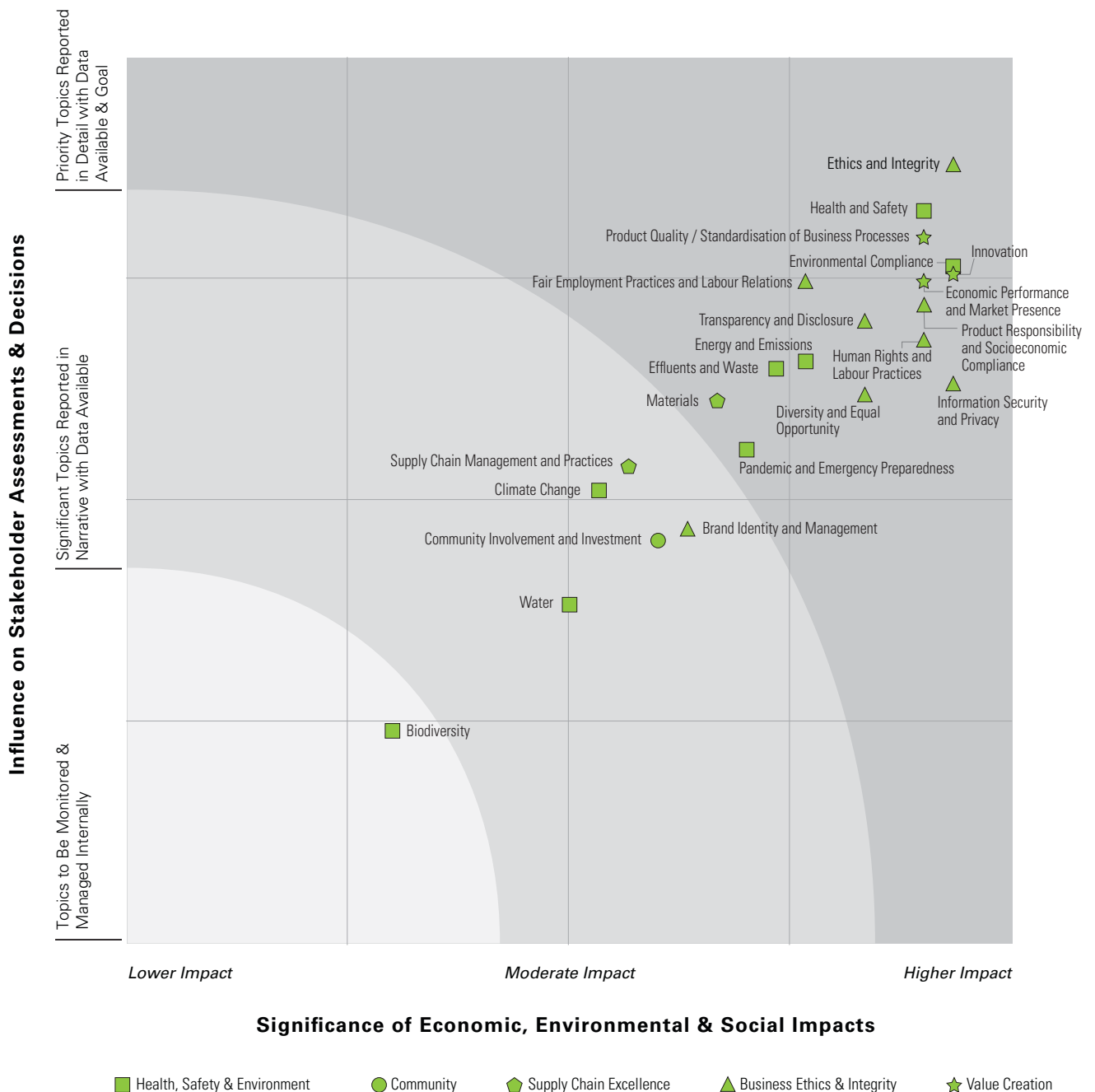
A Proactive Approach to Materiality

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

Most material aspects were evaluated to remain 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 ‘Ethics and Integrity’, ‘Diversity and Equal Opportunity’, ‘Human Rights and Labour Practices’ and ‘Fair Employment Practices and Labour Relations’ and ‘Health and Safety’ have shifted in importance to both stakeholders and significance to

Nexteer’s business whereas topics including ‘Information Security and Privacy’ and ‘Innovation’ 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 topics 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, key focus areas, and relevant initiatives 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 solutions at the right time, we have focused on improving our capability to attract and retain top talent which 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. We have since implemented multiple surveys for our candidates, new hires, and students to stay on top of changing priorities and trends as well as gauge their experience with the Nexteer hiring process to ensure we are offering the best possible experience. 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. We have put new effort into employee engagement, employee development, and diversity, equity, and inclusion in 2020.

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 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 and current employees annually. For the 2020 Code of Conduct training programme, the overall completion rate across the Company was approximately 93%.

In Q4 2020, Nexteer announced its Diversity, Equity and Inclusion programme – RISE, which stands for Respect, Inclusion, Support and Equity. At Nexteer, we believe diversity drives innovation. We're committed to building a culture where difference is essential and valued, including recognising our past and focusing on excellence. We have work to do and are rising to advance diversity, equity, and inclusion efforts, and we're investing to move our organisation upward.



Nexteer Women’s Club (NWC)

Initiated in 2015, the Nexteer Women’s Club (NWC) has a mission to promote personal and professional development of women at Nexteer through leadership, education, networking and mentoring opportunities; as well as bring awareness to Nexteer leadership - and the larger Nexteer community - regarding the importance of diversity of thought in the organisation, and changes needed to achieve it. Though the limitations of the pandemic slowed events throughout 2020, we still were able to conduct several activities throughout the year. One highlight was an International Women’s Day event in March 2020 themed: “Each for Equal”. At the event, the NWC hosted a panel that highlighted interesting career paths and experiences of four Nexteer leaders, emphasising the importance of gender equality in our world. A monthly book club is also facilitated to promote community and was maintained virtually throughout the pandemic.

The Nexteer Women’s Club exists because we are passionate about empowering our team and promoting diversity in our organisation. The NWC is an inclusive group which provides numerous opportunities for personal growth and collaborative relationships. The NWC exemplifies the One Nexteer culture and has enabled countless positive changes in our organisation.

**Jill Dralle, Vice President,
Chief Operating Officer – US Operations**



Nexteer Women’s Club hosted “Each For Equal” on 2020 International Women’s Day

Attracting & Retaining Top Talent

OUR WORKFORCE

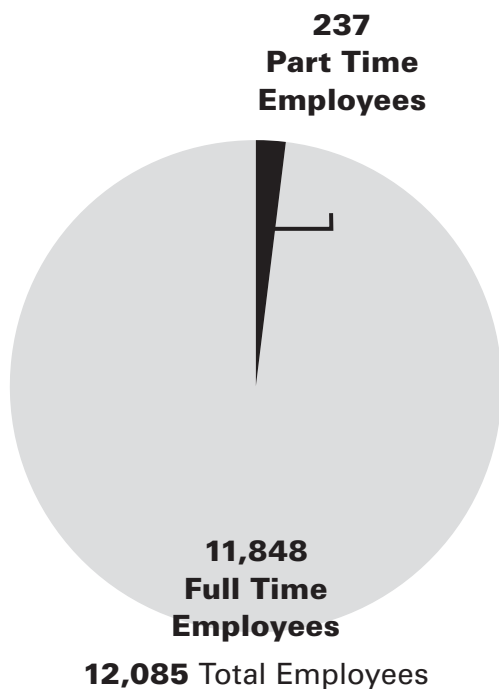
HKEX B1.1

As at December 31, 2020, Nexteer’s total global workforce included 12,085 employees, of which 11,848 are full time and 237 are part time. The following table sets forth total workforce by Nexteer’s three geographical segments.

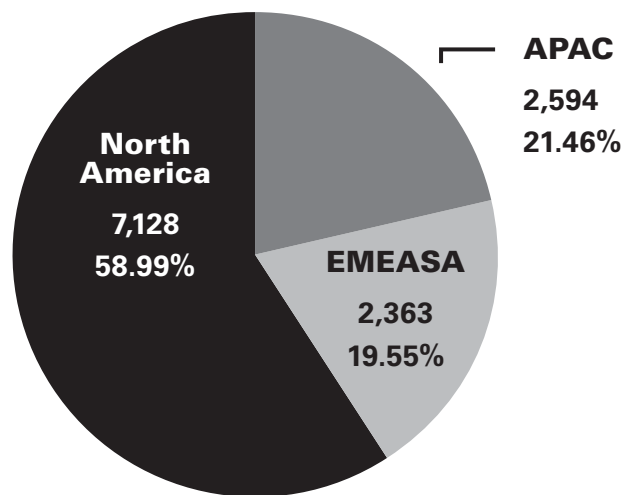
Total Workforce by Type (Full Time, Part Time) and by Geographical Region

Geographical Region	Full Time Employees	Part Time Employees	Total
APAC	2,369	225	2,594
EMEASA	2,358	5	2,363
North America	7,121	7	7,128
Total	11,848	237	12,085

Total Workforce by Employment Type



Total Workforce by Geographical Region

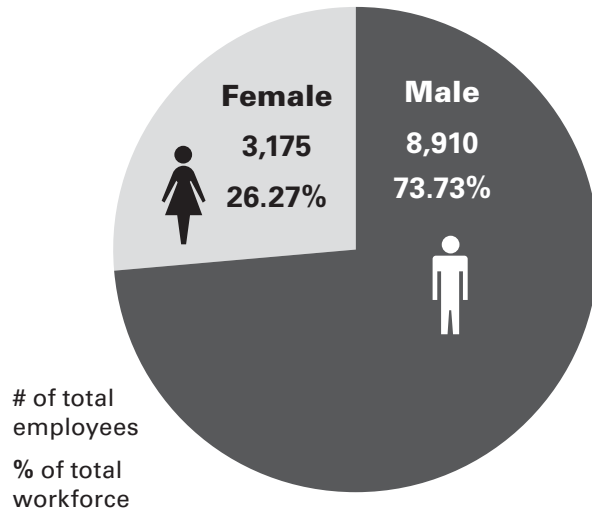


Attracting & Retaining Top Talent

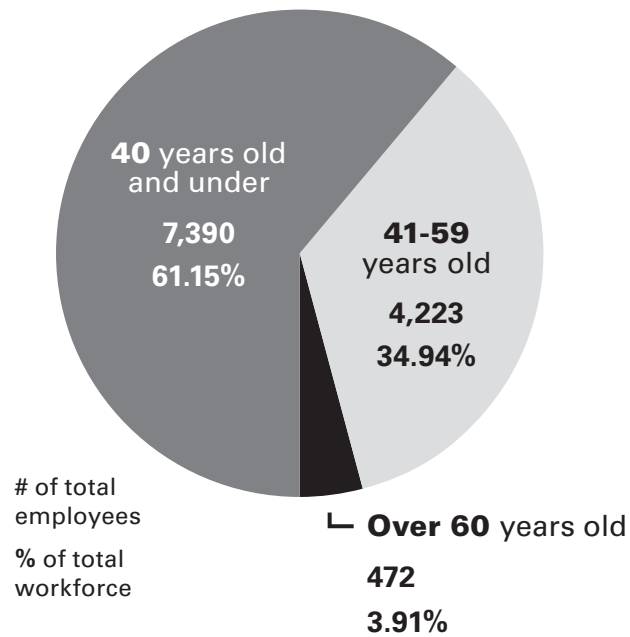
HKEX B1.1

Gender and Age Diversity

Total Workforce by Gender



Total Workforce by Age Group



Attracting & Retaining Top Talent

Employee Turnover

HKEX B1.2

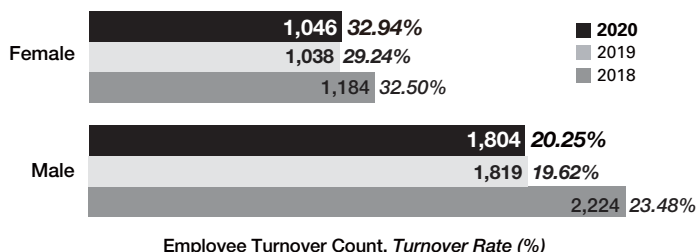
Employee turnover measures employees who leave the organisation voluntarily or due to dismissal, retirement or related reasons.

Turnover Rate* by Geographical Region

Geographical Region	Employee Turnover Count		Employee Turnover Rate (%)	
	2019*	2020	2019*	2020
APAC	563	514	20.02	19.81
EMEASA	211	229	9.90	9.69
North America	2,083	2,107	26.44	29.56
Total	2,857	2,850	22.29	23.58

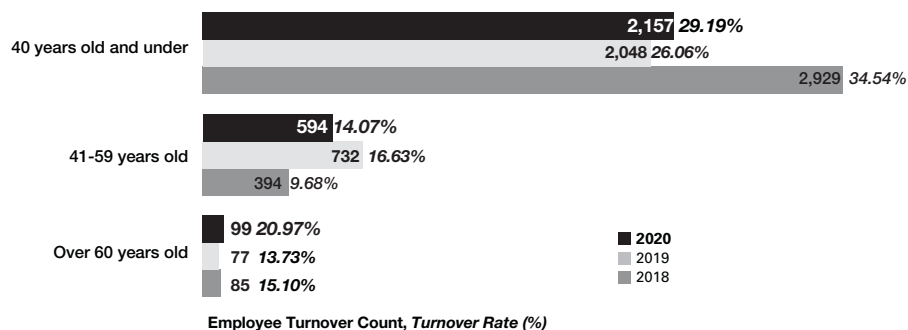
* certain data from prior year(s) adjusted to align with reporting references (as set out in Appendix I)

Turnover Rate* by Gender



* certain data from prior year(s) adjusted to align with reporting references (as set out in Appendix I)

Turnover Rate* by Age Group



* certain data from prior year(s) adjusted to align with reporting references (as set out in Appendix I)

In this section—Training & Development

Training & Development

HKEX B3

We recognise that what matters to our people has changed, and we must shift our attention to why people WANT to work instead of why they NEED to work. This is why our focus is on our employees' experience and creating a more agile, engaged workforce and resilient business. In 2020, Nexteer continued to expand efforts to understand what matters most to our employees through monthly Pulse Check surveys and by providing additional opportunities in areas of personal growth and leadership development. Technical and behavioural competency frameworks were launched for all functions globally, providing a foundation for many processes including recruiting and selection, performance assessment and development planning, succession planning and career paths,

organisational competitiveness, and more. In addition, we pivoted much of our employee learning to virtual platforms allowing for flexible and scalable upskilling of our diverse workforce in and beyond the changing environment. We also defined a robust global leadership development framework because we know the critical role our leaders play in influencing our employees' experiences and shaping our company's future.

While COVID-19 impacted some of the planned training in 2020, we were able to prioritise critical training, as well as introduce an enterprise solution for online learning.



APAC Quality Week Suzhou, China

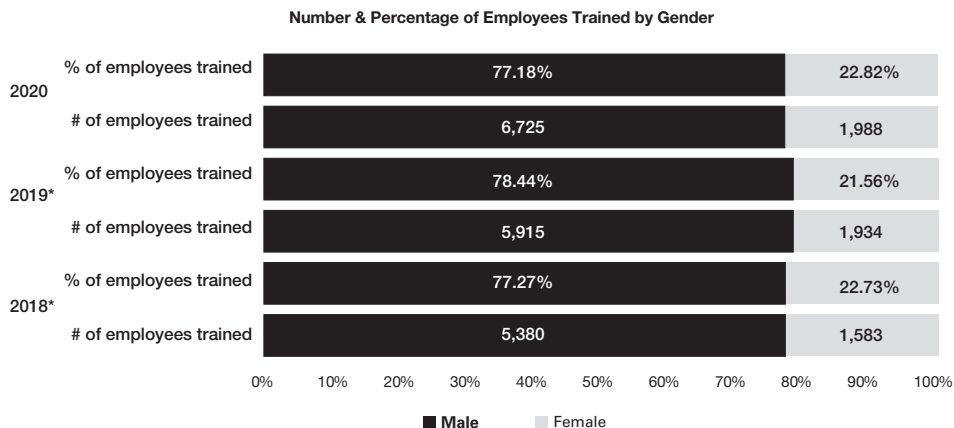
Training & Development

HKEX B3.1

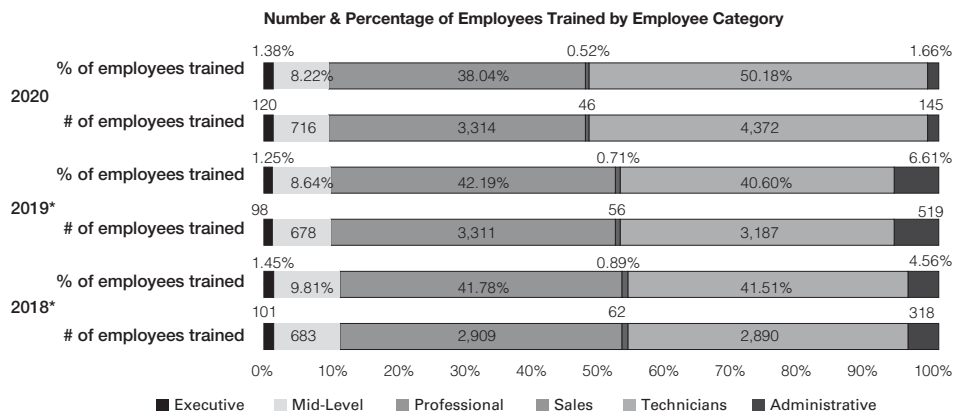
The graphs below show the number and percentage of employees trained by gender and employee category.

Percentage of Employees Trained

8,713
Employees Trained
72.10%
of Employees Trained



* certain data from prior year(s) adjusted to align with reporting references (as set out in Appendix I)



* certain data from prior year(s) adjusted to align with reporting references (as set out in Appendix I)

Training & Development

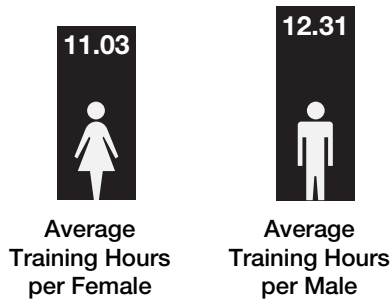
HKEX B3.2

On average our employees each completed 11.98 hours of training in 2020. The graphs below present the average training hours completed per employee by gender and employee category.

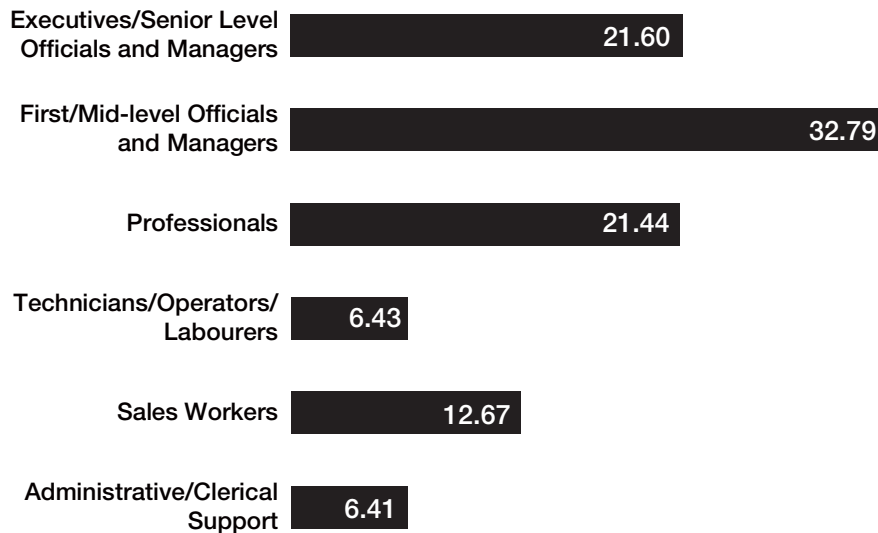


Nexteer employee taking Ergonomics training course

2020 Average Training Hours Completed by Gender



2020 Average Training Hours Completed by Employee Category



In this section—Being Ethical is at the Heart of Who We Are & What We Do

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 web-based form.

HKEX B7.3

Nexteer's anti-corruption training is designed to help our workforce and Board of Directors do the right thing when faced with ethical dilemmas and to comply with the Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and other regulatory expectations.

In this section—Community Connections

Community Engagements Operating in the COVID-19 Environment

Giving Back Throughout the Year

Nexteer Steering the Future Fund

Community Connections

HKEX B8.1

HKEX B8.2

The challenges of the global pandemic may have changed the way we interacted with our communities in 2020 but did not impact our commitment to being part of the communities in which we operate. 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 field—and strengthening our neighbourhoods. In 2020, Nexteer employees volunteered more than 7,000 hours to community service. From donating blood, assisting in mask creation, and donations during the global pandemic, helping with disaster relief, or mentoring youth in science and engineering, the generosity of Nexteer employees is valued globally.

HKEX B8

Nexteer’s policies related to corporate 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 2020, Nexteer supported four funds administered through the Saginaw Community Foundation in Michigan, USA or within Nexteer’s budget:

- Steering the Future Fund
- Community Improvement Fund
- 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 2020, Nexteer, like many other organisations, was challenged during the COVID-19 pandemic. We were able to channel our energies differently to keep our employees and stakeholders’ safety paramount, while continuing our strong commitment to our communities. Year-over-year trends in charitable giving and volunteer hours are presented below.

Annual Global Financial and Volunteer Hour Contributions

Year	Charitable Giving (\$)	Global 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
2020	\$0.3 million	7,000

Community Connections

COMMUNITY ENGAGEMENTS OPERATING IN THE COVID-19 ENVIRONMENT

Due to the COVID-19 global pandemic, Nexteer, like other companies, had to forgo holding mass events that could risk employees’ health. Nonetheless, our employees felt strongly about the need to contribute and volunteer to improve our regions and support in pandemic response efforts.

Despite not having a Global Service Day, when the COVID-19 pandemic began, globally Nexteer team members responded. Our team collected and created masks and face shields throughout the year. In March 2020, our 3D printers in Saginaw, U.S. and Tychy, Poland were producing plastic masks, face shield headbands and ear savers. We used an injection moulding machine in Saginaw to produce medical grade plastic masks and our employees in Poland sewed fabric masks. The team at CNXMotion, LLC, our joint venture with Continental, also used inhouse 3D printers to make PPE. Nexteer distributed them globally with others within the organisation and in the community to help fight the spread of the coronavirus. We worked with local government and medical organisations to donate supplies to nearby medical facilities.

Our SWG team members proudly share their thoughts on this initiative supporting our communities where Nexteer operates.



Nexteer employee proudly holding our 3D-printed mask

Nexteer’s commitment to our community was evident from the onset of the pandemic. Despite not having a background in medical PPE, our team members rolled up their sleeves and got to work. We reached out to the local medical community to better understand their needs and maximise our impact. Using our 3D printing technology, and injection moulding capability in Saginaw, U.S. Plant 6, we developed an innovative solution to produce critical medical PPE.

Aaron Seyuin, Global Engineering
Member of Sustainability Work Group

It was truly amazing to see our engineering team followed by other functions who felt encouraged to support the local community, despite the difficult situation that we all faced in March 2020. Their invention, passion and dedication that they usually present on a daily basis in their work for Nexteer EMEASA Division has transferred into helping the medical services and local communities. With over 5,000 3D printed face shields and 6,000 masks, it was a significant support for those who were saving our lives and we couldn’t get better proof of our One Nexteer culture.

Piotr Dembinski, EMEASA Communication
Member of Sustainability Work Group



3D masks created by Nexteer to help fight the COVID-19 pandemic

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.

United States

Flood Relief – Saginaw, MI

Nexteer also teamed up with the United Way of Saginaw County and UAW Local 699 to collect donations for families affected by the historic flood that impacted the Great Lakes Bay Region. Both Nexteer employees and members of the community donated to the drive, which was held in Nexteer’s Plant 3 parking lot in Saginaw. More than 10,000 items, ranging from cleaning products to food, tools, and personal hygiene items, were collected.

Nexteer volunteers helped with clean-up of 15 homes that were affected by the record-breaking flood. This was very labour-intensive work, as in many cases the water was above eight feet in homes. It included tearing out walls, floors, carpet, and sub-floors during the summer heat. Employees were required to wear masks and maintain distance from others, where possible, in order to keep them safe from COVID-19.

Nexteer donated more than \$100K to relief efforts through a corporate donation, an employee match programme, as well as a Nexteer Supplier donation collection programme.

East Side Soup Kitchen – Saginaw, MI

Multiple times in 2020, Nexteer Cares volunteers joined the team of the East Side Soup Kitchen to help address food needs in our community. Following COVID-19 protocols, the East Side Soup Kitchen and Nexteer Cares team distributed food. We also assisted the East Side Soup Kitchen by purchasing PPE to ensure the food distributions were as safe as possible.

Veteran Activities – Saginaw, MI

Nexteer volunteers partnered with the Great Lakes Bay Veterans Coalition to build a shed for an Army Veteran whose house was destroyed by the historic Great Lakes Bay Region flood. Nexteer has also advanced this new partnership and helped to purchase needed personal supplies for Veterans in needs during the 4th quarter.



Local child attends our Flood Collection event to donate things to those affected by the flood



Nexteer volunteers helping to repair home affected by the flood for renovation

Community Connections



Nexteer volunteers build a handicap access ramp for people in need to allow them the ability to freely leave their home



Nexteer volunteers build a handicap access ramp for people in need to allow them the ability to freely leave their home



Nexteer volunteers help to remove old railroad ties at the Saginaw Zoo in honour of Earth Day

Project Independence – Saginaw, MI

Nexteer and UAW local 699 volunteers partnered with United Way of Saginaw County And Disability Services Resource Centre to build eight handicap access ramps for people in need in the Saginaw and Bay City area—giving them the ability to freely leave their homes.

Earth Day – Saginaw, MI

Nexteer Cares volunteers partnered with the Saginaw Children’s Zoo and the Saginaw Basin Land Conservancy for a belated Earth Day event where they cleared 50 cubic yards of old railroad ties and overgrown brush along the zoo’s nature trail for members of the community to enjoy.

Girl Scouts STEM-a-Palooza – Saginaw, MI

Volunteers enjoyed sponsoring the 2020 Girl Scout STEM-a-Palooza at Saginaw Valley State University. The Girl Scouts explored the world of STEM through hands-on activities such as a catapult-building exercise & more!

Community Connections

China

Nexteer Library – Guizhou

Nexteer Library II has been set-up in Guizhou Province, China, to support local schools and encourage kids to read more and develop better reading and comprehension skills. Nexteer volunteers also visited Nexteer Library I. Altogether 4 laptops, 2 projectors, desks and chairs and over 3,000 books were donated to the 2 libraries we established in Guizhou.



SWG member, Luyi Wang, supported Nexteer Library II in China

Poland

Trip to Amusement Park – Tychy

Since the regular annual Global Service Day visit at Nexteer premises was not possible due to COVID-19, Nexteer Poland organised a trip to an amusement park in the area for local charity organisations that are supported by the Company. Kids from the “House of Guardian Angels”, “Iskierka” foundation and “Centre of Temporary Child Care” had a chance to spend one fun day out of their daily routines, affected recently by COVID-19. Nexteer Poland also funded gifts and souvenirs.

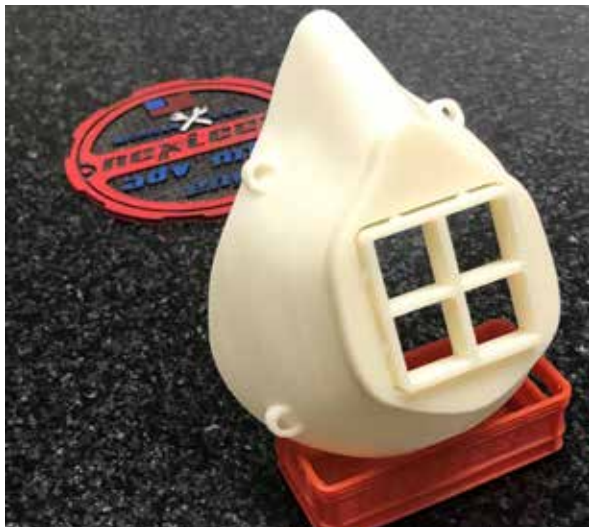


Nexteer Poland supported local charity organisations

Community Connections

Mask and Face Shields Distribution – Poland

At the beginning of the COVID-19 pandemic Nexteer Poland volunteers started sewing masks for the local healthcare service providers. Additionally, the Polish team at the Technical Centre used 3D printers to produce face shield headbands. Our team created over 5,000 plastic face shields to attach to the headbands and donated the complete face shields to help local doctors and paramedics protect themselves while fighting COVID-19. There were over 6,000 fabric masks sewed by volunteers. Nexteer’s teams from various departments (Engineering, HR, Communications, Operations, Finance, GSM, etc.) in Gliwice and Tychy worked around the clock to produce these much-needed medical supplies. The teams have also shared instructions and lessons learned with other manufacturers around the world to help them produce PPE as well.



3D masks created by Nexteer to help fight the COVID-19 pandemic



Nexteer Poland volunteers sewing fabric masks for donation

Nexteer Torino, Italy

Nexteer Italy office donated funds to the “Umberto Veronesi” organisation for cancer research.

Engage Our Communities in STEM

The support of STEM-related activities continues to be one of the main components of our Nexteer Community Strategy. In 2020, Nexteer supported various STEM-related activities by being a thought leader and participating in various boards related to STEM including Regional STEM Steering Council, curriculum development board related to Career and Technical education, grant funding board to maximise effectiveness of STEM-related grant, multiple advisory panels, partnering with local school districts to provide opportunities for interactions with educators and students, as well as being a community advocate for STEM, funding STEM-related initiatives and finding ways to engage our communities in STEM.

Additionally, Nexteer partnered with local STEM provider, Central Michigan University Centre for Excellence in STEM Education, to virtually provide STEM Camps for employees and their families. Families were provided with necessary materials and spent a few hours diving into the fun and exciting world of STEM led by an educator. We hope to expand this programme to the larger community in 2021.

Nexteer continues to be an active supporter of FIRST (For Inspiration and Recognition of Science and Technology) in the Great Lakes Bay Region. While 2020 presented challenges and being unable to host our normal tournaments, our coaches and mentors are still engaged and looking forward to active participation. Nexteer also donated 150 refurbished engineering laptops to assist FIRST teams in the region.

Community Connections

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. In 2020, Nexteer revised our criteria to reflect our One Nexteer Culture more closely. Each application requires a Nexteer team member to be the project sponsor. To be eligible for funding, applicants must demonstrate that the activity to be funded meets one or more the following criteria:

Proactive Community Involvement

- Building relationships and collaboration

Career and Education

- Development of the future through career awareness and work readiness
- Promoting achievement and innovation of students and educators
- Building skills and competencies toward developing leadership qualities and resiliency within youth
- Supporting educational access

Strengthening Neighbourhoods

- Neighbourhood revitalisation efforts
- Supporting community sustainability programmes to help address the basic needs of residents
- Supporting an atmosphere that fosters inclusion and promotes diversity
- Encouraging activities that minimise adverse impacts on the environment

In 2020, we received eight funding requests and granted five for a total of \$23,250. Since some funds remained available for distribution in 2020, the Nexteer employee decision-makers opted to make a one-time donation in December 2020 to support Great Lakes Bay Region programmes to fight against hunger caused

by COVID-19. Julie Malesky, our SWG member, was named a 2020 Manufacturing Talent Champion—for her Leadership in Community and for supporting the growth of manufacturing talent in the region. As a leader at Nexteer and within the community we operate, we recognise Julie's contributions to excellence and the connections that she builds.



SWG member, Julie Malesky was named a 2020 Manufacturing Talent Champion by the Michigan Manufacturers Association

In this section—Our Suppliers Our Partners
Globalisation & Regional Autonomy
Product Responsibility

Our **Suppliers** Our **Partners**

HKEX B5

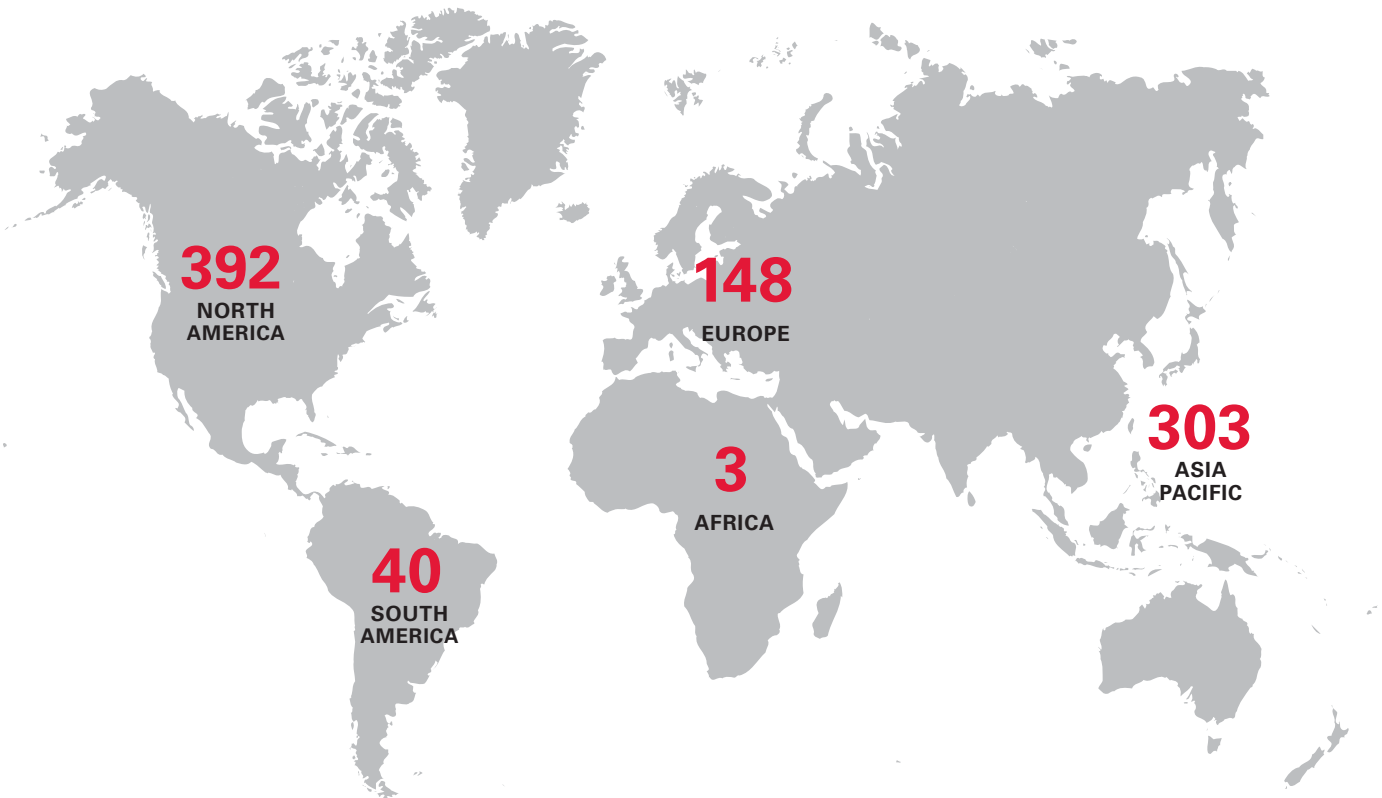
HKEX B5.1

HKEX B5.3

The relationship between Nexteer and its suppliers is one that is built on loyalty and reciprocity. We have established meaningful, long-term relationships with our 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.

886 Total Number of Direct Material Suppliers



Our Suppliers Our Partners

We expect our entire supply chain to adhere specifically to the principles contained within Nexteer's Corporate Social Responsibility (CSR) Supplier Principles. Our NSRs 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 expect our suppliers to communicate our Environmental Policy Statement reflecting their commitment to their employees. By agreeing to the NSRs, 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 our NSRs, 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.

Furthermore, our NSRs reflect our commitment to the welfare and health and safety of our employees, contractors, and delivering socially and environmentally responsible products to our customers. We have a moral and ethical responsibility to respect human rights throughout our supply chain. Nexteer complies with all applicable laws, government regulations, and rules in the countries where we operate. As part of our global compliance framework, Nexteer has adopted a Code of Conduct which we have communicated to our internal and external stakeholders. We expect that our supply base does the same and enforces policies that include but are not limited to providing a safe and healthy working environment, offering competitive wages and benefits, establishing reasonable working hours, allowing freedom of association, providing training and supporting development of employees, intolerance of harassment and discrimination, as well as, forced and child labour. In addition, suppliers must operate honestly and equitably in accordance with laws pertaining to terrorism, money laundering, corruption and conflict of interest, anti-competitive business practices, protection of intellectual property, and export controls. Suppliers shall, upon request, provide evidence of adherence to these global requirements; non-compliance may result

in the supplier being removed from Nexteer's supply chain.

Nexteer encourages suppliers to seek training in Corporate Compliance/Responsibility, Ethics, and Diversity.

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, reducing water usage, increasing use of renewable energy, managing waste appropriately, conducting environmental testing, training employees and sub-contractors and meeting regulatory requirements. We consider the life cycle impacts of the products we source and strive to continuously improve the environmental footprint of our supply chain.

During 2020, our Global Supply Management function continued to enhance process flow to assess and monitor potential environmental and social risks along our supply chain. Additionally, in December 2020, we have successfully communicated to all of our direct suppliers the requirements of annual self-certification and answering a self-assessment questionnaire (SAQ) with appropriate supporting evidence. Such processes are administrated via the Nexteer Sustainability Audit application contained within our supply chain management electronic platform. Failure to comply with self-certification and SAQ requirements will result in a new business hold. Nexteer reserves the right to conduct audits of supplier submissions based on a risk-based approach and/or GSM's functional assessment. Compliance to the Nexteer Corporate Social Responsibility Supplier Principles is a requirement of a new business award.

Our Suppliers Our Partners

HKEX B5.2

HKEX B5.3

In 2020, all new direct material suppliers underwent 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 a section on Sustainability with questions directly tied to the Nexteer Corporate Social Responsibility Supplier Principles. These principles include topics including but not limited to human rights, employment compliance, health and safety, and environmental compliance. Suppliers answer the questionnaire which is then reviewed for compliance by the GSM supplier quality team. The MCA includes a visual plant visit and inspection by our Supplier Quality team. Due to the COVID-19 pandemic restrictions, most assessments in 2020 were completed virtually. Suppliers who do not pass the Sustainability questionnaire and do not have an acceptable corrective action plan are not allowed to continue on with the MCA process and are excluded from quoting on new business. Supplier's MCA score is considered in the Nexteer's sourcing process. In 2020, 24 new supplier locations successfully completed the MCA process.

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.

HKEX B5.4

As Nexteer manufactures safety-critical products, we adhere to the required customer and engineering specifications to ensure automotive safety standards are met. Nexteer GSM purchases direct material according to the approved specification and follow defined processes to implement changes provided in customer specifications for environmentally preferable considerations. Meanwhile, we can directly impact environmentally friendly products and services in the supplier selection process, by ensuring suppliers we select have implemented sustainable measures in their business practices, as described in the sections above.

GLOBALISATION & REGIONAL AUTONOMY

In 2020, Nexteer continued our thoughtful global footprint diversification and regional autonomy in locations strategically important to our key customers. Our facilities around the world support our approach of producing in the region of consumption to ensure built-in efficiencies, customer responsiveness and short supply lines.



Suzhou Technical Centre Grand Opening in January 2020



Burt Lin, APAC Engineering Executive Director introduces our products at the opening of APAC NPS Academy

Technical Centres

A few examples of efficiency of engineering and capital include our drive for local engineering capability, led by our Regional Technical Centres in China and Poland, as well as the ramp-up of our software centre in India that is now performing software development and testing in support of our global engineering process.



Global Technical Centre in Saginaw, MI, USA



Regional Technical Centre in Suzhou, China



Regional Technical Centre in Tychy, Poland

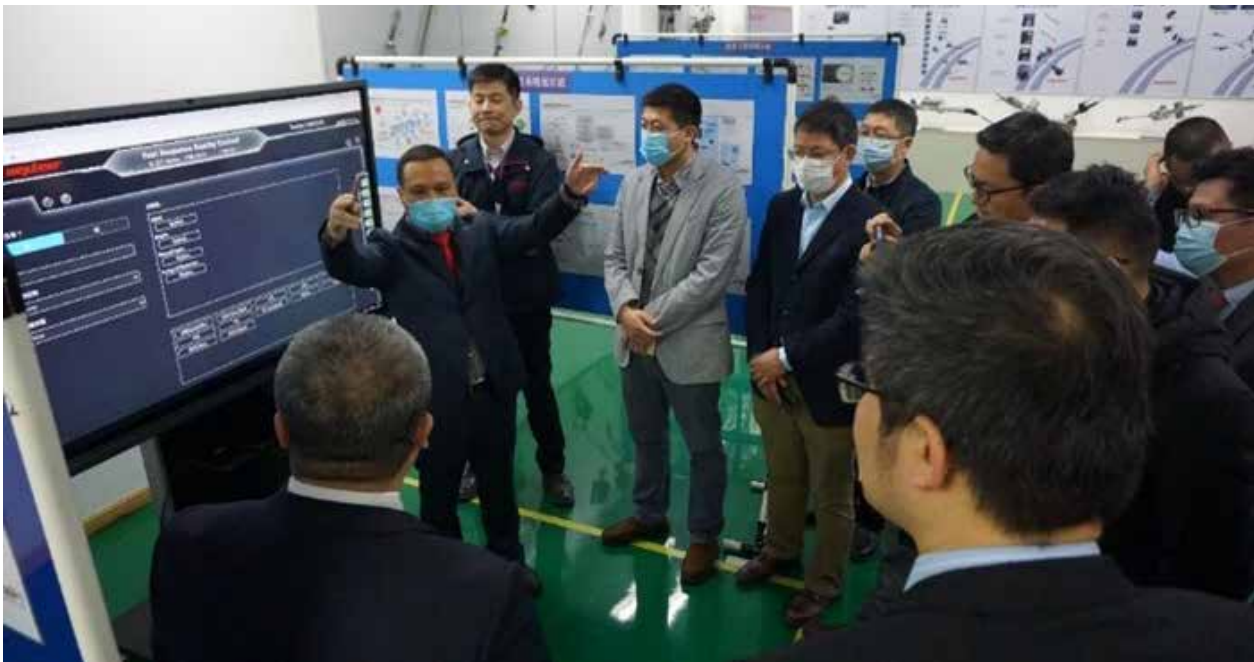
Nexteer Production System (NPS) and NPS Academies

Nexteer opened the APAC Nexteer Production System (NPS) Academy in late 2020, which will provide nearly 700 training sessions for internal employees, customers, and suppliers each year. The NPS Academy will help us provide growing customers in APAC and around the world with best-in-class products and service in a more systematic, agile and economical way.

Nexteer pursues excellent product quality from multiple dimensions. On top of Promoting, Living and Leading a Culture of Quality, we incorporate standardised, internal and external training to drive operation excellence. NPS, as the Company's fundamental operation framework, plays an instrumental role integrating Lean principles and standards into our day-to-day business operations and aligning with our long-term strategy. The NPS encompasses nine modules, including safety, quality, talent development, lean layout and capex optimisation, PC&L (Production Control & Logistics), software, TPM (Total Preventative Maintenance), management control and continuous improvement. By continually promoting Lean culture across Nexteer, we equip our talents with Lean methodologies and mindsets to prepare them for capably handling real-life complex issues on the shop floor.

One key initiative to highlight for our global strategy is the NPS Lean Academies. To date, Nexteer has implemented four NPS academies around the globe, with the most recent being the APAC NPS Academy's grand opening in December 2020. These academies provide both core theoretical trainings such as One Nexteer culture, NPS nine modules, B IQS, E-FRQC training, as well as practice training corners such as safety, standardised work, failure mode experience and I&CIM. Hands-on learning opportunities such as funnel experiment, failure mode experience, and operation movement in a simulation cell, attribute to strengthening trainees' understanding of quality, safety, and operation efficiency in cycle-time based jobs.

We continue to advance our NPS Academies, with plans to fully deploy a global footprint in 2021. Recognising the NPS Academies not only serve as breeding beds for internal talent, but also with the potential to be leveraged as a sharing forum with external stakeholders, we continue to collaborate with business partners such as our customers and suppliers to further develop and achieve win-win improvement opportunities.



APAC NPS Academy grand opening

PRODUCT RESPONSIBILITY

HKEX B6

Nexteer is committed to delivering world-class products. We consistently strive to 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.

Nexteer product lifecycle encompasses key business processes such as Innovation, Pursuit, Customer Programme Implementation, and Product Delivery, describing from product inception phase to delivery of the finished product to our customers and applicable post-production service parts. The requirements to capture and comply with applicable laws and regulations relating to products are identified through those processes to ensure implementation and conformance. Nexteer has a well-defined Product Safety and Compliance process in place to identify and manage any potential non-compliance. This process is led by Nexteer's Product Safety and Compliance Council (PSCC), whose role is to evaluate potential issues, ensure that cross-functional subject matter experts get engaged, review risk assessments, approve actions to be taken and communicate accordingly. Depending on the specific circumstances, different problem-solving methodologies may be required. Nexteer follows industry-leading and structured problem-solving methodologies in order to ensure and continue to improve performance of our products and processes. Among the methodologies we use are Fast-X, DFSS, DRR, Six Sigma and 3L5W through internal training and certification processes. Nexteer's problem-solving capabilities can address needs of the Company with internal competencies and resolve issues efficiently.

Product safety and quality have always been embedded in Nexteer's culture. While producing safety-critical products for our global customers, who incorporate cyber security at the vehicle level, Nexteer further enhances 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.

From a safety perspective, steering software plays a crucial role in enabling today's advanced driver-assistance systems (ADAS). Software uses multi-path processing to ensure that the steering "safety net is always on". As a global steering specialist, Nexteer is at the leading edge of steering software for today and tomorrow. We do this through our integrated approach, with Nexteer engineers in the U.S., China, Poland and India working as one team to develop, validate and launch production-intent software – ensuring quality and compliance while continuing to develop new features with our customers. Looking ahead, we continue to work with our customers on steering software innovations to enable advanced safety, security and performance features.

At Nexteer, we get to deliver advanced safety and performance to millions of drivers around the world every day. We're also a key piece in the puzzle when it comes to opening the gateway to a new era of safety and performance that's just around the corner.

Robin Milavec
SVP, CTO & CSO,
Executive Board Director
Member of Sustainability Steering
Committee

HKEX B6.4

Nexteer has successfully redesigned and continues to operate under its Business System, meeting applicable international quality management standards, such as ISO9001 and IATF16949 (IATF), incorporating our stakeholders and interested parties' requirements.

Nexteer's quality management system (QMS) utilises a hierarchical documentation structure for Business System, consisting of our business system manual, high-level policies providing guiding principles, process maps offering an overview of key business processes and detailed procedures defining the method of performing required activities. All key process maps have a defined set of metrics or key performance indicators (KPIs) as measures of effectiveness and efficiency to align with IATF requirements for monitoring effectiveness of the organisation's business system. Nexteer has put in place systems to support collection of relevant data for the key process measures; as such, enabling visibility for performance reviews at regular and defined cadence. Powered by global dashboards for all Nexteer sites, we continue to improve communication process and Management Review consistency. Furthermore, applying a Plan-Do-Check-Act methodology, we regularly review, monitor, refine and improve our QMS for evolutions to incorporate product and technology trends, the need to optimise metrics, and for embracing opportunities of continual improvements.

Our QMS, also serving as quality assurance framework, defines how we meet global governmental product safety compliance and reporting requirements and conforms to applicable laws and regulations of every country where we do business. All our manufacturing facilities are IATF certified and are supported by our technical centres, service centres and corporate offices.

HKEX B6.1

HKEX B6.2

HKEX B6.4

Our products are considered safety critical. As such, Nexteer has implemented a very rigorous internal process to escalate and manage any emerging product safety and compliance issue. The Product Safety and Compliance Council is co-chaired by the global functional heads of Quality and Engineering and is coordinated by the Safety and Compliance Head with relevant functions. The goal of this dedicated process is to ensure a flawless communication path to the top of the organisation as soon as a potential safety and/or compliance issue is detected anywhere in the world. This is achieved through effective communication, ensuring the Company subject matter experts get involved, to develop containment, start root cause investigation and corrective action with undue delay while developing the risk assessment and communication package to the customer and other interested parties. The awareness of the process is a priority through the Company and rolling training is in place to maintain awareness overtime by assigning it to specific functions such as Engineering, Quality, Sales, Legal, GSM, Operations and the Top Management of the Company.

This process is described in a process map and is part of the 30+ key processes of the Nexteer Business System. It is also supported by a more detailed global procedure describing responsibility of its key stakeholders. The process is monitored through KPI fed by a portal where all cases are entered to monitor their closure. The KPI consists of the number of cases, the number of repeats, and the monitoring of the look across implementation throughout the Company and its suppliers as applicable.

The Global Operating Committee, one of the Company's top management committees, led by Nexteer's President, reviews the KPIs at a minimum of two times per year.

For the reporting year of 2020, there was only one recall, which equates to 0.0126% of total products sold subject to recalls for safety and health reasons. This recall case was handled in accordance with applicable regulations and specific processes as required in our QMS (quality assurance framework), as documented in the PSCC procedure and process map (refer to Product Responsibility section).

Nexteer reports and reviews Quality metrics monthly, compiling all global data including customer complaint information. Each year objectives are determined based on prior year actuals, along with an improvement factor.

In order to focus on the safety-critical nature of Nexteer products, not only is the Company evaluating its performance in terms of number of complaints but has added a specific criteria aligned with the severity rating associated with the specific complaint failure mode.

In 2020, there were 141 product and service-related complaints. Complaints are managed by using a database and portal which allows for complaint entry. This database is also used to document and manage the full corrective action process from containment through verification of effectiveness of corrective actions.

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 2020, Nexteer obtained its fifth 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 (IS&P) and protect human resources data. Information security and privacy increased in terms of importance to Nexteer’s business and global operations. Therefore, Nexteer has

implemented a series of global information security and data privacy policies and procedures, continuing to operate within its IS&P framework. Recognition of importance for data protection and privacy not only applies to Nexteer, but also extended to our supply base business partners as documented in the Nexteer Supplier Requirements and executed via Data Processing Agreements. In addition, led by Nexteer’s Information Security & Privacy Council, our cross-functional subject matter experts continue to monitor evolving trends in the global environment. For example, the global IS&P function coordinates with enterprise risk management and Legal functions to manage relevant risks, making sure appropriate controls and measures are in place to ensure compliance.

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.



APAC Quality Week India



APAC Quality Week Indonesia

In this section—A Culture of Health & Safety

Adapting to Change with People and Safety Focus

Health and Safety Management System and Culture

Training in Health & Safety

Leveraging Technology with Online Health and Safety Training

Health and Safety Best Practices

Employee Driven Programme for Innovative Ergonomics

A Culture of Health & Safety

HKEX B2

HKEX B2.3

ADAPTING TO CHANGE WITH PEOPLE AND SAFETY FOCUS

At Nexteer, we continue to focus on enhancements to our Environmental, Health & Safety Management systems with a clear vision for global alignment. We focus on keeping our employees, customers, suppliers, and visitors safe while working at our global facilities and supporting our business. The year has brought on several unprecedented challenges with the global COVID-19 pandemic situation. Nexteer responded quickly as we continued to navigate the new normal. For instance, we engaged our global cross-functional teams including professionals from Human Resources, Health and Safety, Information Technology, Engineering, Operations and Communications to develop a 74-page comprehensive Safe Work Playbook that lays out processes and promotes awareness of new health and well-being protocols, including helpful practices for cross-functional teamwork, operating discipline, and training for all employees.

While it was not a one-size-fits-all approach, the Safe Work Playbook includes practical recommendations based on guidelines from the Centers for Disease Control and Prevention, World Health Organisation, and local health authorities to address several scenarios we may face while returning to work. Given our global operations, recommendations in the Safe Work Playbook served to provide cross-functionally assessed global guidelines with a people and safety focus, while facilities implemented additional measures in accordance with requirements applicable to their geographic regions. All employees were required to follow the Nexteer Safe Work Playbook and received proper training upon returning to work.

We want every employee to understand the importance of Health & Safety. So at the end of the day, they can share those stories with their loved ones.

Jason Hatfield
Global Environmental,
Health & Safety Director

A Culture of Health & Safety

HEALTH AND SAFETY MANAGEMENT SYSTEM AND CULTURE

Nexteer continues to enhance our Environmental, Health and Safety (EHS) Management Systems and demonstrate our commitments via the global EHS policies update in 2020. Aligned with ISO 45001 standards, the Nexteer global Health and Safety policy sets forth leadership commitment and guiding principles for our global facilities. Nexteer Culture has been one of shared attitudes, values, goals and practices that characterise our organisation. At Nexteer, we embed safety is everyone’s job into our culture. We commit 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 59 National Safety Council awards in 2020, which is an increase from the 53 awards that were achieved in 2019.

At Nexteer, our health and 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 dashboard systems to effectively monitor our leading indicators, and to assist our goal of zero injuries, illnesses, and fatalities. We live and lead a culture of health and safety through ongoing education, training, and awareness. All employees are encouraged to Speak Up for Safety if they witness or are privy to unsafe acts or working conditions. Recognising safety is everyone’s job, we promote the motto “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 and is subject to corporate audits which verify compliance. 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. Beyond our efforts to ensure compliance with applicable health and safety laws, regulations, and rules in the countries where we operate, we also commit to understand our stakeholders’ expectations, and further enhance with continual improvement opportunities. We do this through pursuing and maintaining ISO 45001 occupational health and safety certifications for Nexteer’s global footprint.



A Culture of Health & Safety

HKEX B2.1

The number and rate of work-related fatalities occurred in each of the past three years, including 2020, are reported as follows.

Number and Rate (per 100 workers) of Work-Related Fatalities		
2018	1	0.007
2019	0	0
2020	0	0

HKEX B2.2

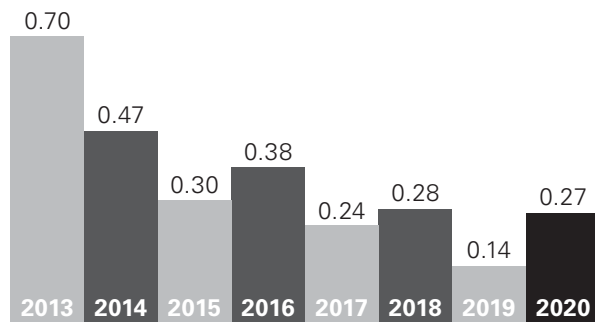
At Nexteer, we track and report on our global lost workday case rates on a monthly and annual basis, as well as our total global recordable incident rates. The lost workday case rate describes the number of lost workday cases per 100 full-time employees in a given time frame. The lost workday case rate 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.

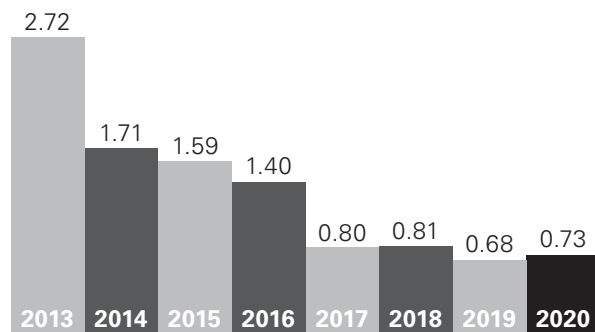
In our business, these two metrics are widely considered to be industry norm and are more accurate than other health and safety metrics (e.g. lost days due to work injury), which can be skewed by a single person who loses many days of work due to an injury or illness.

In 2020 we saw increases in our recordable and lost workday rates. The COVID-19 pandemic was a contributing factor as global lock downs resulted in less hours worked which negatively impacted the rate calculations. Additionally, absenteeism due to the virus resulted in greater than normal people movement resulting in greater risk for injury. 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



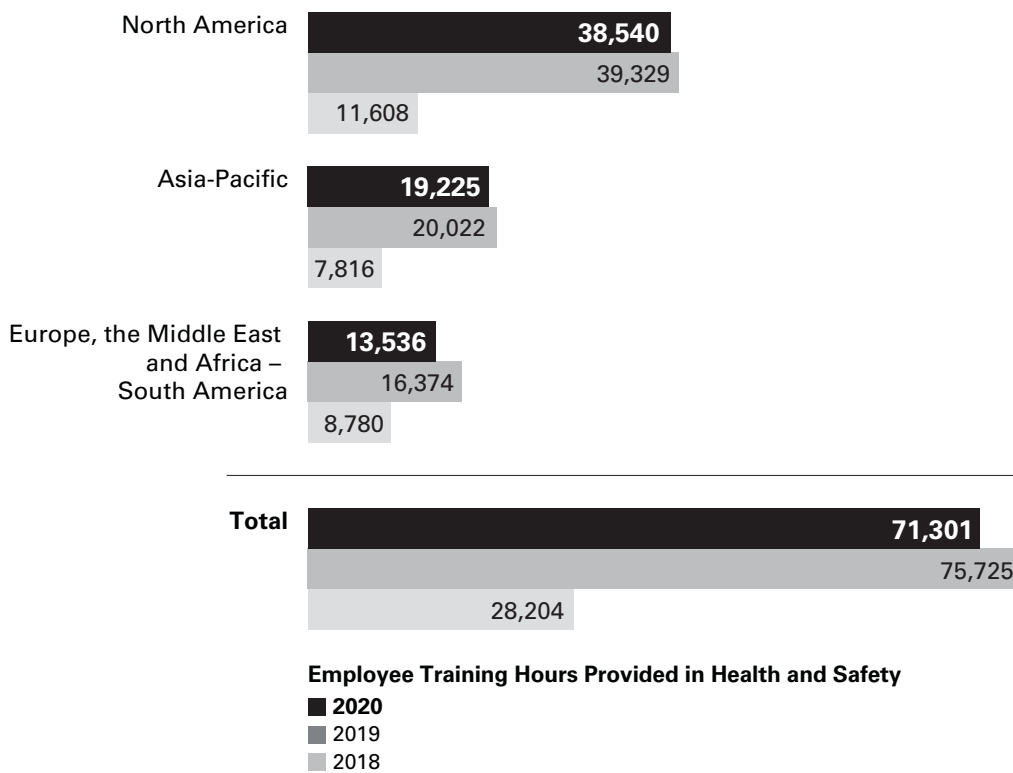
A Culture of Health & Safety

TRAINING IN HEALTH & SAFETY

Ensuring that all employees are properly trained in health and safety is a top priority for Nexteer. The graph below presents the number of hours of health and safety training delivered to employees by geographic region. In 2020 there was a slight decrease in hours of health and safety training provided mainly as a result of global lock downs due to the COVID-19 pandemic. We continue to utilise safety training hours provided as a leading indicator in our performance measurement.

Nexteer continues to provides ongoing health and safety information via the intranet.

Global Distribution of Employee Training in Health and Safety



LEVERAGING TECHNOLOGY WITH ONLINE HEALTH AND SAFETY TRAINING

In 2020, the COVID-19 pandemic imposed many challenges, while creating many opportunities, such as the ability to emphasise our focus on people and safety with virtual learning tools. Leveraging the electronic portal Learning Management System (LMS), we were able to offer flexibility in delivering health and safety training courses to employees. We also launched Monthly Safety Talks, a virtual training series for our U.S. locations to raise employee health and safety awareness. Utilising the LMS also enabled traceability of relevant training requirements, as well as documentation of training history.

As an integral part of our Health and Safety Management system, we develop training courses to build functional competencies, as well as continue to improve expertise and working conditions awareness. Each of Nexteer’s 25 Common Core Elements or subject areas are led by a Module Champion in each plant. In 2020, online training courses were launched via the LMS portal for all 25 Health and Safety Common Core Elements.

Additionally, all ergonomics training programmes are now provided online via the LMS Portal and available to all global locations. The series includes a total of 13 courses covering basic ergonomics, office ergonomics, design-in ergonomics, and ergonomic risk analysis.

A Culture of Health & Safety

HEALTH AND SAFETY BEST PRACTICES

Nexteer believes that the identification, recognition, and sharing of health and safety best practices is critical in the reduction of work-related injuries and continuously improving our processes. As such, we establish a regular cadence for Nexteer plants to share their Health and Safety best practices at the monthly global operations meetings. In addition, one plant is selected annually for internal recognition of the Health and Safety Best Practice Award.

One notable best practice in 2020 was the establishment in our U.S. locations of the Health and Safety Office Champion Programme. The identified office area volunteers are trained to respond in emergencies, address safety concerns in their areas, and coordinate safety activities with the local Health and Safety professionals.

Another best practice of note comes from our Querétaro, Mexico location where they have implemented a Safety Based on Prevention programme which encourages safety at a personal face-to-face level in a positive manner. In 2020, this resulted in 32,100 personal interactions to reinforce positive behaviours and correct inappropriate behaviours.

EMPLOYEE DRIVEN PROGRAMME FOR INNOVATIVE ERGONOMICS

The Nexteer Ergo Cup is an internal award that recognises the development of innovative ergonomic solutions and education within Nexteer Automotive. Three Ergo Cup awards are given to recognise team-driven solutions, engineering-driven solutions and programme initiative solutions. Additionally, six Ergo Excellence awards are given in the categories of most innovative, greatest simplicity, greatest read across, greatest risk reduction, continuous improvement and designing it right.

The objective of this annual competition is to recognise ergonomic innovation and generate enthusiasm for submitting ergonomic lessons learned forms. These are posted in a searchable online database to promote global information sharing. To date, there are 800 ergonomic information forms captured in our database assessable to Nexteer global facilities.

In 2020, the 14th annual Ergo Cup competition received 68 entries from Nexteer facilities in the United States, Mexico, Poland, Morocco, India, and China.

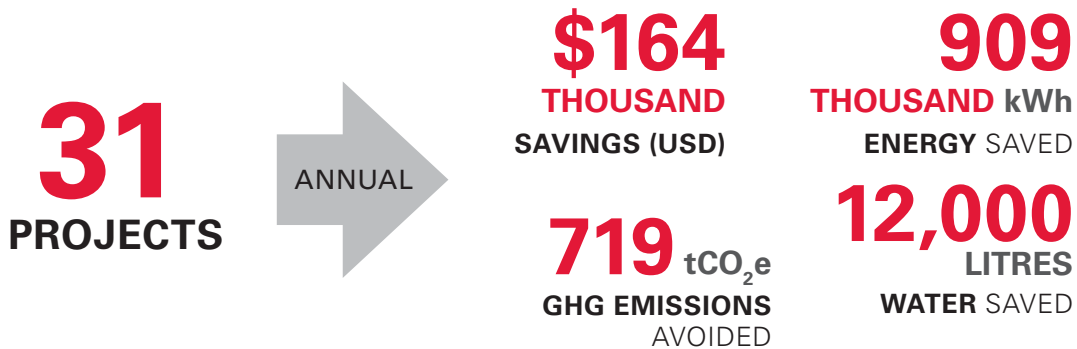
This competition has been instrumental in continuously improving the Nexteer ergonomics process. Additionally, it has promoted a cross-pollination of cost saving and injury reducing ideas across our global facilities.



The 14th annual Nexteer Ergo Cup competition – award recipients at Training Center, Saginaw, U.S.

In this section—Managing Our Environmental Footprint
 Environmental Management System and Culture
 Nexteer ISO 14001 Environmental management System
 Air & GHG Emissions

Managing Our Environmental Footprint



At Nexteer, we continue to focus on enhancements to our Environmental Management systems with a clear vision for global alignment. We focus on environmental sustainability efforts via our employees, customers, suppliers, and visitors while working at our global facilities and supporting our business. The year 2020 had brought on several unprecedented challenges with global COVID-19 pandemic situation. Continuance of environmental activities and compliance have been a challenge that our employees have embraced and met.

ENVIRONMENTAL MANAGEMENT SYSTEM AND CULTURE

Nexteer continues to enhance our Environmental, Health and Safety (EHS) Management Systems and demonstrate our commitments via the global Environmental Policy update in 2020, in an effort to align with ISO 14001:2015 standards. The Nexteer global Environmental policy sets forth leadership commitment and guiding principles for our global facilities. Nexteer Culture has been one of shared attitudes, values, goals and practices that characterise our organisation. At Nexteer, we embed environmental is everyone’s job into our culture. We commit to environmental excellence by minimising our

environmental impacts, promoting environmentally sustainable behaviour, and encouraging environmental responsibility in ourselves, our customers, suppliers, and stakeholders which are in concert with our activities, products, and services. Continuing support of this effort is the responsibility of everyone.

As we continue to enhance our efforts to meet environmental requirements, we regularly review our global policies and procedures, to ensure we address relevant environmental aspects such as water, energy management, renewables, GHGs (greenhouse gases) and climate change, etc.

NEXTEER ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEM

Nexteer’s ISO 14001 Environmental Management Systems have been in place for 20 years! They have evolved, adapted and improved to what they are today: a very robust environmental management system structure that requires a high level of interaction with stakeholders such as employees, contractors, visitors and management for the success of Nexteer’s environmental programmes.

Managing Our Environmental Footprint

Our systems continually improve and gain momentum from all facets of the organisation. We continue to promote and encourage recycling activities and proper handling of outputs by various functions across our global operations. We believe that a better and cleaner environment helps all!

As new challenges arise from climate change, the evolution of Environmental Sustainability and things not yet known; our Environmental Management System is the foundation and driver for a better and healthier environment for our employees and our neighbours around the world.

Nexteer requires that all manufacturing locations become ISO 14001 certified. To date, 93% of our manufacturing sites are certified, with all certificates being in good standing. The new sites without certification are on track to become certified in 2021.

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 2020.

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.

HKEX A1.5

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 2% and water use by 2% on a per unit of production basis¹. To move us closer to achieving these targets in 2020, we implemented several projects—ranging from lighting retrofits to waste reductions to process efficiencies—which are estimated to result in a savings of nearly \$0.2 million annually.

nexteer
AUTOMOTIVE

KNOW WHERE TO THROW

Recycling is the most important action society can do to simultaneously help the environment, the economy, manufacturing and to prevent waste from going into oceans. That's why Nexteer is increasing our effort to reduce the amount of waste we produce by adding separate bins and signage at locations around our Saginaw site.

By reading the signs and knowing where to throw, we hope employees will help us with this important recycling initiative!

WHY RECYCLE?

- The US currently has more than 2,000 plastic landfills.
- It's estimated that 75% of the waste in the United States, could be recycled.
- Mankind generates 2 billion tons of waste annually.
- Every year, 50 million trees could be saved if all newspapers were recycled.
- A staggering 91% of plastic isn't recycled.
- An estimated 100,000 marine animals die from plastic entanglement yearly.

In the last 50 years, people have used more resources than in all of history.

LOOK FOR THE SIGNS

Signage has been placed in our cafeteria, 24-hour markets, and various other areas around the offices and plants.

WE'RE JUST GETTING STARTED!

We hope this is just the beginning of Nexteer's recycling efforts. Once we are all back onsite, we'll continue to introduce new initiatives and update employees on our progress.

To learn more about Nexteer's ongoing recycling efforts, [visit our page on Compass](#).

Saginaw, U.S. Recycling Promotion Campaign Poster

¹ We define a unit of production as a “fully assembled unit” ready for sale

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 2020 goal was to reduce annual energy usage on a per unit of production basis by 3%. Like many global organisations, our supply chain and operations were disrupted by the global COVID-19 pandemic which resulted in a 15% decline in production compared to the 2019 reporting year. This unprecedented change in production and operating practices resulted in a loss of production efficiency resulting in us not achieving our energy reduction goal. While we did not achieve this goal, our operation teams remained diligent in identifying and implementing energy, water, and waste reduction

opportunities as they arose. This resulted in the implementation of 31 projects that are anticipated to reduce annual energy consumption by 0.9 million kilowatt hours (kWh) and water consumption by 11,700 litres. We estimate that these new projects will result in preventing the release of approximately 719 tonnes of carbon dioxide equivalent (tCO₂e) annually, which is the equivalent of taking more than 150 passenger vehicles off the road for a year. For the 2020 reporting year, we estimate that as a result of our operations, we emitted 291,377 tCO₂e— a decrease of 7.6% from the 2019 reporting year. On an intensity or per unit of production basis, our GHG emissions increased 11.7%.

Summary GHG Emissions by Scope

Metrics	2019* (tCO ₂ e)	2020 (tCO ₂ e)	Change (%)
Scope 1 GHG Emissions – Direct	64,895	48,391	-25.43
Scope 2 GHG Emissions – Indirect	238,696*	239,464	0.32
Scope 3 GHG Emissions – Other indirect**	11,585	3,522	-69.60
Total GHG Emissions (tCO₂e)	315,176	291,377	-7.55
GHG Emissions Intensity (tCO₂e per Unit of Production)	0.0104	0.0117	11.72

Notes:

* We are restating the 2019 reporting value as the US EPA updated its electricity grid emission factors for the 2019 reporting year.

** The significant reduction in 2020 Scope 3 emissions are attributed to reduced travel as a result of COVID-19 travel restrictions.

Scope 1 (direct) emissions are those that occur within operational boundaries, such as boilers for steam for production equipment, steam heating and natural gas usage in heat treating furnaces.

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.

Managing Our Environmental Footprint

HKEX A2.1

The table below presents a breakdown of our energy usage in kilowatt hours (kWh) for the 2020 reporting year. As a result of reduced production volumes in 2020, our overall energy usage in 2020 decreased 9.3% when compared to the 2019 reporting year. On a per unit of production basis, our energy use increased 6.9%.

Summary of Energy Use by Fuel Type

Energy Source	2019 Energy Consumption (kWh)	2020 Energy Consumption (kWh)	Change (%)
Natural Gas	302,577,131	245,937,336	-18.72
Fuel Oil	—	0	0.00
Coal	—	0	0.00
Electricity	325,122,795	323,870,326	-0.39
Heat	1,355,279	1,219,454	-10.02
Steam	—	0	0.00
Cooling	—	0	0.00
Gasoline	2,609,235	1,633,956	-37.38
Diesel	2,626,785*	1,945,068	-25.95
Propane	2,046,140	2,595,903	26.87
Total Energy Use (kWh)	636,337,375	577,202,044	-9.29
Energy Use Intensity (kWh Per Unit of Production)	21.9	23.4	6.87

Note:

* We are restating this value due to a double counting error that occurred in the 2019 reporting year.

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 decreased from the 2019 reporting year as a result of reduced production volumes.

Summary of Air Pollutant Emissions (USA only)

Pollutant (lbs)	2019	2020	Change (%)
Ammonia	2,030	1,781	-12.3
CO	9,321	8,031	-13.8
Lead	< 1	< 1	-13.1
NO _x	124,160	107,550	-13.4
PM ₁₀ (Primary)	66,070	32,452	-50.9
PM _{2.5} (Primary)	4,820	4,229	-12.3
SO ₂	633	550	-13.2
SO _x	—	—	—
VOC	94,671	89,748	-5.2

In this section—Our Response to the CDP

Packaging and Waste

Water

Land Use & Biodiversity

Climate Change

Opportunities in Renewable Energy

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 2020 CDP climate change assessment, Nexteer achieved a score of a C. Although this is an improvement over the current Powered Machinery industry average of D, we continue to work 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 2020 water score was a B-, placing us amongst 33% of companies in our Activity Group that reached Management band as defined by CDP - taking coordinated action on water issues.

The establishment of our Climate Change Task Force (CCTF) in 2020, will facilitate further qualitative and quantitative climate change response to CDP in future years. Our cross-functional CCTF, will continue to collaborate with subject matter experts to better assess and monitor climate change risks to increase our resilience to the effects of a changing climate. Improved climate change risk assessment process, formulation of climate change policy and monitoring framework are expected to also result in improved CDP reporting in relevant areas.

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 2020, we produced 4,208 tonnes of hazardous waste and 33,323 tonnes of non-hazardous waste. This amounts to 0.0001705 tonnes of hazardous waste per unit of production and 0.0013506 tonnes of non-hazardous waste per unit of production. In 2020, we reused, recycled, composted and recovered 87.2% of our waste streams.

As part of our 2020 sustainability initiatives, our goal was to divert total waste from the landfill by 2% per unit of production from the previous year.

In 2020, Nexteer debuted a recycling campaign across the Saginaw site in Michigan, United States. The campaign included: education on our recycling programme, an audit and increase of the sites recycling receptacles, and the creation of a bin labelling standard which aligns with the Nationally recognised campaign, Recycle Across America. This new programme is designed to divert more waste from landfills and build on Nexteer’s commitment towards environmental excellence. As a result of key waste reduction projects implemented in 2020 and prior years, and reduced production in 2020, compared to the 2019 reporting year, we have reduced waste to landfill on a per unit basis by 5.5%.

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)
Reuse	481	725
Recycling	346	29,506
Composting	0	20
Recovery	1,404	285
Incineration	361	200
Landfill	10	2,378
Other	1,561	209
Deep Well Injection	0	0
On-site Storage	45	1
Total Waste (Tonnes)	4,208	33,323
Waste Generation Intensity (Tonnes/Per Unit of Production)	0.0001705	0.0013506

Note: Totals may not add up due to rounding.

HKEX A2.5

The types of packaging materials we use for finished products are directed 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.

To reduce our water consumption, in 2019 we implemented a formal water (use and discharge) data collection and tracking programme and established a 2% reduction target (on a per unit of production basis). In 2020, we consumed 898.9 thousand litres of water globally which was a 13.9% decrease from the prior year. On an intensity basis, this works out to 36.4 litres per unit of production—a 1.4% increase from 2019. 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 11,700 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.

Nexteer’s environmental engineers are responsible to perform applicable environmental/water-related risk assessments as part of our ISO 14001 Environmental Management System (EMS) at each manufacturing

location, as required by our Customers. Specifically, Nexteer is required to have a process to determine the appropriate environmental/water-related risks and opportunities that need to be addressed in the EMS. The process starts with applying an understanding of the context in which the organisation operates, including issues that can affect the intended outcomes of the EMS and relevant needs and expectations of relevant interested parties, including compliance obligations. These risks would be prioritised based on the magnitude and likelihood of occurrence in the Nexteer operations. Relevant risks are reviewed periodically with the frequency of review dependent on the type and impact to the Company.

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.

2019 and 2020 Total Water Use by Source

Water Sources	2019 Water Consumption (Litres)	2020 Water Consumption (Litres)	Change (%)
Groundwater	—	—	0.0
Municipal water supplies or other waste utilities	1,020,908,288	876,987,798	-14.1
Rainwater collected directly and stored by the plant	—	350	0.0
Surface water, including water from wetlands, rivers, lakes and oceans	—	—	0.0
Waste water from another organisation	23,242,000	21,971,994	-5.5
Total Water Use (Litres)	1,044,150,288	898,960,142	-13.9
Water Use Intensity (Litres / Unit of Production)	35.9	36.4	1.4

Our Response to the Carbon Disclosure Project (CDP)

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. Nexteer continues to invest in product development aligned with their strategic growth plans and automotive megatrends including increasingly stringent fuel efficiency and emissions regulations and standards globally. Our focus on electrification and increased ADAS functionality further drives our product development and related capital expenditures in support of these growth plans. 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.

CLIMATE CHANGE

HKEX A4

HKEX A4.1

Climate change has emerged as the next unprecedented social, economic, and environmental challenge facing our society today. As it poses a serious threat to our economies, social structures, communities, and environments to where we live and work, we are committed to proactively reducing adverse impacts to global climate change and our environmental footprint.

Our environmental management approach centres on a number of processes that monitor and identify opportunities to conserve energy and water resources, reduce air pollution and GHG emissions, recycle and reuse materials, whilst 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 to identify innovative opportunities to address some of our toughest challenges.

In anticipation of the risks and impacts that climate change is expected to have on our business activities, we are currently establishing a process to assess the risks and impacts of climate change while at the same time pursue opportunities as society transitions to a low-carbon global economy. As part of this process, we will review and update our sustainability monitoring framework to assess progress towards formal sustainability targets and establish new goals and targets, and complete risk planning with annual updates to review for financial coverage of any facility asset retirements and environmental liabilities. As part of the planned approach, medium-to-high priority risks identified will have mitigation and action plans, reviewed by senior management and/or the Board and its Audit and Compliance Committee, and monitored in accordance with the defined risk management framework. Lower priority risks will be monitored in accordance with review cadence as defined by our risk management methodology.



NEXTEER NORTH AMERICA – MEXICO IDENTIFIED OPPORTUNITIES IN RENEWABLE ENERGY

As a result of governmental energy reform, users in the Mexico market can purchase electricity from third-party suppliers, as another option to traditional purchases from the State Agency (CFE) Federal Electricity Commission. Led by our cross-functional team, including subject matter experts from Six Sigma process improvement, Finance, Legal, Supply Chain, and Operations (Mexico Cross-Functional Team), our Querétaro and Ciudad Juárez facilities initiated a renewable energy project in 2019. The Mexico Cross-Functional Team had conducted a detailed analysis with the objective to optimise capacity and energy consumption; with collaborative efforts with a regional energy partner, our Mexico facilities achieved significant project milestones in 2020, by obtaining approval from Energy Regulatory Commission for a renewable energy agreement (the Agreement). The Agreement provides a capacity of 6.4 mWh electricity and allows us to purchase approximately 80% of energy consumed from a renewable source produced by solar farms installed in the state of San Luis Potosí, Mexico. The Agreement is expected to enable our Mexico facilities to make progress to reduce CO2 footprints, compared to previous energy sourced from power generation plants using fossil fuels. As our Mexico operations continue to make progress to implement this initiative, we will include further qualitative and quantitative achievements in our future Sustainability reports.

As we continue to advance our actions to address climate change risks and opportunities, we are committed to leverage successful experience across our facilities around the globe, with the aspiration to elevate and coordinate our environmental sustainability efforts as One Nexteer.

In this section—Creating Value Through Innovation

Creating Value Through Innovation

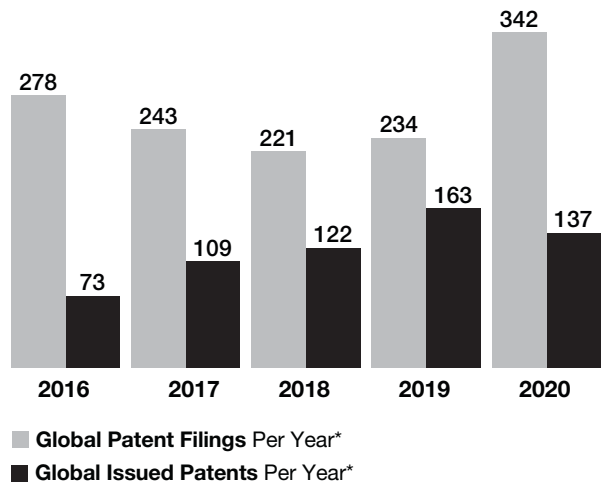
HKEX B6.3

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. As at December 31, 2020, Nexteer’s global portfolio includes 811 patent applications and 991 issued patents. The growth in issued patents is a result of our strong applications in previous years and continues to demonstrate our efforts for observing and protecting intellectual property rights. Our strong patent portfolio is proof of our ability to maintain technological leadership in intuitive motion control systems.

Nexteer’s innovative spirit also emerged in response to the extraordinary COVID-19 pandemic. In the age of social-distancing and travel restrictions, Nexteer implemented creative virtual engineering applications to manage processes where previously a physical presence was the customary approach. As one example, Nexteer initiated “Remote Machine Qualification” (MQ) for the approval of new manufacturing equipment and processes. This allows for remote debugging, MQ builds, evaluations, design reviews and problem solving. This new process minimises physical presence by leveraging visual and audio support hardware, as well as Nexteer standard software programmes. After a successful test launch, the approach is now standardised across all Nexteer product lines and global locations – enhancing safety for Nexteer employees while continuing to deliver world-class steering solutions and quality for our customers.

This unique approach allowed Nexteer to continue to drive operational efficiencies while keeping our employees’ health and safety as the top priority.

Furthermore, this standard approach ensures that the global team is using the same basic setup and is collectively learning and growing together. In the future, Nexteer is working on enhancing remote capability by adding the ability to troubleshoot equipment through the use of augmented reality.

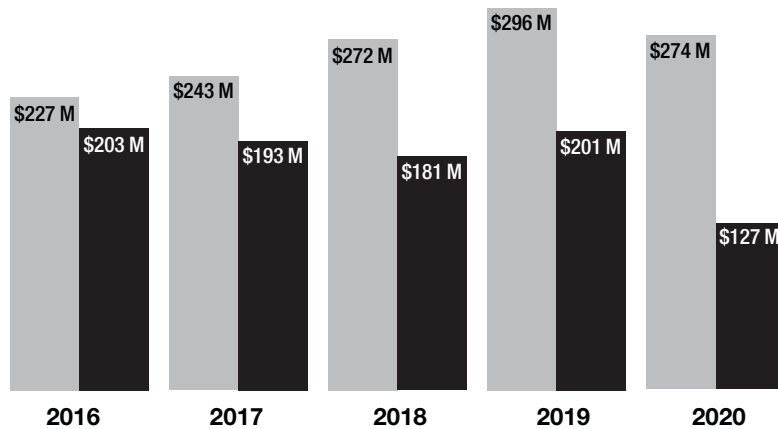


*Note: In 2020, Nexteer amended its methodology in calculating issued and pending patents. The chart above reflects adjusted yearly totals.

Creating Value Through Innovation

In a challenging environment in which customer response to the pandemic varied, from full programme cancellations to suspensions/delays, Nexteer quickly adapted and was able to make necessary adjustments to offset the headwinds.

Engineering spend in 2020 was reduced to \$274M reflecting cost actions taken to temper the earnings impact of a lower revenue environment. Alignment with the automotive industry megatrends of electrification, software, connectivity and MaaS, ensured Nexteer was not only stable for the short term, but also was able to continue to invest in the future through its expansion of software capability, and future technologies such as our industry-leading development of Steer-by-Wire. Year-over-year trends in research and development and capital expenditures (CapEx) are presented in the graph below.



■ **Research and Development Spend** (in \$ millions)*

■ **CapEx** (in \$ millions)

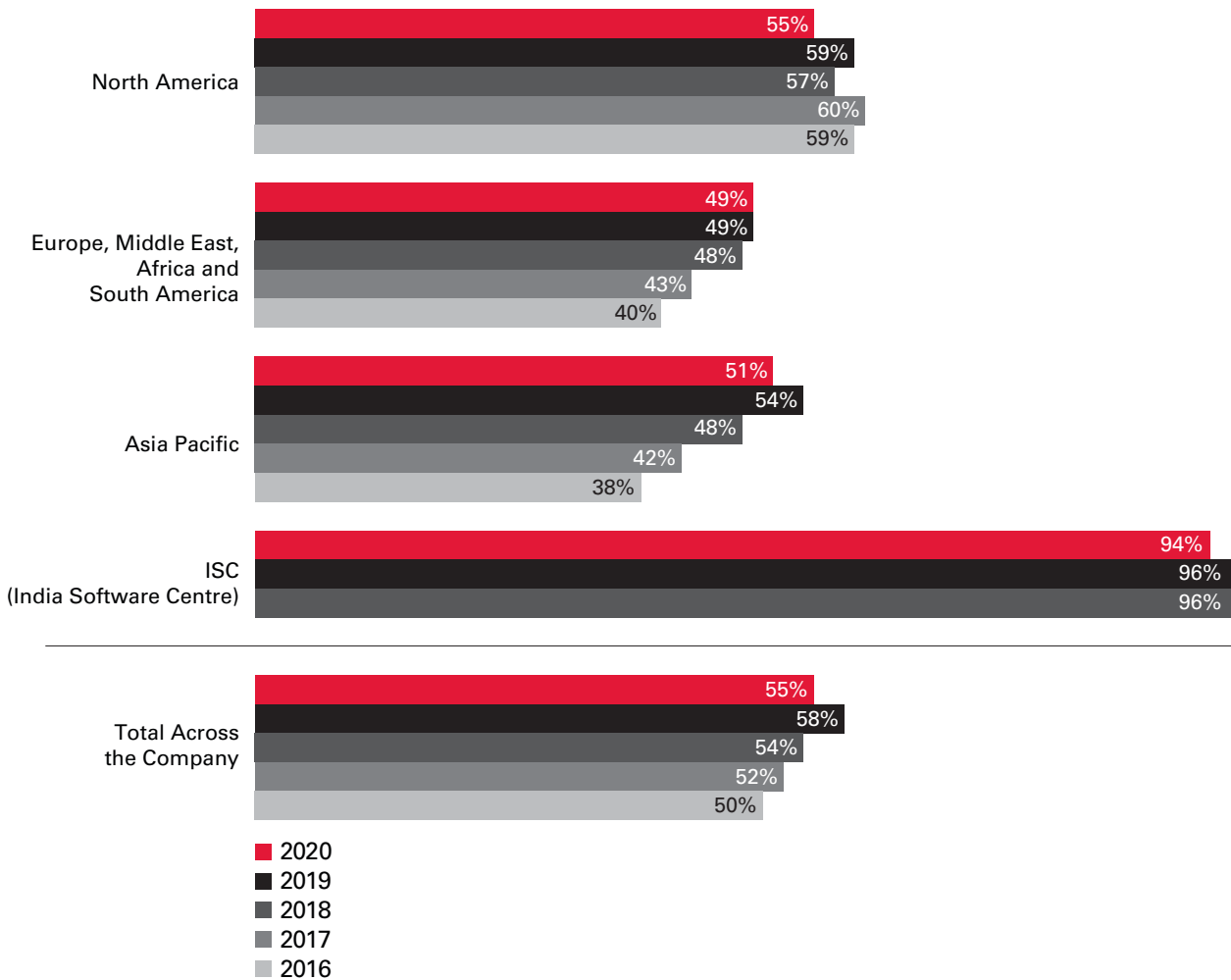
* Note: Engineering and product development cost charged to income statement and development costs capitalised as intangible assets.

Creating Value Through Innovation

Our people are the driving force behind Nexteer’s focus to relentlessly innovate and grow, as well as our vision as a leader in intuitive motion control. Nexteer remains focused on continuing to invest in our future by committing 55% of our total salaried workforce to Engineering activities. In line with the automotive industry’s growing software complexity, Nexteer has

steadily and strategically allocated resources increasing our number of electrical hardware, software, and/or system engineers from 21% in 2010 to 49% in 2020 as a percent of our total global Engineering team. The diagram below shows the percentage of salaried employees who are scientists, engineers, or other technical employees, broken out by region and by year.

Percentage of Salaried Employees



In this section—Recognising & Rewarding Innovation

Internal Recognition

External Recognition

Recognising & Rewarding Innovation

INTERNAL RECOGNITION

In its more than 110-year history, Nexteer has excelled in its ability to adapt and innovate. One such way to capture and reward the effort and innovation that led the way is through our Innovation of the Year Award. This category is part of the Company's Inspire Awards, the highest level of recognition within the Company. The Innovation of the Year recognises the top innovation (Patent or Formal Trade Secret) of the past year demonstrating highest value potential for the Company. The Innovation of the Year award winner for 2020 was the Power Adjustable Steering Column technology. Nexteer will be the first in the industry to mass produce a stowable column. Planned to start production mid-2023, this innovative technology enables OEMs to re-purpose and re-invent the vehicle environment. It also complements future steer-by-wire and ADAS models, through the creative solutions for crash safety, steering wheel, and steering column positioning.



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 formal trade secret. Five points are awarded to individuals who earn our most prestigious award: the Melvin L. Wilcox Engineering Award, named

87 NEXTEER INNOVATION HALL OF FAME LIFETIME INDUCTEES

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).

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 2020, we received the 2020 Manufacturing Leadership Award by the National Association of Manufacturers for Nexteer's outstanding achievement in Manufacturing Engineering Global Talent Management and Training. This award recognises our training programmes to enable Nexteer to train, grow, advance and retain our technical workforce globally through comprehensive development and training opportunities, as well as a feedback system to advance our knowledge base to world-class levels. Nexteer also received the Innovation Capability Award from the China Automobile & Parts Industry Developing & Innovation Awards and the Excellent Award in the Chassis Section from the China Automotive Parts Industry Award (Lingxuan Award) recognising our Advanced Steering Suite.

Appendices



Appendix I: 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	GRI Indicator	Alignment with Nexteer Focus Area	2020 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	GRI 103: Management Approach GRI 307: Environmental Compliance		50
A1.1: The types of emissions and respective emissions data	GRI 305: Emission		51
A1.2: Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	GRI 305: Emission		51
A1.3: Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	GRI 306: Effluents and Waste		53
A1.4: Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	GRI 306: Effluents and Waste		53
A1.5: Description of emission target(s) set and steps taken to achieve them	GRI 305: Emissions		50, 51
A1.6: Description of how hazardous and non-hazardous wastes are handled and a description of reduction target(s) set and steps taken to achieve them	GRI 306: Effluents and Waste		53
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	GRI 103: Management Approach		50
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)	GRI 302: Energy		52









Appendix I: Hong Kong Stock Exchange References

HKEX Reference Aspect and KPIs	GRI Indicator	Alignment with Nexteer Focus Area	2020 Fiscal Year Response on Page
A2.2: Water consumption in total and intensity (e.g. per unit of production volume, per facility)	GRI 303: Water GRI 306: Effluents and Waste		55
A2.3: Description of energy use efficiency target(s) set and steps taken to achieve them	GRI 103: Management Approach GRI 302: Energy		50
A2.4: Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	GRI 303: Water		55
A2.5: Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	GRI 301: Materials		54
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	GRI 103: Management Approach		50, 56
A3.1: Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	GRI 303: Water GRI 304: Biodiversity		56
A4: Climate Change: General Disclosure			
Provide a description of policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact Nexteer	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 201: Economic Performance) GRI 102: General Disclosures: Disclosure 102-29		56







Appendix I: Hong Kong Stock Exchange References

HKEX Reference Aspect and KPIs	GRI Indicator	Alignment with Nexteer Focus Area	2020 Fiscal Year Response on Page
<p>A4.1: Description of the significant climate-related issues which have impacted, and those which may impact Nexteer, and the actions taken to manage them.</p>	<p>GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 201: Economic Performance)</p> <p>GRI 201-2: Financial Implications and Other Risks and Opportunities due to Climate</p>		<p>15, 56</p>
<p>Focus Area: Social</p>			
<p>B1: Employment (General Disclosure)</p> <p>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</p>	<p>GRI 103: Management Approach</p> <p>GRI 202: Market Presence</p> <p>GRI 401: Employment</p> <p>GRI 405: Diversity and Equal Opportunity</p> <p>GRI 406: Non-discrimination</p> <p>GRI 419: Socioeconomic Compliance</p>		<p>20</p>
<p>B1.1: Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region</p>	<p>GRI 102: General Disclosures</p> <p>GRI 405: Diversity and Equal Opportunity</p>		<p>22, 23</p>








Appendix I: Hong Kong Stock Exchange References

HKEX Reference Aspect and KPIs	GRI Indicator	Alignment with Nexteer Focus Area	2020 Fiscal Year Response on Page
B1.2: Employee turnover rate by gender, age group and geographical region	GRI 401: Employment		24
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	GRI 403: Occupational Health and Safety		44, 45
B2.1: Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	GRI 403: Occupational Health and Safety		46
B2.2: Lost days due to work injury	GRI 403: Occupational Health and Safety		46
B2.3: Description of occupational health and safety measures adopted, how they are implemented and monitored	GRI 403: Occupational Health and Safety		44, 45
B3: Development and Training (General Disclosure)			
Provide information on the policies improving employees' knowledge and skills for discharging duties at work. Description of training activities	GRI 103: Management Approach GRI 404: Training and Education Disclosure		20, 25
B3.1: The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	GRI 404: Training and Education Disclosure		26
B3.2: The average training hours completed per employee by gender and employee category	GRI 404: Training and Education Disclosure		27









Appendix I: Hong Kong Stock Exchange References

HKEX Reference Aspect and KPIs	GRI Indicator	Alignment with Nexteer Focus Area	2020 Fiscal Year Response on Page
<p>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</p>	<p>GRI 103: Management Approach, GRI 408: Child Labor GRI 409: Forced or Compulsory Labor GRI 419: Socioeconomic Compliance</p>		<p>28</p>
<p>B4.1: Description of measures to review employment practices to avoid child and forced labour</p>	<p>GRI 408: Child Labor GRI 409: Forced or Compulsory Labor</p>		<p>28</p>
<p>B4.2: Description of steps taken to eliminate such practices when discovered</p>	<p>GRI 408: Child Labor GRI 409: Forced or Compulsory Labor</p>		<p>28</p>
<p>B5: Supply Chain Management (General Disclosure) Provide information on Nexteer’s policies on managing environmental and social risks of the supply chain</p>	<p>GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment</p>		<p>36</p>
<p>B5.1: Number of suppliers by geographical region</p>	<p>GRI 102: General Disclosures</p>		<p>36</p>
<p>B5.2: Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored</p>	<p>GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment</p>		<p>38</p>

Appendix I: Hong Kong Stock Exchange References

HKEX Reference Aspect and KPIs	GRI Indicator	Alignment with Nexteer Focus Area	2020 Fiscal Year Response on Page
<p>B5.3: Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.</p>	<p>GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment</p>		<p>36–38</p>
<p>B5.4: Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.</p>	<p>GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment</p>		<p>38</p>
<p>B6: Product Responsibility (General Disclosure)</p>			
<p>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</p>	<p>GRI 103: Management Approach GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling GRI 418: Customer Privacy</p>		<p>41</p>
<p>B6.1: Percentage of total products sold or shipped subject to recalls for safety and health reasons</p>	<p>GRI 416: Customer Health and Safety</p>		<p>42</p>
<p>B6.2: Number of products and service related complaints received and how they are dealt with</p>	<p>GRI 102: General Disclosures</p>		<p>42</p>
<p>B6.3: Description of practices relating to observing and protecting intellectual property rights</p>	<p>GRI 102: General Disclosures</p>		<p>43, 58</p>
<p>B6.4: Description of quality assurance process and recall procedures</p>	<p>GRI 102: General Disclosures</p>		<p>42</p>

Appendix I: Hong Kong Stock Exchange References



HKEX Reference Aspect and KPIs	GRI Indicator	Alignment with Nexteer Focus Area	2020 Fiscal Year Response on Page
B6.5: Description of consumer data protection and privacy policies, how they are implemented and monitored	GRI 418: Customer Privacy		43
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	GRI 205: Anti-corruption GRI 419: Socioeconomic Compliance		28
B7.1: Number of concluded legal cases regarding corrupt practices brought against Nexteer or its employees during the reporting period and the outcomes of the cases	GRI 205: Anti-corruption		28
B7.2: Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	GRI 205: Anti-corruption		28
B7.3 Description of anti-corruption training provided to directors and staff	GRI 205-2: Anti-corruption		28
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	GRI 103: Management Approach GRI 413: Local Communities		29
B8.1: Focus areas of contribution (e.g. educational, environmental concerns, labour needs, health, culture, sport)	GRI 203: Indirect Economic Impacts		29
B8.2: Resources contributed (e.g. money or time) to the focus area	GRI 201: Economic Performance		29

***DRIVING FORWARD:
DEFINING THE FUTURE
OF MOBILITY***










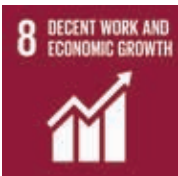


Appendix II: United Nations Sustainable Development Goals (UN SDGs)

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 companies 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>3.6 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 <p>Suppliers:</p> <ul style="list-style-type: none"> → Nexteer Supplier Requirements <p>Communities:</p> <ul style="list-style-type: none"> → Giving Back Throughout the Year → Mask and face shield manufacturing and donations <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 II: 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>4.3 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 ➤ Steering the Future Fund ➤ Giving Back Throughout the Year
	  	<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 ➤ Respect, Inclusion, Support, Equity (RISE) programme <p>Suppliers:</p> <ul style="list-style-type: none"> ➤ Nexteer Supplier Requirements
	 	<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>8.5 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 II: 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>9.4 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 training 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>12.2 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

nexteer
AUTOMOTIVE