

The cover image features a large green circular graphic on the left side. Inside this circle is a blurred, high-speed photograph of a tunnel or a road with light trails. The year "2022" is prominently displayed in large white numbers in the center of the image. Below the year, the words "SUSTAINABILITY REPORT" are written in green capital letters on a white horizontal bar. To the right of the central image, there is a vertical column of five green circular icons: a compass, a globe, a lightbulb, a heart with hands, and a group of three people.

2022

SUSTAINABILITY REPORT

**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

***A LEADER IN INTUITIVE MOTION CONTROL***

# 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



## Table of Contents

About this Report .....	1
A Message from Leadership .....	2
About Nexteer .....	4
Sustainability at Nexteer .....	8
Business Ethics .....	14
Value Creation .....	27
Environmental, Health & Safety .....	34
Supply Chain .....	51
Community .....	54
Reporting Indices .....	56

## About This Report

Thank you for your interest in Nexteer Automotive Group Limited's (the Company, together with its subsidiaries are collectively referred to as we, us, our, Nexteer, Nexteer Automotive or the Group) seventh annual sustainability report. Our sustainability report is an important way in which we communicate progress against our sustainability material topics and goals.

We self-declare that the 2022 Sustainability Report complies with applicable requirements and reporting principles set forth in the Environmental, Social and Governance Reporting Guide (HKEX ESG), as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules). The results of our performance in accordance with the applicable HKEX ESG requirements are presented in this report and are indicated with a green marker as their unique identifier. Nexteer has also reported the information in this report with reference to Global Reporting Initiative's (GRI) standards, Sustainability Accounting Standards Board (SASB) "Auto Parts" sector standards and United Nations Sustainable Development Goals (UN SDGs) if deemed available under HKEX ESG. See page 56 for our reporting indices.

This sustainability report covers information and shares highlights for fiscal year (FY) 2022, which aligns with the calendar year. Unless otherwise noted, it covers all 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. Other than relevant updates noted in the Environmental Stewardship section, there is no significant change in the boundary and scope of this sustainability report from that of our 2021 Sustainability Report. Information about

the standards, methodologies, assumptions and/or calculation references, and source of key conversion factors used for the key performance indicators (KPIs) are stated wherever appropriate. As far as reasonably practicable, consistent methodologies are adopted when calculating the KPIs or any changes that affect a meaningful comparison would be stated. All financial information is reported in US dollars unless otherwise stated.

Before publication, this report was reviewed by Nexteer's Sustainability Working Group (SWG), management's Sustainability Steering Committee (SSC) and Disclosure Committee, as well as the Board of Directors (the Board).

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.

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](mailto:nexteer.sustainability@nexteer.com)



## A Message From **Leadership**

Dear Stakeholders,

At Nexteer, we lead with purpose. We leverage our 100+ years of experience and vast technical expertise to drive sustainable solutions in mobility.

In 2022, we launched our new company vision: “We are the leading motion control technology company accelerating mobility to be safe, green and exciting.” Our vision unites us as One Nexteer, inspires us to continue relentlessly innovating and challenges us to understand our individual and collective impact on creating a sustainable future.

**Robin Milavec**



2022 marked a year of continued progress on our corporate sustainability journey. From being recognised by the Hang Seng Corporate Sustainability Benchmark Index for our high ESG standards for the sixth year in a row to receiving various recognitions for our dedication to our employees, innovation and supply chain excellence. We owe this progress and recognition to the hard work and dedication of our workforce and the support of our business partners.

As the Chair of our Sustainability Steering Committee, I’m honoured to introduce Nexteer’s 2022 Sustainability Report, and share highlights for fiscal year (FY) 2022 from our five focus areas: Business Ethics; Value Creation; Environmental, Health and Safety; Supply Chain; and Community.

**Business Ethics.** At Nexteer, sound corporate governance practices and unwavering ethics provide us with a strong foundation to achieve our vision and serve the interests of our stakeholders. We reference leading guidance in governance and transparency, including

the HKEX Corporate Governance Code, and reinforce a culture of compliance through our Code of Conduct. Our focus on Business Ethics has been central to our operations since our founding over 100 years ago and remains as strong as ever today.

This is reflected in our achievements from the past year. We unveiled the Company’s new vision statement, launched the EMEA&SA division’s new “All In” diversity, equity and inclusion programme, and also sharpened our focus on employee development, with the rollout of our Leadership Competencies and several new training modules.

**Value Creation.** Without innovation, we wouldn’t be Nexteer: it’s at the heart of our company vision statement and what drives valued solutions for our customers. In 2022, we remained focused on industry megatrends of electrification, software/connectivity, shared mobility and advanced driver assistance systems (ADAS)/automated driving (AD). Throughout the year, we advanced solutions that were well-aligned

with electrification, exemplified by 83% of our revenue bookings supporting EV related platforms which in turn contributed to our business partners' aspiration to low-carbon transition. We were distinguished as a CES® 2023 Innovation Award Honoree in the "Vehicle Tech & Advanced Mobility" product category for our Road Surface Detection & Early, Intuitive Warning Software with Tactile Mobility, and we received AutoTech Breakthrough Award of "Autonomous Vehicle Innovation of the Year" for our Automated Steering Actuator.

**Environmental, Health & Safety (EH&S).** As a leading motion control technology company and a key supplier within the auto industry, we recognise that upholding high standards in EH&S is imperative to our success. Employee health and safety is a top priority – we believe that every accident is preventable, and that is reflected in our safety culture. Our employees completed over 80,000 hours of safety training and we observed a reduction in our global recordable incident rates from 2021. In addition to prioritizing the safety of our people, we also focus on assessing and developing initiatives to improve our environmental footprint. In 2022, we continued development and collaboration on our global climate roadmap – in light of our strategic vision to explore levers for emission reductions through target setting, energy management, value chain engagement and initiating clean energy feasibility studies at several global locations.

**Supply Chain.** We view our suppliers and business partners as extensions of our company, enabling us to generate value for our stakeholders collaboratively to embrace sustainability. Just as we are committed to operating our business to the highest level of ethical conduct, we expect our partners to hold themselves to these same standards. In 2022, we continued to work closely with our supply base to address customer needs and manage ongoing global supply chain headwinds by remaining nimble, communicative, and resilient. More than a hundred suppliers participated in our annual sustainability supplier survey with topics

including climate change, labour practices, and social responsibility. By maintaining collaborative partnerships with our suppliers, we were able to navigate challenging operational environment, and in turn continued to be a trusted supplier for our customers, exemplified by various awards.

**Community.** I am incredibly proud and inspired by the dedication, collaboration, and teamwork of our Nexteer team. Put simply, *Nexteer Cares*. Through our CSR programme over the past six years, we've contributed approximately US\$2.2 million and about 91,500, employee volunteer hours to support charitable causes and programmes in the communities where we live and work around the world. Our global colleagues are service-minded and deeply committed to positively impacting their communities. Many engaged in impactful initiatives throughout the year – ranging from exposing youth to Science, Technology, Engineering and Mathematics (STEM) education to participating in community and humanitarian support initiatives.

Thank you to our employees, suppliers, customers, communities, and many others who helped make all of this possible. Take a moment to reflect on the inspiring results of our collective efforts highlighted in this report – and let this progress propel us forward in making tomorrow better than today.

Sincerely,

Robin Milavec  
President, Chief Technology Officer (CTO),  
Chief Strategy Officer (CSO),  
Executive Board Director &  
Chair, Sustainability Steering Committee  
Nexteer Automotive



## About Nexteer

Nexteer Automotive's vision is to be the leading motion control technology company accelerating mobility to be safe, green and exciting.

Our innovative product and technology portfolio of advanced steering and driveline systems solves motion control challenges across all megatrends – including electrification, software/connectivity, advanced driver assistance systems (ADAS)/automated driving (AD) and shared mobility.

In-house development and full system integration of hardware, software and electronics provides Nexteer a competitive advantage as an agile, full-service supplier to automotive original equipment manufacturers (OEM) around the world.

Our ability to seamlessly integrate our systems into 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 our core values across all aspects of the Company: people first, operational excellence and

enterprise growth. As One Nexteer, our vision guides us every day, and we're making it a reality by challenging the impossible and making tomorrow better than today.

We strive to be the partner of choice for our customers and suppliers by delivering highly engineered, 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 needs, requirements and aspirations
- **Innovative:** A market leader in steering and driveline system innovation and value-added service
- **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



# 2022 HIGHLIGHTS

**US\$ 3.8B**  
**REVENUE**

**42** PROGRAMME  
LAUNCHES

 **16 on EVs**

**US\$ 6.4B**  
**BOOKINGS**

 **73% NEW CONQUEST**

 **83% EVs\***



**~12,600**  
**Employees**



**60+**  
**CUSTOMERS**  
 **Globally**

\* EV is defined as Battery Electric Vehicles, Full Hybrid Electric Vehicles and Plug-In Hybrid Electric Vehicles





## Business Ethics

We remain grounded by a strong foundation of corporate governance and ethics. Our Board of Directors and leaders set the tone of our One Nexteer culture where we embrace transparency, uphold our Code of Conduct and ensure not only fair and ethical labour practices, but also that Nexteer is workplace where employees can thrive.



## Supply Chain

Nexteer is dedicated to providing best-in-class technology, quality and value to every customer, every day. To achieve that goal, we 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 comply with laws, regulations and our requirements for safety and environmental protection and often exceed legal requirements when possible
- 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 remain committed to continuous improvement and ultimately achieving a lost workday case rate of zero

# NEXTEER'S FIVE

# KEY FOCUS AREAS

## Value Creation

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

- Through innovation and alignment with megatrends that advance sustainable technologies
- By partnering with winning automotive original equipment manufacturers (OEMs)
- By growing geographic, customer and vehicle platform diversity



## Community

Nexteer embraces corporate citizenship by:

- Aspiring 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 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





**In this section** – Sustainability at Nexteer  
 2022 Sustainability Highlights & Recognitions  
 Managing Sustainability at Nexteer  
 Our Approach to Materiality  
 Engaging with Our Stakeholders

## Sustainability at **Nexteer**

We've organised our approach to sustainability into five key focus areas: Business Ethics, Supply Chain, Environmental, Health & Safety, Value Creation, and Community. Taken together, these areas encompass our corporate sustainability framework.

### 2022 SUSTAINABILITY HIGHLIGHTS & RECOGNITIONS

In 2022, we were selected as a constituent member of the Hang Seng Corporate Sustainability Benchmark Index (HSSUSB) for a sixth year in a row. Also, the following is a sampling of sustainability highlights and recognitions across our five focus areas. Please see our 2022 Annual Report for more.

#### Business Ethics

- Rolled out DE&I pillars and launched our new "All In" programme in our EMEA&SA division
- 2022 Great Place to Work Certification for Nexteer Brazil – Fifth Time since 2017
- 2022 Great Place to Work Certification for Nexteer Morocco – Third Consecutive Year
- 2022 Manpower Award of Great Place to Work for Nexteer Poland – Fifth Consecutive Year
- Received Best Employer Greater Suzhou for Nexteer China

#### Supply Chain

- Collaborated with our suppliers in fundraising golf events to provide scholarships
- Engaged with over 100 suppliers in annual supplier sustainability survey
- Named a GM's Supplier of the Year by General Motors (GM) for third consecutive year

#### Environmental, Health & Safety

- Maintained strong health and safety performance with a 2022 global recordable incident rate of 0.68 and over 80,000 employee training hours completed on health and safety topics
- Received 59 National Safety Council awards in 2022, including a Corporate Culture of Safety Award
- As a result of 40 environmental projects implemented in 2022, helped avoid 73,003 tCO<sub>2</sub>e, save 98.29 million kWh of energy and save 245.44 million litres of water

Sustainability at Nexteer

**Value Creation**

- Invested US\$289 million in research and development (R&D, see page 28)
- 83% of our revenue bookings supporting EV-related platforms
- Recognised as a winner of two 2022 Manufacturing Leadership Awards for our outstanding achievement in Digital Network Connectivity and Enterprise Integration and Technology
- Honoured as a CES® 2023 Innovation Award Honoree in the “Vehicle Tech & Advanced Mobility” product category for our Road Surface Detection & Early, Intuitive Warning Software with Tactile Mobility
- Was a 2022 Automotive News PACE Finalist for Automated Steering Actuator
- Recognised as a 2022 Automotive News PACEpilot Finalist for Advanced Road Surface Detection & Early, Intuitive Warning Software with Tactile Mobility
- Received 2022 Frost & Sullivan’s North American Market Leadership Award in Power Steering Supplier Partnership, Quality and Manufacturing Awards

**Community**

- Donated US\$2.2 million to charitable efforts and contributed about 91,500 hours of employee community service in the past six years
- Supported our global communities through numerous community refurbishment and beautification projects, partnerships with local organisations, fundraising events and more

**MANAGING SUSTAINABILITY AT NEXTEER**

Nexteer manages sustainability through a three-tiered governance structure:



Our **Board of Directors** provides oversight regarding sustainability/ESG strategy and material ESG aspects. The Board’s **Audit and Compliance Committee** supports the Board’s oversight role with their subject matter expertise in risk management and internal controls (including material ESG aspects)



Our management-level **Sustainability Steering Committee (SSC)** leads the organisation on integrating sustainability throughout global business strategies, advancing ESG efforts and implementing actions to enhance our sustainability framework.



Our cross-functional **Sustainability Work Group (SWG)** has supported the organisation’s sustainability journey since 2015. SWG includes members from our **Climate Change Task Force** that coordinates enterprise efforts that relate to climate change.

Our Sustainability Monitoring and Reporting Framework (SMRF) guides our external disclosures, which are aligned to the HKEX ESG. We review and update the SMRF annually to reflect our material topics (see page 12) and to ensure continued alignment with applicable reporting requirements.



## Sustainability at Nexteer

### Board of Directors

Our Board of Directors oversees ESG issues and material aspects. This includes reviewing and approving our materiality matrix, Sustainability Report and receiving updates regarding our sustainability performance, KPIs and environmental goals. Nexteer's management leaders report to the Board. For more information about our governance practices, please see page 14.

### Sustainability Steering Committee

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 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. For reporting year of 2022, the SSC continued to meet regularly and on an ad hoc basis to provide leadership insights to promote sustainability efforts. For example, the SSC:

- Incorporated sustainability in strategic forum and breakout discussion sessions at global leadership conferences
- Provided leadership insights, reviewed, and approved ESG material topics as a part of the materiality assessment process
- Evaluated key findings and subject matter expert recommendations from ESG risk assessments
- Reported ESG material aspects and relevant strategic initiatives to the Board of Directors and/or its Audit and Compliance Committee

## OUR APPROACH TO MATERIALITY

In 2015, we completed our first materiality assessment to define the ESG topics that are most pertinent to our business and stakeholders. Since then, we've conducted several refreshes of our topics so they may continue to encompass Nexteer's and our stakeholders' evolving sustainability interests and priorities.

For reporting years of 2019 and 2020, we conducted a comprehensive review of our material topics and broadened our approach to materiality to include

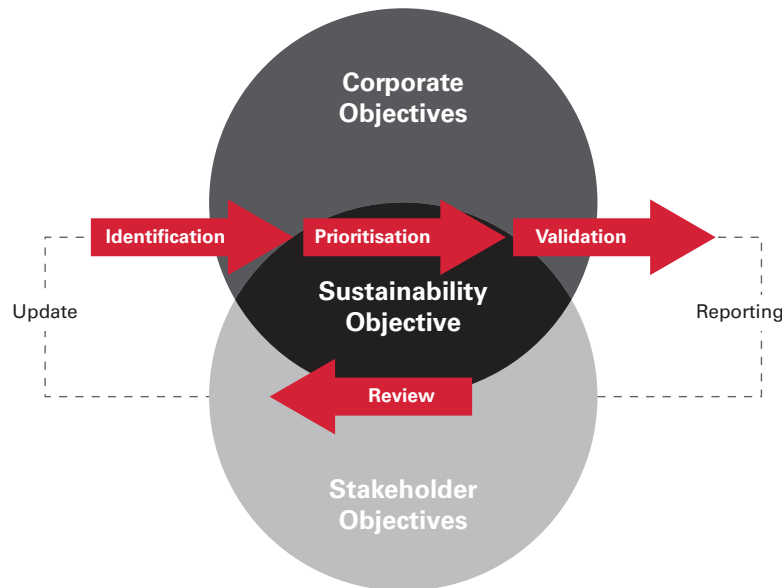
specific feedback from a variety of internal and external stakeholders. The overall process involved three key steps:

1. We conducted a comprehensive review of publicly available information to generate a 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, and sustainability reports published by several of our peers and key customers.
2. We 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 (GOC), employees, 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.
3. Once the survey results were received and analysed, we applied weighting based on professional judgment and external perspectives like sustainability reporting protocols and guidelines, third-party ESG rating and ranking organisations, investors' ESG methodologies and others. Topics that were consistently emphasized through these mechanisms were ultimately be given more weight in our materiality assessment, increasing in importance on our matrix.

In 2021 and 2022, we refreshed our materiality assessment annually by surveying our key stakeholder groups, such as leadership team, employees, and suppliers. We then followed step three above to consider methodology updates from investors, third-party ESG rating and ranking organisations, as well as business coalition and/or non-profit organisations. Additionally, we incorporated information collected from investors and customer conversations and industry benchmarking.

## Sustainability at Nexteer

## Our Materiality Process



In 2022, our distribution of topics on our matrix remains similar to years prior. However, some noteworthy highlights include:

- **Supply Chain Management and Practices** has continued to grow in importance in recent years given our industry, the COVID-19 pandemic, and ongoing supply chain headwinds. Please read more about this topic on page 53 for how we are managing supply chain disruption.
- **Climate Change** remains a top priority for stakeholders, given its emphasis with our customers, investors and leadership team, as well as nearly all external sustainability reporting protocols and guidelines, third-party ESG rating and ranking organisations, investors' ESG methodologies, regulators and others. We continue to sharpen our focus on climate change and enhance our strategy, see page 36 for more information.

- **Energy** remained an important topic, given its direct relationship with emissions and climate change impacts, as well as pricing volatility driven by geopolitical tension. Our global operation teams recognised the relevance of the topic, and continued to implement energy efficiency projects, as well as to explore renewable energy levers.
- **Information Security and Privacy** increased in importance over last year's results given its pertinence to risk management and protection of critical information and data, and growing prevalence in regulatory and global developments. A wide range of Nexteer's stakeholders focused on this topic. Read about our approach on page 32.

We are committed to reviewing our materiality assessment process and results on a regular 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 process to refine our sustainability framework, key focus areas and relevant initiatives as required.



## Sustainability at Nexteer

### Our Materiality Matrix



Sustainability at Nexteer

# Engaging With Our Stakeholders







## In this section – Business Ethics

Ethics, Compliance & Integrity

Our People

Attracting & Retaining Top-Talent

Fostering Diversity, Equity & Inclusion

# Business Ethics

## ETHICS, COMPLIANCE & INTEGRITY

At Nexteer, operating in an ethical and transparent way is at the heart of who we are and what we do. Honesty, integrity, and sound judgment are essential to our reputation and success. We hold everyone at every level of the business accountable for upholding our commitment to ethical conduct in personal and business dealings. To remain the admired and credible partner of choice to our customers and suppliers, we take any potential violation of our high standard of trust and transparency seriously and have put several measures in place to preserve this culture of respect.

### Strong Governance Practices

Nexteer's Board is composed of eight directors that bring a variety of skills, qualifications, and viewpoints, including sustainability experience. The Board's Audit and Compliance Committee and Remuneration and Nomination Committee are comprised of a majority of independent non-executive directors.

We believe that diversity among directors is important for bringing unique perspectives and competencies to the oversight of the Company's business, and this is reinforced through our Board Diversity Policy. Read more about board diversity and expertise in our 2022 Annual Report.

The Board is responsible for and has general oversight of the direction of management and the conduct of business, including sustainability and ESG-related issues. Our Board of Directors provides oversight regarding Nexteer's sustainability/ESG strategy and material ESG aspects. The Board's Audit and Compliance Committee supports the Board's oversight role with their subject matter expertise in risk management and

internal controls (including material ESG aspects). A few examples where sustainability and enterprise risk management intersect, including the management of climate, cybersecurity and human capital management risks.

### Adhering to High Ethical Standards

We are committed to acting in accordance with all applicable laws. During the reporting period, there were no significant instances of non-compliance with laws and regulations. Furthermore, we commit to conducting our business with the highest degree of integrity. 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. Our Code of Conduct reflects the standards that we abide by as we conduct business.

We designed our Code of Conduct 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 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 offer a global EthicsPoint phone line (administrated by a third-party) and web form, which serves as a reporting mechanism and as a resource for relevant personnel or third parties doing business

## Business Ethics

with Nexteer to ask questions, seek guidance, and/or anonymously report suspected misconduct where permitted by law. Reports received through the ethics line are investigated and action is taken where appropriate. Our EthicsPoint webpage can be accessed [here](#).

### Upholding Human Rights & Labour Standards

HKEX B4, B4.1, B4.2

Nexteer aspires to lead and serve as a catalyst for action through 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. We use a third-party provider to screen our suppliers and expect our suppliers to comply with our prohibition of the use of any form of forced labour, and every other provision of their contracts with Nexteer regarding equitable and fair treatment of workers. This includes the obligation by Nexteer's suppliers, to ensure all suppliers in their supply chain also comply with these prohibitions.

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 who shall take prompt corrective action. Employees also may report potential violations to our EthicsPoint line or legal department.

We are firmly opposed to all child and forced labour. We comply with all laws regarding forced and child labour within our regions of operations. 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 surrounding this issue.

### Preventing Corruption

HKEX B7, B7.1, B7.2, B7.3

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. In 2022, we did not have any legal cases regarding corrupt practices brought against us. 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 in multiple languages via telephone or website 24-hours a day, seven days a week, 365-days a year.

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. There is annual training for 100% of all salaried workers globally on our Code of Conduct. Nexteer's Board receives Code of Conduct training and a specific anti-corruption module. Training is provided in an online course and available in eight languages that are commonly spoken throughout our regions of operations.



## Business Ethics

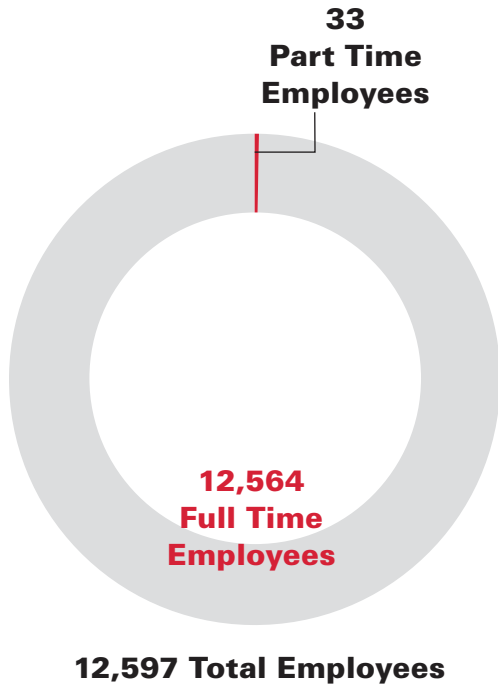
### OUR PEOPLE

#### HKEX B1.1

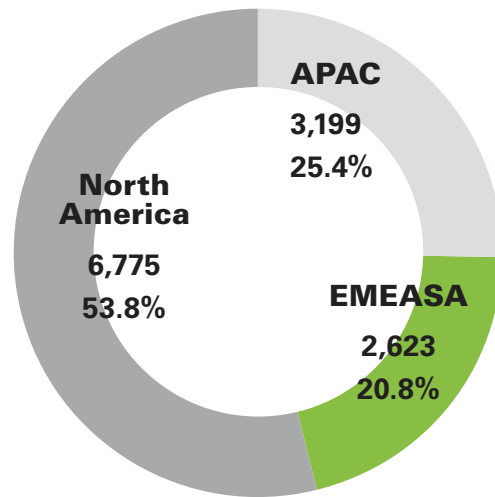
At Nexteer, our people are the engine that drive our success. Our workforce encompasses a diverse body of approximately 12,600 employees from many countries and unique backgrounds that come together as One Nexteer to innovate, collaborate and create. We work every day to maintain a workplace that attracts top-talent and empowers employees to thrive through training and development, engagement and diversity, equity and inclusion (DE&I).

#### Our Workforce

Total Workforce by Employment Type (Full- and Part-Time Employees)



Total Workforce by Geographical Region



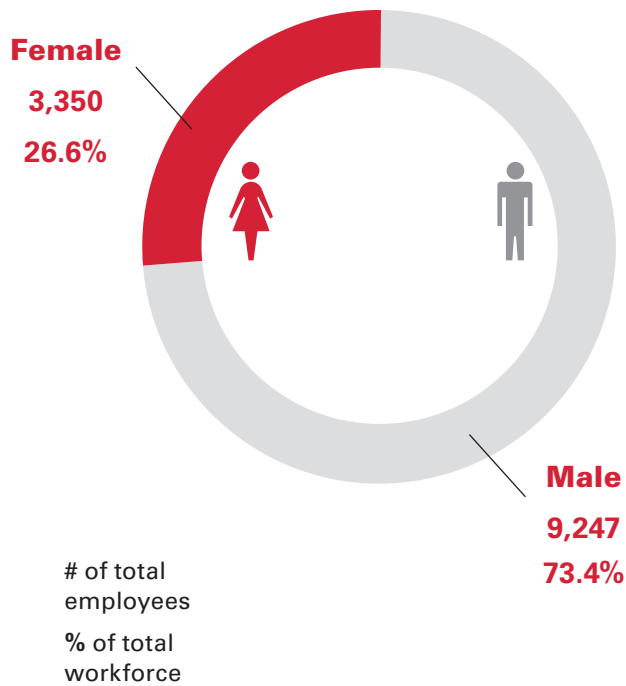
**Total Workforce by Type (Full- and Part-Time Employees) and by Geographical Region**

Geographical Region	Full Time Employees	Part Time Employees	Totals
APAC*	3,198	1	3,199
EMEA-SA**	2,598	25	2,623
North America	6,768	7	6,775
<b>Total</b>	<b>12,564</b>	<b>33</b>	<b>12,597</b>

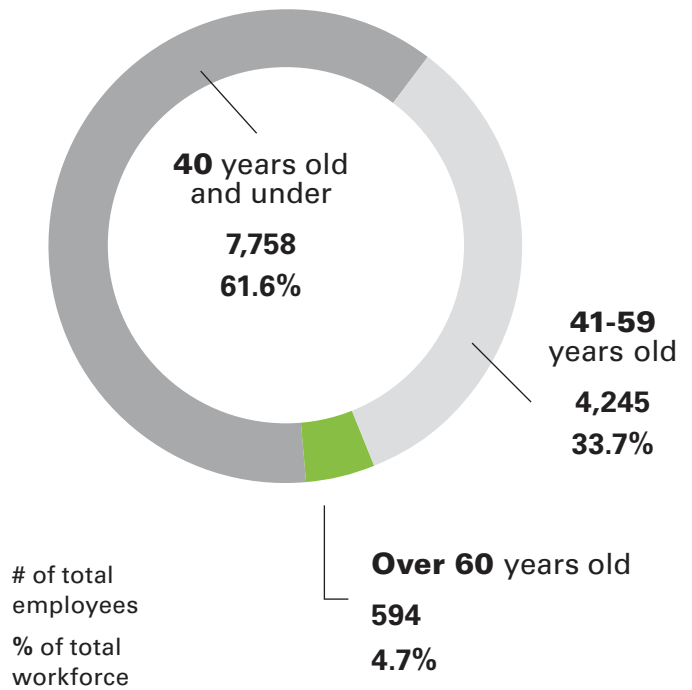
\* APAC: Asia-Pacific

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

**Total Workforce by Gender**



**Total Workforce by Age Group**





## Business Ethics

## Employee Turnover

HKEX B1.2

## Employee Turnover\* Rate by Geographic Region

Geographical Region	Turnover Rate (%) 2022
APAC	16.0
EMEA-SA	13.1
North America	40.4
<b>Total</b>	<b>28.5</b>

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

## Employee Turnover Rate by Gender and Age Group 2020–2022

Turnover Rate (%)	2020	2021	2022
<b>Gender</b>			
Female	32.9	30.2	40.3
Male	20.3	21.3	24.3
<b>Age Group</b>			
40 years old and under	29.2	30.8	36.3
41-59 years old	14.1	11.9	16.2
Over 60 years old	21.0	18.9	15.7

## Business Ethics

**One Nexteer United Under One Vision**

In 2022, Nexteer introduced our new vision statement: “We are the Leading Motion Control Technology Company, Accelerating Mobility to be Safe, Green, and Exciting.” This vision intentionally starts with “We.” This is because together, as a One Nexteer team, we will achieve great things. Our constructive culture sets us apart. It drives excellence, innovation, accountability, integrity, personal development, and collaboration. We believe that no matter who we are or what our role is, that each and every employee exemplifies unique values and impacts our success. We believe this change reflects our transformation mindset and deepening commitment to innovating sustainable solutions in mobility.

**Our Workplace Culture**

We believe in empowering, energizing, and exciting places to work. Our employees’ experience matters; as does their access to the right tools, resources, and environment that enable them to adapt, be agile, and reimagine relentlessly as we accelerate mobility in this fast-paced industry. We foster a continuous learning environment and facilitate opportunities where our employees are encouraged to grow both professionally and personally. We recognise our people and show our appreciation for their contributions, and facilitate a positive, productive, and innovative climate.

**Employment Practices & Compliance****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, we base hiring, promotions, bonuses and other related employment decisions 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 several 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.

**ATTRACTING & RETAINING TOP-TALENT**

We work diligently to ensure Nexteer is an exciting and empowering place to work. We attract top talent throughout the communities in which we operate by continuously refining our suite of benefits and offerings for employees and offering competitive compensation. Read more about benefits Nexteer offers including our health, wellness and savings plans [on our career web page](#).

We collect feedback to improve how we may attract and retain talent through focus groups, surveys, and other direct feedback opportunities. We adjust our processes based on this feedback so we may offer the best possible experience to our candidates, new hires, and current employees.

One of our core focuses to retaining talent remains professional development. We empower employees with skills and competencies to grow and develop on a personalized career path within our company. We also believe the greatest impact we can have on an employees’ experience is through our leaders. This is why we put great priority on the development and coaching of our leadership globally.

**Talent Development****HKEX B3**

Our investment in the personal development and growth of our people remains a key priority and foundation to Nexteer’s success. In 2022, we put greater focus on how we could transition from employee-owned to organisation-enabled learning and internal mobility. One example of this was our launch of “Employee Experience,” an interactive map and associated support resources describing the moments along an employee’s journey. Through these resources and an animated video which follows an employee through all the stages of her career, we provide employees with a way to visualize and map out their career journey with Nexteer.



## Business Ethics

We also continue to provide comprehensive training and development for our employees at all levels, as well as leverage our global technical and behavioural competency frameworks launched in 2020 to enrich our recruiting practices, development and succession planning, learning framework, career pathing, and more.



*2022 Top Human Resources Management Award – Outstanding Employer.*



*Nexteer employees collaborating in office.*

### Employee Training

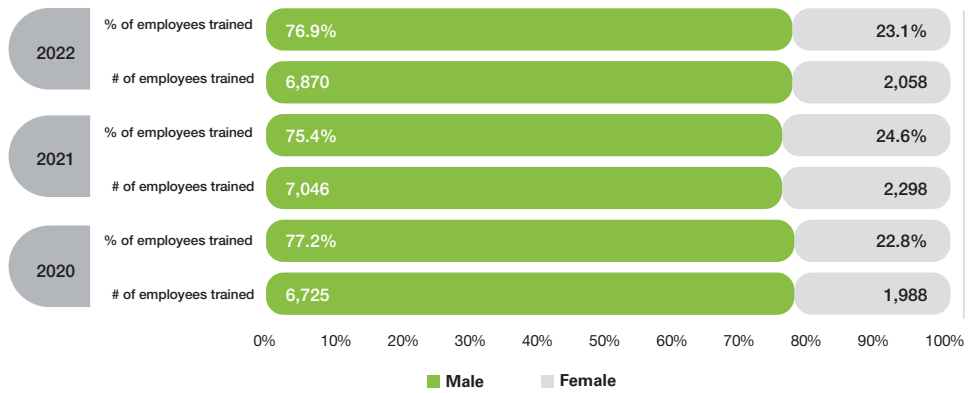
HKEX B3.1

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

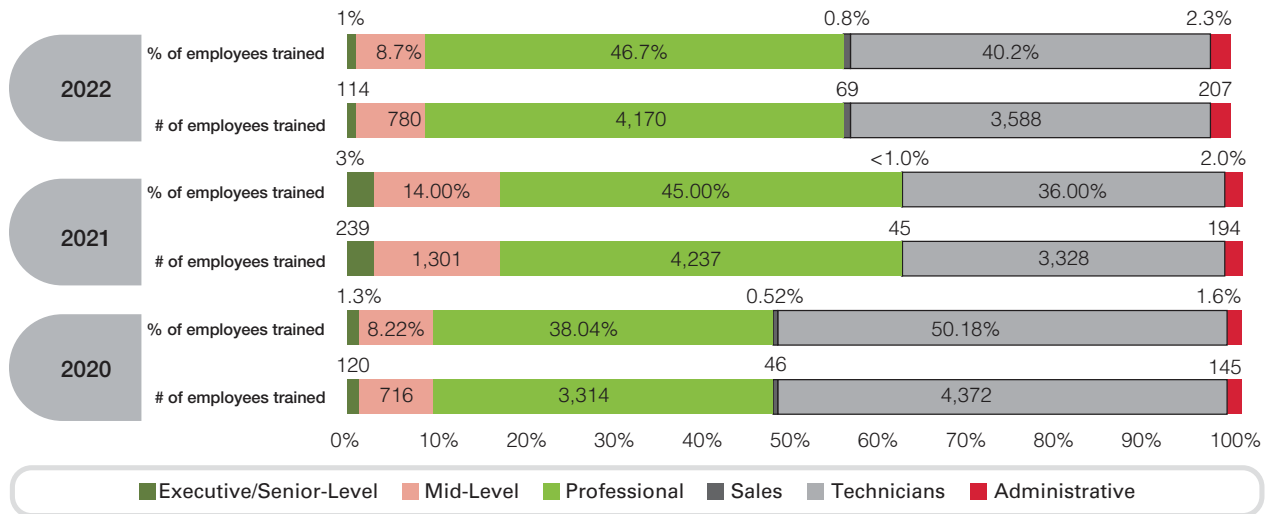
#### Percentage of Employees Trained

**8,928**  
Employees Trained  
**70.9%**  
of Employees Trained

Number & Percentage of Employees Trained by Gender



Number & Percentage of Employees Trained by Employee Category



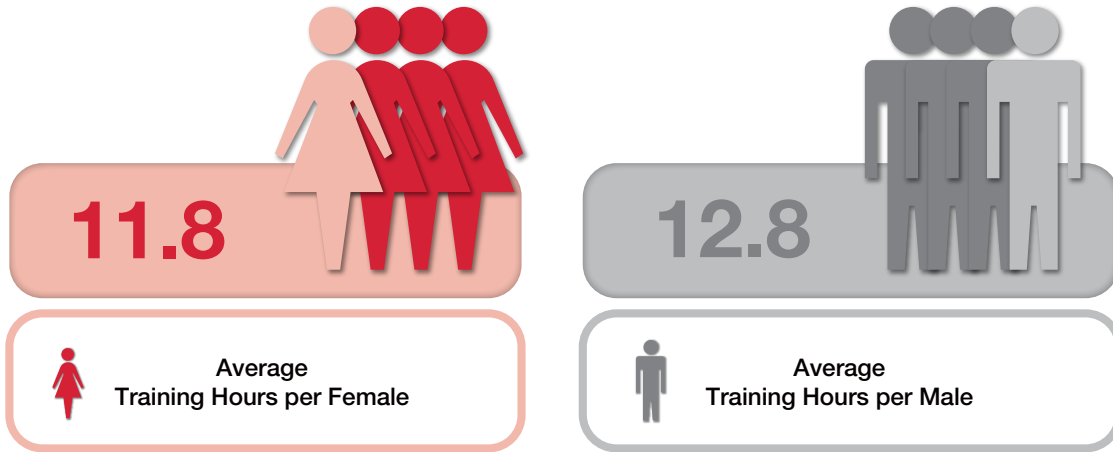




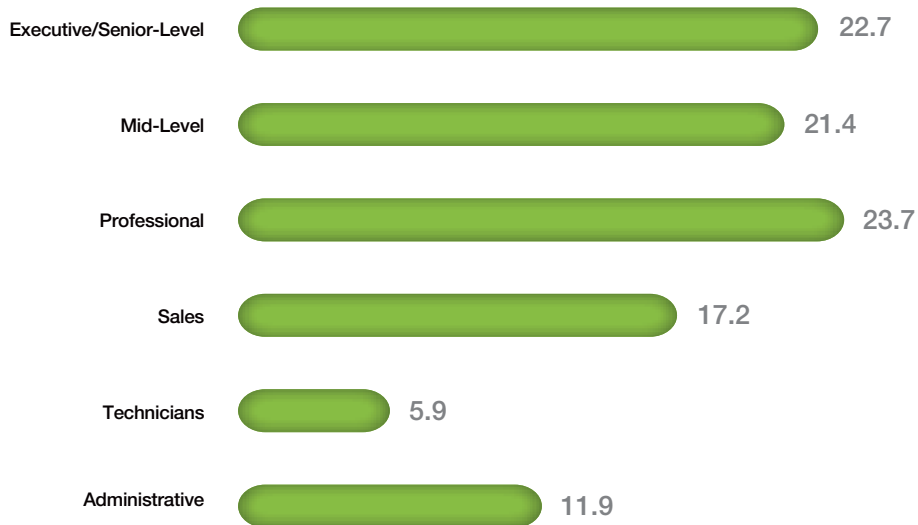
Business Ethics

2022 Average Training Hours Completed by Gender

HKEX B3.2



2022 Average Training Hours Completed by Employee Category

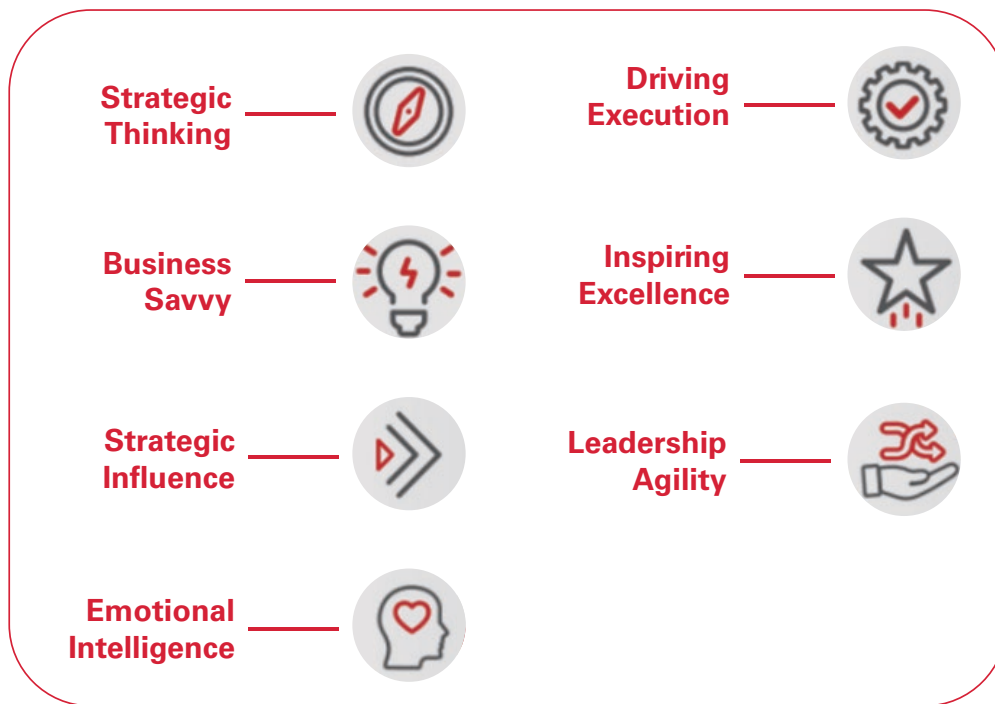


**Equipping Our Leaders**

Further expanding on our competency management programme, in 2022 we mapped all leaders to a consistent set of global leadership competencies.

We believe that our leaders should possess a high level of seven competencies (or skills and abilities) to be successful in their role. Each leader is assessed against our seven competencies annually, to allow focus on development where opportunities may exist.

**Our Seven Leadership Competencies**





## Business Ethics

We believe how our Nexteer leaders behave based on these competencies is key. Our behaviours should boost our team’s morale and result in a healthy work environment with high trust and high efficiency. With this, another important step we took in 2022 was to

introduce “Nexteer’s Leadership Beliefs”. This set of beliefs helps to define what it means to be a Nexteer Leader and the kind of conduct that our leaders should exhibit.

# OUR LEADERSHIP BELIEFS



**We lead by influence – not authority.**



**We are change agents.**



**We listen to discover.**



**We lead with purpose.**



**We are "sustainable leaders".**

To ensure that our leaders are fully supported in their critical roles, several new training and support resources were implemented in 2022 including a leadership workshop.



*Employees at Nexteer global locations celebrated Culture Week 2022*

## FOSTERING DIVERSITY, EQUITY & INCLUSION

At Nexteer, we aim to maintain a culture where all voices are heard and everyone feels empowered to collaborate, innovate and thrive. We believe that the diverse backgrounds and experiences of our workforce are what makes Nexteer unique, and allow us to innovate, create and collaborate at such high levels. See our workforce diversity data on page 17.

In 2020, Nexteer launched its DE&I programme – RISE, which stands for Respect, Inclusion, Support, and Equity. In the last few years, we’ve worked diligently to further build out this programme by expanding it to our global locations and hosting annual DE&I events.

### Celebrated International Women’s Day

To recognise International Women’s Day in 2022, the Nexteer Women’s Club hosted an online panel discussion around the theme of “Breaking the Bias.” Leaders from around the world participated in the discussion through answering moderated questions around the theme. Many of the panelists spoke of the importance of being aware, intentional, and allowing yourself to learn and grow when it comes to conscious and unconscious biases we have. The panelists concluded the event with a reminder that Nexteer’s people, team and culture are differentiators in our industry.



*Nexteer employees collaborating together at our offices.*



*Celebrating International Women’s Day*



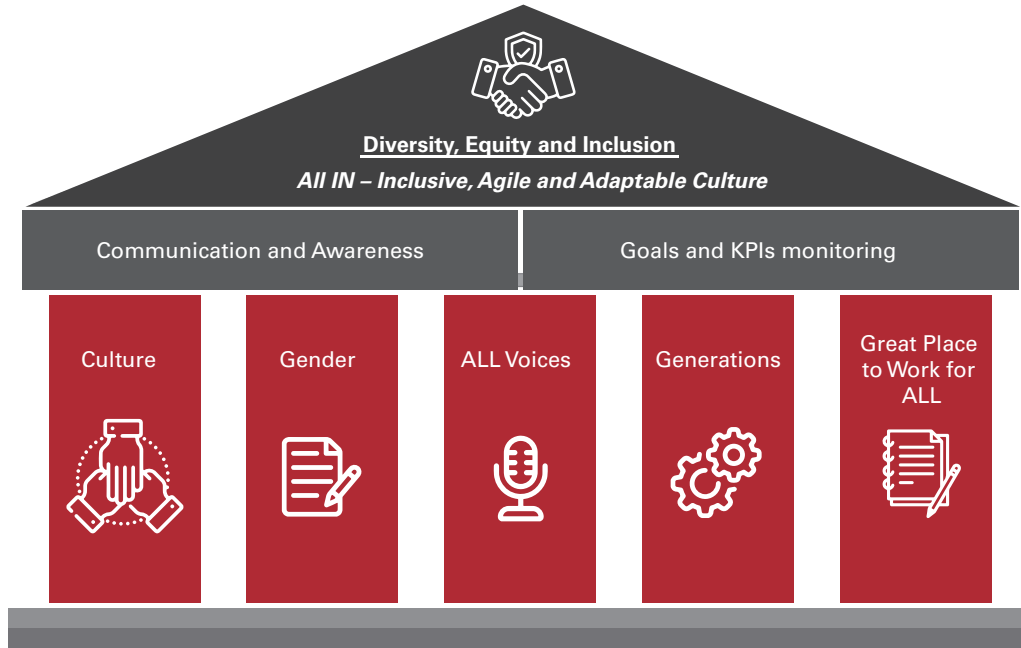
Business Ethics

**Nexteer EMEA&SA’s DE&I Pillars**

This year, we’re proud to share our DE&I pillars launched in our EMEA&SA division which includes eight countries throughout Europe, the Middle East, Africa, and South America. For each pillar we’ve developed various internal goals and targets that will help advance EMEA&SA’s DE&I efforts.



**all in diversity**  
 E M E A & S A



Several employee DE&I engagement events from our EMEA&SA division in 2022 included:

- **Conducted DE&I Training:** Throughout the year we launched new DE&I training modules including special sessions for leaders.
- **Hosted Cultural Diversity Panel:** In our EMEA&SA division we hosted a panel where employees discussed the importance of cultural diversity and shared the importance of their culture with their colleagues.

- **Held 1st Divisional Women’s Call for All:** We were proud to host our 1st Divisional Women’s Call where all Nexteer employees were invited, regardless of gender.

Our commitment to DE&I expands to our engagements with local communities. We often volunteer and support causes that advance DE&I in our communities, read more about this on page 54.

**In this section–** Value Creation  
 Generating Value through Innovation  
 Our Alignment with Industry Megatrends  
 Fostering Innovation through Awards & Recognitions  
 Product Responsibility





# Value Creation

## GENERATING VALUE THROUGH INNOVATION

Nexteer’s steady focus on innovation strengthens our existing portfolio of products while relentlessly building out our pipeline and innovating for the future.

## OUR ALIGNMENT WITH INDUSTRY MEGATRENDS

Convergence of megatrends is reinventing our industry. Our innovations solve motion control challenges across all megatrends. Nexteer has a robust, proven technology and product portfolio to support industry megatrends such as electrification, software and connectivity, ADAS – advanced safety and performance and shared mobility.

	 <b>Electrification</b>	 <b>Software &amp; Connectivity</b>	 <b>ADAS &amp; Automated Driving</b>	 <b>Shared Mobility</b>
Electric Power Steering (EPS)	✓	✓	✓	✓
Steer-by-Wire	✓	✓	✓	✓
Columns & I-Shafts	✓	✓	✓	
Driveline	✓		✓	✓
Software	✓	✓	✓	✓
R&D	✓	✓	✓	✓

## Our Focus on Research & Development

### HKEX B6.3

As of December 31, 2022, Nexteer’s global portfolio includes 781 patent applications and 1,230 issued patents. The sustained growth in issued patents is a result of our robust applications in previous years and it demonstrates our efforts for observing and protecting intellectual property rights. Patent filings declined year-over-year in 2022 due to ongoing difficulties posed by the COVID-19 pandemic. Although, given our strong focus and history of innovation, our patent portfolio continues to grow and remain strong due to our sustainable development of future technologies. In 2022, 31% of granted patents were related to our future product offerings of Software-as-a-Product, Steer-by-Wire, and/or ADAS/AD enabling technologies which ensure we are aligned to our industry megatrends.

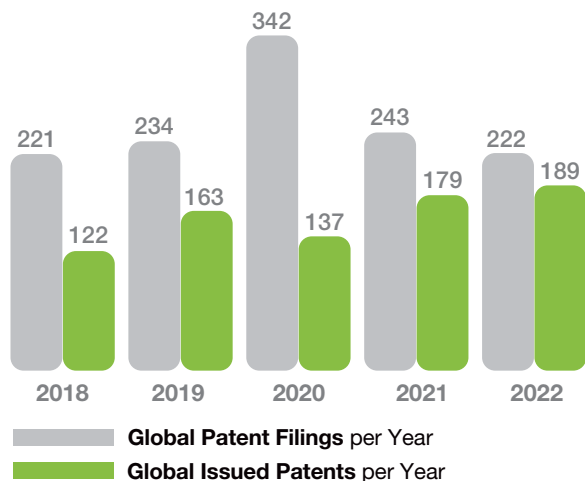
Another 19% of our 2022 patent filings – a 58% year-over-year increase – were directly related to these identified trends. Our strong patent portfolio is proof of our ability to maintain technological leadership in intuitive motion control systems.

We are dedicated to protecting our intellectual property rights, which are crucial to our 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.



Value Creation

Global Issued Patents & Filings FY18-FY22



Nexteer continued its growth in both customer and product expansion, leading to an engineering spending increase totalling US\$289 million. This significant increase allowed the Company to maintain its current operations while providing considerably more investment towards the development of our future product portfolio, namely in high-output and dual pinion electric power steering, and steer-by-wire technologies, and increased systems and software capability. Making investments in these critical technology areas fuels our future and positions Nexteer for expanded growth opportunities in upcoming years. Additionally, Nexteer continues to create technologies that leverage our design, development and manufacturing strengths in advanced steering and driveline systems to enable battery electric vehicle (BEV) conversions. Year-over-year trends in research and development and capital expenditures (Capex) are presented in the graph above.

R&D and CAPEX



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

Our people are the driving force behind Nexteer’s innovation pipeline essential to our growth and profitability. Nexteer remains invested in our future by committing 53% of our total salaried workforce to engineering activities. Nexteer has intentionally been working to position our engineering homerooms closer to our customers globally. Currently, 85% (5% increase vs. 2021) of engineering work is completed within the region of manufacturing, allowing for real-time, efficient partnerships with our global customers and suppliers. The diagram on the next page shows the percentage of salaried employees who are scientists, engineers or other technical employees, broken out by region and year.

**% Global Headcount Engineering**

	2018	2019	2020	2021	2022
NA	57%	59%	55%	55%	50%
EU/SA	48%	49%	49%	53%	47%
APAC	48%	54%	51%	51%	48%
ISC	96%	96%	94%	93%	96%
<b>Total Across the Company</b>	<b>54%</b>	<b>58%</b>	<b>55%</b>	<b>56%</b>	<b>53%</b>

**FOSTERING INNOVATION THROUGH AWARDS & RECOGNITIONS**

The pursuit of relentless innovation is a hallmark of Nexteer’s culture.

Nexteer holds annual Inspire Awards which are our highest level of recognition, acknowledging both regional and company-wide innovation and excellence across five categories that cover all the organisation’s functions and an overall award recognising the best of the best.

They highlight the importance of relentless innovation, teamwork and our internal culture. The Inspire Awards include:

- **Innovation of the Year** – Recognises the year’s top innovation (patent or trade secret), demonstrating the company’s highest value potential.
- **Customer Team of the Year** – Recognises the team that realises a significant success for the company through deep customer engagement.
- **Launch Team of the Year** – Recognises outstanding achievement across a range of launch team metrics that align with Nexteer’s goal of a perfect launch.
- **Quality Cup** – Recognises outstanding achievement by a manufacturing plant across a range of quality performance metrics that align with Nexteer’s goal of perfect quality.
- **Heart of the House** – Recognises individuals or teams within corporate functions who implement business initiatives which demonstrate innovative solutions for new and existing business needs, aligning with the company’s One Nexteer culture and creating significant value for the company.
- **Exemplar Award** – Recognises a success achieved through such great feat that it stands out above all the rest while exemplifying the characteristics above.



*Photo from 2022 Innovation Hall of Fame Banquet*

We also have a robust intellectual property award programme. One highlight of the programme is the opportunity to be inducted into Nexteer’s Innovation Hall of Fame which recognises and rewards personnel who have made significant intellectual property contributions to enhance Nexteer’s competitive position. There are five levels of achievement within Nexteer’s Innovation Hall of Fame, encouraging our employees to continue innovating and advancing to higher levels throughout their careers. Nexteer has 93 Nexteer Hall of Fame Lifetime Inductees. In 2022, we celebrated 26 honourees with an induction or advancement in the Innovation Hall of Fame.





## Value Creation

### Globalisation & Competency Development

In 2022, Nexteer continued our thoughtful global footprint diversification and competency 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.

### Nexteer Production System (NPS) & NPS Academies

Nexteer's APAC Nexteer Production System (NPS) Academy provides hundreds of training sessions for internal employees, customers, and suppliers each year. NPS integrates Lean principles and standards into our day-to-day business operations. 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.



APAC Liuzhou NPS Academy

To date, Nexteer has implemented seven NPS academies around the globe, with the most recent being Saginaw NPS Academy. These regional NPS academies are located near manufacturing plants and improve local team's training systems. Some NPS academies also play additional roles such as working with local government and customers to provide trainings to outside companies. NPS academies also aim to develop strategic vendors. In Suzhou NPS academy, Asia Pacific, we help them better understand lean manufacturing system practices and achieve sustainable development.

## PRODUCT RESPONSIBILITY

At Nexteer we deliver world-class products that enable mobility to be safe, green and exciting. We do this by prioritizing product safety, compliance and quality management. This is a shared commitment of all Nexteer employees, all of us work together to meet the needs of our customers and embrace sustainable innovation.

### Prioritising Product Safety & Quality

#### HKEX B6

Nexteer's product lifecycle encompasses key business processes from product inception, delivery of finished product to post-production service parts. Our processes ensure compliance with applicable laws and regulations for each product, ensuring implementation and conformance. Additionally, Nexteer has a well-defined Product Safety and Compliance process in place to identify and manage any potential instances of non-compliance. This process is led by Nexteer's Product Safety and Compliance Council (PSCC) which evaluates potential issues, ensures that cross-functional subject matter experts are engaged, reviews risk assessments, approves actions to be taken and communicates accordingly.

We reference industry-leading and structured problem-solving methodologies including Fast-X, DFSS, DRR, Six Sigma and 3L5W. Nexteer's problem-solving capabilities and internal competencies are maintained through internal training and certification processes.

#### HKEX B6.2, B6.4

**Quality Assurance Process.** Our quality management system (QMS) meets international standards like ISO 9001 and International Automotive Task Force (IATF) 16949. The QMS outlines:

- Our business system manual
- High-level policies providing guiding principles
- Process maps offering an overview of key business processes
- Detailed procedures defining the method of performing required activities

Value Creation

All key process maps have a defined set of metrics or KPIs as measures of effectiveness and efficiency to align with IATF requirements for monitoring effectiveness of the organisation’s business system. Nexteer also has systems in place to support relevant data collection for key process measures which improves visibility for performance reviews at a 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 to incorporate product and technology trends, optimise metrics, and embrace continual improvement. Through our QMS we meet global governmental product safety compliance and reporting requirements and conform 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.

Nexteer reports and reviews quality metrics monthly, compiling all global data including customer complaint information. Annual objectives are determined based on prior year actuals, along with an improvement factor. We evaluate performance on quality based upon the number of complaints. We also evaluate the severity rating associated with the specific complaint failure mode to help improve upon the safety-critical nature of our products.

In 2022, there were 119 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.



*Nexteer engineer working on vehicle testing*

**Quality Week**

Nexteer prides itself on maintaining a culture that prioritises quality all year round. Quality Week is an annual, global celebration of this culture. In 2022, the Quality Week theme was “Quality Starts with Me.” The week was filled with opportunities for all employees to increase their knowledge of the QMS and focus on quality through daily communications, videos, team events and other activities.

**HKEX B6.1, B6.4**

**Consumer Safety.** 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 issues. The PSCC 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. Company subject matter experts develop containment, conduct a root cause investigation and implement corrective actions, and provide a risk assessment and communication package for the customer and other interested parties. To ensure awareness of this important process, we administer training throughout various functions including engineering, quality, sales, legal, Global Supply Management (GSM), operations and leadership.

The process is monitored through an online portal where all cases are entered and tracked until closed. For 2022, there were 2 recalls, which equated to 0.00274% of total products sold. Each of these recalls required physical replacement of the part, however, robust traceability made it possible to have minimal societal impact due to the small amount of replacement material required.



## Value Creation

### HKEX B6.5

**Cybersecurity.** Our steadfast focus on product safety and quality has spurred the development of various cutting-edge innovations that enhance customer safety and cybersecurity. Our OEM customers are focused on vehicle cybersecurity, we support them in this endeavour by enhancing the safety of our steering systems through multi-layered cybersecurity technologies and controls. Our cybersecurity technologies consist of specifically designed hardware modules at the semi-conductor level, as well as a multi-layered cryptographic software structure that identifies and authorizes information and command flow between the steering system and other in-vehicle or external controllers. In other words, there is a system within the system that is solely focused on identifying and validating steering commands.

#### Participating in Cyber Readiness Programme

Nexteer is committed to having a strong cybersecurity programme by working closely with partners to embrace best practices in safety and security. Our participation in General Motors' and CRI's Cyber Readiness Programme certifies that the strength of our cybersecurity programme is aligned with industry standards and demonstrates our commitment to collaborating across the extended enterprise ecosystem to bolster supply chain security.

We maintain a cybersecurity and data privacy team that is equipped with experts that go above and beyond to ensure the safety and security of company and customer data.

#### Cybersecurity Recognition

In 2022, our Chief Information Security & Privacy Officer, received the Top 50 InfoSec Professional Icon Award by OnConferences and was recognised by the C100 as one of the top 100 US CISOs.

**Data Privacy.** Nexteer respects the privacy of individuals whose personal information we need to access, collect, process, use, transmit, disclose, and store while doing business. In 2022, we obtained our seventh successive Privacy Shield Certification, which illustrates our adherence to the EU-US Privacy Shield principles. We institute a series of global information security and data privacy policies and procedures, operating within our Information Security & Privacy (IS&P) framework. Recognition of the importance of data protection and privacy not only applies to Nexteer, but also to our suppliers as documented in the Nexteer Supplier Requirements. Nexteer's IS&P Council and 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 to manage relevant risks; ensuring compliance through appropriate people, process and technology safeguards, controls and other measures.

#### Designing Products That Drive Sustainable Solutions in Mobility

Nexteer is well positioned to meet OEMs' and society's growing demands for clean technology. In a rapidly changing regulatory environment and world, we remain ahead of the curve by delivering solutions that accelerate mobility to be **SAFE, GREEN** and **EXCITING**. Our innovations help enhance road safety, preserve air quality, support the low-carbon transition and more.

Our technologies are solving unique challenges that enable the low-carbon transition through our focus on expanding EV usage. We offer products and services that address increased load requirements, packaging, durability and noise, vibration and harshness (NVH), among others. These technologies span all product lines and demonstrate our commitment to advancing a sustainable future.

## Value Creation

Throughout 2022, we accelerated mobility to be **GREEN** by designing solutions that enable EV use and emissions reductions. In 2022, 83% of our revenue bookings supported EV-related platforms.

Nexteer's Steer-by-Wire (SbW) system is a centre link across all megatrends – unlocking advanced safety and performance features and functionality. It also opens new possibilities for vehicle mass reduction and packaging flexibility. SbW replaces the mechanical steering connection between the hand wheel and road wheels with algorithms, electronics, and actuators. Nexteer's SbW also emulates the "feel of the road," and enhances manoeuvrability through our dynamic variable steering ratio, while supporting traditional driving and varying levels of AD across all vehicle types. SbW is of particular importance to the electrification megatrend as its under-hood packaging and front of dash design helps solve packaging challenges due to EVs' large battery pack location.

On the Driveline (DL) front, we provide optimised solutions that include compact and low mass halfshafts. EV platforms have unique driveline challenges due to their weight, low noise level, high torque, and need for maximum efficiency to support extended battery life. Nexteer offers premium technologies that improve efficiency and NVH performance while delivering maximum torque under extreme acceleration conditions. Our DL technology and decades of vehicle integration experiences has positioned us to be a leader in the expanding EV market.

Nexteer also offers a high-output Rack-Assist EPS (REPS) solution that nearly doubles the steering load capability of our industry-leading REPS – steering up to 24kN of load compared with 10-17kN for a typical REPS system. This system is capable of steering electric variations of heavy vehicles such as full-size pick-up trucks, people movers and light-commercial vehicles (LCVs) like delivery vans.

In total, we estimate that 83% of our EPS, Column & Intermediate Shaft and DL bookings are related to EV applications, driven by the OEMs conversation to EV platforms across the globe. By using Nexteer's advanced technologies, our 60+ customers globally can pass on the advanced safety and performance benefits, including fuel efficiencies, to the customer – while helping enable the transition to low-emission vehicles around the world.

Beyond our current and future product offerings, Nexteer's focus on virtual engineering is also supporting sustainability through reduction of physical parts and rework throughout the product design lifecycle. In the past, these tools were reactionary and not always aligned with our design processes. However, in recent years, Nexteer's additional emphasis on virtual engineering is driving effectiveness and efficiency during all phases of product design, development, and validation. An executive champion and cross-product line team of coordinators has been assembled to align and govern the process and provide a consistent, proactive approach globally. Early in our pursuit process, we can address high risk items virtually, many times eliminating the need for physical prototypes. Based on our results, we then create projects to determine next steps for design and validation. As the technology moves into later stages of development, we work to create virtual validation plans aligned to our DFMEA (design failure mode and effect analysis) to reduce physical design validation testing where virtual results satisfy our internal and external requirements. These proactive approaches have proved effective in the reduction of time, cost, and materials enabling Nexteer to mobilize resources toward innovating products for the future.

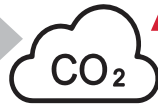


In this section\* – Environmental, Health & Safety  
 Environmental Stewardship  
 Keeping Our People Healthy & Safe

# Environmental, Health & Safety

## ENVIRONMENTAL STEWARDSHIP

**40**  
**PROJECTS**



**73,003** tCO<sub>2</sub>e  
**GHG EMISSIONS**  
**AVOIDED**



**98.29**  
**MILLION kWh**  
**ENERGY SAVED**

**245.44**  
**MILLION LITRES**  
**WATER SAVED**

Environmental stewardship is at the cornerstone of our business as we believe it is fundamental in ensuring strong overall performance. Through our environmental programmes and initiatives, we drive greater efficiency and transparency. We proactively explore new ways we can reduce our environmental footprint, including embracing renewable energy, monitoring resource use, phasing in the use of more efficient technologies and implementing strategies that address climate change.

### Environmental Management System

HKEX A2, A2.3, A3

Within our environmental management system (EMS) we embrace ways we may enhance efficiency; align with best practices, such as ISO 14001 standards; and not only ensure compliance but exceed environmental laws and regulations when feasible.

Our **Global Environmental Policy** in conjunction with our EMS codifies our commitment to environmental responsibility and encourages best-practices across all our global locations. The Global Environmental Policy outlines our commitment to environmental excellence by:

- Minimising our environmental impacts
- Promoting environmentally sustainable behaviour
- Encouraging environmental responsibility in ourselves, our customers, suppliers, and stakeholders which are in concert with our activities, products, and services

Our Corporate EH&S function is responsible for managing our EMS by driving environmental initiatives, embedding environmental responsibility within our health and safety practices, engaging team members, and measuring our performance across all of our global sites and manufacturing facilities. Reviews were conducted at the various forums with top leadership of the Company, regarding Nexteer’s developing climate strategy and EH&S KPIs.

\* This section includes data of non-consolidating joint venture locations.

## Environmental, Health & Safety

To date, 93% of our manufacturing sites are certified to ISO 14001 standards. Sites without certification are on track to become certified in 2023.

In the pursuit of continuous improvement, we set environmental goals that enhance performance and efficiency. These include year-over-year goals to:

- Reduce our energy use by 6%;
- Increase our landfill waste diversion rate by 2%; and
- Reduce water use by 2% on a per unit of production basis<sup>1</sup>.

As part of Nexteer's overall strategic planning process, we regularly assess policies, practices and procedures to minimise impact on the environment and natural resources. This means we also review and update our sustainability monitoring framework to account for our progress towards formal sustainability targets but also 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. 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 2022.

By integrating environmental management into our operations, we can manage our impacts on environment, 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.

### **Enhancing Our EH&S Data Management System**

In 2022, we made headway in enhancing our data management processes by rolling out a centralised system that tracks EH&S performance data from our global sites on a monthly basis. This new system includes several dashboards that update and monitor strategic and tactical EH&S KPIs. This system streamlined our data gathering processes and enables us to make more informed, strategic decisions regarding our environmental and safety performance such as exploring opportunities to set goals and targets in the future.

<sup>1</sup> We define a unit of production as a "fully assembled unit" ready for sale.



## Environmental, Health & Safety

### Our Approach to Climate Change

#### HKEX A4, A4.1

We continue to assess impacts of global climate change and our environmental footprint. Nexteer responds to CDP Climate Change annually to provide feedback for requesting OEM customers. CDP's disclosure platform provides a mechanism for reporting in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

The following is Nexteer's approach to climate change (Governance, Strategy, Risk Management, Metrics & Targets) with reference to the HKEX Guidance on Climate Disclosures, which is built upon the TCFD recommendations.

#### Governance

Climate change is one of various sustainability topics managed within our three-tiered sustainability governance structure (see page 9).

The Board maintains oversight of overall ESG and climate issues such as sustainability reporting, materiality assessments, environmental performance against our KPIs and targets, and strategy. The Audit and Compliance Committee supports the Board's oversight regarding risk management.

Groups within Nexteer with climate-related responsibilities include management committee and work teams, such as the Sustainability Steering Committee (SSC), Sustainability Working Group (SWG) and Climate Change Task Force (CCTF). The CCTF includes representation across operations, EH&S, legal, finance and risk management, investor relations, engineering, manufacturing operations, sales, marketing, supply chain and sustainability. Jointly, these groups (Climate Groups) share responsibilities to identify and evaluate the impacts of climate-related physical and transition risk.

The Board and its Audit and Compliance Committee – has oversight of risk management, for example Enterprise Risk Management (ERM) and ESG processes. Nexteer's global management committees and functions such as sustainability, ERM, finance, internal audit and other teams, prioritizes risks based on the magnitude and likelihood of occurrence in Nexteer operations. Risks are reviewed periodically with the frequency of review dependent on the impact to the Company.

In 2022, the Climate Groups continued to collaborate with internal and external stakeholders to understand climate risks, explore opportunities and conduct adaptation measures to increase resilience to the impacts of climate change (See the paragraph below headed Exploring Renewable Energy Solutions for examples of adaption measures). In addition, Nexteer's EH&S functional leaders reported at regular cadence (e.g., monthly, quarterly, annually) at multiple management forums to coordinate the development of our Climate Roadmap and share updates regarding our EH&S KPIs. Furthermore, at least annually, ESG-related enterprise-level strategic priorities are reported to the Board.

#### Strategy

Nexteer contemplates climate risks and opportunities with reference to established frameworks and processes, including: – ISO14001 EMS (annually by independent third-party auditors and recertification every three years), and – CDP (annual process). To position our organisation with climate resilience and in preparation of transition to low-carbon economy, in 2021 we conducted a cross-functional physical risk assessment and started taking inventory of GHG to assess transition climate risks and to develop climate roadmap. Such assessments included climate scenario analyses, calculation of cost of carbon, aligned with applicable climate disclosure guidance and practices.

In 2022 we referenced the results from our assessments to support business decisions, such as regarding ways we may enhance our operational practices through renewable energy and energy efficiency.

Environmental, Health & Safety

**Climate risks & opportunities:** Below please find results of our process that outline the climate-related risks and opportunities that our organisation has identified over the short-, medium- and long-term.

	Risks*	Opportunities
Short term (0-2 years)	<ul style="list-style-type: none"> <li>Emerging regulations across the globe, such as carbon reduction targets and enhanced reporting requirements, may increase our compliance risk (T)</li> </ul>	<ul style="list-style-type: none"> <li>Continue evolving climate strategy to meet government decarbonisation targets</li> </ul>
Medium term (2-5 years)	<ul style="list-style-type: none"> <li>Carbon cost mechanisms may increase our costs and negatively impact our revenue and customer relationships (T)</li> <li>Low-carbon economy market and technology may increase our costs and negatively impact our revenue and customer relationships (T)</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate utility costs and cost of materials</li> <li>Explore current market and technologies available to transition to a low-carbon economy, and monitor market in the future</li> </ul>
Long term (5+ years)	<ul style="list-style-type: none"> <li>Extreme weather events, specifically heat waves, drought, tornadoes, and cyclones may result in equipment shutdowns and/or supply chain disruptions (P)</li> </ul>	<ul style="list-style-type: none"> <li>Replace equipment with higher thermal capacity to build resiliency in manufacturing centres</li> <li>Review and revise standard operating procedures as necessary</li> <li>Require suppliers to provide overview of climate-related risks or plan to address climate change risks in their operations</li> </ul>

\* T = transition risk; P = physical risk

**Impact of climate-related risks and opportunities on Nexteer’s businesses and strategy:** Findings from our 2021 assessment have driven us to focus even more intently on reducing our carbon footprint and de-risking our operations. In 2022, we continued developing our climate roadmap – our strategic plan to pursue emissions reductions through target-setting,

energy management and value chain engagement. Throughout the year we initiated several solar feasibility assessments, enhanced our data management system for tracking critical climate and environmental data, and centralised manufacturing processes at our Saginaw, Michigan, location which has yielded electrical and natural gas savings (read more about this on page 40).





## Environmental, Health & Safety

### Exploring Renewable Energy Solutions

A key way we are reducing our carbon footprint is by leveraging renewable energy levers. Our regions continue to evaluate renewal energy options with a business mindset for exploring and implementing opportunities meeting business and environmental objectives.

In 2022, at our Plant in Tychy, Poland, we began gearing up to install photovoltaic panels on the roof of two production halls and in the parking lot. The project is in the permitting stage at this time, installations are expected to commence in 2023.

In addition, we are assessing the feasibility of onsite solar projects at various global locations, such as our operation in Saginaw, Michigan. As these projects achieve major milestones, we will provide further details in future reports.

All of our plants in Mexico have enjoyed use of renewable energy for a full year now through a renewable energy purchasing agreement. These sites have experienced annual GHG emissions savings of 1,400 tCO<sub>2</sub>e.

**Climate Scenario Analysis:** Following HKEX’s Guidance on Climate Disclosures, in 2021, we conducted a climate scenario analysis. This analysis explored three scenarios aligned with the following Intergovernmental Panel on Climate Change (IPCC) representative concentration pathways (RCPs): RCP 2.6, 4.5 and 8.5. By exploring multiple scenarios with differing degrees of climate action, we analysed the potential physical changes to the climate as well as changes to the operational landscape that may occur alongside the transition to a lower-carbon economy. The findings from the 2021 climate scenario analysis are summarized in the table below.

Scenarios	What to Expect	Example Trends for Nexteer
<b>Aggressive Action, Representative Concentration Pathway (RCP) 2.6</b> A low emissions scenario with a rapid transition to renewable energy, keeping global temperature rise below 2°C.	<ul style="list-style-type: none"> <li>• Immediate and aggressive action to limit GHG emissions</li> <li>• Regulations and carbon costs are significant</li> <li>• Transformational impacts to economy</li> <li>• Hold temperature increase to 1.5°C temperature increase</li> </ul>	<ul style="list-style-type: none"> <li>• Heatwaves and flooding risk increase before remaining stable</li> <li>• Regulation like enhanced reporting requirements and carbon pricing are common and enforced through litigation</li> </ul>
<b>Delayed Action, RCP 4.5</b> A stabilization scenario in which global GHG emissions effects are stabilized shortly after the year 2100.	<ul style="list-style-type: none"> <li>• Some delayed carbon policy and carbon costs to limit GHG emissions</li> <li>• Some climate change impacts but limit to 2°C temperature increase</li> </ul>	<ul style="list-style-type: none"> <li>• Heatwaves and droughts become more common which may mean temporarily shutting down electrical systems, reduced productivity, and additional costs for raw materials and transportation</li> <li>• Regulation emerges around reporting, carbon pricing, and supply chain</li> </ul>
<b>Limited Action, RCP 8.5</b> A scenario with increasing global GHG emissions over time with no stabilization.	<ul style="list-style-type: none"> <li>• Limited climate action</li> <li>• No significant carbon legislation/cost</li> <li>• 4°C temperature increase</li> <li>• Catastrophic physical climate impact</li> </ul>	<ul style="list-style-type: none"> <li>• Tornadoes are an extreme risk which may result in supply chain disruption</li> <li>• Heatwaves, droughts, and cyclones/typhoons become more common which may disrupt manufacturing, material supply, and transportation</li> <li>• Regulation, market, and reputational risk are low</li> </ul>

## Environmental, Health & Safety

The 2021 findings indicated that for all scenarios, most of the risks identified were classified as low, with the greatest number of high risks increasing in the 2050 decade. Overall, Nexteer saw a number of low and moderate risks across all three scenarios, reflecting the resiliency of our physical assets. Most risks across all regions were confined to three parameters: extreme heat and heatwaves, tornadoes and typhoons/cyclones/hurricanes. This is a direct result of the global nature of our company, with most risk found in the supply chain as opposed to Nexteer's owned and leased assets. Our transition risk assessment included calculation of cost of carbon. Examples of risks we have identified include policy and regulation, market and reputation, and technology. We will continue to evaluate these risks and their impacts in line with the TCFD recommendations, and disclose our results in our future reporting efforts.

### Risk Management

Our risk management process considers risks related to climate change, such as weather events that disrupt day-to-day operations, future trends that potentially impact operations like precipitation patterns and sea level rise, and other related risks and opportunities like carbon taxes, reputation, cap and trade, and customer preferences. Through our established policies and procedures we deploy appropriate risk-specific responses – avoid, transfer, mitigate and share. Our risk management process is outlined below:

- Review all top risks, identifying and evaluating enterprise-level risks and opportunities.
- Develop strategic priorities for certain top-level risks, and create KPIs and targets to manage these risks.
- Identify and prioritize risks based on the impact to the Company and the likelihood of occurrence. We assign an inherent risk factor to each identified risk. We develop mitigation strategies for risks that exceed a certain risk factor threshold.
- After implementing a mitigation strategy, we record the remaining residual risk.
- Senior management presents updates to the Board's Audit and Compliance committee annually regarding all high priority risks and mitigation strategies.

Nexteer's cross-functional teams collaborate to consider best practices, partners with subject matter experts, and learns from industry trends to continually improve. Relevant information of risk mitigation strategy are incorporated into future site planning, supplier selection process, and strategic development. Overall, Nexteer

aims to manage risk by balancing footprints, considering the potential for market fluctuations, political changes, supplier impacts and quality control issues.

### Metrics & Targets

The Key metrics we track and follow to assess climate-related risks and opportunities include our Scope 1-3 GHG emissions, emissions intensity, energy consumption, energy intensity, among others. In addition, we track the costs of emissions and energy savings projects, solar feasibility studies and additional projects related to reducing our carbon footprint. These metrics are publicly available in our sustainability report. Internally we also track costs associated with climate change such as insurance relating to weather and climatic events, metrics with regards to our products and services, and more.

At this time, the extent of Nexteer's climate-related targets includes goals to reduce annual energy usage on a per unit of production basis by 6%. In 2023, we plan to continue building our climate roadmap and exploring opportunities to further improve quantitative targets.

To bolster our continuous improvement activities on environmental data collection, we engaged internal and external subject matter experts for data validation to ensure appropriateness of data sources, calculation methodology, and mitigation of significant misstatements etc.

### GHG Emissions

#### HKEX A1, A1.1, A1.2, A1.5

Electricity usage (a Scope 2 source) continues to be our global leading contributor to our greenhouse gas emissions. In 2022, we aimed to reduce annual energy usage on a per part basis by 6%. However, due to external factors such as customer schedules, supply chain disruptions, and impacts from the pandemic we were able to achieve a 3% improvement per unit produced from our previous year.

As emissions and energy consumption are closely inter-related, Nexteer continues to focus on energy efficiency and usage at our global operational locations. Throughout the year, our progress towards our target was reviewed monthly with Management at our global meetings. In addition, we have allocated resources to enhance our data transparency, metric tracking and performance to goals. We have regular plant level meetings to enhance data management and conduct relevant trainings. In 2022, two global energy reduction programs were rolled out to all manufacturing locations, the global Shut-it-off programme and Treasure Hunts, to save energy usage. We will continue to leverage technology and consider evaluating utility submetering to improve quality of data.



## Environmental, Health & Safety

### Manufacturing Footprint Consolidation at Saginaw Site

Throughout the last few years, the Nexteer Saginaw DL Business site has gone through a significant transformation toward greater efficiency and productivity by consolidating two manufacturing plants into one facility. As a result of this consolidation that is nearly complete, we are able to better serve our customers in a more efficient manner.

Approximately 166,000 square feet of manufacturing floorspace has been transformed via the relocation of equipment, and assembly line rebuilds/launches, to ensure post-consolidation location has improved for efficient operations.

These improvements will yield productivity and environmental savings for years to come. Since the start of this project, we've experienced electrical savings of 86,494,831 kWh, water savings of 241,832,308 L, and natural gas savings from production equipment from removed heat treat furnaces equal to 347,635 mcf.

### Summary GHG Emissions by Scope

Our GHG emissions data\* includes Nexteer's manufacturing and non-manufacturing locations. For definitions of the three emission scopes, please refer to the following page.

Metrics	2020 (tCO <sub>2</sub> e)	2021 (tCO <sub>2</sub> e)	2022 (tCO <sub>2</sub> e)	Change vs. Prior Year (%)
Scope 1 GHG Emissions – Direct**	49,389	45,200	44,223	-2.16%
Scope 2 GHG Emissions – Indirect	178,946	185,280	179,972	-2.86%
Scope 3 GHG Emissions – Other Indirect**	1,275,181	1,473,970	1,633,292	10.81%
<b>Total GHG Emissions* (tCO<sub>2</sub>e)</b>	<b>1,503,516</b>	<b>1,704,450</b>	<b>1,857,487</b>	<b>8.98%</b>

\* Scope 1 – Direct energy consumption arises from the utilization of natural gas, propane, gasoline, and diesel fuel during Nexteer's operations, along with emissions of leaking Ozone Depleting Substances (ODS)/refrigerants. The fuels consumption reporting follows the GHG Protocol and the US EPA Greenhouse Gas Mandatory Reporting Rule (GHG MRR) methodology and its emissions factors. The Ozone Depleting Substances (ODS) reporting follows the GHG Protocol methodology and uses the Global Warming Potential (GWP) factors from the 2021 IPCC Sixth Assessment Report.

Scope 2 – (Utilizing Market-based Methodology) - Indirect energy consumption arises from the consumption of purchased electricity and steam heating. The energy consumption reporting follows the GHG Protocol with the Saginaw and Auburn Hills, Michigan, US locations using emission factors developed by the Edison Electric Institute (EEI) for each regional utility provider along with the US EPA Center for Corporate Climate Leadership's Emission Factors for Greenhouse Gas Inventories (April 1, 2022); our Mexico locations use an emission factor developed by their utility provider Iberdrola Market-based emission factors; whereas all remaining facilities use IEA country emissions factors for calculation of emissions of electricity use Location-based emission factors. Steam heating is calculated following the US EPA Center for Corporate Climate Leadership's Emission Factors for Greenhouse Gas Inventories (April 1, 2022).

Scope 3 – Other indirect emissions are calculated based on GHG Protocols and US EPA Center for Corporate Climate Leadership's Emission Factors for Greenhouse Gas Inventories (April 1, 2022) and US EPA Center for Corporate Climate Leadership's Greenhouse Gas Inventory Guidance for Indirect Emissions from Events and Conferences (December 2018), along with the GHG Protocol's Comprehensive Environmental Data Archive (CEDA) Factors for the United States by VitalMetrics Group for Purchased Goods & Services and the GHG Protocol's Quantis Scope 3 Evaluator for Capital Goods.

Scope 1, 2 and 3 – GHG emissions have been restated for 2020 and 2021 due to enhancement and use of more specific (e.g., country and/or utility-provider based) emission factors, addition of ODS, and the addition of additional categories of Scope 3 emissions, as applicable.

\*\* For 2020-2022, we have expanded our emissions calculations to include those of leaking ozone depleting substances (ODS – refrigerants) Scope 1 and additional waste emissions Scope 3 from our manufacturing facilities, along with including emissions from purchased good and services and capital goods Scope 3.

Environmental, Health & Safety

**Defining the Three Emissions Scopes**

**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 purchased 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. Scope 3 GHG emissions sources included in Nexteer’s GHG inventory are GHG emissions occurring from waste generated in manufacturing operations and business travel. We expanded our Scope 3 boundaries in 2020-2022 reporting years to include additional waste, Purchased Goods & Services, and Capital Goods emissions as we obtained data critical for these calculations and are committed to enhancing the transparency and completeness of our carbon footprint whenever possible. Though not a mandatory disclosure requirement at this point, as we strive to better manage carbon emissions within and outside of our operation boundaries, we aim to continue improving our understanding and managing of Scope 3 data to supporting assessment of climate risks and opportunities.

**Summary of Energy Use by Fuel Type**

**HKEX A2.1**

The table below presents a breakdown of our energy usage in kWh for 2022. Even with increased production volumes, our overall energy usage in 2022 decreased by 3.02% when compared to 2021. On a per unit of production basis, our energy use decreased by 3.02%.

Energy Source	2020 Energy Consumption (kWh)	2021 Energy Consumption (kWh)	2022 Energy Consumption (kWh)	Change (%)
Natural Gas	255,588,527	235,568,420	231,886,575	-1.56%
Fuel Oil	0	0	0	0.00%
Coal	0	0	0	0.00%
Electricity	344,118,439*	352,446,837*	339,898,791	-3.56%
Heat	1,222,779	5,841,949	4,019,725	-31.19%
Steam	0	0	0	0.00%
Cooling	0	0	0	0.00%
Gasoline	1,789,812**	1,931,745	2,121,529	9.82%
Diesel	2,011,013**	2,142,152	2,194,879	2.46%
Propane	2,486,120	3,360,046	2,987,708	-11.08%
<b>Total Energy Use (kWh)</b>	<b>607,216,690</b>	<b>601,291,150</b>	<b>583,109,207</b>	<b>-3.02%</b>
<b>Energy Use Intensity (kWh/Unit Production)</b>	<b>21.91</b>	<b>21.7</b>	<b>21.04</b>	<b>-3.02%</b>

Our energy data includes manufacturing and non-manufacturing locations for applicable energy sources.

\* For 2020 and 2021, electricity data was corrected after audit of data identified minor rounding issues.

\*\* Enhanced data collection of gasoline and diesel fuel usage resulted in a retroactive revision to our 2020 usages.



Environmental, Health & Safety

**Nexteer Brazil Drives Emission Reductions**

In 2022, Nexteer Brazil received a Renewable Energy Certificate verifying 615.52 tons CO<sub>2</sub>e were avoided during operations in 2021. This is equivalent to emissions avoided from 4,309 trees in reforestation projects.

**Summary of Air Pollutant Emissions (US only)**

HKEX A1, A1.1

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, US, facility is required to monitor its annual air emissions. Overall, our air pollutant emissions decreased from 2021 due to process equipment reductions.

Pollutant (lbs)	2020	2021	2022	Change (%)
Ammonia	1,781	1,633	1,570	-3.91%
CO	8,031	10,307	9,648	-6.39%
Lead	0.28	0.26	0.25	-3.85%
NO <sub>x</sub>	107,550	107,854	67,121	-37.77%
PM <sub>10</sub> (Primary)	61,525	62,152	58,394	-6.05%
PM <sub>2.5</sub> (Primary)	4,229	3,880	3,764	-2.98%
SO <sub>2</sub>	550	547	394	-28.00%
VOC	88,173	75,416	14,947*	-80.18%

\* For 2022, the VOC emission number has been reduced due to enhanced air emission calculations and production equipment reclassification.

**Waste**

HKEX A1, A1.3, A1.4, A1.6

As a global automotive manufacturer, we produce hazardous and non-hazardous waste, much of which is recycled, reused and recovered. Some forms of waste are sent to landfills. All 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; burned for energy recovery; or recycled – some as a direct feedstock in other industries.

Every year, we aim to divert total waste from the landfill by 2% per unit of production from the previous year. In 2022, we produced 4,227 tonnes of hazardous waste and 32,282 tonnes of non-hazardous waste. This amounts to 0.0001277 tonnes of hazardous waste per unit of production and 0.0009753 tonnes of non-hazardous waste per unit of production. In 2022, we reused, recycled, composted and recovered 88% of our waste streams.

**Planting Trees Around the World**

Throughout the year, our workforce participated in numerous community restoration and beautification efforts, including cleanups and tree planting events.

Employees in Saginaw, Michigan, participated in a tree planting and neighbourhood cleanup event with the Saginaw Basin Land Conservancy. The team helped plant 100 trees and clear litter from seven lots.

Our team in India helped plant over 300 saplings and collect garbage during their Community Service Day.



Nexteer team members in India planting tree saplings.

Environmental, Health & Safety

**Reducing Paper Consumption**

Several of our facilities in Saginaw, Michigan, and Suzhou, China, are making immense strides in workplace sustainability by reducing paper use and paper waste.

Strategies these locations are taking include conducting their Annual Physical Inventory (API) process through an automated/electronic format, reducing document printing unless necessary and using electronic and digital resources for communications and information storage when feasible.

We are proud of these colleagues for taking the initiative to monitor their consumption of paper. Their actions are having a measurable impact, as a result of this initiative, we've saved approximately 476,840 sheets of paper.

**Summary of Hazardous & Non-Hazardous Waste Treatment**

Treatment Method	2020		2021		2022	
	Treatment of Global Hazardous Waste & Landfilled Waste (tonnes)	Treatment of Global Non-Hazardous Waste & Landfilled Waste (tonnes)	Treatment of Global Hazardous Waste & Landfilled Waste (tonnes)	Treatment of Global Non-Hazardous Waste & Landfilled Waste (tonnes)	Treatment of Global Hazardous Waste & Landfilled Waste (tonnes)	Treatment of Global Non-Hazardous Waste & Landfilled Waste (tonnes)
Reuse	481	725	184	2,635	229	2,451
Recycling	334*	29,361*	1,018*	28,236*	1,140	26,734
Composting	0	20	0	25	0	24
Recovery	1,404	285	1,804	279	1,141	289
Incineration	361	200	974	129	1,148	125
Landfill	10	2,378	28	2,330	27	2,612
Other	1,536*	209	629	45	333	46
Deep Well Injection	0	0	0	0	0	0
On-Site Storage	45	1	247	2	208	1
<b>Total Waste (tonnes)</b>	<b>4,171</b>	<b>33,178</b>	<b>4,883</b>	<b>33,683</b>	<b>4,227</b>	<b>32,282</b>
<b>Waste Generation Intensity</b>	<b>0.0001691</b>	<b>0.0013448</b>	<b>0.0001664</b>	<b>0.0011475</b>	<b>0.0001277</b>	<b>0.0009753</b>

\* Enhanced data collection for our treatment methods of Recycling and Other resulted in a retroactive revision to our 2020 hazardous and non-hazardous waste numbers along with the hazardous and non-hazardous Recycling value for 2021.

**Packaging**

**HKEX 2.5**

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 such as paper, cardboard and plastic. 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. Although with various customers and suppliers we eliminate unnecessary packaging by using reusable bins and dunnage.

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.



## Environmental, Health & Safety

### Water

#### HKEX A2, A2.2, A2.4

Water serves vital functions in our manufacturing processes – from non-contact cooling water, parts washing, heating and limited landscaping use. We consistently perform well on our CDP Water submission. Our 2022 submission placed us amongst 43% of companies in our activity group that reached CDP’s “management band,” defined as a company taking coordinated action on water issues.

Every year, we aim to reduce our water consumption by 2% on a per unit of production basis. In 2022, we consumed 789,712,916 litres of water globally which was a 21.05% decrease from the prior year. On an intensity basis, this works out to 23.9 litres per unit of production – a decrease of 29.99% from 2021. We achieved our water reduction intensity target by implementing several water reduction projects, estimated to save 245,440,131 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.

Our environmental engineers are responsible to perform applicable environmental and water-related risk assessments as part of our ISO 14001 EMS at each manufacturing location. 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 like compliance obligations. These risks are 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.

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 employees.

### Responsible Water Management in Saginaw, Michigan

Water use represents a key part of our manufacturing operations in Saginaw, Michigan, as water is vital in ensuring product safety and quality through phosphate coating and parts washing operations and use in cooling towers. As a result, we generate wastewater as a result of production. Recognising the importance of managing this resource responsibly, our Saginaw facility works diligently to ensure compliance with laws and regulations and minimize our impact on local water supplies through our wastewater treatment plant.

Our wastewater treatment plant separates contaminants leveraging energy efficient practices such as dissolved air floatation. Waste sludge from the process has been recycled for oil reclamation since 1983, diverting waste from landfills as it is returned to our site for reuse in our manufacturing operations.

*Every aspect of my job revolves around protecting the environment, and my team understands the importance of doing the right thing. It is a culture that was created here many years ago, and I work daily to continue that legacy.*

**Jami Doty,**  
Wastewater Treatment Plant Supervisor

## Environmental, Health &amp; Safety

## Summary of Total Water Use by Source

Water Sources	2020*	2021*	2022	Change (%)
Groundwater	0	10,507,000	14,348,000	36.56%
Municipal water supplies or other waste utilities**	886,788,238	973,478,463	744,190,916	-23.55%
Rainwater collected directly and stored by the plant	350	1,000	0	-100.00%
Surface water, including water from wetlands, rivers, lakes and oceans	0	0	0	0.00%
Water from another organisation**	21,971,994	16,313,523	31,174,000	91.09%
<b>Total Water (Litres)</b>	<b>908,760,583</b>	<b>1,000,299,986</b>	<b>789,712,916</b>	<b>-21.05%</b>
<b>Water Generation Intensity</b>	<b>36.8</b>	<b>34.1</b>	<b>23.9</b>	<b>-29.99%</b>

\* Water usages were restated for 2020 and 2021 due to enhancements in data collection efforts due to previous incorrect source categorization.

\*\* Water usages have shifted from municipal sources to acquisition of water from other organisations.

## Land Use &amp; Biodiversity

## HKEX A3, A3.1

As we build or lease facilities globally, we rely on lessons learned, best practices and external advisors to minimise the impacts on the local environment and biodiversity, including native wildlife and their habitats. We prevent the introduction of invasive species through various means, such as shipping requirements using wood pallets. Any changes in water withdrawal or discharge follow our legal permits. During 2022, Nexteer manufacturing plants have not had any manufacturing or pollutant release activities that have negatively affected any species or caused an area to be negatively impacted.





## Environmental, Health & Safety

### KEEPING OUR PEOPLE HEALTHY & SAFE

Our focus on health and safety (H&S) is reflected in our company vision statement, **we accelerate mobility to be SAFE** by putting safety first – always. This commitment extends to our products and services that enhance safety and security on the road, and to our people across all our global locations. We protect each employee, visitor, and contractor on our premises through proactive programmes that achieve safe and healthy working conditions.

#### Fostering a Safety-first Culture

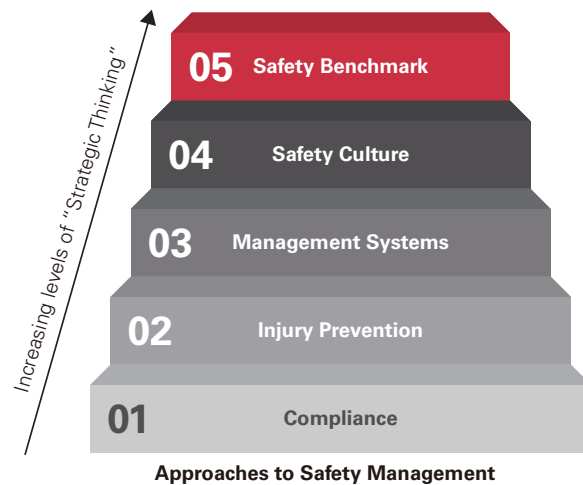
##### HKEX B2, B2.3

Our global Health and Safety Policy outlines guiding principles for our global facilities and reinforces our commitment to H&S excellence. Our Health and Safety Policy, together with our health and safety management systems, emphasizes the role of every Nexteer employee in identifying health and safety risks, collaborating on solutions, and implementing actions. Our health and safety management systems are built upon a foundation of 25 safety topics, including:

- Leadership roles and responsibilities
- Promoting a culture of health and safety
- Developing and implementing emergency control plans
- Ergonomics and industrial hygiene
- Hazardous energy control and machine safeguarding
- Proper use of personal protective equipment

Nexteer received 59 National Safety Council awards in 2022, including a Corporate Culture of Safety Award.

We focus on preventing re-occurring incidents by implementing robust measures and dashboard systems to monitor and achieve 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.



Each of our locations completes an annual health and safety self-assessment and is subject to corporate audits to verify compliance. To ensure compliance, members of the plant staff – also called our “Health and Safety Champions” – are assigned one or more of the 25 health and safety topics in our health and safety management systems. When plant audits are conducted, they consist of thorough plant walkthroughs and interviews with these champions. Beyond our efforts to ensure compliance with applicable health and safety laws, regulations and rules in the countries where we operate; we pursue and maintain ISO 45001 occupational health and safety certifications for Nexteer’s global footprint. Our global facilities received 59 National Safety Council awards in 2022 – including a Corporate Culture of Safety Award – that demonstrate our commitment to H&S excellence and maintaining a safe-first culture.

Environmental, Health & Safety

HKEX B2.1

The number and rate of work-related fatalities that occurred in each of the past three years, including 2022, are reported as follows.

Number and Rate (per 100 workers) of Work-Related Fatalities		
Year	Number	Rate
2019	0	0
2020	0	0
2021	0	0

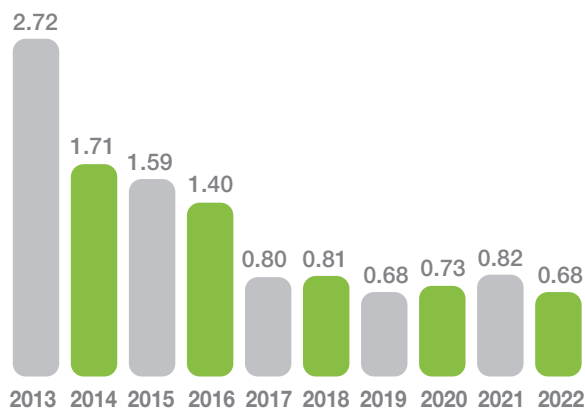
HKEX B2.2

At Nexteer, we track and report on our global lost workday case rates on a monthly and annual basis, our total global recordable incident rates, and our total work-related injury and illness 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.

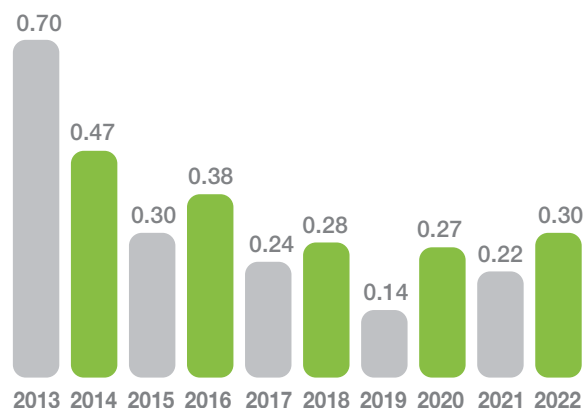
In 2022, we experienced a decrease in our lost workday rates and an increase in our recordable rate. The COVID-19 pandemic was a contributing factor as global lockdowns resulted in a decrease of hours worked compared to years prior, negatively impacting the rate calculations. Additionally, absenteeism due to the virus resulted in greater-than-normal movement of employees, resulting in a greater risk exposure for injury.

We also track work-related injury and illness rates, which represent minor injuries and illnesses that do not require medical treatment beyond first aid – and therefore, no days away from work. First aid can generally be performed by any person regardless of medical training or licensing. Treating a work-related injury and illness case may entail dispensing over-the-counter medication at the strength or dosage dictated on the label, or providing hot or cold therapy, eye patches, massages or drinking fluids to relieve heat stress. We continue to experience reductions over time in our work-related injury and illness rate.

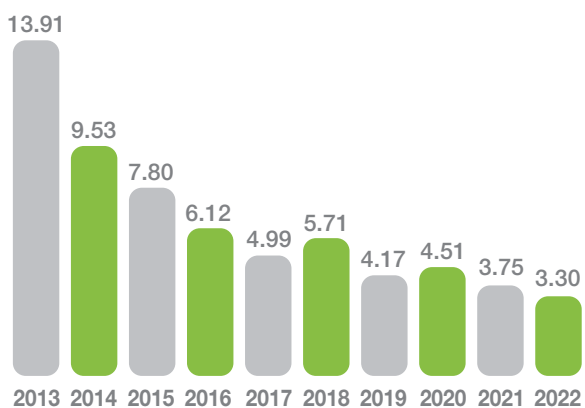
Global Recordable Incident Rates per Year



Global Lost Workday Case Rates by Year



Total Work Related Injury/Illness Case per 100 Employees





## Environmental, Health & Safety

### H&S Training & Awareness

At Nexteer, safety education starts on the first day of employment. Employees receive six hours of safety awareness training prior to walking out on the manufacturing floor. This awareness training provides an understanding of how to identify, report and mitigate risks.

Several elements of this type of training include:



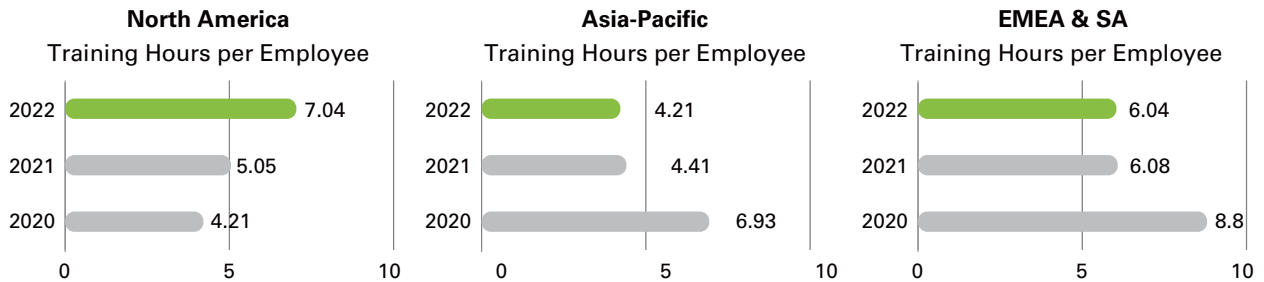
Awareness training is then followed with on-the-job training, department-specific training, and orientation; which may cover additional details about personal protective equipment, standardised work instructions and job-specific hazards. Nexteer continues to provide certified health and safety training on an ongoing basis. All employees receive weekly safety nudges, participate in monthly safety talks, and complete specific training modules based on their job.

The graph below showcases average hours of health and safety training per employee by region for the last three years.

Ensuring that all employees are properly trained in health and safety is a top priority for Nexteer, more than 84,621 safety training hours were completed in 2022.

Environmental, Health & Safety

Summary of H&S Training Hours by Region



**World Day for Safety & Health at Work**  
 On April 28th, Nexteer Automotive Kenitra celebrated annual World Day for Safety and Health at Work for the second consecutive year. Through this global celebration we aim to raise H&S awareness to help prevent workplace accidents and the onset of occupational diseases. Nexteer Kenitra’s World Day for Safety and Health at Work 2022 focused on strengthening social dialogue for a culture of safety and health.

We engaged employees by hosting several collaborative workshops and learning exercises including:

- **Quality word search:** to strengthen our corporate safety culture
- **Ergonomic workshop:** to promote gestures and postures to adopt in the workplace
- **Safety DOJO game:** to raise awareness of the risks that our teams may suffer during their daily tasks
- **Awareness game:** to keep in mind the health and safety absolutes

**Nexteer’s Ergo Cup Competition**

2022 marked Nexteer’s 16th year hosting its annual Ergonomic competition. The Nexteer Ergo Cup is an award that recognises the development of innovative ergonomic solutions and education within the company. Three Ergo Cup awards are given to recognise team-driven solutions, engineering-driven solutions and programme initiative solutions. Additionally, Ergo

Excellence awards are given in seven categories: 1) Most innovative, 2) Greatest simplicity, 3) Greatest read across, 4) Greatest risk reduction, 5) Continuous improvement, 6) Designing it right and 7) Honourable mention.

The objective of this annual competition is to recognise ergonomic innovation and generate enthusiasm for creating a workplace that fits the employee, instead of forcing the employee to fit the workplace. These projects are posted in a searchable online database to promote global information sharing. To date, there are over 900 ergonomic lessons in the database.

In 2022, the annual competition included 52 entries from Nexteer facilities in the United States, Mexico, Poland, Morocco, India, and China.

- This year’s **Engineering Ergo Cup** winner was a redesign of a material handling system that eliminated ergonomic risk to the operator’s back, arms, and wrist and reduced cycle time.
- The **Team Ergo Cup** winner was awarded to a location that redesigned a conveyor system to eliminate awkward twisting and manual lifting of parts.
- Lastly, the **Programme Initiative Ergo Cup** was awarded to a team that created an educational ergonomic video. This video outlined proper techniques for performing tasks around the plant, shared explanations for why these tasks should be executed this way, and outlined risks of not performing them correctly. It was a creative video that not only targeted production workers, but also engineers and office personnel.



## Environmental, Health & Safety

### 2022 Saginaw Safety Calendar Colouring Contest

One of our proudest safety traditions at Saginaw, Michigan, is our annual safety calendar contest. Each year, we ask employees if they would like to sponsor any of their children, grandchildren, nieces or nephews in the contest.

Contestants across six categories based on age group submit hand-drawn artwork about the importance of safety. In 2022, we received over 80 submissions. Children provided drawings on a wide range of important safety topics, including fire prevention, stranger danger, internet safety, seat belts, gloves and glasses. There was a winner in each age group and each winner this year received a Kindle Fire tablet.

This year Nexteer Saginaw partnered with a local community Children's Museum for a pizza party and a night at the museum just for contestant and their families. Winners were recognised and given a blown-up copy of their artwork. With this fun competition, Nexteer brought to life our motto that "safety is everyone's job," while helping to educate the next generation about the importance of safety.



Photos from our 2022 Safety Calendar Contest.

### Empowering Employees to Put Safety First

At Nexteer, employees are empowered to share the responsibility of maintaining a safe work environment. We believe that all injuries are preventable and equip our employees with the training, equipment and support to maintain a safe work environment.

Our Safety Principles encourage everyone to be responsible and accountable for recognising and correcting unsafe acts or unsafe conditions. At facilities around the world, our safety expectations require employees to follow established safety procedures, including hazardous energy control and machine safeguards, work permits and specialized safety procedures for high-risk activities, personal protective equipment as specified, and reporting all unsafe conditions and all injuries and illnesses to prevent similar incidents or conditions from occurring in the future. Our Environment, Health & Safety (EHS) Handbook provides requirements for working at or visiting a Nexteer site.

### Safeguarding Employee Health & Managing COVID-19

In 2022, we continued to monitor COVID-19 developments throughout our global locations and maintain a sharp focus on protecting the health and safety of our employees and contractors.

Like years past, we closely followed guidance from national and global health organisations, such as the U.S. Centres for Disease Control and the World Health Organization, as well as guidance from local governments throughout the regions where we operate. This included encouraging employees who had not yet received a COVID-19 vaccination to get vaccinated and receive boosters and additional rounds of vaccines when available.

We required employees to stay at home if feeling ill, implemented new cleaning and disinfecting protocols as well as social distancing procedures, including staggering shifts, rotating office work schedules and modified workspace and meeting spaces. We restricted visitors and we continued to consult with healthcare organisations to update our response plans, while empowering our local teams to adopt protocols consistent with local requirements and conditions.

**In this section – Supply Chain**  
 Our Suppliers & Partners  
 Supply Chain Disruption & Risk Management

# Supply Chain

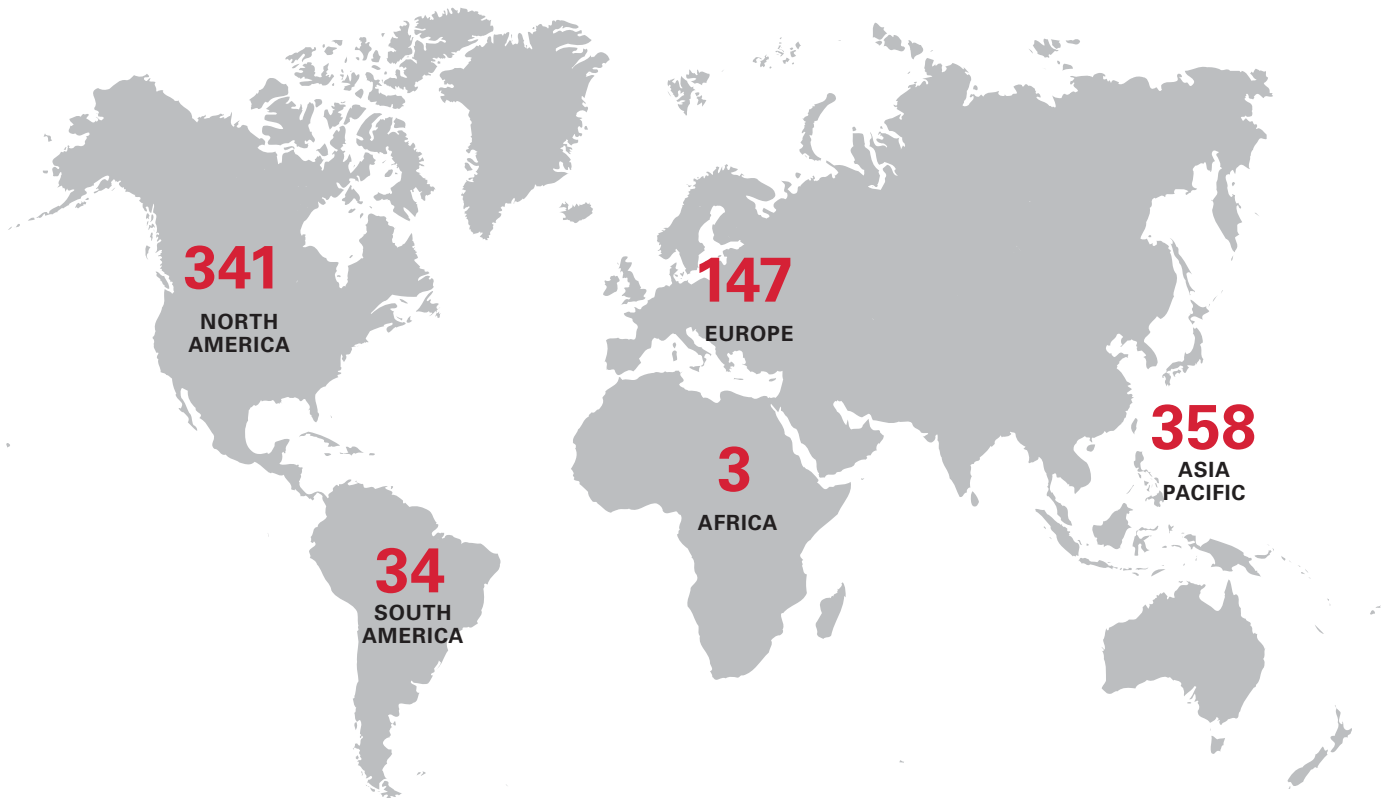
HKEX B5.1

## OUR SUPPLIERS & PARTNERS

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.

### Nexteer’s Suppliers by Region

**883** total number of direct material suppliers





## Supply Chain

### Our Supplier Expectations

#### HKEX B5, B5.3

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.

**Environmental.** We expect our entire supply chain to adhere specifically to the principles contained within Nexteer's Corporate Social Responsibility (CSR) Supplier Principles, which are outlined within our NSRs. New suppliers must electronically acknowledge our CSR Supplier Principles upon system set-up. Specifically, the CSR Supplier Principles:

- Communicate to our suppliers our commitment to environmental responsibility, which includes striving towards increasingly efficient use of raw materials, energy, water, and other inputs.
- Expect suppliers to communicate an Environmental Policy Statement reflecting their commitment to their employees.
- Encourage suppliers to seek environmental training and strongly recommend registration to ISO 14001.

By agreeing to the NSRs, suppliers are required, upon request, to provide evidence of adherence to these requirements, including any government environmental regulatory requirements like audit or testing results. If a supplier is found to be non-compliant with our CSR Principles, the supplier must implement corrective action plans to remain compliant. In the event the supplier fails to respect these principles, Nexteer reserves the right to impose penalties up to and including the exclusion of the supplier from Nexteer's supply chain.

Reflecting our own commitment to environmental responsibility, we expect all products manufactured by our suppliers – and the applied materials and substances within the process – to meet environmental standards for design, development, distribution, use, disposal or recycling. This includes encouraging suppliers to do the following wherever they can:

- Reduce energy use and emissions
- Reduce water use
- Source renewable energy
- Manage waste appropriately

- Conduct environmental testing
- Train employees and sub-contractors

**Social.** 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. And we comply with all applicable laws, government regulations, and rules in the countries where we operate.

Like the principles enforced in our Nexteer's Code of Conduct, we expect our suppliers to uphold and enforce policies and standards that demonstrate their commitment to ethics, integrity and human rights. These include but are not limited to the following standards:

1. Providing a safe and healthy working environment
2. Offering competitive wages and benefits
3. Establishing reasonable working hours
4. Allowing freedom of association
5. Providing training and supporting development of employees
6. Intolerance of harassment, discrimination, and forced and child labour

We encourage all suppliers to seek training in corporate compliance and responsibility, ethics and diversity and inclusion. 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 are required, upon request, to provide evidence of adherence to these global requirements. Non-compliance may result in the supplier being removed from Nexteer's supply chain.

**Quality.** Additionally, we expect the entire direct material supply chain to adhere to the IATF 16949 Quality Management Standard. We verify 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 quality certification status of the supplier.

## Supply Chain

**Building Positive Supplier Relationships**

## HKEX B5.2

To maintain and grow our relationships with our suppliers, we hosted several supplier engagement events in 2022, including:

- **Annual Supplier Sustainability Survey:** As part of our materiality assessment, we survey our suppliers annually to hear about their sustainability efforts, but also what they consider important to Nexteer. In 2022, more than 100 suppliers participated, and common themes including climate change and labour practices to promote awareness on environmental and social aspects.
- **Supplier Golf Outings:** In 2022, we held our annual fundraising golf events in collaboration with our suppliers. To date, the events raised approximately US\$183,000 toward 118 scholarships to Nexteer interns, high school seniors, college students and students pursuing skilled trades.

**How We Assess Suppliers**

## HKEX B5, B5.2, B5.3

Our GSM function continues to enhance our process to assess and monitor potential environmental, social and other business risks along our supply chain. We conduct manufacturing capability assessment audits (onsite/virtual) with direct material suppliers. In addition, all our direct material suppliers are required to annually self-certify to our CSR Supplier Principles, which is completed by answering a self-assessment questionnaire (SAQ) and submitting supporting evidence.

During 2022, the SAQ was administrated through the Nexteer Sustainability Audit application contained within our supply chain management electronic platform. The SAQ will help us further engage suppliers on all ESG issues. Failure to comply with SAQ requirements 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 CSR Supplier Principles is a requirement of a new business award. In 2022, 88 direct material suppliers' SAQs were audited by Nexteer for compliance. As we continue to evolve our efforts to understand and measure our carbon footprint, including that of our suppliers, we expect to adjust our Supplier CSR Principles and the SAQ.

**Encouraging Environmentally Responsible Practices**

## 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. GSM purchases direct material according to the approved specification and follows 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 above.

**SUPPLY CHAIN DISRUPTION & RISK MANAGEMENT**

We proactively monitor for potential risks to supply chains through a subscription to a third-party risk management tool. The GSM team mobilises company resources to quickly take action to mitigate the impact of supply chain disruptions and works with regional leadership to align and allocate product as necessary. Examples of recent disruptions include the semiconductor shortage and reduced performance of the global ocean transportation network. During these significant disruptions, Nexteer maintained close contact with suppliers, aligned the Nexteer manufacturing network, and worked with customers to minimise impacts throughout the extended value chain.





## In this section – Community

Our Approach to Community Engagement

*Nexteer Cares for Its Communities*

# Community

Nexteer has a long and proud history of engaging in the communities where we live and work. For over 110 years we've been giving back through volunteerism, corporate giving, fundraising, local partnerships and more.

## OUR APPROACH TO COMMUNITY ENGAGEMENT

### HKEX B8, B8.1

Our approach to acting as a responsible corporate citizen and engaging in our local communities is stipulated in our **Nexteer Cares** policies. The policies outline how we demonstrate our commitment to community involvement and how we assess community needs in terms of financial and/or contributions of our time.

Our volunteerism and charitable engagement support three focus areas:

- **Proactive community involvement.** Forging partnerships that enhance our relationship with the community and through active participation in various board and committee positions. We strive to partner and be a catalyst for positive results.
- **Careers and education.** Hosting programmes that help create career awareness and build skills for work readiness opportunities for the youth in our communities and strengthening educational opportunities within our communities. As a leading technology company, we place a particular focus on expanding access to science, technology, engineering, mathematics (STEM) education. We promote access to STEM resources and opportunities for the development of the future workforce.
- **Strengthening neighbourhoods.** Supporting revitalisation, beautification and sustainability efforts, and promoting diversity and inclusion in the places where we live and work.

## NEXTEER CARES FOR ITS COMMUNITIES

### HKEX B8, B8.2

**In the past six years, we've contributed approximately US\$2.2 million** and about 91,500 employee volunteer hours to support charitable causes and community programmes globally. In 2022, we contributed US\$0.1 million and our employees volunteered about 19,500 hours of time to local charitable efforts. We are proud of this legacy and look forward to fostering additional engagement and investment in the years to come.

In 2022, Nexteer employees took part in numerous **Nexteer Cares** initiatives designed to keep neighbourhoods clean, residents healthy and students learning. The following are a few highlights from the year.

### 2022 Global Community Highlights by Focus Area:

#### Proactive Community Involvement

- **Brazil** – Collected winter clothes for those in need
- **China** – Helped set up a library for students at a primary school by donating books and furniture
- **France** – participated in the Charity Run to raise awareness of disabilities
- **Germany** – In its 11th year, participated in the Charity Bike Ride 450km from Munich to Russelsheim to raise funds for humanitarian
- **India** – Donated new clothes and sweets to children on eve of Deepavali festival
- **Mexico** – Supported the United Way through various projects
- **Poland** – Employees supported their over 100 Ukrainian peer team members in various ways, including monetary donations in partnership with a local foundation



*Nexteer employees at a local playground build.*

Community

**Careers and Education**

- **Morocco** – Revitalized a primary school
- **United States** – Expanded FIRST Robotics programs and held a first time “Badgefest” with Girl Scouts obtaining three badges in Automotive Engineering, Automotive Manufacturing and Automotive Design
- **Multiple locations** – Attended career fairs to encourage interest, mock interview participation and career discussions with students

**Strengthening Neighbourhoods**

- **India** – Tree planting and beautification efforts at community school, orphanage and hospital
- **United States** – Community clean-up clearing lots of litter and planting trees
- **Mexico** – Fundraised for special needs children
- **Italy** – Donated trees within community
- **Global** – Many other beautification and revitalization projects

**Making an Impact Near Our Headquarters**

Nexteer has a significant presence in the state of Michigan as we have many employees that live and work at our headquarters and operational locations nearby, such as our Saginaw site. Recognising the large presence, and impact we can have on this community, every year we work hard to give back and support community development.



Nexteer Mexico team presenting students with scholarships.

In 2022, Nexteer supported multiple funds administered through the Saginaw Community Foundation in Saginaw, Michigan, US:

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

One example of our support of these funds from the year was when we hosted an inaugural GENERATION NEXT: Embedded Coding Competition for local juniors and seniors interested in a software engineering career. The competition consisted of an onsite challenge and resulted in five multi-year scholarships to university.

In addition to supporting local funds, our employees participated in a variety of volunteer events that made a measurable impact. A few examples included:

- **Exposing Girl Scouts to STEM Education:** As a leader in innovation within our industry – we understand the importance of bringing together diverse groups of people to spur creativity and technological advancement. Therefore, exposing STEM education to the next generation is a cause that is very important to us. In 2022, Nexteer volunteers shared their love for science with the Girl Scout Heart of Michigan troops at Saginaw Valley State University’s STEMpalooza 2022. Ninety girl scouts participated and were introduced to the joys of Science Technology Engineering and Math – helping them to earn their STEM badges.
- **Held Annual Charity Fundraiser to Support Food Security:** Our Nexteer Saginaw team held their annual Charity Fundraiser Competition and in just four and a half days collected over 4,000 food items for Hidden Harvest of Saginaw & over US\$3,100 in donations for Hidden Harvest and the East Side Soup Kitchen.



Nexteer volunteers at Hidden Harvest.



## Reporting Indices

### HKEX ESG REPORTING GUIDE

HKEX Aspect & KPIs	Relevant Nexteer Focus Area	2022 Response
Focus Area: Environmental		
<b>A1: Emissions</b> 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	Environmental, Health & Safety	GHG Emissions, page 40 Waste, page 42
A1.1: The types of emissions and respective emissions data	Environmental, Health & Safety	GHG Emissions, page 40 Summary of Air Pollutant Emissions (US only), page 42
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)	Environmental, Health & Safety	GHG Emissions, page 40
A1.3: Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	Environmental, Health & Safety	Waste, page 42
A1.4: Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	Environmental, Health & Safety	Waste, page 42
A1.5: Description of emission target(s) set, and steps taken to achieve them	Environmental, Health & Safety	GHG Emissions, page 39
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	Environmental, Health & Safety	Waste, page 43

Reporting Indices

HKEX Aspect & KPIs	Relevant Nexteer Focus Area	2022 Response
<p><b>A2: Use of resources</b></p> <p>Provide information on Nexteer’s policies on the efficient use of resources, including energy, water and other raw materials</p>	<p>Environmental, Health &amp; Safety</p>	<p>Environmental Management System, page 34</p> <p>Summary of Energy Use by Fuel Type, page 41</p> <p>GHG Emissions, page 39</p> <p>Water, page 44</p>
<p>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)</p>	<p>Environmental, Health &amp; Safety</p>	<p>Summary of Energy Use by Fuel Type, page 41</p>
<p>A2.2: Water consumption in total and intensity (e.g., per unit of production volume, per facility)</p>	<p>Environmental, Health &amp; Safety</p>	<p>Water, page 44</p>
<p>A2.3: Description of energy use efficiency target(s) set, and steps taken to achieve them</p>	<p>Environmental, Health &amp; Safety</p>	<p>Environmental Management System, page 35</p> <p>Metrics and Targets, page 39</p>
<p>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</p>	<p>Environmental, Health &amp; Safety</p>	<p>Water, page 44</p>
<p>A2.5: Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced</p>	<p>Environmental, Health &amp; Safety</p>	<p>Packaging, page 43</p>
<p><b>A3: The Environment and Natural Resources</b></p> <p>Provide a description of Nexteer’s policies on minimising the company’s significant impact on the environment and natural resources</p>	<p>Environmental, Health &amp; Safety</p>	<p>Environmental Management System, page 34</p> <p>Land Use &amp; Biodiversity, page 45</p>
<p>A3.1: Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them</p>	<p>Environmental, Health &amp; Safety</p>	<p>Land Use &amp; Biodiversity, page 45</p>



## Reporting Indices

HKEX Aspect & KPIs	Relevant Nexteer Focus Area	2022 Response
<p><b>A4: Climate Change</b></p> <p>Provide a description of policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact Nexteer</p>	Environmental, Health & Safety	Our Approach to Climate Change, page 36
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	Environmental, Health & Safety	Our Approach to Climate Change, pages 36-39
<b>Focus Area: Social</b>		
<p><b>B1: Employment</b></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>	Business Ethics	Employment Practices & Compliance, page 19
B1.1: Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Business Ethics	Our People, page 16
B1.2: Employee turnover rate by gender, age group and geographical region	Business Ethics	Our People, page 18
<p><b>B2: Health and Safety</b></p> <p>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</p>	Environmental, Health & Safety	Keeping Our People Healthy & Safe, page 46
B2.1: Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Environmental, Health & Safety	Keeping Our People Healthy & Safe, page 47
B2.2: Lost days due to work injury	Environmental, Health & Safety	Keeping Our People Healthy & Safe, page 47
B2.3: Description of occupational health and safety measures adopted, how they are implemented and monitored	Environmental, Health & Safety	Keeping Our People Healthy & Safe, page 46

Reporting Indices

HKEX Aspect & KPIs	Relevant Nexteer Focus Area	2022 Response
<p><b>B3: Development and Training</b></p> <p>Provide information on the policies improving employees’ knowledge and skills for discharging duties at work. Description of training activities</p>	Business Ethics	Talent Development, page 19
<p>B3.1: The percentage of employees trained by gender and employee category (e.g., senior management, middle management)</p>	Business Ethics	Employee Training, page 21
<p>B3.2: The average training hours completed per employee by gender and employee category</p>	Business Ethics	Employee Training, page 22
<p><b>B4: Labour Standards</b></p> <p>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>	Business Ethics	Upholding Human Rights & Labour Standards, page 15
<p>B4.1: Description of measures to review employment practices to avoid child and forced labour</p>	Business Ethics	Upholding Human Rights & Labour Standards, page 15
<p>B4.2: Description of steps taken to eliminate such practices when discovered</p>	Business Ethics	Upholding Human Rights & Labour Standards, page 15
<p><b>B5: Supply Chain Management</b></p> <p>Provide information on Nexteer’s policies on managing environmental and social risks of the supply chain</p>	Supply Chain	Our Supplier Expectations, page 52; How We Assess Suppliers, page 53
<p>B5.1: Number of suppliers by geographical region</p>	Supply Chain	Our Suppliers & Partners, page 51
<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>	Supply Chain	Building Positive Supplier Relationships, page 53 How We Assess Suppliers, page 53
<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>	Supply Chain	Our Supplier Expectations, page 52 How We Assess Suppliers, page 53



## Reporting Indices

HKEX Aspect & KPIs	Relevant Nexteer Focus Area	2022 Response
B5.4: Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply Chain	Encouraging Environmentally Responsible Practices, page 53
<b>B6: Product Responsibility</b> 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	Value Creation	Prioritising Product Safety & Quality, page 30
B6.1: Percentage of total products sold or shipped subject to recalls for safety and health reasons	Value Creation	Consumer Safety, page 31
B6.2: Number of products and service-related complaints received and how they are dealt with	Value Creation	Quality Assurance Process, page 30
B6.3: Description of practices relating to observing and protecting intellectual property rights	Value Creation	Our Focus on Research & Development, page 27
B6.4: Description of quality assurance process and recall procedures	Value Creation	Quality Assurance Process, page 30 Consumer Safety, page 31
B6.5: Description of consumer data protection and privacy policies, how they are implemented and monitored	Value Creation	Cybersecurity, page 32
<b>B7: Anti-Corruption</b> 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	Business Ethics	Preventing Corruption, page 15
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	Business Ethics	Preventing Corruption, page 15
B7.2: Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Business Ethics	Preventing Corruption, page 15
B7.3: Description of anti-corruption training provided to directors and staff	Business Ethics	Preventing Corruption, page 15

## Reporting Indices

HKEX Aspect & KPIs	Relevant Nexteer Focus Area	2022 Response
<p><b>B8: Community Investment</b></p> <p>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</p>	Community	<p>Our Approach to Community Engagement, page 54</p> <p><i>Nexteer Cares</i> for its Communities, page 54</p>
<p>B8.1: Focus areas of contribution (e.g., educational, environmental concerns, labour needs, health, culture, sport)</p>	Community	<p>Our Approach to Community Engagement, page 54</p>
<p>B8.2: Resources contributed (e.g., money or time) to the focus area</p>	Community	<p><i>Nexteer Cares</i> for its Communities, page 54</p>





## Reporting Indices

## GRI INDEX

Statement of use	Nexteer Automotive has reported the information cited in this GRI content index for the period of January 1 2022, to December 31, 2022, with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021

Title	Disclosure	GRI Standards Disclosure Title	2022 Response
General	2-1	Organisational details	Annual Report, Corporate Profile
	2-2	Entities included in the organisation's sustainability reporting	About This Report, page 1
	2-3	Reporting period, frequency and contact point	About this Report, page 1
	2-4	Restatements of information	About this Report, page 1
	2-5	External assurance	This report has not been externally verified
	2-6	Activities, value chain, and other business relationships	About Nexteer, page 4
	2-7	Employees	Our People, page 16
	2-9	Governance structure and composition	Annual Report, Corporate Governance Report
	2-10	Nomination and selection of the highest governance body	Annual Report, Corporate Governance Report
	2-11	Chair of the highest governance body	Annual Report, Corporate Governance Report
	2-12	Role of the highest governance body in overseeing the management of impacts	Managing Sustainability at Nexteer, page 9
	2-13	Delegation of responsibility for managing impacts	Managing Sustainability at Nexteer, page 9
	2-14	Role of the highest governance body in sustainability reporting	Managing Sustainability at Nexteer, page 9

Reporting Indices

Title	Disclosure	GRI Standards Disclosure Title	2022 Response
	2-15	Conflicts of interest	Annual Report, Directors' Report, Corporate Governance Report <u>Business Code of Conduct</u> , page 7
	2-16	Communication of critical concerns	Annual Report, Corporate Governance Report Company Website <a href="https://www.nexteer.com/">https://www.nexteer.com/</a>
	2-17	Collective knowledge of the highest governance body	Annual Report, Corporate Governance Report
	2-19	Remuneration policies	Annual Report, Corporate Governance Report
	2-20	Process to determine remuneration	Annual Report, Corporate Governance Report
	2-22	Statement on sustainable development strategy	Leadership Message, page 2
	2-23	Policy commitments	Our policy commitments include the following (several policies are publicly available, while others are internal documents): <ul style="list-style-type: none"> <li>- <u>Business Code of Conduct</u></li> <li>- Supplier Code of Conduct</li> <li>- Environmental Policy</li> <li>- Health and Safety Policy</li> </ul>
	2-24	Embedding policy commitments	<u>Business Code of Conduct</u>
	2-26	Mechanisms for seeking advice and raising concerns	Strong Governance Practices, page 14
	2-27	Compliance with laws and regulations	Ethics, Compliance & Integrity, page 14



## Reporting Indices

Title	Disclosure	GRI Standards Disclosure Title	2022 Response
	2-28	Membership associations	<p>Some of our membership associations include:</p> <ul style="list-style-type: none"> <li>– Automotive Industry Action Group (AIAG) Environmental Sustainability Advisory Group and China Quality Advisory Committee</li> <li>– Board.Org – CSR Council</li> <li>– Business Leaders for Michigan</li> <li>– EcoVadis</li> <li>– European Association of Automotive Suppliers (CLEPA)</li> <li>– Hang Seng Corporate Sustainability Benchmark Index</li> <li>– Inforum</li> <li>– MICHauto</li> <li>– Michigan Chamber of Commerce</li> <li>– Michigan Manufacturers Association Environmental Policy Committee Council</li> <li>– National Safety Council</li> <li>– NQC/Supplier Assurance</li> <li>– Original Equipment Suppliers Association (OESA)</li> <li>– Silesia Automotive and Advanced Manufacturing (SA&amp;AM Cluster) – Poland (local Silesian)</li> <li>– Society of Automotive Engineers International</li> <li>– Society of Automotive Engineers Women’s Engineering Committee</li> </ul>
	2-29	Approach to stakeholder engagement	Stakeholder Engagement, page 13

Reporting Indices

Title	Disclosure	GRI Standards Disclosure Title	2022 Response
Material Topics	3-1	Process to determine material topics	Our Approach to Materiality, page 10
	3-2	List of material topics	Our Approach to Materiality, page 10
	3-3	Management of material topics	Throughout the full Sustainability Report
Economic Performance	201-1	Direct economic value generated and distributed	Annual Report, Consolidated Balance Sheet
	201-2	Financial implications and other risks and opportunities due to climate change	Our Approach to Climate Change, page 36
	201-3	Defined benefit plan obligations and other retirement plans	Annual Report, Notes to the Consolidated Financial Statements
Indirect Economic Impacts	203-2	Significant indirect economic impacts	Our <i>Nexteer Cares</i> Approach, page 54
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	Preventing Corruption, page 15
	205-3	Confirmed incidents of corruption and actions taken	Nexteer had no confirmed incidents of corruption in 2022
Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Nexteer had no legal proceedings associated with anti-competitive behaviour regulations in 2022
Energy	302-1	Energy consumption within the organisation	Summary of Energy Use by Fuel Type, page 41
	302-3	Energy intensity	Summary of Energy Use by Fuel Type, page 41
	302-4	Reduction of energy consumption	Summary of Energy Use by Fuel Type, page 41
	302-5	Reductions in energy requirements of products and services	Designing Products That Drive Sustainable Solutions in Mobility, page 32



## Reporting Indices

Title	Disclosure	GRI Standards Disclosure Title	2022 Response
Water	303-1	Interactions with water as a shared resource	Water, page 44
	303-5	Water consumption	Water, page 44
Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	Land Use & Biodiversity, page 45
Emissions	305-1	Direct (Scope 1) GHG emissions	GHG Emissions, page 40
	305-2	Energy indirect (Scope 2) GHG emissions	GHG Emissions, page 40
	305-3	Other indirect (Scope 3) GHG emissions	GHG Emissions, page 40
	305-7	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	Summary of Air Pollutant Emissions (US only), page 42
Waste	306-1	Waste generation and significant waste-related impacts	Waste, page 42
	306-2	Management of significant waste-related impacts	Waste, page 42
	306-3	Waste generated	Waste, page 43
	306-4	Waste diverted from disposal	Waste, page 43
	306-5	Waste directed to disposal	Waste, page 43
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Our Supplier Expectations, page 52
Employment	401-1	New employee hires and employee turnover	Our People, page 16

Reporting Indices

Title	Disclosure	GRI Standards Disclosure Title	2022 Response
Occupational Health and Safety	403-1	Occupational health and safety management system	Keeping Our People Healthy & Safe, page 46
	403-2	Hazard identification, risk assessment, and incident investigation	Keeping Our People Healthy & Safe, page 46
	403-4	Worker participation, consultation, and communication on occupational health and safety	Nexteer’s Ergo Cup Competition, page 49
	403-5	Worker training on occupational health and safety	H&S Training & Awareness, page 48
	403-6	Promotion of worker health	Safeguarding Employee Health & Managing COVID-19, page 50
	403-8	Workers covered by an occupational health and safety management system	Keeping Our People Healthy & Safe, page 46
	403-9	Work-related injuries	Keeping Our People Healthy & Safe, page 47
	403-10	Work-related ill health	Keeping Our People Healthy & Safe, page 47
Training and Education	404-1	Average hours of training per year per employee	Employee Training, page 21
	404-2	Programs for upgrading employee skills and transition assistance programs	Talent Development, page 19
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Our Workforce, page 17
Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Our Supplier Expectations, page 52
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Our Supplier Expectations, 52
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Prioritising Product Safety & Quality, page 30
	416-2	Incidents of noncompliance concerning the health and safety impacts of products and services	Prioritising Product Safety & Quality, page 30



## Reporting Indices

### SASB REPORTING INDEX

Nexteer included SASB disclosures where similar information is provided in our Sustainability Report and other public documents. Below is a partial list of the SASB disclosures for the Auto Parts Industry and our responses (if already deemed available under our primary reporting framework, pursuant to HKEX ESG Reporting Guide).



Topic	Accounting Metric	Code	2022 Response
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	TR-AP-130a.1	GHG Emissions, see page 40
Waste Management	(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled	TR-AP-150a.1	Waste, page 42
Product Safety	Number of recalls issued; total units recalled	TR-AP-250a.1	Prioritising Product Safety & Quality, page 30
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TR-AP-440a.1	Packaging, page 43
Competitive Behaviour	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	TR-AP-520a.1	Nexteer had no legal proceedings associated with anti-competitive behaviour regulations in 2022

Reporting Indices

**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	Relevant Nexteer Focus Area	Most Relevant SDG Targets	Examples of Nexteer’s Contributions
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>		<p><b>3.6</b> By 2020, halve the number of global deaths and injuries from road traffic accidents</p> <p><b>3.9</b> 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"> <li>• Culture of Health and Safety</li> </ul> <p>Recognition:</p> <ul style="list-style-type: none"> <li>• International Recognition for Health and Safety</li> </ul> <p>Workforce:</p> <ul style="list-style-type: none"> <li>• Nexteer Global Code of Conduct</li> <li>• Governance</li> </ul> <p>Suppliers:</p> <ul style="list-style-type: none"> <li>• Nexteer Supplier Requirements</li> </ul> <p>Communities:</p> <ul style="list-style-type: none"> <li>• Giving Back Throughout the Year</li> </ul> <p>Products:</p> <ul style="list-style-type: none"> <li>• Product Responsibility</li> </ul> <p>Environmental Management:</p> <ul style="list-style-type: none"> <li>• GHG Emissions</li> <li>• Water</li> <li>• Hazardous and Non-Hazardous Wastes</li> </ul>

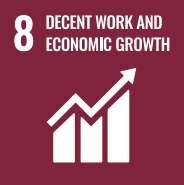














Reporting Indices



UN SDG	Relevant Nexteer Focus Area	Most Relevant SDG Targets	Examples of Nexteer's Contributions
		<p><b>4.3</b> By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p> <p><b>4.5</b> By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situation</p>	<p>Communities:</p> <ul style="list-style-type: none"> <li>• Investments in STEM and Provision of Scholarships</li> <li>• Community engagement and support for expanding access to STEM education to young girls and women</li> <li>• Steering the Future Fund</li> <li>• Giving Back Throughout the Year</li> </ul>
	  	<p><b>5.1</b> End all forms of discrimination against all women and girls everywhere</p> <p><b>5.5</b> 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><b>5.b</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"> <li>• Nexteer Global Code of Conduct</li> <li>• Respect, Inclusion, Support, Equity (RISE) programme</li> <li>• All In DE&amp;I programme</li> </ul> <p>Suppliers:</p> <ul style="list-style-type: none"> <li>• Nexteer Supplier Requirements</li> </ul>
	 	<p><b>7.2</b> By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p><b>7.3</b> By 2030, double the global rate of improvement in energy efficiency</p> <p><b>7.a</b> 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"> <li>• Energy efficiency</li> </ul>

Reporting Indices

UN SDG	Relevant Nexteer Focus Area	Most Relevant SDG Targets	Examples of Nexteer's Contributions
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	 	<p><b>8.5</b> 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"> <li>Nexteer Global Code of Conduct</li> </ul> <p>Supply Chain Management:</p> <ul style="list-style-type: none"> <li>Nexteer Supplier Requirements and General Terms and Conditions</li> <li>Supplier CSR Principles</li> </ul>
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	   	<p><b>9.4</b> 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><b>9.5</b> 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"> <li>New state of the art training facilities</li> </ul> <p>Innovation:</p> <ul style="list-style-type: none"> <li>Nexteer Innovation Hall of Fame</li> <li>Patents filed and issued</li> <li>Serving the electric vehicle market</li> </ul> <p>Communities:</p> <ul style="list-style-type: none"> <li>Investments in Science, Technology, Engineering and Math disciplines and research</li> </ul>
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	 	<p><b>11.6</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p>	<p>Operations:</p> <ul style="list-style-type: none"> <li>GHG emissions</li> </ul> <p>Innovation:</p> <ul style="list-style-type: none"> <li>Electrification</li> <li>Products and services that enable emissions reductions</li> </ul>



## Reporting Indices

UN SDG	Relevant Nexteer Focus Area	Most Relevant SDG Targets	Examples of Nexteer's Contributions
		<p><b>12.2</b> By 2030, achieve the sustainable management and efficient use of natural resources</p> <p><b>12.4</b> 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><b>12.5</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<p>Operations:</p> <ul style="list-style-type: none"> <li>• Environmental Management System</li> </ul> <p>Supply Chain Management:</p> <ul style="list-style-type: none"> <li>• Supplier CSR Principles</li> </ul>