



2022
**SUSTAINABILITY
REPORT**





TABLE OF CONTENTS

03 OVERVIEW

- 03 A Letter From Our President and CEO
- 06 Introduction
- 07 Our Vision and Mission
- 08 Our Values
- 09 About This Report
- 10 Sustainable Development Goals
- 12 Materiality

13 ENVIRONMENTAL

- 14 Environmental Introduction
- 16 Global Environmental Policy
- 17 Greenhouse Gas Emissions
- 21 Energy Management
- 23 Waste Management and Circular Economy
- 25 Water and Wastewater Management
- 27 Environmental Initiatives

28 SOCIAL

- 29 Social Introduction
- 30 Global Health and Safety Policy
- 31 Team Member Health and Safety
- 32 Diversity and Belonging
- 33 Team Member Engagement and Retention
- 34 Training, Education and Development
- 37 Social Initiatives

39 GOVERNANCE

- 40 Governance Introduction
- 41 Sustainability Leadership
- 42 Corporate Governance and Oversight
- 43 Supplier Engagement
- 44 Risk Management and Innovation
- 46 Joint Types

49 APPENDIX



“Over the past 12 months, we have made tremendous headway in our efforts to minimize our environmental impact across our company and value chain.”

A LETTER FROM OUR PRESIDENT AND CEO

At Neapco, we recognize the connection between environmental stewardship and innovation. With the emergence of new technology and processes, we have the opportunity to lead the industry toward a safer, more sustainable future.

Over the past 12 months, we have made tremendous headway in our efforts to minimize our environmental impact across our company and value chain. Recognizing sustainability and safety are a top priority for our team and customers, we have taken a proactive step with reporting to the CDP Global Climate Disclosure System. We are now using this disclosure as a framework to set ambitious, science-based climate goals. With the baseline data we have collected, we will prioritize projects to mitigate risk and cut emissions.

To support our suppliers in meeting our environmentally-conscious operating standards, we have launched a program to share knowledge, provide training, and gather sustainability information directly from our supply chain. We are also accelerating our efforts to innovate and develop products and technology for the growing electric vehicle (EV) market.

Continued on next page >



Accelerating Change

As consumers and corporations embrace efforts to lower carbon emissions, EV adoption is increasing. EV sales hit all-time highs in 2022, and analysts predict EVs could account for about half of global car sales by 2035.

At Neapco, we did not wait for the EV transition to occur, as we have been hard at work on technology specifically suited to electric vehicles. In just the last few years, we have tripled our EV halfshaft joint portfolio as part of our 4EVer halfshaft product line, targeted to exceed the specific performance needs of our customer's growing electric vehicle offerings. Neapco is leveraging a century's worth of production expertise, along with our state-of-the-art facilities and experienced workforce, to deliver products and technologies that can accelerate electrification.

EVs have the potential to significantly reduce air pollution and greenhouse gas emissions. As such, we are proud to be playing a lead role in promoting commercial adoption.

Continued on next page >

“EVs have the potential to significantly reduce air pollution and greenhouse gas emissions. As such, we are proud to be playing a lead role in promoting commercial adoption.”



A Sustainability Mindset

As we invest in building cutting-edge low carbon products, we are continually assessing how we can increase the positive impact of our processes and facilities on the planet and our communities. In 2023, we have created small, global teams across the organization to focus on key sustainability topics, as identified in our materiality assessment.

We have also implemented our sustainability strategy at every Neapco location and across each of our functional areas. We are reducing waste and energy consumption and, where possible, deploying alternative, cleaner energy sources. Thanks to our enhanced understanding of energy usage at the product level, we are better positioned to measure and offset the impact of each product we produce.

To formalize these priorities, we are developing new policies and working to align those already in place with our overarching stewardship philosophy. We are also directing resources toward ongoing training so that each member of the Neapco team can internalize our future-oriented approach. Through this work, we will ensure Neapco is setting the standard for corporate sustainability.

Next-Generation Technology

Innovation has always been a part of Neapco's DNA. True to form, we are staying ahead of the curve by laying the groundwork for the next generation of low carbon technology.

While we continue to meet the demands of the current vehicle market, we are also harnessing our experience in the EV space to engineer solutions that can power tomorrow's EVs. In doing so, we will secure Neapco's place at the leading edge of driveline technology.

Through decades of transformation, Neapco has served original equipment manufacturers (OEMs) with ingenuity and flexibility. Our technologies and capabilities have continued to evolve, but our commitment to quality and agility remains constant.

As advocates for responsible business practices, we must integrate sustainability into every level of our operations. By publishing this report, we hope to share our progress as we strive to create positive change for the planet and the communities in which we serve.

Kenneth L. Hopkins | *President and Chief Executive Officer*

“Thanks to our enhanced understanding of energy usage at the product level, we are better positioned to measure and offset the impact of each product we produce.”

INTRODUCTION

About Neapco

Neapco is a privately held, multinational corporation headquartered in Farmington Hills, Michigan. Since its founding in 1921, Neapco has continued to grow and evolve with industry trends and standards to serve the needs of all stakeholders across the globe.

At Neapco, we provide high-quality, cost-effective OEM and aftermarket driveline products for automotive, light truck, heavy truck, off-road, off-highway, agriculture, and industrial applications.

Because safety and sustainability are important to both Neapco team members and customers, Neapco is reporting to the Global Reporting Initiative (GRI) Universal Standards 2021. We expect our entire supply chain to comply with our Supplier Requirements Manual, which defines our sustainability standard of operations.

Our 3,000+ team members across five countries honor the tradition of excellence to exceed customer expectations. Neapco is committed to delivering solutions, not just products, from locations that are local to global customers. Our products and solutions evolve with the changing world. Neapco offers a variety of original equipment products for many markets as well as a growing offering of solutions for electric vehicles and renewable energy applications.



Our Vision

Neapco aspires to be the first choice globally for our customers, suppliers, team members, and our shareholders.

Our Mission

Neapco's Mission is to deliver highly valued products, solutions, and services to our customers in geographies where they operate. This is accomplished through an agile and open-minded team approach with a relentless focus on our partnerships. We commit to be the best at everything we do by focusing on safety, quality, operational excellence, people development, environmental sustainability, and continuous improvement. Neapco firmly believes by accomplishing our Mission, attractive and sustainable returns will be created.





Our Values



PARTNERSHIP

Valuing our customers, suppliers, team members, communities, and shareholders



PASSION

Enthusiastic and energetic; dedicated to be the best



AGILITY

Moving quickly and easily in all aspects of our business



TEAMWORK

Working together we are stronger, holding one another accountable



INTEGRITY

Trust and honesty; recognizing our reliance on our external relationships and each other



DIVERSITY

Embracing the gift of culture; respecting each other, accepting various points of view, keeping an open mind

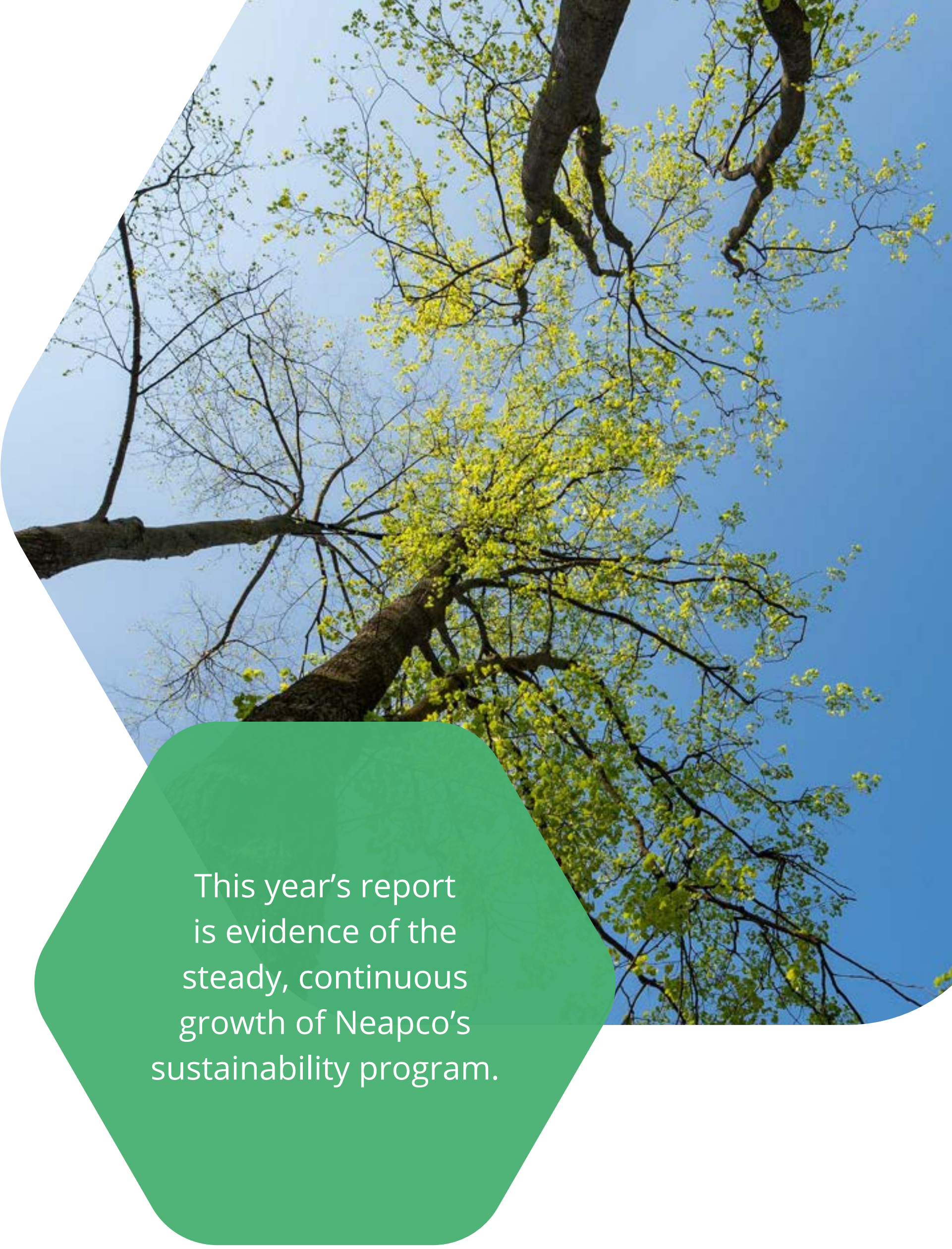
ABOUT THIS REPORT

Neapco understands that monitoring and communicating our impacts is vital to understanding our operations now and in the future. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards 2021 for calendar year 2022 (January 1, 2022 – December 31, 2022). Additional disclosures have been included for alignment with the Sustainable Development Goals (SDGs) adopted by the United Nations, Sustainability Accounting Standards Board (SASB), and Taskforce for Climate-Related Financial Disclosures (TCFD).

This report provides an overview of our 11 most important material impacts as determined through a materiality assessment and an industry analysis. It covers Neapco's global manufacturing, office and warehousing facilities, and a variety of initiatives from these locations highlighting our commitment to these impact areas.

This year's report is evidence of the steady, continuous growth of Neapco's Environmental, Social, and Governance (ESG) program.

For questions about this report, please contact marketing@neapco.com.



This year's report is evidence of the steady, continuous growth of Neapco's sustainability program.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

About SDGs

The Sustainable Development Goals (UN SDGs or SDGs) adopted by the United Nations, were developed as a call to action for both developed and developing countries to end poverty, protect the planet, and ensure all people could enjoy peace and prosperity by 2030. Each of the 17 overarching goals are interconnected and contain specific country-level targets and indicators to track progress towards the goals. These goals give businesses, such as Neapco, an opportunity and a responsibility to align business practices and company-wide initiatives to the targets and indicators laid out by the SDGs.

Neapco aims to align our most important material impacts to the SDGs. The following demonstrates how Neapco's most material impacts correspond to the SDGs and highlights the actions and/or initiatives established within the company to demonstrate our commitment in these areas. Moving forward, Neapco will continue to utilize the SDGs' targets and indicators to inform Neapco's progress and define success in each material impact area.



Material Topics: Water Management & Wastewater

Neapco's Alignment: Both the quality and quantity of water are necessary for the health and wellbeing of our team members and the communities in which we operate and for Neapco to maintain our production capacity. Neapco monitors water consumption and discharges, and monitors, mitigates, and reports on any identified water-related risks and opportunities.



Material Topics: Team Member Health & Safety, Team Member Engagement & Retention, Training, Education & Development

Neapco's Alignment: Neapco is committed to offering all team members decent work and helping team members plan for and realize their career goals through a variety of health and safety, team member engagement, and general training programs and opportunities.



Material Topics: Risk Management & Innovation

Neapco's Alignment: Neapco understands the world and markets are ever-changing, which is why Neapco will continue to monitor market trends through industry analyses and customer requests and requirements. Neapco is also committed to maintaining a competitive advantage by continually funding and supporting research and development in the automotive field.



Material Topics: Diversity & Belonging

Neapco's Alignment: Neapco's Human Resources team works to embed diversity and belonging commitments at every stage in the team member life cycle. Neapco is committed to equal employment opportunities and upholding a harassment and prejudice-free workplace.



Material Topics: Waste Management & Circular Economy, Supplier Management

Neapco's Alignment: Neapco is committed to understanding the impacts associated with our operations, including those both upstream and downstream. Waste data is tracked on a monthly basis, and plans are established for developing partnerships with suppliers and customers to work towards common goals.



Material Topics: Greenhouse Gas Emissions, Energy Management

Neapco's Alignment: Neapco monitors energy consumption across all facilities monthly and uses this information to calculate a greenhouse gas inventory using the methodology laid out in the Greenhouse Gas Protocol: Corporate Accounting and Reporting Guidelines and ISO 14064-1. Our Scope 1, 2, and 3 emission inventory have been verified by a third-party to ensure we are accurately representing our impact. Furthermore, Neapco has committed to developing a near-term Science-Based Target (SBTi) within the next two years to reduce our overall emissions and thereby reducing our climate impact.



Material Topics: Corporate Governance & Oversight

Neapco's Alignment: Neapco ensures team members at all levels, including senior leadership, are involved in the process of assessing current and future needs, and implementing the necessary actions to meet these needs.

MATERIALITY

Materiality Determination and Stakeholder Engagement

With the support of an independent, third-party consulting firm, Neapco identified and assessed its actual and potential ESG impacts. Through an industry analysis, the team attained a better and more holistic understanding of Neapco’s sustainability context.

The analysis consisted of external reporting from peers and customers, customer requests and communicated expectations. Surveys were used to engage with team members from all levels of the organization to quantify and prioritize ESG impacts.

In addition, interviews were conducted with the Neapco leadership team to understand more qualitatively how the team engages with business partners and to identify any strategic impacts and business priorities. Many topics were identified through the materiality determination process with potential to have an impact on Neapco as a business. However, the most material topics were determined based on their importance to both external stakeholders and to Neapco’s leadership team. In 2022, topic-specific focus teams were formed in each location to implement the strategy defined through the materiality assessment, prioritizing initiatives that have the greatest impact for our stakeholders, which will have the greatest impact on Neapco’s business.

Material Topics



Environmental

- 14** Environmental Introduction
- 16** Global Environmental Policy
- 17** Greenhouse Gas Emissions
- 21** Energy Management
- 23** Waste Management and Circular Economy
- 25** Water and Wastewater Management
- 27** Environmental Initiatives

ENVIRONMENTAL INTRODUCTION

Throughout Neapco's history as an automotive industry supplier, we have held strong environmental stewardship at the center of our operations. With cutting-edge innovation and technological capabilities, we drive towards a more sustainable future and strive to more efficiently serve our customers. All of Neapco's manufacturing facilities are either ISO 14001 certified or are pursuing certification.

Through our environmental management systems, we are committed to continuous improvement at each of our facilities. Additionally, over the past two years, we have cultivated our Sustainability Governance Board and Working Group to oversee and implement our sustainability practices. The Governance Board is responsible for overseeing all sustainability practices and performances including setting environmental key performance indicators (KPIs) and targets. The Working Group is then tasked with executing the defined initiatives in conjunction with the Governance Board.

Neapco formed location-specific teams to focus on the topics of waste, water, and energy. These teams are responsible for collecting and assessing data, sharing ideas globally, and driving initiatives that contribute to the environmental strategy defined through the materiality assessment. This report outlines our management approach, plans and quantitative performance in each of these material topics. We pride ourselves on transparent reporting to maintain our integrity and provide true security to our clients and stakeholders.

Our Environmental material topics include:

- Greenhouse Gas (GHG) Emissions
- Energy Management
- Waste Management and Circular Economy
- Water Management and Wastewater

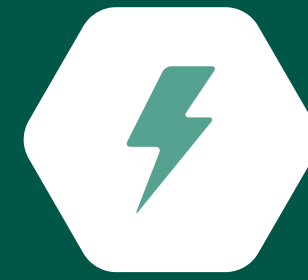
These teams are responsible for collecting and assessing data, sharing ideas globally, and driving initiatives that contribute to the environmental strategy defined through the materiality assessment.

IMPACT SUMMARY



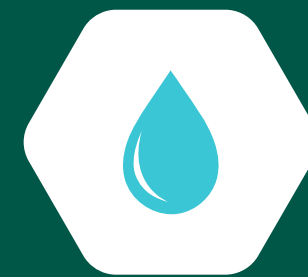
GHG Emissions

TOTAL 192,187 metric tons CO2e	SCOPE 1 7,350 metric tons CO2e
SCOPE 2 27,026 metric tons CO2e	SCOPE 3 157,811 metric tons CO2e
EMISSIONS INTENSITY 0.00004 metric tons CO2e/ USD revenue	



Energy Consumption

237,240
gigajoules



Water Usage

174
megaliters

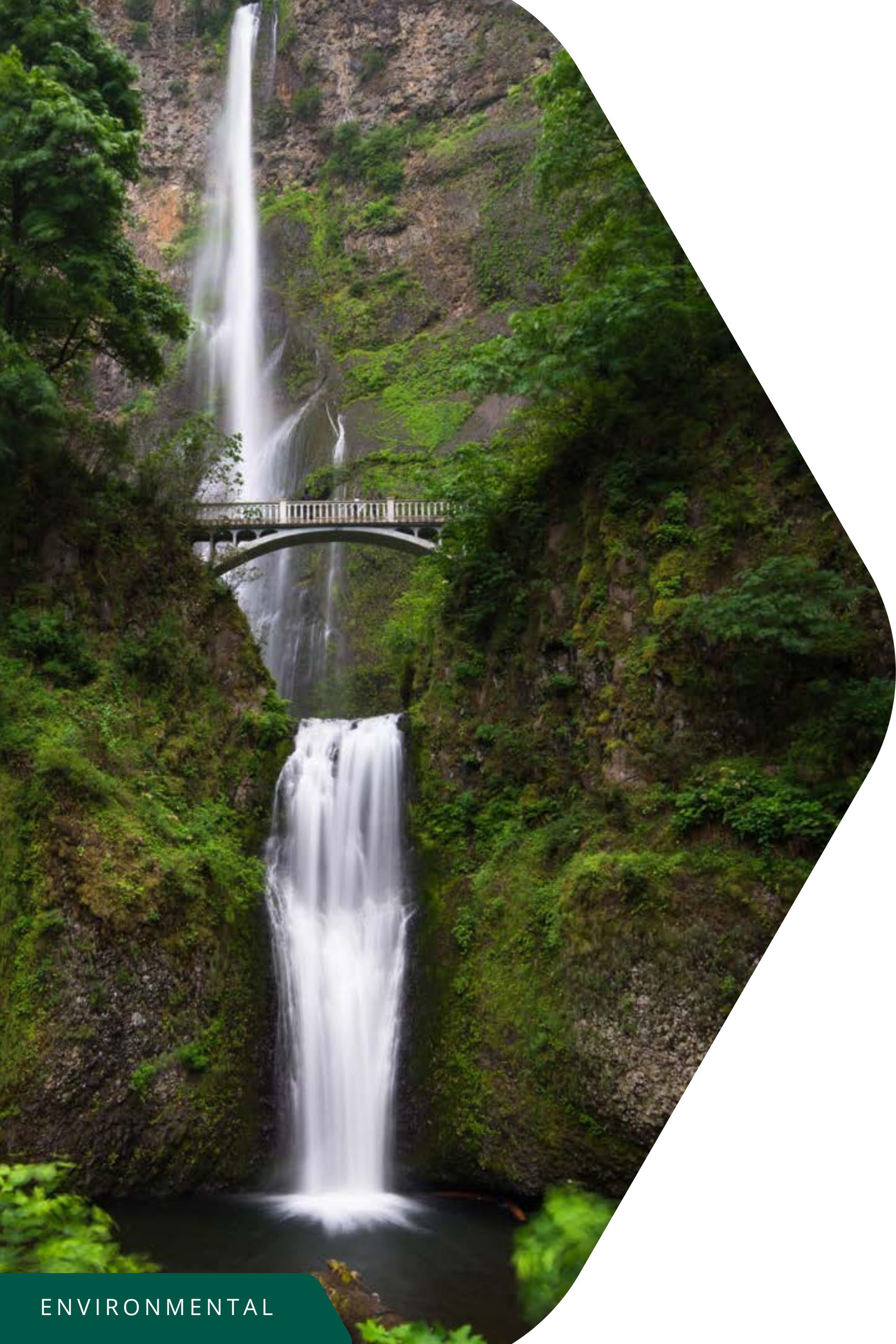


Waste

15,465
metric tons

1,902
metric tons
to landfill

13,563
metric tons
recycled



GLOBAL ENVIRONMENTAL POLICY

Through our Vision, Mission, and Values, this policy is our commitment to be a good corporate citizen, protect the environment, prevent pollution, fulfill our environmental compliance obligations, and continually improve our Environmental Management System to enhance environmental performance and other commitments.

Governance

Top management monitors and assesses each elected facility to ensure compliance regarding legal requirements, conformance, and improvement of the Environmental Management System.

Facilities

Facility management is responsible and accountable for responsible chemical management, water quality and consumption, air quality, sustainable resource management

and waste reduction, energy efficiency, renewable energy, and greenhouse gas emissions.

Customers/Suppliers/Contractors

We will work closely with our stakeholders to communicate and apply our environmental responsibilities, and other specific commitments, as applicable to their products or services.

Team Members

Team members are on the front lines of environmental performance, therefore, they receive ongoing training and communication, and they participate in identifying opportunities to improve environmental performance.



MATERIAL TOPIC

GREENHOUSE GAS EMISSIONS

In 2022, Neapco realized an absolute 34.5% Scope 1 and 2 GHG emissions reduction from the 2021 baseline.

Neapco is committed to the continual monitoring and reduction of the greenhouse gas emissions associated with our operations. In 2022, Neapco completed its second GHG Inventory, aligned with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standards and ISO 14064-1. Our emissions calculations used in this year's inventory have been verified by a third-party on the principles laid out by the ISO 14064-3 standard of relevance, completeness, consistency, accuracy, and transparency. Aligning this year's inventory with a universally accepted methodology and verifying our methodology using a third-party allowed us to ensure that this year's emissions figures are as accurate and representative of our impact as possible.

This inventory covered all relevant sources of Scope 1 and Scope 2 emission. Scope 2 emissions from purchased electricity make up the largest source of carbon dioxide equivalent (CO₂e) emissions while natural gas consumption for heat and transportation (owned and leased vehicles only) make up the largest sources of Scope 1 emissions. As expected, our manufacturing facilities had the highest emissions intensities (metric tons CO₂e per square foot and metric tons CO₂e per USD revenue) of all of our facilities. As such, emissions reduction initiatives will be focused on these facilities to realize the greatest emissions reduction and ROI. From our inventory conducted in 2021, we identified areas of improvement and made it a priority to address efficiency and transition to renewable energy sources. As a result, Neapco realized an absolute 34.5% Scope 1 and 2 GHG emissions reduction in 2022 utilizing a market-based approach.



In 2022, Neapco realized an absolute 34.5% Scope 1 and 2 GHG emissions reduction from the 2021 baseline.



MATERIAL TOPIC

GREENHOUSE GAS EMISSIONS

Neapco completed its first Scope 3 GHG inventory in 2022 after previously conducting a Scope 3 Screening to understand which Scope 3 emission categories were the most significant. The initial screening of our Scope 3 emissions showed that Purchased Goods and Services accounted for over 84% of the total Scope 3 emissions. In our Scope 3 inventory we confirmed that Purchased Goods and Services is indeed the highest category, accounting for over 78% of Scope 3 emissions. Therefore, we increased our engagement with our supply chain through questionnaires to best understand the emissions impact from this category. We also partnered with Assent, an organization specializing in supply chain sustainability management, to request the information pertinent to our suppliers' GHG emissions and to provide training to supplier partners.

The data was collected for the inventory and verified by a third party. We are continuing to advance our understanding of our Scope 3 categories and working hard to see reductions in them.

Neapco will be submitting a near-term target to the Science-Based Target Initiative (SBTi) for validation, fulfilling the commitment made in 2022. By developing science-based targets and committing to SBTi, Neapco has a clearly defined path to meet our goals and climate targets.

We are continuing to advance our understanding of our Scope 3 categories and working hard to see reductions in them.

By developing science-based targets and committing to SBTi, Neapco will have an opportunity to be at the front of our sustainability goals and climate targets.



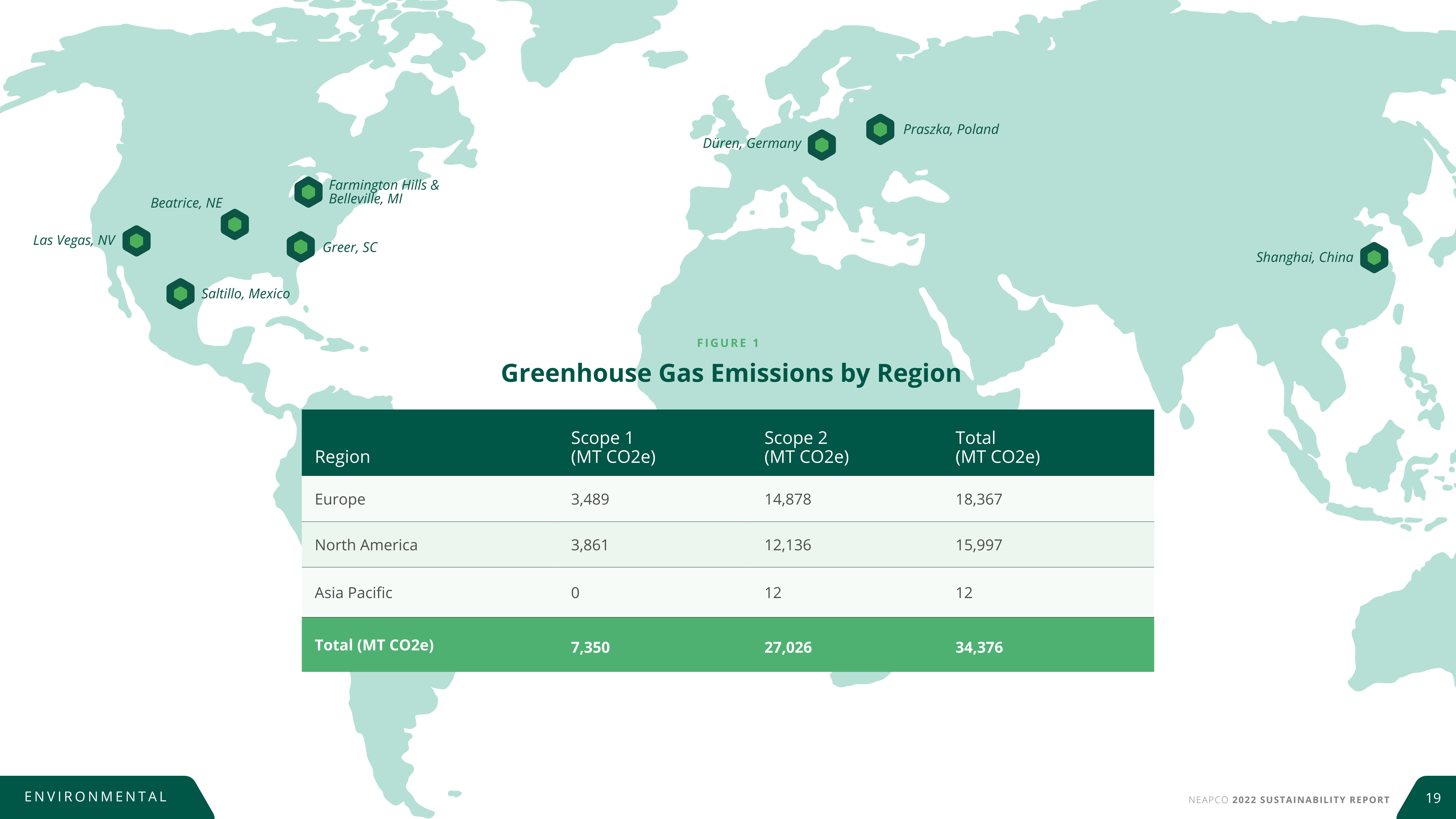


FIGURE 1

Greenhouse Gas Emissions by Region

Region	Scope 1 (MT CO2e)	Scope 2 (MT CO2e)	Total (MT CO2e)
Europe	3,489	14,878	18,367
North America	3,861	12,136	15,997
Asia Pacific	0	12	12
Total (MT CO2e)	7,350	27,026	34,376

FIGURE 2

Scope 1 and 2 Emissions

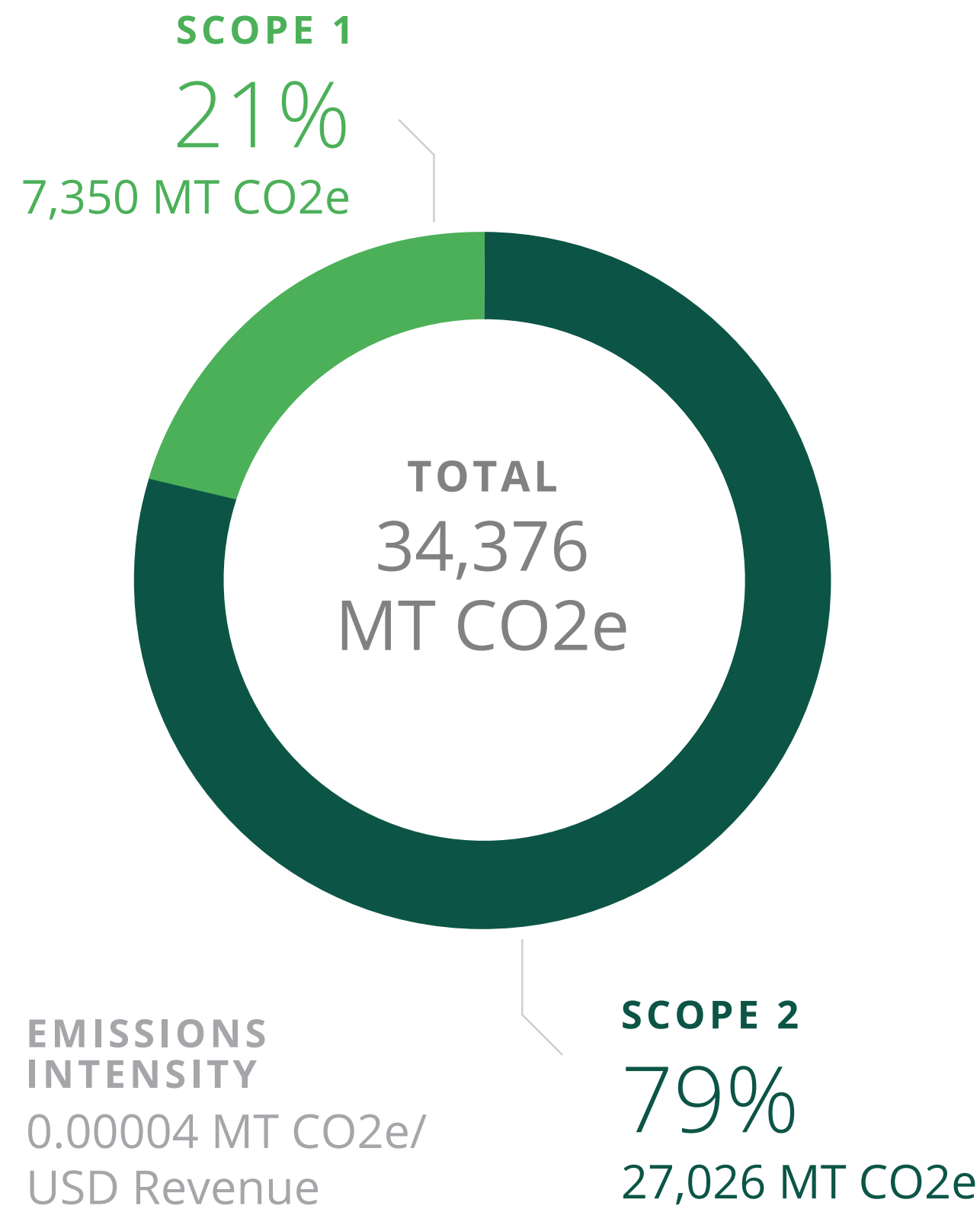


FIGURE 3

Scope 1 Emissions Breakdown

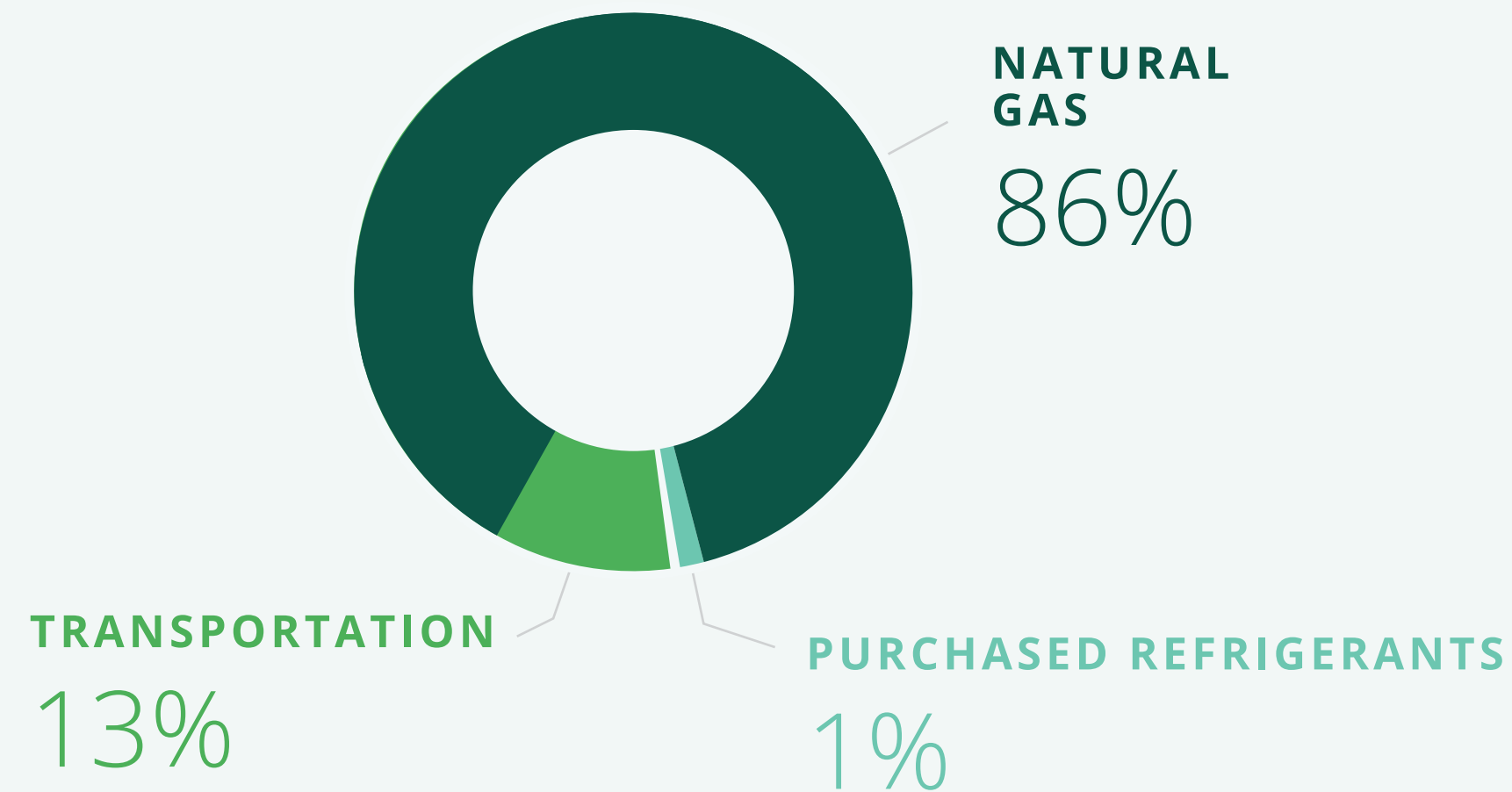
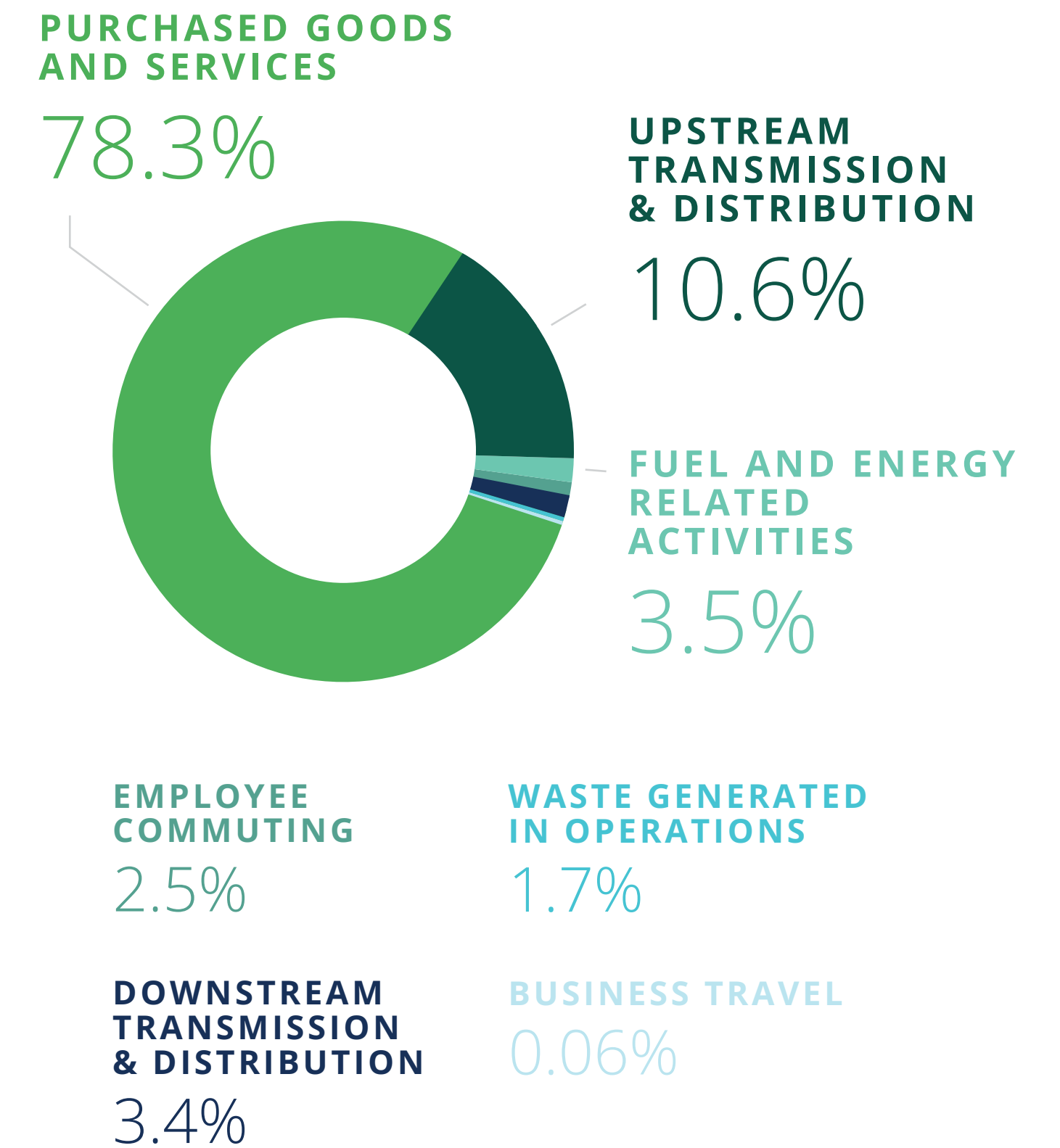


FIGURE 4

Scope 3 Estimated Emissions





MATERIAL TOPIC **ENERGY MANAGEMENT**

In the reporting year, Neapco tracked energy consumption as part of its greenhouse gas inventory. Using 2021 as a baseline, Neapco continues to monitor energy consumption from all relevant sources to identify opportunities for improvement. Energy reduction initiatives have been implemented in facilities across Neapco with an emphasis placed on manufacturing facilities that use significantly more energy than office or distribution center facilities. Examples of these initiatives can be found on page 27 of this report.

In 2022, the Neapco Team worked hard to address our energy consumption and total GHG emissions footprint. We purchased a portion of our electricity from renewable energy sources. With this increase of purchased renewables, we were able to reduce our

energy consumption (kWh) by 24% and our electricity emissions (MT CO₂e) by 35%. In addition, we reduced our consumption of natural gas by 11%, gasoline by 28%, diesel by 2% and propane consumption by more than 78% from 2021. When comparing Neapco to industry competitors, we have a lower overall emission intensity and reduced in all of emission categories in 2022.

Reducing total energy consumption company-wide is an ongoing mission for Neapco with the goal of working smarter, not harder, to realize the monetary and environmental benefits of reducing energy consumption.

A background image of a manufacturing facility. In the foreground, a worker in a blue t-shirt with a Neapco logo is looking at a computer monitor. The monitor displays a software interface with various data points and charts. The background shows industrial equipment, including a yellow crane and other machinery, under bright overhead lights.

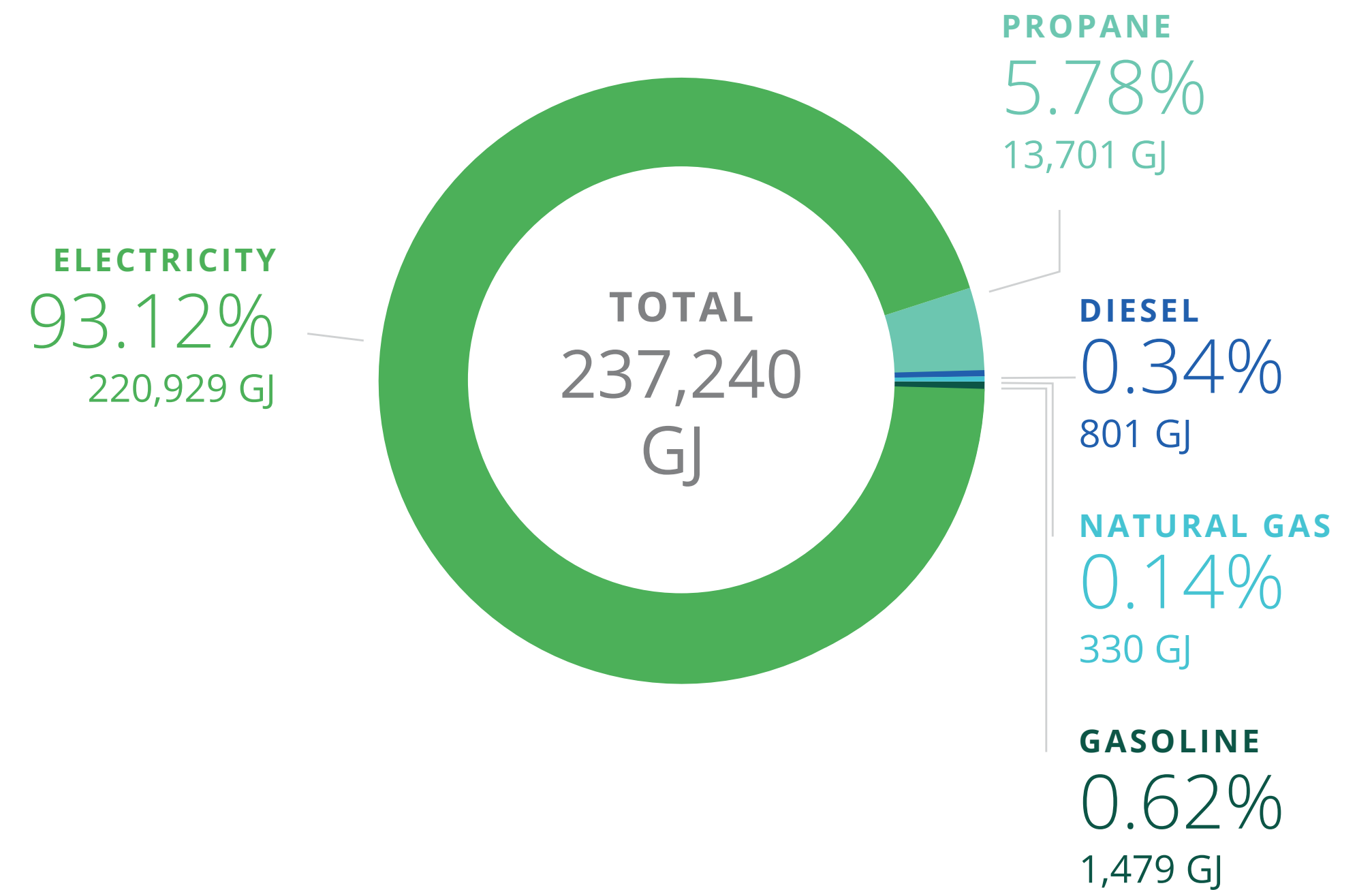
Energy reduction initiatives have been implemented in facilities across Neapco with an emphasis placed on manufacturing facilities that use significantly more energy than office or distribution center facilities



Reducing total energy consumption company-wide is an ongoing mission for Neapco with the goal of working smarter, not harder, to realize the monetary and environmental benefits of reducing energy consumption.

FIGURE 6

Energy Consumption by Source



ENERGY INTENSITY RATIO FOR THE ORGANIZATION
0.0004 GJ/USD Revenue



MATERIAL TOPIC

WASTE MANAGEMENT AND CIRCULAR ECONOMY

Now more than ever, it is imperative to optimize our waste reduction measures as we follow the three R's of reduce, reuse, and recycle. Our production process considers circularity and end-of-life for all products and materials. We consider options to use lighter materials, improve energy efficiency, reduce material requirements, and ultimately reduce waste. Our waste streams are managed with integrity and thoughtfulness, such as choosing the most efficient scrap yards, recycling all materials possible, and separating the waste into appropriate groups for the best possible results. In 2022, Neapco facilities recycled 86% of its total waste.

Throughout the year, we gather data on our waste procedures to continually improve the operations within the supply chain. We are working to improve waste management in each Neapco location. For example, our Saltillo location implemented a zero waste to landfill strategy, recognizing the impact that waste

generation has on our climate and sustainability goals. The global team will continue to focus, bringing this strategy to each Neapco location.

Our programs are mindful and consistent in the improvement of our waste mitigation process. Paper is one of the most used materials in any business, which is why Neapco promotes digitization at every opportunity. Waste management is overseen by plant management and the Sustainability Governance Board. Innovation and creative design measures are continuously explored to enhance our operations to lean into the circular economy. We are actively working to set targets for our KPIs regarding waste management and the circular economy.

In 2022, Neapco facilities recycled 86% of its total waste.



FIGURE 6
Landfill vs Recycled Breakdown

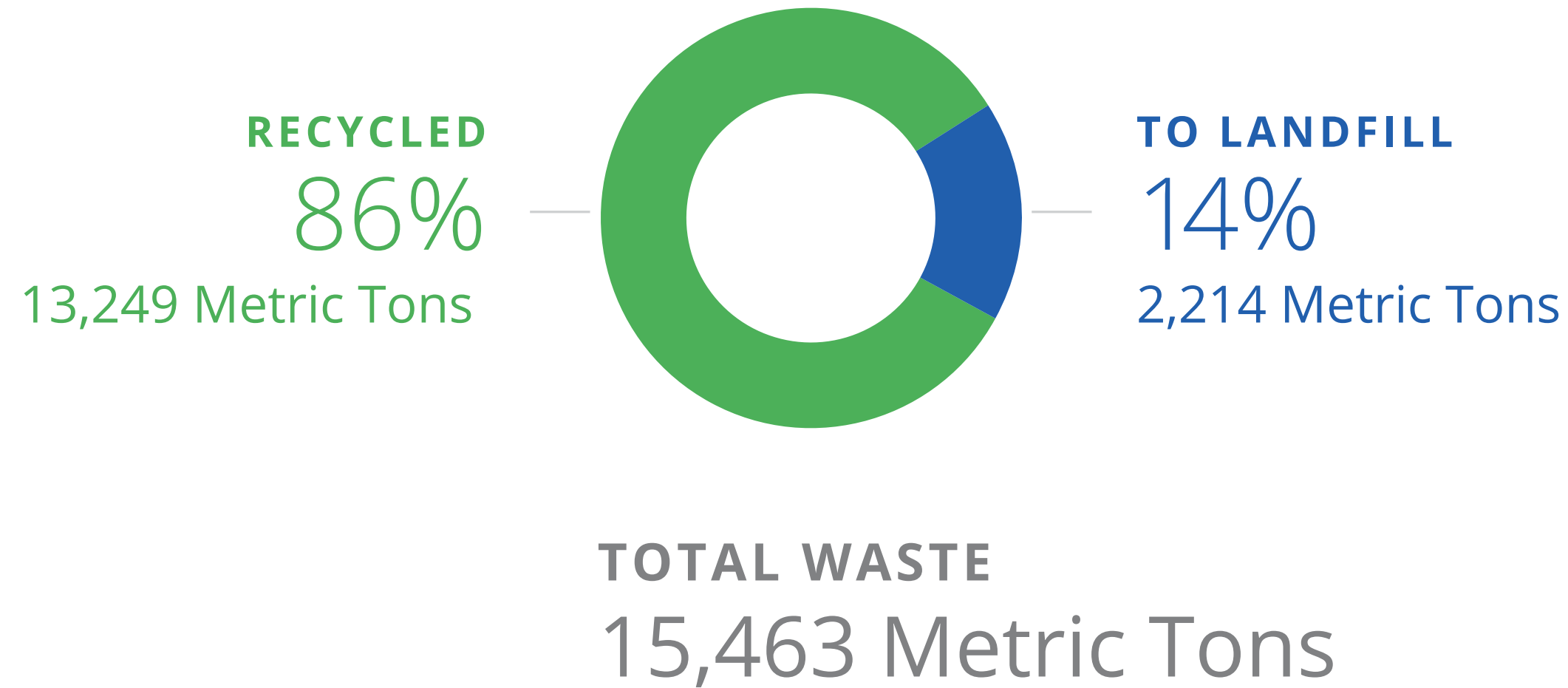
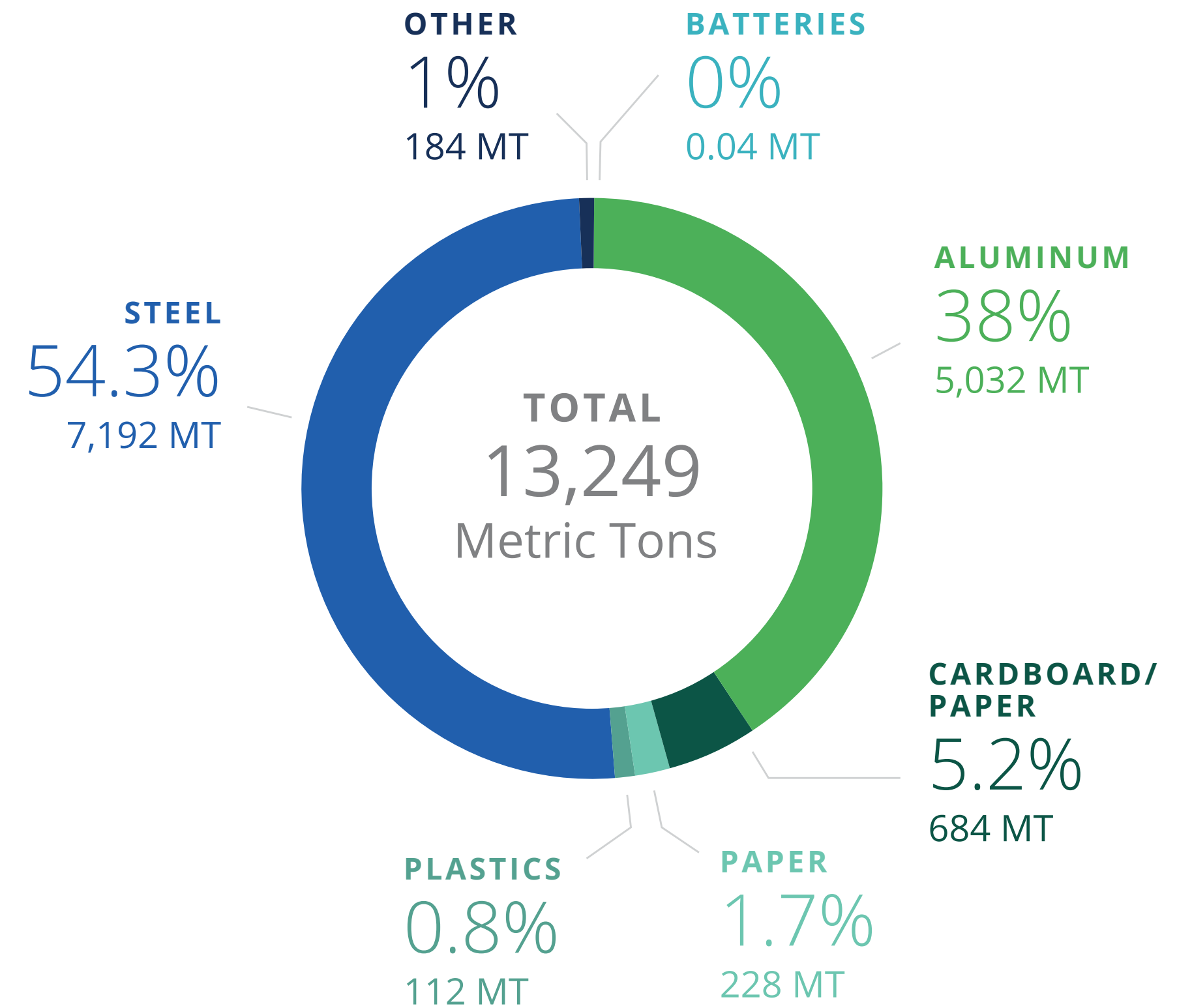


FIGURE 7
Breakdown of Recycled Materials





MATERIAL TOPIC

WATER AND WASTEWATER MANAGEMENT

Each Neapco site is committed to responsible stewardship for water management, quality and conservation. In support of this, our global locations are charged with:

- Avoiding the discharge of untreated wastewater into bodies of water.
- Complying with the contaminant discharge parameters that apply according to the legislation and legal compliance relevant to each location.
- Implementing water savings initiatives.

Neapco's leadership shall ensure that requirements included in this policy are managed through the environmental management systems. With guidance from Neapco's global focus team on water, each team member is encouraged to participate in the development, implementation, monitoring and improvement of the water program.

The focus team will drive initiatives to attain goals, eliminate water hazards and risks and will ensure compliance with applicable legal and other requirements. To provide leadership, guidance and support, Neapco's Sustainability Working Group will meet regularly with the committee and will report regularly to the Sustainability Governance Board and local plant management.

Neapco will work closely with stakeholders and affected parties to communicate and apply our water management and environmental responsibilities, as applicable to our operations and their products or services.

Continued on next page >



We are dedicated to setting targets for continual improvement of effective water usage, minimizing the impact of water usage, and preventing pollution.

Water issues or events will be reported to Neapco management and appropriate agencies. As necessary, investigations will be initiated and necessary actions will be taken to mitigate negative impacts.

Our risk assessment process uses a combination of the World Resources Institute (WRI) Aqueduct Water Risk Atlas and the World Wide Fund for Nature (WWF) Water Risk Filter to identify and assess the impacts of a variety of water risks for each facility. Risks are broken down by operational risks and basin risks. Multiple risk categories are assessed under both operational and basin risks including physical risk (i.e., water scarcity, flooding, water quality, and ecosystem services), regulatory risk (i.e., enabling environment, institutions and governance, management instruments, and infrastructure & finance), and reputational risk (i.e., cultural importance, biodiversity importance, media scrutiny, and conflict). Based on these risks, each facility is given a score from 1 (very low risk) to 5 (very high risk). These risks are included in a scenario analysis from 2021 through 2050 including a business-as-usual scenario, an optimistic scenario, and a pessimistic scenario. Based on

the risks identified in the WWF Water Risk Filter, Neapco identified the facility in Beatrice, Nebraska as extremely high in water stress and usage. Because of this, water reduction projects are being prioritized at this location.

At our manufacturing facilities, water is used in the manufacturing process, sanitation, and drinking water. In our distribution centers and offices, water is mainly used for sanitation and drinking water.

Water and wastewater are overseen by plant management and the Sustainability Governance Board. This year, we saw improvements in water usage from some of our production locations. At our Saltillo location, we decreased water usage by 41% through leak detection, the elimination of unnecessary washing cycles as well as other process improvements. The teams continually assess and manage water usage and wastewater discharge.

FIGURE 8

Water Breakdown by Water Stress

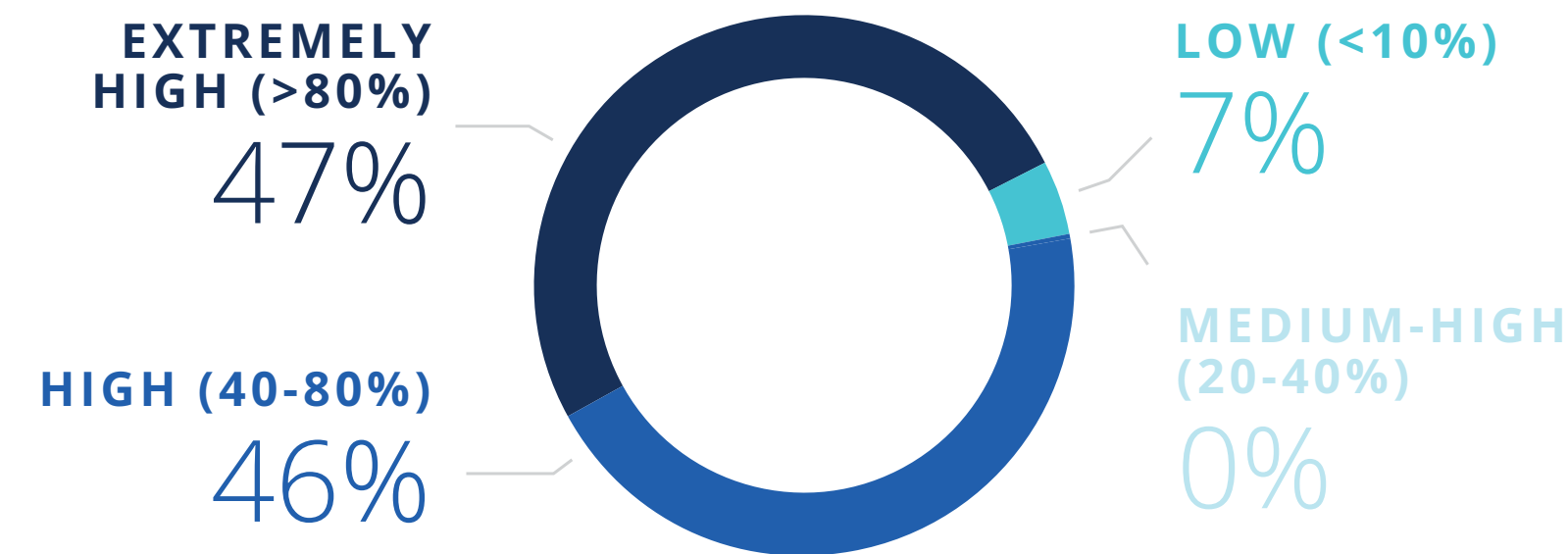


FIGURE 9

Water Consumption by Region

Region	Consumption (megaliters)	% Total
Europe	80.3	46.30%
North America	93	53.60%
Asia Pacific	0.2	0.10%
Total	173.5	100%

ENVIRONMENTAL INITIATIVES

Beatrice

In our Beatrice, Nebraska location, we investigated a closed-loop cooling system which will result in a significant reduction in water usage. Given that the region is highly water stressed, this project is prioritized for implementation in 2024. Projects implemented in 2022: several scrap reduction projects, shipping process improvements and a change to environmentally friendly cutting fluids.

Belleville

Several Six Sigma green belt projects were completed by our Belleville, Michigan team members. Topics included streamlining the accounts payable process, improvement of assembly processes and the development of supermarkets on

high volume assembly lines. LED lighting was fully implemented in both buildings and a wood board recycling program was initiated. In addition, the team began investigations into cardboard recycling and EV charging stations.

Düren

In the Düren, Germany facility, several projects resulted in significant energy savings. Modernization of the shop floor ventilation led to a 6.7% reduction in total electricity consumption. An initiative focused on optimizing the vacuum furnace in the facility reduced overall electricity and natural gas consumption by 4.2%. A temporary shutdown of the heating system in the summer months was also implemented.

Praszka

The team in Praszka, Poland implemented several projects resulting in significant electricity and gas savings. Some examples of these projects are:

- Adding automatic sleep mode after a period of no activity in several production machines.
- Upgrading equipment to increase efficiency and throughput, including a new gas boiler, new compressor system and the modernization of heating furnaces.
- Reorganizing operations so that certain equipment doesn't run every day.

Saltillo

The team in our Saltillo, Coahuila, Mexico facility made great strides in achieving existing environmental goals and further

challenged themselves by setting additional goals. To determine the best management strategies to achieve zero waste to landfill, a dumpster dive was facilitated to understand the typical makeup of waste. The dumpster was emptied, sorted, classified and weighed. The results were analyzed and a program was launched to segregate waste throughout the facility, including a campaign to educate all team members. The facility also realized extraordinary results through emissions reduction activities, including the purchase of a solar block for renewable energy supply, installing lighting occupancy sensors, upgrading laptop technology and automation within production processes.





Social

- 29** Social Introduction
- 30** Global Health and Safety Policy
- 31** Team Member Health and Safety
- 32** Diversity and Belonging
- 33** Team Member Engagement and Retention
- 34** Training, Education and Development
- 37** Social Initiatives



SOCIAL INTRODUCTION

At Neapco, people are our most important asset. Neapco promotes a reliable, connected, and welcoming environment. Engagement occurs at every level with all team members, customers, supply chain, and the surrounding communities. Inclusivity and progress are incorporated into the leadership team's actions. Over the past 100 years, Neapco has placed increasing importance on a culture where all team members feel safe, respected, and have a sense of belonging.

We show our commitment to valuing our customers, suppliers, team members, communities, and shareholders through the promotion of socially responsible principles and solutions.

Location specific teams have been developed to focus on the identified material topics:

- Team Member Health & Safety
- Diversity & Belonging
- Team Member Engagement & Retention
- Training, Education & Development

Engagement occurs at every level with all team members, customers, supply chain, and the surrounding communities.



GLOBAL HEALTH AND SAFETY POLICY

Through our vision, mission and values, Neapco's policy is our commitment to the health and safety of all team members, contractors and visitors in our facilities. Health and safety are the responsibility of each Neapco team member. In providing a safe work environment, each site will demonstrate the following:

Health and Safety Committee

The committee develops, implements and monitors a facility-wide health and safety program, which includes a commitment and compliance to applicable legal requirements and related hazards.

Recordable and Lost Time Injuries

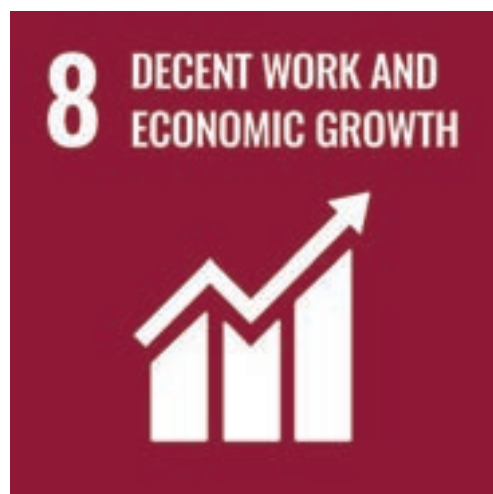
For compliance, all recordable and lost time injuries will be reported, and an investigation will be initiated within 24 hours of the occurrence.

Governance

To ensure that programs are effective, each facility will conduct an annual review and gap analysis with action plans.

Regular Health and Safety Meetings

To provide leadership, guidance and support, plant manager will meet regularly with the Health and Safety Committee.



MATERIAL TOPIC

TEAM MEMBER HEALTH AND SAFETY

Our employees are our most important asset, and their safety is our primary concern. Neapco is committed to establishing, supporting, and improving a safety culture that will focus on the prevention of accidents that lead to workplace injuries and illnesses. To prevent accidents, we recognize that we must continuously strive to identify and eliminate and/or reduce hazards and hazardous practices in our workplace. Each Neapco location has a Health and Safety Program to mitigate risks for all team members. These safety programs include, but are not limited to: facility safety walks, regular audits, safety training, safety committee meetings, review of incident trends with corrective actions and global coordination of best practices.

Our ultimate goal is be injury free. We believe that to reach this goal, Neapco employees, of all levels, must be actively involved in supporting and continuously improving our safety culture.

Our ultimate goal is be injury free. We believe that to reach this goal, Neapco employees, of all levels, must be actively involved in supporting and continuously improving our safety culture. Safety must be integrated as a core business and personal value, recognizing not only that working safely is good business, but that each member of the business must have a personal value for their own safety and the safety of the people with whom they work. We also believe that we all share the responsibility of creating a safe place to work.

Two of Neapco's locations, Praszka and Saltillo, are certified in ISO 45001, with all other locations pursuing this certification.





MATERIAL TOPIC

DIVERSITY AND BELONGING

Neapco has established the Global Belonging Council, a volunteer group of team members from various locations, departments, and leadership levels who are passionate about fostering a culture of belonging and committed to helping Neapco reach its full potential. The Council is intended to capture the voices and experiences of team members from across the globe and build an inclusive workplace community where psychological safety and belonging are our top priority.



The Council has established a detailed roadmap for success, which includes implementing small group meetings, identifying local council leads and creating and sharing promotional materials.

Global Belonging Council Vision

To create a community of togetherness where all team members feel safe, valued, and welcomed.

Global Belonging Council Mission

Neapco strives to provide an inclusive environment, promoting growth and equity, fostering open-mindedness, teamwork, opportunity, creativity, and respect. We seek to create a culture that values unique

contributions and builds a greater understanding of our team members, communities, and customers, enabling us to become better, faster, and stronger.

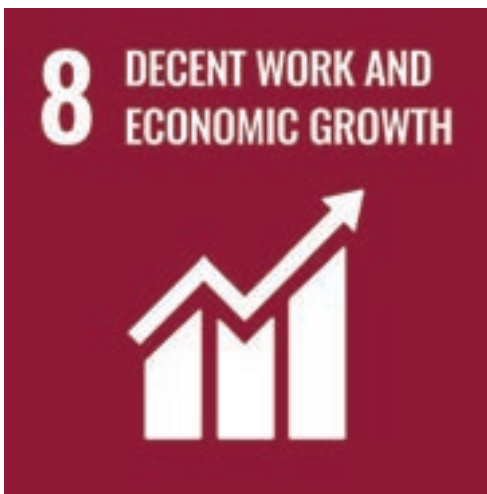
The Global Belonging Council has established a strategy that covers these important goals:

- Culture: Strengthen our organizational culture by educating, celebrating, and acknowledging the unique differences that make us better.
- Career: Attract, retain, and

develop a high performing workforce reflective of the communities we serve.

- Community: Support our external and internal communities through outreach and philanthropic engagement.

The Council has introduced a detailed roadmap for success, which includes implementing small group meetings, identifying local council leads and creating and sharing promotional materials.



MATERIAL TOPIC

TEAM MEMBER ENGAGEMENT AND RETENTION


Neapco's Human Resources team strives to continuously improve company-wide communication and engagement through the implementation of a global strategy. The strategy includes several initiatives to strengthen connections among team members, promote work/life balance, provide development opportunities and engage with our local communities. Many initiatives begin with the team at one location and then are shared, adapted and implemented globally.

In today's global, and sometimes remote, environment, it's more important than ever to foster the development of team member connections. Each Neapco location has

programs in place to welcome new team members and celebrate Neapco's culture. These programs may include sporting events, participation in groups or on councils, in-office activities and contests, onboarding actions as well as initiatives to benefit the communities in which we operate. Neapco team members also enjoy access to wellness programs, education assistance, succession planning and mentorship programs.

To enhance team member satisfaction, Neapco uses Individual Focus Plans and Team Member Dashboards. These tools support team members in meeting organizational milestones as well as achieving personal

development, performance and career goals. Neapco offers competitive total rewards packages, which are reviewed and aligned annually, as per the industry standards.



Neapco utilizes Individual Focus Plans and Team Member Dashboards to support team members in achieving targeted milestones and career goals.



MATERIAL TOPIC

TRAINING, EDUCATION AND DEVELOPMENT



The educational development of our team members ensures that safety and productivity are always a focus. A variety of training sessions are scheduled annually and are available to all Neapco team members globally. Training sessions related to team member safety are required, and annual presentations are delivered so that the most up-to-date information is shared.

Neapco requires each team member to complete a minimum of 8 hours of training each year. On average, most team members exceed the minimum training hour requirement with the

company-wide average reaching over 12 training hours per team member annually. Through awareness and education, we encourage our team members to perform in a socially and environmentally responsible manner. Training opportunities and resources cover a wide range of topics including, but not limited to:

- Promoting values and behavior that create a positive and productive culture.
- Strengthening global leadership skills.
- Preparing for future challenges through the development of technical and soft skills.
- Ensuring team members are

educated on the most up-to-date legal, regulatory and safety topics.

- Retaining and engaging talent.

Several milestones related to training and development were met in 2022:

- The Neapco team in Düren developed a fire protection training program. Thirty-five volunteer, part-time team members were trained and are now qualified to support the full-time 22 fire protection staff.
- In cooperation with the Düren Economic Development Agency, JobCom, and Low-Tec, Neapco assisted 19 interested participants (some with a migration background,

no professional qualifications or the long-term unemployed) to become certified as Metal Technology Specialists. Of the 19 participants, 14 were hired by Neapco after the completion of the internship. The program will continue with more participants in 2023.

- The Organizational Development and Leadership program was established in Saltillo. The program is focused on teamwork and the development of new leaders. Team members participated in training sessions, created development plans, completed leadership actions



On average, most team members exceed the minimum training hour requirement with the company-wide average reaching over 12 training hours per team member per year.

To further strengthen training, education and development programs, Neapco has developed a mission statement and framework for overall talent management.

- and team building activities with all our team members.
- A training center for new hires was created in Belleville. The training allows team members to receive on the job training through simulation techniques. The training is focused on appropriate usage of technology and equipment and fosters team member engagement
 - The team in Praska also implemented the Leadership Development Program with the goal to identify and educate 100 team members to become mentors.

To further strengthen training, education and development programs, Neapco has developed a mission statement and framework for overall talent management.

Mission: Neapco strives to provide a global talent management strategy that focuses on the improvement of programs and processes to attract, onboard, engage, develop and retain high-performing team members who are inspired and empowered to drive their own performance and development through

- the use of smart organizational tools and processes.
- Several steps have already been taken to implement this strategy:
- Global Succession Plan:**
- As Neapco passionately pursues key business strategies, the need for thoughtful and purposeful leadership becomes more critical.
 - It is our responsibility to actively create a diverse and agile culture that encourages and enables our team members to reach their fullest potential.
 - Our partnership with our team members is a critical part of the strategy that will allow us to realize our goals for innovation and drive profitable growth for the business.

- Global Mentoring program:**
- Neapco is committed to:
- The development of an experienced, diverse, and qualified professional workforce.
 - Ensuring all mentoring practices are guided by fair and consistent principles and sound administration, promoting

- a positive experience and outcome for Neapco and its team members.
- Neapco Team Member Competencies & Behaviors Model:**
- Serves as general guidance regarding expected behaviors and skills for all team members and leaders across the globe. Within the model you can find for each competency the key actions that reflect how the competencies should be displayed.

- And several more key actions are planned:
- Global Engagement Survey
 - e-Learning Platform
 - Learning Paths



Neapco's Talent Management Framework



SOCIAL INITIATIVES

Beatrice

Team members in Nebraska had several opportunities throughout the year to show their support to the local community. The team:

- Donated turkeys and Thanksgiving meal items to a local food bank to help 20 families celebrate the holiday.
- Volunteered to deliver lunches to homebound seniors through the community's "Meals on Wheels" program.
- Participated in a Neapco-sponsored American Red Cross blood drive event.
- Purchased items from a wish list tree to help spread holiday cheer to lonely or financially challenged seniors through the local *Be a Santa to a Senior* program.
- Volunteered their time in

multiple events sponsored by the local United Way foundation, including a free community carnival for children.

Düren

- Team members showed support for Ukraine by gathering cash and needed articles which were transported to the border of Ukraine and to local associations with support of the Praszka team members. In addition, a moment of silence was observed to commemorate the victims of the Russian war against Ukraine.
- The Düren location was awarded as a committed training company in the field of integration in May 2022
- In June 2022 the company's bike leasing program was renewed so that employees

can get exercise and reduce their carbon footprint as they commute to the workplace.

- Several times during the year, a blood donation bus is hosted where team members and surrounding community members can donate blood.
- Neapco's 100-year celebration for the Düren team was held in September. To commemorate the event, a donation was made to the charitable organization *Especially for Kids*.

Praszka

The Neapco Praszka team is consistently involved with the community. Several events throughout the year brought team members together to support charities, improve the environment and make community connections.

Charity

- The team gathered for the annual night running, walking and swimming marathons; collectively raising PLN4030 and, running 1,630km and swimming 240km!
- Praszka team members showed support for their neighbors in Ukraine by gathering a very impressive amount of cash and needed articles which were transported to the border with Ukraine and to local associations providing assistance to Ukrainians. Firefighters of the Neapco Volunteer Fire Department provided groceries to firefighters in the Ukraine.
- During the Christmas holiday, a collection of food and household products was

organized for the poorest families in Praszka and the surrounding areas.

Environmental

- Feeding booths were installed on the facility roof for the common swift, a medium-sized bird that eats 20,000 insects daily – mainly mosquitos. The project will assist in naturally reducing the number of mosquitos without the use of harsh chemicals.
- The team partnered with Scouts from Troop Praszka Heroes of September 1939 to gather over 70 bags of trash from nearby forests.
- The Praszka Collecting Caps campaign continued in 2022. One steel heart receptacle was installed at the main Neapco building and another was

SOCIAL INITIATIVES

located between popular stores in Praszka. The caps are collected to keep the plastic out of landfills. In addition, the plastic is sold and the proceeds donated to a local charity.

Community Connections

- A lecture was organized on the future of automotive development for students finishing secondary school. The lecture was delivered by Opole University of Technology professor Jarosław Mamala. The students also toured the production hall and talked with the Neapco Engineering team about their work and possible internships.
- Several times during the year, Neapco hosts a blood donation bus where team members and surrounding community members can donate blood. Over 10 liters were donated in 2022.

Team members also had the opportunity to register with the DKMS Foundation's bone marrow database.

- The company sponsored the Neapco Europe Cup – a football tournament for children. During the two-day tournament, 12 teams made up of 130 young players were able to show their skills and receive a medal.

Saltillo

Neapco's Saltillo, Mexico facility was awarded the prestigious El Distintivo Empresa Socialmente Responsable® award, which is awarded by El Centro Mexicano para la Filantropía, A.C., Cemefi (The Mexican Center for Philanthropy, A.C., Cemefi). The award recognized Neapco for voluntarily integrating socio-environmental practices into its

business operations. To achieve this distinction, Neapco went through a systemic process that measures and compares their practices in environmental, social and governance (ESG) fields.

The Neapco team in Saltillo has always been engaged with the local community and is extremely deserving of this honor. In 2022, the plant implemented several sustainability programs to save water and energy as well as reduce waste. Additionally, Neapco Mexico's Comité de Apoyo a la Comunidad (Community Support Committee) spearheaded countless community engagement initiatives supporting various non-governmental organizations, schools and community events:

- Delivery of 100 meals to a local public hospital.
- Fundraising for the maintenance of a low-income school in a nearby community.
- Supporting IHOP's National Pancake Campaign to benefit the Foundation for Children with Leukemia.
- Annual sponsor- a-child toy donation with a goal of collecting 120 gifts.

Neapco's Saltillo, Mexico facility was awarded the prestigious El Distintivo Empresa Socialmente Responsable® award





Governance

- 40** Governance Introduction
- 41** Sustainability Leadership
- 42** Corporate Governance and Oversight
- 43** Supplier Engagement
- 44** Risk Management and Innovation

Knowing there is a strong correlation between performance at an executive level and the success of a sustainable mission, the leadership team is on the front lines, showing up, and representing our values.



GOVERNANCE INTRODUCTION

Neapco, starting with the President and CEO, works towards goals with integrity. Neapco's Leadership team maintains a commitment to responsible corporate governance. Knowing there is a strong correlation between performance at an executive level and the success of a sustainable mission, the leadership team is on the front lines, showing up, and representing our values. For that reason, the CEO and Chief Operating Officer (COO) are ultimately responsible for the targets set for each location and provide support to meet those targets.

Our Governance Material Topics Include:

- Corporate Governance & Oversight
- Supplier Engagement
- Risk Management & Innovation

SUSTAINABILITY LEADERSHIP





MATERIAL TOPIC

CORPORATE GOVERNANCE AND OVERSIGHT

Because Neapco is privately owned by a single owner, Neapco does not have a traditional Board of Directors. Instead, the Executive Team fills many of the same roles and responsibilities, especially those focusing on strategic oversight of the company as a whole. The Sustainability Governance Board falls under the Executive Team and meets quarterly to discuss Neapco's climate strategy, set climate-related targets and objectives, review performance against KPIs, and ensure adequate resources are available to implement Neapco's sustainability plan.

The structure of Neapco's Sustainability Governance Board is collaborative and includes the Executive Team, leadership from each functional area, and leadership from each location. The Governance Board is led by the Vice President of Global Quality, Continuous Improvement and Sustainability and the Director of Global Sustainability. Functional areas represented include the Sales, Human Resources, Purchasing & Supplier Development, Product Engineering, Advanced Manufacturing, Quality, Finance, IT, and Program Management.

The group works collaboratively to assess and manage climate-related risks and opportunities as they arise and serves a role in establishing and implementing Neapco's climate transition plan to help meet the science-based GHG reduction targets established in the reporting year.

Neapco's Sustainability Working Group meets on a monthly basis and is responsible for executing the Sustainability Plan. The group reports to the Governance Board on climate-related KPIs (e.g., energy consumption, water usage, etc.) and progress towards

collective goals and initiatives related to these KPIs. The COO is responsible for strategic oversight. Some members of the Governance Board also serve with the Sustainability Working Group to help increase collaboration and understanding between the two groups. To provide more insight on individual facilities, Environmental Health and Safety (EHS) leaders for manufacturing facilities and regional operations also serve as members of the Sustainability Working Group.

Finally, global focus teams meet regularly to drive initiatives in

eight key areas: suppliers, energy, waste, water, working conditions, training & awareness, corporate social responsibility & business ethics, and management systems & lean. Neapco continues to build a team dedicated to the topic of sustainability, with the addition of a Product Life Cycle Manager.



MATERIAL TOPIC

SUPPLIER ENGAGEMENT

Our Project Manager, Global Supply Chain Sustainability has been with Neapco for 11 years and is responsible for holding suppliers and partners to the highest level of integrity in processes and practices.

Neapco's Supplier Requirements Manual provides suppliers with clearly defined expectations for a successful partnership, including sustainability guidance. The manual is aligned with AIAG's Automotive Industry Guiding Principles to Enhance Sustainability Performance in the supply chain and communicates requirements for environmental, social, and governance topics.

As we strengthen our own capabilities to assess our ESG impacts internally, we continually look for opportunities to help our suppliers. Neapco has developed a Supplier Sustainability Program that will provide training and assistance to suppliers on various subjects, including properly reporting sustainability-related data. Neapco partners with Assent Compliance, which offers a platform to assist with the management of supply chain risk and compliance, including completion of the Conflict Minerals Reporting Template and the gathering of ESG and diversity data. Neapco also partners with NQC to deliver the Sustainability Assessment Questionnaire

(SAQ) to gain insight into supplier policies and team member training. The ultimate goal of Neapco's Supplier Sustainability Program is to assess the level of understanding of sustainability topics for suppliers and help guide our supply partners in their sustainability journey. The collection of ESG and climate-related metrics will be used to assess each supplier and suggest training as appropriate.

In 2022, Neapco began gathering ESG program data from the supply chain to more accurately report our environmental impact, assess supply chain risk, and prioritize training and





MATERIAL TOPIC

RISK MANAGEMENT AND INNOVATION



Risk Management

Under the leadership of the COO, Neapco continues to investigate and mitigate risks for Neapco and our customers.

We use a benchmarking strategy to compare ourselves to our peers, strengthening our short-term and long-term initiatives. The Neapco brand of excellence is kept stable by regularly taking a thorough look at the industry as a whole and confirming that we exceed expectations. On all fronts,

we maintain a culture of learning to ensure we consistently uphold our vision, mission, and values.

Customer inquiries have been increasingly focused on ESG. These requests have helped us develop targets and prioritize initiatives. This, in addition to the fact that regulatory systems are pushing for environmentally focused production, contributes to Neapco's overall strategy and gives us an edge in a very competitive industry.

Innovation

Neapco works to cultivate an environment of creativity and innovation that keeps our processes and products ahead of the curve. Our engineers are enthusiastic about developing products for the changing market and exploring new, more efficient manufacturing practices. In support of innovation, Neapco makes significant investments in research and development based on customer demand, which is becoming more focused

on a decreased carbon footprint. Specifically the Neapco product development team includes environmental awareness and emissions standards as major drivers for product design. Across the offering of products, weight reduction, package optimization, fatigue life improvement, serviceability and process time reduction are considered in each development initiative.

Neapco's global product development teams offer:

- Development and application engineering expertise in each region Neapco serves.
- Dedicated development centers for key proprietary components.
- World class testing labs, prototype shops and technical center.
- Virtual (CAE) analysis.
- Diverse halfshaft assembly configurations and a comprehensive portfolio of CV joints.



Neapco's front and rear halfshaft assembly applications are aligned with customer requirements, including fixed, plunging roller and plunging ball type CV-joints across CV-joint families: rzeppa, standard tripod and 8-ball double cross groove style joints. Our Constant Velocity (CV) joint portfolio is continually expanded and improved to meet the needs of the evolving market: smaller packaging, lighter weight, higher capacity, higher angles, longer plunge, improved sound absorption and higher efficiency. The robust offering

of joints allows Neapco to offer the right solution for each customer.

While Neapco has several innovative solutions developed, the global teams are continually optimizing design in all product lines, but especially those designs serving the EV market. Efficiency considerations include comparisons of operating angle with the average joint efficiency and looking for ways to offset efficiency loss with the addition of high efficiency greases. The reduction of noise, vibration and harshness

Efficiency considerations include comparisons of operating angle with the average joint efficiency and looking for ways to offset efficiency loss with the addition of high efficiency greases.

(NVH) and durability improvements are other key areas investigated in designing and enhancing customer solutions. Virtual design analysis through CAE technology and simulated tests are key tools used by the product development teams to prove a design before a part is even made, while testing for strength, durability and NVH ensure the very best product is delivered to the customer in terms of safety, value and end user satisfaction.





NEW JOINT TYPES INTRODUCED FOR ELECTRIC VEHICLES

TPi
Tripod Premium



TSi
Tripod Standard



CGi
Cross Groove
6/8 Balls



DOi
Double Offset
8 Balls



FRi
Fixjoint Rzeppa (46 deg)
6/8 Balls



FUi
Fixjoint Rzeppa
Undercutfree (50 deg)
6/8 Balls



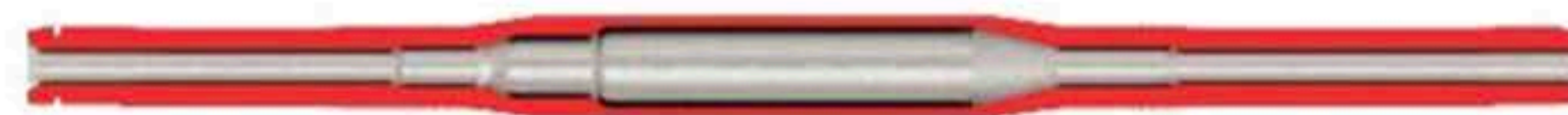
FCi
Fixjoint Rzeppa
Concentric (52 deg)
8 Balls



FAi
Fixjoint Alternate Offset (23 deg)
8 Balls



InterConnecting Shafts
15% Higher Durability



i = improved, compact, lightweight, and high efficiency product families



LOOKING FORWARD

The Neapco team is proud of the consistent progress made at our global facilities. Sustainability has become an integrated part of our business. We expect to make even greater strides as we look forward:

- Additional dedicated resources for sustainability-related initiatives
- Validation of near-term science-based targets
- Continued research and development for electric vehicle applications
- Ongoing support for our supply chain

COMPANY PROFILE

Neapco Holdings, LLC
38900 Hills Tech Drive
Farmington Hills, MI 48331, USA

www.neapco.com

Privately held company



Appendix

- 50** GRI Content Index
- 58** SASB Standards Index
- 59** TCFD Recommendations

GRI STANDARDS INDEX


Statement of use: Neapco Holdings, LLC has reported in accordance with the GRI Standards for the period January 1, 2022 to December 31, 2022

GRI 1 used: GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)

General Disclosures

GRI 2: General Disclosures 2021

2-1	Organizational details	Legal name: Neapco Holdings, LLC Privately-Held 38900 Hills Tech Dr, Farmington Hills, MI 48331 Countries of operation: USA, Germany, Poland, China, Mexico
2-2	Entities included in the organization's sustainability reporting	a. Neapco Holdings, LLC b. Audited consolidated financial statements and other financial information is not filed on public record due to Neapco being a privately-held organization. c. All entities of Neapco Holdings were included in this report. ii. There were no mergers, acquisitions, or disposals of entities or parts of entities in the reporting year. iii. The approach is consistent across all disclosures and material topics.
2-3	Reporting period, frequency and contact point	Reporting period: January 1, 2022 to December 31, 2022 Frequency of reporting: Annually Report publication date: 10/20/23 Contact point for any questions: marketing@neapco.com
2-4	Restatements of information	Greenhouse gas emissions disclosed in this report differ from those reported to CDP historically for Neapco Holdings, LLC due to the use of a more reputable methodology for calculations moving forward.
2-5	External assurance	In all material aspects, Neapco has adhered to the AA1000AS v3 2018 standard and has prepared this report to support a Moderate level of assurance for reliable and quality performance data for the year ending December 31, 2022.  2023_Neapco AA1000 Assurance Letter
2-6	Activities, value chain and other business relationships	At Neapco we provide high quality, cost-effective OEM and aftermarket driveline products for automotive, light truck, heavy truck, off-road, off-highway, agriculture, and industrial applications. Neapco offers a variety of products for the current automotive market as well as innovative products for the electric vehicle and solar panel markets. More information can be found on page 6, About Neapco; and page 43, Supplier Engagement
2-7	Employees	Worldwide employees: over 3,000 Page 6, About Neapco; Page 32, Diversity and Belonging

General Disclosures

2-8	Workers who are not employees	
2-9	Governance structure and composition	Page 41, Sustainability Leadership, and page 42, Corporate Governance and Oversight Because Neapco is a privately-held company with a sole owner, Neapco's executive team serves as the highest governing body.
2-10	Nomination and selection of the highest governance body	Because Neapco is a privately-held company with a sole owner, Neapco's executive team serves as the highest governing body.
2-11	Chair of the highest governance body	Because Neapco is a privately-held company with a sole owner, Neapco's executive team serves as the highest governing body. Regular oversight by company ownership governs conflicts of interest.
2-12	Role of the highest governance body in overseeing the management of impacts	Page 42, Corporate Governance and Oversight
2-13	Delegation of responsibility for managing impacts	Page 42, Corporate Governance and Oversight
2-14	Role of the highest governance body in sustainability reporting	Page 42, Corporate Governance and Oversight
2-15	Conflicts of interest	Alleged conflicts can be reported through the third-party ethics line or directly to local and/or corporate Human Resources and/or Leadership team members, which includes up to the Shareholder. Once reported, the Vice President, Global Human Resources, informs the necessary stakeholders of any/all reported conflict(s) and any/all courses of action taken.
2-16	Communication of critical concerns	Page 42, Corporate Governance and Oversight b. No critical concerns were reported in the reporting year.
2-17	Collective knowledge of the highest governance body	Page 42, Corporate Governance and Oversight
2-18	Evaluation of the performance of the highest governance body	Team members complete an annual focus plan, aligned with key company directives and Neapco's annual strategic plan. It is expected that managers will monitor performance against these focus plans and provide honest feedback throughout the year. The process includes a formal review midway through the year, when progress toward objectives is evaluated and, if necessary, adjusted. A final review is performed at year-end. The final review is used as input into the next year's planning and may also be used as a resource to determine merit increase, incentives, and promotions. Team members at all levels within the organization follow this same general process, although there may be differences in format and documentation. The annual performance evaluation of the executive leadership's goals and objectives are measured in accordance with the annual budget targets and strategic plan.
2-19	Remuneration policies	Neapco Holdings, LLC is privately held and does not publicly disclose remuneration policies.
2-20	Process to determine remuneration	Neapco Holdings, LLC is privately held and does not publicly disclose remuneration policies.

General Disclosures

2-21	Annual total compensation ratio	Neapco Holdings, LLC is privately held and does not publicly disclose compensation.
2-22	Statement on sustainable development strategy	Pages 3-5, A Letter from Our President and CEO
2-23	Policy commitments	Page 40, Governance Introduction
2-24	Evaluation of the performance of the highest governance body	Page 40, Governance Introduction
2-25	Remuneration policies	Pages 3-5, A Letter from Our President and CEO
2-26	Process to determine remuneration	Neapco uses a third-party platform called EthicsPoint. Employees, Suppliers, Customers and the Community have access to this system through Neapco's website. Concerns can be confidentially reported through the system. Neapco's Human Resources team is responsible for receiving the concerns and acting upon them. https://secure.ethicspoint.com/domain/media/en/gui/55587/index.html
2-27	Annual total compensation ratio	In the reporting year, there were no significant instances of non-compliance with laws and regulations. Therefore, this disclosure is not relevant.
2-28	Statement on sustainable development strategy	AIAG (Automotive Industry Action Group); OESA (Original Equipment Suppliers Association)
2-29	Policy commitments	Page 12, Materiality
2-30	Collective bargaining agreements	a. 54% of employees in the United States are covered by collective bargaining agreements. Note that this information is currently only available for United States facilities. b. All employees regardless of coverage by a collective bargaining agreement have access to the same working conditions and terms of employment. The only exception to this is that employees not covered by a collective bargaining agreement do not have access to a union representative.

Material Topics

GRI 3: Material Topics 2021	3-1	Process to determine material topics	Page 12, Materiality
	3-2	List of material topics	Greenhouse Gas Emissions; Energy Management; Waste Management and Circular Economy; Water Management and Wastewater; Team Member Health and Safety; Diversity and Belonging; Team Member Engagement and Retention; Training, Education, and Development; Risk Management and Innovation; Corporate Governance and Oversight; Supplier Engagement
Energy			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 21, Energy Management

Material Topics: Energy

GRI 302: Energy 2016	302-1	Energy consumption within the organization	237,239.79 GJ
	302-2	Energy consumption outside of the organization	Energy consumption outside of the organization is not currently tracked.
	302-3	Energy intensity	0.0004 Gigajoules/USD
	302-4	Reduction of energy consumption	Reduced by 35%
	302-5	Reductions in energy requirements of products and services	Neapco has not yet completed a life cycle analysis (LCA) on its products to determine the total energy requirements of sold products. Therefore, Neapco can not yet speak to the reductions in energy requirements of sold products and services.

Water and Effluents

GRI 3: Material Topics 2021	3-3	Management of material topics	Page 25-26, Water and Wastewater Management
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Page 25-26, Water and Wastewater Management
	303-2	Management of water discharge-related impacts	Page 25-26, Water and Wastewater Management
	303-3	Water withdrawal	<p>a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; Not relevant ii. Groundwater; Not relevant iii. Seawater; Not relevant iv. Produced water; Not relevant v. Third-party water. 173.58 ML <p>b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; Not relevant ii. Groundwater; Not relevant iii. Seawater; Not relevant iv. Produced water; Not relevant v. Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv. 162.52 ML <p>c. A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); 173.58 ML ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). Not relevant

Material Topics: Water and Effluents

	303-4	Water discharge	<p>a. Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; ii. Groundwater; iii. Seawater; iv. Third-party water, and the volume of this total sent for use to other organizations, if applicable. 173.58 ML <p>b. A breakdown of total water discharge to all areas in megaliters by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); 173.58 ML ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). Not relevant <p>c. Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); 162.52 ML ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). Not relevant
	303-5	Water consumption	173.58 ML

Emissions

GRI 3: Material Topics 2021	3-3	Management of material topics	Page 17, Greenhouse Gas Emissions
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	7,350 MT CO ₂ e
	305-2	Energy indirect (Scope 2) GHG emissions	27,026 MT CO ₂ e
	305-3	Other indirect (Scope 3) GHG emissions	157,811 MT CO ₂ e
	305-4	GHG emissions intensity	0.0004 MT CO ₂ e/ USD Revenue
	305-5	Reduction of GHG emissions	By 2031, Neapco plans to reduce our absolute Scope 1 and 2 emissions by 46.2% from our 2021 baseline. Our year-over-year reduction is modeled on page 20.
	305-6	Emissions of ozone-depleting substances (ODS)	Neapco did not produce, import, or export ODS. Therefore, this disclosure is not relevant.
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Neapco does not currently track the production of NO _x , SO _x , POP, VOC, HAp, PM, or other air emissions categories due to the minimal impact of Neapco's operations on these substances. Therefore, this disclosure is not relevant.

Waste			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 23, Waste Management and Circular Economy
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	15,463 MT
	306-2	Management of significant waste-related impacts	Page 23, Waste Management and Circular Economy
	306-3	Waste generated	15,463 Metric Tons
	306-4	Waste diverted from disposal	13,249 Metric Tons
	306-5	Waste directed to disposal	2,214 Metric Tons
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 43, Supplier Engagement
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Neapco implemented a program to screen suppliers using environmental criteria through a partnership with Assent, a supply chain management organization specializing in sustainability.
	308-2	Negative environmental impacts in the supply chain and actions taken	Neapco implemented a program to screen suppliers using environmental criteria through a partnership with Assent, a supply chain management organization specializing in sustainability.
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 31, Team Member Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Page 31, Team Member Health and Safety

Occupational Health and Safety

	403-2	Hazard identification, risk assessment, and incident investigation	Page 31, Team Member Health and Safety
	403-3	Occupational health services	Page 31, Team Member Health and Safety
GRI 403: Occupational Health and Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	For each corporate and manufacturing location, Neapco has established a safety program and a health and safety committee. The structure, responsibilities, meeting frequency and authorities are dependent upon local laws and regulations, compliance with site certifications and management systems, and location-specific activities.
	403-5	Worker training on occupational health and safety	The local joint Operational, Human Resources and Safety leadership for each Neapco location is responsible for determining training requirements for health and safety topics. These requirements meet the standards for local laws and regulations, site certifications, and position-specific duties.
	403-6	Promotion of worker health	Page 30, Global Health and Safety Policy Page 31, Team Member Health and Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 31, Team Member Health and Safety
	403-8	Workers covered by an occupational health and safety management system	Page 30, Global Health and Safety Policy Page 31, Team Member Health and Safety
	403-9	Work-related injuries	All incidents at all locations are reported daily to the President & Chief Executive Officer, Chief Operating Officer, Vice President, Global Human Resources, and Senior Manager, Corporate Human Resources. The most common types of incidents are near misses and minor injuries.
	403-10	Work-related ill health	Each Neapco location has some form of a medical leave program developed in accordance with local standards, laws, and regulations. Health-related incidents are tracked and reported according to these programs.

Training and Education

GRI 3: Material Topics 2021	3-3	Management of material topics	Page 34-35, Training, Education, and Development
-----------------------------	-----	-------------------------------	--

GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Page 34-35, Training, Education, and Development
	404-2	Programs for upgrading employee skills and transition assistance programs	Page 34-35, Training, Education, and Development
	404-3	Percentage of employees receiving regular performance and career development reviews	In the reporting year, 51% of females and 55% of males received regular performance and career development reviews. This information is reported for operations in the United States.

Diversity and Equal Opportunity

GRI 3: Material Topics 2021	3-3	Management of material topics	Pages 32, Diversity and Belonging
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Page 32, Diversity and Belonging a. A gap has been identified in gathering data on diversity and belonging metrics. In the future, Neapco Holdings has plans to expand data collection and reporting of diversity and belonging metrics.
	405-2	Ratio of basic salary and remuneration of women to men	Neapco Holdings is a privately-held organization. Therefore, salary information is not publicly available.

Non-discrimination

GRI 3: Material Topics 2021	3-3	Management of material topics	Page 42, Corporate Governance and Oversight
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There have been no incidents of discrimination during the reporting period. Therefore, this disclosure is not relevant.

Supplier Social Assessment

GRI 3: Material Topics 2021	3-3	Management of material topics	Page 43, Supplier Engagement
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	100% of suppliers were screened through SAQ 4.0.
	414-2	Negative social impacts in the supply chain and actions taken	100% of suppliers were screened through SAQ 4.0.

SASB STANDARDS INDEX

Topic	Accounting Metric	Category	Unit of Measure	Code	2021 Response
Energy Management	"(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable.	Quantitative	Quantitative	TR-AP-130a.1	Total energy consumed: 237,240 GJ Percentage grid electricity: 100% Percentage renewable: 0%
Waste Management	"(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled.	Quantitative	"Metric tons (t), Percentage (%)"	TR-AP-150a.1	Total Waste: 15,463 Metric Tons Percentage hazardous: Percentage recycled: 86%
Product Safety	Number of recalls issued, total units recalled.	Quantitative	Number	TR-AP-250a.1	0
Design for Fuel Efficiency	"Revenue from products designed to increase fuel efficiency and/or reduce emissions.	Quantitative	Reporting Currency	TR-AP-410a.1	Aluminum vs. steel
Materials Sourcing	"Description of the management of risks associated with the use of critical materials.	Discussion and Analysis	n/a	TR-AP-440a.1	Neapco has partnered with a third-party supply chain data expert to assist with the collect of conflict minerals and other data.
Materials Efficiency	Percentage of products sold that are recyclable.	Quantitative	Percentage (%)	TR-AP-440b.1	Not yet
	"Percentage of input materials from recycled or remanufactured content."	Quantitative	Percentage (%)	TR-AP-440b.2	Not yet
Competitive Behavior	"Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations.	Quantitative	Reporting Currency	TR-AP-520a.1	\$0 USD

General Accounting Metric Disclosures	Unit of Measure	Category	Code	Disclosure
Number of parts produced	Quantitative	Number	TR-AP-000.B	
Weight of parts produced	Quantitative	Metric tons (t)	TR-AP-000.C	
Area of manufacturing plants	Quantitative	Square meters (m2)	TR-AP-000.A	2,360,000 square feet

TCFD RECOMMENDATIONS

	TCFD Recommended Disclosures	Reasoning
<p>Governance: Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>A: Describe the board's oversight of climate-related risks and opportunities.</p>	<p>Our Sustainability Governance Board and Working Group oversee and implement all of our sustainability practices and performances including setting environmental Key Performance indicators (KPIs) and targets. The working group is then tasked with executing the defined initiatives in conjunction with the Governance Board.</p>
	<p>B: Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>The proactive monitoring and management for climate-related risks and opportunities lie within the Sustainability Governance Board and Working Group. These two groups actively work together to make sure our targets are continually updated.</p>
<p>Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning, where such information is material.</p>	<p>A: Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</p>	<p>Transition Risks</p>
		<p>Enhanced emissions-reporting obligations Neapco Specific Risk: Federal requirements proposed by the SEC for non-financial climate related disclosures. Reasoning: While Neapco is not a publically-listed company, several of our customers are. By proactively reporting our emissions to CDP and in our Sustainability Report, we will stay ahead of enhanced emissions-reporting obligations and the non-financial climate-related disclosures that are put forth by federal regulatory agencies.</p>
		<p>Shifts in consumer preferences Neapco Specific Risk: Increase in demand of electric vehicles Reasoning: Neapco has predominantly manufactured auto parts for combustion engine vehicles. Given the shift towards EVs, Neapco continues to review our business model and product segments to ensure our relevance and continued success despite the shift in consumer preferences. Most of our operations are unaffected by this shift, however, one of our product segments may decrease in demand since it is not required for the production of EVs.</p>
		<p>Physical Risks</p>
		<p>Acute Neapco Specific Risk: Dependent on our specific facility locations, but commonalities included heavy precipitation, pluvial flooding, and heatwaves</p> <p>Chronic Neapco Specific Risk: Dependent on our specific facility locations, but commonalities included temperature, variability, and heat stress</p> <p>Reasoning: Neapco works hard to mitigate our environmental footprint, while simultaneously preparing for any future risks by considering different adaption initiatives and projects. We understand being prepared for a disaster helps us to avoid negative consequences such as reduced productivity and increased safety risks to our employees.</p>

<p>Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning, where such information is material.</p>	<p>B: Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p>	<p style="text-align: center;">Reasoning</p> <p>Throughout the last year, Neapco has worked on several projects to increase efficiency and lower emissions associated with our products. Knowing we must continually advance our products to meet the needs of our customers to reduce their Scope 3 emissions, we consider the materials used in our products. Weight is a critical factor in our end products and every opportunity to reduce weight is investigated. Reducing the weight of our products translates lower emissions for transportation to our customers, as well as lighter vehicles and lower emissions during vehicle use. In addition, aluminum is the lighter weight material chosen for many end items. Aluminum is easy to reuse and recycle, which allows us to reduce our reliance on raw materials and work toward a circular economy. In addition, we are always trying to increase the efficiency in our manufacturing processes.</p> <p>GHG Emissions: In 2021, Neapco finished our first company-wide Greenhouse Gas Inventory. This year we have worked to complete our second inventory for Scopes 1 and 2 and our first for Scope 3. Aligned with the GHG Protocol Corporate Accounting and Reporting Standard, this year’s inventory covered all relevant sources of Scope 1 and Scope 2 emissions, and the data and calculations used in the inventory have been verified by a third party on the principles of relevance, completeness, consistency, accuracy, and transparency. We used 2021 as our baseline year for GHG emission targets and analysis. Additionally, last year we completed a Scope 3 Screening and was used in the prioritization and calculation of our Scope 3 emissions for the most relevant categories for Neapco’s business operations. The original Screening identified Purchased Goods and Services as the largest contributor to Scope 3 emissions, however, upon further review, it was concluded that Upstream Transportation and Distribution was the largest. As a result of this, we will be making stronger efforts to engage with suppliers.</p> <p>Energy Management: Energy management is overseen by plant managers and the Sustainability Governance Board. We set some energy-related targets for our KPIs specific to energy management.</p> <p>Waste Management: Our production process considers circularity and end-of-life for all of our products and materials. We have been carrying out processes that produce and utilize lighter materials for improved energy-efficient, reduced material requirements and inputs, and reduced waste. We manage our waste streams carefully, choosing the cost efficient scrap yards, recycling all materials possible, and separating the waste into appropriate groups for the best possible results.</p> <p>Water Management: Our risk assessment process uses a combination of the WRI Aqueduct Water Risk Atlas and the WWF Water Risk Filter to identify and assess the impacts of a variety of water risks for each facility. Risks are broken down by operational and basin risks, and reputational risk. Based on these risks, each facility is given a score from 1 (very low risk) to 5 (very high risk) These risks are included in a scenario analysis from 2021 though 2050, including a business-as-usual scenario, an optimistic scenario, and a pessimistic scenario. Based on these identified risks in the WWF Water Risk Filter, Neapco will prioritize actions to mitigate these risks either at a facility level or company-wide if it ranges across all facilities.</p>
	<p>C: Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2 degree C or lower scenario.</p>	<p>Neapco committed to SBTi because we understand the crucial role the business community can play in minimizing the risk climate change poses to the future of our planet. We have established a science aligned target for Scope 1, 2 and 3 emissions. We are submitting these targets for approval by SBTi. By 2031, Neapco plans to reduce our absolute Scope 1 and 2 emissions by 46.2% from our 2021 baseline.</p>

<p>Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>A: Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p>Over the last few years, we cultivated our Sustainability Governance Board and Working Group to oversee and implement our sustainability practices. The Governance Board is responsible for overseeing all sustainability practices and performances including setting environmental KPIs and targets. Neapco already completed a thorough Materiality Assessment to find areas where we can have the most impact for our stakeholders, and for Neapco's business. The results of the assessment showed the topics that are now the focus of Neapco's sustainability initiatives and goal setting.</p> <p>Climate Risk Analysis: We utilized the Taskforce on Climate-Related Financial Disclosures (TCFD) to shape our climate analysis and the types of transition risks we looked through. Additionally, we used the Shared Socio-economic Pathways (SSP) which are scenarios of projected socioeconomic global changes up to 2100. The SSPs set the stage on which reductions in emissions will, or will not, be achieved based on factors including climate policies, socioeconomic development, and technology.</p>
	<p>B: Describe the organization's process for managing climate-related risks.</p>	<p>SBTi: We are submitting our Scope 1, 2, and 3 emissions reductions targets to SBTi for approval. By 2031, Neapco plans to reduce emissions by 46.2% from 2021 baseline. The management of these targets is held by the Sustainability Governance Board and the Working Group.</p>
	<p>C: Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	
<p>Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.</p>	<p>A: Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management.</p>	<p>GHG Emissions: Total: 34,756.57 MT CO2e Scope 1: 7,350.70 MT CO2e Scope 2: 27,025.87 MT CO2e Emissions Intensity: 0.0004 MT CO2e/USD Revenue</p> <p>Energy Consumption: 237,239.79 GJ</p> <p>Water Usage: 173.5 Megaliters</p> <p>Waste: 15,463.96 MT 2,214.80 MT to Landfill 13,249.16 MT Recycled</p>
	<p>B: Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>Scope 1: 7,530.70 MT CO2e Risks for Scope 1: Feasibility of decarbonization</p> <p>Scope 2: 27,025.87 MT CO2e Risks for Scope 2: Availability of renewable energy sources are limited for entire operations</p> <p>Scope 3: 157,811.2 MT CO2e Risks for Scope 3: Availability of thorough and accurate data for each relevant category</p>
	<p>C: Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>SBTi: By 2031, Neapco plans to reduce our absolute Scope 1 and 2 emissions by 46.2% from our 2021 baseline.</p>