



**2020
SUSTAINABILITY
REPORT**

®



ENVIRONMENTAL



85K TONS

Metal Recycled



15K TONS

Solid Waste Recycled



19%

Carbon-Free Electrical Consumption



SOCIAL



57%

Reduction in Recordable Injuries Over Five Years



48

Shainin Certifications



35,000

Training Courses Enrolled



GOVERNANCE



12%

Diversity Spend



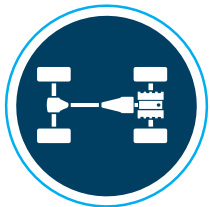
100%

Completion of Annual Ethics & Compliance Training



30%

Board Diversity



PRODUCT



2

Automotive News PACE Awards for Electric Drive Technology



13

Customer Quality Awards



72%

Improvement in Warranty Performance

VISION – To POWER the future and provide value to our stakeholders.

MISSION – To deliver efficient, powerful and innovative solutions for our customers while leading the industry in quality, operational excellence and technology to maximize shareholder value.

SUSTAINABILITY MISSION STATEMENT – To deliver POWER and build a safer, greener and sustainable future for our associates, customers, communities and the environment.

AAM (NYSE: AXL) delivers POWER that moves the world. As a leading global Tier 1 automotive supplier, AAM designs, engineers and manufactures driveline and metal forming technologies that are making the next generation of vehicles smarter, lighter, safer and more efficient. Headquartered in Detroit, AAM has approximately 20,000 associates operating at nearly 80 facilities in 17 countries to support our customers on global and regional platforms with a focus on quality, operational excellence and technology leadership. To learn more, visit aam.com.

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MESSAGE FROM DAVID C. DAUCH

– Chairman of the Board and Chief Executive Officer

As a global company, AAM is guided by a set of Cultural Values and Strategic Principles. These values and principles stress teamwork, excellence, responsibility, continuous improvement, shareholder value creation, community involvement, diversity and respect for the environment. At their core, they also serve as a guidepost for AAM's sustainability program.

Building on the progress we made in 2019, we made significant advancements in our sustainability program during 2020 including:

- Reducing energy use, GHG emissions and water consumption in our operations
- Increasing our purchases of carbon-free electricity
- Developing more fuel-efficient products that help curtail emissions
- Advancing our culture of diversity, equity and inclusion, starting with our Board of Directors and cascading throughout our global operations

In this report, you will find an in-depth review of our program, data on our successes and information about goals for the future. One of our most important objectives in 2021 will be to establish new environmental goals that will continue to drive reductions in our energy usage, greenhouse gas emissions and water consumption to address climate change and resource depletion. Our Board of Directors and management team will remain focused on our sustainability program as a key component of our global operations and business strategy.

AAM's sustainability program has become more transparent in consideration of the interests of our shareholders, customers, suppliers, associates and other stakeholders. Although our sustainability reporting is evolving, we made significant enhancements to this report by reviewing GRI, SASB and TCFD recommendations. We will continue to develop and align our disclosures with these reporting standards and the expectations of our stakeholders.

Now more than ever, we are deeply committed to profitably growing our business in a way that is sustainable and socially responsible. I'm proud of what we've done, well aware of the work we need to do, and ready to lead AAM on this journey.

As always, I thank you for your support and hope you'll spend some time learning about AAM's sustainability program.

Sincerely,

A handwritten signature in black ink that reads "David C. Dauch". The signature is written in a cursive, flowing style.

David C. Dauch

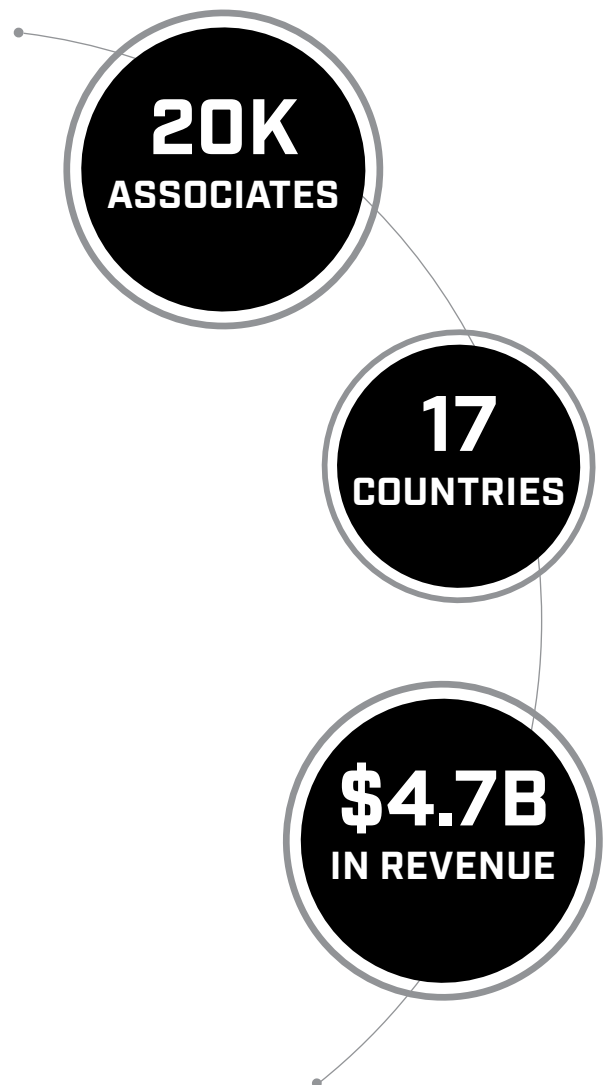


WE ARE AAM – LEADERS IN DRIVETRAIN PROPULSION

Our core competency is designing, engineering, and manufacturing driveline and metal forming products, including components and systems for electric drive units, with uncompromising operational excellence, quality and technology leadership. AAM products make the next generation of vehicles lighter, safer and more efficient – positively contributing to the environment.

In 2020, we were recognized for the fourth consecutive year with the General Motors Supplier of the Year Award. Furthermore, eight of our global facilities received the GM Supplier Quality Excellence Award during the 2019 performance year. We were also a 2020 finalist for FCA's (now Stellantis) North America Supplier of the Year Award for Sustainability, and Ford and Hyundai recognized us with multiple quality and safety awards. As a testament to our innovation and technological strength, AAM was presented two PACE Awards in recognition of our electric drive propulsion system and our partnership with our customer. We are very proud to receive this recognition.

Our DNA for excellence and integrity weave through all that we do from product development and manufacturing to supporting our customers. We are committed to advancing our global sustainability program and delivering POWER for a safer, greener and brighter future.



SUSTAINABILITY PRIORITY TOPICS

Our focus is to drive continuous improvement in the sustainability areas most important to AAM and our stakeholders. In 2019, we conducted our first materiality assessment to identify and select AAM’s sustainability priority topics. The methodology we used is described in the About this Report section of this report.

Our Policy Committee, which is led by the CEO and includes AAM’s top leaders, selected AAM’s ten most important topics in the areas of **Environmental**, **Social**, **Governance** and **Product**. The topics in each category are aligned with our business operations and strategy. These topics have become the focus of our leadership and our global workforce to drive performance in these areas. We discuss our progress in the following sections of this report.

ENVIRONMENTAL

Energy and Emissions Reduction

Reduce Water Use at Every Location

Reduce, Reuse, Recycle Industrial Materials

GOVERNANCE

Ethical Business Practices and Training

Cascade and Verify Supplier Compliance

SOCIAL

Associate Health, Safety and Wellness

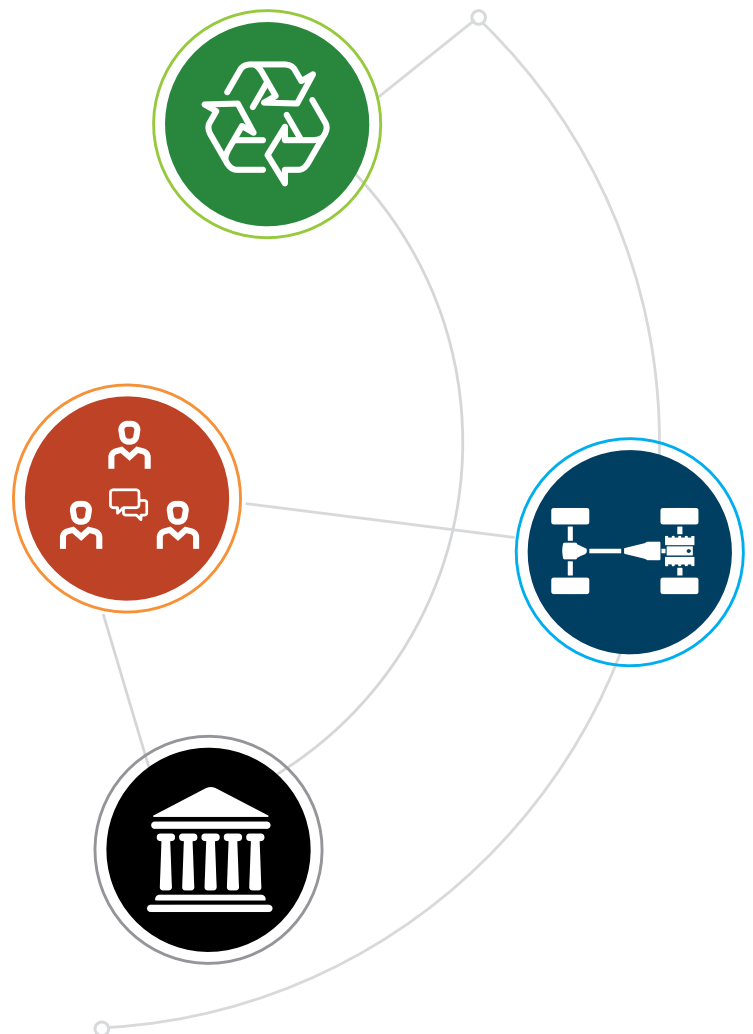
Attract, Develop, Engage and Retain Diverse Talent

Partner with Global Communities

PRODUCT

Investment in Technology

Product Quality and Safety





ENVIRONMENTAL

ENERGY AND EMISSIONS REDUCTION

REDUCE WATER USE AT EVERY LOCATION

REDUCE, REUSE AND RECYCLE INDUSTRIAL MATERIALS

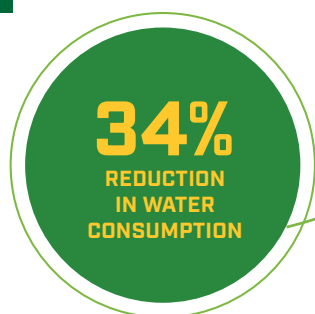
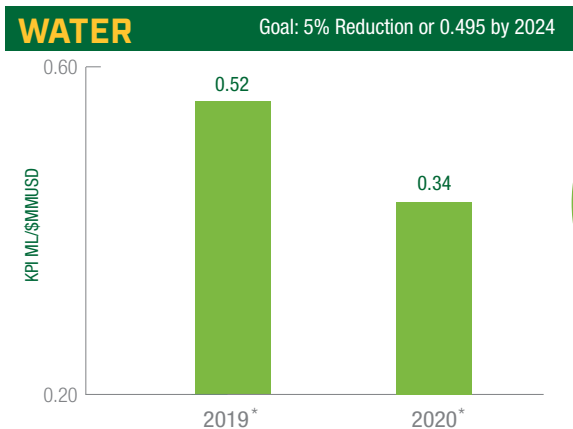
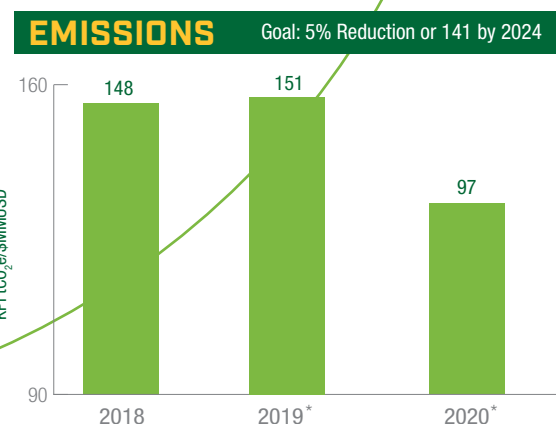
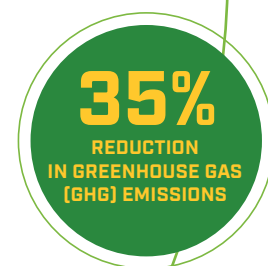
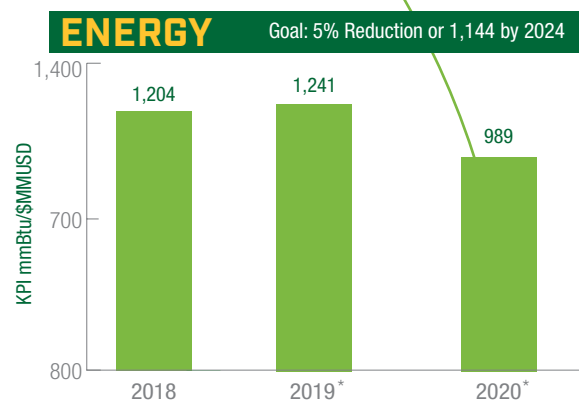
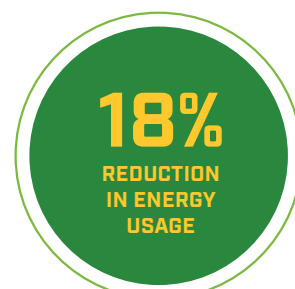
CONSERVE

We believe that being focused on sustainability benefits our associates, suppliers, customers, communities, shareholders and the environment. As stated in our [Environmental Policy](#), AAM is dedicated to conservation and protection of the environment as an integral part of our global operations.

In 2019, we set specific environmental goals to reduce energy usage, greenhouse gas (GHG) emissions and water consumption by the end of 2024. Our baseline years for measuring sustainability performance were set at 2018 for energy and emissions and 2019 for water. The graphs presented show actual results and our performance goals.

RESET OF GOALS AND BASELINE

Given the progress we made toward our environmental goals in 2020, we will reset these goals and baseline in 2021 to reflect our current business profile and the continued progress we expect to make in reducing the environmental impact of our business operations. Our current goals and baseline do not reflect our sale of the U.S. Casting operations in 2019. We expect to make 2021 the new baseline year and disclose our new goals in our 2021 Sustainability Report.



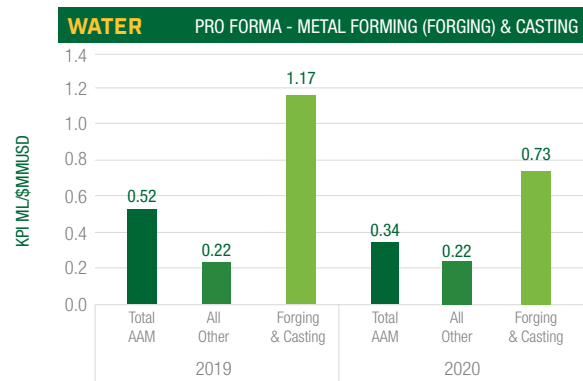
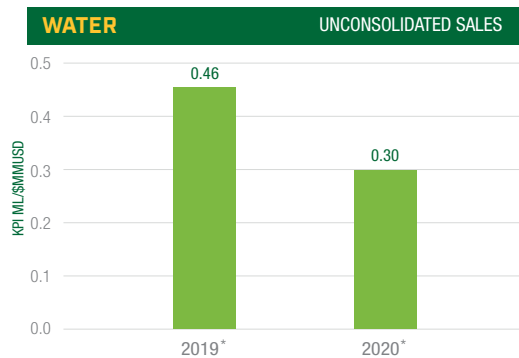
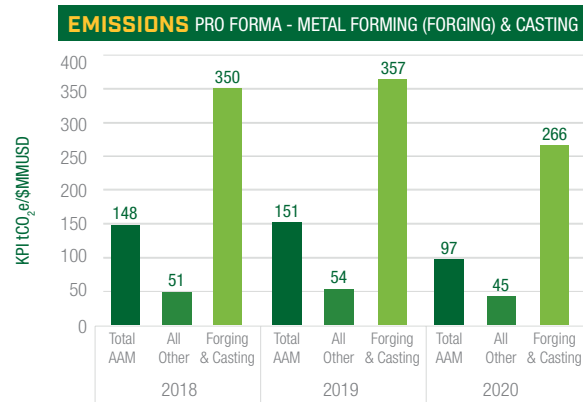
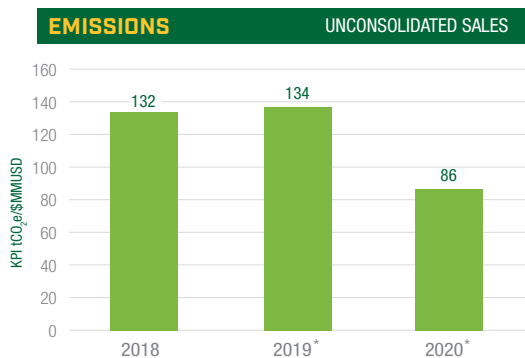
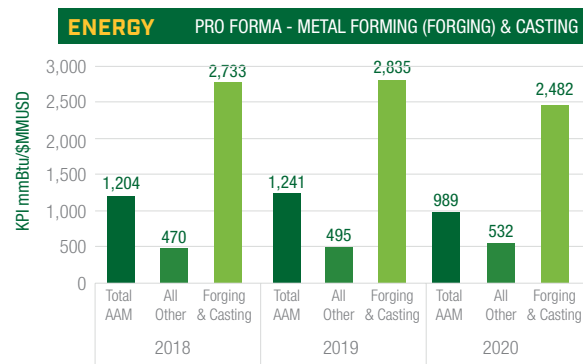
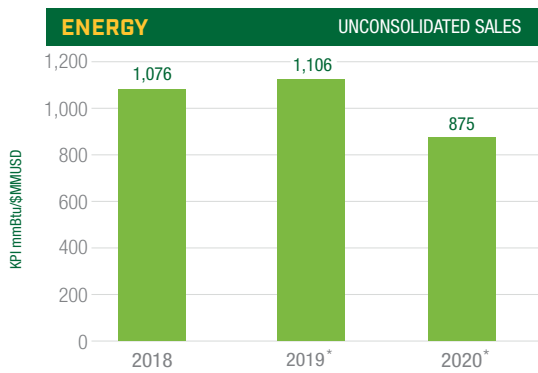
AAM estimates that our sales for 2020 were negatively impacted by \$1,243 million relating to COVID-19 and our sales in 2019 were unfavorably impacted by a customer work stoppage by approximately \$243 million. The charts above also include the environmental impacts associated with our U.S. Casting Operations in 2018 and 2019, which was sold in December 2019.

NEW GOAL DEVELOPMENT

As part of our continued focus on reducing GHG emissions, we plan to explore Science Based Targets (SBT) in the development of next-generation environmental goals in 2021. The Science Based Targets initiative (SBTi) is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) that drives ambitious climate action in the private sector by enabling companies to set greenhouse gas emissions reduction targets that are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

SUPPLEMENTAL DATA

In addition to presenting our annual performance toward our initial energy, emissions and water goals, we are providing supplemental data below to show our performance toward these goals on an unconsolidated sales basis and a pro forma basis, which reflects the impact of vertical integration in our business. We provide this information to normalize our business in relation to our industry peers and original equipment manufacturers (OEMs). This supplemental data reflects the strategic structure of our business with a vertically integrated footprint. Other automotive suppliers and OEMs may be less vertically integrated.



AAM estimates that our sales for 2020 were negatively impacted by \$1,243 million relating to COVID-19 and our sales in 2019 were unfavorably impacted by a customer work stoppage by approximately \$243 million. The charts above also include the environmental impacts associated with our U.S. Casting Operations in 2018 and 2019, which was sold in December 2019.

AAM ENVIRONMENTAL MANAGEMENT SYSTEM

Our environmental management system (EMS) serves as the framework for a standardized global approach to environmental management. Our EMS is a key component of the AAM Operating System – a world-class global operating system designed to deliver operational excellence by applying our global standards, policies and best practices across all disciplines.

A key function of our EMS is monitoring power usage across our global facilities. Our EMS monitors and tracks energy consumption, power quality and plant loading, enabling us to measure, analyze and continuously improve energy performance. We also perform on-site energy audits to identify energy savings opportunities.

On a global basis, 52 of our manufacturing locations are certified to ISO 14001-2015, the international standard for environmental effectiveness. In addition, we have five vertically integrated facilities which are managed under our internally audited EMS system. In 2020, we were 100% attested to ISO 14001-2015 in our manufacturing facilities. Currently, 29 of our 52 facilities are certified under the ISO 50001 standard for energy.

E⁴ PROGRAM

In 2021, we are launching a new program to drive continuous improvement in our operations by reducing energy consumption, GHG emissions and water use while minimizing waste and lessening the environmental impact of our production operations. Our E⁴ (E-to-the-fourth) will serve as AAM's new energy and environmental sustainability program with the goals shown below.

- Incorporate energy-efficient and environmentally sustaining operating practices into our daily routine in order to contribute to the health of the environment
- Design, build, and improve facilities to specifications and standards that promote net zero environmental impact for identified measurable aspects
- Purchase energy from suppliers that best fit AAM's cost and quality needs while sharing partnership in sustainability goals
- Develop employee culture and systems that drive continuous improvement in the journey toward achieving our long-term environmental goals

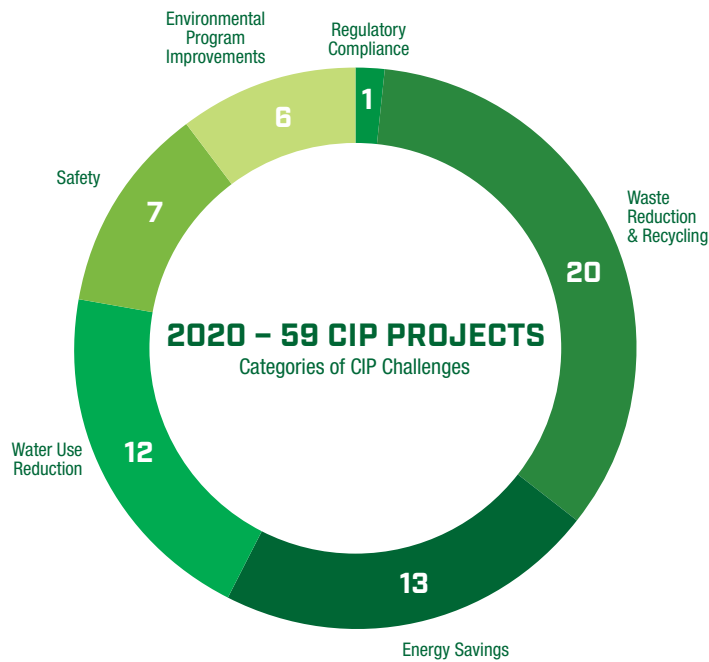
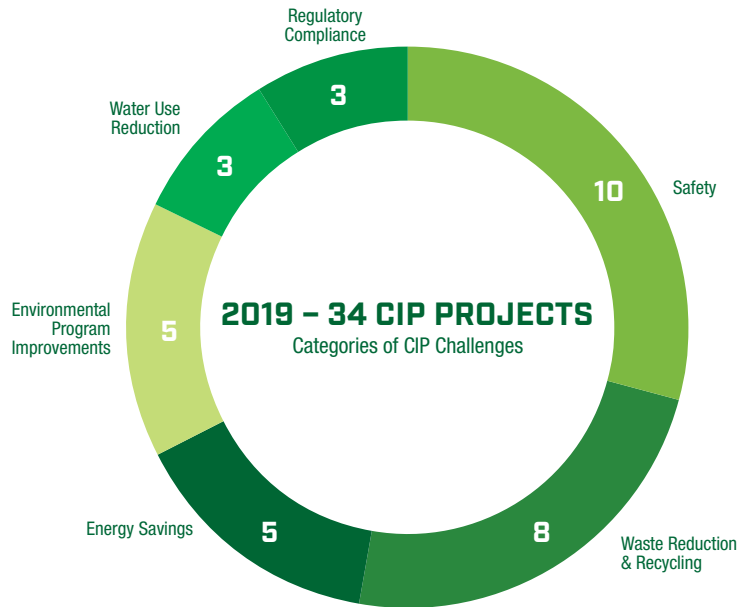
Our E⁴ program will include a four-level assessment system to rate our locations based on adherence to policies and attainment of environmental initiatives. We also adopted an energy and environmental mission statement in support of this program.

ENERGY AND ENVIRONMENTAL PROGRAM MISSION STATEMENT – AAM will continuously reduce energy consumption and lessen the environmental impacts of its products and processes. We will carry out this policy without compromising safety, reliability, and environmental standards by establishing an effective E⁴ energy and sustainability program that embraces energy awareness and creates a culture of community leadership wherever operations are established.



CONTINUOUS IMPROVEMENT INITIATIVES

We have a robust program to drive continuous improvement in our operations by reducing our energy consumption, GHG emissions and water use while minimizing waste. Our global locations submit projects to achieve these objectives, known as CIPs. These projects are reviewed by senior management and the best projects are recognized through an annual reward program.



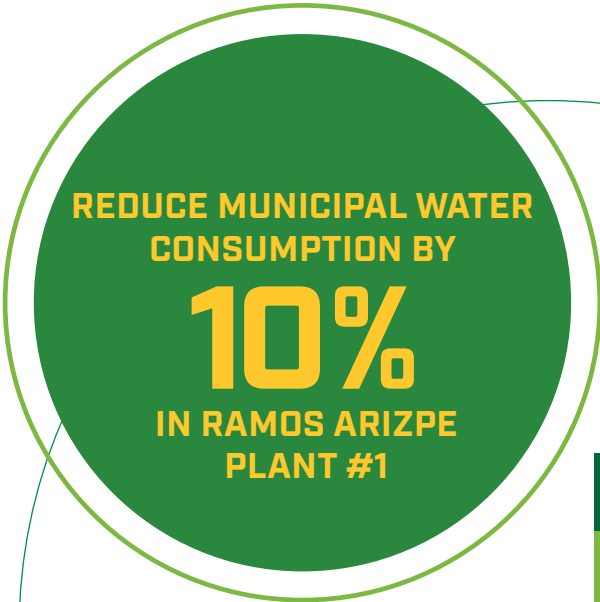
Almost twice as many CIP Challenge Projects in 2020 than 2019

WATER REDUCTION INITIATIVES

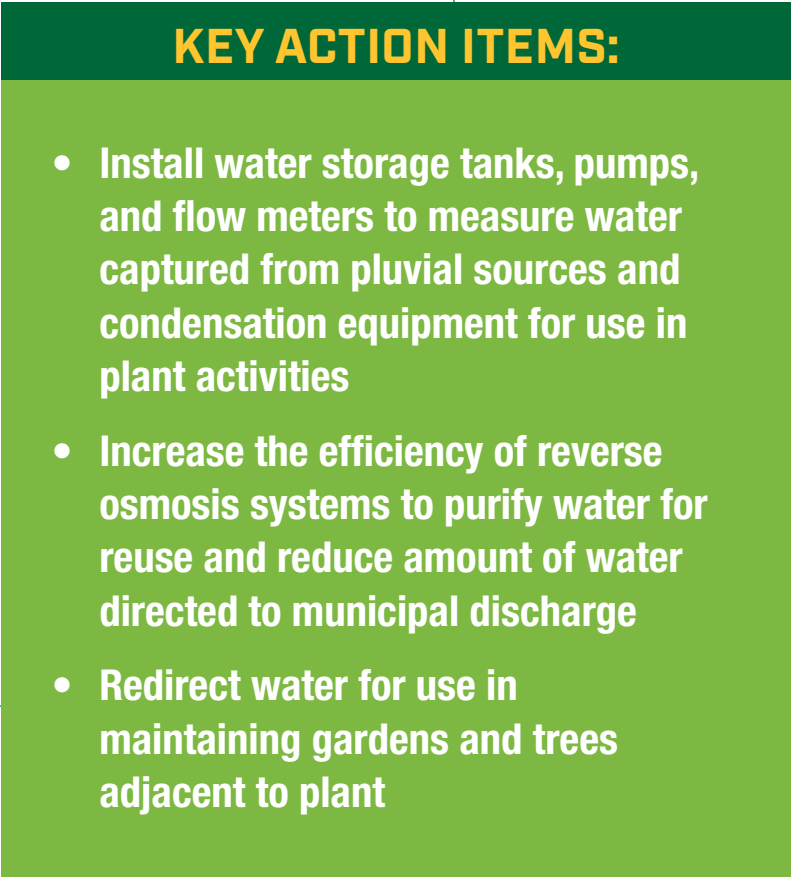
Water reduction is a key priority for AAM and our sustainability program. In 2019, we set a goal to reduce our usage by 5% from 2019, our base year, through 2024. In 2020, we reduced our usage by 34% and remain focused on building on our accomplishments by continuing to implement behavioral changes and capital projects, and to improve data collection, tracking and reporting of our global water usage.

The water project at our Ramos Arizpe plant in Mexico illustrates the sustainability performance improvements achieved through this process.

OPPORTUNITY



REDUCE MUNICIPAL WATER CONSUMPTION BY
10%
IN RAMOS ARIZPE PLANT #1

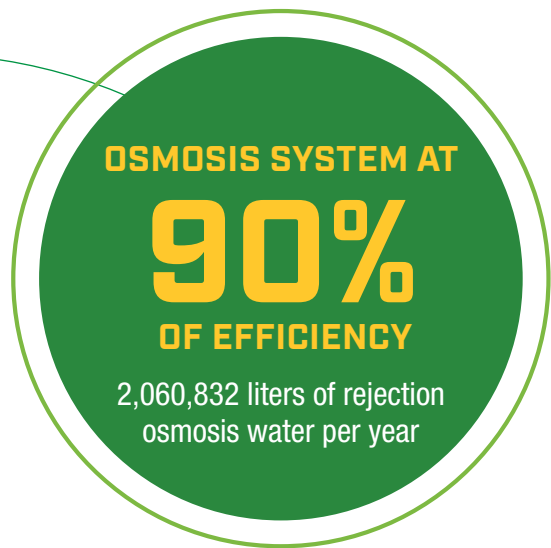
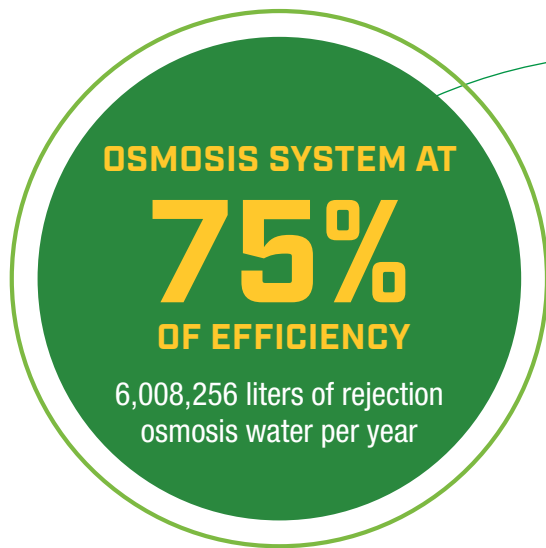


KEY ACTION ITEMS:

- Install water storage tanks, pumps, and flow meters to measure water captured from pluvial sources and condensation equipment for use in plant activities
- Increase the efficiency of reverse osmosis systems to purify water for reuse and reduce amount of water directed to municipal discharge
- Redirect water for use in maintaining gardens and trees adjacent to plant

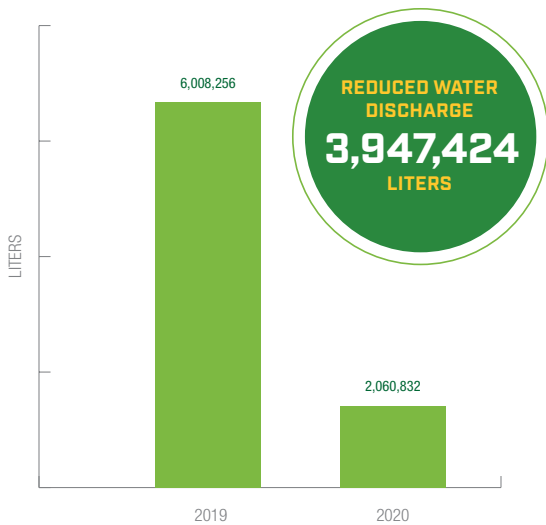
INITIAL CONDITION

TARGET STATE

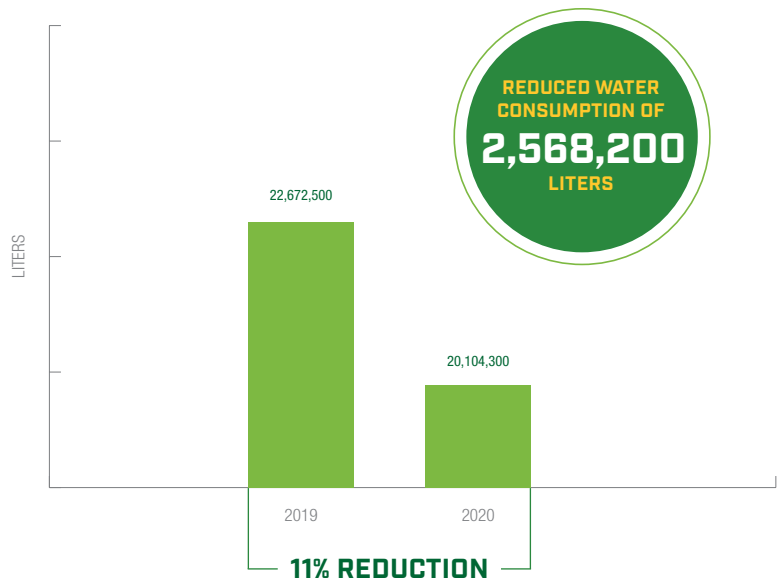


ANNUAL SAVINGS

LITERS OF REJECTION OSMOSIS WATER DISCHARGED TO MUNICIPAL DRAINAGE



WATER CONSUMPTION 2019 VS 2020



The outcome of this initiative was an 11% reduction in water consumption, saving approximately 2.6 million liters at the plant level while preventing approximately 4 million liters from being discharged to municipal drains.

WASTE REDUCTION AND RECYCLING

Our manufacturing facilities have active recycling and reuse programs. From the materials we use in manufacturing to the ancillary products and packaging we use in our facilities, we have a strong focus on reducing, reusing and recycling materials at our global manufacturing facilities.

In 2020, we made significant progress on how we measure the positive environmental impact of our recycling programs. We implemented a new data tracking system along with rigorous training initiatives for our global EHS (Environmental, Health and Safety) leaders in order to capture waste reduction and recycling data on over **100 different materials used in manufacturing** on a daily basis. We use this data to monitor our waste reduction activities and categorize materials we recycle to prevent waste from reaching landfills.

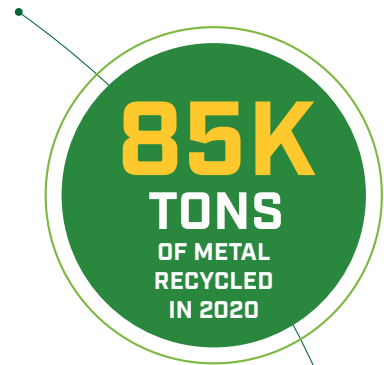
Another benefit is the significant increase in EHS continuous improvement project submissions by our global manufacturing locations. Waste reduction and recycling projects increased from eight in 2019 to 20 in 2020 (a 150% improvement on a year-over-year basis).

Recycling coolant used in our machinery and equipment at our Swidnica, Poland location to extend the life of the coolant used in operations and reducing waste by approximately 25% after installing coolant recycling centers in our plant.

Reduction of waste water solid wastes from reaching landfills by increasing efficiency of biomass reactors at our Twinsburg, Ohio plant. We saw an annual reduction of 49% in solid waste produced as a result of this initiative.

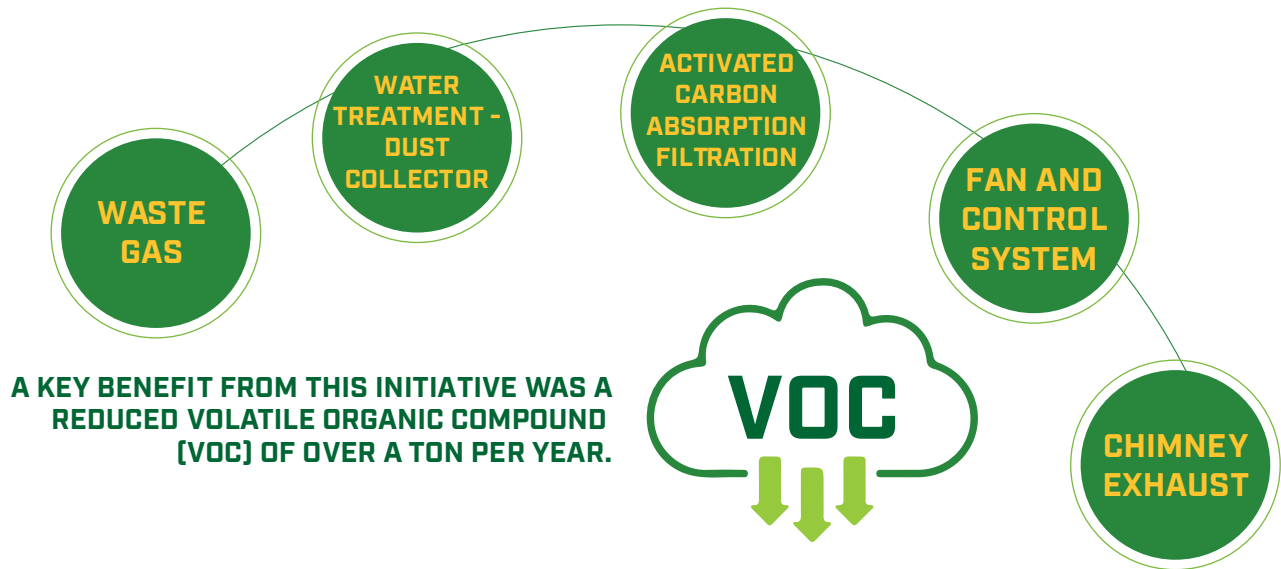
Utilizing sand reclamation processes in our El Carmen, Mexico plant has allowed us to reuse and recover up to 20% monthly of sand used in the production of our products. This initiative has reduced the amount of new sand purchased by nearly 6,000 tons and greatly reduces the amount of waste from reaching landfills.

Recycling in the Supply Base – We extend our recycling efforts through our supply base. We surveyed direct material suppliers representing approximately 50% of our direct material spend to evaluate these suppliers' use of recycled content in the materials we purchase. Based on responses of 39 of our largest direct material suppliers, we estimate that approximately 72% of our direct material spend (excluding directed buy) is for content derived from recycled material, while only 28% comes from raw/virgin material. Purchases from customer-directed material suppliers were not included in our analysis.



EMISSION REDUCTION INITIATIVES

Focusing on reducing emissions is a key priority for AAM and our sustainability program. In 2020, we implemented a new air filtration system at our Suzhou, China metal forming facility to collect waste gas that is a byproduct of our die casting manufacturing process. Also, as part of this initiative, our installation of a water treatment dust collection system greatly improved the air quality in our facility. This new filtration process, shown below, improved our waste gas collection efficiency by over 90%.



	BEFORE	AFTER		
		Volume (CMH)	Gas concentration (mg/m ³)	Running hours (H)
Waste gas emissions (VOC)	1.35 Tons	100000	0.79	7200
		0.57 Tons		
Waste gas emissions (Dust)	13.6 Tons	100000	2.8	7200
		2.02 Tons		

CARBON-FREE ELECTRICITY INITIATIVES

In 2019, we began to partner with our energy suppliers to increase our use of carbon-free electricity in our manufacturing process. As a result, seven of our manufacturing facilities received CO₂ emission-free electricity in 2020, which achieved 36,807 tons of reduced CO₂ emissions. In 2021, we expect to sign new carbon-free electricity contracts for six additional manufacturing facilities. We estimate an overall reduction of CO₂ emissions by 77,000 tons in 2021 (equivalent to approximately 19% of total AAM manufacturing facilities electrical consumption).



YEAR	ENERGY mmBtu	SALES* \$MMUSD	ENERGY KPI mmBtu/\$MMUSD	ENERGY KPI %
2018	8,757,018	7,270	1,204	–
2019	8,102,210	6,531	1,241	(3.0%)
2020	4,660,439	4,711	989	17.8%



YEAR	EMISSIONS tCO ₂ e	SALES* \$MMUSD	EMISSIONS KPI tCO ₂ e/\$MMUSD	EMISSIONS KPI %	SCOPE 1** tCO ₂ e	SCOPE 2** tCO ₂ e
2018	1,076,269	7,270	148	–	149,877	926,392
2019	984,446	6,531	151	(1.8%)	136,098	848,348
2020	455,232	4,711	97	34.8%	79,292	375,940



YEAR	WATER ML	SALES* \$MMUSD	WATER KPI ML/\$MMUSD	WATER KPI %
2019	3,405	6,531	0.52	–
2020	1,613	4,711	0.34	34.3%

*External/consolidated sales. AAM estimates that our net sales for 2020 were negatively impacted by \$1,243 million relating to COVID-19 and our net sales in 2019 were unfavorably impacted by a customer work stoppage by approximately \$243 million. The charts above also include the environmental impacts associated with our U.S. Casting Operations in 2018 and 2019, which was subsequently sold in December 2019.

**Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy.

CARBON DISCLOSURE PROJECT (CDP) REPORTING

AAM participates in the CDP (formerly known as the Carbon Disclosure Project), which allows us to compare our progress to that of peer companies in similar regions and sectors. Our climate-related data for 2020 was independently verified by a third party prior to our CDP submittal. The selected third-party provider is an accredited verification partner of the CDP.



SOCIAL

ASSOCIATE HEALTH, SAFETY AND WELLNESS

ATTRACT, DEVELOP, ENGAGE AND RETAIN DIVERSE TALENT

PARTNER WITH GLOBAL COMMUNITIES

PROMOTING A PEOPLE-FIRST CULTURE THROUGH OUR SAFETY MANAGEMENT SYSTEM

Our first responsibility every day, in every facility, is the safety of our over 20,000 global associates. With safety in mind, we have designed and implemented our S⁴ (S-to-the-fourth) system. The S⁴ safety system is focused on developing, engaging, monitoring, and continuously educating our associates on standardized procedures that are vital to their workplace safety. This system is the basis of our safety culture and [Safety Policy](#).



AAM IS COMMITTED TO PROVIDING A SAFE AND HEALTHY WORKPLACE FOR ALL ASSOCIATES THROUGH STRUCTURED PROCESSES THAT ARE PERSONAL, POSITIVE AND PROACTIVE.

The S⁴ system is based on three key themes of being personal, positive and proactive. The concept involves every associate, every day engaging in our guiding principles and 11 elements of data-driven, structured improvement. The primary goal of S⁴ is to achieve compliance with all internal and external requirements and regulations while driving behavioral changes to maintain a safe and environmentally friendly workplace. At AAM, we believe safety performance is a journey where each facility strives to achieve S⁴ as described in the graph below.

RATING	CLASSIFICATION	DEPENDENCY	ATTRIBUTES
S ¹	Reactive	Natural Instincts	Safety by natural instinct and lack of management involvement. Compliance-driven
S ²	Dependent	Supervision	Management commitment and training. Rules and procedures in place
S ³	Independent	Self	Personal knowledge, commitment and adherence to standards. Care for self
S ⁴	Interdependent	Teams	Help others conform and focus on prevention. Care for others

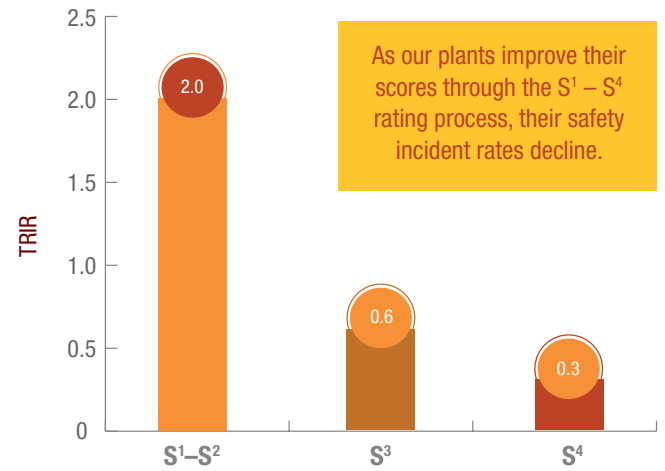
“You get the level of safety that you demonstrate you want.”



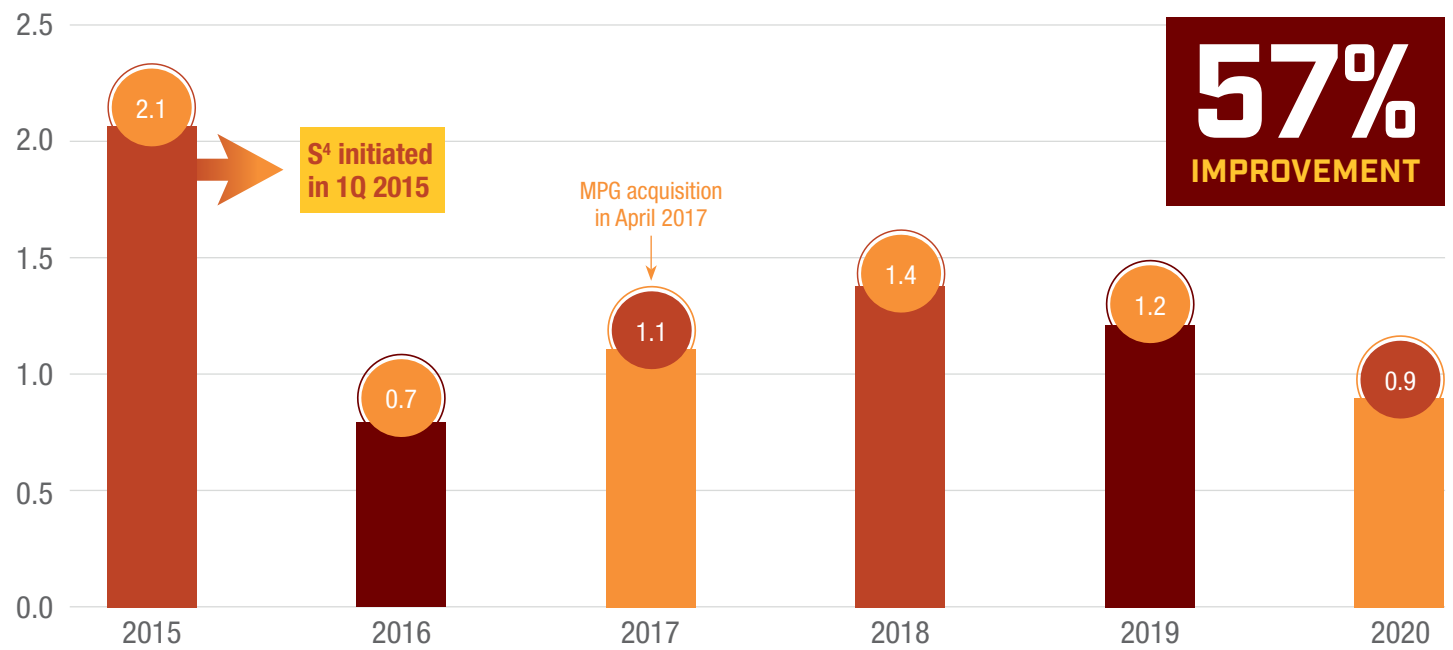
Across our global operations, S⁴ involves actively engaged communities at each location, common tools for audits, observations, job analysis, training, operations reviews, common policies and procedures – all coordinated through a common database. Combining technical requirements and regulations into the S⁴ system has proven to be an effective process for improvement and the reduction of safety risk.

We are focused on continuous improvement of the S⁴ system and in our total recordable incident rate (TRIR) in every facility. The effectiveness of our S⁴ system as the driving force behind our safety performance is depicted in the charts shown here. We have experienced a 57% reduction in recordable injuries since the S⁴ program began in 2015.

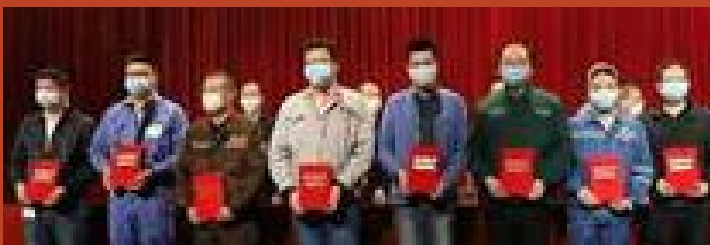
COMPARISON OF S⁴ TO TRIR BY FACILITY RATING



TOTAL RECORDABLE INCIDENT RATE



For all years presented above, AAM has exceeded the TRIR industry benchmark as measured by the Bureau of Labor Statistics rate for Automotive Parts Manufacturing and recognized by OSHA as a vital safety performance indicator in our industry. The most recent TRIR rate available from the Bureau of Labor Statistics is 3.1 for the year 2019.



AAM's Changshu Manufacturing Complex (CMC) received the 2020 Best Safety Award from the Changshu Economic Development Zone in China for its commitment to safety. CMC was selected for its overall safety program excellence and leadership, clearly an outcome of AAM's S⁴ Safety Program.

DRIVING A CULTURE OF DIVERSITY, EQUITY AND INCLUSION

The diversity of our associates, their backgrounds, experiences, talents, knowledge, creativity and the appreciation of all their individual differences are the foundation for our competitive advantage. Embracing diversity promotes innovation and helps AAM to attract and retain the best talent everywhere we do business.

Board Diversity – AAM’s commitment to diversity, equity and inclusion begins with our Board of Directors. This level of oversight reflects the importance of DEI to AAM’s long-term business strategy. Recent Board refreshment resulted in 30% representation of women and minority directors on our Board.

DEI is a Top Priority – In early 2021, AAM solidified our DEI statement and communicated it to our associates worldwide.

At AAM, we believe diversity drives creativity. We believe an equitable and inclusive culture encourages, supports and celebrates the unique voices of our global workforce.

AAM is committed to listening, learning and taking action that will move our company and our communities forward, together.

Unconscious Bias Awareness – AAM facilitated inclusive leadership and unconscious bias awareness training sessions for top management and the global Human Resources organization. Participants actively engaged in open dialogue about the importance of inclusive leadership.



“AT AAM, WE BELIEVE DIVERSITY DRIVES CREATIVITY. OUR PRIORITIES ARE TO FOSTER A CULTURE OF INCLUSION AND DEVELOP A MORE DIVERSE WORKFORCE. I AM EXCITED TO CONTINUE TO HELP LEAD OUR ORGANIZATION ON THIS JOURNEY.”

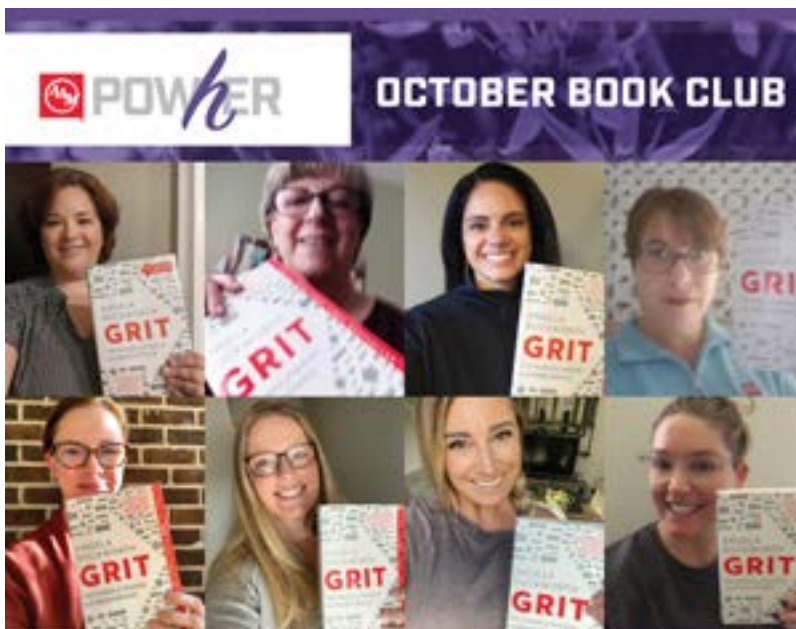
Terri M. Kemp
Vice President – Human Resources



WE SEEK TO INCREASE THE NUMBER OF TALENTED WOMEN IN OUR WORKFORCE AND PROVIDE THEM WITH OPPORTUNITIES FOR REWARDING CAREERS AT AAM.



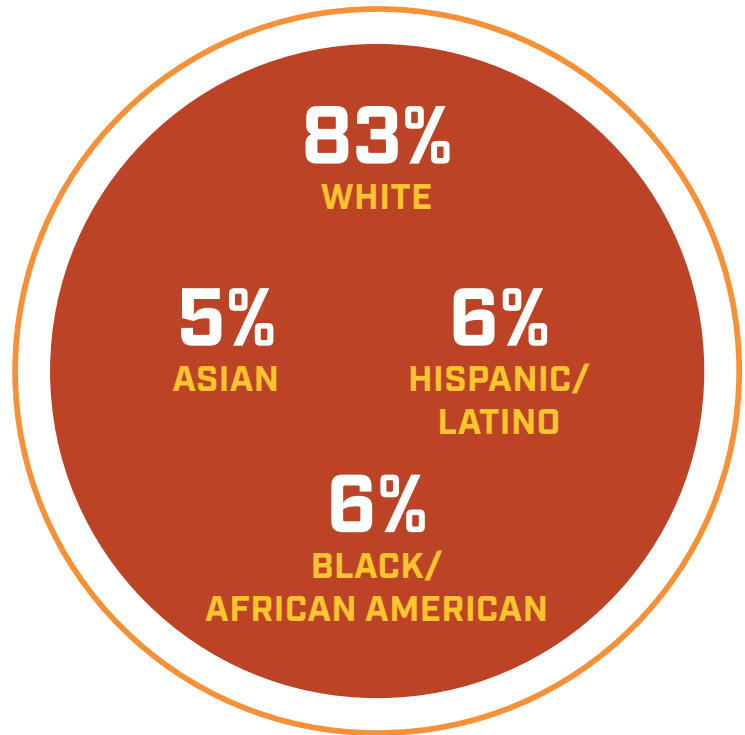
POWheR – AAM’s employee resource group, POWheR, switched to a virtual format for much of 2020. AAM women gathered virtually to network and share insights via regular meetings. This enabled associates to continue connecting until in-person events and meetings can begin again.



As a corporate member of the Center for Automotive Diversity, Inclusion & Advancement, AAM actively supports CADIA's mission to double the number of diverse leaders in the automotive industry by 2030.



RACE AND ETHNICITY IN THE U.S.



ADVANCING OUR CULTURE OF DIVERSITY, EQUITY AND INCLUSION

- Accelerating our talent acquisition and associate development strategies in support of DEI initiatives
- Increasing awareness and encouraging open dialogue through DEI-focused learning
- Promoting a more inclusive environment by developing new employee resource groups



Partnering for Success



Resources, Tools and Events designed to enhance our Associate experience.

OUR AAM360 PROGRAM SERVES AS THE FRAMEWORK OF OUR ASSOCIATES' EXPERIENCE AT AAM.

Its four components - LEVEL UP, POWER UP, Benefits and More and #TeamAAM - offer resources, tools and events that are designed to empower associates in their work and personal lives. Empowerment of our associates is essential to continuously improving our quality performance, technology leadership and operational excellence and enabling our associates to grow professionally into the leaders that will guide AAM into the future. Our associates are an integral part of AAM's commitment to support the communities in which we live and work by volunteering our time and contributing to local charities.

AAM360 also serves as the foundation for AAM's talent strategy. AAM is committed to an environment that attracts, retains and develops diverse talent. We strive to provide our associates with development opportunities and enable qualified candidates to advance to high-impact positions important to AAM's success.



PROMOTING DEVELOPMENT

We have established sustainable and adaptable talent management programs focused on the development of our associates. These programs are designed to help associates realize their full potential by understanding expectations and their role, thus enabling them to be a part of AAM's success and grow in their careers. These programs include career development plans, succession progression discussions, and educational and ethics training.

Early Career Development Program – As part of our talent acquisition strategy, we engage students in several programs to provide exposure to AAM and our culture. These programs allow students to develop and expand their technical skills and provide network opportunities.



Nearly 50 college students participated virtually in AAM's Summer Internship program.



U.S.



MEXICO





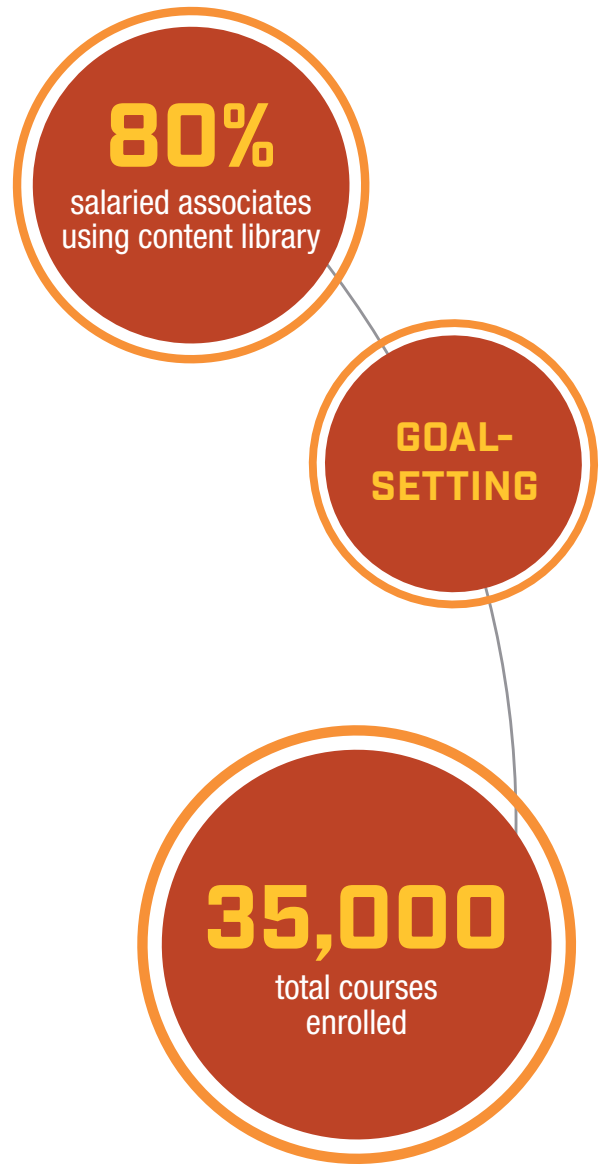
Plant Manager Development Program – The global plant manager development program we launched in 2020 is customized to focus on key behaviors, skills and abilities important to ensure this group is equipped and ready for future success.

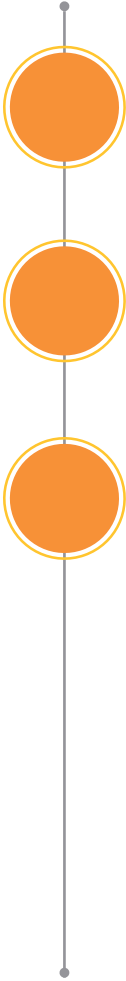
Executive Development Program – AAM launched its Executive Development Program in 2021. This program will assess our key senior level associates on skills and behaviors needed to be a successful AAM executive. Associates in Asia, Mexico and the U.S. will participate in the pilot program, which includes an assessment process, feedback, coaching and development opportunities.

Technical Skills Training – Product engineers learn design techniques through partnerships with academic institutions. Manufacturing engineers and technicians learn problem solving through engagement with industry leaders. These programs are designed to enhance the knowledge and skills to advance AAM’s business strategy to grow our electrification portfolio.

Ethics and Compliance Training – Annually, AAM salaried associates are required to complete ethics and compliance training in their native language. In 2020, a customized sustainability course was added to the curriculum.

Cybersecurity and Staying Safe Online – During transitional and remote work periods, we supported all associates with a Cybersecurity and Staying Safe Online learning program. Hourly and salaried associates were encouraged to use anti-virus software and learn how to protect against phishing/pharming and other cybersecurity threats.





Operational Leadership – In 2020, AAM designed and developed an Operational Leadership curriculum providing hourly associates with information regarding manufacturing processes and procedures, which drives continuous improvement.

Productivity Improvement Team Member Program – In 2021, we formed Productivity Improvement Teams to advance problem-solving and good manufacturing practices through a structured e-learning program.

2020 Dorian Award for Problem Solving Cultural Excellence
AAM was awarded a 2020 Dorian Award for Y to X[®] Problem Solving Cultural Excellence from Shainin – The Red X[®] Company. The prestigious Dorian Awards are presented annually to individuals or organizations that have demonstrated excellence in solving or preventing complex problems.

In 2020, 48 AAM associates were certified by Shainin as apprentices, masters and as a journeyman. More than 325 associates are trained in Shainin tools and we will continue to train and grow our associates in this critical problem-solving methodology.

AAM utilizes Shainin problem solving throughout its global enterprise and has developed an AAM apprentice course.



2020 SHAININ CERTIFICATIONS BY AAM ASSOCIATES





PROMOTING HEALTHIER LIFESTYLES THROUGH WELLNESS PROGRAMS

At AAM, we take our associates' health seriously. We created a wellness program to help our associates make healthy lifestyle choices. This program is comprehensive, interactive and personalized to make it easy for our associates and their families to live a healthier lifestyle to help achieve personal wellness goals. AAM offers associates a confidential online health review, information on how to live a healthier lifestyle and associate wellness challenges. These challenges include competitions of teams of associates representing their AAM locations.

PINK OUT WELLNESS EVENT



Our Auburn Hills Manufacturing Complex in Michigan hosted a wellness event in October, inspired by Breast Cancer Awareness Month. Associates were given information about the benefits of screening and early detection.

PUSH-UP AND SIT-UP CHARITY EVENT



Associates at our Swidnica Manufacturing Facility in Poland worked together to raise money for children with Spinal Muscular Atrophy. Associates were challenged to complete a push-up or sit-up challenge and make donations.



BENEFITS AND MORE

We recognize and reward associate contributions with competitive pay and benefits. Our compensation and benefit plans are designed to attract, motivate, reward and retain the performance of a highly qualified, globally diverse workforce. While our benefit plans vary depending on geographical location, we are committed to developing and deploying programs and activities that can improve the physical, mental and financial wellness of our associates.

Physical and Emotional Health – We offer competitive health and welfare programs to benefit the physical and emotional well-being of our associates and their families.

Financial Wellness – Our financial wellness initiatives promote overall financial well-being. We provide resources for associates to better manage their personal finances and improve retirement readiness. Financial well-being education can help associates to manage current and future financial goals. Below are some programs offered to U.S. associates.

- Tools to assess current financial and retirement goals
- Seminars to discuss financial and retirement topics
- Access to financial counselors affiliated with our savings plans
- Plan design to encourage retirement savings

#TeamAAM

POWERING OUR GLOBAL COMMUNITIES

AAM's commitment to the communities where associates live and work is one of our most important cultural values. Giving back is who we are. While our giving and volunteer programs looked a bit different in 2020, we stayed dedicated to providing service to our communities and that didn't change with the pandemic. We just shifted gears and looked for creative ways to safely support the organizations that needed help throughout the year.

Working with several local organizations, AAM provided more than 2,700 meals to hospitals to feed doctors, nurses and support teams during the pandemic. The meals were sourced from independent or family-owned restaurants, many of them affected by in-dining closures.

We also helped provide more than 2,400 meals to local police departments and about 800 meals to a local fire department. For AAM, it was a small way of supporting essential workers who serve to protect our communities.

AAM also provided much-needed PPE including face masks, hand sanitizer and protective items to nearby hospitals, first responders and emergency workers.



“AAM IS COMMITTED TO VOLUNTEERING OUR TIME AND MAKING FINANCIAL CONTRIBUTIONS TO SUPPORT ORGANIZATIONS THAT WORK TO BETTER OUR LOCAL COMMUNITIES, SCHOOLS AND FAMILIES. WE ARE PROUD OF THE POSITIVE IMPACT OUR SUPPORT HAS MADE FOR MANY CHARITABLE ORGANIZATIONS AND THE WORK THEY DO FOR OUR COLLECTIVE BENEFIT ON A GLOBAL BASIS.”

Michael K. Simonte
President

OTHER AAM INITIATIVES

- Members of AAM's IT team sewed more than 8,300 reusable masks for essential workers.
- AAM's Zell Manufacturing Facility in Germany donated to the local carnival organization to help fund a popular event for the community.
- AAM's Bluffton Manufacturing Facility collected \$1,300 to erase the school lunch debt at the Bluffton Harrison Metro School District's elementary, middle and high schools.
- AAM's GMC plant in Mexico donated new toys to a local school.
- TeamAAM in Mexico also came together to donate more than \$4,300 to the Mexican Red Cross.
- The Chennai Manufacturing Facility in India donated water dispensers, games and blankets to a local orphanage, and three waste collection vehicles to a nearby village.
- In Rayong, AAM associates participated in charity runs for local schools, maintained training partnerships with universities, sponsored scholarships and more.
- AAM partnered with key suppliers to safely participate in a day of service in support of Detroit's Life Remodeled. Volunteers removed blight and debris from the front yards of vacant properties.
- AAM contributed \$2.5 million toward our \$5 million commitment to the Strategic Neighborhood Fund Initiative. Announced in 2019, this initiative helps reinvigorate communities throughout Detroit.

In addition, we continued our support of charitable organizations committed to supporting local families, youth outreach, education, wellness and social equality, including the Boys and Girls Clubs of Southeastern Michigan, Boy Scouts of America Michigan Crossroads Council, United Way for Southeastern Michigan and St. Jude Children's Research Hospital.



AAM donated supplies for essential workers located near global facilities.



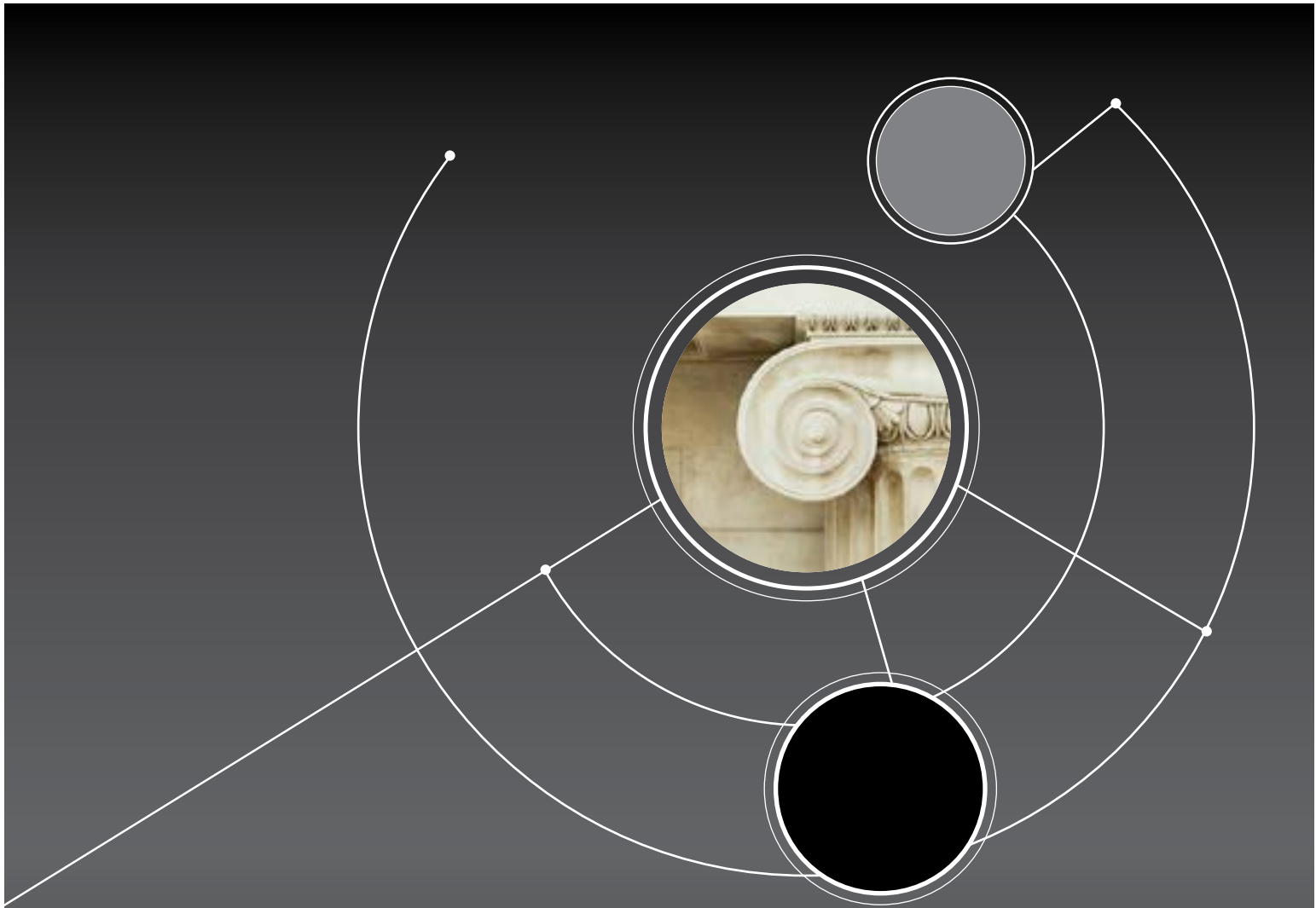
AAM's GMC plant in Mexico donated new toys to a local school.



TeamAAM in Mexico also came together to donate more than \$4,300 to the Mexican Red Cross.



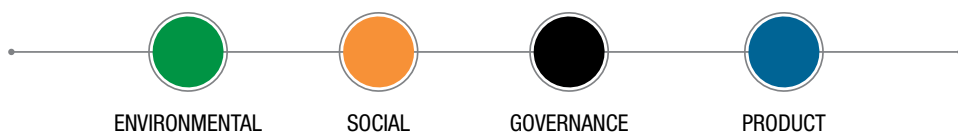
AAM partnered with key suppliers to safely participate in a day of service in support of Detroit's Life Remodeled. Volunteers removed blight and debris from the front yards of vacant properties.



GOVERNANCE

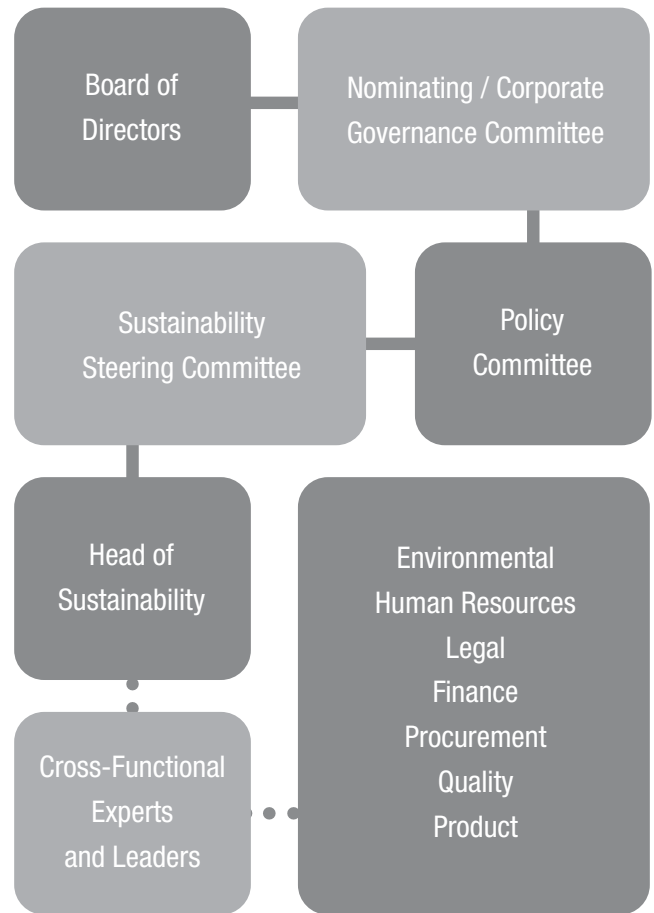
ETHICAL BUSINESS PRACTICES AND TRAINING

CASCADE AND VERIFY SUPPLIER COMPLIANCE



BOARD-LEVEL OVERSIGHT

Sustainability is driven throughout the entire organization starting with our Board of Directors. This level of oversight reflects the importance of our sustainability program to AAM's long-term business strategy and objectives. The Nominating/Corporate Governance Committee is charged with oversight of AAM's policies, strategies and performance related to sustainability matters and corporate social responsibility. This committee reviews these matters with management and provides updates to the full Board. In addition, the Audit Committee receives quarterly reports on key aspects of our ethics and compliance program.



SUSTAINABILITY LEADERSHIP

AAM's sustainability program is managed within a well-defined governance structure, through clearly established ownership and responsibilities at multiple levels in the organization.

Our corporate Policy Committee, which is led by the CEO and includes our top leaders, established a Sustainability Steering Committee to provide direction and leadership to achieve our sustainability objectives.



Environmental
Michael K. Simonte
President

Responsible for the development of strategies, action plans, goals and performance, as well as external reporting of environmental, energy and safety goals



Social

Terri M. Kemp
Vice President – Human Resources

Responsible for social responsibility, such as promoting our people-first culture with diversity and inclusion initiatives, associate training, education and wellness programs, and support of universal human rights



Governance
David E. Barnes

Vice President & General Counsel

Serves as Chief Compliance Officer and is responsible for ESG compliance and corporate governance, including reporting to our Board of Directors and relevant committees on sustainability matters

ETHICS AND COMPLIANCE PROGRAM

AAM believes that doing what is right is vital to our continued success. To ensure a culture of integrity, we have developed our global ethics and compliance program.

Tone at the Top – The Ethics & Compliance Committee (ECC) oversees AAM's ethics and compliance program. The ECC is comprised of the CEO, President, Vice President & Chief Financial Officer, Vice President - Human Resources, Director of Internal Audit and Vice President & General Counsel, who also serves as Chief Compliance Officer. The ECC meets quarterly to review ethics line investigations and annually determines the mandatory ethics training curriculum for all AAM salaried associates.

Code of Business Conduct – We expect our associates to conduct business using the highest standards of ethics and integrity. Our Code of Business Conduct serves as a guide in meeting these expectations and is accessible to all associates in the languages spoken where we conduct business. New associates are introduced to the program during our onboarding process. The Code is reviewed annually by the Nominating/Corporate Governance Committee of the Board of Directors and the full Board. The Code is updated as needed to reflect changes in our business environment and the laws and regulations governing our global business.

Compliance and Ethics Training – A primary element of our ethics and compliance program is education, which supports our associates' understanding of AAM's expectations and policies related to the Code of Business Conduct and other compliance areas. Annually, salaried associates are required to complete ethics and compliance training on a rotating number of topics. In 2020, a customized Sustainability course was added to the curriculum for salaried associates worldwide.

New hire training in 2020 consisted of eight courses tied to our Code of Business Conduct, which new salaried associates must complete within 30 days of joining AAM.

We track completion of each active course. Nearly 100% of salaried associates completed training in 2020. AAM associates are also required to review annually the Anti-Corruption Policy and Conflict of Interest Policy, and complete related disclosures.

To reinforce the importance of ethics and compliance training, AAM withholds payment of annual bonuses from any salaried associate until he or she has completed all mandatory training courses for the applicable year.

Ethics and Compliance Reporting and Monitoring – AAM actively monitors compliance with the Code. To do this, we make available to all associates, suppliers and customers an ethics line to report any wrongdoing as well as a web-based platform. All ethics line submissions are shared simultaneously with the CEO, the Chair of the Audit Committee and the members of an internal ethics line working group. This group comprises the General Counsel, Director of Internal Audit, Senior Manager of Compliance, the head of Security and a Senior Manager of HR Compliance. The group meets monthly to review every open call or other form of inquiry. The group assigns appropriate investigative measures and ensures that investigations are addressed in a timely and thorough manner. The General Counsel reports to the full Audit Committee on these activities and related compliance issues on a quarterly basis.

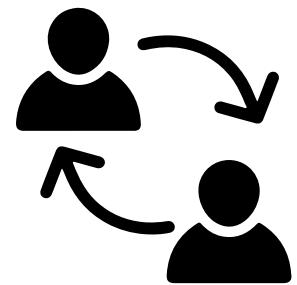
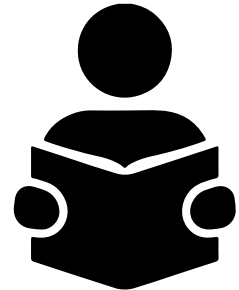
CASCADE AND VERIFY SUPPLIER COMPLIANCE

AAM employs numerous strategies to drive our sustainability program throughout our supply base. By incorporating sustainability requirements into our procurement process and setting expectations for our suppliers, sustainability is cascaded through our entire supply chain.

We educate – We require our suppliers to understand the fundamentals of sustainability and compliance and have partnered with AIAG to support our suppliers in meeting requirements. Using AIAG’s Automotive Guiding Principles to Enhance Sustainability Performance in the Supply Chain, we developed a joint home page with AIAG for our suppliers to access the e-learning and knowledge assessment. AAM requires our material suppliers to take the Supply Chain Sustainability e-learning course (or equivalent training) and successfully complete the knowledge assessment.

We communicate – We maintain a portal on our website dedicated to our current and prospective suppliers. Our [Supplier Requirements Manual](#) mandates that our suppliers understand their roles in the supply chain and the importance of meeting our sustainability requirements for their supply chain. Just as we do with our associates, we expect our suppliers to conduct business in line with our [Code of Business Conduct](#) and our [Anti-Corruption Policy](#). Our Global Terms and Conditions and Purchase Orders hold suppliers responsible for providing products and services in compliance with applicable standards, rules and regulations. These documents cover all aspects of supply including conflict minerals procurement through Customs Trade Partnership Against Terrorism (CTPAT) shipment requirements.

We monitor compliance – After vetting new suppliers and ensuring their commitment to comply with our requirements as they are on-boarded, we continue to monitor compliance with our expectations for sustainability. We conduct site visits and engage third parties to monitor our suppliers for domestic or international sanctions and placement on watch lists. Our suppliers perform self-assessments to measure their sustainability achievements and are given improvement plans to assist in meeting our requirements. Our strategy is to continue to expand our supplier assessment activities, starting with our 150 largest suppliers. We plan to complete assessments of this initial group of suppliers by the end of 2021. Our longer-term goal is to complete assessments of 95% of our suppliers (based on spend) by 2025.





We diversify – Our supplier diversity strategy is to provide equal access to purchasing opportunities for a wide range of businesses. We seek to identify and develop minority-, women- and veteran-owned businesses that are capable of providing quality products and services at competitive prices. We value the contributions of these suppliers in meeting or exceeding our customers’ expectations while giving them opportunities to share in our success. We track specific metrics associated with our diversity plans and have set goals to increase our diversity sourcing. Veteran-, minority- and women-owned businesses made up approximately 12% of our spending on suppliers in 2020.

We enhance our processes – As part of continuous improvement within our sustainability efforts, we also look to enhance processes. Over the last 12 months, we streamlined our compliance-related education and monitoring approach with our supply base. We enlisted experts to train and monitor compliance of suppliers selected by AAM. We enhanced our Supplier Requirements Manual to include more specific requirements in the areas of human rights, air quality, and privacy and data protection.

To further align with European Union Conflict Minerals Laws and best practices, we adopted a new [Conflict Minerals Policy Statement](#), which describes our conformance with the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance and our annual compliance procedures. We also joined the Responsible Minerals Initiative (RMI) to participate in important discussions and keep abreast of best practices and regulatory developments. We will continue to look for opportunities as the scope of responsible sourcing evolves.



12%
diversity spend



NEW
Conflict Minerals
Policy Statement

HUMAN RIGHTS AND WORKING CONDITIONS

A respect for human rights is a fundamental AAM policy. Our associates understand that their commitment to ethical business practices, local legal requirements and respecting human rights is not just a personal responsibility but is also required for all business activity. Our [Human Rights Policy](#) also addresses workplace safety and security, freedom of association, wage and hour standards and prohibitions against forced labor, child labor and human trafficking. AAM salaried associates receive training on the topics addressed in our Human Rights policy as part of our Ethics & Compliance Program

INDUSTRY ASSOCIATIONS

AAM participates in numerous associations in regions around the world to remain current with trends, policies and regulations of importance to the automotive supply industry.





PRODUCT

INVESTMENT IN TECHNOLOGY

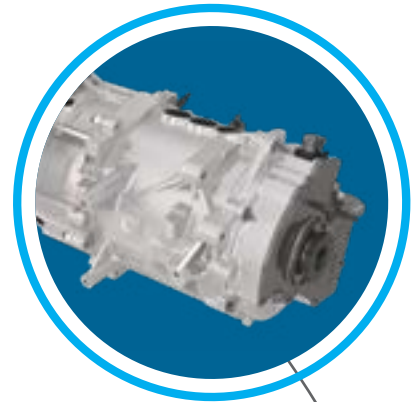
PRODUCT QUALITY AND SAFETY

A significant portion of our research and development activities focus on the advancement of electric drive technology. The adoption of electrification is expected to reduce the global reliance on fossil fuels, thus lowering emission gases and particulates into the environment. As electric vehicle range remains critical to the end consumer, the importance of light weighting of our products remains high. Our engineering teams are hard at work to continuously improve the environmental friendliness of our products. In 2020 we reported \$117.4 million in net R&D spending with over 60% spent to support the above initiatives. Our goal is to continue to invest in new propulsion and weight savings technologies to actively sustain the environment.

TECHNOLOGIES FOR ELECTRIC VEHICLES REPRESENT A GROWING PORTION OF OUR NEW BUSINESS BACKLOG AND FUTURE QUOTING AND EMERGING OPPORTUNITIES.

In 2020, we continued to enhance our green-technology leadership, driving critical initiatives and investing in growth opportunities in electrification. AAM was awarded two PACE Awards in recognition of our electric drive propulsion system on the Jaguar I-PACE. These awards are given to automotive suppliers for superior innovation, technological advancement and business performance. We are very honored to win these awards. In 2021 and beyond, we will strongly support our customers on current electric drive programs as well as on several important launches featuring our electric drive systems for full electric and hybrid applications and for electric powertrain components including gearboxes, differential assemblies, vibration control systems, advanced limited slip differentials and helical gears. Our goal is to globally support our customers' electric powertrain needs as they pivot their respective product portfolios to become more environmentally friendly.

As OEM customers and end users continue to adopt new technologies, our Product Engineering associates strive to break through technological barriers to develop products such as our next-generation electric drive units (eDU). We recently created a dedicated electrification team to further enhance agility and time to market to help support significant reduction in emissions. Leveraging our award-winning technology on the Jaguar I-PACE, this team is designing and engineering an advanced scalable electric propulsion platform centered around highly integrated systems, which allows for robust power-density, high-efficiency, compact design and compelling value for automakers to achieve fleet CO₂ goals.



Electronic drive technology featured on the Jaguar I-PACE



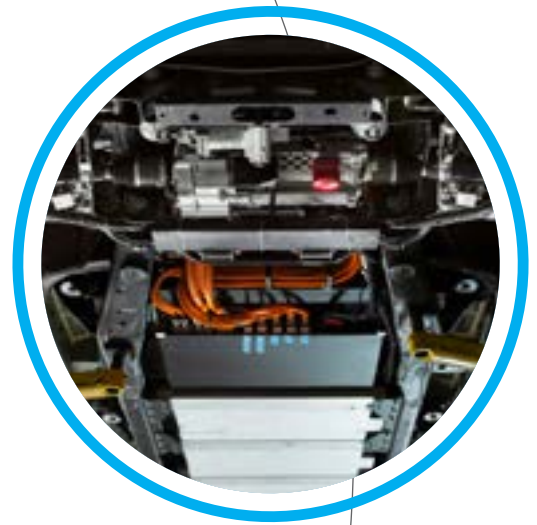
Jaguar I-PACE



INOVANCE Automotive

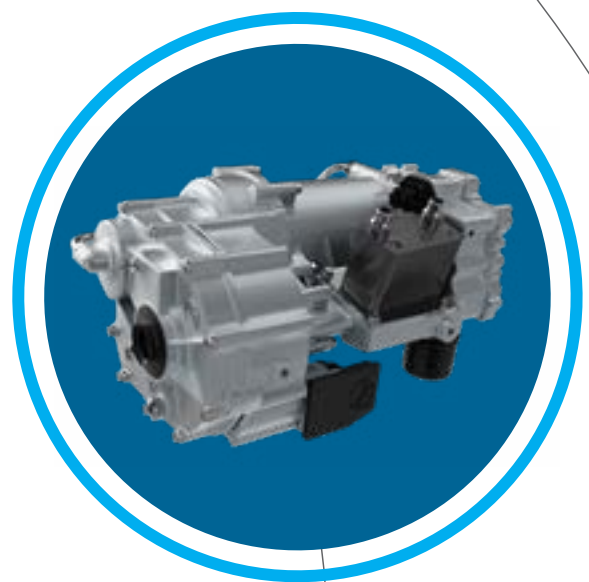
As such, we recently announced a technology development agreement with Suzhou Inovance Automotive Ltd. (Inovance Automotive), a leading provider of automotive power electronics and powertrain systems in China that will accelerate the development and delivery of scalable, next-generation 3-in-1 electric drive systems integrating an inverter, electric motor and gearbox. Our cooperation with Inovance Automotive will add a compelling new offering to AAM's fast-growing portfolio of scalable 3-in-1 electric drive systems and enhance our ability to bring new environmentally friendly powertrain technologies to market quickly. We are excited to collaborate with such a highly accomplished and innovative provider of power electronics technology. The partnership between AAM and Inovance Automotive leverages each company's expertise and will strengthen both companies' positions as leading providers of electric-propulsion technology in China and the global automotive markets. With our partner, we have launched the first of four programs of our fully integrated electric drive units from AAM's Changshu Manufacturing Complex.

Our focus is to bring to market a segment-agnostic platform technology with the capability of powering premium hybrid performance cars as well as fully electric small cars to full-size trucks. To demonstrate this new 3-in-1 technology, we recently showcased a prototype electric pick-up truck, utilizing our latest system with a single motor in the front and dual-motor and locking differential in the rear. The building block for the electric drive units is a 155kW permanent magnet e-machine with high rotational speeds, which generates significant vehicle power and performance. Our prototype demonstrates a compelling viability to cut tailpipe emissions in the large pick-up truck and SUV segments.



We are already receiving positive inquiries on our high-quality electric components as well as our compact eDUs. Our next-generation eDU technology aims to be best-in-class versus the industry benchmark with 10+% improvement in mass efficiency; 40+% improvement in volumetric efficiency; 40+% improvement in power density; and 10+% reduction in power loss. Besides the battery, a power-dense and compact electric drive unit has potential to improve an electric vehicle's range. This further helps EVs to have a carbon footprint advantage over traditional combustion engine powered vehicles.

We are actively transitioning our company for the secular change to electrification and estimate our addressable market at approximately \$18-20 billion by 2030. Furthermore, our flexible manufacturing can smoothly transition to our electrified products with modest incremental investment – a testament to our engineering capabilities. It is evident that electrified vehicles are where the industry will see its most significant growth. Over the past few years, AAM has shifted significant research and development resources to focus on this trend, and we are well prepared and positioned to be an important contributor as this trend continues to unfold. We believe we have the right technology and manufacturing footprint to support the drive to less, and eventual elimination of, tailpipe pollutants.



IMPROVE

AAM'S QUALITY MANAGEMENT SYSTEM DRIVES STRONG QUALITY AND WARRANTY PERFORMANCE

In 2015, we developed a new approach that would enable AAM to become a global leader in product quality. Our new system addresses both OEM first-time quality and warranty reduction for vehicle end users. Our entire quality system was enhanced and the **Q4 Quality System** was born. This Q⁴ system pushed our values to drive continuous improvement throughout AAM. These values included the following.

These values, goals and objectives were strategically integrated into AAM's long-term Quality / Warranty plan so they would be sustainable. Below are key underpinnings of our program.

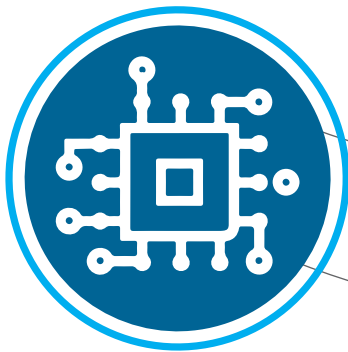
Global quality and warranty review – Emerging issues are shared early and broadly to facilitate rapid solutions development and corrective actions.

Global sharing of best practices is embedded in the technical and cultural values described above.

All data and reference material are consolidated in shared repositories so information is readily available to associates and institutional knowledge is preserved.

To support Q⁴, associates have the opportunity to enhance their base knowledge of quality and quality systems through American Society of Quality (ASQ) certification.

Confirmation of success – Quality and Warranty metrics continue to show improvement. Audits educate associates on the job and our warranty metrics confirm the system is working.



Technical

- Practical Problem Solving
- Control Plan Reviews
- Control of Non-Conforming Product
- Statistical Process Control
- Standardized Work
- Measurement System Analysis
- FMEA Reviews
- Preventative Maintenance
- Layered Process Audits
- Error-proofing Verification



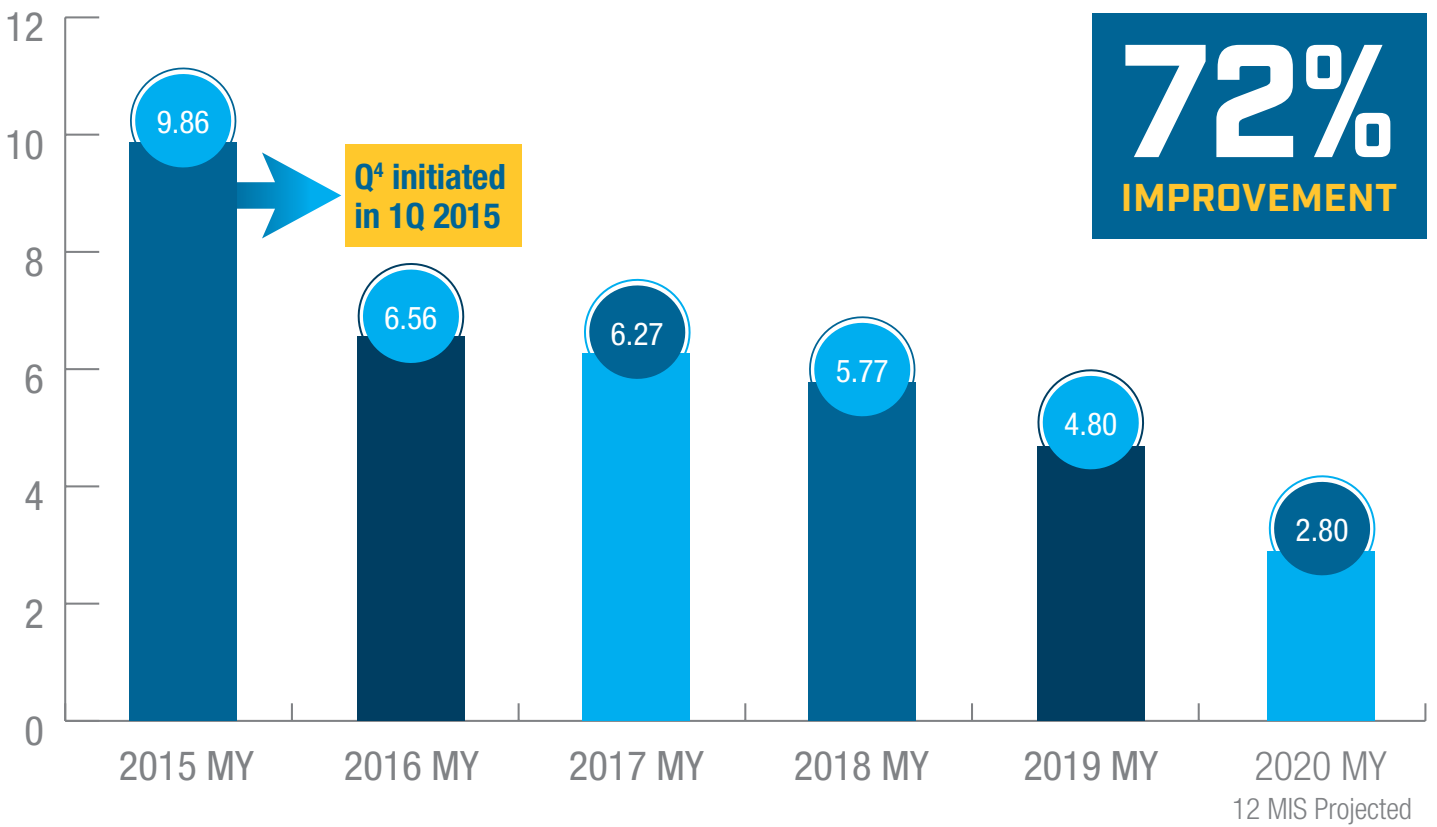
Cultural

- Continuous Improvement Mentality
- Associate Engagement
- Mfg. Ownership for Product Quality
- Associate Recognition
- Prevention Mentality (vs. Detection)
- Small Team Strategy
- Quality First Mentality
- Motivated Workforce

Our experience shows a direct correlation between better Q⁴ performance and improvement in our key performance indicator – incidents per thousand vehicles at 12 months in service (IPTV @ 12 MIS). IPTV @ 12 MIS is our leading indicator for warranty and thus is key to achieving vehicle end user satisfaction and safety. As shown below, the introduction of Q⁴ positively impacted on our KPI, and over a five-year period, resulted in a 72% reduction in IPTV. As a result, our customers have benefited from our quality performance improvements since we adopted AAM's Q⁴ system.



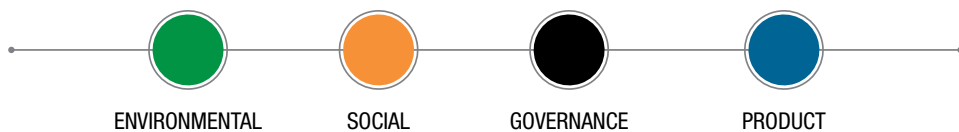
OVERALL WARRANTY IPTV @ 12 MONTHS IN SERVICE



QUALITY AWARDS

Award for the Performance in Year	Customer	Award Name	Plant Location
2019	GM	Supplier Quality Excellence	Auburn Hills, MI
2019	Ford	Zero Defects Award	Barcelona, Spain
2019	GM	Supplier Quality Excellence	Changshu, China
2019	GM	Supplier Quality Excellence	Minerva, OH
2020	Ford	Outstanding Support and Supplier Quality	North Vernon, IN
2019	GM	Supplier Quality Excellence	Pyeongtaek, South Korea
2020	Ford	Super-G Bonus Award	Ramos, Mexico
2019	GM	Supplier Quality Excellence	Ramos, Mexico
2019	Hino	Quality Achievement	Oxford, MI
2019	GM	Supplier Quality Excellence	Rayong, Thailand
2019	GM	Supplier Quality Excellence	Ridgway, PA
2019	GM	Supplier Quality Excellence	Subiaco, AR
2019	Ford	Silver World Excellence Award	Valencia, Spain
2019	Automotive News	2 PACE Awards (Innovation and Partnership)	Corporate
2019	GM	Supplier of the Year	Corporate

APPENDIX



ABOUT THIS REPORT

Our focus is to drive continuous improvement in the sustainability areas most important to AAM and our stakeholders. Our previous report covered the calendar year 2019 and was published in March 2020. This is our second sustainability report describing the company's approach to sustainability program's governance, priority topics, key metrics and targets, and our key sustainability initiatives and achievements.

The content of this report generally covers subject matter for calendar year 2020 and is limited to American Axle Manufacturing & Holdings, Inc. and its wholly owned subsidiaries. Unless otherwise noted, all metrics related to AAM's operations, products, workforce and financial data refer to the calendar year ended December 31, 2020.

Sustainability Priority Topics

In 2019, we conducted our first materiality assessment to identify and select AAM's sustainability priority topics. As part of this process, we reviewed various sustainability resources, including publications of ESG standard-setting organizations, guidelines of the Automotive Industry Action Group (AIAG), and ESG ratings published by proxy advisory firms and other third-party rating services. We also considered sustainability factors that we believe are relevant to our associates, suppliers, customers, communities and other stakeholders. In addition, we solicited feedback from our shareholders on sustainability topics and incorporated their input.

Our cross-functional team of subject matter experts developed a list of over 100 sustainability topics. When developing our priority topics and sustainability performance indicators, we used Global Reporting Initiative (GRI) standards in the economic, environmental, social and product categories as a reference. We also considered the industry-specific standards of the Sustainability Accounting Standards Board (SASB) and the United Nations Sustainable Development Goals. We further refined the topics in each of our selected categories of Governance, Environmental, Social and Product and rated these topics based on alignment with our business operations and strategy.

Reporting Frameworks

GRI Standards: This report references the GRI Standards listed in the GRI Content Index

Sustainability Accounting Standards Board (SASB): This is the first year that AAM has reported information using the SASB Auto Parts Standard. We intend to continuously improve the level of reporting based on the guidance provided in this SASB standard.

Task Force on Climate-Related Financial Disclosures (TCFD): The Financial Stability Board has developed a voluntary, consistent, climate-related financial risk disclosure for use by companies in providing information to investors, lenders, insurers and other stakeholders. Our public disclosures on climate change are included in the AAM 2020 Sustainability Report, our 2020 CDP climate change response, and in our 2020 Annual Report on Form 10-K, in alignment with the TCFD recommendations. We intend to further apply the TCFD recommendations in the future.

Forward-Looking Statements

In this Sustainability Report, we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies and future events or performance. Such statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and relate to trends and events that may affect our future financial position and operating results. Terms such as “will,” “may,” “could,” “would,” “plan,” “believe,” “expect,” “anticipate,” “intend,” “project,” “target,” and similar words or expressions, as well as statements in future tense, are intended to identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at or by which such performance or results will be achieved. Forward-looking statements are based on information available at the time they are made and/or management’s good faith belief as of that time regarding future events and are subject to risks and uncertainties and may differ materially from those expressed in or implied by such statements. These risks and uncertainties include uncertainty around the duration and effects of the COVID-19 pandemic, and include factors detailed in the reports we file with the Securities and Exchange Commission, including those described under “Risk Factors” in our most recent Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. These forward-looking statements speak only as of the date of this communication. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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Disclosure Number	Description	Reference	Page
General Disclosures – Organizational Profile			
102-1	Name of organization	Introductory Summary	-
102-2	Activities, brands, products, and services	Introductory Summary	-
		2020 Form 10-K	-
102-3	Location of headquarters	Introductory Summary	-
102-4	Location of operations	Introductory Summary	-
		2020 Form 10-K: Item 2. Properties	-
102-5	Ownership and legal form	Introductory Summary	-
102-6	Markets served	Quality Awards	40
		2020 Form 10-K: Disaggregation of Net Sales	-
102-7	Scale of the organization	Introductory Summary	-
		2020 Form 10-K: Human Capital Management	-
102-8	Information on employees and other workers	Driving a Culture of Diversity, Equity and Inclusion	17-19
		2020 Form 10-K: Human Capital Management	-
102-9	Supply chain	Cascade and Verify Supplier Compliance	31-33
		2020 Form 10-K: Risk Factors	-
102-10	Significant changes to the organization and its supply chain	Reset Goals and Baseline	5-6
		Product Quality and Safety	38-40
		2020 Form 10-K: Risk Factors	-
102-11	Precautionary Principle or approach	-	-
102-12	External Initiatives	Carbon Disclosure Project Reporting	13
		Other AAM Initiatives	27
102-13	Membership of associations	Industry Associations	33

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Disclosure Number	Description	Reference	Page
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102-15	Key impacts, risks, opportunities	2020 Form 10-K: Diversification and Geographic Sales Mix, Risk Factors	-
General Disclosures – Ethics and Integrity			
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		Ethics and Compliance Program	30
		2021 Proxy Statement: Nominating/Corporate Governance Committee	-
General Disclosures – Governance			
102-18	Governance Structure	Board-Level Oversight	29
		2021 Proxy Statement: Sustainability Program	-
General Disclosures – Stakeholder Engagement			
102-40	List of stakeholder groups	Message from David C. Dauch	1
		About This Report	A-1
102-41	Collective bargaining agreements	2020 Form 10-K: Human Capital Management	-
102-42	Identifying and selecting stakeholders	Sustainability Priority Topics	3
		About This Report	A-1
102-43	Approach to stakeholder engagement	Sustainability Priority Topics	3
		About This Report	A-1
102-44	Key topics and concerns raised	Sustainability Priority Topics	3
		2021 Proxy Statement: Shareholder Engagement	-
General Disclosures – Reporting Practice			
102-45	Entities included in the consolidated financial statements	2020 Form 10-K: Exhibit 21	-
102-46	Defining report content and topic Boundaries	Sustainability Priority Topics	3
		About This Report	A-1
102-47	List of material topics	Sustainability Priority Topics	3
102-48	Restatements of information	None	-

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Disclosure Number	Description	Reference	Page
102-49	Changes in reporting	No changes to material topics or reporting boundaries from prior reporting period (January 1 - December 31, 2020)	-
102-50	Reporting period	January 1, 2020 - December 31, 2020	-
102-51	Date of most recent report	Message from David C. Dauch	1
102-52	Reporting cycle	Annual	-
102-53	Contact point for questions regarding the report	-	Back Cover
102-54	Claims of reporting in accordance with the GRI Standards	About This Report	A-1
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102-56	External assurance	Carbon Disclosure Reporting cdp-cy2019-verification-report-(climate)	13
GRI 200: Economic - 205: Anti-Corruption			
103-1	Explanation of the material topic and its Boundary	Ethics and Compliance Program	30
103-2	The management approach and its components	Ethics and Compliance Program	30
103-3	Evaluation of the management approach	Ethics and Compliance Program	30
205-1	Operations assessed for risks related to corruption	Ethics and Compliance Program	30
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Compliance Program	30
205-3	Confirmed incidents of corruption and actions taken	Confidential information	-
206: Anti-Competitive Behavior			
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103-2	The management approach and its components	Ethics and Compliance Program	30
103-3	Evaluation of the management approach	Ethics and Compliance Program	30
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2020 Form 10-K: Legal Proceedings	-
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302: Energy			
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103-3	Evaluation of the management approach	Continuous Improvement Initiatives	8
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		Carbon-Free Electricity Initiatives	12
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302-4	Reduction of energy consumption	Supplemental Data	6
		Carbon-Free Electricity Initiatives	12
302-5	Reductions in energy requirements of products and services	Product: Investment in Technology	35
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303: Water and Effluents			
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103-2	The management approach and its components	Conserve	5
103-3	Evaluation of the management approach	Conserve	5
		Continuous Improvement Initiatives	8
303-1	Interactions with water as a shared resource	Water Reduction Initiatives	9
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303-5	Water consumption	Conserve	5
		Annual Savings	10
305: Emissions			
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103-2	The management approach and its components	2020 CDP Climate Change Response: C1.1b, 1.2, 1.2a	-
103-3	Evaluation of the management approach	Continuous Improvement Initiatives	8
305-1	Direct (Scope 1) GHG emissions	Carbon-Free Electricity Initiatives	12
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305-5	Reduction of GHG emissions	Carbon-Free Electricity Initiatives	12
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306-1	Waste generation and significant waste-related impacts	Waste Reduction and Recycling	11
306-2	Management of significant waste-related impacts	Waste Reduction and Recycling	11
306-3	Waste generated	Waste Reduction and Recycling	11
306-4	Waste diverted from disposal	Waste Reduction and Recycling	11
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103-2	The management approach and its components	Cascade and Verify Supplier Compliance	31
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403: Occupational Health and Safety			
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103-3	Evaluation of the management approach	S ⁴ Safety Program	15-16
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103-1	Explanation of the material topic and its Boundary	Level Up	21-23
103-2	The management approach and its components	Level Up	21-23
103-3	Evaluation of the management approach	Level Up	21-23
404-2	Programs for upgrading employee skills and transition assistance programs	Level Up	21-23
405: Diversity and Equal Opportunity			
103-1	Explanation of the material topic and its Boundary	Diversity, Equity and Inclusion	17-19
103-2	The management approach and its components	Diversity, Equity and Inclusion	17-19
405-1	Diversity of governance bodies and employees	Diversity, Equity and Inclusion	17-19
408: Child Labor			
103-1	Explanation of the material topic and its Boundary	Human Rights and Working Conditions	33
103-2	The management approach and its components	Human Rights and Working Conditions	33
103-3	Evaluation of the management approach	Human Rights and Working Conditions	33
409: Forced and Compulsory Labor			
103-1	Explanation of the material topic and its Boundary	Human Rights and Working Conditions	33
103-2	The management approach and its components	Human Rights and Working Conditions	33
103-3	Evaluation of the management approach	Human Rights and Working Conditions	33
412: Human Rights Assessment			
103-1	Explanation of the material topic and its Boundary	Human Rights and Working Conditions	33
103-2	The management approach and its components	Human Rights and Working Conditions	33
103-3	Evaluation of the management approach	Human Rights and Working Conditions	33
412-1	Operations that have been subject to human rights reviews or impact assessments	Cascade and Verify Supplier Compliance	31
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413: Local Communities 26-27			
103-1	Explanation of the material topic and its Boundary	#TeamAAM	26-27
103-2	The management approach and its components	#TeamAAM	26-27
103-3	Evaluation of the management approach	#TeamAAM	26-27
413-1	Operations with local community engagement, impact assessments, and development programs	#TeamAAM	26-27
414: Supplier Social Assessment			
103-1	Explanation of the material topic and its Boundary	Cascade and Verify Supplier Compliance	31-32
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103-3	Evaluation of the management approach	Cascade and Verify Supplier Compliance	31-32
414-1	New suppliers that were screened using social criteria	Cascade and Verify Supplier Compliance	31-32
414-2	Negative social impacts in the supply chain and actions taken	Cascade and Verify Supplier Compliance	31-32
416: Customer Health and Safety			
103-1	Explanation of the material topic and its Boundary	Improve	38-40
103-2	The management approach and its components	Improve	38-40
103-3	Evaluation of the management approach	Improve	38-40

SASB CONTENT INDEX

SASB Topic	SASB Code	Metric	Reference
Energy Management	TR-AP-130a.1	Total energy consumed	Conserve
		Percentage grid electricity	To be disclosed in future reporting
		Percentage renewable	To be disclosed in future reporting
Waste & Hazardous Materials Management	TR-AP-150a.1	Total amount of waste from manufacturing	To be disclosed in future reporting
		Percentage hazardous	To be disclosed in future reporting
		Percentage recycled	Waste Reduction and Recycling
Product Quality & Safety	TR-AP-250a.1	Number of recalls issued, total units recalled	To be disclosed in 2021 Sustainability Report
Product Design & Lifecycle Management	TR-AP-410a.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	A significant portion of our revenue is from products that are designed to improve fuel efficiency and reduce emissions
Materials Sourcing	TR-AP-440a.1	Description of the management of risks associated with the use of critical materials	2020 Form 10-K: Risk Factors
Materials Efficiency	TR-AP-440b.1	Percentage of products sold that are recyclable	To be disclosed in future reporting
	TR-AP-440b.2	Percentage of input materials materials from recycled or remanufactured content	Waste Reduction and Recycling
Competitive Behavior	TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	2020 Form 10-K: Legal Proceedings

TCFD INDEX	
Recommended Disclosure	Reference
Governance	
a) Board Oversight of climate-related risks and opportunities	See 2020 CDP Climate Change Response: C1.1b
b) Management role in assessing and managing climate related risks and opportunities	See 2020 CDP Climate Change Response: C1.2, C1.2a
Strategy	
a) Climate-related risks and opportunities the organization has identified over the short, medium, and long term	See 2020 CDP Climate Change Response: C2.1, C2.1a, C2.2 C2.3, C2.3a, C2.4, C2.4a
b) Impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	See 2020 CDP Climate Change Response: C2.3a, C2.4a, C3.1, C3.1d, C3.1e
c) Resilience of the organization's strategy under different climate-related scenarios, including a 2°C or lower scenario	See 2020 CDP Climate Change Response: C3.1a
Risk Management	
a) Organization's processes for identifying and assessing climate-related risks	To be included in the 2021 CDP Climate Change submission
b) Organization's process for managing climate risks	To be included in the 2021 CDP Climate Change submission
c) How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	See 2020 CDP Climate Change Response: C2.2
Metrics	
a) Metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process	To be included in the 2021 CDP Climate Change submission
b) Greenhouse (GHG) emissions	See 2020 CDP Climate Change Response: C6.1, C6.3
c) Targets used to manage climate-related risks and opportunities and performance against targets	See 2020 CDP Climate Change Response: C4.1, C4.1b, C4.2



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