



POWER<sup>h</sup>

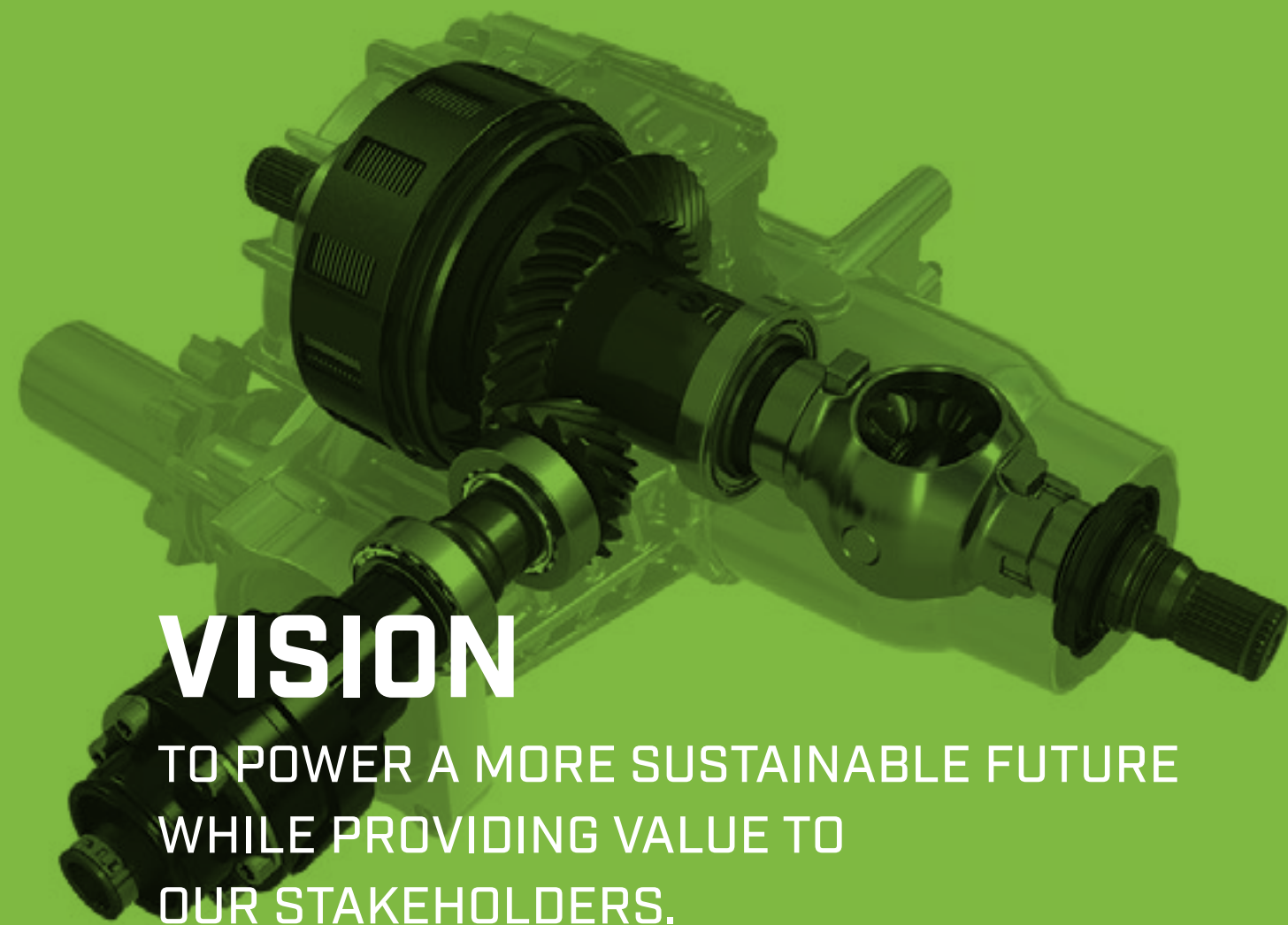
# 2021

## SUSTAINABILITY REPORT

POWERING A SUSTAINABLE  
FUTURE... TOGETHER.







## VISION

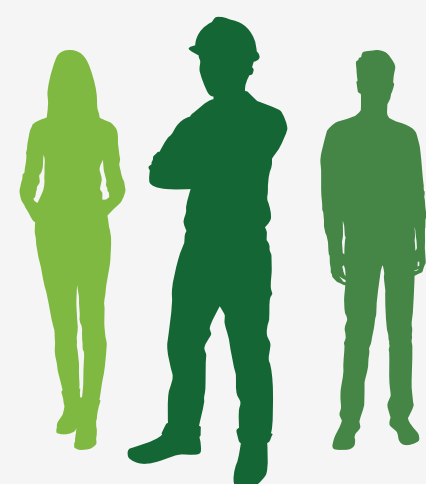
TO POWER A MORE SUSTAINABLE FUTURE WHILE PROVIDING VALUE TO OUR STAKEHOLDERS.

## MISSION

ADVANCING GLOBAL MOBILITY THROUGH INNOVATIVE TECHNOLOGIES AND SUSTAINABLE SOLUTIONS.

## SUSTAINABILITY MISSION

TO DELIVER POWER AND BUILD A SAFER, GREENER AND SUSTAINABLE FUTURE FOR OUR ASSOCIATES, CUSTOMERS, COMMUNITIES AND THE ENVIRONMENT.



**18,000**  
ASSOCIATES



**17**  
COUNTRIES



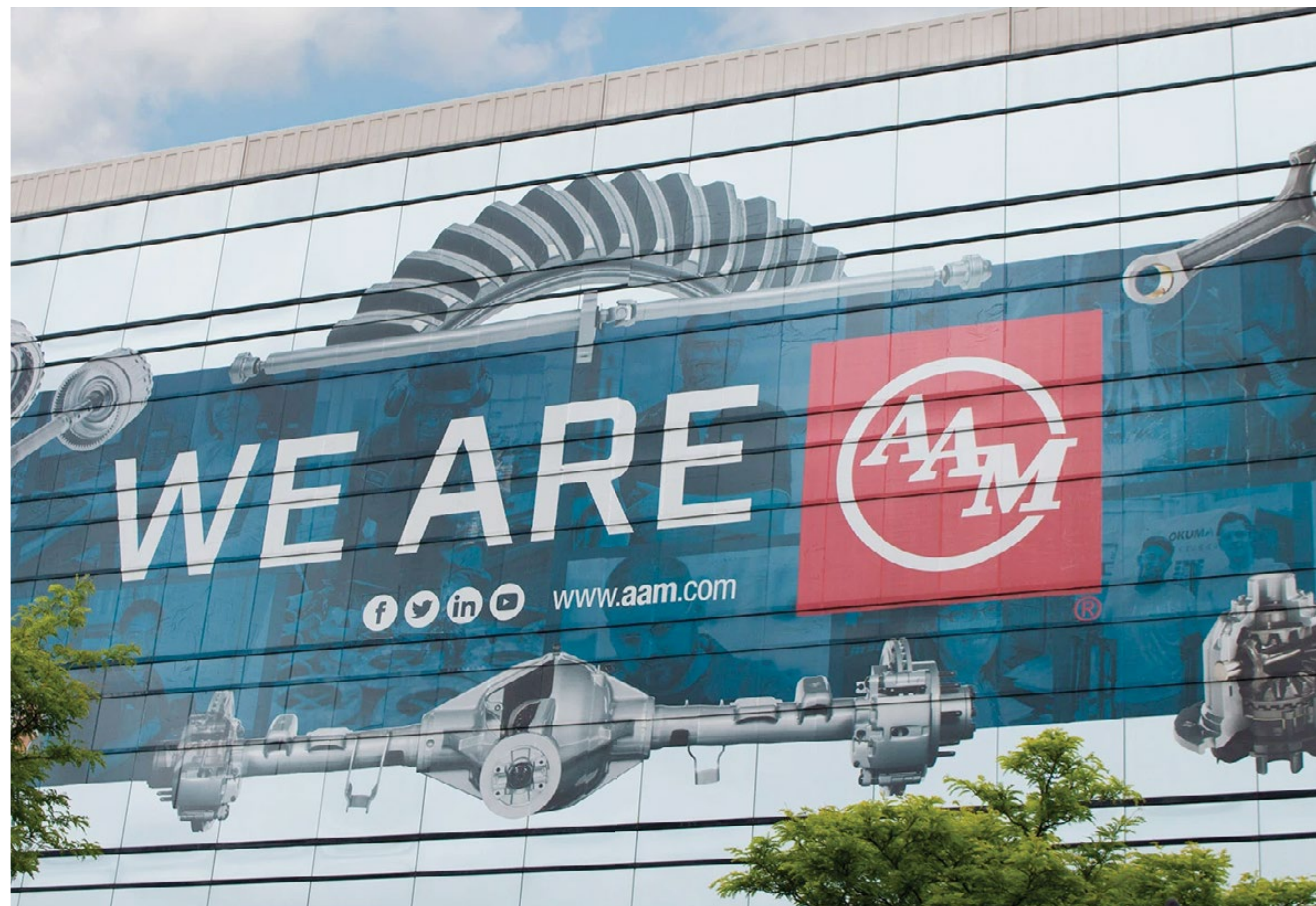
**\$5.2B**  
2021 REVENUE

**AAM (NYSE: AXL)** is a leading global Tier 1 Automotive and Mobility Supplier that designs, engineers and manufactures Driveline and Metal Forming technologies to support electric, hybrid and internal combustion vehicles. Headquartered in Detroit with nearly 80 facilities in 17 countries, AAM is bringing the future faster for a safer and more sustainable tomorrow. To learn more, visit [aam.com](https://aam.com).



## TABLE OF CONTENTS

4	A Letter from our Chairman & CEO
5	We Are AAM
6	Sustainability Priority Topics
7	<b>ENVIRONMENTAL</b>
9	Our Goals
10	Environmental Objectives
12	E <sup>4</sup> Environmental Sustainability System
16	External Reporting
19	<b>SOCIAL</b>
22	S <sup>4</sup> Safety Program
24	Diversity, Equity and Inclusion
35	AAM 360
39	#TeamAAM in the Community
41	<b>PRODUCT</b>
42	Research and Development
45	AAM EV Technologies
51	Q <sup>4</sup> Quality System
54	<b>SUPPLY CHAIN</b>
56	Expectations
57	Doing Business with AAM
62	Supplier Diversity
63	<b>GOVERNANCE</b>
64	Sustainability Leadership
68	Ethics and Compliance
71	Industry Associations
72	<b>APPENDIX</b>
73	About This Report
74	Forward Looking Statements
75	GRI Index
85	SASB Index
86	TCFD Index





# A LETTER FROM OUR CHAIRMAN AND CEO

AAM was founded on the principles of operational excellence. It is in our DNA to strive for the highest levels of teamwork, responsibility, community involvement and respect for the environment. In line with our vision, **we are committed to POWERing a more sustainable future that is safer, greener and more inclusive for our Associates, customers, communities, stakeholders and the environment.**

It is a journey that we started on day one, and we are advancing that objective with challenging, yet achievable goals. Goals that will help AAM and the automotive industry move into a more sustainable future. We recognize that the success of all initiatives starts with committed leadership and a diverse, experienced team.

In 2021, AAM fortified efforts in environmental sustainability by strengthening board level governance, appointing a senior executive to be AAM's Environmental Sustainability champion and adding resources to support the mission of improving AAM's sustainability performance.

We also significantly advanced AAM's Diversity, Equity and Inclusion (DEI) initiatives in 2021. Our focus included new benchmarking, Associate engagement, training, development programs and solidifying our DEI strategy roadmap. Our primary goal is to advance a respectful and inclusive company culture where everyone feels welcomed and celebrated for who they are.

On the product side, we advanced our electrification portfolio by expanding into e-Beam axles and readying our next-generation 3-in-1 electric drive unit for commercialization. We now have global customers in multiple segments for our electrification technology, and we expect to continue to grow in this important market segment.

## ADDITIONAL HIGHLIGHTS INCLUDE:

We set specific environmental goals in 2019 to reduce greenhouse gas (GHG) emissions, energy usage and water consumption by the end of 2024. AAM achieved these goals ahead of schedule allowing us to establish new goals that will make an even more significant difference to the world.

- We established new environmental sustainability targets, which include achieving net zero carbon by 2040.
- We launched the E<sup>4</sup> Environmental Sustainability System, a new AAM Operating System module to strengthen our daily commitment to improving the environmental impact of our global engineering and manufacturing operations.
- We safely returned to our communities during volunteer events aimed at supporting the underserved.
- We made considerable progress towards a more diverse and sustainable supply chain, dedicating significant resources to support our diverse-owned suppliers.
- We were named to Forbes' list of America's Best Large Employers ranking in the top five of our industry group. This underscores what we know to be true – AAM is a great place to work.

As you read this report, I'm sure you'll agree that we've made significant progress advancing our sustainability objectives, and you'll learn more about our new goals and when we expect to meet them.

I'm proud of what we've done across our business and around the globe. But the work isn't done. You can expect that at AAM, as always, we will work to achieve profitable growth, and we will do it sustainably. This commitment touches every part of AAM, and our entire company is working to advance this sustainability mission.

As always, thank you for your support.

Sincerely,

*David C. Dauch*  
David C. Dauch





# AAM – POWERING A SUSTAINABLE FUTURE... TOGETHER.

From highly-advanced electric drive units to heavy-duty axles, our customers have entrusted us to design, engineer, validate and manufacture driveline and metal forming technologies that POWER their vehicles. Our success has earned us a reputation for quality, operational excellence and technology leadership.

Through the years, we have been driven by a disciplined approach to all that we do and a belief that our POWER lies in our people, products and processes.

As the automotive industry – and the world – evolves, AAM believes we have the POWER to build a better future. Creating this future will require commitment, teamwork and integrity – the same qualities that our Associates have displayed for nearly three decades. Building on our legacy and core values, we will transform our company, our products and our future.

Working with our customers, suppliers, partners and other stakeholders, we can POWER a greener and more sustainable future - one that is more diverse, inclusive and equitable.

At AAM, we believe it is our responsibility to create a better world and a brighter future.





# SUSTAINABILITY PRIORITY TOPICS

At AAM, we are focused on driving continuous improvement in the sustainability areas most important to our company, our stakeholders and our communities. We actively review and update our goals and progress in these key areas, ensuring they reflect our current business profile, industry norms and stakeholder expectations.

We strive to create sustainable long-term value for our shareholders and other key stakeholders by delivering high-quality products on time and managing the profitable growth of the company in balance with critical environmental, social and governance objectives. These include fully integrating climate strategy objectives into our strategic business planning process, achieving net zero carbon in our global operations (by 2040) and promoting a more diverse, equitable and inclusive workplace for all Associates.

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, Product, Supply Chain and Governance. The Committee utilized AAM's 2019 materiality assessment to help identify and select AAM's sustainability priority topics. We plan to conduct a new materiality assessment in 2022 and publish the results in our 2022 Sustainability Report.

The methodology we used to select these topics is described in the [About this Report section](#) of this document.



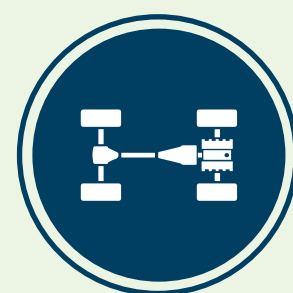
## ENVIRONMENTAL

- Energy and Emissions Reduction
- Reduce Water Use at Every Location
- Reduce, Reuse, Recycle Industrial Materials



## 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



## SUPPLY CHAIN

- Cascade and Verify Supplier Compliance



## GOVERNANCE

- Ethical Business Practices and Training







# ENVIRONMENTAL

POWERING A *GREENER* FUTURE...





# WE ARE DEDICATED TO THE CONSERVATION AND PROTECTION OF THE ENVIRONMENT AS AN INTEGRAL PART OF OUR GLOBAL OPERATIONS.

This is part of AAM's [Environmental Policy](#) that also affirms our commitment to ensuring a more sustainable future through social responsibility, environmental regulation and the reduction of our overall carbon footprint.

## IN 2021, AAM FULFILLED THE COMMITMENTS THAT WE MADE IN OUR 2020 SUSTAINABILITY REPORT BY:

- Completing benchmarking activities
- Elevating our corporate goals to a new, highly ambitious and challenging level
- Applying for Science Based Targets Initiative (SBTi) accreditation of our climate goals
- Growing our sustainability organization and our cultural awareness
- Strengthening Board and management governance over environmental initiatives
- Launching our new E<sup>4</sup> Environmental Sustainability System
- Improving our CDP score
- Initiating a supplier sustainability program



**WE ARE COMMITTED TO ACHIEVING  
NET ZERO CARBON EMISSIONS BY  
2040 AND TO PURCHASING 100%  
RENEWABLE ENERGY IN THE U.S. BY  
THE END OF 2025.**

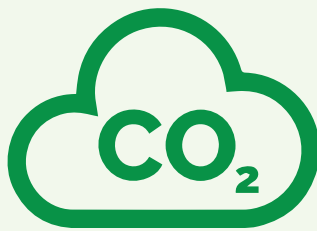




# ENVIRONMENTAL SUSTAINABILITY GOALS

At AAM, achieving profitable growth is important to us. Doing so sustainably is of equal importance. In our view, striving for operational excellence must include a commitment to building a safer, greener and more sustainable future.

In 2019, we set goals to reduce GHG emissions, energy usage, and water consumption by 5% by the end of 2024. We have exceeded those goals ahead of schedule and have established new targets to guide AAM’s global environmental sustainability initiatives.



## Scope 1, 2 & 3 Emissions

ACHIEVE NET ZERO CARBON BY 2040



## Energy

100% RENEWABLE ENERGY SOURCING  
IN THE U.S. BY 2025



## Water

ZERO INCIDENTS OF WATER CONTAMINATION  
AND WATER SCARCITY IN WATERSHEDS  
WHERE WE OPERATE



## Waste

ZERO-WASTE-TO-LANDFILL STATUS  
FOR ALL FACILITIES BY 2035

**Note 1:** Net zero emissions goal measured against a 2020 baseline. Longer-term energy goals are measured against a 2020 baseline adjusted for lost activity in our operations due to disruptions related to COVID-19.

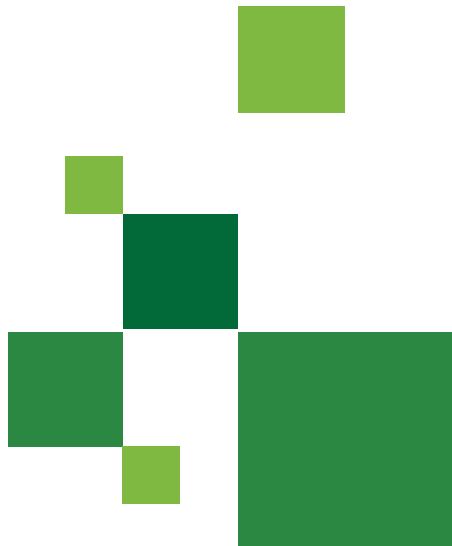
**Note 2:** Renewable energy sourcing and Zero-Waste-To-Landfill objectives are predicated on the existence of sufficient local available capacity to meet our needs.



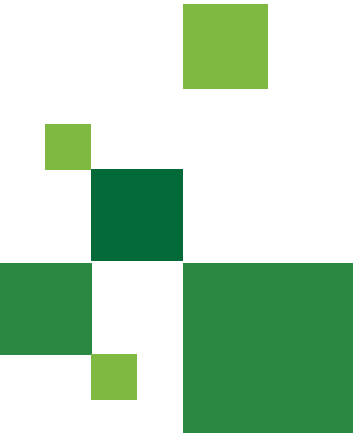


# 2021 ENVIRONMENTAL SUSTAINABILITY OBJECTIVES

As the focus and standards for Environmental Sustainability intensified in 2021, AAM responded by developing and implementing key objectives to improve our internal practices as well as elevate our priorities and focus on Environmental Sustainability. As a result, AAM made significant steps towards environmental stewardship while setting the foundation for future improvement.



							
REESTABLISH GOALS	STRENGTHEN SUSTAINABILITY ORGANIZATION	IMPLEMENT E <sup>4</sup> ENVIRONMENTAL SUSTAINABILITY SYSTEM	IMPLEMENT CONTINUOUS IMPROVEMENT INITIATIVES	PURCHASE RENEWABLE ENERGY	DEVELOP SUPPLIER COMPLIANCE PROGRAM	CUSTOMER ALIGNMENT & COLLABORATION	SUSTAINABLE PRODUCT DEVELOPMENT





# OBJECTIVE 1: GOAL REALIGNMENT



In 2019, AAM set five-year goals to reduce our energy usage, GHG emissions and water consumption. We pledged a reduction of 5% in each metric by 2025. By the end of 2021, we had already achieved and substantially exceeded our goals with a reduction in emissions intensity of approximately 38% and similar reductions in energy usage and water consumption.

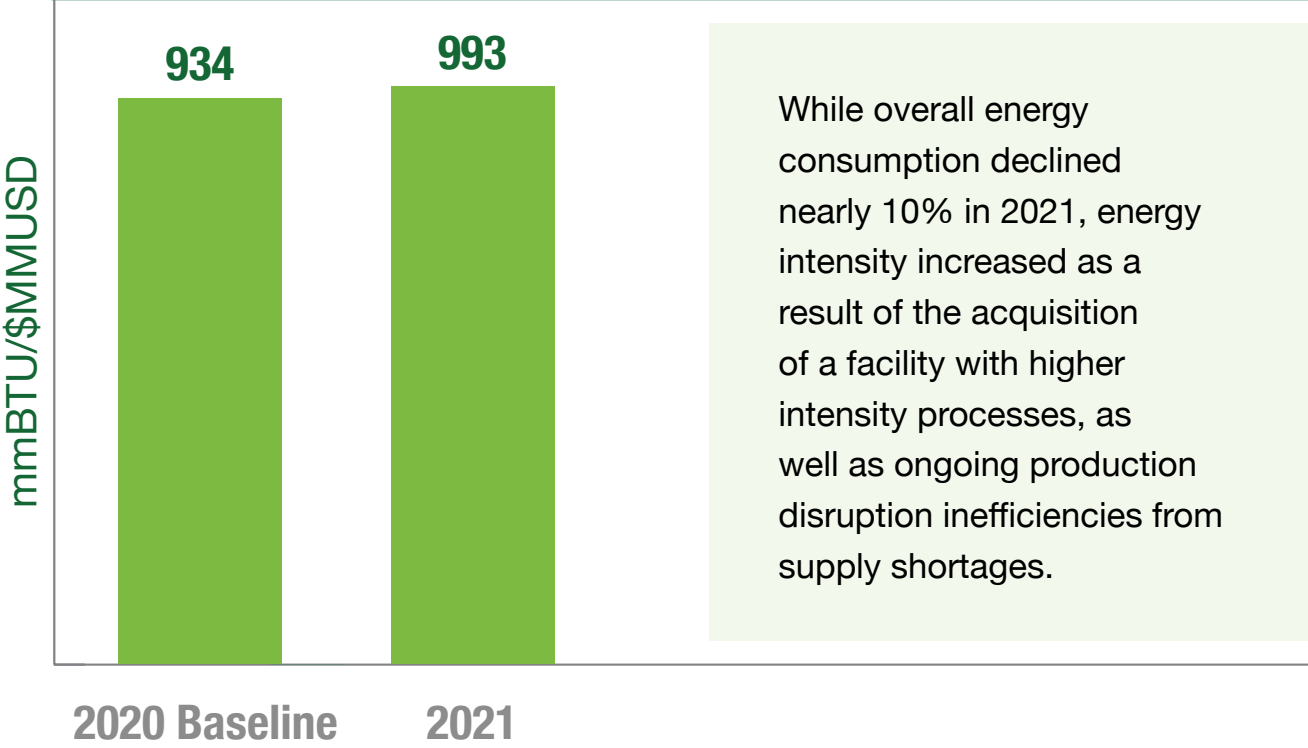
In 2021, we also fulfilled our commitment to refresh our environmental sustainability goals in accordance with United Nations (UN), World Resources Institute (WRI) and industry standards. We launched in-depth studies to help us properly formulate targets that were both aspirational and would still allow us to measure and meet them with integrity.

With the help of a third-party expert, in 2021 we established new goals in the areas of GHG emissions, energy, water and solid waste. Our priority was to position AAM to apply for accredited targets through the SBTi in 2022. The first step in this process was an extensive benchmarking study of customers, peers and industry leaders to understand what will be required to achieve a true leadership position. In parallel, the third-party expert guided us through an extensive data gathering campaign to establish meaningful and achievable goals.

In February 2022, AAM’s Board of Directors approved our new sustainability goals, with the establishment of 2020 as the new baseline year.

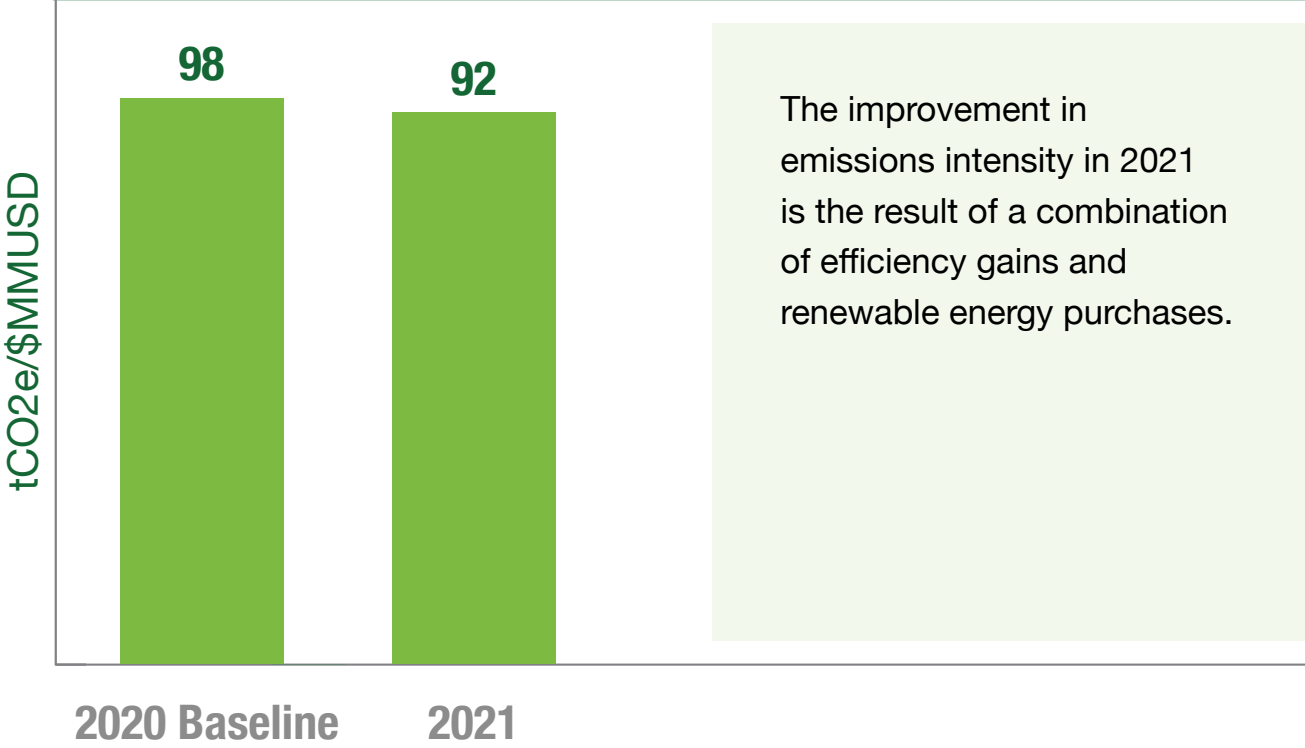
## ENERGY INTENSITY

Goal: 3% annual improvement from 2020 baseline



## EMISSIONS INTENSITY

Goal: 5% annual improvement from 2020 baseline



YEAR	ENERGY mmBtu	SALES* \$MMUSD	ENERGY mmBtu/\$MMUSD	ENERGY %
2020	5,560,553 <sup>(1)</sup>	5,954 <sup>(1)</sup>	934	—
2021	5,122,186	5,157	993	(6.3%)

\*External/consolidated sales. AAM estimates that our net sales for 2021 were negatively impacted by \$607 million due to the global semiconductor shortage impacting the automotive industry, our 2020 net sales were negatively impacted by \$1,243 million relating to COVID-19.

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



YEAR	EMISSIONS tCO2e	SALES* \$MMUSD	EMISSIONS tCO2e/\$MMUSD	EMISSIONS %	SCOPE 1**	SCOPE 2**
2020	462,935 <sup>(2)</sup>	4,711 <sup>(2)</sup>	98	—	80,963 <sup>(2)</sup>	381,972 <sup>(2)</sup>
2021	475,782	5,157	92	6.1%	87,033	388,749

(1) Our energy baseline is based on 2020 intensity levels and was adjusted to compensate for lost activity in our operations due to disruptions related to COVID-19. AAM intends to reduce our energy consumption intensity metric at a rate of nearly 3% annually from our adjusted 2020 baseline to remain aligned with our SBTi emission reduction targets.

(2) Our emissions baseline for 2020 was independently calculated with the help of a third-party expert and was used in our 2022 SBTi submission. We did not adjust for lost sales or activity due to COVID-19 in our SBTi submission. AAM intends to reduce our emissions intensity metric at a rate of 5% annually from our 2020 baseline to remain aligned with our SBTi emission reduction targets. Our plan for meeting emissions targets will be met through a combination of annual energy reductions and purchases of renewable energy or carbon free credits.



## OBJECTIVE 2: ORGANIZATION



Strengthen  
Sustainability  
Organization

AAM recognizes that the success of all initiatives starts with sufficient staffing and leadership support. In 2021, we fortified our efforts in environmental sustainability by implementing dedicated executive leadership supported by engineers from the technical Facilities and Environmental, Health and Safety groups.

To further strengthen our environmental organization, we have added a dedicated environmental sustainability leader at a senior executive level. This leader will be responsible for developing and implementing an overall strategy to improve sustainability performance and moving AAM to a position of environmental sustainability leadership.

This sustainability leader works closely with AAM's President, who has taken on the responsibility of guiding and directing our sustainability initiatives. A cross-functional ESG Working Group was also formed to integrate all aspects of sustainability into one cohesive strategy and drive program development.

This dedicated organization has resulted in sustainability becoming a key topic area that is reviewed at the highest leadership levels of our organization, including at the CEO-led Policy Committee and at AAM's quarterly Board of Directors meetings.

## OBJECTIVE 3: E<sup>4</sup> ENVIRONMENTAL SUSTAINABILITY SYSTEM



Implement E<sup>4</sup>  
Environmental  
Sustainability  
System

To ensure alignment and action toward our broad corporate environmental sustainability goals, AAM launched the E<sup>4</sup> module of the AAM Operating System (AOS), rounding out an already world-class system that includes similar modules for quality and safety. The E<sup>4</sup> system has the following goals:

- 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 E<sup>4</sup> system includes a four-level assessment system to rate our locations based on adherence to policies and attainment of environmental initiatives. Our goal is for all AAM manufacturing facilities to achieve the E<sup>4</sup> level by the end of 2023.

One of the most essential elements of E<sup>4</sup> is the establishment of Green Teams at every manufacturing facility. Formation of these teams began in late 2021 and is accelerating in 2022. These teams of Associates, drawn both vertically and horizontally across the organization of each plant, will work to identify continuous improvement projects that can be implemented to reduce energy usage, carbon emissions, water consumption, and waste generation based on the needs of their particular facility and help to educate their fellow Associates on sustainability-related issues.

Green Team Projects are in line with the overall spirit of E<sup>4</sup>: organic, low-cost and high-impact efficiency gains that were generated from the shop floor.





## OBJECTIVE 4: CONTINUOUS IMPROVEMENT PROJECT IMPLEMENTATION



Implement  
Continuous  
Improvement  
Initiatives

A key element of the AOS is the Continuous Improvement Process (CIP) project. As a part of the AOS, E<sup>4</sup> drives a culture of empowering Associates to generate ideas for environmental improvement, energy reduction and cost savings.

To recognize our locations who are driving change through CIP projects, and to energize

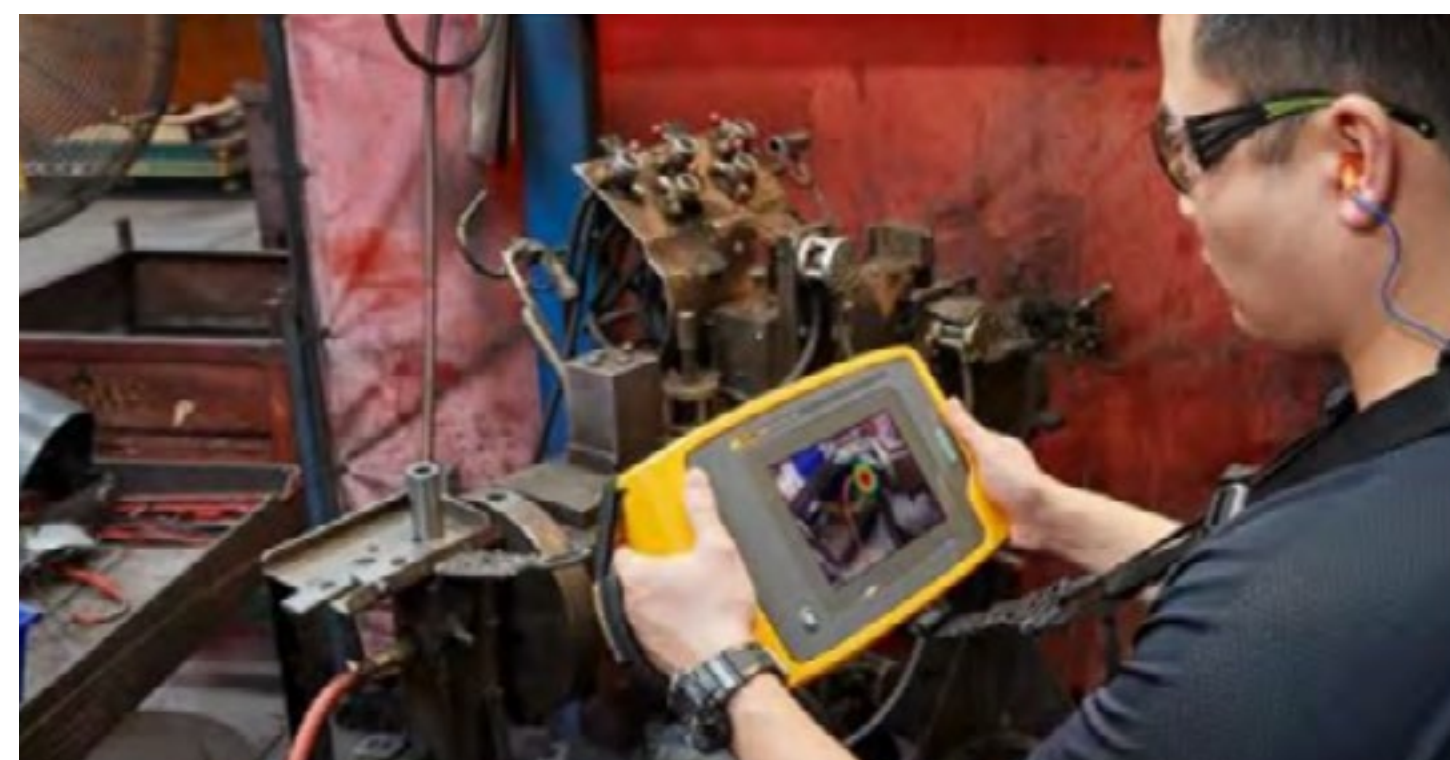
Associates to be more actively engaged, we created the CI Challenge. This award goes to the team or Associate who has demonstrated measurable improvement on a year-over-year basis.

In 2021, 116 projects were identified by plant Associates as CIP projects in the areas of waste reduction and recycling, energy savings, water use reduction or risk management, regulatory compliance and environmental program improvements. The aggregate benefit of these projects supports annual improvement target percentages.

These CIP projects not only benefit the facilities that implement them, but they can positively impact the entire company. Best practices and tactics are shared across AAM, compounding their impact and helping us build a more sustainable future.

## ENERGY AND EMISSIONS REDUCTION PROJECTS

The reduction of emissions is a key priority for AAM as we work towards our net zero carbon by 2040 goal. The best way to attack our carbon emission rate is to discover ways to decrease our electrical energy use. By tracking energy consumption, power quality and plant loading, we can measure, analyze and continuously improve energy performance. We also perform onsite energy audits to identify energy savings opportunities. In 2021, AAM continued the transition to renewable energy sources to power our facilities.



### ATDC PROJECT: ENERGY REDUCTION

In recent years, AAM has launched an ongoing campaign for the elimination of compressed air leaks in our manufacturing operations. Compressed air systems, if not maintained properly, can be a large consumer of electricity and therefore a large contributor to Scope 2 emissions. The potential savings for air leaks was identified to be over 19mW or over \$1.5 million.

AAM's Advanced Technology Development Center (ATDC) in Michigan is one of many AAM facilities that proactively works to discover and eliminate compressed air leaks. In 2021, AAM conducted an audit and identified 11 air leaks in the facility that accounted for approximately 44.5 cfm air loss annually. The ATDC sustainability team repaired and closed the leaks, which resulted in lower electricity costs, less wear on compressors, improved productivity, and a positive environmental impact.

Due to common processes and equipment in many of our facilities, we diligently read these projects across the organization to maximize these benefits.



### ZELL PROJECT: ENERGY REDUCTION

At the Zell Manufacturing Facility in Germany, a different type of energy reduction opportunity was found. The Zell team looked for technical solutions to improve the efficiency of two 750-kW gas boilers that produced a high energy density in their exhaust air.

This project shows that our Scope 1 and 2 emission reduction initiatives include technical solutions to convert current processes to more energy efficient and cleaner processes.

The team installed equipment that reduced the natural gas consumption and increased the lifetime boiler parts and reduced required maintenance. This modification led to approximately 500,000 kWh of energy savings and 110 tons of CO<sub>2</sub>e emissions avoided.



# WATER USAGE AND WASTE REDUCTION PROJECTS

Safe and clean water is the building block for a sustainable future. At AAM, we are working to decrease our water usage and to protect water quality at our global facilities. Through behavioral changes, capital projects and other actions we have made considerable progress in these areas, reducing our water consumption intensity by 34% from 2019 to 2020 and by 12% from 2020 to 2021. We continue to advance these initiatives and build on our progress by improving the collection, monitoring and tracking of global water usage data.

## THREE RIVERS PROJECT: WATER REDUCTION

At our Three Rivers facility in Michigan, the paint line process was modified with the goal of reducing water usage and thus reducing the load on the wastewater treatment facility.

Modifications consisted of eliminating heating from the ambient rinse stage and reducing the rinse water rate by about 75%. Implementing these changes enabled the elimination of a 2 mmBTU burner and resulted in water usage reduction of about 5.4 million gallons annually – enough to fill more than eight Olympic-sized swimming pools.

## WASTE REDUCTION PROJECTS

To lessen our environmental impact and build a greener and more sustainable future, AAM has made waste reduction a key component of our environmental and sustainability initiatives.

Across our company, AAM Associates and facilities are actively working to eliminate waste to landfills and increase the reuse and recycling of materials. Through both global initiatives and facility- and function-specific projects, we are driving towards the long-term vision of zero waste to landfill.

In 2020 and 2021, we made significant progress in the measurement and analysis of the environmental impact of these programs. We have implemented a new data tracking system and rigorous training initiatives for our global EHS leaders to capture waste reduction and recycling data on over 100 different materials used in manufacturing each day. Through regular review of this data, we can recognize opportunities for improvement and implement solutions more quickly.

WASTE MANAGEMENT INITIATIVES	2020	2021
Solid Waste Generation (Landfill - Ton)	49,082	48,043
Non-Hazardous Waste Recycling (Ton)	16,536	18,558
Recycled or Reused Scrap Metal (Ton)	104,193	128,674
Solid Waste Diversion (%)	71%	75%

AAM’s dedication to quality and sustainability does not stop with the product alone – it extends to the packaging to ensure we are delivering the highest quality product every time. Our new AAM Aftermarket packaging is efficient, compact, and environmentally friendly. Additionally, the new packaging requires less ink, and uses sturdy cardboard packaging (a much more recyclable material) instead of expanded polystyrene foam packaging.

Although this is not an initiative that directly results in a reduction of solid waste generated by AAM itself, it serves to illustrate our commitment to the reduction of our environmental impact throughout the value chain.





## OBJECTIVE 5: CARBON FREE AND RENEWABLE ENERGY PURCHASES



Purchase Renewable Energy

AAM recognizes that achieving net zero carbon emissions cannot be achieved solely by efficiency gains and organic continuous improvement projects. To achieve the magnitude of the emissions reductions required, a partnership with our energy suppliers and participation in carbon markets is critical. Our goal is to maximize the availability of carbon free and renewable energy

within the acceptable framework of our business and market offerings to substantially reduce our emission levels.

As a result, 11 AAM facilities purchased carbon free electricity and four facilities purchased renewable energy in 2021, resulting in an aggregate CO<sub>2</sub> reduction of nearly 97,000 tons. Going forward, AAM will rationalize more purchases commensurate to meeting our SBTi goals. Additionally, we will increase purchases in the United States to be 100% renewable by the end of 2025.\*

Progress towards this commitment to ongoing renewable energy purchases per our 2025 plan will be shown in our 2022 report.

The following table shows our plan to incrementally increase our renewable energy purchases to 100% in the U.S. through 2025.

### % RENEWABLE IN THE U.S. [BY EMISSIONS LEVEL]

2021	2022	2023	2024	2025
36%	40%	43%	57%	100%

\*The goal may be achieved as a combination of renewable and carbon free energy based on available market offerings.

## OBJECTIVE 6: WORKING WITH OUR SUPPLIERS



Develop Supplier Compliance Program

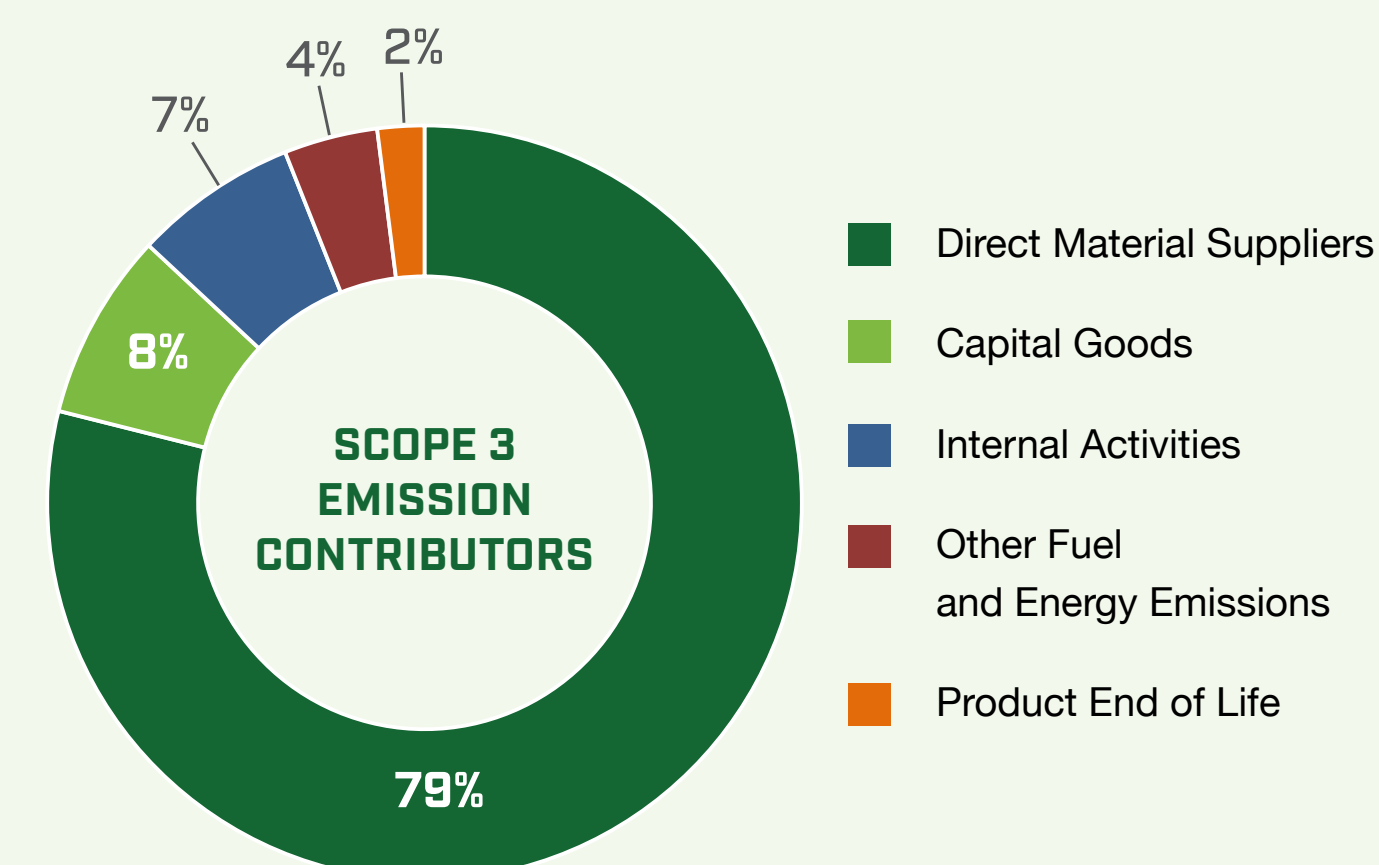
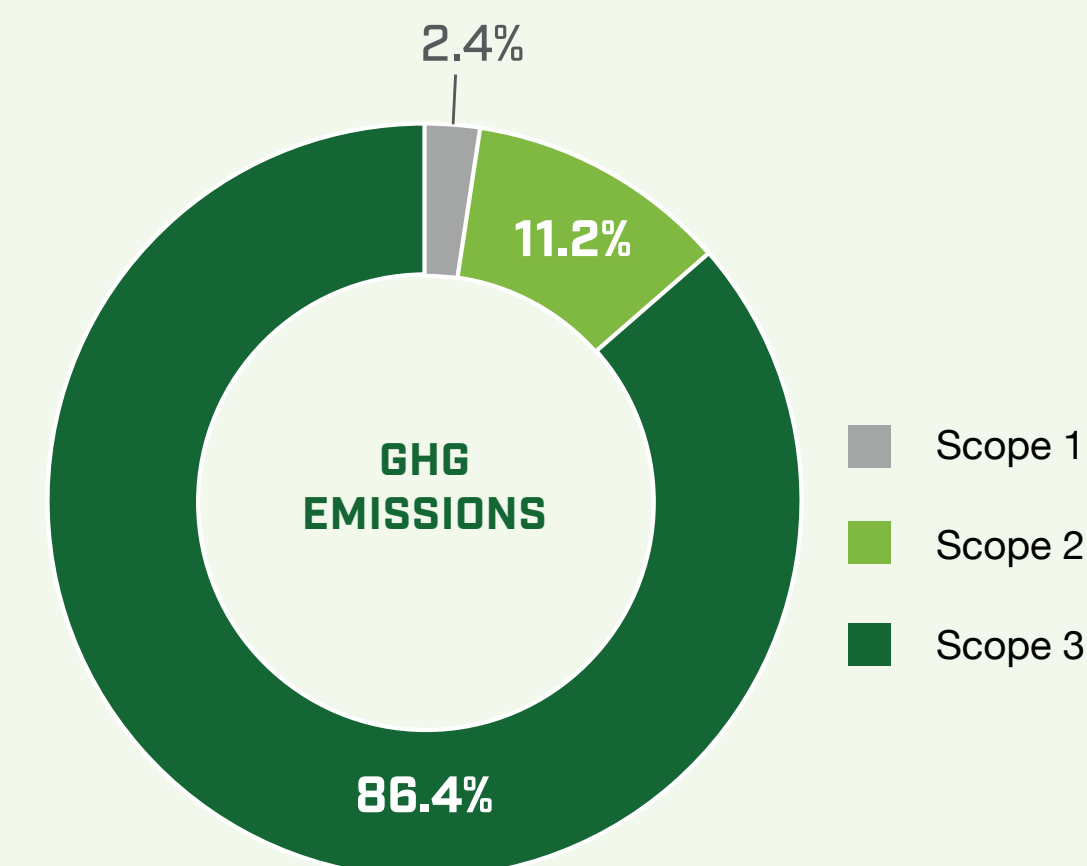
After determining that 86% of AAM's GHG emissions originate from our suppliers, we have placed greater emphasis on working with our suppliers to reduce their emissions in alignment with our reduction pledges. Simply put, we are working with our suppliers to commit to our same objectives.

Accordingly, AAM has developed a full sustainable procurement strategy that we plan to launch in 2022. This includes goal engagement with all our suppliers as well as specific collaborative programs with our largest suppliers (by emissions) to develop methods for carbon footprint reduction.

In addition, we found that 79% of our Scope 3 total came from our direct material suppliers. Of that direct spend, approximately 66% came from our metals suppliers (iron, steel and aluminum), allowing us to identify where our collaborative emission reduction efforts should be focused.

By 2027, we are striving for 67% of our suppliers (by emissions) to establish ambitious climate targets through the SBTi and their work to meet those targets will help us achieve our goals for Scope 3 reductions. For more information on our supplier-based efforts, please see the [Supply Chain](#) section of this report.

### EMISSIONS ANALYSIS





## OBJECTIVE 7: EXTERNAL REPORTING



Customer  
Alignment &  
Collaboration

The focus on environmental sustainability by customers, investors and the market in general has created the organizational need for reporting systems that ensure AAM's efforts in this area are properly aggregated and reported. To meet this need AAM created a cross functional team that works collaboratively to answer all external disclosures under one coherent strategy and

voice. This includes customer surveys and industry recognized performance indicating organizations.

Most notably, AAM submits to the CDP (formerly known as the Carbon Disclosure Project), which results in a rating of our performance relative to climate change issues and to compare our progress to that of peer companies in similar regions and sectors. In 2021, we improved our performance on the CDP climate change and water security questionnaires to a C from a D score. With the help of a third-party expert, which prepared a gap analysis on our 2021 CDP report, we expect to improve our scores again in 2022 and have a plan to achieve top level scores by 2025.

Our climate-related data for 2020 was independently verified by a third-party prior to our CDP submission. The selected third-party provider is an accredited verification partner of the CDP.

We are actively working to establish a spirit of collaboration with our customers on both strategy and performance. We responded positively to a number of customer surveys in 2021, including our response to the supplier expectations survey from General Motors. GM uses the EcoVadis platform for soliciting and grading supplier information regarding energy and environmental subjects. AAM scored in the 56th percentile, leading to a Bronze rating, and has plans to continue to have positive trends in our ratings.

## OBJECTIVE 8: PRODUCT DEVELOPMENT



Sustainable  
Product  
Development

We are not only focused on reducing AAM's carbon footprint as a result of improving our manufacturing operations and collaborating with suppliers. We are also prioritizing responsible environmental stewardship in our products. From product designs in support of electric vehicles to the selection of eco-friendly materials inside of our products, AAM is fundamentally changing

our offered product line-up to support the vehicles and technology of the future.

In 2022, AAM will work with a certified third-party to conduct a Life Cycle Assessment that will assess the environmental impact of our products from the attainment of raw materials through the manufacturing, use and disposal processes. This will establish a baseline understanding that will assist in the selection of component materials and other product design attributes to mitigate the impact of the utilization of our products.

For more information on the development of our electric drive systems, see the [Product section](#) of this report.





# COMPLIANCE AND COMMUNITY RESPONSIBILITY

AAM’s E<sup>4</sup> program includes a robust system for tracking environmental compliance and plays a foundational role in our environmental sustainability system by applying our standards, policies and best practices across all functions of the company.

At AAM, 100% of manufacturing facilities follow the guidelines of the ISO 14001:2015 standard, which is the international standard for environmental management. Globally, 51 of our manufacturing facilities are certified to the ISO standard, while seven other facilities operate under our internally audited Environmental Management System.

E<sup>4</sup> also includes the management of our power and energy systems and provides an opportunity to measure and track our facilities’ performance on applicable metrics. Currently, 47 AAM facilities are certified under the ISO 50001 standard for energy management systems.





## EMBEDDED IN OUR SYSTEM IS A CULTURE TO CREATE SAFE WORKING CONDITIONS AND BEHAVIORS WHILE ACHIEVING ENVIRONMENTAL COMPLIANCE WITH ALL INTERNAL AND EXTERNAL REQUIREMENTS.

All AAM locations are provided with internal and external resources to keep Associates up to date on regulatory matters that guide operations and assist in preventing any regulatory violations.

For example, a significant fire occurred at our Malvern, Ohio forging facility. Thanks to advanced planning and mitigation contingencies put in place, the onsite AAM team and local authorities were able to react quickly to protect the local community and waterway. Monthly inspections and annual compliance reviews per the Spill, Prevention, Control and Countermeasure (SPCC) and Storm Water Pollution Plan (SWPP), as well as a strong relationship with local waste facilities and authorities, helped get equipment on site within hours. As a result, the Ohio EPA issued no violations and approved AAM's fire response.

In addition to the prevention of negative environmental impacts, AAM also proactively contributes to the welfare of the environment and the communities where we operate.

### EUROPEAN HEADQUARTERS AND ENGINEERING CENTER

AAM's recently constructed European Headquarters and Engineering Center (EHEC) has been awarded the Leadership in Energy and Environmental Design certification by the U.S. Green Building Council (USGBC). This is the most widely used green building rating system in the world and an internationally recognized symbol of excellence.

The EHEC achieved LEED certification for implementing practical and measurable strategies and solutions in areas including sustainable site development, water savings, energy efficiency, materials selection, indoor environmental quality and green living roof design.

AAM is adopting similar sustainable construction practices in all new facility builds (for example the Barcelona Manufacturing Facility in Spain as well as the newly launched Visitor Center on our Detroit campus). Our objective is to embed these new standards in our construction practices for energy efficiency and to improve the environment of our communities.







# SOCIAL

POWERING AN *INCLUSIVE* FUTURE...







# AT AAM, ASSOCIATES ARE THE CENTER OF EVERYTHING WE DO.

It is their hard work, dedication and creative thinking that have made us an industry leader for nearly 30 years.

As we work to create a brighter and more sustainable future, our Associates are at the center of our efforts. We are committed to doing all that we can to ensure a safe, healthy, diverse and equitable workplace where our Associates feel comfortable bringing their whole selves to work each and every day.

In 2021, we made a commitment to do more than ever before to build the company, community and world we wish to see. We have implemented a series of internal and external initiatives that were a path towards a better AAM, a better community and a better future.

## PEOPLE-FIRST CULTURE

AAM's greatest responsibility is to our people. To be successful in our business and in our pursuit of a more sustainable and equitable future, we must first ensure all our Associates feel safe, welcomed, appreciated and respected in the workplace.

We are committed to recruiting and retaining the sharpest, most creative minds in the industry. We provide this diverse talent with a resource-rich environment that encourages, develops and empowers them to grow as professionals and individuals, and become the leaders that will guide AAM into the future.

**FOR 2022, AAM WAS NAMED TO FORBES' LIST OF AMERICA'S BEST LARGE EMPLOYERS, RANKING IN THE TOP 5 IN THE AUTOMOTIVE INDUSTRY. IN 2021, AAM WAS ALSO RECOGNIZED ON NEWSWEEK'S LIST OF AMERICA'S MOST RESPONSIBLE COMPANIES.**





## THE HEALTH, SAFETY AND WELLBEING OF OUR ASSOCIATES IS OUR FIRST RESPONSIBILITY

Every day, in every AAM facility, we strive to create a safe workplace that protects the physical and psychological health of our Associates.

AAM's commitment to safety is unwavering and is upheld by our facilities across the globe. Our Associates work diligently every single day to create and maintain safe working environments for everyone. We extend this commitment to our subsidiaries, suppliers and contractors.

### KEY POINTS OF AAM'S COMMITMENT TO SAFETY

- Identify hazards and risks, with a mechanism to report them and generate appropriate preventative and protective control measures.
- The correct instruction, information, training and supervision to enable Associates to do their job safely and effectively.
- A formal process and management system to enable AAM to achieve compliance and meet all its legal obligations with internal policies and procedures.
- A framework for setting annual objectives and targets against which our performance is monitored, measured and reported.
- A method for reporting, investigating and analyzing injury and property incidents and near-miss events in order to identify trends and strive to reduce future accidents.





# S<sup>4</sup> SAFETY PROGRAM



AAM’s S<sup>4</sup> Safety program (S<sup>4</sup>), an integral part of our [Safety Policy](#), is a comprehensive Environmental, Health and Safety (EHS) program that powers our safety culture with the primary goal of achieving compliance with all internal and external requirements and regulations. S<sup>4</sup> focuses on developing, engaging, monitoring and continuously educating our Associates on the standardized procedures that are vital to their workplace safety. S<sup>4</sup> also provides a structured, data-driven approach towards continuous improvement as it drives the key themes of our safety program: Personal, Positive, and Proactive.

Actively engaged committees at each of our global locations use S<sup>4</sup> to manage risks in our facilities. In 2021, our facilities continued to improve their S<sup>4</sup> program performance. The number of plants at an S<sup>3</sup> or S<sup>4</sup> rating increased from 83% in 2020 to 98% in 2021 while the number of plants at an S<sup>4</sup> rating increased from 23% in 2020 to 64% in 2021.

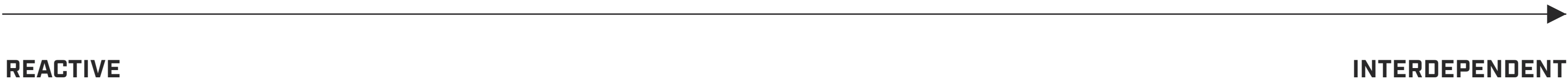
## TOTAL RECORDABLE INCIDENT RATE

We are focused on continuous improvement of the S<sup>4</sup> system and in our total recordable incident rate (TRIR) in every facility. The effectiveness of our S<sup>4</sup> system as the driving force behind our safety performance has resulted in a TRIR of 0.9 for both 2020 and 2021.

SINCE THE S<sup>4</sup> PROGRAM BEGAN IN 2015, WE HAVE EXPERIENCED A 57% REDUCTION IN RECORDABLE INJURIES.

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

“YOU GET THE LEVEL OF SAFETY THAT YOU DEMONSTRATE YOU WANT.”





# ANNUAL SAFETY AWARD

AAM’s annual safety award honors and celebrates safety excellence including S<sup>4</sup> program improvements, strategies for awareness, urgency and participation.

## AAM’S ANNUAL SAFETY AWARD WINNING FACILITY FOR ITS 2021 SAFETY PERFORMANCE WAS THE GUANAJUATO MANUFACTURING COMPLEX – PLANT 1 (GMC-1)

The GMC-1 team worked together on strategies to improve the facility’s overall safety program performance, including safety awareness campaigns as well as modifying the overall facility layout as it relates to forklift traffic and pedestrian safety. The team also took action to help and improve our teams personal health and wellness at both work and home.

One of the unique ways that AAM facilities apply S<sup>4</sup> principles and reinforce a culture of prevention is through Hazard Hunting. Throughout the year, the GMC-1 team held numerous Hazard Hunts which helped reduce incidents and create multiple observed unsafe actions with a 99.3% closure rate. Each of these closures represents a safer AAM.



# SAFETY LEADERSHIP

In 2021, 13 facilities accumulated over 10,000 days without a safety incident. These milestones reflect AAM’s commitment to creating and fostering a safe work environment in all global facilities.

LOCATION	NUMBER OF DAYS
INDAIATUBA MANUFACTURING FACILITY	1,725+
PUNE MANUFACTURING FACILITY	1,525+
RAMOS MANUFACTURING COMPLEX - PLANT 2	1,000+
GUANAJUATO MANUFACTURING COMPLEX - PLANT 3	950+
ZBYSOV MANUFACTURING FACILITY	750+
HALIFAX MANUFACTURING FACILITY	700+
GLASGOW MANUFACTURING FACILITY	675+
ŚWIDNICA MANUFACTURING FACILITY	625+
CHANGSHU MANUFACTURING COMPLEX - PLANT 2	625+
RAYONG MANUFACTURING FACILITY	450+
GUANAJUATO MANUFACTURING COMPLEX - PLANT 5	425+
GUANAJUATO MANUFACTURING COMPLEX - PLANT 4	375+
CHAKAN MANUFACTURING FACILITY	350+



## DIVERSITY, EQUITY AND INCLUSION

At AAM, we believe that an equitable and inclusive workplace benefits everyone and that the diversity of our Associates drives creativity and innovation. By fostering a safe work environment where everyone feels comfortable bringing their whole selves to work, we will strengthen relationships and build trust.

In 2020, we elevated our commitment to diversity, equity and inclusion by creating and publishing our DEI statement. In 2021, we established our Mutual Respect statement and translated both statements into 17 languages for our Associates around the world. These statements were the first steps in our efforts to promote a deeper commitment to DEI – one that we hope to convey through ongoing actions, initiatives and programs.



## DEI STATEMENT

Established in 2020, this statement continues to be the cornerstone of our DEI journey and guides us from a diversity, equity and inclusion standpoint.

## MUTUAL RESPECT STATEMENT

Established in 2021, this statement is reviewed at the start of meetings to reaffirm our commitment to positive, collaborative relationships and to encourage and welcome all voices during our business discussions.



## LEADERSHIP COMMITMENT

AAM's commitment to DEI begins with our Board of Directors. The Board's oversight reflects the importance of AAM's DEI journey to our business and shows the power of accountability to this critical initiative.

In addition to reviewing and approving AAM's DEI Strategic Roadmap and Global DEI Program and metrics, the Board completed a DEI workshop with an outside consultant. This workshop focused on DEI practices for a high-performing Board, building DEI capabilities within the Board and identifying unconscious bias and promoting conscious inclusion.

In 2021 the AAM Board and Leadership team signed pledges to further demonstrate their dedication to a more inclusive and equitable AAM. David C. Dauch, AAM's Chairman and CEO, signed the CEO Action pledge to further demonstrate the priority that AAM places on this critical initiative.

## CEO **ACT!ON** FOR DIVERSITY & INCLUSION

**AAM BOARD DEI PLEDGE**

As members of the Board of Directors for AAM, we play an important role in ensuring AAM's Diversity, Equity and Inclusion (DEI) initiatives continue to build and foster a respectful and inclusive company culture.

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.

To further strengthen and embrace diversity, equity and inclusion efforts at AAM, we are committed to leading by example through the following actions:

**CULTURE & ENVIRONMENT**

We will monitor how AAM fosters and promotes an inclusive workplace where Associates feel safe and confident to bring their whole, unique and true selves to work each and every day.

**LEARNING & LISTENING**

We will embrace the notion that we can all continue to learn more about DEI through active participation in education and training at AAM.

**TAKING ACTION**

Through our words and our actions, we will promote and support AAM's DEI Strategy Roadmap on a global basis for our teams, our facilities and our communities.

**WE ARE AAM.  
WE ARE BETTER,  
TOGETHER.**

Signed by #TeamAAM Leadership | December 2021

**AAM LEADERSHIP DEI PLEDGE**

As leaders of #TeamAAM, we play an important role in ensuring AAM's Diversity, Equity and Inclusion (DEI) initiatives continue to build and foster a respectful and inclusive company culture. This is true for every team, every function, and every facility around the world.

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.

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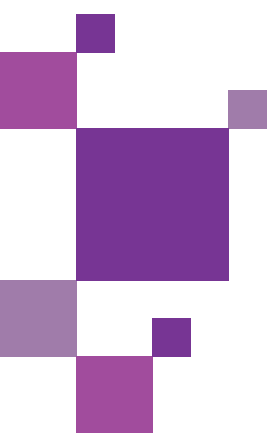


# DEI STEERING COMMITTEE

In 2021, AAM formed a DEI Steering Committee. This critical step in our DEI journey ensures that our initiatives are guided by the experiences and recommendations of our Associates.

Comprised of talented, passionate and diverse Associates, the Committee acts as change agents and helps develop new company initiatives designed to advance a respectful and inclusive company culture and to reinforce the importance of inclusion at AAM. Mike Simonte, President, and Terri Kemp, Vice President - Human Resources, serve as the Committee's executive champions.

The Committee meets monthly and has six working sub-committee groups focused on: Associate Resource Group formation and support, education, DEI events and celebrations, talent development and recruiting, community engagement and regional support.







DEI STRATEGIC ROADMAP

In 2021, AAM placed a priority on building a safe and welcoming culture. We engaged external experts to assist us in performing a current state assessment of our programs, extracting key themes through global workforce listening sessions and focus group activities and reviewing our policies and historical workforce data.

These efforts drove the creation of AAM’s comprehensive DEI Strategic Roadmap, which has been categorized into five pillars. We have developed action plans for each pillar and will monitor the results of our work as we strive to continuously improve.

As we work to create an inclusive culture where every Associate feels welcomed and celebrated for who they are, our commitment to DEI is aligned with our Cultural Values and Strategic Principles.

In 2022, we will be launching many of our U.S. programs and training opportunities on a global basis.







## DEI UPSKILLING

**Our learning opportunities provided over 20,000 hours of interactive training, discussion and reflection.**

To help build a more inclusive AAM, we have expanded our DEI training. All U.S. salaried Associates were required to complete a DEI in the Workplace training, and Unconscious Bias training was required for all U.S. salaried Associates at the Manager level and above.

Additionally, we offered Certified Diversity Recruiter training to our Lead Global Talent Acquisition Partners.

In 2022, AAM will hire a DEI Leader and deploy required learning opportunities globally while launching our Valuing Differences in the Workplace training.

## SAFE AND INCLUSIVE ENVIRONMENT

**Psychological safety is an important part of creating our inclusive culture.**

Our Mutual Respect statement is one of several ways that we have worked to create an environment where all voices are welcome. In 2021, we incorporated psychological safety into S<sup>4</sup> and shared information on the topic in our weekly safety messages.

To further demonstrate this commitment as well as communicate our engagement activities, AAM's intranet, POWERhouse, provides monthly stories and educational resources available to Associates 24/7. We also broadened our digital "Shout Out" program, where Associates at any level can give positive, peer-to-peer recognition.

In 2022, we will continue to build out psychological safety as part of our program and will launch a company-wide engagement survey that will include expanded demographic and inclusivity questions.

## EQUITABLE TALENT MANAGEMENT AND INCLUSIVE BENEFITS AND POLICIES

**We track diversity metrics across the talent lifecycle.**

We accelerated our talent acquisition strategies to align with our DEI goals and are upskilling our Associates to detect and mitigate bias. By partnering with Historically Black Colleges and Universities and Minority Servicing Institutions, AAM expanded our recruiting of underrepresented talent.

In 2022, we will conduct a comprehensive review of our U.S. benefits from an inclusivity perspective, and we will track demographic data for applicants and interviewees.

## EXTERNAL ENGAGEMENT

**AAM is a member of many industry groups advancing DEI efforts in our communities.**

Our active memberships include:

- Business Leaders of Michigan DEI/Racial Equity Committee
- Center for Automotive Diversity, Inclusion & Advancement (CADIA)
- CADIA CEO Coalition for Change
- GM Supplier Inclusion Board
- Michigan Council of Women in Technology
- Women in Manufacturing

Through these memberships, AAM is able to benchmark and collaborate with peers to advance DEI in the industry.

In 2022, we will continue to partner with global groups and organizations and will further advance our initiatives in this area by offering salaried Associates the opportunity to volunteer up to 16 hours a year.

## LEADERSHIP OWNERSHIP AND ACCOUNTABILITY MEASURES

**Board and leadership oversight will drive results.**

We have made significant strides in establishing the programs, measures and metrics necessary to monitor our progress in DEI and hold ourselves accountable.

In 2022, we will measure progress around three critical aspects of our DEI journey: the 2+1 Global DEI program, 2030 DEI Demographic Goals and Associate's individual DEI Key Performance Objectives (KPO).

In addition, 10% of our salaried Associate variable compensation will be tied to our Sustainability performance, split evenly between DEI goals and the Environmental Sustainability program.

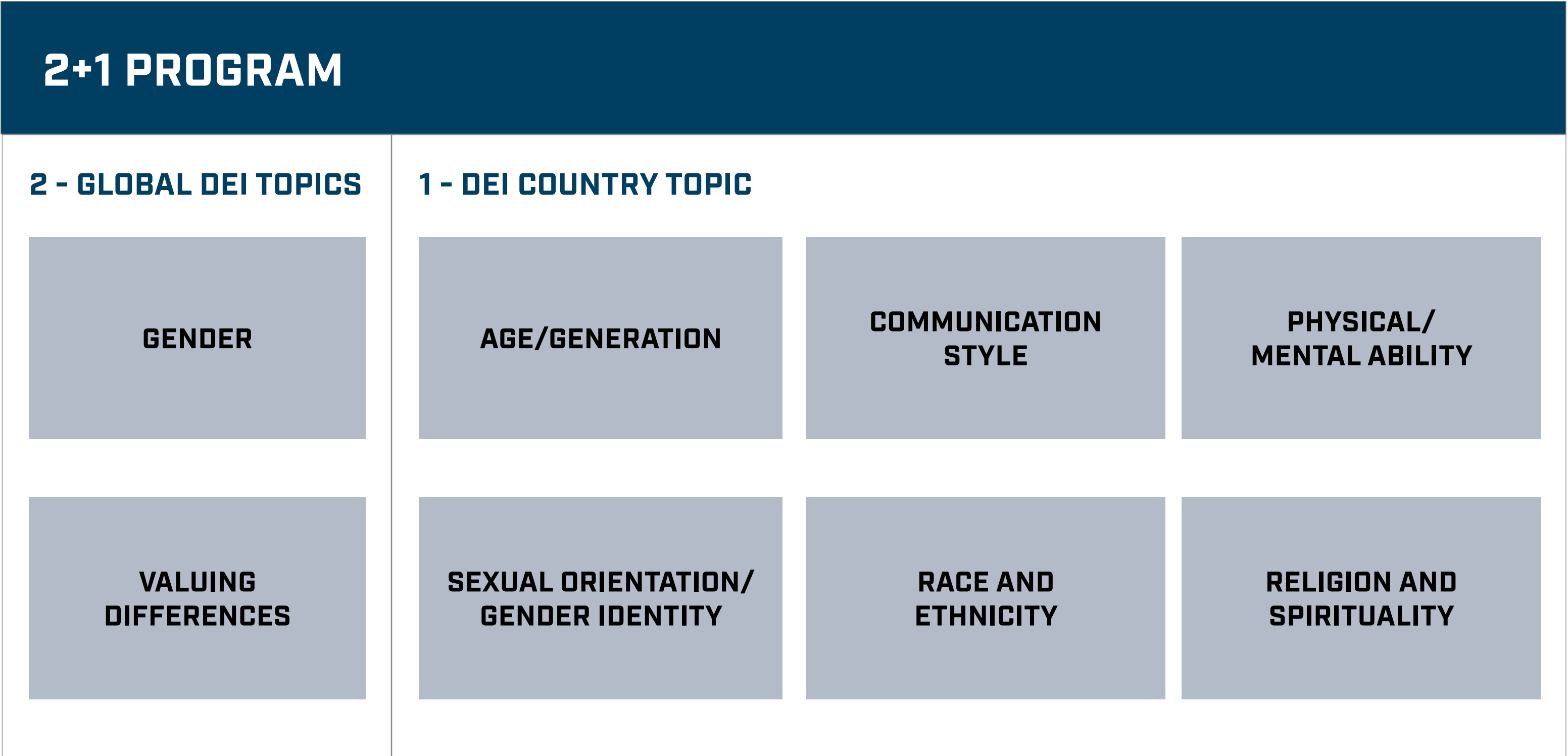




# AAM’S 2+1 GLOBAL DEI PROGRAM

In 2022, we launched our Global DEI 2+1 Program, which was designed to enable global participation in our DEI journey. For our two Global DEI Topics, all Associates will be asked to help us improve the representation of women in the AAM global workforce and to work on understanding and valuing our differences.

In addition to these Global topics, each country will select a specific topic that will help drive their DEI journey. For example, Race and Ethnicity was selected as the third DEI topic for U.S. Associates. Once the country selects its topic, it will establish their 2030 goals and measure annual progress.

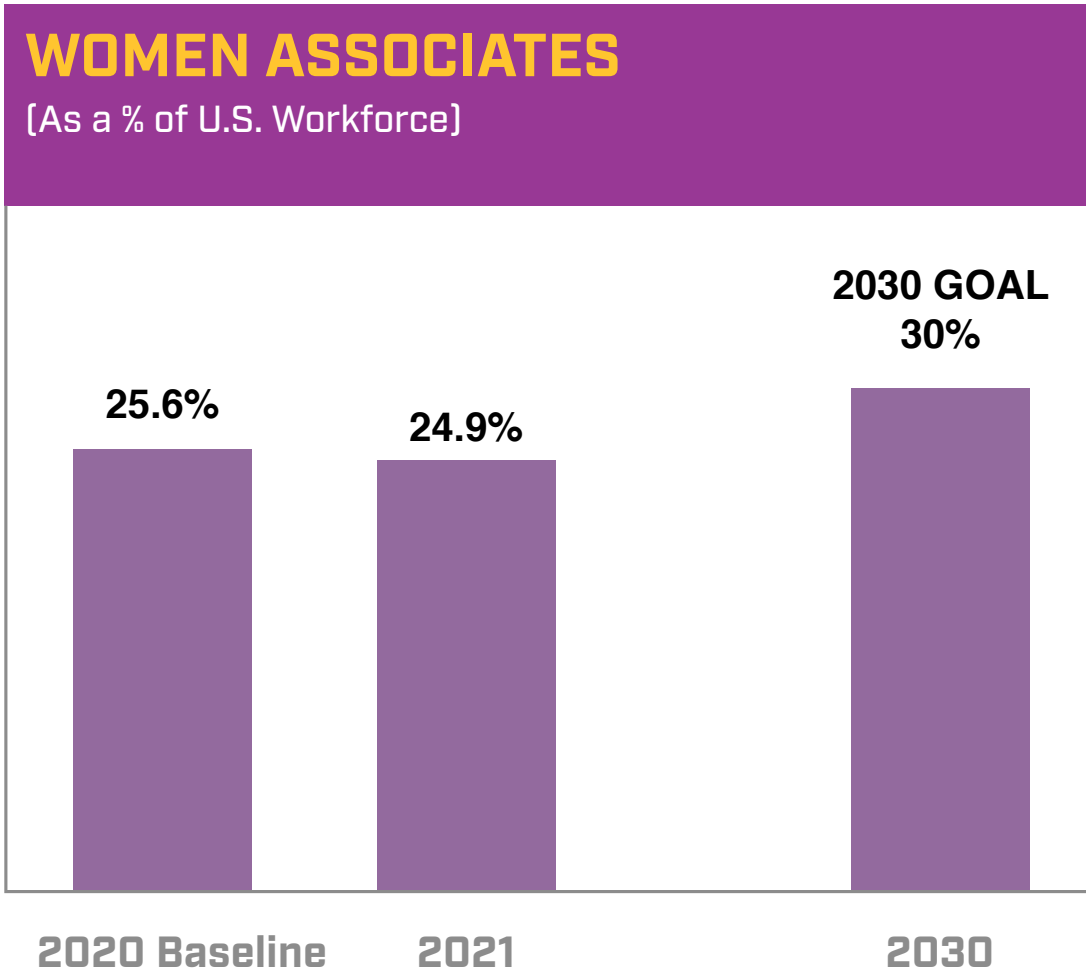
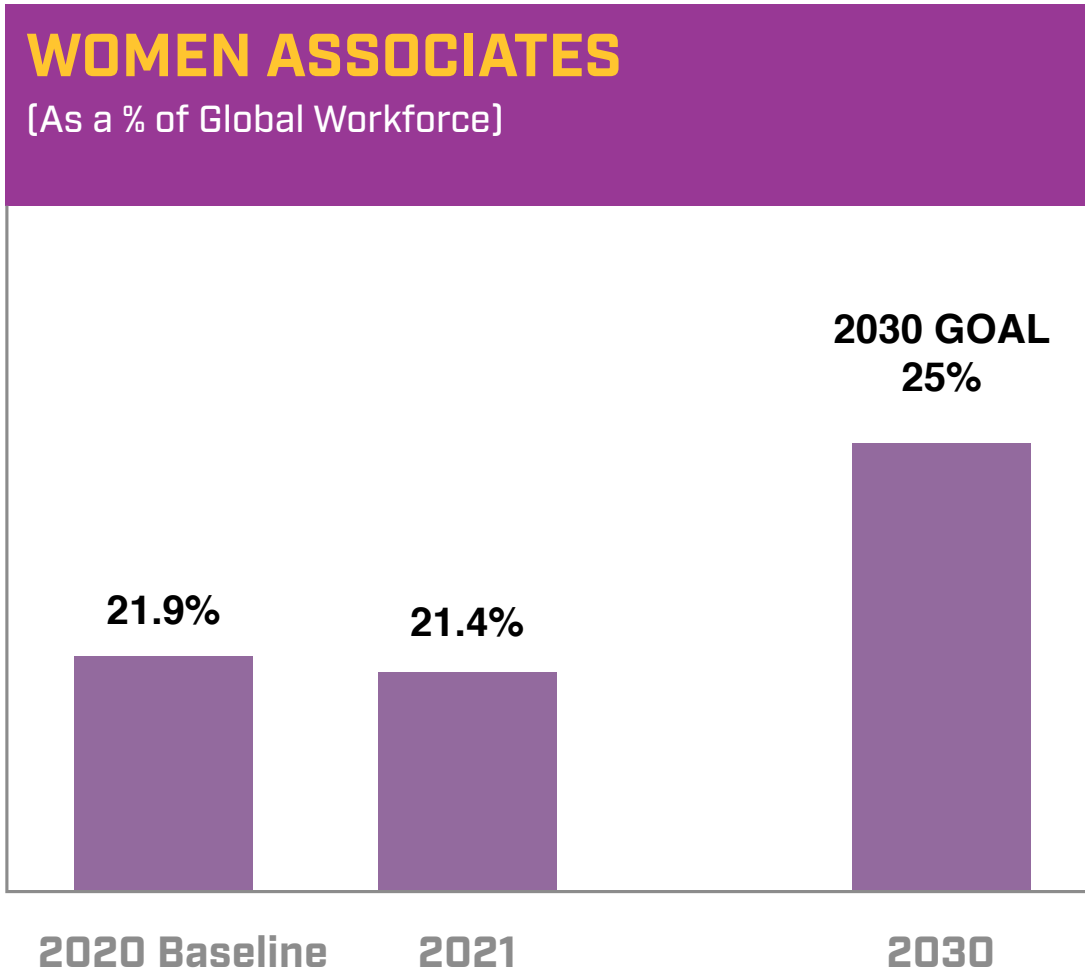






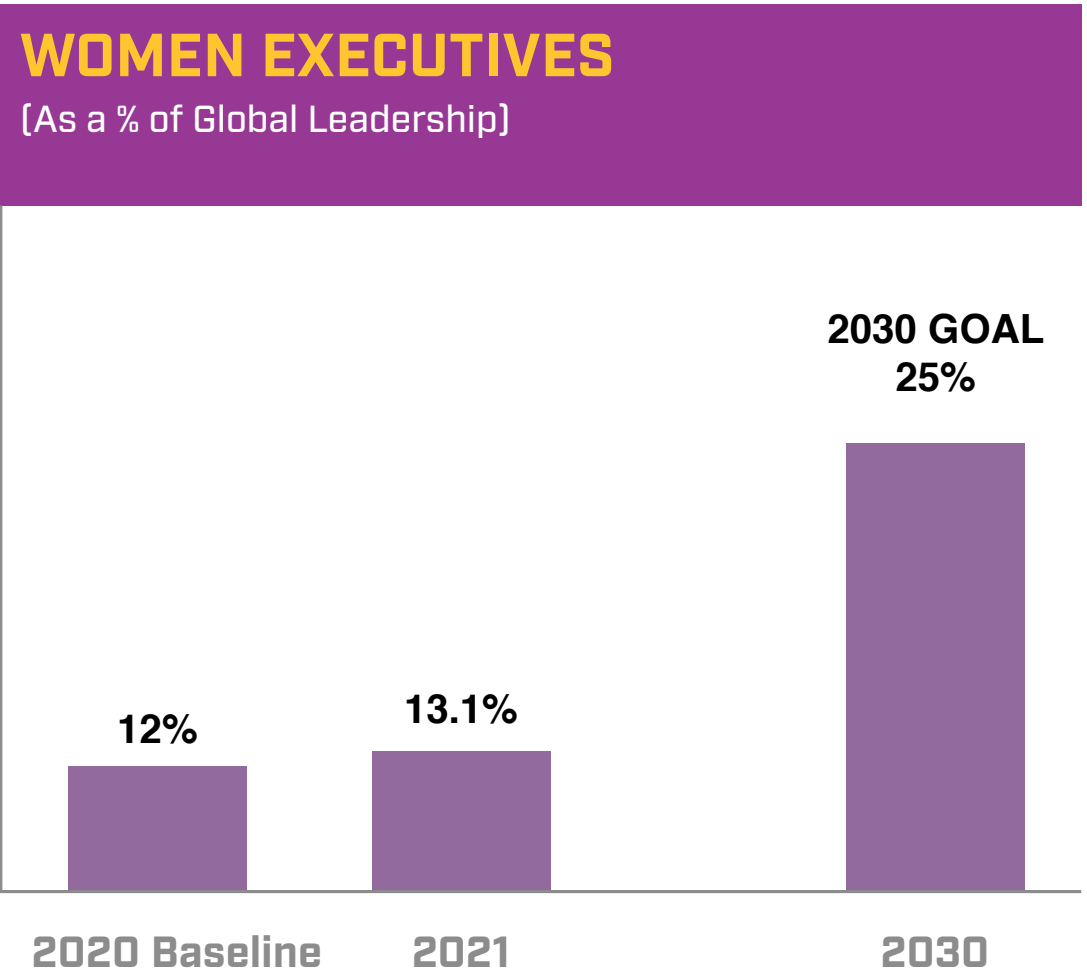
# 2030 DEI DEMOGRAPHIC GOALS

To drive accountability of our Global DEI program, AAM’s leadership team established 2030 DEI Demographic Goals around the Global 2+1 Topics which includes the U.S. Race and Ethnicity topic. These goals used 2020 as a baseline year and have been reviewed and discussed with our Board of Directors and communicated to our Global Workforce.



**GOAL: Increase the representation of women in AAM’s global workforce to 25% and to 30% in our U.S. workforce by 2030.**

In 2021, women Associates leaving AAM’s global workforce was at a lower rate (2.3%) when compared to the total global workforce (6.7%). In the U.S., women Associates leaving AAM’s U.S. workforce was at a lower rate (2.7%) when compared to the total U.S. workforce (11%).



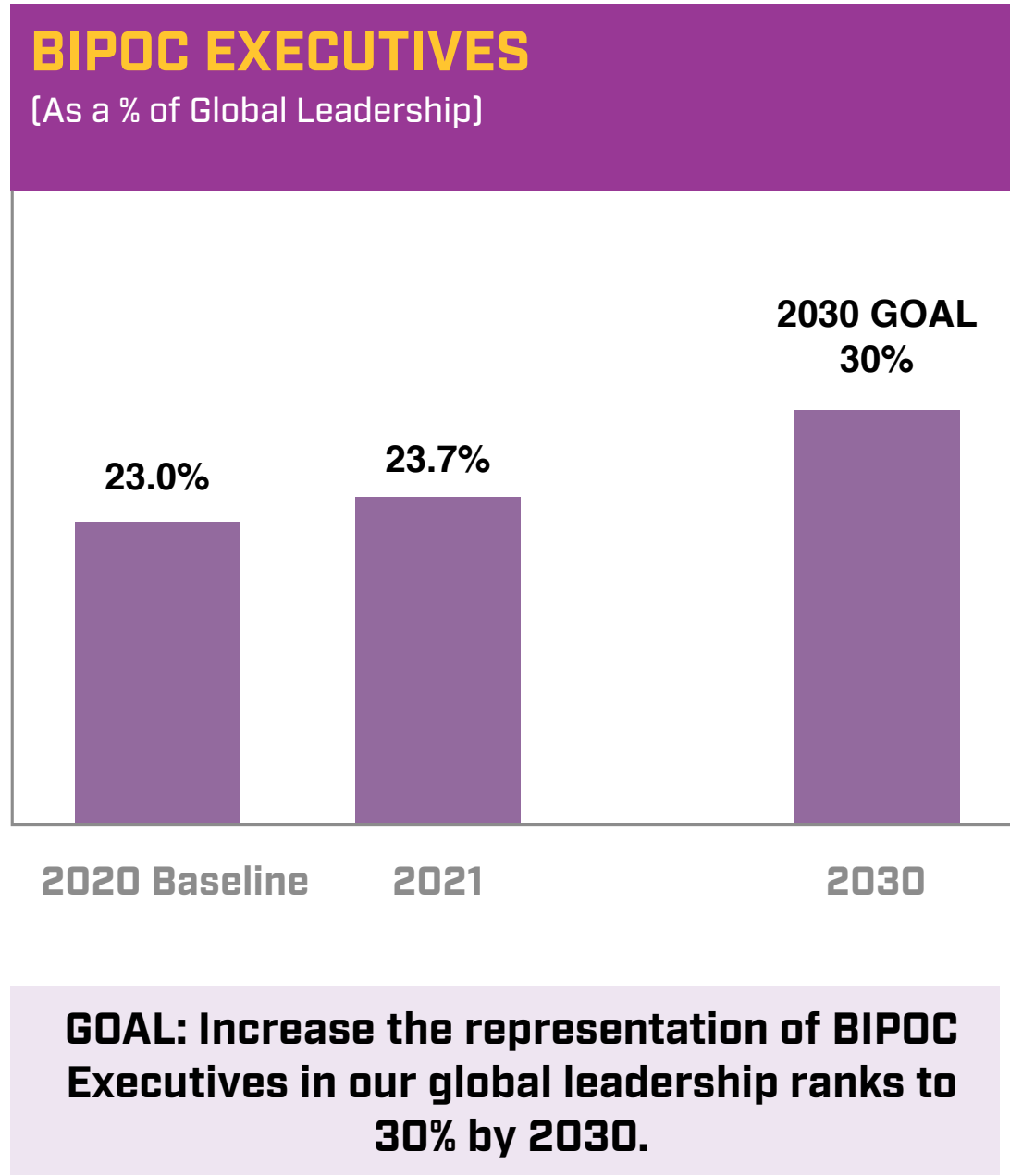
**GOAL: Double the representation of women executives at global leadership levels to 25% by 2030.**

In 2021, the number of women executives increased at a higher rate (9%) when compared to the rate of increase of total global leadership (3.6%).

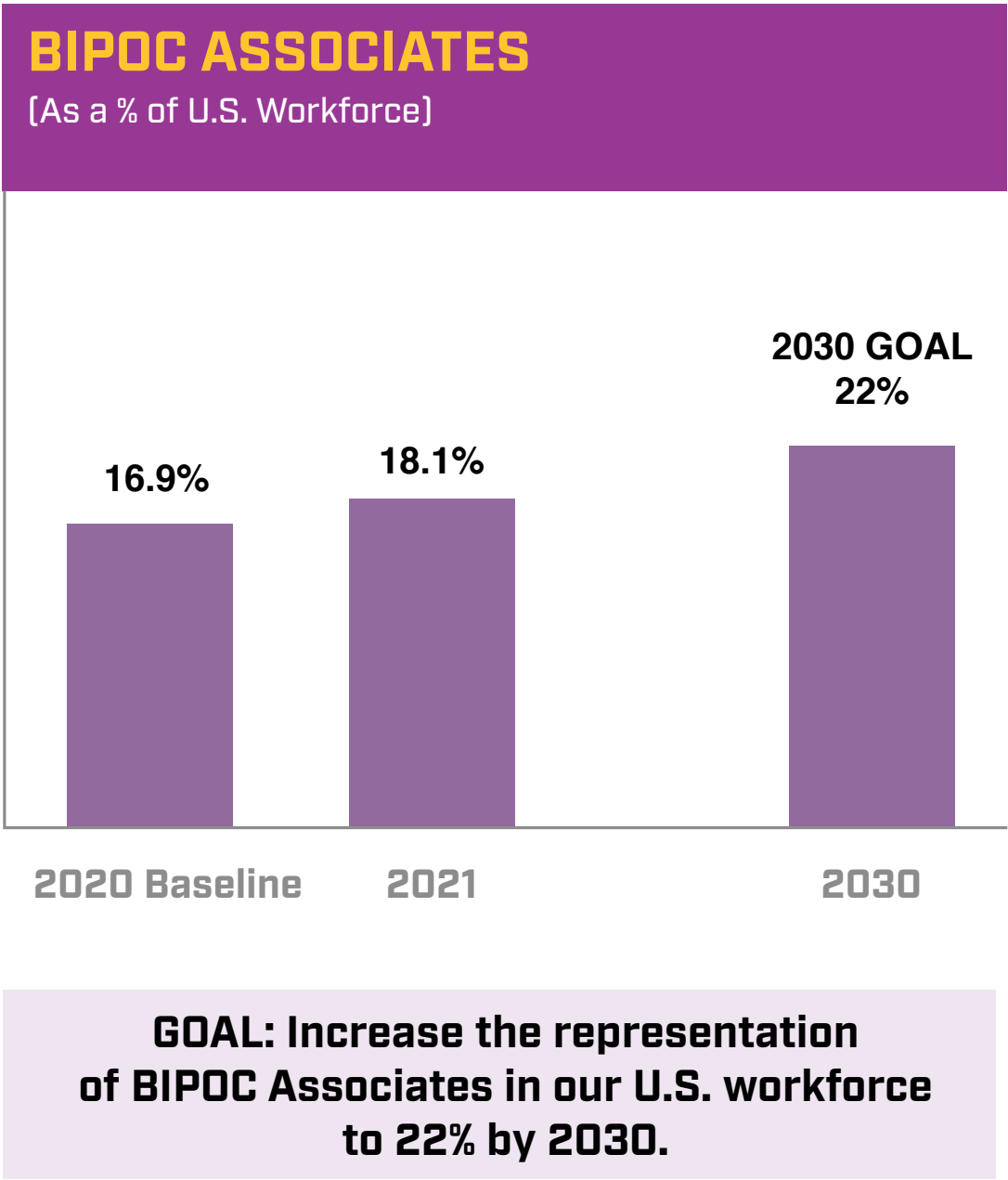




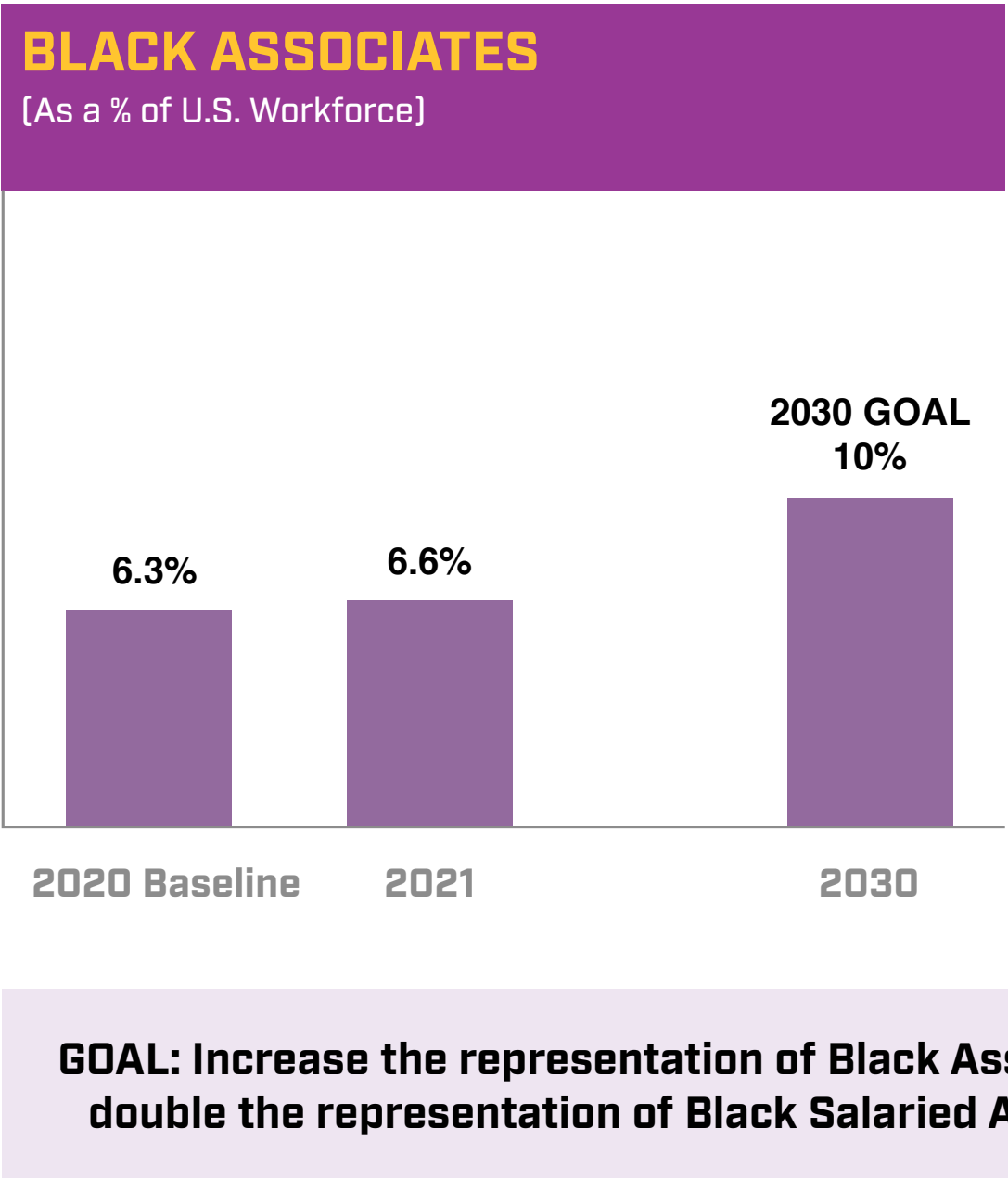
2030 DEI DEMOGRAPHIC GOALS [CONTINUED]



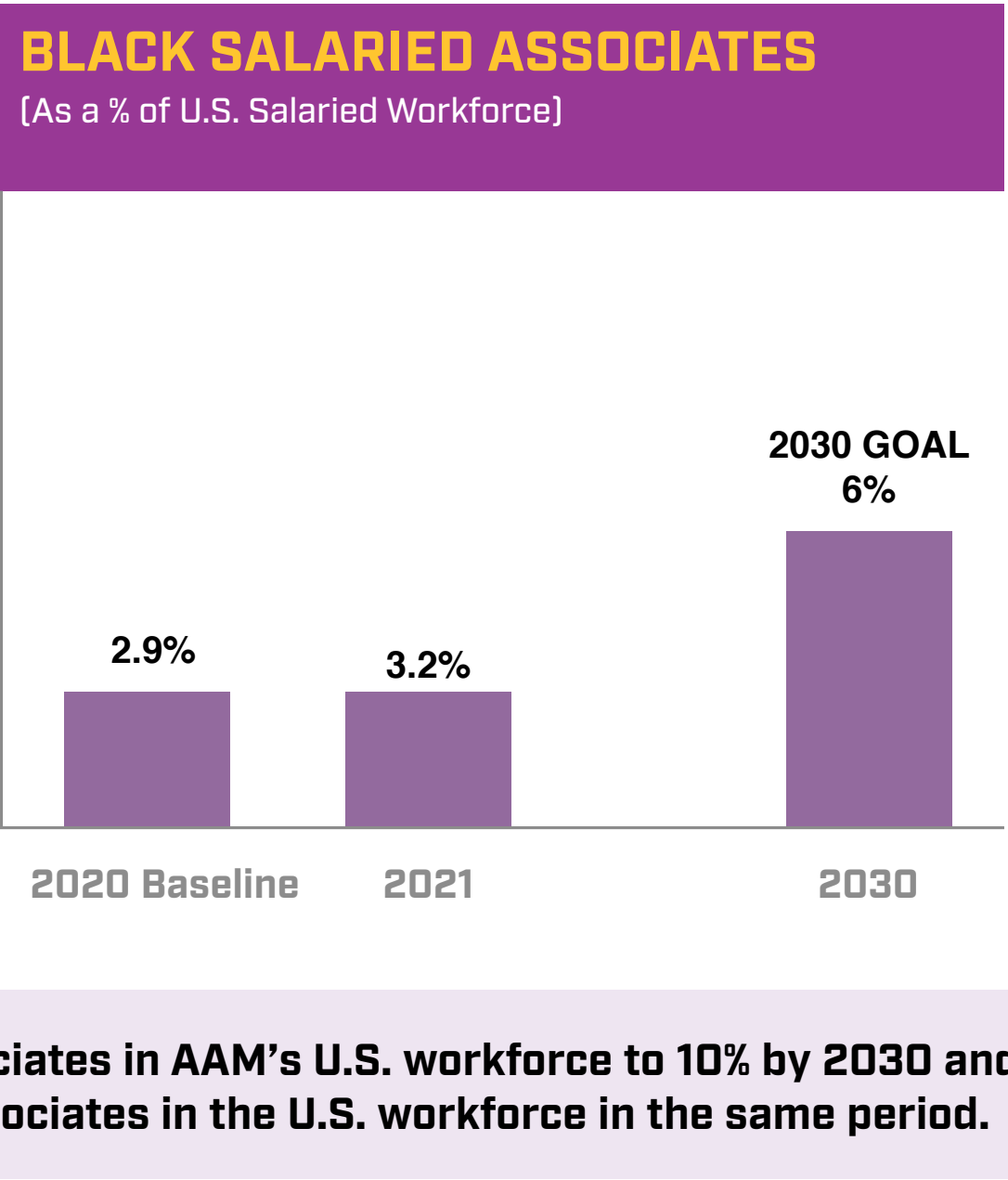
In 2021, the number of BIPOC (Black, Indigenous and People of Color) executives increased by 3% compared to the rate of increase of total global leadership of 3.6%.



In 2021, the number of BIPOC Associates increased by 7.1% compared to a total reduction of our U.S. Workforce of 11%.



In 2021, the number of Black Associates and Black Salaried Associates increased by 5% and 10% respectively, compared to a total reduction of our U.S. Workforce of 11%, and a reduction in our U.S. Salaried Workforce of 1.5%





## ASSOCIATE RESOURCE GROUPS

Associate Resource Groups (ARG) are Associate-led networks within AAM that are formed based on shared experiences, characteristics or backgrounds and exist to provide support, enhance career development and contribute to personal development both inside and outside AAM.

ARGs have a toolkit to provide support and direction how that group can make an impact on #TeamAAM as well as in our communities.

**IN 2022, AAM WILL LAUNCH A YOUNG PROFESSIONALS ARG TO CREATE CONNECTION, LEARNING AND NETWORKING OPPORTUNITIES FOR AAM'S POPULATION OF YOUNG PROFESSIONALS.**

In addition, we expect to see both the formation of local chapters of our current ARGs in several countries and the development of additional ARGs throughout 2022.



### POWHER

Founded in 2018, the POWHER Women's ARG exists for women and allies of all genders to gather, meet and participate in events and activities focused on four core areas. POWHER strives to create networking, community, mentoring and educational opportunities, offering growth, support and connection (both personally and professionally).



### U.S. VETERANS

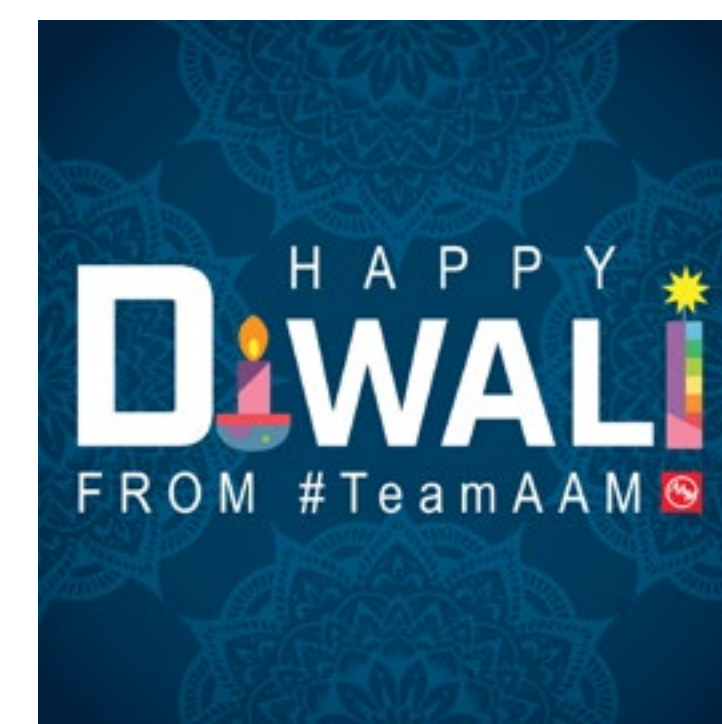
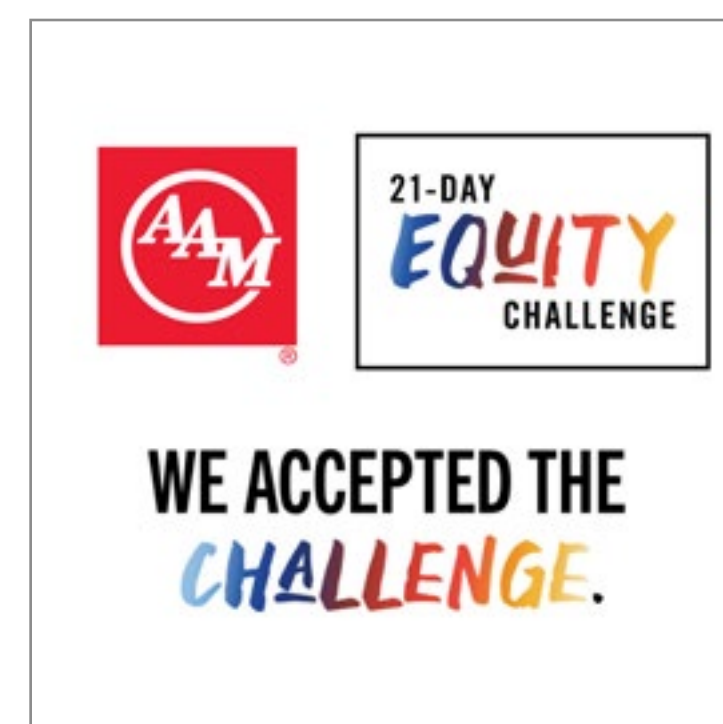
The mission of the U.S. Veterans ARG is to create engagement with Associates who have served in the U.S. military, partner with external organizations and participate in activities while aligning the talents and capabilities of veterans and current military Associates with the goals of AAM.

The founding Chapter of the Veterans ARG has formed around Associates located in the business offices and technical centers in the Metro Detroit area.



## DIVERSITY DRIVES CREATIVITY

We believe a diverse workforce is a creative workforce. AAM worked throughout the year to make our Associates feel seen and accepted. Events, initiatives and communications celebrated our diverse communities globally.





## RESPECT FOR HUMAN RIGHTS

AAM has a Company-wide [Human Rights Policy](#). We recognize that we are part of the communities in which we operate.

AAM Associates are expected to conduct themselves in a socially responsible manner by respecting the cultures and traditions of Indigenous people in each country where we operate and by acting with integrity and in good faith in order to merit the trust and support of the community. Our aim is to ensure through open dialogue that we are listening to, learning from and considering their views as we conduct our business. We believe that local issues are most appropriately addressed at the local level. We look to partner with companies and organizations that share our values and position on human rights.

We value the diversity and inclusion of the people with whom we work. AAM is committed to providing a work environment that is free from all forms of unlawful or unwanted harassment or discrimination. We do not tolerate disrespectful or inappropriate behavior, unfair treatment or retaliation of any kind. Harassment is prohibited in the workplace and in any other work-related activity. We respect our Associates' right to join, form or not to join a labor union without fear of reprisal, intimidation, or harassment. Where Associates are represented by a legally recognized union, we are committed to establishing a constructive dialogue with their freely chosen representatives. AAM is committed to bargaining in good faith with such representatives.

AAM actively monitors compliance with our Code of Business Conduct through an ethics line and web-based platform that is available to all Associates, suppliers and customers to report any wrongdoing.



We are committed to equal opportunity and are intolerant of discrimination and harassment. We work to maintain workplaces that are free from discrimination or harassment on the basis of age, race, color, gender, religion, marital status, sexual orientation, genetic history or information, gender identity or expression, disability, protected veteran status, national origin, or other characteristic protected by law.



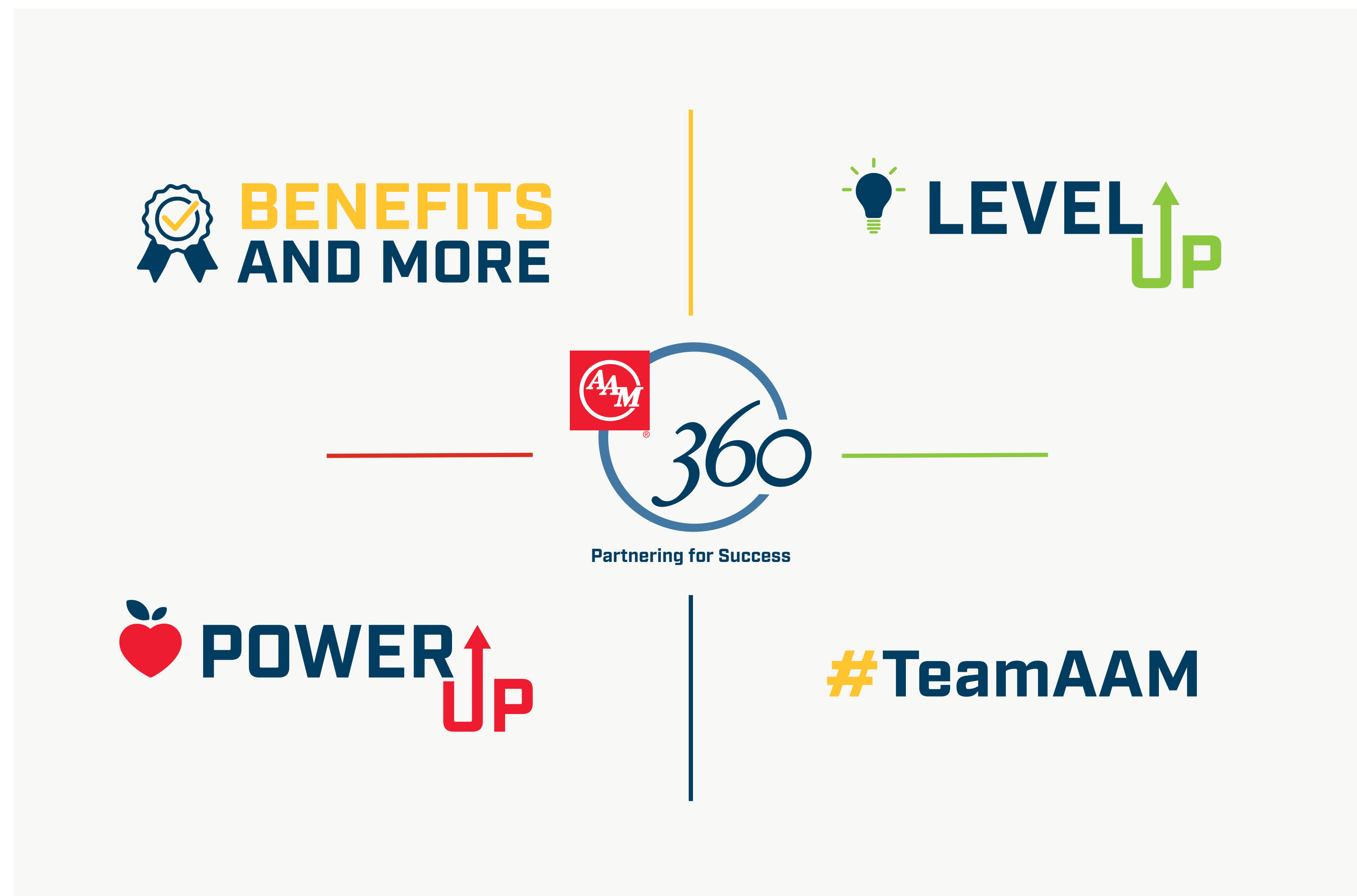
## AAM360

**AAM360** is about partnering for success, and it serves as the framework for our Associates' experience at AAM.

The four components of AAM360 - Benefits & More, LEVEL UP, POWER UP and #TeamAAM – provide the resources, tools, programs and events to help Associates develop both personally and professionally.

AAM360 also serves as the foundation for AAM's talent strategy. We are committed to creating an environment and culture that attracts, retains, rewards and develops a highly skilled and diverse workforce.

**PARTNERING FOR SUCCESS MEANS SUCCESS FOR OUR ASSOCIATES, FOR OUR COMPANY AND THE COMMUNITIES WHERE WE LIVE AND WORK.**







AAM’s talent management work is ongoing and driven by the needs of our Associates, our business and our customers. We promote the growth and development of our Associates through Level Up, a comprehensive range of programs and offerings that are designed to help all Associates reach their full potential within our company.

In recent years, we have significantly increased the amount of professional development opportunities related to electrification technologies, including software, functional safety, Automotive Software Process Improvement and Capability Determination (ASPICE) and requirements management. These offerings have supported the upskilling of our Associates as we work to transform our company and align with industry trends.

We have established sustainable and adaptable talent management programs in our business units and in our business offices and believe that offering development programs at all levels promotes equity and helps us become a better company.

In 2022, AAM’s Development Program offerings will include new and updated programs in four key areas: DEI, Early Career, Leadership and Mentorship.



## LEVEL UP DEVELOPMENT PROGRAMS

DEI	EARLY CAREER	LEADERSHIP	MENTOR
Unconscious Bias DEI in the Workplace Training Lunch with Leaders	Early Career Rotational Program Early Career Functional Program Rotational Co-op Program College Co-op Program Summer Intern Program Hourly Pay for Knowledge	Plant Manager Development Executive Development Women Development High Potential Development Team Leader Development	Global Mentor Program Buddy Program



## AAM UNIVERSITY IN MEXICO



In 2021 we launched the AAM University program at our Guanajuato campus in partnership with the State Institute of Training and the Technological University of Leon, Mexico. This 18-month development plan includes classroom and floor training at both the Richard E. Dauch Training Center and our manufacturing facilities. Operators completing the program will obtain an associate degree in industrial maintenance and will become our future maintenance technicians.

## HOURLY DEVELOPMENT PROGRAMS

AAM actively supports the development of our hourly workforce through programs such as Team Leader Development, Technician Certification, Operator Certification and Hourly Progression. These programs provide learning and growth opportunities for our Associates around the world. In 2021 over 3,000 seats were occupied in these global programs.

## EARLY CAREER DEVELOPMENT PROGRAM



As part of our talent attraction strategy, AAM engages students in several programs that provide exposure to our company, products and culture and allow students to expand their technical skills. For 2022, AAM has planned partnerships with colleges, universities and organizations in eight countries.

Our early career programs aim to develop the next generation of AAM leaders and technical experts. These programs range from 18 to 36 months in length and target key experiences and interactions with leadership and subject matter experts to propel this talent forward in their careers.

## PROBLEM SOLVING CULTURAL EXCELLENCE

AAM utilizes the Shainin problem solving approach throughout our global enterprise and has developed an apprentice course. As of 2021, AAM had 105 certified apprentices, 15 journeymen and two masters. Participation in this program has increased by over 150% year over year, and we will continue to train and grow our Associates in this critical problem-solving methodology.

## PLANT MANAGER DEVELOPMENT PROGRAM

AAM continued the global Plant Manager Development Program that launched in 2020. There have been seven cohorts that have completed the program, which includes an assessment process, feedback, cohort connections and action learning projects. By the end of 2022, all AAM plant managers will have completed this training, and we will begin to focus on successor candidates.

## EXECUTIVE DEVELOPMENT PROGRAM

AAM launched the Executive Development Program in 2021. This Global program assesses key senior-level Associates on the skills and behaviors needed to be a successful executive at AAM and provides coaching and development opportunities. Four cohorts completed the program in 2021.





At AAM, we are committed to supporting the health and wellness of each one of our nearly 18,000 global Associates.

Our Power Up program was created to help Associates live healthy lives and stay on top of their physical and psychological wellbeing. This comprehensive, interactive and personalized wellness program offers a confidential online health review that provides information on how to maintain a healthy lifestyle and achieve personal wellness goals.

In 2021, we expanded our support for psychological safety and wellness. We have begun including psychological wellness topics in our weekly safety message and are actively promoting the mental health resources and support offered through our benefits providers.



Benefits & More is about developing compensation and benefits packages for our Associates. Our compensation and benefit plans are designed to attract, empower, reward and retain highly qualified and diverse Associates who will drive AAM forward.

While our benefit plans vary depending on geographical location, we are committed to developing and deploying programs and activities that can improve the wellbeing of our Associates by offering competitive health, welfare and retirement programs to our Associates and their families.

In the U.S., AAM also offers wellbeing incentives and resources to help Associates better manage their physical health. Financial education programs are also available to help Associates achieve their current and future financial and retirement goals. Employee Assistance Programs support our global Associates when mental or psychological concerns arise.

Our compensation philosophy states that AAM is committed to designing programs that support our business needs, align with our stakeholder's interests, and pay competitively.

Annual reviews are conducted against our competitor peer group to ensure that AAM is aligned with the market from a compensation and benefit perspective, and adjustments are made to external market benchmarks and internal pay equity considerations.





## #TeamAAM

**#TeamAAM** is about forging new environments. We believe we have a responsibility to the communities where we live and work. AAM's commitment to our communities is an integral part of who we are as a company and is built on our cultural values of integrity, teamwork and responsibility.

We strive to make a positive impact around the world through both financial commitments and volunteering our time with organizations that are working to support and improve our local communities.

In 2021, we relaunched the AAM Charitable Contributions Program on a global basis and are working to align our charitable giving with our commitment to DEI.

**INCLUDING ASSOCIATE GIVING, AAM HAS COMMITTED NEARLY \$10 MILLION IN CHARITABLE CONTRIBUTIONS SINCE 2017, WITH MORE THAN \$7 MILLION TARGETED FOR DEI CAUSES.**

Recently, we have expanded our commitment to organizations that support families, youth outreach, education, wellbeing and social equality. Associates contribute financially to these organizations and can volunteer their time and talents to make a meaningful impact.

In 2022, AAM has doubled the amount of hours Associates can volunteer to support the communities where we live and work (up to 16 hours). Additionally in support of the Ukrainian crisis, #TeamAAM will make a significant donation to organizations providing humanitarian aid to families in the region.

### KEY U.S. CHARITABLE PARTNERS INCLUDE:



### KEY CHARITABLE PARTNERS OUTSIDE THE U.S. INCLUDE:





## COMMUNITY SUPPORT

Last year, AAM supported a variety of organizations around the world that are working to create more equitable and inclusive communities, including:

- City of Detroit Strategic Neighborhood Fund
- Detroit Public Safety Foundation
- Detroit Regional Partnership
- Focus: HOPE
- Forgotten Harvest
- Fundación Comunitario del Bajío
- Gleaners
- Greenlight Fund
- Life Remodeled
- Pope Francis Center
- Sungyook Child Care Center
- Toys for Tots

We will continue our commitment to serving the global communities where we live and work.



AAM Associates from across Metro Detroit spent a day at the Forgotten Harvest farm harvesting produce that will be used to help feed families throughout the area. #TeamAAM picked more than 24,000 pounds of corn that will be distributed to families in need, free of charge.



AAM has committed \$5 million to the Strategic Neighborhood Fund Initiative. Announced in 2019, this initiative helps reinvigorate communities throughout Detroit. During the Annual Motor City Makeover, AAM Associates helped revitalize and beautify Detroit.



Associates from our Mexico-based facilities collected over 1,900 new toys to donate to a variety of community and family support organizations.



AAM Associates packed fruit for distribution throughout Metro Detroit. Gleaners Community Food Bank is a vital link between available food and those who need it most.



Focused on increasing young people's interest in technical fields, AAM supported the Talent For Companies technical contest in Poland.



#TeamAAM worked to help remove blight and debris in the neighborhoods of Detroit during the annual Life Remodeled 6-Day Project.





# PRODUCT

POWERING A *CLEANER* FUTURE...





## SINCE OUR FOUNDING IN 1994, AAM HAS DELIVERED A RANGE OF INNOVATIVE TECHNOLOGIES TO CUSTOMERS AROUND THE WORLD.

Our customers rely on us to design, engineer and manufacture driveline and metal forming technologies that help keep drivers safe, improve vehicle performance and power density, and increase efficiency. We are leaders in rear-wheel drive (RWD), all-wheel drive (AWD) and four-wheel drive (4WD) systems for internal combustion, hybrid electric and full electric vehicles.

We empower our Associates to think differently and develop technologies that will drive the future of mobility. Since 1994, we have invested more than \$2 billion in research and development initiatives, including the creation of 14 global engineering development centers.

Through the years, we have proven ourselves to be leaders in quality, durability and operational excellence. We have demonstrated our expertise in developing technologies that provide unparalleled performance. This expertise will serve as the foundation for a new generation of AAM systems and technologies that will power the next generation of vehicles, making them smarter, lighter, safer and more efficient.

From Electric Drive and e-Beam axle technologies to electric motor components and subassemblies, AAM is ready to bring the future faster and help move the automotive industry towards a more sustainable tomorrow.



# \$2B



INVESTED IN RESEARCH AND DEVELOPMENT INITIATIVES SINCE 1994

APPROXIMATELY

# 65%



OF 2021 R&D SPEND ON SUSTAINABILITY FOCUSED PROJECTS

# 14



GLOBAL ENGINEERING DEVELOPMENT CENTERS





## AAM IS A PREMIER GLOBAL TIER 1 AUTOMOTIVE SUPPLIER WITH BROAD CAPABILITIES ACROSS MULTIPLE PRODUCT LINES TO DELIVER EFFICIENT, POWERFUL AND INNOVATIVE SOLUTIONS FOR OUR CUSTOMERS.

Our Driveline product portfolio optimizes mass, increases efficiency and reduces noise, vibration and harshness (NVH) without sacrificing performance. Our EcoTrac® AWD disconnecting systems and TracRite differential portfolio are examples of advanced product, process and systems technologies that are smarter, lighter, more powerful and more efficient.

The size and scale of our Metal Forming business unit, coupled with a leading team of experts in the industry, allows us to make long-term investments in innovative forging and machining process technologies centered around manufacturing products that are lightweight and power-dense.





## INDUSTRY TRANSITION TO ELECTRIC VEHICLES (EV)

It is clear that the future of the automotive industry is electric.

At AAM, we have been working towards this future for more than a decade and continue to accelerate our focus on products and technologies that support the automotive industry's transition to zero-emissions propulsion technology.

Our goal is to develop game-changing electric-drive platform and weight savings technologies with the capability of powering vehicles across multiple segments. From high-speed motors spinning over 20,000 RPM and generating well over 200kW of power, future generations of our platform technology are targeted to achieve class-leading performance and weight attributes.

We are well on our way to achieving greater than double-digit improvement in volumetric efficiency, power density, mass efficiency and power loss versus our internal benchmarks.

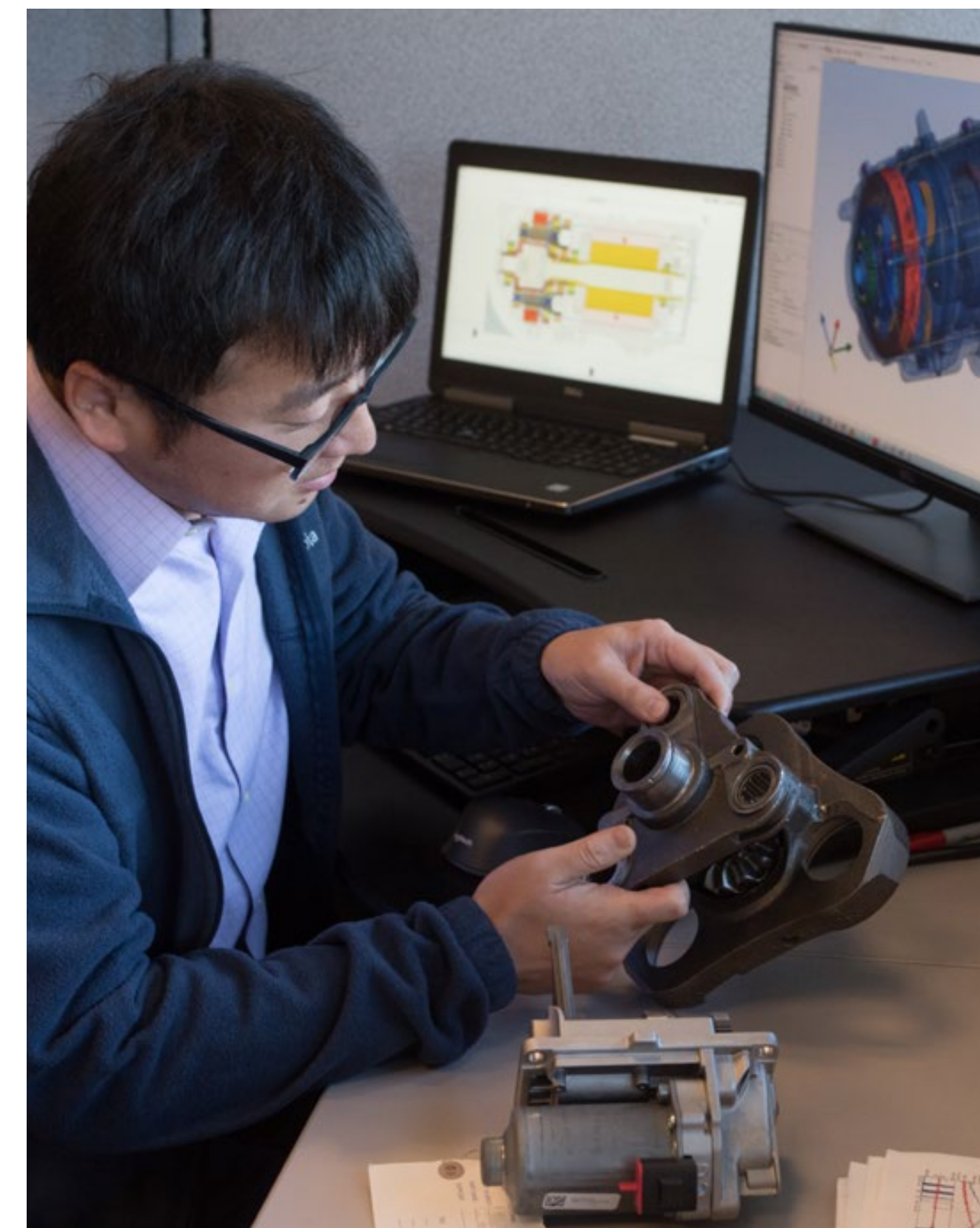
Furthermore, the compactness and power density of our electric drivetrain is providing platform architecture flexibility that is revolutionizing transportation. Our 3-in-1 electric propulsion system integrates our proprietary electric motor, gearbox and inverter technologies into a single, efficient package, providing OEMs with tremendous design flexibility, including lowering ground clearance, increasing battery capacity, and expanding floor space for delivery and mass mobility applications.

We are implementing a multi-faceted approach and engaging at all levels of the company to ensure we continue to provide the high quality and compelling value that our customers have come to expect from AAM.

We believe R&D is essential for our next phase of growth and have continued to advance our commitment to the development of EV products, systems and technologies. We have increased our product development budget for 2022, continue to add EV-focused Associates to our team and are implementing internal training offerings around EV software, functional safety, ASPICE and requirements management.

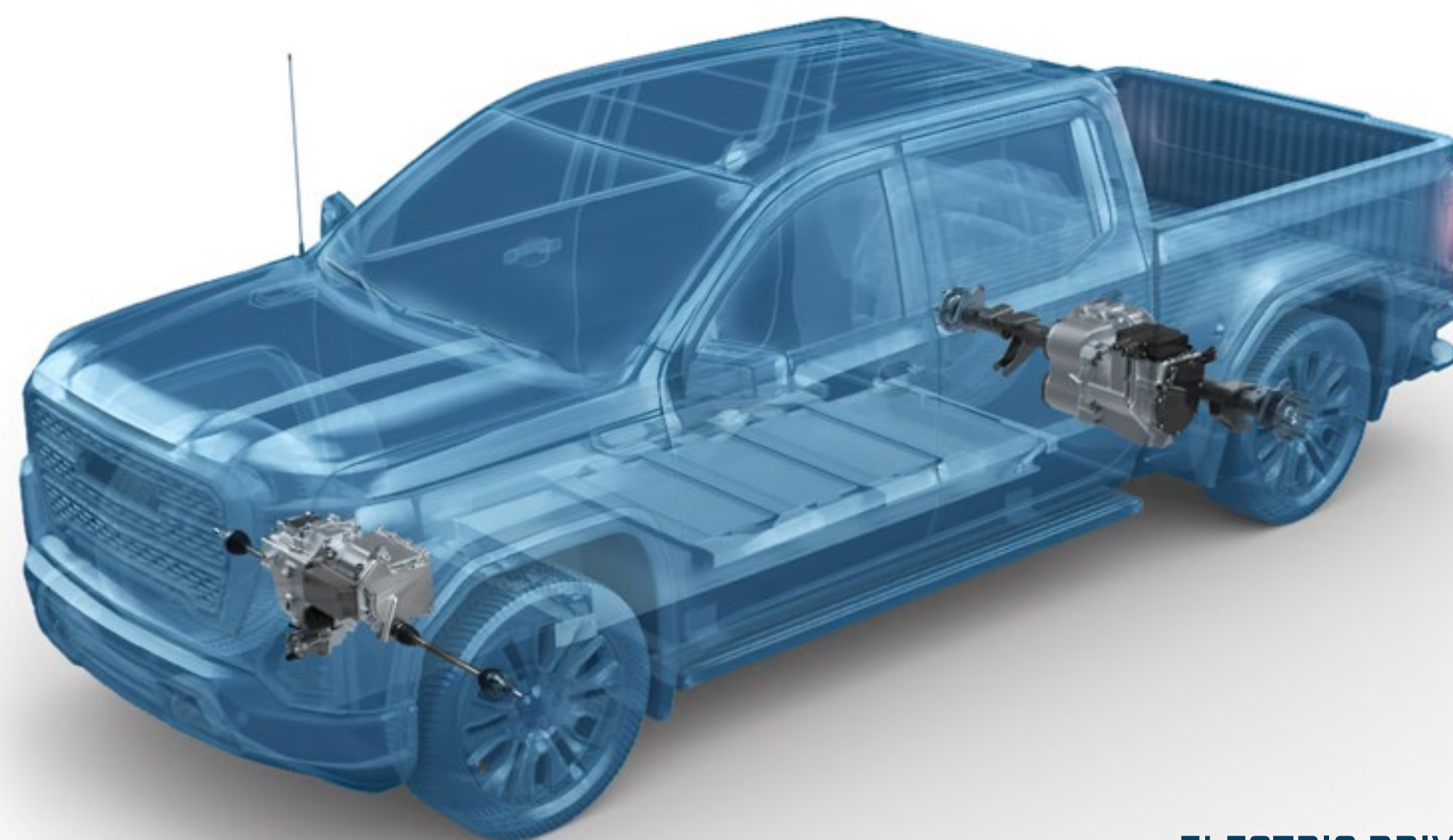
In May of 2021, we announced that AAM will receive funding from the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy (EERE) on behalf of the Vehicle Technologies Office. The funding will be used to further the development of a low-cost, high-performance, 3-in-1 electric drive unit.

We are also focused on adapting our driveline and metal forming business units to better serve our customers, partners and stakeholders, and identifying growth opportunities for both business units within the EV space.





# AAM EV TECHNOLOGIES



**DIFFERENTIAL ASSEMBLIES**



**GEARS**



**MOTORS**



**GEARBOXES**



**ELECTRIC DRIVE UNITS**



**E-BEAM AXLES**



AAM has taken our disciplined approach to manufacturing and created a team of doers and dreamers to push the boundaries of disruption through electrification. We are prepared for multiple segments, scalable volumes and an infinite number of challenges and goals.

Around the world, our Associates are designing and engineering advanced electric propulsion technology centered around highly integrated systems, allowing for robust power-density, high-efficiency and compact design.

AAM's EV technology leverages our experience with industry-leading driveline systems and our expertise in power density, torque transfer, NVH reduction, heat management and systems integration. Our NVH technologies are already setting new benchmarks for quality and performance and have been exceeding expectations when it comes to power density and target weight – both critical elements for EVs.

As we advance our EV technologies, interest from global OEMs continues to grow. New business related to our electrification technologies represents a growing portion of our new business backlog as well as quoting and emerging new business opportunities. We view the increasing share of electric vehicles as a key growth opportunity for AAM.

The AAM product portfolio includes electric drive units for hybrid and electric vehicles as well as components and subassemblies to complement electric motors including gearboxes, differential assemblies, vibration control systems, electronic limited slip differentials and helical gears.



## ELECTRIC DRIVE UNITS

AAM's next-generation electric drive units (EDU) are designed to offer best-in-class improvements in mass efficiency, volumetric efficiency and power density as well as a reduction in power loss (versus the industry benchmark). Additionally, the power-dense and compact EDUs have the potential to improve an electric vehicle's range – further helping EVs create a carbon footprint advantage over vehicles powered by traditional combustion engines.

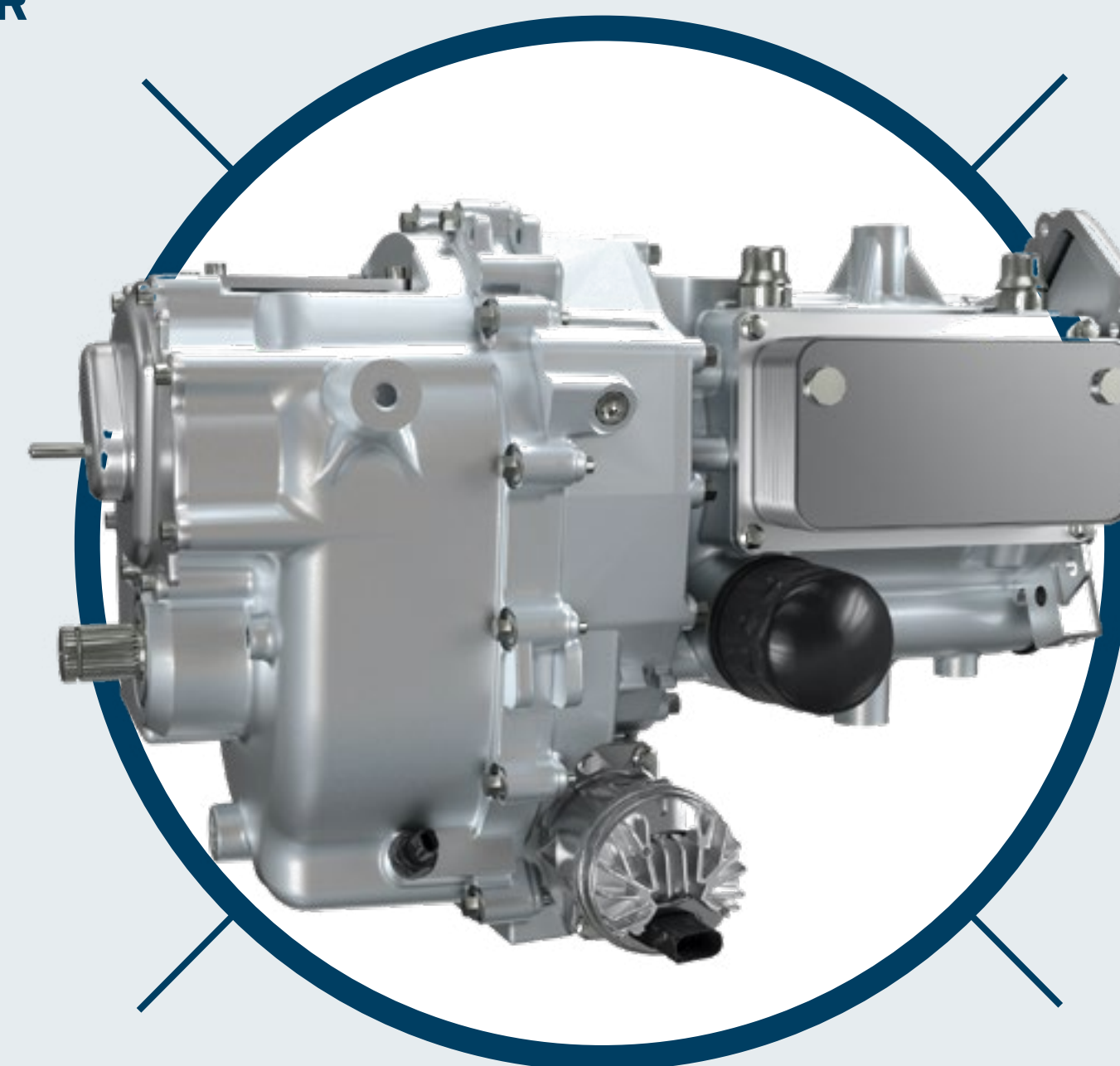
The building block for the EDU is a 250kW e-machine with high rotational speeds, as well as an integrated gearbox and inverter, generating exceptional power and performance. These market-ready, scalable driveline systems are compatible with all electrified architectures and can be configured with multiple motor diameters and flexible stack lengths to provide optimized packaging, power and torque for any application. All configurations operate at speeds up to 24,000 RPM to maximize power delivery.

This innovative technology is segment agnostic, enabling our products to power EVs for a variety of market segments, including premium hybrid performance cars, fully electric small cars and even full-size trucks. To demonstrate the EDU, AAM has developed a prototype, fully-electric pickup truck with a single motor in the front and dual-motor EDU with locking differential in the rear.

Based on our competitive market benchmarking and feedback from the OEM community, we expect significant interest in our electric driveline systems from both existing and potential new customers.

**250 KW, OIL-COOLED,  
24,000 RPM MOTOR**

**HIGHLY-EFFICIENT  
SILICON CARBIDE  
MOSFET-BASED  
INVERTER**



**MOTOR, GEARBOX AND  
INVERTER FULLY INTEGRATED  
INTO COMPACT EDU**

**COMPATIBLE WITH  
ALL ELECTRIFIED  
ARCHITECTURES**



## 3-IN-1 HIGH SPEED EDU

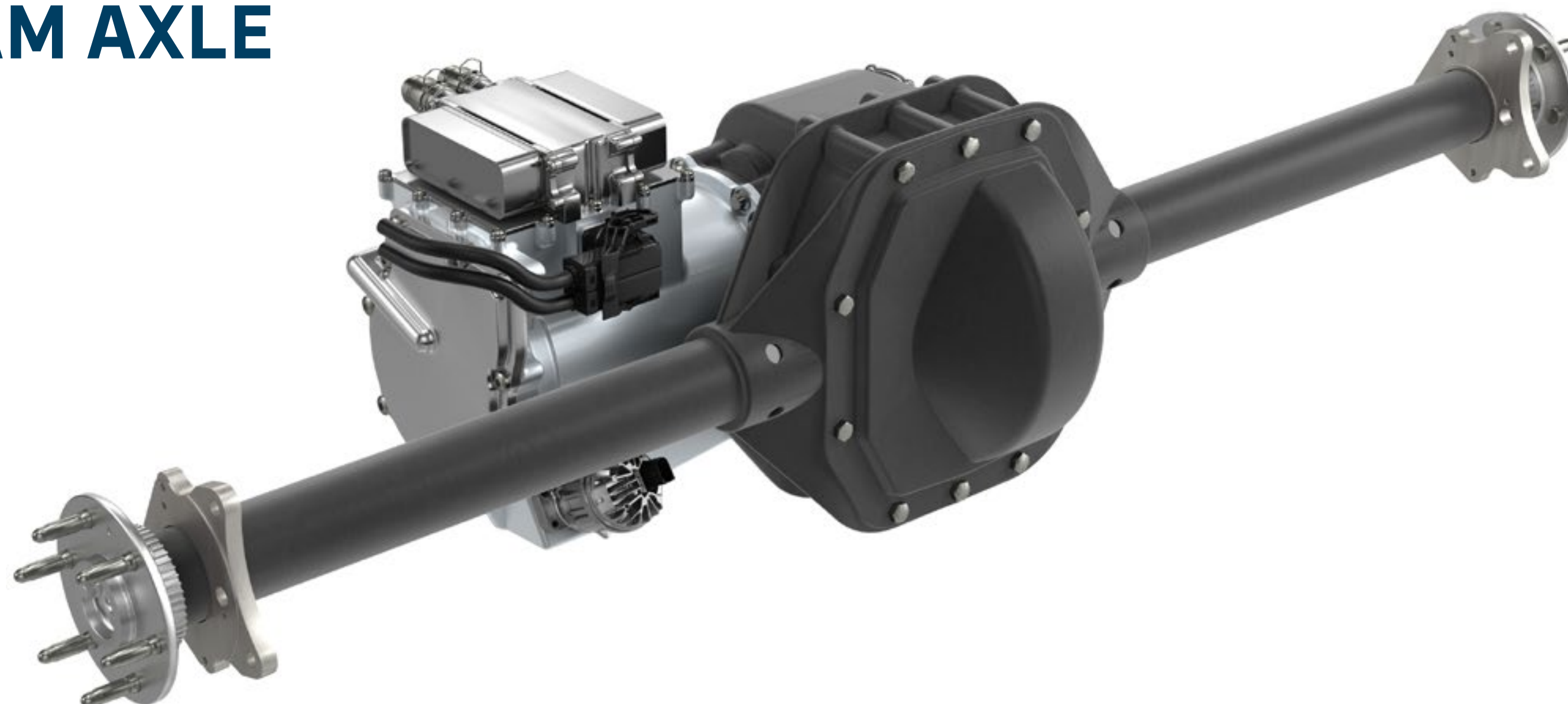
The next-generation of AAM's 3-in-1 EDU combines the motor, inverter and gearbox into the smallest, most powerful system in the industry — proof we're doing things better by thinking bigger, smaller and faster than everyone else. The resulting 3-in-1 e-Drive systems will be modular and more power-dense than current products on the market, as well as compact and scalable for use in any global vehicle segment from the smallest microcar to the largest SUV or pickup truck application.

Applications for this technology will include low-powered, high-value small passenger car applications, all-wheel-drive systems utilizing permanent magnet and induction machines and even a high power and torque dual-motor solution appropriate for the U.S. light-duty pickup market.





## ELECTRIC BEAM AXLE



Our e-Beam axle for light duty trucks uses AAM's next-generation e-Drive systems with 24,000 RPM eMachines, high-reduction gearboxes and a highly-integrated inverter. The e-Beam axle can also be equipped with a TracRite open, selectable locking or limited slip differential. The majority of competitive electric beam axles do not include an on-board inverter, requiring the inverter and high voltage AC cables to be packaged on the vehicle's side.

AAM developed unique cooling methods to allow the high-speed and power-dense e-Machine to deliver sustained peak power levels. Heat can be extracted closer to the source thanks to innovative thru-stator and thru-shaft cooling technologies.

The AAM Electrification team is working hard to stay on the leading edge of technology, support our customers on current electric vehicle programs and secure new programs globally.

We have come a long way since we began working with electrification technologies 11 years ago. Our culture does not allow us to rest on our laurels – our attention is focused on our future. Our goal to be a leader in electric propulsion is driving our engineers to creatively rethink the technology paradigm in components, gearboxes, motors, power electronics and full systems across multiple vehicle segments. With a strong technological foundation, we are extremely excited about AAM's future in electrification.

### THIS SYSTEM INCORPORATES THE FOLLOWING INNOVATIVE TECHNOLOGIES:

- Faster machine rotational speeds
- Unique cooling methods
- Fully integrated inverter
- High-ratio gearbox

These technologies and a high rotational speed of 24,000 RPM demonstrate the system's advantage of increased power density resulting in significant mass and material cost savings.



## LIGHTWEIGHTING, ENVIRONMENTAL AND SUSTAINABLE PRODUCT PRACTICES

AAM is committed to advancing lightweighting and sustainability objectives in all our EV and Internal Combustion Engine (ICE) products, processes and systems technologies. As our customers focus on reducing weight by aluminum and other lightweighting alternatives, AAM has established a high-efficiency product portfolio that is designed to improve axle efficiency and fuel economy through innovative product design technologies.

Our portfolio includes high-efficiency axles, aluminum structures and AWD applications. We are applying lightweighting solutions to all products to help create more efficient vehicles.

Our Metal Forming unit has developed advanced forging and machining process technologies to manufacture lightweight and power-dense engine, transmission, driveline and safety-critical components for light, commercial and industrial vehicles. Our forged axle tubes deliver significant weight and cost reductions as compared to the traditional welded axle tubes.

We are also committed to minimizing the impact of our manufacturing and production processes by assessing how we manage our resources and extending the lifecycle of our products. AAM continuously advances net (and near net) metal forming processes to minimize scrap.

In 2021, AAM received the Altair Enlighten Award for our innovative next generation electric drive technology. The Enlighten Award is the industry's only award dedicated to lightweighting and sustainability, and this is the second time AAM has been recognized in the Future of Lightweighting category; the first being in 2018 for our conventional driveline technology.





## Q<sup>4</sup> QUALITY SYSTEM

The key to AAM's ability to deliver results for customers is our commitment to quality. We strive to provide exceptional value to our customers through an intense focus on operational excellence, and our global footprint brings streamlining, standardization and synergies to exceed customer expectations.

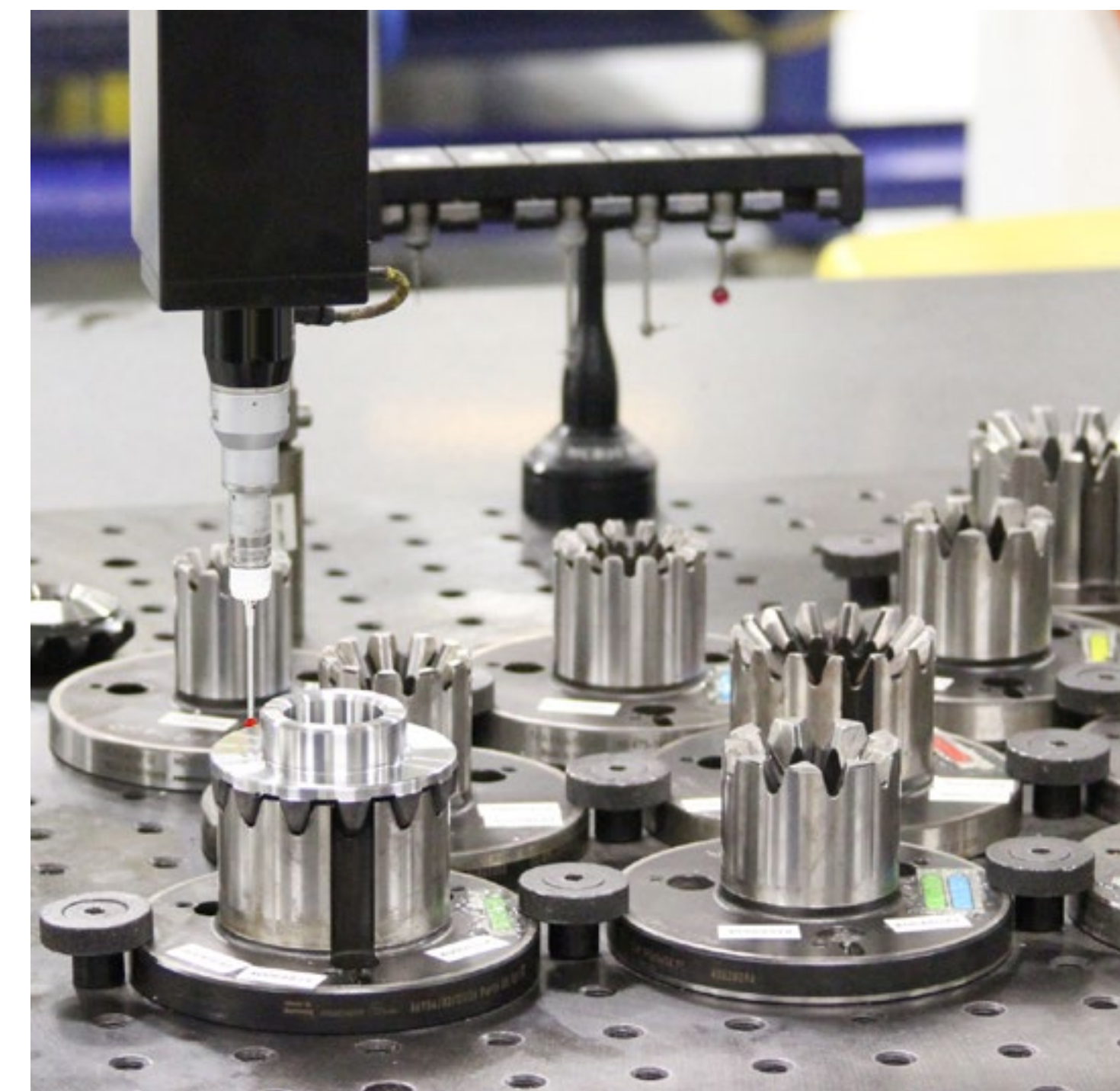
The AOS is a world class global operating system designed to deliver operational excellence by leveraging our global standards, policies and best practices across all disciplines. This system will continue to ensure AAM is leading with improved customer satisfaction, lean production and efficient cost management.



In 2015, we developed a new approach that would enable AAM to become a global leader in product quality. A part of our AOS, the Q<sup>4</sup> Quality System (Q<sup>4</sup>) integrates AAM's values, goals and objectives to drive continuous improvement and create a sustainable and actionable quality and warranty program. Q<sup>4</sup> addresses both OEM first-time quality and warranty reduction for vehicle end users.

### THE KEY ELEMENTS OF AAM'S LONG-TERM QUALITY AND WARRANTY PLAN INCLUDE:

- A global quality and warranty review where emerging issues can be shared early and broadly to facilitate rapid solutions development and corrective actions.
- Shared repositories of data and reference material so information is readily available to Associates and institutional knowledge is preserved.
- Opportunities for Associates to enhance their base knowledge of quality and quality systems through American Society of Quality (ASQ) certification.
- Ongoing quality and warranty audits to educate Associates and gather metrics to confirm the system is working.

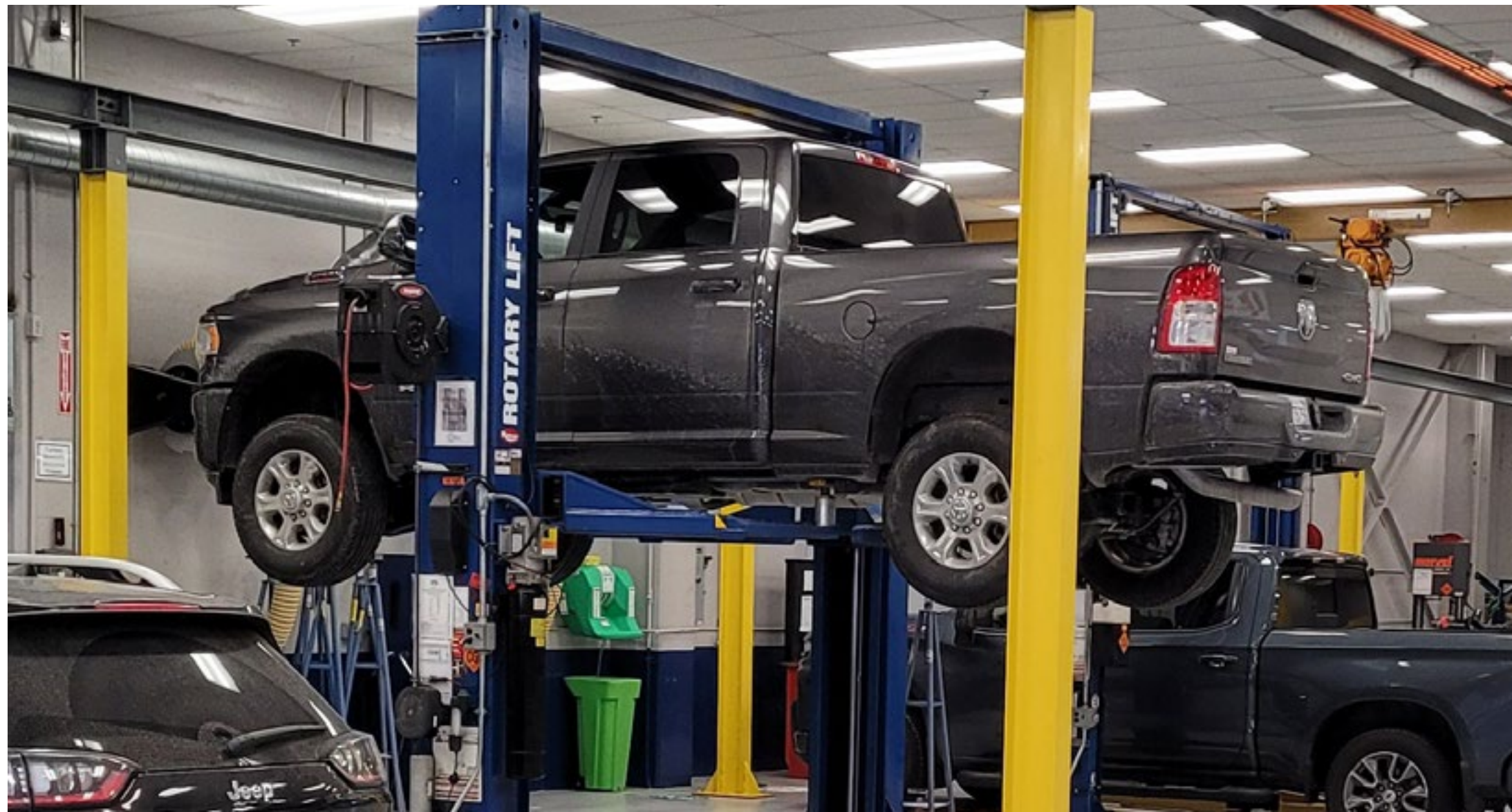




# AAM QUALITY PERFORMANCE

AAM’s 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 AAM’s leading indicator for warranty issues and thus is key to achieving vehicle end user satisfaction and safety.

**SINCE THE DEVELOPMENT OF Q4 IN 2015, AAM’S IPTV HAS IMPROVED BY APPROXIMATELY 78%, BASED ON AAM’S PROJECTED 2021 YEAR-END MIS RATE OF 2.43.**



## QUALITY AWARDS RECEIVED IN 2021

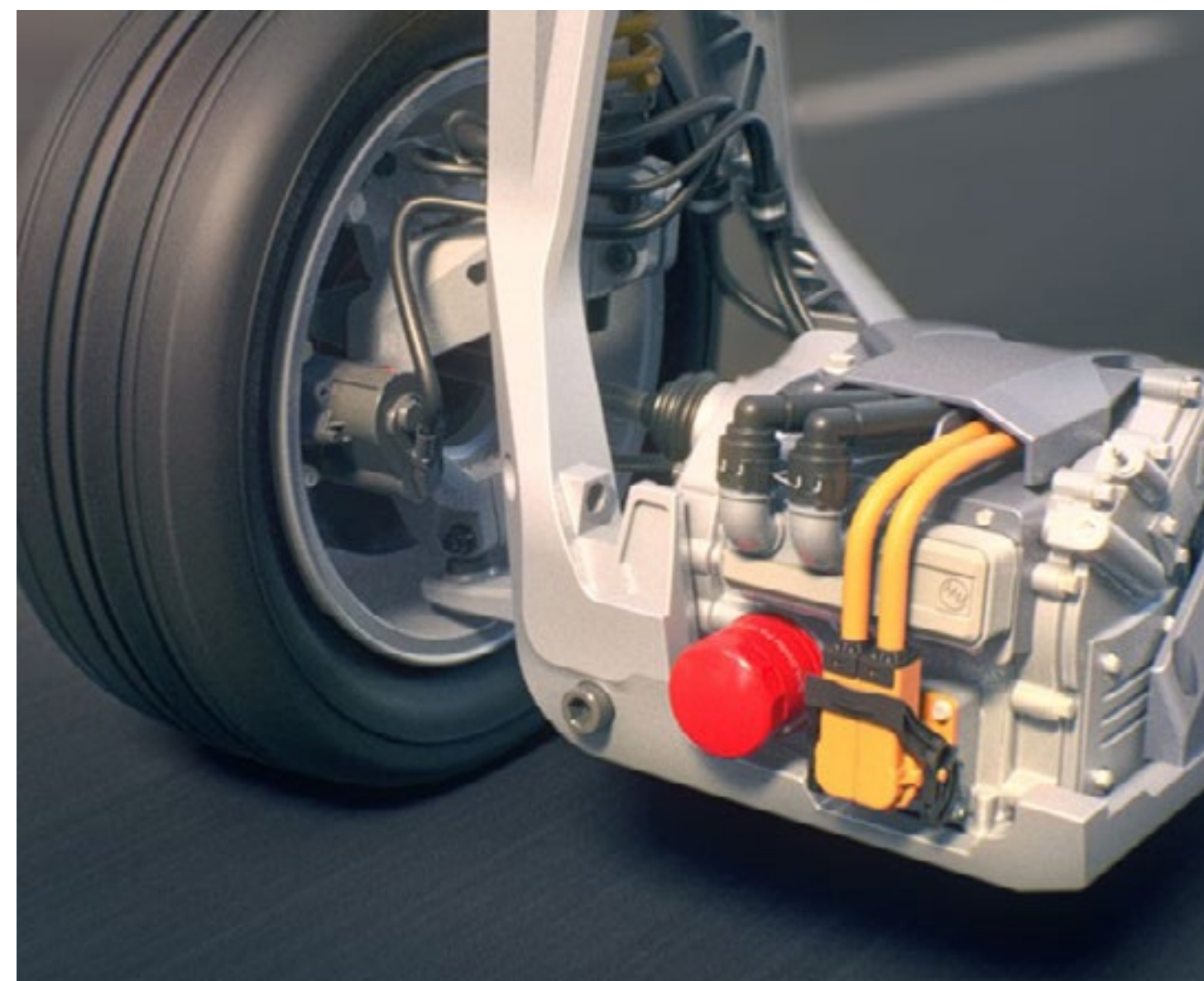
CUSTOMER	AWARD NAME	PLANT LOCATION
GM	SUPPLIER QUALITY EXCELLENCE	RIDGWAY MANUFACTURING FACILITY
GM	SUPPLIER QUALITY EXCELLENCE	CHANGSHU MANUFACTURING COMPLEX - PLANT 1
GM	SUPPLIER QUALITY EXCELLENCE	PYEONGTAEK MANUFACTURING FACILITY
GM	SUPPLIER QUALITY EXCELLENCE	GUANAJUATO MANUFACTURING COMPLEX - PLANT 3
GM	SUPPLIER QUALITY EXCELLENCE	GUANAJUATO MANUFACTURING COMPLEX - PLANT 4
GM	SUPPLIER QUALITY EXCELLENCE	SUBIACO MANUFACTURING FACILITY
GM	SUPPLIER QUALITY EXCELLENCE	RAMOS MANUFACTURING COMPLEX - PLANT 2
GM	SUPPLIER QUALITY EXCELLENCE	ROYAL OAK MANUFACTURING FACILITY
GM	SUPPLIER QUALITY EXCELLENCE	RAYONG MANUFACTURING FACILITY
HINO	EXCELLENCE IN QUALITY	OXFORD MANUFACTURING FACILITY
HINO	SPECIAL AWARD FOR EXCELLENCE IN COOPERATION	OXFORD MANUFACTURING FACILITY
PACCAR	10 PPM QUALITY AWARD	GLASGOW MANUFACTURING FACILITY
FORD	ZERO DEFECTS AWARD	LITCHFIELD MANUFACTURING FACILITY
FORD	Q1 QUALITY AWARD	RAMOS MANUFACTURING COMPLEX - PLANT 2
DAIMLER	ZERO DEFECT AWARD	CHENNAI MANUFACTURING FACILITY
DAIMLER	MASTER OF QUALITY AWARD	EL CARMEN MANUFACTURING FACILITY



## PRODUCT LAUNCHES

In 2021, AAM launched four programs across our business units for existing customers. In 2022, we expect to launch over 20 new and replacement programs for a variety of customers across our business units, including GM, Stellantis and Ford in our core business, as well as NIO Inc., a leading Chinese vehicle OEM, and multiple variants of a high-performance hybrid-electric system with a premium European OEM.

### PARTNERSHIP WITH REE



In November of 2021, we announced our agreement with e-mobility leader REE Automotive Ltd. to supply high-performance electric drive units (EDU) in a modular platform that can support multiple customer vehicle programs. The program with REE features AAM's award-winning, next generation 3-in-1 electric drive technology, which integrates the electric motor, gearbox and inverter into a single, compact package. This highly engineered EDU weighs 25 percent less than other units without sacrificing any power or performance.

### PLUG-IN HYBRID ELECTRIC VEHICLE (PHEV)



In December of 2021, we started producing production-intent P3 hybrid rear axles for a major European premium automaker. These provide the electric hybrid content for their entire line of vehicles. AAM's design provides 150 kW of electric drive power to augment the internal combustion engine of the vehicle. It has two speeds and an electronically-controlled limited slip differential. The AAM design provides unmatched power density and excellent NVH performance.



## GMC HUMMER EV



The 2022 GMC HUMMER EV features AAM's TracRite® EL Electronic Locking Front Differential that efficiently distributes the power generated by the electric drive motor to the left and right wheels. The driver-selectable TracRite differential has the capability to increase traction off road. Up to 100 percent of available torque can be sent to either of the front wheels for maximum traction capability.

## FORD MAVERICK



AAM's Power Transfer Unit (PTU) helps power the compact all-new 2022 Ford Maverick™ pickup. The PTU is part of AAM's family of EcoTrac® Disconnecting AWD solutions, which include disconnecting PTUs, multi-piece driveshafts, rear drive modules with electronic control units and torque transfer devices. AAM's PTU is featured on all-wheel-drive versions of the Maverick and is also featured on the Ford Bronco Sport. We supply both an air-cooled and liquid-cooled PTU for the Bronco Sport.





# SUPPLY CHAIN

POWERING A *DIVERSE* FUTURE...





## AAM IS COMMITTED TO ALIGNING WITH BEST-IN-CLASS SUPPLIERS AROUND THE GLOBE FOR VALUE-ADDED IDEAS, MATERIALS AND PRODUCTS TO HELP US MEET AND EXCEED CUSTOMER EXPECTATIONS.

As we work to build a better future, we strive to create and maintain relationships with companies that share our vision, values and commitment to sustainability and diversity. We are committed to ensuring that our supply chain is doing all that it can to power us all towards a safer, greener and more inclusive future.

By incorporating requirements and expectations into our procurement process and setting expectations for our suppliers, sustainability and diversity are cascaded through our entire supply chain. Through collaboration and education, we are creating a supply chain that will help AAM deliver power to our customers, minimize our impact on the planet and reflect the diversity of the communities in which we operate.

At AAM, we continuously work to identify and develop supplier partner relationships with those who share our sustainability vision and commitment. Additionally, we drive AAM's values and objectives through our extended supply chain and establish performance measurement systems to validate achievement of our mutual goals.

AAM employs numerous strategies and continuous improvement initiatives to drive our sustainability program throughout our supply base and we have made considerable progress towards a more diverse and sustainable supply chain.

In 2021, AAM restructured our procurement organization and created a new leadership position to head our sustainability, supplier diversity and compliance efforts. We also held meetings with several key OEM customers to review expectations and ensure alignment of AAM's Supplier Diversity Strategy. Additionally, we conducted benchmarking meetings with other global automotive suppliers to gather best practices around how to best implement sustainability and diversity across our supply chain.

In 2022, we plan to develop a comprehensive supplier sustainability program that will use AAM's E<sup>4</sup> System module as a template and will leverage supplier sustainability surveys through NQC, a third-party assessment provider.

We also plan to introduce new supplier diversity initiatives in 2022 with measurable goals, including minority supplier development workshops, participation in customer programs and cooperation with relevant industry groups. These actions will allow AAM to compare favorably to industry standards and exceed customer goals and expectations around supplier diversity.





## EXPECTATIONS

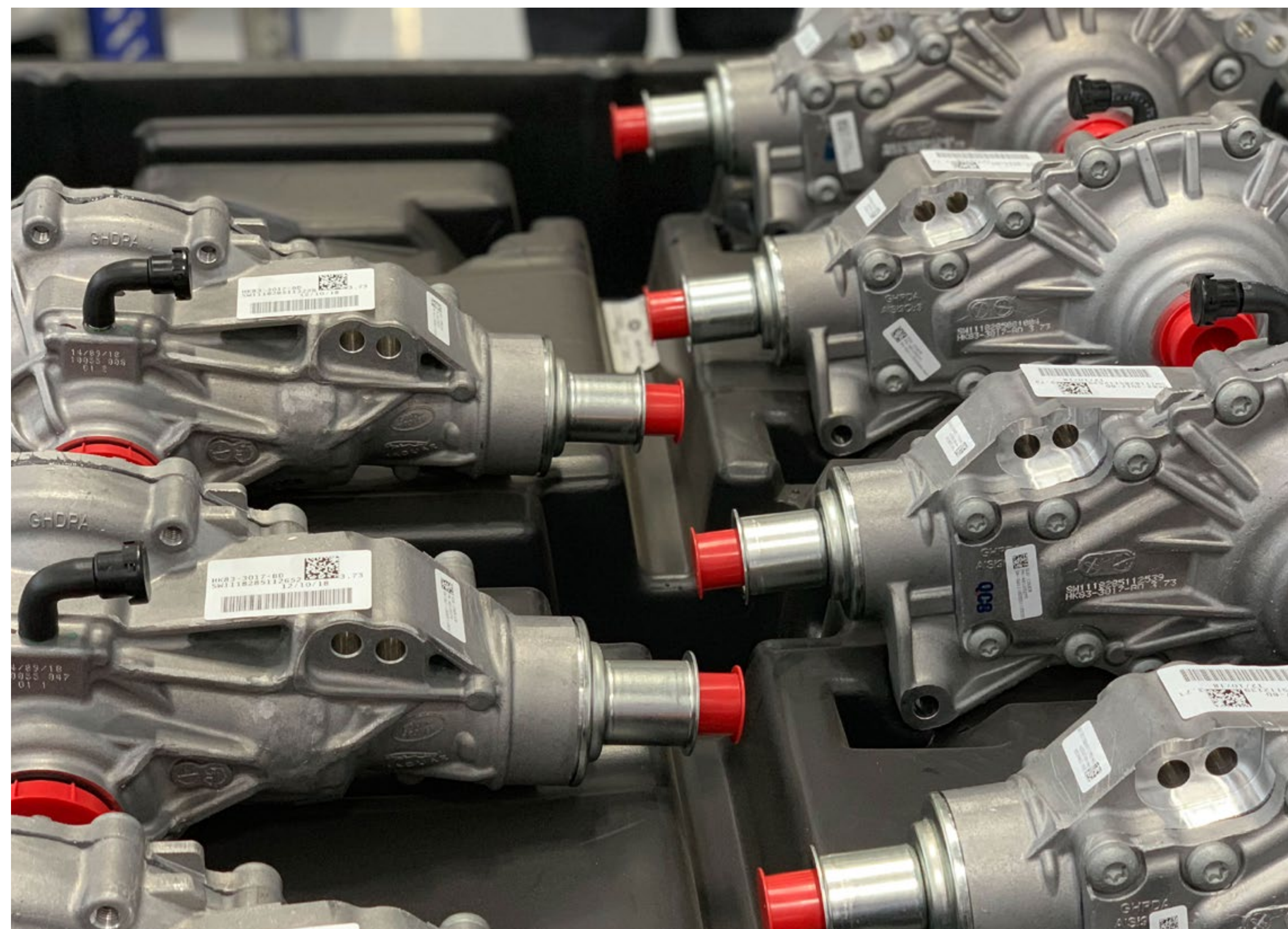
AAM's relationship with suppliers is built around education, compliance and continuous improvement. It is our goal to ensure that all suppliers understand our expectations and have access to the tools and resources they need to remain compliant with our requirements.

Through regular touchpoints with our global supplier and transportation partners, we can share best practices and lessons learned to improve our collective performance in key areas.

We will cascade our newly revised Sustainability Goals throughout the global AAM supply chain in the second quarter of 2022, and we will require all suppliers to work towards these goals.

## EDUCATION

AAM requires all suppliers to understand the fundamentals of sustainability and compliance. We have partnered with the Automotive Industry Action Group (AIAG) to help suppliers meet our requirements. Using AIAG's Automotive Guiding Principles to Enhance Sustainability Performance in the Supply Chain, we have created a home page for our suppliers to access AIAG's e-learning and knowledge assessment. AAM also requires all our direct material suppliers to take the Supply Chain Sustainability e-learning course (or equivalent training) and successfully complete the knowledge assessment.





## DOING BUSINESS WITH AAM

AAM's [corporate website](#) has a dedicated section for current and prospective suppliers that addresses a variety of our company's expectations, policies and continuing education requirements. The following items can be found on the site:

### ANTI-CORRUPTION POLICY AND CODE OF BUSINESS CONDUCT

Suppliers are asked to read AAM's [Code of Business Conduct](#) and our [Anti-Corruption Policy](#) and acknowledge that they will conduct business in compliance with the expectations outlined in those documents. Supplier Partners verify acknowledgement of both documents through the iSupplier Portal and by providing a signed copy of the Anti-Corruption Acknowledgement form.

The Anti-Corruption Policy provides a framework for promoting effective compliance with anti-corruption laws and regulations globally, reinforcing AAM's commitment to compliance with laws, transparency and integrity in all business activities as set forth in AAM's Code of Business Conduct.







## CONFLICT MINERALS POLICY

AAM's corporate website features a dedicated sub-section regarding the management of Conflict Minerals, AAM's Conflict Minerals Reporting Template, annual Conflict Minerals report, [Conflict Minerals Policy Statement](#) and annual supplier requirements.

## PROSPECTIVE SUPPLIER REGISTRATION

Prospective suppliers are encouraged to register on the AAM website and provide as much information as possible so that we may accurately assess the business need and potential fit with our company. During the onboarding phase, prospective suppliers will be asked to read, acknowledge and adhere to our terms and conditions, supplier requirements manual, Code of Business Conduct and anti-corruption policy.



## SUPPLIER REQUIREMENTS MANUAL

The [AAM Supplier Requirements Manual](#) includes the expectations, requirements and standards applicable to all current or prospective AAM suppliers (and their entire supply chain) with regard to Quality, Procurement, Engineering, Logistics, Global Trade, Environmental, Social and Corporate Governance.

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 AAM/Supplier transactions including Ethical Sourcing (e.g., Conflict Minerals and Human Rights), Responsible Sourcing, (e.g., Recycled Material, Reduced Emissions, Renewable Energy, etc.) Customs Trade Partnership Against Terrorism (CTPAT) shipment requirements along with EDI and labeling.



## iSUPPLIER PORTAL

AAM maintains a portal on our website dedicated to current suppliers. The [iSupplier Portal](#) contains bulletins, specifications, manuals, guidelines and other documents and resources that are critical for those suppliers already doing business with AAM. It also serves as a host for all supplier EDI and backup ASN solution for suppliers.

## AAM SUPPLIER COUNCIL

Another key element of AAM's commitment to drive our Purchasing and Supply Chain vision throughout our supply chain is the AAM Supplier Council. These suppliers function as conduits between AAM and the comprehensive supply base. The Council meets on a quarterly basis with the intent of sharing best practices and reviewing AAM/Supplier initiatives prior to implementation.



## COMPLIANCE

Starting with the onboarding process and continuing throughout our partnership, AAM uses a robust due diligence process to ensure that suppliers are committed to upholding our business expectations and requirements. This includes ongoing monitoring for domestic and international sanctions and placement on watch lists through our third-party risk assessment provider.

To gain a better understanding and transparency regarding environmental, social and corporate governance in our supply chain, AAM began sending supplier self-assessment questionnaires (SAQ) in 2021. To date, AAM has received 108 completed SAQs from our largest targeted suppliers. We are collaborating closely with our supplier partners to further improve our engagement strategy and increase results, with the ultimate goal of receiving completed SAQs from 95% of our strategic supplier partners (based on spend) by 2025.

# 108 COMPLETED SAQ'S

giving AAM a better understanding of ESG in our supply chain.

## CONTINUOUS IMPROVEMENT

As part of our continuous improvement efforts, AAM regularly enhances the processes and procedures used as we collaborate with our supply chain.

We enhanced our Supplier Requirements Manual to include more specific requirements in the areas of human rights, air quality, 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.

AAM is an active member of the Responsible Minerals Initiative (RMI), where we leverage our participation to keep abreast of best practices, learn of regulatory developments and drive change as vocal participants in supply chain due diligence.

We will continue to look for opportunities for growth and improvement throughout 2022.

## SUSTAINABILITY IN THE AAM SUPPLY CHAIN

AAM developed a Logistics Sustainability KPI Dashboard and enhanced our cost improvement tracking system to include the sustainability improvements across the global transportation network.





## SMARTWAY

In June of 2020, AAM joined the U.S. Environmental Protection Agency's (EPA) SmartWay program and received re-certification in December 2021. SmartWay is an EPA program that helps the freight transportation sector improve supply chain efficiency.

Through participation in SmartWay, we are able benchmark our performance against industry peers in program metrics such as total SmartWay Carriers used vs. non-SmartWay Carriers, in which AAM has outperformed peers with 74% SmartWay Carriers used vs. the peer average of 63%.

As part of the SmartWay program, AAM participates in industry forums and partner networking opportunities where we share best practices and can confirm we are working in the right direction to improve freight sustainability metrics and tracking carbon emissions data.

We continue to encourage and promote the benefits of SmartWay partnership to all eligible logistics partners and are working with existing carriers to convert them to SmartWay carriers. AAM hosted a Supplier Operational Roundtable where we provided our suppliers with guidance on how to reduce carbon emissions through monitoring utilization opportunities, researching one-way packaging alternatives, return ratio optimization and expanding the use of backhauls.

We are also refining our sourcing procedures to include additional SmartWay carriers into procurement events and are exploring the possibility of participating in similar programs in other regions in which we operate.





## SCOPE 3 EMISSIONS

At AAM, our aim is to deliver POWER while building a safer, greener and more sustainable future for our Associates, customers, communities and the environment. We are collaborating with our customers, industry peers and supply base to further accelerate our efforts to protect the planet for future generations.

Our supplier partners and extended value stream make up nearly 86% of AAM's total carbon emissions, and to meet our short-term and long-term sustainability targets, we will need the full cooperation and collaboration of our supply chain.

AAM has initiated a supplier partner engagement program that asks suppliers to commit to their own environmental stewardship goals, such as the development of science-based targets, the increased use of renewable energy and the reduction of carbon emissions and water consumption. We strongly hope that every one of our suppliers feels motivated to align with our environmental sustainability goals, and that they will share their initiatives with us upon request.

## RECYCLING AND WASTE REDUCTION

AAM extends our recycling efforts throughout our supply base. We surveyed direct material suppliers representing approximately 59% of our controllable direct material spend to evaluate their use of recycled content in the materials we purchase. Based on 48 responses received, we estimate that approximately 75% of our controllable direct material spend is for content derived from recycled material, while only 25% comes from raw/virgin material. Purchases from customer-directed material suppliers were not included in our analysis.



MANY OF AAM'S SUPPLIER SUSTAINABILITY INITIATIVES ARE BASED IN NORTH AMERICA, AND THERE ARE PLANS TO EXPAND SOME OF THESE TO OTHER GLOBAL COMMUNITIES IN THE COMING YEARS.



## DIVERSITY IN THE AAM SUPPLY CHAIN

As our industry and world continue to evolve and transform, we recognize that it is no longer enough to simply meet customer Supplier Diversity Targets. We also understand that solving the complex challenges of our future mobility will require the support and participation of a supply base that reflects the diversity of the communities in which we operate, and in our ultimate customer base.

That is why we have made the development of a sustainable, competitive and qualified Supplier Diversity Network one of our key corporate objectives. We are committed to creating access and opportunity through effective communication, focused engagement and aligning diversity with AAM's strategic sourcing processes.

We track specific metrics associated with our diversity plans and have set goals to increase our diversity sourcing across all recognized diverse supplier categories.

NEARLY  
**2%**  
INCREASE

IN 2021, DIVERSE OWNED BUSINESSES MADE UP APPROXIMATELY 14% OF AAM'S CONTROLLABLE SPEND IN NORTH AMERICA, UP FROM 12% IN 2020 AND EXCEEDING ALL CUSTOMER EXPECTATIONS, WITH A GREEN RATING.

AAM was recognized by Nissan at its Annual Supplier Awards with a Tier II Supplier Diversity Certificate for meeting a number of diversity objectives and successfully increasing our spend with diverse suppliers.

## MICHIGAN MINORITY SUPPLIER DEVELOPMENT COUNCIL

As part of our work to build a more diverse supply chain, AAM participates in The Michigan Minority Supplier Development Council (MMSDC). The MMSDC is a non-profit, 501(c)3 organization committed to driving economic growth within minority communities.



We currently participate in the MMSDC's InFuse Mentoring Program. This program is designed to promote the progression and development of corporate supplier diversity programs. As part of the InFuse program, an award-winning and highly regarded MMSDC corporate member will serve as AAM's mentor for the next 12 months as we expand our supplier diversity reach.



### AAM Supplier Relations Senior Manager Awarded by MMSDC

AAM's Senior Manager Supplier Relations, Compliance and Diversity, Jennifer Good, was named Volunteer of the Year at the MMSDC's annual A.C.E. Awards, which celebrate the business relationships between major corporations and minority-owned firms. The Volunteer of the Year award recognizes a leader who is the ultimate giver of their time and

talent to support minority supplier development and the work of the MMSDC.





# GOVERNANCE

POWERING A *RESPONSIBLE* FUTURE...





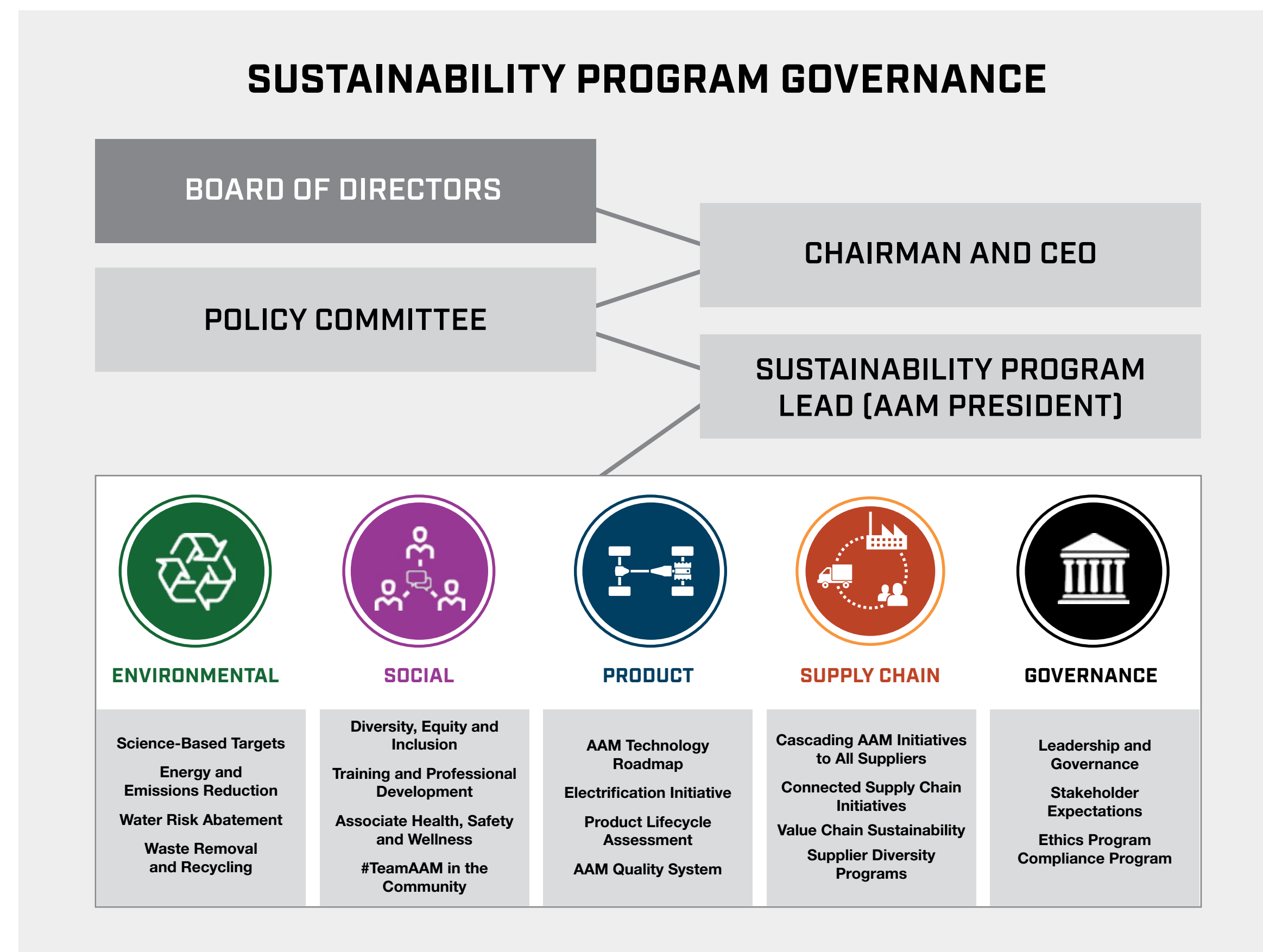
## AT AAM, SUSTAINABILITY IS A PRIORITY FOR OUR ENTIRE ORGANIZATION – WE ARE WORKING TOGETHER TO POWER A SAFER, GREENER AND MORE INCLUSIVE FUTURE.

We believe that we must do what is right to remain successful and strive to create a culture of integrity and responsibility that is reflected at all levels of our company – from our Board of Directors to each of our 18,000 Associates around the world.

We are committed to cooperating with all stakeholders for mutual benefit and are committed to accountability and transparency in the measurement and reporting of all key business, financial and sustainability performance metrics.

Our sustainability program is managed within a well-developed governance structure that begins with our Board of Directors and moves through clearly established ownership and responsibilities at multiple levels in the organization.

- **Board of Directors and Chairman and CEO** – Program governance and alignment of sustainability initiatives with AAM’s overall business strategy
- **Policy Committee** – Policy-making and implementation, including determination of material topics. Chaired by the CEO, this committee consists of the President, VP-Chief Financial Officer, VP-Human Resources, VP and General Counsel and AAM’s Driveline and Metal Forming Business Unit Presidents
- **President** – Guiding and directing AAM’s Corporate sustainability initiatives
- **Sustainability Program Channel Champions** – Subject matter experts responsible for execution of channel-level goals, objectives and deliverables







# BOARD LEVEL OVERSIGHT

The Board of Directors plays a critical role in AAM’s Sustainability Program through effective oversight and responsiveness to feedback from shareholders. Consistent with shareholder expectations, the Board is actively engaged in overseeing AAM’s Sustainability Program and holds senior leadership accountable for sustainability performance and reporting.

The Board has been actively engaged in overseeing AAM’s Sustainability Program over the past several years and holds itself and senior leadership accountable for sustainability performance and reporting. The Board is proud of AAM’s outstanding performance in advancing impactful DEI initiatives and achieving initial environmental goals ahead of schedule. Looking forward, AAM has established new and more challenging environmental and workforce diversity goals and will disclose its progress in future sustainability reporting.

The full Board and each of its standing committees have important roles in overseeing AAM’s Sustainability Program. The Board remains actively engaged through quarterly updates from AAM’s President as a regular agenda item. Similarly, Board committees oversee sustainability topics related to their areas of responsibility and provide regular updates to the full Board.

## BOARD COMMITTEE ROLES IN SUSTAINABILITY PROGRAM

AUDIT COMMITTEE	NOMINATING / CORPORATE GOVERNANCE	COMPENSATION COMMITTEE	TECHNOLOGY COMMITTEE
Receives quarterly reports on key aspects of our ethics and compliance program	Oversees policies, strategies and performance related to sustainability matters and corporate social responsibility, including human capital management	Structures executive compensation programs to drive performance aligned with our business strategy, including advancements in our Sustainability Program	Oversees product technology with a focus on advancements in electrification, lightweighting and other key product technologies

## BOARD SKILLS AND QUALIFICATIONS

Our Board believes that the most effective oversight comes from a Board that represents a diverse range of experience and perspectives that provide the collective skills, qualifications and attributes necessary to provide sound governance. The Board composition should reflect a balance of knowledge, experience, skills and diversity that will enhance the quality of the Board’s deliberations and decision-making.

As AAM continues to advance its Sustainability Program as a strategic objective, the Board’s oversight of ESG related matters has increased significantly. To ensure alignment of the Board’s capabilities with a greater focus on the Company’s DEI strategy roadmap and similar initiatives, directors were asked to identify their qualifications in the area of human capital management. All directors possess relevant knowledge and experience in this area.





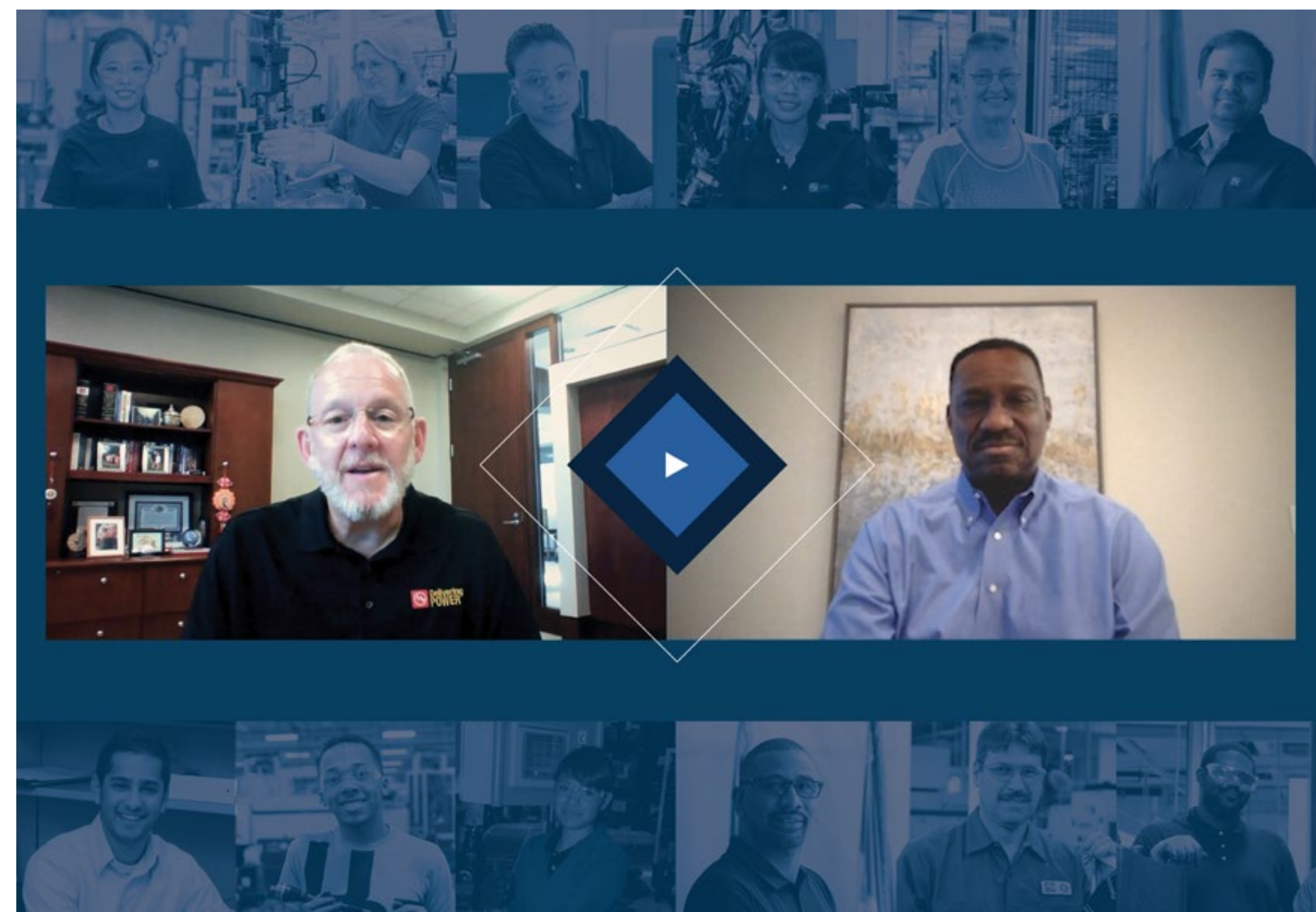
## BOARD INVOLVEMENT IN PROMOTING DEI

In support of AAM's commitment to DEI, the entire Board participated in a DEI immersive learning experience early this year. Facilitated by a DEI expert, the Board dedicated a special session to focus on building the Board's DEI capabilities and unconscious bias awareness and on understanding the importance of promoting conscious inclusion as a Board. The Board will integrate this learning into its deliberations, decision-making and oversight of AAM's efforts to advance a respectful and inclusive company culture.

In 2021, to demonstrate its commitment to promoting DEI, the Board signed a written pledge that is aligned with the CEO Action pledge signed by David C. Dauch and a similar pledge signed by senior leadership. Every member of the Board signed the pledge.

### BOARD DIVERSITY

AAM's Board has made diversity a priority through Board refreshment and by adopting a policy of mandatory inclusion of diverse candidates in the Board selection process. Board diversity will continue to be a topic of importance in the future.



### COLLABORATION WITH BOARD OF DIRECTORS

In a video for AAM Associates, Board member Herbert Parker shared the significance of Juneteenth with AAM President Michael Simonte. The video also included information on how AAM can create a more diverse, equitable and inclusive environment for all.





BOARD OF DIRECTORS



DAVID C. DAUCH <sup>4</sup>

Chairman of the Board and  
Chief Executive Officer



JAMES A. MCCASLIN <sup>1, 2, 3, 4, 5</sup>

Retired President and Chief Operating  
Officer Harley-Davidson Motor Company



JOHN F. SMITH <sup>1, 4, 5</sup>

Principal of Eagle Advisors  
Retired Group Vice President, GM



ELIZABETH A. CHAPPELL <sup>2, 5</sup>

Former President and Chief Executive  
Officer, Detroit Economic Club



WILLIAM P. MILLER II <sup>1, 5</sup>

Senior Managing Director: Capital  
Markets, Investments and Governance  
Financial Markets International, Inc.



SAMUEL VALENTI III <sup>1, 2, 3</sup>

Chairman and Chief Executive Officer  
Valenti Capital LLC



WILLIAM L. KOZYRA <sup>2, 3, 5</sup>

Retired President and Chief  
Executive Officer  
TI Fluid Systems, PLC



HERBERT K. PARKER <sup>1, 2</sup>

Retired Executive Vice President of  
Operational Excellence and Chief Financial  
Officer, Harman International



PETER D. LYONS <sup>2, 3</sup>

Counsel  
Freshfields Bruckhaus Deringer US LLP



SANDRA E. PIERCE <sup>1, 3</sup>

Senior Executive Vice President  
Huntington Bank

**BOARD COMMITTEE ASSIGNMENTS**

- 1. Audit Committee
- 2. Nominating/Corporate Governance Committee
- 3. Compensation Committee
- 4. Executive Committee
- 5. Technology Committee



# ETHICS AND COMPLIANCE PROGRAM

AAM believes that doing what is right is vital to our continued success. We are committed to abiding by all laws and regulations of the jurisdictions in which we operate. To ensure a culture of integrity, we have developed our global ethics and compliance program.

The Ethics and Compliance Committee (ECC) is a standing committee of senior management that oversees AAM’s ethics and compliance programs, policies and procedures. The Committee also assists the Audit Committee of the Board in fulfilling its responsibility to review the adequacy and effectiveness of the Company’s procedures to ensure compliance with legal and regulatory requirements.



## ETHICS AND COMPLIANCE COMMITTEE

**CHAIRMAN  
AND CEO**

**PRESIDENT**

**VICE PRESIDENT  
AND CFO**

**VICE PRESIDENT –  
HUMAN RESOURCES**

**VICE PRESIDENT  
AND GENERAL  
COUNSEL (CCO)**

**DIRECTOR –  
INTERNAL AUDIT**

### THE ECC KEY RESPONSIBILITIES INCLUDE:

- Oversee the review and disposition of compliance-related concerns or complaints received by AAM.
- Review the effectiveness of AAM’s compliance programs.
- Review AAM’s risk management/assessment practices and policies regarding legal and regulatory compliance risks.
- Oversee and evaluate the effectiveness of AAM’s training and communication programs in promoting a culture of integrity, ethics and compliance.



## ETHICS AND COMPLIANCE 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.

All salaried Associates are required to complete annual ethics compliance courses and AAM links variable incentive payments to the completion of all mandatory courses for the applicable year. In 2021, 100% of salaried Associates completed this education requirement.

AAM requires newly hired salaried Associates to complete five required courses within 30 days of joining the company. In 2021, required New Hire Training included the following courses:

- Code of Business Conduct
- Sustainability
- Mutual Respect
- Data Privacy
- Foreign Corrupt Practices Act

Additionally, newly hired salaried Associates are encouraged to attend courses led by subject matter experts that focus on AAM history, innovation courses, and products. Other topic areas include collaboration tools and techniques.

AAM Associates are also required to review the Anti-Corruption Policy and Conflict of Interest Policy on an annual basis and complete related disclosures.

## 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 law and regulations governing our global business.

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.

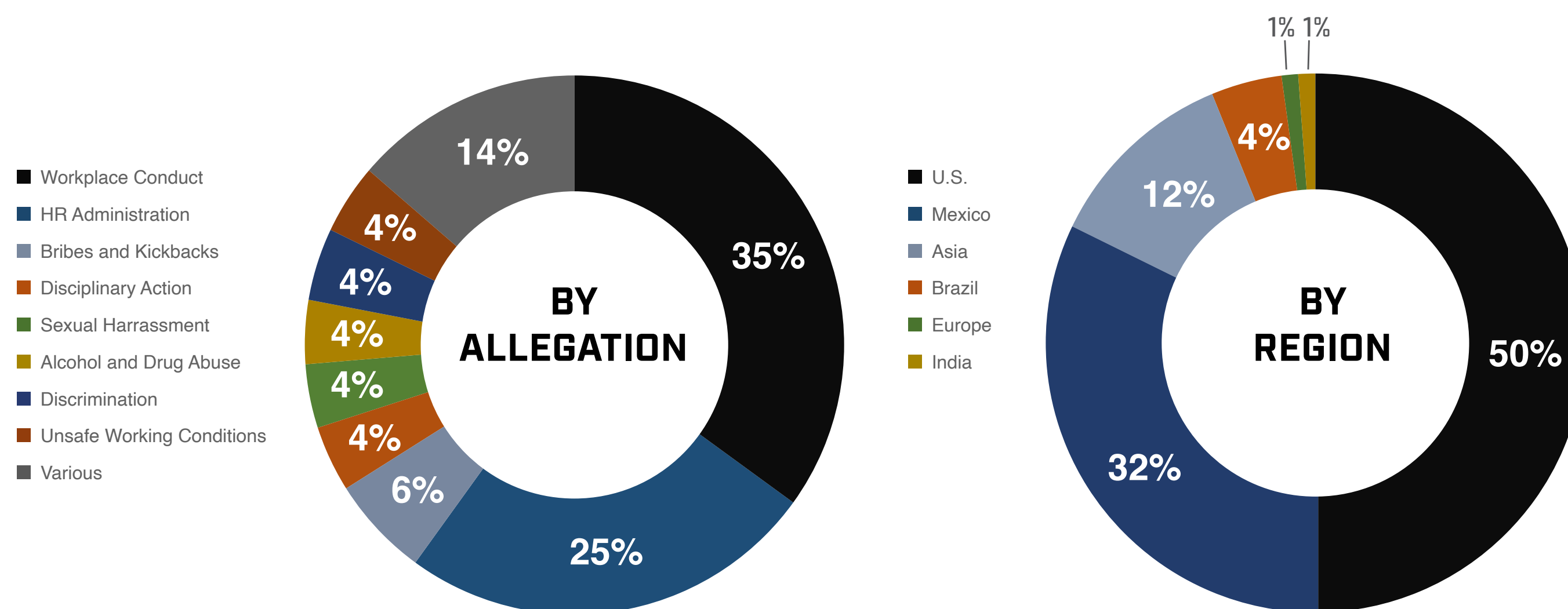




## ETHICS AND COMPLIANCE REPORTING AND MONITORING

All ethics line submissions are shared simultaneously with the CEO, the Chair of the Audit Committee of the AAM Board of Directors and the members of an internal ethics line working group. This group is comprised of the VP and General Counsel, Director of Internal Audit, Director of HR Compliance, Senior Manager of Compliance and the head of Security. 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.

### ETHICS LINE REPORT - 2021 CALLS (N=161)



Reports received during 2021 were predominantly related to workplace concerns and originated from the United States and Mexico.

### REPORTING AND INVESTIGATIONS

- 24/7/365 availability via email, online or toll-free phone to third party call center with operators fluent in regional languages
- Option to remain anonymous
- In 2021, ethics line calls per 100 Associates (globally) was 0.9, ranging from 0.1 to 1.4 by region. AAM's call rate is within the "normal" range published by NAVEX, which provides AAM its whistleblower hotline reporting system and related benchmarking data
- 100% of reports are reviewed and investigated
- Substantiated workplace claims frequently result in group or individual counseling or training; more serious violations can result in verbal and written warnings or termination of employment
- A quarterly summary of all the reports is provided to the Audit Committee of the Board of Directors
- AAM's 2021 substantiation rate of 49% indicates a high level of quality, actionable reports
- No reportable monetary losses for noncompetitive behavior in 2021



# INDUSTRY ASSOCIATIONS

AAM participates in numerous associations around the world to remain current with the policies, regulations and trends of the global automotive industry and share best practices with our peers. Our membership and active participation in more than 40 associations, organizations and groups allows us to grow our knowledge and advance our position as a leader among global suppliers.

## U.S./NORTH AMERICA

- Automotive Cluster of Guanajuato (Glauto)
- Automotive Cluster of Nuevo Leon (Clant)
- Automotive Industry Action Group (AIAG)
- Business Leaders for Michigan Organization (BLM)
- CADIA CEO Coalition for Change
- Center for Automotive Diversity, Inclusion and Advancement (CADIA)
- Center for Automotive Research (CAR)
- Center for Powder Metal Technology (CPMT)
- Detroit Economic Club (DEC)
- Detroit Regional Chamber of Commerce (DRCC)
- Forging Industry Association (FIA)
- Metal Powder Industries Federation (MPIF)
- Michigan Manufacturers Association (MMA)
- Motor Equipment Manufacturers Association (MEMA)
- National Association of Manufacturers (NAM)
- National Chamber of the Transformation Industry (Canacintra)
- National Industry of Autoparts (INA)
- National Industry of the Maquiladora and Export Manufacturing (Index)
- North American Die Casting Association (NADCA)
- Original Equipment Suppliers Association (OESA)
- Society of Automotive Engineers (SAE)
- Women in Manufacturing (WiM)

## EUROPE

- Chamber of Industry and Commerce - IHK FRANKFURT
- Confederation of Industry of the Czech Republic
- European Association of Automotive Suppliers (CLEPA)
- HESSENMETALL - Verband der Metall- und Elektro-Unternehmen Hessen e.V.
- Industrieverband Massivumformung e.V. (IMU)
- wvib Schwarzwald AG wvib Wirtschaftsverband Industrieller Unternehmen Baden eV

## CHINA

- American Chamber of Commerce, Shanghai
- China Industry Technology Innovation Strategic Alliance for Electric Vehicle
- China Light Commercial Vehicle Axle Association
- Society of Automotive Engineers China

## THAILAND

- American Chamber of Commerce, Thailand
- American Financial Group (AFG)
- Eastern Seaboard Industrial Estate
- Rayong Industry

## KOREA

- Korean Auto Industry Cooperation Association

## INDIA

- American Chamber of Commerce in India (AMCHAM)
- Automotive Component Manufacturer Association (ACMA)
- Confederation of India Industries (CII)
- Engineering Export Promotion Council (EEPC)
- Indo American Chamber of Commerce (IACM)
- Maratha Chamber of Commerce (MICCA)
- Software Technology Parks of India
- The Automotive Research Association of India (ARAI)

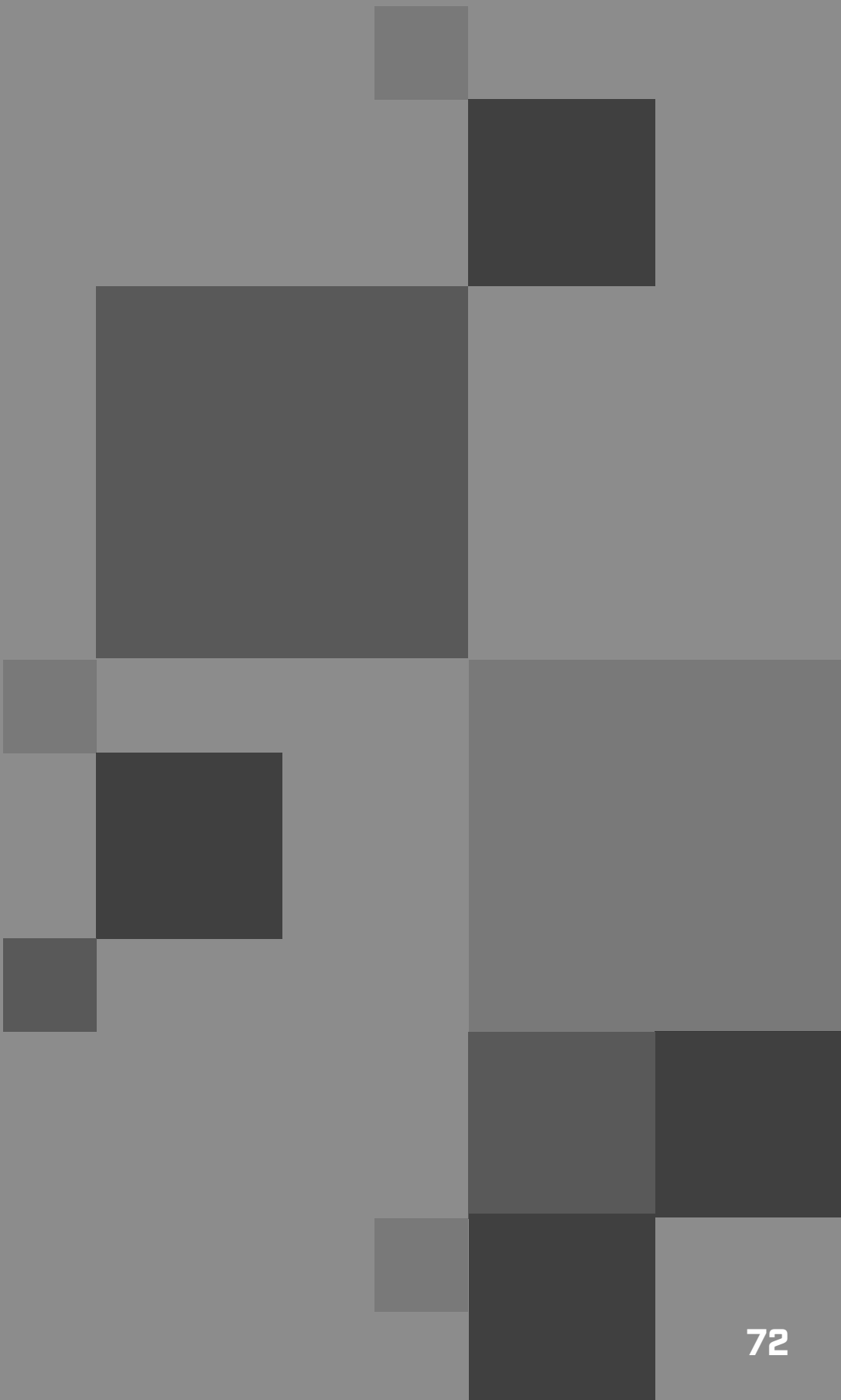
## SOUTH AMERICA

- American Chamber of Commerce for Brazil (AMCHAM)
- Sindicato Nacional da Industria de Componentes para Veiculos Automotores (SINDIPEÇAS)





# APPENDIX







## ABOUT THIS REPORT

Our focus is to drive continuous improvement in the sustainability areas most important to AAM and our stakeholders. This is our third sustainability report describing the company's approach to sustainability program governance, priority topics, key metrics and targets, and our key sustainability initiatives and achievements. Our previous report covered the calendar year 2020 and was published in April 2021.

The content of this report generally covers subject matter for the calendar year 2021 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 ending December 31, 2021.

## SUSTAINABILITY PRIORITY TOPICS

The content featured in this report was based on the results of our 2019 materiality assessment which identified and selected those topics important to AAM's stakeholders and to sustainability. As part of this process, we reviewed various sustainability resources, including the 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, investors, customers, suppliers, 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 we used the 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 (UN SDGs). We further refined the topics in each of our selected categories of Environmental, Social, Product, Supply Chain and Governance and rated these topics based on alignment with our business operations and strategy.

We plan to conduct a new materiality assessment in 2022 and publish the results in our 2022 Sustainability Report.

## REPORTING FRAMEWORKS

**GRI Standards:** The GRI Standards were developed to enable organizations to report on their material impacts across the economy, environment and people. This report references the GRI Standards listed in the GRI Content Index.

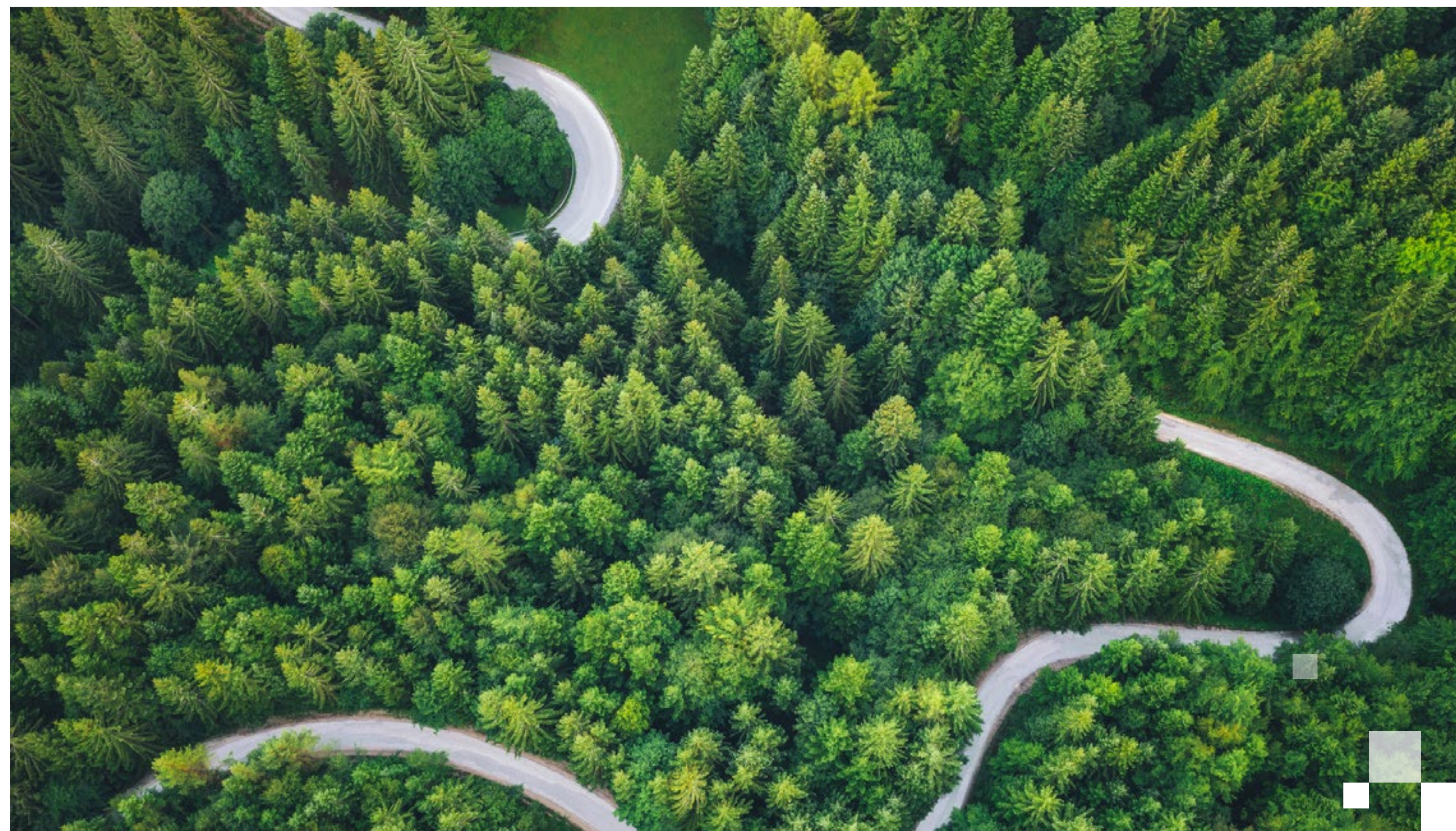
**Sustainability Accounting Standards Board (SASB):** The SASB framework is a set of standards which identifies industry-specific, financially material sustainability topics and metrics. This report references the SASB Standards according to the Transportation – Auto Parts industry classification.

**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 2021 Sustainability Report, our 2021 CDP climate change response, and in our 2021 Annual Report on Form 10-K, in alignment with the TCFD recommendations.



## 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.







GRI STANDARDS INDEX

GRI STANDARD	DISCLOSURE	REFERENCE/RESPONSE	PAGE																
GRI 2: GENERAL DISCLOSURES 2021																			
	2-1 Organizational details	American Axle & Manufacturing Holdings, Inc. (NYSE:AXL) is a publicly traded corporation incorporated in the state of Delaware. Our shares are traded on the New York Stock Exchange.  <a href="#">2021 Form 10-K</a> : Business	-  -																
	2-2 Entities included in the organization’s sustainability reporting	<a href="#">2021 Form 10-K</a> : Exhibit 21	-																
	2-3 Reporting period, frequency and contact point	2021 Annual (published April 2022) Contact: <a href="mailto:Sustainability@AAM.com">Sustainability@AAM.com</a>	- - -																
	2-4 Restatements of information	Any restatements are noted as part of the data presented within the body of this report.	-																
	2-5 External assurance	This report has not been externally assured.	-																
	2-6 Activities, value chain and other business relationships	<a href="#">2021 Form 10-K</a> : Business	-																
	2-7 Employees	<a href="#">2021 Form 10-K</a> : Business 2030 DEI Demographic Goals <table><tr><th>2-7 Full Time Employees by region</th><th>Region</th><th>Number</th><th>Percentage</th></tr><tr><td rowspan="4"></td><td>Asia</td><td>3,500</td><td>19%</td></tr><tr><td>Europe</td><td>2,000</td><td>11%</td></tr><tr><td>North America</td><td>12,000</td><td>67%</td></tr><tr><td>South America</td><td>500</td><td>3%</td></tr></table> <i>*estimated</i>	2-7 Full Time Employees by region	Region	Number	Percentage		Asia	3,500	19%	Europe	2,000	11%	North America	12,000	67%	South America	500	3%
2-7 Full Time Employees by region	Region	Number	Percentage																
	Asia	3,500	19%																
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GRI STANDARDS INDEX

GRI STANDARD	DISCLOSURE	REFERENCE/RESPONSE	PAGE									
GRI 2: GENERAL DISCLOSURES 2021 - [CONTINUED]												
	2-8 Workers who are not employees	<div>FYE 2021: 466 contract workers</div> <table><tr><th>2-8 Contract Workers</th><th>Category</th><th>Number*</th></tr><tr><td></td><td>Hourly</td><td>378</td></tr><tr><td></td><td>Salaried</td><td>88</td></tr></table> <div>*estimated</div>	2-8 Contract Workers	Category	Number*		Hourly	378		Salaried	88	-
	2-8 Contract Workers	Category	Number*									
		Hourly	378									
		Salaried	88									
	2-9 Governance structure and composition	Governance	<a href="#">64-67</a>									
	2-10 Nomination and selection of the highest governance body	<a href="#">2022 Proxy Statement</a> : Corporate Governance	-									
	2-11 Chair of the highest governance body	Chairman & CEO Letter	<a href="#">4</a>									
2-12 Role of the highest governance body in overseeing the management of impacts	Governance	<a href="#">64-67</a>										
2-13 Delegation of responsibility for managing impacts	Governance	<a href="#">64-67</a>										





GRI STANDARDS INDEX

GRI STANDARD	DISCLOSURE	REFERENCE/RESPONSE	PAGE
GRI 2: GENERAL DISCLOSURES 2021 - [CONTINUED]			
	2-14 Role of the highest governance body in sustainability reporting	Governance	<a href="#">64-67</a>
	2-15 Conflicts of interest	Ethics and Compliance Training <a href="#">Conflict of Interest Policy</a>	<a href="#">69</a> -
	2-16 Communication of critical concerns	Ethics and Compliance Program <a href="#">Code of Business Conduct</a>	<a href="#">68-70</a> -
	2-17 Collective knowledge of the highest governance body	<a href="#">2022 Proxy Statement</a> : Corporate Governance	-
	2-18 Evaluation of the performance of the highest governance body	<a href="#">2022 Proxy Statement</a> : Corporate Governance	-
	2-19 Remuneration policies	<a href="#">2022 Proxy Statement</a> : Compensation Discussion & Analysis Benefits and More	- <a href="#">38</a>
	2-20 Process to determine remuneration	<a href="#">2022 Proxy Statement</a> : Compensation Discussion & Analysis	-
	2-21 Annual total compensation ratio	<a href="#">2022 Proxy Statement</a> : CEO Pay Ratio	-
	2-22 Statement on sustainable development strategy	Chairman & CEO Letter	<a href="#">4</a>
	2-26 Mechanisms for seeking advice and raising concerns	<a href="#">Code of Business Conduct</a>	-
	2-27 Compliance with laws and regulations	<a href="#">Code of Business Conduct</a>	-
	2-28 Membership associations	Industry Associations	<a href="#">71</a>
	2-29 Approach to stakeholder engagement	Sustainability Priority Topics <a href="#">2022 Proxy Statement</a> : Corporate Governance	<a href="#">6</a> -
	2-30 Collective bargaining agreements	<a href="#">2021 Form 10-K</a> : Business	-





GRI STANDARDS INDEX

GRI STANDARD	DISCLOSURE	REFERENCE/RESPONSE	PAGE
GRI 3: MATERIAL TOPICS 2021			
	3-1 Process to determine material topics	Sustainability Priority Topics	<a href="#">6</a>
	3-2 List of material topics	Sustainability Priority Topics	<a href="#">6</a>
	3-3 Management of material topics	Governance	<a href="#">64-67</a>
GRI 200 ECONOMIC			
205 - ANTI-CORRUPTION			
	205-1 Operations assessed for risks related to corruption	Ethics and Compliance Reporting and Monitoring	<a href="#">70</a>
	205-2 Communication and training about anti-corruption policies and procedures	Ethics and Compliance Reporting and Monitoring	<a href="#">70</a>
	205-3 Confirmed incidents of corruption and actions taken	<a href="#">2021 Form 10-K</a> : Legal Proceedings	-
206 - ANTI-COMPETITIVE BEHAVIOR			
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<a href="#">2021 Form 10-K</a> : Legal Proceedings	-





GRI STANDARDS INDEX

GRI STANDARD	DISCLOSURE	REFERENCE/RESPONSE	PAGE
GRI 300: ENVIRONMENTAL			
302 - ENERGY			
	302-1 Energy consumption within the organization	Objective 1: Goal Realignment	<a href="#">11</a>
	302-3 Energy intensity	Objective 1: Goal Realignment	<a href="#">11</a>
	302-4 Reduction of energy consumption	Objective 4: Energy and Emissions Reduction Projects	<a href="#">13</a>
	302-5 Reductions in energy requirements of products and services	Objective 4: Energy and Emissions Reduction Projects	<a href="#">13</a>
303 - WATER AND EFFLUENTS			
	303-1 Interactions with water as a shared resource	Water Usage and Waste Reduction Projects	<a href="#">14</a>
	303-2 Management of water discharge-related impacts	Water Usage and Waste Reduction Projects	<a href="#">14</a>
	303-5 Water consumption	Water Usage and Waste Reduction Projects	<a href="#">14</a>
305 - EMISSIONS			
	305-1 Direct (Scope 1) GHG emissions	Objective 1: Goal Realignment	<a href="#">11</a>
	305-2 Energy indirect (Scope 2) GHG emissions	Objective 1: Goal Realignment	<a href="#">11</a>
	305-3 Other indirect (Scope 3) GHG emissions	Objective 6: Working with Our Suppliers	<a href="#">15</a>
	305-4 GHG emissions intensity	Objective 1: Goal Realignment Objective 5: Carbon-free and Renewable Energy Purchases	<a href="#">11</a> <a href="#">15</a>
	305-5 Reduction of GHG emissions	Objective 1: Goal Realignment Objective 5: Carbon-free and Renewable Energy Purchases	<a href="#">11</a> <a href="#">15</a>





GRI STANDARDS INDEX

GRI STANDARD	DISCLOSURE	REFERENCE/RESPONSE	PAGE
GRI 300: ENVIRONMENTAL - (CONTINUED)			
306 - WASTE			
	306-1 Waste generation and significant waste-related impacts	Waste Reduction Projects	<a href="#">14</a>
	306-2 Management of significant waste-related impacts	Waste Reduction Projects	<a href="#">14</a>
	306-3 Waste generated	Waste Reduction Projects	<a href="#">14</a>
	306-4 Waste diverted from disposal	Waste Reduction Projects	<a href="#">14</a>
	306-5 Waste directed to disposal	Waste Reduction Projects	<a href="#">14</a>
308 - SUPPLIER ENVIRONMENTAL ASSESSMENT			
	308-1 New suppliers that were screened using environmental criteria	Objective 6: Working with our Suppliers Supply Chain	<a href="#">15</a> <a href="#">55-61</a>
	308-2 Negative environmental impacts in the supply chain and actions taken	Objective 6: Working with our Suppliers Supply Chain	<a href="#">15</a> <a href="#">55-61</a>





GRI STANDARDS INDEX

GRI STANDARD	DISCLOSURE	REFERENCE/RESPONSE	PAGE																																																										
GRI 400: SOCIAL																																																													
401 - EMPLOYMENT																																																													
	401-1 New employee hires and employee turnover	<table><tr><td rowspan="20">401-1 New employee hires and employee turnover</td><td>Hires</td><td>Number</td><td>Percentage</td></tr><tr><td>Total Hires</td><td>3,428</td><td></td></tr><tr><td>Male</td><td>2,585</td><td>75.4%</td></tr><tr><td>Female</td><td>832</td><td>24.3%</td></tr><tr><td>Undefined</td><td>11</td><td>0.3%</td></tr><tr><td></td><td></td><td></td></tr><tr><td>29 and under</td><td>1,807</td><td>52.7%</td></tr><tr><td>30 to 49</td><td>1,229</td><td>35.9%</td></tr><tr><td>50 and over</td><td>392</td><td>11.4%</td></tr><tr><td></td><td></td><td></td></tr><tr><td>Turnover</td><td>Number</td><td>Percentage</td></tr><tr><td>Total Turnover</td><td>4,525</td><td></td></tr><tr><td>Male</td><td>3,386</td><td>74.8%</td></tr><tr><td>Female</td><td>1,135</td><td>25.1%</td></tr><tr><td>Undefined</td><td>4</td><td>0.1%</td></tr><tr><td></td><td></td><td></td></tr><tr><td>29 and under</td><td>1,933</td><td>42.7%</td></tr><tr><td>30 - 49</td><td>1,792</td><td>39.6%</td></tr><tr><td>50 and over</td><td>800</td><td>17.7%</td></tr></table>	401-1 New employee hires and employee turnover	Hires	Number	Percentage	Total Hires	3,428		Male	2,585	75.4%	Female	832	24.3%	Undefined	11	0.3%				29 and under	1,807	52.7%	30 to 49	1,229	35.9%	50 and over	392	11.4%				Turnover	Number	Percentage	Total Turnover	4,525		Male	3,386	74.8%	Female	1,135	25.1%	Undefined	4	0.1%				29 and under	1,933	42.7%	30 - 49	1,792	39.6%	50 and over	800	17.7%	-
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		401-3 Parental leave	We provide parental leave as required by federal and local rules and regulations	-																																																									





GRI STANDARDS INDEX

GRI STANDARD	DISCLOSURE	REFERENCE/RESPONSE	PAGE
GRI 400: SOCIAL - (CONTINUED)			
403 - OCCUPATIONAL HEALTH AND SAFETY			
	403-1 Occupational health and safety management system	S <sup>4</sup> Safety Program	<a href="#">22-23</a>
	403-2 Hazard identification, risk assessment, and incident investigation	Health, Safety and Wellbeing	<a href="#">22-23</a>
	403-3 Occupational health services	Benefits and More	<a href="#">38</a>
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health, Safety and Wellbeing	<a href="#">22-23</a>
	403-5 Worker training on occupational health and safety	Health, Safety and Wellbeing	<a href="#">22-23</a>
	403-6 Promotion of worker health	Health, Safety and Wellbeing	<a href="#">22-23</a>
	403-8 Workers covered by an occupational health and safety management system	S <sup>4</sup> Safety Program	<a href="#">22-23</a>
	403-9 Work-related injuries	S <sup>4</sup> Safety Program	<a href="#">22-23</a>





GRI STANDARDS INDEX

GRI STANDARD	DISCLOSURE	REFERENCE/RESPONSE	PAGE
GRI 400: SOCIAL - (CONTINUED)			
404 - TRAINING AND EDUCATION			
	404-2 Programs for upgrading employee skills and transition assistance programs	AAM360 Ethics and Compliance Training	<a href="#">35-37</a> <a href="#">69</a>
	404-3 Percentage of employees receiving regular performance and career development reviews	100% of eligible salaried employees receive regular performance and career development reviews	-
405 - DIVERSITY AND EQUAL OPPORTUNITY			
	405-1 Diversity of governance bodies and employees	<a href="#">2022 Proxy Statement</a> : Corporate Governance 2030 DEI Demographic Goals	- <a href="#">30-31</a>
	405-2 Ratio of basic salary and remuneration of women to men	This data is being collected and analyzed as part of AAM's DEI Strategic Roadmap	<a href="#">27-28</a>
408 - CHILD LABOR			
	408-1 Operations and suppliers at significant risk for incidents of child labor	Respect for Human Rights <a href="#">Human Rights Policy</a>	<a href="#">34</a> -
409 - FORCED OR COMPULSORY LABOR			
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Respect for Human Rights <a href="#">Human Rights Policy</a>	<a href="#">34</a> -
410 - SECURITY PRACTICES			
	410-1 Security personnel trained in human rights policies or procedures	100% of security personnel have completed Code of Conduct training, which addresses human rights policies and procedures.	-





GRI STANDARDS INDEX

GRI STANDARD	DISCLOSURE	REFERENCE/RESPONSE	PAGE
GRI 400: SOCIAL - (CONTINUED)			
412: HUMAN RIGHTS ASSESSMENT			
	412-1 Incidents of violations involving rights of indigenous peoples	Ethics and Compliance Program	<a href="#">68-70</a>
	412-2 The management approach and its components	Respect for Human Rights <a href="#">Human Rights Policy</a>	<a href="#">34</a> -
	412-3 Evaluation of the management approach	Respect for Human Rights	<a href="#">34</a>
	412-4 Employee training on human rights policies or procedures	100% of salaried employees completed Code of Conduct training, which addresses human rights policies and procedures.	-
GRI 413: LOCAL COMMUNITIES			
	413-1 Operations with local community engagement, impact assessments, and development programs	#TeamAAM	<a href="#">39-40</a>
GRI 414: SUPPLIER SOCIAL ASSESSMENT			
	414-1 New suppliers that were screened using social criteria	Supply Chain	<a href="#">55-59</a>
	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain	<a href="#">55-59</a>





SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) STANDARDS INDEX

CODE	TOPIC	METRIC	REFERENCE/RESPONSE	PAGE
ACCOUNTING METRICS				
TR-AP-130a.1	Energy Management	Total energy consumed Percentage grid electricity Percentage renewable	5,405,418 Gigajoules (GJ) 100% of electric power drawn from the grid 2.7% based on kWh of consumption	-
TR-AP-150a.1	Waste Management	Total amount of waste from manufacturing Percentage hazardous Percentage recycled	200,108 tons (195,275 tons reported + 4,833 tons hazardous waste) 2.4% 75%	-
TR-AP-250a.1	Product Safety	Number of recalls issued, total units recalled	AAM had no product recalls during 2021.	-
TR-AP-410a.1	Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency and/or reduce emissions	Product - Powering a Cleaner Future A majority of our revenue is from products designed to improve fuel efficiency and reduce emissions.	<a href="#">41 - 53</a>
TR-AP-440a.1	Materials Sourcing	Description of the management of risks associated with the use of critical materials	Supply Chain <a href="#">2021 Form 10-K</a> : Business; Risk Factors	<a href="#">55 - 59</a> -
TR-AP-440b.1	Materials Efficiency	Percentage of products sold that are recyclable	Objective 8: Product Development Substantially all products we sell are principally comprised of steel, iron or aluminum, which are recyclable materials.	<a href="#">16</a>
TR-AP-440b.2		Percentage of input materials from recycled or remanufactured content	Waste Reduction Projects Objective 8: Product Development	<a href="#">14</a> <a href="#">16</a>
TR-AP-520a.1	Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	<a href="#">2021 Form 10-K</a> : Legal Proceedings	-





TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) STANDARDS INDEX

DISCLOSURE	REFERENCE/RESPONSE	PAGE
GOVERNANCE		
a) Describe the board's oversight of climate-related risks and opportunities	2021 Environmental Sustainability Objectives - Objective 1: Goal Realignment Objective 2: Organization	<a href="#">11</a> <a href="#">12</a>
b) Describe management's role in assessing and managing climate-related risks and opportunities	2021 Environmental Sustainability Objectives - Objective 2: Organization	<a href="#">12</a>
STRATEGY		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Climate risk assessment and scenario analysis will be conducted during 2022. Results will be disclosed in our 2022 Sustainability Report.	-
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	<a href="#">2021 Form 10-K</a> : Risk Factors	-
c) Describe the resilience of the organization's strategy under different climate-related scenarios, including a 2°C or lower scenario	Climate risk assessment and scenario analysis will be conducted during 2022. Results will be disclosed in our 2022 Sustainability Report.	-





TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) STANDARDS INDEX

DISCLOSURE	REFERENCE/RESPOND	PAGE
RISK MANAGEMENT		
a) Describe the organization’s processes for identifying and assessing climate-related risks	Climate risk assessment and scenario analysis will be conducted during 2022. Results will be disclosed in our 2022 Sustainability Report.	-
b) Describe the organization’s process for managing climate-related risks	2021 Environmental Sustainability Objectives - Objective 3: E <sup>4</sup> Environmental Sustainability System Objective 4: Continuous Improvement Project Implementation Objective 5: Carbon Free and Renewable Energy Purchases Objective 6: Working with Our Suppliers Objective 7: External Reporting Objective 8: Product Development	<a href="#">12</a> <a href="#">13</a> <a href="#">15</a> <a href="#">16</a>
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management	A dedicated environmental sustainability leader at a senior executive level identifies potential climate-related risks for analysis and consideration by the AAM Risk Management Working Group. This Group is responsible for determining which risks should be reviewed by the Company’s Policy Committee and Board of Directors.	-
METRICS		
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Climate risk assessment and scenario analysis will be conducted during 2022. Results will be disclosed in our 2022 Sustainability Report.	-
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks	2021 Environmental Sustainability Objectives - Objective 1: Goal Realignment	<a href="#">11</a>
c) Describe the targets used to manage climate-related risks and opportunities and performance against targets	2021 Environmental Sustainability Objectives - Objective 1: Goal Realignment	<a href="#">11</a>