



2023 SUSTAINABILITY REPORT



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**“OUR VISION IS FIRMLY
FOCUSED ON THE LONG-TERM
HEALTH AND WELL-BEING OF
THE COMPANY, THE INDUSTRY,
AND THE PLANET.”**

A Letter from Our President and CEO

In recent years, Neapco has taken extraordinary measures to ensure that our longstanding commitment to safety, sustainability, and environmental stewardship continues to evolve in ways that are not just impactful, but durable and long-lasting.

As a company that has been in business for over a century, we are used to thinking about the future in ways that go well beyond a quarterly earnings report, an annual budget, or even a five-year plan. We are in this for the long haul, and our vision is firmly focused on the long-term health and well-being of the company, the industry, and the planet.

We also understand, however, that big changes and big ideas require continuous improvement. We are inspired by the exciting new steps Neapco is taking today to make that happen. 2023 highlights in our sustainability initiatives include:

- The release of new products and programs to ensure that we continue to prioritize innovation and improvement in our sustainability efforts.
- New partnerships to foster the kind of collaborative engagement that can amplify sustainability efforts not just across our entire supply chain, but across the entire industry.
- Improved data collection to ensure transparency and provide important insights into where and how Neapco can improve.

It's all part of our continuing emphasis on making incremental and impactful changes that will drive Neapco forward with sustainable optimization and operational efficiency.

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Collaboration and Commitment

One of the most important elements of Neapco's sustained success has been our ability to build and maintain positive and productive professional relationships. We are applying the same approach to our sustainability efforts. Neapco's collaborative engagement with suppliers, customers, and other stakeholders is helping to optimize sustainability across the entire value chain. Our partnerships are fostering in-house innovation and driving positive change industry-wide.

Those efforts are consistent with Neapco's commitment to optimizing every aspect of our operations, from production processes to supply chain management, with sustainability as a core principle that shapes perspectives and informs thoughtful decision-making.

Sustainable Innovation

At Neapco, we believe that sustainable innovation and innovative sustainability go hand in hand. Both of those goals start with our team leveraging creativity and ingenuity in ways that make a difference. From using eco-friendly materials, developing products that improve fuel efficiency, or creating new technology for emerging markets, Neapco continues to showcase how the driveline business is leveraging innovation to optimize our products and services for sustainability.

Continued on next page >



“Neapco continues to showcase how the driveline business is leveraging innovation to optimize our products and services for sustainability.”



Transparency, Accuracy, and Accountability

Neapco has always been fully committed to transparency in our reporting. Which is why a key pillar of our evolving sustainability programs is a corresponding level of clarity and transparency about not just the nature of those programs, but also how well they are working. Because it's not just about what we can do, but what we can do better.

To that end, we are devoting more resources to improving our data gathering and data analysis capabilities. We recognize that more data points and better information yield a more detailed, nuanced, and sophisticated understanding of where we stand and where we need to go.

The foundation of those efforts is collecting and sharing key performance indicators and metrics that demonstrate the tangible results of Neapco's optimization efforts. In the pages that follow—as well as in the months and years ahead—you can expect to learn more about our reduced carbon footprint, increased operational efficiency, and the ways in which sustainability improvements have led to improved quality, better outcomes and longer-lasting performance.

Neapco's steadfast commitment to sustainability in our driveline business means that even as our business is growing, we are committed to a continued decrease in emissions. In 2023, Neapco was able to decrease overall emissions by nearly 10%. In addition, Neapco has received approval for our science-based targets, is implementing projects to reduce energy and water usage, and is working toward the goal of zero-waste-to landfill.

We take a great deal of pride in our advocacy and leadership in making sustainability a company- and industry-wide priority. Neapco will continue to emphasize the importance for a future of shared prosperity and sustainability.

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

“Neapco’s steadfast commitment to sustainability in our driveline business means that even as our business is growing, we are committed to a continued decrease in emissions.”



INTRODUCTION

About Neapco

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

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

Because all aspects of sustainability are important to Neapco and its customers, Neapco transparently responds to several key assessments, including those offered by CDP Disclosure Insight Action and EcoVadis. These assessments require transparent reporting on sustainability topics focused on Neapco's activities and those within our supply chain.

Neapco's global team members honor the tradition of exceeding customer expectations. We are committed to delivering solutions, not just products, from locations that are local to global customers. Our products and solutions evolve with the changing world. Neapco offers a variety of original equipment products for many markets, including a growing offering of solutions for electric vehicles and renewable energy applications.



Our Vision

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

Our Mission

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



Our Values



PARTNERSHIP

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



PASSION

Enthusiastic and energetic; dedicated to be the best



AGILITY

Moving quickly and easily in all aspects of our business



TEAMWORK

Working together we are stronger, holding one another accountable



INTEGRITY

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



DIVERSITY

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

ABOUT THIS REPORT


In our pursuit of sustainable operations and responsible corporate citizenship, Neapco recognizes the significance of comprehensively assessing and transparently communicating our impacts. This annual sustainability report for the calendar year 2023 has been assured by a third party according to the AA1000 standard and reflects our dedication to accountability and progress.

Aligned with the Global Reporting Initiative (GRI) Universal Standards and complemented by additional disclosures to support the United Nations' Sustainable Development Goals (SDGs), Sustainability Accounting Standards Board (SASB), and Taskforce for Climate-Related Financial Disclosures (TCFD), this report offers a comprehensive view of our performance.

Through meticulous materiality assessments and industry analyses, we have identified and prioritized 11 key material impacts across our global manufacturing, office, and warehousing facilities. From these findings, we have ongoing initiatives that underscore our commitment to environmental stewardship, social responsibility, and robust governance practices.

This year's report is evidence of Neapco's unwavering dedication to advancing our Environmental, Social, and Governance (ESG) program. It highlights our steady progress and ongoing efforts towards creating a more sustainable future for all.

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



This year's report is evidence of Neapco's unwavering dedication to advancing our Environmental, Social, and Governance (ESG) program.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

About SDGs

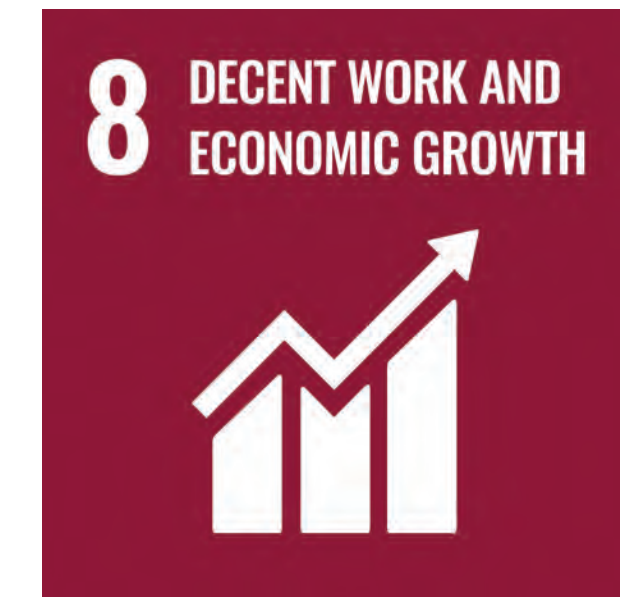
The Sustainable Development Goals (UN SDGs or SDGs) adopted by the United Nations, were developed as a call to action for both developed and developing countries to end poverty, protect the planet, and ensure all people could enjoy peace and prosperity by 2030. Each of the 17 overarching goals are interconnected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

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



Material Topics: Water Management & Wastewater

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



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

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



Material Topics: Risk Management & Innovation

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



Material Topics: Diversity & Belonging

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



Material Topics: Waste Management & Circular Economy, Supplier Management

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



Material Topics: Greenhouse Gas Emissions, Energy Management

Neapco's Alignment: Neapco monitors energy consumption across all facilities on a monthly basis and uses this information to calculate a greenhouse gas inventory using methodology laid out in the Greenhouse Gas Protocol: Corporate Accounting and Reporting Guidelines and ISO 14064. Our Scope 1 and Scope 2 emissions have been verified by a third-party to ensure we are accurately representing our impact. Furthermore, Neapco has received approval for its near-term emissions reductions targets from the Science Based Target initiative (SBTi).



Material Topics: Corporate Governance & Oversight

Neapco's Alignment: Neapco ensures team members at all levels, including senior leadership, are involved in the process of assessing current and future needs, and implementing the necessary actions to meet these needs. Existing processes and policies are reviewed to determine where updates can be made to contribute to Neapco's overall sustainability goals.

MATERIALITY

Materiality Determination and Stakeholder Engagement

With the support of an independent, third-party consulting firm, Neapco identified and assessed its actual and potential ESG impacts.

The Neapco team completed an industry analysis consisting of interviews and surveys with internal team members and external reporting from peers and customers, customer requests and communicated expectations. With this analysis, the team attained a better and more holistic understanding of Neapco’s sustainability context and quantified and prioritized ESG impacts.

The most material topics were determined based on their importance to both external stakeholders and to Neapco’s leadership team. Neapco continues to focus on these material topics and has formed teams to focus on implementing the strategy defined through the materiality assessment, prioritizing initiatives that have the greatest impact for our stakeholders, which will in turn have the greatest impact to Neapco’s business.

Material Topics





Environmental

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ENVIRONMENTAL INTRODUCTION

At Neapco, we hold strong environmental stewardship at the center of our operations. With cutting-edge innovation and technological capabilities, we strive to more efficiently serve our customers as we drive towards a more sustainable future.

Each of Neapco's manufacturing facilities has an environmental management system. Through these systems, we are committed to continuous improvement at each of our facilities. Our Sustainability Governance Board and Sustainability Working Group continue to evolve as our global sustainability program matures and expands.

The Governance Board is responsible for overseeing sustainability progress including setting environmental Key Performance Indicators (KPIs) and targets and providing necessary resources. The Working Group is tasked with identifying and executing defined initiatives.

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

Our Environmental material topics include:

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

Our Sustainability Governance Board and Sustainability Working Group continue to evolve as our global sustainability program matures and expands.

IMPACT SUMMARY



GHG Emissions

TOTAL 528,219 metric tons CO2e	SCOPE 1 6,586 metric tons CO2e
SCOPE 2 27,241 metric tons CO2e	SCOPE 3 494,392 metric tons CO2e
EMISSIONS INTENSITY 0.00048 metric tons CO2e/ square feet	



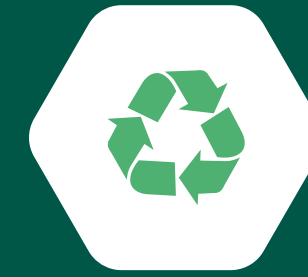
Energy Consumption

449,417
gigajoules



Water Usage

171
megaliters



Waste

19,415
metric tons

2,033
metric tons
to landfill

17,382
metric tons
recycled



GLOBAL ENVIRONMENTAL POLICY

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

Governance

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

Facilities

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

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

Customers/Suppliers/Contractors

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

Team Members

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

13 CLIMATE ACTION



GREENHOUSE GAS EMISSIONS

Neapco is committed to the continual monitoring and reduction of the greenhouse gas emissions associated with our operations. In 2023, Neapco completed another Greenhouse Gas Inventory, aligned with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Our emissions calculations used in this year's inventory have been verified by a third party on the principles laid out by the ISO 14064 standard of relevance, completeness, consistency, accuracy, and transparency. Aligning this year's inventory with a universally accepted methodology and verifying our methodology using a third-party, has allowed us to ensure that this year's emissions figures are as accurate and representative of our impact as possible.

This inventory covered all relevant sources of Scope 1 and Scope 2 emission sources. Scope 2 emissions from purchased electricity make up the largest source of carbon dioxide equivalent (CO₂e) emissions while natural gas consumption for heat and transportation (owned and leased vehicles only) make up the largest sources of Scope 1 emissions. As expected, our manufacturing facilities had the highest emissions intensities

(Metric Tons CO₂e per Square Foot and Metric Tons CO₂e per USD Revenue) of all of our facilities. As such, emissions reduction initiatives will be focused on these facilities in order to realize the greatest emissions reduction and ROI.

Neapco continues to improve data collection from the supply chain. As a result, we are able to more accurately report our Scope 3 emissions. Because purchased goods and services is the highest contributor to Neapco's emissions, we have made the supplier program a priority. We've partnered with 3rd party experts to assist with product compliance and supplier training.

Neapco's near-term emissions reduction targets have been approved by the Science-Based Target initiative (SBTi). Using 2022 as the baseline, Neapco has committed to reducing absolute scope 1 and 2 emissions by 54.6% and scope 3 emissions by 32.5% by 2033. These targets will be shared with the supply chain so that we can work toward environmental goals together.



In 2023, Neapco completed another Greenhouse Gas Inventory, aligned with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

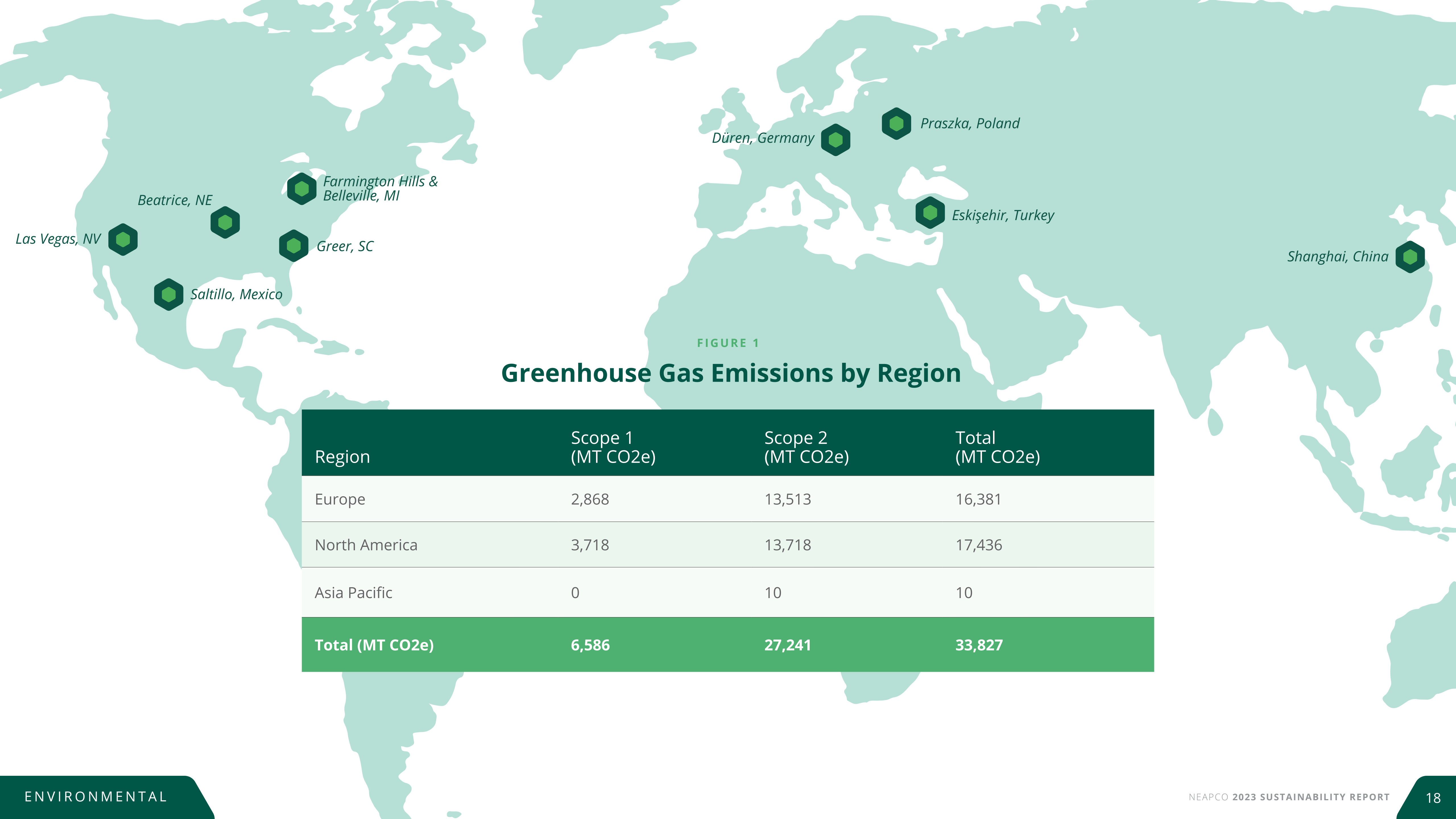


FIGURE 1

Greenhouse Gas Emissions by Region

Region	Scope 1 (MT CO2e)	Scope 2 (MT CO2e)	Total (MT CO2e)
Europe	2,868	13,513	16,381
North America	3,718	13,718	17,436
Asia Pacific	0	10	10
Total (MT CO2e)	6,586	27,241	33,827

FIGURE 2

Scope 1 and 2 Emissions

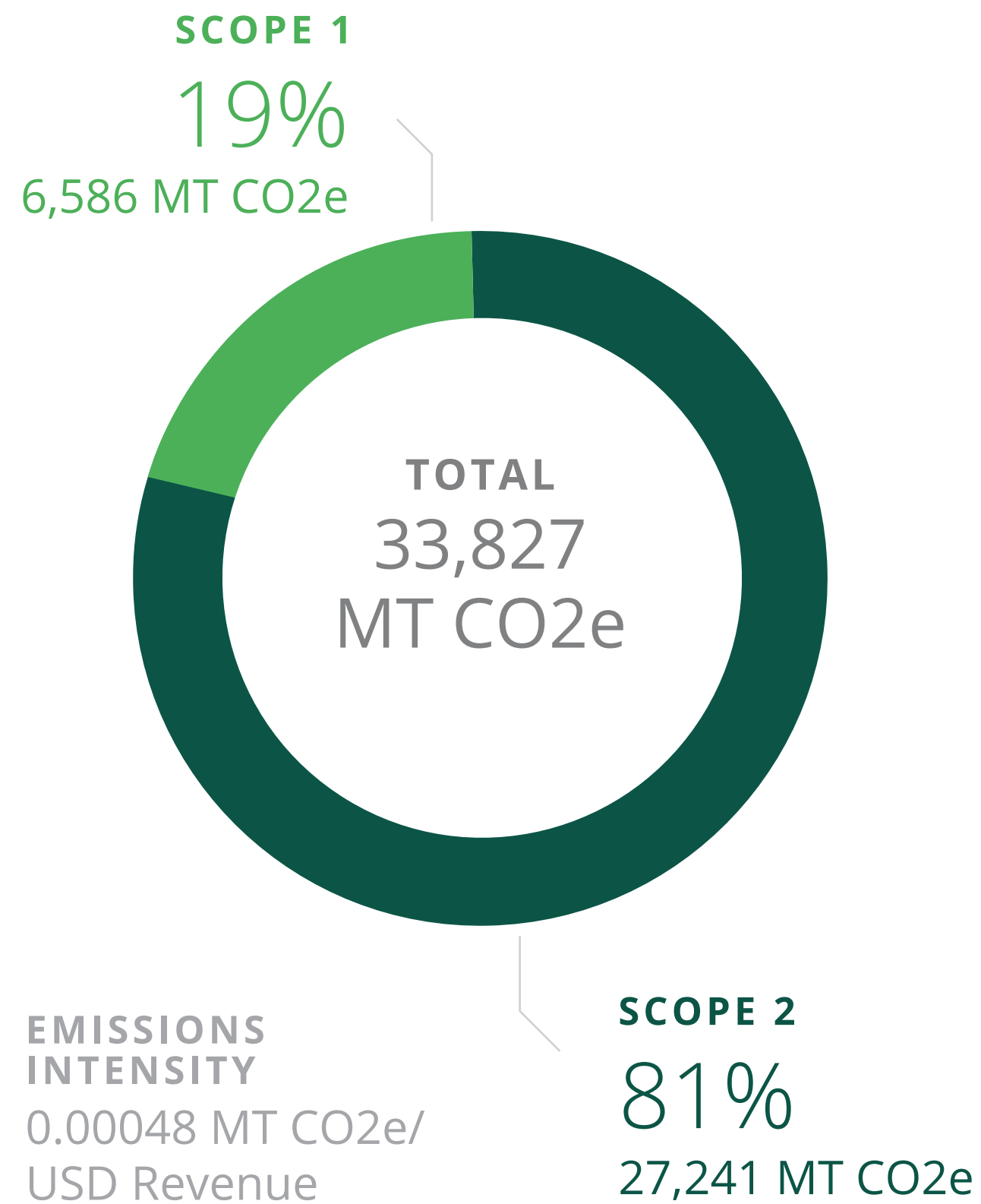


FIGURE 3

Scope 1 Emissions Breakdown

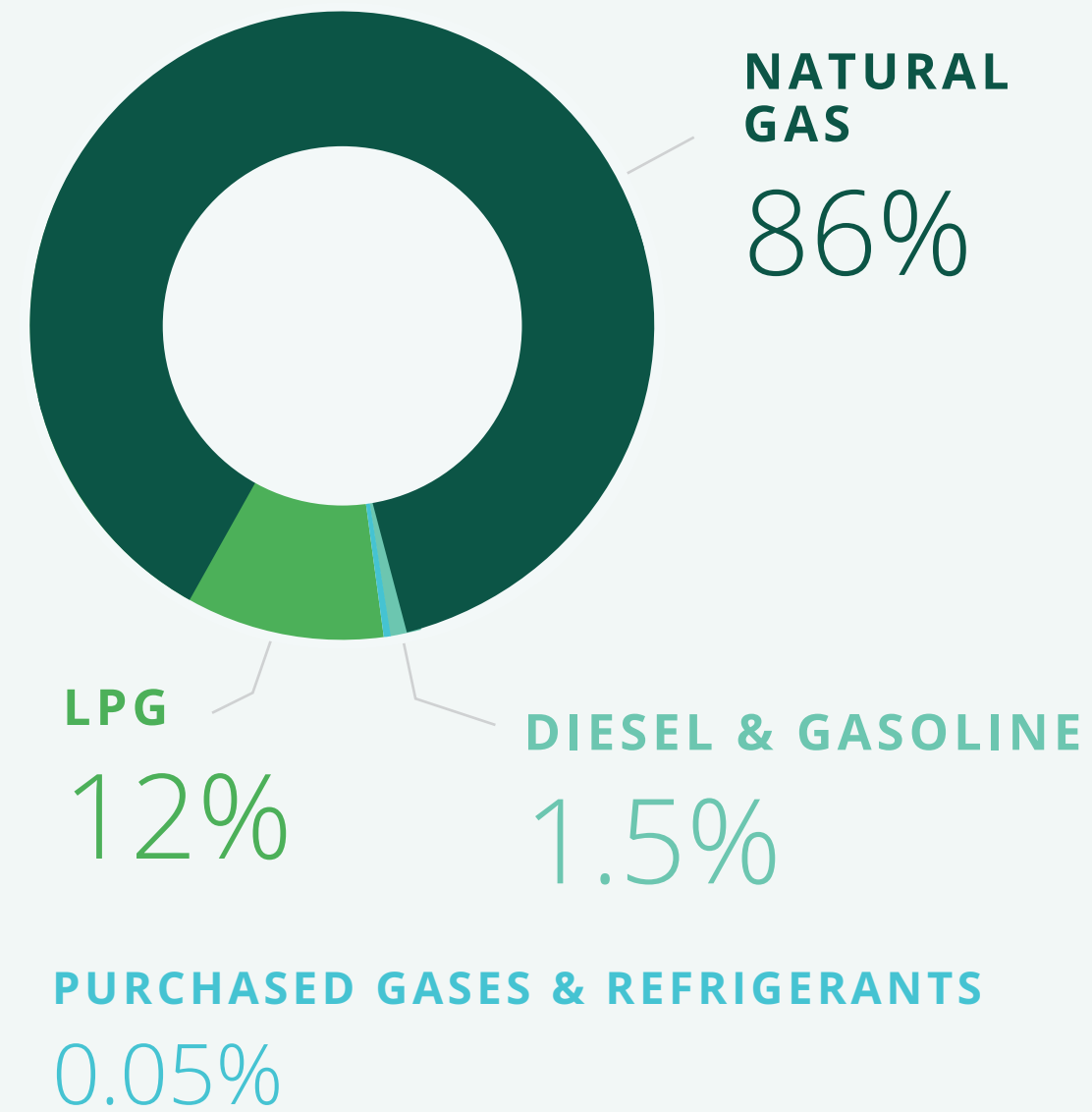
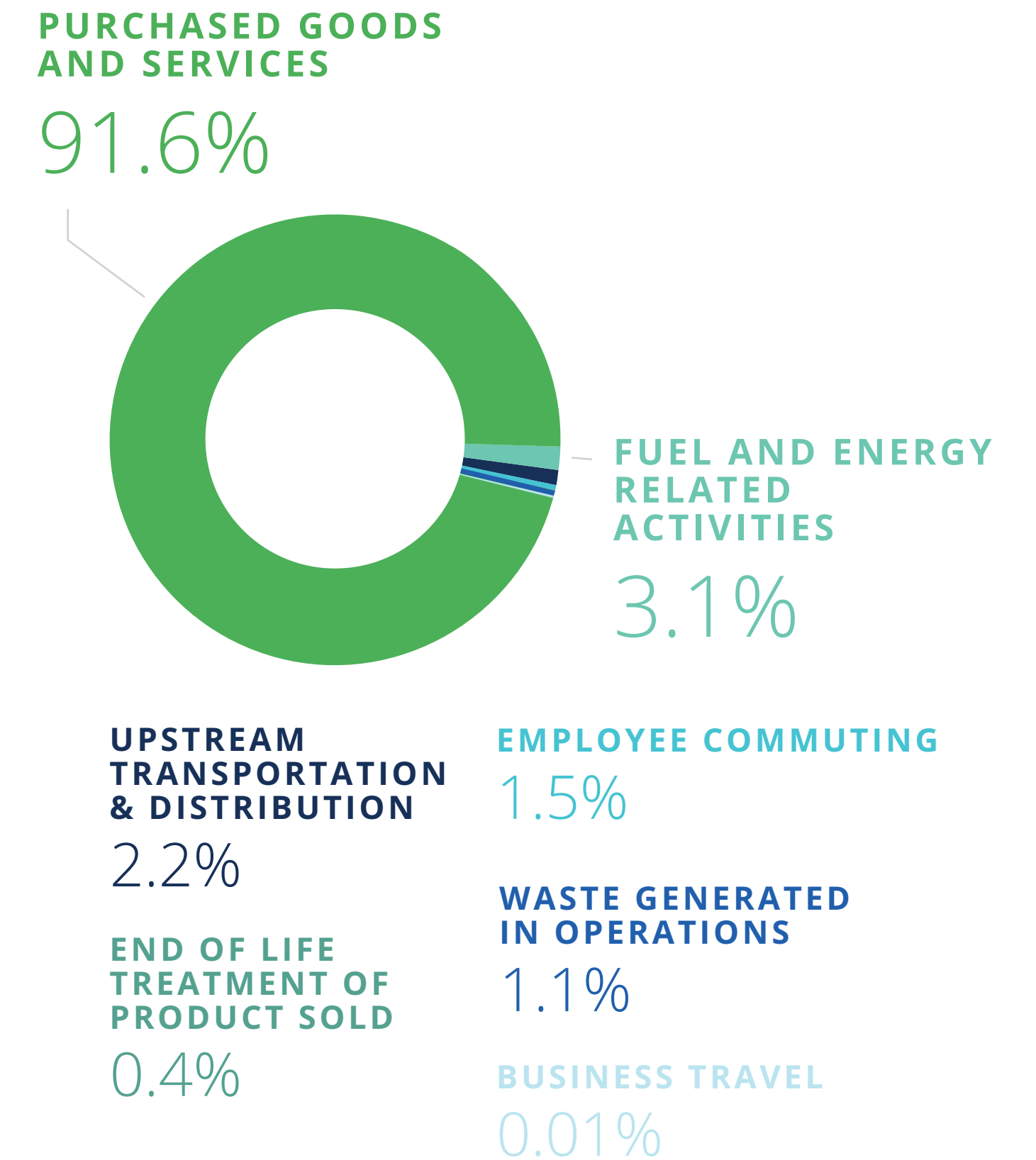


FIGURE 4

Scope 3 Estimated Emissions





MATERIAL TOPIC

ENERGY MANAGEMENT

In the reporting year, Neapco tracked energy consumption as part of its greenhouse gas inventory. Using 2021 as a baseline, Neapco continues to monitor energy consumption from all relevant sources to identify opportunities for improvement. Energy reduction initiatives have been implemented in facilities across Neapco with an emphasis placed on manufacturing facilities that use significantly more energy than office or distribution center facilities. Examples of these initiatives can be found on page **26** of this report.

When comparing Neapco to industry competitors, we have a lower overall emission intensity and realized reductions in each emissions category in 2023.

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

Some energy efficiency projects we worked on in 2023 include:

- Addition of auto-sleep mode on several machines
- Replacement of less efficient bulbs with LED lamps
- Reorganization of operation planning to optimize equipment usage
- Equipment upgrades for increased efficiency
- Modernization of gas boiler and heating furnaces
- Installation of new compressor systems
- Implementation of electricity consumption monitoring
- Installation of emergency evacuation lighting and electrical power cut-off switch
- Thermal insulation of building walls

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

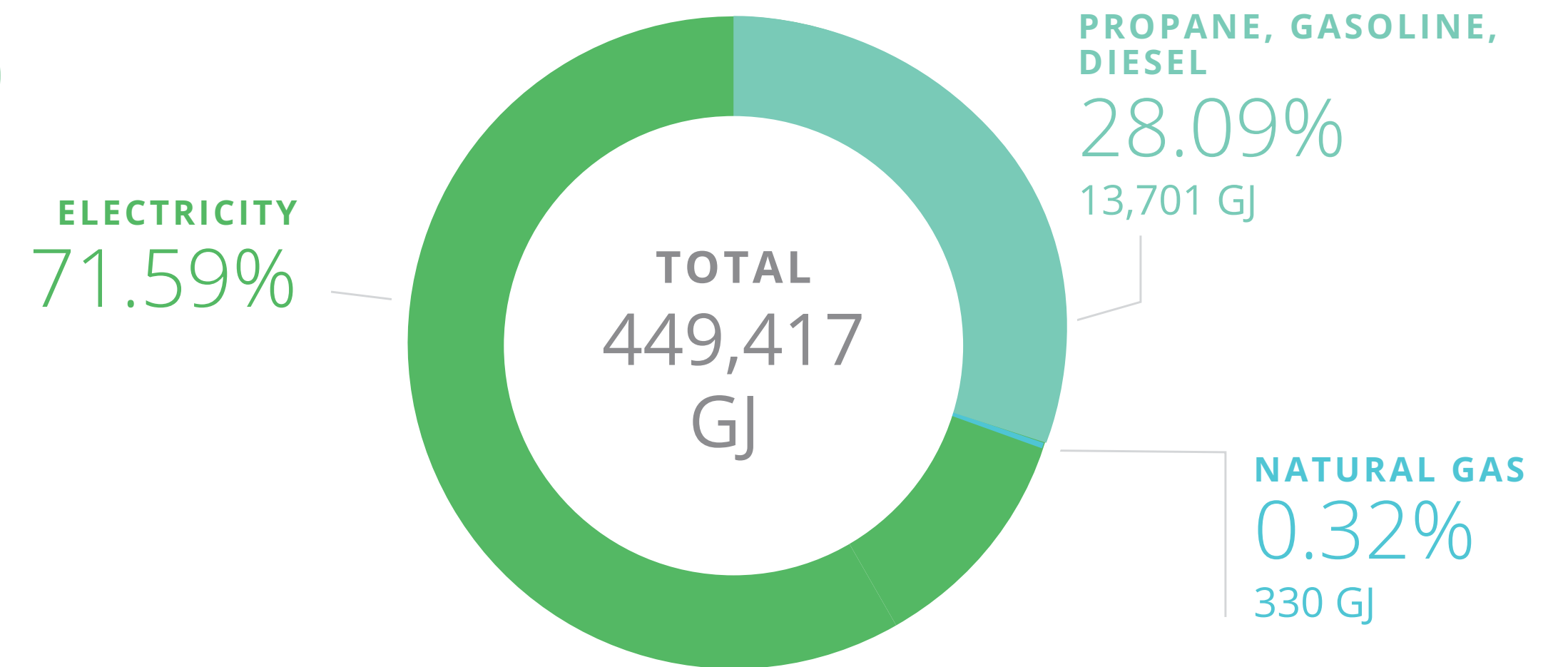




Reducing total energy consumption company-wide is an ongoing mission for Neapco with the goal of working smarter, not harder, to realize the monetary and environmental benefits of reducing energy consumption.

FIGURE 6

Energy Consumption by Source



ENERGY INTENSITY RATIO FOR THE ORGANIZATION
0.00048 GJ/USD Revenue

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



MATERIAL TOPIC

WASTE MANAGEMENT AND CIRCULAR ECONOMY

Throughout the year we gather data on our waste procedures to continually improve the operations within the supply chain. We apply the PDCA A3 (Plan Do Check Act and A3) cycle to create the necessary changes for an upgraded work stream. The systems we implement always aim to improve our quality and output.

Now more than ever it is imperative to optimize our waste reduction measures as we follow the three R's of Reduce, Reuse, and Recycle. Our design and production processes consider circularity and end-of-life for all products and materials. We consider options for using lighter materials, improving energy efficiency, reducing material requirements, and ultimately reducing waste. Our waste streams are managed with integrity and thoughtfulness, such as choosing the most efficient scrap yards, recycling all materials possible, and separating waste into appropriate groups for the best possible results. In 2023, Neapco facilities recycled 89% of its total waste.



In 2023, two Neapco team members received TRUE Advisor Certification. The certification demonstrates the commitment and

knowledge to advancing zero waste values and policies across the organization and puts us a step closer to the target of zero waste to landfill.

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

Some waste reduction projects we worked on in 2023 include:

1. Wood pallet recycling
2. Reduction of test scrap
3. Fluid and detergent saving measures
4. Recycling initiatives for various materials
5. Implementation of zero waste to landfill strategy
6. Supporting glass and aluminum container collection for conservation efforts



In 2023, Neapco facilities recycled 89% of its total waste.

FIGURE 6
Landfill vs Recycled Breakdown

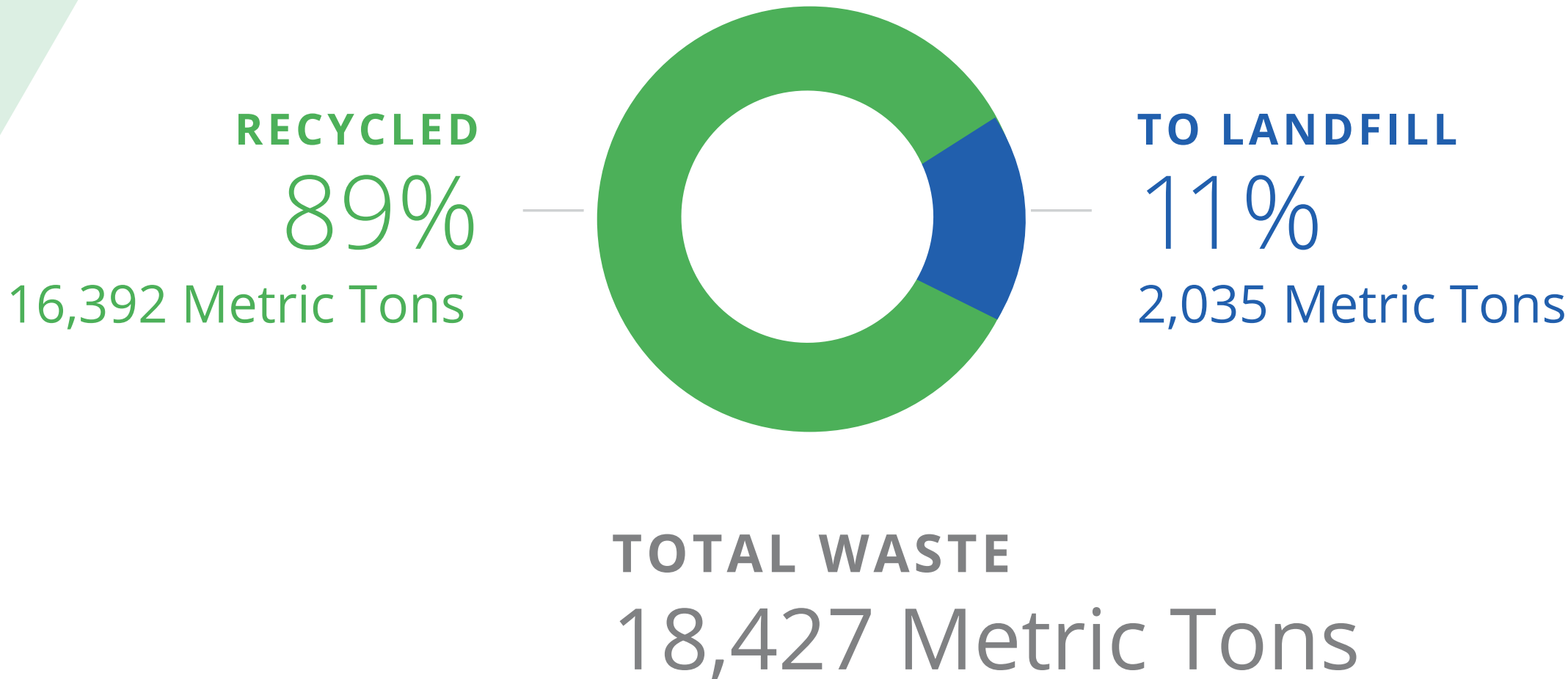
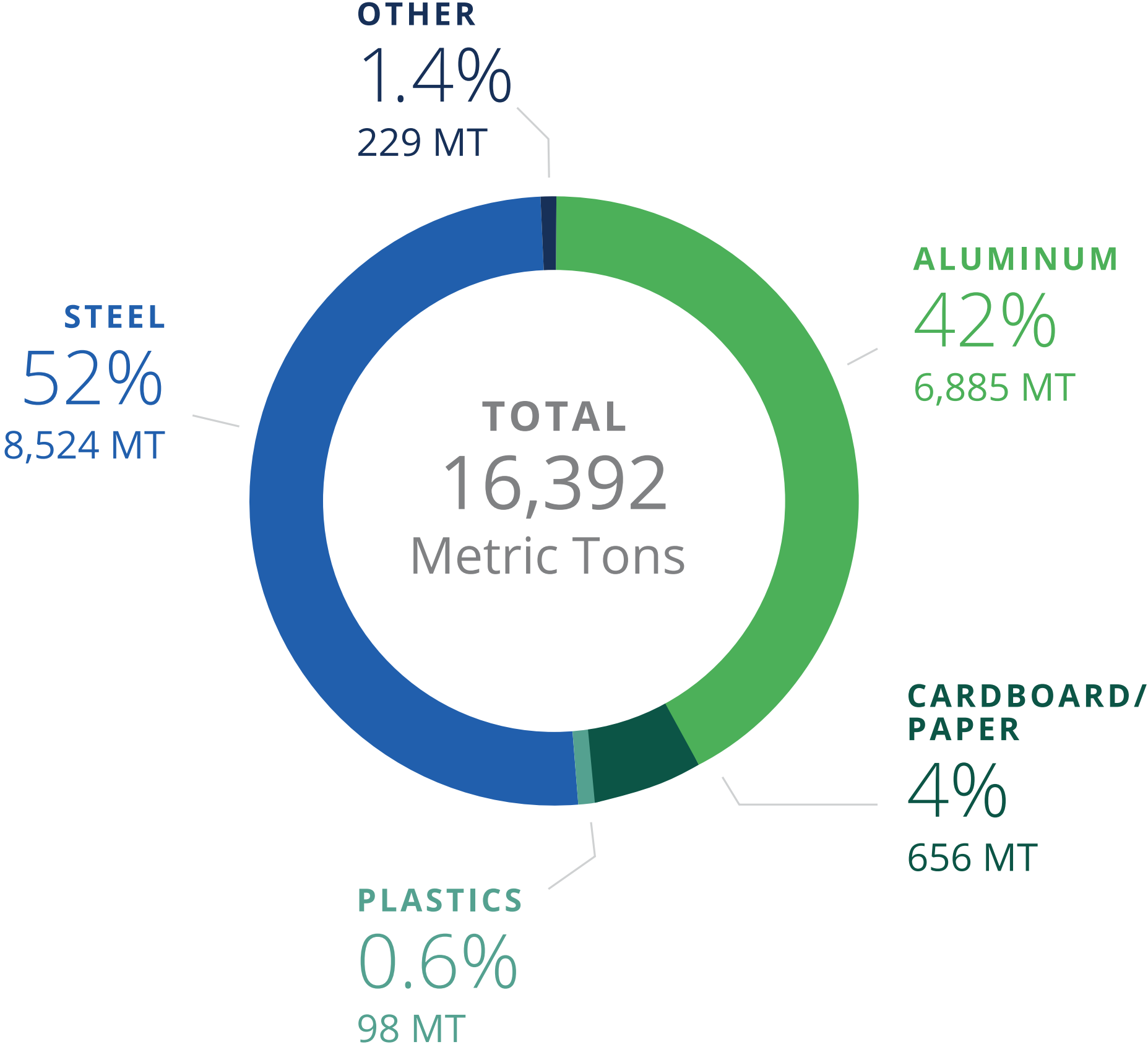


FIGURE 7
Breakdown of Recycled Materials





MATERIAL TOPIC

WATER AND WASTEWATER MANAGEMENT

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


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

Neapco's leadership ensures these requirements are met through environmental management systems. With guidance from Neapco's global focus team on water, each team member is encouraged to participate in the development, implementation, monitoring and improvement of the water program. The focus team will drive initiatives to attain goals, eliminate water hazards and risks and will ensure

compliance with applicable legal and other requirements. To provide leadership, guidance and support, Neapco's Sustainability Working Group will meet regularly with the committee and will report regularly to the Sustainability Governance Board and local plant management.

Neapco will work closely with stakeholders and affected parties to communicate and apply our water management and environmental responsibilities, as applicable to our operations and their products or services. Water issues or events will be reported to Neapco management and appropriate agencies. As necessary, investigations will be initiated and required actions will be taken to mitigate negative impacts.

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With guidance from Neapco's global focus team on water, each team member is encouraged to participate in the development, implementation, monitoring and improvement of the water program.

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

Neapco has identified water improvement projects at each location and has prioritized those in high water stressed locations.

At our manufacturing facilities, water is used in the production process, for sanitation, and for drinking water. In our distribution centers and our offices, water is mainly used for sanitation and drinking water. Water and wastewater are overseen by plant management and the Sustainability Governance Board. In 2023, we began implementation on projects to treat wastewater onsite, modernize equipment to reduce wastewater and reduce overall water consumption. The teams continually assess and manage water usage and wastewater discharge.

FIGURE 8

Water Breakdown by Water Stress

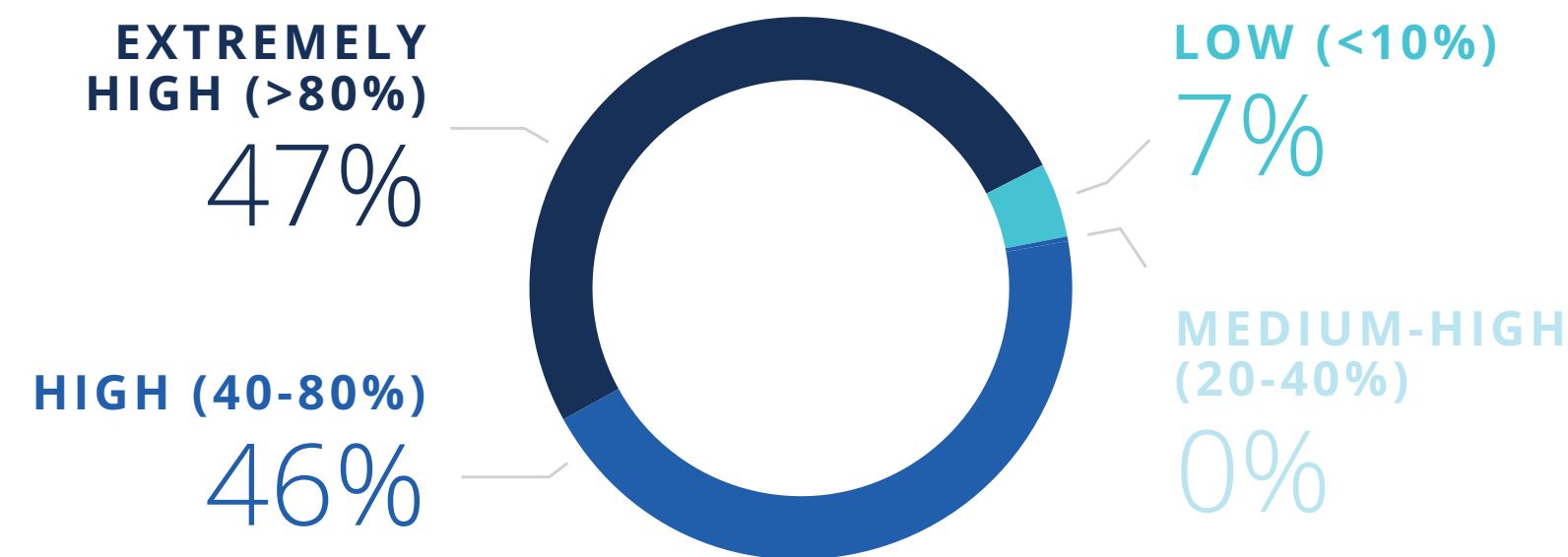


FIGURE 9

Water Consumption by Region

Region	Consumption (megaliters)	% Total
Europe	77.9	45.5%
North America	93.1	54.4%
Asia Pacific	0.2	0.10%
Total	171.2	100%



ENVIRONMENTAL INITIATIVES

Neapco is dedicated to leading by example in environmental stewardship, continually striving to prioritize initiatives that minimize our ecological footprint while maximizing sustainability. Our commitment extends beyond mere compliance, focusing instead on proactive measures that drive tangible, positive impacts.

At Neapco, we prioritize environmental initiatives that not only benefit our operations but also contribute to the well-being of our communities and the planet as a whole. From implementing innovative wastewater treatment solutions to fostering employee engagement through suggestion programs, every action is a testament to our unwavering dedication to environmental responsibility.

We proudly showcase some examples of our ongoing efforts to reduce waste, conserve energy, and promote renewable resources. By transparently highlighting these initiatives, we aim to inspire others to join us in building a more sustainable future. At Neapco, environmental stewardship is not just a goal—it's a guiding principle that shapes everything we do.

Beatrice

Our team in Beatrice has focused on having a positive impact on the environment while decreasing negative impacts:

- Team members received maple and evergreen saplings and a total of 150 trees were planted.
- After extreme weather damaged the roof of the facility, repairs included insulation with a higher

R-value which will result in lower energy consumption for heating and cooling.

- A new procedure for plant-wide shut down on weekends and holidays has helped to reduce unnecessary energy consumption.
- Several projects were initiated to improve cycle time and overall efficiency in specific processes.

Belleville

Environmental initiatives in Belleville included the development of an onsite wastewater treatment system and the addition of automated shutoff features to faucets and toilets. A wood pallet recycling program was implemented, and other projects were initiated to investigate the possibility of reducing supplier

packaging and converting equipment that uses propane and natural gas to electricity.

Düren

The team in Düren focused their efforts on reducing material, substances, production time, transportation and energy usage. Several processes were refined, leading to decreases in energy usage, production time and detergents and other fluids. The elimination of test scrap reduced the amount of material required overall. With an alternate transport method, the transportation of purchased goods was reduced.

Continued on next page >





Team members and their families share Neapco's commitment to giving back to the land a little of what it provides.

Praszka

The team in Praszka prioritized building renovations and process improvements for reductions in energy and water consumption and waste and an improved work environment for team members.

Building renovations:

- Converting working station lighting to LED
- Modernizing the gas boiler, heating furnaces, washers and emergency lights
- Renovating the scrap yard
- Updating the compressor system
- Upgrading the thermal insulation in building walls
- Improving water drains

Process Improvements:

- Adding auto sleep mode to equipment
- Reorganizing the production schedule to limit equipment usage
- Upgrading equipment for efficiency and throughput
- Installing electric power cut switches

To better capture energy consumption, additional monitoring equipment was installed.

Saltillo

In Saltillo, we have made progress in all areas of sustainability. The team has developed a plan for hydric balance, including the implementation of a water reporting system and a review for new wastewater treatment. Once completed the system will help us to prioritize reduction efforts. In addition, all urinals in the plant were replaced with eco-friendly urinals, saving 260,000 liters of water annually.

When planning to reduce overall emissions, all inputs are considered. The Green Driver Challenge was created and promoted, encouraging team members to carpool. While reducing overall emissions related to commuting, this initiative has the added benefit of reducing transportation costs to team members. The plant continues to emphasize the use of renewable energy

through its partnership with a provider offering solar energy blocks. In 2023, the team also began reviewing processes as they work toward ISO 50001 certification. Two team members achieved certification as True Advisors, demonstrating dedication to reducing waste. Using this knowledge, the team has created a waste program that includes a waste reporting system, minimization of waste that requires special handling and the increase of recycling and reuse throughout the facility. In addition, the team created a glass and aluminum collection center, with all proceeds going to the State Fund for the Conservation of the Black Bear in Coahuila.

Team members and their families share Neapco's commitment to giving back to the land a little of what it provides. In 2023 the team's efforts were directed to reforestation in Sierra Los Lirios where 120 trees were planted.



Social

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- 37** Social Initiatives

SOCIAL INTRODUCTION

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

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

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

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



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



GLOBAL OCCUPATIONAL HEALTH AND SAFETY POLICY

Through our Vision, Mission, and Values, this policy is Neapco's commitment to provide a safe and healthy work environment and continually improve the OH&S management system for the prevention of work-related injury and ill health. Pursuant to this commitment, each site will demonstrate the following:

Governance

Establish an OH&S Committee, consulting team members and their representatives, and encouraging them to participate in the development, implementation, monitoring and improvement of the occupational health and safety program.

Hazards and OH&S Risks

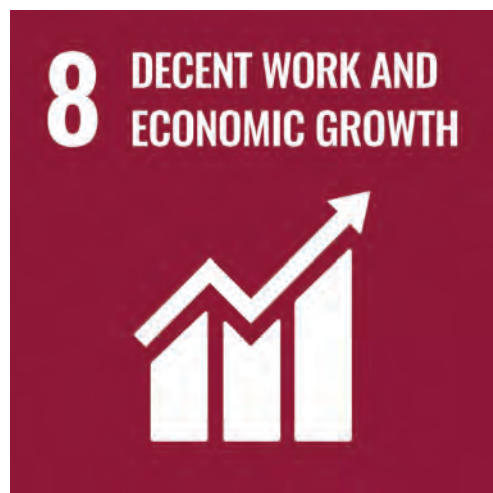
To proactively eliminate hazards and reduce OH&S risks, each facility must provide adequate personal protective equipment, promote machine safety practices, safe handling of chemicals, and fire prevention programs. Ergonomic principles shall be incorporated into workplace design.

Incidents and Accidents Management

All recordable and lost time injuries will be reported, and investigation initiated within 24 hours of their occurrence.

OH&S Committee

The Committee shall ensure compliance to applicable legal and other requirements, emergency preparedness and response, the elimination of hazards, and OH&S risks. To provide leadership, guidance and support, Plant Managers will meet regularly with the health & safety committee.



MATERIAL TOPIC

TEAM MEMBER HEALTH AND SAFETY

Neapco team members are committed to safe and responsible operations. Neapco's culture of health and safety is based on the strategic priorities of commitment, risk prevention, asset protection, compliance, control & monitoring and community. Emphasis is also placed on the overall well-being of our team members.

Commitment

Neapco has a documented safety program that includes every level and area of the organization and is integrated into our policies and procedures. A culture of safety is a high priority.

Risk Prevention

Neapco uses the hierarchy of controls to identify and prevent incidents:

- Elimination: physically remove any hazards
- Substitution: replace the hazard
- Isolation: isolate team members from the hazard
- Engineering Controls: engineer out the hazard
- Administrative Controls: change the way team members work
- PPE: protect team members with appropriate personal protective equipment

In addition, team members are encouraged to not engage in high-risk activities through a comprehensive training program.

Asset Protection

Integrating asset protection within health and safety involves safeguarding both physical and human assets in the workplace. This holistic approach ensures that Neapco is well-prepared to handle potential risks, minimizing financial losses and protecting the well-being of employees. Intellectual assets, including confidential team member information and proprietary information of our customers and suppliers, are protected through a robust cyber security program.

Compliance

Each of Neapco's manufacturing locations has a health and safety management system to monitor and audit processes for compliance with safety guidelines. Two of Neapco's locations are ISO 45001 certified, with all other locations pursuing certification.

Continued on next page >



Each of Neapco's manufacturing locations has a health and safety management system to monitor and audit processes for compliance with safety guidelines.



Community

Neapco has identified health and safety as a universal priority. Each location has its own health and safety program, implemented based on local laws and regulations and the processes necessary for that location's output. The programs are managed by health and safety committees, made up of team members from all functional areas. These committees are charged with infusing health and safety throughout the Neapco community. To ensure consistency and coordination of best practices, global oversight is provided by the Global Director, Environmental Health & Safety. Through this role, incident trends are reviewed and shared across all locations.

Control & Monitoring

Control and monitoring are critical components of an effective health and safety management program. They help ensure that risks are managed appropriately, and that the workplace remains safe for employees. Policies and procedures are developed with health and safety in mind. Management systems ensure the consideration of all aspects of health and safety, and routine inspections and safety audits are organized to identify potential hazards.

Well-being

Offering a well-being program fosters a healthier and more productive environment and healthy team members are a key component to a thriving business. Neapco's Well-Being Program considers all aspects of health for individual team members, the organization as a whole and the communities in which we operate.

Well-being programs for the individual include comprehensive health benefits that cover physical, mental and preventive care. Health benefits are tailored to meet the needs of each local population, with global oversight to ensure the best possible plan. Some topics covered by these programs include exercise and nutrition, stress management and work-life balance.

As an organization, Neapco strives to create a safe and healthy environment for all team members. Our global locations have programs focused on training and education, career development, and social activities. Our leadership promotes a culture of inclusivity, work-life balance and financial transparency.

Team members are encouraged to get involved in their communities. The Cares and Shares committee promotes volunteerism and civic engagement to strengthen community bonds. The focus of volunteer opportunities is determined by team members, which increases engagement. Neapco contributes to the global community through product innovation, environmental objectives and social initiatives. Job training and career development programs are offered to enhance economic stability and personal growth.



MATERIAL TOPIC

DIVERSITY AND BELONGING

Neapco’s belonging strategy continues to evolve. In 2023 we focused on aligning the Global Belonging Council (GBC) with local belonging teams. The GBC includes 25 team members, with representation from each location. In support of the global strategy, each local belonging team completes belonging activities throughout the year. Integrating new team members is an ongoing priority.

Global Belonging Council Vision

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

Global Belonging Council Mission

Neapco strives to provide an inclusive environment, promoting growth and equity, fostering open-mindedness, teamwork, opportunity, creativity, and respect. We seek to create a culture that values unique contributions and builds a greater understanding of team members, communities, and customers, enabling us to become better, faster, and stronger.

The GBC is made up of team members who voluntarily contribute their time to develop and implement organization goals related to diversity and belonging (DEIB). So that the various aspects of the GBC receive appropriate attention, four focus teams have been created:

GBC Training: This team is focused on implementing a training program encompassing the topics of diversity, equity, inclusion, and belonging. The program supports a multicultural education that will strengthen connections amongst team members and with global partners.

GBC Branding & Marketing: This team is focused on the promotion of all actions of the larger GBC team, as well as communicating the overall belonging strategy.

GBC Cares & Shares: This team is focused on developing a corporate volunteer program and supports DEIB events in the communities in which we operate.

Local team members volunteer their time and effort to support the goals of the Global Belonging Council.

GBC Global Council Team: This team is focused on all cultural topics and serves as the connection to each local belonging team.

Each local belonging team supports a shopfloor station with the objective of sharing information. These stations are accessible by all team members and announce local team membership and share the strategy, goals and activities of the GBC.

In 2023, the GBC prioritized community Cares & Shares activities, the promotion of GBC activities at each location, and engagement of DEIB training for all team members.

8 DECENT WORK AND ECONOMIC GROWTH



MATERIAL TOPIC

TEAM MEMBER ENGAGEMENT AND RETENTION

Neapco defines employee engagement as an employee's connection to the organization, commitment to team members and partners and dedication for their work. It goes beyond simple job satisfaction and encompasses the extent to which a team member feels connected to the organization's goals and values and is motivated to do their best work.

Team members who are only satisfied with their employment may stay with the organization for a long while and meet expectations. An engaged team member is committed to organizational success and will be inspired to exceed expectations. Engagement leads to innovation, proactivity and dedication to continuous improvement.

To better measure the engagement of our team members, we have developed the Neapco Global Engagement Survey (NGES). This is a structured and systematic approach that assesses the level of team member engagement. The survey allows for anonymous, open and honest feedback and provides an opportunity for direct communication between team members and leadership. Survey results are used to determine where additional support is needed.

In addition to this new tool, Neapco has a team member recognition system and a succession planning program. Both offer opportunities to further engage team members.

These global actions allow us to validate team member engagement and identify areas of improvement to improve employee retention and overall wellbeing.

Neapco utilizes new technologies and systems to standardize tools for the engagement, retention, and development of team members.





MATERIAL TOPIC

TRAINING, EDUCATION AND DEVELOPMENT

The continuous learning culture describes a set of values and practices that encourage individuals and organizations to increase knowledge, competence, performance, and innovation. To improve our processes that support this culture, we have begun development of a global learning management system (LMS). This new system offers a wide range of training opportunities for all team members. Team members will have access to functional learning paths, which will allow for increased minimum annual training hours. The LMS will also provide accurate tracking, standardized key performance indicators and global standardized training reports. These functional learning paths were developed by functional area team members and are specific, based on a team member’s position, length of time with the organization and short- and long-

term goals related to the succession planning program. Work for this project will conclude in 2024 when the new LMS, named Neapco Academy, will be launched.

Neapco’s Talent Management Framework includes six components to support excellence:

1. Culture, engagement & rewards
2. Talent acquisition
3. Employee performance management
4. Training and development
5. Succession planning & career management
6. Operational effectiveness

The global team had many successes in 2023:

- Since the launch of the training dojo, Neapco Drivelines has welcomed well over 400 diverse new hires and conducted more than 50 Forklift certification courses. The dojo has also hosted

several plant-wide quality and safety training initiatives. Beyond the initial onboarding, the Neapco team remains actively involved in each team member’s training Journey, ensuring the strengthening of job skills and understanding and continuous improvement. As we celebrate the second anniversary of the dojo, we look back with pride at the achievements of the Neapco Driveline training program.

- The team in Praszka is continuously working to improve the skills of existing leaders and develop new leaders. To support this the team has implemented:
 - o Delivery of the leadership program for a new group of leaders and high potential team members. 14 team members participated over 12 days of training.

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



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- o An additional module of the leadership program for supervisors and high potential team members; 64 team members participated.
- o A local mentoring program for supervisors. 12 mentors provided support to 15 mentees in the first edition of this new program.
- o A plan to share best practices in the development of our training and education programs with the rest of the Neapco locations.
- The Düren plant completed several training and education initiatives and celebrated some milestones in 2023:
 - o 55th anniversary of operations at this location, including 40 years of formal training opportunities. This milestone was celebrated with a special event for all team members.
 - o The strategic decision to transition this plant from component manufacturing to electric vehicle assembly, growing the Neapco product portfolio and providing

new opportunities for team member leadership and development.

- o Education sessions on managing stress.
- o Development of training curriculum for the Neapco Academy.
- o Training for special groups on data protection.
- o Training from external experts on environmental management, first aid, and dealing with stress.
- In Saltillo, an organizational development program was implemented over six months. All team members at every level were included. The objectives of the program included:
 - o Strengthen teamwork, collaboration, accountability and leadership. More than 350 team members participated.
 - o Coverage on the topics of human rights, equal opportunity employment and non-discrimination as part of the requirements for recertification as a Socially Responsible Company.
 At the site in Shanghai:

- o Every team member attended a belonging workshop.
- o The team is focused on continuous improvement, specifically with customer specific requirements and trainings related to certification.

Other training and development initiatives are underway:

- Streamline the performance review process through the use of an online portal.
- Implement a 360° global survey to identify competency gaps and drive development plans.
- Standardize onboarding and on-the-job training globally.

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



SOCIAL INITIATIVES



At Neapco, we understand that sustainability extends beyond environmental topics—it includes social responsibility, too. We prioritize initiatives that support our employees' well-being and development, ensuring fairness, equal opportunities, and safety. We invest in training, promote diversity, and create an empowering workplace culture.

Moreover, we engage with local communities to support education, health, and economic development through volunteering, donations, and partnerships. We are proud to showcase examples of these social initiatives alongside our environmental efforts, demonstrating our commitment to holistic corporate responsibility. We aim to create lasting value for stakeholders and contribute to a more equitable and prosperous future.

Beatrice

Social activities in Beatrice focused on celebrating team members and the community. Two company-wide picnics were hosted. Team members and their families connected with one another, enjoyed a meal and played games. With an emphasis on basic needs of the community, the team organized:

- Annual blood drive
- Annual turkey drive: 12 turkeys were donated to the local food pantry and 10 were donated to the American Legion.
- Annual holiday food drive to benefit the local food pantry.

Through the year the team also focused on individuals within the community:

- The Adopt-A-Senior event collected items needed for local senior care facilities.
- A toy drive collected several toys that were donated to three different local agencies.
- We hosted a children's holiday party with craft activities, hot chocolate and cookies. Santa had a gift for each child.

Belleville

The team in Belleville emphasizes the celebration of team members by planning events around birthdays and anniversaries and recognizing exceptional actions. Throughout the year, team members are invited to join appreciation events such as a summer picnic and a holiday luncheon. Activities are also planned for annual occasions like International Women's Day.

The team also supported the local community by holding a toy drive for Toys for Tots and donating over 1,600 pounds of food to Gleaners.

Düren

2023 marked the opening of the Employee Oasis at our Düren facility. A tranquil space for team members to enjoy was developed with the creation of a pond and the addition of several trees. A local Belonging Council was established. Throughout the year, the team members were celebrated. Some examples include the Jubilee with entertainment and dinner, International Women's Day with flowers for all women, and gifts for all team members during the holiday season. Training sessions covered safety topics such as fire protection and first aid. The Düren team made connections with the community through two blood drives and the offering of vocation training to the long-term unemployed.

SOCIAL INITIATIVES

Praszka

Our team members in Praszka are involved in a variety of social activities that have a positive impact on the environment, company culture and the surrounding community. Some activities that specifically benefit the environment include:

- Tree Day: team members and their families planted 130 trees around the facility.
- Car-free Day: 95 team members rode their bicycles to work, for a total of 721.6 kilometers biked and a total emissions reduction of 171k.
- Forest Cleaning Action: for World Earth Day the team picked up trash in nearby forests.

Neapco also planned several activities to benefit charity organizations and the surrounding communities:

- The Great Orchestra of Christmas charity event: three events were organized to benefit this charity foundation, which collects donations to purchase medical equipment. The team in Praszka participates in this event annually, at the end of January.
 - o Swimming Night Marathon: 181 participants collectively swam 564km, with Neapco donating 10 PLN for each kilometer.
 - o Walk/Run Marathon: 327 participants walked/ran 3,492km, with Neapco donating 1 PLN for each kilometer.
 - o Blood Collection Campaign: 45 participants donated over 20 liters of blood.
- Blood donation: five additional blood drives were held in 2023. 118 team members donated 51,100 liters.
- Events specifically focused on fun and well-being for children include:
 - o Plant tour for a local primary school.
 - o The Neapco Cup football tournament for children from local schools.
 - o Children's Day: a company-sponsored day by the water for the children of our team members.
 - o Food collection drives: one to benefit children with disabilities and another to support local families during the holidays.
 - o Winter Charity Exhibition: in cooperation with the Christmas Market charity organization, team members could purchase decorations made by students with disabilities, with all proceeds going to the charity.
- Many activities to develop current and future team members were also organized:
 - o A new cohort of the leadership program was started. The training includes 12 full days of training across one year and is geared towards current leaders and others with high potential for leadership.
 - o The leadership program for supervisors and high potential team members added a new module focused on change management.
 - o Hosted students from a local technical university to view product demonstrations and tour the facility.



SOCIAL INITIATIVES

Saltillo

We consider our facility in Saltillo as the example for corporate social responsibility. This location has achieved Socially Responsible Company certification for the last two years. This distinction publicly recognizes companies that have voluntarily adopted the commitment to integrate a sustainable vision into their business strategy through social responsibility. In 2023 this facility received recognition from the Rotary Club of Saltillo for its contribution to local social programs.

The team prioritizes actions to benefit communities such as:

- Meal deliveries and food donations to local hospitals and to Nuevas Opciones de Vida, a shelter dedicated to protecting women and children who are

victims of family violence. This program benefited 200 individuals in 2023.

- All 415 unionized team members donated to the Mexican Red Cross.
- 63 children benefited from the annual sponsor-a-child donation event.
- Team members donated 22 volunteer hours to fund raise at local schools, which benefited 213 children.
- Plastic caps were collected and donated to benefit the Foundation for Children with Lupus.

Activities to support and celebrate team members and their families were organized:

- Catrinas y Catrines contest to celebrate the Mexican tradition of Dia de Muertos.

- Mad Hatter children's contest where children used recycled items to create innovative hats.
- A contest to determine The Most Mexican Salsa – to celebrate Mexican heritage.
- The largest annual event for the team in Saltillo is Family Day – a day for team members to share their workplace with family. Families are welcomed into the facility for a tour, demonstrations and fun activities. This year, the event hosted over 1,400 people.
- Ribeye Fest, where team members compete for the tastiest steak.
- Children's Christmas Party.
- Seniority recognition event to celebrate team members with 5, 10, 15 years of service.



Governance

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

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



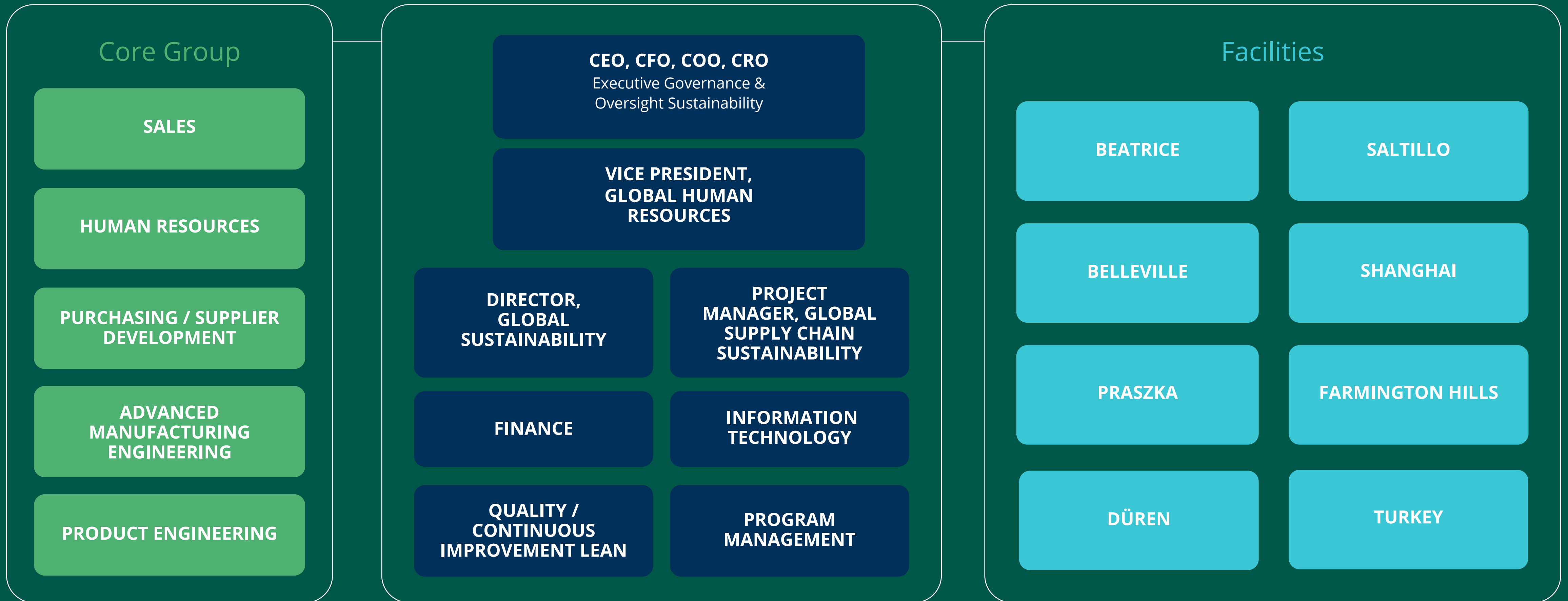
GOVERNANCE INTRODUCTION

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

Our Governance Material Topics Include:

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

SUSTAINABILITY LEADERSHIP





MATERIAL TOPIC

CORPORATE GOVERNANCE AND OVERSIGHT

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

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

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

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

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

Finally, global focus teams meet regularly to drive initiatives in eight key areas: suppliers, energy, waste, water, working conditions, training & awareness, corporate social responsibility & business ethics, and management systems & lean.



MATERIAL TOPIC

SUPPLIER ENGAGEMENT

Our Project Manager, Global Supply Chain Sustainability has been with Neapco for 12 years and holds suppliers and partners to the highest level of integrity in processes and practices.

Neapco requires all supply partners follow the AIAG “Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain.” As we strengthen our own capabilities to assess our ESG impacts internally, we also look for opportunities to help our suppliers. Neapco has developed a Supplier Sustainability Program that will provide training and assistance to suppliers on various subjects, including

properly reporting sustainability-related data. Neapco partners with Assent, which offers a platform to assist with the management of supply chain risk and compliance, including completion of the Conflict Minerals Report Template and the gathering of environmental, human rights and diversity data. Neapco also partners with NQC to deliver the Supplier Assessment Questionnaire (SAQ) to gain insight into supplier policies and team member training. The ultimate goal of Neapco’s Supplier Sustainability Program is to assess the level of understanding of sustainability topics for suppliers and help guide our supply partners in their Sustainability journey. The collection of

ESG and climate-related metrics will be used to assess each supplier and suggest training as appropriate.

In 2023 we improved scope 3 data collection to engage all suppliers. We are able to more accurately report our environmental impact and prioritize training and assistance for our suppliers.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



MATERIAL TOPIC

RISK MANAGEMENT AND INNOVATION



Neapco continues to invest in research and development related to sustainable mobility solutions. From a halfshaft perspective, we are continuing to refine our 4Ever halfshaft portfolio for electric vehicles by enhancing the efficiency and durability through strategic investments in cutting-edge technologies. One such investment includes the acquisition of a state-of-the-art real-time dyno system. This advanced testing infrastructure will enable us to optimize our designs by giving us the ability to simulate and analyze unique duty cycles associated with electric powertrains in real-time, under various driving conditions.

On the propshaft side, we are an industry leader in providing lightweight aluminum designs that directly contribute to increased fuel economy in leading brands of mid-size & full-size trucks and SUVs. Aluminum is highly recyclable, with the potential for infinite recycling without loss of quality. This inherent recyclability reduces the environmental impact associated with the production and disposal of propshaft components, further contributing to sustainability by conserving resources and reducing waste.

Continued on next page >

Neapco continues to invest in research and development related to sustainable mobility solutions.

Sustainability through conversion to lightweight aluminum designs

Neapco is an industry leader in providing lightweight aluminum designs that directly contribute to increased fuel economy in leading brands of mid-size & full-size trucks and SUVs. Aluminum is about 1/3 the density of steel, providing the perfect blend of strength and low mass as a propshaft material. Neapco engineers have developed several innovative designs to replace traditional steel with alternative lightweight aluminum designs.

Aluminum is highly recyclable, with the potential for infinite recycling without loss of quality. This inherent recyclability reduces the environmental impact associated with the production and disposal of proprietary materials, resulting in further sustainability by conserving resources and reducing waste.

In addition, aluminum propshafts are inherently resistant to corrosion, thus eliminating the corrosion factor associated with painting processes, which can be significant.



Example Steel Driveshaft

- Recyclable steel and ductile iron content
- Recyclable carbonized liners
- Difficult or no recycling of EPDM, grease and thermoplastic boots
- Increased labor, energy required to produce
- Significant weight for the vehicle, 42.9 lbs as shown

Equivalent Aluminum Driveshaft

- Recyclable aluminum and ductile iron content
- Recyclable carbonized liners for foam wrapped liners
- Limited uses of difficult recyclability content such as EPDM and thermoplastic materials
- Reduced labor, energy required to produce
- Weight of 25.8 lbs as shown – 17.2 lbs reduction in mass vs steel, leading to lower fuel or energy requirements for vehicle propulsion



At Neapco we are also actively innovating to redefine future mobility trends. As part of our commitment to sustainable transportation solutions, we are proud to announce our ongoing development of an in-wheel motor technology. This groundbreaking initiative represents a paradigm shift in automotive engineering, enabling us to integrate propulsion directly into the wheels of vehicles.

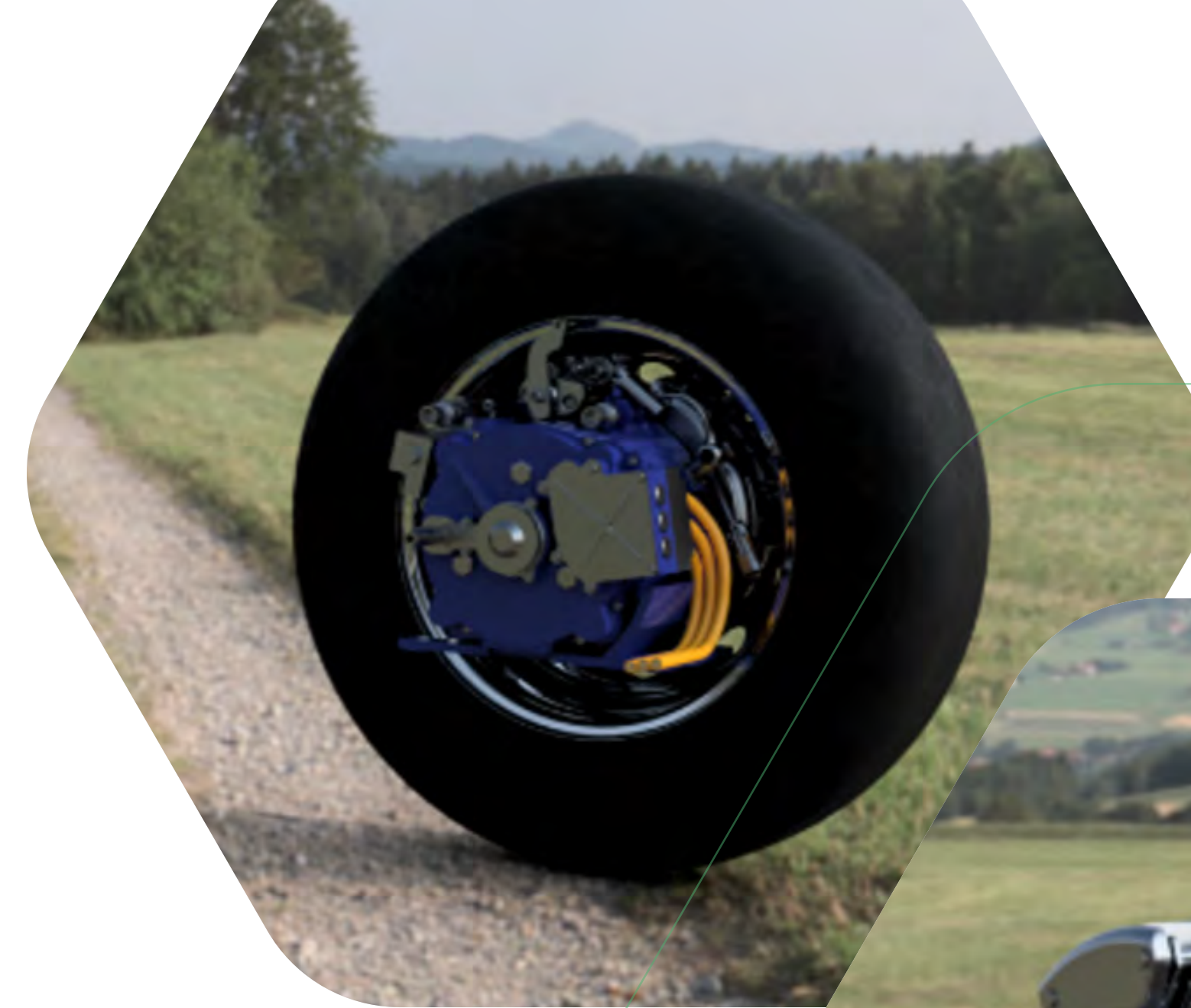
The SuperBear system is a compact, high-power, and high-torque in-wheel motor propulsion system, which frees up space occupied by powertrain components in conventional ICE and EV platforms.

This innovative integrated system combines advanced geared propulsion and state-of-the-art in-wheel electric motor technology, which results in enhanced vehicle safety, control, performance, and functionality. By simplifying vehicle architecture, it paves

the way for a fresh approach to vehicle design, enabling new/extended end customer use cases.

From a sustainability perspective the following aspects are of main importance:

- Reclaimed space for passengers and/or cargo offers the potential of lesser drives.
- Due to reduction of weight and improved aerodynamics in combination with high efficiency tailored to the customer drive cycles, energy consumption is reduced compared to standard systems.
- Designed to minimize chassis modification, the system is especially suited for retrofit applications supporting a circular economy approach.



LOOKING FORWARD

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

- Additional dedicated resources for sustainability-related initiatives
- Continued research and development for electric vehicle applications
- Increased support for our supply chain
- Focus on determining emissions at the product level



COMPANY PROFILE

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

www.neapco.com

Privately held company





Appendix

- 51** GRI Content Index
- 59** SASB Standards Index
- 60** TCFD Recommendations

GRI STANDARDS INDEX


Statement of use: Neapco Holdings, LLC has reported in reference to the GRI Standards for the period January 1, 2023 to December 31, 2023

GRI 1 used: GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)

General Disclosures

GRI 2: General Disclosures 2021

2-1	Organizational details	Legal name: Neapco Holdings, LLC Privately-Held 38900 Hills Tech Dr, Farmington Hills, MI 48331 Countries of operation: USA, Germany, Poland, China, Mexico, Turkey
2-2	Entities included in the organization's sustainability reporting	a. Neapco Holdings, LLC b. Audited consolidated financial statements and other financial information is not filed on public record due to Neapco being a privately-held organization. c. All entities of Neapco Holdings were included in this report. ii. There were no mergers, acquisitions, or disposals of entities or parts of entities in the reporting year. iii. The approach is consistent across all disclosures and material topics.
2-3	Reporting period, frequency and contact point	Reporting period: January 1, 2023 to December 31, 2023 Frequency of reporting: Annually Report publication date: 11/01/23 Contact point for any questions: marketing@neapco.com
2-4	Restatements of information	Greenhouse gas emissions disclosed in this report differ from those reported to CDP historically for Neapco Holdings, LLC due to the use of a more reputable methodology for calculations moving forward.
2-5	External assurance	In all material aspects, Neapco has adhered to the AA1000AS v3 2018 standard and has prepared this report to support a Moderate level of assurance for reliable and quality performance data for the year ending December 31, 2023.  2023_Neapco AA1000 Assurance Letter
2-6	Activities, value chain and other business relationships	At Neapco we provide high quality, cost-effective OEM and aftermarket driveline products for automotive, light truck, heavy truck, off-road, off-highway, agriculture, and industrial applications. Neapco offers a variety of products for the current automotive market as well as innovative products for the electric vehicle and solar panel markets. More information can be found on page 6, About Neapco; and page 44, Supplier Engagement
2-7	Employees	Worldwide employees: over 3,000 Page 6, About Neapco; Page 33, Diversity and Belonging

General Disclosures

2-8	Workers who are not employees	
2-9	Governance structure and composition	Page 42, Sustainability Leadership, and page 43, Corporate Governance and Oversight Because Neapco is a privately-held company with a sole owner, Neapco's executive team serves as the highest governing body.
2-10	Nomination and selection of the highest governance body	Because Neapco is a privately-held company with a sole owner, Neapco's executive team serves as the highest governing body.
2-11	Chair of the highest governance body	Because Neapco is a privately-held company with a sole owner, Neapco's executive team serves as the highest governing body. Regular oversight by company ownership governs conflicts of interest.
2-12	Role of the highest governance body in overseeing the management of impacts	Page 43, Corporate Governance and Oversight
2-13	Delegation of responsibility for managing impacts	Page 43, Corporate Governance and Oversight
2-14	Role of the highest governance body in sustainability reporting	Page 43, Corporate Governance and Oversight
2-15	Conflicts of interest	Alleged conflicts can be reported through the third-party ethics line or directly to local and/or corporate Human Resources and/or Leadership team members, which includes up to the Shareholder. Once reported, the Vice President, Global Human Resources, informs the necessary stakeholders of any/all reported conflict(s) and any/all courses of action taken.
2-16	Communication of critical concerns	Page 43, Corporate Governance and Oversight b. No critical concerns were reported in the reporting year.
2-17	Collective knowledge of the highest governance body	Page 43, Corporate Governance and Oversight
2-18	Evaluation of the performance of the highest governance body	Team members complete an annual focus plan, aligned with key company directives and Neapco's annual strategic plan. It is expected that managers will monitor performance against these focus plans and provide honest feedback throughout the year. The process includes a formal review midway through the year, when progress toward objectives is evaluated and, if necessary, adjusted. A final review is performed at year-end. The final review is used as input into the next year's planning and may also be used as a resource to determine merit increase, incentives, and promotions. Team members at all levels within the organization follow this same general process, although there may be differences in format and documentation. The annual performance evaluation of the executive leadership's goals and objectives are measured in accordance with the annual budget targets and strategic plan.
2-19	Remuneration policies	Neapco Holdings, LLC is privately held and does not publicly disclose remuneration policies.
2-20	Process to determine remuneration	Neapco Holdings, LLC is privately held and does not publicly disclose remuneration policies.

General Disclosures

2-21	Annual total compensation ratio	Neapco Holdings, LLC is privately held and does not publicly disclose compensation.
2-22	Statement on sustainable development strategy	Pages 3-5, A Letter from Our President and CEO
2-23	Policy commitments	Page 41, Governance Introduction
2-24	Evaluation of the performance of the highest governance body	Page 41, Governance Introduction
2-25	Remuneration policies	Pages 3-5, A Letter from Our President and CEO
2-26	Process to determine remuneration	Neapco uses a third-party platform called EthicsPoint. Employees, Suppliers, Customers and the Community have access to this system through Neapco's website. Concerns can be confidentially reported through the system. Neapco's Human Resources team is responsible for receiving the concerns and acting upon them. https://secure.ethicspoint.com/domain/media/en/gui/55587/index.html
2-27	Annual total compensation ratio	In the reporting year, there were no significant instances of non-compliance with laws and regulations. Therefore, this disclosure is not relevant.
2-28	Statement on sustainable development strategy	AIAG (Automotive Industry Action Group); OESA (Original Equipment Suppliers Association)
2-29	Policy commitments	Page 12, Materiality
2-30	Collective bargaining agreements	a. 54% of employees in the United States are covered by collective bargaining agreements. Note that this information is currently only available for United States facilities. b. All employees regardless of coverage by a collective bargaining agreement have access to the same working conditions and terms of employment. The only exception to this is that employees not covered by a collective bargaining agreement do not have access to a union representative.

Material Topics

GRI 3: Material Topics 2021	3-1	Process to determine material topics	Page 12, Materiality
	3-2	List of material topics	Greenhouse Gas Emissions; Energy Management; Waste Management and Circular Economy; Water Management and Wastewater; Team Member Health and Safety; Diversity and Belonging; Team Member Engagement and Retention; Training, Education, and Development; Risk Management and Innovation; Corporate Governance and Oversight; Supplier Engagement
Energy			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 20, Energy Management

Material Topics: Energy

GRI 302: Energy 2016	302-1	Energy consumption within the organization	449,417 GJ
	302-2	Energy consumption outside of the organization	Energy consumption outside of the organization is not currently tracked.
	302-3	Energy intensity	0.00048 Gigajoules/USD
	302-4	Reduction of energy consumption	Page 21, Energy consumption by source.
	302-5	Reductions in energy requirements of products and services	Neapco has not yet completed a life cycle analysis (LCA) on its products to determine the total energy requirements of sold products. Therefore, Neapco can not yet speak to the reductions in energy requirements of sold products and services.

Water and Effluents

GRI 3: Material Topics 2021	3-3	Management of material topics	Page 24-25, Water and Wastewater Management
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Page 24-25, Water and Wastewater Management
	303-2	Management of water discharge-related impacts	Page 24-25, Water and Wastewater Management
	303-3	Water withdrawal	<p>a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; Not relevant ii. Groundwater; Not relevant iii. Seawater; Not relevant iv. Produced water; Not relevant v. Third-party water. 171.2 ML <p>b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; Not relevant ii. Groundwater; Not relevant iii. Seawater; Not relevant iv. Produced water; Not relevant v. Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv. 171.2 ML <p>c. A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); 171.2 ML ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). Not relevant

Material Topics: Water and Effluents

	303-4	Water discharge	<p>a. Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable:</p> <ul style="list-style-type: none"> i. Surface water; ii. Groundwater; iii. Seawater; iv. Third-party water, and the volume of this total sent for use to other organizations, if applicable. 171.2 ML <p>b. A breakdown of total water discharge to all areas in megaliters by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); 171.2 ML ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). Not relevant <p>c. Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories:</p> <ul style="list-style-type: none"> i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids); 171.2 ML ii. Other water ($> 1,000$ mg/L Total Dissolved Solids). Not relevant
	303-5	Water consumption	173.58 ML

Emissions

GRI 3: Material Topics 2021	3-3	Management of material topics	Page 17, Greenhouse Gas Emissions
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	6,586 MT CO ₂ e
	305-2	Energy indirect (Scope 2) GHG emissions	27,241 MT CO ₂ e
	305-3	Other indirect (Scope 3) GHG emissions	494,391 MT CO ₂ e
	305-4	GHG emissions intensity	0.00048 MT CO ₂ e/ USD Revenue
	305-5	Reduction of GHG emissions	By 2031, Neapco plans to reduce our absolute Scope 1 and 2 emissions by 46.2% from our 2021 baseline.
	305-6	Emissions of ozone-depleting substances (ODS)	Neapco did not produce, import, or export ODS. Therefore, this disclosure is not relevant.
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Neapco does not currently track the production of NO _x , SO _x , POP, VOC, HAp, PM, or other air emissions categories due to the minimal impact of Neapco's operations on these substances. Therefore, this disclosure is not relevant.

Waste			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 22, Waste Management and Circular Economy
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	18,427 MT
	306-2	Management of significant waste-related impacts	Page 22, Waste Management and Circular Economy
	306-3	Waste generated	18,427 Metric Tons
	306-4	Waste diverted from disposal	16,392 Metric Tons
	306-5	Waste directed to disposal	2,035 Metric Tons
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 44, Supplier Engagement
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Neapco implemented a program to screen suppliers using environmental criteria through a partnership with Assent, a supply chain management organization specializing in sustainability.
	308-2	Negative environmental impacts in the supply chain and actions taken	Neapco implemented a program to screen suppliers using environmental criteria through a partnership with Assent, a supply chain management organization specializing in sustainability.
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 31, Team Member Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Page 31, Team Member Health and Safety

Occupational Health and Safety

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

Training and Education

GRI 3: Material Topics 2021	3-3	Management of material topics	Page 35-36, Training, Education, and Development
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GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Page 35-36, Training, Education, and Development
	404-2	Programs for upgrading employee skills and transition assistance programs	Page 35-36, Training, Education, and Development
	404-3	Percentage of employees receiving regular performance and career development reviews	In the reporting year, 51% of females and 55% of males received regular performance and career development reviews. This information is reported for operations in the United States.

Diversity and Equal Opportunity

GRI 3: Material Topics 2021	3-3	Management of material topics	Pages 33, Diversity and Belonging
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Page 33, Diversity and Belonging a. A gap has been identified in gathering data on diversity and belonging metrics. In the future, Neapco Holdings has plans to expand data collection and reporting of diversity and belonging metrics.
	405-2	Ratio of basic salary and remuneration of women to men	Neapco Holdings is a privately-held organization. Therefore, salary information is not publicly available.

Non-discrimination

GRI 3: Material Topics 2021	3-3	Management of material topics	Page 43, Corporate Governance and Oversight
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There have been no incidents of discrimination during the reporting period. Therefore, this disclosure is not relevant.

Supplier Social Assessment

GRI 3: Material Topics 2021	3-3	Management of material topics	Page 44, Supplier Engagement
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	100% of suppliers were screened through SAQ 4.0.
	414-2	Negative social impacts in the supply chain and actions taken	100% of suppliers were screened through SAQ 4.0.

SASB STANDARDS INDEX

Topic	Accounting Metric	Category	Unit of Measure	Code	2021 Response
Energy Management	"(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable."	Quantitative	Quantitative	TR-AP-130a.1	Total energy consumed: 449,417 GJ Percentage grid electricity: 100% Percentage renewable: 0%
Waste Management	"(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled."	Quantitative	"Metric tons (t), Percentage (%)"	TR-AP-150a.1	Total Waste: 18,427 Metric Tons Percentage hazardous: Percentage recycled: 89%
Product Safety	Number of recalls issued, total units recalled.	Quantitative	Number	TR-AP-250a.1	0
Design for Fuel Efficiency	"Revenue from products designed to increase fuel efficiency and/or reduce emissions."	Quantitative	Reporting Currency	TR-AP-410a.1	Aluminum vs. steel
Materials Sourcing	"Description of the management of risks associated with the use of critical materials."	Discussion and Analysis	n/a	TR-AP-440a.1	Neapco has partnered with a third-party supply chain data expert to assist with the collect of conflict minerals and other data.
Materials Efficiency	Percentage of products sold that are recyclable.	Quantitative	Percentage (%)	TR-AP-440b.1	Not yet
	"Percentage of input materials from recycled or remanufactured content."	Quantitative	Percentage (%)	TR-AP-440b.2	Not yet
Competitive Behavior	"Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations."	Quantitative	Reporting Currency	TR-AP-520a.1	\$0 USD

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

TCFD RECOMMENDATIONS

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

<p>Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning, where such information is material.</p>	<p>B: Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p>	<p style="background-color: #4CAF50; color: white; padding: 5px;">Reasoning</p> <p>Throughout the last year, Neapco has worked on several projects to increase efficiency and lower emissions associated with our products. Knowing we must continually advance our products to meet the needs of our customers to reduce their Scope 3 emissions, we consider the materials used in our products. Weight is a critical factor in our end products and every opportunity to reduce weight is investigated. Reducing the weight of our products translates lower emissions for transportation to our customers, as well as lighter vehicles and lower emissions during vehicle use. In addition, aluminum is the lighter weight material chosen for many end items. Aluminum is easy to reuse and recycle, which allows us to reduce our reliance on raw materials and work toward a circular economy. In addition, we are always trying to increase the efficiency in our manufacturing processes.</p> <p>GHG Emissions: In 2021, Neapco finished our first company-wide Greenhouse Gas Inventory. This year we have worked to complete our second inventory for Scopes 1 and 2 and our first for Scope 3. Aligned with the GHG Protocol Corporate Accounting and Reporting Standard, this year’s inventory covered all relevant sources of Scope 1 and Scope 2 emissions, and the data and calculations used in the inventory have been verified by a third party on the principles of relevance, completeness, consistency, accuracy, and transparency. We used 2021 as our baseline year for GHG emission targets and analysis. Additionally, last year we completed a Scope 3 Screening and was used in the prioritization and calculation of our Scope 3 emissions for the most relevant categories for Neapco’s business operations. The original Screening identified Purchased Goods and Services as the largest contributor to Scope 3 emissions, however, upon further review, it was concluded that Upstream Transportation and Distribution was the largest. As a result of this, we will be making stronger efforts to engage with suppliers.</p> <p>Energy Management: Energy management is overseen by plant managers and the Sustainability Governance Board. We set some energy-related targets for our KPIs specific to energy management.</p> <p>Waste Management: Our production process considers circularity and end-of-life for all of our products and materials. We have been carrying out processes that produce and utilize lighter materials for improved energy-efficient, reduced material requirements and inputs, and reduced waste. We manage our waste streams carefully, choosing the cost efficient scrap yards, recycling all materials possible, and separating the waste into appropriate groups for the best possible results.</p> <p>Water Management: Our risk assessment process uses a combination of the WRI Aqueduct Water Risk Atlas and the WWF Water Risk Filter to identify and assess the impacts of a variety of water risks for each facility. Risks are broken down by operational and basin risks, and reputational risk. Based on these risks, each facility is given a score from 1 (very low risk) to 5 (very high risk). These risks are included in a scenario analysis from 2021 through 2050, including a business-as-usual scenario, an optimistic scenario, and a pessimistic scenario. Based on these identified risks in the WWF Water Risk Filter, Neapco will prioritize actions to mitigate these risks either at a facility level or company-wide if it ranges across all facilities.</p>
	<p>C: Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2 degree C or lower scenario.</p>	<p>Neapco committed to SBTi because we understand the crucial role the business community can play in minimizing the risk climate change poses to the future of our planet. We have established science aligned near-term targets for Scope 1, 2 and 3 emissions. These targets have been approved by the Science Based Target initiative. By 2033, Neapco will reduce our absolute Scope 1 and 2 emissions by 54.6% from our 2022 baseline.</p>

<p>Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>A: Describe the organization's processes for identifying and assessing climate-related risks.</p>	<p>Over the last few years, we cultivated our Sustainability Governance Board and Working Group to oversee and implement our sustainability practices. The Governance Board is responsible for overseeing all sustainability practices and performances including setting environmental KPIs and targets. Neapco already completed a thorough Materiality Assessment to find areas where we can have the most impact for our stakeholders, and for Neapco's business. The results of the assessment showed the topics that are now the focus of Neapco's sustainability initiatives and goal setting.</p> <p>Climate Risk Analysis: We utilized the Taskforce on Climate-Related Financial Disclosures (TCFD) to shape our climate analysis and the types of transition risks we looked through. Additionally, we used the Shared Socio-economic Pathways (SSP) which are scenarios of projected socioeconomic global changes up to 2100. The SSPs set the stage on which reductions in emissions will, or will not, be achieved based on factors including climate policies, socioeconomic development, and technology.</p>
	<p>B: Describe the organization's process for managing climate-related risks.</p>	<p>SBTi: We are submitting our Scope 1, 2, and 3 emissions reductions targets to SBTi for approval. By 2031, Neapco plans to reduce emissions by 46.2% from 2021 baseline. The management of these targets is held by the Sustainability Governance Board and the Working Group.</p>
	<p>C: Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	
<p>Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.</p>	<p>A: Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management.</p>	<p>GHG Emissions: Total: 33,827 MT CO₂e Scope 1: 6,856 MT CO₂e Scope 2: 27,241 MT CO₂e Emissions Intensity: 0.0004 MT CO₂e/USD Revenue</p> <p>Energy Consumption: 449,417 GJ</p> <p>Water Usage: 171 Megaliters</p> <p>Waste: 19,415 MT 2,033 MT to Landfill 17,382 MT Recycled</p>
	<p>B: Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>Scope 1: 6,586 MT CO₂e Risks for Scope 1: Feasibility of decarbonization</p> <p>Scope 2: 27,241 MT CO₂e Risks for Scope 2: Availability of renewable energy sources are limited for entire operations</p> <p>Scope 3: 494,392 MT CO₂e Risks for Scope 3: Availability of thorough and accurate data for each relevant category</p>
	<p>C: Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>SBTi: By 2031, Neapco plans to reduce our absolute Scope 1 and 2 emissions by 46.2% from our 2021 baseline.</p>