

2023 SUSTAINABILTY REPORT

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# OUR SUSTAINABLE ROADMAP

**HDT**  
AUTOMOTIVE





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## VISION

A global team of talented people striving for excellence in all we do.

## MISSION

HDT Automotive is a global team committed to operational excellence, partnering with customers for mutual success and maximizing business value. We relentlessly design and develop innovative processes, products and services to be the preferred supplier of fluid handling, thermal management and precision component solutions.

## VALUES

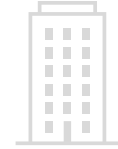
- Our People as Our Priority
- A Safe Work Environment for All
- Total Customer Satisfaction
- Passion for Operational Excellence
- Integrity, Respect & Honesty in All We Do
- One Global HDT Team
- Agility & Innovation
- Open Communication



~3,500  
ASSOCIATES



8 COUNTRIES



10 FACILITIES





**IN THIS SECTION**

- Ethics Office Committee
- Code of Conduct
- Commitment to Human Rights
- Prioritizing Data Protection

**GOVERNANCE**

## Fostering Ethical Conduct and Accountability

We prioritize ethical conduct and accountability within our corporate culture. To reinforce this commitment, we've implemented various ethical standards across our global organization, including our Ethics Office Committee.

Our Ethics Office plays a pivotal role in upholding ethical standards and integrating them into our corporate culture. Comprised of a neutral group of HDT Automotive employees, our council oversees the implementation of ethical guidelines and fosters an environment where employees feel empowered to report concerns or violations for the betterment of the entire organization.

### **Key Functions of the Ethics Office Committee**

Work to identify and provide early warning about new and potentially disruptive problems; track patterns of concern in areas of human rights, environmental and unethical business practices.

- Work with individuals or groups to explore and assist them in determining options to help resolve conflicts, problematic issues or concerns.
- Bring systemic concerns to the attention of the organization for resolution.
- Operate in a manner to preserve the confidentiality of those seeking services and provide support and protection against any form of retaliation.

In our pursuit of a supportive workplace environment, the Human Resources department takes pride in introducing an enhanced grievance reporting mechanism. This mechanism aims to support and safeguard the well-being of our employees.

### **Key Functions of the Grievance Reporting Mechanism**

- Ethics Office Oversight: Neutral facilitators trained for informal conflict resolution.
- Inclusivity: Addressing concerns of employees, managers, stakeholders, and external clients.
- Awareness Campaign: Integration within our Human Rights policy, the Employee Code of Conduct and awareness training aims to educate employees in identifying unethical behavior. Our "Speak Up" flyers are posted in all HDT Automotive locations and translated in local languages providing details on how and what to report.

- Facilitating Safe Reporting: Offering employees several grievance reporting mechanisms for secure and monitored communication with the Ethics Office, ensuring anonymity and protection against retaliation for reporting concerns.

### **Online Reporting Mechanism: Accessibility and Transparency**

We've extended our reporting mechanism online to ensure accessibility and transparency. Employees can easily access, and report concerns via our website, reaffirming our dedication to ethical conduct.

By consistently prioritizing ethical choices, we contribute to a culture of honesty, fairness, and accountability. These efforts not only benefit our organization but also shape a better future for our employees and the wider community.

We remain committed to evolving our ethical practices, fostering an environment where integrity and responsibility are foundational values guiding our actions.



## Upholding Ethical Standards

Ethical conduct is integral to our operations. We have developed and implemented a robust Code of Conduct that delineates the fundamental principles and standards expected from every individual within our organization.

### **Employee Code of Conduct**

Our Code of Conduct serves as a compass, providing clear guidance for ethical decision-making in every aspect of our business. It articulates our commitment to upholding human rights, fostering fair business practices, and ensuring compliance with all relevant laws and regulations.

Our ethical standards embody the highest expectations for each employee, aligning with our values and corporate culture. We affirm our dedication to respecting and promoting human rights in all activities, emphasizing ethical, transparent, and integral business conduct. Strict compliance with applicable laws across jurisdictions is ensured. The Code of Conduct addresses conflicts of interest, emphasizing transparency and disclosure, with a zero-tolerance policy for corruption, bribery, or unethical practices.

To safeguard proprietary information, clear directives on confidentiality are outlined. The Code of Conduct is seamlessly integrated into our day-to-day operations, fostering a shared commitment from leadership to new hires. Regular training sessions and awareness programs reinforce the importance of ethical conduct, emphasizing adherence to our Code of Conduct.

Our Code of Conduct stands as a testament to our commitment to conducting business responsibly, ethically, and with integrity. It underscores our pledge to maintain the highest standards of ethical behavior, fostering a culture where integrity and ethical conduct are the cornerstones of our success.



**HDT**  
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# SPEAK UP

If you see something, say something.

## RIGHT TO REPORT

Speak up if you have a concern regarding a potential violation related to human rights, the environment or unethical business practices.

**Bribery Corruption • Conflicts of Interest • Misuse of Property • Kickbacks**  
**Falsified Expenses • Health & Safety • Child or Forced Labor**

Speak to your Human Resources department.

OR

Email: [ethicsoffice@hdt-auto.com](mailto:ethicsoffice@hdt-auto.com)

Mail: 38701 Seven Mile Rd, Suite 265, Livonia, Michigan, 48152

## WITHOUT RETALIATION

HDT Automotive prohibits any retaliation against an employee, individual or entity who has made a report. We'll also protect the rights of any implicated person.

## Championing Human Rights: Our Commitment

Our dedication to upholding human rights is embedded in our core values and practices. Our Human Rights Policy serves as a foundational pillar, guiding our commitment to respect, promote, and protect human rights across all aspects of our operations. Rooted in international human rights standards, this policy ensures that every individual associated with our organization is treated with dignity, equality, and fairness.

### Guiding Principles

Our Human Rights Policy is built upon key principles that resonate with global human rights standards. It emphasizes the fundamental aspects of respect, dignity, and non-discrimination. Furthermore, it upholds labor rights, ensuring fair wages, safe working conditions, and advocating for the

right to association and collective bargaining.

### Child Labor and Human Trafficking Risk Assessment

We are dedicated to ethical business practices, ensuring our global operations and supply chain remain free from child labor, slavery, and human trafficking. Awareness training has been provided to our global workforce.

Annually we conduct a comprehensive risk assessment to audit and prevent potential instances of child or forced labor within our global workforce and partner agencies. Aligned with international NGO standards, our Human Rights policy outlines a robust remediation and whistleblower procedure, designed to protect and support individuals coming forward

with information, ensuring they are shielded from any retaliation. All HDT Automotive locations (**100%**), conducted a risk assessment analysis resulting in a **0%** incident rate.

### A Look Ahead

Looking ahead, we are committed to evolving our practices, staying vigilant, and taking proactive measures to align our operations not only with legal standards but also with the highest ethical principles. Regular assessments, feedback mechanisms, and engagement with stakeholders allow us to identify areas for enhancement and address challenges proactively. By championing human rights within our organization and beyond, we strive to contribute to a world where dignity, equality, and justice prevail for all.



## Prioritizing Data Protection and Cybersecurity

We recognize the critical importance of maintaining robust defenses against cyber threats. Our commitment to information security goes beyond standard protocols, incorporating proactive measures and comprehensive training initiatives.

### *Quarterly Web-Based Awareness Trainings*

One cornerstone of our information security strategy is the regular provision of quarterly web-based awareness trainings. These sessions are designed to equip our employees with the latest knowledge and skills necessary to prevent information security breaches. Covering topics such as data protection, password management, and recognizing phishing attempts, these trainings serve as a proactive defense against potential threats.

### *Simulated Phishing Emails as a Monthly Touchpoint*

Understanding the significance of continuous reinforcement, we have implemented a monthly touchpoint through simulated phishing emails. These exercises serve as practical tests, gauging our employees' ability to identify and appropriately handle phishing attempts. If an employee inadvertently opens an attachment or clicks a link, an automatic enrollment in a specialized phishing training course follows. This feedback loop ensures that our workforce is not only aware of the risks but also capable of responding effectively.

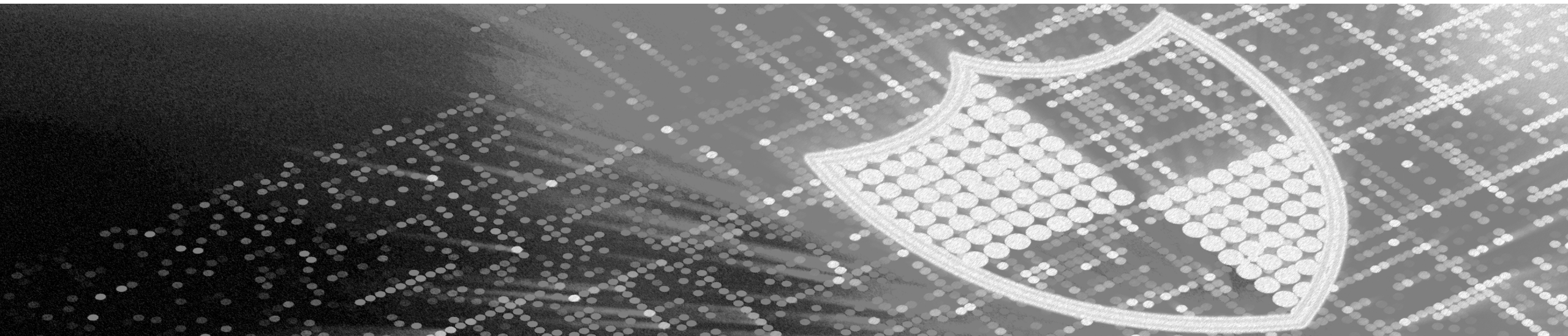
### *Industry-Leading Phish-Prone Average*

Thanks to our concerted efforts in information security training, our organization has achieved a phish-prone

average of **5.1%**. This metric, a testament to our employees' resilience and awareness, surpasses the industry average of 5.9%. By consistently engaging our workforce through simulated phishing exercises, we have cultivated a culture of heightened vigilance, reducing susceptibility to phishing attacks and enhancing overall information security.

### *Non-Disclosure Agreement (NDA)*

Before engaging in any business activities, external vendors are required to sign our Non-Disclosure Agreement (NDA). This document underscores our commitment to safeguarding sensitive information, meticulously outlining stringent compliance requirements and robust data privacy practices. The NDA sets the foundation for a secure and trustworthy partnership.







### **Whistleblower Procedure**

As outlined in our Business Code of Conduct, our whistleblower procedure provides stakeholders with a confidential platform on our webpage to report any information security concerns. We prioritize the confidentiality of those who come forward, ensuring a robust guarantee of confidentiality and non-retaliation. We encourage stakeholders to contribute to the ongoing enhancement of our information security practices without fear of reprisal.

### **Information Security Risk Assessments**

We regularly assess information security risks across all company operations. To prioritize our risk management efforts, we engage external companies for network penetration tests, security assessments, and Multi-Factor Authentication (MFA) audits of control procedures. These comprehensive evaluations provide invaluable insights into potential vulnerabilities, enabling us to fortify our defenses and proactively address any identified security risks. By leveraging the expertise of external partners, we ensure a thorough and objective examination of our information security landscape, reinforcing our dedication to a resilient and secure business environment.

### **Incident Response**

Our Incident Response Procedure (IRP) is crafted to manage breaches of confidential information by swiftly detecting and responding to information security events. This document outlines responsibilities for implementing a robust incident management process, focusing on promptly identifying events that may disrupt Information Security properties. In case of incidents, the IRP ensures quick reactions to minimize impact and thorough analysis to define actions for future risk mitigation. It's essential to note that mitigating risks reduces them to acceptable levels, but they may still pose potential threats.

### **Internal Controls**

All our networks employ robust firewall technology as a fundamental element of our internal controls. This strategic implementation acts as a formidable barrier, restricting both physical and digital access to third-party data by unauthorized employees or any external parties. The firewall technology plays a pivotal role in fortifying our defenses, ensuring that confidential information remains secure and protected against unauthorized access, fostering a resilient and secure digital environment.



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- Our Commitment
- Sustainable Products
- Global Recognitions
- A Look Ahead

**ENVIRONMENT**

## Environmental Stewardship: Driving Sustainable Impact and Responsibility

Fostering environmental sustainability stands as a core pillar of our operational philosophy. We embrace the responsibility to minimize our ecological footprint and drive positive change across our global operations.

### *Science-Based Metrics*

This year, we initiated a comprehensive approach to calculate our greenhouse gas footprint, employing science-based metrics for data collection.

Our methodology, aligned with the greenhouse gas protocol, ensures rigorous data collection, employing a systematic approach to gather and monitor global emissions. Over the past two years, we have diligently collected and analyzed data, utilizing this robust methodology to assess our environmental impact and steer our efforts toward substantial greenhouse gas reduction initiatives.

### *ISO 14001 Certifications*

All our locations proudly maintain ISO 14001 certification, a symbol of our steadfast dedication to environmental responsibility across our global network. This international standard signifies our enduring commitment to systematic environmental management, where each site upholds the highest benchmarks in environmental performance.

ISO 14001 entails a comprehensive process encompassing the establishment of an Environmental Management System (EMS), rigorous evaluation of environmental impacts, continuous improvement initiatives, and compliance with stringent environmental regulations. Aligning our operations with ISO 14001, we systematically integrate sustainable practices into our daily processes, fostering a culture of environmental stewardship and ensuring our operations consistently meet and exceed global environmental standards at every location.



### ***Emissions***

We meticulously track emissions across our various locations, monitoring both Scope 1 and 2 emissions, and we are thrilled to share our accomplishments in reducing our global impact from 2021 to 2022.

Our concerted efforts have resulted in a significant reduction of **8.4%** in our environmental footprint, as measured by intensive emission values of tonne CO2 per million sales. This achievement underscores our dedication to sustainability, affirming our commitment to actively curbing emissions and fostering a more environmentally conscious approach across our global operations. Our goal for scope 1 and scope 2 carbon neutrality by 2035 reflects our steadfast commitment to a sustainable future.

### ***Wastewater Management***

Efficient wastewater management is pivotal in our commitment to responsible resource usage. Through innovative systems and protocols, we aim to reduce water consumption and mitigate any environmental impact caused by our operations.

### ***Hazardous Waste Mitigation***

Managing hazardous waste responsibly is integral to our commitment to environmental safety. We prioritize stringent measures to minimize, manage, and responsibly dispose of hazardous materials, safeguarding both our workforce and the environment.

### ***Energy Conservation***

Our dedication to energy conservation drives us to adopt efficient practices and renewable energy sources. This approach not only reduces our carbon footprint but also promotes a sustainable energy future.

### ***Recycling Initiatives***

Promoting a circular economy is at the core of our recycling initiatives. We champion waste minimization and responsible resource utilization, contributing to a more sustainable approach to our operations.

Our environmental efforts reflect our commitment to responsible business practices. By continuously evolving our strategies and practices, we remain steadfast in our pursuit of environmental sustainability and a healthier planet for future generations.

## Diversification to Electric Vehicle Sustainability

In response to the seismic shift projected in the automotive landscape towards electric powertrains by 2050, HDT Automotive has been at the forefront since 2021, proactively reshaping our business strategy to embrace hybrid and fully electric technologies. Our dynamic approach involves navigating this transformative landscape by diversifying our business strategy to accommodate these advancements.

Our contributions to Electric Vehicle (EV) products are significant in advancing automotive technology. We supply crucial assemblies to a premium German OEM, specifically supporting hybrid cooling systems. Additionally, we manufacture assemblies for an innovative self-leveling suspension, proudly supplying these components to a leading EV manufacturer.

Looking ahead, we plan to launch three different air conditioning products for the North American market, supplying both hybrid and fully electric platforms for a global OEM. Additionally, we are preparing to introduce a groundbreaking battery cooling assembly for over eight nameplates at a global OEM. Furthermore, we have pending launches of battery cooling applications for a North American OEM platform. Concurrently, we are actively quoting on advanced Hydrogen Lines for a major German OEM, solidifying our support for hydrogen-powered vehicles. In line with this, we're also championing the movement towards smaller displacement engines with our turbo lines and aiming to reduce emissions significantly through our Exhaust Gas Recirculation (EGR) lines.

Our relentless pursuit of innovation and a diversified product portfolio signifies our commitment to the environment, our customers, and a more sustainable future. By consistently expanding our product lines to support diverse eco-friendly solutions, we are resolutely pioneering sustainable mobility, reducing environmental impact, and propelling positive change within the automotive industry. These concerted endeavors steer us towards a future where sustainability and innovation intersect for the greater good of our planet and its inhabitants.



## Fostering Sustainable Solutions Worldwide

Our global Environmental Stewardship Projects represent our steadfast commitment to sustainability across key areas: wastewater management, GHG reduction, hazardous waste mitigation, energy conservation, and recycling initiatives. These comprehensive endeavors encompass strategic measures aimed at minimizing our environmental footprint.

- Innovative wastewater management systems: aim to reduce water pollution and ensure responsible usage.
- GHG reduction: science-based strategies to curb emissions.
- Addressing hazardous waste: employ stringent protocols to responsibly manage and reduce hazardous materials.
- Energy conservation: adopt efficient practices and renewable sources to minimize energy consumption.
- Recycling initiatives: ensuring responsible resource utilization and waste minimization.

Our integrated approach reflects our firm commitment to global sustainability and environmental well-being.



## Environmental Initiatives: Paving the Way for Sustainable Impact



HDT-US (Lexington) had historically relied exclusively on LPG-powered material handling equipment. Since 2020, seven combustion-powered trucks have been replaced with electrically powered alternatives. A propane forklift emits approximately 12 more pounds of carbon per hour than its electric counterpart. With an average usage of 6,000 hours per truck, this results in an annual emissions reduction of 252 tons of CO2 from the baseline. The project aims to substitute two more propane-fueled trucks in 2024.



Over the past four years, six HDT Automotive facilities have invested in replacing their existing plant lighting with LED lighting. This global project has resulted in an estimated reduction of electrical consumption by 20 to 60% across these facilities, translating to approximately 1000 tons of CO2 removed from their operations.



A water-saving initiative has been ongoing at HDT-China. Flow meters were installed at all water usage points, and reduction goals were set accordingly. The team installed electromagnetic timer valves on end-use points, implemented recirculation systems for plant cooling water, and started utilizing air conditioner condensate water in the toilets. The overall objective is to reduce water consumption by 200,000 gallons.



At our HDT-Hungary facility, the team has been implementing improvements to reduce the energy required for heating and cooling the building. Windows and doors throughout the facility were replaced with options that offer better insulation. These improvements have resulted in a 22% reduction in natural gas consumption, removing approximately 100 tons of CO2 from the atmosphere.



The HDT-Mexico facility has been actively engaged in recycling its industrial process water. The project aimed to treat the process water to a level of cleanliness suitable for irrigation purposes. Collaborating with the local industrial park, the facility established a treatment process, enabling 99% of all process water within the facility to be reused for irrigation. This equates to a reuse of 125,000 gallons of water per year.

## Contributing to a Cleaner Earth

Planting trees and cleaning up litter is a simple yet powerful way to show our love for the planet and keep our communities clean, beautiful, and healthy. Our HDT-Canada and HDT-US (Lexington) volunteers helped to keep our earth clean and planted new trees for the community!



## Driving Towards a Greener Future: 2024 Goals

In 2024, we plan to place a great focus on environmental responsibility with ambitious goals that underscore our commitment to sustainability:

### **Global Environmental Policy Creation**

Establish a comprehensive global environmental policy that aligns our operations with responsible practices, setting the framework for sustainable actions worldwide.

### **Significant Impact Actions**

Engage in impactful actions that drive positive environmental change, while mitigating negative impacts across our operations.

### **Environmental Management Systems**

Implement a robust environmental management system to monitor, evaluate, and continually enhance our environmental performance.

### **Carbon Footprint Tracking**

Continue to track and improve our carbon footprint assessment methodologies to effectively measure, manage, and reduce our greenhouse gas emissions.

### **CBAM Compliance**

Ensure compliance with the Carbon Border Adjustment Mechanism (CBAM), aligning our practices with evolving regulatory requirements.

### **EU Efficiency Directive**

Embrace and optimize our operations to comply with the European Union's Energy Efficiency Directive, driving efficient resource utilization and reducing environmental impact.

We are eager to get started on our anticipated commitments in 2024, continuing our efforts towards a more eco-conscious future.

## Driving Towards a Greener Future: Introducing Our Environmental Council

As a leader in the manufacturing sector, we understand the responsibility we hold in shaping a greener, more sustainable future. With this vision at our core, we are excited to introduce our **2024 initiative**: the establishment of an Environmental Council.

### *Embracing Change, Leading Innovation*

The creation of our Environmental Council marks a pivotal moment in our journey towards environmental stewardship. This dedicated team brings together experts from various departments, each passionately committed to driving positive change within our organization.

### *Setting Ambitious Goals*

Aligned with our core values, this Council will spearhead our sustainability efforts by setting ambitious yet achievable goals. From reducing our carbon footprint to optimizing resource utilization, our aims are comprehensive and actionable. We're committed to measurable progress, seeking to make a tangible impact on the environment. Our monthly meetings will ensure consistent alignment, progress tracking, and collective efforts toward our 2035 carbon neutrality goal. This proactive approach allows for regular review and adjustment of our short and long-term goals.

### *Collaboration for Impact*

Collaboration lies at the heart of our approach. By fostering partnerships both within and beyond our organization, we aim to leverage collective expertise and resources. Engaging with suppliers, industry experts, and local communities, we're dedicated to creating a far-reaching ripple effect of positive environmental change.

### *The Power of Innovation*

Innovation is key to our commitment. The Council will actively drive research and development initiatives aimed at integrating sustainable practices into our manufacturing processes. By embracing cutting-edge technologies and exploring eco-friendly materials, we're determined to pave the way for a greener automotive industry.

### *Empowering Our Workforce*

Our employees are integral to our sustainability journey. Through education, awareness campaigns, and active involvement, we empower our workforce to champion sustainability within and beyond our workplace. Everyone's commitment plays a crucial role in our collective success.

### *Transparency and Accountability*

We hold ourselves accountable for our actions. The Environmental Council will implement robust monitoring and reporting mechanisms to track progress transparently. This commitment to transparency ensures that our stakeholders are well-informed about our environmental impact and the strides we're making.

### *A Call to Action*

As we embark on this journey, we invite our stakeholders, partners, and industry peers to join hands with us. Together, we can drive real change and set a precedent for sustainable practices in the auto manufacturing sector.

With our Environmental Council steering us forward, we're confident in our ability to lead by example and make a lasting difference.







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- Developing our Team
- Prioritizing Mental Health
- Employee Engagement
- Flexibility & Family Support
- Employee Recognition
- Diversity, Equity & Inclusion
- The Importance of Safety
- Safety Recognitions & Highlights

**WORKFORCE**

## Fostering Sustainable Progress Through Our Workforce

Our workforce plays a pivotal role in steering our environmental sustainability initiatives. We are resolutely dedicated to fostering a culture of environmental responsibility among our employees. Empowering our workforce through resources, training, and engagement initiatives is at the core of our sustainability journey. Our initiatives span sustainability awareness campaigns, advocating eco-friendly workplace practices, and recognizing environmentally conscious behaviors.

### ***Our People as our Priority***

Our commitment to our workforce extends beyond environmental stewardship. We prioritize our people as our priority, ensuring their well-being, growth, and inclusivity.

### ***Professional & Personal Development***

Our commitment to learning and growth is evident through various training programs, mentorship opportunities and our annual performance appraisal process. In 2023, **82%** of our workforce was provided an individual assessment of their performance.

### ***Health & Wellness***

Our comprehensive health and wellness programs underscore our commitment to our employees' physical and mental well-being, advocating for a healthy work-life balance.

### ***Diversity, Equity & Inclusion***

We champion diversity and foster an inclusive workplace, valuing and celebrating differences across our organization.

### ***Safe Workplaces***

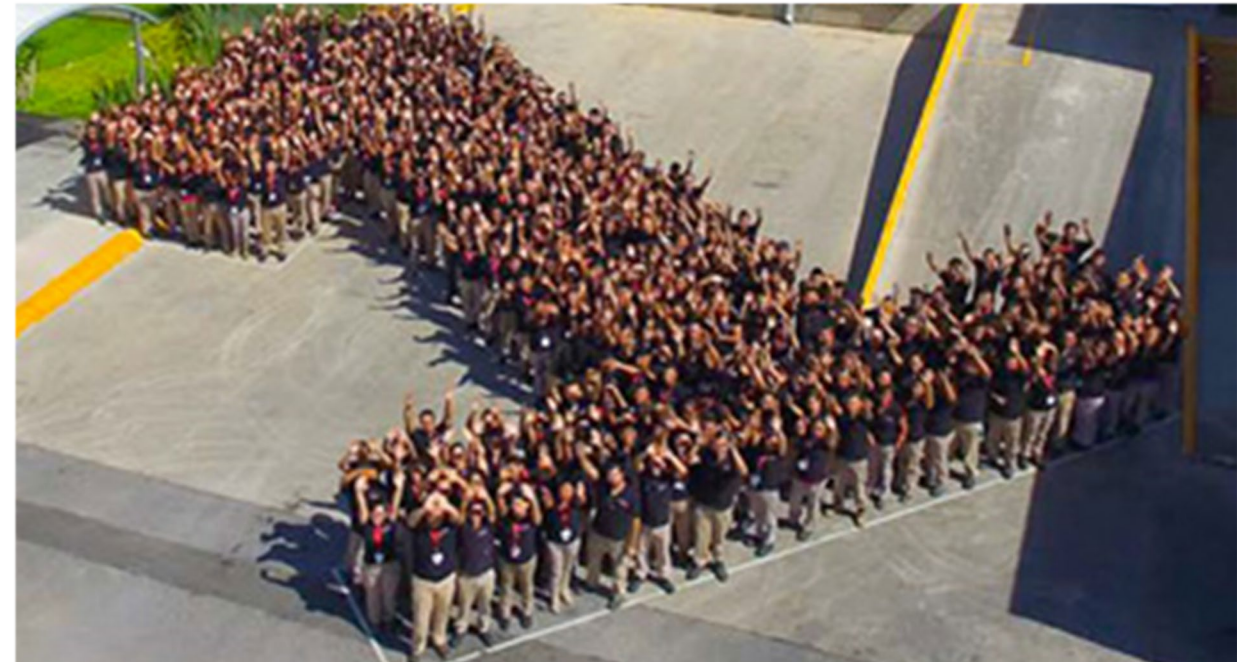
A safe and healthy work environment is paramount, driving our rigorous safety protocols and continual education.

### ***Communication***

New in 2023, we introduced our inaugural global internal newsletter, a dedicated platform aimed at fostering transparency and connectivity across all our locations. This

initiative aims to celebrate highlights from each site, showcasing the diverse talents, achievements, and special events within our global workforce. Through this newsletter, we seek to create a cohesive thread that connects every member of our team, promoting open communication, sharing success stories, and building a sense of unity and pride in our collective accomplishments. This transparent channel underscores our commitment to nurturing a culture of inclusivity and collaboration, fostering a deeper connection among our workforce across borders.

We recognize our workforce as our foremost asset and integral to our sustainability pursuits. By fostering a culture where our people are valued, empowered, and inspired, we aim not only to drive sustainability within our organization but also to lead positive change in the automotive industry. Our commitment to sustainability thrives together with our core value—our people as our priority.



## Empowering Our Team: Developing Skills and Talent

Nurturing our workforce's potential is at the heart of our commitment to professional development. We believe in providing comprehensive opportunities for growth and advancement to empower our employees and facilitate their journey to reach their fullest capabilities.

### Annual Performance Appraisal Process

Our dedication to fostering professional growth is evident in our robust annual performance appraisal process. Commencing each January, this structured framework allows managers and supervisors to collaborate with employees in establishing clear and attainable goals aligned with our organizational objectives.

This two-way communication process operates as a continuous feedback loop, including a mid-year review in June. This checkpoint serves as an opportunity to assess progress, address obstacles, and extend support where necessary. The mid-year review acknowledges achievements and facilitates course corrections to realign efforts for the remainder of the year.

As the year culminates, the annual review integrates performance evaluations with our merit increase process. This comprehensive assessment offers insights into achievements, strengths, areas for development, and presents a holistic view of employees' contributions throughout the year.

### Talent Management & Succession Planning

In 2023, we launched our new Talent Management Program, aimed at fostering professional growth and development opportunities for all our valued employees. As part of this initiative, we requested employees to complete a Career Development Profile which provided us with valuable insights into employee's skills, interests, and aspirations, enabling us to tailor our talent development efforts to individual career goals.

### Buddy Program

In HDT-Hungary and HDT-Mexico, we've successfully implemented the Buddy Program, fostering an informal work relationship or "work buddy" for new employees. This initiative aims to create a welcoming environment and provides a sense of acceptance and belonging, especially for those unfamiliar with the organizational culture.

Acknowledging the program's positive impact on job satisfaction, retention, and the acclimation period, we are committed to globalizing this initiative in 2024 for our salaried associates.

### Rotational Program

Within our production units in HDT-Canada, our internal program facilitates job rotation by monitoring employee work hours on specific machines or processes. This system identifies when an employee exceeds the daily or weekly limit on a particular process, signaling the need for job rotation. By implementing this practice, we promote injury prevention, prioritize our employees' well-being, and bolster workplace safety.

Through a range of training programs, mentorship opportunities, and career advancement initiatives, we strive to foster a supportive work environment that nurtures professional growth. Our dedication to cultivating our workforce remains resolute, empowering our employees to achieve their full potential and fostering their personal and professional development.

### Apprenticeship Program

Our HDT-Lexington team proudly offers four UAW and Department of Labor-approved apprenticeship programs, each spanning four years. Through these initiatives, our employees receive both on-the-job training and have their college tuition covered by the company. These programs are open for all employees to apply, reflecting our commitment to fostering career growth opportunities.

Since their inception in 2015, we've enrolled 17 entry-level operators who seized the chance to enhance their skills and education. Notably, all apprenticeships were filled by internal candidates, showcasing the success and eagerness of our workforce to advance within the company.



Scott Kochanski,  
Toolmaker Journeyman



Justin Sutphen,  
Maintenance Mechanic Journeyman



Josh Stock,  
Maintenance Mechanic Journeyman



Christopher Schmalzel,  
Toolmaker Journeyman

## Embracing Virtual Training Initiatives

In 2023, HDT Automotive made substantial strides in empowering our salaried workforce through a globally deployed online platform featuring micro-trainings tailored to awareness compliance training. Recognizing the distinct needs of adult learners, the strategically spaced micro-trainings offer flexible and targeted learning opportunities, ensuring better retention of the material among our employees.

### Compliance Training

By embracing this model, our teams stayed consistently updated on compliance regulations, reinforcing their skills and nurturing a culture of continuous learning. This proactive approach also led to a remarkable **245% surge** in our cybersecurity and data privacy awareness training between 2022 and 2023. Additionally, our focused emphasis on awareness

training ensured that approximately **88%** of our global workforce received comprehensive training in **business ethics**, incorporating dedicated sessions on understanding bribery and corruption.

### A Look Ahead

As we venture into 2024, we intend to release a comprehensive Artificial Intelligence (AI) policy, aimed at educating our employees and safeguarding the interests of our shareholders and business. This proactive measure, along with awareness training, underscores our commitment to harnessing the potential of artificial intelligence responsibly, ensuring data integrity, and fostering a cyber-resilient culture within our organization.

In alignment with this forward-looking approach, another goal for the upcoming year is to further elevate our online training initiatives.

We aim to achieve a substantial **50% increase** in our online training endeavors, reinforcing our workforce with enhanced knowledge and proficiency in cybersecurity, data protection, and technological advancements.

We recognize the pivotal role that ongoing awareness training and cybersecurity readiness play in safeguarding our operations and empowering our workforce. Our ambitious initiatives embody our resolute dedication to achieving excellence, fostering resilience, and proactively adapting to the ever-changing digital landscape.

**In 2023, we expanded our online compliance training platform to our global salaried workforce.**

**We are proud to showcase our completed courses by category – 7,670 online compliance courses were completed by our digitally-engaged workforce of ~ 750 employees.**

1,124

Discrimination & Harassment (including recruitment best practices)

701

Diversity, Equity and Inclusion

767

Environmental (Sustainability), Health and Safety

1,703

Ethics, Corruption and Anti-bribery

314

Human Trafficking Awareness

65

Professional Development

132

Personal Development (including Mental Health)

2,870

Cybersecurity and Data Privacy

## Fostering Employee Well-being: Prioritizing Mental Health

We acknowledge the paramount importance of mental health in the modern world. Our dedication to prioritizing our employees' well-being is demonstrated through a variety of purposeful activities held across all our locations throughout the year.

### *Health and Fitness month*

In May, our HDT-Canada celebrated Employee Health and Fitness month, emphasizing the significance of nurturing both physical and mental well-being. Encouraging open dialogue, leaders invited employees to share ideas aimed at enhancing mental health. These thoughts were displayed for all to see, featuring impactful suggestions like regular exercise, journaling, volunteerism, and fostering meaningful connections.

### *Mental Health Coaching*

Meanwhile, our HDT-Italy (Attimis), location focused on mental health coaching during the fall season, hosting a series of 20 sessions led by an experienced external coach. Ranging from stress management techniques to strategies for embracing change, the sessions aimed to empower employees and foster resilience.

### *Recognizing Mental Health Globally*

On World Mental Health Day, we dedicated efforts to create awareness and offered tailored micro-trainings globally. These initiatives were designed to provide actionable strategies prioritizing mental health in our employees' daily lives, including strategies to calm the mind and secret weapons to maintain focus, energy, and serenity.

### *Holistic Approach to Health*

Moreover, our HDT-Hungary began to provide fresh fruit weekly, offering nutrient-rich snacks to all employees and conducted coaching sessions to educate the team about healthy eating habits.

### *Blood Donations to Local Hospital*

Demonstrating a strong commitment to healthcare and community well-being, HDT-Hungary organizes a voluntary blood donation drive annually. The employee participation in this initiative significantly contributes to maintaining a stable and vital healthcare blood supply.

We believe that through these diverse activities and initiatives, we have equipped our employees with practical strategies that prioritize their mental health in their day-to-day lives, fostering a culture of well-being and support within our organization.



## Strengthening Engagement: Our Commitment to Employee Satisfaction and Growth

In 2022, we took a significant step toward understanding and enhancing employee satisfaction and engagement by conducting our first comprehensive global employee engagement survey, which achieved a participation rate of 57%. This survey encompassed critical areas, including feedback on company leadership, management, culture, awareness, work environment, engagement, interpersonal relationships, workplace safety, compensation, benefits, work-life balance, and training and development. Notably, we tailored two separate surveys—one for salaried staff and another for our shop floor employees—to ensure a holistic view of our workforce's sentiments.

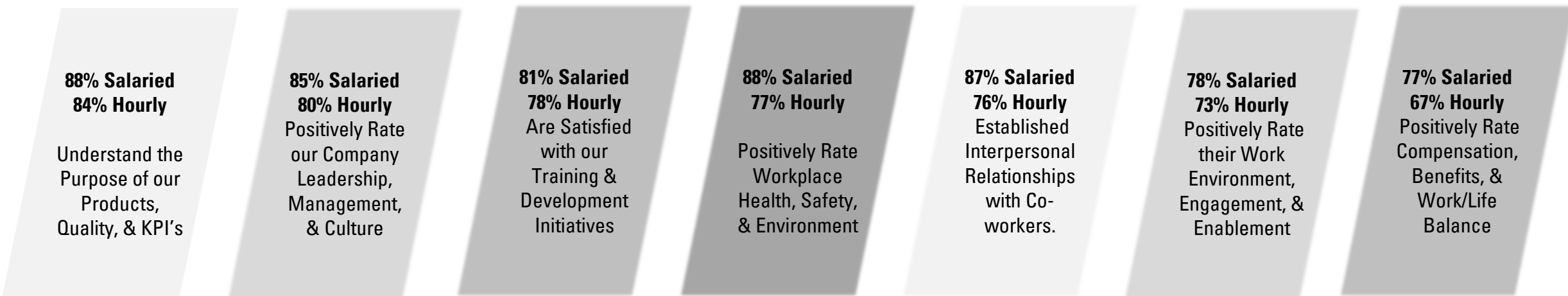
### Survey Results

We are proud to state that our greatest strengths lie in the fact that employees feel they 'experience a workplace culture that values and upholds dignity and respect in all interactions' and that they feel they are 'consistently provided with explicit and well-defined work goals'. Each location diligently compiled the survey results, identifying specific strengths and areas for improvement unique to their context. Building on the insights gained, throughout 2023, we focused on amplifying our strengths and addressing the identified areas of improvement. This dedicated effort across our global sites aimed to create an even more positive and engaging work environment for all employees.

Our commitment to understanding and improving employee satisfaction remains steadfast. To ensure continuous growth and employee well-being, we conduct a bi-annual employee engagement surveys globally; however, many locations conduct a survey each year. This approach allows us to reassess our progress, incorporate feedback, and chart a path toward continuous improvement and enhanced employee satisfaction.

### Global Survey Results

The following results show the percentage of employees who responded positively in some of our global engagement survey categories. This valuable data provides insights into the levels of satisfaction and commitment across various aspects of our organization.



## Fostering a Family-Focused Workplace: Nurturing Well-being and Connection

We recognize the significance of family, not just as a support system but as an integral part of our corporate culture. It's this acknowledgment that inspired us to commemorate Children's Day, known as 'Día del Niño,' observed annually in April in Mexico. This special occasion is dedicated to celebrating the vibrancy and innocence of children through joyful experiences and heartfelt celebrations.



### **Children's Day**

Our devoted HDT-Mexico team orchestrated an enchanting event tailored for the children, curating a memorable day filled with engaging plant tours, captivating children's shows, delightful breakfast gatherings, and the presence of esteemed special guests!

### **Family Fun Month**

Our HDT-China facility further embraced the spirit of family by dedicating an entire month to Family Fun celebrations. The highlight was the children's drawing competition, a heartwarming showcase of creativity that adorned the facility with vibrant artwork from employees' children which will be turned into a 2024 desk calendar.



Moreover, the Health Walk organized during Family Fun Month showcased the remarkable dedication of employees and their families, who completed a challenging 27-kilometer journey together. Their perseverance and enthusiasm throughout the walk were truly inspiring, demonstrating their remarkable spirit and commitment to health and togetherness.

### **Donations of School Supplies**

HDT-Mexico extended support to 68 permanent contract team members to purchase school supplies for their academically excellent children. Each team member received recognition with a diploma for being exceptional parents, acknowledging their role in supporting their children's education.



### **Breast Cancer Awareness**

During Breast Cancer Awareness Month, the HDT-Mexico team collaborated with Social Security to conduct 58 mammary explorations directly at the plant for team members. The infirmary team distributed pink ribbons and health pamphlets, aiming to raise awareness about breast health.

## Celebrating Our Workforce: Fostering Camaraderie and Appreciation

We seize every opportunity to honor and celebrate the dedication and spirit of our team members. We recognize the importance of showcasing our workforce both on a global scale and at an individual level within our plants. These initiatives not only honor our team's efforts but also foster a vibrant and engaging work culture.



### *Employee Recognition*

Globally, we proudly highlight the achievements and contributions of our team through various platforms. The Pipeline, our global newsletter, serves as a conduit to honor exceptional performances, achievements, and special moments within our workforce. Additionally, we showcase their efforts publicly via social media, ensuring their hard work receives the recognition it deserves on a broader scale. Individually, at our diverse plants, we commemorate the commitment of our team members on numerous occasions. Work anniversaries and tenure milestones are regularly celebrated, acknowledging the dedication and loyalty of our employees. Furthermore, we mark national and international holidays such as Employee Appreciation Day and Manufacturing Day with festivities that honor our workforce's contributions.



### *Spirit Program*

A standout initiative in 2023 was the introduction of the "Spirit" program at our HDT-Canada plant. This monthly themed program aimed to foster camaraderie, team spirit, and engagement among our team members. From Toronto Blue Jays Fan Day to Ugly Christmas Sweater celebrations, each themed event encouraged participation and camaraderie. Those involved each month became eligible for themed prizes, promoting involvement and team engagement.



### *Appreciation Day*

Moreover, during Employee Appreciation Day, our HDT-Canada plant expressed gratitude to its team members through "Thank You" banners, communications, and delightful treats during lunch breaks. These simple yet heartfelt gestures were a token of appreciation for the unwavering dedication and hard work of our team.

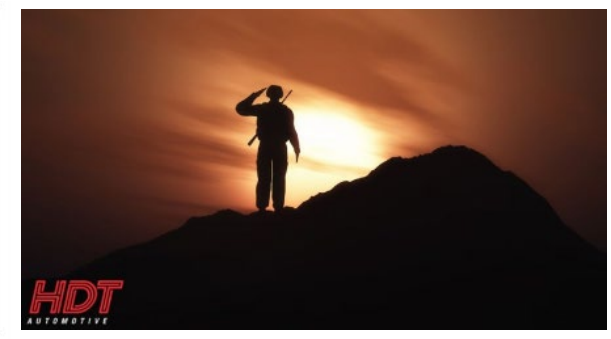
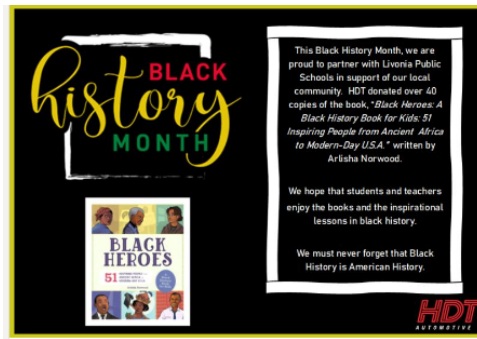
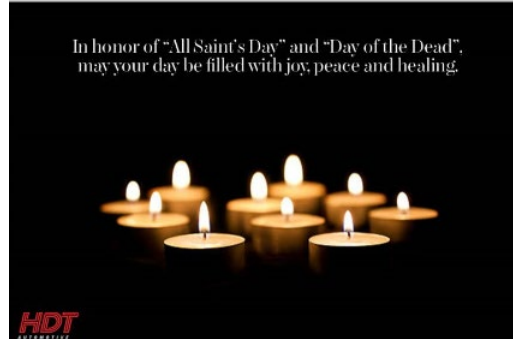
### *Manufacturing Day*

In October, our HDT-US (Lexington) plant embraced National Manufacturing Day, a celebration that honors our role as an automotive manufacturer. This day encapsulates the essence of teamwork, technology, and craftsmanship. It's an occasion where we come together, celebrate each other's contributions, and revel in the camaraderie with a shared pizza party.



### Diverse Workforce

Social media serves as a platform to celebrate and honor our diverse workforce. Through thoughtful and engaging posts, we proudly showcase global holidays and cultural festivities, embracing the richness of our team's backgrounds. From International Woman’s Day to Juneteenth, we spotlight these celebrations, championing inclusivity and sharing the unique traditions that make our workplace a tapestry of diverse cultures.



## Diversity, Equity, and Inclusion (DEI) Initiatives: A Journey Towards Equality

We are dedicated to cultivating a workplace that thrives on diversity, equity, and inclusion (DEI), fostering an environment where every individual is respected, valued, and empowered. Our commitment extends across all levels of the organization, embracing diverse backgrounds, experiences, perspectives, and identities. With an active effort to build a culture that celebrates diversity, we aim to provide equal opportunities for career advancement and professional development.



### *DEI Round Table*

In October 2022, we partnered with Exodus Consulting Group, an external DEI specialist, to enhance our DEI strategy. Together, we conducted an inclusion survey and organized two roundtable discussions involving diverse groups from our global workforce. The feedback and survey results, analyzed in 2023, led to recommendations from our consultant. Remarkably, **100%** of our leaders expressed their commitment to future DEI efforts at HDT Automotive. Moving forward, we plan to implement various recommendations, including the development of common DEI language, the establishment of a DEI Leadership Council, regular DEI discussions within leadership, strategic DEI goals, and engaging employees at all levels.

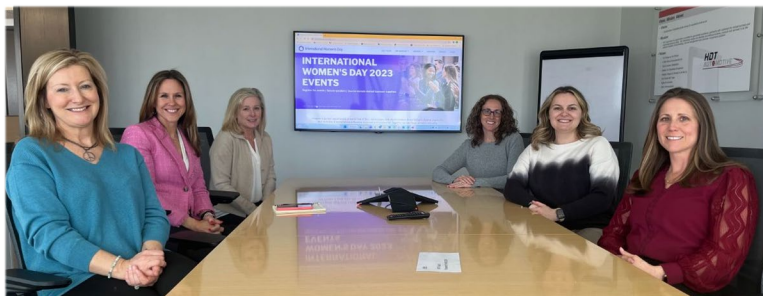


### *Women's Leadership*

At our HDT-Canada, HDT-Mexico, HDT-UK and HDT-US (Livonia) locations, we commemorated International Women's Day with inspiring onsite gatherings. At HDT-Canada and HDT-US (Livonia), female employees convened for a year-long series of lunch and learn sessions in collaboration with a local Women's Leadership Series. This series emphasized unity, knowledge-sharing, and empowerment, reinforcing our dedication to an inclusive workplace that champions diversity and empowers women. Together, we celebrated, supported, and empowered the women shaping our world.

### *Multicultural Week*

In June, our HDT-Canada plant embraced Multicultural Week to celebrate and showcase the diversity within our workplace. Team members participated by contributing cultural dishes for a multicultural potluck, showcasing their culture through traditional clothing, marking their home countries on a map for a "Map of Bend All" activity, and submitting recipes for the Bend All International Cookbook. This activity aimed to celebrate unique backgrounds, fostering cultural awareness and unity among our team.



As we reflect on our DEI journey, we remain committed to fostering a workplace that is not only diverse but inclusive and equitable. By implementing the recommendations from our DEI Round Table discussions and celebrating important occasions such as International Women's Day and Multicultural Week, we continue to move towards creating an environment where everyone feels valued, heard, and empowered. Our dedication to diversity, equity, and inclusion is not just a goal but an ongoing commitment to shaping a workplace that truly reflects the richness of the world around us.

## Our Safety Mission Statement

Our Global team of talented people strive for excellence in the safety of our employees.

***We aspire to...***

Relentlessly engage in the health and safety of our workplace with 100% commitment from our employees – Top to Shop.

***We do this by...***

Providing resources for effective controls, on-going risk assessment, and safe work practices training.

***We believe...***

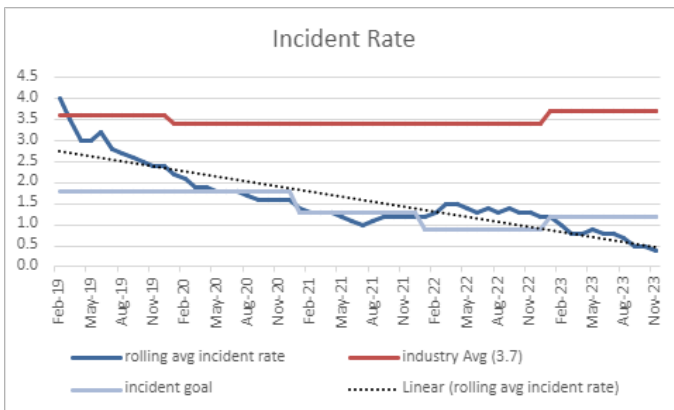
That only by continuously improving and focusing on results will we achieve the workplace to which we aspire.

That by making safety our first priority in our drive for operational excellence every incident is preventable.



## Our Commitment to Prioritizing Safety: Global Safety Council

Safety stands as a cornerstone of our values, reflecting our deep commitment to the well-being of our employees. In 2018, we took a significant step forward by establishing a global Safety Council. This council was established with a clear objective: to promote and ensure workplace safety across all operations.

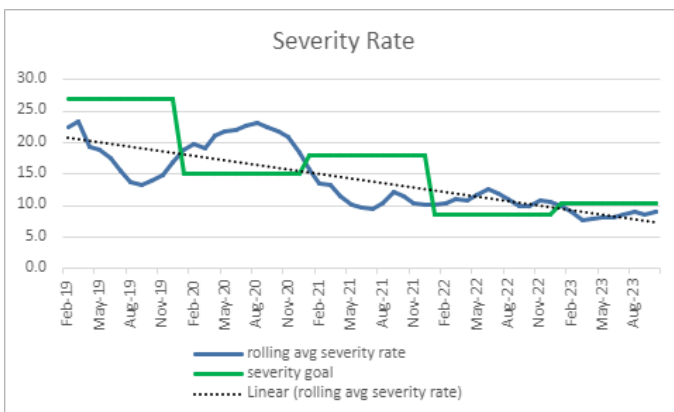


### The Role of the Safety Council

The global Safety Council convenes monthly, focusing on a wide spectrum of safety-related matters. These include but are not limited to risk assessment, comprehensive safety training, the formulation of robust safety policies and procedures, emergency response planning, audits and inspections, the provision and usage of personal protective equipment (PPE), regulatory compliance, and continuous improvement initiatives.

### Safety Milestones

Our commitment to continuous improvement through the global Safety Council is evident in our impressive achievements. We have successfully achieved a remarkable **90% reduction** in incident rates and a significant **64% reduction** in severity rates since 2019. These substantial improvements underscore our dedication to creating a safer work environment, ensuring the well-being of our employees worldwide. This success is a testament to our proactive approach to safety measures and the effectiveness of our global safety initiatives.



### 2023 Safety Highlights

The global Safety Council embarked on a series of impactful projects to enhance safety across our facilities.

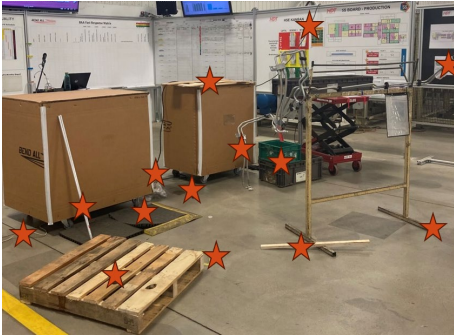
- **Two** new robotic standards were developed, ensuring the integration of cutting-edge technology while maintaining safety protocols.
- A standardized method for greenhouse gas (GHG) calculation was introduced, leading to the successful calculation of our first-ever global carbon footprint.
- All facilities now report monthly on the number of hazards corrected, completing the safety pyramid.
- Comprehensive reviews of various programs were conducted to confirm compliance with High-Danger Task standards.
- We introduced new hire orientation guidance, implemented a workplace violence policy, and thoroughly reviewed safety practices related to brazing furnaces.
- In September, HDT-China celebrated an extraordinary achievement, **1000** consecutive days without a recordable incident.

### A Look Ahead

In 2024, our safety goals prioritize continuous improvement and innovation. We aim to reduce the High-Danger Task Global severity rate by 10% and maintain a low incident rate of 0.5, emphasizing our commitment to a secure working environment. To enhance safety protocols, we plan to establish a corporate standardized method for Robotic Cell Risk Assessment, ensuring the safe integration of robotics. Additionally, a key focus will be on implementing behavioral-based safety initiatives, recognizing the impact of behavior on workplace safety. Lastly, we will evaluate and reinforce compliance with pre-existing global requirements, ensuring our safety practices consistently meet high standards.

## Safety Week at HDT Automotive

In 2022, we mandated that every location hosts an annual safety week. This initiative was driven by the primary goal of fostering heightened awareness and bolstering our safety culture throughout the organization.



### Key Elements of Safety Week

Structured around the pillars of Environmental, Health, and Safety (EHS), safety week activities aim to engage employees while reinforcing crucial safety practices. These events not only align with global safety objectives but also encourage creative and localized approaches to safety improvement.

### Global Safety Week 2023

This glimpse into one of the many activities during Safety Week collectively showcases our dedication to addressing various safety concerns and fostering a comprehensive approach to workplace well-being, ensuring a safe work environment for all.



- **HDT-Canada** created a mock cell game engaged employees in identifying slips, trips, and falls swiftly, promoting awareness and quick response.
- **HDT-China** conducted emergency drills and safety pop quizzes reinforced preparedness and knowledge. These initiatives underscore our global commitment to proactive safety measures and the well-being of our workforce.
- **HDT-Hungary** gathered to learn about the significance of water management and chemical awareness, enhancing their understanding of safety practices.
- **HDT-Italy** encouraged health assessments, covering vital signs, lung function, hearing, vision, and blood tests, were made available to prioritize employees' overall well-being.
- **HDT-Mexico**, created a Safety Fair with themed booths, emphasizing safety, health, hygiene, and the environment.
- **HDT-Poland** focused on skin care and hand hygiene, emphasizing personal safety measures. In Mexico, the Safety Fair featured themed booths addressing safety, health, hygiene, and the environment, with employees actively participating in educational demonstrations.
- **HDT-UK** conducted COSHH awareness training, enhancing employees' knowledge and understanding of chemical safety, exemplifying our commitment to fostering a comprehensive approach to workplace well-being and ensuring a safe work environment for all.
- **HDT-US** featured a dynamic approach with a safety scavenger hunt, fostering increased awareness among employees.

## Recognizing Excellence: Our Annual Safety Awards Program

We understand that fostering a culture of safety is a collective effort that requires continuous dedication. To honor and acknowledge the exemplary commitment and achievements in promoting safety across our organization, we established the annual Safety Awards Program.



### **Objectives of the Safety Awards Program**

- Recognition of Outstanding Contributions: Highlighting individuals and teams who demonstrate exceptional commitment to safety practices and initiatives.
- Inspiring a Safety Culture: Encouraging and incentivizing employees to actively engage in maintaining a safe work environment.
- Continuous Improvement: Showcasing best practices and success stories that can serve as inspiration for ongoing safety enhancements.

### **Nomination and Evaluation Process**

Nominations undergo a rigorous evaluation by a panel composed of safety experts and representatives from different departments. Awardees are selected based on the impact, innovation, leadership, and sustainability of their contributions to safety.

### **Award Ceremony and Recognition**

We are pleased to recognize HDT-China and HDT-Poland as the proud winners of the 2022 Safety Awards Program. The culmination of this program is a prestigious ceremony that celebrates the outstanding commitment to safety demonstrated by these teams. The ceremony, attended by peers, senior leadership, and stakeholders, serves as a platform to honor awardees for their remarkable achievements. This acknowledgment underscores the significance of their contributions to the overall safety culture within our organization.

### **Inspiring a Safer Tomorrow**

The Safety Awards Program not only celebrates achievements but also serves as a catalyst for inspiring continuous improvement and dedication to safety across HDT Automotive. By recognizing and showcasing exemplary safety practices, we aim to inspire and motivate everyone within the organization to contribute to our collective goal of maintaining a safe and secure workplace. Our annual Safety Awards Program is a testament to our commitment to safety excellence. Through this initiative, we honor and celebrate the dedication and efforts of individuals and teams who go above and beyond to ensure the well-being of our global team.





**IN THIS SECTION**

- Sustainable Procurement
- Responsible Sourcing
- Regulatory Compliance
- Business Partner Code of Conduct
- Supplier Risk Analysis
- Supplier Portal
- A Look Ahead

**PROCUREMENT**

## Procuring Excellence: Shaping Tomorrow's Supply Chain

We recognize the significant impact our procurement practices can have on sustainability and responsible business conduct. We are committed to integrating ethical considerations throughout our supply chain, fostering strong partnerships with our suppliers, and driving a positive social and environmental impact. Our procurement strategy focuses on several key areas that align with our commitment to sustainability and social responsibility.

In 2023, our Purchasing department led the roll-out of the following policies and actions in support of our sustainability and social responsibility commitment.

### **Sustainable Procurement Policy (GRI 3-3)**

We are committed to sustainable procurement in a responsible manner to achieve the best value for money on a whole life cycle cost basis. This policy enables our workforce to align with and practice sustainable procurement, managing and encouraging our entire supply base to create, protect, and promote long-term sustainability in environmental, social, and economic values for all people and communities.

### **Responsible Sourcing of Raw Materials (RSRM) Policy (GRI 2-6)**

In our dedication to complying with the OECD Due Diligence Guidance, our objective is to guarantee that the minerals and components utilized in both our purchased and manufactured products refrain from supporting or funding the inhumane treatment of workers, as well as prevent contributing to the environmental degradation associated with the mining of conflict minerals. Our suppliers are required to incorporate these raw material sourcing responsibilities in their own sourcing practices, contracts, and supplier management as well as conduct due

diligence along the supply chain. This includes the implementation of measures that ensure the minerals used by suppliers – particularly gold, tin, tantalum, tungsten, mica, and cobalt – do not contribute to the direct or indirect support of armed conflicts or are in connection with violations of human rights.

### **Environmental and Regulatory Compliance (GRI 3-3, 306-2)**

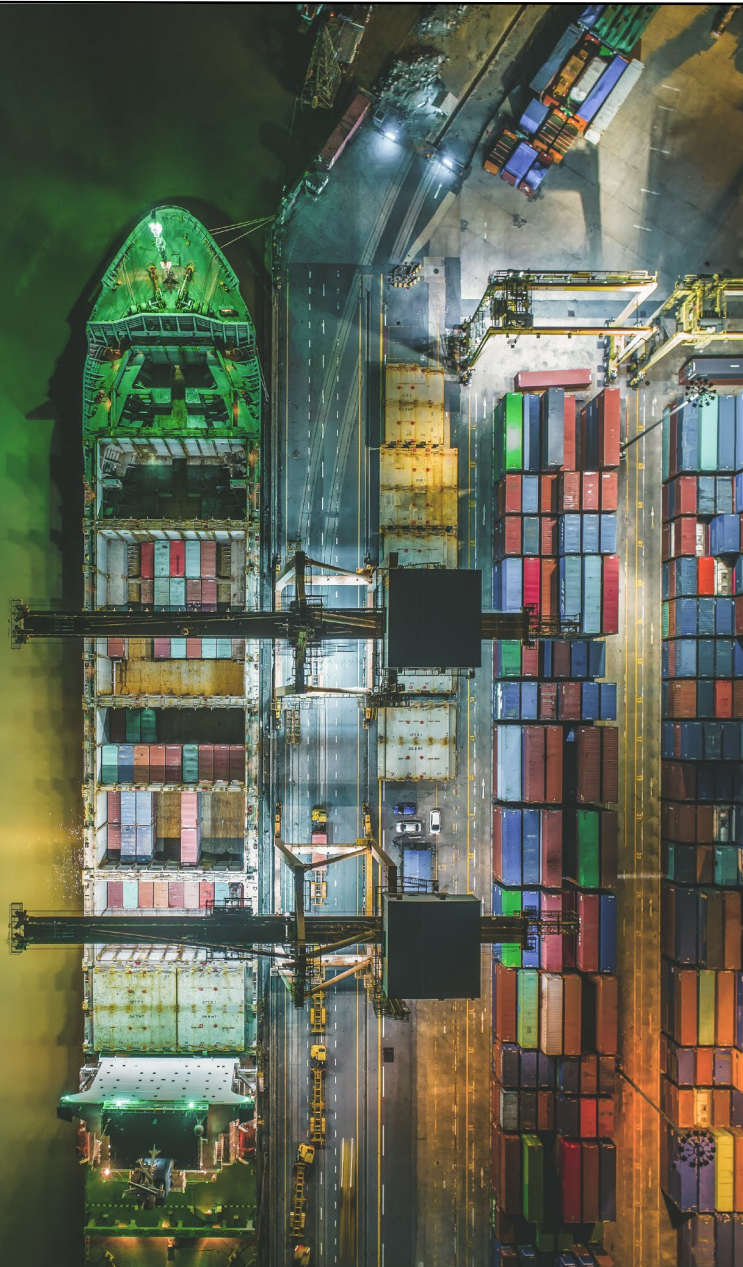
We require our suppliers to meet all environmental and other regulatory requirements where applicable as per our [Global Terms and Conditions of Purchase](#), including but not limited to RoHS, REACH, and WEEE. Our suppliers are expected to furnish to HDT Automotive as directed: (a) a list of all ingredients in the goods; (b) the amount of all ingredients; and (c) information concerning any changes in or additions to such ingredients. Our suppliers will be held to our Business Partner Code of Conduct and must be compliant and certified with ISO 14001 or its equivalent.

### **Business Partner Code of Conduct (GRI 3-3)**

We have established a comprehensive Business Partner Code of Conduct that sets expectations and requirements for our suppliers. This code covers various aspects, including human rights, labor practices, environmental stewardship, anti-corruption measures, and ethical business conduct. By adhering to this code, our suppliers demonstrate their commitment to sustainability and responsible practices, ensuring alignment with our values and principles. We targeted suppliers within our top 80% of spend to sign-off on our Business Partner Code of Conduct. To date, we have received signed responses from **79%** of targeted suppliers.







### ***Commitment to Respecting Supply Chain Labor Standards***

***(GRI 3-3, 408-1, 409-1; SASB TR-AP-440a.1)***

We uphold a steadfast commitment to respecting and promoting fair labor practices across our supply chain. We require our suppliers adhere to internationally recognized labor standards, including those outlined by the International Labour Organization (IO). We engage with suppliers to ensure compliance with labor laws, promote safe working conditions, and protect the rights and well-being of workers throughout the supply chain.

### ***Supplier Risk Analysis***

***(GRI 3-3; SASB TR-AP-440a.1)***

We conduct thorough risk assessments of our suppliers to identify and mitigate potential risks related to sustainability and ethical practices. This analysis helps us evaluate supplier performance in areas such as labor rights, environmental impact, and compliance. Through ongoing risk monitoring and engagement with suppliers, we aim to address any identified issues and collaborate on continuous improvement measures. These assessments are an element of our category management process for current and future business award evaluation.

### ***Supplier Quality List (GRI 3-3)***

To ensure the highest standards of quality and sustainability in our supply chain, we maintain a Supplier Quality List. This list comprises suppliers who have demonstrated a strong commitment to meeting our sustainability criteria, including environmental

performance, social responsibility, and product quality. By working closely with suppliers on this list, we foster long-term partnerships that align with our sustainability goals.

### ***HDT Automotive Supplier Portal (GRI 2-26)***

We recently launched a supplier portal which is accessible from [our webpage](#). The supplier portal provides the means for two-way communication for data and documents to be shared. EDI releases sent from HDT Automotive and ASN information provided by the supplier are included in the initial release of the portal. Links to our terms and conditions, buyer and planner contact links and flags to identify new items are other functionalities.

### ***Buyer Sustainable Procurement Training Program (GRI 3-3, 404-2)***

We believe our procurement professionals play a crucial role in driving sustainability within our supply chain. Therefore, we have developed a comprehensive buyer training program that equips our procurement team with the knowledge and skills necessary to integrate sustainability considerations into their decision-making processes. The training program covers topics such as responsible sourcing, supplier engagement, risk management, and ethical procurement practices. We are proud to state that **100%** of our global buyers participated in the sustainable procurement training this year.

## Fostering Change for a Sustainable Tomorrow: A Glimpse into What's Next

### **Commitment to Respecting Supply Chain Labor Standards**

**(GRI 3-3, 408-1, 409-1; SASB TR-AP-440a.1)**

We plan to develop a reporting mechanism for due diligence compliance with the Canada Modern Slavery Act (Bill S-211) to identify any areas of our business that carry a risk of forced labor or child labor being used. The report will include actions taken to address these risks (including employee training) and measures to remediate any forced labor or child labor. The initial Report to the Minister of Public Safety and Emergency Preparedness will be posted on our website by May 31, 2024.

### **Environmental and Regulatory Compliance (GRI 305-1, 305-2)**

On October 1st, 2023, the transitional period for the EU Carbon Border Adjustment Mechanism (CBAM) regulation began. This regulation applies to imports of goods into the EU that fall within six emission intensive sectors which are Electricity, Iron & Steel, Cement, Aluminum, Fertilizers and Hydrogen. To comply with CBAM, we are working with our impacted suppliers to obtain actual emissions for products imported into the EU.

### **Supplier Quality (GRI 3-3, 416-1)**

Currently each HDT Automotive site has their own Supplier Quality Manual. We are working to make

several documents, forms and processes common across all sites so we can transition to one Global Supplier Quality Manual. This will enable us to have “one face, one voice” with our supply partners.

### **Supplier Portal (GRI 2-26)**

Enhancements to our Supplier Portal planned for 2024 will include upload capability for suppliers to provide compliance certifications such as IATF 16949, EcoVadis/SAQ evaluations, Minority, Scope emissions reporting. Quality and safety compliance reporting will also be available which includes supplier scorecards, audits, action plans supporting product quality and safety.





**IN THIS SECTION**

- Commitment to Social Impact
- Charitable Giving
- Local Collaboration & Volunteerism
- Investments in Youth
- Recognitions & Highlights

**SOCIAL**

## Empowering our Communities

At HDT Automotive, active engagement with local communities is a cornerstone of our values, reflected in our support for initiatives that foster growth and lasting impacts. Through a diverse array of programs and collaborations, we continually strive to fortify the fabric of the communities where we operate.



### *November Giving Month*

In **HDT-Canada**, our team embraced November Giving Month, collecting donations for local charities, including non-perishable food, personal care items, hats, gloves, and socks, fostering the well-being of our community.

### *Supporting Youth*

Our **HDT-Italy (Sesto)** facility hosted students from a local Institute. These students, enrolled in Mechatronics and Maintenance courses, delved into the manufacturing industry during an insightful plant tour. Observing our industrial processes and activities offered valuable insights, guiding their career aspirations and contributing to the cultivation of our community's future workforce.

### *Collect Books for Families in Need for Holidays*

In December, **HDT-Hungary** actively participated in the "shoebox" campaign, providing employees with an opportunity to collect gifts such as toys, books, coloring books, and colored pencils to fill a shoebox. This thoughtful initiative aimed to bring joy and support to families in need during the holiday season.

### *Unity in the Community*

Our **HDT-Mexico** team orchestrated a remarkable race in partnership with their local Municipality. This family-friendly event unified our team, local law enforcement, and the community, culminating in an after-party with vibrant performances, delectable Mexican cuisine, and exciting prizes.

### *Supporting Cancer Research*

Our **HDT-UK** team collaborated with Macmillan Cancer Research to support their 'coffee morning' charity event. Employees brought in baked goods and sipped coffee in support of this great cause. This charitable gathering was not only a delightful culinary experience, but the team managed to raise a significant donation for cancer research while fostering a sense of camaraderie.

### *Supporting Local Schools & Black History*

During February, **HDT-US (Livonia)** partnered with a local Public School district, donating copies of "Black Heroes: A Black History Book for Kids: 51 Inspiring People from Ancient Africa to Modern-Day U.S.A." Our aim was to enrich students' education with inspirational lessons from black history.



## Empowering our Communities

As we continue to evolve and expand our community partnerships, we are driven by the belief that by uplifting and empowering the communities where we operate, we pave the way for sustainable growth and lasting change.



### *Gifts of Hope*

Our **HDT-Canada's** team, represented by the Joint Health and Safety Committee (JHSC), contributed to the Salvation Army's "Gifts of Hope" campaign, furthering the cause of a healthier community.

### *Supporting Low-Income Families*

The **HDT-China** team Health Walk gathered individuals of all ages and fitness levels, raising funds to support low-income children in Changzhou, promoting well-being and camaraderie.

### *Community Partnership*

Our **HDT-Hungary** team proudly partnered with the local fire department, for a practice drill at our plant. This collaborative endeavor enhanced workplace safety and preparedness while fostering a stronger bond with the local community.



### *Donations for City Day Event*

**HDT-Hungary** generously contributed to the City Day event, showcasing a commitment to community involvement. By actively participating and making donations, your company played a significant role in supporting and representing the community during this special event.

### *Children's Theater Workshop*

In **HDT-Italy (Sesto)**, our partnership with the local association "Pro Sesto" facilitated theater workshops for children, enriching their cultural experiences.

### *Elderly House Donation*

The **HDT-Mexico** team fulfilled the Christmas wishes for residents of a local nursing home by providing personalized gifts based on their "Santa's letters."

### *Local Holiday Support*

The **HDT-US (Livonia)** teams holiday support included donating gifts and volunteering at the Children's Center of Detroit, fostering team unity while spreading joy through giving.





**IN THIS SECTION**

- About this Report
- Forward Looking Statement
- Reporting Frameworks
- Sustainability Metrics

### ***About This Report***

Our primary focus is to foster ongoing enhancements in the sustainability realms that matter most to HDT Automotive and our stakeholders. This marks our inaugural sustainability report, delineating the company's approach to sustainability program governance, priority topics, key metrics and targets, as well as our significant sustainability initiatives and accomplishments. All metrics associated with our operations, products, and workforce pertain to the calendar year ending on December 31, 2023, unless otherwise stated.

### ***Forward Looking Statement***

In this Sustainability Report, we present statements concerning our expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. These forward-looking statements should not be interpreted as guarantees of future performance or results and may not necessarily provide accurate indications of the time frames in which such performance or results will be achieved. They are based on information available at the time of their issuance and/or management's good faith belief regarding future events but are subject to risks and uncertainties that may cause them to differ materially from those expressed or implied. Our forward-looking statements reflect our current assessment of potential future events. While we base these statements on assumptions, analysis, and historical trends, as well as our perception of current conditions and expected future developments, they do not guarantee any future events.

### ***Reporting Frameworks***

#### ***Global Reporting Initiative (GRI) Standards***

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

#### ***Sustainability Accounting Standards Board (SASB)***

The SASB framework is a set of standards that identifies industry-specific, financially material sustainability topics and metrics. This report references the SASB Standards according to the Transportation – Auto Parts industry classification.



## Global Sustainability Metrics: Comprehensive Data Insights across HDT Automotive

The data presented in the appendix of this report encapsulates a comprehensive overview of our global operations at HDT Automotive. Drawing from extensive global reporting across all company locations, the information spans various crucial aspects.

- **Environmental** metrics showcase our commitment to sustainable practices, while details about our workforce encompass key elements such as safety, diversity, turnover, and labor relations.
- **Governance** indicators highlight our adherence to robust ethical and operational standards.
- Additionally, the inclusion of **Human Rights** data reflects our dedication to upholding fundamental principles.

This data-driven approach underscores our transparency and accountability, providing stakeholders with a thorough understanding of our sustainability efforts and the holistic impact of our operations worldwide.





Environmental			
	2021	2022	2023
<b>Global Emissions<sup>1</sup></b>			
Scope 1 Emissions	8,121	7,840	7,760
Scope 2 Emissions	23,876	24,960	25,004
Intensity	86.4	79.1	72.5
<b>Global Energy</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total Propane Consumption (gallons)	233,985	278,434	434,378
Total Electrical Consumption (KwH)	50,152,664	51,349,512	51,183,526
Total water Consumption (gallons)	74,560,138	79,091,493	79,848,431
<b>Environmental Governance</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Number of Notices of Violation (NOV) in the U.S.	0	0	0
Number of Notices of Violation (NOV) outside of U.S.	0	0	0
% of Global Manufacturing Operations ISO Third-Party Certified	100%	100%	100%
Safety			
	2021	2022	2023
<b>Global Workplace Safety<sup>2</sup></b>			
Severity Rate	10.2	8.0	7.8
Number of Work-Related Incidents Resulting in Death	0	0	0
Recordable Incident Rate	1.2	1.3	0.4

1 Scope 1 emissions are generated from direct use of fossil fuels (i.e., natural gas, propane, diesel); Scope 2 emissions are calculated from electricity used in our operations for process and building with some purchased steam and delivered heat by third.

2 Number of lost workday cases due to injuries and illnesses per 200,000 work hours. Lost workday case rate is defined as an incident that resulted in an injury or illness that required a worker to be away from work for one full workday or more after the date of injury

Workforce	2022		2023	
	Number	Percentage	Number	Percentage
<b>Global Employees by Region</b>				
Total	3,405	●	3,437	●
North America	1,469	43.1%	1,484	43.2%
Europe	1,396	41.0%	1,492	43.4%
Asia	540	15.9%	461	13.4%
<b>Global Employees by Type and Region</b>				
Permanent				
Total	2,985	●	2,992	●
North America	1,426	47.8%	1,427	47.7%
Europe	1,298	43.5%	1,343	44.9%
Asia	261	8.7%	222	7.4%
Temporary				
Total	420	●	445	●
North America	43	10.2%	57	12.8%
Europe	98	23.3%	149	33.5%
Asia	279	66.4%	239	53.7%
<b>Global Employees by Employment Type and Region</b>				
Full-Time				
Total	3,258	●	3,167	●
North America	1,464	44.9%	1,422	45.0%
Europe	1,254	38.5%	1,284	41.0%
Asia	540	16.6%	461	15.0%
Part-Time				
Total	44	●	29	●
North America	0	0%	0	0%
Europe	44	100%	29	100%
Asia	0	0%	0	0%

● Information Not Available / Relevant

Workforce	2022		2023	
	Number	Percentage	Number	Percentage
<b>Global Workforce by Type and Gender</b>				
Permanent Employees				
Total	2,985	●	2,992	●
Male	1,478	49.5%	1,438	48.1%
Female	1,507	50.5%	1,554	51.9%
Temporary Employees				
Total	420	●	445	●
Male	212	50.5%	224	50.3%
Female	208	49.5%	221	49.7%
<b>Global Workforce by Gender and Region <sup>1</sup></b>				
Female				
Total	1,507	●	1,554	●
North America	641	42.5%	670	43.1%
Europe	746	49.5%	780	50.2%
Asia	120	8.0%	104	6.7%
Male				
Total	1,478	●	1,438	●
North America	785	53.1%	757	52.6%
Europe	552	37.3%	563	39.2%
Asia	141	9.5%	118	8.2%
<b>U.S. Workforce by Gender</b>				
Total	440	●	426	●
Male	281	63.9%	265	62.2%
Female	159	36.1%	161	37.8%

● Information Not Available / Relevant

<sup>1</sup> Includes permanent and temporary employees.

Workforce	2022		2023	
	Number	Percentage	Number	Percentage
<b>Global Workforce by Gender and Age Group <sup>1</sup></b>				
Total				
Total	2,985	●	3,459	●
Under 30	578	19.4%	602	17.4%
30 - 49	1,423	47.7%	1,631	47.2%
50 and over	984	33.0%	1,226	35.4%
Female				
Total	1,507	●	1,682	●
Under 30	266	17.7%	275	16.3%
30 - 49	743	49.3%	856	50.9%
50 and over	498	33.0%	551	32.8%
Male				
Total	1,478	●	1,777	●
Under 30	312	21.1%	327	18.4%
30 - 49	680	46.0%	775	43.6%
50 and over	486	32.9%	675	38.0%

● Information Not Available / Relevant

<sup>1</sup> Excludes temporary employees.

Workforce	2022		2023	
	Number	Percentage	Number	Percentage
<b>Global Females in Top Management Positions <sup>1</sup></b>				
Total	57	●	47	●
Female	16	28.1%	13	27.7%
<b>Global Executive-Level Positions by Gender</b>				
Total	6	●	6	●
Male	4	66.7%	4	66.7%
Female	2	33.3%	2	33.3%
<b>Global Training by Category (hours) <sup>2</sup></b>				
Discrimination and Harassment	8,675	20.5%	2,697	4.8%
Diversity, Equity and Inclusion	1,672	4.0%	574	1.0%
Environmental, Health and Safety	6,971	16.5%	13,104	23.4%
Ethics, Corruption and Anti-bribery	1,890	4.5%	1,216	2.2%
Human Trafficking	1,602	3.8%	207	0.4%
Leadership	868	2.1%	1,552	2.8%
Professional Development	17,179	40.6%	35,031	62.6%
Personal Development	2,712	6.4%	835	1.5%
Cybersecurity and Data Privacy	719	1.7%	771	1.4%
Average Number of Training Hours Each Employee Invested Per Year	15	●	19	●

● Information Not Available / Relevant

<sup>1</sup> Top management is defined as 2 levels away from CEO.

<sup>2</sup> Data is an approximation; headcount excludes temporary employees; 2022 excludes Headquarters.

Workforce	2022		2023	
	Number	Percentage	Number	Percentage
<b>Labor Relations</b>				
Union Representation of Total Global Workforce <sup>9</sup>	8	●	7	●
Union Representation of Hourly Workforce	882	30%	556	19%

Governance	2022	2023
Number of Board Members	5	5
Board Members, Male	5	5
Board Members, Female	0	0
Directors Who are Women (%)	0	0
<b>Global Ethics</b>		
Total Number of Reports to Ethics Committee	●	0
Total Number of Allegations Reported to Local HR	14	56
Total Number of Languages the Code of Conduct Training is Available in	●	12
Total Approximate Number of Employees and Contract Workers Who Completed Compliance Training	470	2730
Confirmed Cases of Corruption	0%	0%
<b>Human Rights</b>		
Allegations Received involving Harassment and Discrimination	3	20
Human Rights Policy--Number of Languages Available	●	6

● Information Not Available / Relevant

