



2022
Sustainability
Report

 **Litens**

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Introduction



Commitment to Sustainability

Our commitment to sustainability influences the way we run our business, operate our facilities, and contribute to communities around the globe. We fully embrace the principles of sustainability in our products and how we operate. We strive to conduct business in ways that respect the rights of stakeholders, including employees, customers, and the communities in which we operate. As a result of this pledge, we are committed to being a responsible corporate citizen and have backed our commitment with concrete actions in core areas of sustainability.

Litens is committed to achieve carbon neutrality (Scope 1 and Scope 2) in our global manufacturing operations by 2030

Approach to sustainable value creation

This Sustainability Report aims to provide our stakeholders with a better understanding of how we approach the creation of sustainable, long-term value and our management of sustainability-related risks. The report is structured to align with the Task Force on Climate-related Financial Disclosures (“TCFD”) framework, as well as the Sustainability Accounting Standards Board’s (“SASB”) Auto Parts accounting standard, where possible. While this report may not currently provide stakeholders with all of the information sought through the TCFD and SASB frameworks, we continue to evolve and enhance our disclosure as our collection and validation of the applicable data improves. While the TCFD and SASB Auto Parts frameworks primarily address climate-related factors, this Sustainability Report aims to go beyond such items to give stakeholders a better understanding of the broad range of initiatives that define our approach to sustainable value creation.

OVERALL, OUR APPROACH TO SUSTAINABLE VALUE CREATION INVOLVES:

Developing, engineering, manufacturing, and delivering innovative product solutions for our customers, which achieve shared goals of reduced weight, lower fuel consumption, recyclability, and reduced carbon emissions

Working on a roadmap to secure and transition 100% renewable energy

Optimizing and innovating our manufacturing processes for resource and input efficiency, as well as product quality

Increase collaboration with our supply chain to centralize reporting while focusing on Scope 3 emissions reduction

Enhancing the energy efficiency of our plants to reduce Scope 1 and 2 greenhouse gas emissions

Treating our employees fairly and looking out for their health, safety, and general well-being

Serving as a good community partner, particularly in the communities in which our employees live and work

Sustainability Spotlight

GLOBAL COMMUNITY ENGAGEMENT



- 1 Litens Germany in the Strong Viking Water Edition
- 2 Photo from the National Rally Championship of Romania
- 3 Litens Brazil sponsored charity race event: I Love Atibaia
- 4 Litens Canada Team participating in the #JackRide2022
- 5 Litens China team building event

Sustainability Governance



Management

SUSTAINABILITY-RELATED OBJECTIVES SETTING IS CARRIED OUT DURING THE OVERALL ANNUAL BUSINESS PLANNING PROCESS.

Sustainability management and climate-related concerns are part of the CEO/President's responsibility. The CEO/President oversees and leads Senior Management and the Sustainability Team on Litens' sustainability initiatives and strategies.

The team includes: the Executive Vice President and Chief Operations Officer, the Vice President of Sustainability, and the Manager, ESG and Sustainability.

Sustainability is interwoven in the CEO's responsibility for talent acquisition as well as customer and investment management and engagement. To accommodate the CEO's sustainability responsibilities, Litens has designated the Global Sustainability Department for climate-related concerns and the development of ESG related initiatives. The ESG and Sustainability Manager reports to the Vice President of Sustainability regarding the development and coordination of sustainable practices as well as developing an awareness across Litens' sites.

Each site and its departments have discrete sustainability objectives. Many initiatives intended to help us achieve carbon reduction are well underway, including energy optimization projects and a phased-in transition to renewable electricity globally. At Litens, utilizing carbon offsets is a last resort to offset Scope 1 emissions that cannot be displaced by other methods, not a primary means of achieving our targets.

Carbon Neutrality Priorities

OUR ENERGY OPTIMIZATION ACTIVITIES ARE DESCRIBED IN FURTHER DETAIL IN RESOURCE EFFICIENCY SECTION OF THIS SUSTAINABILITY REPORT

Aspects of sustainability beyond climate-change concerns are typically managed through a structure in which corporate-wide functions support initiatives implemented or managed by global sites. Examples of functional areas managed in this manner include:

- Environmental management and compliance
- Occupational health and safety
- Quality and operational improvement
- Talent management, including diversity and inclusion
- Cybersecurity
- Data privacy
- Supply chain



Energy optimization

ENERGY REDUCTION INITIATIVES

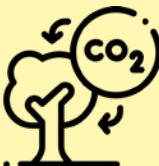
SCOPE 1+2



Renewable Energy

A REGIONAL PORTFOLIO APPROACH TO RENEWABLE ENERGY INCLUDING POWER PURCHASE AGREEMENTS (PPAS), RENEWABLE ENERGY CERTIFICATES (RECS) AND SELF-GENERATION

SCOPE 2



Carbon Offset

PURCHASE OF CLEAN CARBON OFFSETS AS A LAST RESORT TO ADDRESS SCOPE 1 EMISSIONS THAT CANNOT BE DISPLACED

SCOPE 1

Climate-Related Opportunities

Corporate Strategy

THE AUTOMOTIVE INDUSTRY IS BEING DEFINED BY A NUMBER OF GLOBAL MEGATRENDS THAT HAVE SHAPED OUR LONG-TERM STRATEGY, INCLUDING:

	Global Megatrend	Impact on automotive
Society	Demographic Change & Individualism	Product design will be influenced by an aging population and growing individualization
	Digital Transformation	Connectivity and digitization impact both product and process. New vehicle architectures that connect the subsystems along with software functionality create additional value for products. The process is also impacted due to increased digitization, driven by increased requirements for productivity and quality. Connected and autonomous vehicle technologies and new concepts of providing and monetizing on-demand digital services offer a range of opportunities for new products and services.
	Health & Well-Being	ADAS and autonomy take rates will be driven by consumer preferences and regulatory requirements tied to increased safety
Mobility	Urbanization	Continued growth in urban population will lead to changes in mobility as a result of increased density and congestion with an increase in electric vehicle adoption and new transport modalities
	New Mobility	Emerging new mobility eco-system offers a range of potential opportunities for new products and services
Economy	Natural Resources, Energy & Environmental	Increased focus on the environment and climate change will drive growth rates for electrification

We have developed our corporate strategy to realize the opportunities from these trends



Key elements of such strategy include

INCREASING CAPITAL DEPLOYMENT TOWARD HIGH-GROWTH AREAS

We are developing and introducing new products for fully electrified vehicles and continuing to implement our suite of energy-saving products for hybrid and ICE-based vehicles. We seek to grow our business and capabilities in areas positively impacted by the megatrends.

DRIVING OPERATIONAL EXCELLENCE

We are committed to manufacturing excellence. We continue to elevate our approach to manufacturing by implementing “factory of the future” initiatives, including enhanced use of big data and analytics, advanced robotics, additive manufacturing, and augmented reality. The ultimate goal is to achieve greater profitability through further enhanced quality, production efficiency, reduction of floor space, and improved return on investments. Critical elements of our approach to operational excellence include our World Class Manufacturing initiatives. Additionally, our sustainability strategy dovetails with our efforts around operational excellence due to the focus on energy optimization and minimization of waste streams to landfill.



UNLOCKING NEW BUSINESS MODELS AND MARKETS

Our long-term strategy is well-aligned with climate change-related trends impacting the automotive industry, including vehicle electrification, operational efficiency to minimize manufacturing inputs and waste outputs, as well as the pursuit of new mobility business models. We cannot determine for certain how quickly the market for the declining products in our portfolio may deteriorate, but products such as AWD/4WD systems appear to have continuing relevance for the next decade. However, we believe that our physical assets, human capital, and know-how related to mechanical solutions can be repurposed as vehicle development plans migrate toward electrified AWD/4WD solutions. We currently offer multiple solutions for electric and hybrid technologies, including battery packs, FloMatrx thermal system control valves, FloMatrxHub thermal system controllers, belt drive electric hybrids, thermal management heating systems, and compact electric water pumps. We expect to be able to continue growing our market share in the powertrain market.

Products and Services



Litens China celebrates the success of their first functional high-voltage heater

Litens has been developing technologies that help our OEM customers bring to market vehicles that meet or exceed consumer expectations regarding fuel consumption and greenhouse gas (GHG) emissions. Our contribution in this regard is through:

- use of advanced and lightweight materials
- components and systems with reduced mass through the use of advanced/ lightweight materials, innovative multi-material joining
- processes, increased use of electronics, and reduced number of parts
- solutions to help optimize internal combustion engines' innovative products



Sustainability Spotlight

International Planet-Friendly Operations

THE DEVELOPMENT TEAM WITH THE FIRST GEN1 HIGH VOLTAGE BATTERY PACK

In October 2022, a full-scale 800-volt battery pack was designed for the commercial vehicle sector. The cells in this battery pack can be recharged in 10 minutes, replaced, repurposed, and recycled – an industry first, making it the world's most environmentally responsible battery pack.

OPTIMIZING THERMAL MANAGEMENT

Litens engineering team optimized the thermal management system of the VW ID4 car using Litens products while reducing the build room, the number of parts used, the related production handling, and the service time needed.



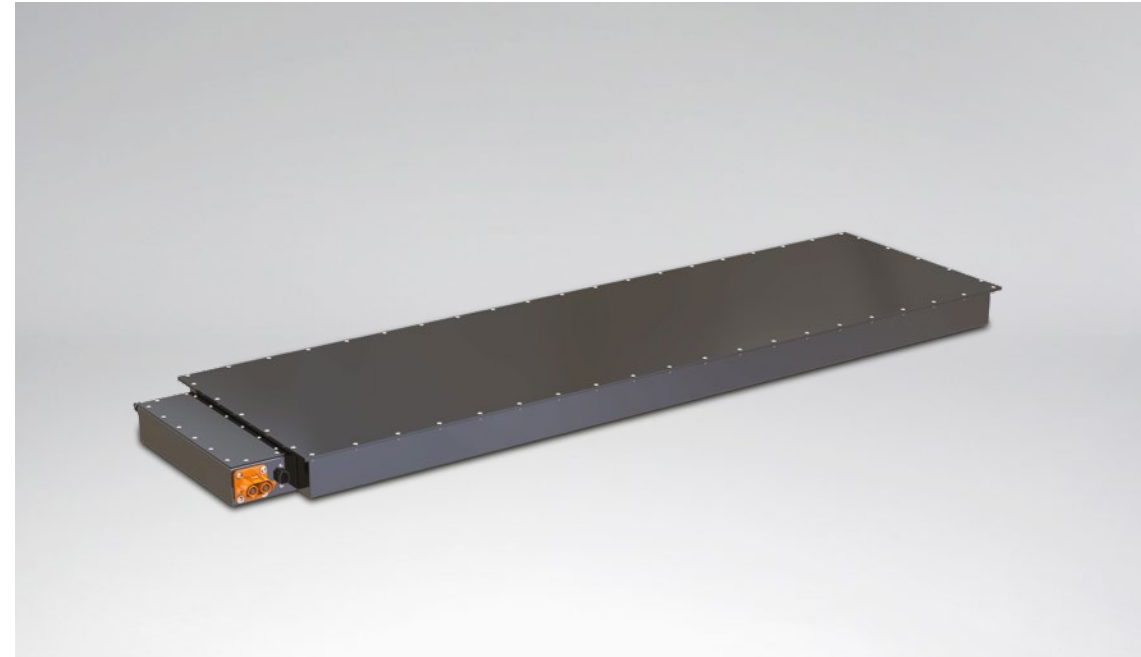
Markets

The transition to a lower-carbon economy has provided and is expected to continue to provide opportunities to enter new products and service markets. Some new products developed to take advantage of opportunities from such transition include:

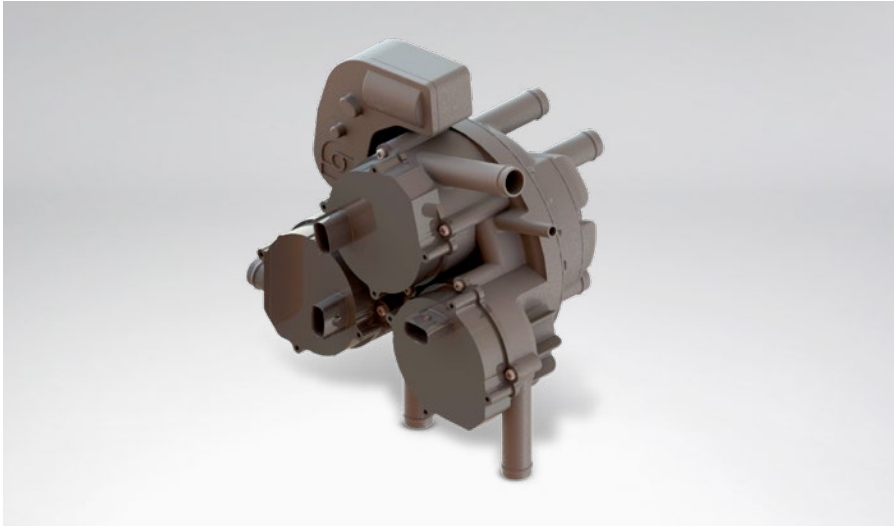
BATTERY PACK

Litens' high-performance battery pack meets the need for improved recycling and environmental stewardship and leverages our expertise in mechanical and thermal design. Our cutting-edge Litens battery management system is designed to maintain the long-term value of the pack and individual cells.

Our pack design supports easy and safe serviceability at the individual cell level, facilitating long pack life, a lower overall total cost of ownership, better reliability, and assuring value going into second-life service. Our cloud-based BMS provides health feedback and history at any time.



The pack is a fully integrated plug-and-play solution with a built-in thermal system, immersion cooling, and leading-edge safety. Ultrafast charge and discharge rates keep downtime low. The packs are stackable and available with vibration isolation systems.



FLOMATRXHUB™ THERMAL SYSTEM CONTROLLER

The heart of your electric vehicle cooling system, FloMatrxHub, consists of a multiport/state valve with integrated high-efficiency coolant pumps, programmable controls, and software to manage coolant flow and energy recovery to any vehicle system.

FloMatrxHub offers total system control and the ability to maintain flexible propulsion system package architecture while saving costs on extra components.



FLOMATRX™ THERMAL SYSTEM CONTROL VALVES

Our unique multiport/state valve systems with built-in intelligent actuators facilitate cost-effective multimode heating and cooling systems. Our FloMatrx valve designs provide a matrix of flow path solutions with high efficiency and low losses. Applying our full system modelling capabilities, we can optimize the solution to fit each vehicle's needs.

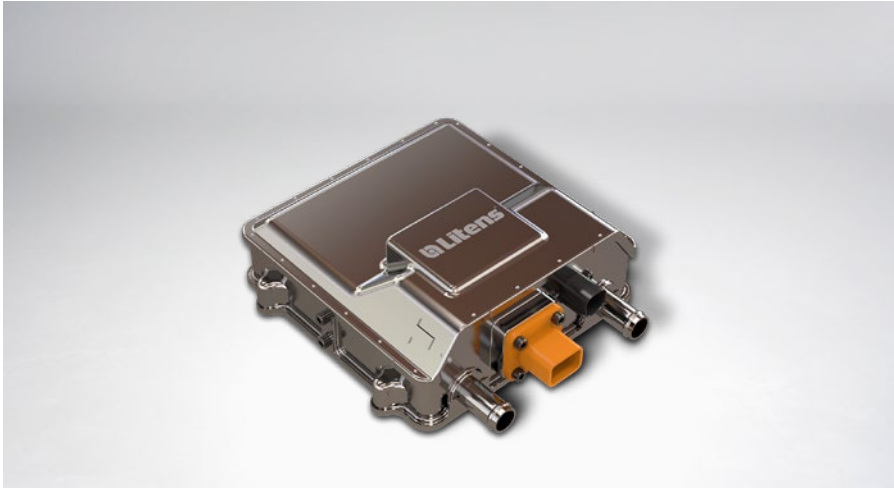


BELT DRIVE ELECTRIC HYBRIDS

Where electric motors supplement ICEs, Litens has a strong portfolio to deliver robust, reliable solutions at the lowest possible belt tension reducing energy losses and improving system NVH.

Total belt tension control under all operating conditions is critical to secure the system's lifetime. Litens hybrid belt tensioners offer renowned reliability to control belt tension in either power transmission or generation mode and react instantly to mode changes. Our designs utilize proprietary solutions to minimize wear, resist harsh environments, and prevent noise.

The highest-performance hybrid systems can deliver significant torque from the electric motor to the ICE resulting in maximum benefit to fuel efficiency. High-power applications need to utilize crankshaft torsional isolation to manage the loads on the belt. Litens BASFiltr™ is designed to meet these needs and has an unparalleled reputation in the industry. Using the most advanced computer simulations, Litens can optimize any system configuration.



THERMAL MANAGEMENT HEATING SYSTEMS

To keep people and batteries comfortable on cold days, BEVs need electrically operated heaters. Litens' efficient and flexible 10KW coolant heater with integrated controls ensures efficient operation and safety. It can be configured to utilize regenerated energy based on the vehicle's operation at any given time. Customers can also use the heater for climate maintenance before charging or driving. In some cases, the system can be configured to enhance the heat pump operation to provide reliable heat at low temperatures.



COMPACT ELECTRIC WATER PUMP

A compact and lightweight electrical water pump with industry-leading power density pump using our unique axial flux technology to achieve high efficiency, low cost, and up to 70% reduction in size and mass vs. other pumps in the same power class. This pump enables high performance from the thermal system and can be integrated seamlessly within FloMatrxHub products.

Resource Efficiency



ENERGY

As part of our sustainability and operational efficiency efforts, we focus on optimizing energy use, which may result in overall energy cost savings. Accordingly, we are focused on becoming more energy efficient (measured by energy consumption relative to sales) so that, at minimum, our rate of increase in energy consumption slows. Some of the incremental changes made by our facilities and processes to reduce our energy consumption and improve energy efficiency include:

- Installation of LED lighting
- Equipment start-up/shut-down/idling procedures to achieve energy savings during production downtime
- Compressed air leak identification and repair initiatives
- Computer-controlled utility and HVAC systems to allow for improved performance and energy reduction
- Door and dock seal repairs to reduce heat loss
- High-efficiency chiller and compressor upgrades
- Occupancy-sensor-controlled lighting and energy-efficient lighting retrofits
- Use of solar panels at certain facilities
- Installation of variable frequency drives on motors and pumps
- Participation in energy-saving and incentive programs offered by utility providers in jurisdictions in which we operate.

WATER

We have implemented projects to reduce water consumption at our facilities. While we are not a significant water user, achievement of water reductions would be expected to result in cost savings, potentially by offsetting (in whole or in part) any increase in the rates charged by applicable water utilities. Overall, we do not anticipate that any savings will be material.

WASTE

We have also implemented waste reduction targets at our facilities. All recyclable waste generated at our global facilities is recycled. All facilities focus on the complete diversion of non-recyclable waste from landfill, and the waste is sent to incineration where available.

Resilience

The automotive industry is investing in innovations aimed at adapting mobility products and service solutions to a lower carbon economy.

The risk mitigation factors in the following section, “Climate-Related Risks and Risk Mitigation” and initiatives to realize opportunities discussed in this Section of the Sustainability Report are expected to promote our ability to adapt and succeed in a lower carbon economy.

Climate-Related Risks and Risk Mitigation

Transition Risks and Risk Mitigation

REGULATORY POLICY ACTIONS

Applicable near-term policy actions related to climate change generally fall into one of the following categories, each of which may have an indirect effect on Litens:

AVERAGE FLEET EMISSIONS OR FUEL EFFICIENCY REGULATIONS:

Governments in key auto-producing regions have set challenging average vehicle fleet emissions or fuel efficiency targets that OEMs must meet, including the European Union, China, Brazil, India, and the U.S.. We regularly monitor changes in regulation relating to emissions and fuel efficiency as part of our strategic planning processes:



CHINA: In China, effective July 1, 2021, stringent China VI emissions regulations addressing particulate emissions were implemented, which could affect consumer demand for vehicles or powertrain options for vehicles that do meet the new emissions standard.

BRAZIL: Effective January 1, 2022, the PROCONVE L-7 standards were implemented. More stringent L-8 standards will be introduced starting on January 1, 2025. The stringency of L-8 standards is scheduled to increase with time, and they will be fully phased in for light passenger vehicles by January 1, 2029, and for light commercial vehicles by January 1, 2031.

INDIA: With the implementation of CAFE II norms in April 2022, the limit for CO₂ emissions were reduced from 130 g/km to 113 g/km. In addition to CAFE norms, BS6 Stage II norms will be implemented in 2023 requiring OEMs to upgrade both hardware and software on the cars to meet the more stringent emission standards.

EUROPEAN UNION: For the years 2020-2024, Regulation (EU) 2019/631 sets a fleet-wide target of 95 g CO₂/km and stricter limits for fleet-wide targets for the years 2025-2030. Should a manufacturer's fleet exceed the specific emission target, the manufacturer must pay a premium of €95 per g/km of target exceedance for each newly registered vehicle within that year. In 2022, the EU Commission finalized the Euro 7 auto emissions standards proposal, which will provide tighter emission limits to 60 milligrams per kilometer

regardless of technology compared to the current Euro 6 standard. Under this proposal, the Euro 7 will allow vehicles to remain affordable and reduce emissions to meet the European Green Deal's zero-pollution goal, ensuring improved air quality, cleaner vehicles, and protecting the environment and EU citizens' health. The standard will be applied in the EU to vans and cars (light-duty vehicles) as well as lorries and buses (heavy-duty vehicles). Should the proposal be adopted, vehicle NOx emissions will be reduced by 35% and bus emissions will be reduced by 56% by 2035. Moreover, tailpipe particles from vans and cars will be reduced by 13%, buses, and lorries particles will be reduced by 39% as well as car particles from brakes will be lowered by 27%. The Euro 7 proposal focuses on the target of zero CO2 emissions, which is an EU fleet-wide target that will lower the production of CO2 car and van emissions by 100% compared to 2021. EU regulations allow for an incentive of a super-credits system for the years 2020-2022 for zero- and low-emission vehicles (ZLEVs) with emissions of less than 50 g CO2/km. The CO2 emissions targets applying to any OEM will be relaxed if its share of ZLEVs registered within the EU in any year exceeds 15% from 2025 onwards, and 35% from 2030 onwards.

UNITED STATES: In the U.S., the current administration issued an executive order with a non-binding target of 50% of all new vehicles sold in 2030 to be zero-emission vehicles, including battery electric, plug-in hybrid electric, or fuel cell electric vehicles. Subsequently, the U.S. Environmental Protection Agency (EPA) finalized new vehicle emissions standards for passenger cars and light-duty trucks with model years 2023-2026, which increase in stringency

through that period and would result in a fleetwide average fuel economy of approximately 40 mpg in 2026. More stringent emissions standards for model years 2027-2030 are expected to be introduced by the EPA in the near term. In addition, the U.S. National Highway Traffic Safety Administration (NHTSA) issued new corporate Average Fuel Economy (CAFE) standards – regulating how far vehicles must travel on a gallon of fuel. The new CAFE standards for passenger cars and light trucks manufactured in model years 2024-2026 would increase fuel efficiency requirements by 8% annually (compared to 1.5% annually under previous standards) for model years 2024-2026 and increase the estimated fleetwide average fuel economy by 12 miles per gallon for the model year 2026 vehicles, relative to the model year 2021.

The tightening of emissions standards in the European Union, China, Brazil, India, and the U.S. intends to promote the transition to ZLEVs. OEMs have been spending significant sums in R&D to meet the higher regulatory standards. Although the production of ZLEVs is accelerating due to regulatory requirements, to the extent that ZLEVs do not sell at the levels expected, production volumes may need to be reduced. Lower than forecast production poses a risk to our ability to recover pre-production expenses amortized in the piece-price of our product, as discussed above.

Phase-Out of New ICE Vehicles

In addition to more stringent fleet emissions and fuel efficiency standards, the number of national and subnational jurisdictions committing to, or accelerating existing commitments to, phase-out of the sale or registration of new ICE engines is growing. Several countries in Europe have set target dates by which only zero-emission passenger vehicle sales or registrations would be permitted, including:

- 2025: Netherlands, Norway
- 2030: Denmark, Iceland, Ireland, Germany, Slovenia
- 2035: Italy
- 2040: France, Spain

Moreover, once implemented, the new Euro 7 emissions standards discussed above, which would require a 100% reduction in CO₂ emissions, would effectively ban the sale of new gasoline and diesel-fueled vehicles in EU member countries by 2035.

The United Kingdom has accelerated its plans to phase-out ICE passenger cars and vans, with all vehicles required to have a significant zero emissions capability (e.g., plug-in and full hybrids) from 2030 and be 100% zero emissions from 2035. Similarly, Canada has accelerated its mandatory phase out of ICE and diesel-powered vehicles through a new regulation that requires all new sales of vehicles and light-duty trucks to be zero emissions by 2035, with interim targets for 2025 and 2030 expected to be introduced as well.

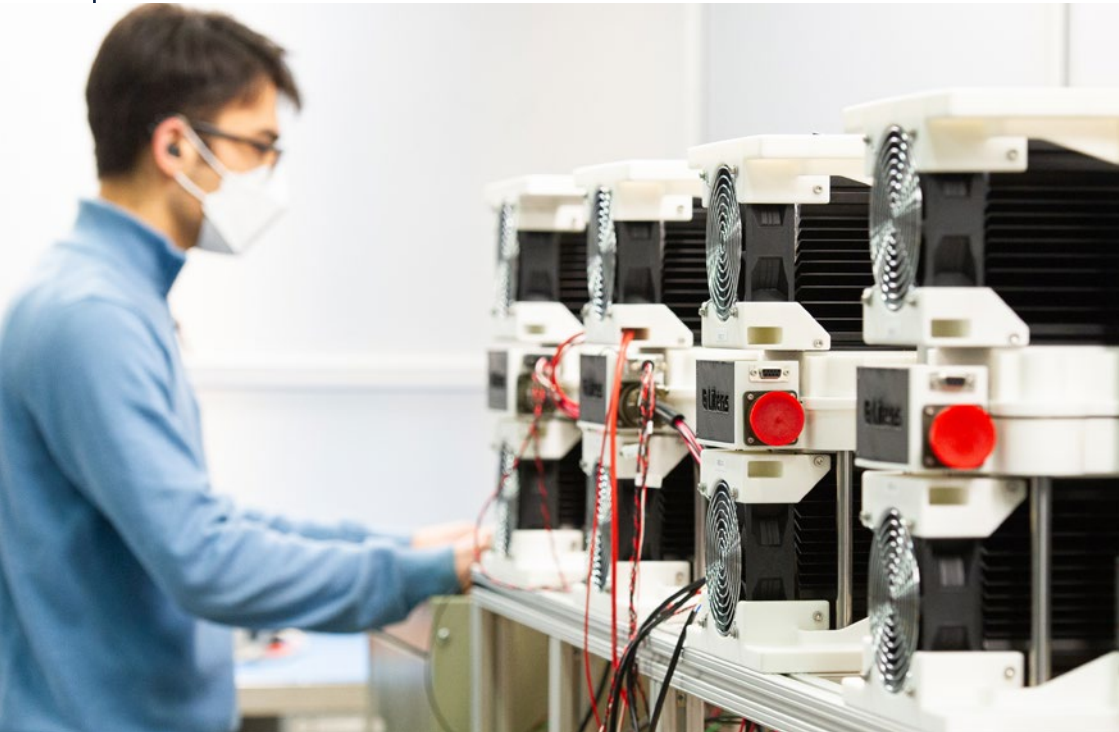
Given the long lead times for vehicle development, such proposals, and emerging regulations are expected to increasingly impact OEM and automotive supplier product planning and development this decade.

VEHICLE RESTRICTIONS IN CONGESTED URBAN CENTERS

Municipal governments in a number of cities around the world have introduced restrictions on personal-use vehicles in congested urban centers, to reduce CO₂ emissions and improve urban air quality. Examples of restrictions include car-free zones, toll charges, and use restrictions by the license plate. Continued expansion of such initiatives could reduce the demand for personal-use vehicles, which could affect our profitability. We attempt to mitigate applicable policy risks relating to climate change-related regulation in a number of ways, including:

- Monitoring and evaluating global regulatory developments
- Early-stage interaction with our OEM customers to understand their product priorities and regulatory compliance requirements
- In-house R&D, combined with investment strategies in technological start-ups
- Strategic planning processes

In terms of direct policy actions affecting our operations, we anticipate continued strengthening of environmental regulations related to industrial emissions and discharge of pollutants to air, water, and ground.



CUSTOMER-DRIVEN POLICY ACTIONS

A number of our OEM customers have set carbon-neutrality targets and are challenging Tier 1 Suppliers to support such targets. In some cases, we are asked to quote the supply of future programs based on 100% renewable energy use for production. Although we expect to meet or exceed our customers' expectations, the inability to do so within the time frames expected could result in the loss of some future business.

CLIMATE-RELATED LITIGATION

We do not believe that climate-change-related litigation represents a significant legal risk for us. However, if OEMs are adversely impacted by climate change litigation, there is a possibility that Tier 1 automotive suppliers like Litens could face additional pricing pressure.

TECHNOLOGY

In the case of drivetrain products, we view the know-how gained from our drivetrain expertise as being critical to our ability to deliver innovative electrified solutions that meet our customers' needs. In addition to continuing to offer a range of mechanical and electrified drivetrain products, we aim to mitigate technology transition risks through:

- Increased in-house R&D
- Targeted acquisitions
- Early customer engagement
- Increased university engagement



MARKET

Some of the risks impacting the market for our products in the transition to a lower carbon economy are described above under “Regulatory Policy Actions” and “Technology”. Additionally, there are potential risks to the demand for personal mobility vehicles and our products from technology-driven shared mobility solutions such as ride-hailing and ridesharing. To date, such shared mobility solutions have not had a material impact on the demand for new vehicles, and no such adverse effect is expected in the near- to medium-term. In any event, our strategy related to new mobility seeks to mitigate risks to our business and realize opportunities based on the breadth of capabilities we can offer to new mobility customers.

Additionally, in order to enhance our understanding of potential shifts in consumer behavior, we conduct our analysis of various factors that are expected to drive future personal and shared mobility trends, including through:

- monitoring and analysis of the social, digital, demographic, regulatory, industry, geopolitical, and other trends which may create demand for and drive the development of new automotive and mobility technologies
- review of academic research
- collection and screening of ideas submitted through innovation programs
- early-stage interaction with our OEM customers and new mobility market entrants to understand their product priorities

As the entire industry's carbon-neutrality efforts increase, the price of low-carbon steel and aluminum may increase in the near and medium terms until the supply of low-carbon products is sufficient to meet growing demand. In the near and medium term, the increasing production of ZLEVs may also strain supplies of the rare earth minerals and other metals required for vehicle battery systems, which we do not supply, including nickel, cobalt, and lithium used in EV batteries, copper for EV charging infrastructure and rare earth metals for EV motor magnets. However, such supply constraints could help spur the development of alternative battery technologies or low-carbon fuels and promote technological breakthroughs that could facilitate market penetration of hydrogen fuel cells or other technologies.

REPUTATION

Since light vehicles are global GHG emission contributors, Tier 1 suppliers like Litens may face reputational risks from participation in the automotive industry. Examples of such risk types include the potential loss of business from sustainability-focused customers and challenges attracting talent. A number of our OEM customers are embedding sustainability criteria in their sourcing decisions and could reduce purchases from us if they perceive Litens to lag other suppliers concerning sustainability. In addition, millennials and other workforce components want to work in companies they perceive as sustainable, making it difficult for companies to attract such talent if the company is perceived to be lagging in sustainability. However, OEMs and Tier 1 suppliers have been proactively adapting to climate change and transitioning to a low-carbon economy, as evidenced by the significant spending on R&D and technological innovation to reduce CO₂ emissions, specifically through electrification and powertrain efficiency, as well as the setting of carbon neutrality targets in their operations.

At the same time, particular OEMs may be viewed as more or less sustainable based on their sustainability strategies and commitment to transitioning to a low-carbon economy. Equally, particular vehicle models or even entire vehicle segments may be perceived to be more or less sustainable. As a supplier to all major OEMs, we do not anticipate any consequences to our reputation that we may supply to any particular OEM, vehicle, or vehicle segment. In any event, we believe that our R&D and technological innovation, which is focused on light weighting, improved fuel economy and lower emissions, together with our sustainability strategy, including our carbon neutrality commitments, serve to mitigate potential reputational risks.

Physical Risks and Risk Mitigation

With the increased frequency and severity of extreme weather events associated with climate change, including floods, windstorms, wildfires, tornados, tsunamis, hailstorms, and other natural weather hazards, we face the risk that such an event could cause significant damage to one or more of our facilities or those of our customers and sub-suppliers. While our primary concern in an acute climate event affecting one of our facilities would be the safety and well-being of our employees, property damage and business interruption would represent the primary financial risk.

An acute climate event that significantly damages one of our facilities could disrupt our production and prevent us from supplying products to our customers. Such an event could lead to us incurring several costs, many of which may be unrecoverable, including:

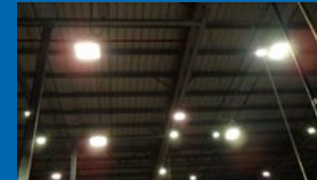
- costs related to the physical repair of any damage to our facility
- costs related to premium freight or re-sourcing of supply
- penalties or business interruption claims by our customers
- loss of future business and reputational damage
- higher insurance costs going forward

Extreme climate events could also disrupt supply chains for the industry over the near, medium, and long term. Such events can cause shortages of critical materials, which in turn drives prices higher. We maintain a global property risk control program to support our efforts to mitigate risks to our employees' safety, physical property risks, and potential for business interruption due to extreme weather events, including hurricanes, tornadoes, flooding, and earthquakes. The program, which includes risk engineering with support from a third-party property risk engineering consulting firm, includes the following elements to promote the physical resiliency of our facilities and minimize the risk of disruption to our operations:

- periodic facility inspections
- facility construction design review and recommendations
- training and education

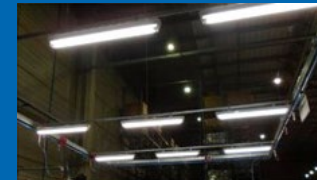
Spotlight

ON THE ROAD TO ACHIEVING
CARBON NEUTRALITY



Before

Consumption
250,8kwh/month



After

Consumption
135,4kwh/month

Litens is on track to achieve carbon neutrality by 2030. The focus towards carbon neutrality is on energy optimization and renewable energies, where Litens' carbon neutrality targets relate to emissions under Scope 1 and 2.



Non-Climate Elements of Sustainability

Environmental Stewardship

Litens' goal is to achieve health, safety, and environmental excellence through continually improving HSE management systems and results that contribute to becoming an industry leader in health, safety, and environmental practices:

- identification and evaluation of all health and safety hazards and environmental impacts and reducing the associated risks using the hierarchy of controls
- compliance with all applicable HSE legislation, including applicable guidelines, standards, and industry best practices
- promote a culture of behaviors and conditions that contribute to the prevention of incidents and injuries
- regular HSE communication and training, including but not limited to safety talks, employee meetings, communication boards
- instruction and supervision to ensure that everyone is capable of safely carrying out their work
- avoidance of materials and methods posing HSE risk when alternatives are available
- consulting and collaborating with employees and other stakeholders on HSE matters
- tracking and communicating HSE performance throughout the organization and benchmarking key HSE performance indicators against similar organizations
- set HSE performance objectives, measure results, assess and continually improve the HSE management system
- improve the efficient use of natural resources, including energy and water; minimize waste streams and emissions; and implement effective recycling programs in its manufacturing operations through the use of locally set continuous improvement targets
- ensure all contractors and suppliers meet acceptable HSE performance standards
- integrate HSE into all organizational activities

The full text of the HSE Policy is located on Litens website www.litens.com



ENVIRONMENTAL COMPLIANCE

AUDITS & INSPECTIONS

Litens is subject to a wide range of environmental laws and regulations relating to emissions, wastewater discharge, waste management, and storage of hazardous substances. Litens maintains a global environmental program consisting of both internal and third-party audits of our facilities for compliance with local regulations and industry best practices. All Litens manufacturing facilities are registered to ISO 14001 standard.

RISK ASSESSMENT & ACTION PLAN

The recommendations contained in the audit report are prioritized based on the level of risk, and the facility is required to develop a corrective action plan to address the identified risk.

OVERSIGHT, PERFORMANCE

TRACKING & REPORTING

- Litens Health, Safety and Environmental Advisors provide ongoing assistance to the facility personnel in resolving action plan items and reviewing action items submitted for closure.
- Audit/Inspection findings are also communicated to the site management to enhance oversight and commitment to resolving action items.
- An escalation process is in place to deal with unresolved action promptly.
- Litens Health, Safety and Environmental Advisors present periodic environmental compliance updates to the Senior Management.

HAZARDOUS WASTE AND INDUSTRIAL EMISSIONS

Hazardous wastes and emissions generated at our manufacturing sites meet all applicable government regulations. We attempt to reduce the amount of hazardous waste through recycling, reuse, or energy recovery initiatives.

Fairness and Concern for Employees

Our adopted policies codify our existing practices consistent with our culture and provide a framework for our commitment to fundamental human rights and internationally accepted labour rights. In particular, the policies set out key commitments regarding:

- maintaining respectful work environments where our employees feel safe and welcome, with opportunities for personal and professional growth
- refusing to tolerate harassment of any kind, including physical, sexual, psychological, or verbal abuse
- treating and compensating employees without discrimination based on race, nationality, social origin, colour, sex, religion, gender identity, disability, sexual orientation, or any other ground protected by applicable law in the way we treat, promote, or compensate employees
- condemning child labour
- rejecting forced or compulsory labour
- maintaining safe and healthy workplaces
- providing employees with appropriate rest and leisure time; and
- respecting the right of employees to associate freely and to bargain where permitted by local laws and regulations.

OUR COMMITMENT TO LITENS EMPLOYEES

“We are committed to an operating philosophy based on fairness and concern for people.”

THIS PHILOSOPHY IS PART OF OUR “CODE OF CONDUCT AND ETHICS” POLICY, PROMOTING A CULTURE IN WHICH EMPLOYEES AND MANAGEMENT SHARE THE RESPONSIBILITY TO HELP ENSURE OUR SUCCESS.

OUR CODE OF CONDUCT AND ETHICS SET OUT THIS PHILOSOPHY THROUGH THE FOLLOWING PRINCIPLES:

JOB SECURITY

Being competitive by making a better product for a better price is the best way to enhance job security. We are committed to working together with our employees to help protect their job security, including through job counselling, training, and employee assistance programs to our employees.

A SAFE AND HEALTHFUL WORKPLACE

We strive to provide our employees with a working environment that is safe and healthful.

FAIR TREATMENT

We offer equal opportunities based on an individual's qualifications and performance, free from discrimination or favoritism.

COMPETITIVE WAGES AND BENEFITS

We provide our employees with information that enables them to compare their total compensation, including wages and benefits, with those earned by employees of direct competitors and local companies with which we compete for labour. If total compensation is not competitive, it will be adjusted.

EMPLOYEE EQUITY AND PROFIT PARTICIPATION

We believe that our employees should share in our financial success. Accordingly, 10% of our qualifying annual pre-tax profits before

profit sharing are shared among participating employees in the form of cash and equity, helping to create an "owner's mindset" among employees and aligning them with shareholders.

COMMUNICATION AND INFORMATION

We keep our employees informed on company and industry developments through regular employee meetings between management and employees, continuous improvement meetings, and various publications and videos. We also conduct employee opinion surveys to help ensure employee involvement and feedback.

OPEN DOOR POLICY AND ACTION RESPONSE LINE

Should any of our employees have a complaint or feel the previous principles are not being met, we encourage them to use our Open Door Policy and contact our confidential and anonymous employee Response Line to register their complaints. We are committed to investigating and resolving all concerns or complaints received through the Action Response Line and must report the outcome of all submissions to our Senior Management Team. The Action Response Line serves as a confidential and anonymous whistleblower forum for employees and other stakeholders that are overseen by our Legal Counsel. Complaints and responses are audited to ensure Action Response Line is meeting expectations in the released policies.

RESPECTING EMPLOYEE RIGHTS

We are committed to providing working conditions and standards that promote dignified and respectful treatment of all our employees globally, which are set out in our “Code of Conduct and Ethics” policy (“Code”). Our Policy also articulates that we respect the rights of workers to associate freely and have the freedom of choice to decide whether or not they wish to be represented by labour unions or workers’ councils following applicable laws.



LEADERSHIP DEVELOPMENT/TALENT MANAGEMENT

We have implemented, and continue to enhance, our Leadership Development System to help identify, train, and develop future leaders with the skills and expertise needed to manage a complex, global business. We have also based our talent management strategy on our current business objectives and strategy and our understanding of the transformation taking place in the automotive industry. Given that an effective workforce requires to be lean and digitally adept, we focus on building such a workforce through attraction and recruitment, professional development, succession planning, promoting diversity and inclusion, and preserving our Fair Enterprise culture.

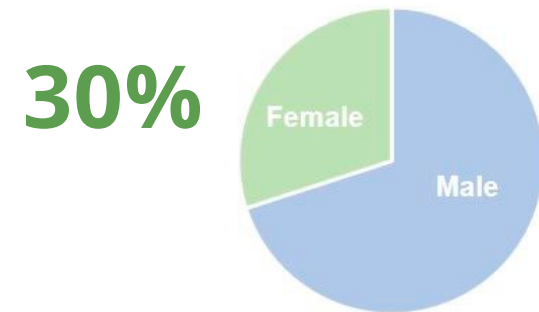
Diversity and Inclusion in Our Workplaces

DIVERSITY AND INCLUSION

Our commitment to diversity and inclusion aligns with our values and is embedded in our culture. We strive to create an open and inclusive work environment enabling us to attract people from various backgrounds providing us with diverse perspectives and capabilities. We believe in the principles of fair treatment, diversity, and inclusion, which we reinforce through regular communications, employee meetings, and training at Litens. Any employee who believes that we are not living up to any of the principles, including the principle of fair treatment, can use our 'Open Door Process,' which encourages employees to speak with anyone who can be of assistance without fear of retaliation as well as raise their concerns through the Action Response Line. We abide by all applicable labour and employment laws, including those prohibiting discrimination and harassment and those providing for reasonable accommodation of differences. We are committed to providing equal employment and career advancement opportunities for everyone, without discrimination based on sex, race, ethnic background, religion, disability, or any other personal characteristic protected by law.

GENDER DIVERSITY

We promote and embed gender and cultural diversity through our talent acquisition and management processes. On a global basis, **30% of the employees in our operations are women**. We recognize that gender diversity is a crucial aspect of our commitment to fairness, and we will continue to foster an environment that improves gender representation in the coming days.





Occupational Health and Safety

HEALTH AND SAFETY STANDARDS AND COMPLIANCE

Our commitment to providing a safe and healthful work environment is fulfilled through a regular program of health and safety audits and inspections of our global facilities. These audits and inspections cover health, safety, industrial hygiene, industrial ergonomics, and emergency preparedness policies and action plans. Audits are designed to address documentation requirements, while inspections assess physical hazards. Audits and inspections are conducted on-site and followed by a report requiring the facility to develop an action plan to address deficiencies or best practices. The action plans are reviewed by the site's senior management. The compliance program incorporates international and regional standards, including ISO 45001, Canadian Standards Association (CSA), American National Standards Institute (ANSI), Conformité Européenne (CE), as well as country-specific standards. Audits and inspections are conducted by specialists with knowledge of corporate requirements and country-specific requirements. Legislative changes, accident trends, and changes to industry standards are incorporated into the program as part of the annual review of the program. Litens' global sites have implemented a health and safety management system conforming to the ISO 45001 standard.

The key elements of the program are detailed below:

AUDITS & INSPECTIONS

Litens maintains a global health and safety program consisting of both internal and third-party audits of our facilities for compliance with local regulations and industry best practices.

RISK ASSESSMENT & ACTION PLAN

- The recommendations contained in the audit report are prioritized based on the level of risk, and the facility is required to develop a corrective action plan to address the identified risk.

OVERSIGHT, PERFORMANCE TRACKING & REPORTING

- Litens Health, Safety and Environmental Advisors provide ongoing assistance to the facility personnel in resolving action plan items and reviewing action items submitted for closure.
- Audit/Inspection findings are also communicated to the site management to enhance oversight and commitment to resolving action items.
- An escalation process is in place to deal with unresolved action promptly.
- Litens HSE advisor present periodic health and safety compliance to senior management

ERGONOMICS PROGRAM

A key program for supporting employee well-being is our ergonomics program which aims to reduce the risk of musculoskeletal injuries. All new equipment is built to Litens' ergonomic design standards and ergonomic risk assessments are carried out for various operations.

Corporate Ethics and Compliance

CODE OF CONDUCT AND ETHICS

We are committed to conducting international business legally and ethically. Our President/Chief Executive Officer and Management have communicated and consistently reinforced our unequivocal compliance expectations through all levels of our organization. Our Code, which applies equally to all our directors, managers, and employees, articulates our compliance-oriented values and our expectations. It also establishes our standards of conduct in many specific areas, including:

- employment practices and employee rights
- respect for human rights
- compliance with the law, generally
- conducting business with integrity, fairness, and respect
- fair dealing, including the prohibition on giving or receiving bribes
- accurate financial reporting
- standards of conduct for senior financial officers
- prohibition on insider trading and derivative monetization transactions
- timely public disclosure of material information
- compliance with antitrust and competition laws
- environmental responsibility
- occupational health and safety
- management of conflicts of interest
- protection of employees' confidential information
- compliance with our corporate policies

The Code is available on our website (www.litens.com) and posted on our employee intranet in various languages. The Code is reviewed regularly, and our senior management must approve proposed amendments. We have also supplemented the requirements of the Code by adopting policies in key areas.



ETHICS AND LEGAL COMPLIANCE PROGRAM

To help our employees understand the values, standards, and principles underlying our Code, we developed specialized compliance training modules targeting. These modules select functional audiences and high-risk regions. In addition to providing training on legal compliance and ethics topics, these specialized programs are designed to be interactive and incorporate real-life scenarios and exercises, which we believe amplifies our compliance expectations and resonates more powerfully with participants.

LITENS ACTION RESPONSE LINE

We maintain a confidential and anonymous Action Response Line, which is overseen by our Legal Counsel. The Response Line is available for employees and other stakeholders, such as customers and suppliers, to make submissions by phone or online at any time, and submissions are received and tracked. Reports to the Response Line are reviewed, and an investigation is conducted when appropriate. Our social audits also review these investigations to ensure consistency of discipline.

Data and Cybersecurity/Privacy

ENTERPRISE CYBERSECURITY

We are committed to ensuring that we fulfill the cybersecurity requirements of our customers. In addition, we ensure that we comply with all emerging governmental rules and regulations regarding cybersecurity or privacy regulations, such as The General Data Protection Regulation (GDPR), which directly affects cybersecurity requirements. Our selection process for third-party (e.g., Cloud-based) services includes a due diligence approach that ensures that such services are evaluated and aligned with our overall approach to cybersecurity. We regularly evaluate and adjust our information security management system implementation strategy based on risk assessments, continuous monitoring, and periodic independent cybersecurity maturity evaluations. We have set processes to ensure that our IT systems receive appropriate upgrades, including prompt patching and other required remediation.



PRIVACY

Litens is committed to preserving the privacy of our stakeholders by following applicable laws. Our Code articulates our approach to the privacy of our employees and the protection of their personal information. We only collect, use, and disclose personal information for legitimate business or employment purposes or required by law or with an individual's consent. In addition, like any other asset, confidential information, which includes trade secrets and proprietary information, is a valuable part of our business, and we aim to safeguard it.

Supply Chain Responsibility

SUPPLIER CODE OF CONDUCT

We have introduced a Supplier Code of Conduct and Ethics ("Supplier Code"), which outlines the principles we apply internally at Litens through our Code, as well as expectations we have for every company that supplies goods or services to Litens, relating to among other things:

- ethical business conduct, such as compliance with antitrust/competition, anti-corruption/ bribery, and export controls laws, conflict minerals reporting, avoidance, and reporting of conflicts of interest, and protection of intellectual property and confidential information
- employee rights, including those rights set out in our Employee's Charter, Global Working Conditions, and Global Labour Standards Policy
- environmental responsibility and compliance.

The Supplier Code forms an integral part of our overall contractual relationship with our suppliers. We expect the standards set out in the Supplier Code to be met by our suppliers, even in jurisdictions where meeting such standards may not be considered part of the usual business culture, and a failure to do so can result in the termination by Litens of the supply relationship. The full text of our Supplier Code is available on our website (www.litens.com).

We continue to support and participate in industry efforts to develop common standards relating to business ethics, environmental standards, working conditions, and employee rights. We will continue to engage with our suppliers to raise awareness of the importance of sustainability in our supply chain.

GLOBAL WORKING CONDITIONS IN OUR SUPPLY CHAIN

We expect that our supply chain will adhere to our Supplier Code, which prohibits the use of child, underage, slave, or forced labour. Our Global Working Conditions are an integral part of our supplier package that emphasizes the importance of maintaining global working conditions and standards that result in dignified and respectful treatment of all employees within all our global operating locations and those of our supply chain. A failure by any of our suppliers to comply with its terms can result in the termination by Litens of the supply relationship.

SUPPLY CHAIN MANAGEMENT

GENERAL

Our supply chain management group focuses on a number of elements that we believe are integral to world-class supply chains management, such as key performance indicators (KPIs), specific roles and responsibilities, processes and standards, training, and risk management. The global KPIs Litens uses focus on purchasing savings, supplier ratings, supplier quality measurements, and supplier

diversity. We also maintain a strong financial and commercial risk management process focused on supplier quality and financial risk. We use cross-functional sourcing teams to help ensure compliance with our internal standards when we place new business within our supply base. To promote awareness of the key elements of our supply chain risk management program, including the requirements in our Suppliers Code, we provide a training program on an ongoing basis to internal purchasing employees.

ENHANCING TRANSPARENCY INTO OUR SUPPLY CHAIN

We are also monitoring emerging supply chain regulations, including the German Supply Chain Due Diligence (LkSG), which imposes a duty on companies to make reasonable due diligence efforts to determine if there are violations of human rights or violations of environmental obligations in their business operations or their supply chain. In addition, Litens is monitoring developments related to the publication, in February 2022, of a draft E.U. Corporate Sustainability Due Diligence regulation that, like the German Act, would mandate supply chain due diligence relating to human rights and environmental matters.

SUPPLIER REVIEWS

We use our Supplier Scorecards to provide ongoing monitoring and assessment of suppliers. Among other criteria, our Supplier Scorecard tracks whether suppliers have certain industry-recognized environmental certifications, such as ISO 14001. No suppliers were terminated in 2022 due to violating working conditions or human rights.

SUPPLIER DIVERSITY

To support the supplier diversity efforts, we participate and provide our Minority and Women-owned business spending numbers to our customers as required. Our supplier diversity policies are in accordance with regional and global legal boundaries.

CONFLICT MINERALS REPORTING

Consistent with the approach taken by our customers, suppliers, and other fellow members of the Automotive Industry Action Group concerning “conflict minerals,” we are engaged in an annual process of determining whether any products we make or buy contain such “conflict minerals”. We continue to engage with our suppliers to increase awareness and accuracy of “conflict minerals” reporting requirements.



Sustainability Spotlight

LIGHTING THE WAY WITH A SUSTAINABLE
MINDSET



Litens Germany has taken a significant step towards climate protection and sustainability with the installation of solar panels at their site. This initiative will enable Litens Germany to generate about 690,000 kWh and save 330 tonnes of CO2 annually.



Litens China plans to install solar panels on the roof of the existing plant and the newly built warehouse shed.



Litens Romania installed solar panels on the roof to begin their journey to produce green energy.



Contributing to the communities in which we Operate

COMMITMENT TO COMMUNITIES AND SOCIETY

Litens recognizes the importance of giving back to society. We have a long history of supporting many global social and charitable causes, primarily in the communities around the world where our employees live and work. Most of our donations and sponsorships focus on:

- Employee and Community Health and Wellness
- Technical and Vocational Training/Education
- Calamity Stricken Regions
- Culture
- Youth Sports

Our Romania team built a house for the underprivileged

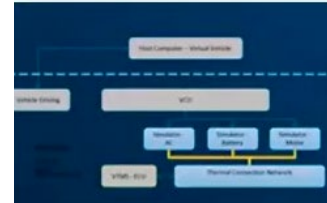


We encourage and support our employees who devote their time, energy, and passion to making positive contributions at their workplace and communities through direct giving, special events, fundraising, and volunteer work. To further support and enhance employee fundraising efforts, we maintain a Matching Program, which matches donations by Litens employees to qualified, non-profit initiatives up to specified amounts. Since the beginning of the program, Litens has matched the funds raised by our employees and have donated to numerous projects globally.

The charities that Litens donated to in 2022 are:

- Jack.org – supporting youth mental health
- Canadian Red Cross – Ukraine Humanitarian Crisis
- Operations Veteran Program
- Herizon House (a shelter for abused women and their children)
- Suzhou SIP Mother Tang's Charity Center for poor/disabled children
- NSS (National Skill Services) – training unemployed youth from rural communities across India
- Brazilian Society of Research and Assistance for Craniofacial Rehabilitation
- German Red Cross: Project Emergency Aid Ukraine
- German Bone Marrow Donor File = DKMS
- Educatia La Sat – underprivileged children from rural areas
- ECO Club Timisoara – reforestation projects
- ECOSTUFF Romania – environment protection and sustainability projects
- Asociația CODRU Festival – reforestation projects
- Asociația Clubul Sportiv Rally DJV – community support projects
- Rotary International – PERFORMANTA IN SATUL BANATEAN – education for underprivileged children

UNIVERSITY ENGAGEMENT



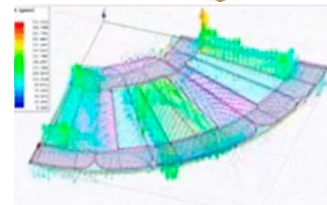
Vehicle Controls & Motors - 2021



EV Battery Management (BMS)



Hydrogen Fuel Cell EV



Axial Flux Electric Motors



Isothermal Battery Cell Testing

SUSTAINABLE DEVELOPMENT GOALS

While much of our corporate giving is to general philanthropic causes, we particularly focus on six United Nations Sustainable Development Goals that most directly relate to our business' focus areas. Examples of Litens' activities and accomplishments with respect to each relevant Development Goal are as follows:



ENSURING HEALTHY LIVES AND PROMOTING THE WELL-BEING FOR EVERYONE AT ANY AGE

- Litens wellness initiatives support the ongoing physical and mental health of employees.
- ISO 45001 registration – Litens facilities in Canada, Germany, Romania, and China are certified and facilities in Brazil and India are planned to achieve certification in 2023.
- Remote work policy
- Since 2018, Litens has donated more than \$240,000 to the Jack Ride charity event to support youth mental health.
- Litens global sites make donations to various charities every year.



ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

- Litens Code of Conduct and Ethics
- Diversity and inclusion training is required for all Litens employees.
- Litens promotes gender and cultural diversity through our talent acquisition and management process. Currently, 30% of Litens staff are women.



AFFORDABLE AND CLEAN ENERGY

- Solar panels installation at Litens plants in China, Germany, Romania, and India
- Target to achieve carbon neutrality by 2030
- Lighting upgrades

SUSTAINABLE DEVELOPMENT GOALS



DECENT WORK AND ECONOMIC GROWTH

- Partnerships with universities
- Training and professional development
- Internships / Co-op placements
- ISO 45001 certification



ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

- Waste recycling programs are implemented at all sites.
- Zero waste to landfill target, non-recyclable waste incinerated where available
- Implemented several packaging and logistics initiatives to limit the overall use of materials and to increase transportation efficiency across the supply chain.
- Responsible chemicals management
- Supplier sustainability assessments



TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACT

- Development of innovative products for EVs
- Solar Panel installations at Litens plants in China, Germany, Romania, and India
- Litens Brazil - car fleet fuel changed from gasoline to ethanol
- Lighting improvement projects were implemented, resulting in energy and cost savings throughout global operations.

Sustainability Metrics

SUSTAINABILITY METRICS SUMMARY

	SASB CODE	METRIC	UNIT OF MEASURE	2022 DATA	2021 DATA
EMISSIONS	-	Scope 1 and 2 emissions	Metric Tons (t) CO2e	1825.57 t (Scope 1) / 2389.53 t (Scope 2)	2074.77 t (Scope 1) / 2558.49 t (Scope 2)
ENERGY MANAGEMENT	TR-AP-130a.1	Aggregate amount of energy consumed	Gigajoules (GJ) / MegaWatt hours (MWh)	76,196.12 GJ / 21,165.59 MWh	80,200.01 GJ / 22,277.78 MWh
		% of energy consumed supplied from electrical grid	Percentage (%)	60.13%	-
	-	% of energy consumed that is renewable energy	Percentage (%)	6.85%	-
		Energy intensity	MegaWatt hours (MWh) / Sales (CDNm)	23.92 MWh / CDNm	24.01 MWh / CDNm
WASTE MANAGEMENT	TR-AP-150a.1	Aggregate amount of waste generated from manufacturing operations	Metric Tons (t)	2,383.59 t	2,511 t
	-	% of waste generated that is hazardous	Percentage (%)	1.06 %	-
	-	% of waste generated that was recycled	Percentage (%)	90.65 %	-
WATER MANAGEMENT	-	Annual water consumption	Megalitres (ML)	32.46 ML	26.87 ML
COMPETITIVE BEHAVIOUR	TR-AP-520a.1	Total amount of monetary losses incurred as a result of legal proceedings associated with anti-competitive behaviour regulations	Reporting Currency (CDN)	NIL	NIL
HEALTH AND SAFETY		Accident frequency rate	1.0 = 1 injury / illness per 100 employees working 40 hours/week, 50 weeks/year	0.32	1.45
		Accident severity rate	10.0 = 10 lost workdays / 100 employees working 40 hours/week, 50 weeks/year	4.26	19.94
GENDER DIVERSITY	-	% of employees who are women	Percentage (%)	30	30

Energy Management and Emissions

ENERGY

Energy management data is set out below

DESCRIPTION	2022	2021
Aggregate amount of energy consumed by Litens	76,196.12 GJ / 21,165.59 MWh	80,200.01 GJ / 22,277.78 MWh

Energy intensity relative to Sales is as follows

DESCRIPTION	2022	2021
Energy intensity (MegaWatt hours (MWh) / Sales (CDNm))	18.28 MWh/CDNm	23.99 MWh/CDNm

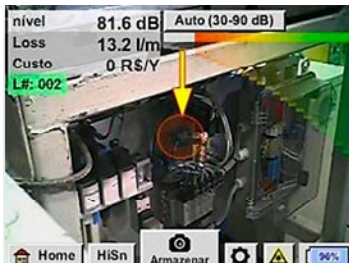
EMISSIONS

Energy consumed can be converted to CO2 emissions based on regional conversion factors. To help us and our stakeholders better assess trends related to the emissions we generate, we track emissions “intensity” based on total sales, employee headcount, and aggregate square footage of our facilities and offices. These intensity metrics assist us in determining whether we are becoming more efficient by normalizing emissions per dollar of sales. The data for total Scope 1 & 2 emissions with intensity metrics are set out below:

DESCRIPTION	2022	2021
Scope 1 and 2 emissions (Metric Tons (t) CO2e)	1825.57 t (Scope 1) / 2389.53 t (Scope 2)	2074.77 t (Scope 1) / 2558.49 t (Scope 2)

In 2022, Litens global sites implemented various projects to reduce energy consumption:

- Investing more than \$2 Million in solar energy at Litens' Germany, China, India, and Romania sites
- Development of new products for new energy vehicles
 - Gen 2 Battery Pack
 - eAX Water Pump
 - HP Booster
 - eAX MiniHub
 - HV Heater
 - FloMatrix Hub
- Litens Brazil is participating in a program called PotencilizEE that identifies opportunities to improve energy efficiency and reduce CO2 emissions.
 - Air leaks were identified and were corrected in the compressed air system



LASA's initiative to improve energy efficiency and reduce CO2 emissions through PotencilizEE

Water and Waste Management

WATER

DESCRIPTION	2022	2021
Annual water consumption (ML)	32.46 ML	26.87 ML

WASTE MANAGEMENT

Waste reduction and scrap elimination are important considerations in our manufacturing activities, including as part of our efforts to achieve World Class Manufacturing objectives in our facilities globally. All facilities focus on the complete diversion of non-recyclable waste from landfill, and the waste is sent to incineration where available.

Waste data is set out below:

DESCRIPTION	2022	2021
Aggregate amount of waste generated from manufacturing operations (Metric Ton (t))	2,285 t	2,511 t

Environmental Remediation

The aggregate costs incurred in complying with environmental laws and regulations, including the costs of clean-up and remediation, have not had a material adverse effect on Litens to date and are set out below.

DESCRIPTION	2022	2021
Annual remediation expenses	NIL	NIL

Fuel Efficiency

Our product strategy includes as a core element the supply of product solutions that support our customers' objectives of increased fuel efficiency and reduced vehicle CO2 emissions. We do not currently track total revenue from products designed to increase fuel efficiency or reduce emissions.



Materials Sourcing

The SASB Auto Parts Standard identifies critical materials defined by the U.S. National Research Council (NRC), of which cobalt, magnesium, tantalum, and tungsten are most relevant to our products. We do not purchase such materials in their raw form; however, they may be present in components and sub-assemblies that we purchase. We address strategic risks regarding critical materials with more limited supply and key commodities/raw materials in many ways, including:

- Diversification of suppliers
- Carrying excess inventory, where appropriate
- Designing and engineering our products to minimize the use of scarce/ limited materials where not constrained by customer specifications.

With respect to reputational risk related to critical materials, we maintain a conflict minerals program, including an annual process of determining whether any of our products contain conflict minerals. We also report to requesting OEM customers concerning conflict minerals.

Competitive Behaviour

Litens policy is to comply with all applicable laws, including antitrust and competition law. Our Corporate Ethics and Compliance Program is described in “Corporate Ethics and Compliance” of this Sustainability Report.

DESCRIPTION	2022	2021
Total amount of monetary losses incurred as a result of legal proceedings associated with anti-competitive behaviour regulations	NIL	NIL

Health & Safety

We are committed to providing a safe and healthful workplace for our employees. This commitment is fulfilled through a regular program of health and safety audits and inspections of our global facilities. In connection with our health and safety program, we track the frequency and severity of workplace accidents and conduct post-accident reviews to develop action plans to reduce/eliminate similar accidents in the future.

DESCRIPTION	2022	2021
Accident frequency rate ¹	0.32	1.45
Accident severity rate ²	4.26	19.94

Notes:

(1) Frequency 1.0 translates to 1 injury or illness per 100 employees working 40 hours/week, 50 weeks/year.

(2) Severity 10.0 translates to 10 lost workdays per 100 employees working 40 hours/week, 50 weeks/year.

Diversity

Diversity within our employee population is crucial to us, and we strive to create an inclusive work environment throughout our company. As part of our efforts to promote an inclusive workplace, we track metrics relating to gender diversity in our workforce.

DESCRIPTION	2022	2021
Percentage of employees who are women (%)	30	30

Reporting

In addition to this Sustainability Report, we participate in CDP (Carbon Disclosure Project), a not-for-profit project designed to provide investors with information relating to corporate GHG emissions, water use, and perceived corporate risk due to climate change. We also continue to monitor the acceleration of climate/sustainability reporting initiatives by regulators and standard setters, including:

- The European Union's Corporate Sustainability Reporting Directive (CSRD)
- The International Sustainability Board (ISSB) publication of a climate-related disclosures prototype
- Initiatives by securities law regulators to mandate climate disclosure, including proposed rule changes from the U.S. SEC



2022 Sustainability Report

