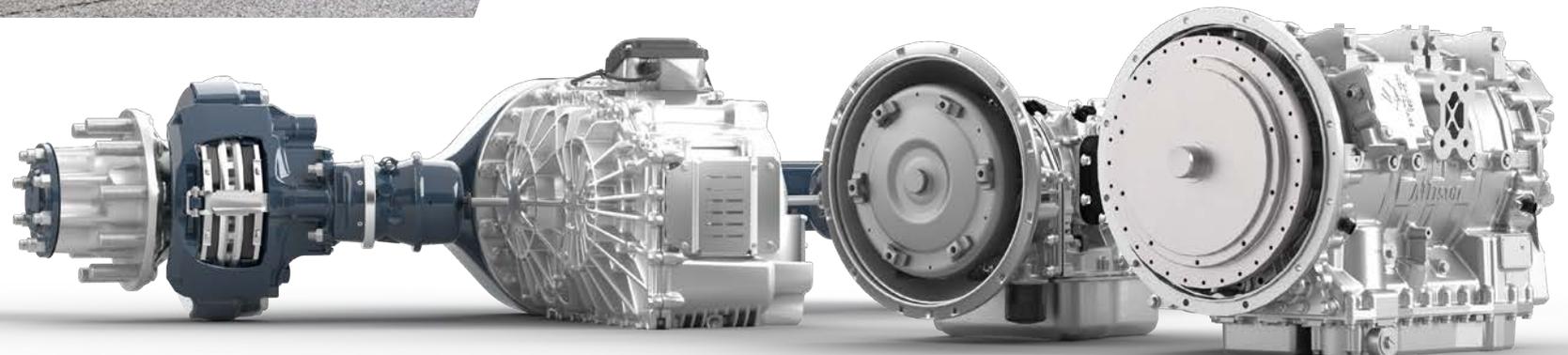




# You're What Drives Us

2023 Corporate Social Responsibility Report



# 2023 CORPORATE SOCIAL RESPONSIBILITY REPORT



## What Drives This Report

### Allison VISION

Be the global leader in commercial-duty propulsion solutions that *Improve the Way the World Works*.

### Allison PROMISE

Provide the most reliable and valued propulsion solutions in the world to enable Allison customers to work more efficiently.

### Allison VALUES

**Quality** – We are driven by a total commitment to excellence in everything we do.

**Customer Focus** – We believe each customer is unique, and Allison's success is tied to their success.

**Integrity** – We hold ourselves to the highest ethical standards in everything we do.

**Innovation** – We seek ways to improve products and processes in an effort to add value and create solutions for Allison customers.

**Teamwork** – We develop better solutions by working together toward a common goal.

## Forward-Looking Statements

Certain statements in this Corporate Social Responsibility Report may be considered forward-looking. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements. These forward-looking statements include, but are not limited to: statements regarding our ESG priorities, sustainability goals, projects, plans, targets, expectations, affiliations, pledges, commitments and strategies. By their nature, they are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. As such, actual results could differ and no guarantees or assurances are made that they will be achieved or successfully executed. Additionally, the ESG data, statistics and measures included herein, unless otherwise specifically indicated, are non-audited estimates, were not prepared in accordance with U.S. generally accepted accounting principles (GAAP), have not been externally assured, continue to evolve, have been obtained from or prepared by third parties and may be based on assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.

# CHIEF EXECUTIVE OFFICER LETTER

## Dear Stakeholders,

We are pleased to present the 2023 Allison Transmission Corporate Social Responsibility Report, where we provide data regarding our environmental performance, our social impacts and our discussions on how we govern these issues. The report is aligned with the guidelines of the Sustainability Accounting Standards Board (SASB) for the Industrial Machinery and Goods sector and addresses topics of interest to the United Nations (U.N.) Global Compact and the Universal Declaration of Human Rights (UDHR), thus allowing us to highlight our commitment to the ideals of corporate citizenship.

In 2023, the evolving commercial vehicle industry presented strong opportunities for innovation and growth. Allison achieved record revenue, driven by continued strength in our North America on-highway end market due to sustained demand for class 8 vocational and medium-duty vehicles, and significant growth in the global defense market driven by an increased need for tracked and wheeled vehicles.

As the industry prepares for upcoming changes to emissions regulations in 2027, Allison is deeply committed to providing our original equipment manufacturer (OEM) partners and fleet customers with a broad portfolio of propulsion solutions designed to reduce emissions and meet their unique needs. This will involve continued advancements to our conventional fully automatic transmissions to provide an ideal blend of fuel economy and efficiency, collaborating with OEMs to pair our fuel-agnostic transmissions with engines powered by alternative fuels, offering our eGen Flex® electric hybrid system, as well as continuing to expand the eGen Power® family of fully electric axles to plan for a future of electric vehicles.

Throughout the past year, we've made significant strides in developing partnerships that will be critical to the evolution of our industry. For example, we collaborated with Anadolu Isuzu to integrate the Allison eGen Power 85S into the Isuzu Novo VOLT fully electric bus, expanding our portfolio of e-Axles into a new market segment.

Innovation has been part of our DNA since James A. Allison founded the company in 1915. Allison is well positioned to deliver the next generation of propulsion solutions that will reduce emissions and create a better, more sustainable future. I would like to thank the Allison team and our partners for their unwavering dedication to delivering on the Allison brand promise to provide the most reliable, durable and valued propulsion solutions in the world to help our customers work more efficiently. Without their support, the successes we achieved this year would not have been possible.



**David S. Graziosi**

Chairman and Chief Executive Officer

"We remain committed to *Improving the Way the World Works* and are eager to meet the challenges that lie ahead."



# ABOUT ALLISON

Allison Transmission is a leading designer and manufacturer of vehicle propulsion solutions for commercial and defense vehicles, the largest global manufacturer of medium- and heavy-duty fully automatic transmissions, and a leader in electrified propulsion systems that *Improve the Way the World Works*. Allison products are used in a wide variety of applications, including on-highway trucks (distribution, refuse, construction, fire and emergency), buses (school, transit and coach), motorhomes, off-highway vehicles and equipment (energy, mining and construction applications) and defense vehicles (tactical wheeled and tracked).

Founded in 1915, the company has been headquartered in Indianapolis, Indiana, since its inception. Approximately 75% of revenues were generated in North America in 2023. Allison is traded on the New York Stock Exchange under the symbol "ALSN."

With a presence in more than 150 countries, Allison has regional headquarters in the Netherlands, China and Brazil, manufacturing facilities in the USA, Hungary and India, as well as global engineering resources (including electrification engineering centers) in Indianapolis, Indiana, Auburn Hills, Michigan, and London in the United Kingdom. Allison supports customers through approximately 1,600 independent distributor and dealer locations worldwide.

## Key Facilities

■ Distributor and dealer locations

### 1. Indianapolis, USA

Global HQ  
Sales Office  
Manufacturing Facility  
Parts Distribution Center  
Vehicle Electrification +  
Environmental Test Center  
Innovation Center

### 2. Auburn Hills, Michigan

Engineering  
Operational Support  
Manufacturing Facility

### 3. Lewisburg, Tennessee

Allison's Walker Die Casting  
Manufacturing Facility

### 4. São Paulo, Brazil

Regional HQ  
Sales Office  
Customization Center  
Parts Distribution Center

### 5. Sliedrecht, Netherlands

Regional HQ  
Sales Office  
Parts Distribution Center

### 6. Szentgotthárd, Hungary

Manufacturing Facility  
Customization Center

### 7. Chennai, India

Sales Office  
Manufacturing Facility  
Customization Center  
Parts Distribution Center

### 8. Shanghai, China

Regional HQ  
Sales Office  
Customization Center  
Parts Distribution Center

# 2023 AT A GLANCE

## Community

Over 500 Allison employees volunteered over 5,000 hours to give back to community organizations.

## Environmental

94% of production waste recycled at global HQ

Five manufacturing sites certified in ISO 14001 Environmental Management Systems

Water used at global HQ (gallons):

City: 36,047,000  
Well: 69,045,192

## Financial

**\$673M**  
net income

**\$3.0B**  
revenue

**150+**

Countries where we operate

## Safety

1.64 global recordable case rate per 100 employees

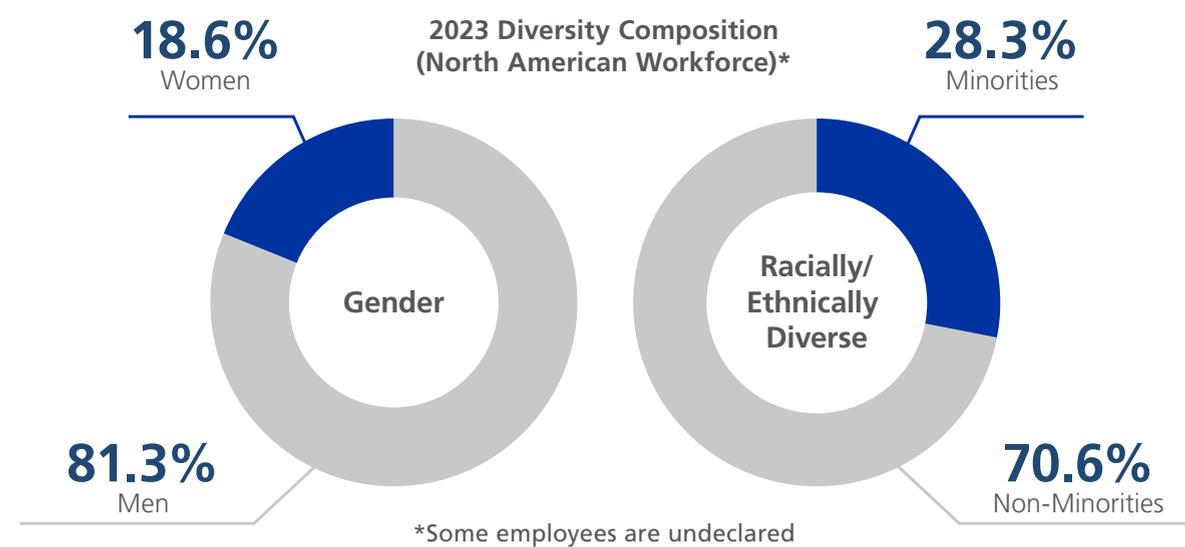
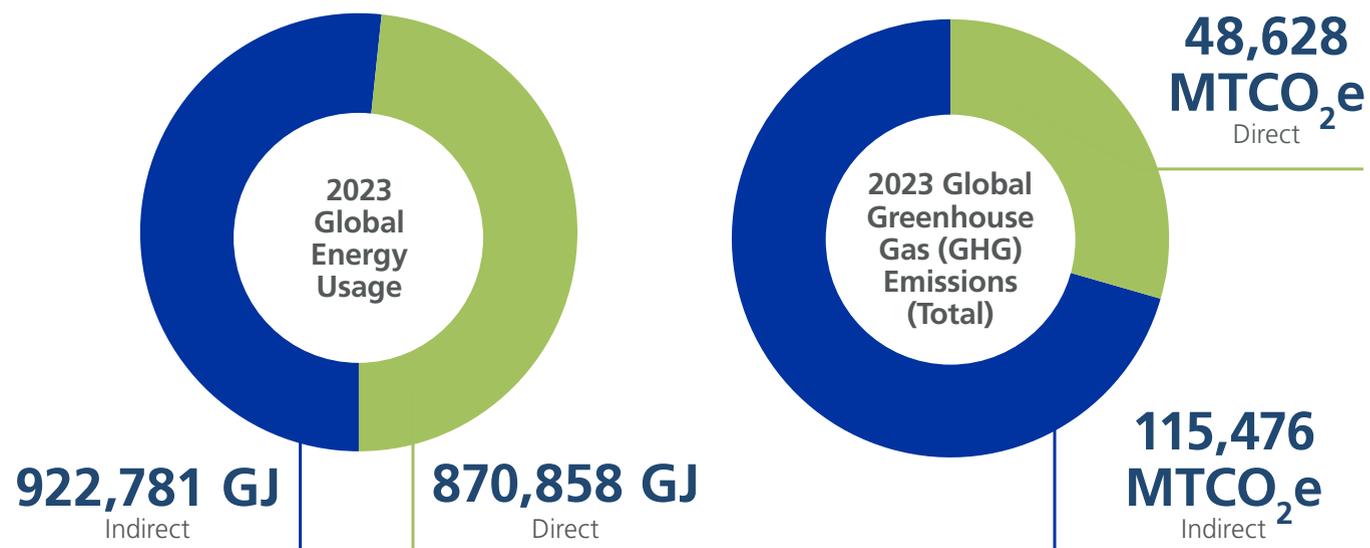
Two manufacturing sites certified in ISO 45001 Occupational Health and Safety Management Systems



**~3,700**  
global employees

## People

42% of global employees are represented by United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)



# INNOVATION

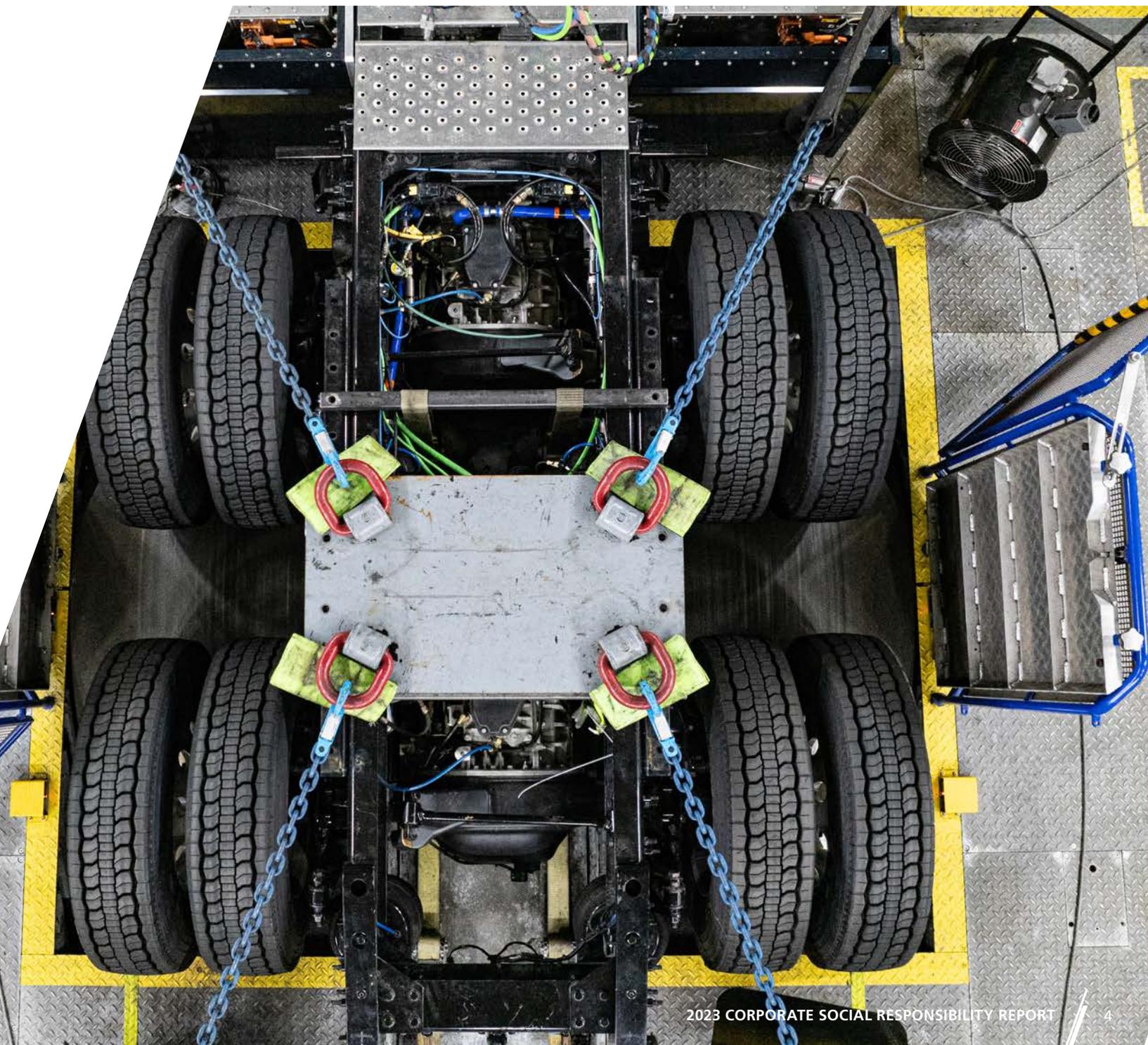
For more than 105 years, Allison has continuously innovated and discovered new ways to make work easier and more efficient. Allison is a leader in commercial-duty propulsion, supplying the global market with fully automatic transmissions and electric hybrid and fully electric propulsion solutions.

Over many years, Allison has developed an entire portfolio of products suitable for internal combustion applications across on- and off-highway and defense end markets. This portfolio of conventional technology products has evolved to support continuously improving vehicle fuel economy and integrate with engines certified to cleaner emissions standards.

As the commercial vehicle market begins to transition toward alternative energy solutions, Allison is collaborating with OEMs and engine manufacturers to integrate its transmissions into vehicles powered by alternative fuels such as natural gas and hydrogen. In addition, Allison's electric hybrid and fully electric axles are supporting customers as they adopt electric vehicle technology.

As the industry continues to evolve, Allison remains committed to its brand promise to provide the most reliable, durable and valued propulsion solutions in the world. The company's propulsion solutions deliver premium performance, fuel efficiency, seamless integration with low emission engines, reduced downtime for maintenance and lower total cost of ownership.

In the last five years alone, Allison has made over **\$550 million** in direct investments to advance electric propulsion technology.



## New Product Development

Allison's structured New Product Development (NPD) process drives the development of new products and product variants. The company's product teams are also focused on enhancing its conventional solutions to reduce emissions and increase efficiencies when paired with diesel, gasoline and natural gas internal combustion engines as well as spark-ignited gasoline, natural gas, and propane engines and future hydrogen internal combustion engines.

Allison's NPD process categorizes product ideas by innovation type and then executes development plans accordingly: one path to consider new, disruptive products, a second path to improve upon existing platforms and products and a third path to develop new processes and procedures to maintain the company's products so they are operating optimally. Whichever path is taken, each step of the process includes stage gate reviews to ensure technical and business-related factors are achieved. Allison's test operations team supports the NPD process by performing a range of activities to determine the impact of new products and technologies on greenhouse gas emissions. Some examples of the type of activities performed by the test operations team include spin-loss testing to maintain CO<sub>2</sub> certification for the European Union's 2017/2400 vehicle regulations, testing powertrain emissions or verifying the CO<sub>2</sub> emissions reductions of Allison's eGen Flex<sup>®</sup> electric hybrid system, and testing fuel-efficiency features of FuelSense<sup>®</sup> 2.0, which are part of vehicle manufacturers' compliance strategies for improving vehicle efficiency under the United States Environmental Protection Agency (EPA) GHG Phase 2.

The NPD process also guided the development and validation of Allison's eGen Power<sup>®</sup> family of fully electric axles. The test operations team completes vehicle electrification testing at the company's Vehicle Electrification + Environmental Test Center in Indianapolis.



## 2023 Product + Partnership Highlights

### eGen Flex®

The Allison eGen Flex® electric hybrid propulsion system offers industry-leading capabilities for transit properties looking to reduce emissions to support their sustainability goals. The system can operate up to 50% of a bus's route in engine-off mode. The electric-only mode is activated through geofencing technology and eliminates engine emissions and noise when operating in predefined dense pedestrian areas and zero-emission zones.

In 2023, the Federal Transit Administration (FTA) awarded funding to 125 communities across the U.S. as part of its Low or No Emission Grant Program. The grants were provided to enable public transit agencies to modernize bus facilities and purchase new vehicles that help reduce emissions. Several transit properties plan to leverage their funding to purchase electric hybrid buses equipped with Allison's eGen Flex.

- Indianapolis Public Transportation Corporation (IndyGo) is utilizing its recent \$19 million grant from the FTA program to expand its fleet of 40-foot GILLIG buses equipped with eGen Flex. The new buses will replace older vehicles in IndyGo's fleet with clean, quiet transportation that will reduce emissions and improve air quality.
- In addition, Allison will partner with B-Metro, the public transit system in Brownsville, Texas, to provide eGen Flex for integration into 35-foot GILLIG buses. The city recently received a \$4.7 million grant from the FTA program to support efforts to modernize their public transit system.

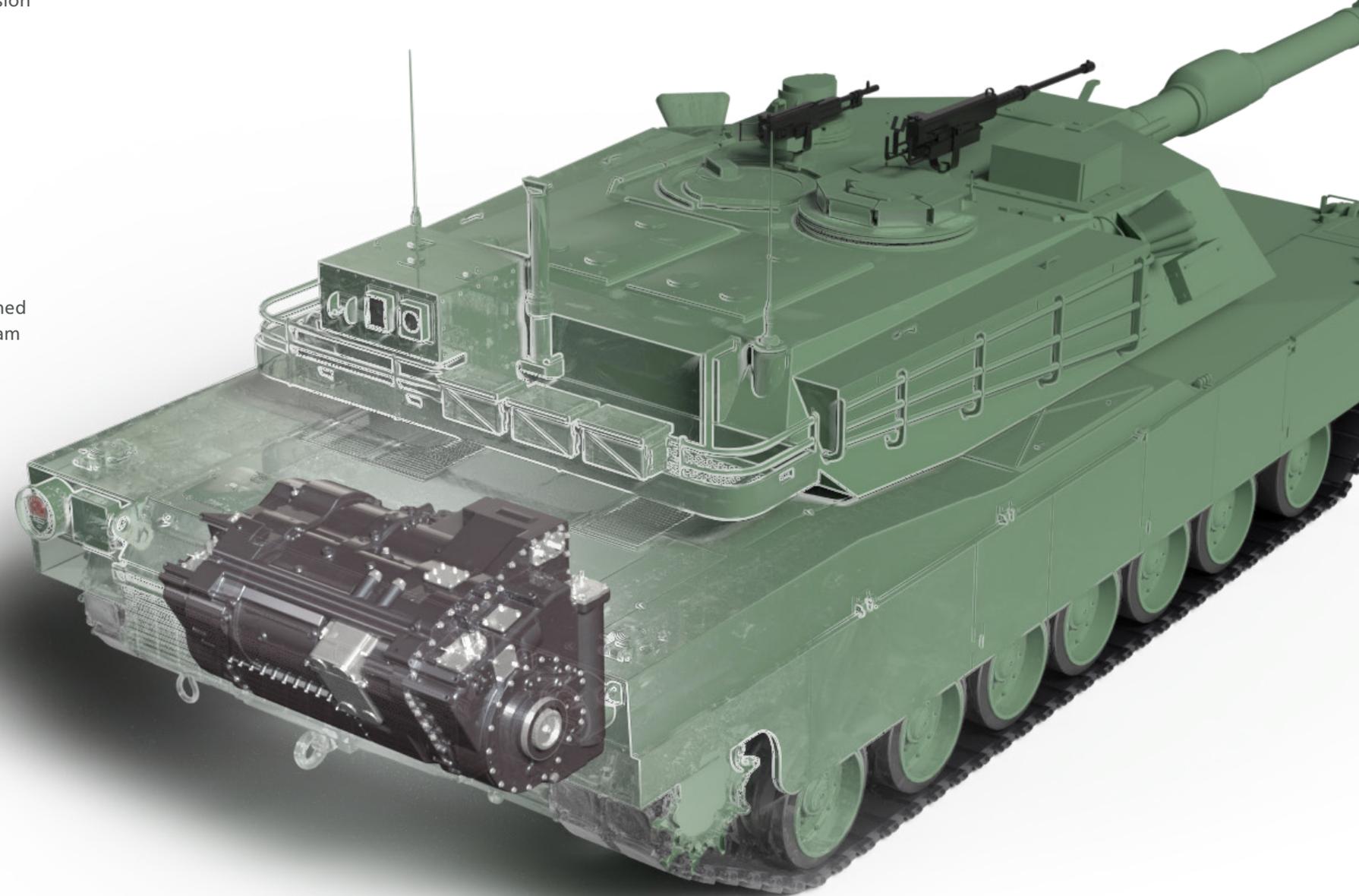
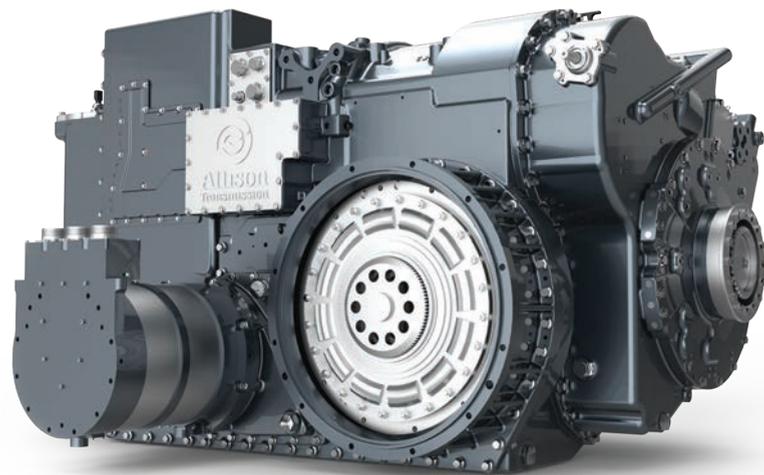


## eGen Force™

eGen Force™ was developed based on Allison's more than two decades of electric hybrid propulsion system experience as well as its tracked vehicle system knowledge refined over seven decades. The innovative propulsion solution was designed to meet requirements across a broad spectrum of tracked defense applications, including the heavy infantry fighting vehicle and future main battle tank markets.

eGen Force is more than a transmission — it is a power distribution system featuring an electric motor and inverter for on-board vehicle power and parallel hybrid operation. This enables engine-off mobility to reduce enemy detection — both acoustic and thermal — ideally to increase soldier survivability.

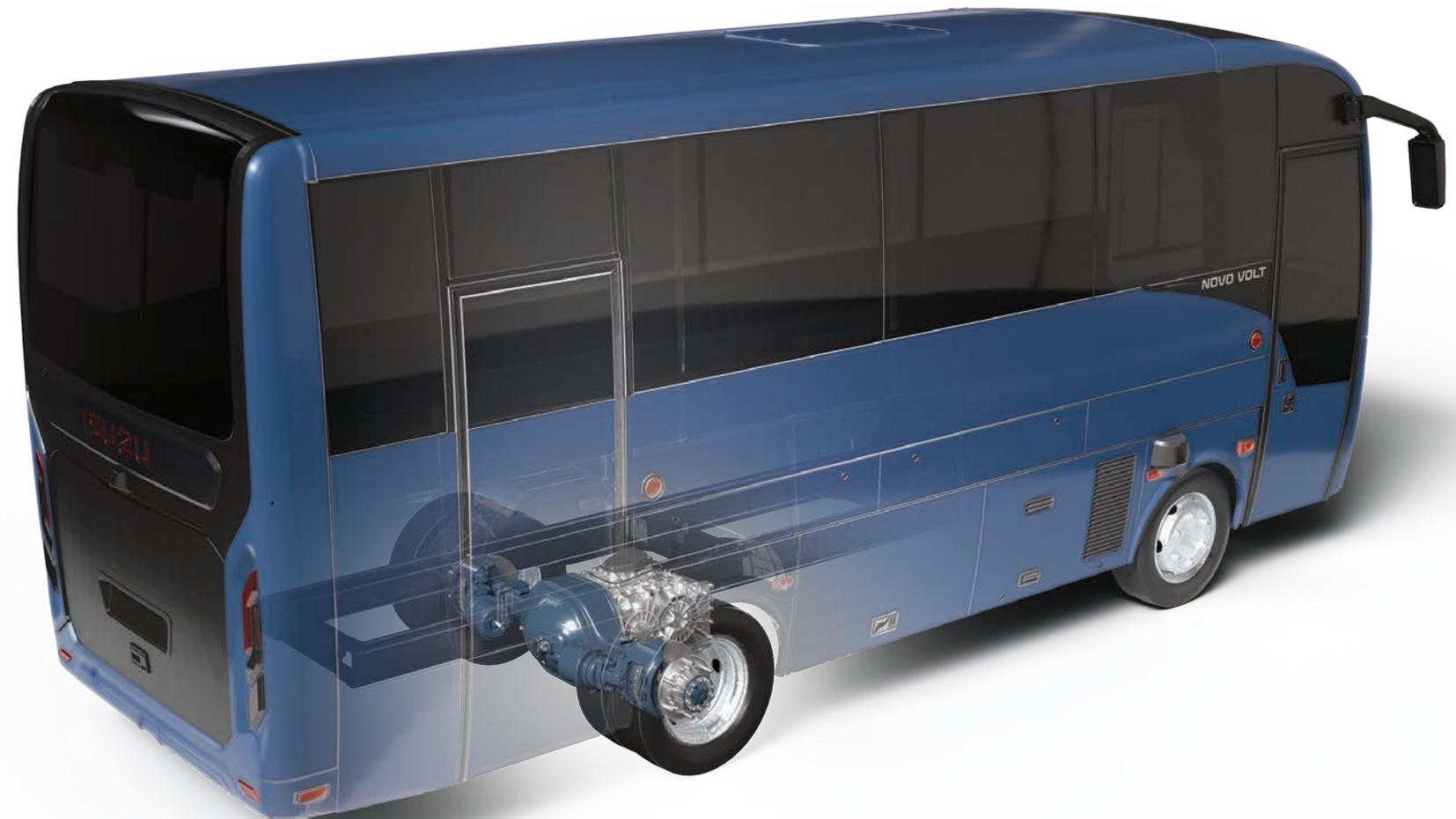
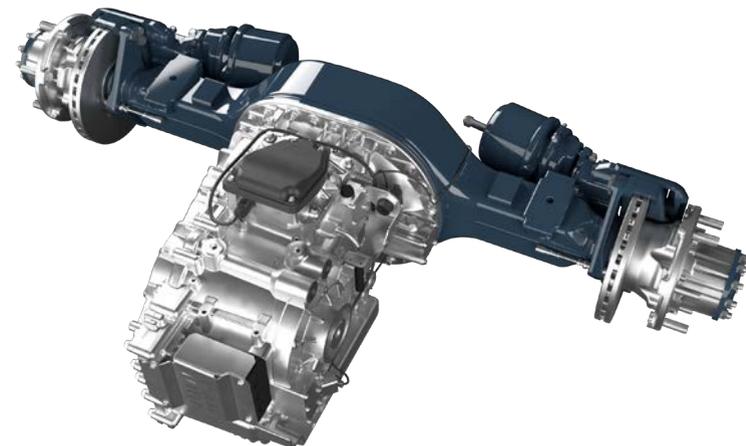
American Rheinmetall Vehicles selected Allison to provide eGen Force for the Team Lynx XM30 prototype. The U.S. Army recently selected Team Lynx for Phases 3 and 4 in the Optionally Manned Fighting Vehicle competition, now named the XM30 Combat Vehicle program. The XM30 program will replace the U.S. Army's nearly 3,000 Bradley Infantry Fighting Vehicles.



## eGen Power®

Since announcing the initial eGen Power® model in 2020, Allison continues to expand its family of fully electric axles to address the wide range of applications and market segments the company serves. Allison regularly collaborates with OEMs to evaluate market needs in order to develop electrified propulsion systems that support the breadth of requirements that global customers demand.

In 2023, the company introduced the eGen Power 855, the newest e-Axle variant in its portfolio. In partnership with Anadolu Isuzu, the eGen Power 855 will be integrated into the Isuzu Novo VOLT fully electric bus. This collaboration marks the first time an eGen Power e-Axle will be integrated into a midi bus application, expanding Allison's portfolio of e-Axles into a new market segment. The e-Axle was specifically developed to address the needs of midi bus and small truck applications, which require a lower 8.5T gross axle weight rating (GAWR) with a narrower track width and new stamped axle housing.



## FuelSense® 2.0

As part of the company's ongoing efforts to evolve its family of conventional transmissions to improve fuel economy and emission performance, Allison offers software calibrations, including FuelSense® 2.0, which leverages a unique set of algorithms within Allison electronic controls to deliver quantifiable fuel savings without sacrificing performance.

As an example, Allison collaborated with Miller Waste Systems, a waste management solution provider, to integrate FuelSense 2.0 into the company's refuse trucks. The software calibration has delivered their fleet of residential and commercial collection vehicles an average fuel savings of more than 6%. FuelSense 2.0 often demonstrates the highest potential fuel savings in demanding duty-cycles, including refuse, because of their frequent stop-start needs.

A key feature of the software is DynActive® Shifting, an innovative shift-scheduling technology that uses an algorithm to choose the most efficient shift points based on the customer's specifications and vehicle and environmental parameters. FuelSense 2.0 also enables Neutral at Stop when in traffic or at a traffic light, which reduces fuel consumption by reducing the load on the engine when the vehicle is stopped. Transmissions equipped with FuelSense 2.0 can continuously deliver the ideal balance of fuel economy and performance based on dynamic and real-time inputs.



## Alternative Fuels Support Sustainability Goals

Alternative fuels are playing an increasing role in supporting OEMs and fleets as they look for solutions to improve fuel economy and support emission-reduction initiatives in the near term while the commercial vehicle industry waits for electric vehicle technology to mature and for enhanced charging infrastructure to be in place. Allison's propulsion solutions are fuel agnostic, offering opportunities to integrate with engines that run on any fuel source, including clean, renewable or non-fossil fuels.

Allison transmissions have been paired with natural gas engines for decades. Natural gas vehicles offer a variety of fuel and noise reduction benefits, which are amplified by Allison transmissions. The company's patented torque converter multiplies engine torque at launch, enabling peak performance and fuel efficiency. This allows commercial vehicle fleets to achieve sustainability goals without sacrificing fleet productivity and efficiency.

In the past year, several customers chose to pair Allison transmissions with Compressed Natural Gas (CNG) engines:

- Organización SUMA S.A.S. and Consorcio Express S.A.S., large transit operators in Colombia, received 263 new Scania F280 buses powered by CNG and equipped with Allison Torqmatic® Series transmissions.
- Through its partnership with an international, Chinese commercial vehicle manufacturer, Allison provided Torqmatic® Series transmissions for 400 CNG buses, which were exported to Nuevo Leon, Mexico, to aid in the state's plan to modernize public transportation.

In addition to their ability to pair well with several energy sources, Allison transmissions improve overall vehicle efficiency. The company's patented Continuous Power Technology™ delivers smooth, seamless, full-power shifts and superior acceleration and startability. Allison's propulsion solutions improve performance, which leads to greater productivity. As a result, fleets can accomplish more with fewer vehicles, reducing carbon footprints and positively impacting the environment.



## Infrastructure Investments Drive Innovation

Allison's Vehicle Electrification + Environmental Test Center offers vehicle testing services to support customers in the development and optimization of new technology. The state-of-the-art facility has the capability to support external customer test and validation programs for vehicles powered by every major propulsion type, including diesel, gasoline, natural gas, battery electric and hydrogen fuel cell.

At the facility, Allison simulates real-world applications and climate conditions, allowing OEMs to reduce product development and validation timelines to bring innovative vehicle systems to market faster and more efficiently. In addition, conducting testing in a condensed time frame that is not dependent on seasonal climate and road conditions results in reduced costs compared to on-road testing.

Allison has installed high-power electric charging stations at the Vehicle Electrification + Environmental Test Center and the Indianapolis test track in the U.S. as well as at the company's demo track in Hungary. These installations are intended to support electric vehicle testing and demonstration.



# THE ALLISON TEAM

With approximately 3,700 highly skilled employees around the globe, the Allison team is one of the company's most valuable assets. Through Allison's productive and collaborative relationship with the UAW, which represents approximately 48% of the company's U.S. employees, Allison has developed employee training that provides team members with the skills necessary to perform at a high level and to advance to roles of increasing responsibility based on performance.

Whether they are salaried or hourly employees, the Allison team shares a commitment to the company's values of innovation, quality, customer focus, integrity and teamwork.



## Inclusion + Diversity

Allison recognizes the power of different perspectives, accepts and respects each individual and strives to create a fair and inclusive workplace where all employees can reach their full potential. Allison operates an Inclusion and Diversity (I&D) Executive Council chaired by the company's Chief Executive Officer. The council exists to provide leadership advice, analyze progress of the company's I&D strategy and ensure alignment with Allison's business strategy. In 2023, Allison built upon its existing I&D initiatives to continue to foster diversity and inclusion in its workplace. The company offered employees the opportunity to enroll in several training modules, including unconscious bias, understanding and supporting LGBTQ+ employees and using gender-inclusive language.

Allison strives to create a space to celebrate and honor employee diversity. Allison hosted events in honor of Black History Month, Asian American and Pacific Islander Heritage Month, Pride Month, Hispanic and Latino Heritage Month, International Women's Day and International Women in Engineering Day. During Pride Month, the Damien Center, a local nonprofit, visited Allison's Indianapolis headquarters to share their experiences and resources, and discuss the impact they've had on the community. In recognition of Disabilities Awareness Month, Allison hosted Cheese and Thank You, the only mission-driven food truck in Indiana in which food is prepared, served and marketed by young adults with disabilities.

### 2023 Diversity Composition

#### GENDER (OVERALL)\*

81.6% Male

18.3%  
Female

#### GENDER (NORTH AMERICA)\*

81.3% Male

18.6%  
Female

#### RACE/ETHNICITY (NORTH AMERICA)\*

70.6% Non-Minorities

28.3% Minorities

*\*Some employees are undeclared*



## Creating a Diverse + Compelling Workplace Culture

Allison is focused on diversifying its talent pool by intentionally expanding the company's recruitment strategy to reach underrepresented groups. In recent years, Allison has engaged with historically Black colleges and universities, predominantly Hispanic-serving institutions, veterans and people with disabilities by participating in career fairs and other professional development opportunities. In addition, the company supports diverse professional organizations and local chapters of national groups such as Women in Manufacturing, National Society of Black Engineers and the Society of Women Engineers through memberships, job postings and sponsorships.

Allison's Employee Resource Groups (ERG) power the company's efforts to foster an inclusive workplace by positively impacting the attraction, retention and development of Allison's workforce.

- The Multicultural ERG saw a 51% increase in membership in 2023. This group supports Allison's diverse outreach and the creation of a global mindset as well as corporate engagement at community events. In 2023, the Multicultural ERG hosted its inaugural Languages Around Allison and Religions and Faiths Around Allison events.
- The Emerging Professional ERG's membership increased by 48% in 2023. This group creates a community for the next generation of leaders in the commercial vehicle industry by providing them with professional development and networking opportunities. Allison's employee development programs help establish camaraderie within its global workforce and provide employees with support and valuable mentorship as they progress in their careers at Allison.
- The Veterans ERG launched in 2023. Its mission is to develop and grow the Allison veteran workforce to positively influence our company's business and culture. As part of the ERG, members will have the opportunity to connect with each other and company leadership.
- Allison facilitates a virtual mentoring program to connect team members from different regions, departments and backgrounds.

Allison is committed to building a culture of appreciation. To empower employees to recognize one another for going above and beyond for colleagues and customers, Allison introduced Power Up, the company's new global employee recognition program. Team members can show gratitude for a job well done through Power Up's easy-to-use website and mobile app. The program has encouraged personal and meaningful recognition throughout the organization.

Allison continues to foster the growth of the next generation of talent by providing educational opportunities for youth in local communities. The company forged several partnerships to support these initiatives.

- Allison participated in Junior Achievement's JA JobSpark, an annual two-day career expo attended by more than 13,000 Indianapolis eighth-grade students. Allison sponsored the event, and 12 employees volunteered to engage with students at the expo.
- Allison awarded five scholarships in 2023 to students based on merit and financial need. These contributions allowed young people to pursue their dreams through education.
- Allison sponsored local robotics clubs in central Indiana and Michigan.

# 51%

The Multicultural ERG saw a 51% increase in membership in 2023.

# 48%

The Emerging Professional ERG's membership increased by 48% in 2023.



# COMMUNITIES

Allison's commitment to inclusion and diversity extends beyond the workplace to the communities where our employees live and work. For more than 105 years, as Allison has grown, so has the company's commitment to being a responsible and compassionate corporate citizen. Allison focuses its efforts on giving back to communities through advancing education and STEM initiatives, promoting equality of opportunities and engaging employees in support of their commitment to making a difference.

Whether the company is minimizing its environmental footprint and promoting sustainable practices, reducing fuel consumption and emissions through its products, supporting educational and workforce development programs or volunteering for any number of causes, Allison wants to improve the lives of people around the world.



## Community Giving

Since James A. Allison founded the company in 1915, strengthening communities has been an integral part of Allison's culture. Allison encourages its employees to actively engage in community service and volunteerism. Below are some of the ways Allison gave back in 2023 through initiatives that benefit local organizations, charities and community development projects:

- In 2023, Allison launched Cares, a new Corporate Social Responsibility program that facilitates the connection between employees and nonprofit organizations through volunteering and employee donation matching.
- Allison and its employees continue to be one of the top donors to the United Way of Central Indiana.
- The company partnered with The Fuller Center for Housing to help a central Indiana family realize its dream of homeownership. Employees from across the organization exemplified Allison's commitment to the community by volunteering to build a home for a family in Indianapolis. Over 150 volunteers dedicated over 2,000 hours to complete the project. In addition, Allison pledged a financial contribution to The Fuller Center for Housing.
- Allison hosted multiple blood drives for the Versiti Blood Center of Indiana to do its part to reduce the blood shortage in the community. Employees contributed a record 238 units of blood in 2023.
- The Allison team in Thailand spent a day with 32 children from the Baan Hathairak Girl's Home, an orphanage that provides girls with food, accommodations, medicine and clothes. Allison employees accompanied the girls to the Khao Kheow Open Zoo near Bangkok.
- On Thanksgiving morning, 545 employees, friends and family participated in the Wheeler Mission Drumstick Dash to raise funds to serve those experiencing homelessness in Indianapolis. For the sixth year in a row, Team Allison was the largest team fielded by any organization and was the largest team in race history.
- Allison partnered with the Indianapolis Metropolitan Police Department (IMPD) Southwest District to collect backpacks and school supplies for children in need. As a result, 800 backpacks were distributed.
- Allison partnered with The Arc of Indiana, an organization committed to helping people with intellectual and developmental disabilities, to create a manufacturing training program, increasing job opportunities for these individuals in the manufacturing sector.



# HEALTH + SAFETY

The health and safety of employees and visitors is a guiding principle of Allison Transmission. Allison has in place a wide variety of measures, including training and reporting mechanisms, to ensure that its employees remain as safe as possible. The company focuses on leading and lagging indicators to continually improve its processes. This includes identifying unsafe behaviors and conditions, reporting and investigating injury and near-miss incidents, using the hierarchy of controls method to prevent incidents from reoccurring, identifying and correcting employee safety concerns, following a management of change process for all new and relocated equipment and processes, and identifying and reducing risk. The company is continuously improving its processes and programs to increase safety standards globally.

Allison reviews its health and safety metrics regularly, including first aid, recordable injuries and lost workday case injuries. Allison maintained strong health and safety performance in 2023. Across its global locations, the company's first aid case rate was 9.11 employees for every 100 employees, its overall recordable rate was 1.64 and lost-time injuries were 0.63. This means that for every 100 employees, 9.11 individuals required medical attention that was usually administered immediately after the injury occurred and at the location where it occurred. 1.64 individuals incurred an injury that resulted in a recordable medical treatment that was beyond first aid, and 0.63 individuals experienced an incident that resulted in days away from work.

As part of its continuous improvement safety process, the Allison Indianapolis location became ISO 45001 Occupational Health and Safety Management System certified in August 2023 and joins the Chennai Manufacturing plant with this certification. An ISO 45001 certification should help improve Allison's safety performance, reduce risks, incidents and injuries, and create a safer work environment for employees.

## Training

Training is key to properly maintaining any Allison propulsion solution, and having a first-rate training program can make all the difference. Over the past several years, Allison has received numerous awards regarding our curriculum development and delivery of training. These awards were presented by the ASE Training Managers Council (ATMC), a division of the National Institute for Automotive Service Excellence dedicated to the advancement of training and professional development in the transportation service industry. In December 2022, Allison was recognized with the National Excellence in Training "Grand Award." This award recognizes the high quality and high standards of the Allison Off-Highway Maintenance and Overhaul training program. With this training, our service channel technicians develop the expertise needed to effectively diagnose and repair the company's propulsion systems. Through an innovative, immersive training experience, Allison Authorized technicians gain valuable knowledge and skills, which leads to high-quality and efficient repairs that maximize vehicle uptime for customers.



# ENVIRONMENT

Allison Transmission is dedicated to protecting human health, natural resources and the local and global environment. This dedication reaches further than compliance with the law to encompass the integration of sound environmental practices into its business decisions. In 2022, Allison adopted a global environmental policy to establish its commitment to protecting the environment, achieving compliance obligations and continually improving environmental performance.

While Allison's biggest environmental impact is related to GHG emission reductions and fuel efficiency improvements its technologies make possible, the company recognizes that the energy Allison uses to operate has its own environmental impacts.

In this report, Allison details the total electricity and fuel usage from its main facilities and the corresponding GHG emissions. The energy sources the company used for this report are:

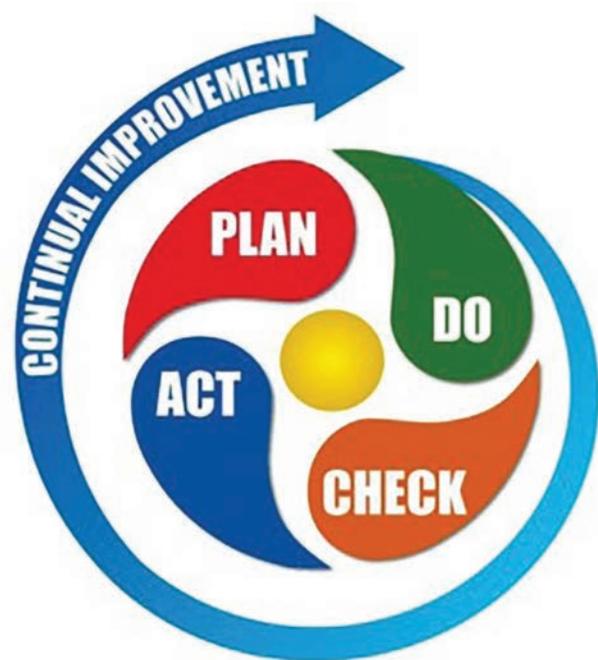
- Electricity, which powers, lights, cools and heats Allison's offices, manufacturing and assembly plants
- Natural gas, which provides heat for both building and manufacturing processes
- Diesel and gasoline fuel, which are used for maintenance vehicles, product testing and emergency generators



# ISO 14001

Allison has five global manufacturing sites that are ISO 14001 certified and has annual objectives to continually reduce its impact on the environment. Specific improvement examples are listed here.

In 2023, Allison focused on implementing several environmental impact improvement initiatives.



## 1. Indianapolis

- Upgraded on-site pre-treatment of wastewater to improve reliability and repeatability of effluent water quality
- Executing a comprehensive plan to replace all manufacturing legacy lighting with LED lighting
- Piloting reusable absorbents to replace one-time-use absorbents
- Implementing proactive and aggressive cleanup processes to improve legacy remediation
- Piloting aluminum bottles to replace plastic water bottles in micro marts and vending machines
- Implemented new drying technology to replace the need for compressed air and conducted a comprehensive compressed air leak detection inspection, leading to a 4% decrease in compressed air intensity

## 2. Lewisburg, Tennessee (Walker Die Casting)

- Installed LED lighting in the facility
- Replaced air compressor
- Updated Safety Data Sheets to electronic system

## 3. Brazil

- Reduced paper, power and water consumption
- Replaced air conditioning unit containing Freon R22 due to the negative impacts it has on the ozone layer

## 4. Hungary

- Monitored site energy efficiency by a specific energy consumption KPI (MWh/produced unit)
- Upgraded boilers
- Reduced fresh air rate in three air handling units by programming the fresh air shutter controls, thus improving the heating and cooling efficiency
- Improved door insulation

## 5. India

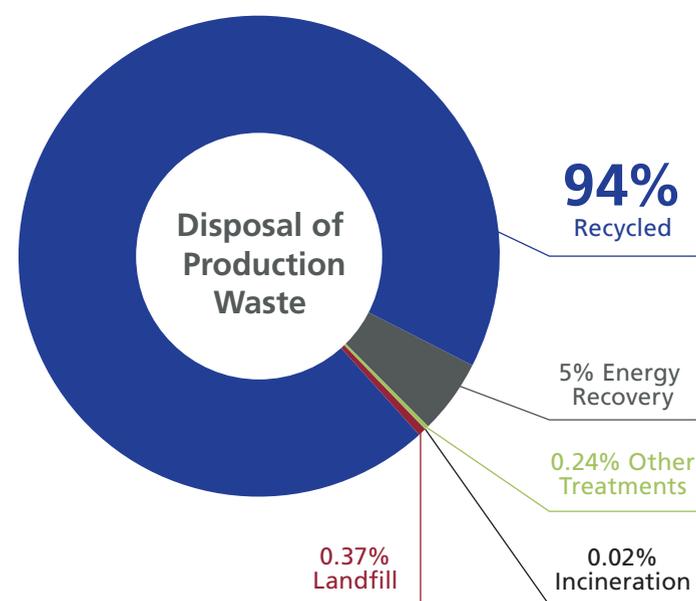
- Reduced domestic water consumption intensity
- Enhanced green-belt coverage by adding 500 trees
- Reduced paper consumption

## Environmental Overview

Allison has been ISO 14001 certified since 2001. The company renewed its membership to the Indiana Environmental Stewardship Program, a voluntary, performance-based leadership program designed to recognize and reward Indiana-regulated entities for going above and beyond current environmental regulations. In addition, Allison participates in the Green Power option to support further development of renewable energy sources, encourages voluntary actions directed at reducing air pollution and promotes better air quality through the Central Indiana Partners for Clean Air. Allison is an active member and sponsor of the Partners for Pollution Prevention Initiative and Earth Day Indiana.

The company's Indianapolis manufacturing operations have been Zero Waste to Landfill (ZWTL) for production waste since 2009 (meaning 99%+ of production waste is treated by means other than landfilling). Allison's waste reduction programs start with a goal to first reduce the amount of waste produced by manufacturing operations by creating waste minimization plans as part of the company's Environmental Management standards. Allison then achieves its ZWTL initiatives through reuse, recycling and energy recovery.

In 2023, the company disposed of production waste at its Indianapolis manufacturing operations as follows:



Activities	Performance Indicator	Unit	2023	
Energy	Electricity	Grid electricity	GJ	870,858
	Building or process heating	Natural gas	GJ	812,301
	Vehicle and test stand fuels	Diesel and gasoline	GJ	110,480
	Total Energy Usage		GJ	1,793,639

Activities	Unit	2023	
GHG	Building electricity	MTCO <sub>2</sub> e	115,476
	Building or process heating	MTCO <sub>2</sub> e	40,891
	Vehicles and test stand fuels	MTCO <sub>2</sub> e	7,737
	Total GHG Emissions		MTCO <sub>2</sub> e

Activities	Unit	2023	
GHG	Direct (Scope 1)	MTCO <sub>2</sub> e	48,628
	Indirect (Scope 2)	MTCO <sub>2</sub> e	115,476
	Total GHG Emissions		MTCO <sub>2</sub> e

This information is for the following U.S. facilities: Auburn Hills, MI; Indianapolis, IN; Lewisburg, TN and international facilities: Chennai, India; Szentgotthárd, Hungary.

# REMANUFACTURING

Allison has an extensive remanufacturing operation that offers many benefits for the commercial vehicle aftermarket. Since 2001, Allison has sold thousands of remanufactured products. Allison Genuine Reman™ products are 100% authentic. Allison ReTran® remanufactured transmissions undergo proprietary dynamometer testing to ensure they exactly meet the original factory specs. Every Allison ReTran is inspected for quality at each stage of the remanufacturing process, then measured against stringent wear-limit specs. In addition to transmissions, the company offers Allison ReFlex™, which extends the life of its electric hybrid propulsion system.

When choosing a remanufactured powertrain over a new propulsion system, customers can benefit from cost savings compared to new parts without compromising on quality or performance. Remanufactured parts can also incorporate updated design improvements, which improve the reliability and durability of the original parts. The reuse of parts during remanufacturing reduces the consumption of natural resources, energy and water, as well as the generation of greenhouse gas emissions, waste and pollution. When remanufacturing its transmissions, Allison reuses approximately 60-70% of the original parts, depending on the model. Additionally, reuse of the transmission housing during the remanufacturing process eliminates the need for approximately 10,000 aluminum castings per year, significantly reducing the impact on natural resources. By repurposing powertrain components, lowering energy use and reducing the emissions generated from manufacturing new products, Allison helps lower carbon footprints and promote circularity within the business.

In addition to the cost savings and environmental benefits provided to customers, remanufacturing can provide a competitive advantage for suppliers by enabling them to offer high-quality, lower cost and environmentally friendly products. It can also help build long-term relationships with customers by providing value-added solutions such as warranty, certification and technical support.



# SUPPLY CHAIN

Allison operates an extensive and complex supply chain that provides everything from bulk commodity products to highly specialized components that enable its propulsion solutions to deliver fuel-efficient performance. In addition to the company's commercial and technical requirements for its suppliers, as a supplier to the United States Department of Defense (U.S. DOD), Allison is also obligated to apply certain regulatory requirements to suppliers that support the provision of products and services to the U.S. DOD.

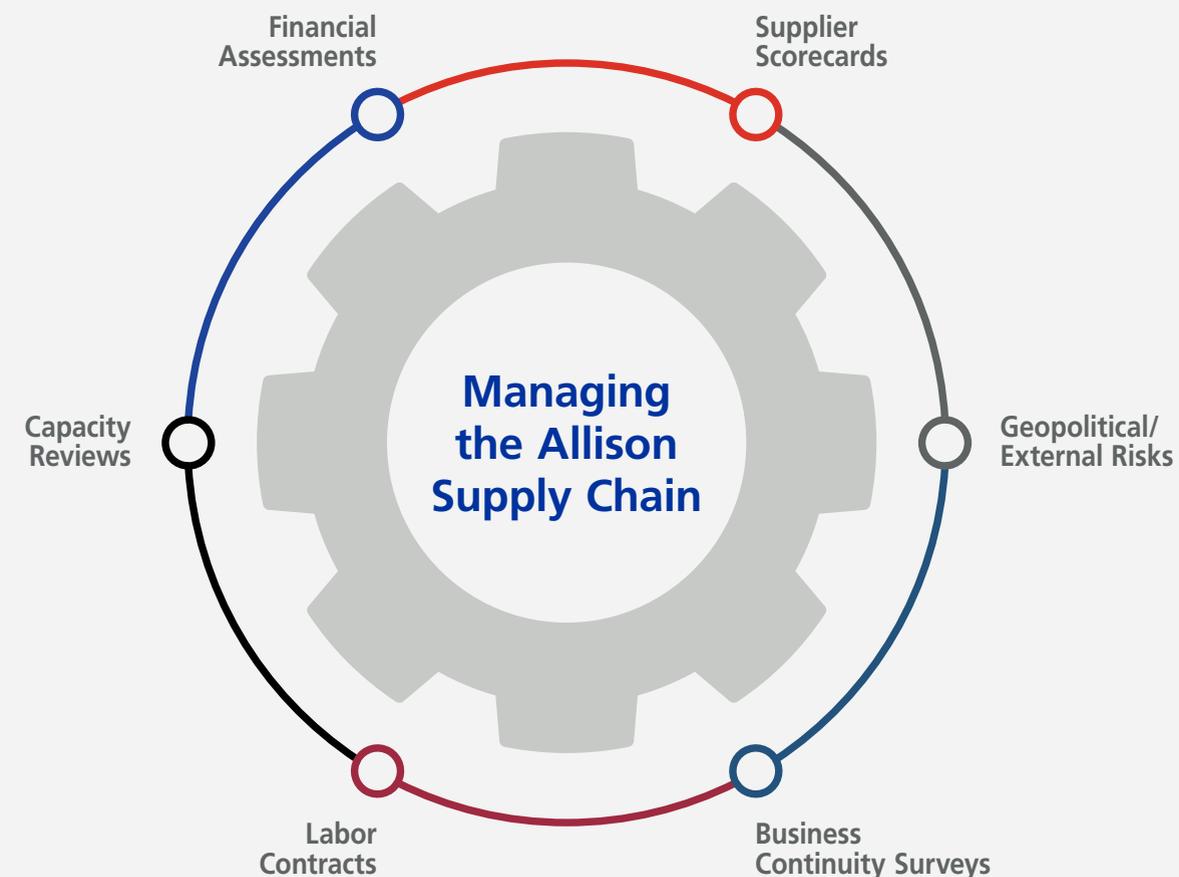
## Supplier Code of Conduct

To ensure that Allison's suppliers are operating in a manner consistent with the values of the company and its customers, Allison has adopted a Supplier Code of Conduct. This Code includes guidelines that reflect the company's core values and the principles of the U.N. Global Compact and the U.N. Universal Declaration of Human Rights. Specific topics addressed in the Supplier Code of Conduct encompass human rights, including forced labor and child labor, human trafficking, labor rights, freedom of association, health and safety, anti-corruption, ethical behavior and environmental performance.

Allison chooses its suppliers carefully and expects that they will satisfy contractual requirements, comply with applicable laws and regulations and act in a manner consistent with the principles and values of the Allison Code of Business Conduct and the Supplier Code of Conduct.

## Supplier Risk Assessment Process

To ensure that the company's supply chain operates efficiently and with minimal interruptions, Allison has instituted a four-step global Supplier Risk Assessment Process to identify, quantify, mitigate and monitor risk stemming from supply chain disruptions such as those caused by pandemics and extreme weather events. This process provides an objective assessment that allows the Allison team to implement concrete countermeasures, such as pursuing first claims on supply and buffering inventory, to mitigate supply chain risk. This adaptive process enables continuous learning and adjustments as the risk landscape evolves.



Executive Dashboards



Early Warning Indicators



Risk Mitigation Action Items



Strategic Investments



Tooling + Capital Investments



Quarterly Leadership Reviews

# GOVERNMENT RELATIONS

As a responsible corporate citizen, Allison actively engages with industry associations, legislators and executive branch officials in support of the commercial vehicle industry, helping to shape legislation that balances the needs of end users with the global push towards efficiency and decarbonization.



# GOVERNANCE

Allison is led by a 10-person Board of Directors, which is ethnically diverse and includes two women. Nine of the directors are considered independent under U.S. Securities and Exchange Commission (SEC) guidelines.

Expectations for the Board's responsibilities are outlined in Allison's Corporate Governance Guidelines. The Board has four committees: Audit, Nominating and Corporate Governance, Compensation and Finance.

Sustainability issues, including those relating to the environment, societal impact and governance, are managed by Allison's Director of Sustainability who reports directly to the company's General Counsel. The Nominating and Corporate Governance Committee of the Board of Directors is responsible for overseeing those sustainability issues, including reporting and receiving updates. The Nominating and Corporate Governance Committee also delegates oversight to other committees when their jurisdiction and expertise more appropriately fits a particular issue. For instance, the Compensation Committee of the Board of Directors is delegated responsibility for overseeing our Human Capital Management initiatives. Allison also has established an internal cross-functional working group to oversee the company's reporting relative to sustainability, the environment, societal impact, and governance. During 2023, this group was chaired by the General Counsel.

## Ethics + Compliance

Expectations for all salaried employees, including directors and officers of Allison Transmission, Inc., its holding company and its subsidiaries, are described in the Allison Code of Business Conduct, and employees receive ongoing annual training. All employees are introduced to these expectations as part of the new-hire and new-director onboarding processes, where they must agree to abide by all the Code of Business Conduct standards. The Code of Business Conduct includes expectations regarding issues such as fair treatment and nondiscrimination, health and safety, anti-corruption, fair competition, insider trading, environmental protection, child labor and modern slavery.

Allison has teams of individuals specifically dedicated to ensuring compliance with a wide range of categories, including but not limited to product compliance, emissions regulations, vehicle safety regulations, environmental compliance and rules and regulations specific to the company's role as a U.S. defense contractor. The General Counsel's team is responsible for adherence and reporting regarding the Code of Business Conduct. Allison has a whistleblower hotline for employees and other stakeholders to anonymously report any concerns or suspicions of malfeasance, and the Board of Directors is updated quarterly on any issues that arise from this reporting mechanism.

All employees receive training regarding compliance issues relevant to their specific areas of responsibility, as well as general training on the Code of Business Conduct, export compliance, anti-corruption, bribery, information security, anti-competitive behavior, cybersecurity and other topics of general interest to the company.



# SASB TABLE

(Data is for the year ended December 31, 2023)

Topic	Accounting Metric	Disclosure	Code
Energy Management	(1) Total energy consumed	Page 19	RT-IG-130a.1
	(2) % of grid electricity	In the U.S., we utilize renewable-powered landscape and parking lot lighting at some locations. Also, approximately 10% of power consumed at Allison global headquarters is generated from renewable energy sources such as wind and solar. International sites, such as those in India, utilized nearly 50% of power in 2023 from renewable energy.	
	(3) % renewables		
Employee Health + Safety	(1) Total recordable incident rate (TRIR)	Page 16	RT-IG-320a.1
	(2) Fatality rate	There were no fatalities at Allison sites in 2023.	
	(3) Near-miss frequency rate (NMFR)	NMFR: 42.96	
Fuel Economy + Emissions in Use-phase	Allison products do not consume fuel or produce emissions, but generally they are used in vehicles that do consume fuel and produce emissions. Some Allison products are used in zero-emission vehicles.		
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Page 21	RT-IG-440a.1
Remanufacturing Design + Services	Revenue from remanufactured products and remanufacturing services	While we do offer some remanufactured products, they are not a significant part of Allison's total revenue.	RT-IG-440b.1
<b>Activity Metrics</b>			
Number of units produced by product category	See page 6 of Allison 2023 Form 10-K for revenue shares by geography and product type.		RT-IG-000.A
Number of Employees	~3,700		RT-IG-000.B