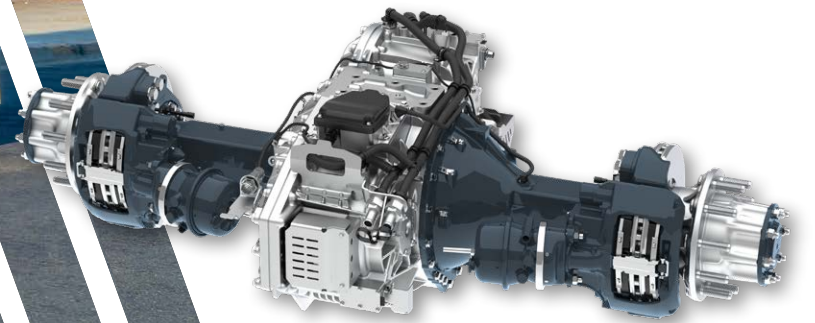




Allison
Transmission®

Improving the Way the World Works

2021 Environmental, Social
and Governance Report



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Providing the most reliable and valued propulsion solutions in the world



OUR VISION

Be the global leader in commercial-duty propulsion solutions that improve the way the world works.

OUR PROMISE

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

OUR VALUES

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

Customer Focus – We believe each customer is unique, and our 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 our customers.

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

Chief Executive Officer Letter

Dear Stakeholders,

We are delighted to present the 2021 Allison Transmission Environmental, Social and Governance (ESG) 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 (UN) Global Compact and the Universal Declaration of Human Rights (UDHR) thus allowing us to highlight our commitment to the ideals of corporate citizenship.

2021 brought a year of challenges, opportunities and successes in the ever-evolving commercial vehicle industry. The world continued to face a global pandemic that has affected many lives, disrupted advancements in innovation and challenged the global supply chain. While Allison has not been immune to these impacts, our team worked diligently to progress company initiatives and deliver on commitments to customers. We're grateful for our valued employees, customers, suppliers and communities who helped us achieve these milestones.

The world is undergoing extraordinary change, which impacts how we communicate and do business with each other, how we transport people and goods around the globe, and how we will meet the world's growing energy demands in a sustainable way while minimizing any impacts on the environment. Though the commercial vehicle industry is evolving, Allison's mission remains clear. We are committed to *Improving the Way the World Works* with fuel efficient, reliable and innovative propulsion solutions that deliver the performance, quality and differentiated value proposition our customers have come to expect from the Allison brand.

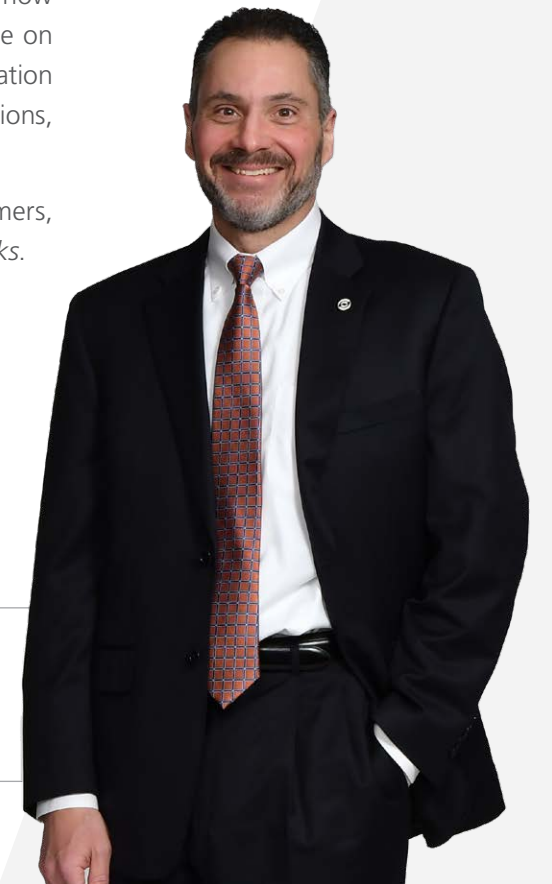
Whether it is new products, new technology or new manufacturing processes, change, adaptability and innovation have always been part of our DNA. Innovation continues to be the driving force behind our commitment to developing new products. In 2021, we introduced several propulsion systems, from the Allison eGen Power™ family of fully electric axles to more sustainable versions of our conventional transmissions. We've also invested in a cutting-edge Innovation Center and completed upgrades to our state-of-the-art Vehicle Electrification and Environmental Test Center at our global headquarters in Indianapolis, Indiana, that enable Allison and our partners to expand testing and validation capabilities for battery electric and hydrogen fuel cell electric vehicles. These investments individually and collectively confirm our commitment to reducing the carbon footprint of the commercial vehicle industry.

We continued our productive output this past year and are innovating more now than ever before in our history. I believe Allison is well-positioned to capitalize on growth opportunities across all of our end markets and drive the next generation of propulsion solutions that will help our customers and the world reduce emissions, protect our planet and meet the substantial challenges that lie ahead.

So, let me again take this opportunity to thank the Allison Team and our customers, suppliers and communities as we continue *Improving the Way the World Works*.

Sincerely,

David S. Graziosi
Chairman and Chief Executive Officer



We are committed to *Improving the Way the World Works* with fuel efficient, reliable and innovative propulsion solutions.

About Allison

Allison 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 76% of revenues were generated in North America in 2021. 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 more than 1,400 independent distributor and dealer locations worldwide.



Key Facilities

1. Indianapolis, USA

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

2. Auburn Hills, Michigan

- Manufacturing Facility

3. Lewisburg, Tennessee

- Walker Die Casting Manufacturing Facility

4. São Paulo, Brazil

- Regional HQ
- Sales Office
- Customization Center
- Parts Distribution Center

5. Sliedrecht, the 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

~76%

of revenues were generated in North America in 2021

2021 At-A-Glance

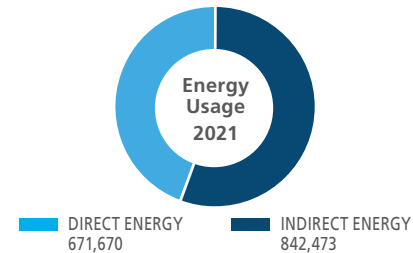
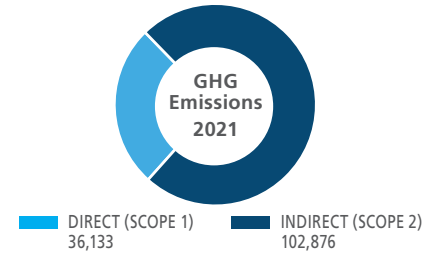
Financial

\$2.4B
REVENUE

\$442M
NET INCOME

150+
COUNTRIES WHERE
WE OPERATE

Environmental



460 Tons
PRODUCTION WASTE AT
OUR INDIANAPOLIS
MANUFACTURING
OPERATIONS

30,621,000
GALLONS OF CITY WATER
AND 115,435,928 GALLONS
OF WELL WATER USED AT
OUR INDIANAPOLIS
HEADQUARTERS AND
MANUFACTURING
OPERATIONS

Safety

1.94
RECORDABLE CASE RATE
PER 100 EMPLOYEES

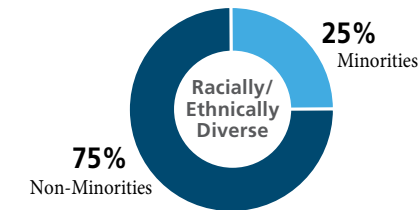
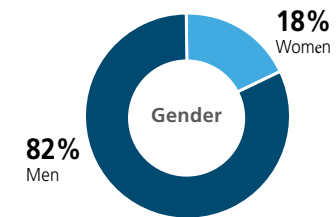
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MANUFACTURING SITES
CERTIFIED TO ISO 14001
ENVIRONMENTAL
MANAGEMENT
STANDARDS

People

3,400
GLOBAL EMPLOYEES

46%
OF U.S. EMPLOYEES
REPRESENTED BY THE UAW

2021
DIVERSITY COMPOSITION
U.S. WORKFORCE



Community

**TYPES OF
GIVING:**

- DONATIONS: 68%
- SUPPORT OF ORGANIZATIONS SERVING WOMEN AND RACIALLY/ETHNICALLY DIVERSE POPULATIONS: 21%
- SPONSORSHIPS: 6%
- SCHOLARSHIPS: 5%

Innovation

For more than 100 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 decades, we have developed an entire family of products suitable for internal combustion applications, across on- and off-highway and defense end markets. This family of conventional technology products has evolved to support continuously improving fuel economy and emission standards, including via software features such as FuelSense® 2.0 that allow original equipment manufacturers (OEMs) to reduce carbon dioxide (CO₂) emissions up to 6% and end users to reduce fuel consumption. Allison's fully automatic transmissions and software efficiency features are also compatible with alternative combustible fuels, such as natural gas and propane, which enable fleets to use familiar hardware to achieve reduced CO₂ and nitrogen oxide (NO_x) emissions; meanwhile, Allison is pursuing integration projects with engine manufacturers to expand into additional clean alternative fuel options in the future. In addition, Allison's Next Generation Controls Platform, which launched in 2021, offers enhanced cybersecurity and functional safety capability designed to comply with global regulations and international standards. Compatibility with alternative fuels and software features that minimally impact hardware installations allow Allison to continue delivering its promise of reliability and durability to customers in a changing regulatory environment.



Innovation

As the commercial vehicle market begins to transition toward alternative energy solutions, Allison is expanding its product lines to include a similar family of solutions for the electric vehicle market. As with our conventional products, one solution cannot cover the breadth of commercial vehicle applications, so we are developing a family of products designed to meet the needs of the industry. Allison is ready for the challenge, as our history has prepared us well.

As fuel efficiency evolves, Allison remains committed to our brand promise of providing the most reliable, durable and valued propulsion solutions to help our customers work more efficiently. Our propulsion solutions deliver premium performance, fuel efficiency, improved emissions, reduced downtime for maintenance and lower total cost of ownership. Allison's Vehicle Electrification and Environmental Test Center (VE+ET) allows Allison, and other third parties, to accelerate product and technology development to meet these changing market demands, while minimizing the environmental impact of testing and providing a safer environment compared to on-the-road testing.

Electrification

Allison was an early leader in commercial vehicle electrification and has invested significantly in developing electrified propulsion solutions for decades. The H 40/50 EPT™ electric hybrid propulsion system for transit buses has provided municipal, state and federal agencies with electric hybrid propulsion for nearly 20 years. This propulsion solution has accumulated more than three billion miles of operation, saved over 380 million gallons of diesel fuel from being consumed and reduced CO₂ emissions by over 3.8 million metric tons. In addition, the H40/50 EP electric hybrid propulsion solution has recently been updated to the Allison eGen Flex™ electric hybrid, which allows for fully electric propulsion of up to 10 consecutive miles or 50 minutes before converting back to hybrid propulsion. An evaluation of eGen Flex™ completed in 2022 at one of the largest transit agencies in North America confirmed the engine was off and the vehicle was operating in full electric mode for over 50 percent of the time the vehicle was in operation. Allison's experience in electric hybrid technology positions us well for the successful development of a portfolio of fully electric propulsion solutions that support the breadth of requirements that our global customers demand.

Allison's electric vehicle solutions are designed to demonstrate bottom-line operating benefits while delivering industry-leading performance, reliability and durability that we are known for. Through our legacy and experience with both conventional and electric hybrid propulsion technologies, we have gained valuable knowledge and expertise in full system integration that electric vehicles require. Allison also understands the vast array and intensity of the duty-cycles and unique operating conditions that commercial vehicles encounter every day. Our extensive experience across a broad range of vehicle applications and geographies is a critical enabler for the development of fully electric propulsion solutions.

Improving Sustainability in Conventional Market

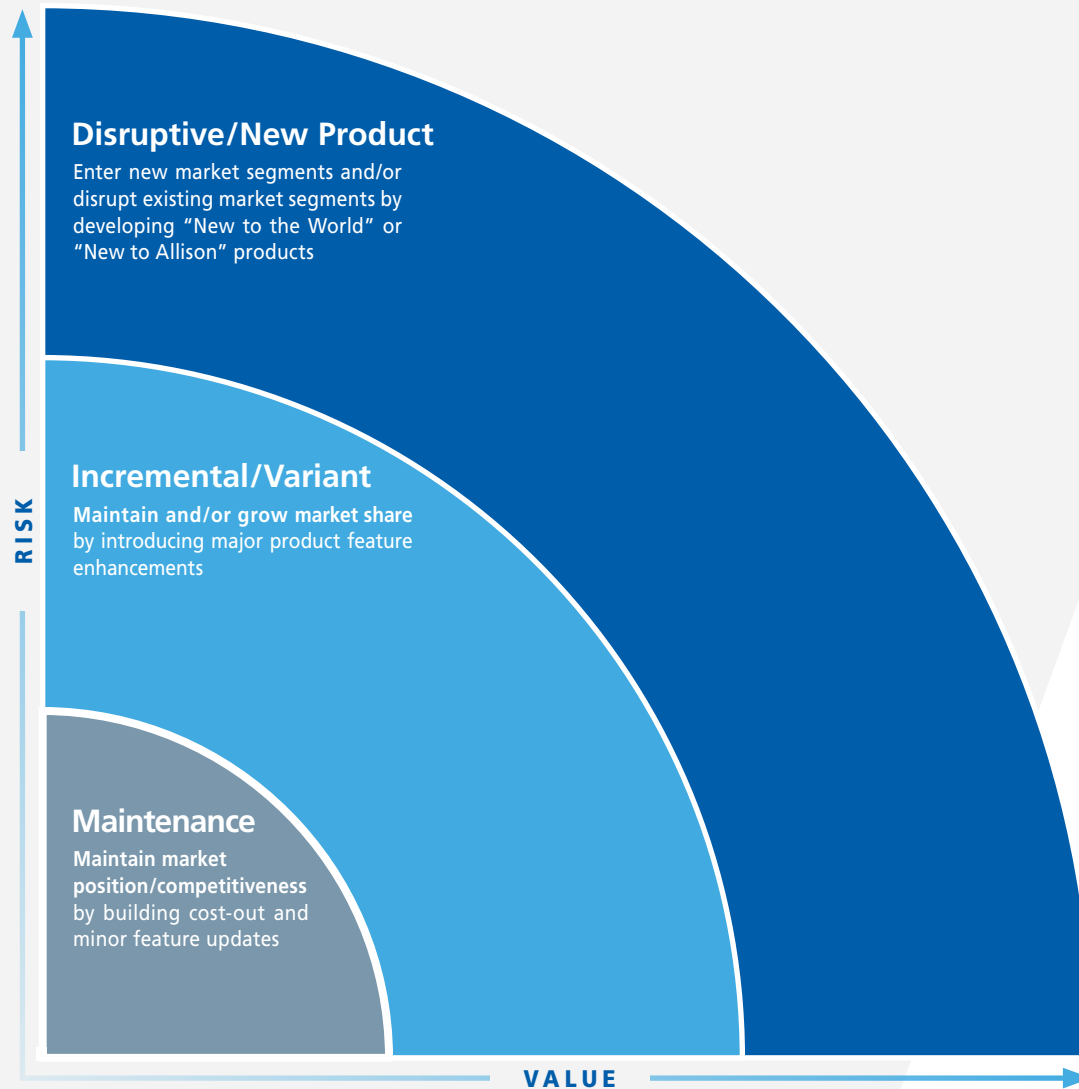
While some manufacturers may be pulling away from the internal combustion conventional market, Allison understands that because electric vehicle technology will need to evolve significantly before it can fully support medium- and heavy-duty trucks and buses, conventional and electric hybrid solutions will be necessary for years to come.

Allison's fully automatic transmissions offer an ideal combination of fuel economy, performance and efficiency while enabling customers to choose their energy source: diesel, gasoline, natural gas or electric hybrid. We remain committed to delivering high-quality, reliable transmissions with efficient power conversion, resulting in less fossil fuel energy to perform a given task. Because quality, durability and reliability are at the core of what we do, our fully automatic transmissions are designed and manufactured to extend the life of the vehicle, resulting in less scrap and waste.

State-of-the-art torque converter technology in Allison's fully automatic transmissions is an important enabler to alternative fuel engines. To compensate for the lower power associated with compressed natural gas and liquefied natural gas engines, Allison's torque converter multiplies engine torque to significantly improve startability, drivability and overall productivity. With Allison's Continuous Power Technology™, vehicles don't experience the typically slower response time-to-throttle cycles seen with manuals or automated manuals. Since more torque is transferred from the engine to the wheels with an Allison, operators can also expect improved fuel efficiency and performance. Additionally, the Allison retarder enhances braking, which compensates for the reduced engine-braking torque provided by natural gas engines. Through these benefits, Allison has helped support the adoption of natural gas engines, which reduce NO_x emissions while still meeting performance requirements of commercial fleets.

Our extensive experience across a broad range of vehicle applications and geographies is a critical enabler for the development of electric propulsion solutions.

Types of Innovation and Innovation Goals for NPD



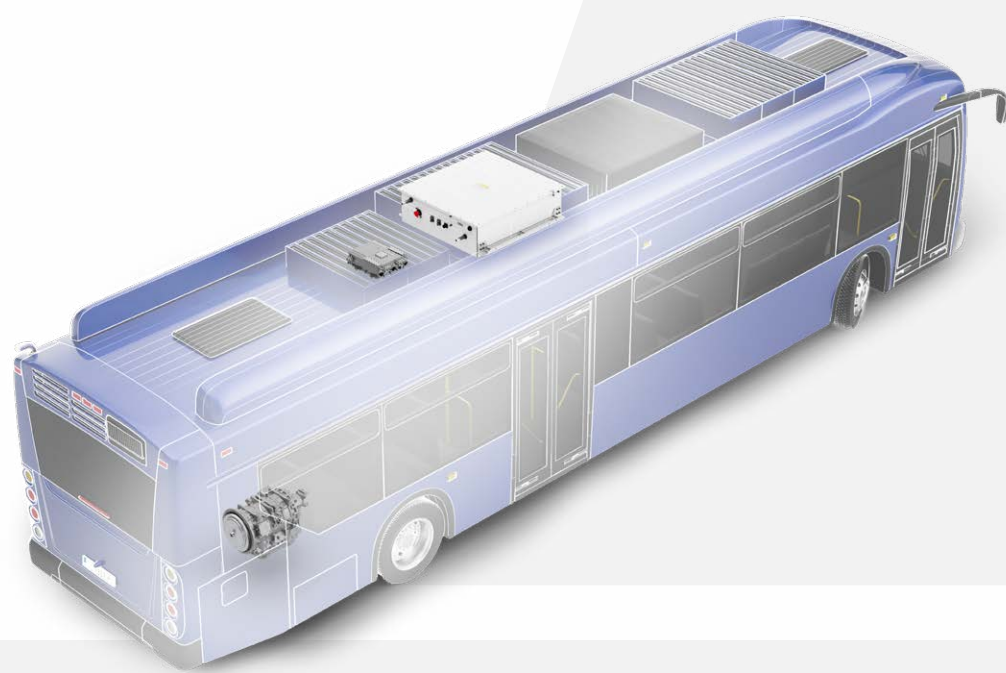
New Product Development

Our structured New Product Development (NPD) process drives the development of new products and product variants. In the last four years alone, Allison has made over \$350 million in direct investments to advance fully electric propulsion technology.

Our product teams are also focused on enhancing our conventional solutions to reduce emissions and increase efficiencies when paired with diesel, gasoline and natural gas internal combustion and spark ignited engines.

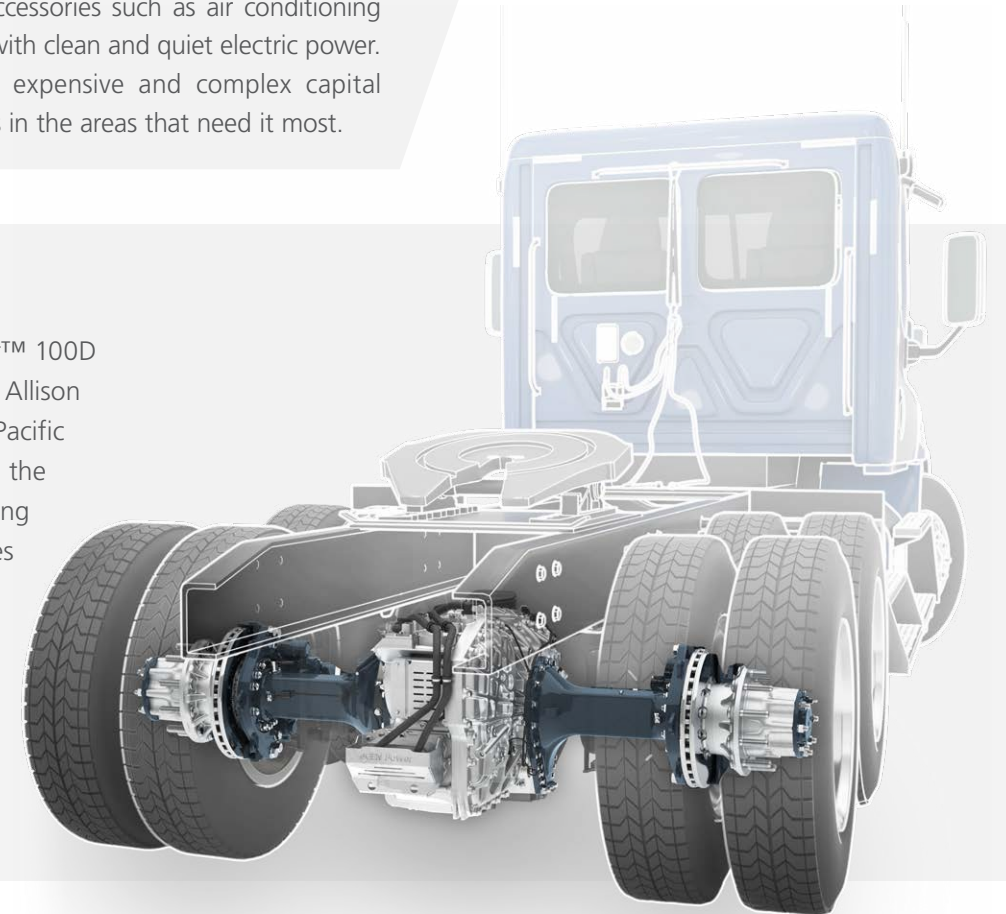
Our NPD process categorizes product ideas by innovation type and then executes development plans accordingly: one path to consider new, disruptive products, a second path to improve upon existing platforms and products, and a third path to develop new processes and procedures to maintain our products 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. Our test operations team supports our NPD process by performing a range of activities to determine the impact of new products and technologies on greenhouse gas and NO_x emissions. Some examples of the type of activities performed by Allison's test operations team include spin loss testing to maintain CO₂ certification for the European Union's 2017/2400 vehicle regulations, testing powertrain emissions or verifying the CO₂ emissions reductions of Allison's eGen Flex™ electric hybrid solution.

2021 Product Innovation Highlights



eGen Flex™: Allison's eGen Flex™ electric hybrid solution for transit buses provides fully electric propulsion for up to 10 consecutive miles or 50 minutes before converting back to hybrid propulsion. An evaluation of eGen Flex™ completed in 2022 at one of the largest transit agencies in North America confirmed the engine was off and the vehicle was operating in full electric mode for over 50 percent of the time the vehicle was in operation. The electric-only mode can be utilized multiple times per route and per day. This innovative propulsion solution eliminates engine emissions and noise while loading and unloading passengers, in dense pedestrian areas and in zero emission zones and depots. The system also improves fuel economy by up to 25% versus a conventional diesel bus and can operate accessories such as air conditioning and electric heat at their optimal efficiency with clean and quiet electric power. The eGen Flex™ alleviates the need for expensive and complex capital infrastructure while providing zero emissions in the areas that need it most.

eGen Power™ Portfolio: Following the market introduction of the globally recognized and award-winning Allison eGen Power™ 100D electric axle in 2020, Allison expanded its portfolio of e-Axles to address the wide range of applications and market segments Allison serves. The company introduced the 130D, a variant of the eGen Power™ 100D specifically designed for European and Asia Pacific markets where many commercial vehicles require a heavier 13 tonne gross axle weight rating. The eGen Power™ 130D maintains the same core components, performance and differentiated value as the eGen Power™ 100D but with increased axle weight rating capability. In addition, Allison launched the eGen Power™ 100S, the first single motor variant in the eGen Power™ series of e-Axles designed for heavy-duty 6x4 tractors and heavy-duty straight trucks as well as medium-duty trucks and school bus applications. The eGen Power™ 100S offers a 10.4 tonne gross axle weight rating and features a two-speed parallel axis gear architecture, efficiently meeting application launch and highway cruise demands while maximizing energy recovery through 100% regenerative braking capability. Allison's eGen Power™ portfolio of e-Axles are modular and designed for installation and integration into existing vehicle chassis.



2021 Product Innovation Highlights (continued)

9-Speed: Allison’s 9-speed transmission, a variant of the proven 2000 Series™ transmission, provides reduced emissions, improved fuel economy and advanced stop-start capability. Drivers will enjoy improved acceleration, which could lead directly to increased productivity, and when combined with Allison’s FuelSense® 2.0 and xFE technologies, the 9-speed will set a new benchmark in fuel efficiency and reduced emissions, helping OEMs and end users meet increasingly rigorous environmental regulations around the world while improving productivity.



Next Generation Electrified Transmission: The Next Generation Electrified Transmission (NGET) is the newest planned product in Allison’s tactical ground combat vehicle portfolio. Allison anticipates meeting requirements across a wide spectrum of applications, including tracked Infantry Fighting Vehicles and Main Battle Tank markets. Design features include an electric hybrid architecture, which will offer end users the benefits of increased fuel economy, reduced detection by the enemy and increased soldier survivability, as well as exportable power provisions for on- and off-board systems.



Picture Courtesy Raytheon Technologies

Next Generation Controls Platform: Allison’s Next Generation Controls Platform launched in October 2021 to address emerging challenges, trends and requirements in the commercial vehicle industry. Our Next Generation Controls Platform includes cybersecurity, functional safety and over-the-air (OTA) programming capability. Cybersecurity helps defend against threats associated with increased vehicle connectivity, while functional safety capability supports the emerging International Standardization Organization (ISO) 26262 standard, which is anticipated to be required by automotive manufacturers for the development and manufacturing of supplied safety-related electrical and electronic systems. OTA capability leverages the cybersecurity capabilities of the Next Generation Controls Platform to enable secure communication and programming capability without the need to establish a physical connection to the vehicle. Allison’s Next Generation Controls Platform is also capable of supporting OEM certification to UN R155, the first global regulation for automotive cybersecurity aligned to ISO/ISO/SAE 21434.

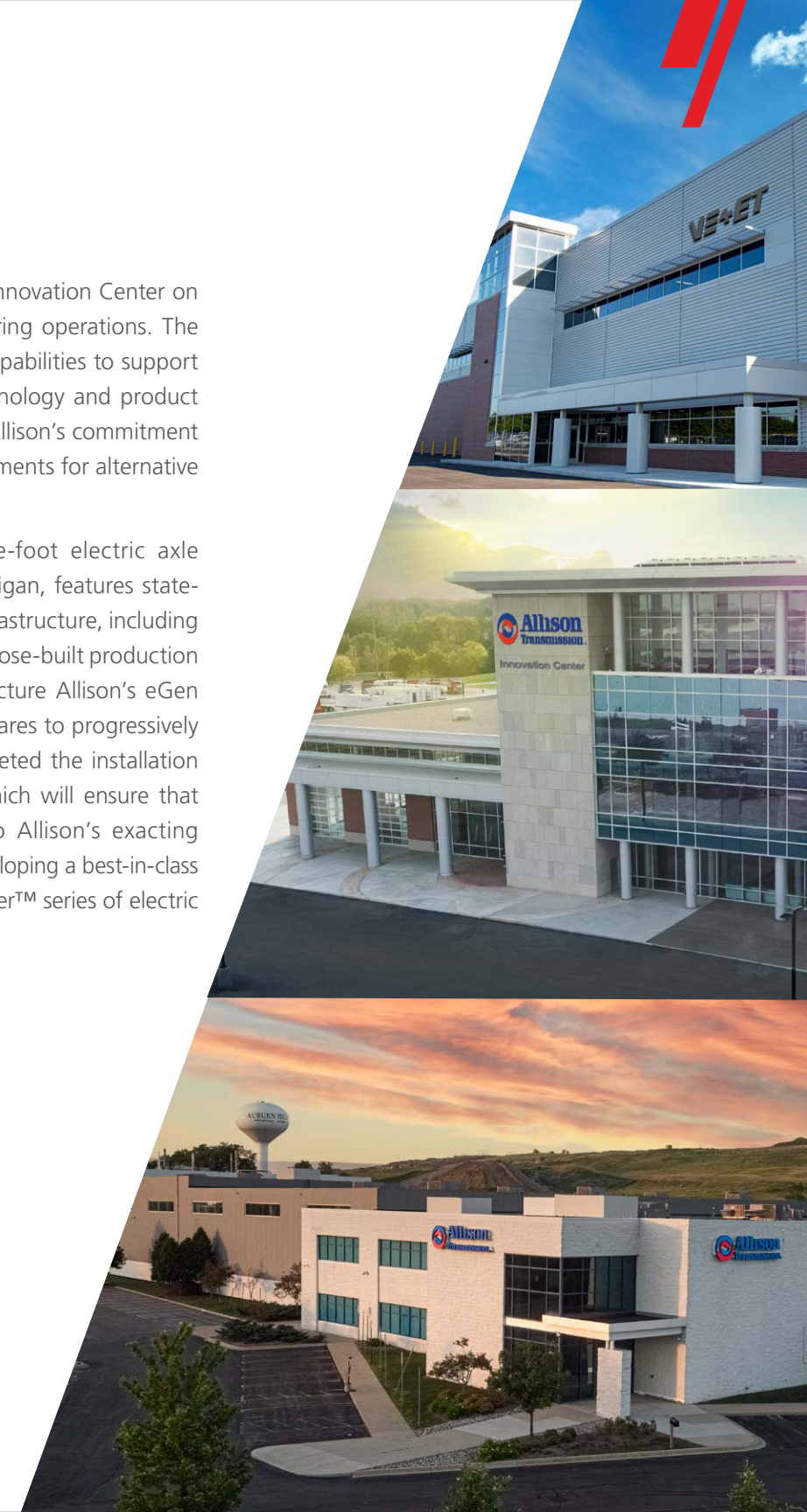


2021 Innovation Infrastructure Investments

Vehicle Electrification and Environmental Test Center: Allison expanded the electrification testing capabilities at its Vehicle Environmental Test Center, which has been rebranded as the Vehicle Electrification and Environmental Test Center (VE+ET). The branding has evolved to better represent the extensive capabilities of the facility, as well as the manner in which Allison engineers, our partners and clients are utilizing the facility. Located on the campus of Allison Transmission's global headquarters and manufacturing operations in Indianapolis, the VE+ET is one of a limited number of testing facilities in the U.S., offering a truly unique set of capabilities. The state-of-the-art facility offers a wide range of repeatable, reliable and seasonally-independent vehicle electrification and environmental testing. The two chassis dynes with environmental testing capabilities plus two environmental soak and testing chambers can accommodate most commercial on-highway, off-highway, and wheeled defense vehicle applications, in addition to automotive passenger vehicles. As regulatory agencies challenge manufacturers to ensure emissions are controlled within a broader range of engine operating conditions, the VE+ET can support suppliers and vehicle manufacturers by capturing data to correlate test cell with real in-vehicle emissions. Because cold or hot testing environments can be unpredictable and difficult to achieve in the real world, the VE+ET brings assurance to full vehicle environmental validation while offering a safer environment as compared to on-the-road testing. As the demand increases to test and validate larger zero emission vehicles, Allison expanded the test center's Battery Emulation capability to accommodate above 500 kilowatts with a maximum of 900 volts DC. This capability positions Allison to test and validate around the clock, eliminating the need to stop to recharge on-board batteries. This optimizes development schedules and enables Allison, our partners and clients to bring innovations to market faster and more efficiently. We are also adding bulk hydrogen supply to support the validation of fuel cell electric vehicles. Similar to our expanded battery emulation capabilities, this bulk hydrogen supply enables continuous testing, eliminating the reliance on the vehicle's on-board hydrogen tanks. These investments collectively optimize Allison's readiness for tomorrow's zero emission fleets, and are reflective of Allison's commitment to be a leader in delivering more efficient and sustainable solutions in the commercial vehicle industry.

Innovation Center: In January 2022, Allison opened a new Innovation Center on the campus of our Indianapolis headquarters and manufacturing operations. The 96,000-square-foot facility features expanded collaboration capabilities to support customers, partners and supplier relationships on future technology and product initiatives. Investment in the new Innovation Center supports Allison's commitment to innovation and technology development, including advancements for alternative fuels, electric hybrid and zero emission electric vehicles.

e-Axle Manufacturing Facility: Allison's 110,000-square-foot electric axle development and manufacturing facility in Auburn Hills, Michigan, features state-of-the-art and proprietary manufacturing and development infrastructure, including a recently completed e-Axle production assembly line. This purpose-built production line integrates automated assembly features and will manufacture Allison's eGen Power™ series of fully integrated electric axles, as Allison prepares to progressively increase the output of e-Axles. In addition, Allison has completed the installation of an electric axle specific build verification test protocol, which will ensure that each eGen Power™ e-Axle is manufactured and tested to Allison's exacting production standards before it ships. Allison's investments in developing a best-in-class infrastructure mark a crucial step in bringing Allison's eGen Power™ series of electric axles to market.



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- Innovation
- The Allison Team**
- Communities
- Health and Safety
- Environment
- Supply Chain
- Governance
- SASB

The Allison Team

The Allison Team is one of our most valuable assets, with approximately 3,400 highly skilled employees around the globe. Through our productive and collaborative relationship with the United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW) that represents approximately 46% of our U.S. employees, we have developed an employee training program that provides team members with the skills necessary to perform at a high level and to advance to roles of increasing responsibility based on merit and seniority.



The Allison Team

Whether salaried or hourly employees, our team shares a commitment to Allison’s values of innovation, quality and the fair treatment for all people, regardless of their gender, race, disability, religion, nationality, sexual orientation, age or other like criteria.

Inclusion and Diversity

Allison’s Inclusion and Diversity (I&D) Executive Council is chaired by our Chief Executive Officer with six vice president members. The intent of this council is to develop targets and review I&D metrics to ensure that our business strategy supports these objectives. This, along with numerous I&D activities, has already proven to have positive momentum in creating and maintaining an inclusive and diverse environment.

In 2021, Allison implemented several initiatives focused on fostering a workplace culture of inclusion. Approximately 78% of global corporate employees enrolled in an unconscious bias training to help them understand how bias can permeate everyday interactions. We also scheduled a series of speakers throughout the year with the goal of facilitating productive, informative dialogue about diversity and inclusion. During 2021, Allison hosted panel discussions with external and internal guests during U.S. designated National Heritage and History Months, including Black History Month, Asian American and Pacific Islander Heritage Month and Hispanic Heritage Month to discuss how race and culture can impact professional development. In addition, as part of our Speaker Series, employees were invited to share personal stories and experiences related to race and gender on topics such as gender bias and how to be an ally. Research shows that when individuals learn from their peers’ experiences, they feel more empathetic and open to their perspectives, and as a result, the dialogue is more impactful. Through hosting conversations on these topics, Allison was able to encourage vital discussion and bring our team together in a positive way.

Two employees were recognized with Allison’s first annual I&D Champion Award, an honor bestowed to individuals for going above and beyond to advance our goal of creating and maintaining an inclusive and diverse workplace. Employees were nominated by their peers, and finalists were selected by a committee of five executives from across the globe.

In addition, Allison has placed an increased focus on diversifying our talent pool through evolving our recruitment strategy to reach underrepresented groups. In 2021, Allison engaged with and participated in career fairs with historically Black colleges and universities, Hispanic institutions, veterans and people with disabilities. Through our voluntary self-identify campaign, we were able to better measure the demographics of our employees and identify opportunities for growth. Allison’s I&D Executive Council has established targets for continuing to increase our minority and female applicant pool in 2022 and beyond.

To promote the value of teamwork within our organization, Allison formed a new virtual mentoring program to connect team members from different regions, departments and backgrounds. In its first year, more than 150 people participated in the mentoring program. We also created an Emerging Professionals Group, currently comprised of 90 employees, designed to foster the growth of our next generation of talented team members. Both programs help establish comradery within our global workforce and provide employees with support and valuable mentorship as they progress through their careers at Allison.

Talent Development + Retention

To support the professional development of employees and enhance our talent management process, Allison implemented a new job architecture in 2021. The architecture provides one comprehensive, transparent job structure to help employees better understand how they fit into our organization. It also outlines criteria for competencies, responsibilities and advancement. Allison has also implemented a Compensation Philosophy, which considers external trends, internal needs, individual performance and the global footprint of the business to appropriately reward each employee for their contributions to the company. Allison strives to ensure we can attract and retain top talent and recognize employees for their contributions toward the success of the business.

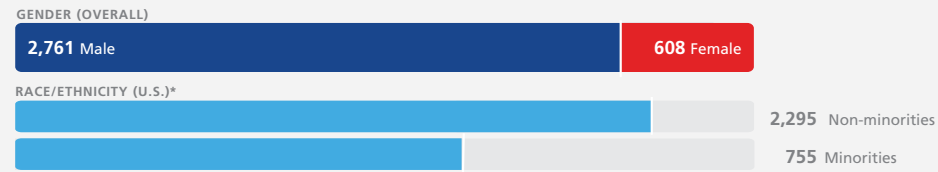
Beginning in 2022, Allison expanded its U.S. Parental Leave Policy to provide new mothers and fathers with four weeks of paid parental leave at 100% of base pay, in addition to eight weeks of paid leave for birth mothers. Allison also offers Adoption Assistance, Tuition Reimbursement, and Dependent Scholarship programs. We are committed to building a culture that helps our employees succeed professionally and personally.



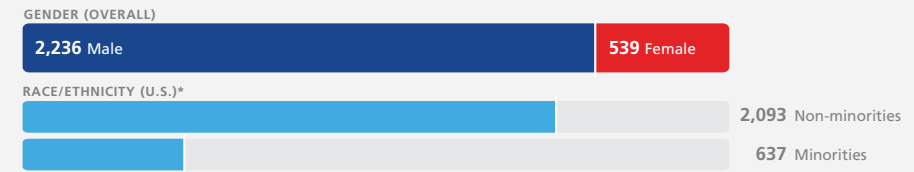


2021 Diversity Composition

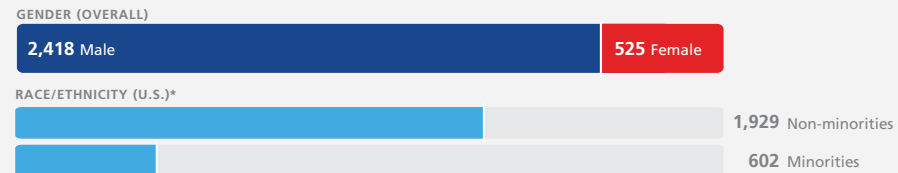
2021 Diversity Composition



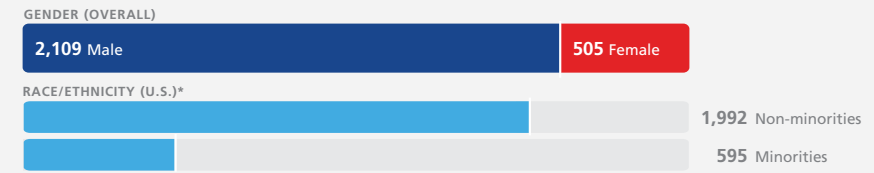
2019 Diversity Composition



2020 Diversity Composition



2018 Diversity Composition



*non-identified not included

Communities

Allison's commitment to inclusion and diversity extends beyond the workplace to the communities where our employees live and work. For more than 100 years, as Allison has grown, so has our commitment to being a responsible and compassionate corporate citizen. We focus our efforts on giving back to local communities through advancing education and STEM initiatives, promoting equality of opportunities and engaging our employees as we support their commitment to making a difference.



Community Giving

Our founder, James A. Allison, recognized the power of community, education and innovation. In 1915, he donated funds to renovate and electrify a community church's organ. In 1924, Allison used his resources to construct a hospital. The Great Depression brought about a philanthropic awareness among Allison employees, and participation in improving lives and strengthening communities became part of Allison's culture. The phrase, "Quietly do good work," came into being.

To this day, employees proudly roll up their sleeves to improve the lives of people in need by routinely participating in a host of activities and fundraisers that support the communities where we live and work. In 2021, Allison gave back through several community engagements. For example:

- We proudly celebrated **International Women's Day** through a video campaign highlighting many of our employees and leaders across the globe.
- Allison was a key supporter of **Global Earth Day and Earth Day Indiana** activities, furthering our commitment to manufacturing solutions that improve fuel efficiency, reduce emissions and overall carbon footprint, leading to cleaner, healthier air.
- Allison and its employees **donated over \$400,000 to the United Way of Central Indiana's Annual Campaign**. 2021 donations helped our Central Indiana neighbors who were most negatively impacted by the pandemic.
- In October, we 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. **Nearly 200 volunteers dedicated over 20,000 hours** to complete the project. In addition to the contributions Allison provided to the home build, we also **pledged a \$25,000 donation to the Fuller Center for Housing**.
- To do our part to reduce the blood shortage in our community, Allison hosted a drive to encourage employees to **donate blood to Versiti Blood Center of Indiana**.

- On Thanksgiving morning, **over 460 employees participated in the Wheeler Mission Drumstick Dash** to raise funds to serve those experiencing homelessness in Indianapolis. For the fourth year in a row, Team Allison was the largest team fielded by any organization.
- Through its **Making Spirits Bright campaign**, Allison partnered with an Indianapolis-based school where 95% of the student population is from underrepresented communities, and all of the students qualify for free or reduced lunch. The campaign provided gifts for 3rd-and 4th-grade students and food for the school's food pantry to ensure that students and their families were fed during the holiday season.
- We support **STEM initiatives** in the United Kingdom, such as providing engineering and manufacturing support to **Formula Student**, a university program for engineering students to learn to design, build, test and race a formula style race car.





MARIAN UNIVERSITY
Indianapolis®
E. S. Witchger School of Engineering



\$250,000

COMMITMENT TO MARIAN UNIVERSITY IN SUPPORT OF THE E.S. WITCHGER SCHOOL OF ENGINEERING.

Along with Allison’s commitment to charitable giving, we’re focused on investing in education in our community through partnerships with local universities, including Indiana University-Purdue University Indianapolis (IUPUI), Marian University and Purdue University. We’re partnering with these institutions to develop the next generation of young people interested in careers in STEM fields.

As a recent example of our contributions to education, Allison announced a \$250,000 commitment to Marian University in support of the E.S. Witchger School of Engineering. Located in Indianapolis, the university is committed to building a more diverse workforce through the creation of pathway programs that inspire students from underserved and underrepresented backgrounds to consider careers in the STEM fields. Allison’s investment will support the opening of a new, state-of-the-art building that will house the engineering school. E.S. Witchger School of Engineering will offer bachelor of engineering degrees rooted in the liberal arts with the goal of graduating a diverse pipeline of talented leaders. We’re proud to support Marian University in its mission to develop students of all backgrounds into skilled engineers who will positively influence their industries and communities for years to come.

Health and Safety

As a manufacturing company, the health and safety of our employees is of paramount importance. Allison has in place a wide variety of measures, including training and reporting mechanisms, to ensure that our employees remain as safe as possible. We are continuously improving our processes and programs to increase safety standards globally. We review our health and safety metrics regularly, including all first-aid, recordable injuries and lost workday case injuries. All shifts begin with a daily start-of-shift meeting on the manufacturing floor with a safety message. In 2021, we offered over sixty safety training modules to our employees at our Indianapolis manufacturing operations, and approximately 97% of production employees completed their required safety training.



Health and Safety

In 2022, Allison is seeking ISO 45001 certification, the latest international standard for an occupational health and safety management system. By going through this certification process, we'll ensure that Allison is mitigating risk in the workplace and providing a safe and healthy workplace for employees and visitors.

Our Data

Despite the ongoing pandemic, Allison maintained strong health and safety performance in 2021. We implemented stringent protocols and safety measures to limit the spread of COVID-19 within our facilities. Similar to other employers across several industries, Allison experienced a higher rate of employee turnover in 2021 as a result of the "Great Resignation," but despite changes in our workforce, we maintained our health and safety requirements, as evidenced by the data below.

For 2021, across all of our North America locations (other than Walker Die Casting), we achieved an overall recordable rate of 1.94, equating to 1.94 employees per 100 employees incurring an injury that resulted in recordable medical treatment. Our number of lost workdays was 0.53, meaning that for every 100 employees, 0.53 individuals experienced an incident that resulted in days away from work.

Employee Wellness

Allison continues to expand its robust employee wellness program to support our team members in their physical, mental and financial well-being. At our Indianapolis headquarters and manufacturing operations, we offer on-site biometric screenings, smoking cessation resources, an annual health fair and other wellness screenings. Throughout 2021, we also offered on-site COVID-19 testing and vaccination clinics as well as annual flu shots at our Indianapolis headquarters and manufacturing operations.

As part of Allison's employee benefits packages, we provide wellness discounts through Vitality, a comprehensive, personalized wellness program that makes it

easy for individuals to improve or maintain their health. The program provides rebates on gym memberships and nutritional food purchases, and employees earn points for wellness activities that may then be redeemed for gift cards and fitness devices. Vitality activities also earn employees wellness discounts on medical payroll deductions. Allison offers many employer-sponsored health events like the Wheeler Mission Drumstick Dash, Corporate Challenge, rock climbing, cycling, and several walking and running events in our communities. In addition, through our partnership with Centerstone Solutions EAP, we offer free, confidential mental health counseling for all U.S. employees.

Continuous Improvement

Continuous improvement is a fundamental aspect of our business, especially as we strive to create the safest possible environment for our employees. In 2022, we will continue to build upon another critical insight recently understood regarding employee injuries. By analyzing all the data in detail and through categorization, we understand that there is even more to learn from near-miss injuries, safety observations (conditions and behaviors), risk assessment and the integration of operational excellence.

Health and safety activities are governed by the first of ten pillars of Allison's Operational Excellence system. Pillar champions, along with their teams, evaluate, learn and implement new ideas that incorporate opportunities enabling a better workplace and improved performance.

In 2022, we will continue our comprehensive risk assessment across all functions. This detailed process will help us uncover new risks to the health and safety of our team and better understand known risks to ensure we are mitigating them properly.

We'll ensure that Allison is mitigating risk in the workplace and providing a safe and healthy workplace for employees and visitors.

The safety and well-being of Allison's employees around the globe remains a top priority.



Training

Training is key to properly maintaining any Allison transmission and having a first-rate training program can make all the difference. For the second consecutive year, ASE Training Managers Council, a global nonprofit dedicated to the advancement of training and professional development in the transportation service industry, awarded Allison with a National Excellence in Training Award for its Train-the-Trainer program, which ensures that the company's Authorized Distributor trainers can deliver a high-quality training experience via an innovative, immersive learning environment.

#TeamAllison received Silver Level Recognition in the 2021 American Heart Association Workplace Health Achievement Index for health programs and best practices.

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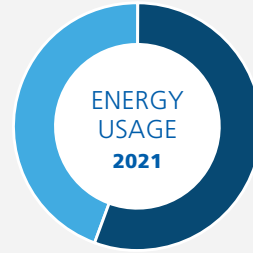
Environment

As a responsible corporate citizen, Allison 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 robust environmental practices into our daily business operations and decisions. While our biggest environmental impact is related to the GHG emission reductions and fuel efficiency improvements our technologies make possible, we recognize that the energy we use in our operations has its own environmental impacts.





■ DIRECT (SCOPE 1) 36,133
 ■ INDIRECT (SCOPE 2) 102,876



■ DIRECT ENERGY 671,670
 ■ INDIRECT ENERGY 842,473

Activities	Performance Indicator	Unit	2021	
Energy	Electricity	Grid electricity	GJ	842,473
	Building or process heating	Natural gas	GJ	540,348
	Vehicle and test stand fuels	Diesel and gasoline	GJ	131,322
Total Energy Usage			GJ	1,514.143

Activities	Unit	2021	
GHG	Building electricity	MTCO ₂ e	102,876
	Building or process heating	MTCO ₂ e	27,180
	Vehicles	MTCO ₂ e	8,953
Total GHG Emissions		MTCO₂e	139,009

Activities	Unit	2021	
GHG	Direct (Scope 1)	MTCO ₂ e	36,133
	Indirect (Scope 2)	MTCO ₂ e	102,876

Environment

We report here the total electricity and fuels usage from our main facilities and the corresponding GHG emissions. The energy sources we used for this report are:

- Electricity, which powers our manufacturing and assembly processes, and lights, cools and heats our offices and manufacturing plants.
- Natural gas, which provides heat for both buildings and manufacturing processes.
- Diesel and gasoline fuel, which are used for maintenance vehicles, testing our products and emergency generators.

Our environmental management system includes annual reduction goals such as:

- Reducing environmental risk by expanding our ISO 14001 certification to additional sites and upgrading pollution control assets.
- Reducing waste by executing the philosophy of reduce, reuse, recycle and recovery of our scrap metals and by improving the inventory control of maintenance materials.
- Reducing energy consumption by minimizing our reliance on inefficient energy sources such as compressed air, by converting legacy lighting to light-emitting diode lighting and implementing process improvements.
- Reducing air pollution by upgrading legacy diesel engines or converting to electric dynes and improving our logistical footprint through optimization of static and dynamic delivery routes.

Environmental Overview

ISO 14001 certified since 2001.

Allison 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 encourages voluntary actions directed at reducing air pollution and promoting better air quality through the Central Indiana Clean Air Partnership. Allison is an active member and sponsor of the Partners for Pollution Prevention Initiative and Earth Day Indiana.

In 2021, Allison was honored with the Legacy Award from the American Lung Association in Indiana for our efforts to create a healthy work environment for employees and for the company's focus on manufacturing innovative propulsion systems that promote lung health through reducing CO₂ emissions, which results in cleaner air.

Our Indianapolis manufacturing operations have been Zero Waste to Landfill (ZWTL) for production waste since 2009. Our waste reduction programs start with a goal to first reduce the amount of waste produced by our manufacturing operations by creating waste minimization plans as part of our Environmental, Health and Safety Management standards. We then achieve our ZWTL initiatives through reuse, recycling and energy recovery. In 2021, we disposed of production waste at our Indianapolis manufacturing operations as follows: Recycled—96.59%, Energy Recovery—3.16%, Other Treatments—0.20%, Incineration—0.04% and Landfill—0%.

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Supply Chain

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



Managing Our Supply Chain

Impacts to the supply chain were felt across the globe in 2021 due to the ongoing pandemic. Allison worked closely with our supply base to minimize disruptions. Allison maintained its commitment to both customers and suppliers to ensure products were delivered in as timely and efficient manner as possible.

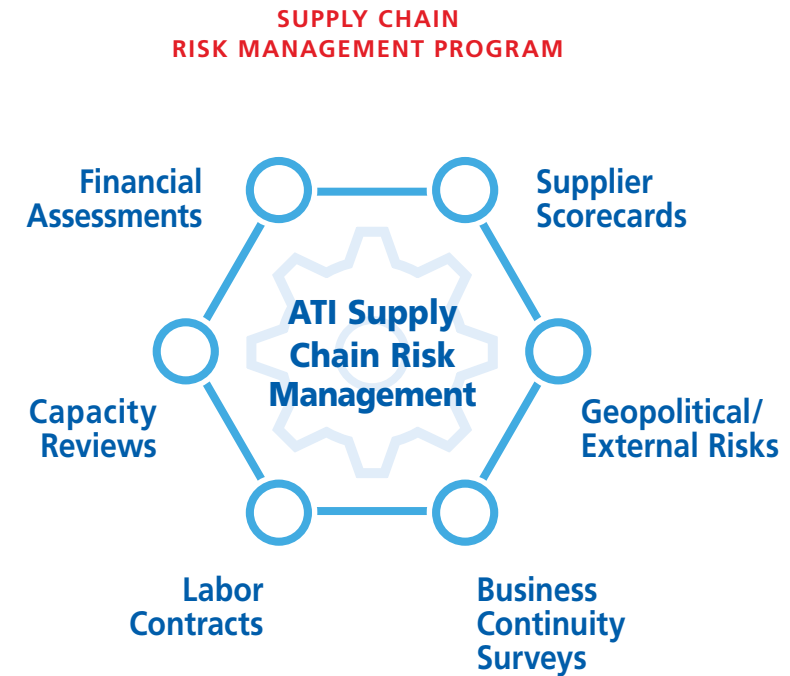
Supplier Code of Conduct

To ensure that our suppliers are all operating in a manner consistent with our values and those of our customers, we have adopted our Supplier Code of Conduct. This Code includes guidelines that reflect Allison’s own core values and the principles of the UN Global Compact and the UN 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.

We choose our suppliers carefully and expect that they will satisfy contractual requirements, comply with all applicable laws and regulations, and act in a manner consistent with the principles and values of the Allison Code of Business Conduct and our Supplier Code of Conduct.

Supplier Risk Assessment Process

To ensure that our supply chain operates efficiently and with minimal interruptions, we have 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 our 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.



To ensure that our supply chain operates efficiently and with minimal interruptions, we have instituted a four-step, global Supplier Risk Assessment Process to identify, quantify, mitigate and monitor risk.

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Governance

Allison is led by a ten-person Board of Directors, which is ethnically diverse and includes two women. Nine of our directors are considered independent under 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.



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Governance

ESG issues are managed by Allison’s functions and reported to the Chief Executive Officer through the organization’s reporting structure. The Nominating and Corporate Governance Committee of the Board of Directors is responsible for overseeing reporting on our ESG efforts and receiving updates on ESG-related issues, while the Compensation Committee of the Board of Directors is responsible for overseeing our Human Capital Management initiatives. We have also established an internal cross-functional ESG working group to oversee Allison’s policies, initiatives and reporting relative to ESG. This group is chaired by our Secretary, who reports directly to the Nominating and Corporate Governance Committee on its activities.

Ethics and 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 process, where they must agree to abide by all of the Code of Business Conduct standards. The Code of Business Conduct includes expectations regarding issues such as fair treatment and non-discrimination, 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, environmental compliance, and rules and regulations specific to our 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.

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SASB

For this report, Allison Transmission has made disclosures as outlined in the SASB framework for the Industrial Machinery and Goods sector.



SASB Table

Topic	Accounting Metric	Disclosure	Code
Energy Management	(1) Total energy consumed, (2) % of grid electricity (3) % renewables	Page 20 In the US, we utilize renewable-powered landscape and parking lot lighting at some locations. Also, 10 percent of power consumed at our Global Headquarters facility is generated from renewable energy sources such as wind and solar. International sites, such as India, utilized nearly 50% of power in 2021 from renewable energy.	RT-IG-130a.1
Employee Health & Safety	(1) Total recordable incident rate (TRIR), (2) Fatality rate (3) Near miss frequency rate (NMFR)	Page 17 There were no fatalities at Allison sites in 2021	RT-IG-320a.1
Fuel Economy & Emissions in Use-phase	Allison's products are used on vehicles, but the products themselves are not responsible for fuel consumption.		
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Allison has built a robust and resilient supply chain, which includes redundancy for critical materials where possible. We seek to avoid sole-sourcing of critical materials where possible, and do not believe that we are at substantial risks for supply chain disruptions regarding essential materials.	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 our total revenue.	RT-IG-440b.1
Activity Metrics			
Number of units produced by product category		See page 6 of our 2021 Form 10-K for revenue shares by geography and product type.	RT-IG-000.A
Number of Employees		3,400	RT-IG-000.B