



Environmental Stewardship Statement

Environmental Stewardship is a fundamental value adopted by the Shyft Group, along with the core values of Sustainability, Health, and Safety. We strive to promote a safe, sustainable, healthy, and secure environment to protect our most important asset – our people.

To achieve our goals, we will:

- Protect people and the environment by working to prevent accidents and pollution.
- Promote ongoing environmental and safety achievement across all locations through:
 - Continuing leadership and employee involvement and education.
 - Establishing, promoting, and driving toward specific performance goals to ensure continuous safety and environmental improvements.
 - Setting sustainability targets which align with the 2° C initiative.
 - The reduction of green-house gases.
 - Maintaining and operating our facilities and processes in compliance with applicable regulations.

When considering the impact of our Environmental Stewardship, we take a global approach to our operational footprint and the impact of our practices at each operating location and the combined impact across our locations in the U.S. Each of the locations uses electricity, natural gas, and water and each produces non-hazardous waste. Certain locations are designated small-quantity generators of hazardous waste and volatile organic compounds (VOC), which are tracked in compliance with regulatory permitting requirements.

In alignment with our shared goal of reducing greenhouse gases (GHG) and aligning with the 2° C initiative, The Shyft Group is tracking electricity, natural gas and water use, waste generation and GHG emissions.

When reviewing our operations, we categorize activities based on their actual or potential impact on the environment, specifically land, air, water, or a combination thereof. We rate the risk of each factor on a scale of 1–5, in three areas: severity; frequency of occurrence probability; and detectability. Specific actions are developed to minimize our risks to the environment.

- Land: Many of our operations and processes create scrap material, including steel, aluminum, wood, and cardboard which is diverted from landfills through recycling programs. Certain of our processes, such as paint and welding may create hazardous waste and VOCs which are disposed in compliance with all applicable regulations.
- Air: We view the impact of our operations on air quality based on a broad view both upstream and downstream, in addition to the direct impact from our operating activities.
 - Upstream, we use electricity which may be generated by a variety of providers using various fuel sources.
 - Downstream, we produce vehicles that are used in the transportation and delivery space, which generally use 1-fuel for combustion engines while our electric vehicles (EV) use electricity generated by local providers.

- Internally, our production facilities use natural gas for heating and LP gas for powering forklifts. In addition, the operation of paint booths or welding cells may create VOCs or other emissions that are mitigated through a variety of methods required by regulation.

- Water: The primary use of water is within our paint operations as well as in water test operations for vehicles we produce.

RISK RATING MATRIX

RPN Risk Ranking Reference

RATING	CRITERIA
SEVERITY	
5	Violation of regulation or permit, and severe damage to environment
4	Violation of regulation or permit and minimal harm to environment
3	Excessive release or excessive depletion of resources
2	Potential for containable release or restricted to indoors
1	Minimal or no environmental impact
OCCURRENCE	
5	Continuously, constant, or at least once a day
4	At least once a week
3	At least once a month
2	At least yearly but less than monthly
1	Less than yearly or unlikely to ever occur
DETECTION	
5	Not noticeable or requires special instruments
4	Unlikely to be detected/detected through monthly tracking
3	Likely to be detected throughout day or shift
2	Able to be detected rapidly
1	Instantaneous detection

ENVIRONMENTAL TRACKING

With the implementation of our sustainability program, our initial focus was on our operations in Bristol, Indiana and Charlotte, Michigan, which combined represent 80% of our environmental footprint. Baseline data was collected in 2020 and the locations are tracking key performance indicators (KPIs) in 2021 to effectively monitor progress to yearly improvement goals. Our remaining locations are collecting baseline data in 2021, with a goal of establishing KPI targets for implementation in 2022.

In line with our tracking efforts, we disclose a number of key indicators as follows:

With regard to waste generated by our operations, we disclose the following:

SIGNIFICANT ASPECT	TOTAL USAGE
Electricity	9,134,794 KwH
Gas	637,419 ccf
Water	18,107,306 gallons
GHG (Scope 2*)	6,459 Metric Tons

SIGNIFICANT ASPECT	TOTAL
Hazardous Waste	40.29 tons
Universal Waste	11.35 tons
VOC Air Emissions	5.16 tons

There were no major or minor environmental controversies, spills, or remediation actions required during reporting year 2020.

OUR GOALS

Upon establishing our baseline measures and KPIs, The Shyft Group has set the following goals toward the broader 2° C initiative. The Shyft Group, Inc. has set a minimum annual improvement targets starting in 2021, normalized for the production sales level at each location, as follows:

- Electricity: 3% minimum annual reduction
- Water: 3% minimum annual reduction
- Gas: 3% minimum annual reduction
- GHG: 3% minimum annual reduction

Performance against the targets will be tracked and reviewed on an ongoing basis, and overall targets will be reviewed on an annual basis.

CARBON AND CLIMATE – CLIMATE CHANGE IMPACTS RISKS AND OPPORTUNITIES

Climate Accord Scenario – Europe has adopted the Paris Climate Agreement and 2° scenario. As the United States adopts the Paris Climate Agreement, the following considerations are being reviewed:

RISKS	IMPACT/OPPORTUNITY	TIMELINE	RESULT
Legal	Investment will be needed to meet new sustainability initiatives.	1–5 yrs	New programs and policy changes will result from regulatory compliance changes. Investment in low carbon and carbon neutral alternatives to replace current carbon intensive processes.
Technology	Low carbon technology will need to be investigated as well as energy reduction initiatives accelerated.	1–5 yrs	Advances in market-ready technology needs to be investigated for rapid deployment.
	Impact to supplier chassis costs.	3–5 yrs	Continue growing and developing our market EV product lines.
Market	Customers may be obligated to move to low carbon to carbon neutral products.	3–5 yrs	Continue to support our customers' needs for EV transition.
Reputation	Providing a EV alternative for customers and having readily available method to meet new regulatory guidelines can help achieve a market advantage over competitors.	Available now	Potential market growth.

HOW WE WILL MEET OUR GOALS – SHYFT GROUP’S COMMITMENT

In 2020, The Shyft Group made capital investments of \$5.1 million on sustainability initiatives including the following improvements:

- Replaced inefficient lighting systems over 403,000 square feet of manufacturing space, with energy efficient LED lighting
- Installed new energy efficient fabrication machinery
- New energy efficient air compressor systems installed at two plants
- Regenerative Thermal Oxidizer installed and operational at one plant
- Eliminated a chemical preparation and boiler system at one plant, reducing water, electricity, gas, and GHG
- Removed inefficient floor pedestal fans, and replaced with energy efficient ceiling fans in four plants

The Shyft Group will ensure the environmental policy remains appropriate to the nature, scale, and environmental impacts of its activities, products or services, including commitments to pollution prevention. The Shyft Group will maintain compliance and provide a framework for setting and reviewing environmental objectives and targets by implementing the procedures outlined in this document.



THE SHYFT GROUP ENVIRONMENTAL STEWARDSHIP IMPORTANT DOCUMENTS



Environmental Management System Manual



Environmental Aspects



Legal and Other Requirements



Objectives, Targets, and Environmental Programs



Resources, Roles, Responsibilities and Authority



Communication



Pollution Prevention



Emergency Preparedness and Response



Monitoring and Measurement



Operational Control