



**COASTAL
AUTOMOTIVE**

2023 SUSTAINABILITY REPORT





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PEOPLE. PLANET. PROSPERITY.

As members of our communities, nation, and planet, we accept our responsibility to protect the places we do business and to enhance the lives of all the people who partner with our company.

WE BELIEVE THE FOLLOWING TO BE TRUE:

- Sustainable businesses are the foundation of the world's economic engine.
- Economic success is not the purpose of a sustainable business but rather the way in which we fund our future—a vehicle to empower people and protect our planet.
- A sustainable business has:
 - A purpose that serves its customers.
 - Equity, compassion and opportunity that serve its team members.
 - Partnership that serves its suppliers.
 - The responsibility to manage the inextricable links between our business, environment and community.
 - Prosperity that serves its investors and funds its future.

We are dedicated to sustainability as a robust interconnection among our people, our planet and our prosperity, which serves our community.

We pledge to conduct our business in alignment with our environmental principles – with an ongoing commitment to being a great place to work, a compassionate neighbor and a trusted business partner.



PEOPLE

SUPPORTING OUR PEOPLE

Only when people are thriving at work and at home can they deliver their best. We start with the most basic needs: from entry-level to senior management, all our people enjoy competitive wages, company-sponsored retirement options, access to high-quality health care, and safe working conditions.

But compensation and safety are just the fundamentals. More than a paycheck, people want their work to have meaning, and meaningful work empowers people to grow both psychologically and socially.

Since our founding in 2007, this reality has driven our choices on how we lead our business to support our people. We are committed to creating an environment where Coastal employees can do great work with opportunities for continuous development.



INVESTING IN PEOPLE



SERVANT LEADERSHIP

Leaders exist to serve their team members. As such, we select, review, assess and develop our leaders in alignment with seven principles of servant leadership: listening, empathy, growing people, awareness, influence on others, looking ahead and team building.



JUSTICE ON THE JOB

While we have policies for guidance, we recognize that the strict interpretation of a policy does not always ensure justice. We listen, weigh the facts, and work hard to make just decisions to resolve workplace conflicts.



EDUCATION

We provide internal training and support continuous learning for employees, a practice that encourages our people to grow personally and professionally.



PERSONAL DEVELOPMENT

Every employee receives four yearly development reviews where employee and manager/team leader collaborate on plans for improving job skills and progressing in career goals.



COLLABORATIVE PLANNING

A diversity of thought brought to each problem is an opportunity to enrich the solution. In company planning we work to include the input of all employees via surveys, focus groups, and team meetings.

LEANING INTO LEAN

We know we don't always have all the answers, which is why in 2023 we invited a third-party, lean-solutions consultant to interview every one of our employees in one-on-one conversations.

Our team members answered questions about decision-making, employee input, and what bothered them. This deep dive provided invaluable insight into what Coastal is doing right and where the company could do more.



We learned that in some instances, our team members were acting as firefighters—moving from emergency to emergency, running in on Saturdays to handle problems, and putting in stressful overtime. The changes we rolled out reduced these issues and included Kanban scheduling—a resource replenishment system based upon only making new products when existing stock leaves the plant. The efficiencies created by implementing this change were driven by the employees and resulted in:

- Elimination of virtually all unplanned overtime
- Reduced stress
- A greater sense of ownership, empowerment and agency

Follow-ups showed that our lean-solutions plan eliminated the majority of concerns voiced through the one-on-one interviews.

Operations Director Toby Curry said, “We failed so many times, but we failed together as we moved the needle towards a rhythm and system that worked. The employees saw us as partners in the process because we were down on the floor with them as we figured things out.”

This sentiment is echoed by multiple members of Coastal’s team. Louis Howerton, production supervisor said, “When we have something that works well, we communicate about it, but when we fall short or we’re close, we rally as a team to make sure it gets completed or we understand where we fell short and correct it.”

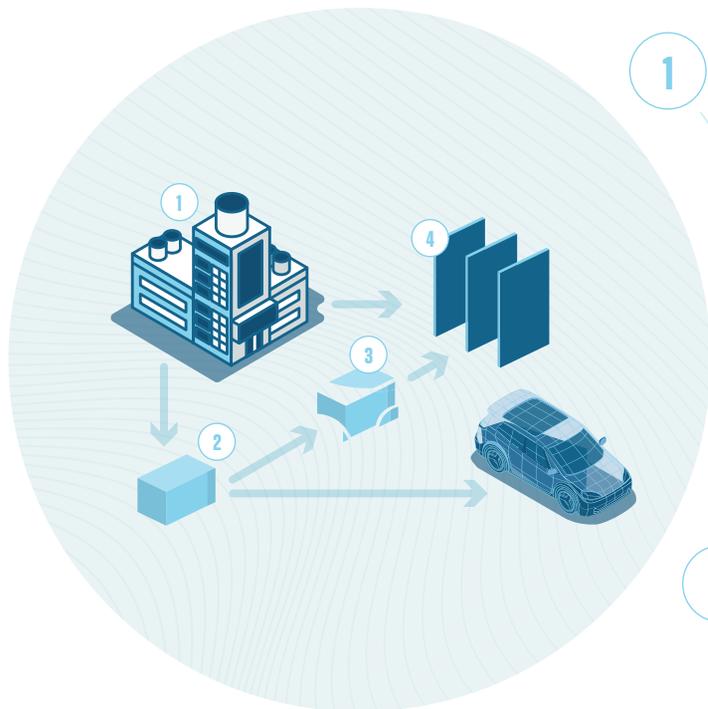


PLANET

Since our founding, Coastal Automotive has made sustainable and responsible practices an integral part of how we run our business. We're dedicated to regularly assessing our environmental impact year-over-year to uphold this critical commitment. In alignment with that goal, each year we conduct energy usage and carbon footprint audits based on industry best practices.

IMPAXX™ MATERIAL RECYCLING PATHWAY

Much of our energy management products utilize IMPAXX™, a highly engineered extruded polystyrene (XPS) foam. XPSs are versatile plastics, which can be recycled for several different applications.



1

Material suppliers manufacture IMPAXX™ foam for Coastal Automotive.

2

We use IMPAXX™ to manufacture energy management solutions for the automotive industry.

3

100% of unusable foam or scrap from our manufacturing process is collected and shipped to our recycling partners. None of our scrap is sent to a landfill.

4

Our recycling partners use the recycled material to make other polystyrene-based products. One of the largest uses of our recycled material is in the manufacturing of insulation boards for construction.

ASSESSING OUR ENVIRONMENTAL IMPACT

	2022 ENERGY USAGE (MMBTUS)	2022 GHG EMISSIONS (tCO ₂ e)	2023 ENERGY USAGE (MMBTUS)	2023 GHG EMISSIONS (tCO ₂ e)
SCOPE 2	2,592.19	421.80	2,644.70	430.34
Electric	2,592.19	421.80	2,644.70	430.34
SCOPE 1	5,929.68	314.96	6,526.26	357.62
Natural Gas	5,929.68	314.96	5,525.70	293.50
Propane	-	-	1,000.56	63.13
Refrigerants	-	-	-	1.00
TOTAL	8,521.87	736.76	9,170.96	787.97

Note. 2023 saw a 2.0% increase in electric usage but a 6.8% decrease in natural gas usage. Starting in 2023, we also added metrics to track the impact of refrigerants and propane usage on GHG emissions. There are small variances between the 2022 metrics reported in this year's report and those reported in our previously published report due to changes to measurement methodology.

PROSPERITY

SUPPORTING OUR COMMUNITIES

In business terms, prosperity is often measured as profit. But profit is not the purpose of our business—rather it is how we fund our future and make our business sustainable for all stakeholders. With profit we acknowledge the investment of our owners, we bring the best products and services to our customers, we invest in our team members, we enhance our supply chain, and we partner with the communities in which we work. If we are not prosperous as a business, we can do less of these good things.

And with specific respect to our communities, it's reciprocal: businesses prosper in healthy communities and prosperous communities cause businesses to flourish. This relationship between community and business underscores one of our key sustainability philosophies: as we prosper, it's our responsibility to serve our community as best we can in big and little ways.



COMMUNITY ENGAGEMENT

COMMUNITY IMPACT DAY

Giving back to the community is woven into the fabric of Coastal Automotive, but, as Curry expressed, “You never know how that translates into participation on a company-wide scale.” Coastal Automotive’s leadership were thrilled when almost 40% of their workforce volunteered to help with Community Impact Day. They planned for eight people to help, but 40 employees stepped up to contribute. “Standing shoulder to shoulder with the company president as you paint, patch, or pick up trash — that resonates.” Community Impact Day is an annual community-wide day of volunteering to support the needs of local nonprofit organizations.

COMMUNITY EVENT SUPPORT

Coastal is a regular supporter of local events and needs, including Christmas and Thanksgiving parades, and many more.

INDUSTRY ADVOCACY

The company's leadership team takes an active role in the Original Equipment Suppliers Association as well as the BAMA Group.

CHARITABLE GIVING

Coastal Automotive supports local non-profit organizations in both Holland and Rochester Hills. And every year, team members can nominate new local charitable causes to support. In 2023, examples of company unity and contributions included:

- **Amway Riverbank Run:** In 2023 20 runners and 35 walkers from the Coastal Automotive family joined over 10,000 other participants in one of the premier road-racing events in the country. The event has raised more than \$2.3MM for charity partners since 2008.
- **Lakeshore Habitat for Humanity Veterans Serving Veterans:** Veterans from our team joined in a Coastal Automotive-sponsored event to help build affordable housing for our region's veterans.
- **Blood drives:** Coastal Automotive, partnering with sister company Coastal Container, will play host to two blood drives this year, with members of our joined teams from Coastal Automotive and Coastal Container filling all of the spots.



THE ROAD AHEAD

Coastal Automotive is investing the hard work to become a more sustainable company, and we're committed to being transparent about this process with our customers, vendors, employees and the communities where we work.

Here's what we have planned for the road ahead:

- **R&D:** Allocate resources in research and development for discovering and integrating more eco-friendly materials into your product lines.
- **Recycling Partnerships:** Establish partnerships with recycling firms to ensure efficient recycling of scrap materials.
- **Supplier Workshops:** Conduct workshops and training sessions to educate suppliers on sustainable practices and technologies.

PLEASE VISIT

coastal-automotive.com/sustainability
for current news and updates on our
sustainability projects.





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