



**2023**

# Corporate Social Responsibility Report



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# CEO Statement

*I am proud to share with you Methode's inaugural Corporate Social Responsibility report. With this report, we will outline our approach to strategic environmental, social, and governance initiatives in fiscal year 2024 and beyond.*

Since our inception in 1946 in Chicago, Methode Electronics has consistently evolved to stay on the cutting-edge of technology. From our production of tube sockets in the 1940s, to our work supporting the NASA Apollo program in the 1960s, to our patented magnetoelastic sensors of today - we have evolved from a small operation in Illinois to a truly global business with approximately 6,700 employees.

As the world continues to evolve, so do our priorities. In fiscal year (FY) 2021, we began the journey to formalize our **environmental, social and governance (ESG) strategy** which will help us to better define our future.



From an **environmental perspective**, we champion sustainable practices such as utilizing reusable shipping containers, material recycling and reuse, and vertically integrated manufacturing to reduce logistics. One of our recent projects in the green energy space was the installation of solar panels at our site in Malta. We also continue to leverage our strengths as an innovative engineering company to advance our products and solutions for electric vehicles (EVs), an industry that is growing faster than ever before.



From health and wellness events in India to volunteer activities in China and Chicago, I am proud of our track record in generating a positive **social impact**, as well as our belief in conducting business with the highest level of ethics and integrity. We engage with our stakeholders and maintain several important company-wide policies, such as our anti-discrimination policy, anti-corruption policy, human trafficking and forced labor policy, and political contributions policy. We value our people, and are dedicated to providing a safe work environment for all our employees.

We strive to engage and empower our employees, and ensure diverse voices are present within our leadership. Tied to this is our belief that **diversity and inclusion (D&I)** is imperative to our business.



We offer a dedicated employee hotline and website and strive to employ **best practices in governance** and corporate oversight, including expanding the role of the Board of Directors over ESG matters. Our governance policies, including our Code of Business Conduct, address crucial aspects of corporate responsibility including health and safety, environmental stewardship, business ethics, and related management systems.

As we look to the future of the company, we are committed to improving transparency and reporting metrics. I am proud of the work we've done to date and firmly believe that Methode is ready to deliver on our commitment to be a more responsible steward to the environment, to our communities and to our employees, in FY 2024 and beyond.

Sincerely,

**Donald W. Duda**  
*President and Chief Executive Officer*





# About Methode

Methode Electronics was founded by William J. McGinley, who believed that through innovation and the use of cutting-edge technology, he could engineer and manufacture solutions that would help his customers grow their own businesses. The company was named from an anagram of good manufacturing methods, electrode, and cathode of a vacuum tube, forming Methode.

In 1951, the etched circuit board was introduced by the U.S. Army Signal Corps and Methode jumped in and designed and patented a “printed

circuit socket” for plugging a vacuum tube into a circuit board. Soon, Methode pioneered the development of printing and etching techniques that facilitated volume manufacturing of printed circuit boards for consumer electronics. Methode kept expanding its “interconnect” solutions for multiple markets and many customers. Since its founding, Methode continues to develop new technologies and innovative solutions, such as user interfaces, LED lighting, sensors, and power distribution for our customers globally.

At Methode Electronics, we make life safer, easier, and more sustainable by solving our customers’ challenging technological problems in our areas of expertise. Core to this mission is our belief that success comes from being a champion of environmental stewardship, socially sustainable business practices, and industry-leading corporate governance, while providing a safe work environment for our employees.

We believe that businesses serve an important role in being responsible stewards to the environment, to their employees, and to the communities in

which they operate. We strive to engage and empower our employees and stakeholders and to conduct our business operations ethically and in line with leading practices.

Guided by these principles and with Board of Directors oversight, we continue on our ESG journey to enhance our transparency with stakeholders and build a reporting framework. We are proud of the strides we have made so far and are committed to utilizing the power of technology to create a better future in FY 2024 and beyond.



Methode headquarters





# Our ESG Strategy

## OVERVIEW

Methode's ESG strategy builds upon our robust governance framework, commitment to a safe work environment, and focus on our people. Our sustainability program is based on four materiality themes: **Environmental Stewardship**, **Workplace & Community**, **Responsible Governance**, and **Product Innovation**. Each theme is designated a section in this report and will contain further strategic initiatives.



### ENVIRONMENTAL STEWARDSHIP

Climate change  
Energy and greenhouse gas emissions  
Pollution prevention



### WORKPLACE & COMMUNITY

Diversity and inclusion  
Human rights  
Talent management  
Workplace safety and health



### RESPONSIBLE GOVERNANCE

Business ethics and integrity  
Business resilience and continuity  
Cybersecurity



### PRODUCT INNOVATION

Product quality and safety  
Product stewardship and circularity  
R&D and innovation  
Responsible sourcing and supply chain impacts

Underpinning our ESG strategy is our relatively low risk level, which is reflected in the ratings from external financial agencies.

### SUSTAINALYTICS

# 11.8 (LOW RISK)

Negligible	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

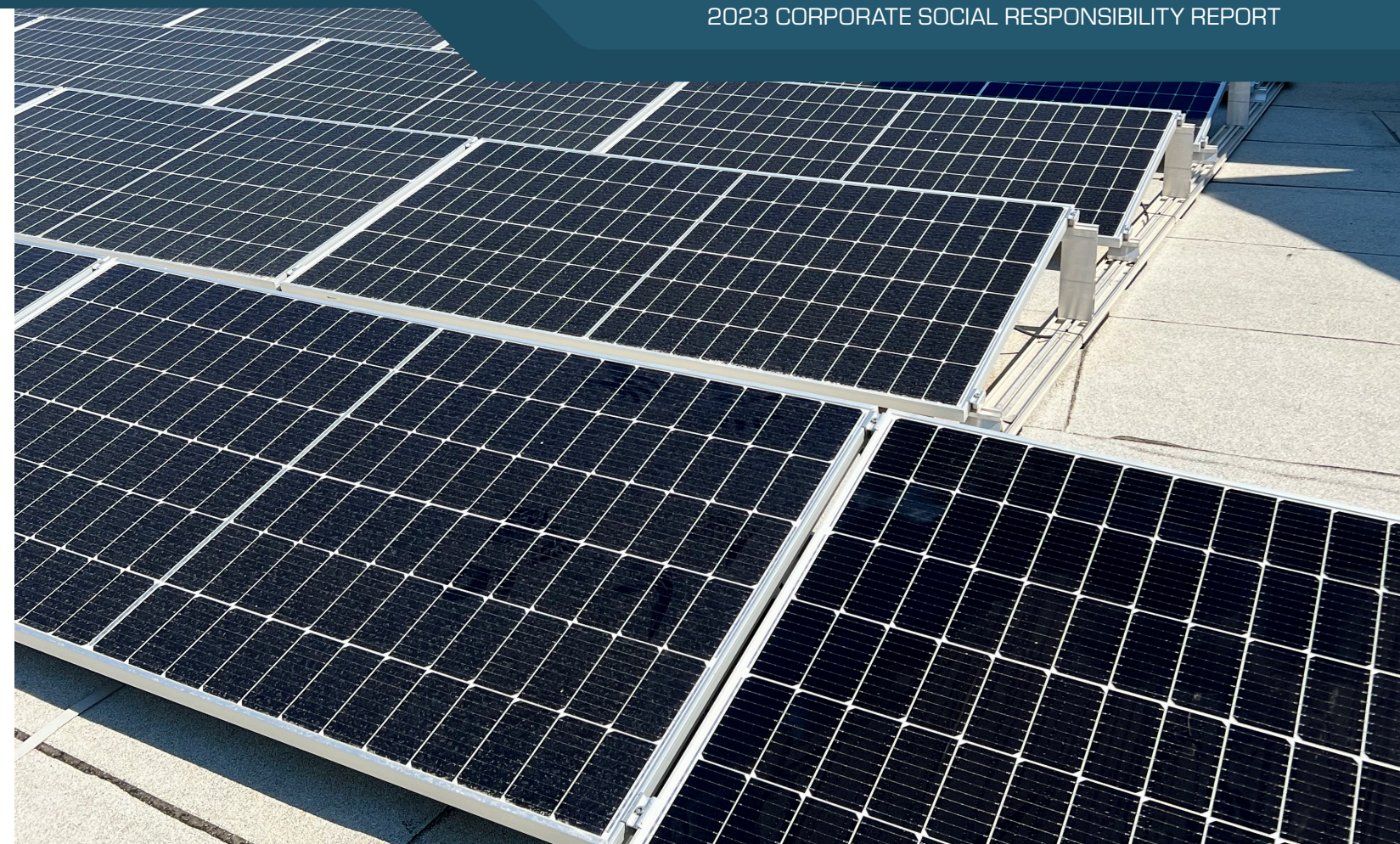
Sustainalytics' ESG risk ratings measure a company's exposure to industry-specific material ESG risks and how well a company is managing those risks.

### MORGAN STANLEY CAPITAL INTERNATIONAL (MSCI)

# A (AVERAGE)

Laggard		Average			Leader	
CCC	B	BB	BBB	A	AA	AAA

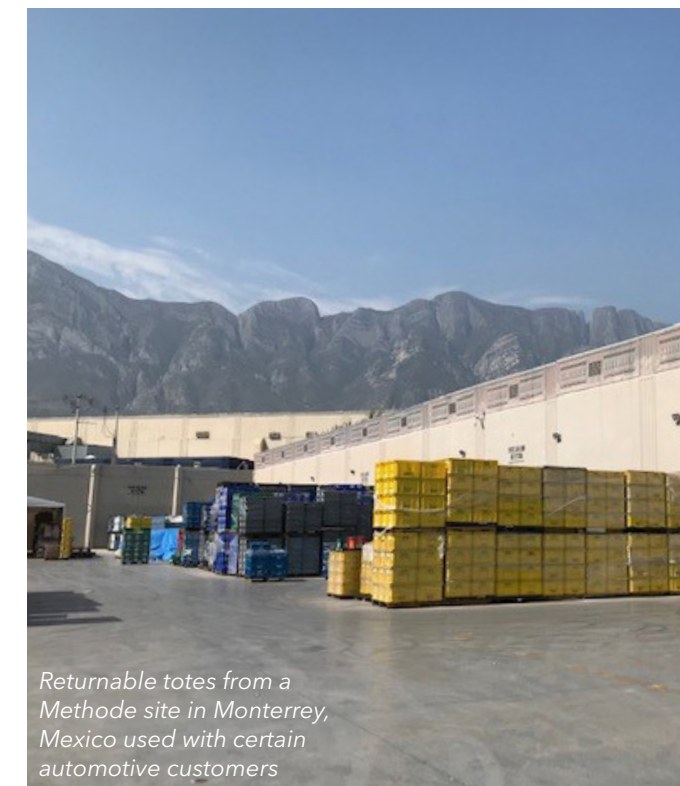
MSCI ESG Ratings aim to measure a company's management of financially relevant ESG risks and opportunities. MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to its peers.



## ENVIRONMENTAL STEWARDSHIP

We are committed to protecting the environment and we encourage and expect our employees to ensure that our business operations are conducted in an environmentally responsible manner. This includes:

- ✓ Considering a lifecycle perspective and supporting a circular principle for waste
- ✓ Improving the efficiency and conservation of energy (electric, natural gas, propane, fuel, etc.) and natural resources (water, etc.)
- ✓ Reducing the emission of air pollutants, including greenhouse gases (GHGs)
- ✓ Considering pollution prevention, by seeking to reduce, reuse and/or recycle waste and packaging material



Returnable totes from a Methode site in Monterrey, Mexico used with certain automotive customers

## WORKPLACE & COMMUNITY

We aim to operate in a manner that supports the safety and health of our employees. We seek to foster an environment where active participation and involvement of employees in safety matters is encouraged. To support this, all employees, and other persons acting on our behalf, are responsible for:

- ✓ Maintaining a safe and healthy workplace by following safety procedures
- ✓ Working in a manner consistent with their safety training and education
- ✓ Reporting work-related injuries, incidents, near-misses, and property damage in a timely manner consistent with our policies, standards, and procedures

*We also believe that D&I are business imperatives that will enable us to build and empower our future workforce. We strive to maintain a diverse and inclusive workforce that reflects our global customer base and the communities that we serve.*



## RESPONSIBLE GOVERNANCE

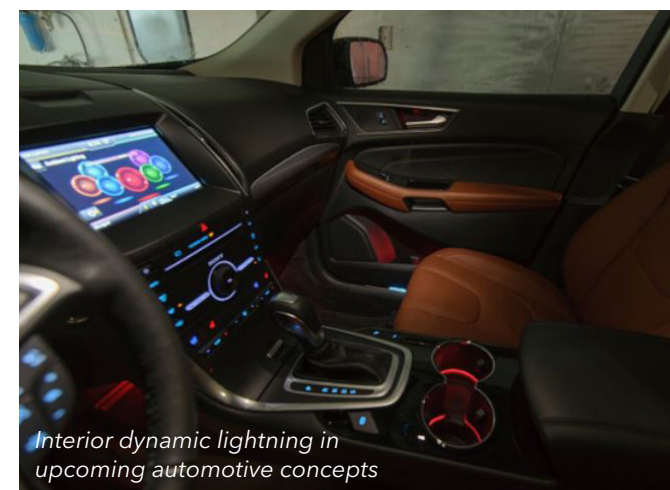
We are committed to maintaining high standards of corporate governance which serve the long-term interests of Methode and our stakeholders. Our corporate governance policies promote transparency and accountability. This includes both our Code of Business Conduct and our Anti-Corruption Policy, which addresses topics such as anti-corruption, discrimination, human rights, anti-slavery, trade compliance, harassment, privacy, appropriate use of company assets, safeguarding confidential information, and the ability to report violations anonymously. The salaried employees and directors are required to annually review and acknowledge both of these policies.

In addition, our U.S. employees participate in annual training on preventing, identifying, reporting, and stopping any type of unlawful discrimination or other unethical actions. We also offer an anonymous and confidential employee hotline for reporting violations (see the Business Ethics section of this report).

## PRODUCT INNOVATION

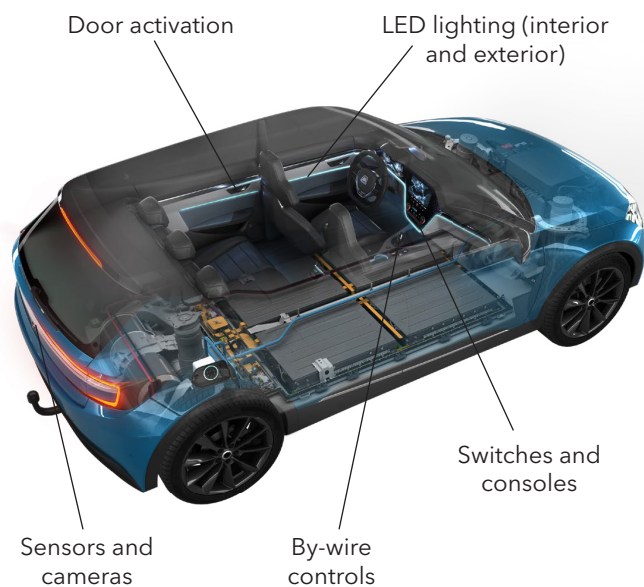
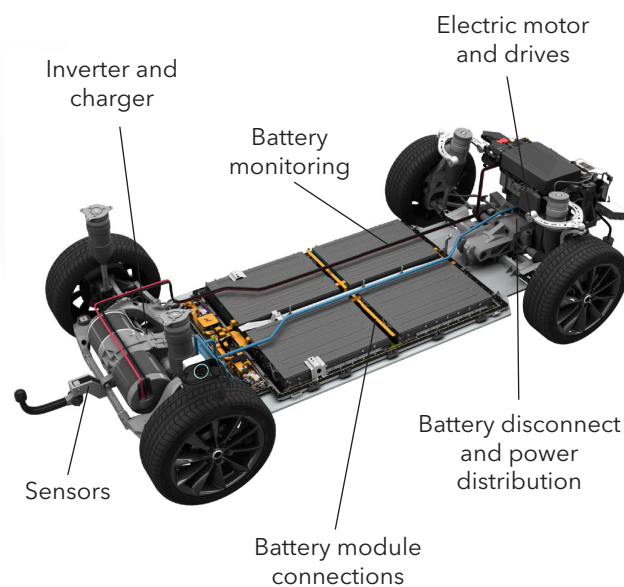
Methode is a leading global supplier of custom-engineered solutions with sales, engineering, and manufacturing locations in North America, Europe, Middle East, and Asia. We design, engineer, and produce mechatronic products for original equipment manufacturers (OEMs) utilizing our broad range of technologies for user interface, LED lighting system, power distribution, and sensor applications. Our solutions are found in the end markets of transportation (including automotive, commercial vehicle, e-bike, aerospace, bus, and rail), cloud computing infrastructure, construction equipment, and consumer. Our business is managed on a segment basis, with the primary segments being Automotive, Industrial, and Medical.

The **Automotive segment** supplies electronic and electro-mechanical devices and related products to automobile OEMs, either directly or through their tiered suppliers. Our products include integrated center consoles, hidden switches, ergonomic switches, transmission lead-frames, complex insert molded solutions, LED-based lighting solutions, and sensors which incorporate magneto-elastic sensing, eddy current or other sensing technologies that monitor the operation or status of a component or system.



*Interior dynamic lightning in upcoming automotive concepts*



**"Top Hat" EV Solutions**

**"Skateboard" EV Solutions**


Methode provides solutions for the EV market to accelerate the green transition. We provide products for the "top hat" of the vehicle (vehicle body and interior) like automatic door activation, sensors, LED lighting, switches and consoles, and

by-wire controls. For the "skateboard," (the self-supporting chassis that houses a battery pack and motors, along with suspension, breaks, and wheels), Methode provides inverters and chargers, sensors, battery module connections, battery monitoring, electric motors and drives, and battery disconnect and power distributors.

Methode is committed to accelerating the green transition through both its product line and its on-site energy and resource management efforts. In FY 2022, Methode was awarded over \$180 million in EV-related programs. In FY 2023, this amount increased to over \$330 million, indicating an upward trend in EV-related products and a consistent opportunity for our company to remain involved in this important market. In FY 2023, 21% of Methode's total consolidated sales was related to EVs.



**"In FY 2023, 21% of Methode's total consolidated sales was related to EVs."**

*Kevin Borg, Vice President Sales, Europe and MST Global*



Top: New generation Hetronic Tactus Gen 2 Transmitters offer improved ergonomic function to reduce operator injury; Bottom: Vehicle overhead console

The **Industrial segment** manufactures external lighting solutions, including driving, work, and signal lights, industrial safety radio remote controls, braided flexible cables, current-carrying laminated and powder-coated busbars, high-voltage high current connector and contacts, custom power-product assemblies, such as our PowerRail® solution, and high-current low-voltage flexible power cabling systems that are used in various markets and applications, including aerospace, cloud computing, commercial vehicles, construction equipment, industrial, military, power conversion, and transportation.

The **Interface segment** provides a variety of copper-based transceivers and related accessories for the cloud computing hardware equipment and telecommunications broadband equipment markets; user interface solutions for the appliance, commercial food service, and point-of-sale equipment markets; and fluid-level sensors for the marine/recreational vehicle and sump pump markets.



# Environmental Stewardship

## ENVIRONMENTAL MANAGEMENT

Methode is committed to making choices that will reduce our impact on the environment. For example:

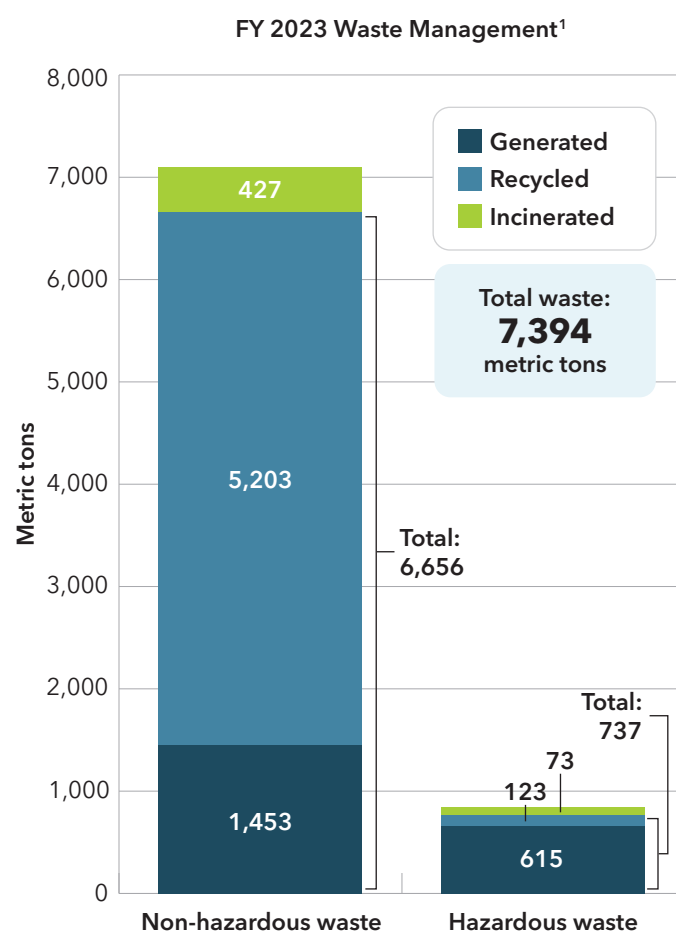
- The company uses external experts to assist us in annually evaluating our environmental impact.
- Many Methode locations are certified to ISO 14001, which is a key international standard covering environmental management systems.

**At Methode’s manufacturing location in Dongguan, China, a waste solvent recycling project implemented in 2022 was able to reduce more than 6,400 kilograms of hazardous waste.**

## WASTE MANAGEMENT

As an electronics manufacturer, sustainable management of waste products is a crucial focus in Methode’s environmental efforts. Methode currently has numerous efforts in place at its global locations to reduce waste generation, improve waste sorting, and increase waste diversion from landfills. In FY 2023, we recycled 72% of our total global waste, and for the non-hazardous waste, it was 78% of the total. While the data is for a single year, in future reports we plan to report on these same categories so that we can provide data on our generation trends.

Methode has recycling systems in place for all manufacturing locations. These systems reduce the company’s environmental impacts and deliver cost savings relative to waste disposal. Key recyclable items used in Methode’s production line include wooden pallets, plastic runners and packaging trays, and electronic components. At production sites in Malta, Methode is furthering circularity efforts by disassembling production lines that are no longer in use and selling components of these old lines for reuse by other companies.



In the **short-term**, Methode expects to enhance its waste management efforts through the following initiatives:

- Develop a more robust data collection framework that measures waste generation, diversion, and recycling (FY 2024).
- Explore additional recycling initiatives to increase the already high percentage of recycling (FY 2024).

In the **long-term**, Methode plans to develop relationships with third-party disposal and recycling organizations to coordinate efforts on improving management of electronic waste. Methode also continues to focus on implementing norms of reusability, including reduced reliance on single-use materials at its global locations.

<sup>1</sup> **Notes:**

- Includes major Methode facilities (i.e., excludes Nordic Lights, smaller production sites, and engineering and sales offices).
- For locations with volume estimations (e.g., an 8-yard dumpster picked up twice a week), monthly invoices were used as supporting data and appropriate conversion factors were applied to convert from cubic yard to pounds depending on type of waste (cardboard, municipal waste, etc.) and then converting the pounds to metric tons.
- The high rate of recycling is due to landfill prohibitions in countries such as Belgium and China where the waste is sent to be incinerated.
- Data for Egypt is reported based on actual data for the first three months of 2023 as collected from waste vendor/production data and then extrapolated for the rest of the year (due to availability of quality data).
- Excludes very small waste stream where there was no available supporting documentation for amount (community pick up service).

## SHORT-TERM WASTE MANAGEMENT INITIATIVES

- FY 2024**  
Develop a more robust data collection framework that measures waste generation, diversion, and recycling.
- FY 2024**  
Explore additional recycling initiatives to increase the already high percentage of recycling.







## GREENHOUSE GAS EMISSIONS AND CLIMATE CHANGE

Methode is committed to reducing GHG emissions associated with its energy consumption and mobile sources at our manufacturing facilities. To reduce emissions from energy consumption, Methode has focused on implementing energy efficiency measures in indoor locations and installing on-site solar photovoltaic panels to generate clean energy. Several Methode locations have also implemented LED lighting, surge suppressors, and energy movement sensors.

In Dongguan, China, solar and air water heaters replaced previous diesel-powered water heaters, displacing over 57,000 liters of annual diesel consumption.

To further reduce on-site GHG emissions, Methode has begun to electrify diesel and gasoline powered equipment:

- For off-road equipment, Methode’s manufacturing location in Apodaca, Mexico has transitioned all forklifts used at the site to electric.
- For on-road equipment, Methode has increased the number of EVs in its global fleet. Currently, Methode maintains six EVs in use within the company’s vehicle fleet with the aim to grow this number.
- In our Suzhou, China facility, employees have the option to commute on a 45-seat electric bus.

In the **short-term**, Methode plans to continue to expand these ongoing emission reduction initiatives:

- Develop a plan to increase the number of EVs in the corporate fleet (FY 2024).
- Develop and implement an investor-grade energy and utility consumption data collection framework. This framework will be designed to produce accurate, timely, consistent, complete, auditable, and relevant data for analysis (FY 2024).
- Develop Scope 1 and Scope 2 GHG inventory (FY 2024)<sup>2</sup>.
  - Scope 1 emissions are direct greenhouse emissions that occur from sources that are controlled or owned by our organization (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles).
  - Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Although Scope 2 emissions physically occur at the facility where they are generated, they are accounted for in our GHG inventory because they are a result of the company’s energy use.

Following implementation of these targets, Methode will develop a carbon reduction strategy and set intensity-based GHG reduction targets.

<sup>2</sup> This inventory will be developed in accordance with the Greenhouse Gas Protocol (GHG Protocol), the de-facto global accounting standard for measuring direct, upstream, and downstream GHG emissions. Methode will consider prevailing target-setting frameworks, such as the Science-Based Targets Initiative, when establishing emission reduction targets and carbon reduction strategies in future years.

## SHORT-TERM GHG EMISSIONS AND CLIMATE CHANGE INITIATIVES

**FY 2024**  
Develop a plan to increase the number of electric vehicles in the corporate fleet.

**FY 2024**  
Develop and implement an investor-grade energy and utility consumption data collection framework. This framework will be designed to produce accurate, timely, consistent, complete, auditable, and relevant data for analysis.

**FY 2024**  
Develop Scope 1 and Scope 2 GHG inventory.

In Malta, solar installations on-site can generate up to 1.3 MWhr of electricity.



# Workplace & Community

## CORE VALUES

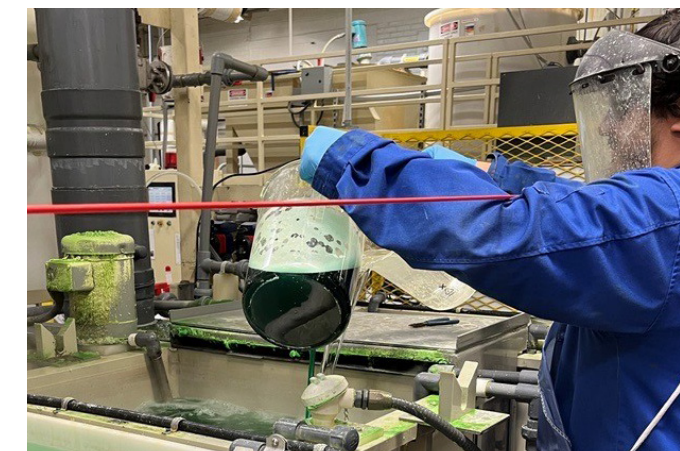
*Our core values guide the culture at Methode. We value every member of our diverse workforce and treat them with equality and respect.*

Our employees are expected to exhibit the principles of fairness, honesty, and integrity in their actions.

We are committed to providing equal opportunity in all aspects of employment. Our company does not tolerate discrimination or harassment based on race, color, religion, sex, national origin, genetic information, or any other protected characteristic.



Photos (left and right): Methode employees don Personal Protective Equipment (PPE) to perform technical functions



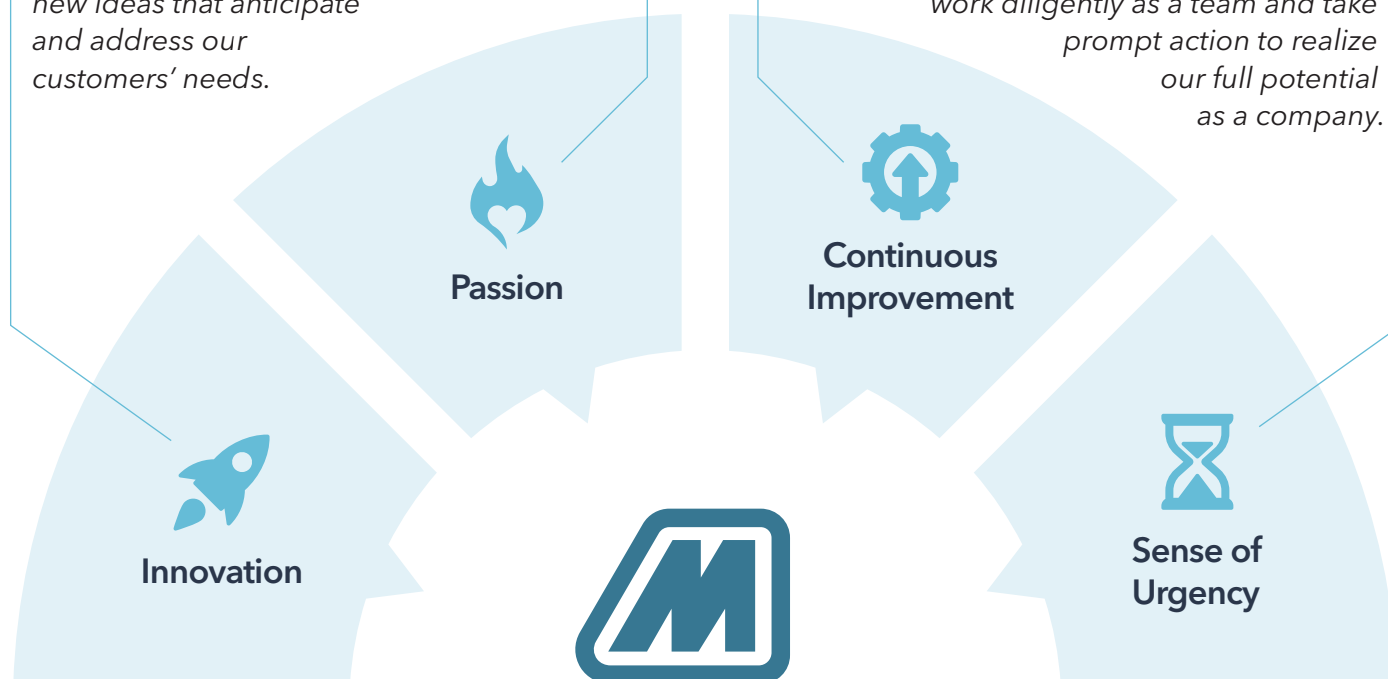
### Methode Core Values

*We are driven to find new ways to achieve success. It is our passion to improve what can further propels us into the future as an industry leader.*

*We continually strive to "find a better way" to improve our products, services and processes to increase our efficiency and the value we provide to our customers.*

*We challenge our workforce to continually develop new ideas that anticipate and address our customers' needs.*

*We operate with the philosophy of "act today, not tomorrow". We work diligently as a team and take prompt action to realize our full potential as a company.*



## WORKPLACE SAFETY AND HEALTH

The success of our business is connected to the well-being of our employees. We strive to maintain a work environment with a safety culture grounded on the premise of eliminating workplace incidents, risks, and hazards. We have processes to help eliminate safety events and to reduce their frequency and severity. The safety of our employees is a top priority and vital to our success and our employees are trained on safety-related topics.

The sites use several tools to identify hazards including risk assessments, layered process audits (LPA), input from safety committees, and Gemba Walks. A safety Gemba Walk is simply a safety walk integrated with the Gemba method. Safety Gemba Walks emphasize the continuous improvement of safety by watching the actions required to complete daily tasks and determine ways to make work safer. While a typical site safety walk-through aims to maintain compliance with safety standards, a safety Gemba Walk focuses on looking for opportunities to continuously improve workplace safety.

**"The term 'Gemba Walk' originates from the Japanese management practices most common with the manufacturing industry. It's a structured approach to where managers and supervisors visit the 'Gemba' which is the 'workplace' - the actual place where value is created - or in other words the transformation of material from one state to another state."**

*Philip Farrugia, Vice President*



As a global business, the communication on environmental, health, and safety (EHS) matters is conducted at the local level and in the local language. All of our manufacturing locations structure compliance initiatives to adhere to their local EHS requirements. Site personnel provide new employee orientation and typically contractor induction training where relevant. Thereafter, relevant job-specific training is provided. Our site EHS personnel are also involved in the development of global EHS procedures and standards.

Methode currently tracks the number and type of incidents at many locations but does not currently track safety performance data on a global basis (a target has been developed to improve upon this). However, in the U.S., we track our performance for U.S. Occupational Safety and Health Administration (OSHA) reporting.

The table below reflects the total recordable incident rate (TRIR) for U.S. employees against the benchmarks for the semiconductor and other electronic component manufacturing industry as well as the broader manufacturing industry.

Methode USA (CY 2022 Performance) <sup>3</sup>	
<b>Total TRIR</b>	<b>0.76</b>
<b>Benchmark</b> (semiconductor and other electronic component manufacturing)	<b>1.20</b>
<b>Benchmark</b> (manufacturing industry)	<b>3.30</b>

<sup>3</sup> Benchmark rates are provided via the Bureau of Labor Statistics. North American Industry Classification System (NAICS) 3344XX semiconductor and other electronic component manufacturing and NAICS prefix 31-33 - manufacturing are how Methode benchmarks its TRIR.

In the **short-term**, Methode plans to increase transparency around its health and safety data reporting to include:

- Set internal targets for key metrics or performance indicators which may include days away, restricted, or transferred (DART), TRIR, lost time incident rate (LTIR), and near miss frequency rate (NMFR) (FY 2024).
- Disclose trailing health and safety performance data against internally-selected targets (FY 2026).

### Incident Reporting

Employees are empowered to report safety concerns or other observations to any member of management, the safety committee, or the local safety lead. Methode strictly prohibits reprisal or retaliation against employees who report incidents or raise safety concerns. Each manufacturing location has an incident investigation process that includes completing a root cause analysis and implementing corrective actions.

For certain important incidents, or for several similar incidents, a global Incident Alert is used to share the lessons learned and direct what future actions to take. We use in-house medical services (doctor or nurse) in large locations to provide medical care as needed. Smaller locations use a local clinic or hospital for their health needs.



Methode location in Egypt



### Health and Wellness

Since 2012, we have offered the Vitality Wellness Program to all full-time U.S. employees and their spouse, individualizing a health-enhancement plan for each member regardless of health status, age, or physical ability. Vitality offers a comprehensive package of initiatives for participants, including more than 400 online support programs for mental and behavioral health.

The Vitality Wellness Program includes awareness activities and engagement activities. Awareness activities include an online health risk assessment (the Vitality Health Review), biometric health screening, and biometric results counseling. With respect to engagement, employees accrue Vitality Points and increase Vitality Status by completing health-related activities, such as online nutrition courses, obtaining health screenings, and linking their own fitness device to Vitality. Methode has excellent employee participation in the Wellness Program.

In India, Methode offers quarterly wellness camps that include sessions with physicians, parenting seminars, and blood drives. These events are popular and highly attended by Methode staff. In Mexico, our teams host events throughout the year that focus on health and safety and finding work/life balance.

## SHORT-TERM WORKPLACE SAFETY AND HEALTH INITIATIVES



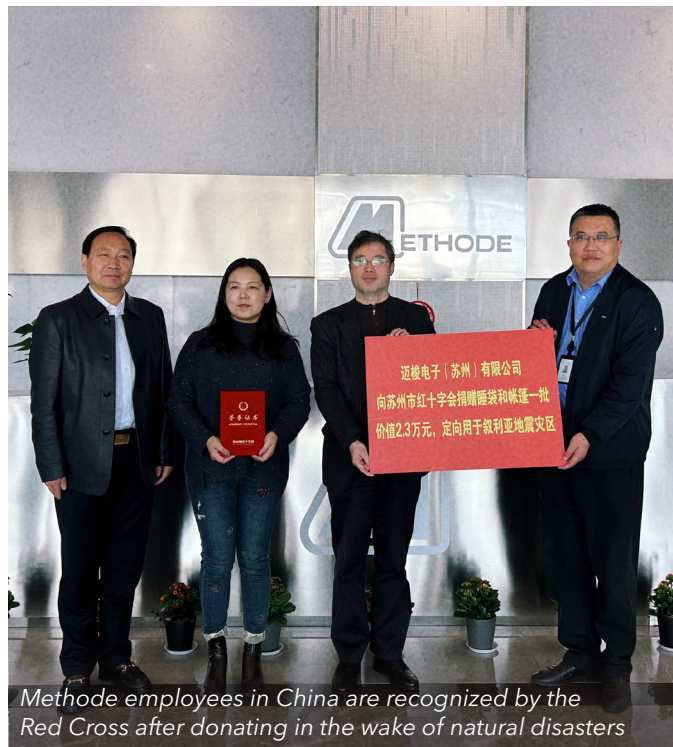
**FY 2024**

Set internal targets for key metrics or performance indicators which may include DART, TRIR, LTIR, and NMFR.



**FY 2026**

Disclose trailing health and safety performance data against internally-selected targets.



Methode employees in China are recognized by the Red Cross after donating in the wake of natural disasters



Methode employees organize a book fair for rural students



Methode hosts a table during a job fair in Mexico

## HUMAN RIGHTS AND COMMUNITY RELATIONS

The Company is committed to upholding the human rights and dignity of all persons in both our business operations and our global supply chain. The Company does not tolerate any form of modern slavery, including human trafficking, forced or indentured labor, prison labor, illegal employment conditions, or any other forms of illegal employment practices or violations of employment laws. All child labor laws are strictly followed.

We strive to support causes our employees are passionate about outside of the workplace, and we maintain connections to the communities where we do business. Our human resources teams across the globe organize volunteer efforts and programs, like the following:

- On a monthly basis, our manufacturing facility in China sends volunteers to assist at the Shanghai Pudong School. We have been awarded a certificate of honor from the school due to our continued partnership and involvement.
- The Suzhou location in China donated to the Red Cross Society in support of people affected by natural disasters. The donation included tents, sleeping bags, and sleeping pads.
- The Methode Academy for Engineering Students was established in Malta in 2012 with the intention of enhancing the Company's relationship with the University of Malta's academic community and serving as a recruiting tool for students interested in participating in its internship program. Since its establishment, the partnership between the two organizations has expanded and produced results through a steady influx of qualified graduate engineers joining the business in a variety of technical roles.

- Our Malta location engages in several community activities. Twice a year before Easter and Christmas, they host the Sisters of the Sacred Heart who collects donations by selling traditional seasonal sweets. Income from this event aim to support those in need. In October they participate in the Pink October and "Movember" promoting awareness of breast and testicular cancers by collecting donations. In December, they donate funds to the Community Chest Fund which supports medical treatment that is not being covered by the government, and also organize a collection of food for the food bank for those in need.

## TALENT MANAGEMENT AND LEADERSHIP DEVELOPMENT

We strive to build a diverse and inclusive workforce through investments in talent development and retention strategies. For our executive and vice president levels, we targeted leadership competencies and invested in resources to help our leaders develop these competencies. We have also focused on career development for our global sales force.

Methode offers programs to provide employees with opportunities for professional development:

- By the end of FY 2024, all Methode employees globally that have company email addresses will have access to LinkedIn Learning, which provides thousands of online training courses for professional development.
- At the managerial level, Methode piloted a Management Training Program in FY 2022 for certain managers and directors in its U.S. and Canada locations. Following the completion of this cohort, Methode hopes to expand this to other geographies.

## SHORT-TERM TALENT MANAGEMENT INITIATIVES



FY 2024

Issue inaugural global employee experience survey.



Mexico employee training workshop



- In India, Methode hosts two online platforms, teKH-Mi and My Confidence Club, on which employees can communicate, enhance skills, and foster a continuous learning culture.
- Methode reimburses board members for professional development and educational opportunities. Board members are required to report attendance at educational and development events to the chair of the Nominating and Governance committee and the company's General Counsel.

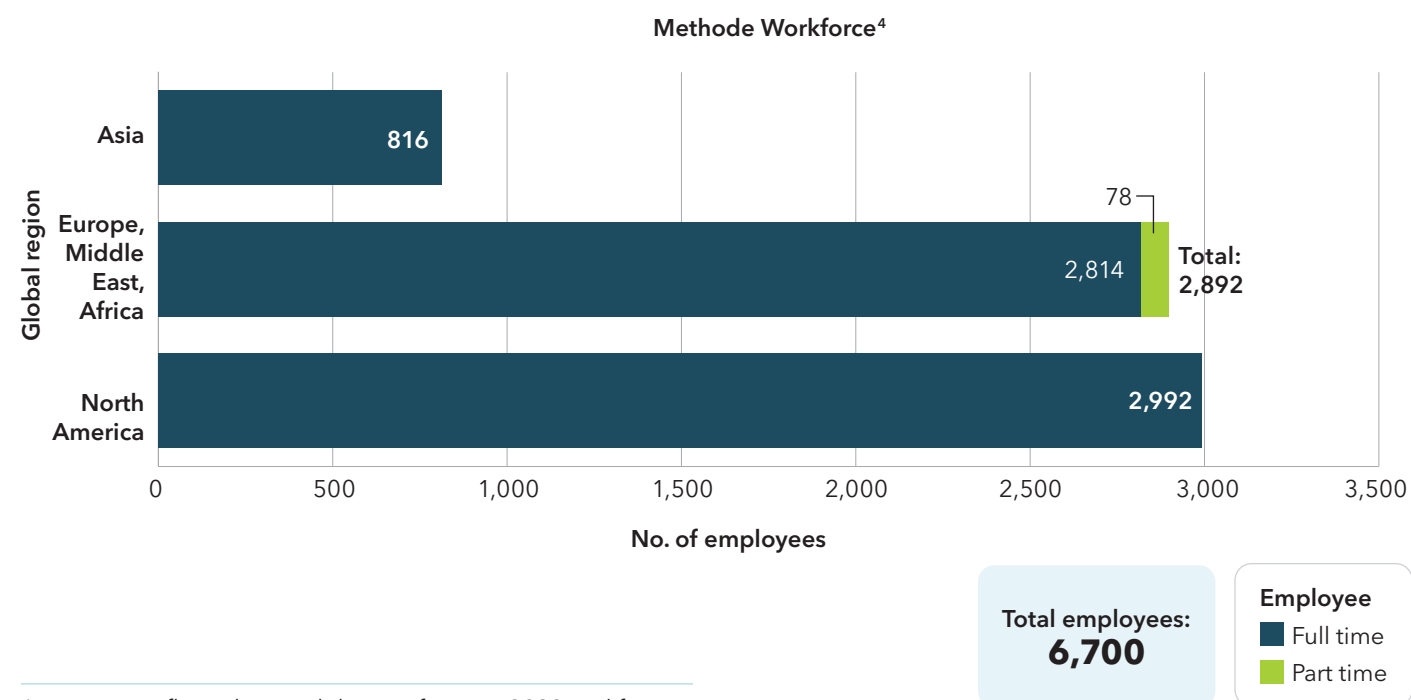
- Issue inaugural global employee experience survey (FY 2024).

Methode is also committed to fostering a collaborative work environment to facilitate employee retention. Methode teams in both India and Mexico host employee recognition events which celebrate employee milestones, anniversaries, and birthdays. India also has a welcome party for new employees and seeks feedback about the new hire process via an onboarding survey.

**Focus on Human Capital**

The human resources function at Methode is an active partner to the business at all levels. Our Chief Human Resources Officer reports directly to the Chief Executive Officer and interacts frequently with our Board of Directors.

We plan to launch a global employee experience survey to gauge workforce sentiment at Methode, and subsequently to establish a baseline and action plans to address opportunities. Additionally, we are implementing a career development planning framework for professional talent below the director level. This initiative should generate new programmatic development opportunities for our staff.



<sup>4</sup> Data are reflected in Workday as of May 1, 2023 and from Nordic Lights.



As of May 1, 2023, we employed approximately 6,700 employees worldwide, substantially all of whom were employed full time, with approximately 94% of these employees located outside the U.S. Our U.S. employees are not subject to any collective bargaining agreements although certain international employees are covered by national or local labor agreements.

As part of our efforts to attract employees, we offer competitive compensation and benefits that vary by region and employee type. We provide compensation packages that include base salary/wages, and as appropriate, short- and long-term incentives. We also provide employee benefits such as life, disability, and health (medical, dental, and vision) insurance, a 401(k) plan (U.S. employees only) with a company contribution for all employees whether they contribute or not, paid time off, tuition reimbursement, military leave, and holiday pay. We believe those benefits are competitive within our industry.

**Diversity and Inclusion**

At Methode Electronics, we strive to maintain a diverse and inclusive workforce that reflects our global customer base and the communities that we serve. We value every member of our workforce and want everyone to feel safe voicing their opinions and concerns. Our diversity goals apply to our entire organization, including leadership positions. We have diverse representation on our executive team and Board of Directors, with three out of twelve board members being women.

As highlighted in our D&I Statement (available on our corporate website), D&I are business imperatives that will enable us to build and empower our future workforce. We embrace the diversity of our employees, including their unique backgrounds, experiences, thoughts, and talents. We also strive for diversity in leadership, which has the power to drive innovation and to encompass a wide variety of perspectives in company decision-making. We believe that an increased focus on D&I will make us a more desirable workplace and will lead to improved business performance.

We strive to attract and retain diverse talent. Methode is an Equal Opportunity Employer and offers opportunities to all qualified job seekers. We evaluate qualified applicants and employees on an equal basis, regardless of an individual's age, race, color, sex, religion, national origin, disability, sexual orientation, gender identity/expression, veteran status, or any other characteristic protected by applicable law.

To attract and recruit diverse talent, Methode recently established a data collection framework for applicant and workforce representation, which can be utilized as a baseline against future targets. As of FY 2023, Methode has implemented Workday (a human resources information system) at all global locations, facilitating the collection of applicant and employee demographic data. This information will allow Methode to work towards recruiting strategies that are designed to boost female representation in the workforce in line with our long-term goals.

Because Methode is a global company, cultural competency is another key focus of our D&I efforts. Methode has outlined several **short-term** targets to develop employee cultural competency.

- Deliver cultural sensitivity training for all leaders and employees in global roles using the Country Navigator platform (FY 2024).
- Formally integrate D&I into the mission for our ESG working group charter (FY 2024).
- Launch internal diversity communications campaign (FY 2024).



Photos (top to bottom, left to right): Employees represent Methode during intramural soccer match play; Employees gather to celebrate birthdays at a Methode location in China; Employees ring in the New Year at a holiday party in Mexico, Methode employees in Mexico celebrate work anniversaries, Methode employees wrap and donate gifts to the Salvation Army

In the **long-term**, Methode hopes to expand on cultural sensitivity training by facilitating workplace bias and diversity training that can be introduced to a larger proportion of the company's employees.

### Employee Engagement

To foster a workplace where employees respect and motivate each other, some of our locations plan and organize engagement efforts throughout the year. By planning and executing these activities, we strive to create a more positive work environment and foster an increased sense of community among our employees.

At the Company's manufacturing locations in Mexico, several events stand out for their impact and participation. First, the Company's annual soccer tournament that lasted more than two months had more than 18 participating teams between men and women, 300 players, and more than 100 games. This event is a time for a bit of friendly competition. Second is the end of the year party. This is a highly anticipated event attended by more than 1,800 employees and their guests with the goal of celebrating the results of the year, dancing, and having fun.

Training and development are important in order to ensure that our team members are prepared to succeed. Employees have the opportunity to seek out training on a range of topics pertinent to their roles, from safety awareness to network and cybersecurity training.

The team in Mexico provides a seamless transition for new hires via an interactive onboarding program. They also listen to employees through "Trust Time" surveys, where they solicit employee feedback, address relevant concerns or issues, and take action to improve the work environment and culture.

## SHORT-TERM DIVERSITY AND INCLUSION INITIATIVES

**FY 2024**  
Deliver cultural sensitivity training for all leaders and employees in global roles using the Country Navigator platform.

**FY 2024**  
Formally integrate D&I into the mission for our ESG working group charter (FY 2024).

**FY 2024**  
Launch internal diversity communications campaign.



# Responsible Governance

We have strong corporate governance practices, including engaged independent directors and committee members, an independent Chairman of the Board, and annual board and committee evaluations. Additionally, our board is responsible for overall risk oversight of the Company, which includes certain environmental, social, supply chain, cybersecurity, and other governance matters.

In FY 2022, we conducted our first materiality assessment to identify the environmental and social issues most important to our internal and external stakeholders. As we move forward on our ESG journey, we intend to focus on the areas that are most important to our business and our stakeholders and where we can have the greatest impact.

## BOARD OF DIRECTORS

Methode and its Board of Directors are committed to the interests of all of our stakeholders. We strive to support the communities in which we operate, treat our employees with dignity and respect, support a healthy environment, deliver value to our customers, and deal fairly with our suppliers. Our Board of Directors reflects an effective mix of diverse perspectives and business expertise. Members of our board serve on various committees including Audit, Compensation, Nominating and Corporate Governance, Technology, and Medical. The board has an annual self-assessment cycle to judge effectiveness.

## BUSINESS ETHICS

Methode conducts business in an honest, ethical, and responsible manner. We maintain a Code of Business Conduct that applies to all employees. We also expect our suppliers, contractors, agents, and representatives to abide by the same high standards when conducting business with or on behalf of the Company (including all Methode's subsidiaries and affiliates) and to follow our Supplier Code of Conduct. Methode is committed to compliance with foreign, federal, state, and local laws and regulations. We are proud of our commitment to conducting our business with the highest level of ethics and integrity.

Methode employees are familiar with the company's Code of Business Conduct and core values, and employees in supply chain functions are familiar with the Supplier Code of Conduct. All of our salaried employees are required to review and acknowledge our Code of Business Conduct each year. In FY 2023, our employees completed 6,490 training course assignments on this Code of Business Conduct as well as six other important topics. Further details on these course assignments can be found in the appendix.

Course	Completed
Code of Conduct	2,238
Information Security and Cyber Risk Awareness	2,587
Preventing Discrimination and Harassment	922
Export Controls	158
General Data Protection Regulation (GDPR)	313
Active-Shooter Preparedness	272
<b>Total</b>	<b>6,490</b>

In addition, employees in key positions responsible for supplier selection and oversight attended training on how to identify and mitigate the risk of human trafficking and illegal labor practices in the supply chain. More information on how we manage environmental and social risks within our supply chain is included in other sections in this report.

Methode also has a robust policy in place regarding whistleblower complaints and their protection. A third party, Convercent, manages an anonymous whistleblower hotline and email inbox. Whistleblower complaints are received directly by the Chair of the Audit Committee and the Chairman of the Board of Directors. We believe this tie-in with Board of Director's oversight reflects our Company's commitment to business ethics.

Methode has already taken steps to ensure all employees are educated regarding ethics and conduct obligations. Further to this, we continue to refresh and translate compliance and workplace conduct policies into native languages to ensure our local workforces are made aware. To illustrate our commitment to business ethics and to maintain our strong ethics culture, Methode has set a target in this area.

- Continue translating certain policies into native languages by population (FY 2024-2025).
- Formally tie ESG management into the mandate or remit of one or more Board of Directors committees (FY 2024-2025).

## SHORT-TERM BUSINESS ETHICS INITIATIVES



**FY 2024-2025**

Continue translating certain policies into native languages by population.



**FY 2024-2025**

Formally tie ESG management into the mandate or remit of one or more Board of Directors committees.



## BUSINESS MODEL RESILIENCE

Methode is a leader in the production of switches, electromechanical and electronic controls, sensors, and switch devices primarily for the automotive industry worldwide, and in recent years, we have been diversifying into new applications for our sensor technology, such as ebikes. Our company continuously strives to stay ahead of our competition in terms of both our products and our operational ESG strategy. As we look ahead, Methode periodically executes technology roadmaps as part of our approach to ensuring we stay abreast of current technology.

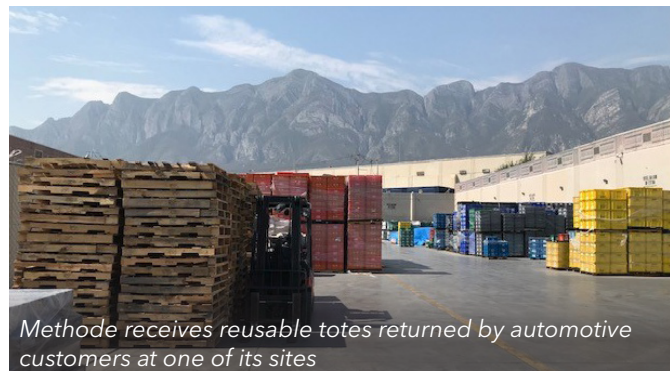
Methode completes risk assessments for priority topics including water management and data privacy and cybersecurity, as both may have outsize impacts on business continuity and resiliency.

### Water Risk

Our operations do not require significant water resources since most of the water used in our business operations is sanitary in nature. However, we recognize the global water risk issue and have conducted a water risk analysis.

To conduct a water risk analysis for Methode's global facilities (March 2023) we used the Aqueduct Water Risk Atlas system hosted by the World Resources Institute (WRI). We started by inputting addresses for our facilities and obtaining the Baseline Overall Water Risk. According to the WRI, this is described as overall water risk measure with all water-related risks taken into account by aggregating all indicators from the Physical Quantity, Quality, and Regulatory and Reputational Risk categories. The risk levels are on a scale of 0 to 5 with 0 being the lowest risk level.

Methode facilities are located in 14 different countries spanning North America, Europe, Middle East, and Asia with a combination of office, manufacturing, and warehouse space.



Our facilities range from Low (0-1) to Extremely High risk (4-5) for overall water risk as of March 2023. Locations in the following countries are categorized as either High (3-4) or Extremely High (4-5):

- China (Shanghai and Suzhou)
- India (Bangalore)
- Malta
- Mexico (Apodaca and Santa Catarina)

For comparison purposes between geographic location and time (future predictions), we focused on water stress so we can view our risk at baseline in 2030 and 2040 across all facilities. The WRI defines water stress as the ratio (shown in a percentage in the data) of total water withdrawals to available renewable surface and groundwater supplies. These withdrawals include domestic, industrial, irrigation, and livestock consumptive and non-consumptive uses. We compared baseline water stress against water stress levels in 2030 and 2040 while also breaking them down into three predictions: Pessimistic, Business as Usual, and Optimistic.

For this narrative we will focus on "Business as Usual" which represents a world with stable economic development and steadily rising global carbon emissions, with CO<sub>2</sub> concentration levels reaching approximately 13,070 parts per million (ppm) by 2100 and a global mean temperature increase by 2.6 to 4.8 degrees Celsius relative to 1986-2005 levels.

All of the locations that fell into the High and Extremely High risk category for Baseline Overall Water Risk also had a High or Extremely high Water Stress risk. In addition to those locations, the following locations were also categorized as High (40-80%) or Extremely High (>80%) for Baseline Water Stress:

- Belgium (Lontzen and Eupen)
- Egypt
- U.S. (Texas)

Compared to the current water stress baseline, the most notable changes in future predictions of those locations that fell into High (40-80%) or Extremely High (>80%) were in North America. These included Texas with a 2x increase in risk by 2030 and a 2.8x increase in risk by 2040; Mexico (both Apodaca & Santa Catarina) with a 1.4x increase in risk by 2030 and a 2x increase in risk by 2040.

After having completed this initial water risk assessment, we intend to review and align with conservation actions and other best practices for the high-risk regions.

### Cybersecurity

Cybersecurity is top of mind for our business as we aim to prevent service disruption or operational downtime. We contract with several third-party providers of cybersecurity testing and services to stress test our incident response procedures as well as our general data protection program. We are proud to not have experienced significant data incidents or breach events. Notwithstanding our strong cybersecurity track record, we have made ESG targets in this area.

- Perform third-party cybersecurity tabletop exercises, memorialize findings, and implement action items resulting from tests (FY 2024).

## SHORT-TERM CYBERSECURITY INITIATIVES



### FY 2024

Perform third-party cybersecurity tabletop exercises, memorialize findings, and implement action items resulting from tests.





### RESPONSIBLE SOURCING AND SUPPLY CHAIN IMPACTS

The Company's global supply chain management team seeks suppliers who will maintain the Company's ethical business values. The Company has adopted a Supplier Code of Conduct, which includes topics such as anti-corruption, discrimination, health and safety, protecting confidential information, legal compliance, and references our conflict minerals policy. To accurately represent Methode's commitment to upholding environmental and workers' rights in the supply chain, we have set targets.

- Implement enhanced supplier risk assessment procedures to further diligence our supply chain and promote working conditions free of environmental or social issues (FY 2024).
- Expand the Supplier Code of Conduct to include specific environmental and social requirements relating to our industry and the raw materials procured from our suppliers (FY 2024).

Methode has processes in place to perform due diligence on our supply base during the supplier onboarding process. Suppliers are provided Methode's Supplier Code of Conduct and are expected to adhere to the terms, including prohibitions on the use of forced or indentured labor, prison labor, slavery, human trafficking, and other illegal labor practices. In certain instances, suppliers who are deemed to be high-risk for human trafficking based on their geographic location, parts or products supplied, or other key characteristics will require additional verification processes including site visits (by a designee or other third party). Methode also conducts due diligence through our conflict minerals program.

Methode expects our suppliers to conform to the terms of our Supplier Code of Conduct, including prohibitions on the use of forced or indentured labor, prison labor, slavery, human trafficking, and other illegal labor practices, and to promptly remediate any noncompliance. Our Supplier Code of Conduct reserves for us the right to investigate suppliers in appropriate circumstances to verify compliance with our standards.

The Supplier Code of Conduct is specifically referenced in purchase orders terms and conditions and our standard form business agreements to reinforce the ethical and sustainable procurement imperative. Methode engages with suppliers to respond to customer inquiries as they are received, typically related to conflict minerals or compliance with regulatory requirements such as the Restriction of Hazardous Substances (RoHS) or Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH).

The worldwide supply chain for conflict minerals is complex and Methode does not directly source raw materials from smelters or refiners. Methode uses a documented process in the form of an annual questionnaire distributed to all suppliers to assess the use, source, and origin of conflict minerals in our global product portfolio across our business segments. We work with our suppliers to determine the potential use of conflict minerals in our supply chain and, where appropriate, work with them to remediate issues and source more responsibly. We will expect our suppliers to conduct the necessary inquiry and, where appropriate, perform additional due diligence to provide us with confirmation of the source of the materials used in their processes and ultimately contained in our products. Further details on this due diligence can be found in our Specialized Disclosure Report related to conflict minerals (found on our corporate website).

Methode is recognized by customers as an excellent supplier of choice. The Company was awarded the Supplier Quality Excellence Award by General Motors in 2020 and 2022 and the Quality Award by Vitesco Technologies in 2021. Additionally, in 2020 we were designated by PACCAR as a 10 PPM Supplier.



*In Monterrey, Mexico, Methode works with customers to reduce plastic in packaging by using reusable and returnable containers*

### SHORT-TERM RESPONSIBLE SOURCING & SUPPLY CHAIN IMPACT INITIATIVES



**FY 2024**

Implement enhanced supplier risk assessment procedures to further diligence our supply chain and promote working conditions free of environmental or social issues.



**FY 2024**

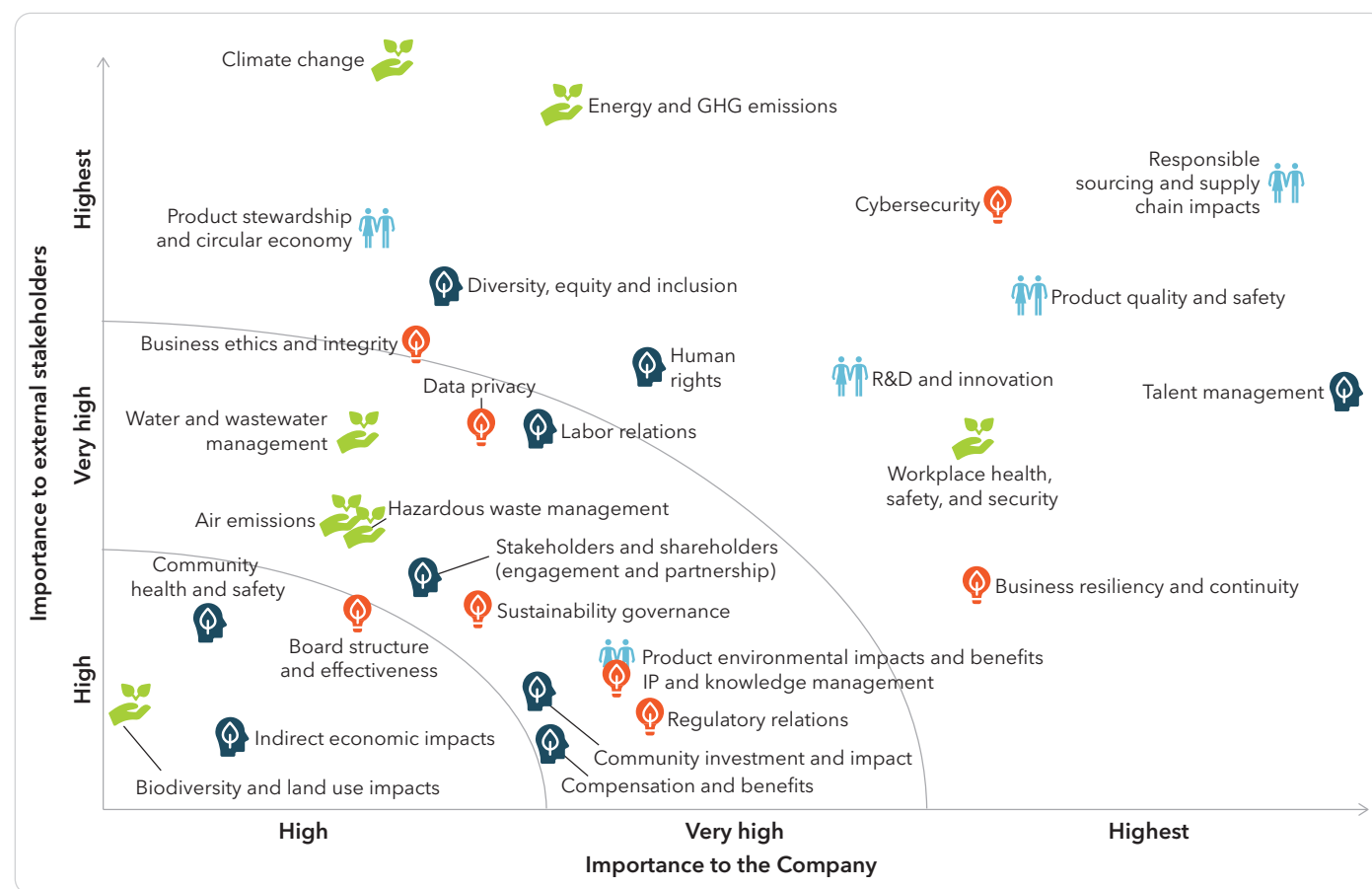
Expand the Supplier Code of Conduct to include specific environmental and social requirements relating to our industry and the raw materials procured from our suppliers.

# Appendices

## MATERIALITY ASSESSMENT

In FY2022, Methode completed an ESG Materiality Assessment. The results of the assessment have influenced our ESG management approach and the targets we have set in various ESG areas.

Methode Electronics Materiality Assessment



## THOMPSON REUTERS COMPLIANCE TRAINING<sup>5</sup>

Course	Completions
<b>2021 Active-Shooter Preparedness</b>	
U.S.	272
<b>2021 General Data Protection Regulation (GDPR)</b>	
German	2
Spanish	1
EU	310
<b>2021-2022 Information Security and Cyber Risk Awareness (Global)</b>	
German	11
Simplified Chinese	73
Spanish	154
<b>2022 Code of Conduct: Global Edition</b>	
Global	2
<b>2022 Export Controls</b>	
Global	142
Simplified Chinese	12
Spanish (LATAM)	4
<b>2022 Information Security and Cyber Risk Awareness: Global Edition</b>	
Global	356
<b>2022 Preventing Discrimination and Harassment for Employees</b>	
California	3
U.S.	89

Course	Completions
<b>2022 Preventing Discrimination and Harassment for Managers</b>	
U.S.	19
<b>2023 Code of Conduct: Global Edition</b>	
Global	1,366
French	5
German	30
Simplified Chinese	372
Spanish	463
<b>2023 Information Security and Cyber Risk Awareness: Global Edition</b>	
Global	1,236
German	28
Simplified Chinese	317
Spanish	407
French	5
<b>2023 Preventing Discrimination and Harassment</b>	
California Employee Edition	2
California Manager Edition	1
Global Edition	599
IL Employee Edition	148
IL Manager Edition	61
<b>Total</b>	<b>6,490</b>

<sup>5</sup> Count of course completions between May 4, 2022 and April 7, 2023. Note that the year in the course name reflects the version of the course.



## ESG TARGETS AND TIMELINE

ESG Targets	FY 2024	FY 2025	FY 2026
<b>Environmental/Carbon</b>			
<ul style="list-style-type: none"> <li>IG energy/utility data</li> <li>GHG inventory (FY 2023 baseline)</li> <li>Company-owned EV targets</li> </ul>			
<ul style="list-style-type: none"> <li>Disclose intensity-based target with reduction plan and baseline data</li> </ul>			
<b>Product Stewardship</b>			
<ul style="list-style-type: none"> <li>Develop framework to track waste streams</li> <li>Explore other recycling initiatives</li> </ul>			
<ul style="list-style-type: none"> <li>Enhance e-waste recycling and complete directly manufactured product LCA</li> </ul>			
<b>Business Ethics</b>			
<ul style="list-style-type: none"> <li>Translate employee and compliance policies into native languages by population</li> <li>Introduce ESG management into Board of Director committee(s) remits</li> </ul>			
<b>Workforce Health and Safety</b>			
<ul style="list-style-type: none"> <li>Publicly disclose health and safety performance data</li> <li>Set targets for DART, TRIR, LTIR, and NMFR</li> </ul>			
<ul style="list-style-type: none"> <li>Disclose trailing health and safety performance against static targets</li> </ul>			
<b>Supply Chain Management and Raw Materials Sourcing</b>			
<ul style="list-style-type: none"> <li>Implement supplier risk assessment procedure(s)</li> <li>Expand Supplier Code of Conduct to include new environmental and social regulations</li> </ul>			
<b>Business Resiliency</b>			
<ul style="list-style-type: none"> <li>Perform Rapid7 cybersecurity tabletop exercises as scheduled</li> </ul>			
<b>Talent/D&amp;I</b>			
<ul style="list-style-type: none"> <li>Communication and awareness</li> <li>Formally integrate D&amp;I into the mission for our ESG working group charter</li> <li>Launch Country Navigator</li> </ul>			
<ul style="list-style-type: none"> <li>Incorporate diversity, equity, and inclusion into core competencies</li> <li>Issue inaugural employee engagement survey</li> </ul>			

## SASB DISCLOSURES

We have aligned with our SASB specific industry standards using the Sustainable Industry Classification System® (SICS®): Technology & Communications Sector - Electronic Manufacturing Services & Original Design Manufacturing. Methode is still in the process of collecting data relevant to our industry classification.

Topic	SASB Code	Accounting Metric	Report Section
<b>Sustainability Disclosure Topics and Accounting Metrics</b>			
Water Management	TC-ES-140a.1	1. Total water withdrawn 2. Total water consumed 3. Percentage of each in regions with High or Extremely High Baseline Water Stress	1. Not included 2. Not included 3. Water stress analysis incorporated in <b>Responsible Governance: Business Model Resilience</b> , Page 30
Waste Management	TC-ES-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	Not included. Methode plans to develop a framework for this data, as noted in <b>Environmental Stewardship: Environmental Management</b> , Page 14
Labor Practices	TC-ES-310a.1	1. Number of work stoppages 2. Total days idle	Not included
Labor Conditions	TC-ES-320a.1	1. Total recordable incident rate (TRIR) 2. Near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	1. TRIR for U.S. locations provided in <b>Workplace and Community: Workplace Health and Safety</b> , Page 18 2. Not included
	TC-ES-320a.2	Percentage of (1) entity's facilities and (2) Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Not included
	TC-ES-320a.3	1. Non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent 2. Associated corrective action rate for (a) priority non-conformances and (b) other non-conformances, broken down for (i) the entity's facilities and (ii) the entity's Tier 1 supplier facilities	Not included
Product Lifecycle Management	TC-ES-410a.1	Weight of end-of-life products and e-waste recovered, percentage recycled	Not included. Methode plans to develop a framework for this data, as noted in <b>Environmental Stewardship: Environmental Management</b> , Page 14
Materials Sourcing	TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	<b>Responsible Governance: Supply Chain Management and Materials Sourcing</b> , Page 32



## SASB DISCLOSURES (CONTINUED)

Topic	SASB Code	Report Section
<b>Activity Metrics</b>		
Number of Manufacturing Facilities	TC-ES-000.A	17 manufacturing facilities Additionally, see map in <b>About Methode</b> section, Page 6
Area of Manufacturing Facilities	TC-ES-000.B	Not included
Number of Employees	TC-ES-000.C	6,700

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect, when made, our current views with respect to current events and financial performance. Such forward-looking statements are subject to many risks, uncertainties and factors relating to our operations and business environment, which may cause our actual results to be materially different from any future results, expressed or implied, by such forward-looking statements. All statements that address future operating, financial or business performance or our strategies or expectations are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "projects," "potential," "outlook" or "continue," and other comparable terminology. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, the following:

- Dependence on our supply chain, including semiconductor suppliers;
- Impact from pandemics, such as the COVID-19 pandemic;
- Dependence on the automotive and commercial vehicle industries;
- Impact from inflation;
- Dependence on a small number of large customers, including one large automotive customer;
- Risks relating to our use of requirements contracts;
- Failure to attract and retain qualified personnel;
- Risks related to conducting global operations;
- Potential work stoppages;
- Dependence on the availability and price of materials;
- Timing, quality, and cost of new program launches;
- Ability to compete effectively;
- Ability to withstand pricing pressures, including price reductions;
- Our lengthy sales cycle;
- Ability to successfully benefit from acquisitions and divestitures;
- Impact from production delays or canceled orders;

- Investment in programs prior to the recognition of revenue;
- Electric vehicle adoption rates;
- Ability to withstand business interruptions;
- Breaches to our information technology systems or service interruptions;
- Ability to keep pace with rapid technological changes;
- Ability to protect our intellectual property;
- Costs associated with environmental, health, and safety regulations;
- International trade disputes resulting in tariffs and our ability to mitigate tariffs;
- Impact from climate change and related regulations;
- Ability to avoid design or manufacturing defects;
- Ability to remediate a material weakness in our internal control over financial reporting;
- Recognition of goodwill and other intangible asset impairment charges;
- Ability to manage our debt levels and any restrictions thereunder;
- Interest rate changes and variable rate instruments;
- Currency fluctuations;
- Adjustments to compensation expense for performance-based awards;

- Timing and magnitude of costs associated with restructuring activities;
- Income tax rate fluctuations; and
- Judgments related to accounting for tax positions.

Additional details and factors are discussed under the caption "Risk Factors" in our Annual Report. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. Any forward-looking statements made by us speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

**If you have a question about this report or our ESG program, please [send us an email](#).**

**For all other questions on Methode, please [contact us on \[methode.com\]\(https://www.methode.com\)](#).**

