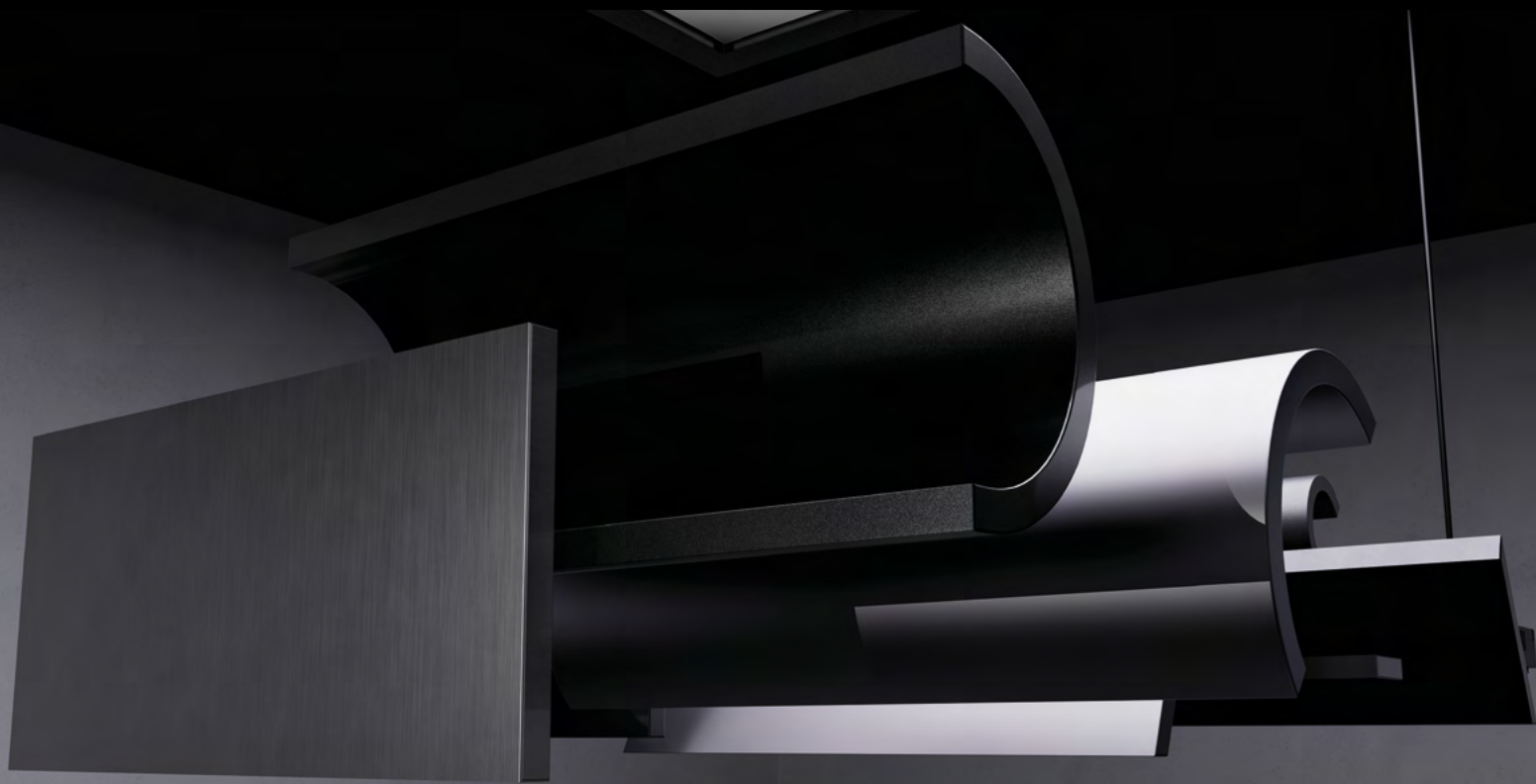


DOWLAIS

Dowlais Group plc
2023 Sustainability Report

SUSTAINING TRANSFORMATION



ENGINEERING TRANSFORMATION FOR A SUSTAINABLE WORLD

Welcome to Dowlais' first Sustainability Report. Sustainability has been central to our strategy from day one, having long been embedded in the operations and products of our business units.

We are building on these strong foundations to put sustainability at the heart of everything we do, recognising how vital it is for our long-term success. The formation of Dowlais has allowed us to truly focus on our core purpose of engineering transformation for a sustainable world.

Our approach to sustainability at Dowlais comprises two key focuses. Contributing to key global sustainability challenges through our products and technologies, in particular being at the forefront of the global shift to electric vehicles. And ensuring that we do so whilst running the business sustainably, considering all our impacts on people, society and the planet.

This year we have made a strong start. We have taken a fresh look at our material issues, put structures in place for robust sustainability governance and ownership, and solidified our decarbonisation plans with the development of science-based targets.

We are energised by the ever-growing impact our solutions can have on the world, and excited by our journey to improve how we develop and deliver them. We are well positioned to continue to grow our contribution through innovation and continuous improvement, and to achieve our ambitions.

Liam Butterworth
Chief Executive Officer

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FINANCIAL HIGHLIGHTS

£5,489m

(2022: £5,246m)

Adjusted¹ Revenue, representing 6.3% year-on-year growth²

£355m

(2022: £333m)

Adjusted¹ Operating Profit representing 10% year-on-year growth²

6.5%

(2022: 6.3%)

Adjusted¹ Operating Profit Margin, representing 30 bps year-on-year expansion²

£4,864m

(2022: £4,595m)

Statutory revenue, representing 5.9% year-on-year growth

£(450)m

(2022: £58m profit)

Statutory operating loss, reflecting non-cash goodwill impairment

£93m

Adjusted¹ Free Cash Flow

13.8p

Adjusted¹ earnings per share

4.2p

Full-year dividends per share (subject to final dividend approval by shareholders)

£50m

Intention to commence share buy-back programme

SUSTAINABILITY HIGHLIGHTS

SBTi³

Automotive and Powder Metallurgy targets submitted, with Automotive validated

Platinum

EcoVadis medal for Powder Metallurgy, with Automotive receiving Silver

<0.1

Group Accident Frequency Rate

2023 reporting suite



See our Annual Report 2023

Our activities and the continued development of our strategy are informed by the SASB Auto Parts sector standards and the implications of the EU Corporate Sustainability Reporting Directive, our analysis under the Task Force on Climate Related Financial Disclosures in our Annual Report and considerations of how we best contribute to the UN Sustainable Development Goals (SDGs) in page 12.

1. All adjusted financial measures and explanation about our use of Alternative Performance Measures (APMs) can be found in our Annual report
2. At constant currency, as defined in our Annual Report.
3. Science Based Targets Initiative

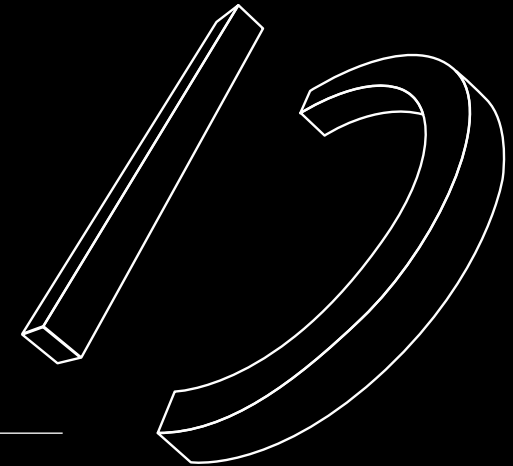
DOWLAIS AT A GLANCE

WE ARE DOWLAIS

We are a specialist engineering group focused on the automotive sector

We generate growth through a portfolio of transformative and innovative businesses

We develop exceptional products that drive transformation in our world



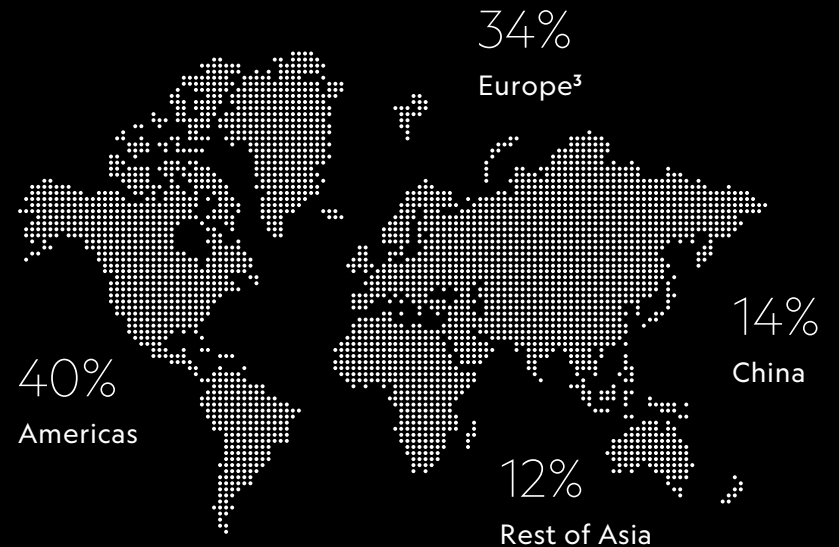
DOWLAIS AT A GLANCE

#1 global drive system supplier ¹	#1 sinter metals supplier	£5,489m adjusted revenue	19 countries
		>30,000 employees globally ²	77 manufacturing facilities
>95% of global OEMs ¹ served	>50% of all light vehicles ¹ worldwide contain our technology	9 out of 10 of the top-selling addressable EV models outside of China contain our technology	

1. See Glossary on page 198 of our Annual Report.

2. Total employees of the Group's undertakings, including its non-consolidated joint ventures.

REVENUE BY REGION



3. Includes Europe, Middle East and Africa (EMEA)

OUR STRATEGIC FRAMEWORK

STRATEGIC FRAMEWORK

We have a clear purpose: Engineering transformation for a sustainable world. This forms part of our wider Strategic Framework within which our purpose, our strategy and our values are aligned.

OUR PURPOSE

Engineering transformation for a sustainable world.

OUR STRATEGY

We are a portfolio of market-leading, high-technology engineering businesses that advance the world's transition to sustainable vehicles.

Lead

Market leadership and industry-leading financial performance.

Transform

Technological innovation to enable a net zero economy.

Accelerate

Sustainable organic growth and disciplined M&A.

OUR VALUES

Agility

We have a lean central structure and fast, clear decision making; we move at pace and respond quickly to opportunity.

Accountability

We make things happen, get things done and deliver on our commitments; we are accountable for our actions and act responsibly and with integrity.

Ambition

We set ambitious goals to realise the full potential of our businesses; we find opportunities to apply our expertise in new ways and in new markets.

OUR BUSINESS MODEL

CREATING VALUE IN ENGINEERING TRANSFORMATION

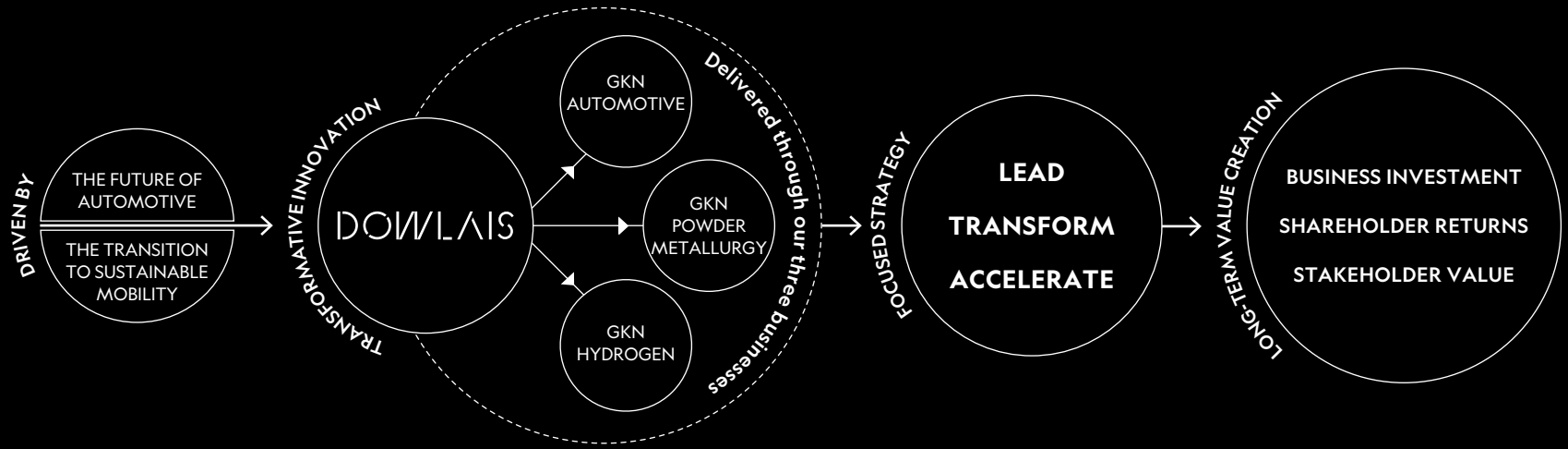
Dowlais is a portfolio of market-leading, high-technology engineering businesses that advance the world's transition to sustainable vehicles

Guided by our purpose

Engineering transformation for a sustainable world

Inspired by our values

- Agility
- Accountability
- Ambition



Dowlais' value proposition

- A highly experienced team of automotive leaders
- A diversified portfolio of market-leading businesses
- A relentless focus on achieving industry-leading financial performance
- Strong commitment to sustainability
- Flexibility to complement organic growth with strategic acquisitions
- A culture of fast, bold decision making

What sets our businesses apart

- Trusted brands with strong heritage
- Market-leading positions
- Compelling product portfolios aligned to the transition to electrification
- Industry-leading technologies
- Strong, lasting relationships with global customers
- Talented and committed workforce
- Global vertically-integrated manufacturing footprint, delivering quality products at scale
- Sustainable practices embedded throughout our operations

Focused strategy for growth

- **Lead**
Market leadership and industry-leading financial performance
- **Transform**
Technological innovation to enable a net zero economy
- **Accelerate**
Sustainable organic growth and disciplined M&A

Value created and shared

- **Our People:** inspired by our shared purpose and proud of our inclusive working environment
- **Society and Communities:** supporting a nature-positive, net zero and just transition
- **Our Customers:** long-lasting technology partnerships
- **Our Suppliers:** growing together responsibly
- **Our Investors:** a clear dividend policy and a commitment to generate value

➔ See our Annual Report for more information about our stakeholders

WELL POSITIONED FOR SUSTAINABLE GROWTH

We have developed our portfolio to be at the forefront of a number of global sustainability trends

THE NET ZERO TRANSITION

The world is fully embracing the net zero transition. There has been global commitment to ambitious reduction targets, with many countries passing legislation to make reducing carbon emissions a legal obligation.



Our opportunity

We are at the forefront of engineering innovation in a key industry for decarbonisation, the automotive sector. Our products, in particular technologies for electric vehicles, enable our customers to make sustainable choices, as they transition to a digital, electrified, and greener future.

SHIFTING GLOBAL MOBILITY PATTERNS

The auto industry is reshaping itself through four interconnected megatrends - connected vehicles, autonomous driving, shared mobility, and electrification - paving the way for a future of smarter, safer, and more accessible transportation

Our opportunity

Our businesses have a track record of embracing electrification, alongside their talented teams and innovative technology, this demonstrates that we are well positioned whatever direction the emerging mobility ecosystem takes.

THE POTENTIAL OF HYDROGEN

Hydrogen has the potential to play a key role in the net zero transition. To maximise its potential as a contributor to decarbonisation, a significant increase in clean hydrogen production and storage is needed.

Our opportunity

Approximately 15% of the low-carbon hydrogen demand is expected to require storage, implying a demand for storage capacity of around 4.5 Mt by 2030 and around 55 Mt by 2050. GKN Hydrogen's solution offers a safe, low-pressure storage solution manufactured with standard recyclable materials, and about 15 times smaller than an equivalent compressed gas tank. GKN Hydrogen constructs and installs long-duration metal hydride storage technology that is safe, compact, and sustainable.

CHANGING INVESTOR LANDSCAPE

With growing evidence linking good ESG practices to financial stability, investors are actively seeking companies that integrate climate, sustainability, and equity into their long-term value creation strategies.



Our opportunity

Being at the forefront of the electrified vehicles (EVs) transition allows us to differentiate ourselves not just by what we do, but how we do it. We prioritise sustainable and responsible practices, customer satisfaction, and societal wellbeing, alongside innovation, creating lasting value.

EVOLVING CUSTOMER REQUIREMENTS

Original Equipment Manufacturers (OEMs), our primary customers, are setting ambitious climate targets and focusing on sustainable practices in their supply chain. In particular, they require Tier 1 and 2 suppliers to decarbonise in order to reduce their Scope 3 emissions.

Our opportunity

By helping our customers meet their environmental objectives, we are able to secure a competitive advantage. Alongside the products that will help the electrification of the automotive sector, robust processes, lifecycle analyses, and rapid decarbonisation of our operations is essential if we are to achieve our commercial objectives.

EVOLVING REGULATORY REQUIREMENTS

Increasingly proscriptive and interrelated global regulations on reporting and compliance underline the substantial environmental and social risks businesses face, calling for urgent action on climate change and biodiversity loss.

Our opportunity

By embedding an understanding of ESG requirements in our processes from the start, we can benefit from the insight that it gives us. For example, our work on the Task Force on Climate-related Financial Disclosures (TCFD) is already being considered as part of conversations about insurance requirements. The introduction of standard frameworks, such as the EU Corporate Sustainability Reporting Directive (CSRD), helps us consistently manage risks across our global operations.

OUR SUSTAINABILITY COMMITMENTS

ADDRESSING OUR MOST MATERIAL ISSUES

<p>Health and safety</p> <p>We are committed to protecting our employees and contractors from injury and harm, focusing on continuous improvement to provide a safe and healthy workplace for all and maintain a market leading accident frequency rate (AFR).</p> <p>AFR of</p> <p><0.1%</p>	<p>Product safety and quality</p> <p>We are committed to maintaining the highest standards in product safety and quality to ensure the safety of end users and maintain the trust of our customers.</p> <p>100%</p> <p>of manufacturing sites certified to ISO9001 or IATF 16949</p>	<p>Climate change</p> <p>We are committed to avoiding dangerous climate change by cutting our emissions in line with the best science, to achieve Net Zero 2050, with ambitious absolute Scope 1 and Scope 2 2030 reduction targets.</p> <p>Net Zero</p> <p>by 2050 backed by Science Based Targets</p>
<p>Diversity, equity & inclusion</p> <p>We are committed to being a diverse, equitable and inclusive organisation and are setting our tone from the top with clear business unit goals.</p> <ol style="list-style-type: none"> 40% of the Board are women At least one of the senior Board positions (Chair, CEO, CFO or SID) is a woman At least one member of the Board is from an ethnic minority background 	<p>Ethics and integrity</p> <p>We are committed to maintaining the highest standards of business ethics, meeting our legal obligations and conducting ourselves with integrity.</p> <p>Comprehensive, clear, and well communicated policies, targeted at the compliance and ethical risks we face.</p> <p>Zero-tolerance</p> <p>of any material deviations to ethical or compliance policies</p>	<p>Responsible sourcing</p> <p>We are committed to high standards of sourcing in a complex, global supply chain, meeting the expectations of customers and employees.</p> <p>In 2024, we will conduct an operational and supply chain risk assessment for both human rights and resource sustainability.</p> <p>Maintain zero substances</p> <p>classified as "conflict minerals" knowingly sourced</p>

OUR APPROACH

A FRESH APPROACH BUILT ON STRONG FOUNDATIONS



Helen Redfern

Chief People, Sustainability
and Communications Officer

“It’s vital our approach to sustainability is embedded in all aspects of what we do”

What have been your key focus areas in 2023?

As a newly formed Group made up of established businesses, we have been working to leverage the strong sustainability credentials of our businesses but also to take a fresh look at how we do things. We have undertaken a Group-level materiality assessment which has shaped our understanding and prioritisation of key ESG issues. We have identified opportunities for shared learnings across the businesses, such as increased and consistent data gathering and analysis. And, of course, we continue to work towards the plans and targets already in place at our businesses, and deliver improvements across all our operations.

How are you establishing a Group approach to sustainability at Dowlais?

It’s vital that our approach to sustainability is embedded in all aspects of what we do. We have established a central sustainability function and formed a Group Sustainability Committee, chaired by our Chief Executive, to oversee all our activity. Because the membership includes the Chief Executives of all our Business Units, as well as various specialists, it is an ideal forum to both monitor business performance and share best practice and ideas. To ensure consistency across our operations, we developed a comprehensive set of policies and processes for all of our ESG issues. The Board is updated quarterly on our sustainability progress and have retained these policies as retained matters. Our approach is to ensure the right balance between transparency, accountability and cooperation.

What achievements in 2023 have you been proud of?

Without doubt, ensuring that sustainability is fully embedded in our purpose of Engineering Transformation for a Sustainable World. This will underpin progress across all aspects of our business. At a business level, having GKN Automotive’s net zero by 2045 and near-term carbon emissions targets validated by the Science Based Targets initiative (SBTi) is an excellent achievement. GKN Powder Metallurgy will soon follow, having submitted its own targets at the end of 2023, demonstrating a unified approach to sustainability. Both of our large business units did well in the annual EcoVadis assessment, with a Platinum medal for GKN Powder Metallurgy and Silver for GKN Automotive.

Where will Dowlais focus in 2024 and beyond?

We will continue to work towards realising our sustainability strategy, with clear KPIs in place and further enhancement of the targets we have already published. These will be enabled by continued improvement of how we measure our performance data. Meeting regulatory requirements is also front of mind. We are actively preparing for the CSRD with our first double materiality assessment, working towards meeting the requirements of the EU’s Carbon Border Adjustment Mechanism (CBAM), and are embracing the recommendations of the Transition Plan Taskforce (TPT). Our business units will continue to focus on making progress against their priority areas, and begin actioning their new carbon reduction plans.

SUSTAINABILITY GOVERNANCE

BEST-PRACTICE ARRANGEMENTS OVERSEEING ESG ISSUES

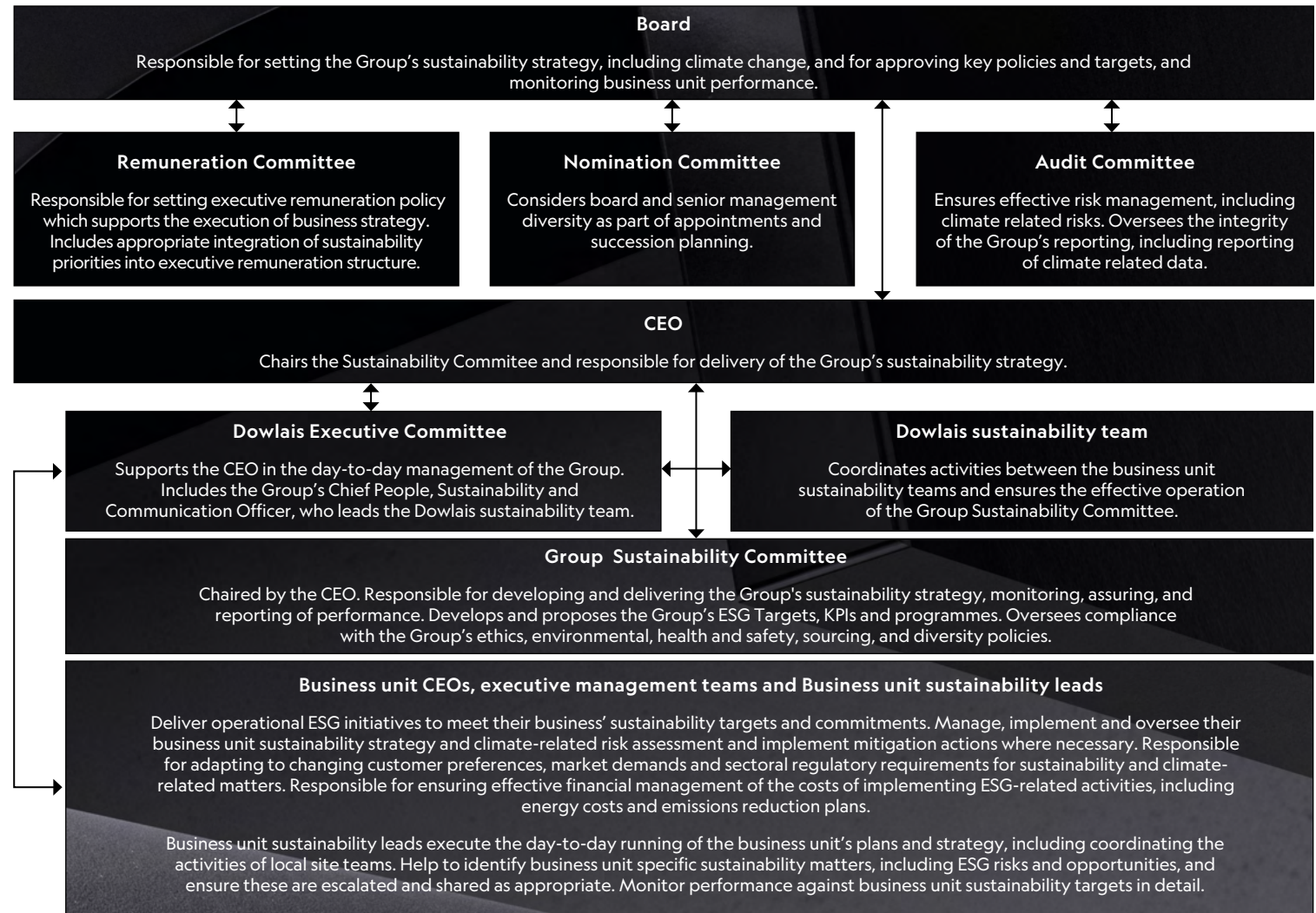
Since the demerger, Dowlais Group plc has established and implemented best-practice governance structures.

The Board is responsible for the strategy and overseeing the performance of Dowlais. Sustainability sits within the scope of matters reserved for the Board, with its approval required for the Company's publicly stated ESG policies and targets. Given its importance, sustainability is a standing agenda item for each Board meeting and a quarterly report (or more frequent, if required) is prepared and presented by the Chief People, Sustainability and Communication Officer.

The Board's responsibilities include oversight of and ultimate responsibility for the new Group Sustainability Strategy, targets, disclosures, and reporting, including climate change, identifying, and considering climate-related risks and opportunities, and alignment with TCFD recommendations.

Day-to-day management responsibilities are delegated to the CEO and Dowlais Executive Committee.

→ Full details of our Governance arrangements are available in our TCFD statement on pages 48 to 50 of our Annual Report.



WHAT WE DO

SUSTAINABILITY IN OUR BUSINESSES

SUSTAINABILITY IS CENTRAL TO OUR CUSTOMER OFFERINGS AND A KEY INTERNAL FOCUS ACROSS OUR THREE BUSINESS UNITS

GKN AUTOMOTIVE



Driveline

Sideshafts | Propshafts

ePowertain

AWD Systems | eDrive Systems
ePowertrain Components

GKN Automotive is a global leader in technologies for EVs, from sideshafts for battery electric vehicles through to full eDrive systems. Enabling the transition to EVs is at the heart of its business strategy.

It has a clear sustainability strategy with four focus areas: People, Climate Action, Responsible Sourcing and Impact. Key progress from 2023 has included validation from the SBTi of its carbon reduction targets for 2030 and net zero target for 2045, the creation of its first Diversity, Equity & Inclusion (DE&I) action plan and completion of its first product life cycle analysis (LCA).

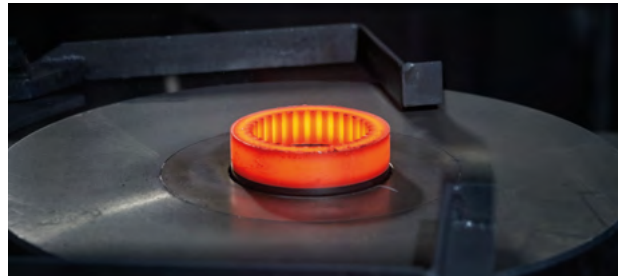
Sustainability at GKN Automotive is a global team, which is led by its Chief People, Communications and Sustainability Officer, supported by a Director of Sustainability, and a cross-functional steering committee. The topic is on the agenda at executive team meetings on a quarterly basis.

SBTi-validated greenhouse gas ("GHG") reduction targets for 2030 and net zero by 2045 target

EcoVadis
Silver rating

>25,000
employees¹

GKN POWDER METALLURGY



Sintered Metal Components | Metal Powders | Additive Manufactured Components

GKN Powder Metallurgy solves complex challenges in automotive and industrial markets with sustainable and innovative solutions through best-in-class powder metallurgy technology. The company is a world-class provider of powder metal materials, components, applications, and electrification solutions.

The principles of circular economy are innate to GKN Powder Metallurgy's business, as the raw materials it uses to produce its powders are from scrap metals. Its sustainability road map focuses on: waste, CO₂ emissions and renewable energy, and DE&I. Key progress in 2023 includes submitting its 2030 GHG reduction targets and 2050 net zero target for SBTi validation, launching its DE&I vision and principles and holding its first global safety week.

Sustainability at GKN Powder Metallurgy is overseen by the Chief HR & Sustainability Officer and led by the Global Head of ESG and HSE, supported by a global team that coordinates activity across functions.

2030 GHG reduction targets and 2050 net zero target submitted for SBTi validation

EcoVadis
Platinum rating

>5,000
employees

GKN HYDROGEN



Hydrogen storage systems | Power-to-power energy storage systems.

GKN Hydrogen is pioneering green, safe, emission-free storage solutions for hydrogen and energy that will support the world's journey to net zero. Its proprietary technology has been developed over ten years.

Its systems are based on patented metal hydride technology and can be used as a robust, safe hydrogen storage solution or for long-term energy storage, in new or existing infrastructure projects. It is building compliance to core ISO standards, such as ISO 14001 and ISO 45001 into its operations and is implementing best-practice energy efficiency and environment programmes into its new headquarters in Italy.

GKN Hydrogen is a relatively small and new business, so sustainability is overseen by the Chief Executive, supported by relevant team members.

#1

World's leading metal hydride storage business

27

patents covering material and systems know-how

85

employees

1. Total employees of the Group's undertakings within GKN Automotive, including its non-consolidated joint ventures.

MATERIAL ISSUES

SETTING OUR STRATEGY

MATERIALITY AS THE FOUNDATION OF OUR APPROACH

As a new business, we wanted to develop an approach to sustainability that built on the extensive work done by our businesses over many years, but also delivered a Group level strategy that we could communicate easily to stakeholders. In 2023, we completed a materiality assessment to identify the company’s most significant sustainability issues. The results of this assessment have increased our understanding of our key economic, social and environmental impacts, risks and opportunities, and laid the foundations for the development of our Group approach to sustainability.

This initial impact focused exercise will underpin the development of our Double Materiality assessment (which will include a more granular understanding of the financial impact materiality of these issues) in 2024. This is an important step to ensure we are ready for the EU Corporate Sustainability Reporting Directive (CSRD).

Our materiality process

We started by reviewing a long list of topics, which were then grouped into 14 key issues. An open and inclusive dialogue with stakeholders inside and outside our organisation, including customers, helped us to identify and prioritise the most pressing issues.

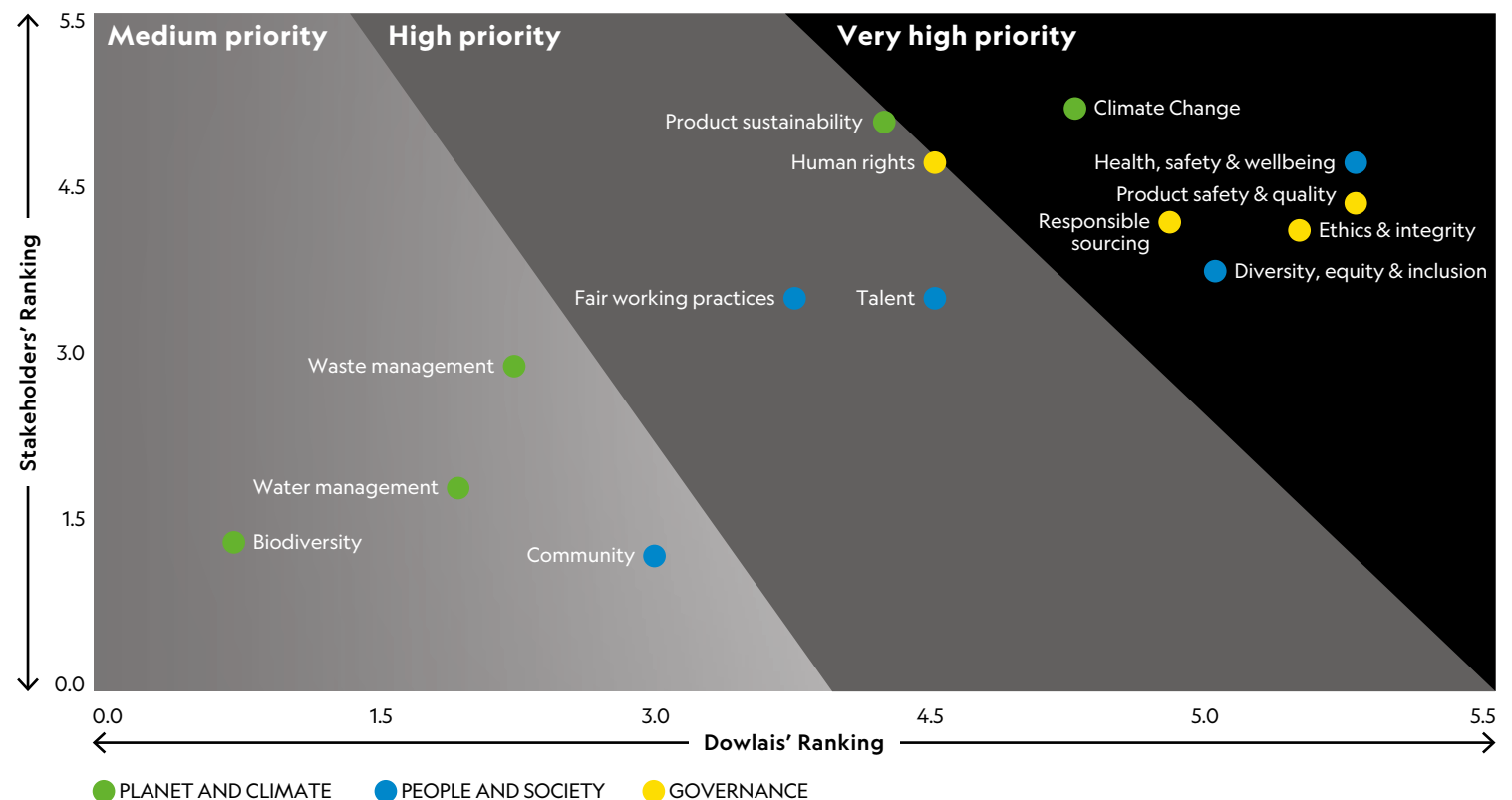
This was then discussed at our Group Sustainability Committee, before being approved by the Board in November.

This work closely aligned with previous assessments carried out by the businesses independently. However, certain issues, such as Responsible Sourcing and Human Rights, were ranked higher.

The strategic imperative of the EV transition is covered in more detail in our Annual Report.

→ See pages 44 and 45 for a detailed description of our materiality process.

Our materiality matrix



COMMUNICATING OUR STRATEGY

TRANSPARENT REPORTING UNDERPINNED BY OUR MATERIALITY ASSESSMENT

Our sustainability framework

At the heart of Dowlais is a strong commitment to sustainability in all its aspects. It is integral to our purpose of engineering transformation for a sustainable world.

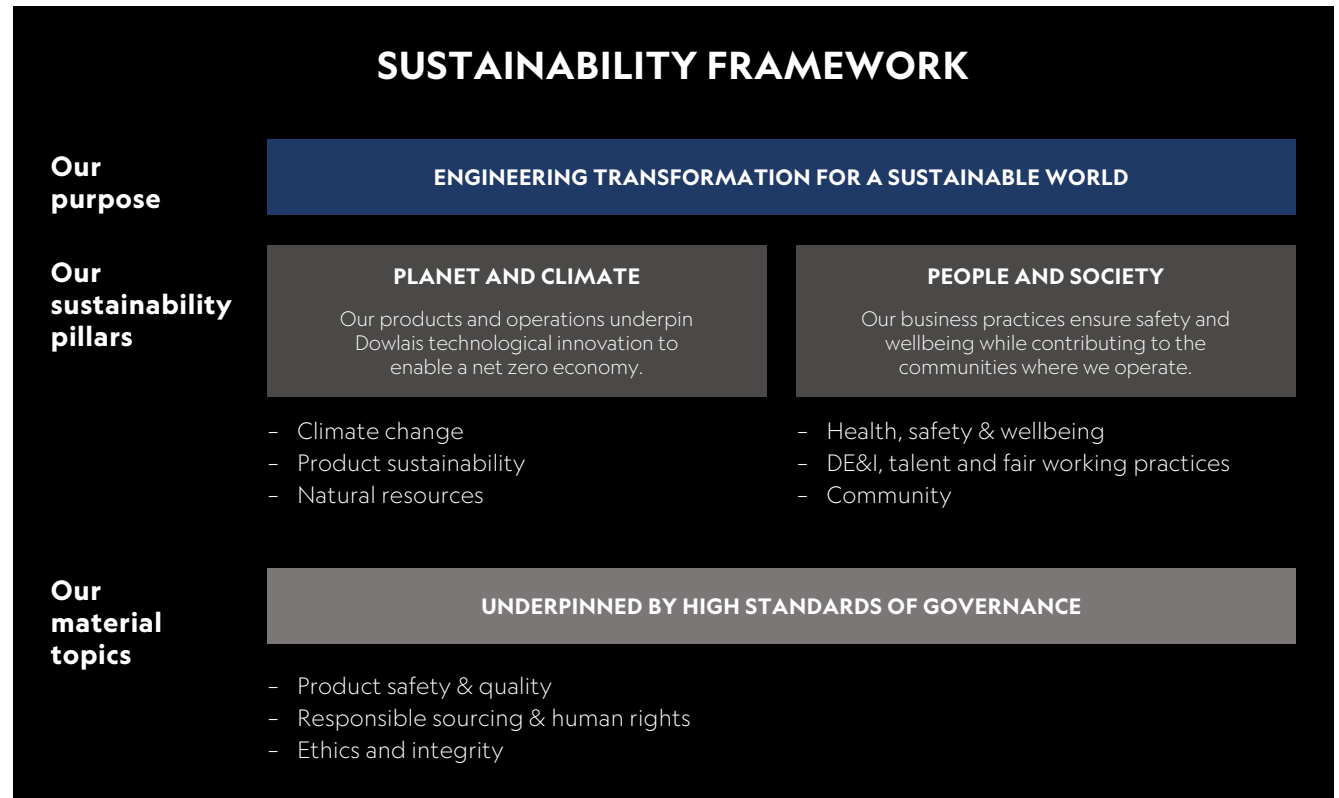
As a supplier to over 95% of global OEMs, we play an essential role in the transition to sustainable mobility, delivering the technological innovation required to enable a net zero economy. In addition, as both a Tier 1 and 2 supplier, we understand that our customers cannot meet their ESG goals, without us meeting ours. This also aligns with our belief in the importance of taking responsibility for our people, planet and society, constantly striving to inspire our employees and build long-lasting partnerships with our customers, suppliers and investors.

In line with our general approach, our businesses are empowered to manage their day-to-day activities and deliver on their respective targets. This ensures we can make rapid progress with agile decision making that's relevant to customers.

Our materiality assessment informed the creation of our Sustainability Framework, which enables both robust internal conversations about progress in particular topics, as well as helping stakeholders, including customers, navigate the various issues we are managing.

We are taking a comprehensive and systematic approach, to ensure our operations are aligned with our commercial strategy and this is the focus of this report.

→ **A full description of our Sustainability governance is set out in our Task Force on Climate-related Financial Disclosures Statement on pages 48 to 50 of our Annual Report.**



Material topics under our sustainability pillars


Our framework has been designed to provide stakeholders with clarity on how we are managing our material issues. Where appropriate, some material issues have been grouped together under a single topic:

- Water, Waste and Biodiversity material issues are grouped as Natural Resources, sitting under our Planet and Climate pillar.
- DE&I, Talent and Fair working practices are grouped together under People and Society pillar.
- Responsible sourcing and Human rights grouped together under our Governance pillar.

OUR TARGETS AND PROGRESS
































OUR TARGETS AND PROGRESS

WE HAVE A COMPREHENSIVE SET OF TARGETS AND COMMITMENTS AGAINST ALL OUR PRIORITY MATERIAL ISSUES, WHICH WE'VE MAPPED TO THE SUSTAINABLE DEVELOPMENT GOALS.

 On track

 Achieved

FULL DISCLOSURES ARE AVAILABLE IN THE APPENDIX

Material issue	Progress	Dowlais commitment/ target	UN SDG alignment
Planet and Climate			
Climate Change		- Commit to Net zero by 2050 with ambitious absolute Scope 1 and Scope 2 2030 reduction targets.	Goal 13: Climate Change 
Product Sustainability		- Committed to maintaining 100% ISO 14001 certification (currently 100%) at all manufacturing sites.	Goal 8: Economic Growth Goal 12: Ensure sustainable consumption and production patterns  
Natural Resources (Water)		- Committed to implementing a Group Water Stewardship Programme across our businesses by 2025	Goal 6: Clean Water and Sanitation 
Natural Resources (Waste)		- We are committed to diverting 100% of (solid, non-hazardous) waste from landfill by 2030.	Goal 12: Ensure sustainable consumption and production patterns 
Natural Resources (Biodiversity)		- We are committed to publishing first Taskforce on Nature-related Financial Disclosures Statement (TNFD), with work beginning in 2024 to understand our nature risks.	Goal 6: Clean Water and Sanitation Goal 12: Ensure sustainable consumption and production patterns Goal 15: Life on Land   
People and Society			
Health, safety and wellbeing		- We are committed to protecting our employees from injury and harm, focusing on continuous improvement to provide a safe and healthy workplace for all and maintain an AFR of <0.1%.	Goal 3: Health & Wellbeing Goal 8: Economic Growth  
Diversity, equity & inclusion		- We are committed to maintaining best practice on board diversity. - 40% of the Board are women - At least one of the senior Board positions (Chair, CEO, CFO or SID) is a woman - At least one member of the Board is from an ethnic minority background	Goal 5: Gender Equality 
Community		- We are committed to maintaining community initiatives at all sites.	Goal 4: Quality Education Goal 5: Gender Equality Goal 8: Economic growth Goal 10: Reduced Inequalities    
Governance			
Product safety and quality		- We are committed to maintaining the highest standards in product safety and quality to ensure the safety of end users and maintain the trust of our customers. - Committed to maintaining 100% ISO9001 or IATF 16949+ certification at all manufacturing sites.	Goal 9: Industry & Innovation 
Responsible sourcing and Human rights		- In 2024, we commit to conducting an operational and supply chain risk assessment for both human rights and sustainability - We remain committed to zero substances classified as "conflict minerals" knowingly sourced.	Goal 5: Gender Equality Goal 8: Economic growth  
Ethics and integrity		- All employees, suppliers and contractors must comply with our Code of Ethics, conducting business with integrity and in a responsible, ethical and sustainable manner. We have zero-tolerance of any material deviations.	Goal 16: Peace & Justice  

PLANET AND CLIMATE

WE ARE DRIVEN TO ADVANCE THE WORLD'S TRANSITION TO SUSTAINABLE VEHICLES, BUT MUST DO THAT WITH A POSITIVE IMPACT

Our Group Environmental policy, approved by the Board, demonstrates our commitment to driving sustainable production methods and infrastructure, and minimising the potential negative impact that our businesses may have on the environment over the longer term. It covers climate change, biodiversity, water, energy, waste, how we make products and the environmental standards we expect in our manufacturing locations. The following pages of our report set out our approach to climate change, product sustainability and natural resources.

Climate change

Dowlais recognises the serious threat posed by climate change and the urgent need for meaningful action. The reality is that all businesses must cut their emissions of greenhouse gases to achieve net zero by 2050 at the absolute latest. We are no exception and have ambitious goals, validated or waiting validation by the Science Based Targets Initiative, aligned to active programmes across our global operations.



See pages 15 to 18 for more information on our approach to managing our emissions and energy use.

Product sustainability

Understanding the environmental impact across the life cycle of our products – from manufacture through to the use phase – is critical for the sustainability of our sector. Innovation and research & development into new products and services, in order to reduce the impact is a key priority.



See pages 19 to 21 for more information on how we are reducing the impact of our products and investing in for net zero.

Natural resources

Ultimately, all business is dependent on nature, whether that is primary resources used in our products, the water we use in our operations, the waste we generate, or our impact on biodiversity and fragile ecosystems around the world. We are committed to operating in harmony with nature, alongside full transparency for stakeholders. We are pleased that no material environmental fines or penalties were issued against any of the businesses in 2023 or in the previous five years.



See pages 23 to 24 for more information on how we are managing water, waste and biodiversity.

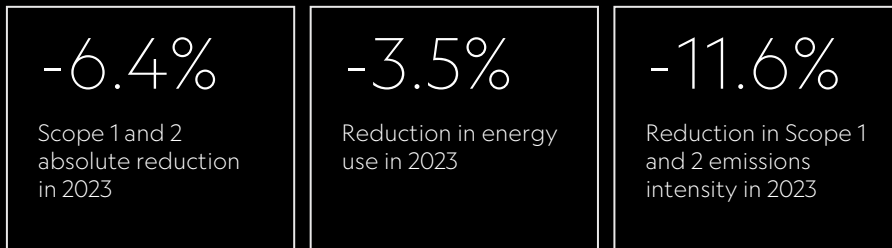


Very high priority

Climate change



13.1 – strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries



Climate change is one of the most serious threats facing the planet, and we understand the need for urgent, meaningful action. Our Group Environmental Policy explicitly sets our commitment to reduce our greenhouse gas emissions in a way that supports the goals of the Paris Agreement.

Reducing our emissions is the right thing to do, but it is also a commercial priority. In a traditional internal combustion engine (ICE) vehicle, the largest proportion of lifetime carbon emissions comes from the vehicle’s use (downstream Scope 3). As the expected global transition to EVs removes much of that impact, the focus is turning to reducing the emissions caused by the material extraction and manufacturing (upstream Scope 3) stage, requiring suppliers in all tiers to take action. In short, to remain competitive, we must hit our decarbonisation goals.

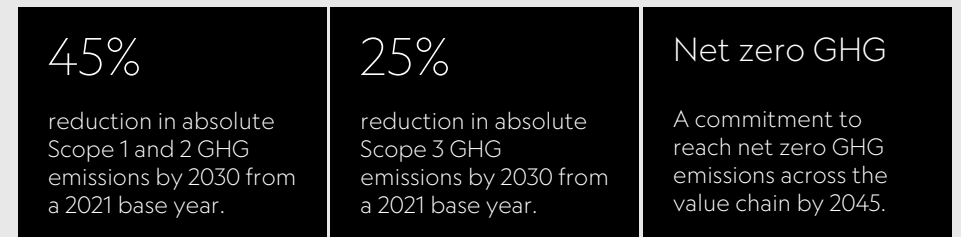
To ensure compliance, our two large operational business units have set science-based targets, building on their long history of emission reduction programmes. In 2023, we saw a 6.4% decrease in Group emissions on a market basis, against an increase of sales of 6.3% at constant currency, representing a decrease in emissions intensity of 11.6%.

This year, we are publishing our first Task Force on Climate-related Financial Disclosures Statement, which is set out in pages 48 to 58 in our Annual Report. In 2024, we will develop our Transition Plan, in line with the recommendations of the Transition Plan Taskforce, to demonstrate how we will deliver all the absolute emission reductions necessary to meet our near term and net zero targets.

GKN Automotive

GKN Automotive is at the forefront of the transition to EVs with the automotive industry set to play an essential role in decarbonising the road transport sector and enabling the global transition to Net Zero. They design all products to meet the highest international

GKN Automotive's SBTi targets



CLIMATE CHANGE CONTINUED

and OEM standards for hazardous materials and recyclability, therefore minimising the CO₂ impact of customers' vehicles.

GKN Automotive is driving change across the business to reduce its carbon footprint. In 2023, GKN Automotive confirmed its focus on reducing Scope 1, 2 and 3 GHG emissions in line with the Paris Agreement. It had its near term and net zero by 2045 emissions reduction targets validated by the SBTi, demonstrating its robustness and alignment, with climate science.

To achieve its ambitious Scope 1 and 2 emissions reduction targets, the business is actively implementing a multi-pronged strategy. This includes reductions through technological innovations, improving energy efficiency by optimising manufacturing and operations, installing renewable energy solutions for further financial savings, as well as diversifying away from fossil fuels, and growing its reliance on renewable energy sources.

Renewable electricity

Using more renewable electricity is a key part of the journey towards a net zero economy. In 2023, GKN Automotive commenced a process to establish its first renewable energy power purchase agreement (see separate case study).

GKN Automotive's manufacturing facility in Bruneck, Italy, is a 100% green electricity powered plant, saving 5,000 tonnes of CO₂ annually, and has implemented a system which uses groundwater for industrial cooling. Various initiatives at this site saved 289,000kWh of green energy to date. The business also implemented upgrades to air conditioning and heat systems at sites in Oleśnica, Poland and Bruneck, Italy, which have collectively saved 1,280,000kWh to date.

Securing renewable electricity for net zero

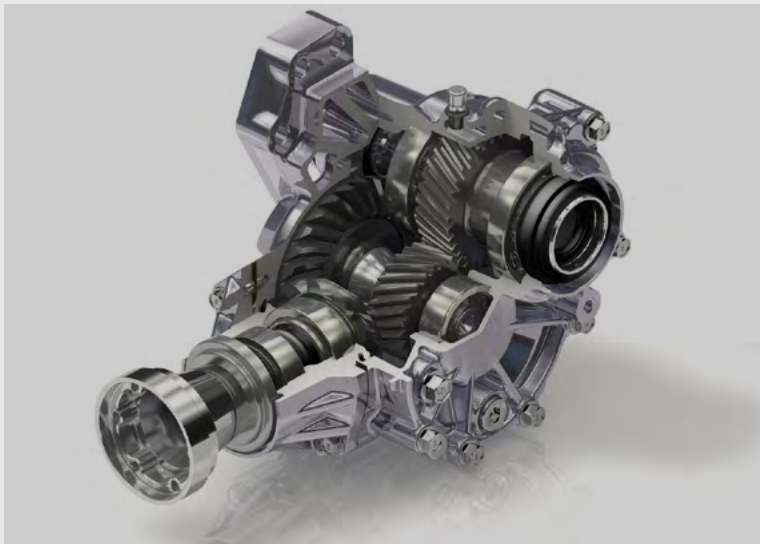
In 2023, GKN Automotive started the process to sign its first renewable energy power purchase agreement (PPA). PPAs are long-term financial agreements that enable developers to invest in and build new, renewable energy assets. They secure the renewable electricity supply the business needs, while helping to grow the supply available for other businesses and individuals. The first agreement in Europe should complete in 2024, with a strategy in place to sign further PPAs and support renewable development in other regions in 2024 and beyond.



Cutting carbon through technological innovations

GKN Automotive's relentless pursuit of technological innovation is evident in its market leading AWD systems technology. For instance, its AWD disconnect system significantly reduces CO₂ emissions by up to 80%. New generation AWD components are 30% more efficient and 20% lighter than previous generations and are made from 98% recyclable materials.

Similarly, the development of its next generation 3-in-1 eDrive system has increased product durability by 25%, now achieving more than 320,000 kilometres, which means that with less material embedded in and energy required to manufacture the product, it will last longer, contributing to reduction of its ultimate environmental impact.



Cutting energy usage

GKN Automotive's approach to reducing emissions from our production processes begins with a focus on the operational efficiency of its operations. Key to this is replacing energy intensive production equipment.

A good example is heat exchangers, an essential component in cooling processes. In 2023, the Driveline coating plant in Trier, Germany, committed to moving from old-fashioned tube heat exchangers to plate exchangers in the manufacturing process, which will deliver an annual energy saving of 150,000KWh at that site alone. Various other examples which achieved significant reductions through process optimisation include leakage reduction during compressed air production, furnace standby temperature reduction, implementation of manufacturing shut down procedures and a review of washing machine temperatures.

Enabling Sustainable Mobility Solutions for Employees

Many of GKN Automotive's sites have designated areas with bike racks and sheds to encourage employees to cycle to work. In 2023, the business has launched a salary sacrifice scheme to permanent UK employees, with the option to opt for an electric or hybrid car.

Employee Engagement

GKN Automotive hosted a competition at its Vigo site in Spain in 2023, where employees shared their proposals of energy saving projects that could be implemented on site. The winning idea was a new product which allows a key machinery used on site to run at a lower temperature, which saves energy used by 2%, with an estimated annual cost saving of approximately £18,000.

Outlook for 2024

GKN Automotive will continue to contribute to and benefit from the shift to electrification. Its unique position at the heart of this global transition, and strong sustainability principles embedded in its commercial strategy, underpin the focus on developing sustainable drive systems for both internal combustion engines ("ICEs") and EVs. Continuously aligning its product portfolio and solutions with the growing e-mobility trend, GKN Automotive is well-placed to tackle future opportunities in the sector and to gain further market share.

CLIMATE CHANGE CONTINUED

In 2024, GKN Automotive has committed to further increasing its R&D investment in sustainable innovation to embed sustainability in product design and replace energy-intensive production equipment. It also plans to continue working towards reducing its carbon emissions through ongoing programs aimed at reducing energy consumption and phasing out gas through onsite and offsite renewable electricity generation.

Additionally, it intends to develop dedicated net-zero plans for all GKN Automotive sites and work closely with its suppliers to understand GHG emissions in its supply chain as it focuses on reductions in its Scope 3 emissions. This will include supporting Dowlais' CDP Supply Chain programme.

GKN Powder Metallurgy

The introduction of state-of-the-art technologies and systems has transformed production processes and led to significant reductions in CO₂ emissions over the years at GKN Powder Metallurgy. Its operations consume a large amount of energy and identifying energy savings and improving the efficiency of all processes have been longstanding focuses for the business. Since 2020, GKN Powder Metallurgy has reduced emissions intensity by around 30%.

In 2023, GKN Powder Metallurgy made significant progress through the development of its first decarbonisation road map with well-defined GHG reduction targets for 2030 and a Net-Zero target for 2050. This was created in alignment with the resources and guidance of the SBTi and were submitted for validation at the end of the year.

The road map outlines how the reductions will be achieved through transitioning electricity consumption to green sources, improved operational efficiencies, replacing natural gas consumption and decarbonising transport, among other activities.

Renewable electricity

Sourcing renewable electricity is key to GKN Powder Metallurgy's road map to reach its 2030 interim target. Already, plants in Buzău, Romania, and Hortolândia, Brazil, switched to renewable energy.

The business has also pushed ahead with the installation of solar electricity at plants across its estate. This includes expanding existing installations. For example, a solar project in Pimpri, India was started in 2023. When it is fully implemented in 2024, it will reduce the site's grid dependency by 10%. Solar panels at its site in Bruneck save an additional 160,000 tonnes CO₂e per year.

Cutting energy use and efficiency gains

A constant focus on technological developments in all the processes deployed in GKN Powder Metallurgy has contributed to another reduction in energy use and emissions.

GKN Powder Metallurgy's SBTi targets

42%

reduction in absolute Scope 1 and 2 GHG emissions by 2030 from a 2022 base year.

25%¹

reduction in absolute Scope 3 GHG emissions by 2030 from a 2022 base year.

Net zero GHG

A commitment to reach net zero GHG emissions across the value chain by 2050.

1. Covering fuel- and energy-related activities, upstream transportation and distribution, downstream transportation and distribution, and processing of sold products

Notable examples are the application of new gas burner technology in the heat treatment units at the Hoeganaes plant in Buzău, Romania, and the installation of better insulation at the scrap iron melting furnace facility at the Powders plant in Gallatin, US.

In 2021, the business committed to upgrading all main presses with more efficient cartridge valves. By the end of 2023, 75% had been replaced, up from 20% at the end of 2022. This is in addition to efficiency improvements at various sites on cooling units, pump stations, chiller units, heat recovery systems and continued investment in new heating systems to drive energy efficiency.

Employee engagement

In 2023, GKN Powder Metallurgy focused on employee and local community e-mobility programmes, including charging stations and employee benefit programmes for e-bikes, while its sites at Bruneck, Istanbul and Mexico have contracted local buses for employees commute to and from work. About 70% of the employees on site benefit from this scheme, helping reduce employee transport emissions, as well as facilitating culture shift towards Net zero.

Outlook for 2024

GKN Powder Metallurgy will continue its operational optimisation and other projects to further reduce its environmental impact. In 2024 they will form a decarbonisation committee to deliver the road map. The road map outlines how reductions will be achieved through transitioning electricity consumption to green sources, improved operational efficiencies, replacing natural gas consumption and decarbonising transport, among other activities. It will also extend solar energy generation at more plants. A key operational focus will be proactively accessing green energy to power its operations more sustainably. This will require partnerships and strategic contracting in key areas.



ENGINEERING TRANSFORMATION

Engineering innovation and behaviour change to reduce energy use in Bruneck, Italy

GKN Automotive's facility in Bruneck, Italy, provides several examples of measures that have reduced the businesses operating footprint. The plant is powered by 100% green electricity, an initiative that began in 2012 and saves 5,000 tons of CO₂ annually. A groundwater cooling system installed at the plant saves 1MWh of energy annually and incorporates a heat recovery system that means waste heat from machinery can be used to supplement the hot water and heating supply in the buildings, thereby reducing the amount of energy the plant uses for heating.

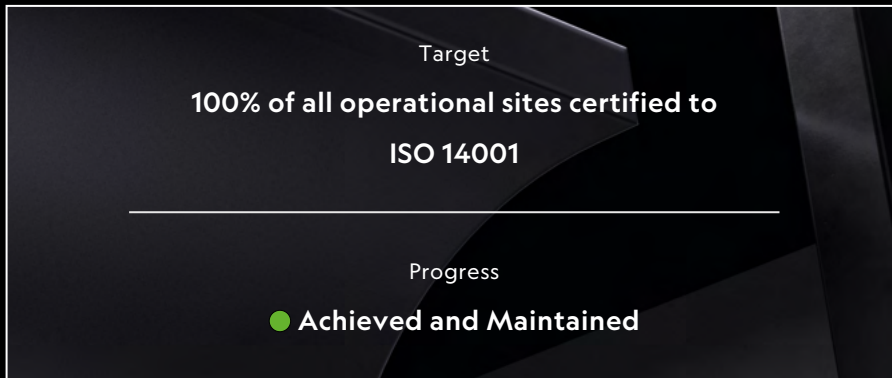
GKN Powder Metallurgy's neighbouring plant in Bruneck, Italy, has also created an innovative system to save energy and ensure excess heat from its machinery doesn't go to waste. Surplus heat from its sintering furnaces is used to supplement the heating of water and the central heating supply in its buildings thanks to a heat recovery system. Excess heat is also fed into the city's local heating network. GKN Powder Metallurgy is exploring opportunities to bring similar systems to other plants.

Optimising Shift Patterns

The GKN Powder Metallurgy team also reviewed operating practices at the sinter and secondary heating furnaces to find efficiencies, with the result that by changing the shift pattern approximately 20% of the furnaces can be shutdown with a reduction in energy consumption and around 7,000 tonnes of CO₂e reduction saving, without any extra capital expenditure. This project is continuing in 2024 with the goal to introduce this at all possible sites to have more efficient shifts in place by using fewer furnaces and less energy.

High priority

Product sustainability



8.4 – improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead



12.2 – by 2030, achieve the sustainable management and efficient use of natural resources

12.5 – by 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

70%

of total 2023 R&D spend is climate-related

93%

products sold in 2023 that are recyclable

38%

of new products which contribute to the decarbonisation of their sectors

Our businesses are developing products and technologies to help our customers tackle the world's sustainability challenges. By incorporating circular economy principles into their design and manufacturing processes where possible, our businesses can reduce their environmental impact and deliver products to their end-markets with increased durability and longevity, reduced emissions and waste.

Product sustainability activity is underpinned by our Group Environmental policy, which specifically sets out our commitment to reducing and minimise the impact which our products have on the environment. This applies to all our business units and operating sites, and is underpinned by our commitment to have all our sites certified to ISO 14001, as well as a commitment to disclosing the proportion of our R&D expenditure that's related to decarbonisation of the automotive sector. For more relevant disclosures under the SASB Auto parts framework, see pages 46 to 50.

There are various aspects we consider when understanding the sustainability of our products, the most important of which is how they contribute to the decarbonisation of the automotive sector. This is obviously core to our business strategy. But it is equally important to consider the longevity and recyclability of our products at end of life, how we can produce the same products with fewer input materials (considering lighter or thinner parts) and ensuring all substances of concern are limited to appropriate international standards

Of course, how we source materials for our products and the management of our supply chain are also vitally important, and are covered under the Responsible Sourcing and Human Rights material issues on pages 38 to 39.

GKN Automotive

In 2023, GKN Automotive focused on developing its internal capability for both carbon footprinting (CF) and LCA to reduce or remove critical materials, reduce embedded carbon and improve efficiency of products.

As EVs reduce the carbon impact of a car's usage, the focus moves to reducing the impact of its manufacturing and supply chain. To this end, it set up a Product Sustainability Office (PSO) as a resource dedicated to improving its understanding and measurement of the carbon impact of its products. Indicative carbon footprint reports for products are a growing customer requirement, and this new team is supporting their creation. It is also embedding carbon impact considerations in its new product development.

PRODUCT SUSTAINABILITY CONTINUED

Over the past two years, GKN Automotive has continued to invest in research and development for decarbonising the automotive sector. Collaborations with top research institutions like the University of Nottingham, Newcastle University, KULeuven and Mondragon Unibertsitatea, enhance innovation, exemplified by projects focusing on low carbon technologies such as recyclable bioplastics that replace traditional aluminium, end-of-life recyclability, recycled rare earth magnets which could save up to 85% of the embedded carbon compared to virgin rare earth magnets and de-risk the conventional supply chain.

Life cycle assessments improving decision making at GKN Automotive

To fully understand the impact of its carbon footprint, GKN Automotive is analysing the entire life cycle of its products. By carrying out LCA of products, it can identify and reduce embodied carbon produced during the different life-phases of its drive systems – from manufacturing, transporting, usage and disposal. In 2023, it completed a six-month project to build a new internal tool for LCA. The data provided by the tool will enable more informed decisions, weighing environmental impact against efficiency, cost, ease of manufacture and ease of reuse or recyclability at the end of the product's life. Its first internally completed LCA was carried out in late 2023. The business is working to achieve ISO 14040/14044 certification for its LCA process.

Re-manufacturing processes and constant innovation

Every new driveline component developed by GKN Automotive consumes less energy than its predecessor and reduces friction and weight within the vehicle. With certain of its customers, GKN Automotive also collects old driveshafts from designated garages and transforms them into “as good as new” products generating savings in energy, water, emissions and steel in production. In 2023, this highly-efficient re-manufacturing process produced more than 600,000 driveshafts in two ISO-certified sites, enabling GKN Automotive to recover at least 2.8 tonnes of steel, saving 22,680 MWh of energy and reducing over seven tonnes of carbon emissions over the year. Additionally, its site in Ribemont, France, has developed and installed a recycling system to collect and regenerate the grease used in the driveshaft re-manufacturing process.

Powering a revolutionary e-motorbike

GKN Powder Metallurgy has created a unique, customised electric motor for the world's first premium lightweight e-motorbike. Working with NOVUS, a dynamic startup company, GKN Powder Metallurgy leveraged its expertise and advanced technology in Soft Magnetic Composite (SMC) materials to deliver a motor with unequalled torque density and efficiency with reduced weight and size.

GKN Powder Metallurgy

The principles of circular economy are built into GKN Powder Metallurgy's design and manufacturing processes for all of its customers. The raw materials it uses, primarily base irons, mostly come from recycled iron units. For example, production at its Hoeganaes site uses 100% iron scrap to produce iron powder for the sintering process.

GKN Powder Metallurgy also buys back green scrap and powder, and selected sintered scrap, from its customers to reuse, limiting the end-of-life impact on the environment of its products.

Environmental impact is a key consideration in all its material selection and product design. In order to increase the positive impact of its products, GKN Powder Metallurgy is developing solutions for a range of sustainability-focused product groups, such as EV – specific metallic products, differential gears for battery EVs, powders for Lithium Iron Phosphate (LFP) batteries, generators and products related to the supply of green energy.

Evolving portfolio for sustainability

The manufacture and supply of permanent magnets for electric motors is an exciting potential growth area for GKN Powder Metallurgy. A key step forward in 2023 was signing its first agreement for the manufacture of magnets with Schaeffler. GKN Powder Metallurgy will supply Schaeffler with permanent magnets, with the aim to ensure a stable, local supply in Europe and North America while improving sustainability and transparency in the supply chain.

Another area of opportunity for GKN Powder Metallurgy is helping vehicles be more efficient. The business recently worked with an automotive customer looking to improve the efficiency of an electric water pump for a hybrid vehicle. They needed a pump that could reduce energy loss and improve product life without compromising on performance. GKN Powder Metallurgy optimised an axial flux motor design (AFM) with net shape manufacturing to deliver significant energy savings. Across 200,000 vehicles, it will lead to an energy saving of 16.5 GWh, the equivalent of saving 1,418.7 tonnes of oil.

ENGINEERING TRANSFORMATION

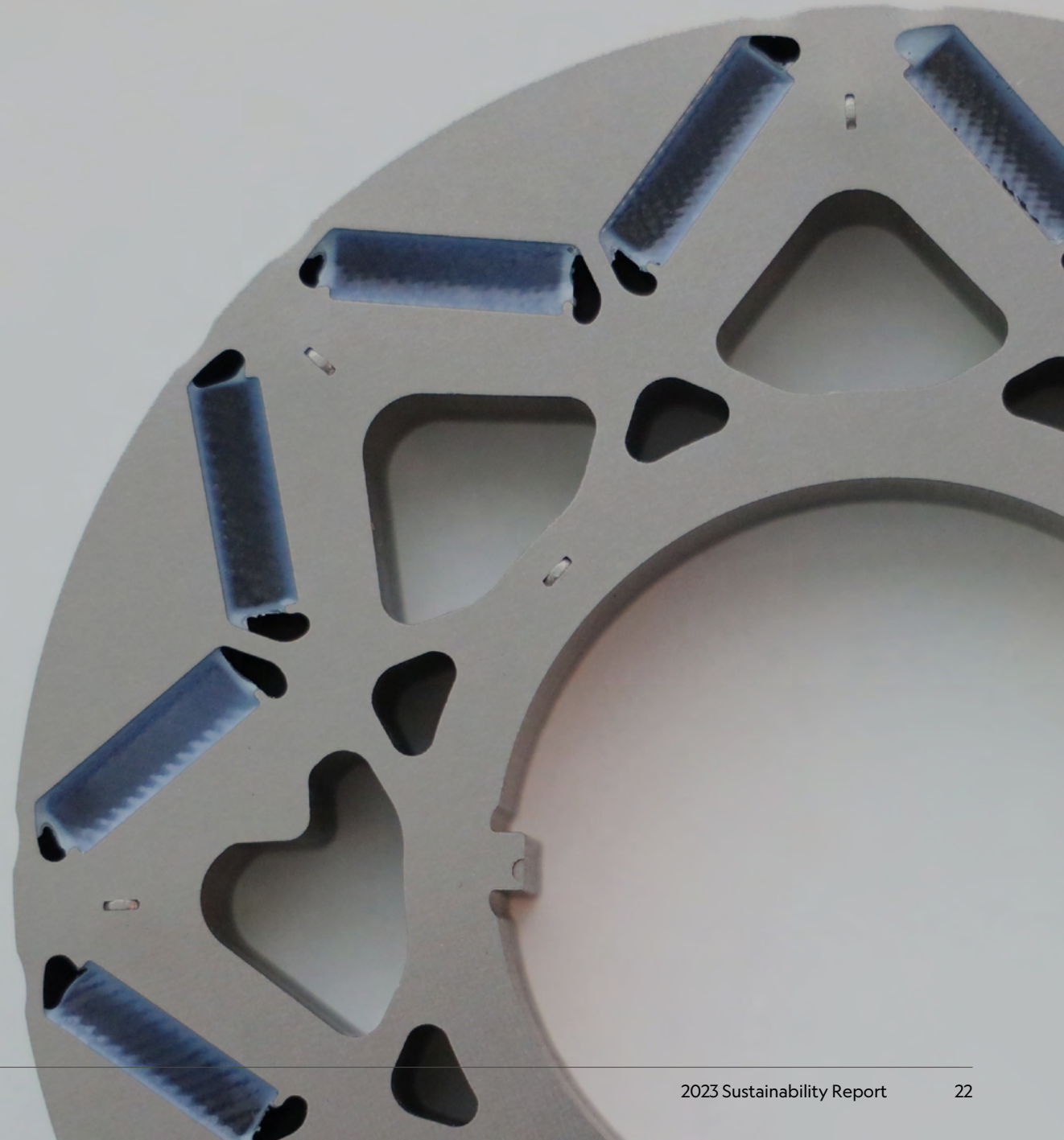
Permanent magnets

Used in the vast majority of electric motors, permanent magnets are critical to the production of EVs and renewable energy systems.

Demand for permanent magnets is expected to increase, but securely and reliably sourcing magnets is a potential challenge for automotive supply chains. This presents an opportunity to offer a stable, localised sourcing solution. As a trusted partner to global automotive OEMs and Tier 1 suppliers, we understand their challenges and are well-positioned to use our powder metallurgy expertise to meet their requirement for a local, secure source of permanent magnets.

To meet expected increases in demand, we have been investing in our magnet research and development facilities in both Europe and North America, whilst installing our first production line in Germany. In addition, when it comes to permanent magnets, the supply chain is key, so we continue to develop our 'mine-to-magnet' strategy, addressing challenges relating to sourcing raw materials, building new partnerships and planning for volume production.

Permanent magnets are vital to the delivery of a low-carbon future. In addition to EVs and other electric mobility applications, we see growing demand for use in renewable energy systems, including wind turbines. Our team is already exploring opportunities in these markets.



Medium priority

Natural resources

Target	Progress
100% of waste to be diverted from landfill by 2030	● On track
Implement Group Water Stewardship Programme across our businesses by 2025	● On track
Publish first Taskforce on Nature Related Financial Disclosures Statement	● On track



6.3 – by 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally



15.1 – by 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

All our operations are dependent on the natural environment and, while our materiality assessment deemed these areas relatively less material, we still understand their importance. We have clear commitments to ensure we are diverting all waste from landfill by 2030, have a robust approach to water stewardship and to fully understand our wider impacts on nature and biodiversity.

Our Group Water Policy sets out our commitment to improve water management practices through the reduction of water withdrawal and responsible use of this scarce resource, while our Group Environmental Policy sets out our commitment to divert waste from landfill.

In 2023, we carried out a Group-wide assessment of our water and waste data collection processes, as part of our preparation for the EU's Corporate Sustainability Reporting Directive.

Water

In our materiality assessment, water scored lower than other issues as it is not one of the main resources that our businesses are heavily reliant on for production, and there is no drought stress risk at the sites assessed in 2023 for physical climate-related risks as part of our TCFD assessment.

However, we still recognise that water is a critical global issue and important for our customers globally. We must play our part to ensure freshwater is treated as the precious natural resource that it is.

Dowlais' primary objective is to ensure that our businesses remain resilient against water-related risks, minimise potential impacts on water availability and quality, and encourage contributions towards addressing water challenges and enhancing water management practices.

We have adopted a comprehensive Group Water policy, which highlights the significance of our stance on water stewardship and involves environmentally sustainable and socially equitable water usage, facilitated by understanding water usage patterns, maintaining good governance, and monitoring water quality in at-risk areas.

All our manufacturing sites have environmental management systems certified to ISO14001, or equivalent, which ensures they are compliant with legal obligations regarding water use, discharge, and consumption. This covers 100% of all our products sold.

In addition, our approach to health and safety (see pages 27 and 28), ensures all sites provide safe water, sanitation, and hygiene for all workers, aligning with our approaches on fair working practices and community resilience.

NATURAL RESOURCES CONTINUED

GKN Powder Metallurgy's fundamental approach to water conservation is through process optimisation. They aim to recycle as much water as possible, and only replace water when it is lost through vaporisation and during capital maintenance. In 2023, a range of water optimisation projects, including powder magnet separation and improvements to sintering furnaces, reduced its year-on-year water withdrawal. Actions to improve its water withdrawal efficiency will continue in 2024.

In addition to the above, water risk assessments are integrated into our businesses' operational risk evaluations, considering factors like water quality and flood risk. Business units are tasked with assessing their water-related impacts, risks and dependencies, aiming to implement suitable stewardship practices and reduce dependency on water. We have two priorities for 2024. Firstly, to ensure our actions are captured in a Group Water Stewardship Programme and, secondly, to take part in the CDP Water Security questionnaire, so we are providing maximum information for our customers and wider stakeholders.

Group Water data 2023

(for the period 1 January 2023 to 31 December 2023)

Water withdrawal in operations in m ³	2,898,716
Water withdrawal per £1,000 turnover	608
Total consumption in m ³	2,898,716

Waste

Dowlais recognises that materials we use and waste we generate during our processes have an impact on our surroundings. From sourcing the right materials, using only what we need and responsibly disposing of our waste, we are committed to reducing our waste footprint in all our activities.

Our businesses are actively encouraged to reduce the amount of waste they generate and to divert waste from landfill. To support this, we have implemented a Group-level target to divert 100% of all (solid, non-hazardous) waste from landfill by 2030. In 2023, we have assessed waste data collection processes across our businesses and are currently working to improve our waste management disclosures.

Aligning with the group, GKN Automotive has set a target of diverting 100% of the waste it produces from landfill by 2030, as of 2023, 98% of waste produced has been diverted from landfill. The nature of GKN Powder Metallurgy's manufacturing processes, which are based around the recycling of scrap metal, mean that circular economy principles are embedded in how it sources raw materials and recycles and reuses materials. Nevertheless, it is continually reviewing its approach to see if it can be improved. At group level, 89% of waste produced in 2023 has been recycled.

Group Waste data 2023

(for the period 1 January 2023 to 31 December 2023)

	(in tonnes)
Non hazardous solid waste total	215,606
Hazardous solid waste total	9,242
Total waste	224,848
Total Recycled	199,588
Total Incinerated Waste	3,555
Total Waste to Landfill	4,353
Percentage(%) recycled waste	89%
Percentage (%) hazardous waste	4%

Biodiversity

We are committed to protecting biodiversity and minimising the potential negative impact that the Group's businesses may have on the natural environment over the longer term. Our Group Biodiversity Policy sets out our commitments and our approach to adopt a "No Net Loss" principle in our operations, to seek opportunities to reduce deforestation wherever possible, to re-compensate any potential negative biodiversity impacts with future reforestation and regeneration projects and to respect High Conservation Areas and threatened and protected species. Our businesses are expected to comply with and respect local biodiversity laws where applicable.

We also recognise protected areas as the cornerstone of biodiversity conservation, as they maintain key habitats, provide refuge, allow for species' migration and movement and ensure the maintenance of natural processes across the landscape.

As of 2023, none of our sites are close to any nature-protected areas or areas with endangered biodiversity. In 2023, our materiality assessment highlighted the high-level nature dependencies and potential impacts on nature and biodiversity through activities of our businesses. But this is an area where we are actively trying to understand our role better and improve further. In 2024, we intend to start work to understand our nature risks to support reporting under the recommendations of the Taskforce on Nature-related Financial Disclosures.

PEOPLE AND SOCIETY

PEOPLE AND SOCIETY CONTINUED

WE ARE COMMITTED TO THE SAFETY, WELLBEING AND DEVELOPMENT OF EVERYONE WHO TOUCHES OUR BUSINESS

With over 30,000 employees, operating in 19 countries, our people are our most important asset. We are committed to ensuring their safety at all times, reducing the number and severity of any accidents, as well as providing opportunities for them to grow. We operate in a sector with structural issues around diversity, especially on gender, and we are committed to having an inclusive and equitable environment in which everyone can reach their full potential, as well as ensuring fair working practices for everyone involved in our operations and supporting the communities where we operate.

Health, safety and wellbeing

As a high-tech engineering company, with manufacturing operations around the globe, health and safety is vitally important. We work hard to create and maintain a safe and healthy workplace that is free from injuries, fatalities, and illness. This is accomplished through implementing safety management plans, developing training requirements for employees and contractors, and conducting regular audits of their own practices, as well as those of their subcontractors.



See pages 27 to 28 for more information on Health, safety and wellbeing.

Diversity, equity & inclusion, talent and fair working practices

Our commercial success depends on retaining, attracting and developing a highly skilled workforce. For us, this includes but is not limited to training, employee performance reviews, anticipating short and long-term employment needs and skill requirements, monitoring employee turnover and having an approach to diversity, equity and inclusion that allows everyone to reach their full potential, as well as ensuring there are fair working practices across all our operations.



See pages 29 to 31 for more information on DE&I, talent and fair working practices.

Community

Throughout our history, which dates back to 1759 and the founding of an ironworks in Dowlais in South Wales, we have always been a part of the communities where we operate. Now, our sites around the world play an active part helping their local communities, including providing education and skills development, supporting specific tracks of education, providing scholarships, and funding wider community education programmes.



See pages 32 to 34 for more information on Community.



Very high priority

Health, safety and wellbeing



3.9 – by 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.



8.8 – protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

100%

of manufacturing sites with health and safety management systems certified to ISO 45001

Zero

employees or contractor fatalities

<0.1

accident frequency rate

The health and safety of Dowlais employees is our most important immediate consideration. We are committed to protecting our employees from injury and harm, focusing on continuous improvement to provide a safe and healthy workplace for all and maintain an AFR of less than 0.1.

We maintain the highest standards of operational health and safety throughout our operations, and are proud to have maintained an accident frequency rate of below 0.1 and to have had zero fatalities across employees and contractors in the Group in 2023 (2022 and 2021: zero). Our health and safety commitments are captured in our Group Health and Safety Policy, which applies to all employees, visitors and contractors working on our sites or on our behalf.

Our businesses have a strong track record of safety, delivered by the robust health and safety policies, processes, procedures and standards in place across all our operations. At the heart of our proactive approach to safety management is our Health and Safety Policy, which requires that all manufacturing sites be certified to ISO 45001, which ensures that each location is operating a robust safety management system, covering all relevant aspects, including occupational health, exposure to hazardous substances and ergonomics. We have maintained 100% compliance on ISO45001 certifications at our manufacturing sites in 2023, covering all our products and sales. The comprehensive policy also covers our commitment to behaviour-based safety and the importance of raising concerns.

Every quarter, the Board, which has ultimate accountability for health and safety issues, monitors a selection of leading and lagging KPIs, including training rates, near miss reporting rates and accident statistics. This ensures the Board is setting the right “tone from the top” for all our business units.

Behaviour-based initiatives are vitally important to ensuring a robust safety culture operates at all levels of the organisation.

In 2023, GKN Automotive sites received awards from a range of customers and local sites for performance in several sites in India, Thailand, and USA. Overall, the business saw a 40% year-on-year improvement in Lost Time Accidents (LTAs). Importantly, its new plant in Hungary launched with zero safety incidents. In addition to routine training, special Health and Safety Weeks were held in Poland and Spain; Safety Days in Thailand, Brazil and Bruneck; Emergency Teams training in Poland and Brazil; with addition training and awareness sessions in Mexico. In 2024, its focus will remain on supporting the behavioural based safety culture, including the roll out of a Safety Observations on Behaviours programme at all sites, and strengthening the Safety Preventative Cycle training curriculum.

HEALTH, SAFETY AND WELLBEING CONTINUED

GKN Powder Metallurgy has continued its focus on quarterly “Think Safe” training modules, which standardises training on select topics. By focusing on plant management and supervisors it helps drive a culture of ownership of health and safety. The goal is 100% completion. Sites are strongly encouraged to have employee events, adding to the depth of training, developing ownership and correcting existing hazards. The business held two safety awareness weeks, to sustain focus by involving all employees in all shifts. During these weeks, sites conducted “DoMore” risk identification and mitigation activities. In addition to the “Think Safe” training, all existing employees receive annual refresher health and safety training in line with local regulatory requirements.

The business also holds quarterly safety dialogues, to communicate current-state vs target-state progress and to train or refresh understanding throughout the organisation. The sessions help engage all the employees in a culture of safety.

GKN Hydrogen, as a new business, has successfully completed ISO45001 certification.

Wellbeing framework creating a safer workplace

The Group recognises the importance of employees mental and social health as well as physical health, and is committed to reducing stress and promoting wellbeing. Employee wellbeing programmes are implemented at business level to ensure maximum impact and cultural alignment.

In 2023, following feedback from its annual engagement survey, GKN Automotive launched a new wellbeing framework. In recognition of the role that wellbeing can play in creating a safer workplace, the business initially aimed to develop its employees’ awareness through monthly sessions on topics such as nutrition and exercise, financial wellbeing and mental health. The framework will be further embedded in 2024 through upskilling, new tools for monitoring wellbeing and the development of a network of local wellbeing champions.

GKN Powder Metallurgy sites in the USA benefit from an Employee Assistance Program (EAP) and Wellness Program to incentivise employees and drive initiatives such as quarterly wellness challenges.

GKN Powder Metallurgy unites for global safety awareness week

In order to reinforce the importance of safety to its more than 5,000 employees, GKN Powder Metallurgy held its first global safety awareness week in March 2023. Across five days, employees were engaged through workshops, presentations, exhibitions and practical training across a range of topics. Teams were encouraged to share their new knowledge with prizes for the successes of the week.

Health and Safety week at GKN Powder Metallurgy’s Pimpri site in India.



Very high priority

DE&I, talent and fair working practices



5.5 – ensure women's full and effective participation and equal opportunities for leadership at all levels of the business

* 40%

of Board are women, at least one of the senior Board positions is held by a woman, at least one of the Board members is from an ethnic minority background.

74%

of workforce received training in 2023

>£5M

spent on workforce training in 2023

Diversity, equity and inclusion

We recognise the importance of diversity in building a high-calibre workforce and are committed to championing diversity in the broadest sense, be that along geographical, cultural or personal lines, encompassing gender, sex, race, ethnicity, country of origin, nationality, colour, social and cultural background, religion, family responsibilities (including pregnancy), sexual orientation, age and disability. We are committed to non-discrimination and are actively engaged in finding ways to increase diversity across the Group. Gender diversity has long been an issue for the automotive and engineering industries, and we want to play our part in addressing this challenge while ensuring fair access to opportunities and fair treatment for all regardless of individual characteristics, across working conditions and employment decisions.

Our Code highlights the importance of diversity and inclusion and is supported by our Diversity, Equity and Inclusion policy, which applies to all business units and employees. It is reviewed by our Nomination Committee and reported on to the Board, which has ultimate responsibility over DE&I issues. We have also adopted the Board of Directors policy which outlines the Group's recognition of the value of diversity to its long-term success and commitment to ensuring the Board's membership and the pipeline for succession planning is diverse.



Copies of these policies can be found on our website at <https://www.dowlais.com/our-company/policies/>

The Board is committed to promoting diversity at all levels and, to that end, adopts a "tone from the top" approach, ensuring its own makeup meets best practice. As we demerged, 40% of the Board were female, with the post of Senior Independent Director also being held by a woman, meeting the listing rules requirements. We also have one director from an ethnic minority background. A full breakdown of Board and Executive Committee diversity is available in our Annual Report.

GKN Automotive is working towards its commitment to achieve 33% female representation on their Executive Committee by 2030. Underpinning this is a plan, which includes monitoring the percentage of female representation every year at more senior levels and interim milestones to help monitor progress and identify barriers.

DE&I, TALENT AND FAIR WORKING PRACTICES CONTINUED

Attracting the best female talent is vital. In GKN Automotive, to ensure that more women apply for roles, special software has been used to scan job postings for key words. Internal benchmarking has shown that adverts for engineering, information technology and human resources are above average for the sector in terms of attractiveness to female audiences. Retaining that talent is equally important. This year, building on findings from the 2022 engagement survey, the business interviewed 59 high-potential women to understand how to improve retention. They also engaged the senior leadership team, making DE&I a key theme in the annual Senior Leadership Conference. This has resulted in the creation of a road map, which has been shared with the entire organisation.

DE&I training is a specific focus for 2024, with the creation of a cultural awareness programme for the Executive Team and senior leaders, the creation of an e-learning pathway, as well as identifying and up-skilling local Diversity, Equity & Inclusion Champions.

In 2023, GKN Powder Metallurgy launched its first Diversity, Equity, Inclusion & Belonging vision and principles. The roll out of unconscious bias training in the United States, as part of the on-boarding process, has continued, alongside the development of KPI dashboards to monitor progress. The business has also focused on the importance of flexibility and hybrid working arrangements, where practical, and the provision of childcare in certain facilities.

Our Group policy is explicit that disabilities are a key aspect of the Diversity, Equity and Inclusion agenda. This year, the focus has been on coming to local agreements in facilities for reasonable adjustments, so that every person can fulfil their working potential.

In our commitment to fostering a supportive work environment, we strive to accommodate the flexible working needs of our people within the parameters of their roles and intend to continue refining our approach in the future through further policy review.

Improved parental leave policies

GKN Automotive is completing a project to roll out a new global parental leave policy. It has reviewed its current approach to ensure a more competitive employee offering around parental leave across all employee groups, including shift workers, engineers and office-based employees. The new approach will be launched in 2024.

Talent

We employ great people and believe in empowering them to reach their full potential through a commitment to career development and life-long learning. Our commercial success is dependent on anticipating both short and long-term employment needs and skills requirements. We work to develop talent and nurture the next generation of engineers and leaders.

Engagement

Both GKN Automotive and GKN Powder Metallurgy carried out full engagement surveys in 2022. GKN Automotive has concentrated on completing actions in 2023 and will run another engagement survey in 2024.

GKN Powder Metallurgy's 'My Voice' survey was carried out in November 2023, with action plans to be defined for all sites for 2024. Actions completed in 2023 included new all-hand meetings, newsletters from local management teams and additional face-to-face sessions.

In September 2023, GKN Hydrogen commenced a monthly Mood Measurement programme to engage its employees. Participation in its first month was 57%, with 86.9% of employees answering that they enjoy their work and 91.3% believe they can actively contribute to the development of the business.

Training

Across all our businesses, training is fundamental to successful talent development. GKN Automotive offers a wide range of learning opportunities, from e-learning courses accessible to all employees to monthly gatherings with site learning leads. In 2023, it launched a new Learning Academy portal across the business to promote self-learning and provide visibility on all available learning content, covering behavioural, technical and functional topics.

In addition, GKN Automotive has made extensive use of LinkedIn™ Learning, which has been made available to employees. Since it launched, employees have watched over 21,000 videos and completed nearly 10,000 courses.

GKN Powder Metallurgy has a variety of established training platforms and programmes to build its employees' key competencies. In 2023, it introduced a new learning management system across the business.

Following a significant organisational and cultural development process in 2022, GKN Hydrogen has developed a framework of employee development and leadership training resources. These include safety awareness training, team building training and supervisory training for leaders, as well as various site and customer specific programmes.

DE&I, TALENT AND FAIR WORKING PRACTICES CONTINUED

Leadership programmes

GKN Automotive launched its Global Leader Programme in November 2022, focused on tools to accelerate transformation, ways to increase collaboration, and developing communication skills. The programme was completed by 24 people in 2023, with a further 48 people graduating from the programme by the end of Q1 2024. A pilot programme for new senior leaders took place in 2023 with over 40 leaders present.

Feedback will shape a full roll out in 2024. Further local leadership programmes take place in many regions.

Since 2010, GKN Powder Metallurgy has run a Leaders Programme for future leaders. The current cohort started the programme in June 2023. Early careers talent is recruited through apprentice programmes in Germany and the US, and graduate programmes in China and India.

Apprenticeships and graduate training

In 2024, GKN Automotive had 414 apprentices and graduates in local early careers programmes across the business. It also has a UK-based global central functions graduate scheme, which is now in its second year, with seven graduates currently participating. In 2024, it will continue to invest in this scheme.

Apprenticeships within GKN Powder Metallurgy combine learning practical skills with classroom studies and help prepare apprentices for a future career in engineering. The business offers a formal apprenticeship programme in Germany and more localised opportunities in the US. It has a total of 40 apprentices as of 31 December 2023. GKN Powder Metallurgy also runs graduate programmes in China and India, hiring local talent and developing them for the future needs of the business.

GKN Hydrogen actively engages with local universities and schools. In 2023, it had six interns across its locations, and two students working on their theses with its Advanced Engineering Department.

Reward and recognition

Each year the business units conduct annual salary reviews alongside the performance cycle. Eligible employees establish goals at the start of the year which are reviewed throughout and drives our performance related pay structure. As part of its commitment to providing development opportunities, GKN Automotive has set a target for all permanent and eligible employees to have the opportunity for an annual performance conversation by 2024.

It has made good progress against this near-term target, with 98% of eligible employees receiving annual performance reviews in 2023.

All new roles are advertised internally in GKN Automotive which are also spotlighted through a newsletter circulated company wide. In 2023, 354 positions were filled by internal candidates. In GKN Powder Metallurgy, 132 vacancies were filled by internal candidates.

Fair working practices

Our employment practices and culture supports fairness for all employees, ensuring that they feel represented and are able to speak up on any issues they observe.

Our Code lays out our expectations for how all employees can conduct themselves in accordance with our values, and our Whistleblowing Policy encourages a culture of 'Speaking Up' to report concerns.

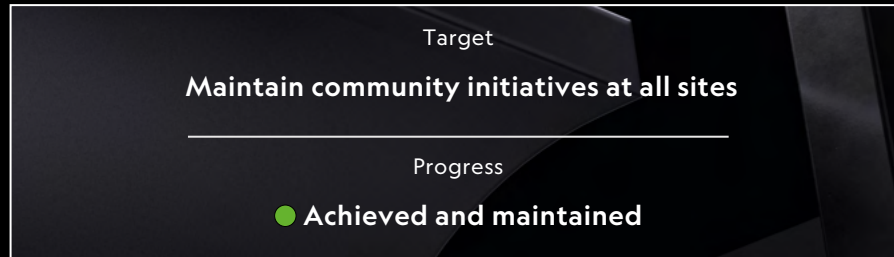
We aim to comply with all legal obligations relating to our workforce, including those relating to pay, working hours and practices, rest breaks, and family leave. Across our businesses, we monitor a range of fair working practice KPIs, including the number of employees covered by collective agreements, the proportion of sites which have human/labour rights assessments and/or audits, and the number and proportion of employees that have non-compensation benefits, including pension and retirement.

The rights of workers to participate in collective bargaining and their freedom of association is respected across all businesses. Workers are entitled to join or form trade unions of their own choosing and to bargain collectively where legally permissible within their jurisdiction. Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace. Trade union membership fluctuates year-on-year depending on the Group composition.

To help ensure fair working practices are maintained, all employees have access to the Group's externally managed Employee Disclosure Hotline, where information can be provided on a confidential and anonymous basis 24/7. Information provided to the hotline is shared with the Group's Legal function. The Group encourages openness and will support employees who raise genuine concerns without fear of retaliation.

Medium priority

Community



Goal 4 – Quality education



Goal 5 – Gender equality



Goal 8 – Decent work and economic growth



Goal 10 – Reduced inequalities

~£710,000

cash donations made to registered not-for-profit charitable organisations in 2023

Beyond the positive impact of our products and operations, we seek to contribute to tackling environmental and societal issues across the communities we work in.

Community investment is inspired at a Group level, but each business decides which specific causes it wishes to support. We are also committed to developing the STEM talent of the next generation as part of our community activity and, over 2024, will develop a framework to support this activity at a Group level.

We aim to support our communities through direct financial and equipment donations, and encouraging volunteering support. Our businesses support many international, national and local charities and community organisations, and many of our sites have longstanding relationships with charitable and community organisations based locally to their operations.

During 2023, charitable cash donations by our businesses totalled more than £710,000. In 2023, all businesses participated in a wide range of community development initiatives, providing significant investment in both volunteering time and material resources.

At the Group level, after the demerger, we decided to support the area where our business was founded and from which we take our name, the community of Dowlais in Wales (see more on page 33.)

Having engaged all its sites to understand current volunteering activity and charitable partnerships, in 2023 GKN Automotive launched a new charitable giving framework and network of local community champions. The framework lays out roles and responsibilities, budgets, processes and the causes GKN Automotive is focused on to enable site autonomy.

GKN Automotive has also set a target for all sites to have at least one charitable partnership that aligns with its strategic purpose by 2025. A key focus of GKN Automotive's community work is to empower, educate and develop pathways to increase the number of girls pursuing STEM subjects and careers. The business has developed a global philanthropic STEM programme to be launched in 2024. Focused on Mexico, Poland and India, the programme aims to support future STEM talent while increasing its community outreach work in these countries.

GKN Powder Metallurgy sites and employees supported a wide range of charitable causes during 2023. Alongside corporate sponsorship of events and organisations local to all sites, employee activities included food bank donations, volunteer support for flood and tornado victims, team litter picks and tree planting

GKN Hydrogen supports a range of local initiatives put forward by its employees. Examples from 2023 include supporting a local Ice Hockey Club and a local music festival.

SUPPORTING OUR COMMUNITIES



Getting back to our roots

Our origins go back to 1759 when an ironworks was established in Dowlais village in South Wales. In recognition of this, and the fact that the Group has adopted the village's name as its own, we have committed to provide funding for the refurbishment of Dowlais Rugby Football Club's changing facilities and club house. This will result in new male and female changing rooms, physiotherapy room and new catering/dining facilities, all of which the local community will be able to use, including the local mountain rescue team.

Snehalaya Rehabilitation Project

GKN Powder Metallurgy's operations India have been supporting the Snehalaya Rehabilitation Project for over a decade. Snehalaya provide services for families affected by poverty, HIV and AIDS, by providing a range of support including food, shelter, education and vocational training. GKN Powder Metallurgy has provided extensive support over many years, including the construction of residential units, dormitories, vocational training halls, and water tanks. The infrastructure provided by GKN Powder Metallurgy over many years has allowed Snehalaya to significantly enhance its capacity to support families in need, helping them to provide a safe and nurturing environment in which they can access these essential services.

Sponsoring female empowerment festival

In 2023, Thrive – an association for sustainable female empowerment and personal growth – held its first festival in South Tyrol, Italy, and GKN Hydrogen was a sponsor. The festival saw over 800 attendees enjoy talks and panels, and engage in workshops and coaching sessions.



The opening of a building constructed by the Snehalaya Rehabilitation Project with the support of GKN Powder Metallurgy in March 2023.

SUPPORTING OUR COMMUNITIES



“Love the earth” - recycling initiative

At GKN Automotive’s Rayong plant in Thailand, employees participate in litter picking throughout the year. They collect plastic bottles from the local area or save consumed ones. After a year, they recycle the accumulated plastic for community projects, often chosen through employee voting.

Since 2020, approximately 20,000 plastic bottles had been collected by employees. A group of employees from the Rayong team delivered 20,000 plastic bottles to the Temple at Wat Jak Daeng, Prapadaend, Samutprakran. At the Temple, the team were shown the process for recycling plastic bottles so that they could be used as fabric. With the amount that had been recycled, it was possible to make 1,500 sets of robes for the monks at the temple.



Together for Turkey

After the earthquake hit Turkey and Syria in February 2023, GKN Automotive collated materials such as food, toiletries, and other necessities directly through a central collection point at our site in Oleśnica, Poland. These goods were transported to the affected areas, using our freight management expertise.

GKN Automotive also donated £125,000 to the Disasters Emergency Committee appeal to help those affected.



“Building” a dream

GKN Powder Metallurgy India supports the Mamata Bal Sadan orphanage, which has built a “Dream Home” for 140 orphaned girls, winning the Greentech CSR Award 2023 for rural development.



Keeping the traditions alive

GKN Automotive Mexico employees volunteer and donate toys, personal hygiene items, clothing, nappies and other items, to keep the ‘Three Kings Day’ tradition alive. They volunteer at children’s homes, and old people’s homes. GKN Automotive employees also bring Christmas presents to old people’s homes in December.

GOVERNANCE

GOVERNANCE CONTINUED

IMPLEMENTING STRONG GOVERNANCE FOUNDATIONS

Dowlais is committed to the highest standards of governance for sustainability. Our approach is driven by robust Group Policies, clear allocation of responsibilities, Board oversight and Executive level coordination. However, we believe the principles of good governance go deeper. We consider how we manage product quality and safety, human rights, responsible sourcing and ensuring we are operating ethically and with integrity to be fundamental to good governance, so cover our response to those issues here.

- See pages 39 to 42 of our Annual Report for our section 172 statement
- See page 8 for our full sustainability governance diagram
- See pages 48 to 50 of our Annual Report for our full TCFD statement

Product safety and quality

The safety of our products is critical to our success. A rigorous focus on product safety and quality is integrated into our culture, and embedded in all aspects of our businesses' design and manufacturing processes through robust policies and procedures. As captured in our Product Safety Policy, we follow relevant industry standards relating to product safety, and it is a core component of our ongoing training programmes.



See pages 37 for more information on Product Safety and Quality.

Responsible sourcing and human rights

Maintaining high sourcing standards is another way we are striving to improve our environmental and social impact. We are assessing and engaging with our suppliers about the sustainability of their operations and their own supply chains. We expect them to follow our own high standards of environmental, social and ethical responsibility, as detailed in our Responsible Sourcing Policy and Conflict Minerals Policy.



See pages for 38 to 39 for more information on Responsible Sourcing and Human rights.

Ethics, Compliance and Integrity

At Dowlais, one of our core values is Accountability. Being accountable means being responsible for our actions, but it also means acting responsibly. Maintaining the highest standards of business ethics, meeting our legal obligations and conducting ourselves with integrity, are all core to what we do at Dowlais. We have a strong track record in this regard, and we intend to maintain it.



See pages 40 to 42 for more information on Ethics, Compliance and Integrity

Very high priority

Product safety and quality

Commitment

We are committed to maintaining the highest standards in product safety and quality to ensure the safety of end users and maintain the trust of our customers.

Progress

● **Achieved and maintained**

We are committed to maintaining 100% ISO9001 or IATF16949+ certification at all manufacturing sites

Progress

● **Achieved and maintained**



9.1 – develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all

Zero

safety-related product recalls in 2023

100%

of manufacturing sites certified to ISO9001 or IATF 16949+

Zero

product recalls for non safety reasons

We are committed to ensuring that our businesses achieve the highest standards of product quality, reliability and safety. Recognising the importance of ensuring safety of the ultimate end users of their products, each business follows strict product design, development, manufacturing and quality assurance procedures to ensure that its products are safe, and operate to the highest standards of quality, durability and performance.

Product safety is a non-negotiable requirement in the Automotive industry. Our customers, and the end users of the vehicles into which our products are incorporated, count on us ensuring that our products are safe. To do this, we incorporate product safety processes into all aspects of our operations. This includes design and development processes, where safety is incorporated into our product from the earliest stages of its development. It includes our sourcing and supplier quality assurance processes, which are designed to make sure our suppliers meet the standards we expect of ourselves. We ensure our manufacturing processes deliver each product right, first time. Finally, it includes our traceability, governance and incident response processes, so that in the event that something does go wrong, we can respond quickly and ensure that incidents are proactively managed, and any risk of harm is eliminated. In 2023, we had no product safety-related recalls in the Group.

In 2023, 100% of the Group’s product portfolio (by revenue) was certified to a recognised international quality management standard of ISO 9001 or IATF 16949.

Since 2021, all sites have been integrated in a corporate audit scheme according to the IATF rules. Surveillance audits of all quality management systems are conducted annually by all businesses to ensure the standards are maintained, and re-certification occurs every three years. GKN Automotive promotes safety and quality through its product safety portal and its product safety dashboard provides updates on performance.

These high standards of product quality are recognised by our customers, with multiple industry awards received for excellence in quality, service and performance.

Very high priority

Responsible sourcing and human rights



5.1 – end all forms of discrimination against all women and girls everywhere



8.8 – protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

Zero

identified incidents of Human Rights violations in 2023

Zero

material environmental fines and penalties

Zero

substances classified as conflict minerals knowingly sourced

Our supply chains reach deep into the world and our materiality assessment clearly called out the importance of sourcing responsibly with due regard to our human rights obligations.

We recognise all human rights set out in the United Nations Universal Declaration of Human Rights, the ten principles of the United Nations Global Compact and the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work. Our commitments are detailed in our Human Rights Policy and our Anti-Slavery & Human Trafficking Policy. We are committed to the highest standards in these areas.

Our Responsible Sourcing policy sets clear expectations on suppliers to ensure they are complying with all local environmental laws and regulations, that they are proactively working to decarbonise their businesses, and are focusing on circular economy principles when designing and supplying products to us. It also makes reference to our Group Water, Biodiversity, Conflict Minerals and Human Rights policies, to ensure all issues are fully integrated.

→ All our policies can be accessed on www.dowlais.com.

We are working with our suppliers to ensure our values are upheld. During 2023, in GKN Automotive, over 90% of senior commercial and procurement teams received training on sustainability and responsible sourcing. The business also strengthened its Supplier Code of Conduct (SCOC) in 2022. This document sets out minimum expectations for suppliers. It informs them of the relevant targets that GKN Automotive is committed to achieving and how suppliers will support us in doing so. All suppliers must comply with the SCOC.

In October 2023 GKN Automotive held its annual Supplier Conference. This virtual event gave suppliers an insight into the sustainability strategy and what it will mean for them. Specifically, it highlighted how suppliers are integral to achieving targets.

The business also introduced a new supplier self-assessment tool this year and invited almost 200 key suppliers to participate. By year end, 39% of its strategic suppliers had shared a sustainability road map and targets. It began working with NQC in 2022, a well-known service provider within the automotive sector. NQC provides a platform to assess suppliers on their ESG performance in several key areas such as business ethics, health and safety, human rights, environment and conflict minerals by asking them to answer the NQC sustainability assessment questionnaire. The questionnaire was rolled out to suppliers during 2023 and the insight gained will be used to further iterate the strategy.

In GKN Powder Metallurgy, purchasing staff are trained on standard process which requires checks on whether critical suppliers comply with ISO 14001 and ISO 45001. In 2024, the business will also begin work with NQC to improve monitoring of suppliers.

RESPONSIBLE SOURCING AND HUMAN RIGHTS CONTINUED

GKN Powder Metallurgy also started a process to develop more granular targets for the ethical sourcing of raw materials. Sourcing sustainable permanent magnets provides very specific challenges which is another area of focus for 2024.

In 2024, we will carry out a Group-wide human rights and supply chain risk assessment which will identify our salient human rights risks, following the UN Guiding Principles on Business and Human Rights, as well as environmental and other sustainability risks.

Conflict Minerals

We have a standalone Conflict Mineral Policy which sets out the requirement for business units to adopt procedures to identify the use of conflict minerals and, if they are found, to stop using them. GKN Automotive regularly conducts Conflict Mineral analysis with relevant suppliers. Suppliers are requested to perform due diligence and analysis and respond using the CFSI (Conflict-Free Sourcing Initiative) reporting template. This data informs supplier follow-up meetings and is used to create an annual report for distribution to customers. A total of 155 suppliers were assessed for conflict minerals risk in 2023 and no substances classified as conflict minerals are knowingly sourced.

GKN Powder Metallurgy's standard procurement framework includes the requirement for suppliers to provide data regarding origins of raw materials, and other specific content from the Conflict Minerals policy. In line with this requirement, GKN Powder Metallurgy's raw material suppliers receive the CFSI conflict minerals reporting template annually, and smelters associated with suppliers are identified accordingly.

To the best of our knowledge and belief, none of our business source raw materials containing tungsten, tantalum, tin, or gold from the Democratic Republic of Congo or an adjoining country.

Modern Slavery

The Group has a zero-tolerance approach to any form of modern slavery, as set out in the Dowlais Anti-Slavery and Human Trafficking policy which is available on our website. In accordance with the Modern Slavery Act 2015, Dowlais publishes its own Modern Slavery Statement, which is approved by the Board annually and the latest statement can be found on our website.

Under the Group structure, each business is responsible, where applicable, for publishing their own Modern Slavery Statement in accordance with the requirements under the Modern Slavery Act 2015, with support provided by Dowlais where needed. This approach ensures that those senior managers closest to the business operations devise appropriate measures to ensure that slavery is not present within their supply chains.

Very high priority

Ethics, compliance & integrity

Target

All employees, suppliers and contractors must comply with our Code of Ethics, conducting business with integrity and in a responsible, ethical and sustainable manner. We have zero-tolerance of any material deviations.

Progress

● Achieved and Maintained



16.3 – promote the rule of law at the national and international levels and ensure equal access to justice for all

16.5 – substantially reduce corruption and bribery in all their forms

16.6 – develop effective, accountable and transparent processes at all levels

100%

Ethics, compliance and integrity framework adopted across the Group

Zero

material compliance or ethics violations

100%

Global Whistleblowing programme with all disclosures investigated

Legal Compliance

As Dowlais' businesses operate globally, we are subject to numerous laws and regulations which apply in the countries in which we are based or operate. It is Dowlais policy to always comply with the laws and regulations to which we are subject. Some of the key legal areas that apply to us as a global business and how we ensure compliance in these areas, are set out below.

Anti-bribery and corruption. We have a zero-tolerance approach to bribery and corruption. It is our policy to comply with all anti-bribery & corruption laws in the countries in which we operate and to adopt procedures which robustly and visibly ensure compliance. Key controls include our Anti-Bribery and Corruption Policy, our due diligence procedures, our rigorous and regular training of our people on bribery risks and annual bribery and corruption risk assessments by each business unit.

Competing Fairly. We recognise we must compete hard, but fairly and within the restrictions of the law. Illegal anti-competitive behaviour has been a major problem in the automotive and other industries in the past, and many other companies have been prosecuted for breaching the rules. We know we must never become one of them. Key controls include our Competition & Antitrust Policy and regular training of relevant employees, with a focus on how to avoid inadvertently breaching competition laws.

Personal Data and Privacy. We collect, store and use personal data relating to thousands of people, including our employees, customers, and suppliers. Holding and processing that personal data comes with increasingly strict legal responsibilities. We recognise that we must use, store and dispose of that data carefully, in a way that respects individual privacy, and is compliant with relevant laws in all the countries in which we operate. We therefore operate within a rigorous data protection framework, with policies and procedures tailored to the specific legal requirements of the countries in which we operate, and frequent training for employees who are required to handle personal data.

At Dowlais, one of our core values is Accountability. Being accountable, means being responsible for our actions, but it also means acting with integrity.

Maintaining the highest standards of business ethics, meeting our legal obligations and conducting ourselves with integrity, are all core to what we do at Dowlais. We have a strong track record in this regard, and we intend to maintain it. We expect our people to do the right thing at all times, whether that is in how they perform their role, how they interact with each other in the workplace, and how they represent Dowlais as a Group.

Our ethics, compliance and integrity framework

Culture	Creating a culture of doing the right thing, in which our leaders set the right example through clear and consistent communication.
Policy	Comprehensive, clear and well-communicated policies, targeted at the compliance and ethical risks we face.
Training	Frequent, targeted training on key compliance and ethics related risk areas.
Transparency	A visible whistleblowing programme, with a culture of supporting those who raise concerns.
Assurance	Leadership assurance on an annual basis and regular audits of compliance risk areas.

Our Code

To ensure that everyone who works for Dowlais understands what is expected of them, we have adopted Our Code. This explains how our people do the right thing. It sets out the standards and behaviours we expect of all our employees and workers, wherever their job and wherever they are located, without exception. It's there to guide how our people behave, how they do their jobs and how they interact with other employees and stakeholders.

→ A copy of Our Code is available at dowlais.com

Speaking Up

We recognise that however hard we try to do the right thing, sometimes things do go wrong. When they do, it is important that we quickly identify this so that we can deal with it and prevent it from happening again. We therefore encourage a culture of Speaking Up in which we ask our people to bring issues of concern to our attention, and are clear that these concerns will be listened to, investigated and dealt with properly and sensitively.

Our Whistleblowing Policy, which is available at dowlais.com, sets out our policy in this area. We will always support those who raise genuine concerns, even if they turn out to be mistaken. In order to encourage our people to Speak Up, we maintain a confidential and anonymous Employee Disclosure Hotline and Portal which can be used to report issues of concern. This is open 24 hours a day, seven days a week, and is hosted by an external, independent company. This service is promoted at all sites, and calls are monitored by our Legal and HR functions and regularly by our Executive Committee.

Our Code explains how we:

- respect and protect each other and our business
- behave ethically and lawfully
- care for our communities and our world

Ethical Conduct

Laws and regulations set out the minimum standards which we must meet, but complying with the law is not enough. We expect our people to go further, always behave with the highest ethical standards and conduct themselves in a way which reflects Dowlais' values. This means being honest and transparent, conducting ourselves professionally, acting with integrity, being trustworthy and keeping our promises, and when we make mistakes, being open and not covering them up.

We provide our employee with dedicated ethical conduct training, which covers a wide range of topics, including explaining the principles of Our Code, legal compliance, honesty, transparency and integrity, respecting each other, conflicts of interest, human rights, use of business resources, accounts and records, communication, misuse of Information and whistleblowing.

Incidents and Activities in 2023

As part of the demerger and establishment of Dowlais in 2023, the Group took a number of actions relating to ethics, compliance and integrity:

- Adopted Our Code, which was approved by the Board
- Adopted our Group-wide compliance and ethics policies
- Updated our global training programmes to reflect our new Group structure, and introduced improved training in GKN Powder Metallurgy
- Implemented new compliance assurance processes across the Group
- Updated our whistleblowing procedures and communicated new disclosure mechanisms across all our sites

There were no identified material compliance or ethics incidents or violations within the Group in 2023.

Board Oversight of Ethics and Compliance

The Dowlais Board has ultimate responsibility for the Group's management of ethics, compliance and integrity. The Board has delegated authority to the Audit Committee to review and monitor the adequacy of the Group's whistleblowing procedures, and its systems and controls for the prevention of bribery. The Audit Committee receives detailed reports on these areas at each meeting.

Tax transparency

Dowlais is committed to paying taxes that are due, complying with all applicable laws, and engaging with all applicable tax authorities in an open and cooperative manner. The Group does not engage in aggressive tax planning. The Group's Tax Strategy is reviewed, discussed and approved by the Board annually. The Audit Committee periodically reviews the Group's tax affairs and risks. The Group has adopted a policy in respect of the prevention of the facilitation of tax evasion which has been implemented by the businesses, with guidance on undertaking risk assessments and training to employees in relevant roles. The Group does not operate in countries considered as partially compliant or non-compliant according to the OECD tax transparency report, or in any countries blacklisted by the EU, for the purposes of tax avoidance and/or harmful tax practices, per the lists released as at 17 October 2023.

ESG DISCLOSURES

OUR MATERIALITY ASSESSMENT METHODOLOGY

Our materiality assessment methodology

With the help of an external consultancy, we undertook a three-phase assessment.

1 Research

A long list of sustainability issues was created based on the recommendations of sustainability reporting frameworks, analysis of our peers, and the criteria of third-party rating agencies. The long list was subsequently narrowed down to a list of focused material topics for Dowlais through internal workshops.

2 Stakeholder engagement

Internal and external stakeholders were engaged to determine our highest priority topics. This was facilitated through a mix of quantitative scoring and qualitative interviews. Key stakeholders included individual GKN business CEOs, suppliers, customers, shareholders, industry think tanks and Dowlais Group Non-Executive Directors.

You can read more about stakeholder engagement in our Section 172 Statement in our 2023 Annual Report.

3 Evaluation

The results of the engagement exercise were evaluated to determine the relative importance of each ESG topic. This ranking was approved by the Group Board.

4 Building on our findings

Our first Group materiality assessment was a significant step in developing our Group-level approach to sustainability. It has enabled us to create a list of priority issues that span the different operating profiles of the business units.

The outcome of the materiality assessment has informed our initial sustainability reporting, risk management, stakeholder engagement, and the development of our sustainability framework and future strategy.

5 Next steps

In 2024, we will begin working towards our first double materiality assessment to fulfil the requirements of the CSRD. This new assessment will form the basis of our reporting for 2024 and beyond.

Going forward, we aim to conduct a full materiality assessment every three years. This will be supplemented with annual high-level assessments if there are significant changes to the business model or the external landscape.

Material topics	Material topic descriptions
Very high priority	
Health, safety & wellbeing	The businesses work hard to create and maintain a safe and healthy workplace that is free from injuries, fatalities, and illness (both chronic and acute), accomplished through implementing safety management plans, developing training requirements for employees and contractors, and conducting regular audits of their own practices, as well as those of their subcontractors. The topic further captures how the businesses ensure physical and mental health of workforce through technology, training, corporate culture, regulatory compliance, monitoring and testing and personal protective equipment.
Product safety and quality	Issues involving unintended characteristics of products sold or services provided that may create health or safety risks to end-users. It addresses a company's ability to offer manufactured products that meet customer expectations with respect to their health and safety characteristics. It includes but is not limited to, issues involving liability, management of recalls and market withdrawals, product testing and chemical/content management in products.
Ethics & integrity	Ensuring that the company is disclosing all relevant information in line with regulations and stakeholder expectations. This should include the implementation and disclosure of policies and practices designed to reduce the incidence or likelihood of incidents of bribery/corruption.
DE&I	The company's ability to ensure that its culture and hiring and promotion practices embrace the building of a diverse and inclusive workforce that reflects the makeup of local talent pools and its customer base. It addresses the issues of discriminatory practices on the bases such as but not limited to race, gender, ethnicity, religion, age, sexual orientation. Although the automotive sector typically lacks diversity, there is an increasing focus on diversity from Board level downwards by external stakeholders.
Responsible sourcing	Supply chain management and responsible sourcing are critical for the businesses. Increasing focus is being placed on sustainable procurement of materials from both an environmental (e.g. emissions, water and waste management) and social (e.g. human rights in tier one suppliers and conflict minerals policy) perspective. Oversight and reporting on supplier codes of conduct and the impacts of sourcing practices from across the full value chain is expected.
Climate change	Greenhouse gases are significant contributor to climate change, which can have a major impact on business model resilience. As an automotive OEM, there are multiple business risks associated with climate change, including transitional risks such as changing customer behaviour, carbon pricing and regulation, new technologies, as well as physical risks which could impact facilities and supply chain such as flooding and severe weather events. This topic addresses the Company's management of energy and GHG emissions in manufacturing and/or for provision of products and services derived from utility providers (grid electricity) not owned or controlled by the Company. It includes the management of energy efficiency and intensity, energy mix, as well as grid reliance.

MATERIALITY ASSESSMENT CONTINUED

Material topics	Material topic descriptions
High priority	
Product sustainability	Innovation and research & development of new products and services, in order to reduce the environmental impact across the life cycle of the product from manufacture through the use phase. This topic also considers the company's ability to address customer and societal demand for more sustainable products and services as well as to meet evolving environmental and social regulation.
Human rights	The Company's oversight, management and reporting on human rights in its own operations and its supply chain, including consideration of modern slavery risk, child labour and more broadly working conditions, hours and wages.
Talent	The Company's ability to retain, attract and develop a highly skilled workforce. It includes but is not limited to employee training, employee performance reviews, anticipating short and long-term employment needs and skill requirements, employee turnover.
Fair working practices	The Company's employment practices and employee culture across the organisation. Supporting a culture of fairness for all employees while ensuring that colleagues feel represented and able to speak up on issues they observe.
Medium priority	
Community	Supporting the local community by providing well paid and secure employment opportunities. Education and skills development within the communities, such as provision of apprenticeships; supporting specific tracks of education, providing scholarships or supporting wider community education programmes.
Waste management	Environmental issues associated with non-hazardous waste and materials generated by the Company. It addresses management of solid non-hazardous waste in manufacturing and other industrial processes. It covers treatment, handling, storage, disposal and regulatory compliance, as well as increased reuse/recycling of materials and efficient raw materials utilisation to reduce operational waste.
Water management	The Company's water use, water consumption and other impacts of operations on water resources, which may be influenced by regional differences in the availability and quality of the competition for water resources. It addresses management strategies including but not limited to, water efficiency, intensity and water recycling.
Biodiversity	Biodiversity addresses environmental issues arising from a company's operational impact. All potential impacts on land cover should be assessed and managed (i.e. the different ecosystems, habitats or vegetation types impacted). Failure to be a responsible caretaker around the locations the Company operates could result in reputational damage and liabilities.

ESG DISCLOSURES CONTINUED

Dowlais ESG performance

Data in the following tables covers 100% of sites under operational control of Dowlais and its businesses unless otherwise stated. Covering the period 1 January to 31 December for each year disclosed. For our key Climate Change, Emissions and Energy metrics see our SECR disclosures on page 50.

Metric Name	Metric type	SASB topic & code*	2023 performance	2022 performance	2021 performance
Planet and Climate					
Product Sustainability					
Number of parts produced	number	SASB activity metric, TR-AP-000.A	2,201,527,679	2,354,278,865	2,856,262,843
Weight of parts produced (kg)	kg	SASB activity metric, TR-AP-000.B	704,269,996	725,457,359	766,814,882
Area of manufacturing plants (m ²)	m ²	SASB activity metric, TR-AP-000.C	1,463,919	1,490,400	1,457,291
Revenue from products designed to increase fuel efficiency and/or reduce emissions	£	Design for Fuel Efficiency TR-AP-410a.1	18,282,017,495	12,48,448,767	1,031,758,486
% of products sold that are recyclable	%	Materials Efficiency TR-AP-440b.1	93%	90%	90%
% of input materials from recycled or re-manufactured content	%	Materials Efficiency TR-AP-440b.2	48%	55%	60%
Cost of environmental fines and penalties	£		0	0	0
% of new products which contribute to the decarbonisation of their sectors	%		38%	44%	26%
% Total R&D that is climate related	%		70%	65%	58%
Number of manufacturing sites certified to ISO 14001	number		77	78	81
% of manufacturing sites certified to ISO 14001	%		100%	100%	100%
Waste					
Non hazardous solid waste total	tonnes		215,606	-	-
Hazardous solid waste total	tonnes		9,242	-	-
Total waste (Sum of hazardous and non-hazardous waste)	tonnes	Waste Management TR-AP-150a.1	224,848	-	-
Total Recycled	tonnes		199,588	-	-
Total Incinerated Waste	tonnes		3,555	-	-
Total Waste to Landfill (Solid, Non-hazardous)	tonnes		4,353	-	-
% recycled waste	%	Waste Management TR-AP-150a.1	89%	-	-
% of hazardous waste	%	Waste Management TR-AP-150a.1	4%	-	-

* Per the SASB Auto parts Standards, for the metrics related to Energy Management, TR-AP-130a.1, see our SECR disclosures on page 50.

ESG DISCLOSURES CONTINUED

Metric Name	Metric type	SASB topic & code*	2023 performance	2022 performance	2021 performance
Water					
Water withdrawal in operations	m ³		2,898,716	2,204,901	2,320,568
Water withdrawal per £1,000 turnover	m ³ /£1,000 turnover		608	490	557
Total consumption	m ³		2,898,716	2,204,901	2,320,568
Biodiversity					
Number of sites in designated biodiversity protection areas	number		0	0	0
People and Society					
Health, Safety & Wellbeing					
Major Accident Frequency Rate*	the average number of LTAs that have resulted in more than three days off work (defined as 'major' accidents), per 200,000 hours worked		0.05	0.07	0.03
Accident Frequency Rate*	the average number of LTAs, both major and minor, per 200,000 hours worked		0.08	0.1	0.04
Accident Severity Rate	the average number of days an employee takes off work following an accident at work		18	20	37
% of manufacturing sites with health and safety management systems certified to ISO 45001 (or OHSAS 18001 prior to 2021)	%		100%	100%	100%
Number of employees who received health and safety training	number		15,722	16,114	21,644
% of employees who received health and safety training in the year	%		57%	60%	81%
Number of employee fatalities	number		0	0	0
Number of contractor fatalities	number		0	0	0
Number of fatalities of employees and contractors	number		0	0	0

* includes Lost Time Accidents (LTAs) of employees at all sites including non-operational locations.

ESG DISCLOSURES CONTINUED

Metric Name	Metric type	SASB topic & code*	2023 performance	2022 performance	2021 performance
Talent					
Total annual spend on workforce training	£		5,130,228	3,243,422	4,705,321
Total annual training hours	number		236,110	245,200	295,156
Number of current employees in the reporting period who received training	number		20,321	19,388	22,253
Number of current employees in the reporting period that received annual performance evaluations	number		8,016	9,019	10,692
Annual spend on workforce training per employee	£		186.73	121.44	176.00
Training hours per employee	number		8.59	9.18	11.04
Number of open positions filled by internal candidates	number		486	441	885
Total number of open positions	number		5,204	4,791	4,447
% of employees who received training	%		74%	73%	83%
% of employees that receive annual performance evaluations	%		98%	92%	-
Fair working practices					
Involuntary turnover	number		1,461	1,568	1,661
Voluntary turnover	number		2,961	3,050	2,866
Total turnover	number		4,422	4,618	4,527
Number of employees which have non-compensation benefits including pension and retirement	number		12,784	13,590	18,413
% of eligible employees which have non-compensation benefits including pension and retirement	%		47%	51%	69%
Community					
Cash donations made to registered not-for-profit charitable organisations	£		709,707	798,324	442,236
Political donations	£		0	0	0
Governance					
Product safety & Quality					
Number of product safety-related recalls issued	number	Product Safety TR-AP-250a.1	0	1	0
Total units recalls issued	number	Product Safety TR-AP-250a.1	0	25	14,275
% of product portfolio (by revenue) with a quality management system certified to ISO 9001, ISO/IATF 16949 or EN/AS9100	%		100%	100%	100%
Ethics & Integrity					
Number of staff disciplined or dismissed due to non-compliance with Anti-Bribery and Corruption policy	number		2	2	0
Monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	£	Competitive Behaviour TR-AP-520a.1	0	0	0

ESG DISCLOSURES CONTINUED

Metric Name	Metric type	SASB topic & code*	2023 performance	2022 performance	2021 performance
Diversity, Equity & Inclusion*					
Females at Board level	%		40%	-	-
Board ethnic diversity	% BAME		10%	-	-
Percentage of females under Total Group employees	%		16.4%	-	-
Number of temporary employees	number		941	-	-
Number of female employees	number		4,052	-	-
Number of part-time employees	number		274	-	-
Number of employees with disabilities	number		453	-	-
Total Group Employees	number		24,635	-	-

Metric Name	Metric type	SASB topic & code	Dowlais 2023 response
SASB Additional Disclosures			
Description of the management of risks associated with the use of critical materials	Discussion	Materials Sourcing TR-AP-440a.1	The management of risks associated with the use of critical materials is an essential element of responsible sourcing for the Group. A critical material is defined as a material that is essential in use for the manufacture of our products but also subject to the risk of supply restriction. Critical materials, such as cobalt and lithium, are typically used in metal alloy products associated with clean energy technologies, such as batteries, fuel cells and wiring. It is acknowledged that deeper focus is required to ensure the robustness of business supply chains in relation to these materials, and appropriate mitigation procedures are in place to combat any price increases. Strategic measures put in place to mitigate physical and economic risks across Group's businesses, the strategic approach taken by GKN Automotive to manage risks associated with the use of critical materials includes working closely with suppliers to understand potential risks to supply in advance and having multi-year agreements with suppliers inclusive of capacity allocations. For more information, please see our Conflict Minerals Policy.

* Only 2023 DE&I numbers are shown, as Dowlais as a Group didn't exist before 2023.

STREAMLINED ENERGY AND CARBON REPORTING

Streamlined energy and carbon reporting

Total energy consumption and GHG emissions for the period 1 January 2023 to 31 December 2023

Energy consumption (MWh)	UK 2023	Global (excl. UK) 2023	Total 2023	UK 2022	Global (excl. UK) 2022	Total 2022	Change (2023/22)
Total operational energy consumption	647	2,066,179	2,066,826	10,155	2,131,457	2,141,612	-3.5%
Total renewable energy consumption	-	144,697	144,697	-	119,875	119,875	20.7%
Share of renewable electricity in total electricity mix	0%	10%	10%	0%	8%	8%	22.0%
Energy consumption intensity			425			466	-8.8%
Fuels							
Total fuels consumption	219	656,313	656,532	4,322	712,007	716,329	-8.3%
Non-renewable fuels consumption	219	656,313	656,532	4,322	712,007	716,329	-8.3%
Renewable fuels consumption	-	-	-	-	-	-	0.0%
Electricity							
Total electricity consumption	428	1,408,344	1,408,772	5,833	1,418,283	1,424,116	-1.1%
Renewable electricity consumption (self-generated, purchased or acquired)	-	144,697	144,697	-	119,875	119,875	20.7%
Non-renewable electricity consumption (purchased or acquired)	428	1,263,647	1,264,075	5,833	1,298,409	1,304,242	-3.1%
Steam							
Steam consumption (purchased or acquired)	-	1,522	1,522	-	1,168	1,168	30.4%
Operational emissions (tCO₂e)¹							
Scope 1: Direct GHG emissions ²	41	123,060	123,101	791	138,207	138,998	-11.4%
Scope 2: Indirect GHG emissions (Location-based) ³	89	531,769	531,858	1,208	530,775	531,983	0.0%
• Total purchased electricity	89	531,496	531,585	1,208	530,575	531,783	0.0%
• Steam (purchased or acquired)	-	273	273	-	199	199	37.2%
Scope 2: Indirect GHG emissions (Market-based)	88	559,572	559,660	1,208	589,429	590,637	-5.2%
• Total purchased electricity	88	559,299	559,387	1,208	589,230	590,438	-5.3%
• Steam (purchased or acquired)	-	273	273	-	199	199	37.2%
Total Scope 1 and Scope 2 emissions (Location-based)	130	654,829	654,959	1,999	668,982	670,981	-2.4%
Total Scope 1 and Scope 2 emissions (Market-based)	129	682,632	682,761	1,999	727,636	729,635	-6.4%
Emissions intensity⁴ (Market-based)			140			159	-11.6%
Total Scope 3 emissions⁵			14,230,329			23,055,646	-38.3%
Total emissions							
Total Scope 1, Scope 2 (Location-based) and Scope 3 emission			14,885,288			23,726,627	-37.3%
Total Scope 1, Scope 2 (Market-based) and Scope 3 emissions			14,913,090			23,785,281	-37.3%

1. CO₂e - carbon dioxide equivalent, this figure includes GHGs in addition to carbon dioxide.

2. Scope 1 figures include emissions from fuel used on premises, transport emissions from owned or controlled vehicles, losses of refrigerant, and process and fugitive emission.

3. Scope 2 figures include emissions from electricity and heat purchased.

4. Company's chosen intensity measurement: emissions reported above normalised tonnes CO₂e per £m revenue. The data has been standardised from the source units in which it was initially collected. The revenue figures used to calculate the intensity ratio include continuing operations under operational control only.

5. Please see data annex for the full breakdown of Scope 3 upstream emissions.

STREAMLINED ENERGY AND CARBON REPORTING CONTINUED

Methodology

This section has been prepared for the reporting period of 1 January 2023 to 31 December 2023. We report on all of the material emission sources in line with an operational control approach method, as required in Part 7 under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and under the UK's Streamlined Energy and Carbon Reporting ("SECR") requirements. These emission sources fall within our Consolidated Financial Statements. We do not have responsibility for any emission sources that are not included in our Consolidated Financial Statements.

Our energy consumption and emissions data is reported in accordance with the reporting requirements of the Greenhouse Gas Protocol (GHG Protocol), Revised Edition and the Environmental Reporting Guidelines, including the SECR guidance dated March 2019. The GHG Protocol standard covers the accounting and reporting of seven Greenhouse gases covered by the Kyoto Protocol. The statement of alignment with the GHG Protocol and statement on SECR disclosures can be found in our Annual and Sustainability Reports. We currently disclose Scopes 1 and 2 and select Scope 3 GHG emissions, representing a breakdown of the Group's emissions by type and intensity measurement.

Emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023 (the Department for Environment, Food and Rural Affairs ("DEFRA") factors) have been used to calculate Scope 1 emissions. Scope 2 emissions associated with the GHG Protocol "Location-Based" method have been calculated using International Energy Agency ("IEA") country-specific emission factors. Scope 2 emissions associated with the GHG Protocol "Market-Based" method have been calculated using residual mix emission factors from Association of Issuing Bodies 2022 (AIB) where applicable. In the absence of residual mix emission factor availability, International Energy Agency ("IEA") country specific emissions factors have been used in line with the GHG Protocol guidance. If sites generate their own renewable electricity or purchase electricity backed by contractual instruments (such as Renewable Energy Guarantee Origin), this has been taken into consideration within the calculations.

For comparability of environmental performance, we have disclosed emissions and energy data for GKN Automotive and GKN Powder Metallurgy business units for FY2022.

Energy efficiency action

A number of approaches were in place during the year to lower our energy consumption, including:

- Multi stacking to achieve maximum load capacity in our furnaces.
- Shift pattern adjustment to fully utilise equipment and shutdown underutilised equipment.
- Extensive awareness training on energy management.
- Peak load management.
- Installation of renewable energy sources on site.

- Slag door improvements for energy reduction.
- LED lighting installation.
- Recycling of heat waste wherever possible.
- Efficient belt loading of products.
- Double layer sintering wherever possible.
- Shut off furnaces and implementation of weekend energy saving mode.
- Use of automation loading units for direct loading.

Annex

Scope 1 & 2 emissions

Renewable electricity consumption increased in 2023 due to the procurement of renewable energy certificates to cover 100% of electricity consumption at our Oleśnica, Poland, site. Meanwhile, total electricity and fuel consumption decreased, in part due to energy efficiency actions taken as detailed above, leading to an overall decrease in non-renewable energy consumption of 3.8% and a fall in our scope 1 and scope 2 market-based emissions.

Scope 3 emissions

During 2023, we carried out a full assessment of our value chain emissions. Our evaluation confirmed that our value chain emissions are significantly greater than our operational carbon footprint, with our Scope 3 emissions accounting for 95% of our 2023 total emissions (2022: 97%). All applicable Scope 3 categories were calculated for inclusion in our carbon footprint. Category 11 (Use of Sold Products) is the largest category of Scope 3 emissions. However, some of these emissions – namely those associated with GKN Powder Metallurgy – are indirect and are outside of the "minimum boundary", and as such have been excluded from our Scope 3 footprint.

Three categories contributed a combined 96% of Scope 3 emissions in 2023 (2022: 94%). Identifying our carbon hotspots has enabled us to develop a decarbonisation roadmap and for our subsidiaries GKN Automotive and GKN Powder Metallurgy to submit Scope 3 targets aligned to the SBTi criteria for validation. The three categories are: for our businesses GKN Automotive and GKN Powder Metallurgy to submit Scope 3 targets aligned to the SBTi criteria for validation. The Three categories are:

- Use of sold products (85% of scope 3) – only relevant to GKN Automotive and calculated using sales records with volume of product sold, type of vehicle and lifetime mileage data. Emissions were approximated using the proportionate weight of the product by weight of vehicle. At present, calculation of use of sold products is estimated based on several assumptions, however, Dowlais will strive to improve the accuracy of its emissions data over time and subject to data availability. Emissions associated with Use of sold products decreased considerably year-on-year, principally due to greater granularity of data and improvements in methodology.

STREAMLINED ENERGY AND CARBON REPORTING CONTINUED

- Purchased goods and services (7% of scope 3) – similarly to use of sold products, purchased goods and services emissions decreased substantially year-on-year for GKN Automotive for which a spend-based methodology was used. The change in emissions was due to a change in methodology and emissions factors. GKN Powder Metallurgy's emissions were calculated using a mix of average data and purchase data by spend of raw materials, components and services. GKN Powder Metallurgy's emissions associated with purchased powdered metal were approximated using emissions figures associated with its own powdered metal production which applies meaningfully similar processes to those of its competitors. The remaining purchased goods and services emissions were estimated using EEIO models; as more granular data becomes available we will refine this methodology and look to move towards a greater coverage using an "average data based" approach.
- Processing of sold products (3% of scope 3) – calculated using an average data approach. Processing of sold products is GKN Powder Metallurgy's most material category, due to the processing of its sold powdered metal. Emissions were approximated using emissions associated with its own sintering and processing of powdered metals operations which are meaningfully similar to those of its competitors. GKN Automotive used peer reviewed scientific literature to estimate an emissions intensity metric which was applied to weight of sold products. This category also decreased year-on-year due to efficiencies in production processes and better granularity of data.

Scope 3 categories

tCO ₂ e	Group		Dowlais HQ		GKN Auto		GKN PM	
	2023	2022	2023	2022	2023	2022	2023	2022
Category 1: Purchased goods and services	1,025,380	2,040,189	803	-	885,623	1,901,991	138,954	138,198
Category 2: Capital goods	12,171	14,680	110	-	-	n/a	12,061	14,680
Category 3: Fuel-and-energy-related activity	125,554	127,564	-	-	66,705	68,048	58,849	59,516
Category 4: Upstream logistics	129,970	128,902	-	-	112,703	104,031	17,267	24,871
Category 5: Waste generated in operations	7,162	11,714	-	-	4,262	8,691	2,900	3,023
Category 6: Business travel	10,812	5,794	128	-	8,178	3,818	2,506	1,976
Category 7: Employee commuting	29,302	27,996	15	-	22,415	21,056	6,872	6,940
Category 8: Upstream leased assets	26,973	27,657	-	-	26,973	27,657	-	-
Category 9: Downstream logistics	243,719	219,897	-	-	232,366	206,342	11,353	13,555
Category 10: Processing of sold products	428,473	502,442	-	-	154,183	206,442	274,290	296,000
Category 11: Use of sold products	12,164,245	19,050,270	-	-	12,164,245	19,050,270	-	-
Category 12: End of life treatment of sold products	9,472	15,050	-	-	9,472	15,050	-	-
Category 13: Downstream leased assets	-	-	-	-	-	-	-	-
Category 14: Franchises	-	-	-	-	-	-	-	-
Category 15: Investments	17,095	883,492	-	-	16,900	883,117	195	375
Scope 3 total	14,230,328	23,055,647	1,056	-	13,704,025	22,496,513	525,247	559,134

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