CASTINGS P.L.C.

Engineering a sustainable future 2024

About Us

From a traditional past…

With a rich history beginning during the industrial revolution of the 1800s, we are today a market leading iron casting and machining group.

The group now consists of three iron foundries, following the acquisition of Castings Ductile in June 2024. These are:

Castings PLC – Brownhills, West Midlands

William Lee Ltd – Dronfield, Derbyshire

Castings Ductile – Scunthorpe, Lincolnshire

CNC Speedwell Ltd is the group's heavily invested CNC machining business and is also based in Brownhills.

Results relating to Castings Ductile are not included within this report as it was not a part of the group during the year to 31 March 2024.

…To a sustainable future

Castings Group is a well established and highly invested supplier to the leading OEMs in the commercial vehicle sector. The group also has an important and diverse customer base in the power generation, agricultural and capital goods sectors.

Our continued strength is largely as a result of our investment in the latest technologies and manufacturing processes and this approach has continued to be applied in our sustainability efforts.

The group has always invested in energy efficient plant and equipment, but over the past years has doubled down on this culture to create a sustainability strategy with the following key pillars:

- Operate all our facilities using 100% certified renewable electricity
- Operate all our facilities using 100% carbon offset gas contracts
- Operate using 100% recycled scrap steel
- Operate using electric induction furnaces
- Reduce consumption through energy efficient investments and working practices
- Invest in on site renewables to maximise environmental and commercial benefits

Revenue
£224.4m

Profit before tax
£21.3m

% electricity supported by renewable contracts
100%

Commercial vehicle
80%
of revenue

Contents

CEO Introduction

De-carbonisation is central to the future of the heavy goods industry and our customers represent a significant proportion of the market. We look to be a supportive supplier to their net zero goals and are proud of the significant steps we have taken towards doing so.

Adam Vicary
CEO

As CEO of Castings PLC, I'm proud to share the progress we've made this year, particularly in advancing our commitment to sustainability.

As a high energy user, we recognise the importance of moving forwards and developing our business to provide products that are very important to the transport industry we all rely upon, but in a manner which meets the net zero challenge and our stakeholders' expectations.

Our electricity contracts became 100% certified renewable from October 2022 and in October 2023 we transitioned to a carbon offset gas contract.

In combination with the use of electric induction furnaces and 100% recycled steel across our foundry operations this provides an excellent platform to supply our customers with a green iron product.

Our investments in green technologies have been transformative and with a number of exciting projects entering the production phase toward the end of the financial year we look forwards to continuing with the positive momentum generated.

It has been pleasing to see the installation of a centralised cooling plant complete at CNC Speedwell recently, a project part funded by the DESNZ Industrial Energy Transformation Fund.

In Spring 2024 we installed over 2,250 solar panels at CNC Speedwell, the group's first on site renewables installation. Whilst challenges remain with regard to planning and grid connections constraints, we are actively assessing a number of further projects across all three of the group's sites to increase on-site generation further.

Work is also beginning on a significant new foundry line at the William Lee site, with an acute focus on building a foundry for the future, using the most energy efficient plant and production techniques available.

I am confident that with our talented team and the support of our stakeholders, Castings PLC will continue to forge a path towards a more sustainable and prosperous future. Thank you to everyone who has been part of this journey and I look forwards to seeing our continued commitment to excellence and sustainability over the coming years.

Adam Vicary
CEO

Sustainability Strategic Pillars

Why is sustainability important to us?

Sustainability has always been at the heart of what we do. We have been investing in green technology for many years to ensure we remain competitive and electric induction furnaces, which enable the group to operate using green electricity and scrap steel, are fundamental to supporting our ambitions moving forwards.

Castings is a business that invests for the long term and it is important to us to be doing the right thing by our customers and employees, so naturally we felt that embracing the net zero transition and working hard to develop the business's sustainability proposition was a logical step for us to take.

Why it matters to our customers?

Our customers, which include the major OEMs in the heavy truck sector, are central to global technological development to facilitate the net zero transition. As they work to develop and produce more energy efficient products using low carbon supply chains it is important that we keep pace and are able to meet the challenge, continuing to develop the longstanding relationships we hold in order to manage the change in the industry and wider societal expectations.

Environment

Invest in green technology to minimise the group's emissions.

People

Ensure we operate an equal opportunities workplace, whilst ensuring we work to best in class working conditions and industry safety benchmarks.

Business

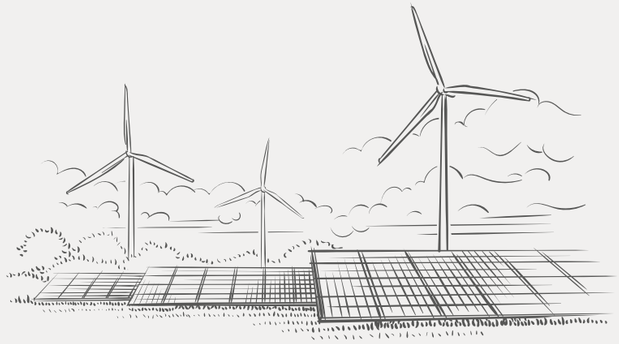
The group is committed to the green iron pillars of renewable energy, electric furnaces and scrap steel based production.

Product Journey

Scope 1 & 2 emissions

01 Input to foundry

Our electric furnaces melt recycled materials and are powered by renewable energy.



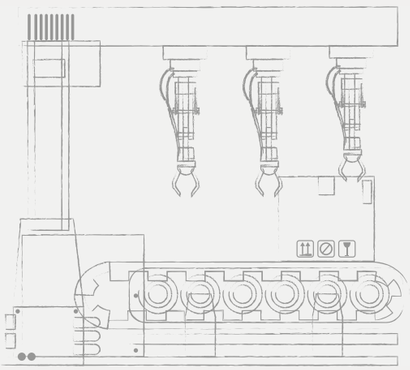
02 Heat treatment

On site heat treatment plant powered by a carbon offset gas contract.

03 CNC machining

CNC machining powered by renewable energy, including 1MW of on-site solar capacity.

Swarf produced is briquetted and returned to the foundries for re-melting.



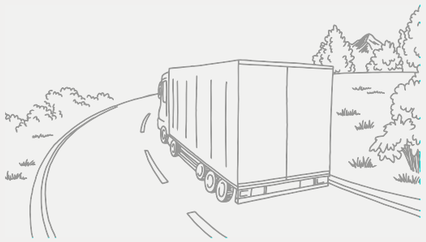
Scope 3 emissions

04 Subcontracting

Sub contract machining, painting, nitro-carburising, annealing, insulation, welding.

05 Transportation / Waste disposal

Global third party transport network



Our Business

Our Performance

The group has had a very active year with regard to sustainability, with a series of significant consumption reducing investments entering production and our first on site solar photovoltaic (PV) installation going live in April 2024.

We also doubled down on our commitment to green power, extending our current flexible renewable energy contract (supported by Ofgem certified renewable energy guarantees of origin) to 2027. This will enable us to continue to integrate planned investments in on site renewables.

A number of the core initiatives completed during the year are set out below, alongside projects which remain ongoing and will keep improving the business moving forwards.

Case study projects are outlined on pages 7 and 8, providing an insight into the investments being made to support our sustainability strategy.

Completed Initiatives

- 100% renewable electricity powering the groups plant from 1 October 2022
- 100% Carbon offset gas from 1 October 2023
- Installation of a 1MW solar PV system at the Brownhills site
- Installation of an energy efficient cooling plant in collaboration with the DESNZ Industrial Energy Transformation Fund
- Investment in briquette machines to allow recycling of swarf from machining business to be remelted in the foundries
- Supported subcontractors to implement swarf briquetting processes
- Investment in plastic, cardboard and coolant recycling facilities
- Upgrades to compressor systems to improve energy efficiency
- Widespread upgrades to power metering in the foundries to support consumption management
- ULEV car scheme introduced
- Appointment of Group Head of Sustainability
- First sustainability report issued

Ongoing Initiatives

- Technical appraisal of sand reclamation equipment to enable foundry sand to be re-used.
- Application for two further solar PV systems at the Brownhills site.
- Feasibility studies for both on and off site renewables projects under way at the Dronfield site.
- Development of the groups EU carbon border adjustment mechanism (CBAM) reporting capability
- Development of the groups scope 3 emissions reporting capability
- Evolution of our reporting to support the introduction of International Financial Reporting Standards (IFRS) relating to sustainability
- TISAX accreditation to support our IT security

Outlook

As a group we continue to remain open minded, focussing on how we can continue to improve our business in the fast moving world of sustainability.

We continue to make commercially viable green investments, with one eye on new technologies, whilst working closely with our customers to ensure we are abreast of new developments in the marketplace.

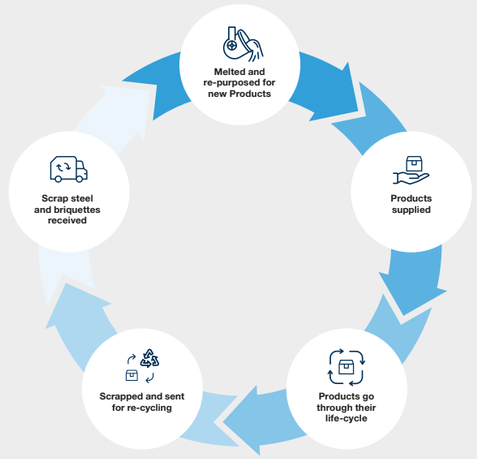
It is an exciting time for the group as we continue to invest in sustainable growth with a green iron product, using our longstanding expertise in productivity, quality and automation to deliver an excellent product to the market.

Case Study

Swarf Recycling Investment

During the CNC machining process, excess iron is machined from the raw casting to reach the exacting tolerances required.

The excess material is referred to as swarf. CNC Speedwell has now installed three swarf briquetting machines which produce material pellets of a sufficient density to be re-melted in the groups furnaces – around 400 tonnes of swarf is briquetted and re-used every month at the Brownhills site.



→ For more information, see **Circular Economy** on **page 11**.

The Road to…

What we have done

Cooling plant installation

A large proportion of the CNC machines in use at CNC Speedwell operated using individual chiller units to maintain a pre-set temperature range. A more energy efficient solution was identified, using a centralised cooling plant to maintain the machine temperature at an appropriate level.

The centralised system is situated outside the factory and uses the ambient temperature to cool the Tyfocor solution, which is circulated to each machine, significantly reducing the power consumption required to ensure the CNC machines are operating in the correct temperature range, especially during cooler weather.

Solar/renewable energy projects

The group received permission to proceed with its first solar PV system in December 2023 and this 1MW installation at CNC Speedwell has been completed in April 2024.

This is what we hope will be the first of several investments in renewables capacity across the group, with two similar size systems under application at the Brownhills site and feasibility studies ongoing at the Dronfield site.

…Net Zero

What we are doing

The group has made real progress with its sustainability proposition in the past 5 years. We hope to build on this with a focus on expanding our on and off site renewable capacity and are actively working to try and obtain grid connection permissions for a number of projects in Brownhills and Dronfield.

Alongside our investments, we are also dedicating significant resource as a group to ensuring that we capture and report our sustainability achievements. This covers a number of areas such as carbon accounting, capturing scope 3 emissions, reporting under the EU CBAM framework to support our customers' carbon reporting obligations and working with our customers to reflect the work we have been doing in their supplier sustainability assessments.

New foundry

The group has begun work on establishing a new state of the art foundry line at the William Lee site in Dronfield, Derbyshire. William Lee is the largest employer in Dronfield and it is great news for the region that the continued success of the business has led to such a significant new investment. The new production facility is designed to use the most energy efficient plant and processes available and will provide additional capacity for the group to continue with its organic growth ambitions.

Future outlook

The group has a bright future and we hope to be a leading supplier of green iron to the market moving forwards.

To support this, we intend to continue to look for opportunities to extend our renewable energy generation capacity, as well as investing in energy efficient plant and equipment.

Alongside investments in green energy and plant, we also intend to:

- Maintain our valued commitments to green energy contracts, electric furnaces and recycled steel
- Keep working with customers and suppliers to understand and reduce supply chain emissions
- Capture and report our scope 3 carbon emissions
- Understand and implement the evolving reporting frameworks to effectively communicate our progress

Electric furnaces

100% recycled steel

2018

Introduction of electric forklift fleet

First HSE director appointed

2019

Cardboard and plastic waste baling facility installed

First TCFD report issued

2020

Introduction of first swarf briquetting machine

2022

IETF project began to install centralised cooling plant

ULEV scheme implemented

2023

Works commenced on the group's first on site renewables project, with a 1 MW solar PV system at CNC Speedwell

2024

First Head of Sustainability appointed

TISAX accreditation to support our IT security

2025–2029

2 x 1 MW solar PV systems under application for the Brownhills site

Feasibility work under way for solar PV systems at the Dronfield foundry

Continued investigations into off site renewable capacity

Implementation work ongoing for EU CBAM reporting to support our EU customer base

Implementation of IFRS S1 and S2

Measurement and reporting of scope 3 emissions

Supply Chain

Castings PLC
Foundry – founded 1835

Capacity	Employees
30,000 tonnes	400

William Lee Ltd
Foundry – acquired 1991

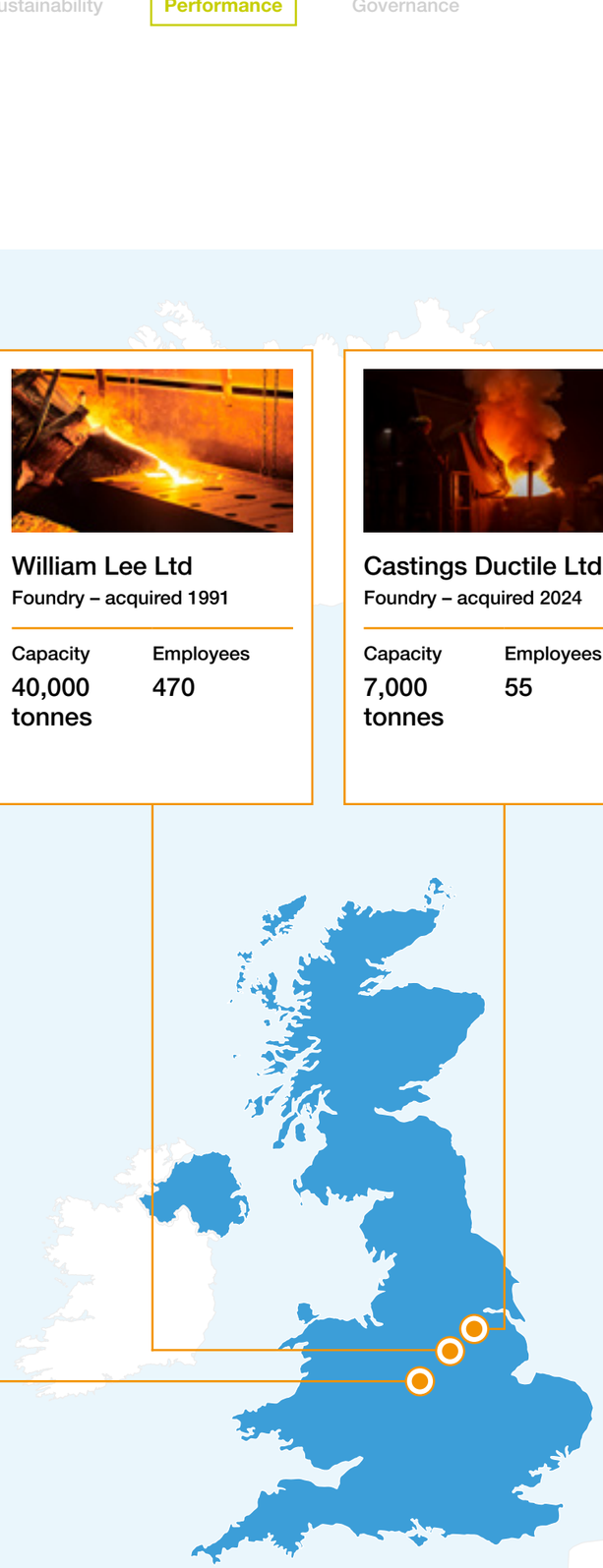
Capacity	Employees
40,000 tonnes	470

Castings Ductile Ltd
Foundry – acquired 2024

Capacity	Employees
7,000 tonnes	55

CNC Speedwell
CNC machinist – acquired 1996

Capacity	Employees
Over 120 CNC machines	375



We are committed to setting and maintaining the highest standards of health, safety and human rights.

We strive to ensure that our supply chains also operate to the highest standards in respect of both the human rights and the health and safety of their employees.

All of our production sites are based in the UK, which has one of the strongest set of HSE and human rights positions worldwide.

Over 99% of our suppliers are based in the UK or EU and this helps to ensure that high quality legal frameworks and business practices are prevalent throughout our supply chain.

We actively engage with suppliers we consider may present a risk based on their size, geographical location or management concern and would like to take the opportunity to thank our suppliers for their support in this regard.

Revenues from mainland Europe

77%

Revenue from UK

15%

Revenue from North and South America

8%

Suppliers based in UK or EU

99%

Circular Economy

One of the significant benefits of cast iron, from a sustainability point of view, is that with the right process it can be re-melted to produce new product. This presents excellent opportunities for material re-use at the end of life, or for waste material created in the production process.

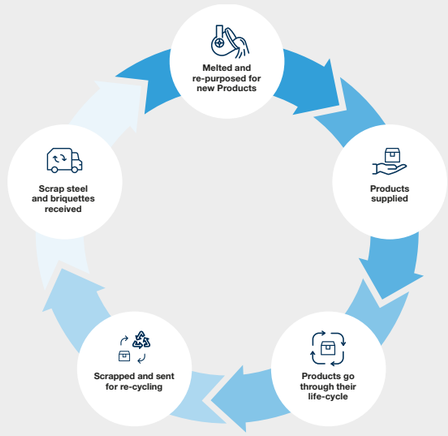
All our foundry operations utilise electric induction furnaces. This enables the foundry operations to melt scrap steel, back scrap from previous melts and swarf briquettes, with 100% of our end product formed from secondary use materials. There is also the opportunity for product to be re-melted at the end of the primary product lifecycle.

The majority of the group's machined products undergo CNC machining at the group's heavily invested machining facility, CNC Speedwell, which is located on the same site as the Castings PLC foundry in Brownhills, West Midlands.

During the CNC machining process, the raw casting is machined to pre-defined tolerances using our specialist CNC machines. During this process, material is machined off the part – this excess material is referred to as swarf.

In 2020 the group invested in its first piece of specialist briquetting equipment to compact the swarf into briquettes which are of a density that can be re-melted in the foundry.

Since 2020 we have installed a further two briquette machines, regularly producing over 400 tonnes of briquettes per month.



Our People

Social

The foundation of the group's strength is its people. We strive to support our employees' health and wellbeing whilst driving a performance culture of business understanding and shared values. The group's policy is to employ people who embody its core values of commitment and excellence. These values apply to all employees regardless of seniority or position, including directors.

	2024	2023	2022	2021
Proportion of new employees joining on temporary or short-term contracts	10.2%	0.0%	0.0%	0.0%
Number of apprentices recruited	10	6	10	9
Staff turnover*	15.8%	18.5%	21.1%	17.1%

* Staff turnover is calculated by reference to the number of people who have left employment (having worked for at least a three month period) as a proportion of the average number of employees for the year.

The group is a significant employer in each of the locations in which it operates and takes pride in operating its business based on permanent contracts, with employees carrying full employee status and without the use of zero hours contracts. As a result, the group traditionally has high staff retention levels and a dedicated, long-term focussed workforce.

During the year CNC Speedwell began recruiting using an agency to support the hiring and onboarding process of new employees, which had been an area of high employee turnover.

Whilst staff turnover has decreased again during the year, the group continues to look to improve employee wellbeing and return to pre-pandemic retention levels. We continue to invest in group facilities and our people to this end.

In addition to the structured apprenticeship training, the group provides internal, external and continuous on-the-job training for all staff as required. As a result of the nature of the training carried out, the group does not collate data concerning the number of hours of training conducted each year.

The group seeks to communicate with its employees in a structured, open manner, including regular briefings and dissemination of relevant information on the group and business unit. Employees are informed weekly of production levels and the relative production performance. Similarly, they are kept informed of any factor affecting the group and the industry generally.

Their involvement in the group's performance is encouraged by means of a production bonus and at the time of annual wages and salaries review they are made aware of all economic factors affecting the previous year's performance and the outlook for the ensuing year.

Equality, diversity and inclusion

Recognising the demands of our customers and our strategy, the group's diversity and recruitment policy is to recruit the best available people and to invest in their training and development to enable a high level of retention. We are committed to diversity and equality, judging applications for employment neither by race, nationality, gender, age, disability, sexual orientation nor political bias. We have made a commitment to consider applicants from a wide range of educational backgrounds and have an active apprenticeship programme.

The group gives full consideration to employment applications by disabled persons where they can adequately fulfil the requirements of the position. If necessary, we endeavour to retrain any employee who becomes disabled during their period of employment with the group.

The gender of our staff at 31 March 2024 was as follows:

	Male	Female
Non-executive directors	3	–
Executive directors	2	–
Senior managers	33	3
Other employees	1,083	97
Total	**1121**	**100**

Human rights

The group's operations are all based in the United Kingdom. Each of the group's businesses has a core of long-standing, local suppliers and several key partners based in the European Union. The group has minimal activity with suppliers outside of these areas, therefore due to the existing regulatory controls in our core areas of geographical activity, human rights is not considered to be a material issue.

Management have a high level of involvement in the day-to-day activities of the business and its suppliers and are trained to identify areas of concern which may not align with the standards the group demands. The board receives regular updates on corporate responsibility issues including the UK Modern Slavery Act.

We have a Code of Conduct that sets out our policy on compliance with legislation, child labour, anti-slavery and human trafficking and conditions of employment.

Health and safety

The board regards the promotion of health and safety measures as a mutual objective for management and employees at all levels. It is our policy to do all that is practicable to prevent personal injury, damage to property and to protect everyone from foreseeable hazards, including third parties in so far as they come into contact with the group's activities.

The group has clearly defined health and safety policies and we operate a system of strict reporting. Regular audits of health and safety, at the group's manufacturing operations, are carried out using independent agencies who make recommendations for improvements to achieve best practice wherever appropriate.

The group's health and safety policy is regularly reviewed and modified as circumstances and experiences dictate. The group encourages the maintenance of consistently high standards and each site is required to develop a safety management system. Health and safety training is a continual process at each site and therefore is completed on a regular basis and covering all levels within the group.

Our People continued

Lost time incidents

	2024	2023	2022	2021
Accidents	**203**	219	185	144
RIDDORs	**8**	8	10	6
Near misses (foundries only)	**172**	66	40	41
Intensity (per million hours worked)				
Accidents	**81.9**	89.9	77.0	78.2
RIDDORs	**3.2**	3.3	4.2	3.3
Near misses (foundries only)	**107.2**	39.3	23.3	32.2

We have seen a reduction in both the total number of accidents and the intensity of accidents and RIDDORs (an incident resulting in absence of at least seven consecutive shifts) during the year, which is pleasing. As we continue to promote a health and safety focussed agenda across the group, the volume of near misses properly reported has increased significantly. This has been a positive development, with the cultural change enabling more to be done to prevent accidents occurring moving forwards.

Management continues to strive to reduce these figures further and investments continue to be made in areas where the accident risks are the greatest.

Governance

Strong and straightforward corporate governance underpins all our business activities. The group's arrangements are set out in the Corporate Governance section on pages 24 and 25 of the annual report for the year to 31 March 2024.

There have been no political contributions made in the past three years.

Responsible business

We are committed to conducting business with the utmost integrity and in accordance with the Bribery Act 2010 and have a clear anti-bribery and corruption policy in place, which is available on the company website. We communicate our expectations to all employees and have a zero tolerance policy in respect of improper or criminal behaviours; all directors and employees are encouraged to report any suspicions of bribery.

Hear from our people

At the tender age of 15 I went to have a look around in the local job centre, pretty much out of curiosity more than any intent. After filling out questionnaires and forms that I didn't understand too well, I highlighted a card on the wall which read … "commercial trainee". Much to the disagreement with my then school teacher and careers advisor I commenced work at Wm. Lee Ltd June 29, 1992 and left school. This didn't mean I had any intention of ending my education and future path to qualifications. It's fair to say I started at the bottom and learnt from the people around me before I commenced on any external training. **The company assisted, paid and encouraged me throughout my preferred route of education** which started as a day release programme at the local college. In the years that followed I then began to progress in the company and attended Sheffield Hallam University, proudly achieving a business studies degree. Opportunities arose as my education moved forward, from teas and coffees at 16 I've had the pleasure of learning and working with some fantastic colleagues. Nearly thirty three years later I sit at Wm. Lee in what may be a different office performing a very different role but still with the same values and goals. My story of longevity and progression from a young age is not one on its own here, from both within the office and foundry we have many stories similar to mine.

Paul Slowe
Purchasing Manager, Wm. Lee Ltd

Hear from our people

"**Working at Castings PLC has been an enriching and rewarding experience, as it has provided me with numerous opportunities for growth and development both in my career and personal life.** The company's commitment to fostering a supportive and inclusive work environment has made it a positive place to work, where collaboration, respect, and teamwork are valued. Through access to continuous learning and training programs, I have been able to enhance my skills and knowledge, enabling me to take on new challenges and advance in my career. This has allowed me to progress from foundry clerk to cad and simulation engineer, to my current role of sales account manager, since starting my career at Castings in January 2014. Additionally, it should be noted that the mentorship and guidance provided by experienced colleagues have been invaluable in shaping my professional growth and trajectory. Beyond my career, Castings PLC has also supported my personal wellbeing during a very difficult time in my personal life, going above and beyond what one could expect from an employer. Overall, my tenure at Castings PLC has not only been professionally fulfilling but has also contributed to my overall satisfaction and fulfilment in my personal life."

Todd Coyne
Sales Account Manager, Castings Plc

"When I joined CNC Speedwell as a Trainee Office Administrator in 2010 after completing my A Levels, I was uncertain about my long-term career path. **During my time with the company, I have had the chance to explore various roles within the business and progress** into the role of NPI / Programme Manager. While the work can be demanding and high-pressure at times, the atmosphere at CNC is generally positive and enjoyable, largely due to the supportive and approachable team from the Shopfloor through to Senior Management. Working within the Castings PLC group has been really beneficial as the support and guidance I've received during my career has assisted with my overall development as a person, especially with my confidence levels! In 2023, I was offered and accepted the chance to pursue a Masters degree in Engineering Business Leadership at the University of Warwick, funded by the Castings PLC group, to further my professional development. Now that I've found my long-term career path, I'm looking forward to continuing my progression within the Castings PLC group and taking on further responsibilities and challenges."

Christine Goddard
NPI/Progamme manager, CNC Speedwell Ltd

Environment

Environmental, Social and Governance

Our strategy

Our approach to ESG and sustainability activities continues to focus on providing safe, long-term employment for the local economy whilst generating sustainable value for stakeholders (set out on page 5) in a manner which is consistent with our governance obligations.

The group presents its ESG Report for the year to 31 March 2024 taking note of relevant industrial data points suggested in the London Stock Exchange guidance on ESG reporting. These metrics are used both in the context of wider ESG reporting and to support our Task Force on Climate-related Financial Disclosures ('TCFD') metric reporting.

At a glance

Completed initiatives

- Solar PV installed at CNC Speedwell.
- 100% Renewable energy guarantees of Origin scheme (REGO) backed electricity powering the groups plant.
- 100% carbon offset gas from 1 October 2023.
- Energy efficient plant upgrades, including compressors and chillers.
- Appointment of Head of Sustainability and publication of first sustainability report.
- Investment in energy efficient cooling plant in collaboration with the DESNZ Industrial Energy Transformation Fund.

On-going initiatives

- Technical appraisal of sand reclamation equipment to enable foundry sand to be re-used.
- Reviewing investments in further on site renewable capacity.
- Development of approach to measuring scope 3 emissions.

Environmental

As an energy-intensive industry, we understand that we must evolve in order to meet the needs of our stakeholders. The group continues to improve its environmental credentials in a commercially viable manner, with numerous success stories to date. We are taking proactive steps to build on this further, working in collaboration with customers, suppliers, industry bodies and research organisations as set out in our report under the TCFD framework on pages 16 and 17. The data set out in this section corroborates the strong environmental credentials of the group.

Carbon emissions

We have calculated our carbon footprint according to the World Resources Institute ('WRI') and World Business Council for Sustainable Development ('WBCSD') GHG Protocol, which is the internationally recognised standard for corporate carbon reporting. The group's total CO_2 emission data is based on Scope 1 and Scope 2. Scope 1 emissions are direct emissions resulting from fuel usage and operation of facilities. Scope 2 emissions are indirect energy emissions resulting from purchased electricity and other power for own use.

The group collects monthly consumption information from each facility and converts to tonnes of CO_2e ('tCO_2e') produced using the DEFRA published national carbon conversion factors.

Energy consumption and intensity

A key priority of the company is to manage energy efficiently, thus reducing our carbon footprint and creating value for our stakeholders. It is pleasing to report, in the table below, the high level trend of a reducing MWh of energy consumption as a proportion of revenue generated.

	2024	2023	2022	2021
Scope 1	**18,240**	20,011	16,235	12,829
Scope 2	**140,898**	137,160	132,548	104,644
Total energy consumption (MWh)	**159,137**	157,171	148,783	117,493
Total energy intensity (MWh per £000 revenue)	**0.709**	0.785	1.001	1.024

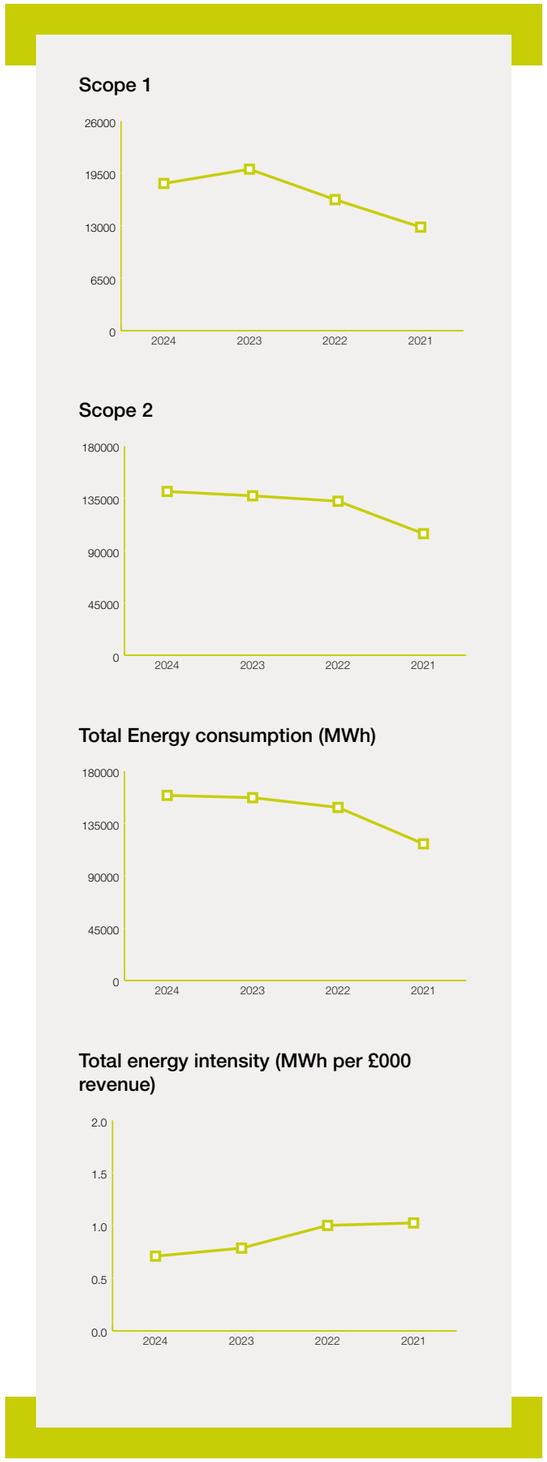
Greenhouse Gas ('GHG') emissions (tCO_2e)

GHG emissions are set out below under both location and market-based methods. The location-based method reflects the average emissions intensity of the grids on which energy consumption occurs (using mostly grid-average emission factor data), namely the UK grid for the group.

The market-based method reflects emissions from electricity that companies have specifically chosen. It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation. Market-based emissions are therefore shown net of electricity supplied to the group under OFGEM certified renewable contracts and gas supplied alongside carbon offsets.

Location-based	2024	2023	2022	2021
Scope 1	**3,283**	3,602	2,974	2,359
Scope 2	**28,878**	26,524	28,144	24,401
Total location-based emissions	**32,162**	30,126	31,118	26,760

Market-based	2024	2023	2022	2022
Scope 1	**1,687**	3,602	2,974	2,359
Scope 2	**-**	-	-	-
Total location-based emissions	**1,687**	3,602	2,974	2,359



Environment continued

GHG intensity (location-based)

	2024	2023	2022	2022
Revenue intensity (tCO_2e per £000 revenue)				
Foundry operations (gross revenue)	**0.120**	0.126	0.199	0.222
Machining operations (gross revenue)	**0.052**	0.067	0.088	0.102
Group total (net revenue)	**0.143**	0.151	0.209	0.233
Production intensity (tCO_2e per production tonne)				
Foundry operations	**0.523**	0.496	0.512	0.564
Group total	**0.557**	0.528	0.547	0.606

For the foundry businesses, the most appropriate metric to measure the intensity of GHG emissions is by production tonne; this has increased to 0.523 (2023 – 0.496) tCO_2e per production tonne. We actively seek to minimise energy use in the group, so it is disappointing to see an increase in GHG intensity following reductions in emissions per tonne produced in each of the last three financial years. Consumption monitoring and reduction projects are ongoing to build on the longer term improvements made.

The machining operation does not have a production weight, therefore the relevant intensity metric used is emissions per thousand pounds of machining revenue; emissions have decreased to 0.052 (2023 - 0.067) tCO_2e per £000. High demand levels have supported efficiency in the machine shop, resulting in a strong conversion of power consumption into revenue.

Whilst many foundry competitors still utilise fossil fuels to power furnaces, generating direct emissions, the group's operations utilise furnaces and CNC machines which are powered by purchased electricity. This allows the plant and equipment to be fuelled by power purchased from commercial energy providers supplying power from OFGEM certified renewable sources.

Waste, water and recycling

The group has made significant investments in scrap metal, plastic and cardboard recycling in recent years. The table below sets out the group's waste classifications and water use:

	2024	2023	2022	2022
Recycled waste (tonnes)	**76**	32	48	31
Non-recycled waste (tonnes)	**36,335**	35,833	35,070	28,964
Hazardous waste (tonnes)	**1,500**	688	586	418
Water use (m^3)	**71,232**	71,440	65,689	49,71
Intensity				
Recycled waste (tonnes per thousand tonnes produced)	**1.32**	0.56	0.84	0.70
Non-recycled waste (tonnes per thousand tonnes produced)	**629.48**	628.13	615.93	656.33
Hazardous waste (tonnes per thousand tonnes produced)	**25.99**	12.06	10.30	9.48
Water use (m^3 per thousand tonnes produced)	**1.234**	1.252	1.154	1.127

The group has compacted and sold waste bales of plastic and cardboard for several years and continues to seek ways of increasing the recycling profile. Pleasingly the level of recycled waste has increased by 44 tonnes during the year.

The vast majority of the non-recycled waste relates to sand. The group is seeking viable technical solutions to enable sand re-use in the production process and the commercial re-use of sand by-products.

Hazardous waste increased due to a change being made to the planned machine maintenance programme in the machining business. Unfortunately this has resulted in higher volumes of coolant waste, which are in excess of those we can process through our current recycling facilities. Investments in additional coolant evaporation and re-use equipment are being reviewed to handle the higher volumes of coolant being removed from machinery.

The majority of the water consumed by the group is within the foundry production process, particularly within the sand mills. As a result, it is not anticipated that the volume of water consumed will reduce significantly other than with variations in production volumes.

There have been no environmental fines in the past three years and NOx, SOx and VOC emissions are not material.

The group's facilities are ISO 14001 accredited, and our practices and procedures are subject to regular environmental audits by external consultants.

The group demands that all activities and services comply with applicable laws and regulations.

Environment continued

Environmental Activities

Waste, water and recycling

The group has compacted and sold waste bales of plastic and cardboard for several years and continues to seek ways of increasing the recycling profile. Whilst efforts have been made to increase the recycling of core by-products from the production process, this has not been reflected in the data reported above and so a greater focus is to be given to this area in the current year.

The vast majority of the non-recycled waste relates to sand. The group is in the process of appraising a sand-reclamation project which, if successful, would enable sand to be reused in the foundry processes. In addition, the group is working with industry bodies that sponsor local university research projects with an aim to identify a commercial use for this production by-product to further reduce landfill waste.

In recent years the group has been able to reduce the volume of hazardous waste it produces through investments in evaporation and recycling equipment, reducing the disposal costs to the group. However, these investments were made prior to 2020 and therefore the improvements are not evident in the data above. The group has an ongoing project to assess further ways of extracting hazardous waste from non-hazardous elements, thus disposing of a smaller volume of hazardous waste in total.

The majority of the water consumed by the group is within the foundry production process, particularly within the sand mills. As a result, it is not anticipated that the volume of water consumed will reduce significantly other than with variations in production volumes.

There have been no environmental fines in the past three years and NOx, SOx and VOC emissions are not material.

The group's facilities are ISO 14001 accredited, and our practices and procedures are subject to regular environmental audits by external consultants.

The group demands that all activities and services comply with applicable laws and regulations.

	Description	Activity
Energy consumption	Our energy consumption is core to us as an energy intensive business and a core part of our operational activity is in optimising our facilities, foundries and machining to reduce the level of power required to carry out our business. We consistently invest in this area as outlined on page 6.	We are currently reviewing the plant metering equipment in place across the group to support management in identifying key energy consuming equipment, enabling them to take pragmatic steps to reduce consumption further.
GHG emissions	To reduce the emissions generated by our business activities we have entered into power contracts which are supported by Ofgem renewable energy origin guarantees and gas contracts which include associated carbon offsets.	We are seeking to transition a meaningful proportion of our power consumption away from external sources, towards generation either on or off site through renewables installations. Several projects are currently under review and we are working with DNOs to try and obtain the relevant grid connection permissions.
Waste recycling	We have sought to maximise waste recycling through our investments in plastic and cardboard baling facilities throughout the group.	We are actively working with industry bodies to seek a solution to waste sand generated in the foundry process. The group is reviewing investments in sand reclamation plants and continues to work on viable re-uses for residual sand which is currently disposed of.

Environment related supply chain risks

Our process for identifying and assessing environment related supply chain risks

We are fortunate to have a longstanding base of dedicated suppliers, primarily based either locally in the UK or within Northern Europe, who have often worked with the group for many years.

The geographical location of our sites and our suppliers reduces the environmental supply chain risk; however as seen in recent years the risk does remain.

We do not consider our supply chain to have a high level of environmental risks and we view it as a strength of the group that in general the majority of our supplies can be sourced through trade routes which do not frequently suffer from disruption.

Notwithstanding this, management regularly review the supply chain to identify areas where we may have dependencies upon long lead time product, product with a single supplier or product from beyond the EU.

Our process for managing environment related supply chain risks

Given our strong, long term relationships with our core suppliers and the fact that senior management are close to the day to day operations of the business, we are well placed to work closely with our supply chain to evolve and work through situations that arise.

We regularly review potential areas which may give rise to a risk to supply and look to minimise these risks wherever possible without uneconomic duplication of plant or machinery.

Where we identify potential risks from a business continuity perspective, we look to either increase stocks of the at risk items or seek to identify other businesses that may be able to support the group in the short term to resolve the issue.

How we integrate our processes for identifying, assessing and managing environment related supply chain risks into our risk management processes

The group completes a formal bi-annual risk review and update which is reported to the group audit and risk committee. As part of this review environmental and supply chain risks are considered and where necessary more formal mitigation activities can be initiated.

Environmental risks are firstly managed by subsidiary management as part of the day to day operational activity of the business.

Each quarter, a working group comprising the Group Finance Director, Head of Sustainability, Group Financial Controller and Health, Safety and Environment Director meet to identify, assess and address issues which arise. Issues identified will then be addressed with subsidiary management as appropriate to find a pragmatic solution.

Intensity	2024	2023	2022	2021
Recycled waste (tonnes per thousand tonnes produced)	1.32	0.56	0.84	0.70
Non-recycled waste (tonnes per thousand tonnes produced)	629.48	628.13	615.93	656.33
Hazardous waste (tonnes per thousand tonnes produced)	25.99	12.06	10.30	9.48
Water use (m3 per thousand tonnes produced)	1.234	1.252	1.154	1.127

TCFD

The company has prepared disclosures based on TCFD recommendations in accordance with Listing Rules 9.8.6R as set out below.

Governance

Board oversight and management role

Climate risk is a principal risk included on the group risk register and executive management has formed a working group, which has access to professional advice and support, to continue to understand the group's climate-related risks and opportunities and the associated impacts upon the group, its stakeholders and markets.

Whilst no formal targets have been established as yet, the strategic focus of the group's activities and capital investment decisions include sustainability as a key consideration.

Strategy

Climate-related risks and opportunities

Short term (0-2 years)

The group can provide casting, machining, assembly and ancillary services with a low level of transport (and therefore GHG emissions emitted) between group sites and with manufacturing powered primarily by electricity generated from renewable sources. Management believes this places the business in a strong position to support its customers' and stakeholders' environmental aspirations, particularly when compared to coal-powered or geographically disparate competitors.

Recycling, energy efficient plant solutions and waste management continue to be areas of focus with regard to reducing the group's carbon footprint and landfill waste. Through its participation in industry bodies the group supports several research projects to find commercial uses for remaining waste materials, such as sand.

The group has introduced green power and gas contracts, which alongside our use of electric induction furnaces and 100% scrap steel makes us a strong supplier to those customers who have embraced a green iron based strategy.

Medium term (2-5 years)

There is an opportunity for the group to utilise its considerable production experience, financial resource and relationships as a supplier to the established commercial vehicle markets to enter new or additional product categories as they develop at scale. In the nearer term, this means supplying parts to the most fuel efficient combustion engines ever produced by OEMs for HGVs as well as expanding our supply of parts to offshore power generation customers.

Further opportunities are expected to arise for supply into the smaller end of the truck sector which is naturally more suited to the battery electric vehicle ('BEV') technology. This is not a market that the group has served to any great degree previously.

Long term (5 years+)

As BEV and hydrogen fuel cell powertrain technologies evolve, there is a risk that the market for the group's cast iron internal combustion engine ('ICE') products could reduce, albeit the application of such technologies to the group's core heavy truck market is expected to be longer term. This would directly impact approximately one-third of group revenue, but opportunities will exist for the group within the new product ranges.

Impact on the group's strategy and financial planning

The group's plant is depreciated over a maximum life of 15 years and is not considered at risk of impairment because of a reduction in cast iron business under currently reasonably foreseeable circumstances.

It is expected that this transition away from ICEs will be a medium to long-term, gradual strategic issue and therefore investment will be appropriately managed to avoid redundant undepreciated plant that may become subject to impairment. Structural parts to heavy goods vehicles will potentially continue to be made from cast iron due to the material's favourable characteristics.

TCFD continued

Strategy continued

Resilience of the company's strategy, taking into consideration different climate-related scenarios

The group's production sites are based in the West Midlands, Derbyshire and Lincolnshire. The physical risks of climate change are not expected to impact the production capability of any of the UK sites.

Approximately one-third of the group's turnover arises from the sale of parts which are used by our customers to produce ICEs for heavy trucks. This revenue would be at risk in the event of a sudden technological or regulatory development which rendered the ICE obsolete.

This scenario is considered unlikely to develop quickly given the reliance of the human population on a well-functioning transport and logistics infrastructure to transport essential items such as food. In addition, any technology breakthrough would need significant infrastructure changes to support the charging or re-fuelling of an alternative powertrain for heavy trucks. At present the group is working with OEMs on a variety of project opportunities, whilst research into the technical direction of the market (in response to climate-related scenarios) continues, including:

- Supplying parts which make current large diesel engines significantly more efficient.
- Providing additional on-site ancillary services to reduce unnecessary transportation of parts.
- Making our own product using renewable energy .
- Collaborating to supply parts and potential capacity for the manufacture of electric trucks.

Whilst we are working with our key customers to facilitate movement away from ICEs and are active commercially in this area, our key customers continue to invest significantly in new, more efficient diesel engine production facilities and therefore we continue to see the phase out of diesel engines in the heavy truck market as a long term issue in our scenario planning.

At present, we continue to focus on the short to medium term opportunities the transition to a zero-emission market can provide, whilst utilising our engineering expertise and customer relationships to develop our long term strategy alongside our customer base.

This initial consideration of resilience has been set out by the group and consideration is being given to more detailed scenario analysis.

Process for identifying and managing risks

The working group formed to review climate-related risks and opportunities identifies and manages climate-related risks.

The working group includes the group finance director, group financial controller, group health, safety and environment director, Head of Sustainability, the group CEO where appropriate and other members of the group's senior management team when relevant issues are due for discussion.

The working group has been supported by external advisers both with regard to market developments and ESG reporting during the year and following this the working group has established an appropriate internal response to developments.

Any significant issues will continue to be raised to the audit and risk committee through the review of the group risk register and associated updates.

Metrics and targets

Metrics have been reported within the relevant sections of the group ESG Report on pages 12 to 17 of the group annual report for the year to 31 March 2024. Consideration is being given as to the targets that might be used by the group to manage climate-related risks and opportunities and performance against those targets.

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