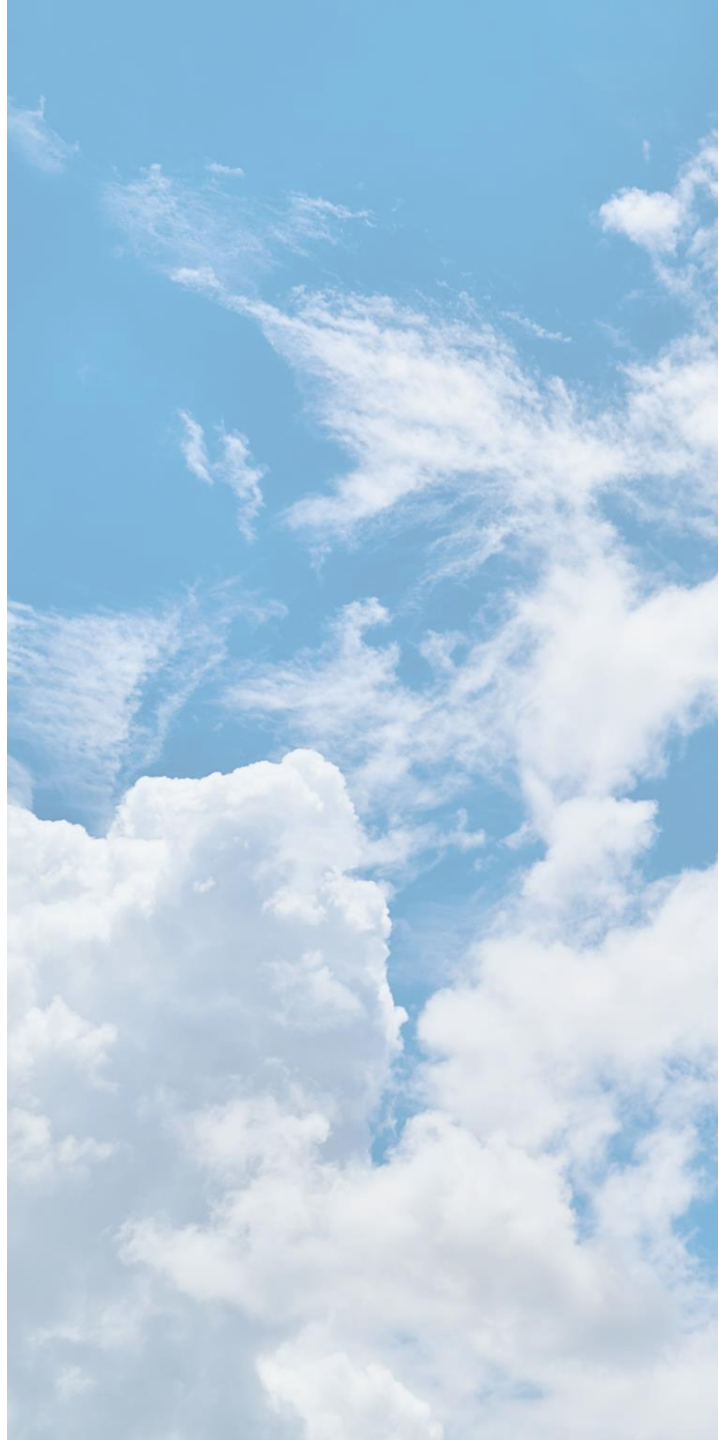


**ANNUAL  
ESG REPORT**  
2023

MAT Foundry Group



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# Board Message



*Dear Readers,*

Dear Stakeholders,

As we now proudly present our first annual Environmental, Social and Governance (ESG) report for MAT Foundry Group (MFG), it is important that we reflect upon our commitment to both sustainable manufacturing and ethical corporate citizenship. Whilst we have already taken large steps, our journey is really just beginning. We are integrating ESG principles into both our business and manufacturing processes.

There are various opportunities and challenges within this domain, and we are proud to share our current progress and future ESG aspirations with you.

MAT Foundry Group are proud to employ 2,550 people, producing over 330,000 tons of iron products every year and turning over € 505.3 million.

There is no escaping the reality of the impacts that large scale industrial manufacturing has upon the environment. This puts MFG in a position of great corporate responsibility to safeguard the environment for generations to come. Within the domain of environmental stewardship, we are aware of the critical importance of minimizing our ecological footprint and how the large scale of our operations allows for large reductions in emissions with cross-company initiatives and by leveraging economies of scale. Over the past year, we have made significant strides in reducing waste and improving energy efficiencies of MFG’s facilities. Our investment in renewable energy sources has led to a notable decrease in green house gas emissions, aligning our operations with global sustainability goals. We are committed to further enhancing our practices, exploring innovative technologies, and adopting circular economy principles to ensure that our manufacturing process not only comply with regulations but also contribute positively to the environment.

Social responsibility remains at the core of our values. We recognize that a diverse and inclusive workplace not only results in a cohesive and flourishing teams, but also drives innovation and enhances financial performance. This year, we have implemented targeted initiatives aimed at fostering a culture of inclusivity and equity with our workforce. We continue to push employee engagement have empowered team members to voice their ideas and concerns, contributing to a more collaborative work environment. Furthermore, we are dedicated to the well-being of our employees and the communities that we serve, investing in health and safety measures and supporting local initiatives that promote education and economic development.

On the topic of governance, we uphold the highest standards of ethics and transparency. Our Board is committed to providing strategic oversight and ensuring that our ESG goals are vertically integrated into our business strategy. We have strengthened our governance framework by enhancing accountability mechanisms and promoting ethical conduct across all levels of our organization.

Looking ahead, we acknowledge that much of our ESG journey is yet to come. Regulatory targets will tighten over time and societies will always seek higher standards. We recognize this and it stands at the base of our ESG and wider business strategy. We are setting ambitious targets for the coming years, focusing on further reducing our carbon footprint, ensuring robust governance practices and enhancing our community engagement. We understand that achieving these goals requires extensive collaboration from all stakeholders, and we are excited to partner with you in this endeavor.

With kind regards,

December 10 2024,

**Thomas Krosnar**  
Member of the Executive Board  
President  
MAT Foundry Group

**Hana Krosnar**  
Member of the Executive Board  
Managing Director of MFG Foundry Operations  
MAT Foundry Group

# Foreword

In an era defined by rapid change and increasing global challenges, that appear as dynamic as they are numerous, the importance of Environmental, Social and Governance (ESG) principles has never before been so high. This report serves as a testament to our commitment to sustainability and responsible corporate citizenship, reflecting our belief that MFG’s business success is inextricably linked to the well-being of our planet and society.

Over the past year, we have made significant strides in integrating ESG practices into our core operations. Our approach is not merely about compliance or risk management; it is about leveraging our influence to drive positive change, both inside and outside of our organization. We recognize that our operational and management decisions have far-reaching implications, and we are dedicated to fostering a culture that prioritizes ethical conduct, environmental stewardship and social responsibility.

This report outlines our achievements, challenges and future commitments across key ESG areas. From reducing our carbon footprint to enhancing diversity and inclusion within our workforce, each section highlights the tangible steps we are taking to create a more sustainable future. We are proud of the progress made, but we understand that there is much more work ahead. MFG now embarks upon a long and intensive ESG journey. Our goals are ambitious, broad and innovative - we are continuously striving to improve our performance and transparency.

Stakeholder engagement remains a cornerstone of our ESG strategy. We believe that listening to our employees, customers, investors, and communities is essential for driving innovation and accountability. By fostering an open dialogue and leveraging collaboration, we can better understand the perspectives that inform our decisions and shape our impact.

We live in rapidly changing times regarding energy transitions, attitudes towards globalized trade, environmental protection and use of new technologies. There is a deep interconnectedness of these global challenges such climate change, inequality and social unrest. As a responsible organization we are committed to aligning our business objectives with the broader societal goals outlined in initiatives such as the United Nations Sustainable Development Goals (SDGs). Our efforts to address these challenges will not only enhance our resilience as a company but also contribute to a more sustainable and equitable world.

As we move forward, we remain dedicated to transparency and accountability in our ESG initiatives. We invite our stakeholders to review this report and engage with us along our journey. Together we can build a future that not only drives business success but also upholds the values of sustainability, equity and integrity. Thank you for your continued support as we strive to make a meaningful impact in the world.

With kind regards,

December 10 2024,

On behalf of the Board,

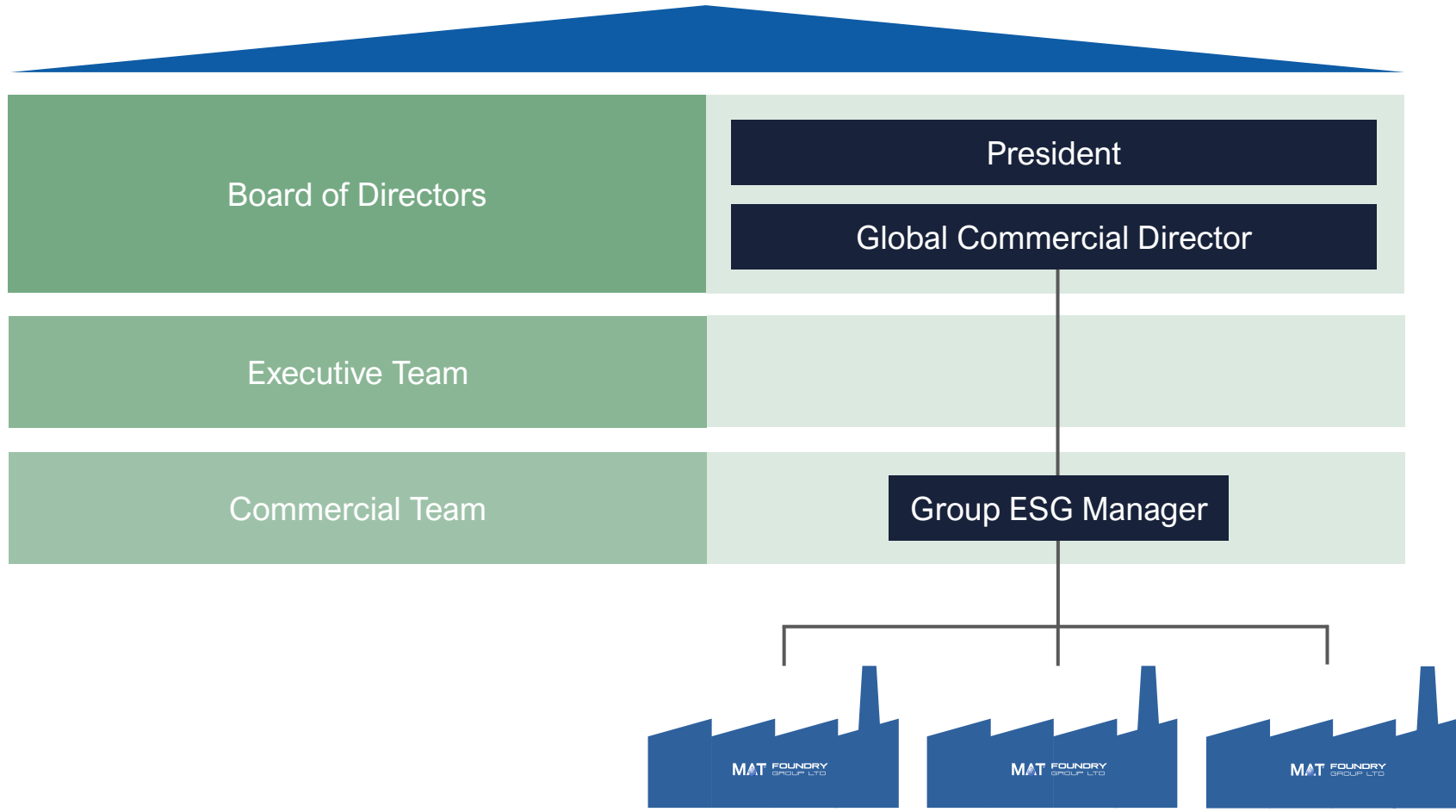
**Shaun Lindfield**  
Global Commercial Director  
MAT Foundry Group

*“Our philosophy is to create value through process improvement, global supply & distribution, scale and scope economies, and engineering and marketing expertise.”*

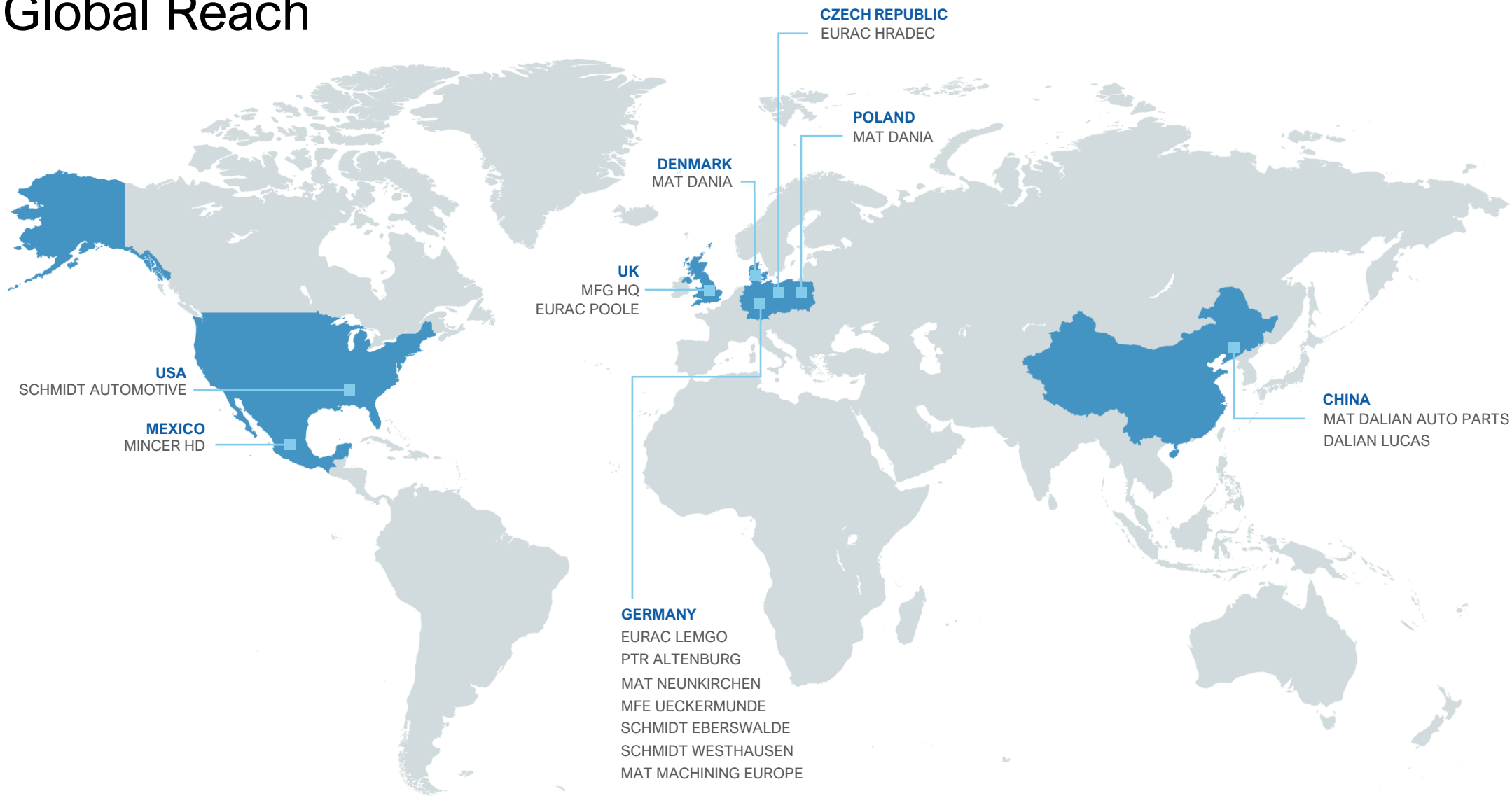
# ESG Corporate Structure



Owners / Shareholders



# Global Reach



# Product Portfolio



**27 million**  
Brake Callipers

**1.5 million**  
Commercial Callipers

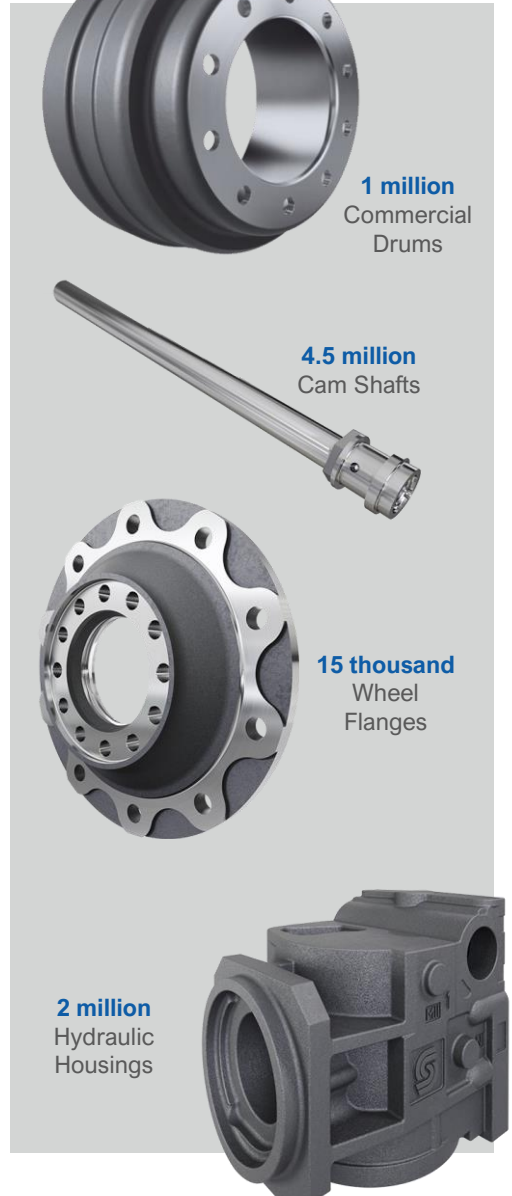
**10.1 million**  
Brackets



**14 million**  
Brake Rotors

**1 million**  
Brake Drums

**100 thousand**  
Racing Rotors



**1 million**  
Commercial Drums

**4.5 million**  
Cam Shafts

**15 thousand**  
Wheel Flanges

**2 million**  
Hydraulic Housings



**6.2 million**  
Differential Cases

**1.5 million**  
Lanchester Housings

**10.2 million**  
Backing Plates

# Key Aims

As the manufacturing sector faces increasing scrutiny regarding its environmental, social, and governance (ESG) practices, developing a robust ESG strategy is crucial to long term business development. The key aims of such a strategy not only address compliance and risk management but also aim to position the company as a leader in the sector for sustainability and responsible business practices. Below are the primary aims that guide our ESG strategy:

## 1 Environmental Protection

One of the foremost aims is to significantly reduce greenhouse gas emissions associated with manufacturing operations, namely electric melting of iron. This involves setting clear targets for emission reductions, transitioning to renewable energy sources, and optimizing production processes to enhance energy efficiency.

Implementing a low-waste policy is essential. This includes reducing waste at the source, enhancing recycling efforts, and exploring circular economy principles to repurpose materials. Effective resource management should extend to water usage, with strategies to conserve water and reduce wastewater generation.

MFG aim to engage suppliers in sustainability initiatives, ensuring that raw materials are sourced responsibly. This involves auditing suppliers’ environmental practices and working collaboratively to improve their ESG performance. Ultimately their environmental and ethical impact, forms part of our Scope 3 impact.

## 2 Social Responsibility

A key aim is to foster a diverse and inclusive workforce. This includes implementing hiring practices that promote diversity, providing training and development opportunities, and creating pathways for career advancement for all employees.

The well-being of employees is paramount to operation. The strategy should aim to maintain rigorous health and safety standards, reduce workplace accidents, and create a culture that prioritizes employee safety through continuous training and monitoring.

Engaging with local communities is essential for building trust and goodwill. MFG aims to contribute positively through community development initiatives, partnerships with local organizations, and support for educational programs.

## 3 Governance and Ethical Conduct

A robust governance framework is vital. This includes establishing clear policies and procedures for ethical conduct, risk management, and compliance with applicable regulations. Regular reporting on ESG performance should be prioritized to ensure transparency with stakeholders.

The strategy aims to enhance communication and engagement with all stakeholders, including employees, customers, suppliers, investors, and the wider community. Regular feedback mechanisms can be implemented to understand stakeholder concerns and expectations.

Ensuring that ESG issues are integrated into the overall business strategy requires strong and persistent board oversight. The aim is to establish an ESG committee that includes board members, responsible for monitoring progress and holding the company accountable for its

## 4 ESG Commitments

To meet environmental and operational goals, MFG aims to invest in innovative technologies that reduce waste, increase efficiency, and enhance product sustainability. This includes exploring automation, artificial intelligence, and other technologies such as sand reclamation that can optimize manufacturing processes.

Developing products that are environmentally friendly and sustainable is crucial. The aim is to innovate in product and process design, considering lifecycle impacts, recyclability, and alternative sustainable materials. Engaging customers in sustainability efforts through product design choices can also enhance brand loyalty.

## 5 Long-term Value Creation






**Aligning ESG with Business Strategy:** The aim of the ESG strategy is to align sustainability initiatives with the company’s core business objectives. This integration will help drive long-term value creation, reduce risks, and open new market opportunities. Establishing key performance indicators (KPIs) to measure the impact of ESG initiatives is essential. The company should aim to report progress transparently, showcasing achievements and areas for improvement to stakeholders.

In conclusion, an effective ESG strategy for a manufacturing company is comprehensive and integrated into the company’s operations and culture. By setting these key aims, the organization can not only mitigate risks but also seize opportunities for innovation and leadership in sustainability, ultimately benefiting both the business and society at large.

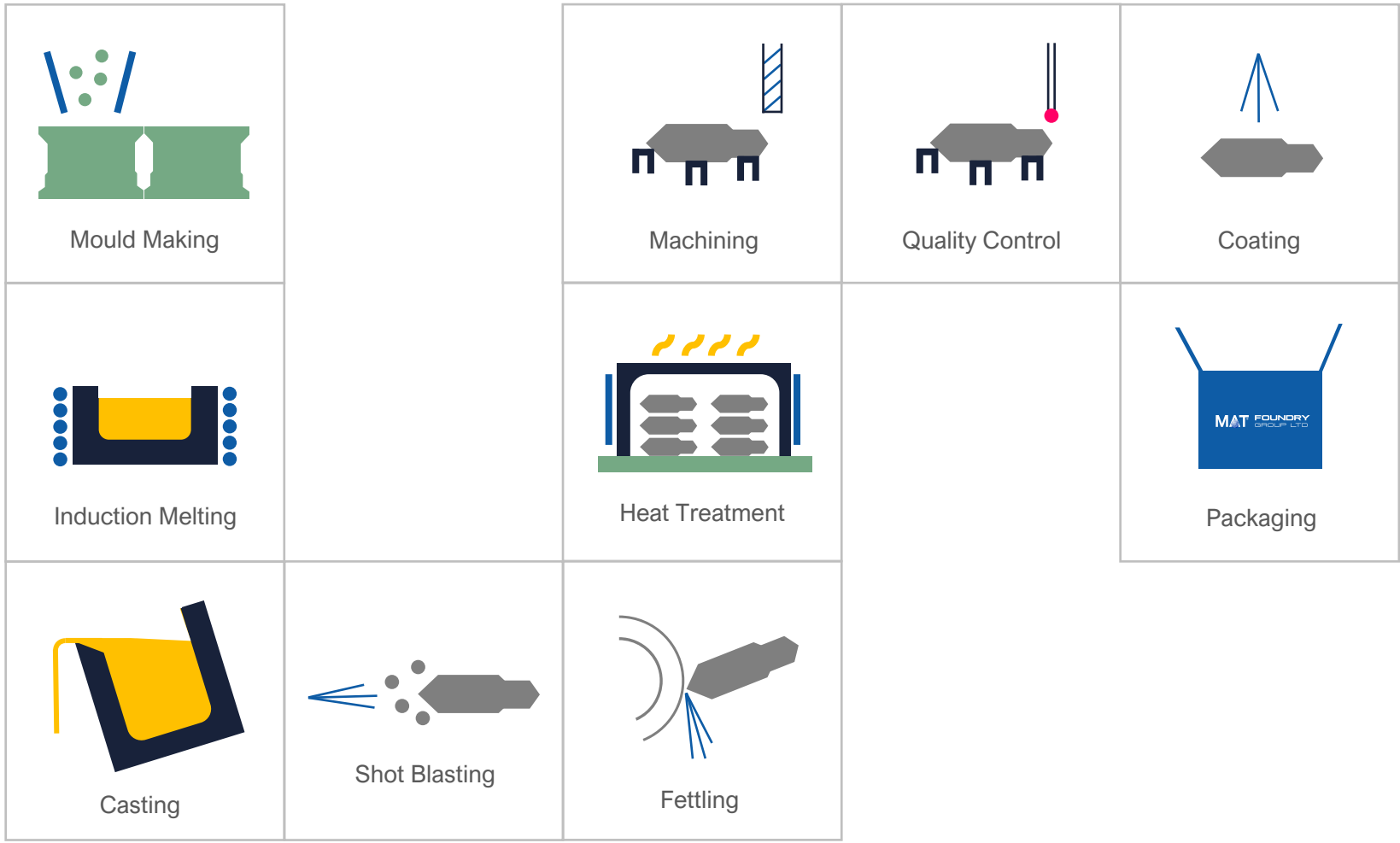




# Sustainability Targets


Lever		2021	2025	2030	2040
	Data Collection, Analysis & Reporting	Product Carbon Footprints (PCF) for core products	PCF_2021 – 20 %	PCF_2021 – 40 %	PCF_2021 – 50 %
	Renewable Energy	Increase usage of renewable energy (30 %)	50 %	75 %	90 %
	Recycled Materials	Increase usage of recycled materials (95 %)	95.5 %	96 %	97 %
	Energy Efficiencies	Increase energy efficiency by 1 % each year			
	Procurement & Supply Chain	Establish Scope 3 emissions and levers, set goals for reduction levels and increase local procurement to 95 % from country of facility by 2040.			


# Operations Flow





# At a Glance


FY2023

- 


**336 k**  
Tonnes of castings
- 


**16.1 m**  
Machined Components
- 


**14**  
Companies
- 


**7/11**  
Foundries/  
Machine Shops
- 


**505.3**  
Million euros turnover


- 

**400.4**  
GWh of energy used
- 


**6,690**  
tonnes CO2e Scope 1
- 


**103,940**  
tonnes CO2e Scope 2
- 


**41,755**  
tonnes CO2e Scope 3
- 


**38 %**  
Renewable Energy Usage
- 

**323.4**  
kt of recycled material


- 


**8.7 %**  
Female employees
- 


**17 %**  
Female Board
- 


**495**  
Training days
- 


**34.1**  
LTIR injury rate


- 

**57 %**  
IATF 16949
- 

**50 %**  
ISO 9001
- 

**71 %**  
ISO 14001
- 

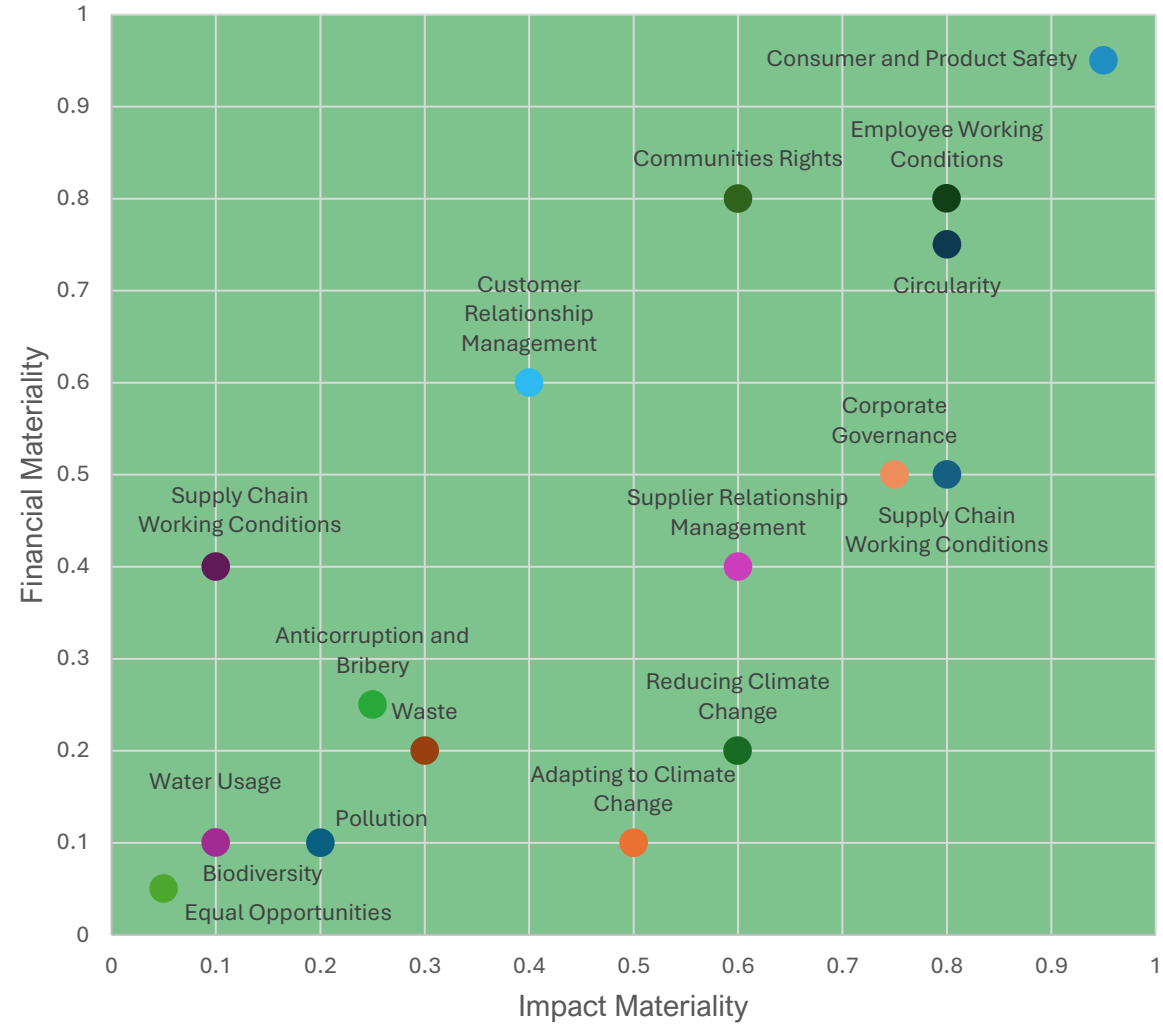
**7 %**  
ISO 45001
- 

**14 %**  
ISO 50001
- 

**7 %**  
ISO 27001

# Materiality

Preliminary Assessment \*



\* Double materiality study to be conducted based upon CSRD work at EU sites in 2025.

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# Environmental

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# Supply Chain

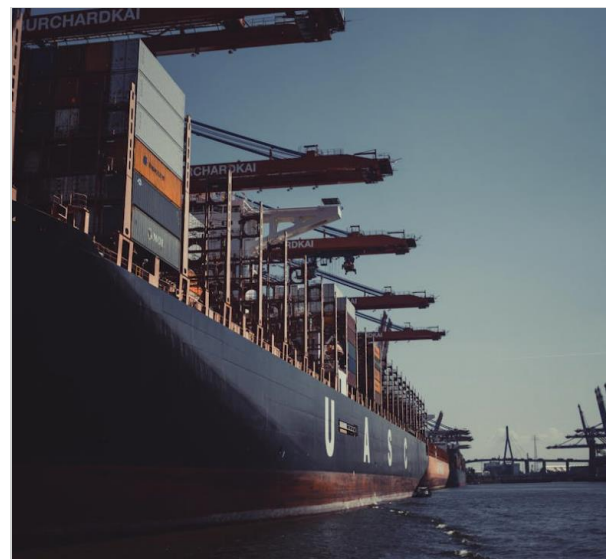
ESG (Environmental, Social, and Governance) topics are increasingly critical in supply chain management. MFG utilizes a complex global supply chain network involving raw material extraction, parts manufacture, and assembly and transport. It is imperative that supply chains are sustainable, ethical, and well-governed. This selectiveness not only aligns with corporate responsibility but also responds to growing demands from investors, consumers, and regulators. Below are key ESG topics that MFG seeks to address within our supply chains.

## 1 Environmental Sustainability

A significant ESG consideration is the environmental impact of sourcing raw materials. Automotive companies are now under pressure to ensure that raw materials are sourced responsibly, with minimal environmental degradation. Decarbonization is routinely demanded from larger customers. This is true for all scopes, inclusive of transport. Companies are increasingly adopting green logistics strategies, such as using low-emission vehicles for transport and optimizing supply chain routes to reduce fuel consumption.

## 2 Circular Economy and Waste Reduction

MFG is exploring the circular economy model as part of its ESG strategy. Where measured to be beneficial, MFG companies will use machining swarf for melting operations. Closed-loop recycling systems, where scrap materials from manufacturing are reused in production, help to limit our environmental footprint.



## 3 Social Responsibility and Human Rights

Human rights and labor practices within the supply chain are major social concerns for MFG. With global supply chains often spanning multiple countries, ensuring fair and safe working conditions is paramount to us. Scrutiny is placed on the sourcing of raw materials like cobalt, which is often mined under dangerous and exploitative conditions in countries such as the Democratic Republic of Congo (DRC). Automotive companies are expected to audit their suppliers to ensure compliance with labor standards, such as the prohibition of child and forced labor, and to implement supplier codes of conduct that uphold workers' rights. Ensuring diversity and social inclusion across the supply chain workforce has also become a growing ESG consideration.

## 4 Governance and Transparency

Good governance practices are essential for managing ESG risks in the automotive supply chain. MFG must ensure that they have robust supplier vetting and monitoring systems to detect potential violations of environmental, social, or ethical standards. Transparent reporting is crucial, with companies being expected to disclose information about their supply chains, including sustainability efforts, human rights practices, and governance structures. Adopting technologies like blockchain is also being explored to improve traceability, particularly in the sourcing of critical materials like EV batteries.

## 5 Conclusion

Addressing ESG issues in the supply chain is essential for large automotive manufacturers to mitigate risks, enhance sustainability, and meet the evolving expectations of stakeholders. Companies that prioritize environmental sustainability, social responsibility, and good governance in their supply chains will not only improve their reputation but also strengthen their long-term resilience and competitive edge.

# Circular Economy

As the global focus shifts toward sustainability, the concept of a circular economy has emerged as a transformative approach for industries, particularly in manufacturing. A circular economy aims to minimize waste, enhance resource efficiency, and create a regenerative system that benefits both the environment and the economy. For MFG, embracing circular economy principles involves rethinking processes, products, and partnerships. Here are key considerations:

## 1 Design for Environment (DfE)

DfE requires manufacturers to rethink product design to ensure durability, ease of repair, and modularity. By incorporating standardized components, products can be more easily disassembled, repaired, or upgraded, thereby extending their lifespan and reducing the need for new materials.

Manufacturers can also focus on creating products that are upgradable rather than disposable. This involves not only the physical design but also considerations but also that of the manufacturing processes. By doing so, MFG can foster customer loyalty and reduce waste.

## 2 Implementing Sustainable Materials Sourcing

Transitioning to a circular economy necessitates a shift in how materials are sourced. Manufacturers should prioritize renewable, energy efficient, or recyclable materials in their supply chains. By collaborating with suppliers who adhere to sustainable practices, companies can ensure that the materials they use are sourced responsibly, minimizing the environmental impact from extraction to production.

Implementing a thorough materials recovery program is crucial. Success has been seen in this area with sand reclamation, where waste foundry sand is reconditioned and reclaimed back into the molding system, thus avoiding huge landfill volumes.

## 3 Enhancing Manufacturing Processes

MFG has optimized processes to reduce waste and increase efficiencies. Lean manufacturing techniques are used to minimize waste during production, while advanced technologies like the Internet of Things (IoT) and artificial intelligence (AI) can improve operational efficiency and resource utilization. Predictive maintenance can also be employed to reduce equipment downtime and prolong machinery life, leading to lower waste and resource consumption.

## 4 Waste Management and Circularity

Effective waste management is central to a circular economy. MFG has implemented comprehensive waste management strategies that prioritize reduction, reuse, and recycling. Engaging in partnerships with recycling facilities and other businesses can enhance these efforts. By collaborating with external partners, manufacturers can develop closed-loop systems where waste from one process becomes a resource for another. This not only minimizes landfill contributions but also fosters a more resilient and sustainable business ecosystem.

## 5 Creating Collaborative Ecosystems

MFG seek mutual partnerships with suppliers and customers, to share best practices and innovations. By engaging stakeholders in sustainable initiatives, we can amplify their impact and drive broader systemic change. Fostering a culture of innovation within the organization is vital. Encouraging employees to think creatively about circular economy solutions can lead to new product ideas, process improvements, and operational efficiencies. Cross-functional teams can be established to explore new business models that align with circular principles, such as product-as-a-service models.

## 6 Embracing Digital Technologies

Digital technologies play a pivotal role in the transition to a circular economy as it allows for higher data accuracy for circular supply decisions. Large OEM manufacturers are also now beginning to leverage blockchain technology for transparent tracking of materials throughout the supply chain, ensuring ethical sourcing and enabling efficient recycling processes. Additionally, data analytics can help companies understand consumption patterns and optimize resource use. The integration of digital twins— which are essentially virtual replicas of physical assets/processes and facilities—can allow manufacturers to simulate processes and predict outcomes. Utilization of such novel tools can enhance decision-making related to resource management, product design, and lifecycle analysis, ultimately supporting a more circular approach.

## 7 Measuring Impact and Progress

To effectively implement circular economy practices, MFG will assess resource efficiency, waste reduction, and overall sustainability goals. Regular reporting on these metrics not only enhances accountability but also provides insights into areas for improvement. Engaging third-party assessments can further validate efforts and showcase the company’s commitment to sustainability to stakeholders. By continuously monitoring progress we can adapt our strategy to achieve circularity effectively.

## 8 Conclusion

For MFG, embracing circular economy principles is not just a trend; it is a strategic imperative. By focusing on process design, sustainable sourcing, waste management, collaboration, and consumer engagement, MFG can create a resilient business model that contributes to a sustainable future. Through continuous innovation and commitment to circular practices, manufacturers can lead the way in transforming their industries and making a positive environmental impact.



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# Social

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# Human Rights

In today’s globalized economy, human rights have emerged as a pivotal concern for businesses, particularly in sectors like automotive manufacturing. We increasingly face scrutiny regarding our impact on human rights throughout our operations and supply chains. Adopting a proactive stance on human rights is not only a moral imperative for MFG but also essential for brand reputation, regulatory compliance, and overall business sustainability.

## 1 Commitment to Ethical Labor Practices

At the core of human rights considerations is the commitment to ethical labor practices. This includes ensuring fair wages, safe working conditions, and the right to collective bargaining for all employees. MFG complies with all local labor laws and adheres to international standards. It is essential that both we and our suppliers strictly follow ethical labor standards. MFG understands the value of implementing training programs for managers and employees on human rights issues, enabling them to recognize and address potential violations. By fostering a culture of respect and accountability, the organization can significantly reduce the risk of labor exploitation and create a more equitable workplace.

## 2 Supply Chain Transparency

The automotive industry is characterized by complex supply chains, spanning multiple countries and involving numerous suppliers. MFG establishes clear supplier standards that align with its human rights policies, requiring suppliers to uphold similar ethical labor practices. Conducting thorough due diligence is essential for identifying potential human rights risks within the supply chain. This can include assessments of working conditions, child labor practices, and the treatment of migrant workers.

## 3 Addressing Human Rights Risks in Operations

MFG is vigilant to potential human rights risks associated with operational activities. This includes the environmental impact of manufacturing processes, which can affect local communities and their rights to a healthy environment. MFG conducts environmental impact assessments and implements strategies to mitigate adverse effects, ensuring that operations do not infringe on the rights of local populations.

MFG ensures awareness of any potential human rights issues related to security measures in and around manufacturing facilities. This includes ensuring that security personnel are trained to respect the rights of workers and local communities, avoiding excessive force, and fostering a safe environment for all stakeholders.

## 4 Engagement with Stakeholders

Open dialogue with stakeholders, including employees, communities, and advocacy groups, is useful for understanding and addressing human rights concerns. MFG has established mechanisms for reporting and addressing grievances related to human rights issues. Engaging with non-governmental organizations (NGOs) and human rights advocates can also provide valuable insights into best practices and emerging issues. By building partnerships with these groups, MFG could align closely with the latest developments in the field.

## 5 Monitoring and Reporting

To ensure accountability, MFG must implement robust monitoring and reporting mechanisms for its human rights initiatives. This includes setting measurable targets related to labor practices, supply chain transparency, and stakeholder engagement. Regularly assessing progress against these targets helps identify areas for improvement and demonstrates our commitment to human rights. Transparency in reporting is vital. The public disclosure of human rights policies, practices, and performance, allows stakeholders to ensure accountability. Engaging in external assessments or audits can further enhance credibility and foster trust with customers, investors, and the community.

## 6 Continuous Improvement and Training

Human rights considerations must evolve alongside changing societal and regulatory requirements. MFG continuously seeks to improve human rights and other policies. Training programs should be ongoing, ensuring that employees and management remain aware of human rights issues and their responsibilities. By fostering a culture of respect and vigilance, the company can better safeguard human rights within its operations and supply chains.

## 7 Conclusion

For MAT Foundry Group, the addressing of human rights is a broad and multifaceted challenge that requires a comprehensive and proactive approach. As we commit to ethical labor practices, ensuring supply chain transparency, engaging with stakeholders, and fostering a culture of continuous improvement, the company can mitigate risks, enhance its reputation, and contribute positively to the communities it operates in. Ultimately, prioritizing human rights not only reflects a commitment to ethical business practices but also drives long-term success and sustainability in a competitive marketplace.



# Diversity

Diversity is a critical component of success in today’s manufacturing landscape. MFG believe that fostering a diverse workforce is essential not only for ethical and social responsibility but also to drive innovation and enhancing competitiveness. By embracing a range of perspectives, backgrounds, and experiences, the company can create a more dynamic and effective workplace.

## 1 Diversity

A diverse workforce encompasses various dimensions, including gender, race, ethnicity, age, sexual orientation, and abilities. In manufacturing, where traditional demographics may skew toward homogeneity, actively pursuing diversity can yield significant benefits. This commitment begins with recruitment strategies that seek to attract talent from underrepresented groups, ensuring a more inclusive candidate pool. By partnering with diverse organizations and educational institutions, the company can cultivate relationships that facilitate broader outreach.

## 2 Cultural Inclusivity

An inclusive culture is just as important as hiring diversely. All employees must feel valued and respected, fostering collaboration and engagement. Training programs focused on unconscious bias, cultural competence, and inclusive leadership can improve awareness at all levels. By promoting open dialogue regarding diversity and encouraging employees to share their unique perspectives, the company can build a stronger, more cohesive team.



## 3 Innovation and Problem Solving

MFG believe that diversity drives innovation. When individuals from different backgrounds come together, they bring unique viewpoints that can lead to creative solutions and improved problem-solving. Research shows that diverse teams are more likely to generate new ideas and approaches, ultimately enhancing our competitive edge in the market.

## 4 Talent Retention and Employee Satisfaction

A diverse and inclusive workplace contributes to higher employee satisfaction and retention. When employees feel they belong, they are more likely to be engaged, motivated, and committed to their roles. This sense of belonging can significantly reduce turnover rates, saving the company resources associated with recruitment and training.

## 5 Community and Brand Reputation

MFG’s commitment to diversity extends beyond the workplace and positively impacts the company’s reputation in the community and industry. MFG demonstrates its commitment to social responsibility, and this resonates with our customers, partners, and stakeholders.

## 6 Continuous Improvement

To sustain diversity initiatives, MAT Foundry Group must engage in continuous evaluation and improvement. Regularly reviewing policies and practices for inclusivity will further reinforce the commitment to fostering a diverse workplace.

## 7 Conclusion

Diversity is not merely a checkbox for compliance; it is a vital component of a successful manufacturing company. By embracing diverse talent and creating an inclusive environment, the organization can drive innovation, enhance employee satisfaction, and strengthen its market position, ultimately ensuring long-term business success.

# Safety

Safety is a paramount concern to MAT Foundry Group, influencing not only operational efficiencies but also brand reputation and regulatory compliance. As the industry evolves with advancements in technology and increased consumer expectations, automotive manufacturers must address a wide range of safety considerations across various aspects of their operations, from workplace safety to vehicle safety.

## 1 Workplace Safety

The manufacturing environments for casting and machining present numerous hazards, including machinery operation, chemical exposure, and ergonomic risks. To mitigate these risks, companies must implement comprehensive workplace safety programs that adhere to national and international safety standards.

An essential component of workplace safety is training. Regular safety training programs help employees understand potential hazards and safe operating procedures. Furthermore, fostering a safety-oriented culture where employees feel empowered to report unsafe conditions can significantly enhance overall safety. Management must lead by example, demonstrating a commitment to safety through visible participation in training and safety initiatives.

To continuously improve safety protocols, MFG must establish a robust incident reporting system. This system enables employees to report accidents and near misses without fear of retribution. Analyzing this data helps identify trends and areas for improvement, facilitating proactive measures to prevent future incidents.

## 2 Vehicle Safety Standards

Beyond workplace safety, automotive manufacturers are responsible for ensuring the safety of their vehicle components. This involves adhering to strict safety standards set by regulatory bodies.

Compliance with Safety Regulations:

It is imperative to remain aware of evolving safety regulations and standards. Non-compliance can lead to hefty fines, recalls, and damage to brand reputation. Regular audits and assessments can help ensure that production processes and component quality meets and exceeds regulatory requirements.

## 3 Quality Control and Risk Management

Safety considerations can also extend into quality control processes throughout the manufacturing process, with safety critical feature control. Effective quality control systems are vital for identifying, controlling and eliminating defects that could pose safety risks.

Protocols for Risk Assessment:

It is essential to operations to implement risk assessment protocols to evaluate potential safety hazards associated with specific components or processes. Taking a proactive approach allows for the identification and mitigation of risks before they manifest in the final product.

Supplier Quality Management:

Given the complexity of supply chains, it is crucial to assess the quality and safety practices of linked suppliers. MFG establishes clear expectations for quality control and safety compliance, conducting regular audits to ensure adherence. A robust supplier management system can help mitigate risks associated with component quality conformance.

## 4 Environmental and Public Safety

Manufacturers have a responsibility to consider the environmental impact of their operations and products. The safety of the public extends beyond component or manufacturing process safety to include the environmental effects of manufacturing processes.

## 5 Sustainability Practices

Implementing sustainable manufacturing practices can help to reduce the environmental footprint of MFG's operations. This includes the minimization of waste, using environmentally friendly materials, and ensuring proper disposal of hazardous materials. Manufacturers should also engage in community outreach to educate the public about their environmental initiatives and promote safe practices in vehicle use.

## 6 Conclusion

Safety considerations at MFG are core to our management systems. This encompasses a wide array of factors, from workplace safety and vehicle component safety standards to technological advancements and environmental impact. A comprehensive approach that prioritizes safety at every level—from design and production to regulatory compliance—is truly essential for fostering a culture of safety and responsibility. MFG invests heavily in safety initiatives and is continually adapting to emerging challenges, ultimately driving sustainable success in an increasingly competitive industry.



# Conflict Minerals

MFG are aware of the inherent risks with diverse and large international supply chains to service our casting facilities. The sourcing of materials is a critical factor in both operational integrity and corporate responsibility. A significant concern in this context is the issue of so-called “conflict minerals” that includes tantalum, tin, tungsten, and gold. These are collectively referred to as “3TG”. These minerals are often mined in areas engaged in armed conflict and the resulting human rights abuses associated with them. This is particularly true of countries such as the Democratic Republic of the Congo (DRC) and surrounding regions.

## 1 Regulatory Framework

The primary drivers that force companies to scrutinize their supply chains regarding conflict minerals are pieces of legislation like the Regulation 2017/821 for the EU or the Dodd-Frank Wall Street Reform and Consumer Protection Act in the U.S. These acts mandate that companies disclose their use of conflict minerals and ensure they are not sourced from conflict-affected areas. Compliance requires robust due diligence processes, and failing to meet these requirements can result in significant legal and reputational risks.

## 2 Supply Chain Transparency

MFG is increasingly under pressure to ensure transparent supply chains. This involves tracing the origins of minerals, often relying on extensive supplier networks. Tools such as the Conflict Minerals Reporting Template (CMRT) can be used to gather information from suppliers regarding the source of 3TG minerals. This transparency helps to identify any potential links to conflict zones and addressing them proactively and promotes MFG as an ethical manufacturer capable of exceeding customer expectations in this regard.

## 3 Risk Management

The use of conflict minerals can pose various risks, including supply chain disruptions and reputational damage. MFG’s operations will use only small quantities of tin, unlike other heavier sectoral users of 3TGs such as for the manufacturing of EV batteries. Technological disruption with brake rotor manufacture, initiated by EURO 7 dust limits, will likely require a hard-coating and grinding solution. These coating materials often include exotic materials, even tungsten. MFG are searching for cost-competitive solutions that are free of 3TGs.

## 4 Stakeholder Engagement

Engaging stakeholders—including investors, customers, and NGOs—is crucial to improving their conflict mineral practices. Stakeholders increasingly demand accountability and responsible sourcing practices. Building strong relationships with stakeholders can enhance MFG’s reputation and demonstrate commitment to ethical practices.

## 5 Supplier Responsibility

We are also now emphasizing the need for our suppliers to adopt responsible sourcing practices. By fostering a culture of responsibility throughout our supply chain, MFG aims to reduce the risks associated with unethical mineral sourcing.



## 6 Innovation and Alternatives

Considering the challenges posed by conflict minerals, it may be possible to explore alternative materials/processes in the future that reduce any dependency on 3TG minerals. This would involve investing in research and development for substitute materials or designing products that minimize the use of these minerals altogether. Such innovations not only mitigate conflict mineral risks but can also lead to advancements in sustainability and operational cost-downs.

## 7 Conclusion

As the automotive industry evolves, with ever vaster and more highly integrated supply chains, the considerations surrounding conflict minerals will remain a central issue. Countries that secure and guarantee access to low-cost and ethical sources of minerals will bolster their national security, particularly in a world where deglobalization, trade wars and tensions are all gaining unfortunate inertia. For MFG, addressing these concerns involves comprehensive supply chain transparency, stakeholder engagement, robust risk management, and a Group-wide commitment to ethical sourcing. By proactively tackling these challenges of conflict minerals, we will not only ensure regulatory compliance but also enhance our reputational standing, foster consumer trust, and contribute to broader efforts aimed at mitigating human rights abuses in the supply chain. Ultimately, the path to responsible sourcing is not just a regulatory obligation; it is an integral part of contributing to a sustainable and ethical automotive industry.

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# Governance

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# Leadership

Leadership plays a crucial role in shaping our organization's culture, driving innovation, and ensuring operational efficiency. The automotive industry is evolving at incredible pace with many vectors of change. Effective leadership is essential for navigating these challenges and seizing opportunities.

## 1 Vision and Strategy

At the heart of effective leadership is a clear vision of where the business will be taken. Leaders in automotive manufacturing must articulate a strategic direction that aligns with both market trends and corporate goals. This vision should encompass areas such as vehicle electrification trends, European and wider global trends in OEM manufacturing, product development trajectories considering new materials and process, and finally the prevailing direction for sustainability practices. By fostering a shared understanding of the company's objectives, leaders can inspire teams to work collaboratively towards common goals.

## 2 Fostering Innovation

In an industry characterized by rapid technological change, innovative thinking is vital. Our leaders must cultivate a culture that encourages creativity and experimentation. This involves empowering employees to voice new ideas and take calculated risks. Establishing cross-functional teams can enhance collaboration, allowing diverse perspectives to drive innovation. MFG also invests heavily in research and development to explore emerging technologies and improve product offerings.



## 3 Developing Employee Engagement

A key responsibility of leadership is to engage and develop talent. MFG knows that skilled labor is critical and so we prioritize workforce development to the highest degree. This includes providing ongoing training opportunities, mentorship programs, and clear career progression paths. Leaders should also actively seek feedback from employees, fostering an environment of open communication and inclusivity.

## 4 Navigating Change

The automotive industry is undergoing significant transformation, particularly with the shift toward electric and autonomous vehicles. Our leaders must be adept at change management, guiding the organization through transitions smoothly and in an agile way.

## 5 Sustainability and Corporate Responsibility

MFG's leaders are tasked with prioritizing sustainability. This involves not only compliance with regulations but also the adoption of environmentally friendly practices throughout operations. MFG is championing initiatives that reduce waste, improve energy efficiency, and improve process efficiencies. By demonstrating a commitment to corporate social responsibility, we can enhance the company's reputation and appeal to any and all vehicle manufacturers.

## 6 Conclusion

Leadership at MFG is multifaceted, requiring a balance of vision, innovation, and adaptability. Effective leaders steer the organization through the complexities of the automotive landscape and cultivate a culture of collaboration and continuous improvement. It is critical to have a clear overview of the current risk and opportunity landscape, with quantitative assessments for prioritization of resource deployment. Our network of accomplished leaders drives MFG towards long-term success in an increasingly competitive and dynamic market.

# Policies

Environmental, Social, and Governance (ESG) reporting has become increasingly critical for MFG. Stakeholders are now demanding greater transparency and accountability regarding sustainability and ethical practices. This is in large part to ensure the broader upstream value chain is decarbonizing, in line with the expectations and requirements of vehicle manufacturers. By crafting broad, effective and robust policies, MFG can deploy and monitor ESG initiatives throughout the group of companies. These policies are part of our commitment to ESG principles. Policies are the very framework of business processes, that lead to the creation of value, minimization of risk, utilization of resources and so on. Business valuations are now increasingly using ESG metrics to carefully evaluate principal value of companies or organizations. These policies guide operations, shape corporate culture, and help mitigate risks while enhancing reputation and competitiveness.

## 1 Environmental Policies

A strong environmental policy is foundational for MFG. It outlines our commitments to reducing carbon emissions, minimizing waste, and utilizing sustainable materials. We have already set measurable goals for decarbonization and material recycling. As an energy intensive organization, MFG rely on policies that focus on energy efficiency and responsible resource management. This includes strategies for reducing energy consumption in manufacturing plants, increasing circularity, and further decarbonizing our supply chain.

Iron components have very high levels of circularity and future policies should also encompass product lifecycle considerations. This involves assessing the environmental impact of vehicle components from design and production to disposal. Establishing guidelines for eco-friendly design practices, such as modular construction and recyclability, ensures that vehicles have a lower environmental footprint throughout their lifecycle. This is particularly relevant for the casting process, where yield has a significant impact upon the energy consumption emissions.

## 2 Social Policies

Social responsibility is a critical aspect of ESG reporting. A comprehensive diversity and inclusion policy promotes equitable hiring practices and creates a workplace that values diverse perspectives and that can flourish and scale. Setting specific diversity targets for recruitment improves the diversity of teams to make for a more inclusive workplace rich in ideas. MFG prioritizes employee well-being through policies that promote health, safety, and professional development. The use of employee engagement surveys can be used to help assess workplace satisfaction and address any potential issues.

It is important to support local communities through philanthropic efforts, partnerships with educational institutions, and volunteer programs. By actively contributing to community development, MFG can facilitate employment drives and maintain a strong and positive brand image within the community.

## 3 Governance Policies

Governance policies are vital for ensuring ethical business practices and transparency. A strong code of conduct will guide employee behavior, outlining the expectations regarding integrity, legal compliance, and ethical dealings with suppliers and customers. Regular training on these standards will reinforce a culture of ethics within the organization.

Effective operational governance also involves robust risk management and compliance frameworks. MFG has polices to ensure continual adherence to relevant laws and regulations, particularly in areas such as environmental standards and labor rights.

An effective governance policy includes provisions for necessary stakeholder engagement. MFG is always in open communication with key stakeholders, investors, customers, employees, and community members to gather feedback and understand their concerns. This engagement can inform decision-making and strengthen relationships with key stakeholders.

## 4 Reporting and Transparency Policies

Clear ESG reporting frameworks are essential for ensuring transparent reporting of business performance. These will outline how ESG data will be collected, analyzed, and reported, including timelines for reporting and the metrics used to measure performance. Aligning with recognized standards, such as Science Based Targets initiative, the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB) provides credible metrics. Policies include provisions for the regular review and improvement of ESG practices.

## 5 Conclusion

In conclusion, establishing comprehensive policies for an ESG report is essential for MFG as we seek to enhance our ethical practices and reduce our environmental impact. Our environmental policies are focused on sustainability, our social policies promoting diversity and employee well-being, and our governance policies ensuring compliant ethical conduct throughout the business. By committing to transparency and continuous improvement, MFG will not only exceed stakeholder expectations but also drive long-term value for the organizations. Ultimately, a proactive approach to ESG considerations can enhance MFGs brand position, attract investment, secure attractive supply contracts, and contribute to a more sustainable future.

# Conformance

Conformance is a critical concept for MFG strategic operations, and it encompasses adherence to industry standards, regulatory requirements, and internal Group policies. In an environment marked by rapid technological advancements and increasing regulatory scrutiny, ensuring conformance is vital for operational efficiency, safety, product quality, and MFG’s corporate reputation.

## 1 Understanding Conformance

Conformance refers to the degree to which processes, products, and systems comply with established standards and requirements. In the automotive sector, this includes adhering to regulatory frameworks, safety standards, quality benchmarks, and environmental or sustainability guidelines. Conformance is crucial for maintaining customer trust, ensuring safety, and protecting the company’s reputation in a highly competitive market.

## 2 Regulatory Compliance

MFG as an automotive components manufacturer must navigate a complex and broad landscape of regulations at local, national, and international levels. Compliance with standards set by organizations such as the National Highway Traffic Safety Administration (NHTSA) in the U.S. and the European Union’s General Safety Regulation is essential. These regulations cover a wide range of issues, including vehicle safety, product conformance, process regulations and environmental laws.

Conformance involves maintaining certifications and undergoing rigorous testing processes. Manufacturers typically follow guidelines set forth by organizations like IATF16949 or those from the International Organization for Standardization (ISO) and the Society of Automotive Engineers (SAE). Achieving certifications such as ISO 9001 for quality management systems or ISO 14001 for environmental management demonstrates a commitment to maintaining high standards.

## 3 Quality Management Systems

A robust quality management system (QMS) is essential for ensuring product conformance. This includes implementing standard operating procedures (SOPs) for manufacturing processes, conducting regular inspections of tools and processes, and employing statistical process control (SPC) techniques. By adhering to these scalable frameworks, MFG can consistently produce components that meet and exceed quality standards.

Lean and Six Sigma practices focus on identifying any process or system inefficiencies, reducing waste, and improving product quality. By fostering a culture of continuous improvement, we can ensure that our processes remain aligned with evolving industry standards and customer expectations. Delivering the highest quality components and keeping up with the demanding technical challenges of new materials or designs set MFG apart and ensures or continual nomination for supply contracts.

## 4 Supply Chain Conformance

This involves establishing clear supplier requirements, conducting regular supplier audits, and implementing a rigorous supplier selection process. Automotive companies often use tools such as the Supplier Quality Assurance (SQA) framework to assess and monitor supplier performance.

Given the complexity of global supply chains and high pressure demands on scheduling, we must be proactive in managing risks associated with supplier conformance. This includes monitoring suppliers for compliance with quality, safety, and environmental standards.

## 5 Employee Training and Engagement

Ensuring conformance is not solely a top-down, Board-driven initiative; it requires active participation of employees at all levels of the organization. Regular training sessions can be used to empower employees. MFG’s employees feel encouraged to report non-conformance without fear of retribution. Establishing clear reporting mechanisms and recognizing employees who identify and resolve conformance issues can promote a proactive approach to compliance.

## 6 Monitoring and Reporting

We develop and utilize Key Performance Indicators (KPIs) that track compliance against regulatory and quality standards. Regular monitoring of these allows for early identification of potential issues and facilitates timely corrective actions. Regular internal audits help identify areas for improvement and ensure that processes remain aligned with MFGs expectations, industry standards and regulatory requirements.

## 7 Conclusion

For MFG conformance is a critical aspect of operations and ensures long-term future business success. By prioritizing the following four areas, MFG can enhance operational efficiency and maintain product quality: regulatory compliance; implementing effective quality management systems; ensuring supplier conformance, and fostering employee engagement. Moreover, our commitment to conformance not only safeguards the company’s reputation but also builds trust with consumers, ultimately driving long-term success in this competitive market. Maintaining a sharp focus on conformance is essential for navigating these challenges and seizing new opportunities.



# Data Responsibility

As automotive manufacturers embrace digital transformation, data has become a vital resource. For a large automotive manufacturing company, data responsibility encompasses several critical areas, including data privacy, security, ethical use, and regulatory compliance.

## 1 Data Privacy and Protection

MFG are obligated to safeguard personal and corporate data, particularly when it relates to customer privacy.

## 2 Cybersecurity and Data Security Measures

Increasingly digitized and connected, the manufacturing and supply industries have witnessed a rise in cybersecurity threats. This can come in the form of small-scale ransomware attacks for commercial gain or more coordinated state-actor initiatives that are leveraged to impede operations of a competitor state.

As such, MFG takes a proactive approach to cybersecurity by implementing multi-layered security architectures that include firewalls, intrusion detection systems, and encryption of valuable and proprietary data. It is also important for automotive manufacturers to establish partnerships with cybersecurity experts to continuously monitor and respond to emerging threats.

## 3 Ethical Data Usage

The use of personal employee or customer data collected via normal procedural means, raises ethical concerns, particularly regarding how the data is analyzed and used. MFG is transparent with consumers and employees about what data is being collected and for what purpose. Misuse of data or failure to disclose its intended use can erode trust and potentially lead to legal repercussions. The adoption of ethical frameworks, will be a useful future initiative that can guide how data is used for business purposes. Customer data and employee data is invaluable for general operations, but the robust protection of this data must also be ensured, avoiding practices like selling personal data to third parties without explicit consent or using data for other purposes beyond the scope of consent.

Transparency in data practices, providing consumers with control over their data, and offering clear opt-in and opt-out choices are essential for ethical data use. This builds customer confidence and ensures that data is used responsibly.

## 4 Regulatory Compliance

MAT Foundry Group operates across various regions and countries, each with its own set of data protection laws and regulations. Adhering to these laws is not only a legal obligation but also a crucial aspect of corporate responsibility. Non-compliance can result in substantial fines and reputational damage.

Regulations like the GDPR require MFG to ensure that personal data is processed lawfully, fairly, and transparently. Data minimization, purpose limitation, and accuracy are principles that must be upheld. Additionally, automotive companies must be prepared for regulatory scrutiny and data subject requests, such as individuals’ right to access, delete, or rectify their personal information.



## 5 Sustainability and Data Responsibility

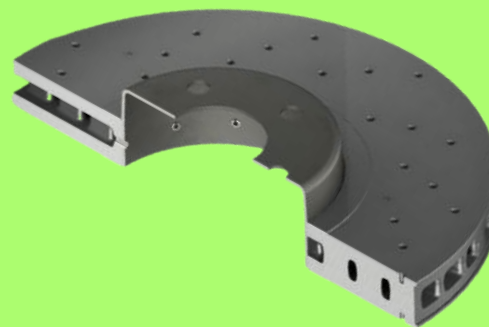
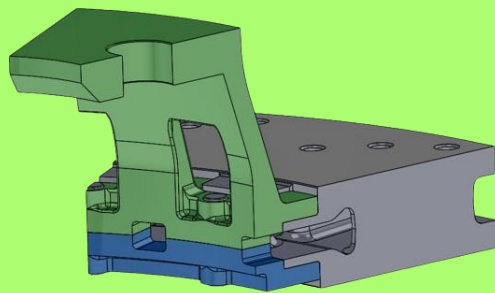
Data management also plays a role in the broader context of sustainability. As we invest in digitized process control, efficient production systems we are amassing a mountain of data that must be considered appropriately. The energy consumption required to process and store vast amounts of data can be substantial. Companies can show leadership by adopting energy-efficient data centers and leveraging cloud providers that prioritize sustainability.

## 6 Conclusion

In the evolving landscape of the manufacturing industry, data responsibility has become a cornerstone of ethical and successful business practices. As large manufacturing companies become increasingly digitized and connected, manufacturers must ensure efficient and continuous production whilst ensuring compliance with global regulations. By building trust with customers and stakeholders through responsible data practices, MFG can not only protect themselves from legal and reputational risks but also foster innovation and long-term success.

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# Innovation



# Innovation Projects

Topic	Goal	Progress	Status
<b>Advanced Gating System</b>	Simultaneous yield and quality improvements with the casting process at MAT Foundries Europe GmbH.	Technical verification complete. Rollout as per commercial justifications.	90 %
<b>EURO 7 Rotors</b>	To ensure brake rotor compliance with PM10 dust emissions limits of the EURO 7 regulation. Coverage required for EURAC Group.	A wide range of coatings and solutions being tested for PM10 dust emissions. Collaborations are taking place with partners and external research laboratories.	10 %
<b>Lightweight Brake Rotors</b>	To add a range of IAM Mercedes lightweight rotors to the EURAC Group portfolio.	First homologation samples complete ready for ECE R90 testing. SOP for Q2 2025 for first production batch.	25 %
<b>Sand Reclamation</b>	To reclaim waste foundry sand for reuse in sand system, thus increasing the degree of circularity. First implementation at EURAC Poole Ltd.	Machine was commissioned in 2022 and is now operational, returning reclaimed sand within the core manufacturing process. Process parameters are being fine tuned to optimize for component quality and waste minimization.	95 %
<b>High Performance Rotors</b>	Develop a lightweight rotor for performance applications, further expanding the rotor portfolios of MFG.	Initial concepts generated and working concept discussed with Premium European VMs. IP coverage applied for.	5 %

# Publication Details

This ESG report has been prepared for informational purposes only. Whilst we have taken all reasonable measures to ensure that values are accurate to the best of our knowledge, this does not constitute financial, legal, or investment advice to be used for any such purpose.

If there are any comments or questions, please contact us:

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For more information, please see our webpage:

<https://www.matfoundrygroup.com/sustainability>

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