

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2020/21



DONCASTERS



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CEO INTRODUCTION

When I joined the Doncasters group in March 2020 I could not have foreseen what would happen to the world we live in. COVID-19 continues to have a profound effect on how we live our lives both at home and at work and, as a result, our key focus continues to be the safety and wellbeing of our employees and their families.

I am immensely proud of the level of commitment our employees continue to demonstrate during the COVID-19 challenge. They show up for work every day without fail, ensuring the Company continues to deliver high-quality products to our customers.

Despite the challenges we face, I believe it is vital we accelerate our Environmental, Social and Governance (ESG) program. As many of you know, I am transparent and honest regarding the challenges facing Doncasters and the ESG report gives us another vehicle through which to celebrate our successes and share where we are investing our attention with our stakeholders.

Because of the timing of this report, we have taken the decision to cover both 2020 and 2021 up to the end of October. Further to this, we will be publishing an ESG report annually with the next report, with a full view of 2021, in February 2022.

We launched our new 2021 - 2025 strategy in May of this year with a clear focus on becoming a more sustainable business. Now that we are reporting through a coordinated framework we will be able to take a more strategic view on the course of actions we pursue in delivering on our sustainable business vision. We can be confident we are directing our efforts to where they are most needed.



We are acutely aware of our responsibilities in the ESG area to both our employees and the wider community and are committed to delivering on them.

Looking ahead, I am encouraged by what I believe Doncasters can achieve. COVID-19 has shown the commitment and dedication of our employees and we are fortunate to have such a workforce. With the team and capital in place to deliver on our vision for the company, we will continue to drive value creation for all of our shareholders and stakeholders alike with our ESG commitments to the forefront as we deliver on this ambition.

The Board of Doncasters and I would like to thank you for your continued support of the Doncasters Group.

Mike Quinn
Chief Executive Officer

EXECUTIVE SUMMARY 2021*

*All 2021 data as at 31st October.

PEOPLE


WOMEN (GLOBALLY)


13% FEMALE EXECUTIVES
31% FEMALE PROFESSIONALS
24% FEMALE EMPLOYEES OVERALL


US MINORITIES


13% MINORITY EXECUTIVES
43% MINORITY PROFESSIONALS
51% MINORITY EMPLOYEES OVERALL


EHS


 **6 SITES ISO 14001**
1 SITE ISO 50001

 **7% REDUCTION IN tCO2e**

 **4 SITES PARTICIPATING IN ESOS TO REDUCE ENERGY**





 **ZERO FATALITIES**

 **6.97% REDUCTION IN INCIDENTS**

 **16.67% REDUCTION IN LOST DAYS**

INFORMATION SECURITY

 **0 INCIDENTS**

OUR COMMITMENTS:	SHORT TERM	LONG TERM
 PEOPLE DIVERSITY	Strategy in place to map and achieve Diversity, Equity and Inclusion aspirations by 2022.	Report progress against our DE&I strategy.
 CARBON FOOTPRINT tCO2e	Determine sustainable carbon reduction targets.	Determine and achieve reduction % targets by gross and net.
 REDUCE ENERGY USE PROPORTIONAL TO MANUFACTURING OUTPUT	Site based targets in place, measured as an energy performance indicator 2022.	25% reduction in energy use in proportion to output by end of 2024.
 ZERO WASTE TO LANDFILL	Waste mapping in place by 2022.	Zero waste to landfill by end of 2024.

COVID-19



At Doncasters, we foster a winning culture that enables everyone to be safe.

Our business values and commitments are at the heart of our responsibilities to our employees, their families and the wider community. This has been fundamental in our response to the challenges of the COVID-19 pandemic.

As a Group our top line, like all companies in our sector across the globe continues to be impacted by COVID-19. The Automotive market continues to be badly affected, whilst the Aerospace market is only now beginning to recover from decline in air travel demand.

The Company's response throughout the Global Pandemic is a testament to all of our employees. It hasn't been an easy challenge to overcome, but through our employees' devotion to our values of Excellence, Commitment, Integrity and Teamwork, Doncasters has remained as safe and productive as possible.

HOW DID WE ACHIEVE THIS?

Through our value of excellence, our Business Continuity Plans ensured we continue to deliver high quality, precision work, while continuously improving and adapting how we operate to ensure we implemented a COVID-19 response that created a safe working environment. We have strengthened our hygiene procedures and communicated these clearly to employees so that they could operate safely. We initially limited attendance to our facilities to those who could not work from home and had a rigorous procedure to only allow visitors who were essential to business operations. Our employees responded by challenging each other to be safety conscious and continuing to conduct their work with excellence.

Through our value of commitment, we ensured the best possible service to our customers and each other. We adjusted our absence procedures to ensure our employees followed self-isolation rules to mitigate the risk of the spread of COVID-19 in the workplace and limited all but essential travel. Our employees responded by being accountable for their actions, understanding the impact of what they do through properly implementing their personal responsibilities.

Through our value of integrity, we are honest and transparent: The global pandemic was a new working environment and we continue to work closely with our employee representatives to overcome impacts to our business and employees alike. Our employees act with trustworthiness and courage, holding themselves to account to ensure they deliver their personal commitments throughout the ongoing pandemic.

Through our value of teamwork, we recognise the personal and Company sacrifices that the pandemic has brought. From the beginning we were able to rely on our employees to come together as one team while acknowledging that some have done so with a personal cost to their earnings as we navigated the market impacts that the pandemic has brought.

With the help and support of our teams, we have continued to adapt and adjust our safety protocols as the official guidance in the different regions we operate in has evolved, ensuring that their safety remains our first priority.

Finally, with the greatest regret, we mourn those three employees who, despite their diligence in adapting to living through the pandemic, lost their lives. The cruelty of COVID-19 has impacted our team, their families and friends for which we have done our utmost to support through such difficult times.





PEOPLE

To be a great place to work, Doncasters is on a journey to re-energise its culture, enabling us to be our best every day.

In 2020 we surveyed our employees about our culture, and we received an open and honest summary of the strengths in our culture and where we need to change. The report highlighted three priorities:

1. Bridging the gap. We want to build trust between our leaders and employees and ensure that our company vision and steps for future success are clear.
2. Re-defining excellence. We believe that it is everyone's responsibility to deliver winning performance and drive continuous improvement, to create a culture we're proud to be a part of.
3. Everyday collaboration. Working together is key to achieve our vision. We all need to unite behind our goals and priorities to deliver our strategy.

2020 was a difficult year for our industry that resulted in significant demand reduction. Inevitably we were required to restructure our workforce. In the UK the business used the UK Government Coronavirus Job Retention Scheme. In the USA, in states that allowed it, employees opted to join the Workshare Program allowing us to reduce working hours but maintain headcount, and allowing our employees to retain the same level of benefits. Similarly, in Germany our facilities adopted Short Time Work.

Throughout 2021 Doncasters has embarked on a programme of defining and embedding the new culture. This programme has not only focussed on the creation of material to explain and promote the culture, but has involved the participation of 'cultural advocates' from every location and level of the business.



LEADERSHIP DEVELOPMENT

To support our culture, 2020 saw the conception of a leadership mindset development program at Doncasters. This program began its rollout in 2021 and will be delivered to every leader in the business, approximately 10% of our workforce, over the coming years.

EMPLOYEE DEVELOPMENT

COVID-19 impacted the way we support and develop our employees, with traditional classroom sessions suspended. In 2020 we began our virtual learning journey, responding to the pandemic by adapting Environment, Health and Safety training to be virtual wherever possible and investing in online learning resources.

We recognized our internal talent through our High Potential scheme and bolstered our pipeline through 6 interns globally and 18 apprentices across 11 disciplines in the UK.

We also re-energized our performance review process, ensuring all employees have the ongoing opportunity to receive feedback in a more formalized setting and to learn and develop into future roles if they wish to do so.

DIVERSITY, EQUITY AND INCLUSION

Doncasters understands the importance of Diversity, Equity and Inclusion (“DE&I”) in building innovative teams and doing the right thing for our communities. We aim to improve diversity at all levels of the organization through our DE&I strategy.

To achieve this, we are focusing our efforts on ensuring that the talent pipeline includes diverse candidates and that we nurture such talent within Doncasters. We recognise that an environment that promotes diversity and inclusivity will also foster greater innovation and creativity through a broader range of skills and experiences.

We are also committed to continually reviewing our recruitment processes in order to ensure that we do everything we can to remove barriers and ensure diversity in our talent pool.

Our long-term goal is to develop a continually-reviewed people strategy that enables us to hire the best talent and achieve true diversity.

WOMEN & US MINORITY REPRESENTATION

WOMEN (GLOBALLY)

2020	2021*	
0%	13%	FEMALE EXECUTIVES
34%	31%	FEMALE PROFESSIONALS
22%	24%	FEMALE EMPLOYEES OVERALL

US MINORITIES**

2020	2021*	
13%	13%	MINORITY EXECUTIVES
23%	43%	MINORITY PROFESSIONALS
43%	51%	MINORITY EMPLOYEES OVERALL

*As at 31st October 2021.

**Minorities represent employees who identify as Asian, African American, Alaska Native, American Indian, Black, Hispanic, Latino, Native Hawaiian, Pacific Islander, or two or more races.

2021 EMPLOYEE BREAKDOWN*

	Sex		Age		
	Male	Female	Under 30	30-50	Over 50
Board of Directors**	4				4
Officers and Assistant Officers	3	1		1	3
Employees	1,013	326	220	625	494

*As at 31st October 2021. Data does not include employees in Germany due to data privacy laws.

** Including 2 non-executive Board members.

OUR COMMITMENTS:

In 2022, fully assess ourselves against our DE&I aspirations through:

- Assessing our current DE&I practices and realign to our aims where required.
- Collect meaningful employee data from across the whole of the business, mindful of the regional laws regarding privacy, to enable us to diagnose focus areas, set clear targets and measure success.
- Clearly articulating our DE&I strategy to our global workforce.
- Auditing our end to end Talent Acquisition process to ensure that our practices allow us to achieve our aspirations.
- Auditing our access to development to ensure that all employees have the opportunity to grow and learn throughout their Doncasters career.
- Monitoring all employees complete a Personal Development Review (PDR) and that they are able to do so annually.

2021 CASE STUDIES: WOMEN IN LEADERSHIP ROLES

Female representation in site-based leadership teams (below General Manager level) is celebrated across the Doncasters business, with 27% female representation globally, within a range of 10% to 57% across our 11 operational sites*.

Doncasters' Ross & Catherall business in Sheffield, UK, part of the European operating region, employs 116 people* and has a leadership team comprising operational and support service roles.

The Ross & Catherall leadership team is diverse in skill, sector and role experience, and also female representation: 50% in Operational Leadership roles and 25% in Support Service Leadership roles*.

Ross & Catherall General Manager, Jason Griffiths, recognises the benefits that this diversity brings to his team, commenting: "I have a hard-working leadership team that strives to work collaboratively, focussed on strategic achievement. The diversity of my team allows for optimum innovation through

the consideration of different viewpoints and perspectives in the decision-making process, with different strengths coming together as one team to lead the site to success."

In Newberry, South Carolina, USA, Doncasters' turbocharger component business, Trucast LLC, employs 83 people and has a leadership team with 57% female representation*.

Chris Pritchard, Divisional Managing Director, understands the value of diversity, commenting: "I am proud to lead a diverse team which fully embraces our values of Excellence, Commitment, Integrity and Teamwork.

"The Trucast US leadership team respect and embrace each other's skills, experience and differences, working together to meet any challenges and towards carrying out our business strategy."

*Data as at 31st October 2021.

ENVIRONMENT, HEALTH & SAFETY



EHS performance and balanced scorecard, total reportable injury (TRI) rate and business reports are regularly considered; - we monitor EHS programmes including safety cases, contractor management and employee wellbeing.

We continue to consider COVID-19 EHS impacts and mitigations and regularly review the EHS Group risk profile, tracking progress against EHS and environmental targets.

We are committed to ensuring a health and safety culture exists which prevents injury or harm and as such we believe that a good Health and Safety culture is integral to us conducting our business in a manner that creates a healthy and safe environment for all employees, contractors and any other party affected by our activities. This culture starts at the very top of our organisation, where EHS is the first item at board meetings.

The EHS policy provides a framework to maintain a solid approach to the ongoing management and improvement of Health and Safety across our business. We are committed to achieving this by:

- **Leadership and accountability:** Health and Safety starts at the very top of our organisation. Our CEO ensures effective Health and Safety arrangements are in place with responsibility for implementation falling to each Divisional MD. Additionally, business leaders will visibly promote their commitment to Health and Safety and act as role models to engender good Health and Safety practice allowing an



environment where personal accountability for Health and Safety at all levels of the business is maintained,

- **Working environment:** Provide safe, healthy and secure working conditions for all employees and contractors through eliminating hazards when practicable and reducing occupational health and safety risks.
- **Competent and trained workforce:** Any individual who is required to carry out a task is trained and competent to do so.
- **Maintaining robust arrangements for the ongoing management of risk:** Our independently assessed safety management system is continually improved to provide a solid framework for the ongoing management of risk.
- **Legal and other requirements compliance:** We remain committed to complying with pertinent legal and other regulatory requirements and upholding our obligations to industry and corporate requirements.

- Communication: We will communicate openly with all key stakeholders and consult with employees and workers representatives, facilitating their participation concerning Health and Safety matters
- Continual improvement: We have a framework in place to continually review our Health and Safety performance and inform sensible objective setting through our corporate targets and Health and Safety improvement plans. It is the responsibility of everybody undertaking work on behalf of the organisation to: Ensure they are undertaking their task in a manner that will ensure the safety and health of themselves or any other party who may be affected by their action Stop what they are doing if they believe this will give rise to injury or harm and seek advice - in the knowledge that they will not be penalised for doing so Report any unsafe acts or conditions Comply with all Health and Safety requirements
- Policy review: Our EHS policies will be reviewed at least annually

ENVIRONMENT

Because we understand the environment in which we work, we can commit to reducing our environmental impacts as part of our strategic business planning through a process of continual improvement. This includes:

- Wherever possible, using environmentally safe and sustainable resources and products manufactured from recycled or recyclable materials.
- Promoting our environmental policy to all our suppliers, hauliers and others working for us or on our behalf, expecting that they will also adopt both a responsible and proactive approach to environmental concerns.
- Maximising resource usage and minimising waste.
- Actively engaging with customers, employees and suppliers to exploit opportunities offered by new technologies and improved process operations to reduce environmental impact.
- Educating, training and motivating our employees so that they are aware of the potential impact of their actions on the environment and understand their role in helping reduce the environmental impact of the business.
- Reviewing our energy and water use and, where necessary, investing in the appropriate technology for conservation and improved efficiency.
- Managing environmental impacts such as pollution is an integral part of the Company's ISO 14001 accredited environmental management system. The setting of objectives with quantifiable targets to reduce emissions, discharges and waste is a key element of our systems.
- Ensuring compliance with all relevant environmental legislation, regulations and other requirements to which the Company subscribes, which relate to its environmental aspects.

IN 2021* WE HAD:



**6 SITES ISO 14001
BOCHUM ISO 50001**



**7% REDUCTION
IN tCO2e**



**4 SITES PARTICIPATE
IN ESOS TO REDUCE
ENERGY USE**



ZERO FATALITIES



**6.97% REDUCTION
IN INCIDENTS**



**16.67% REDUCTION
IN LOST DAYS**

*As at 31st October 2021.

These environmental commitments and their effectiveness are reviewed periodically and revised to reflect changing conditions.

As a business, we are interested in understanding global warming and climate change risk implications as well as opportunities to enhance our organisation’s long-term value.

We will explore real-world innovation and design environmental strategies that can enhance long-term organisational resilience and drive change toward a net-zero future.

GETTING TO NET-ZERO, NEXT STEPS

Doncasters is embarking on a programme of energy management and net-zero/sustainability investment backed by a consultancy, and the creation of dedicated roles.

This programme is expected to deliver a significant financial return on investment and generate significant net benefits, aiming for a 30% reduction in energy by 2025.





This programme will be backed by a c.£500k “Net-Zero Revolving Fund”. To ensure the investment is sustainable the fund will be managed according to the following rules:

1. The fund must finance projects which reduce energy usage.
2. The fund must revolve so that at least some of the generated savings are required to be repaid to the fund, thus producing capital for future projects.
3. The projects funded must have results that can be validated/measured.

This internal fund will provide financing to projects within Doncasters to deliver this target.

The projects funded will be tracked and used to replenish the fund for the next round of investments. This creates a sustainable funding cycle whilst supporting a programme that cuts operational costs and reduces environmental impacts.

OUR EHS COMMITMENTS:

	SHORT TERM	LONG TERM
 CARBON FOOTPRINT tCO2e	Determine sustainable carbon reduction targets.	Achieve reduction targets by gross and net.
 REDUCE ENERGY USE PROPORTIONAL TO MANUFACTURING OUTPUT	Site-based targets in place, measured as an energy performance indicator.	25% reduction in energy use proportional to output by end of 2024.
 ALL SITES TO BE ISO 50001	All UK sites accredited by 2023.	All European sites accredited by 2024. Roadmap in place for US sites.
 ZERO WASTE TO LANDFILL	Waste mapping in place.	Zero waste to landfill by end of 2024.



2021 CASE STUDY: LONG BEACH MICRO-GRID

Doncasters' Long Beach, California, facility has completed the first step in finding a greener and more cost-effective solution to its energy needs, completing a feasibility study to create a micro-power grid.

The plan entails finding alternative ways to power the site in a reliable and efficient manner, drawing power from four sources: Solar Panels, On-site Gas Generator, Batteries (Power Storage) and around 20% Power from the SoCal Grid.

At the heart of the plan is software which would direct power usage from one or more of the 4 options at any given minute of the day, based on availability and efficiency and able to contribute power back into the local power grid during periods of low demand at site.

We look forward to reporting on the progress of this scheme.

INFORMATION SECURITY

As part of the wider capital growth investment in 2021, Doncasters made a significant investment in IT Security for Doncasters Group.

At the time of reporting, the first steps have been taken, starting with the creation of a new Group IT Security Manager role, with responsibility for overseeing cybersecurity investment and modernisation throughout the group.

A review of the existing controls and tools was carried out, mapping them against the Cyber Kill Chain. This was used to create a road map for the most effective way to invest the capital money assigned to IT Security. This roadmap was approved by the Board, with a project plan initiated in June 2021 to migrate to a modern cybersecurity program with updated tools and processes. The new program has NIST SP 800-171 as the base control set, with additional controls added for business continuity and for those sites that work with the US Department of Defense (DoD).

A key part of our modernisation program is to ensure that all of our controls are ready for a cloud-enabled business. We recognise that the move to cloud services provides additional capabilities for the company to grow and expand, but such a move brings a new set of IT security concerns.

STRUCTURE

Whilst the Group IT Security Manager role has the full support of the wider Group IT community it is currently the only dedicated IT security team member. The business plans to expand this specialist capability in 2022. We have current contracts with Managed Service Providers (MSPs) to assist in certain areas and

have standing hourly contract arrangements with other companies for ongoing specialist support.

Part of the modernisation project includes a transition to a Managed Endpoint Detection and Response (MDR) solution. This will give Doncasters around-the-clock access to a security team that will monitor alerts and be the first line of response for any issues, reducing the need to have internal staff working 24/7.

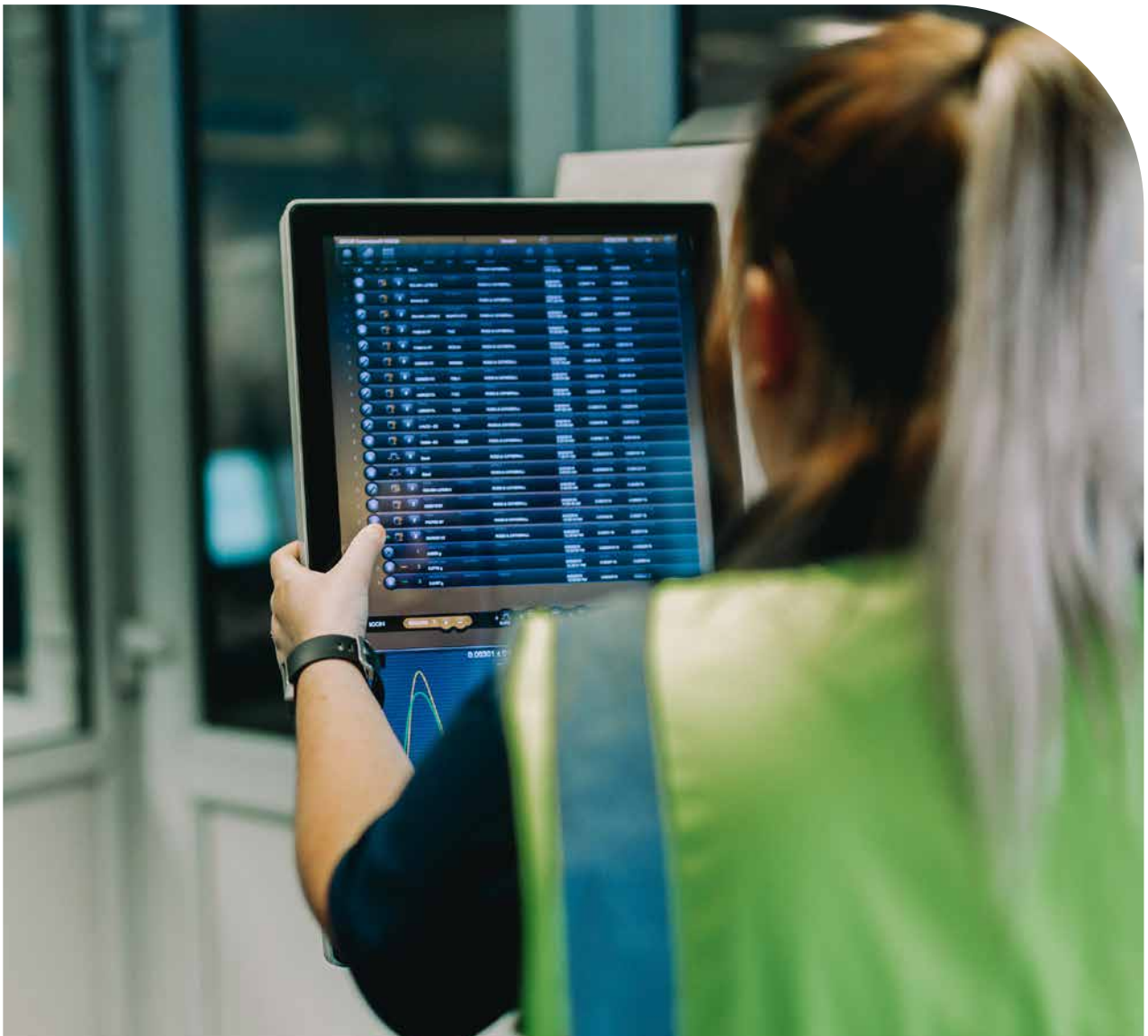
GOVERNANCE

An Enterprise Risk Management (ERM) team has been created in 2021. This team meets monthly to review the cybersecurity risk register. The top cybersecurity risks are added to the corporate risk register and shared with the Board of Directors.

Part of the 2021 modernisation program is the selection and maturation of cybersecurity metrics. Metrics will be provided to management regularly to help inform them on the quality of the program, as well as showing improvements over time.

CYBERSECURITY EDUCATION

Doncasters understands that a “human firewall” is the first step to protecting the security of the information that we are entrusted with. To help with this, in 2021 we began an annual programme of cybersecurity training for everyone in the company. In addition to this annual training, we have monthly bulletins, short pieces of training, and other cybersecurity-related information regularly shared across the company to raise awareness and provide ongoing education.



Alongside the more traditional education, Doncasters tests the real-world response of employees to risks such as phishing by sending realistic fake emails and reporting on employees' reaction to them, taking steps to further educate based upon the results.

INCIDENTS IN 2021

Doncasters uses the following definitions in its Incident Response Plan (IRP):

- Asset: Any type of equipment or data owned or managed by the organisation.
- Event: An alert or notification of abnormal activity that needs to be investigated.

- Incident: An event that compromises the integrity, confidentiality, or availability of an asset.
- Breach: An incident that results in the confirmed disclosure of data to an unauthorised party.

IN 2021* WE HAD:



0 INCIDENTS

*As at 31st October 2021.

SUPPLY CHAIN



Businesses are increasingly expected to understand and manage their exposure to supply chain risks.

We acknowledge that all businesses are under increased scrutiny from investors, governments, the media and the public at large and are expected to act on major ESG issues. We understand that supply chains can include hidden and uncontrolled risks around natural resource depletion, human rights abuses, and corruption.

Doncasters' supply chain spans many countries and in some parts of the business includes multiple tiers. Managing our supply chain is essential to the success of Doncasters and is a source of value creation. We are working hard to ensure that appropriate policies and procedures are in place to increase understanding across our supply chains, expose hidden or uncontrolled risks around natural resource depletion, human rights abuses, and corruption.

Compliance with local regulations is not sufficient to meet our expectations or those of our stakeholders. As a result, we have



instigated a global review of our supply chain contracts, policies and processes. We recognise that having good ESG risk management in our supply chains will enable us to:

- Respond to emerging regulation or legal obligations quicker
- Enable us to develop long-term trusting partnerships with our direct suppliers
- Protect our licence to operate, particularly when dealing with governmental contracts
- Reduce costs through better financial risk management
- Enhance business continuity
- Increase stakeholder confidence

Whilst we do have visibility over the supply chain, with greater focus over our direct suppliers we would like to get to:

- A mapped-out supply chain and encouragement of direct suppliers to engage with those further down the chain
- Rewarding suppliers that improve with more business, allowing them to invest in improvements with confidence
- Strengthened relationships between company and suppliers, moving from auditing to more regular interaction
- Openness and transparency of supplier base across the Group, including regular feedback and the ability for suppliers to talk to us about suspected ESG breaches
- Policies going beyond legal compliance

Concerning employment and labour practices, we expect our supply chain to:

- Eliminate all forms of forced labour, child labour, and illegal discrimination in the workplace
- Establish safe and healthy working conditions



- Value diversity as part of the Vendor's business strategy
- Seek to compensate employees competitively and to comply with applicable wage, work hours, overtime
- Respect principles of freedom of association and the right to collective bargaining following applicable law and practice.

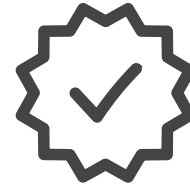
We expect our suppliers to:

- Understand their operations' environmental impact and that of their suppliers.
- Strive to play a positive role in advancing responsible and sustainable development, and in improving standards of living for their workforce and the communities in which they operate

We will not work with suppliers who do not adhere to Anti Bribery and Corruption laws. In particular, those who:

- offer or allow anything of value to be given to obtain or retain business or favoured treatment
- ask for or accept anything of value to obtain an improper advantage
- circumvent or cause non-enforcement of laws or regulations applicable to Doncasters.

RISK MANAGEMENT & GOVERNANCE



Doncasters has a renewed focus on risk management.

The Board is committed to further enhancing its risk management capability and, in 2021, appointed a highly experienced Chief Risk Officer. As part of our executive team, she will ensure that the management of risk is further embedded in the strategic and operational processes of the Group and is aligned with our ESG priorities. This means that risk management is not a separate process or set of actions, but part of normal business and daily management practice. We are committed to promoting effective risk management as a core management capability.

The Group aims to foster a culture where, as a matter of good business practice, both risks and opportunities are identified and managed to support informed and effective business decisions, enabling the Group to achieve its objectives.

On an annual basis, the Board will review risk appetite to ensure it is calibrated to the Group's strategic objectives. Risk is assessed formally at the business unit level through risk workshops and via the maintenance of risk registers. Updating these registers is a continuous process involving the identification, evaluation, and management of risks by individual managers. Risk exposure will be considered against risk appetite by profiling individual risks in respect of their potential impact and likelihood of occurrence, after consideration of mitigating and controlling actions that are in place.

Internal audit will deliver a comprehensive, risk-based combined assurance plan and regularly advise the Board of the effectiveness of the design and operation of the control environment. We are also committed to

promoting a culture in which people will openly communicate risk to appropriate levels within the Group and in which information on risk, and the actions taken to manage risk, is shared openly through an effective communication process.

PRIVACY

Doncasters is committed to protecting privacy and data. The Company's privacy compliance and risk are overseen by our General Counsel and Chief Risk Officer and the Audit Committee. The Company has data protection officers who are focused on developing a data protection management programme, covering all aspects of privacy governance - including policy review, workforce education and awareness, and third-party management.

BUSINESS CONTINUITY MANAGEMENT

Our Business Continuity Management enables Doncasters to take the necessary steps to respond, recover and return to business as normal following a significant business disruption. This year we have reviewed our support functions, with each area reviewing and, where necessary, redesigning their processes to limit single points of failure as well as developing support areas, department contingency and resumption plans.

GOVERNANCE

Responsibility for risk management operates across all levels at Doncasters:

- **THE BOARD:** The Board takes overall responsibility for both the principal risks and the risk appetite of the Group, assessing how each risk could impact on the Group's strategic objectives and overseeing the Group's risk governance structure and internal controls framework.

This year it identified the need for the Group to focus more on this area and created the position of Chief Risk Officer to address their concerns.

- **AUDIT AND RISK COMMITTEE:** The Board has delegated responsibility for reviewing and ensuring the effectiveness of the risk management process to the Audit and Risk Committee.
- **EXECUTIVE TEAM:** Business and functional leadership are responsible for the management of risk and for compiling and maintaining their own risk register, which outlines the risks for each business unit and mitigating actions.

The Executive Team as a whole reviews the Group's principal risks, while individual members own specific risks.

WHAT WE DID IN 2021

In 2021, risks that could prevent or impede us from achieving our strategic, operational or compliance objectives have been identified across the business and support functions. Each risk owner has assessed the risks, identifying the likelihood and severity of impact and reviewed the current mitigating control activities. Where these controls have been found to be insufficient an improvement plan has been put in place using a "red, amber, green" rating.

In 2021, the Executive also focused on identifying its risk appetite (more details can be found on page 23). Doncasters risk appetite is currently being reviewed and assessed by the Board.

The foundation work to implement enterprise risk management (ERM) has been completed in 2021. Key elements of this process being the:

- preparation of a risk policy; defining Governance, process, ownership and accountability for both risk management and the ownership of risk and mitigation plans;
- design of the risk register format;
- determination of the risk assessment criteria,



- definition of the Doncasters risk universe; what risks we need to consider;
- establishment of a process for setting risk appetite, and completion of an initial assessment of the Executive and Board's appetite for risk taking and;
- completion of an initial top-down risk assessment.

Through one-to-one meetings with senior leaders from Group and operational functions, we have completed an initial top-down risk assessment. Through 15 individual sessions, we identified c.130 risks that senior leaders considered to be of strategic importance, and the actions being taken to mitigate these risks. These risks were consolidated into common themes, from which our 7 key principal risks were identified (see pages 23 below).

In 2021 the interim risk manager gave informal one to one training to the various risk owners empowering them with the skills to evaluate risk, helping them to determine which risks are acceptable, the likelihood of those risks crystallising and how to identify what can be done to reduce the impact of those risks once they have materialised whilst ensuring that the costs of operating are proportionate to each risk. In 2022, with the appointment of a permanent risk manager, this programme will be formalised and extended to ensure

that the various assurance providers, have the necessary competencies to evaluate the principal risks against risk appetite and ensure that any mitigating actions are being embedded in the process effectively.

In addition, in 2021 a review of the Group's insurance programme was undertaken. The findings in relation to the insured values, acceleration of engineering recommendations and alternative programme structures, designed to mitigate against the reduced capacity in the insurance market will be considered as part of the renewal programme which commences in December 2021.

At least once a year, the Audit and Risk Committee, on behalf of the Board, will review the effectiveness of the Risk function and where required, identify areas for improvement. This will be reported on in each forthcoming ESG report commencing February 2021.

KEY GOALS FOR 2022

We recognize that evolution and maturity of enterprise risk management is an ongoing process to embed ERM into the DNA of the Group, strengthening capability to manage risk from both a "top-down" and "bottom-up" perspective. In 2021 we will build on existing risk management capabilities by cascading the ERM process throughout the Group, ensuring all risk owners have the necessary training and tools to manage the bottom-up process.

In 2022 we will also seek to record our emerging risks and put in place a formal process for monitoring and managing them alongside our existing risks.

In addition to further embedding risk as being critical consideration to all decisions being taken at Doncasters, next year Doncasters will focus on key compliance and safety risks. The Group has a set of mandatory policies and training which sets out expectations on employees. These will be refreshed, simplifying our policies and guidance whilst ensuring that every employee, annually, completes training and confirmed they will comply with the mandatory policies. The consequences of non-compliance will be addressed via our disciplinary procedures.

A further key focus will be placed on assessing the effectiveness of mitigating controls and on our current risk level relative to our risk appetite.

PRINCIPAL RISKS

Each principal risk is owned by a member of the Executive Team and will be subject to review at least once each year by the full Executive Team, before being reviewed by the Audit and Risk Committee.

Our current principal risks together with how we manage them, who will provide assurance and oversight are set out in the table below. In subsequent reports we will highlight changes in our principal risks in both the table and accompanying narrative.

The scale and impact of the pandemic, including the actions taken to reduce its spread have resulted in increased risks and uncertainty in our operations. Our principal risks have been identified with this in mind.

EMERGING RISKS

The Board is cognisant of emerging risks that could significantly impact or challenge our current strategy and business model. In 2021 these were discussed at Board meetings in relation to both organic and inorganic growth.

In the light of both COVID-19 and following the UK's exit from the European Union on 31 January 2020 and the trade deal announced in December 2020, we have reviewed our processes and procedures, particularly around export controls, to ensure there is minimal disruption in the service to our customers.

OTHER SPECIFIC RISKS

Our approach to human capital risks forms part of our ongoing culture project on page 9 and page 10.

Our approach to human trafficking and modern slavery within our supply chain is set out on page 19.

OUR PRINCIPLE RISKS

Risk	Description	Impact	How we manage it
Safety	Failure to deliver safe products which meet the needs and expectations of our client and failure to create a safe place of work minimising the risk of harm to our people and the environment.	Decreased revenue and profit, damage to operational performance, reputation, long term sustainability.	<p>Product:</p> <ul style="list-style-type: none"> • Our site quality teams carry out activities designed to reduce safety risks. • We verify and approve product design. • We test adherence to quality standards during manufacturing. • We validate conformance to specification. • We take out relevant insurance. <p>People:</p> <ul style="list-style-type: none"> • We take all new workers through an induction programme. • We enforce the wearing of appropriate PPE at all sites. • We mandate health and safety training. • We put in place initiatives to support our people, such as mental health first aiders and COVID -19 on site vaccinations at our US sites. • We reinforce our zero tolerance to accidents, by ensuring Health & Safety is discussed first at key meetings across all levels.
IT/Systems Failure	This includes the loss of critical systems due to lack of up-to-date IT/Systems, poorly executed implementation of new systems; poor maintenance, business continuity or back-up procedures and the failure of third parties to meet service level agreements.	Decreased revenue and profit, damage to operational performance and reputation.	<ul style="list-style-type: none"> • Information Security infrastructure, policies and procedures supported by a security awareness programme. • Intelligence sharing on threats with government and security bodies including the FBI, CPNI and NCSC. • Management of third-party service providers and risks, including resilience and disaster recovery processes. • Rolling programme of system upgrades to replace legacy systems. • Vulnerability scanning system currently being deployed to assist with monitoring of and identifying of vulnerabilities so that remedial work can be performed to remove the vulnerability. • Patch management system deployed to monitor and deploy patches across the systems. • Deployment of next-generation virus and malware protection across all systems employing industry-leading technical controls and procedures and monitoring.

Risk	Description	Impact	How we manage it
Cyber Threat	An attempt to cause harm to the Group and its stakeholders through access, manipulation, corruption, or destruction of data systems or products through cyber space resulting in the loss, inaccessibility, corruption or appropriation of intellectual property or other sensitive information by unauthorised users.	Decreased revenue and profit, damage to operational performance and reputation.	<ul style="list-style-type: none"> • We deploy firewalls, web filtering and Next Generation Malware and Virus protection. We also use a SIEM to monitor systems and user accounts and have Disaster Recovery support in place to help restore any data. • We test software. • We mandate training to all IT enabled staff raising awareness of risks.
Financial Loss	The Group is exposed to a number of financial risks, some of which are of a macroeconomic nature (for example, foreign currency, energy price, raw material price, interest rates) and some of which are more specific to the Group (for example, working capital, liquidity, and credit risks).	This would affect operational results or the outcomes of financial transactions. Significant extraneous market events could also materially damage the Group's competitiveness and/or creditworthiness and our ability to access funding.	<ul style="list-style-type: none"> • Our financial controls framework is designed to reduce financial reporting risks. • We incorporate trends, demand, and other dependencies into our financial forecasts. • We analyse currency and credit exposures and include in sourcing and funding decisions. • We are developing, reviewing, and communicating treasury policies designed to hedge residual risks using financial derivatives covering foreign exchange interest risks and commodity pricing. • We raise finance through debt and equity programmes. • We produce short and longer-term cash flow forecasts and monitor performance against these, taking action where there are deviations from plans including re-timing spend. • The use of banking facilities and headroom is monitored and controlled by the central treasury function.
Operational Failure	Single points of failure with the potential to disrupt the manufacturing process; supply chain issues (for example, semi-conductor shortage) reducing customer manufacturing, reduced demand for product and disruption to operational delivery plans.	Decreased revenue and profit.	<ul style="list-style-type: none"> • £100m capital investment over a 5-year period to modernize capital equipment. • Development and deployment of robust Business Continuity and Disaster Recovery plans across the Group.

Risk	Description	Impact	How we manage it
Legal and/or Regulatory Breach	Non-compliance with legislation, or other regulatory requirements in the regulated environment in which we operate (for example, export controls; data privacy; use of controlled chemicals and raw materials; anti-bribery and corruption; and tax and customs legislation).	Suspension of activity in certain jurisdictions, loss of supplier accreditations and debarment from government contracts for a period of time; reputational damage; financial penalties; and suspension of export privileges (including export credit financing).	<ul style="list-style-type: none"> • We have drafted a new Code of Conduct in 2021. • We continuously develop and communicate a comprehensive suite of mandatory policies and processes throughout the Group. • We undertake third party due diligence. • We encourage, facilitate, and investigate speak up cases. • We investigate potential regulatory breaches. • Our financial control framework activities are designed to reduce financial reporting risks. • We classify data to meet internal and external requirements and standards.
Talent and Capability	Inability to change behaviours within the existing workforce or to identify, attract, and deploy the critical capabilities and skills needed in appropriate numbers to effectively deliver our strategies.	Decreased revenue and profit, damage to operational performance, increased costs.	<ul style="list-style-type: none"> • We survey employee opinion annually and produce local, divisional and Group-level action plans using the resulting data. • We are implementing a culture change programme. • We have appointed culture champions at site. • We have a High Potential programme. • We have a rolling management development programme. • We monitor the talent pipeline.





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