

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2021



DONCASTERS



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# CEO INTRODUCTION

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In 2021 we formalised our Environmental, Social, and Governance (ESG) program with a focus on responsible sustainability. Reporting through a coordinated framework allows us to take a more strategic view on the course of actions we pursue in delivering on our sustainable business vision. 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.

As part of this commitment and to be transparent and honest regarding the challenges facing Doncasters, we decided to publish our first ESG report covering 2020 and part of 2021, with a promise to release annually in Q1 from that point onwards. This report is, therefore, the first 'regularly scheduled' ESG report, updating the information published late last year to give a full view of 2021.

In 2021, COVID-19 continued to have a profound effect on how we lived our lives both at home and at work despite the vaccination programmes in the countries we operate in. As a result, our key focus during the year continued to be the safety and wellbeing of our employees and their families.

I remain immensely proud of the level of commitment and personal responsibility that our employees continue to display in the face of the challenges caused by COVID-19. Through their efforts, we have demonstrated to our customers that Doncasters is a serious, reliable partner by maintaining our operations where others may have struggled, ensuring the Company continued to deliver high-quality products on time.



As stated last year, I am encouraged by what I believe Doncasters can achieve. Though the pandemic has been tumultuous and tragic, COVID-19 has proven the commitment and dedication of our workforce. With the team and capital in place to deliver on our vision, we will continue to drive value creation for our shareholders and stakeholders alike with our ESG commitments to the forefront.

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

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**Mike Quinn**  
Chief Executive Officer

# EXECUTIVE SUMMARY

## PEOPLE

### WOMEN (GLOBALLY)

**13%** FEMALE EXECUTIVES  
**27%** FEMALE PROFESSIONALS  
**24%** FEMALE EMPLOYEES OVERALL

### US MINORITIES

**13%** MINORITY EXECUTIVES  
**27%** MINORITY PROFESSIONALS  
**44%** MINORITY EMPLOYEES OVERALL

## INFORMATION SECURITY



**0 INCIDENTS**

## EHS



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



**7% REDUCTION IN tCO2e**



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



**ZERO FATALITIES**



**18% REDUCTION IN INCIDENTS**



**30% REDUCTION IN LOST DAYS**

## 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

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## 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 ongoing 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.



  
DONCASTERS



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# PEOPLE



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**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.**

Having gained key insights from our employees, we have been working hard on our three culture priorities through a programme of activities to transfer our culture and address:

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 achieving our vision. We all need to unite behind our goals and priorities to deliver our strategy.

Throughout 2021 Doncasters has embarked on a programme of defining and embedding the Doncasters culture. This programme has not only focussed on the creation of material to explain and promote the culture but through appointing 'cultural advocates' from every location and level of the business, training them in the required competencies to be a cultural change agent. 2022 will see us embark on a review of our people processes to ensure our culture and values are enabled throughout the employee life cycle.

## LEADERSHIP DEVELOPMENT

2021 saw the first sequence of our Leadership Mindset Programme launch, with 50% of our global leaders successfully engaged to undertake training across six leadership



competencies. We look forward to inviting our second sequence of leaders to the programme in Q1 2022.

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

In 2021 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. In 2022 we will rebrand our compliance training in Code of Conduct, Anti Harassment/Dignity at Work and further Culture training across the organisation.

We have also invested in a micro-learning tool (Blinkist), offering a sustainable suite of development resources to aid employee development programmes across the Group.

### 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%	27%	FEMALE PROFESSIONALS
22%	24%	FEMALE EMPLOYEES OVERALL

### US MINORITIES\*

2020	2021	
13%	13%	MINORITY EXECUTIVES
23%	27%	MINORITY PROFESSIONALS
43%	44%	MINORITY EMPLOYEES OVERALL

\*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	951	292	175	572	496

\* Data does not include employees in Germany due to data privacy laws.

\*\* Including 2 non-executive Board members.

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## 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.

Christian Garcia, 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."

# 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**



**18% REDUCTION IN  
INCIDENTS**



**30% REDUCTION IN  
LOST DAYS**

Lost days do not include COVID absence

Reduction in incidents and lost days partially due to smaller headcount during 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:**

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

The first steps have been taken, starting with the creation of a new Information Security role and function within the IT team that will be responsible for overseeing cybersecurity investment and modernisation throughout the group.

A full review of the existing controls, tools and applications has been implemented and these are being mapped against the “Cyber Kill Chain” process along with alignment to our customer and business requirements. A clear road map for the most effective way to invest the capital expenditure has been assigned to IT Security Enhancement Programme and this was approved by the Board, with the new plan initiated in June 2021. 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). We have also highlighted on the plan the importance of the new CMMC (Cybersecurity Maturity Model Certification) and this will form part of plan in 2022 / 2023.

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

The business plans to expand this specialist capability in 2022 and build on the positive start by creating a new Head of Information

Security and expand the team to include a team of Security Analyst in Europe and the US. In addition we aim to simplify and focus our vendor/supplier base to ensure we have the best support for our programme of work and build on current business to business relationships in a collaborative approach.

A significant element of the modernisation project includes a transition to a Managed Endpoint Detection and Response (MDR) solution. This will provide 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

Control and governance is at the core of the IT Security Enhancement Programme and a new Information Security Steering Group will be created in early 2022. This team will meet monthly to review the cybersecurity risk register, horizon scan future threats and review any incidents. This team will also elevate the top cybersecurity risks to the corporate risk register and these will be shared with the Board of Directors.

Metrics on programme delivery, security incidents and awareness training will be provided to the executive team to ensure we have full visibility to share with their operational teams

## CYBERSECURITY EDUCATION

We understand that people are our first line of defence when creating a resilient and secure environment and is the first step to protecting the security of the information that we are entrusted with. To support this, in 2021 we began an annual programme of cybersecurity training that included everyone in the company.



In addition to this regular 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, we carry out regular phishing campaigns and provide support and education to our people. Phishing provides a great way to get people on-board and to spot the red-flags that will ultimately protect our business.

#### **INCIDENTS IN 2021**

Our incident definition and reporting tools are progressing well and we aim to release some

education and training to our people in 2022 to raise awareness on how to raise concerns and report incidents to the Information Security Team.

Our metrics for incident reporting will be presented within the next ESG report in 2022

#### **IN 2021 WE HAD:**



**0 INCIDENTS**

# 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:

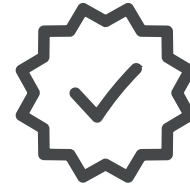
- Understand their operations' environmental impact and that of their suppliers.
- Strive to play a positive role in advancing responsible and sustainable development, and in improving standards of living for their workforce and the communities in which they operate

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

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## 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.

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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, both likelihood and impact;



- 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
<b>Safety</b>	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"> <li>• Our site quality teams carry out activities designed to reduce safety risks.</li> <li>• We verify and approve product design.</li> <li>• We test adherence to quality standards during manufacturing.</li> <li>• We validate conformance to specification.</li> <li>• We take out relevant insurance.</li> </ul> <p>People:</p> <ul style="list-style-type: none"> <li>• We take all new workers through an induction programme.</li> <li>• We enforce the wearing of appropriate PPE at all sites.</li> <li>• We mandate health and safety training.</li> <li>• 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.</li> <li>• We reinforce our zero tolerance to accidents, by ensuring Health &amp; Safety is discussed first at key meetings across all levels.</li> </ul>
<b>IT/Systems Failure</b>	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"> <li>• Information Security infrastructure, policies and procedures supported by a security awareness programme.</li> <li>• Intelligence sharing on threats with government and security bodies including the FBI, CPNI and NCSC.</li> <li>• Management of third-party service providers and risks, including resilience and disaster recovery processes.</li> <li>• Rolling programme of system upgrades to replace legacy systems.</li> <li>• 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.</li> <li>• Patch management system deployed to monitor and deploy patches across the systems.</li> <li>• Deployment of next-generation virus and malware protection across all systems employing industry-leading technical controls and procedures and monitoring.</li> </ul>

Risk	Description	Impact	How we manage it
<b>Cyber Threat</b>	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"> <li>• 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.</li> <li>• We test software.</li> <li>• We mandate training to all IT enabled staff raising awareness of risks.</li> </ul>
<b>Financial Loss</b>	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"> <li>• Our financial controls framework is designed to reduce financial reporting risks.</li> <li>• We incorporate trends, demand, and other dependencies into our financial forecasts.</li> <li>• We analyse currency and credit exposures and include in sourcing and funding decisions.</li> <li>• We are developing, reviewing, and communicating treasury policies designed to hedge residual risks using financial derivatives covering foreign exchange interest risks and commodity pricing.</li> <li>• We raise finance through debt and equity programmes.</li> <li>• 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.</li> <li>• The use of banking facilities and headroom is monitored and controlled by the central treasury function.</li> </ul>
<b>Operational Failure</b>	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"> <li>• £100m capital investment over a 5-year period to modernize capital equipment.</li> <li>• Development and deployment of robust Business Continuity and Disaster Recovery plans across the Group.</li> </ul>

Risk	Description	Impact	How we manage it
<b>Legal and/or Regulatory Breach</b>	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"> <li>• We have drafted a new Code of Conduct in 2021.</li> <li>• We continuously develop and communicate a comprehensive suite of mandatory policies and processes throughout the Group.</li> <li>• We undertake third party due diligence.</li> <li>• We encourage, facilitate, and investigate speak up cases.</li> <li>• We investigate potential regulatory breaches.</li> <li>• Our financial control framework activities are designed to reduce financial reporting risks.</li> <li>• We classify data to meet internal and external requirements and standards.</li> </ul>
<b>Talent and Capability</b>	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"> <li>• We survey employee opinion annually and produce local, divisional and Group-level action plans using the resulting data.</li> <li>• We are implementing a culture change programme.</li> <li>• We have appointed culture champions at site.</li> <li>• We have a High Potential programme.</li> <li>• We have a rolling management development programme.</li> <li>• We monitor the talent pipeline.</li> </ul>





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