



2023
Sustainability Progress Report



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Driving a cleaner, more sustainable world





Welcome from our CEO, Markus Bannert



GKN Automotive's purpose is to drive a cleaner, more sustainable world. Sustainability is at the heart of our business strategy and our corporate purpose.

The transition to a sustainable future is one of the most exciting opportunities our sector has ever faced and GKN Automotive is ideally placed to help our customers achieve their ambitions. Indeed, as a trusted partner to over 90% of global car manufacturers and with technology on approximately 50% of vehicles worldwide, it is no underestimate to say that the sector can't become sustainable unless we do as well.

At the same time, powering the electric revolution is central to our purpose and business strategy and, with more than 20 years of experience, our eDrive technologies have powered more than 2.5 million vehicles to date.

The sustainability transition will require continuous advances across every area of our business and in this, our second sustainability report, I am proud to share some of the considerable progress we have made so far across the four pillars of our strategy – Climate Action, Our People, Responsible Sourcing and Our Impact. A measure of this progress was achieving a silver EcoVadis rating, putting us in the top 3% of respondents in our category. There is good progress, but it is also a reminder that we can and will do more.

Climate Action

In 2023, we cut our direct greenhouse gas emissions by 10.5% in absolute terms, helping speed our journey to net zero across all our activities, including our supply chain, by 2045. Our overall net zero target has been validated by the Science Based Targets initiative (SBTi), the global body that scrutinises and approves emission reduction targets. This means our commitment is consistent with the Paris Agreement goal of limiting global warming to 1.5°C above pre-industrial levels. The SBTi also approved our near-term targets to substantially cut direct and indirect greenhouse gas emissions before the end of the decade.

Our People

As part of our efforts to become a more diverse employer of choice and improve the gender balance of our organisation, we launched our first diversity, equity and inclusion (DE&I) plan, built on the considerable insights gained from consulting with high-potential female leaders in our business around the world. We also began reviewing our parental leave policy.

Responsible Sourcing

To strengthen human rights due diligence in our supply chain, we developed a self-assessment questionnaire and rolled this out to key strategic suppliers to better understand the sustainability challenges and opportunities they face.

Our Impact

This year, we continued to support our local communities around the world. I was particularly proud of the support we provided in the aftermath of the tragic earthquake which hit Turkey and Syria at the start of the year.

We also continue to innovate to support the decarbonisation of our industry. This year we unveiled our concept design for an off-the-shelf modular electric drive unit, and we became a key industrial partner in a new European R&D project to develop highly efficient and recyclable eMotors for the next generation of electric vehicles (EVs).

We are still in the early stages of our sustainability journey, but I am proud of how far we've come. Every day, our 25,000+ team members push to do better, through their collaboration and ingenuity.

Together, with our colleagues across the Dowlais group, our communities, our customers and our suppliers, we can deliver on our core purpose: To drive a cleaner, more sustainable world.



About GKN Automotive

> We are a global leader

in drive systems, and we are driving the future of technology through electric vehicle innovation, from sideshafts for EVs through to full eDrive systems.

> We enable the transition

to EVs through the design and manufacture of market-leading technologies.

> We're the trusted partner

for most global automotive manufacturers.

At a glance



Global leader

in drive systems



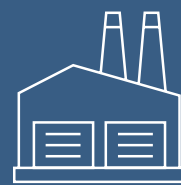
90%

of global manufacturers choose GKN Automotive



£4.437bn

2023 adjusted revenue



46

manufacturing locations (including joint ventures)



>25,000

employees (including joint ventures)



Net zero

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



Our approach to sustainability

Driving a cleaner, more sustainable world is our corporate purpose at GKN Automotive.

With our drive systems and eDrive technologies turning the wheels of more than half the cars on the road today, we have the opportunity and responsibility to play a leading role in decarbonising the automotive sector.

Since launching our sustainability strategy in 2021, we have continued to work to embed it into decision-making in every area of our business.

We have clear targets tied to the sustainability issues that matter most to our stakeholders. Among them is a commitment to achieve net zero greenhouse gas emissions across our full value chain by 2045 and hit 2030 interim targets to keep us on track. The Science Based Targets initiative (SBTi) validated these targets in 2023, marking an important milestone in our journey.

Our people are the powerhouse of GKN Automotive. By providing a safe, dynamic, rewarding and inclusive working environment where their innovation can flourish, we hope to rise to the challenges and opportunities of a rapidly changing world.

Reflecting our growing sustainability activities, data and disclosures, our EcoVadis rating was uprated from Bronze to Silver in 2023.

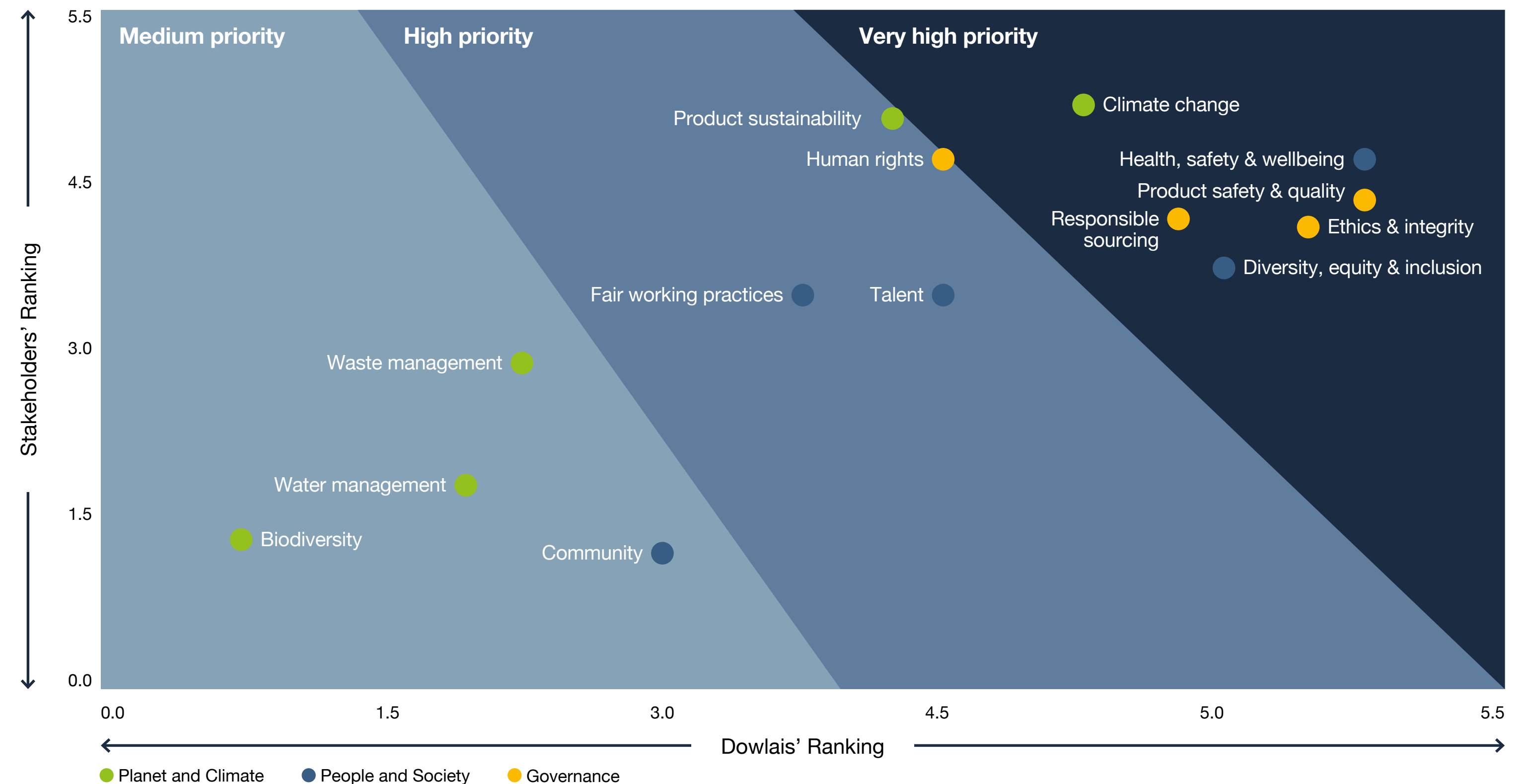
Stakeholder priorities

In 2023, our parent company, Dowlais Group plc, conducted a Group-level materiality assessment to understand the sustainability priorities of internal and external stakeholders.

The assessment analysed the impact of our business on the environment and society, as well as how environmental, social and governance issues could affect our financial performance and stability.

Through this process, which we plan to repeat on a regular basis, we aim to stay attuned to our stakeholders and focus our sustainability efforts on the areas where we can have the greatest positive impact.

Our materiality matrix



Our Strategy

Our sustainability strategy is built on our core foundations of ethics, compliance, safety and security.

Its four pillars – People, Climate Action, Responsible Sourcing and Impact – are each tied to ambitious targets that focus our efforts up to 2030 and beyond.

We have aligned our strategy to the UN Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) Auto Parts standards. Through Dowlais Group plc, we also measure our climate-related risks and opportunities in accordance with the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD).

Having developed and embedded our sustainability strategy over the last three years, in 2023 we turned our focus to implementation, establishing a cross-functional Sustainability Working Group and appointing a Director of Sustainability to power its delivery.

Improving the quality and visibility of sustainability data is a key priority. From 2024, we will track our emissions, energy, water and waste metrics on a new software platform, giving us a centralised and rolling monthly view of our environmental progress.

Bringing our people with us on this journey is critical to our success. We keep our 25,000+ employees up to date on our strategy, targets and progress through regular communications, including quarterly virtual town halls with the Executive Team. In 2023, we also began developing bespoke e-learning modules for employees on how we integrate sustainability into our business. This is due to be rolled out in 2024.

Driving a cleaner, more sustainable world





Sustainability governance

Responsibility for our sustainability strategy starts with the Sustainability Steering Committee (SSC), a sub-committee of the Executive Team. Chaired by our Chief People, Communications and Sustainability Officer, it meets quarterly to provide oversight of relevant policies and to drive progress against our targets. The SSC is also responsible for ensuring there are adequate resources in place to maintain sustainability best practice, reviewing our performance in industry benchmarking indices and coordinating our disclosures – including this, our second sustainability report. The SSC reports to the Executive Team, which reviews sustainability progress and initiatives quarterly.

Supporting the SSC, we have established a Sustainability Working Group, formed of experts from all functions of the business, to drive the day-to-day implementation of initiatives. It is led by our Director of Sustainability, who reports quarterly to the Executive Team. Towards the end of 2023, this group held its first global workshop to review progress and align on plans for 2024.

In addition, our CEO, Chief People, Communications and Sustainability Officer, and Director of Sustainability attend Dowlais Group’s Sustainability Committee. This committee is responsible for developing and delivering Dowlais Group’s sustainability strategy, including monitoring, assuring, and reporting on performance.



Our sustainability governance framework

Dowlais Group Sustainability Committee

Executive Team

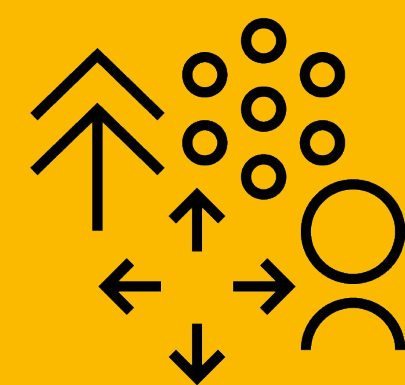
Sustainability Steering Committee

Sustainability Working Group





Our People



Innovating
for Change



Our People

Introduction

GKN Automotive has more than 25,000¹ employees in 19 countries, and our people are the heart of our business. We are committed to becoming an employer of choice for the world’s best talent, so we are constantly learning, developing and transforming to provide a workplace that places safety and wellbeing at its heart.

As a global business, we recognise that the diversity of our people and their culture, skills and abilities, is a business strength. We are committed to creating an inclusive workplace that encourages diversity of thought, creativity, and a sense of belonging.

We continually engage with our employees and ensure we act based on what they tell us. In 2023, we launched a global ‘You said, we did’ campaign to spotlight examples of outcomes from our 2022 engagement survey, which were shared at local and global townhalls. The next employee engagement survey is planned for 2024.

Our targets

<0.1%

Maintain an Accident Frequency Rate of <0.1%

33%

Achieve 33% female membership of the Executive Team by 2030

100%

Provide 100% of eligible, permanent employees with an opportunity to have an annual performance conversation by 2024²

1. Including JVs.

2. Eligible employees are those employees who are full time and meet a particular set of criteria based on local employment laws and our own internal processes.

Diversity, equity and inclusion

Our commercial success depends on retaining, attracting and developing a highly skilled workforce. We operate in a sector with structural issues around diversity, especially regarding gender. Creating an inclusive and equitable environment for our employees, no matter where they work, is a strategic priority.

Our approach to diversity, equity and inclusion (DE&I) seeks to provide equal opportunity for all and attract the best talent. At GKN Automotive, we work hard to attract the best female talent in the industry and to enable them to reach their full potential.

We know we have more to do to attract women into the industry and encourage them to choose to develop their career with us. We have set a commitment to achieve 33% female representation on our Executive Team by 2030. Currently, only 10% of our Executive Team is female. As we work towards this target, we monitor annually the percentage of female representation at more senior levels, in addition to reviewing progress and identifying any barriers at interim milestones.

In 2023, 16% of our global workforce and 13% of our management population were female.

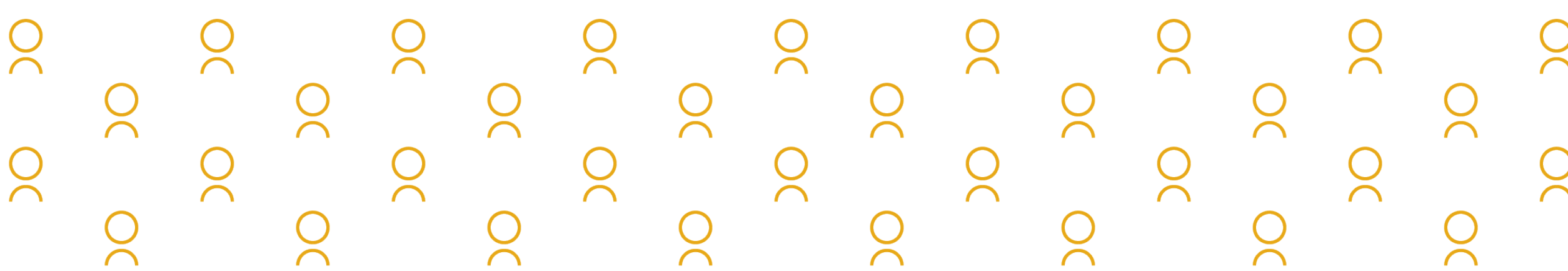
To encourage more women to apply for roles, we utilise software to scan job postings for key words. Internal benchmarking has shown that our adverts for engineering, information technology and human resources are above average for the sector in terms of attractiveness to female audiences.

This year, building on findings from our 2022 engagement survey, we interviewed 59 high-potential women to understand how to improve retention. In addition to these interviews, we engaged over 100 employees through focus groups to seek input into our DE&I strategy. This, along with the Senior Leaders conference, informed our DE&I roadmap, which was shared with the entire organisation. We also held our annual Women’s Leadership Conference in the Americas, aimed at supporting our female leaders to achieve their full potential.

In 2024, DE&I training is receiving a specific focus, with the creation of a cultural awareness programme for the Executive Team and senior leaders, and the launch of an e-learning pathway. We will also work to identify and upskill local DE&I champions.

Improved parental leave policies

In 2023, we began work to scope the potential for a new global parental leave policy. This included an extensive review and assessment of our current approach, as well as benchmarking ourselves against other organisations. Over time, we hope to define a new policy which will create a more competitive offering for new parents, irrespective of their gender.



Health and safety

As a high-tech engineering company with manufacturing sites around the globe, we know that the main risk to our people comes from our operations. We work hard to create and maintain a safe and healthy workplace, and we take a zero-tolerance approach to accidents, fatalities and work-related illness.

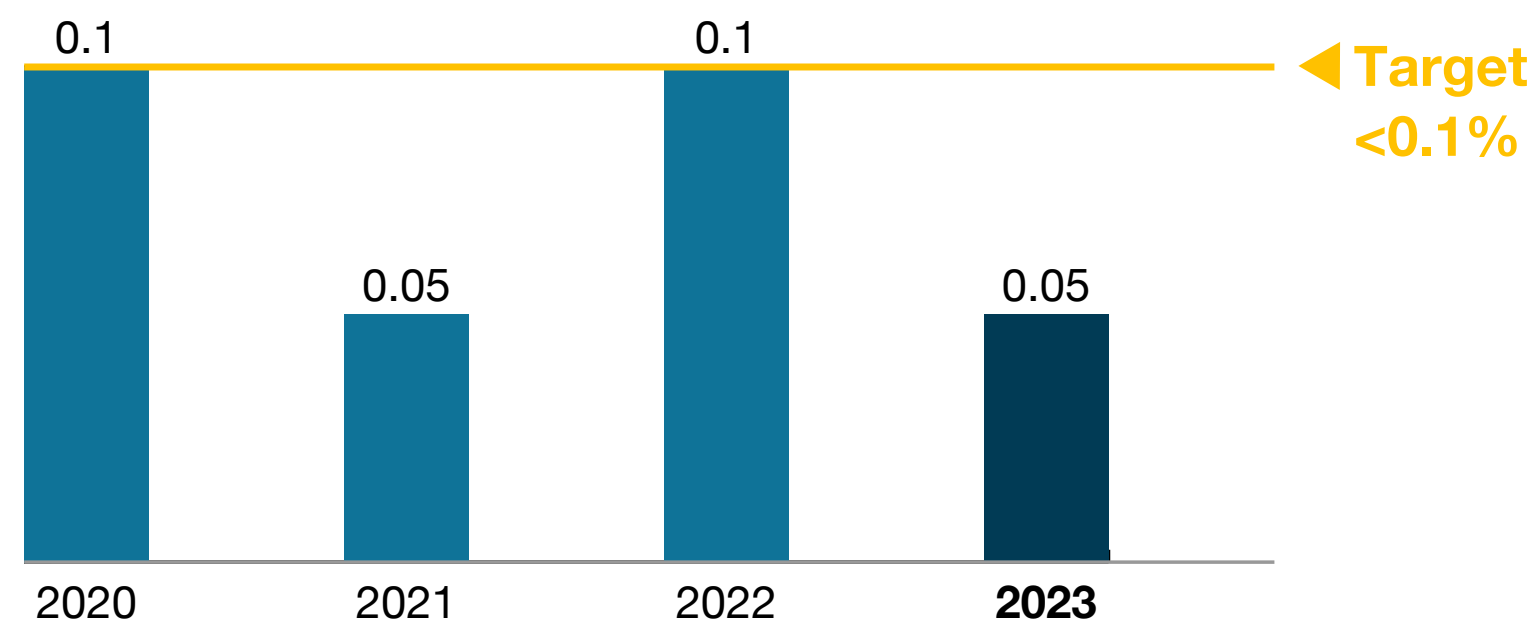
To continue reducing the number of accidents that happen in our workplaces, we are implementing safety management plans, developing training requirements for both employees and contractors, and conducting regular audits of our teams and subcontractors.

Our business has a strong track record for safety, delivered by the robust health and safety policies, processes, procedures and standards in place across all our operations. All of our production, manufacturing and testing sites are certified to ISO 45001, which ensures that each location is operating a robust safety management system, covering all relevant aspects, including technical and organisational safety, occupational health, exposure to hazardous substances, and ergonomics.

We have maintained 100% compliance to ISO 45001 certifications on all of our manufacturing sites in 2023, covering all our products and sales. In 2023, we also continued to meet our target of maintaining an Accident Frequency Rate of below 0.1% per year.

Our Executive Team continually oversees health and safety issues and monitors a selection of leading and lagging KPIs, such as training rates, near-miss reporting rates and accident statistics. This ensures that we are able to continue improving health and safety across all of our manufacturing sites.

Accident frequency rate (AFR), %



AFR: the total number of injuries sustained per hour worked per 100 employees

100%

compliance on ISO45001 certifications

Accident Frequency Rate below

0.1%

per year

40%

YoY improvement in Lost Time Accidents (LTAs)

Behaviour-based safety culture

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

We are continuing to improve the reporting of our health and safety data by implementing behaviour-based safety (BBS) roadmaps to understand how we can better proactively prepare our employees to avoid work-related accidents. This has also included encouraging employees to prioritise their physical and mental health, which has included offering health screenings and learning sessions on health and nutrition at some of our sites.

In 2023, GKN Automotive received awards for safety performance at several sites in India, Thailand and the USA. Overall, we saw a 40% year-on-year improvement in Lost-Time Accidents (LTAs). This included the launch of our new plant in Hungary with zero safety incidents. In addition to routine training, special health and safety weeks were run in Poland and Spain; safety days in Thailand, Brazil and Italy; emergency teams training in Poland and Brazil; and additional training and awareness sessions in Mexico.

To increase BBS competences and promote accountability across the business, we ran BBS workshops at 13 sites in 2023.

In 2024, we intend to roll out a Safety Observations on Behaviours programme at all sites and strengthen the Safety Preventative Cycle training curriculum.

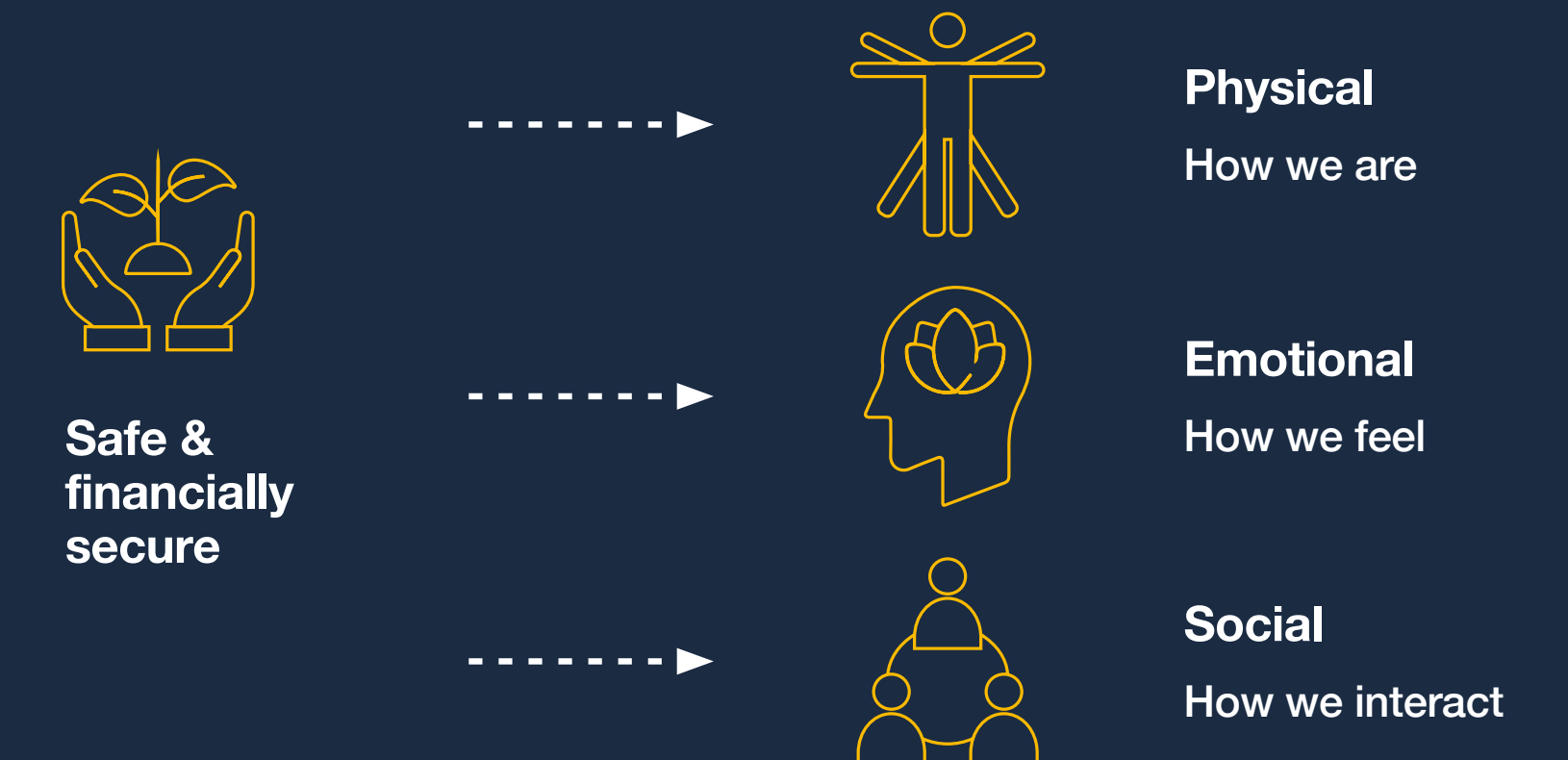
Employee wellbeing

In 2023, following feedback from our annual engagement survey, we strengthened our approach to employee wellbeing.

We recognise the huge role that wellbeing can play in creating a safer workplace and we want to help employees be more aware of its importance in every part of their lives. Initially, we have begun by offering monthly sessions on topics such as nutrition and exercise, financial wellbeing and mental health.

This approach will be further embedded in 2024 through upskilling, new tools for monitoring wellbeing and the development of a network of local wellbeing champions.

If we don't look after ourselves, we can't lead and support others, which means we can't serve customers well.



Kickstarting careers

We aim to create opportunities for people to take the driving seat and shape their own future. We believe that career development opportunities and lifelong learning are key to helping individuals reach their full potential. Our commercial success depends on anticipating both short- and long-term employment needs and skills requirements. This is why it is so important that we develop talent and nurture the next generation of engineers and leaders.

Leadership programmes

We launched our Global Leader Programme in November 2022. It provides aspiring leaders with tools to accelerate transformation, increase collaboration and develop their communication skills. In 2023, the programme was completed by 24 people, with a further 48 people graduating from the programme by the end of Q1 2024.

A pilot programme for new senior leaders took place in 2023 with over 40 leaders present. Feedback will shape a full roll-out in 2024. Further local leadership programmes also take place in several other regions.

Apprenticeships and graduate training

We currently have over 400 graduates and apprentices enrolled in local early careers programmes across the business. Our UK-based global central functions graduate scheme is now in its second year, with five graduates currently participating.

Training

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

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



Performance reviews

We are proud to employ some of the world's best talent and are committed to developing the next generation of talent too.

Providing clear ways to progress through the company is a crucial part of a culture where employees want to stay and thrive. Our ambition is for all permanent and eligible employees to have the opportunity to have an annual performance conversation by 2024. We are making good progress against this near-term target, with 98% of eligible employees receiving annual performance reviews in 2023.

Our People Manager Toolkit (launched in 2022) helps equip our managers with the necessary skills and expertise to lead. The toolkit is available for managers at all levels across GKN Automotive,

and explains their role and how the adoption of good people management practices will help them get the best out of their teams. The toolkit also includes training on how to have more effective development conversations with employees.

All new roles are advertised internally in GKN Automotive and are also spotlighted through a newsletter circulated throughout the company. In 2023, 354 positions were filled by internal candidates.



Mexico internship programme

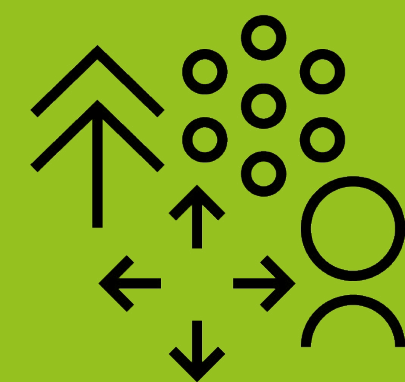
Last year in Mexico, we developed a 12-month internship programme, called GKN TOP. As part of our commitment to developing talent, 35 interns received training and practical experience while working on an individual project targeted at creating cost savings. In addition, each participant was paired with an experienced coach and sponsor, providing guidance, support and career advice throughout their journey with GKN TOP.

Successful completion of the programme paved the way to exciting career opportunities within GKN Automotive for 23 early-career positions, with new hires selected based on their demonstrated performance, potential and alignment with organisational needs. As 37 new participants have enrolled in 2024, GKN TOP continues to serve as a catalyst for talent development, readiness acceleration and the nurturing of future leaders within our company.





Climate Action



Innovating for Change



Climate Action

Introduction

Alongside our role at the forefront of the transition to electric vehicles (EVs) and minimising the CO₂ impact of customers' vehicles, we are driving change across the business to reduce our own carbon footprint.

Working with our customers, suppliers and industry peers, we are embarking on a sustainable transformation, starting with the decarbonisation of our own business operations and products. In 2023, we demonstrated our focus on reducing scope 1, 2 and 3 GHG emissions in line with the Paris Agreement, by having our near-term and net zero by 2045 emissions reduction targets validated by the Science Based Targets initiative (SBTi).

To achieve our ambitious scope 1 and 2 emissions reduction targets, we are actively implementing a multi-pronged strategy. This includes reductions through technological innovations, improving energy efficiency by optimising manufacturing and operations, and increasing the amount of renewable electricity that we use.

Meanwhile, we are committed to meeting our 2030 target to divert all the waste we produce from landfill and to be responsible water and nature stewards.

In 2023, we invested in new data management software that is now giving us a centralised view of our emissions, energy, water and waste performance on a monthly basis.

Our targets

Net zero

by 2045 – targets validated by the SBTi in 2023

75%

of our electricity to be certified as renewable by 2030; 50% by 2025

100%

of waste to be diverted from landfill by 2030



Our performance

We are committed to reducing our scope 1, 2 and 3 greenhouse gas emissions as we progress towards achieving net zero.

This year, our total direct CO₂e emissions (scope 1 and 2) were 369.5 thousand tonnes. This represents a 10.5% reduction compared to the previous year (2022: 412.6 thousand tonnes CO₂e). Of this, 38.3 thousand tonnes were generated from our direct use of fuels such as gas and oil (scope 1) and 331.2 thousand tonnes were generated indirectly from the production of electricity we purchase (scope 2).

Energy savings have contributed the majority of on-site emissions reductions, often through operational improvements. In addition, we have increased the amount of renewable electricity we purchase, notably in Poland and India.

Total scope 3 emissions were 13.7 million tonnes CO₂e (2022: 22.4 million tonnes CO₂e). The year-on-year decrease was primarily due to methodology improvements, notably relating to use of sold products and investments. More detail on scope 3 emissions can be found on page 16.

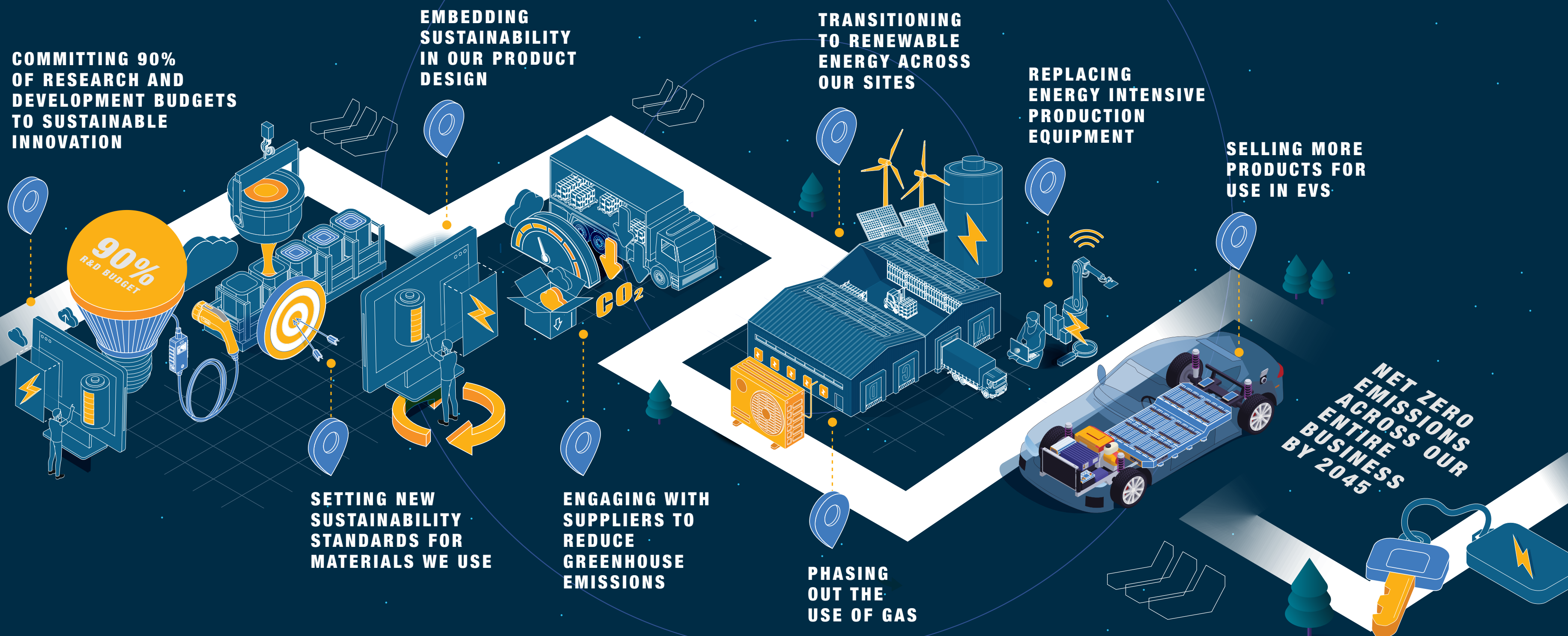
10.5%

carbon emissions reduction

	2022 emissions	2023 emissions
Scope	tCO ₂ e	tCO ₂ e
Scope 1 (Direct emissions)	53,735	38,338
Scope 2 (Indirect emissions, location-based)	316,791	314,204
Scope 2 (Indirect emissions, market-based)	358,887	331,151
Scope 3 (Other indirect emissions)	22,428,466	13,709,179

Driving a cleaner, more sustainable world.

We have committed to achieving net zero emissions across our entire business by 2045. Our roadmap:



In 2023, our near- and long-term carbon reduction targets were approved by the Science Based Targets initiative (SBTi).

As illustrated in this infographic, we aim to meet our targets through a comprehensive carbon reduction action plan that spans our operations from product development to their end use.

➤ Read more about how we are reaching our targets on the GKN Automotive website – [click here](#).

Our SBTi targets

45%

reduction in absolute Scope 1 and 2 GHG emissions by 2030, from a 2021 base year

25%

reduction in absolute Scope 3 GHG emissions by 2030, from a 2021 base year

Net zero

A commitment to reach net zero GHG emissions across the value chain by 2045

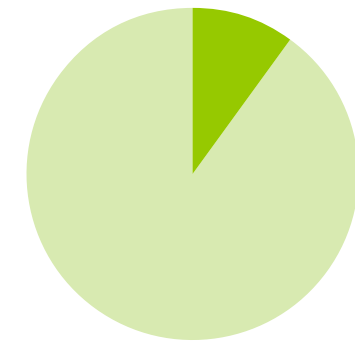
Renewable electricity

Using more renewable electricity is a key part of the journey towards a net zero economy.

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

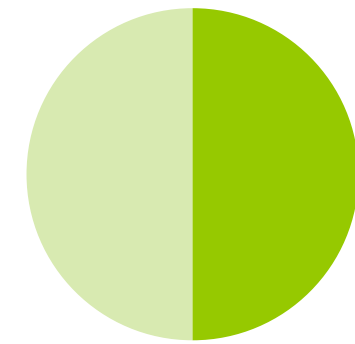
In 2023, 10% of GKN Automotive's electricity consumed was certified renewable (2022: 7%). This included purchasing 100% renewable electricity at three sites in Europe: Bruneck in Italy, Oleśnica in Poland, and Koping in Sweden.

In addition to purchasing renewable electricity, we have plans for a number of our sites to generate their own on-site renewable electricity. For example, in 2023 we began installing solar panels at our Bruneck site in Italy. It is estimated that these will avoid the need to purchase over a million kWh per year.



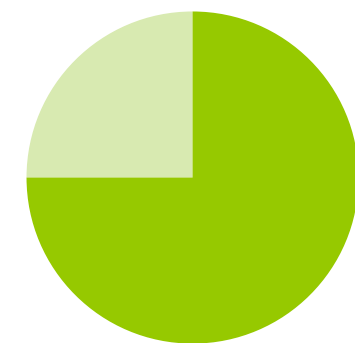
10%

of electricity consumed was certified renewable in 2023



50%

of electricity consumed to be certified renewable by 2025



75%

of electricity consumed to be certified renewable by 2030

Driving energy efficiency across our sites

Our approach to reducing energy use and emissions from our production processes begins with a focus on the operational efficiency of our operations. In 2023, we continued to make good progress across a number of our sites.

Our manufacturing facility in Bruneck, Italy, is a 100% green electricity powered plant. This saves 5,000 tonnes of CO₂ annually, and the site also has a system which uses groundwater for industrial cooling. Various initiatives at this site have saved 289MWh of energy to date.

We are upgrading energy-intensive production equipment, such as heat exchangers, which are an essential component in cooling processes. In 2023, the Driveline coating plant in Trier, Germany, committed to moving from tube heat exchangers to plate exchangers in the manufacturing process, which will deliver an annual energy saving of 150MWh at that site alone. We have also implemented upgrades to the air conditioning and heat systems at Bruneck and our site in Oleśnica, Poland, which have collectively saved 1,280MWh to date.

Across the rest of our footprint, we are achieving significant reductions through process optimisations, which include leakage reduction during compressed air production, furnace standby temperature reduction, implementation of manufacturing shut-down procedures and a review of washing machine temperatures.

In 2024, we will continue to phase out gas through on-site and off-site renewable electricity generation. Additionally, we are developing dedicated net zero plans for all our sites.



↑ Reducing gas usage in Vigo

Our site in Vigo, Spain, hosted an employee competition to create an energy-saving project that can be implemented on-site to both reduce energy wastage and save money for the business. Following a review of 17 proposals, the winning team (pictured) proposed the use of a new product: Renoclean. Renoclean is a product that will allow one of our key pieces of machinery to run at a lower temperature and our boilers therefore to be turned off during the summer months. This one project alone will generate an annual cost saving of £18,000 and reduce site gas usage by over 2% per year.



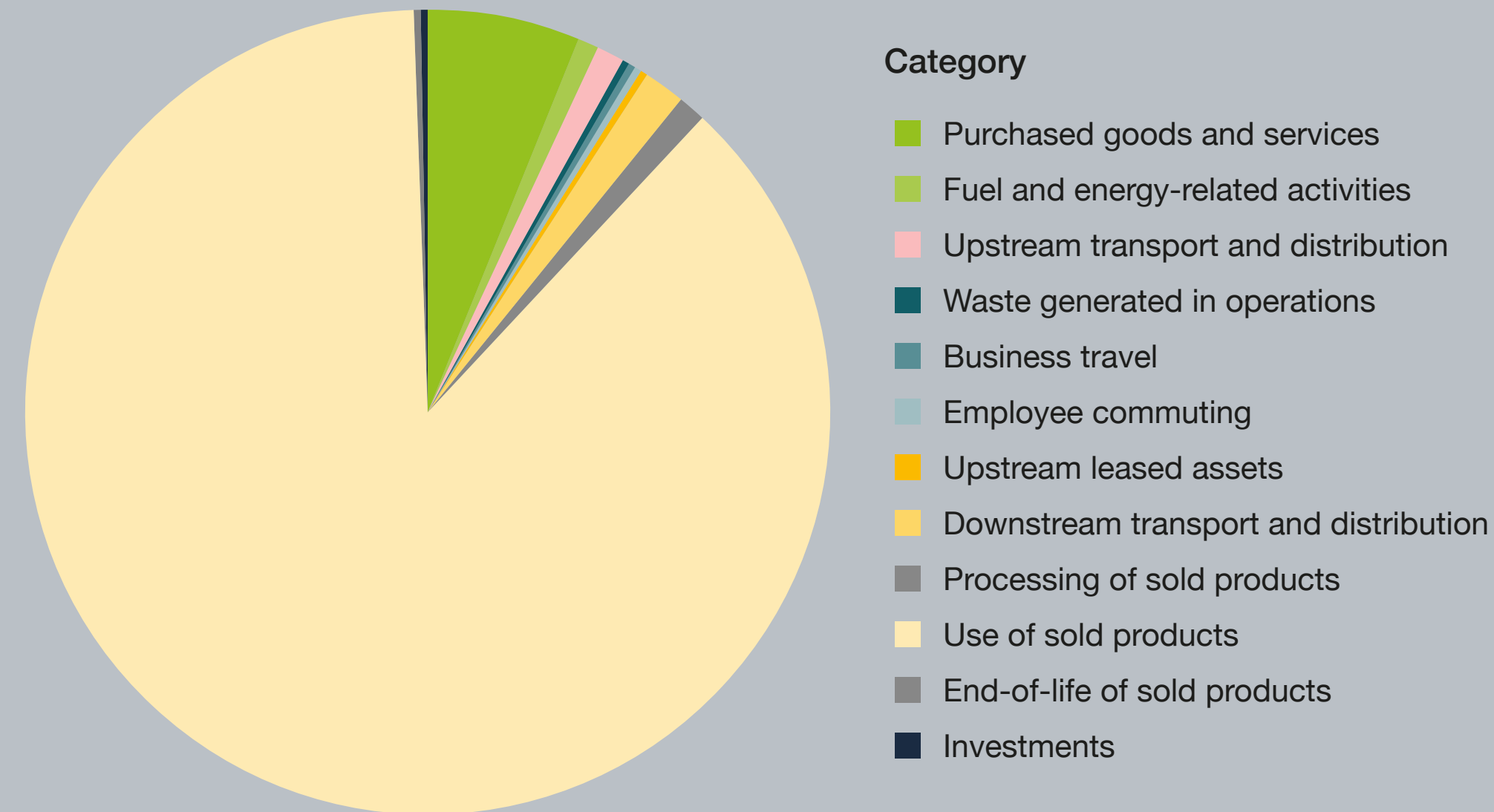
Emissions in our value chain

Scope 3 emissions account for over 98% of our measured carbon footprint and arise mainly from the use of our sold products. Reducing scope 3 emissions is a significant focus for us, as we work towards our 2045 net zero target.

We are working to accelerate our investment in research and development to tackle this challenge and to drive change across the industry to help realise a decarbonised future for the automotive sector.

We are also working to reduce emissions in our supply chain (see page 21 for more information), as well as engaging with our joint venture partners, such as SDS, on our net zero strategy (outlined further on this page).

Estimated scope 3 emissions breakdown



Driving sustainability with our joint venture in China

Half the world's full-electric cars are produced in China and EVs accounted for more than one in four cars sold in the country in 2023.

We have a critical role in this rapidly evolving automotive market through our Chinese joint venture Shanghai GKN HUAYU Driveline Systems (SDS). Founded in 1988 as the first ever Tier 1 automotive supplier joint venture in China, SDS is today the country's number one supplier of driveshafts, serving most Chinese OEMs as well as car makers abroad.

SDS is committed to carbon neutral operations by 2040, and made good progress in 2023, reporting a decrease in scope 1 and 2 emissions by 30%. This achievement was thanks in large part to its increased purchasing of renewable electricity, which accounted for 32% of its electricity mix in 2023 (compared with less than 1% in 2022).

In addition, the company generates 7.2MW of its own solar power through installations at four plants, including two that went live in 2023. A fifth solar project currently in progress will add a further 0.6MW in capacity. Together, these plants meet 9% of SDS's electricity needs, advancing its goal to use 100% renewable energy for operations by 2030.

SDS is also committed to reducing energy consumption. It has implemented a number of initiatives, such as addressing inefficient water heating, replacing retired lighting with LEDs and installing electricity switches that are activated by a card-swipe, meaning energy is not wasted when rooms are empty.

We are committed to collaborating ever closer with SDS. By exchanging knowledge and best practices with our valued partners in China, we can reduce our scope 3 emissions and collectively work towards a better future. In 2023, our Chief People, Communications and Sustainability Officer and our Director of Sustainability met with SDS colleagues in Shanghai to learn about their sustainability initiatives and objectives, as well as share learnings from GKN Automotive.



Reducing impact across the product life cycle

Through the life cycle analysis (LCA) of our products, we can identify and reduce embodied carbon that has been produced during the different life-phases of our drive systems – from manufacturing, transport, usage and disposal – helping us contribute to the decarbonisation of the automotive industry.

We are embedding sustainability into our systems engineering process by considering the carbon impact from the outset when designing our products. This allows us to analyse the carbon produced during the manufacturing process and calculate the carbon that can be saved from actions such as weight reductions.

In 2023, we focused on developing our carbon footprinting and LCA capabilities. This is a critical step in being able to reduce or remove non-critical materials, reduce embedded carbon and improve the efficiency of products. As electric vehicles (EVs) reduce the carbon impact of a car's usage, the manufacturing process and supply chain need to become more efficient too. We set up a Product Sustainability Office (PSO) to improve our understanding and measuring of the carbon impact of our products and produce indicative carbon footprint reports for customers.

During the year, we completed a six-month project to build a new internal tool for LCA. The data provided by this new tool will enable more informed decisions, weighing environmental impact against efficiency, cost, ease of manufacture and ease of reuse or recyclability at the end of the product's life. We are now working to achieve ISO 14040/14044 certification for our LCA process.

Over the past two years, we have invested £87 million in research and development to decarbonise the automotive sector. Through collaborations with top research institutions, including the University of Nottingham and Newcastle University, we are enhancing innovation. For example, the HEFT project is helping to pioneer low-carbon technologies to replace traditional aluminium (see page 24 for more information).



Re-manufacturing processes and constant innovation

Our aim is that every new driveline component developed by GKN Automotive consumes less energy than its predecessor and reduces friction and weight within the vehicle. With a selection of our customers, we also collect old driveshafts and transform them into refurbished products that adhere to the same quality standards as new products, with the same projected lifespan. This helps to generate savings in energy, water, emissions and steel in production.

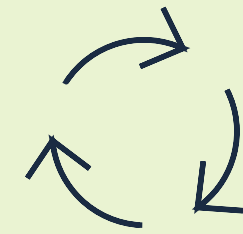
In 2023, this re-manufacturing process produced more than 600,000 driveshafts at two ISO-certified sites, enabling GKN Automotive to recover at least 2.8 million tonnes of steel, saving 22,680 MW of energy and avoiding over seven million tonnes of carbon emissions over the year. Additionally, our site in Ribemont, France, has developed and installed a recycling system to collect and regenerate the grease used in the driveshaft re-manufacturing process.





Natural resources

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



Waste

We are actively working to reduce

the amount of waste we generate and to divert waste from landfill. We have set a target of diverting 100% of the waste we produce from landfill by 2030. In 2023, we achieved a figure of 98%.

In 2024, we will conduct a waste impact and reduction analysis to assess the status, challenges, and potential opportunities for implementing waste reduction measures, supporting sites to achieve zero waste to landfill.

In 2023,

98%

of the waste we produced was diverted from landfill



Water

We are working to better understand

our impact. We used 1.95 million m³ of water across our global operations in 2023. Though water is not a resource that we are heavily reliant on for production, in 2023 we began work to better understand water usage and water stress risks across our business.

In 2024, we are implementing an improvement roadmap for priority sites to ensure that we remain resilient to water-related risks and minimise potential impacts on water availability and quality.



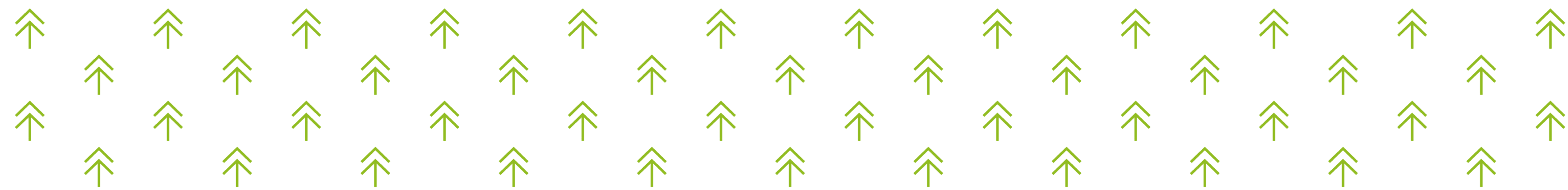
Biodiversity

We are committed

to protecting biodiversity and minimising the potential negative impact that our business may have on the natural environment over the longer term. As of 2023, none of our sites are close to any nature-protected areas or areas with endangered biodiversity.

In 2023, our materiality assessment highlighted our high-level nature dependencies and the potential impacts on nature and biodiversity caused by the activities of our business. This is an area where we are actively trying to better understand our role and improve further.

In 2024, we are starting work to understand our nature risks to support Dowlais Group's reporting against the recommendations of the Taskforce on Nature-related Financial Disclosures.





Responsible Sourcing



Responsible Sourcing

Introduction

The automotive industry involves incredibly complex and diverse global supply chains. We have a duty to ensure that we are sourcing our products and materials responsibly.

As a first-tier supplier to many of the world's largest automobile manufacturers, our role is crucial in the reduction of carbon emissions, as well as the elimination of modern slavery and conflict minerals within the automotive industry.

Our targets

Top 80%

of our strategic suppliers to provide sustainability roadmaps and targets by 2023

Zero substances

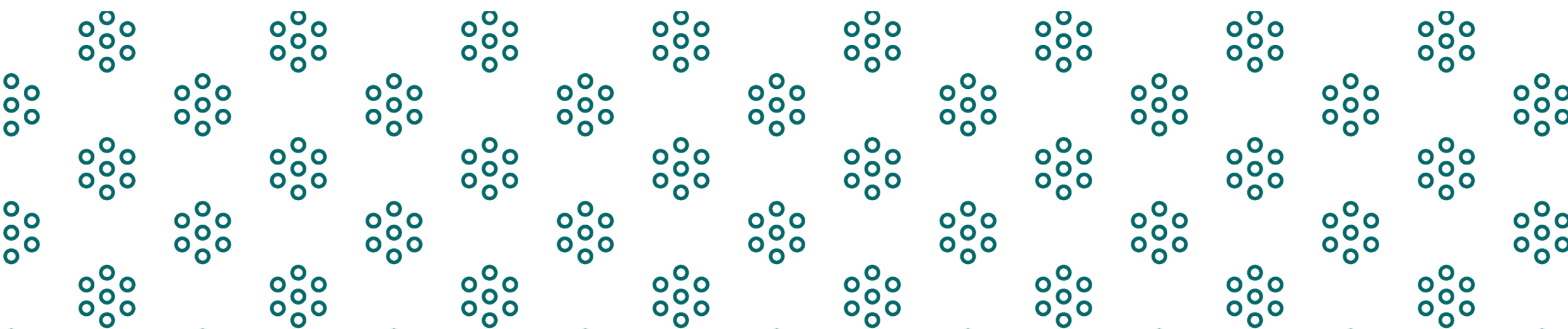
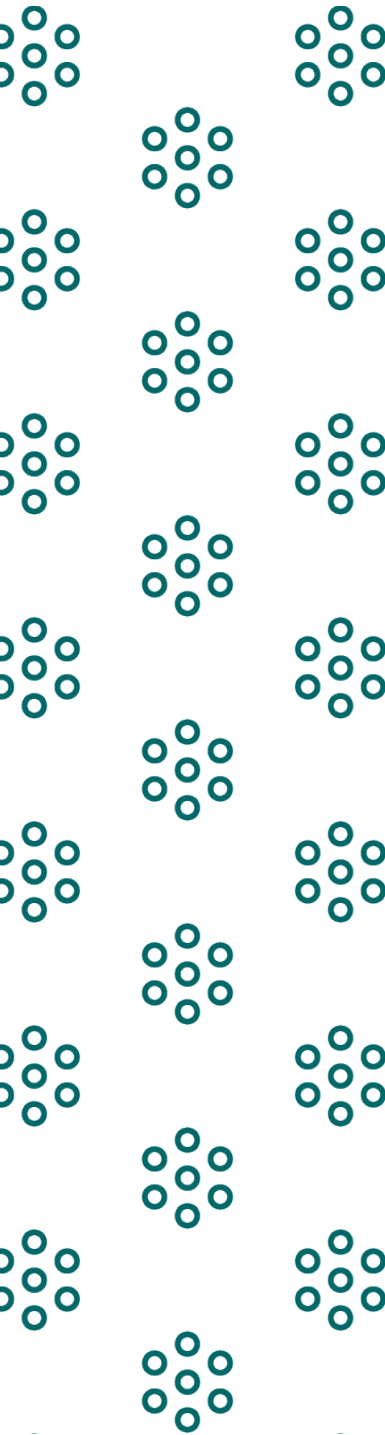
classified as conflict minerals to be knowingly sourced

Supporting our suppliers on their sustainability journey

Maintaining high sourcing standards is an important way we are improving our environmental and social impact. We are assessing and engaging with our suppliers about the sustainability of their operations and their own supply chains. By being a supportive and open partner, we are helping them to follow our high standards of environmental, social and ethical responsibility.

We expect all our suppliers to comply with our Supplier Code of Conduct, which we strengthened in 2022. It sets out our expectations for suppliers and informs suppliers of the targets that we are committed to achieving and how they can support us in doing so. We also ensure that our senior commercial and procurement teams receive regular training on sustainability and responsible sourcing.

Working together with our partners to demonstrate the highest standards of business ethics and conduct is in our mutual interests. Our relationships are anchored by a zero-tolerance approach to bribery and corruption, respecting human rights and not using any form of child, forced, bonded or involuntary labour. We require our suppliers to treat their employees and workers with dignity and respect, meet the highest standards of health and safety, engage in ethical sourcing practices and meet all legal obligations.



View our Supplier code of conduct on GKN Automotive website – [click here](#).

Engaging with our suppliers

We work with our suppliers to ensure our values are upheld and that social and environmental standards are adhered to. Our approach is governed by our Responsible Sourcing Policy which sets out the framework for how we procure what we need and work with our suppliers.

To make the Responsible Sourcing Policy more effective, we use the Supplier Assurance platform. This helps us assess suppliers on their ESG performance in areas such as business ethics, health and safety, human rights, environment, and conflict minerals. The data is collected by asking suppliers to answer the Supplier Assurance sustainability assessment questionnaire. The platform digitises the end-to-end process, collecting and validating supplier sustainability evidence as part of the process. We rolled out the questionnaire across our supplier base during 2023, asking almost 200 of our strategic suppliers to participate.

By the end of 2023, 39% of our strategic suppliers had shared their sustainability roadmaps and targets through the Supplier Assurance platform. Though this was below our target of 80%, we were pleased with the progress made to engage with our key suppliers on sustainability. We will continue to work towards our 80% ambition, as well as engage with suppliers on their support towards our 2045 net zero target.

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



Our annual Supplier Conference

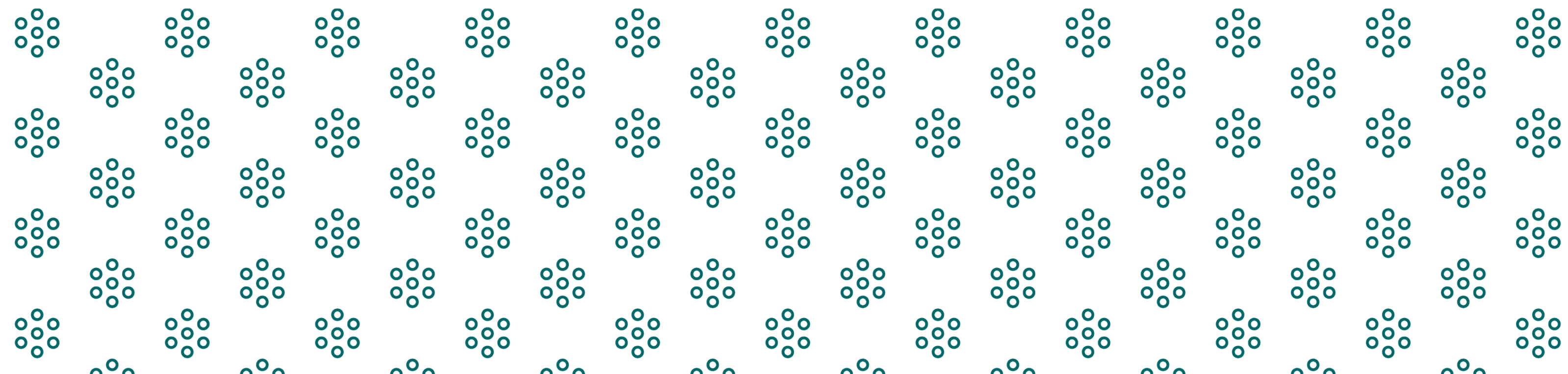
In October 2023, GKN Automotive held its annual Supplier Conference. This virtual event included a session to give suppliers an insight into our sustainability strategy and what it will mean for them. Specifically, we highlighted how suppliers are critical to our success in achieving our targets.

We were joined by hundreds of our suppliers worldwide who all play an important part in our ongoing success. It was a positive event, and we were able to share our vision and roadmap for the future. We also gave awards to a range of suppliers for their excellence in areas from innovation to sustainability. One of our strategic steel suppliers, Georgsmarienhütte GmbH, received the sustainability award, recognising its work towards zero emissions steel production.

Working towards net zero

As we work towards our 2045 net zero target, it will be critical to engage with our suppliers: 7% of our scope 3 emissions relate to our supply chain. For example, as part of our net zero roadmap, we will work to prioritise 'green steel' suppliers.

Whilst we don't directly operate steel furnaces, we use a lot of steel, and therefore we actively prioritise supplier partnerships with those who have transitioned to EAFs (electric arc furnaces). These are powered by electricity and produce significantly fewer carbon emissions (vs traditional coal-fired blast furnaces).



Conflict minerals

Many of the core components and processes used by the automotive industry currently require the extraction and supply of rare earth minerals found in specific areas of the world. The mining and trading of these minerals is impacted by conflict and other disruptive factors in some of these areas. Prolonged conflict in the Democratic Republic of Congo and surrounding countries, for example, has a significant impact on the global supplies of tin, tungsten, tantalum and gold.

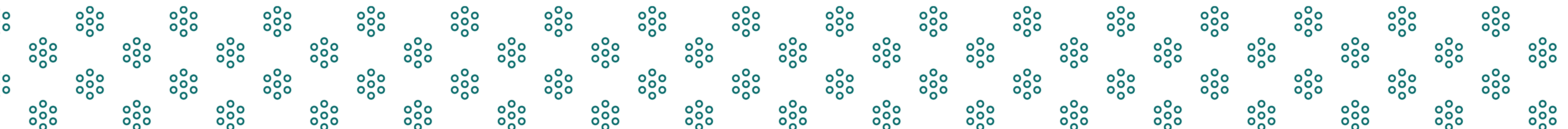
We are committed to ensuring that we are not knowingly or negligently sourcing any conflict minerals. Our processes and policies are aligned to the Group Conflict Mineral Policy, and we regularly conduct conflict minerals analysis with relevant suppliers. Suppliers are expected to perform due diligence and analysis using the CFSI (Conflict-Free Sourcing Initiative) reporting template. This data informs our ongoing conversations with suppliers and is included in an annual report which is distributed to customers.

A total of 155 suppliers were assessed for conflict minerals risk in 2023 and no substances classified as conflict minerals were knowingly sourced from areas where doing so may finance armed conflict or human rights abuses.

Human rights and modern slavery

Respect for all humans is one of our guiding principles. We do not tolerate modern slavery and are investing in, implementing and enforcing effective systems and controls to safeguard against the risk it presents to both the business and our supply chain.

In 2021, we introduced a new internal Human Rights and Anti-Slavery Policy which sets out our approach to respecting human rights and eliminating modern slavery. This policy states that modern slavery is a crime, a violation of fundamental human rights and contrary to GKN Automotive's policies and values. Our employees undergo annual training on modern slavery and human rights as part of our ethical conduct training, and we aim for a 100% completion rate.





Our Impact



Our Impact

Introduction

At GKN Automotive, we recognise our position as a global organisation capable of influencing the world and the communities in which we work. The challenges we face as an industry and as a society need to be addressed if we are to deliver on a cleaner, more sustainable world and contribute to our local communities.

Our goal is to make a positive contribution to society through our products, services and ongoing contributions to local communities. We will do this through continued investment in innovation and new products, as well as by maintaining our long history of giving.

Our targets

90%

of research and development expenditure per annum to contribute to the decarbonisation of the industry by 2025

50%

of new products to contribute to the decarbonisation of the industry by 2025

Charity partnerships

– aligned to our values and services to be established in each location by 2025

Research and development

GKN Automotive’s reputation for ingenuity is driven by our relentless focus on research and development (R&D). Year on year, we allocate a greater share of our R&D spend to developing products that contribute to the decarbonisation of the automotive industry, amounting to £87 million over the past two years. In 2023, we dedicated 87% of our annual R&D budget to improving efficiency, reducing emissions and preserving natural resources (2022: 86%).

Our global technology centres and our global R&D network ensure that world-class experts are involved at every stage of development as we work on the transition to electric vehicles (EVs).

In 2023, GKN Automotive joined a new €4 million R&D project to develop efficient and recyclable motors for the next generation of mass-produced EVs. Funded by the European Commission, the project aims to develop an eMotor that requires 66% less material than reference eMotors currently on the market and costs 28% less to produce, while cutting power loss by up to 20%. Following circular economy principles, it will also have smaller magnets that contain less rare earth material and can be reused and recycled.

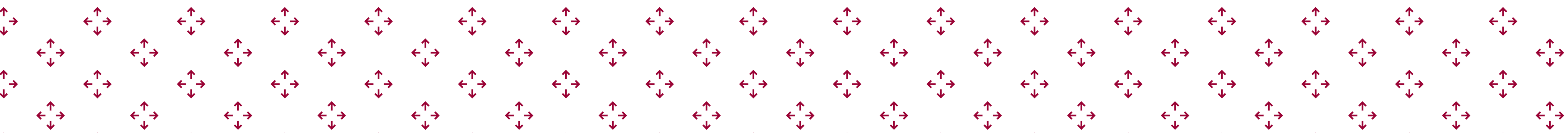
GKN Automotive is one of eight European partners on the project, named HEFT, which is led by Mondragon University, Spain. Our role is to assume responsibility for manufacturing and assembly, ensuring the final eMotor design meets industry needs and requirements.

Alongside the HEFT project, we continued to develop other global strategic partnerships to create the next generation of eDrive technology. In 2023, we partnered with research teams in the engineering departments at the University of Nottingham and Newcastle University on an Advanced Research Centre, operating collaboratively with our engineers.

To help us better understand and reduce the environmental impact of our products, we established a Product Sustainability Office in 2023, dedicated to developing our internal capability for both carbon footprinting and product life cycle assessments. Read more on page 17.

87%

of our R&D budget was spent on decarbonisation in 2023



Transition to sustainable mobility

GKN Automotive has spent the last two decades driving the world towards net zero mobility. We are at the forefront of innovative eDrive technologies for global vehicle manufacturers, enabling them to speed up the electric revolution.

Approximately 70% of our sales in 2023 came from driveline products, such as sids shafts, which electric vehicles (EVs) continue to require, as well as more specific EV and Hybrid solutions, such as eAxle components and fully-integrated Electric Drive Unit systems. We are the only company offering the full range of driveline solutions from sids shafts and prop shafts, through to torque management devices, hybrid transmissions and modular eDrive systems.

Currently, more than 2.5 million electrified vehicles have been produced with GKN Automotive's eDrive systems, and this will continue to increase as our business expands.

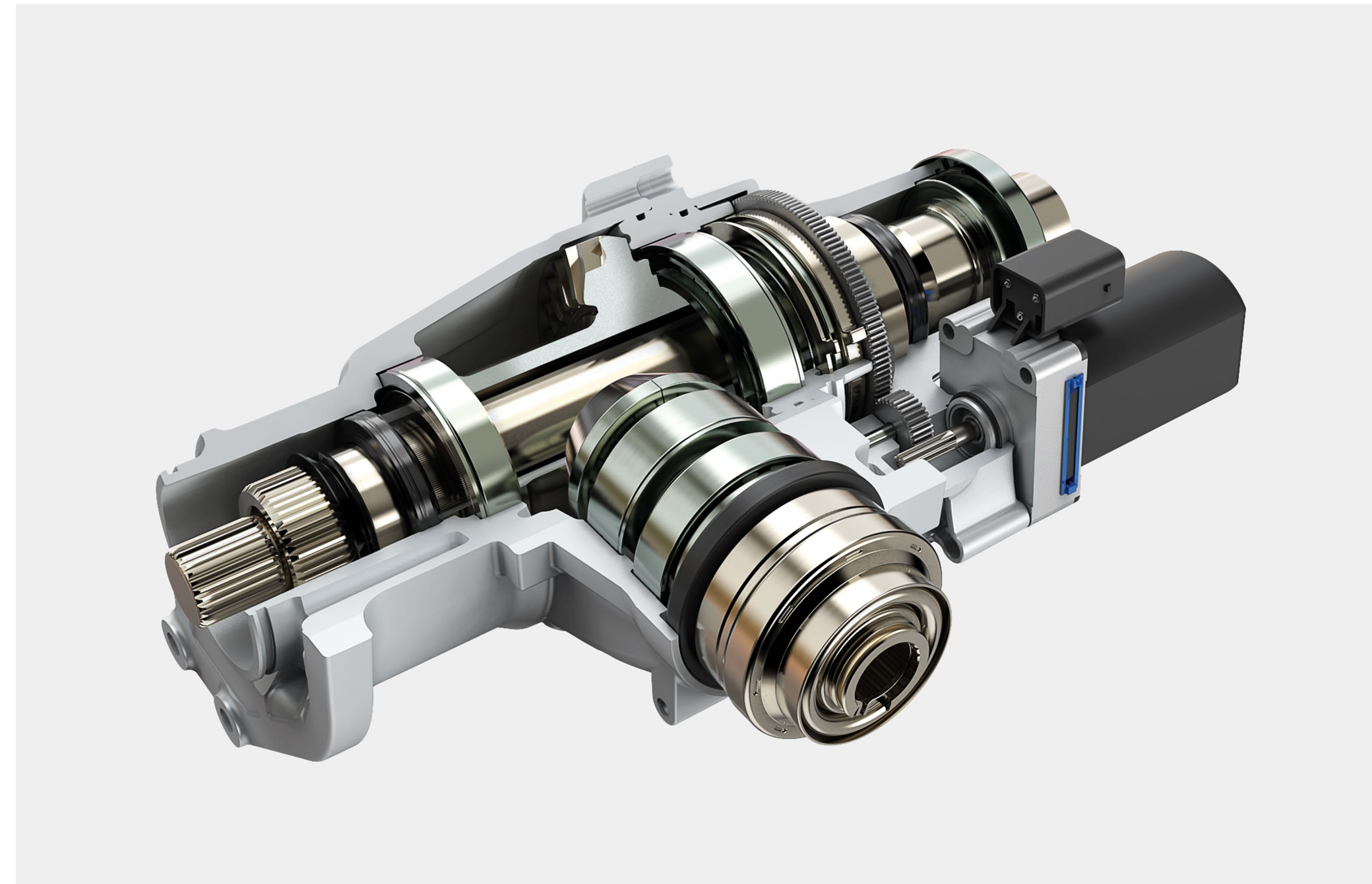
In 2023,

46%

of new products launched by GKN Automotive contributed to the decarbonisation of the transport sector (2022: 35%).

74%

of the new business awarded to GKN Automotive was specifically on EV platforms



↕↔ All Wheel Drive (AWD)

Our All Wheel Drive (AWD) technologies continue to support customers to improve fuel efficiency and reduce emissions.

The AWD Disconnect system helps reduce the related carbon emissions by up to 80% compared with conventional AWDs. In addition, the new generation AWD components are 30% more efficient and 20% lighter than in previous generations and are made from 98% recyclable materials.

In 2023, our joint venture in China, SDS, began production of AWD Disconnect for small to medium-sized vehicles in China.

98%

recyclable materials

↕↔ eCrate

During the year, we tested the market with our concept design for a plug-and-play electric drive unit. The eCrate concept is designed to meet growing demand among niche electric vehicle players and EV conversion companies for electric drive technology in an off-the-shelf format.

Prospective customers would have the choice of three modular systems, offering different power levels and configurations, all providing market-proven technology with optimal efficiency and performance. The first system could be available as early as 2025.

Suitable for various purposes, including small to large cars and light commercial vehicles in series production, the concept has the potential to help accelerate the transition to full electrification by empowering start-ups and established low-volume players.





Charitable giving

Across four continents, we support communities and many international, national and local charities through volunteering efforts and donations.

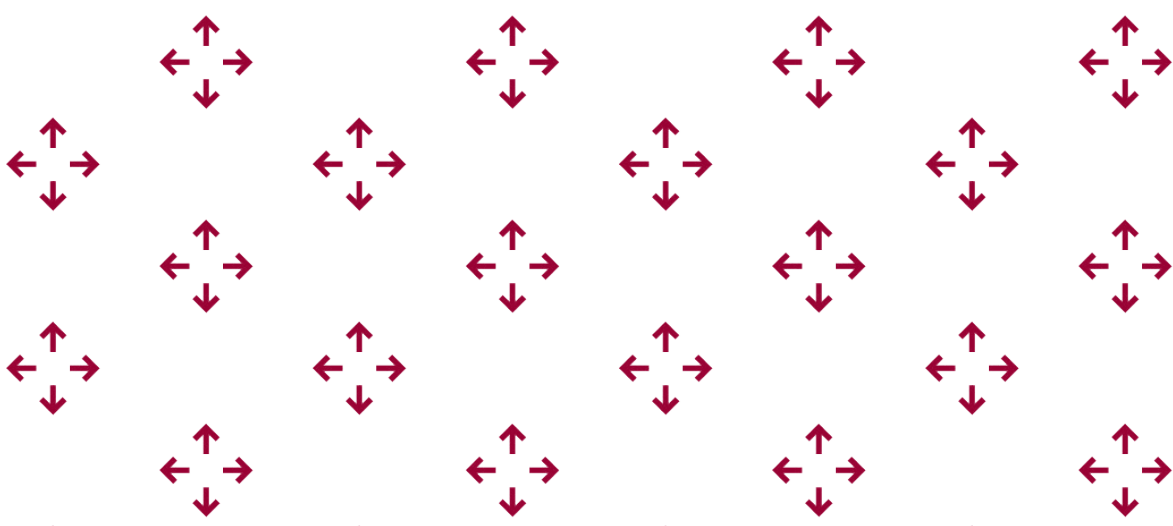
We have set a target for all sites to have at least one charitable partnership that aligns with our strategic purpose by 2025.

To support our ambition, this year we launched a new charitable giving framework and network of local community champions. Having engaged our sites to understand current volunteering activity and charitable partnerships, we created roles and responsibilities, budgets, processes and the causes we are focused on, in order to enable site autonomy.

In 2023, GKN Automotive donated approximately £550,000 to charitable causes globally, and 85% of our sites had local charitable relationships (2022: 84%).

£550,000

donated to charitable causes globally



‘Love the earth’ recycling initiative

At our Rayong plant in Thailand, employees support litter picking throughout the year. This includes collecting plastic bottles from the local area or saving consumed ones. After a year, they recycle the accumulated plastic for community projects, often chosen through employee voting. Since 2020, over 30,000 plastic bottles have been collected by employees.

In 2023, a group of employees from the Rayong team delivered a significant amount of plastic bottles to the Temple at Wat Jak Daeng, Prapadaend, Samutprakran. At the Temple, the team were shown the process for recycling plastic bottles into fabric. With the amount that had been recycled, it was possible to make 1,500 sets of robes for the monks at the temple.

Together for Turkey

After an earthquake struck Turkey and Syria at the beginning of 2023, we donated materials such as food, toiletries and other necessities directly through a central collection point at our site in Oleśnica, Poland. These goods were transported to the affected areas, using our freight management expertise.

We also provided £125,000 to the UK Disasters Emergency Committee appeal to help those affected.



Nurturing tomorrow's STEM talent today

Science, technology, engineering, and mathematics (STEM) education is essential for fuelling the innovation the world needs to tackle some of the challenges we collectively face. But providing practical experience and career opportunities for STEM talent is important too. We are committed to developing the next generation and providing a space for them to hone their skills, expand their knowledge and put their critical thinking to good use.

A key focus of our community work is empowering, educating and developing pathways to increase the number of children pursuing STEM subjects and careers. Across a number of our sites, we have supported local initiatives, including local Formula Student teams (see right).

In 2023, we made the decision to expand our work on STEM. Initially focusing on Mexico, Poland and India, we are piloting programmes at each location to support future STEM talent, while increasing our community outreach work in these countries. For example, in Poland, we have launched a partnership with local NGO Sky Blue Education to provide free STEM classes and workshops for children from the local community.

Supporting future engineers through Formula Student

As part of our strategy to support local STEM education, several of our sites around the world support local Formula Student teams.

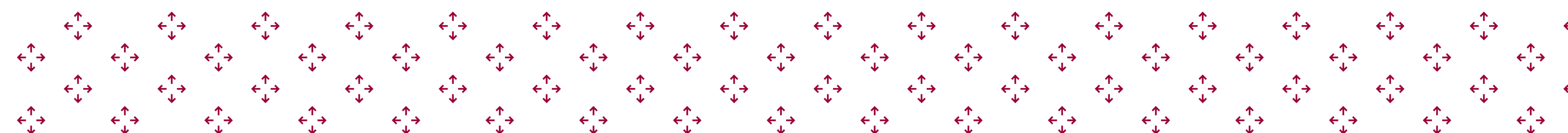
Formula Student is an educational engineering competition that uses motorsport to inspire students. The competition aims to develop enterprising and innovative young engineers and encourage more young people to pursue careers in engineering.

GKN Automotive sponsors and supports students at four universities in Turkey, the University of Nottingham and Oxford Brookes University in the UK, and Wroclaw University of Science and Technology in Poland. In addition, in 2024, we will be one of the main sponsors for the 2024 Formula SAE Electric competition in the US.

In 2023, the PWR Racing Team from Wroclaw University of Science and Technology came second at the prestigious Formula SAE Michigan 2023 competition, which hosted 120

student racing teams from across the world. Our Oleśnica site in Poland has supported the team for the last eight years, with employees providing their design knowledge and expertise and helping them manufacture axles for the race car using our facilities at the plant.

Our effort in helping inspire the next generation of engineers through Formula Student not only enables students to gain more practical experience and become more employable at the start of their careers, but it also contributes to creating a talent pool of students who share GKN Automotive's values. Over the next year, we will continue supporting this initiative and further strengthen our relationship with the engineers of tomorrow.





Ethics, Compliance, Safety and Security



Ethics, Compliance, Safety and Security

To drive a sustainable future for GKN Automotive, we have built our sustainability strategy upon the foundations of ethics, compliance, product safety and security. We are a values-led company, and our ‘Principled’ value ensures we are committed to doing the right thing. Our General Counsel is responsible for ensuring that we maintain high standards of ethics, compliance, product safety and security.

Ethics and compliance

Laws and regulations set out the minimum standards we meet, but we always aim to go further than just complying with the law. We expect our people to always behave to the highest ethical standards and conduct themselves in an honest and transparent manner. We must all conduct ourselves professionally, act with integrity and keep our promises. It also means that when we do make mistakes, we are open and do not cover them up.

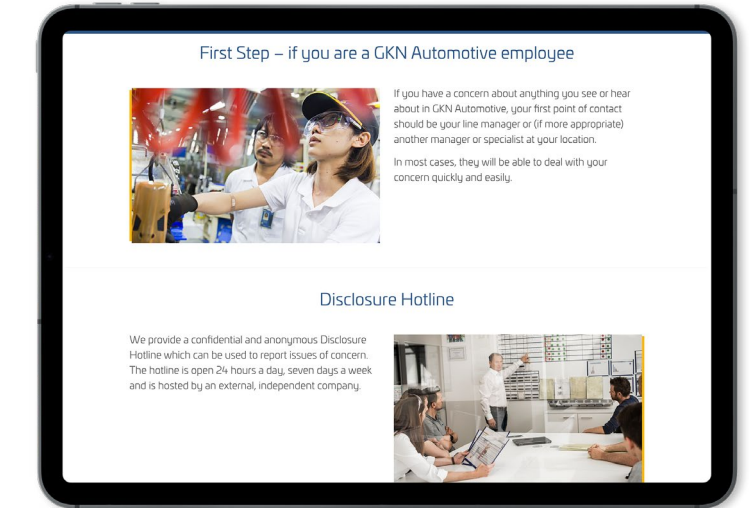
To ensure that all our people understand what is expected of them, our Code of Conduct (Code) sets out the standards and behaviours we expect of all our employees and workers – whatever their job and wherever they are located. It guides how our people behave, how they do their jobs and how they interact with other employees and stakeholders.

Speaking Up

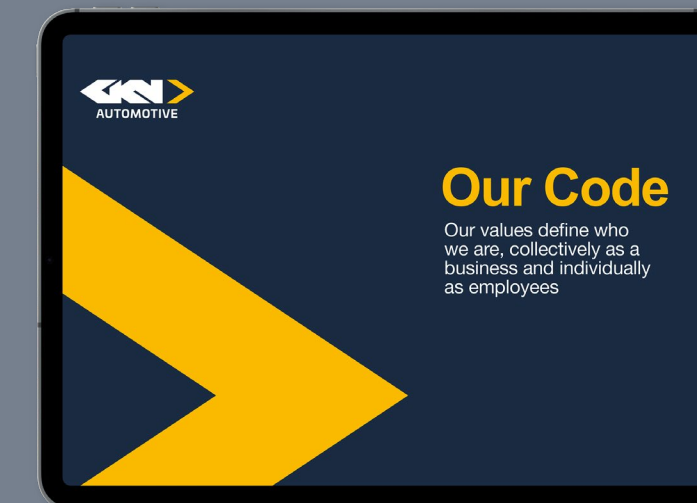
Sometimes things go wrong. It is an unavoidable part of business. When they do, it is important that our employees and stakeholders feel able to report their concerns so that we can deal with them and prevent the same problems from happening again. We encourage a culture of speaking up in which we ask that all issues of concern are brought to the attention of our senior leaders.

Employees should always feel able to ask questions or raise concerns about any acts or behaviours which are or could be inconsistent with our Code. It is our commitment that any concerns will be listened to, investigated and dealt with properly and sensitively. Our Whistleblowing and Employee Disclosure Policy sets out our policies, procedures and oversight with regards to complaints and concerns. We always support employees who raise genuine concerns, even if they turn out to be mistaken.

Our policy dictates that the first point of contact should be line managers or, if appropriate, another manager or specialist at the location in question. If for any reason the matter cannot be raised internally, a confidential and anonymous employee disclosure hotline and portal is available. This is open 24 hours a day, seven days a week, and is hosted by an external, independent company.



➤ Read more about our culture of ‘Speaking Up’ on the GKN Automotive website – [click here](#).



➤ View ‘Our Code’ on the GKN Automotive website – [click here](#).

Ethical conduct training

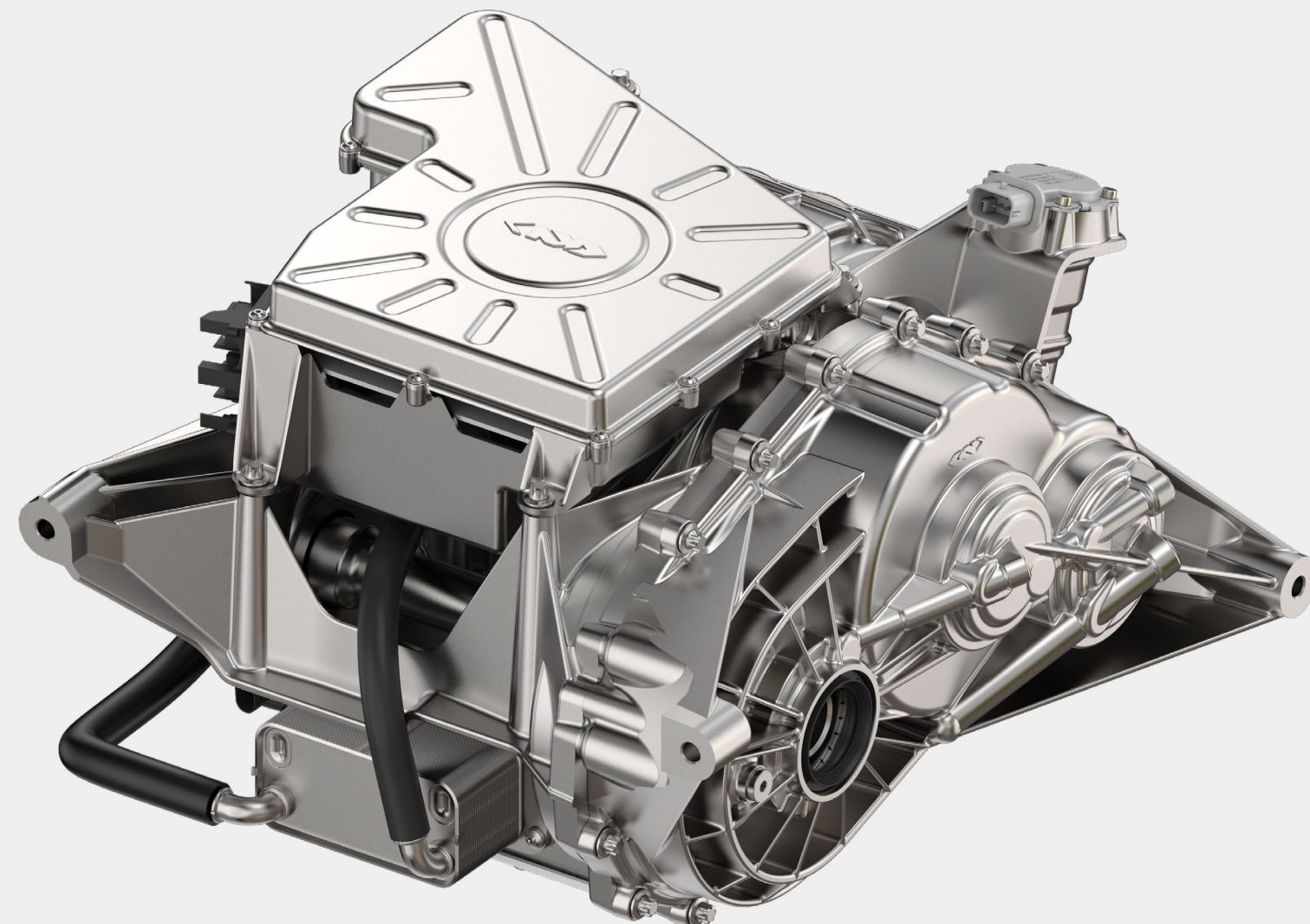
We provide our employees with dedicated ethical conduct training, which covers a wide range of topics including an explanation of the principles of our Code, legal compliance, honesty, transparency and integrity, respecting each other, conflicts of interest, human rights, use of business resources, accounts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

Product safety

How our employees behave at work also contributes to the safety of our products. Product safety is vital to ensure the continued success of GKN Automotive, and across the world millions of people rely on our products meeting the highest safety standards every day.

In 2016, we launched our product safety portal. GKN Automotive is certified to the IATF (International Automotive Task Force) 16949 standard, and potential safety concerns are assessed by our Product Safety Steering Committee to ensure high standards of governance and oversight. Our robust product safety policies and procedures are designed to ensure that our products are safe.

All employees must comply with our Product Safety Policy and complete product safety training every other year. Should our employees have any potential product safety and integrity concerns, they report this to their product safety and conformity representative. In 2022, we launched a new product safety dashboard which provides live updates from across the business showing the product safety KPIs during launch and in production.



Information, physical and personnel security

Information, physical and personnel security are integral to GKN Automotive's operational resilience, helping to ensure that our data, systems and assets are protected. We achieve this through proactive risk management, policy creation, advanced security measures, dedication to security training, integrating security by design and compliance with customer and regulatory standards.

Our security incident and vulnerability management teams help to ensure that we maintain operational continuity. This includes overseeing potential cyber threats to reduce the likelihood of incidents that could adversely impact our IT systems and affect our business operations.

In 2023, we launched several initiatives to enhance our information security. These included strengthening our controls to mitigate malware risks, such as locking down USB ports, which led to a significant reduction in malware incidents. Other initiatives included conducting regular global phishing simulations and undertaking supplier security assessments (almost 300 suppliers were assessed during the year).

Several of our sites have been awarded Trusted Information Security Exchange (TISAX) labels. TISAX is a German automotive industry information security assessment aligned with international best practice standard ISO/IEC 27001. TISAX provides assurance that a company's information security management system and supporting controls comply with defined security standards. We are continuing to roll this out across our organisation in order to ensure our entire footprint is operating to the highest security standards. During 2024, 13 of our sites will be audited against this standard.

Pause
Think
Protect



IF IT LOOKS SUSPICIOUS,
REPORT IT!

Protecting yourself against
phishing attacks.




Appendix









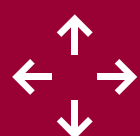





2023 Performance

As we approach two years since developing our strategy, we are proud to report on our second full year of performance against our KPIs and targets.



 To read Dowlais Group's sustainability report – [click here](#).

Pillar	KPI	Target	2023 performance
Our People 	% of female members on the Executive Team.	33% female membership of the Executive Team by 2030.	 10%
	Accident Frequency Rate (AFR).	Maintain an AFR of <0.1%.	 0.1%
	% of eligible, permanent employees receiving annual performance reviews. ¹	100% of eligible, permanent employees to receive annual performance reviews by 2024. ¹	 98% of eligible employees. ¹
Climate Action 	Net zero transition plan.	Net zero transition plan with certified science-based targets in place by 2023.	Commitment to Science Based Targets initiative made and targets agreed (submitted in Q1 2023).
	% of renewable electricity consumed.	50% of electricity consumed to be certified renewable by 2025.	 10%
	% of waste diverted from landfill.	100% of waste to be diverted from landfill by 2030.	 98%
Responsible Sourcing 	% of strategic suppliers with sustainability roadmaps and targets.	Top 80% of strategic suppliers to provide sustainability roadmaps and targets by 2023.	39%
	Number of substances classified as 'conflict minerals' knowingly sourced.	Zero substances classified as 'conflict minerals' knowingly sourced.	Zero
Our Impact 	Locations with charity partnerships aligned with our values and services.	All locations to have established charity partnerships aligned with our values and services by 2025.	85% of sites had  charitable partnerships in 2023.
	% of total research and development (R&D) expenditure per annum contributing to the decarbonisation of the automotive sector.	90% of total R&D expenditure per annum to contribute to the decarbonisation of the automotive sector by 2025.	 87%
	% of new products that contribute to the decarbonisation of the automotive sector.	50% of new products to contribute to the decarbonisation of the automotive sector by 2025.	 46%

¹ Eligible employees are those employees who are full-time and meet a particular set of criteria based on local employment laws and our own internal processes.



About this Report

**Date of publication:
10 June 2024**

The reporting period covers GKN Automotive's Financial Year 2023, from 1 January to 31 December 2023. Performance data relates to this period unless otherwise stated. We have also taken account of significant events prior to this period and up to the editorial deadline of April 2024. To further improve our reporting for our first Sustainability Report, we have used the GRI reporting principles to describe our approach and performance related to the management of our material sustainability topics.

