



**Environmental Policy
&
Carbon Reduction Plan**

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PRECISION SHEET METAL LIMITED

ISSUE STATUS

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APPROVED:

BUSINESS CONTINUITY PLAN: ISSUE STATUS

| Issue No | Date | Details |
|----------|----------|---|
| 1 | 20250203 | First draft with carbon data to 31.12.2025 |
| 2 | 20250423 | Second draft with carbon data to 31.03.2025 |
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Summary

KMF UK recognises the importance of continually improving our environmental performance. This Environmental Policy and Carbon Reduction Plan establishes a clear vision and actionable principles to guide decisions across all levels of the company.

We understand the significant challenges of climate change, including rising temperatures and extreme weather, and the growing pressure these places on our customers and supply chain. Through scientific data and transparent reporting, KMF Group is committed to managing and reducing our environmental impact.

Since 2018, KMF Group has been proactively measuring environmental impact and carbon emissions. This document outlines our carbon reduction goals and ongoing efforts to align with customer expectations and exceed government sustainability targets.

Our Commitment to Carbon Reduction

KMF UK has set ambitious targets for achieving Net Zero emissions:

- Scope 1 & Scope 2 (Direct Emissions): Achieve Net Zero by 2040, with a 50% reduction benchmarked on our FY 2018-19 baseline by the of FY 2024-25. Further reduction measurements will be confirmed at the end of FY 2024-25 with further emission targets set for 2030 and to be carbon neutral by 2035.
- Scope 3 (Indirect Emissions): By the end of FY 2025-26 KMF Group will be formalising and introducing a scope 3 measurement and reduction program following an engagement programme with our Supply Chain. Current scope 3 target is to achieve a 55% reduction by 2035 based on a baseline of FY 2024-25 for all scope 3 emissions, reported in line with UK Government guidance PPN 06/21. It is planned for progress to be formally presented within our Carbon Reduction Plan in 2026.

Our carbon reduction plan measures:

- *Absolute emissions: Total CO₂e emissions.*
- *Carbon intensity: Gross emissions per tonnage of product produced and Gross emissions per £m of revenue.*

We report emissions using two methodologies:

- *Location-Based: Emissions based on the average grid intensity.*
- *Market-Based: Emissions based on purchased electricity sources, reflecting 100% renewable electricity use.*

About KMF Group

Our mission is to manufacture high-quality parts and assemblies through continuous investment in our people and production technology. We strive to understand our client unique market needs and offer a sheet metal fabrication, high level integration and machining solution to drive our customers' business forward.

Over recent years, KMF UK has implemented several key carbon reduction initiatives which include:

Completion of ESOS Phase 3 in 2023

KMF completed and submitted ESOS ahead of the submission deadline in March 2024. Recommendations from the ESOS phase 3 report are being used by KMF's Sustainability team to target further improve efficiency, and reduce carbon emissions.

Equipment Upgrade – (Inclusive of Environmental Impact Consideration)

The Newcastle-under-Lyme factory is proactively upgrading machinery to cut carbon emissions, including investment in latest technology compressed air and N₂ generation systems for improved efficiency.

Company Vehicles

Petrol and diesel vehicles have been replaced with EVs, with KMF Group installing eight on-site charging points for business and personal use. This is an ongoing project.

LED Lighting

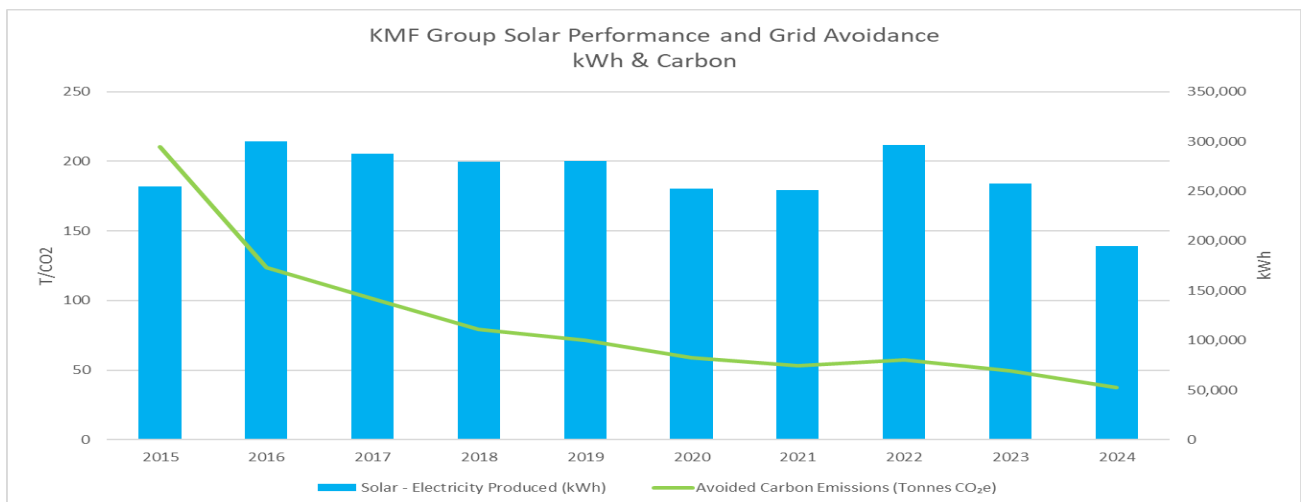
KMF's business wide Implementation of LED lighting upgrade project has reached 90% completion including the upgrade of 244 fixtures. External lighting systems will be replaced with LED fittings during S1-2025.

Solar Panels

KMF have installed Photovoltaic solutions to three production sites and have an objective to investigate opportunities to further increase our renewable energy capacity.

Solar panels have produced over 2,600,000kWh of renewable electricity since installation in 2015. The solar panel project has meant KMF Group have pro-actively avoided consuming and generating over 750 tonnes of scope 2 carbon since 2015.

The graph below summarises the annualised amounts of annual electricity produced by the solar panels in kWh and the amount of carbon avoided being consumed by the Grid since 2015. The below takes in to account the differing conversions factors for electricity into carbon emissions since 2015.



Further evidence can be viewed online via the Sustainability page on the KMF website - [Sustainability Commitment - KMF Group](#)

Baseline Emissions

The emissions baseline represents KMF's carbon Footprint if our CRP was not implemented, but is inclusive of several reduction solutions implemented prior to, and aligned to our ISO14001 Accreditation.

This includes both total emissions required as per the UK Government standard reporting requirement for scope 1, 2 and an intensity ratio.

The emissions baseline provides a point against which we measure changes in the volume of emissions produced. We have chosen the baseline to be the Financial Year 2018-19 which will reflect a more accurate reporting period following Covid-19 and the date our previous science-based carbon performance target was met.

The emissions baseline (FY 2018-19) marks the starting point for carbon reduction progress in measuring scope 1 and scope 2 performance. This includes:

- *Natural Gas*
- *LPG*
- *Transporting materials, products and waste using company owned controlled vehicles*
- *Electricity*

The emissions baseline for scope 3 will be FY 2024 – 25 (April 2024 to March 2025) as the starting point. Scope 3 emissions will be aligned with UK PPN 06/21 standards.

Scope 3 Categories expected to be reported, will be confirmed in 2026 and will include all or a selection of the following:

- *Upstream transportation and distribution*
- *Waste generated in operations*
- *Business travel*
- *Employee commuting*
- *Downstream transportation and distribution*

Compliance

KMF UK are not captured by the Streamlined Energy and Carbon Reporting (SECR) compliance to report on scope 1 and 2 emissions in addition to carbon emissions from transport, however are choosing to report this voluntarily as part of our Environmental Policy. As part of SECR, an intensity ratio against number of product tonnage has been created to measure carbon performance.

KMF Group were captured by ESOS Phase 3. Several recommendations to improve energy efficiency and carbon performance are captured in the report and summarised as actions within the CRP.

Following submission of ESOS Phase 3 in June 2024 we will continue to ensure compliance with all environmental legislation including the ESOS Action Plan, submitted in Q1 2025, followed by annual ESOS reporting on project progress and ESOS Phase 4 in December 2027.

Absolute Carbon Reduction Targets and Performance

As KMF UK grows in production volume and facility footprint, total emissions may increase. However, our goal is to drive continuous improvement in carbon efficiency through targeted intensity ratio reductions.

All carbon performance measurements will be presented as Location Based and Market Based emissions against the target to;

Achieve a 50% reduction in absolute emissions benchmarked on our FY 2018-19 baseline by the end of FY 2024-25.

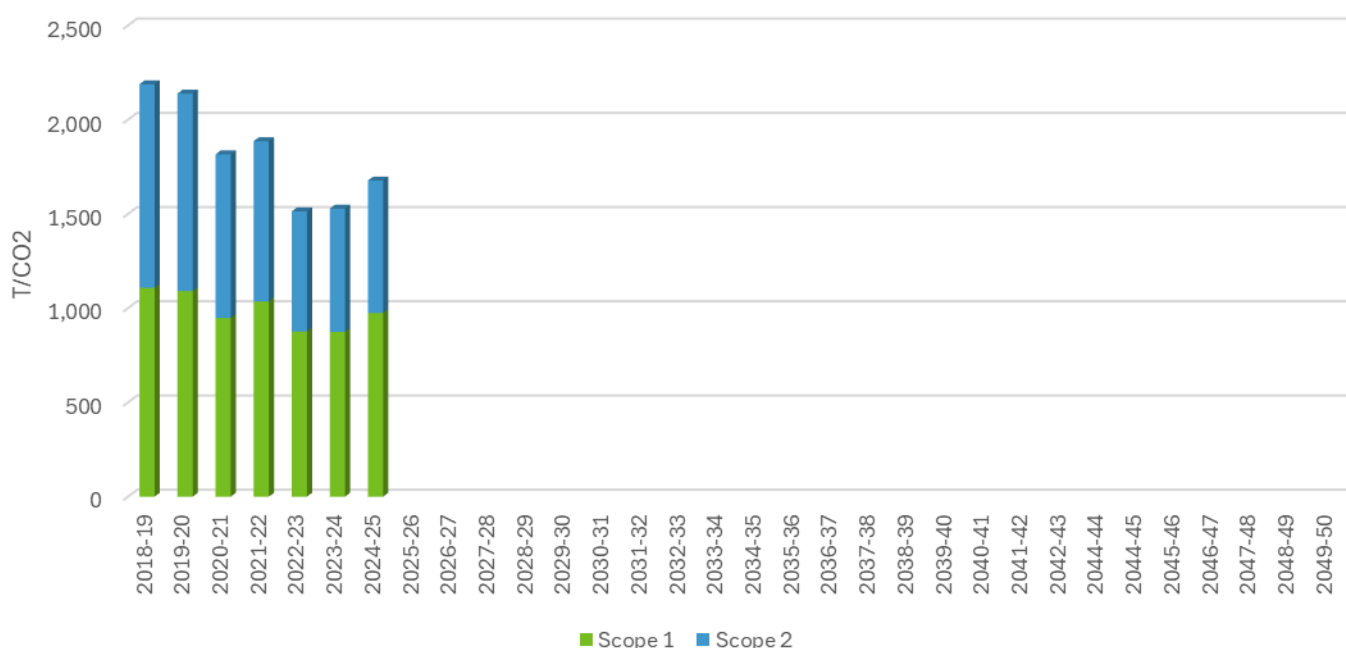
Location Based Analysis

Using the Location based reporting methodology (grid averages) KMF have achieved a 23% reduction in total scope 1 & 2 emissions since the base year of 2018-19. A 31% reduction was achieved in FY 2022-23 however total emissions have increased over the last two financial years due to a more energy intensive product mix being manufactured on site.

Since April 2023 KMF UK took the decision to secure 100% Renewable Electricity via our electricity supplier. Based on a Market based emissions report (including 100% renewable electricity) KMF have exceeded the 50% reduction target in FY 24-25 based on the 2018-19 Base year. Find details below.

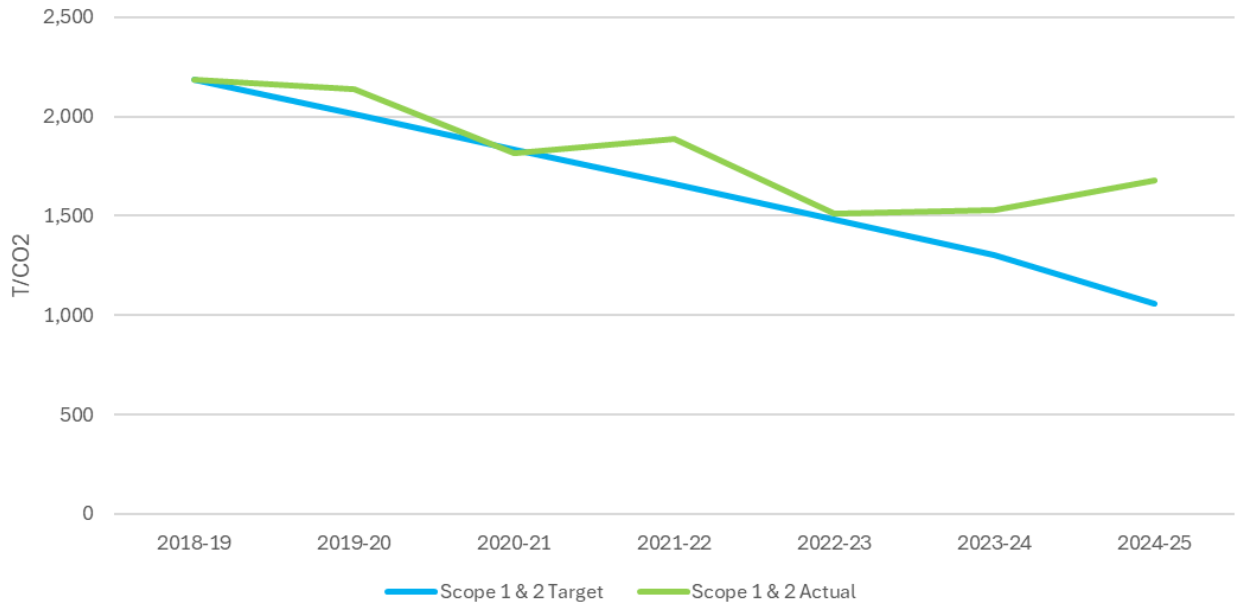
The below graphs and table summarise scope 1 and 2 absolute emissions performance versus target Since 2018-19 on a Location based methodology.

Location Based Total Scope 1 & 2 Absolute Emissions Actual (FY April to March)



| Financial Year | Scope 1 | Scope 2 | Total Scope 1 & 2 Emissions | Tonnage | Tonnage Intensity | Revenue | Revenue Intensity | Scope 1 & 2 Target | Scope 1 & 2 Actual |
|----------------|---------|---------|-----------------------------|---------|-------------------|-------------|-------------------|--------------------|--------------------|
| 2018-19 | 1,108 | 1,080 | 2,188 | 6,746 | 0.3244 | £33,713,500 | 64.90 | 2,188 | 2,188 |
| 2019-20 | 1,091 | 1,047 | 2,139 | 6,250 | 0.3422 | £34,744,100 | 61.56 | 2,012 | 2,139 |
| 2020-21 | 948 | 868 | 1,816 | 5,134 | 0.3537 | £28,192,200 | 64.42 | 1,835 | 1,816 |
| 2021-22 | 1,036 | 850 | 1,886 | 5,777 | 0.3265 | £33,915,488 | 55.61 | 1,658 | 1,886 |
| 2022-23 | 876 | 637 | 1,514 | 4,789 | 0.3161 | £33,825,594 | 44.75 | 1,482 | 1,514 |
| 2023-24 | 874 | 654 | 1,528 | 4,788 | 0.3192 | £34,159,343 | 44.74 | 1,305 | 1,528 |
| 2024-25 | 976 | 702 | 1,678 | 4,752 | 0.3532 | £30,265,158 | 55.46 | 1,059 | 1,678 |

KMF Group Scope 1 & 2 50% Reduction Target vs Performance
Location Based

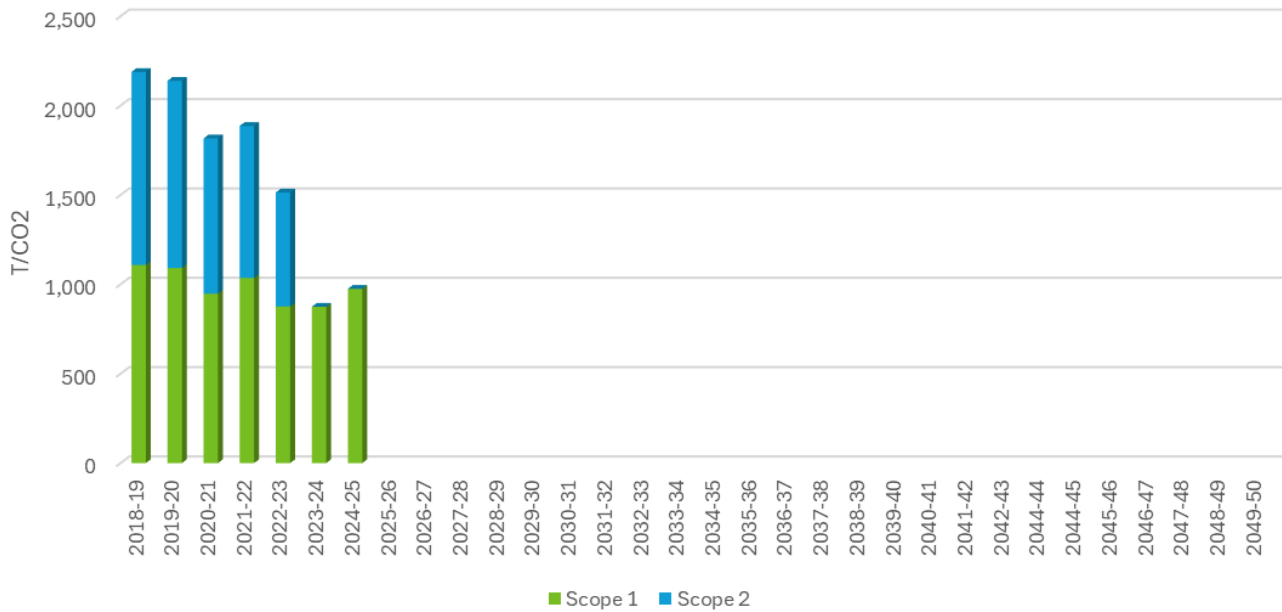


Market Based Analysis

Using the Market based reporting methodology (KMF procurement opted for 100% renewable energy since April 2023) KMF have achieved a 55% reduction in total scope 1 & 2 emissions since the base year of 2018-19. A 60% reduction was achieved in FY 2023-24, however total emissions have increased over the last financial year due to a more gas intensive product mix being manufactured on site.

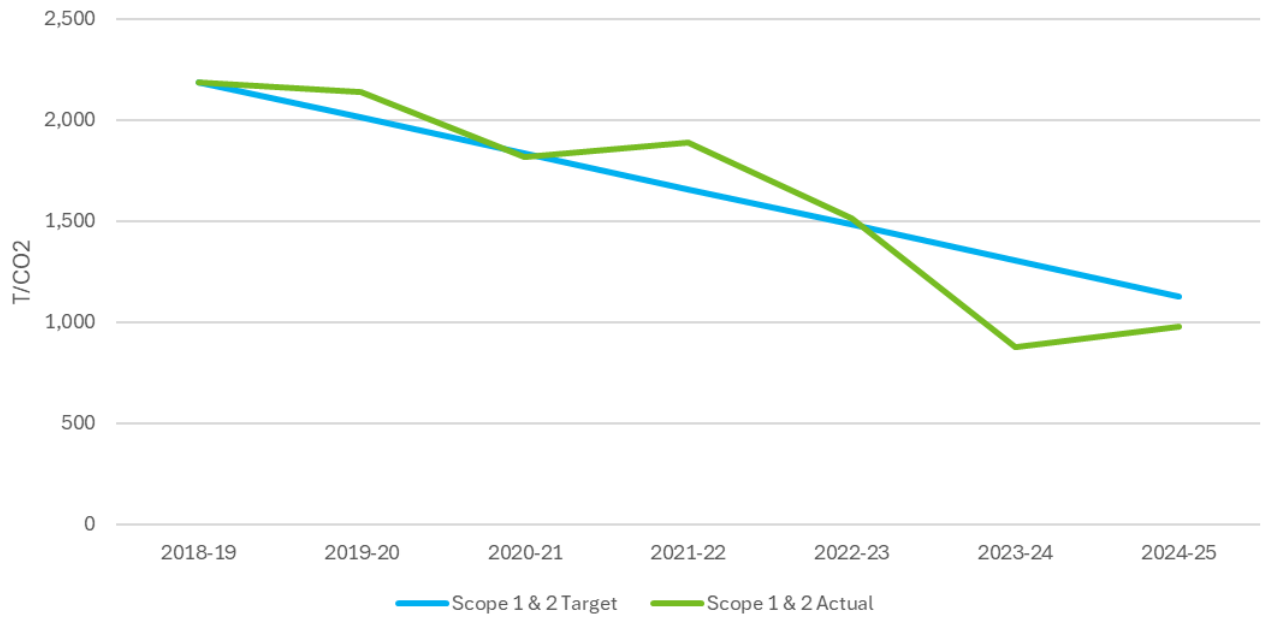
The below graphs and table summarise scope 1 and 2 absolute emissions performance versus target Since the 2018-19 base year on a Market based methodology.

Market Based Total Scope 1 & 2 Absolute Emissions Actual (FY April to March)



| Financial Year | Scope 1 | Scope 2 | Total Scope 1 & 2 Emissions | Tonnage | Tonnage Intensity | Revenue | Revenue Intensity | Scope 1 & 2 Target | Scope 1 & 2 Actual |
|----------------|---------|---------|-----------------------------|---------|-------------------|-------------|-------------------|--------------------|--------------------|
| 2018-19 | 1,108 | 1,080 | 2,188 | 6,746 | 0.3244 | £33,713,500 | 64.90 | 2,188 | 2,188 |
| 2019-20 | 1,091 | 1,047 | 2,139 | 6,250 | 0.3422 | £34,744,100 | 61.56 | 2,012 | 2,139 |
| 2020-21 | 948 | 868 | 1,816 | 5,134 | 0.3537 | £28,192,200 | 64.42 | 1,835 | 1,816 |
| 2021-22 | 1,036 | 850 | 1,886 | 5,777 | 0.3265 | £33,915,488 | 55.61 | 1,658 | 1,886 |
| 2022-23 | 876 | 637 | 1,514 | 4,789 | 0.3161 | £33,825,594 | 44.75 | 1,482 | 1,514 |
| 2023-24 | 874 | 0 | 874 | 4,788 | 0.1826 | £34,159,343 | 25.60 | 1,305 | 874 |
| 2024-25 | 976 | 0 | 976 | 4,752 | 0.2054 | £30,265,158 | 32.25 | 1,129 | 976 |

KMF Group Scope 1 & 2 50% Reduction Target vs Performance Market Based



Scientific Ratio Carbon Reduction Targets and Performance

In addition to reporting on absolute emissions, KMF Group measure carbon performance against two core business metrics – revenue and tonnage. Carbon reporting with ratios helps KMF track emissions relative to revenue and production to energy use. It improves efficiency, supports sustainability, and allows easy comparisons against different years.

All scientific ratio performance measurements will be presented on a Location Based and Market Based Basis

- Target: Achieve a 50% scientific ratio reduction based on tonnage versus scope 1 & 2 emissions benchmarked on our FY 2018-19 baseline by the end of FY 2024-25.

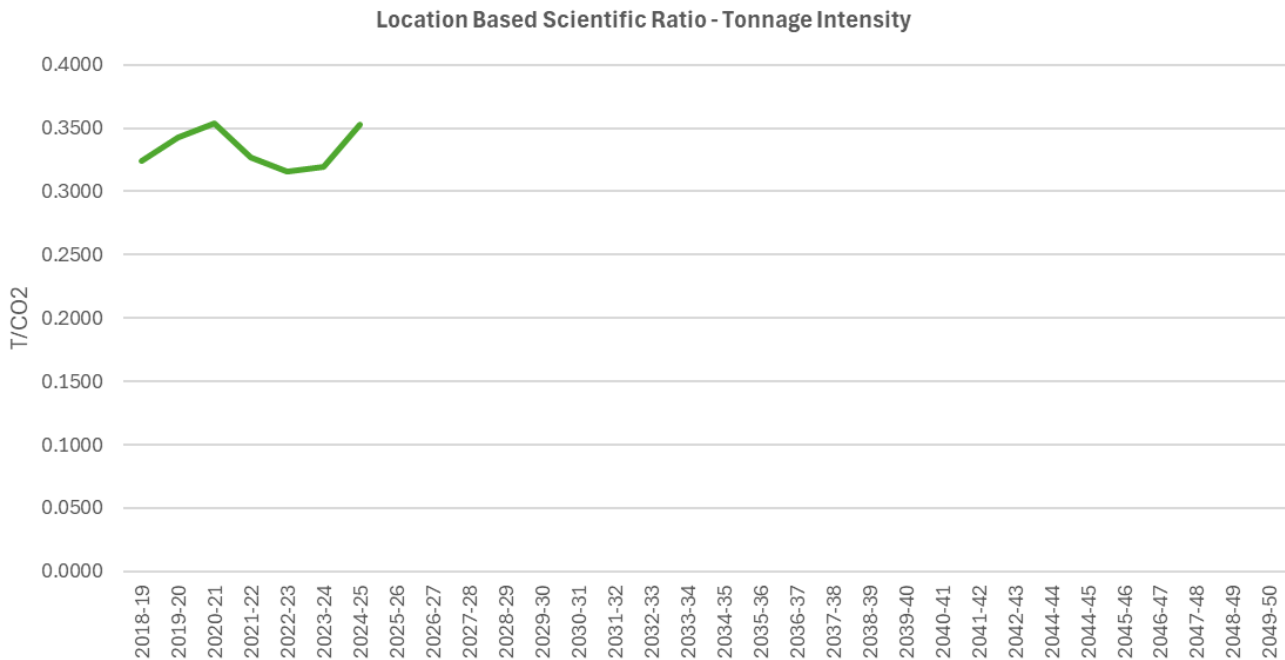
- Target: Achieve a 50% scientific ratio reduction based on revenue versus scope 1 & 2 emissions benchmarked on our FY 2018-19 baseline by the end of FY 2024-25.

Tonnage Intensity

Location Based

Using the Location based reporting methodology (grid averages) KMF has seen the intensity ratio based on tonnage increase since 2018-2019 in FY 24-25. Tonnage intensity reduced from 0.3244 t/CO₂ for the FY 2018-19 base year to 0.2947 t/CO₂ in FY23-24.

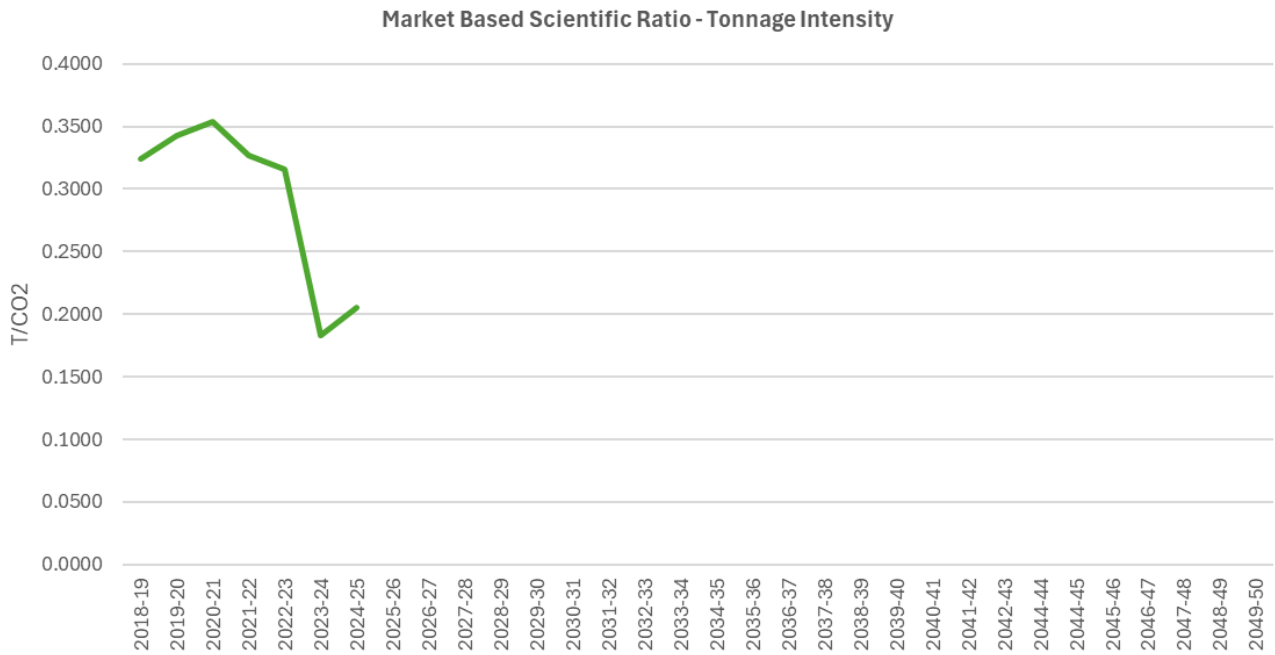
Tonnage intensity increased in FY 24-25 to 0.3529 t/CO₂ due to an increase in energy intensive product mix manufactured.



Market Based

Using the Market based reporting methodology (KMF procurement opted for 100% renewable energy since April 2023) KMF has seen the intensity ratio based on tonnage fall significantly since 2018-2019. Tonnage intensity reduced from 0.3244 t/CO2 for the FY 2018-19 base year to 0.1826 t/CO2 in FY23-24.

Tonnage intensity increased in FY 2024-25 to 0.2052 t/CO2 due to an increase in energy intensive product mix manufactured.

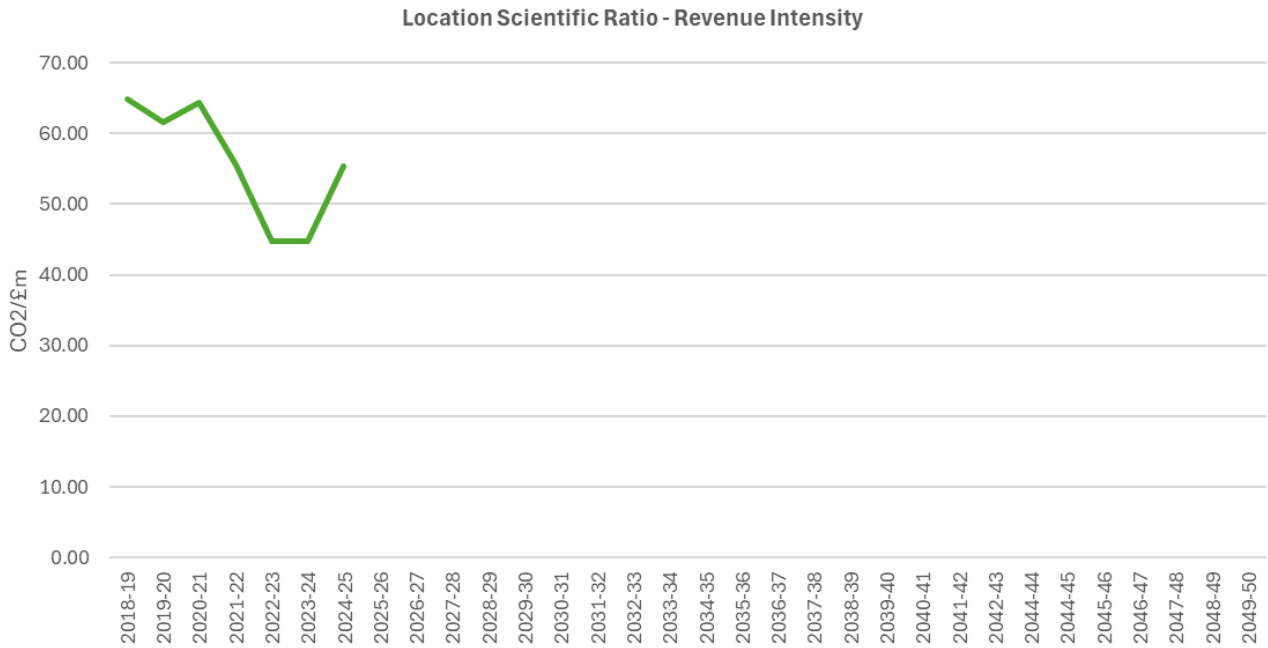


Revenue Intensity

Location Based

Using the Location based reporting methodology (KMF procurement opted for 100% renewable energy since April 2023) KMF has seen the intensity ratio based on revenue decrease 31% in FY 2023-24 since 2018-2019. Revenue intensity reduced from 64.90 CO₂e/£m for the FY 2018-19 base year to 44.74 CO₂e/£m in FY23-24.

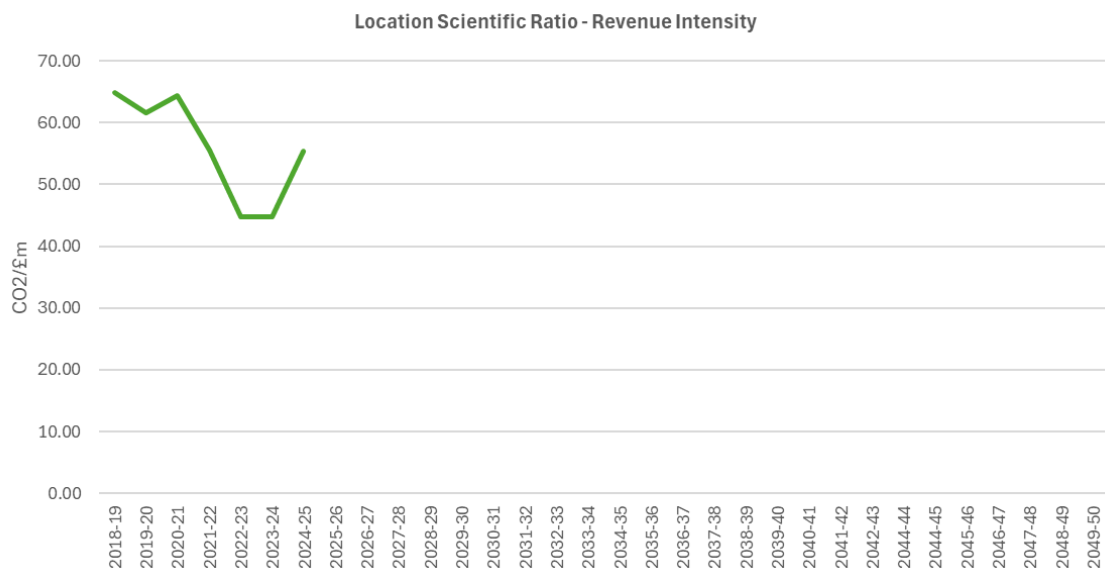
Revenue intensity increased in financial year 2024-25 to 55.11 CO₂e/£m due to an increase in energy intensive product mix manufactured.



Market Based

Using the Market based reporting methodology (KMF procurement opted for 100% renewable energy since April 2023) KMF has seen the intensity ratio based on revenue decrease 61% from the FY 18-19 base year of 64.90 CO₂e/£m to 25.6 CO₂e/£m in FY 23-24.

In FY 24-25 revenue intensity increased to 32.21 CO₂e/£m in FY23-24, a 50.3% reduction – exceeding the target to improve energy efficiency based on revenue by 50% from the FY 2018-19 base year.



Future Carbon Reduction Targets

As we continue to grow in terms of number of customers, staff, footprint and tonnage we expect our total carbon footprint to increase, aligned to this growth. Our initial carbon plan is to ensure a year-on-year improvement in carbon efficiency in line with our long-term carbon intensity performance targets.

We now have a clearly defined pathway to Net Zero. The UK government is aiming for the country to be net zero by 2050 but we plan to achieve this target by 2040 for both direct and indirect emissions.

Our Environmental Policy & Carbon Reduction Plan will be updated annually to reflect the previous Financial Year with carbon performance monitored monthly and discussed quarterly at Board level within KMF Group.

KMF Directors are considering producing a Carbon Disclosure Project in 2026 to support the current carbon reduction projects.

A link to our REGO certificate can be found on the website at the following address;

[Sustainability Commitment - KMF Group](#)

Carbon Reduction Projects

We continue to focus on areas that generate Carbon Emissions, below summarises areas of the factory we are to target over the next 24 months to help meet short term carbon intensity goals. Several of the following Carbon Reduction projects align with our ESOS Phase 3 Action Plan.

- **Reduce pre-treatment fluid spraying when track empty**
- **Powder Coating Plant**
- **Boiler economisers**
- **Oven heat exchangers**
- **Compressed air system**
- **Air system General**
- **De-Stratification fans**
- **Air operated rivet guns**
- **Robot cell material handling**
- **Wireless Energy Monitoring**
- **Maintenance Software**
- **Investigation into the introduction of a Business wide 'Carbon Literacy' Program**
- **Further develop internal 'Waste Stream Segregation, aligned to 'Simpler Recycling' regulation introduction 31st March 2025**

As part of our broader commitment to environmental sustainability and in alignment with ISO 14001 objectives, KMF Group has undertaken a comprehensive external audit of its water consumption. In partnership with Severn Trent, our mains water supplier, we are now implementing a series of targeted water reduction measures. These initiatives aim to reduce our environmental impact through improved efficiency and resource management, supporting our overall carbon reduction strategy and our ambition to achieve measurable, long-term sustainability outcomes.

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate Government emission conversion factors for greenhouse gas company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions will be reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors of KMF Group.

Signed on behalf of KMF Group

Signature –

A handwritten signature in black ink, appearing to read 'T. Stanway', with a stylized flourish at the end.

Name – Terry Stanway

Position – Purchasing & Facilities Director

Date – 25th April 2025