

Sustainability Accounting Standards Board (“SASB”) reporting for 2021

The following tables detail our disclosures made against the SASB Aerospace and Defence and Auto Parts sector standards, with topics identified as being most relevant to our businesses and their sectors. All data and descriptions are for Melrose Industries PLC on a consolidated basis for continuing businesses and not solely the business unit(s) within the Group that are relevant to the Aerospace and Defence and Auto Parts sectors. The tables are structured by topic to take into account that some disclosure and indicator requirements appear in more than one SASB sector.

By reporting in line with the SASB standards, we are providing our investors and other stakeholders with comparable, consistent, and reliable data on financially material sustainability factors which directly impact our long-term enterprise value. As this is our first year reporting against the standards, there may be some disclosure gaps which we will look to close in time.

Table 1a: Aerospace and Defence & Auto Parts standard – accounting metrics

Topic	Metric	Response	SASB Code
Energy Management	1) Total energy consumed	1) 9,836,776 Gigajoules (“GJ”)	RT-AE-130a.1
	2) Percentage grid electricity	2) 58%	TR-AP-130a.1
Hazardous Waste Management	Amount of hazardous waste generated	Please refer to page 53.	RT-AE-150a.1
Waste Management	1) Total amount of waste from manufacturing	1) Please refer to page 53.	TR-AP-150a.1
	2) Percentage hazardous	2) 6%	
	3) Percentage recycled	3) 87%	
Data Security	Description of approach to identifying and addressing data security risks in (1) company operations and (2) products	<p>1) Information security and cyber threats are an increasing priority across all industries globally, and like many businesses, Melrose recognises that the Group must be protected from potential exposures in this area, particularly in light of its scale, reach, complexity and public-facing nature, as well as the potential sensitivity of data held in relation to civil aerospace technology and controlled defence contracts.</p> <p>As a principal risk, information security and cyber is addressed through the Group’s risk management framework. Please refer to page 50 for more detail.</p> <p>Management processes to address these risks include, but are not limited to, employee training and incident and vulnerability management processes (detection and response), and a security champions network ensuring compliance and risk assessment on sites.</p> <p>GKN Aerospace’s Digital Security Programme (“DSP”) provides the policies and prescribed measures under which GKN Aerospace operates and safeguards its data and information systems to both reduce risk and minimise the effect of potential incidents. The DSP is endorsed by both GKN Aerospace’s CEO and CIO to establish and enforce the cyber security and data protection programme at GKN Aerospace. Controls include, but are not limited to, employee screening, supplier and vendor checks, third party penetration testing and 24/7 Security Operating Centre (“SOC”) service providers to detect, analyse and respond from alerts to incident response based on the security monitoring tools deployed.</p> <p>Please refer to page 50 for more detail.</p> <p>2) n/a</p>	RT-AE-230a.2
Product Safety	1) Number of counterfeit parts detected	1) 0 ⁽¹⁾	RT-AE-250a.2
	2) Percentage avoided	2) n/a as no counterfeit parts were detected or avoided ⁽²⁾	

(1) Data coverage for the Group is 63% (by revenue).

(2) Data coverage for the Group is 63% (by revenue).

Topic	Metric	Response	SASB Code
Fuel Economy & Emissions in Use-phase	Revenue from alternative energy-related products	£800,890,133 ⁽¹⁾	RT-AE-410a.1
	Description of approach and discussion of strategy to address fuel economy and Greenhouse gas (“GHG”) emissions of products	<p>GKN Automotive is at the forefront of increasing the efficiency of the products it manufactures. As well as investing to minimise the CO₂ impact in vehicles, GKN Automotive is now the market leader in highly efficient all-wheel drive (“AWD”) and e-Drive systems, enabling its customers to improve fuel efficiency and reduce their carbon emissions. The Disconnect AWD technology helps reduce AWD-related CO₂ emissions by up to 80% compared with conventional AWDs. In addition, the new generation AWD components are 30% more efficient and 20% lighter than previous generations. Product durability has been increased by 25%, now achieving more than 320,000 kilometres. The 525,000 systems sold just in 2021 will reduce vehicle emissions by more than 45,000 tonnes of CO₂ annually.</p> <p>GKN Automotive is now producing a significant volume of the new Generation 3-in-1 e-Drive system. This highly integrated technology with significantly more power at less weight and smaller packaging is designed for future plug-in hybrid or battery electric vehicles. Advanced analysis and development tools have been applied to increase power density of the new Generation 3-in-1 e-Drive systems by 25% and reduce the amount of expensive materials like copper and rare earth magnets at the same time. The UK Innovation Centre in Abingdon is focused on the development of the next generation e-Drive products with even better efficiency and weight to power ratio, and the reduction or even elimination of critical materials. The recently announced “UK Research Centre” jointly with the University of Nottingham and Newcastle University will strongly support the business’s medium and long-term strategy.</p> <p>GKN Aerospace has collaborated with other aerospace companies to develop a clear and aligned roadmap towards aviation’s goal of net zero by 2050. The components of this include replenishment and operational optimisation of existing fleets with the very latest and most efficient products, planned new aircraft and engine designs to further improve efficiency and reduce emissions, the introduction of sustainable aviation fuels to reduce the introduction of CO₂ from fossil fuels entering the environment, and the development of brand new zero emission technology. GKN Aerospace has optimised its internal R&D plans to maximise its value contribution across this wide scope, stepping beyond its current scope of capabilities to also explore new zero emission technologies aimed at inspiring its people, customers and communities. GKN Aerospace has developed a strong collaboration culture linked to significant ecosystems of research centres, universities, SMEs and partners. Its R&D portfolio embraces the fantastic capabilities that exist in those ecosystems for mutual benefit, often leading government funded programmes such as its H2GEAR hydrogen electric propulsion programme, which enables universities and SMEs to benefit from this support.</p> <p>Please refer to pages 10 to 13 for more detail.</p>	RT-AE-410a.2
Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency and/or reduce emissions	£1,039,320,847 ⁽²⁾	TR-AP-410a.1
Materials Efficiency	Percentage of products sold that are recyclable	88% ⁽³⁾	TR-AP-440b.1
	Percentage of input materials from recycled or remanufactured content	60% ⁽⁴⁾	TR-AP-440b.2
Business Ethics	Discussion of processes to manage business ethics risks throughout the value chain	<p>Sound business ethics and integrity are core to the Group’s values and are fundamental for the success of our strategy. The high standards of financial and non-financial controls, and strong governance backed by internal and where required, external review of financial and non-financial compliance, are enforced throughout the Group. Directors, officers, employees, and contractors throughout the Group, whether permanent or temporary, and in respect of any entities over which Melrose has effective control, must comply with Melrose’s Code of Ethics and Group compliance policies, which reflects current best practice and strong corporate citizenship.</p> <p>The Code of Ethics and the Group compliance policies, which can be found on our website (https://www.melroseplc.net/about-us/governance/code-of-ethics/), have been approved by the Board and includes policies covering best practice with respect to anti-bribery and corruption, anti-money laundering, anti-facilitation of tax evasion, competition, conflict minerals, trade compliance, data privacy, whistleblowing, treasury and financial controls, anti-slavery and human trafficking, document retention, joint ventures, diversity and inclusion, environmental, and human rights.</p> <p>Please refer to pages 47 to 48 for more detail.</p>	RT-AE-510a.3

Table 1b: Aerospace and Defence & Auto Parts standard – activity metrics

Activity Metric	Response	SASB Code
Number of employees	Please refer to page 35.	RT-AE-000.B

(1) Data coverage for the Group is 86% (by revenue).

(2) Data coverage for the Group is 49% (by revenue).

(3) Per the SASB standards, the scope of disclosure is limited to products that are automotive parts, components, and materials.

(4) Data coverage for the Group is 63% (by revenue).