

Sustainability continued

Environment

We are committed to environmental sustainability, both globally and in our local communities, and reducing our environmental impact. It is our mission to empower our customers to accelerate the development of vehicles that are not only safer, but also more efficient with less of an impact on the environment. We are continually looking for opportunities to improve; environmental sustainability is essential.

Our commitment

We are committed to the goal of becoming net zero for market based Scope 1 and 2 emissions by 2040 and working to be a net zero organisation by 2050. Our definition of net zero is to reduce greenhouse gas emissions to zero or to a residual level consistent with reaching net zero emissions at the global or sector level, and to neutralise any residual emissions by the net zero target date, and any GHG emissions released into the atmosphere thereafter with certified emission reductions. Our net zero commitments are in line with the United Nations and Science Based Targets initiative (SBTi) definition.

In FY 2024, the focus of the Group has been on expanding the scope of Group-wide data collection, in particular for Scope 3 emissions, in order to identify a clear path towards our net zero objectives. Simultaneously, we have continued to identify and implement initiatives to reduce our carbon emissions, waste and water usage wherever possible, with annual reduction targets in place at a subsidiary level.

We continue to develop the quality and range of Scope 3 carbon emission data that we will ultimately report on. Significant time and resources are being invested in this area to validate the data that is being collected, which will ensure that future carbon reduction planning decisions are based on robust information. The nature of

this detailed validation work means that it will take time to complete, which is reflected in the commitment timeframes stated above.

As a business that is growing rapidly, we know that our absolute emissions will increase unless we can decouple our growth from the adverse impacts that our operations have on the environment. In the short-term, we aim to complete the Group-wide collection and validation of all material Scope 3 emissions by the end of FY 2026. We will then use this data to produce a detailed decarbonisation roadmap, including establishing our targets in accordance with the SBTi, which we will aim to publish in the next three to five years.

In this report, for the first time we include information on our climate-related risks and opportunities in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). See pages 50 to 55 for the TCFD report.

Our approach

We are actively seeking steps to reduce our environmental impact to achieve our net zero goal. The focus of our ongoing emissions reduction efforts includes greenhouse gas emissions, energy consumption, the use of renewable energy, water resources and the reduction and management of waste. The Group's commitment to transparency includes the regular public disclosure of our emissions.

We established the Net Zero Working Group (NZWG) in FY 2023* to oversee our carbon reduction plan and implement the activities and functions required to meet our objectives. This includes the development of a comprehensive engagement programme and climate awareness groups throughout all our businesses. The NZWG is comprised of representatives from all Group subsidiaries with Environmental Champions within each subsidiary to promote awareness and best practice. The NZWG is chaired by the Group CEO and its work is overseen by the ESG Committee, which in turn provides regular progress reports to the Board.

* Formerly referred to as the Carbon Neutral Working Group, its name was updated to align with the Group's net zero emissions targets during FY 2024.

We have also partnered with Auditel, a leading carbon solutions company, to assist us in reducing our carbon emissions and related costs as, in the near term, we aim for verification with ISO 14068-1 (Climate change management – Transition to net zero – Part 1: Carbon neutrality).

The Group recognises the importance of creating environmental awareness, protecting the environment and using natural resources efficiently by continuously reducing the environmental impacts of our operations and services. In turn, the Board and senior management are committed to continually measuring, monitoring, evaluating and improving the environmental performance of all the Group's operations. We will continue to deploy green technology wherever possible and appropriate, and to make careful and considered decisions in all our operations to reduce our current carbon footprint.

We are focused on finding ways to reduce our impact across the whole value chain to achieve our net zero commitments. Beyond our own operations, we will also continue to assist the global automotive sector to develop new technologies and processes that will reduce CO₂ emissions.

Our strategy

Our strategy is to reduce our global GHG emissions through improving efficiency to reduce consumption and waste.

- Scope 1 associated emissions are being addressed through the adoption of green fuels and upgrading of facilities and equipment to be more efficient or to use alternative greener energy sources
- Scope 2 associated emissions are being addressed by implementing energy efficient practices and upgrading facilities to aid in energy efficiency. We are also using certified renewable energy, verified with REGO certificates
- Scope 3 emissions tracking continues to be developed to ensure we have a clear understanding of these emissions, so that we can plan a clear and effective route to achieve our reduction targets

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Improvements in FY 2024

In FY 2024, we continued to develop our approach towards reducing carbon across our operations. Some of the significant milestones include:

- Collection of Scope 3 emissions data expanded to include all material Scope 3 emissions for our UK locations
- Improvements made in the collection of standardised data across the Group and the development of the Group's carbon reduction plans
- Successful re-certification of the ISO 14001 standard for our Environmental Management System applicable to Anthony Best Dynamics Limited, our largest subsidiary, and AB Dynamics GmbH, our largest German subsidiary
- Continued use of green renewable energy in the UK and Germany, including the use of solar panels at two of our UK sites, which generated a total of 133,119 kWh of power in FY 2024
- Completed assessment of our climate-related risks and opportunities in alignment with the recommendations of the TCFD (see report on pages 50 to 55)
- Successful Energy Savings Opportunity Scheme (ESOS) audit completed for our UK businesses with energy saving recommendations identified for implementation in future periods
- MSCI ESG rating of AAA achieved

Managing environmental performance

The Group's activities can be summarised as largely manufacturing and assembly operations, combined with office based research, product development and vehicle testing. Therefore, the Group's main direct impact on the environment is limited to the consumption of heating and power in its manufacturing operations, and fuel or electricity for customer vehicles while providing test services or developing and testing products. The Group does not use its own logistics or freight. We recognise the importance of monitoring, controlling and improving our environmental performance in order to meet our net zero targets.

We are expanding our Scope 3 emissions coverage and during the year we undertook a comprehensive project with our external advisers to better understand our Scope 3 baseline carbon footprint, allowing us to begin to collect data for all material categories for the UK part of our business. Note that the data relating to the new categories is not yet available for the global Group and is therefore excluded from the reported GHG emissions values.

The categories which are currently included in the Scope 3 emissions data for the Group disclosed below are as follows:

- Category 1: Purchased goods and services – currently we collect data for water supply and treatment
- Category 6: Business travel – currently we collect data on air travel, automotive hire and hotel usage

We are continuing to review the following categories, which we believe will capture all emission types that are material to the Group, and have begun collecting data for our UK locations:

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel and energy-related activities
- Category 4: Upstream transportation and distribution
- Category 5: Waste generated in operations
- Category 6: Business travel
- Category 7: Employee commuting
- Category 9: Downstream transportation and distribution

This year, the Group has continued to build on its environmental reporting processes and procedures across its subsidiaries to provide a unified framework. The main tools used to track and monitor our environmental impact across our sites are our Environmental Management Systems. Both internal and external environmental audits have been completed at Anthony Best Dynamics Limited and AB Dynamics GmbH, resulting in a successful surveillance audit of our ISO 14001 accredited Environmental Management System. Over the next year, we aim to implement this across all UK subsidiaries, standardising reporting and enabling us to set further environmental targets in FY 2025.

Our environmental reporting covers all entities over which the Group has financial control for the financial year ended 31 August 2024, i.e. all our subsidiaries. Data for businesses acquired during each reporting period is also included where available.

We are pleased with our environmental performance for the year and can confirm that we have not received nor paid any environmental fines nor penalties either in the last twelve months or in the previous five years.

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Energy and greenhouse gas emissions for FY 2024

The Group's emissions are broken down by Scope 1, Scope 2 and some Scope 3 emissions. Scope 2 emissions associated with the Greenhouse Gas Protocol 'market based' method have also been calculated, in addition to 'location based' Scope 2 emissions.

Excluding the impact of acquisitions, in FY 2024 the Group's total Scope 1, 2 and 3 emissions (market based) increased by 56% year on year and 43% on an intensity basis (per £m of revenue) year on year. This was driven by an increase in Scope 3 emissions from business travel, which increased by 70%. This was in part due to improvements in the completeness of reporting and availability of information, as well as being related to the growth of the business, which has driven an increase in travel requirements in areas such as business development and customer support.

Our total energy consumption increased by 32% year on year on an absolute basis. This was primarily due to an increase in the Company-owned vehicle use, as our testing services sector saw increased activity levels in the year. The Group has continued to implement measures to decrease our natural gas consumption, which resulted in a 15% reduction in energy consumption from gas.

Anthony Best Dynamics Limited and AB Dynamics GmbH also have subsidiary level targets to reduce electricity and gas usage by 5% per annum as part of their certified ISO 14001 Environmental Management Systems. Across the two sites, a combined 15% reduction was achieved in FY 2024.

GHG emissions

	Units	Absolute emissions (including Venshure Test Services)							Like-for-like emissions (excluding Venshure Test Services)						
		2024			2023			YoY % change in total	2024			2023			YoY % change in total
		UK	Global (excl. UK)	Group	UK	Global (excl. UK)	Group		UK	Global (excl. UK)	Group	UK	Global (excl. UK)	Group	
Scope 1 total	tCO ₂ e	110	393	503	129	228	357	41%	110	349	459	129	228	357	29%
Gas	tCO ₂ e	95	19	114	109	18	127	-10%	95	19	114	109	18	127	-10%
Company owned vehicle use	tCO ₂ e	15	374	389	20	210	230	69%	15	330	345	20	210	230	50%
Scope 2 (location based)	tCO ₂ e	154	947	1,101	184	371	555	98%	154	839	993	184	371	555	79%
Scope 2 (market based)	tCO ₂ e	70	726	796	112	362	474	68%	70	618	688	112	362	474	45%
Total Scope 1 and 2 (location based)	tCO ₂ e	264	1,340	1,604	313	599	912	76%	264	1,188	1,452	313	599	912	59%
Total Scope 1 and 2 (market based)	tCO ₂ e	180	1,119	1,299	241	590	831	56%	180	967	1,147	241	590	831	38%
Scope 3 total	tCO ₂ e	1,051	869	1,920	798	332	1,130	70%	1,051	869	1,920	798	332	1,130	70%
Business travel	tCO ₂ e	1,050	868	1,918	797	331	1,128	70%	1,050	868	1,918	797	331	1,128	70%
Water supply and treatment	tCO ₂ e	1	1	2	1	1	2	0%	1	1	2	1	1	2	0%
Total Scope 1, 2 and 3 (location based)	tCO ₂ e	1,315	2,209	3,524	1,111	931	2,042	73%	1,315	2,057	3,372	1,111	931	2,042	65%
Total Scope 1, 2 and 3 (market based)	tCO ₂ e	1,231	1,988	3,219	1,039	922	1,961	64%	1,231	1,836	3,067	1,039	922	1,961	56%

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Energy and greenhouse gas emissions for FY 2024 continued

Emissions intensity

	Units	Absolute emissions (including Venshure Test Services)			Like-for-like emissions (excluding Venshure Test Services)		
		2024	2023	YoY % change in total	2024	2023	YoY % change in total
Revenue	£m	111.3	100.8	10%	110.3	100.8	9%
Intensity by revenue (Scope 1 and 2 market based)	tCO ₂ e per £m revenue	11.7	8.2	43%	10.4	8.2	27%
Intensity by revenue (Scope 1, 2 and 3 market based)	tCO ₂ e per £m revenue	28.9	19.5	48%	27.8	19.5	43%

Energy consumption by type

	Units	2024			2023			YoY % change in total
		UK	Global (excl. UK)	Group	UK	Global (excl. UK)	Group	
Total electricity	kWh	874,518	1,339,584	2,214,102	1,003,808	744,540	1,748,348	27%
Purchased electricity	kWh	741,399	1,339,584	2,080,983	888,875	744,540	1,633,415	27%
On-site generated electricity (solar)	kWh	133,119	—	133,119	114,933	—	114,933	16%
Gas	kWh	519,867	102,386	622,253	635,716	97,049	732,765	-15%
Company owned vehicle use	kWh	60,734	1,558,117	1,618,851	78,372	892,995	971,367	67%
Personal vehicle company use	kWh	69,823	311,616	381,439	72,462	143,970	216,432	76%
Total energy consumption	kWh	1,524,942	3,311,703	4,836,645	1,790,358	1,878,554	3,668,912	32%

Notes:

Emissions for the Group are calculated using methodologies consistent with the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard. Source data (meter readings) has been used wherever possible; where this is not available, this has been supplemented by billed data and an amount of estimated data.

For FY 2024, the UK government's GHG Conversion Factors for Company Reporting 2024 (DEFRA factors) were used for fuels and UK electricity. Emissions factors provided by Carbon Footprint Ltd and US EPA were used for operations in other locations globally.

Scope 1 vehicle emissions include Group owned vehicles and those that are controlled by the Group for testing purposes.

The Scope 2 emissions associated with the Greenhouse Gas Protocol 'market based' method have been calculated in line with the Greenhouse Gas Protocol guidance. This figure has been calculated using residual-mix emissions factors where available (Germany and UK). In our other operating regions where residual-mix emissions factors were unavailable, country-specific emissions factors have been used instead (as per the location based method) in line with the Greenhouse Gas Protocol guidance. Where sites consume grid electricity backed by REGOs, this has been taken into consideration within the calculations.

Business travel data is inclusive of private vehicles used for business purposes, train travel, air travel, car hire and hotel stays. Metering and monitoring improvements continue to be implemented to capture and improve the Company's data stream.

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Water management

Water usage data across the Group continues to be collected this year so we are able to set a baseline and future targets to reduce water consumption can be identified and established across the business. The Group's usage of water is minimal and predominantly relates to cleaning, bathrooms and staff refreshments. Water is not widely used in the design, manufacturing or servicing of our products; however, we acknowledge that water is a scarce resource and careful management of water consumption is essential to minimise our impact on water availability and quality.

As part of our improved monitoring processes, FY 2024 has seen an increase in reporting for water usage. Data is now being collected for our testing facilities in China, as well for VTS since its acquisition, which has led to a significant increase in the Group's reported total freshwater withdrawal. A number of our subsidiary sites are based in shared or leased premises and water consumption is included in lease fees; therefore, water consumption data for those businesses is not available.

Group water withdrawal

	2024	2023
Freshwater withdrawal (m ³)	7,176	1,960
Intensity ratio (m ³ per £m revenue)	64.5	19.4

Waste management

The Group remains committed to identifying and assessing environmental risks, such as packaging waste, arising from all operations. Waste management initiatives are encouraged and supported by the Group and materials are recycled where practicable. Local management teams are committed to good environmental management practices and are responsible for implementing the necessary initiatives to meet their local obligations. Each facility participates in recycling paper, plastic, cardboard and wood from pallets and continues to focus on reducing energy consumption through the efficient use of heating and lighting.

All Company waste (both hazardous and non-hazardous) is managed in a sustainable manner, complying with all relevant environmental legislation and regulations as they relate to each location and community we operate in. We follow a waste management hierarchy of Prevention, Reuse, Recycling, Energy Recovery and Disposal, to ensure the reduction in waste sent to landfill and the associated reduction in GHG emissions support our net zero ambition. Our Environmental Management System contains procedures for waste management and frequent reminders are made to ensure waste is recycled wherever possible.

In FY 2024, 98% of all waste produced by the Group was non-hazardous, with 46% being recycled and the remainder being treated, sent to landfill or used in waste to energy programmes. Our waste management intensity ratio decreased slightly during the year to 2.4 (2023: 2.6) as a result of our continued focus on eliminating waste.

At a subsidiary level, Anthony Best Dynamics Limited and AB Dynamics Europe GmbH have an ongoing waste reduction target of 5% per annum and continue to recycle over 60% of waste generated as part of their certified ISO 14001 Environmental Management Systems.

2024 waste management

	Unit	Non-hazardous waste	Hazardous waste	Total waste
Tonnes to landfill	Metric tonnes	125.9	—	125.9
Tonnes recycled	Metric tonnes	121.3	—	121.3
Tonnes incinerated	Metric tonnes	12.4	—	12.4
Tonnes treated	Metric tonnes	0.3	5.1	5.4
Total	Metric tonnes	259.9	5.1	265.0

Waste management intensity

	Unit	Non-hazardous waste	Hazardous waste	Total waste
Intensity ratio	Tonnes per £m revenue	2.3	0.1	2.4

Waste by type

Material type	Unit	Hazardous waste	Non-hazardous waste	2024 total waste	2023 total waste
Gases (in containers), paints, adhesives, oils, batteries, accumulators, etc.	Metric tonnes	5.1	—	5.1	1.5
Paper/cardboard	Metric tonnes	—	33.9	33.9	12.7
Other mixed commercial waste	Metric tonnes	—	138.0	138.0	205.0
Plastic and plastic packaging	Metric tonnes	—	76.5	76.5	28.4
Metal	Metric tonnes	—	3.6	3.6	5.0
Wood	Metric tonnes	—	7.4	7.4	5.6
Electrical/electronic	Metric tonnes	—	0.5	0.5	0.2
Total		5.1	259.9	265.0	258.4