

To: Stakeholders of KME Steelworks Limited (“KME”)

From: The Directors of KME Steelworks Limited

Date: 20 August 2026

Subject: 2025 Corporate Social Responsibility Report

1. Introduction

At KME, we recognise that our responsibility extends beyond delivering high-quality steel fabrications for the screening, crushing, automotive, agriculture and data centres industries. This inaugural Corporate Social Responsibility (CSR) Report details our commitment to ethical, social, and environmental practices. As a company operating in an energy-intensive sector, we are dedicated to mitigating our environmental footprint and contributing positively to our community.

This report provides a transparent overview of our performance in 2025 and outlines our strategic goals for the future. We are committed to an ongoing process of improvement, guided by the principles of sustainability and ethical conduct.

2. Our CSR Approach

Our CSR strategy is built on a "double materiality" framework, meaning we consider two perspectives:

- **Financial materiality:** how sustainability issues financially affect our business, including rising energy costs and resource scarcity.
- **Impact materiality:** how our operations affect the environment and society, including carbon emissions and employee safety.

Key Focus Areas

- Environmental Stewardship: Minimizing our environmental impact through waste reduction, energy efficiency, and a transition to a circular economy.
- Workforce and Community: Fostering a safe, inclusive, and engaging work environment while supporting the communities in which we operate.
- Ethical Governance: Ensuring transparency, accountability, and ethical conduct in all our business dealings.

3. Environmental Performance

3.1 Emissions and Energy

Steel fabrication is energy-intensive, and we are committed to reducing our carbon footprint to net zero by 2050 at the latest, in line with the UK Government's current commitment.

- Metric: Total Scope 1,2 & 3 greenhouse gas (GHG) emissions.
 - **2023 baseline:** 2,835 tCO₂e, representing a carbon intensity of 16.05 tCO₂e per 1,000 direct labour hours.
 - **2025 performance:** 1,402 tCO₂e, representing a carbon intensity of 14.28 tCO₂e per 1,000 direct labour hours. This represents a 50% reduction from the 2023 baseline and a 32% reduction from 2024 (2,060 tCO₂e), further broken down as follows:

Source	2022	2023	2024	2025
LPG	5.1	24.5	14.0	0.0
Diesel – FLT	19.5	19.6	12.6	7.7
Diesel – lorries	78.7	89.5	84.6	69.5
Heavy fuel oil	0.4	0.6	0.6	0.0
Scope 1 total	103.7	134.2	111.8	77.2
Scope 2 electricity	141.7	184.8	209.4	160.4

Mild steel raw material	1,997.1	2,350.6	1,467.7	944.8
Stainless raw material	96.9	58.2	20.2	170.6
Aluminium raw material	1,565.5	0.0	195.7	0.0
Oxygen – laser cutting	6.4	10.3	9.0	6.2
Weld gas – argon	17.4	28.1	14.4	17.9
Mixed use landfill	29.4	68.9	31.7	25.2
Scope 3 total	3,712.8	2,516.0	1,738.8	1,164.7
Total footprint	3,958.2	2,835.1	2,060.0	1,402.2

- Key highlights;
 - Scope 3 emissions were 1,164 tCO₂e in 2025 representing 83% of entire carbon footprint.
 - Raw materials bought in contributed 1,115 tCO₂e to scope 3 or 96%, led by mild steel at 945 tCO₂e or 81%.
 - Scope 3 production gases used in manufacturing onsite represented 24 tCO₂e or 2%.
 - Waste to recycling and landfill represented 25 tCO₂e or just over 2%.
 - Scope 1 carbon fuels represented 112 tCO₂e or 5.4% of total footprint.
 - Scope 2 grid electricity, which is guaranteed from supplier to be from 100% renewable sources was 209 tCO₂e or 10.2% of total footprint.
- It is important to note that the decrease is not solely due to efficiency improvements; direct labour hours also decreased by 44% over the same period, reflecting lower demand caused by inflationary pressures and uncertainty in the global context.
- Our priorities are to maintain operational energy and fuel discipline, engage metal suppliers on lower carbon production routes, educate customers on the benefits of green steel strategies and broaden scope 3 coverage as reliable activity data becomes available.

- Initiatives:
 - Energy Efficiency: Replaced all outdated welding and cutting equipment with modern, energy-efficient models. Replaced all lighting with LED based lighting. Installed new nitrogen generation plant using our 100% renewable electricity to generate nitrogen at approx. 70% of cost of supplied nitrogen gas. Replaced fleet of diesel forklift trucks with electric and similarly replaced 1 diesel van and 3 diesel company cars with the equivalent in electric models.
 - Renewable Energy: Researched installation of Solar panels on KME roof space which should more than cover all our needs, however landlords' insurance are not allowing it as of this time. We continue to engage with the insurance companies in this regard.
 - **Goal for 2026:** achieve a further 5% reduction in Scope 1, 2 and 3 emissions, targeting approximately 2,000 tCO₂e.
 - **Medium-term goals:** reduce Scope 2 electricity emissions to 0 tCO₂e by 2030 through the introduction of solar panels; reduce Scope 3 materials emissions by 90% by using green steel by 2035; and electrify the truck fleet by 2035.

3.2 Waste Management and Circular Economy

As a heavy industrial manufacturer, managing both scrap steel and manufacturing plastic and cardboard waste is a critical part of our environmental strategy.

- Metric: Steel scrap recycled.
 - 2023 Baseline: 540 tonnes of 2066 tonnes bought or 26%
 - 2024 : 553 tonnes of 1527 tonnes bought or 36%
 - 2025 : 354 tonnes of 964 tonnes bought or 36%
- Metric: Production waste sent to recycling / landfill.
 - 2023 Baseline: 139 tonnes
 - 2024 : 64 tonnes
 - 2025 : 51 tonnes
- Initiatives:

- Recycling Program: Investigation of availability of green steels and push the use of these green steels to our customers.
- Reduced Material Waste: Utilized advanced computer-aided manufacturing (CAM) software to optimize material use, resulting in a reduction in steel offcuts.
- Reduced production waste: through recycling, re-use and introduction of the circular economy, as well as engaging with both suppliers and customers in use of re-usable packaging.
- Medium term goals: start full recycling, re-use and segregation of all production, office and canteen waste by 2027.

3.3 Air and Water Quality

We are aware of the potential for polluted air emissions and wastewater discharge in our industry and have taken steps to manage these impacts.

- Initiatives:
 - Filtration Systems: Installed new air filtration systems in our grinding and welding areas to reduce the release of particulates.
 - Carry out bi-annual air quality testing in all production areas starting 2026.
 - Wastewater Management: continued monitoring of our usage of water and wastewater.
 - Compliance: All facilities are compliant with local and national environmental regulations.

4. Social Responsibility

4.1 Employee Health and Safety

The safety of our employees is our highest priority, and we are committed to providing a safe working environment.

- Metric: Lost time through injury.
 - 2026 Target: 1 week max (1 incident max.)

- 2025 Performance: 4 weeks (two incidents)
- Initiatives:
 - Training: Increased mandatory safety training frequency and integrated a "near-miss" reporting system to identify and address hazards proactively.
 - PPE: Upgraded personal protective equipment (PPE) for all production staff to the latest industry standards.
 - Risk assessments: updated all risk assessments in 2025 and introduced a number of new ones based on incidents and behaviours in previous years.

4.2 Workforce Development and Culture

We invest in our people and are building a workplace that is respectful, fair, and provides opportunities for growth.

- Initiatives:
 - Diversity and Inclusion: Conducted our first company-wide diversity and inclusion survey to establish a baseline for future improvements.
 - Training and Upskilling: Launched a new program providing employees with access to professional development courses relevant to the latest fabrication technologies.
 - Employee Engagement: Engagement of employees through committee on monthly basis.
 - Management training: to develop internal staff and allow them to move into senior roles rather than hiring in.
 - Engagement with Invest N.I. and Intertrade Ireland in a range of initiatives including senior management leadership course for 3 individuals and an innovation boost application on AI, Data and use of this in creating efficiencies in manufacturing.

4.3 Community Engagement

We believe in giving back to the communities that host our operations.

- Initiatives:

- Local Partnerships: Partnered with education boards to provide apprenticeship opportunities and support for students entering skilled trades.
- Charitable Giving: Our employees raised £3,000 for a selection of local charities, with the company providing a matching donation.
- Goal for 2026-2030: expand the number of charitable activities annually so that we can maximise charitable donations for local causes. We have set a goal of £5,000 for 2026 rising to £20,000 by 2030.

5. Governance and Ethics

5.1 Ethical Business Practices

We uphold the highest standards of ethical conduct, transparency, and integrity.

- Initiatives:
 - Code of Conduct: Revised and communicated our code of conduct to all employees, covering anti-bribery, anti-corruption, and conflicts of interest.
 - Supplier Code of Conduct: Required all major suppliers to sign our supplier code of conduct, which includes provisions on labour standards and ethical sourcing.
 - Whistleblower Policy: Established a clear and confidential whistleblower policy to encourage employees to report ethical violations without fear of retaliation.
 - Updated or employee handbook for the above plus new sections on Diversity and inclusion, Induction and annual training, and mental health issues in the workforce.

5.2 Oversight

Sustainability is integrated into our corporate governance structure.

- Initiatives:

- CSR Steering Committee: For 2026 we will formulate a CSR committee comprised of senior leadership from operations, human resources, and procurement to oversee the implementation of our sustainability strategy.
- Board Oversight: The board of directors has been briefed on our CSR strategy and receives regular updates on our progress.

6. Future Outlook

Looking ahead, KME is committed to continuous improvement on our CSR journey. Our focus will be on:

- Decarbonization: Further investing in low-carbon steel fabrication technologies and exploring innovative material options, including green steels.
- Supply Chain Sustainability: Strengthening our partnerships with suppliers to drive sustainability improvements across our entire value chain.
- Enhanced Reporting: Evolving our reporting to align with emerging global standards, ensuring greater transparency and accountability to all stakeholders.

We are confident that by embedding these principles into our business, we will not only create a more sustainable company but also deliver long-term value for our customers, employees, and local community.

Appendices:

2025 PERFORMANCE AGAINST 2023 BASELINE						
Metric	2023 baseline	2025	Change vs baseline	2025 footprint	tCO2e	Share
Combined Scope 1–3 footprint (tCO2e)	2,835.1	1,402.2	-50.5%	Scope 1	77.2	5.5%
Operational Scope 1 + 2 (tCO2e)	319.1	237.6	-25.5%	Scope 2 location-based	160.4	11.4%
Scope 3 selected sources (tCO2e)	2,516.0	1,164.7	-53.7%	Scope 3 raw materials	1,115.3	79.5%
Electricity consumption (kWh)	892,686	905,989	1.5%	Scope 3 oxygen	6.2	0.4%
Direct labour hours	176,614	98,225	-44.4%	Scope 3 weld gas	17.9	1.3%

Carbon intensity (tCO2e / 1,000 labour hours)

16.05

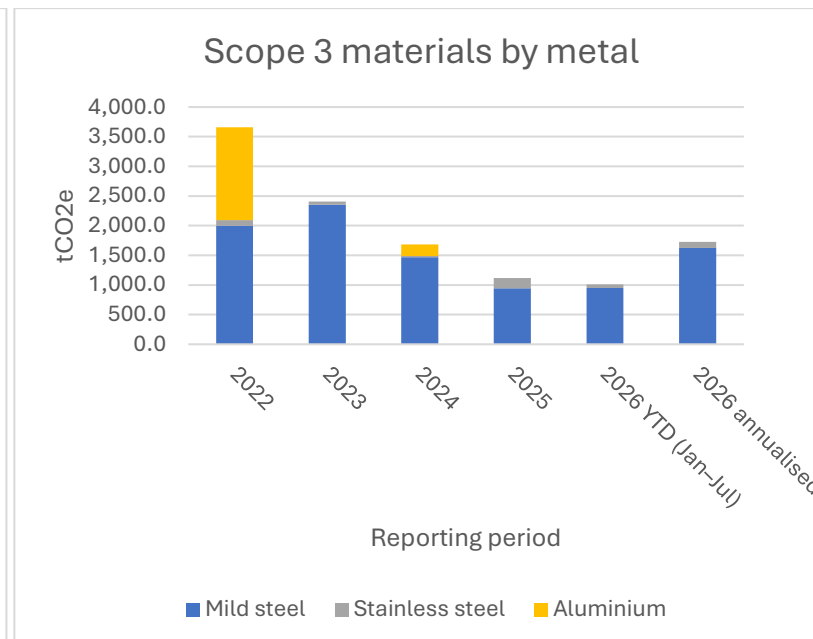
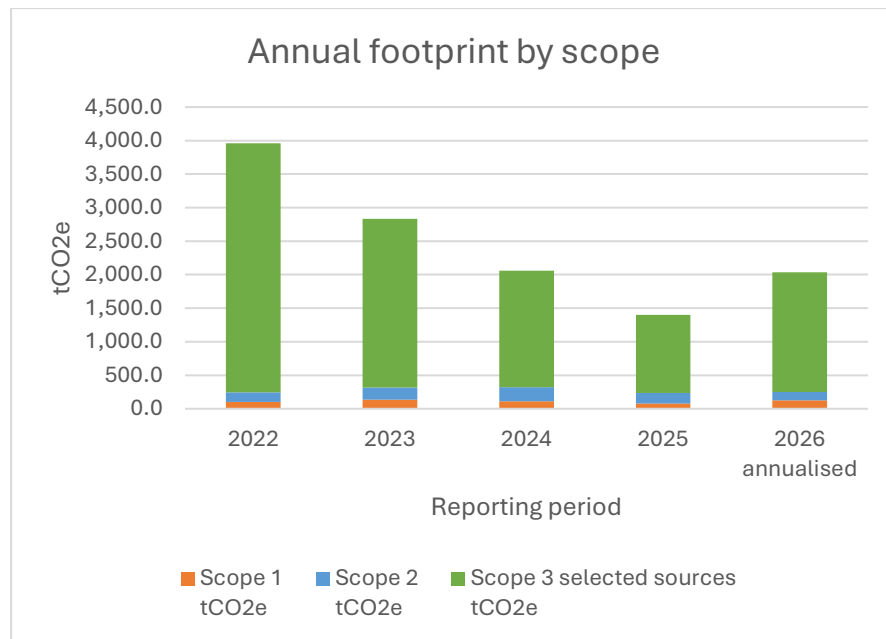
14.28

-11.1%

Scope 3 landfill

25.2

1.8%



Appendices

Reporting Basis

Scope 1 includes direct combustion of LPG, white diesel and recorded heavy fuel oil.

Scope 2 includes all purchased electricity on a UK location-based basis for transparency and comparable reporting, even though we have contracted with our supplier for 100% renewable arrangement.

Scope 3 includes screened net purchased mild steel, stainless steel and aluminium, oxygen used in laser cutting, argon weld gas used, and mixed-use landfill waste. Note all Nitrogen used in manufacturing is produced onsite from our grid electricity and is covered under scope 2.

Transmission/distribution, well-to-tank, off-site fabrication, off-site painting, other purchased goods and end-of-life emissions remain excluded.