Where **Blue**
Meets **Green.**

2023 SUSTAINABILITY REPORT

waupaca

Table of **Contents**

waupaca

President, COO and CEO **Statement**

It is with great pride and a deep sense of responsibility that I present the 2023 Sustainability Report. This report covers our 2023 fiscal year (April 2023 – March 2024) and outlines key sustainability initiatives, including our environmental impact, resource management, social responsibility and business development.

From fiscal year 2022 onwards, Waupaca Foundry (WFI) has experienced ongoing challenges related to inflation, supply chain disruptions and a strained labor market. By the end of fiscal year 2023, WFI started to see normalization of these conditions as our commercial vehicle and agriculture markets experienced strong growth while automotive remained steady.

On March 1, 2024, Monomoy Capital Partners, a U.S.-based private investment firm, acquired WFI. Monomoy Capital Partners and WFI are aligned on business values and continuous improvement. We can confidently leverage the company's operational resources to expand and grow our business.

I am optimistic as we enter fiscal year 2024. Inflation rates have eased to their lowest levels since 2020, and the disruptions we experienced within our supply chain have been alleviated. Our workforce continues to strengthen itself and has stabilized with lower turnover, higher application rates and longer tenures, resulting in more knowledgeable teams and increased efficiency. Our goals for fiscal year 2024 are to improve our on-time delivery, avoid significant downtime and maintain the high quality for which we're known.

We are proud of our accomplishments, mindful of the challenges ahead and committed to making a lasting impact. If you have questions or comments on the contents of this report, please utilize the contact information on our website.

Mike Nikolai
President,
COO and CEO

About **Us**

2023 SALES

$1.83

Billion

WHO WE ARE

Waupaca Foundry is the largest producer of gray, ductile and austempered ductile iron in the world, melting 2,012,933 tons of iron in fiscal year 2023. Our castings are produced using our custom-built vertical green sand molding machines and created by a workforce of nearly 4,000 people, which puts generations of expertise to work for our customers every day. We provide a singular blend of stability and innovation, expertise and collaboration, and the realization that we hold ourselves to higher standards because customers and employees depend on us. We pride ourselves on our technical expertise and process control, providing castings for our customers that only we can produce — a result of our extensive experience and consistent approach to the application of technology throughout our value chain.

HISTORICAL MILESTONES

Throughout its history, Waupaca Foundry has maintained a reputation of innovation and producing top-quality iron castings. A few years after the foundry started, it had the capacity to melt 30 tons of iron daily. Yielding a fiscal year 2023 iron melting capacity of more than 9,500 tons daily across four foundries in the United States, Waupaca Foundry melts the equivalent weight of the U.S. Capitol Dome in Washington, D.C. (comprised of 4,100 tons of cast iron) every 10 hours.

1871: The Pioneer Foundry opened on the banks of the Waupaca River, just east of Main Street in the city of Waupaca, Wisconsin.

1948: 200 shares of common stock establish Waupaca Foundry, Inc.

1957: Waupaca Foundry cast truck brake drums, heavy truck axle parts, water- and air-cooled industrial equipment parts, wood and metal working equipment castings, electric motor housings and parts for electric door openers. A 4-ton cupola with a 45-foot stack was constructed, operations were transferred to a new plant (today known as Plant 1), and the melting capacity increased to 30 tons per day.

1969: An addition to the industrial park plant of Waupaca Foundry doubled iron casting production capacity and created what is known today as Plant 2/3.

1973: Plant 4 was constructed in Marinette, Wisconsin.

1996: Plant 5 was built in Tell City, Indiana.

1999: The world's largest vertical sand molding machine was installed at Plant 5. The machine was designed and built by Waupaca Foundry, making it the largest non-captive iron foundry in the world.

2000: Construction began on Plant 6, located in Etowah, Tennessee.

2012: Waupaca Foundry namesake restored after ThyssenKrupp sells iron casting giant to KPS Capital Partners.

2014: Waupaca Foundry joins Proterial, Ltd. (formerly Hitachi Metals, Ltd.).

2018: WFI expands into Michigan with a new casting processing facility.

2019: WFI opened a machining operation adjacent to its gray iron foundry located on the east side of Waupaca, Wisconsin.

2020: The Lawrenceville ductile iron operation was sold to Victaulic for the production of mechanical pipe joining and flow control iron castings.

2022: Plant 6 ductile iron foundry in Etowah, Tennessee, is converted to a casting processing facility with melt and molding operations shuttered.

2023: Plant 6 operations reallocated to alternative Waupaca Foundry facilities.

1973 – Plant 4
Marinette, Wisconsin

2022 – Plant 6
Etowah, Tennessee

OUR LOCATIONS

Waupaca Foundry employs a staff of more than 230 at its headquarters in Waupaca, Wisconsin. Our plants employ locally and deliver globally, serving a range of market sectors worldwide.

PLANT 1

WAUPACA, WI
600 Employees

Iron Type:	Gray iron
Melt capacity:	90 tons per hour
Markets served:	Agriculture, construction, commercial vehicle, material handling, hydraulics, power tool and power transmission
Products manufactured:	Hydraulic housings, flywheels, weights, covers, brackets, turbo bearing housings, clutch housings, pulleys and brake rotors

PLANT 1

IRONWOOD, MI
44 Employees

Facility Type:	Gray iron casting cleaning and finishing facility.
Markets served:	Agriculture, construction, material handling, hydraulics and power transmission
Products Finished:	Hydraulic housings, covers, brackets, bearing blocks, clutch housings and pulleys

PLANT 2/3

WAUPACA, WI
910 Employees

Iron Type:	Gray iron
Melt capacity:	120 tons per hour
Markets served:	Light vehicle, agriculture, commercial vehicle, construction, material handling, heating, power tools, power transmission and infrastructure
Products manufactured:	Electric motor housings, boiler sections, transmission housings, brake rotors, flywheels and bedplates

MACHINING CENTER

WAUPACA, WI
20 Employees

The machining operation is located in Waupaca, Wisconsin, on the Plant 2/3 campus. The facility has 50,000 square feet of manufacturing space and employs 20 skilled workers who CNC machine air disc brakes and aftermarket rotors for the commercial vehicle and automotive markets.

This modern manufacturing facility features fully automated material handling systems, including robotics and automated guided vehicles (AGV), state-of-the-art CNC turning centers, and top-of-the-line inspection systems and gaging to produce consistently high-quality components.

PLANT 4

MARINETTE, WI
900 Employees

Iron Type: Ductile iron
Melt capacity: 75 tons per hour
Markets served: Light vehicle, material handling, power transmission, agriculture, hydraulics and commercial vehicle
Products manufactured: Brake calipers, brake anchors, differential cases, bearing caps, slack adjusters, spring hangers and steering housings

PLANT 5

TELL CITY, IN
1,140 Employees

Iron Type: Gray iron, ductile iron and compacted graphite
Melt capacity: 160 tons per hour
Markets served: Light vehicle, commercial vehicle, agriculture and construction
Products manufactured: Brake rotors and drums, brake calipers, crankshafts, differential carriers, differential cases and flywheel housings

OUR PROCESS AND TECHNOLOGY

Our process begins with a blend of raw materials composed of a customized mix of metals, select alloys and recycled scrap iron. The mixture varies based on the needs of our customers and the type of casting that is produced. The metal mixture is melted in large furnaces at temperatures ranging from 2,600 to 2,800 degrees Fahrenheit. The molten iron is then poured into molds made out of sand. Cores, which are molded sand inserts, are used to create the interior surfaces of the casting. We use a variety of core-making processes that give us flexibility in the complexity, size, weight and dimensional control of our castings. As the castings travel down the molding line, the temperature gradually decreases, and the castings enter a shakeout process to remove sand from the castings. Over 80 percent of the sand is reclaimed and recycled for reuse. The castings are then cleaned to remove residual sand and other molding media from the casting surface. The final step is to grind off any excess material left from the molding process and inspect it to meet our customers' specifications.

We design and build our own casting equipment that helps prevent downtime and offers efficiency and customization to meet our customers' requirements. In some casting applications, we even help reduce the need for multiple cast, fabricated or welded parts, thereby simplifying assemblies for our customers, as well as reducing their inventory costs. We apply cutting-edge technology to reduce total manufacturing costs through innovative casting and core passage designs, waste reduction and mass reduction of our products. The techniques used in our process allow us to design, engineer and manufacture world-class equipment and processes. Not only is our process cost-competitive, but it also improves casting consistency and quality.

WAUPACA FOUNDRY MISSION

Waupaca Foundry produces iron castings, focusing on transportation, construction, agriculture and industrial markets worldwide.

We embrace lean manufacturing techniques in all our facilities and manage other value-added services for our customers. Our customers' expectations are met through innovative technology, continuous improvement culture, and the efforts of our dedicated, motivated, highly trained workforce.

We maintain strong social and environmental commitments to our employees and communities, including improvements sustained through GREEN initiatives, a well-maintained and safe environment, and the encouragement of employees' personal growth through advancement and continuing education.

GOVERNANCE STRUCTURE

Our corporate governance framework ensures accountability, fairness and transparency in our relationship with our stakeholders. Our sustainability program is overseen by a cross-functional Sustainability Committee, made up of representatives from all areas of our business.

For a majority of fiscal year 2023, Waupaca Foundry's Board of Directors currently consists of six directors who have four meetings throughout the year and report regularly to indirect parent company Proterial, Ltd. (formerly Hitachi Metals, Ltd.). The Board oversees several committees, including the Sustainability Committee. Our sustainability strategy and reports are made available to the Board. Primary leadership for sustainability implementation resides with the Director of Environmental Engineering, who reports to the president, COO and CEO, who serves as the executive sponsor of the Sustainability Committee.

Board members are nominated/elected/appointed by parent Proterial and chaired by the company's president & CEO.

"We're excited to partner with Monomoy to invest in and enhance our commitment to customers, suppliers and employees. We foresee a bright future with this partnership, focusing on growing our dedication to all our stakeholders."

Mike Nikolai
President, COO and CEO
for Waupaca Foundry

ETHICS AND INTEGRITY

Our Ethics and Social Sustainability Code of Conduct and compliance policies embody our commitment to ethics and integrity in business and guide us toward meeting the challenges of a global market while adhering to our principles of social responsibility and maintaining compliance with all applicable laws and regulations.

Waupaca Foundry is committed to respecting the fundamental rights in the United Nations Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Consistent with Principle 15 of the Rio Declaration on Environment and Development, Waupaca Foundry also supports the use of the precautionary principle in its approach to risk management in its strategic planning and policy implementation.

Our Ethics and Social Sustainability Code of Conduct emphasizes our commitment to the goals of sustainable development, aside from the company's economic performance, and also includes social benefits, resource consumption, jobs and advanced training. The Executive Board and Managing Board of Waupaca Foundry are responsible for the principles outlined in our code of conduct, including:

- Equal Opportunity
- Working Time and Vacation
- Remuneration
- Health, Safety and Working Conditions
- Promotion of Vocational Training
- Right to Associate
- Forced and Child Labor

We are committed to ensuring that these principles are made known to customers and suppliers, and we encourage our customers and suppliers to consider corresponding principles in their own corporate policies.

CODE OF CONDUCT

Suspected violations are to be reported to Waupaca Foundry's legal department by phone at +1 715-258-6611 or email at communications@waupacafoundry.com. All reported potential violations are reviewed and investigated by the legal department. The Board of Directors is informed after an initial investigation is completed.

Our Commitment to **Sustainability**




SUSTAINABILITY

Foundries have long served as society's recyclers. Our industry provides value to society by diverting materials such as old iron castings and scrap steel from landfills and instead using them as input materials in the melting process to create new products. Recycling old castings offers the net least environmental impact to remake another casting and reuse what is no longer being used for its original purpose. The use of steel scrap in charge mixes as an additional material helps to achieve the same goal. This recycling trend is not exclusive to iron foundries; it includes aluminum, copper, lead and other metal foundry operations.

Along with the valuable benefits resulting from foundries' role as recyclers of scrap metals come a number of impacts associated with foundry processes. Regardless of the source of our input materials, melting metal requires large quantities of energy. Water is needed to cool production equipment used in the foundry environment. Foundry operations also have the potential to generate large amounts of dust that can impact the atmosphere. Waste generated by foundries includes large volumes of foundry sand from the molding and casting process. Just as we do with our products, Waupaca Foundry's approach is to apply science and our technological expertise to address these impacts, as described in the following sections of this report.

To focus these and other sustainability efforts under a cohesive, structured initiative, we formed a Sustainability Committee in 2014. The Sustainability Committee works through a formal process to identify the issues that are material to our business, identify our key stakeholders, and develop objectives and targets that support our overall sustainability vision.

MATERIALITY ASSESSMENT

The Sustainability Committee conducted a materiality assessment to formally define the issues important to us and our stakeholders. We rated each of the aspects using the six evaluation criteria below and ranked the aspects by average weighted materiality score:

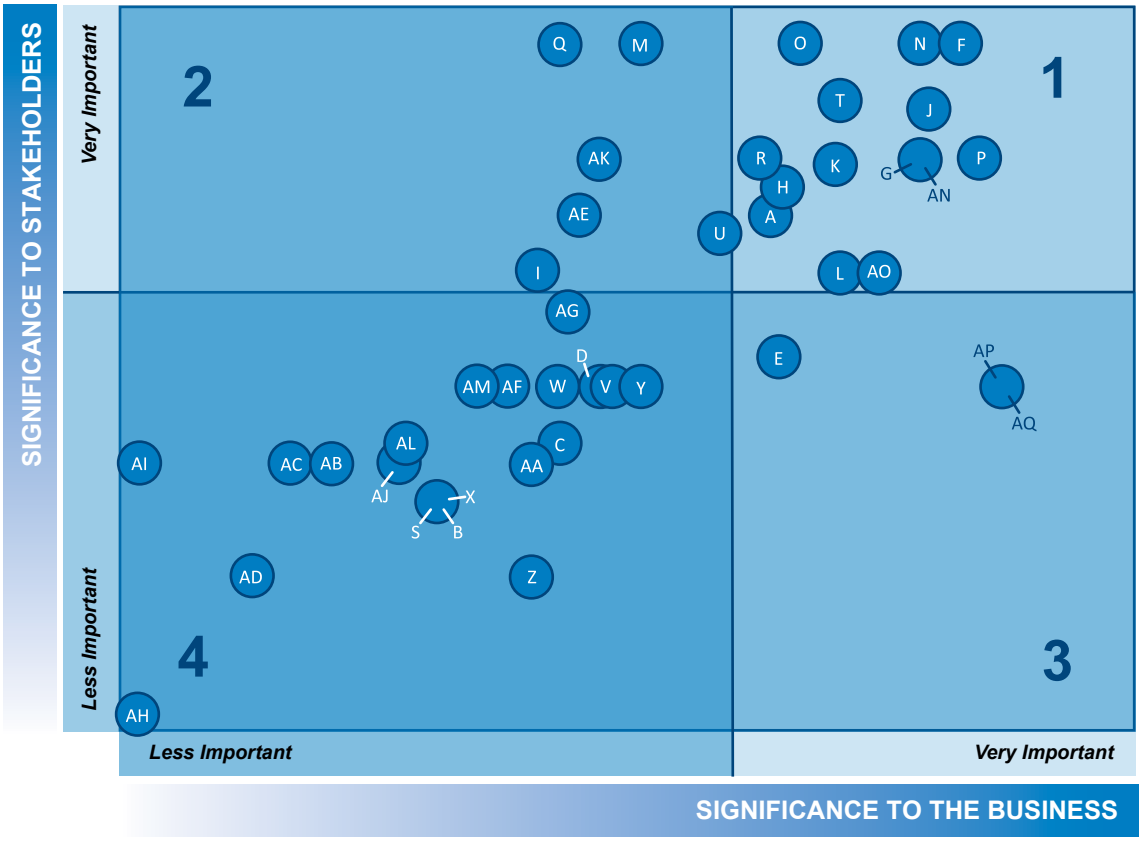
- Financial Implications
- Legal/Regulatory/Policy Implications
- Established Industry Norms
- Relevance to Stakeholders
- Opportunity for Innovation
- Forward-Looking Adjustment for Future Risk/Opportunity

The team then used this ranking to evaluate appropriate targets for disclosure and performance improvements. In setting objectives and targets, the team reviewed the availability and quality of current data to assess the ability to improve disclosure, as well as the complexity of the effort required to improve performance. Evaluation criteria for the material aspects were aligned with the Sustainability Accounting Standards Board's (SASB) materiality assessment criteria (www.sasb.org), and results of the materiality assessment align with our internal Enterprise Risk Assessment outcomes. Our assessment process provides means to periodically evaluate our focus areas and allows us to concentrate on those areas of greatest concern to our stakeholders and most significant impact on our business. All material aspects apply to all of our business units to some degree.

WHAT IS A MATERIALITY ASSESSMENT?

A materiality assessment is an exercise designed to gather insight on the relative importance of specific economic, environmental, social and governance issues within the organization's boundary for a given time period. An organization should report sustainability issues that cause the most impact within these areas, as well as those considered most important by its internal and external stakeholders. The materiality assessment is the process of determining these material issues and their impact on internal and external stakeholders.

Materiality Assessment



Potential Material Aspects (GRI)

A	Economic Performance
B	Market Presence
C	Indirect Economic Impacts
D	Procurement Practices
E	Tax
F	Materials
G	Energy
H	Water and Effluents
I	Biodiversity
J	Emissions
K	Waste
L	Products and Services
M	Compliance
N	Transport
O	Overall
P	Supplier Environmental Assessment
Q	Environmental Grievance Mechanisms
R	Employment
S	Labor/Management Relations
T	Occupational Health and Safety
U	Training and Education
V	Diversity and Equal Opportunity
W	Supplier Assessment for Labor Practices
X	Investment
Y	Non-discrimination
Z	Freedom of Association and Collection Bargaining
AA	Child Labor
AB	Forced and Compulsory Labor
AC	Security Practices
AD	Rights of Indigenous People
AE	Supplier Social Human Rights Assessment
AF	Local Communities
AG	Anti-Corruption
AH	Public Policy (Political Involvement)
AI	Anti-Competitive Behavior
AJ	Supplier Assessment for Impacts on Society
AK	Customer Health and Safety
AL	Marketing and Labeling
AM	Customer Privacy
AN	Quality
AO	Logistics
AP	Research and Development
AQ	Future Technology Development

MATERIALITY ASSESSMENT *(Continued)*

Based on our materiality assessment, we identified the following material aspects for our business, which form the basis for our report content and performance metrics:

Environmental
- Materials
- Energy
- Emissions
- Waste
- Supplier Environmental Assessments
- Water
- Overall (Environmental)
- Transport/Logistics
- Products and Services (Environmental)

Social
- Employment
- Occupation Health and Safety
- Legal Compliance

Economic
- Economic Performance
- Quality

STAKEHOLDER ENGAGEMENT

The Sustainability Committee also worked through a systematic process to identify and prioritize stakeholders and evaluate the significance of aspects against criteria that supported the business mission and objectives.

Evaluation Criteria for mapping and assessing stakeholder prioritization were:

- Influence and Decision-Making Power
- Credibility
- Willingness to Engage
- Proximity and Duration of Relationships
- Contribution Value

Our stakeholder evaluation included benchmarking key customers and competitors to better understand issues of importance and industry norms. Our participation in industry trade groups, such as the American Foundry Society (AFS), Foundry Educational Foundation (FEF) and Wisconsin Manufacturers & Commerce (WMC), also informed our process and allows us to promote the discussion and advancement of environmental topics, including energy use and carbon-related emissions. For example, Waupaca Foundry staff participates in Solid Waste, Water and Air Quality technical committees through AFS that develop and share best practices amongst AFS members for managing solid waste and protecting air and water quality. We are also involved in AFS's efforts to explore ideas on how foundries can operate more sustainably in the future.

We recognize additional opportunities in the area of stakeholder engagement and will continue our efforts to better understand and incorporate our stakeholders' views into our sustainability initiatives and reporting.

STAKEHOLDER ENGAGEMENT *(Continued)*

The Sustainability Committee identified opportunities with employees and their families, customers and our suppliers as primary areas of focus, and we continue our engagement strategies to solicit views from these stakeholder groups, as shown in the following table:

STAKEHOLDER GROUPS	ENGAGEMENT STRATEGIES
Current Employees	• Open door policy • Employee engagement surveys • Key group and lead group meetings • Biannual planning meeting • Company newsletter and newspaper (Foundry News) • E portal Application (HUB) • Employee wellness program • Kaizen program • Behavior-based safety, including safety suggestion and near-miss reporting • Conduct Stay and Exit interviews • Waupaca Way production management system
Employees' Families and Dependents, and Retirees	• Company picnics and anniversary and retirement celebrations • Summer help and internship programs • Hire retirees as consultants • E portal Application (HUB)
Prospective Employees	• Job fairs • College industry conference (Foundry Educational Foundation) • Plant tours and visits • Foundry-in-a-Box simulation • Mini cupola demonstrations on site or at universities and technical colleges • Scholarships and K-16 partnerships, local college investment • Offer part-time, flexible schedule • waupacafoundry.com
Customers	• Blog and e-newsletter (PartingLINE) • Voice-of-the-Customer surveys • Casting competition and award submissions • Foundry 101 • In-house visits • Value analysis/Value engineering and other collaborations • Trade show participation • Code of conduct and compliance policies published • waupacafoundry.com • Measure brand perception and purchase intent • Public relations (earned content)
Potential Customers	• Blog • Casting competition and award submissions • In-house visits • Value analysis/Value engineering, lightweighting, casting conversions and other collaborations • Trade show participation • waupacafoundry.com • Digital marketing strategies including banner ads, social ads, SEO, etc. • Public relations (earned content)
Suppliers	• Code of conduct and compliance policies published • Supplier assessments • waupacafoundry.com

Using our materiality assessment and stakeholder mapping results, the Sustainability Committee established comprehensive performance improvement objectives and targets for our company. Our management approach and performance indicators for 2023 are outlined in the following sections of this report.

STAKEHOLDER ENGAGEMENT *(Continued)*

MATERIAL ASPECT (GRI)	OBJECTIVES	TARGETS (Fiscal 2020 Baseline Year Unless Otherwise Noted)
Indirect Economic Impacts	To be a positive economic impact on the communities in which we operate.	Provide and support educational opportunities to local citizens, including direct funding to schools, internships, technical school/ college collaborations, student mentoring opportunities and scholarships. Provide competitive compensation which supports the employees' families and, in turn, other community businesses (as compared to available external compensation reports). FY2023 RESULT: Achieved
Energy	Facilitate energy use reductions in Waupaca Foundry operations.	Reduce energy intensity by 5% by end of FY 2023, using FY 2019 energy use as the baseline (MMBTU per ton of iron melted). FY2023 RESULT: 1.6% energy intensity reduction achieved (contributing to a 21.8% total energy intensity reduction).
Emissions	Promote alternative processes and maintain state-of-the-art pollution control technologies.	Maintain air pollution control systems considered as "best available" by the U.S. Environmental Protection Agency and associated state regulatory agencies for all processes, regardless of the original installation date. FY2023 RESULT: Achieved
Emissions	Facilitate and trial alternative strategies to reduce carbon emissions in support of pending net zero emission goals targeted for 2030-2050.	Reduce the cumulative electrical consumption carbon footprint 30%* by end of FY 2023 via investment in new renewable energy developments facilitated by virtual power purchase agreements (VPPA). FY2023 RESULT: Project implementation delayed, alternative strategies in development. *30% of electricity usage at ~300,000 MWh (equivalent to Plant 4's electric usage)
Effluents and Waste	Reduce spent foundry sand generation while promoting offsite reuse/recycling opportunities of remaining spent materials to minimize landfill disposal.	Achieve a cumulative 80% beneficial reuse of spent foundry materials by end of FY 2023 (% tons beneficially reused against total tons generated). FY2023 RESULT: 79.6% beneficial reuse achieved.
Water	Facilitate water use reductions in Waupaca Foundry Operations.	Reduce water use consumption by 10% by end of FY 2023 (gallons). FY2023 RESULT: 7% water use consumption reduction achieved (not production weighted) contributing to a 72.7% cumulative water use reduction in total.
Environmental Compliance	Identify and maintain compliance with legal and other requirements to which the organization subscribes and that are applicable to the environmental aspects of its activities, products and services.	Maintain the organizational commitment to ongoing compliance with no receipt of violations, fines or sanctions. FY2023 RESULT: Achieved

STAKEHOLDER ENGAGEMENT *(Continued)*

MATERIAL ASPECT (GRI)	OBJECTIVES	TARGETS (Fiscal 2020 Baseline Year Unless Otherwise Noted)
Supplier Environmental Assessment	Ensure environmental compliance and promote environmental stewardship and sustainability throughout the supply chain.	Supplement the original top 25 significant suppliers survey (representing 70% total spend) with targeted additions. Maintain and update supplier communication tools (regular contacts, contractor safety program, contractor bid and new vendor review, supplier surveys, etc.) to promote improvements in supplier sustainability performance by end of FY 2025.
Occupational H&S	Prevent health and safety incidents for employees, contractors and visitors. Drive continuous improvement as a key component of the WFI safety management system. Reduce lost time rates and worker compensation costs by setting and achieving annual risk reduction goals at each facility.	Achieve 200,000 units* of risk reduction annually, culminating in 1 million amassed risk reduction units by FY 2025. Reduce lost time case rates to <1.0** by FY 2025. FY2023 RESULT: 251,688 units of risk reduction and a lost time case rate of 1.7 achieved. *Risk reduction units for completed projects based upon: Risk reduction = Hierarchy of Control X # of employees affected. Credit increases as solution effectiveness increases. Elimination = 12 Substitution = 7 Engineering Control = 5 Admin / PPE = 1 **Lost time rate = # of lost time injuries X 200,000 / # of hours worked
Training and Education	Create and support career development opportunities for employees' personal growth.	Maintain 100% tuition reimbursement for Waupaca Foundry employees' continuing education (within company guidelines). FY2023 RESULT: Achieved with $134,819 invested in continuing education. Maintain 100% of Waupaca Foundry employees receiving career training each year (training required to perform their specific job requirements and/or developmental training for future growth). FY 2023 RESULT: Achieved. Review current Six Sigma or related training status, and if less than 100% achieved, determine best practices/strategies to maintain 100% for the workforce (Kaizen/Green Belt/Black Belt/6S/Lean). FY 2023 RESULT: Achieved. Achieve and maintain leadership training to 100% of the employees in leadership positions by 2025.*** FY 2023 ended with a 67% result. Develop and implement Basic Leadership Training to supplement awareness for all applicable leaders as an interim best practice prior to the 2025 goal. Foster and maintain a 50% or greater total promotion rate for management-level positions from internal employees. FY 2023 ended with a 96% result. ***For leaders with greater than six months of service.

Operational **Excellence**

ECONOMIC PERFORMANCE

Fiscal year 2023 was a year of recovery and change as WFI returned to operating its core foundries Plant 1, Plant 2/3, Plant 4 and Plant 5 in Waupaca, Wisconsin; Marinette, Wisconsin; and Tell City, Indiana, respectively.

The impetus for returning focus to its core business began in January 2023, when Bain Capital and other minor investors acquired Hitachi Metals, Ltd., including WFI. In March 2024, WFI was sold to Monomoy Capital Partners.

During this time, inflation dropped by more than half, bolstering financial stability. As a result, the fiscal year saw a strong finish, with total revenue surpassing the previous three years.

The iron casting supplier's most valuable resource continues to be its people. WFI invested in hiring and training new workers while retaining existing employees with flexible work schedules. This focus on flexibility and efficiency reduced turnover and increased operational capabilities.

An adaptable cost structure allowed the company to navigate market fluctuations while maintaining financial stability, which is essential pending an economic slowdown. WFI is well-positioned and prepared for any change. Continuous improvement surrounding internal controls and costs will remain a focus to reinforce the company's agility.

PRODUCTS AND MARKETS SERVED

After the challenging years of the pandemic, the manufacturing industry focused on expansion and growth, driving economic recovery. Supply chain disruption was greatly alleviated, but inflation, material and labor shortages, and geopolitical conflicts in major sourcing regions prevailed.

In response, WFI reintroduced horizontal molding capabilities with a new Sinto machine at its Plant 1 in Waupaca, Wisconsin. Horizontal molding enables WFI to broaden its product portfolio into hydraulic housings, manifolds and engine exhaust components.

Bucking the global trend, WFI experienced an adequate supply of raw materials to maintain operational continuity. By increasing inventory levels, manufacturers mitigated production delays and met delivery demands of their customers more effectively.

Manufacturers continued to diversify their supply base geographically and strategically to reduce dependency on any single source and enhance resilience. Launches that were delayed because of the pandemic in fiscal year 2022 minimized risks and ensured the success of new initiatives in a more stable economic environment.

WFI continued to strengthen its business due to demand in the commercial vehicle, off-highway, light vehicle and industrial markets.

Located in the U.S., our foundries serve the following markets:

- Agriculture
- Construction
- Commercial Vehicle
- Light Truck and Passenger Car
- Infrastructure
- Material Handling
- Hydraulics
- Power Tools
- Power Transmission
- Heating, Ventilation and AC Equipment
- Fitness
- Municipal

COMMITMENT TO QUALITY

We believe our customers deserve the best quality, on time, at a competitive price. Many of the products we make, such as brake components, are safety critical and demand high quality. We understand and meet or exceed the strict standards and requirements of our customers, stakeholders and government agencies. Accountability lies with all members of the organization through understanding their roles in supporting quality and customer satisfaction. We maintain company-wide certifications to the ISO 9001:2015 and IATF 16949:2016 international quality standards, and our manufacturing and inspection processes ensure customers have the highest quality castings in the industry.

We pride ourselves on the way we apply science to our product design and manufacturing processes. From our top leaders to our manufacturing teams, metallurgists are involved in controlling process consistency and continuously improving our technology. We have developed proprietary processes and customized equipment to monitor iron temperature, additives and casting materials down to a hyper-detailed level, which ensures that our products are consistently durable and reliable.

Other examples of our technology, including digital imaging, robotic core production and automated iron pouring, allow us to increase efficiency while maintaining quality and reducing production costs.

In conjunction with these efforts, our research and development team is tasked with developing and promoting high-strength materials to facilitate lightweight casting designs and other uses of advanced materials. The initial stage of research and development for all new product materials includes consideration for performance, product safety and regulatory aspects of our products.

We create educated, informed buyers via our customized training events and technical road shows. Through our unique Foundry 101 industry initiative, we share how Waupaca Foundry improves total casting manufacturing cost with our custom-built equipment, along with casting design and engineering support.

A mill room operator inspects gray iron castings on a finishing line conveyor to ensure they meet customer specification.

WAUPACA FOUNDRY CITED FOR EXCELLENCE

Waupaca Foundry distinguished itself as the sole global supplier to earn accolades in three categories from Bosch Rexroth. Waupaca Foundry makes hydraulic pump housings used in construction and agriculture equipment worldwide for Bosch Rexroth.

The metal caster was honored for excellence as a top performer in corporate social responsibility and sustainability, and for technological and corporate partnership.

"Mitigating supply chain risk is critical for our customers," said James Newsome, Waupaca Foundry vice president of sales and marketing. *"These supplier awards validate our efforts to deliver the best in quality, on time, while solving the toughest casting solutions sustainably."*

RESPONSIBLE PROCUREMENT

Waupaca Foundry's procurement strategy seeks to purchase products and services with high quality and competitive costs through better purchasing processes and handling all our suppliers with trust, respect, ethics, honesty and integrity. Waupaca Foundry values the long-term relationships we have established with our strategic suppliers, many of which go back 40 or more years.

Our supply chain for raw materials is global and diverse. Waupaca's supply chain management organization structure includes procurement, order fulfillment, and new product delivery processes and teams. The role of the procurement teams is to centrally manage all sourcing and buying decisions to leverage costs across the organization while also ensuring that these decisions adhere to established controls and procedures. Logistics, supplier development and supplier quality are also the responsibility of the procurement teams.

Purchased cost-reduction processes are also led by the supply chain management team, including implementing alternative melt materials, supplier-consigned inventories, just-in-time deliveries and strategic sourcing initiatives.

We also seek to mitigate risks through the utilization of multiple methods for tracking incoming materials with longer lead and logistic times by product. Several logistical solutions are used for incoming materials, including trucking, rail and water vessel transport. Critical components routinely ship via two transportation methods to reduce risk. For example, foundry coke and sand are delivered by both truck and rail on a weekly basis to ensure an uninterrupted flow of key materials. Where feasible, we have also established alternate supply sources, locally and regionally, that can be used if needed.

In addition to managing risk associated with our supply chain, a primary objective is to ensure environmental compliance and promote environmental stewardship and social responsibility throughout the supply chain. In support of these efforts, the completion of our 2015 goal to rank and screen our top suppliers has resulted in the identification of potential areas for sustainability recognition and improvement. We have initiated strategies to communicate these findings with this group (representing 70 percent of our total annual spend). Current actions include:

- Focus on relevant topics during supplier site surveys
- Communicate improvements through all business contacts, including delivery, logistics, cost reduction, new products and dunnage discussions
- Share information through new vendor bidding process and contractor safety program
- Conduct a WFI Scrap Conference event with material suppliers

RESPONSIBLE PROCUREMENT *(Continued)*

Waupaca Foundry was not subject to the U.S. Security and Exchange Commission's Dodd-Frank Wall Street Reform and Consumer Protection Act in 2016. This act regulates the use of conflict minerals, which are mined in conditions of armed conflict and human rights abuses, notably in the eastern provinces of the Democratic Republic of the Congo. Due to the importance of this issue to both Waupaca Foundry and our customers, we pursue the following regarding conflict minerals:

Conflict Minerals Policy Statement

Waupaca Foundry, Inc. is committed to sourcing raw materials and components from companies that share our values with regard to human rights, ethics and environmental responsibility. We expect all of our suppliers to abide by the requirements of our code of conduct, which prohibits human rights abuses and unethical practices. We also require all suppliers to comply with all applicable legal standards and requirements.

On August 22, 2012, the U.S. Securities and Exchange Commission ("SEC") issued the final conflict minerals rule under section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Conflict Minerals Rule"). The Conflict Minerals Rule requires publicly traded companies to report annually the presence of conflict minerals (tin, tungsten, tantalum, and gold, or "3TG") originating in the Democratic Republic of the Congo and adjoining countries ("Covered Countries").

Waupaca Foundry supports the goal of ending violence, human rights violations and environmental devastation in the Covered Countries. We are committed to complying with any requirements applicable to our company under the Conflict Minerals Rule.

Waupaca Foundry will assist our customers in implementing their conflict minerals programs. We strive to work cooperatively with our customers and supply chain partners in implementing conflict minerals compliance programs.

Waupaca Foundry requires our suppliers to provide us with complete conflict minerals declarations. We may reconsider our willingness to partner with suppliers that fail to comply with this policy.

INVESTING IN OUR COMMUNITIES

Waupaca Foundry takes great pride in supporting the communities in which we operate. Our approach is geared toward fostering more vibrant communities through corporate sponsorship and collaboration, which in turn cultivates a stronger and more sustainable business environment. Our efforts include:

- Donating services and equipment to schools and universities.
- Supporting local volunteer fire, rescue and EMS departments.
- Participating in various business, civic and environmental initiatives.
- Sponsoring charities, non-profit organizations, events and fundraisers.

Waupaca Foundry Helps Local Community SHINE

A fusion of art and manufacturing is taking shape in Waupaca, Wisconsin, blending the durability of cast iron with decorative and symbolic glass tiles featured in a community art sculpture.

The project, SHINE, is a collaborative effort between the Waupaca Community Arts Board and Waupaca Foundry, with Plant 2/3 Plant Manager Mike Hemmila serving as the project champion for the foundry.

This is the second time the Foundry and Hemmila have been tapped for a community art project. The first was a public art sculpture installed at Waupaca's South Park in 2014.

For the SHINE project, four sculptures, each with 120 square glass panels fused within cast iron frames, will stand about 10 feet tall outdoors to capture the sun year-round.

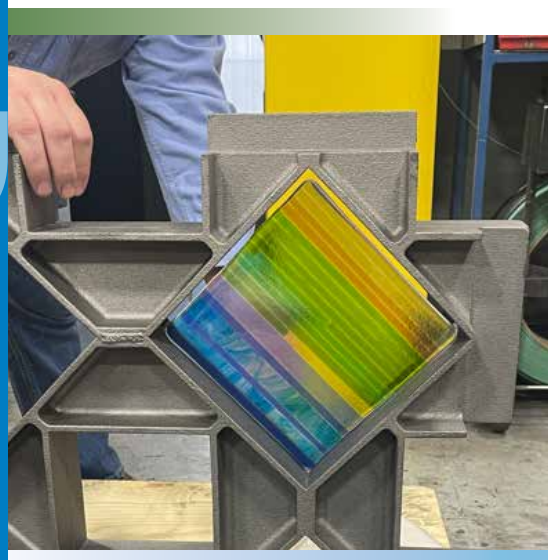
"We are overwhelmed with the beautiful [glass tile] creations people are coming up with. It will truly be an extraordinary sculpture!" said Marci Reynolds, president of the Waupaca Community Arts Board.

To cast the metal frame, the foundry team created a 3D-printed mold. Each piece of the frame was made using rapid prototyping. The frames were cast by foundry men and women who poured molten metal into the mold by hand.

To withstand the Wisconsin weather, Hemmila and his team embraced oxidation, which allows the iron to rust and naturally create contrast with the vibrant glass tiles. The sculpture features Waupaca history melted into the frames. When the City of Waupaca rebuilt its streets in 2021, workers unearthed old trolley rails, which were melted for the artwork's structure.

The project will be completed in 2024. In addition to the Foundry's in-kind support, the project is sponsored by a grant from the Wisconsin Arts Board with funds from the state and the National Endowment for the Arts. The project also is funded by a grant from the Waupaca Placemakers Committee.

> *"This collaboration is a perfect example of what happens when art, industry, and community come together. The passion from everyone involved, from our local glass artists to the team at Waupaca Foundry, has been overwhelming. Project SHINE will be a lasting testament to the creativity and craftsmanship that thrives in our region, and we're excited to see it come to life for the entire community to enjoy."*
>
> *Marci Reynolds*
> *President of the Waupaca Community Arts Board*



Environmental **Stewardship**

Environmental, Health and Safety (EHS) is essential to Waupaca Foundry operations. Our employees are responsible and influential to its success, making continual improvement in EHS performance integral to our culture. All Waupaca Foundry plants are certified to ISO 45001:2018 and ISO 14001:2015, and we use these management systems' frameworks to support the achievement of our sustainability goals.

See our Occupational Health and Safety section for more information on how we are promoting continual improvement of safety in the workplace.

Waupaca Foundry Environmental Leadership and Stewardship Recognized

INDUSTRY: For the second consecutive year, the American Foundry Society (AFS) has honored WFI with the Green Foundry Award, celebrating the company's ongoing commitment to sustainable production processes and energy reduction. The award recognizes Waupaca Foundry's sustainability report, which identifies the Foundry's environmental impact and outlines its ongoing objectives and targets for improvement. Since 2014, WFI has published an annual sustainability report, setting a benchmark in an industry where such transparency is not yet common practice.

CUSTOMER: Waupaca Foundry won the 2023 Bosch Rexroth Excellence in Corporate Social Responsibility & Sustainability Award. Bosch Rexroth recognized Wapaca Foundry for delivering the best practice in sustainability and corporate social responsibility of all suppliers worldwide. This recognition included high marks in disclosing environmental performance via a CDP submittal (formerly the Carbon Disclosure Project).

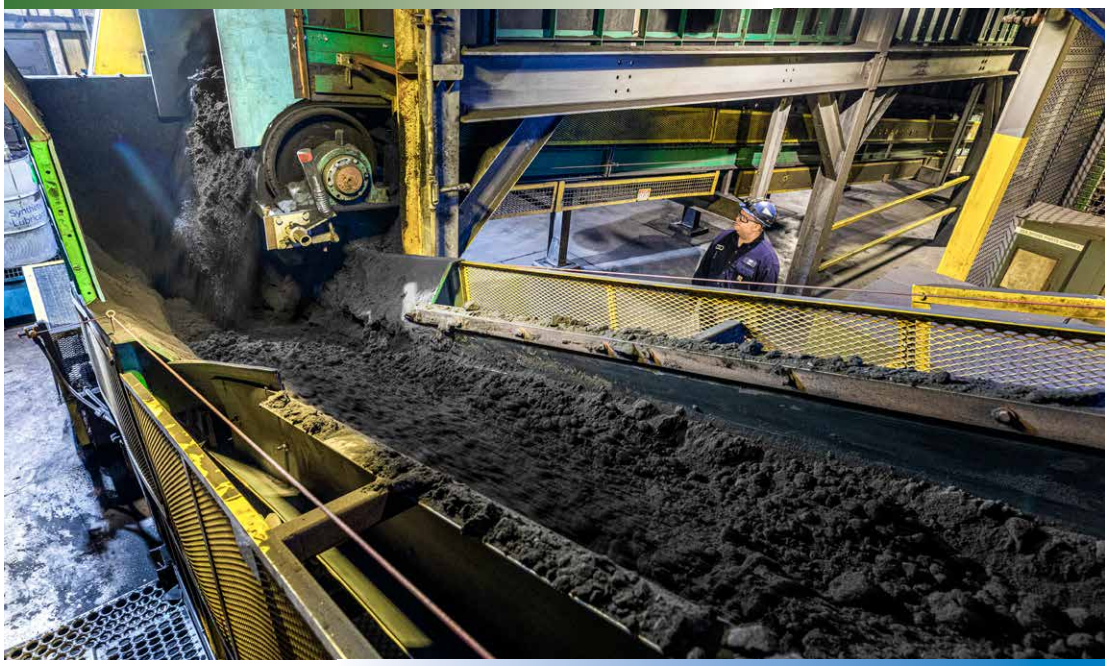
MATERIAL USAGE AND PRODUCTION MATERIAL EFFICIENCY

In 2023, more than 2,012,933 tons of material were melted. Approximately 85 percent of the materials used in our melt process come from recycled materials. Along with the metal raw material, Waupaca Foundry also uses metallurgical foundry coke in the melt process.

One of our goals for 2023 was to continue to implement melt system modification strategies to reduce the coke-to-melt usage ratio, saving us money spent on raw materials while also reducing our energy consumption and associated greenhouse gas (GHG) emissions. We continuously look for opportunities to incorporate alternative recycled materials into our process, such as using shredded steel, direct reduced iron fines and oil filters. This includes identifying recycled materials that were previously not able to be recycled. Use of the new alternatives will keep these materials out of landfills while also providing us with new raw material sources.

To support the implementation of coke reduction improvements, alternative carbon sources have been identified to replace a percentage of feedstock coke, thus reducing coke usage while simultaneously increasing iron carbon pickup. Additional coke reduction actions have included strategic replacement of key equipment, adjustments of dehumidification systems to reduce incoming air moisture, improvement of coke quality control, and improvement of available data and metrics to optimize coke use. To date, the results of these efforts are allowing Waupaca Foundry to improve its coke use ratio and define a long-term investment plan to increase melting efficiencies at all cupola facilities.

The sand used to make the cores and molds in casting metal parts is another significant material used in our process. We look to reclaim and reuse the sand to the extent possible, and we estimate that each grain of sand is used approximately 30 times before it is no longer able to be used to create quality castings. Waupaca Foundry continues to study and assess the feasibility to determine and implement additional reduction opportunities for new clay and sand reclamation system technologies at our facilities.



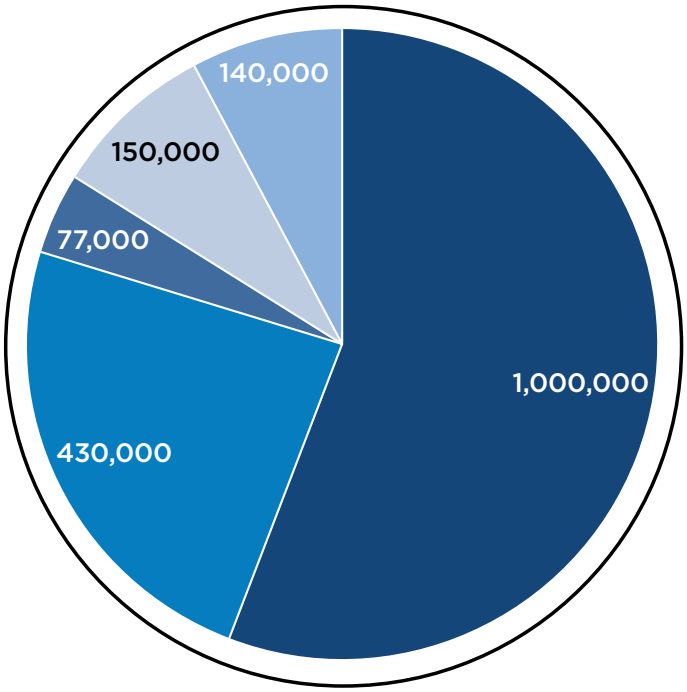
Sand used to make cores and molds is reclaimed and reused approximately 30 times before it is no longer viable.

MATERIAL USAGE AND PRODUCTION MATERIAL EFFICIENCY *(Continued)*

By using less sand in our process, we can reduce the amount of sand that must be sent to landfills. Lab scale tests were conducted on target foundry byproducts to prove the initial capability of the proposed technology to separate clay from waste system sands and dust collection points using a high-pressure, water-attrition scrubbing method. The recovery process would discharge no new waste material. Pilot tests were conducted to confirm whether the proposed technology would work in practice. Recovered materials were characterized and performance tested using the foundry test facility at the University of Northern Iowa. This work was completed in July 2017, with study data concluding that the proposed technology, as currently conceived, was not feasible. As a result of this outcome, a renewed emphasis is being placed on the optimization and expansion of sand reclamation technologies already in use at Waupaca Foundry.

KEY INPUT MATERIALS USED IN 2023

TOTAL TONS USED
Rounded Value



MATERIAL

- Recycled Metals
- Molding Materials
- Metals
- Melt Additives
- Coke

All units as net tons
(2,000 lb / ton)

ENERGY USE

Our primary impact on the environment is as an energy-using entity. It takes a large amount of energy to melt metals and run our operations, including natural gas, electricity and coke, but we are committed to managing our energy use efficiently. From the program baseline year of 2009 to 2023, a cumulative energy intensity improvement of 22 percent has been realized.

This improvement stems from a number of energy-use-reduction strategies. Recent project examples include lighting replacements, compressed air distribution and air treatment upgrades, compressed air adaptive control systems, cooling tower variable frequency drive (VFD) controls (fans and pumps), energy monitoring system/sub-metering, and blast air dehumidification systems. We continue to strategically and systematically reduce our energy footprint through several targeted initiatives:

- As one of the first 32 charter companies in the U.S., we participate in the Better Plants program, a U.S. Department of Energy initiative designed to foster energy efficiency and long-term sustainability.
- We have launched a pilot initiative at our jobbing foundry in Waupaca, Wisconsin, implementing ISO 50001, the Energy Management System standard. ISO 50001 specifies requirements for establishing, implementing, maintaining and improving an energy management system and enables an organization to follow a systematic approach in achieving continual improvement of energy performance. ISO 50001:2011 certification was achieved at the pilot facility in October 2016 and evolved to ISO 50001:2018 in 2021. These management strategies have been implemented across the organization with plans underway to certify additional ISO 50001 facilities.

netzero

As a Better Climate Challenge Partner, WFI is on a journey to net zero with plans to reduce its Scope 1 and Scope 2 emissions.

ENERGY POLICY

R - Review established energy management objectives and targets.

E - Ensure the availability of information and resources to achieve those objectives and targets.

D - Drive for continuous improvement in the efficient use of energy.

U - Use energy efficiency as a key component of the procurement of new equipment, energy services, major renovations and new design.

C - Commitment to energy management excellence through compliance with applicable legal and other requirements.

E - Educate employees on their energy management responsibilities.

ENERGY USE *(Continued)*

Despite inconsistent production volumes, reduced staffing and non-traditional schedules, WFI focused efforts on maximizing energy conservation. Our energy teams optimized operational and maintenance best practices, such as start-up/shutdown procedures to minimize energy waste during non-production hours and our compressed air leak repair program. Implementation of these measures facilitated energy savings of 6,321,570 kWh, equivalent to 4,242 MT CO2 for fiscal year 2023.

Operating our plants during these atypical production schedules provided an opportunity to better understand the impact of reduced production on the plants' energy efficiency. Utilizing energy monitoring capabilities and engineering analysis, additional opportunities to save energy were identified, and projects related to the installation of adaptive control systems were engineered for compressed air and dust collection systems. These projects began implementation in fiscal year 2021, along with the expansion of our energy monitoring capabilities to track electricity, natural gas and compressed air.

We have publicly endorsed the U.S. Department of Energy's *Accelerate Energy Productivity 2030* goal to double U.S. energy productivity by 2030 (e.g., increasing the economic value created per unit of energy used). As part of this endorsement, Waupaca Foundry commits to:
- Improve energy productivity within our organization, state or community;
- Share solutions, success stories and progress;
- Encourage other organizations to endorse the Energy 2030 goal; and
- Participate in Energy 2030 education and outreach activities.

Moving forward, our focus will be on the continued implementation of identified projects, operation and maintenance best practices, energy training and process improvements to cupola operations to improve energy efficiency in our melting processes.

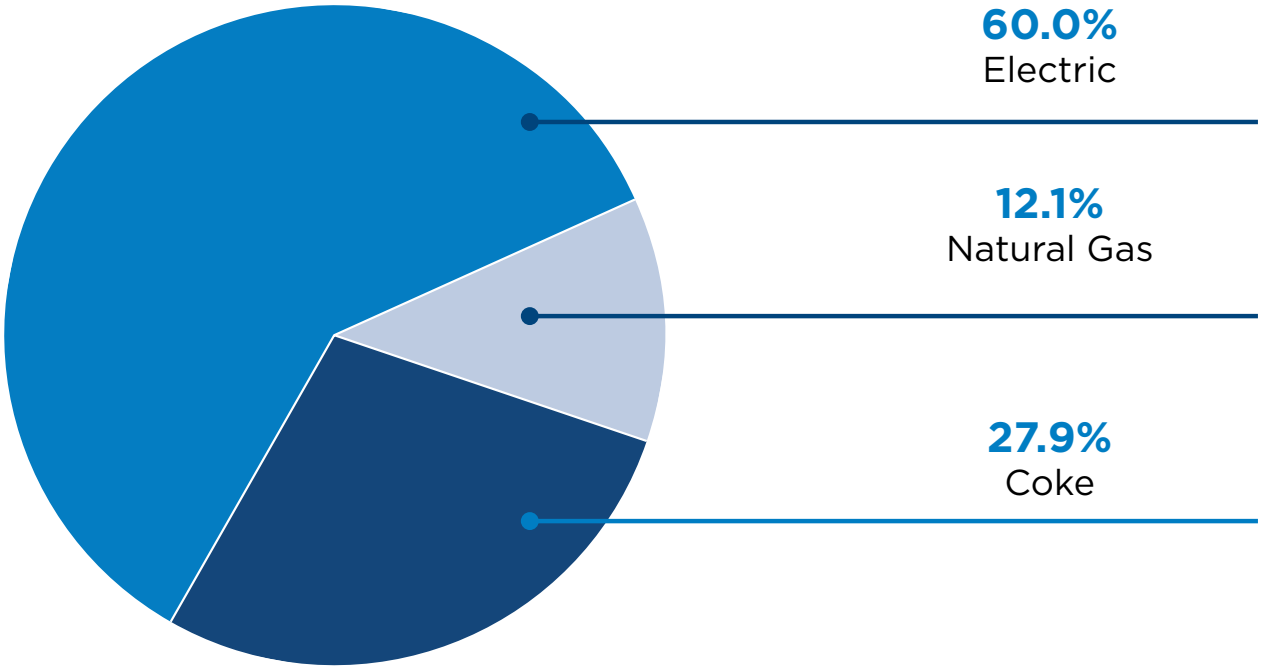
In 2023, we used 726,841 megawatt hours (MWh) of electricity. Our combined energy consumption from coke, natural gas and electricity was over 12,406,136 MMBtu.

Directly impacted by our energy use, WFI joined the U.S. Department of Energy's Better Buildings Low Carbon Pilot Program and its Better Climate Challenge in 2021 and 2022, respectively. Please refer to page 33 of this report for more information on the efforts to reduce the carbon emissions that are generated as a result of our energy use.

> *"We take elective actions that go above and beyond environmental requirements. Energy efficiency is one of our greatest tools to affect overall improvement in our processes."*
>
> *Mike Nikolai,*
> *President, COO and CEO*
> *Waupaca Foundry*

ENERGY USE *(Continued)*

ENERGY CONSUMPTION BY TYPE, FISCAL 2023



Consumption per ton of iron melted captures gains in energy efficiency that may occur even as overall energy increases due to higher production rates. Waupaca Foundry's consolidated energy intensity was 6.194 mmBtu/ton of iron melted.

An operator works on a horizontal molding machine line at Plant 1.

ENERGY USE *(Continued)*

Enhancing Energy Efficiency and Safety at Waupaca Foundry

Energy efficiency is a crucial initiative for WFI, driven by the demands of our energy-intensive foundry and machining operations. Our commitment to improving energy performance focuses on reducing our environmental footprint, boosting productivity and fostering a safer workplace. By implementing innovative solutions across our faculties, we are making significant strides toward sustainability and operational excellence.

Elevating Melt Efficiency with Blast-Air Dehumidification

High humidity in cupola blast air can severely impact cupola efficiency and the retainment of 2,800°F required to melt iron. To combat this challenge, WFI Plant 5, located in Tell City, Indiana, installed a blast-air dehumidification system. The system uses a 7-foot desiccant drying system to remove water vapor from ambient air before blast preheating in the recuperative heat exchanger. The heat exchanger is regenerated using reclaimed waste heat from the thermal oil cooling system, minimizing operating costs and maximizing energy efficiency. The system significantly reduces blast humidity to levels as low as 7 to 10 grains of water per pound of dry air.

A revolutionary blast-air dehumidification system is decreasing energy costs, decreasing raw material use and increasing melt efficiency.

In fiscal year 2023, 1,760 tons of coke consumption were reduced, resulting in $1,300,000 in annual savings. The dehumidification system also improved cupola melting efficiency by 2.5 percent, prevented 4,390 tons of CO2 emissions and contributed to a 2 percent reduction in overall plant energy consumption.

Optimizing Compressed Air

Compressed air is often considered the fourth utility in manufacturing. At WFI Plant 1 in Waupaca, Wisconsin, compressed air is vital in supporting operations like pneumatics, robotics and environmental control systems. However, compressed air accounts for 10.1 percent of the facility's annual electricity usage.

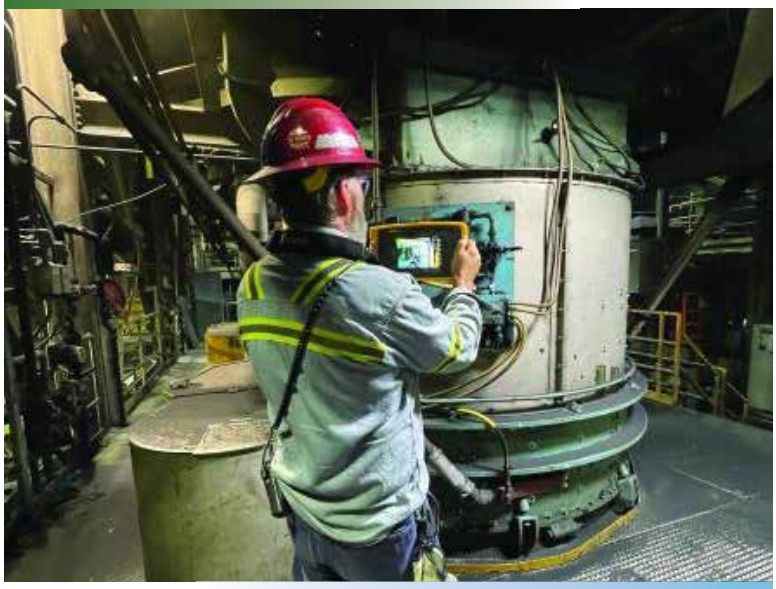
Working closely with the Department of Energy within its Better Plants program, WFI has achieved a 13.5 percent increase in energy efficiency through our compressed air optimization project. This multiyear project has improved the reliability and smart capabilities of the compressed air system to meet operational needs at a high energy efficiency level. Key upgrades included replacing outdated compressed air systems with modern, more efficient units in a newly designated space. Additionally, we improved the supply and demand aspects of the system, installing a master control system and implementing energy monitoring capabilities, reducing the plant's overall pressure from 95 to 87 PSI.

WFI also invested in our workforce through the Better Plants program's In Plant trainings, which focused on compressed air management. This specialized training has equipped employees with the skills to monitor and manage energy usage effectively while identifying further opportunities for improvement.

Annually, the compressed air optimization project delivers a cost savings of $125,000. In fiscal year 2023, WFI reduced energy consumption by 18,010 MMBtu/year while also cutting water usage by 13 million gallons. Greenhouse gas emissions were lowered by 738,600 tons of carbon.

ENERGY USE *(Continued)*

WFI's energy management strategy emphasizes an extensive air leak detection and repair program to minimize energy waste. Recognizing that compressed air leaks significantly impact utility expenses, WFI implemented a continuous detection system, employing advanced ultrasonic detection technology to identify leaks quickly and accurately. Regular maintenance schedules and immediate repairs ensure leaks are swiftly resolved. Employee training and awareness initiatives bolster the program's effectiveness, promoting a culture of proactive leak management.



Fluke leak detection saves energy

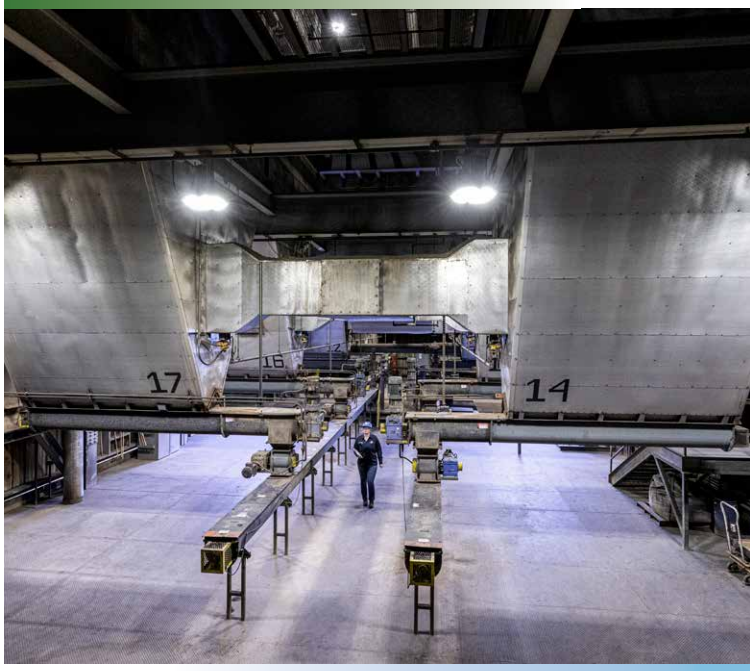
Redefining Foundries to Be More Efficient, Safe and Modern Workplaces

Foundries have long been defined by their hard work environments and manual labor. Waupaca Foundry is making significant strides to redefine foundries to be more efficient and ergonomic. Since 2016, Waupaca Foundry has invested over $408 million in capital to build, continuously improve and maintain state-of-the-art operations. This includes implementing automation technology to enhance cost efficiency, worker safety, and the quality and delivery of iron castings. The investment extends to enhancing the work environment by addressing air quality and temperature and reducing heat and humidity through internal projects for a more comfortable and modern workplace.

EMISSIONS

Air Emissions

Foundry processes generate dust, sand and other particles resulting from the molding of our customers' castings that, if improperly handled, could impact the atmosphere. Air filtration systems and advanced baghouse technology are used to achieve superior air pollution control results at our facilities. The air pollution controls we have put in place are considered as "best available" by the U.S. Environmental Protection Agency (USEPA) and associated state regulatory agencies, regardless of applicable regulations, which are driven by the installation date of the control equipment. A key component of this technology is the use of advanced bag leak detection probes installed within the emission control systems at each plant. In most cases, this technology is not mandated by a regulatory agency but utilized as an elective continual improvement. Because even small holes can affect the performance of baghouse filters, these probes are used to monitor the integrity of the baghouses and functioning of the filtration system.



The company began retrofitting plants with elective sophisticated air pollution controls beginning in 1999. Both air emission controls and leak detection technology have surpassed regulatory requirements and created new industry benchmarks in pollution control.

GHG Emissions

GHG emissions are divided into three categories:

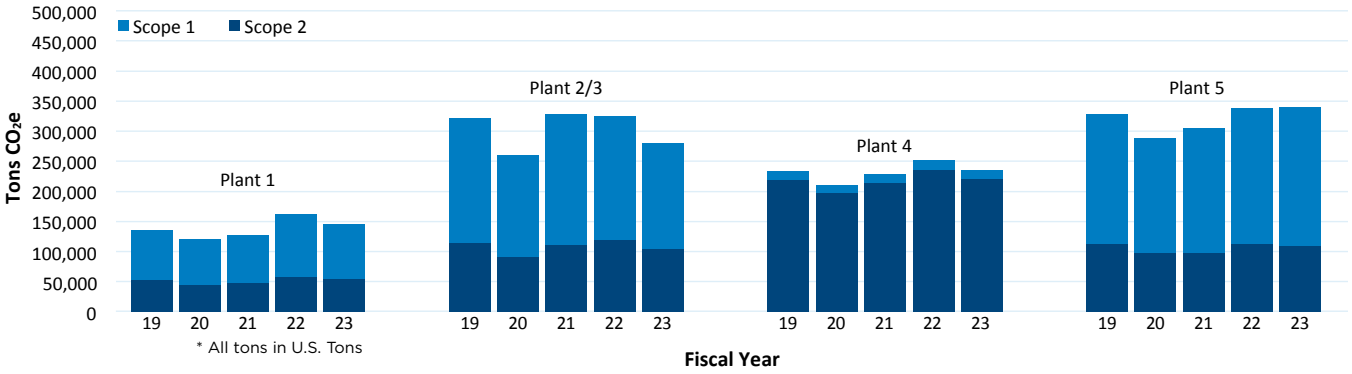
- Scope 1 emissions result directly from an organization's operations, such as burning fossil fuels.
- Scope 2 emissions are indirect emissions from a utility provider resulting from energy used by the organization, such as electricity, steam or chilled water.
- Scope 3 emissions are the result of other sources indirectly related to an organization.

Currently, Scope 1 and Scope 2 emissions are counted and reported, with Scope 3 emissions calculations in development. Scope 1 emissions include the use of coke in the melting process and the combustion of natural gas at our facilities. Scope 2 emissions are the result of purchased energy utilized at our plants. In 2023, our total GHG emissions were 899,981 tons of carbon dioxide equivalent (CO2e). The Total CO2e Emissions graph shows the breakdown of our Scope 1 and Scope 2 emissions by facility. The majority of our Scope 1 emissions come from the use of coke, a high-carbon content material, in our melt process.

Emissions, as well as our climate change risks/opportunities and management strategies, are reported to CDP (formerly the Carbon Disclosure Project), the largest database of primary corporate climate change information in the world.

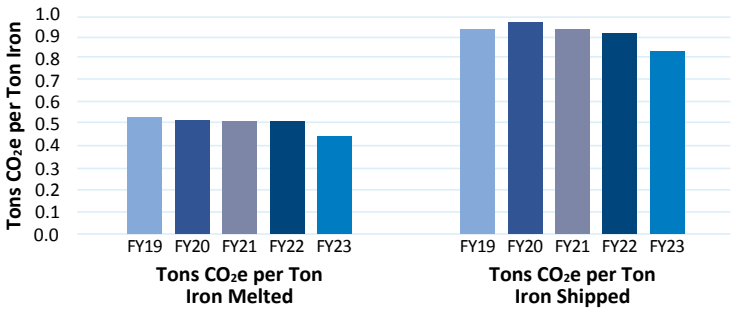
EMISSIONS *(Continued)*

TOTAL CO_2e EMISSIONS

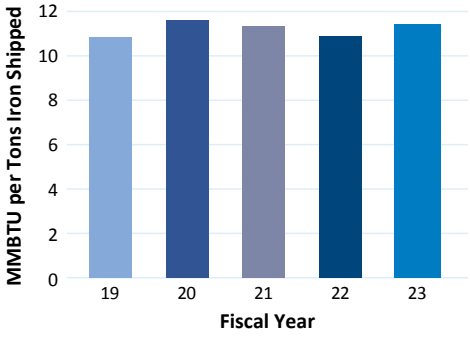


In addition to our absolute GHG emissions, we also normalize our GHG emissions based on tons of iron melted and tons of product shipped, similar to the way we track our energy consumption. The graph shown below includes normalized values for our consolidated GHG emissions, as well as total energy use per ton of iron shipped.

NORMALIZED CO_2e EMISSIONS (SCOPE 1 & 2)



NORMALIZED TOTAL ENERGY USE



Although we do not currently track the GHG emissions related to the transportation of products, we recognize that transportation is a significant issue for us due to the size and weight of our products. As our customers look to support greater fuel efficiency in their products, there will be more demand for lightweighting iron castings, reducing associated transportation impacts.

TOTAL WATER USE

Historically, our foundries consumed large quantities of water, including non-contact cooling water used for cooling running machinery and the exterior of the cupolas used in our melt process. As a result of prior efforts to meet our 2020 water conservation goal, water consumption was reduced 70.8 percent from 2010 values. Water use reduction efforts continued with our updated continual improvement goal, which focused on an additional 10 percent decrease in water by the end of fiscal year 2023. The result was a 7 percent water use consumption reduction achieved (not production weighted), which contributed to a cumulative water use reduction of 72.7 percent in total.

Waupaca Foundry has made significant progress toward this goal by installing closed-loop water cooling systems. Several of our plants have installed such systems for machine cooling.

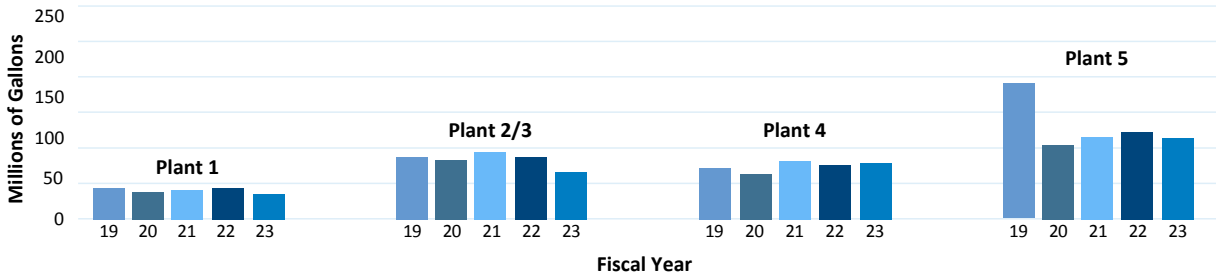
Prior to these initiatives, cooling water flowed through machines just once before discharge. With the new closed-loop systems, non-contact cooling water is recycled to improve efficiencies and reduce water consumption. For example, implementation of this technology has resulted in a 30 to 95 percent reduction in cooling water use at our Marinette, Wisconsin, ductile iron foundry, with water demands varying on a seasonal basis. The Plant 1 expansion project in Waupaca, Wisconsin, included six new warm box machines on a closed-loop cooling water system that saves an estimated 50,000 gallons of water daily, or approximately 15 million gallons annually.

In fiscal year 2023, the combined water usage for all Waupaca Foundry locations was 292 million gallons from municipal water supplies.

CLOSED LOOP

Closed-loop cooling water systems have the potential to reduce plant water cooling demands by 80 percent or more. In some cases, non-contact cooling water discharges are reduced to near zero, and daily water use is drastically reduced.

WATER USAGE



IMPACTED WATER BODIES

As a result of plant improvements we implemented over the last decade, contaminated process water requiring wastewater treatment and discharge has been completely eliminated from our facilities. None of Waupaca Foundry's plants withdraw water from, or negatively impact, waters that are protected or considered to be of high biodiversity value.

WASTE

In 2023, Waupaca Foundry generated a total of 584,417 tons of solid waste. Of this, only 0.8 tons were hazardous, and the remaining majority of 477,827 tons were recycled in lieu of disposal. We minimize the generation of hazardous waste through initiatives such as product substitution and effective work practices. Significant sources of non-hazardous waste included sand dust from our baghouses, melt dust, slag, spent foundry sand, cores and refractory.

One of Waupaca Foundry's highest volume byproducts is spent foundry sand used to make molds for the casting process. Although the sand is recaptured and recycled to the extent possible, there comes a point when it can no longer be used for creating quality castings, and it becomes a spent material. Successful initiatives have been developed that continue to reduce the use of foundry sand while concurrently looking for ways to keep foundry sand out of landfills by finding beneficial uses for the sand that can also aid the local communities. The majority of the sand that can no longer be used in the casting process does not end up in a landfill. Approximately 89 percent, or 365,000 tons, of sand is recycled annually. This reclaimed sand finds new life in applications in construction, agricultural use and geotechnical fill.

Waupaca Foundry has worked with state and local agencies, including the Wisconsin Department of Transportation, to use foundry sand as a highway subbase fill, geotechnical fill and other general construction uses. Not only does this keep the sand out of landfills, but it also reduces the need for mining native materials from other places to be used as the source for these applications. This material also gives us an opportunity to partner with our local communities on projects.

SIGNIFICANT SPILLS

Waupaca Foundry uses a number of chemicals in its process to keep equipment operating at peak levels, including coremaking resins, hydraulic oil, lubricants and anti-freeze. There were no significant spills in 2023 at any Waupaca Foundry locations.

ENVIRONMENTAL COMPLIANCE

Waupaca Foundry is committed to identifying and maintaining compliance to legal and other requirements to which our organization subscribes and that are applicable to the environmental aspects of our activities, products and services. Our commitment is reflected in our EHS Policy and incorporated into our sustainability targets and objectives. Fiscal year 2023 resulted in no fines or sanctions associated with environmental noncompliance events.

WAUPACA FOUNDRY ENVIRONMENTAL, HEALTH AND SAFETY POLICY–
CAST

C - Commitment to Environmental, Health and Safety excellence through employee consultation and participation, risk reduction/hazard elimination and compliance with EHS regulations and other requirements.

A - Always strive for continuous improvement and prevention of accidents, injuries and pollution.

S - Set and review EHS objectives and targets.

T - Train employees on their EHS responsibilities.

A World-Class **Workforce**

A TENURED WORKFORCE

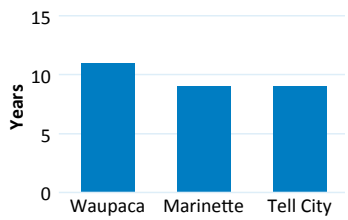
Waupaca Foundry has a history of encouraging people to reach their greatest potential. This has the dual benefit of providing us with a skilled workforce that allows us to produce innovative, best-in-class products while simultaneously improving our sustainability program through the same type of innovation. We're proud that Waupaca Foundry has been an employer of choice, and we believe in taking care of our employees and offering opportunities for personal development. The result: Customers have the most qualified production team in the industry. From operations to administration, we are dedicated to creating advancement opportunities for our employees throughout the company. Many of our team members have started in general foundry positions and have progressed into a variety of careers over the years. In fact, President, COO and CEO Mike Nikolai started with Waupaca Foundry in 1993 as a metallurgist at the company's gray iron foundries in Waupaca, Wisconsin. He held progressively more responsible positions, including production manager, assistant plant manager in Tell City, Indana, plant manager in Etowah, Tennessee, and vice president of operations. He was appointed president, COO and CEO on April 1, 2015.

Melt foreman, William Mork lays a piece of refractory insulation to protect the furnace launder from high heat.

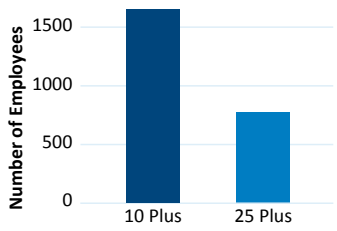
The opportunity for career growth and personal development is a significant reason why more than half of Waupaca Foundry's employees have been with the company for more than 10 years. Much of the organization's success can be attributed to the experienced workforce and the direct employee/management relationship that is clearly recognized at the manufacturing facilities.

The following graphs show the average length of employee service time by location and the number of employees that have been employed by Waupaca Foundry for more than 10 years, as well as those who have worked for us for 25 years or more.

AVERAGE SERVICE YEARS



YEARS OF EMPLOYMENT



Waupaca Foundry's code of conduct recognizes the right to collective bargaining (as similarly recognized by national regulations).

SKILLS DEVELOPMENT

In addition to careers in metallurgy and foundry technology, we also have support positions in IT, sales, purchasing, human resources, accounting and finance, and administration. Our company is dedicated to helping our employees cultivate career paths that give them professional satisfaction while also developing the workforce that we need. One hundred percent of our employees receive performance reviews annually, and during this process, we work with our employees to lay out a career development path for them. Some common opportunities are:

- Specialized operational positions
- Leadership positions
- Support and administrative positions

We have developed a customized internal training program intended to teach entry-level employees more specific foundry knowledge and processes. Experts from specific areas provide thorough instruction on casting iron the Waupaca Way.

We advanced a number of training program goals that we set for 2023, including:

- Provide 100 percent tuition reimbursement for employees' continuing education (following company guidelines). Waupaca Foundry continued to provide tuition reimbursement for 100 percent of our employees. In 2023 alone, over $134,819 of tuition reimbursement was provided for employees electing to continue education.
- Provide annual career training for 100 percent of our employees, with training related to specific job requirements as well as developmental training for future career growth. Through 2023, we provided career training/job-specific training to 100 percent of our employees.
- One hundred percent of our workforce has received Six Sigma related training (lean, green belt, black belt, kaizen, 6S, etc.), and the program achieved the goal prior to the targeted completion date.
- Provide leadership training to 100 percent of the employees in leadership positions by 2025. Through 2023, leadership training was completed for 67 percent of our applicable employees. (For leaders with greater than six months of service.)
- Foster and maintain a 50 percent or greater total promotion rate for management-level positions from internal employees. Currently, 96 percent of our management-level positions are filled with internal employees that have been promoted from within Waupaca Foundry.

Waupaca Foundry has a history of offering opportunities for personal development to take our employees to their greatest potential. We are dedicated to career pathing through training and development programs that empower each individual. In 2023, Waupaca Foundry invested $983,963 in total training and employee development programs.

> *"You could start in production, end up a foreman. I've seen it happen; I am an example."*
>
> *James Tindle, Plant 5 employee*
> *Tell City, Indiana*

SKILLS DEVELOPMENT *(Continued)*

LEGACY CAST IN IRON: 50 YEARS AT WAUPACA

In today's job market, employees who dedicate their career to a single company are rare, which makes **Hes Menadue**'s 50 years at Waupaca Foundry extraordinary.

Menadue started working at Plant 1, located in Waupaca, Wisconsin, in 1974, three days after he turned 18. He applied at 11:00 a.m., was told to return at 1:30 p.m. for orientation and was subsequently handed safety boots, a shovel and a wheelbarrow.

"We went up a little ramp, opened a door to the mill room…it was noisy and foggy. You've never seen the inside of a place like this. Big Wheelabrators…they're tumbling all these castings, so there's dust everywhere. Guys are hand grinding. It was something else, that's for sure!"

Back and forth for nine months, Menadue ran green molding sand up a ramp to the molding line and dumped it. Over five decades, Menadue progressed through various roles: powered vehicle operator, squeeze molder, iron pourer, cupola relief man, cupola operator and supervisor trainee–melt. In January 1981, he landed his final career position: melt foreman.

While many of the positions Menadue once held are now automated, in a niche sector like a foundry, long-term experience and deep knowledge are invaluable.

According to the U.S. Bureau of Labor Statistics, since 2020, the median tenure for American workers is just over four years. At WFI, more than half of employees have been with the company for over 10 years. In the foundry industry, tried-and-true expertise is crucial for maintaining safety, quality and efficiency. Employees with decades of experience bring unparalleled knowledge to equipment and processes to swiftly address issues, ensure safety and increase productivity. This longevity directly correlates with enhanced safety, higher-quality output and improved profitability.

"Hes was a great mentor to all employees, especially those who worked in melt," said President, COO and CEO Mike Nikolai. "He shared his knowledge and good nature to make Waupaca Foundry a better place to work. He taught me about melting even though I was a metallurgist."

The innovation and technology surrounding foundries have also driven process improvement over the years, something Menadue has witnessed firsthand.

"Seems like every 10 years, they put in a new cupola," Menadue said. "Iron transfers are the same but are faster. Iron pouring got better. Back then, we had to do hand pouring on the [horizontal molding] machines. You sat on your little bench above the top of the molds and poured each one as they came through. It was suspended up in the air, and we tilted it."

Safety measures have also evolved.

"The only safety stuff you had was big aluminum jackets. You had spats and pants. There was this big, aluminized hood, but no air. The air hoods [we have now] are amazing," Menadue said.

Menadue's tenure at WFI is a testament to the value of experience and commitment in the foundry industry, showcasing how decades of dedicated service can enhance safety, quality and efficiency. He attributes his success to his strong work ethic, ambition and willingness to help others. "Doing the labor is hard. Doing it together makes it a whole lot easier," Menadue said.

Menadue remains on the WFI team, working part-time onstartups and cupola repairs. After a five-decade career — why?

"I'd be bored," Menadue said.

OCCUPATIONAL HEALTH & SAFETY

Providing a preventive health policy and promoting continual improvement of safety in the workplace are fundamental responsibilities of management. Our safety management system relies on risk identification and mitigation, supervisor accountability, employee safety teams, workplace hazard assessments, equipment maintenance and ongoing training to create a safe workplace for our employees and visitors.

Waupaca Foundry is committed to all persons working, including its contractors, maintaining a high level of safety awareness. We achieve this through a variety of mechanisms, including monthly safety talks for our employees, review of work instructions and training specific to those instructions (i.e., lockout/tag out, fall protection and hot zone work), bulletin boards, company newsletters, signage and near-miss reporting. We also recognize the importance of active employee engagement in the safety program. Employees participate in reporting safety suggestions and near misses, our behavior-based safety (BBS) program, Safety Kaizen events, and also in several safety committees that include electrical safety, incident review, mobile crane safety, ergonomics, noise reduction and emergency response.

A large percentage of our injuries can be attributed to ergonomics. To address this, we have made significant investments in the automation of processes, such as installing robots to automate repetitive tasks in grinding and core-making workstations.

At Waupaca Foundry, we know that it is critical to monitor leading metrics for improved safety performance. We have updated our suggestion/near-miss reporting database into a combined form to encourage continued reporting and better track the information and solutions to closure.

Mechanical engineer, Andrew Stalheim was an intern for Waupaca Foundry Plant 4 for five years prior to taking a full-time position in engineering.

We also continue company-wide serious incident reviews, including addressing “near-miss” situations to reduce the risk of potentially serious incidents. Safety scorecard metrics now include goals for risk identification and reduction, focusing on areas where incidents most often occur. We also track two lagging indicator metrics to evaluate our safety performance: total recordable incident rate (TRIR, representing OSHA reportable incidents) and the Days Away, Restricted, Transferred (DART) rate, which describes the number of OSHA recordable injuries and illnesses resulting in days away from work, restricted work activity and/or job transfer experienced during the year. Both TRIR and DART are calculated based on a rate for 100 full-time employees.

Waupaca Foundry works cooperatively with OSHA on risk-reduction initiatives for our industry. We have maintained our goal to achieve a DART rate of 1.0 or less. We did not suffer any fatalities during 2023.

In 2021, Waupaca Foundry updated its safety goals to incorporate a complementary set of leading and lagging indicators to include the reduction of lost time case rates to <1.0* by 2025 and the achievement of 200,000 units of risk reduction annually, culminating in 1 million cumulative risk reduction units** by 2025.

Our safety performance in 2023 supported the new extended goals, with the lost time/days away from work rate yielding a value of 1.7 and risk reduction units achieved, totaling 251,688. We will continue to focus on a risk reduction mindset to prevent potential safety risks before they occur.

*Lost time rate = # of lost time injuries X 200000 / # of hours worked

**Risk reduction units for completed projects based upon:
Risk reduction = Hierarchy of Control X # of employees affected.
Credit increases as solution effectiveness increases.
Elimination = 12 Substitution = 7
Engineering Control = 5 Admin / PPE = 1

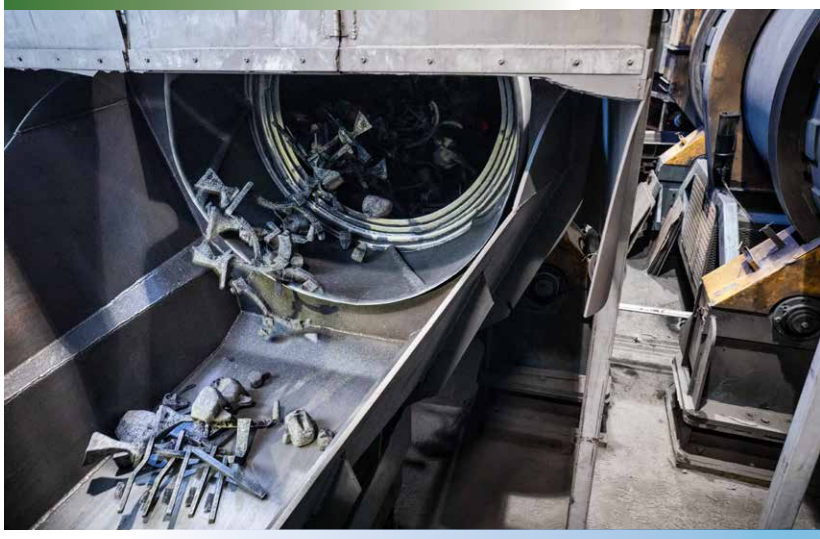
OCCUPATIONAL HEALTH & SAFETY *(Continued)*

Conveyor System Upgrade During Historic 16-Day Shutdown Boosts Safety and Efficiency

Waupaca Foundry Plant 4, located in Marinette, Wisconsin, successfully installed a state-of-the-art conveyor system, enhancing both operational efficiency and occupational health and safety.

The project, completed on budget in just 16 days, replaced a 30-year-old vibratory shaker system that transported gating and sprue material. The upgrade is expected to improve maintenance downtime by over 50 percent.

Engineering teams started planning in 2022 to fit the longer conveyor system at the end of the molding lines within the manufacturing footprint. The project's scope included major renovations downstream of six iron casting sorting tables and the relocation of critical components to fit the new system within the existing manufacturing footprint.



A new conveyor system at Plant 4 replaced a 30-year-old vibratory system in January 2024, reducing airborne dust and creating a healthier working environment.

"Preparation and planning were critical due to the scope of work required given the defined shutdown install window," said Jarrod Osborn, WFI vice president of manufacturing engineering.

Plant engineering and maintenance contractors removed the outdated system to accomplish the installation in record time, including relocating 25 support beams and corresponding ductwork. In addition, they:

- Removed concrete and cut-in pit access points to remove legacy equipment.
- Modified casting coolers by changing the ends and moving counterweights.
- Relocated two DIDION Rotary Media Drums® that reclaim core and molding sand from the iron casting manufacturing process.
- Relocated conduit and ventilation systems.
- Preassembled the new conveyor outdoors in sequence, which arrived in 15 40-foot shipping containers.

"It was a huge advantage to have home-grown engineers," said Rob Jezwinski, engineering manager. "We live in this environment, so we were intimate with the details needed to create an efficient process and install an entirely new operating system for the holidays."

The previous system was prone to gating jam-ups, which shut down all molding lines for repair. The new, chain-driven conveyors improve gate and sprue transportation uptime and reduce energy and maintenance costs, improving quality and customer delivery performance.

Overall, the Magaldi Superbelt conveyors significantly improve the workplace by reducing airborne dust, running more quietly and minimizing hazards. This results in better air quality, a more comfortable employee environment and enhanced safety.

"The safety benefits of the new system are as important as the bottom-line savings," Osborn said. "We significantly reduced the amount of airborne dust and created a healthier working environment for our team."

FOUNDRYWOMAN THRIVES IN ENGINEERING ROLE WITH SUPPORT AND SKILL DEVELOPMENT

In a male-dominated industry, **Ariel Cooley** stands out by climbing the ranks to tooling engineer at Waupaca Foundry, thanks to her determination and grit.

“I’ve had some people respond with shock or sheer disbelief,” Cooley said, when she tells people she is an engineer in a foundry. “It gives me a feeling of pride.”

But the path to success wasn’t easy. At 15, Cooley became a teen mom and left high school to support her daughter. She later received her GED and completed a few semesters in college. With the birth of her second child, though, Cooley faced a new set of obstacles.

“Now a single mother of two, I knew I needed a good job,” she said. “I had several family members working at the foundry, including my dad, brother, stepbrother, stepsister and stepfather.”

In 2015, Cooley started in the core room working a swing shift, cleaning and dipping cores, and later transferred to the banding line for the quality department. Over the next few years, she moved up to quality auditor and then quality administrator.

Realizing the importance of advancing her education to better support her growing children and their interests, Cooley utilized the tuition reimbursement program, earning a bachelor’s degree in engineering management.

WFI’s tuition reimbursement program aims to empower employees to return to school and advance their skills in the metalcasting industry. By investing in career pathing and skill enhancement, WFI ensures that its employees achieve their career goals while contributing to the company’s success.

“Working and earning my bachelor’s degree, both full-time, was a huge challenge,” she said. “There were many late nights and early mornings, tears and lost hours of sleep. I kept telling myself — ‘just keep going.’”

Cooley’s academic focus on CAD modeling and drafting led her to express interest in the pattern department after graduation. In 2020, she was promoted to tooling engineer technician, applying her new skills to model gating, Magmasoft simulations and 3D printing.

In 2021, Cooley’s expertise earned her a promotion as a tooling engineer at corporate headquarters in Waupaca, Wisconsin. In this role, she supports all iron foundries with various projects and tasks, continuously learning and adapting. Cooley also earned her MBA in December 2021.

“Ten years ago, I would have never imagined this is what I would be doing,” Cooley said.

Cooley’s story exemplifies how determination, skill development and a supportive work environment can transform lives.

“Let go of the ledge. Never stop learning and stay humble. Gravitate toward those who are willing to teach you and help you grow,” Cooley said.

Today, Cooley encourages women to consider traditionally male-dominated careers.

“Women have made a huge impact in the workforce, and I can’t let that slow down. If not me, then who?” she said.

A CULTURE OF HARDWORKING TALENT

Together, all of our employee initiatives help us to develop and maintain a committed workforce that is as solid as the castings we create. Working together as a team with a shared vision allows each of our employees to say with pride, "I am Waupaca."

"I am proud of Waupaca Foundry for always providing opportunities for advancement and for its strong legacy of promoting from within."

Todd Pagel,
Vice President of Operations, Waupaca Foundry

Report Parameters and **GRI Index**

REPORT PARAMETERS

This report updates our 2022 Sustainability Report and describes our activities during our 2023 fiscal year, covering the time period from April 1, 2023, through March 31, 2024. We intend to report on an annual basis with our fiscal year calendar.

The evaluation of topics to report to stakeholders in this Sustainability Report is focused on material aspects that align with the company's business objectives and our stakeholder needs and interests. We are referencing the Global Reporting Initiative (GRI) reporting standards (2021) as well as the Sustainability Accounting Standards Board (SASB) Iron and Steel Producers reporting standard (2018). See also our GRI Content Index.

We have chosen not to externally assure this report but may elect to do so in future years. This report covers all of Waupaca Foundry's U.S.-based manufacturing facilities.

Restatements of information and significant changes from the previous reporting period are addressed within the individual sections of this report.

We encourage comments and feedback on our report.

TRC Results you can rely on

TRC Environmental Corporation (TRC) was retained to assist WFI with the development of this sustainability report to ensure consistency with the Global Reporting Initiative (GRI) standards. WFI has reported the information cited in this GRI content index for the period [April 1, 2023 - March 31, 2024] with reference to the GRI Standards. TRC served as a consultant to the Sustainability Leadership Team, facilitating the assessment of materiality, analysis of sustainability metrics and review of existing WFI targets and objectives.

GRI CONTENT INDEX WITH SASB STANDARD REFERENCES

GRI 1: Foundation 2021

STANDARD			TITLE	PAGE #
GRI		SASB		
GRI 2: General Disclosures 2021	2-1		Organizational details	4
	2-2		Entities included in the organization's sustainability reporting	6-8
	2-3		Reporting period, frequency and contact point	44
	2-4		Restatement of Information	44
	2-5		External Assurance	44
	2-6		Activities, value chain, and other business relationships	4, 9, 21
	2-7		Employees	6-8
	2-9		Governance structure and composition	10
	2-10		Nomination and selection of the highest governance body	10
	2-11		Chair of the highest governance body	10
	2-12		Role of the highest governance body in overseeing the management of impacts	10
	2-13		Delegation of responsibility for managing impacts	10
	2-14		Role highest governance body in sustainability reporting	10
	2-23		Policy commitments	11, 16-18
	2-24		Embedding policy commitments	11, 16-18
	2-25		Processes to remediate negative impacts	11
	2-26		Mechanisms for seeking advice and raising concerns	11
	2-27		Compliance with laws and regulations	11, 36
	2-28		Membership associations	15
	2-29		Approach to stakeholder engagement	15
GRI 3: Material Topics 2021	3-1		Process to determine material topics	13-15
	3-2		List of material topics	13-15
	3-3		Management of material topics	13-15
Economic Performance 2016	201-1		Direct economic value generated and distributed (including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments).	19, 21, 23, 24
	201-2		Financial implications and other risks and opportunities for the organization's activities due to climate change.	33
Materials 2016	301-1		Materials used by weight or volume.	27
	301-2		Recycled input materials used	27
Energy 2016	302-1	EM-IS-130a.1	Energy consumption within the organization; (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	17, 28, 29, 30, 31
	302-3		Energy intensity ratio for the organization	30, 34
	302-4		Reduction in energy consumption	28, 29, 30, 31, 32
	302-5		Reductions in energy requirements of products and services.	16, 34
Water and Effluents 2018	303-1	EM-IS-140a.1	Interactions with water as a shared resource; (1) total fresh water withdrawn, (3) percentage in regions with High or Extremely High Baseline Water Stress	35
	303-2		Management of water discharge-related impacts	35
	303-3		Water withdrawal	
	303-4		Total water discharge by quality and destination.	
	303-5		Water consumption	35
		EM-IS-140a.1	Percentage and total volume of water recycled and reused.	35
Emissions 2016	305-1	EM-IS-110a.1	Direct greenhouse gas (GHG) emissions (scope 1).	34
	305-2		Energy indirect greenhouse gas (GHG) emissions (scope 2).	34
	305-4		Greenhouse gas (GHG) emissions intensity.	34
	305-5	EM-IS-110a.2	Reduction of greenhouse gas (GHG) emissions.	29, 30, 31, 32
Waste 2020	306-1		Waste generation and significant waste-related impacts	36
	306-2		Management of significant waste-related impacts	
	306-3	EM-IS-150a.1	Waste generated	36
			Percent hazardous	36
	306-4		Waste diverted from disposal	36
	306-5		Waste directed to disposal	36
		EM-IS-150a.1	Percent recycled	36
Supplier Environmental Assessment 2016	308-1		New suppliers that were screened using environmental criteria.	18, 22
Occupational Health and Safety 2018	403-1		Occupational health and safety management system	18, 40,
	403-2		Hazard identification, risk assessment, and incident investigation	40, 41
	403-4		Worker participation, consultation, and communication on occupational health and safety	40
	403-5		Worker training on occupational health and safety	40
	403-6		Promotion of worker health	18, 40, 41
	403-8		Workers covered by an occupational health and safety management system	40
	403-9		Work-related injuries	18, 40
	404-2		Programs for upgrading employee skills and transition assistance programs	18, 38