

**METAIR 2019: TASK FORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)**

In line with our governance philosophy to report transparently, Metair has reported climate change disclosure in line with the Task Force for Climate-Related Financial Disclosure (TCFD) principles and guidelines. Metair actively manages climate change to ensure that the group collectively mitigates its contribution to greenhouse gas (GHG) emissions and adapts adequately to the changing climate and environmental conditions. Over and above being an emitter of GHGs, the group is also vulnerable to the consequences of climate change.

Metair is cognisant of the United Nations Framework Convention on Climate Change (UNFCCC) Paris Agreement which focuses on mitigation of GHG emissions and climate change adaptation. The agreement came into effect in 2020 and aims to ensure that the increase in global average temperature remains below 2°C above pre-industrial levels. Research states that this level of mitigation will reduce the risks and impacts of climate change significantly.

Recommended disclosures		Metair disclosure	Integrated Annual Report Page references
<b>Governance</b>			
<b>Disclose the organisation’s governance around climate-related risks and opportunities.</b>	a. Describe the board’s oversight of climate-related risks and opportunities.	The social and ethics committee oversees the group’s impact on the environment. The committee brings matters within its mandate to the attention of the board.	<ul style="list-style-type: none"> <li>• Social and Ethics Committee report - 93</li> </ul>
	b. Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>The board social and ethics committee monitors environment impact, health and public safety, pollution, waste disposal and protection of biodiversity.</p> <p>The Metair board is responsible for the identification of major risks, the total process of risk management, as well as for forming its own opinion on the effectiveness of the process.</p> <p>The board is committed to the highest level of compliance and declarations related to environmental issues. We are committed to green manufacturing efforts which are pivotal to the circular economy. This includes initiatives such as waste reduction by avoiding landfill, reusing materials and recycling.</p> <p>The International Material Data System (IMDS) is a global standard used by most global OEMs to meet the obligations placed on auto manufacturers through end of life legislation as well as national and international environmental standards. It serves as a universal repository of the materials used in vehicles. It contains a list of every component which has been used in the production of the vehicles manufactured by every participating international vehicle manufacturer. Each database record includes the weight, size and material composition of every component.</p> <p>As a component manufacturer that supplies participating vehicle manufactures, Metair aims to ensure that all components manufactured across the group have a positive life-cycle and minimise their end-of-life impact on the environment. This can be achieved by controlling and eliminating the use of Substances of Concern (SoC). As such, we are committed to monitoring the chemical composition of our products and to begin submitting full material declarations (in line with the IMDS) for all the components we manufacture in 2020. Metair aims to ensure that our manufacturing process is based on a “cradle-to-grave” concept which achieves a meaningful business impact while mitigating our environmental impact.</p>	<ul style="list-style-type: none"> <li>• The natural environment – 62</li> <li>• Risk management – 79</li> </ul>
<b>Strategy</b>			
<b>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and</b>	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<p>Risks:</p> <p>Risk 7 – Natural disasters, explosions and conflagrations</p> <ul style="list-style-type: none"> <li>– Environmental impact and protection</li> <li>– Carbon footprint</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management - 79</li> </ul>

**METAIR 2019: TASK FORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)**

financial planning where such information is material.		<ul style="list-style-type: none"> <li>- Pollution</li> <li>- Waste disposal</li> <li>- Lead usage</li> <li>- Biodiversity</li> <li>- Water consumption</li> </ul> <p>Opportunity: Metair has the opportunity to participate in various interesting lithium-ion and new technology projects with customers and international technology partners. Production of first electric public transport solutions, namely trains and buses in Romania and the launch of an autonomous level 3 electric vehicle supported by the Romanian government.</p>	
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<p>Fires, explosions and natural disasters such as flooding and earthquakes could affect production, leading to a failure to meet contracted supply levels, resulting in a loss of revenue, increased costs and potentially affecting our reputation with customers. We aim to manage this risk through a formalised risk identification and management plan, and mitigate the cost of the damage by carrying comprehensive insurance.</p> <p>The group constantly evaluates and undergoes evaluation processes on the material used in our production process. This enables us to eliminate the usage of dangerous and unwanted substances of concern (SOC) from our bill of materials.</p>	<ul style="list-style-type: none"> <li>• Risk management - 79</li> </ul>
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>In 2019 we completed a strategic review of the business as world climate change and environmental impact awareness in our industry lead to the development and innovation of major technology shifts in the automotive industry. Technology and technology shifts are included in Metair's strategic focus points. Recycling and reduction of all types of pollution coming from mobility options in our strategy form part of our strategic enablers.</p> <p>Metair is integrally connected with the natural environment around us. The response of the automotive industry to climate change shaped developments in the components Metair manufactures and our strategy to create value in the long-term. Manufacturing excellence includes the need to maximise the efficiency with which we use our inputs, which include raw materials, energy and water. It also involves increasing recycling, and minimising and responsibly managing waste and emissions.</p> <p>Over the last few years, growing global concerns about climate change and increasing environmental awareness have driven the development and innovation of major technology shifts in the automotive industry. As mobility solutions shift towards electrification, connectivity, autonomous driving and shared ownership, Metair needs to consider its response.</p> <p>Minimising waste from production processes is a focus of our efficiency initiatives and scrap reduction targets are set at each subsidiary for primary and secondary materials. We prioritise reuse or recycling wherever possible and waste separation programmes are in place at most operations. Ongoing training and awareness initiatives emphasise the importance of proper waste segregation at source.</p>	<ul style="list-style-type: none"> <li>• CEO Report - 79</li> </ul>
<b>Risk management</b>			
Disclose how the organisation identifies, assesses, and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks.	Risk management is the responsibility of the board with the reporting and monitoring function being delegated to the board audit and risk committee.	<ul style="list-style-type: none"> <li>• Risk management - 79</li> </ul>
	b. Describe the organisation's processes for managing climate-related risks.	We aim to manage this risk through a formalised risk identification and management plan and mitigate the cost of the damage by carrying comprehensive insurance.	<ul style="list-style-type: none"> <li>• Risk management - 79</li> </ul>
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	An enterprise-wide risk management policy framework forms part of the audit and risk committee charter which is available on the company's website.	<ul style="list-style-type: none"> <li>• Risk management - 79</li> </ul>

Metrics and targets (monitoring and control)											
<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<ul style="list-style-type: none"> <li>- Number of natural disasters</li> <li>- Number of production days lost</li> <li>- Safety incidents</li> <li>- Environmental incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management - 79</li> </ul>								
	<p>b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<table border="1"> <caption>GHG Emissions (tCO<sub>2</sub>e)</caption> <thead> <tr> <th>Scope</th> <th>GHG Emissions (tCO<sub>2</sub>e)</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>47,032</td> </tr> <tr> <td>Scope 2</td> <td>173,311</td> </tr> <tr> <td>Scope 3</td> <td>421,099</td> </tr> </tbody> </table>	Scope	GHG Emissions (tCO <sub>2</sub> e)	Scope 1	47,032	Scope 2	173,311	Scope 3	421,099	<ul style="list-style-type: none"> <li>• Climate change - 63</li> </ul>
	Scope	GHG Emissions (tCO <sub>2</sub> e)									
Scope 1	47,032										
Scope 2	173,311										
Scope 3	421,099										
<p>c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance.</p>	<ul style="list-style-type: none"> <li>- All companies to target achievement of ISO 50001 accreditation by the end of 2020 or be on track for latest 2021 accreditation</li> <li>- Improve water consumption per PHW by 2% across all companies</li> <li>- Target 1% improvement on site-specific production scrap percentages across all companies</li> <li>- Energy storage businesses to improve yield at recycling facilities by 2%, especially at lead recycling facilities</li> <li>- Reduce Scope 1 and 2 emissions per PHW to below 11.5kg CO<sub>2</sub>e/PHW</li> <li>- Reduce total energy consumption by reducing electricity consumption per PHW by 2% by December 2020</li> </ul>	<ul style="list-style-type: none"> <li>• The natural environment - 62</li> </ul>									