

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 participated in the 2020 CDP Climate Change project and achieved a B- CDP score, indicating that we are currently at a 'Management' level regarding our approach to 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
Governance			
<p>Disclose the organisation’s governance around climate-related risks and opportunities.</p>	<p>a. Describe the board’s oversight of climate-related risks and opportunities.</p>	<p>The Metair Board of Directors (Board) has the ultimate oversight of the groups approaches to considering, evaluating, and integrating climate-related risks and opportunities throughout the company. 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.</p>	<ul style="list-style-type: none"> • Social and Ethics Committee report - 102
	<p>b. Describe management’s role in assessing and managing climate-related risks and opportunities.</p>	<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. Our focus on manufacturing efficiencies, which includes reducing energy consumption, optimising the use of raw materials and minimising waste in the production process, remains the most effective means for reducing our carbon footprint. Metair is also investigating opportunities for energy storage solutions for alternative power generation, including solar support energy systems.</p> <p>Metair provides its OEM customers with information on the chemical compositions of its products in line with the International Material Data System (IMDS). The IMDS is a global standard that contains a list of the components used in the production of the vehicles manufactured by every participating international vehicle manufacturer. These records include the weight, size and material composition of every component.</p> <p>We aim to ensure that all components manufactured across the group have a positive life-cycle and end-of-life impact on the environment. Our ability to reclaim products or packaging from end users is limited given that our OE products end up as components in vehicles that may be manufactured in, or exported to, other countries. However, we aim to control and eliminate as far as possible the use of Substances of Concern (SoC) in our products. We closely monitor the chemical composition of our products and have started submitting full material declarations for all the components we manufacture in line with the IMDS.</p>	<ul style="list-style-type: none"> • The natural environment – 71 • Risk management – 90
Strategy			
<p>Disclose the actual and potential impacts of climate-related risks and opportunities</p>	<p>a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and</p>	<p>Risks: Risk 3 – Natural disasters and climate change events, explosions and conflagrations.</p>	<ul style="list-style-type: none"> • Risk management – 90

on the organisation’s businesses, strategy, and financial planning where such information is material.	long term.	<ul style="list-style-type: none"> - Environmental impact and protection - Carbon footprint - Pollution - Waste disposal - Lead usage - Biodiversity - Water consumption <p>Opportunity: Dedicated focus on infrastructure, health and safety standards reduces the risk of supply stoppages and creates opportunity for insurance savings. Presents an opportunity for innovation.</p>	
	b. Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.	<p>The nature of the manufacturing environment and high energy use requirements increase the risk of conflagrations, explosions and manufacturing failures. Natural environment risks increasing in ever-changing and deteriorating global warming condition.</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"> • Risk management - 90
	c. Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>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>Tightening motor vehicle emissions regulations to address climate change have had a profound impact on the automotive industry, including driving the trend towards electric vehicles. The response of our OE customers changes the products we make, affects OE production profiles and had a fundamental impact on our strategic review.</p> <p>Climate change concerns have shaped the long-term trajectory of the automotive industry and Metair’s business. We continue to refine our understanding of the effect of climate change on the future of society and the company, and to mitigate and minimise our environmental impacts. We are pursuing carbon-neutral strategies with net-zero emissions being our long term target, and are expanding our reporting, including through our CDP submission and refreshed TCFD disclosure.</p>	<ul style="list-style-type: none"> • Chairman’s report – 36 • Our most Material Matters – 56
Risk management			
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"> • Risk management - 90
	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"> • Risk management - 90
	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"> • Risk management - 90
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"> - Number of natural disasters - Safety incidents (first aid cases) - Environmental incidents 	<ul style="list-style-type: none"> • Risk management - 90 																																			
	<p>b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>Metair’s total carbon footprint decreased 23% to 496 554 tC₂e in 2020 (2019: 641 441 tCO₂e) due to reduced production from the disruption caused by COVID-19 and the lockdowns. Scope 3 emissions decreased 27% as a result of decreased purchases of goods and services, and their associated transportation, primarily in the Energy Storage Vertical.</p> <p>Metair’s carbon footprint is calculated using the GHG Accounting Protocol (World Resources Institute, World Business Council For Sustainable Development) as a guideline, and includes CO₂, CH₄ and N₂O. Refrigerant gases included hydrofluorocarbons (HFCs) and hydrochlorofluorocarbons (HCFCs R22). The 2020, 2019 and 2018 Scope 1 carbon footprint were calculated using emission factors from the Intergovernmental Panel on Climate Change (IPCC). Scope 2 emissions for 2020 and 2019 used the grid emission factor specific to the country of operation. Scope 3 Emissions were calculated using the relevant DEFRA emission factors.</p> <p>The consumption of raw materials (57%), stationary fuels (6%) and electricity consumption (29%) comprised 92% of the group’s carbon Footprint in 2020.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th></th> <th>2020</th> <th>2019</th> <th>2018</th> <th>2017</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>tCO₂e</td> <td>43 944</td> <td>47 031</td> <td>44 800</td> <td>44 603</td> <td>46 468</td> </tr> <tr> <td>Scope 2</td> <td>tCO₂e</td> <td>146 062</td> <td>173 311</td> <td>153 767</td> <td>138 134</td> <td>141 376</td> </tr> <tr> <td>Scope 3</td> <td>tCO₂e</td> <td>306 549</td> <td>421 099</td> <td>423 946</td> <td>455 455</td> <td>398 100</td> </tr> <tr> <td>Total</td> <td></td> <td>496 554</td> <td>641 441</td> <td>622 513</td> <td>638 192</td> <td>585 944</td> </tr> </tbody> </table>			2020	2019	2018	2017	2016	Scope 1	tCO ₂ e	43 944	47 031	44 800	44 603	46 468	Scope 2	tCO ₂ e	146 062	173 311	153 767	138 134	141 376	Scope 3	tCO ₂ e	306 549	421 099	423 946	455 455	398 100	Total		496 554	641 441	622 513	638 192	585 944	<ul style="list-style-type: none"> • Climate change - 71
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<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"> - All companies to target achievement of ISO 50001 accreditation by the end of 2021 - Target a 2% improvement in the consumption of water per person hour worked (PHW) across all companies - Reduce total energy consumption by reducing electricity consumption per PHW by 2% by December 2020 - Target 1% improvement on site-specific production scrap percentages across all companies - Energy storage businesses to improve yield at recycling facilities by 2%, especially at lead recycling facilities - Sustain Scope 1 and 2 emissions per PHW worked below 11.5kgs CO₂e/PHW 	<ul style="list-style-type: none"> • The natural environment – 71 																																				