METAIR

INVESTMENTS LIMITED

automotive | industrial | retail

BUILDING RESILIENCE THROUGH TURBULENCE

2023 Climate Change Report

CEO MESSAGE

PS O'Flaherty
CEO

"It gives me great pleasure to introduce Metair's first Climate Change Report which covers the 12 months period ending 31 December 2023."

Since 2014, the entire Metair group, inclusive of our operations in Romania and Türkiye, has monitored, measured and reported on the energy we consume and the resulting Scope 1 and Scope 2 emissions resulting from our activities. While we believe that this has been an important step towards meeting stakeholder expectations for transparency and accountability over our contributions to global warming, we also believe that our efforts have played a significant role in understanding how we can create efficiencies through defined energy reductions.

At each of our companies, teams of dedicated sustainability committee members have undertaken a variety of initiatives to determine what energy is consumed, in what volumes, and at what costs. Their principal objective has been to identify ways in which their operations can eliminate inefficiencies in the amount of petrol, diesel, coal, gas and electricity consumed while either maintaining or increasing production, noting our commitment to establishing a Net Zero target within the next two years.

Within Metair, energy consumption is a critical component of our activities. We burn fossil fuels such as coal and gas to generate heat in order to melt lead in our battery businesses, and to soften steel within our spring and coil manufacturing. We also burn both petrol and diesel to propel our many vehicles needed to transport goods and supplies throughout our value chain, and we use a significant amount of electricity to power many of the machines required to produce our products. In all cases, we understand that we have a responsibility to reduce the energy we consume on a product-by-product basis to not only reduce our manufacturing costs and reduce our impacts on the environment, but also to assist our Original Equipment Manufacturer (OEM) clients in their quests to reduce the manufacturing carbon footprint of the vehicles they sell to increasingly carbon conscious consumers.

In 2019, Metair became one of many South African companies affected by South Africa's Carbon Tax Act, such that as a material consumer of energy, and thus material emitter of carbon emissions, Metair was required to pay a tax to government for every tonne of carbon dioxide equivalents (CO_2e) over an allowable threshold. Because the group had already been calculating its carbon footprint, our transition to being a fully compliant payer of the carbon tax was fairly straight forward, but not necessarily the whole response we believed we needed to the new tax.

Because we'd already been measuring our carbon emissions, the new tax provided a useful new element to the investment decisions being considered throughout the group. At an initial price of R120 per tonne of CO_2e, our sustainability teams could better quantify the cost of doing nothing from a Rands and Cents perspective, noting that prior modelling was limited in terms of determining an accurate payback period for specific investments and/or a more comprehensive financial model for various energy reduction projects under consideration.

At the same time, South Africa's electricity crisis has offered additional factors to consider: the cost of not being able to produce during load shedding and /or the increased cost of energy when needing to self-generate electricity.

Within Metair's SA operations, not a single business has been exempted from the challenges facing Eskom to keep the lights on. Granted, some of our companies are located in national priority zones, where load shedding isn't as frequent and/or intense as other areas, but not a single Metair business in South Africa has been immune. This has meant that generators have been installed at many of our operations, resulting in not only higher energy costs, but also increased Scope 1 carbon emissions resulting from burning our own fuels at a rate greater than the reduced Scope 2 emissions resulting from purchasing electricity generated by Eskom. Even though SA's CO_2e emissions per kWh of electricity are high, at roughly 1.07 kg per kWh, compared to most other countries, this is still relatively "clean" compared to the emissions generated by even the most efficient of on-site diesel generators, and therefore an additional burden Metair must consider when assessing the go/no-go of projects that are at least in part designed to reduce our carbon footprint.

In addition, particularly over the past couple of years, our engagement with key stakeholders in the investment community has resulted in a more frequent set of questions around our efforts beyond carbon reduction. In many circles, the concept of "Carbon Tunnel Vision" suggests that companies are focusing too much effort on reducing carbon emissions, and not enough on the broader scope of climate change causes and/or effects. As a result, Metair has decided that 2023 is the right time for us to publish our first Climate Change Report in accordance with the guidance set forth by the Taskforce on Climate-related Financial Disclosures, with a commitment to ensuring that all future reporting is aligned to the recommendations of the International Financial Reporting Standards (IFRS) recommendations referred to as, "IFRS S2".

At this time, I wish to thank you in advance for taking an interest in not only reading this Climate Change Report, but also for contacting us with comments, constructive criticism and/or recommendations for improvements we might make in adhering to our commitment to being part of the climate change solution, rather than the problem.

ABOUT METAIR

Metair is a publicly owned company listed on the Johannesburg Stock Exchange.

From its headquarters in Johannesburg the group manages an international portfolio of companies that manufacture, distribute and retail products for energy storage (i.e., batteries) and automotive components supplying to both the Original Equipment Manufacturer (OEM) and aftermarket sales (i.e., parts supply) markets.

Metair was formed in 1948, becoming a supplier of automotive components to a single OEM (Toyota) in South Africa in 1964. As Metair has grown, our strategy has evolved to meet the challenges of competing in the global automotive industry. Today, Metair is a truly international company with multiple OEM customers around the world, a broad range of aftermarket and non-automotive products, operations in five countries and ambitions to grow into five continents within the next five years.

ABOUT THIS REPORT

This report was prepared in accordance with guidance provided by the Task Force on Climate-related Financial Disclosures (TCFD) published in 2015 by the Financial Stability Board (FSB) to improve the level of corporate disclosure regarding the financial implications of climate change in the immediate, moderate and long-term. The goal of the TCFD was to assist companies with supplying information that would allow providers of capital the ability to more assess the costs of climate related risks (and/or benefits of climate-related opportunities). Although other attempts at providing climate change reporting guidance have been presented, the TCFD's guidance has become the de-facto standard, resulting in multiple other standards adopting the TCFD's recommendations.

The TCFD recommendations include four key areas – **Governance, Strategy, Risk Management** and **Metrics & Targets** – and include 11 recommendations detailing what information companies should provide stakeholders regarding climate-related risks and opportunities. Our report is structured around these four areas and 11 recommendations.

This report includes information for the entire Metair group, inclusive of Mutlu Akü and Rombat, with the exception of the Most Material Climate Change Risks section which was developed through a series of workshops only at our SA subsidiaries. Our 2024 report will include the outcomes of similar workshops in Romania and Türkiye.

As of July 2024, the guidance provided by the TCFD is being overtaken by the International Accounting Standards Board (IASB) and International Sustainability Standards Board (ISSB) climate change reporting guidance referred to as the International Financial Reporting Standards (IFRS) "IFRS S2". As a result, our 2024 Climate Change Report will be aligned to IFRS S2. In most respects, users of our climate change reports should not see much of a difference, aside from specific financial disclosures to be included in our Annual Financial Statements.

APPLICATION REGISTER

The following table summarises our self-assessment of this climate change report's alignment with the TCFD, noting that even where we believe we have met the TCFD's guidance recommendations our goal for 2024 reporting is to ensure further improvement wherever possible. The status of our current reporting is based on whether or not we believe our climate change management is aligned to emerging good industry trends, partially aligned, or still in progress towards alignment.

TCFD Recommendation	Metair 2023 TCFD Report	Status
Governance		
a. Describe the board's oversight of climate -related risks and opportunities.	The Metair Board has overall responsibility for climate-related matters has clearly defined roles and responsibilities and is updated regularly.	Aligned
b. Describe management's role in assessing and managing climate-related risks and opportunities.	Accountability and coordination on climate-related matters is the responsibility of company MDs, with specific duties coordinated by site specific sustainability steering committees. The monitoring of climate-related risks occurs on a quarterly basis, with bi-annual reporting by each subsidiary to the Metair Group during sustainability conferences.	Aligned
Strategy		
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Metair has identified and analysed a total of 29 climate-related risks and financial impacts in the economies where it operates over different time horizons. As a general industrials company, Metair is primarily exposed to carbon taxation and a shifting demand from internal combustion engines (ICE) to new energy vehicles (NEVs). Our operations in Türkiye and Romania are most exposed to shifting customer behaviour, earthquakes and other climate-related disasters, extreme weather phenomena and shifting weather patterns, while our operations in southern Africa are most exposed to carbon transition risk due to high dependence on fossil fuels, loadshedding and intense weather events like the flooding that recently occurred in in KwaZulu Natal, South Africa. **NOTE:** Opportunities not identified yet.	Partially Aligned
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Metair considers climate change risks and opportunities as part of financial planning for budgeting to achieve our climate targets. Subsidiaries within the group have deployed capital for environmental projects to improve energy efficiency, reduce electricity loadshedding impacts and adoption of renewable energy solutions.	Aligned
c. Describe the resilience of the organisation's strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	As part of its screening process, Metair conducts scenario analysis for 5 years (short-term), 10 years (medium-term) and 30 years (long-term), although future scenario analyses are expected to be designed to generate more effective planning and preparation outcomes and workplans.	Partially Aligned

TCFD Recommendation	Metair 2023 TCFD Report	Status
Risk Management		
a. Describe the organisation's processes for identifying and assessing climate-related risks.	Metair conducts workshops to raise climate change awareness at each of the companies while identifying company-specific climate change risks. Future exercises will include additional effort to provide additional clarity on risk-specific financial implications/exposure.	Partially Aligned
b. Describe the organisation's processes for managing climate-related risks.	Climate change is captured under the banner of environmental, social and governance (ESG) matters which are assessed within each subsidiary and reported to the Metair Group on a quarterly basis, with the goal being to set and monitor progress towards targets for each climate-related risk.	Partially Aligned
c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall management.	Climate-related risks are identified and adopted, where necessary, as material risks within Metair's annual Enterprise Risk Management process. The process includes the identification and monitoring of progress towards specific action plans to minimise potential negative outcomes identified for each risk.	Partially Aligned
Metrics & Targets		
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities, in line with its strategy and risk management process.	In the near future, our sustainability teams will be seeking to establish more robust targets aligned with the Science Based Targets initiative (SBTi), and we have committed ourselves to reaching carbon neutrality across Scopes 1 and 2 within the near future.	Partially Aligned
b. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions and the related risks.	Metair has been measuring progress against Scope 1, 2, and (more recently) 3 emissions targets for the past 10 years and the outcomes of our monitoring of these indicators can be found in the Sustainability section of our Integrated Annual Report, along with other indicators relevant to our climate-related risks and opportunities on water, waste and energy.	Aligned
c. Describe the targets used by the organisation to manage climate -related risks and opportunities and performance against targets.	As of 2023, the subsidiaries within the Metair Group have not yet managed to establish specific targets beyond energy, water and waste efficiency. Future climate change planning is designed to set science based targets for all relevant risks and opportunities.	Partially Aligned

GOVERNANCE

Ultimate responsibility for our climate strategy lies with Metair's Board of Directors. The Board has delegated certain climate change responsibilities, as part of our broader sustainability responsibilities, to some of its committees. The committees report back to the Board of Directors on their activities and findings.

The primary responsibility for the oversight of climate related strategy and governance is held by the Social & Ethics Committee (SEC), which consists of two independent nonexecutive directors and one executive director. The SEC's role with regards to sustainability is to:

- Oversee Metair's strategy and governance on sustainability, including climate-related risks and opportunities.
- Review and discuss Metair's performance against relevant environmental, social and governance (ESG) reporting frameworks, ESG/Sustainability indices and other independent assessments at least once per annum.
- Review outcomes of annual independent third-party sustainability assurance assessments at least once per annum.
- Review and discuss outcomes of stakeholder engagement activities related to past, present and/or emerging climate-related expectations from key stakeholders.
- Review and discuss emerging trends with regards to sustainability.
- Advise the Board and provide counsel to management on ESG matters, including climate change.

Additional responsibility for sustainability, including climate change, is held by the Audit & Risk Committee (ARC), which consists of three independent non-executive directors. The ARC's role with regards to sustainability is to:

- Oversee Metair's assessment of climate-related risks and opportunities.
- Review and discuss issues raised by financial audits pertaining to current and/or emerging climate-related risks.
- Review outcomes of annual independent third-party sustainability assurance assessments at least once per annum.

Consisting of four non-executive directors, the Remuneration and Nomimations Committee (RemCo) approves all ESG/Sustainability metrics linked to long-term incentive plans (LTIPs) and short-term incentive plans (STIPs) of executive management and the senior leadership team. As of 2023, sustainability-related metrics include energy efficiency, water efficiency, waste management, occupational health and safety, learning and development and transformation (i.e., progress towards gender and racial diversity improvements). Because climate-specific targets have not yet been established, including a specific date related to Metair's commitment to Net Zero, RemCo has not yet assigned specific climate related remuneration metrics.

In 2023, environmental topics, including climate change, were brought to the attention of the SEC and ARC on multiple occasions. This included an update from management on emerging demand for additional public disclosure on climate change risks in accordance with TCFD and IFRS S2, as well as additional climate related targets. In addition, members of the SEC and ARC attended information sessions focusing on the evolving ESG landscape, including local and global climate regulation and reporting trends. The ARC is responsible for internal controls and all compliance processes and procedures, including those related to climate and oversees Metair's risk management (including both physical and transition climate risks). The RemCo determines how ESG topics (including climate) are incorporated into compensation plans for executive management and the senior leadership team.

The Chief Executive Officer (CEO) is responsible for implementing the environmental sustainability strategy and the company's commitments to climate, water and waste efficiency improvement targets. The CEO chairs sustainability progress meetings designed to manage sustainability performance and make decisions in key areas where needed. At each meeting, the sustainability leaders from each of the group's subsidiaries provide updates on the progress against annually defined sustainability targets, readiness to meet future targets, regulatory changes and reporting expectations. In addition, the members of the group's sustainability leadership team receive updates on selected topics from selected subject matter experts.

Reporting to the CEO, the Managing Director (MD) of each subsidiary is responsible for leading the delivery of sustainability targets and for the operational aspects of reaching the company-wide performance and efficiency targets.

From 2024, the MD of each operation will be responsible for reporting bi-annually to the ARC on matters pertaining to climate related physical and transition risks where applicable.

Climate related topics were discussed at one of the three SEC meetings in 2023, as well as during the 2023 Annual Metair Sustainability Conference.

Throughout the group, all leadership team members, as well as executives at the group level, are responsible for sustainability targets, inclusive of energy efficiency, to the extent that up to 15% of total compensation can be affected by progress towards sustainability performance expectations. Additional information regarding sustainability-linked compensation and the executive remuneration policy is available in Metair's 2023 Integrated Annual Report.

STRATEGY

Metair's governance structure is designed to integrate climate related topics into the company's strategy, business model and financial planning processes. Climate risks and opportunities are part of the group's ESG/Sustainability strategy endorsed by the SEC. In 2023, Metair initiated and/or followed up on projects designed to determine the scope of future Net Zero transition plans, expanding Scope 3 emissions data reporting, enhancing biodiversity commitments, and committing to reporting in accordance with TCFD (for 2023, and IFRS S2 from 2024).

As per the SA Carbon Tax Act, Metair applies a current carbon price of R144 per tonne of CO2e, noting that projections of future rates predict an increase to R190 in 2024, up to R462 per tonne by 2030.

The carbon price is used in climate related strategic financial planning decisions, inclusive of environmental sustainability considerations for all significant capital expenditures. With increasingly frequent and intense examples of what to expect from climate change related adverse weather events, the carbon price is used as one of many metrics applied to consider the potential impact of Metair's exposure to climate risks on the viability of new projects.

In addition to the price of carbon, Metair considers climate change risks and opportunities as part of financial planning for budgeting to achieve our climate targets. In 2023, several subsidiaries deployed capital for environmental projects to improve energy efficiency, reduce electricity load shedding impacts, reduce water consumption, abate flood risks, and adopt alternative renewable energy solutions. This spending is aligned with Metair's commitment to establishing a target for Net Zero emissions in the near future.

In 2023, Metair initiated a process to conduct annual climate scenario analyses to assess climate related risks and opportunities within each of the group's subsidiaries. These workshops raise climate change awareness levels at each of the companies while identifying company-specific climate change risks. This resulted in the following list of the group's most material climate change risks.

Risk Identification

In 2023, Metair conducted a series of subsidiary specific workshops to identify each company's most material climate change related risks. The workshops were designed to enhance current levels of understanding of issues such as global warming, climate change, the "just transition", and the potential socioeconomic risks associated with climate change (e.g., increased migration, income inequality and conflicts related to access to critical resources such as land and water). The following tables provide a summary of the group's most frequently raised "extreme likelihood" physical and transition risks, as well as a list of additional risks identified by one or more of the group's subsidiaries.

NOTE: Climate change risks are typically divided into two categories: physical and transition risks. Physical risks are those resulting from climatic events, such as wildfires, storms, and floods, whereas transition risks result from policy action taken to transition the economy off of fossil fuels, such as increasing costs of carbon taxation. Physical risks can be further divided into "chronic" and "acute", such that chronic physical risks are those that develop and extend over a period of time (e.g., depleted water supply), while acute physical risks are those that occur within a short period of time (e.g., a hurricane).

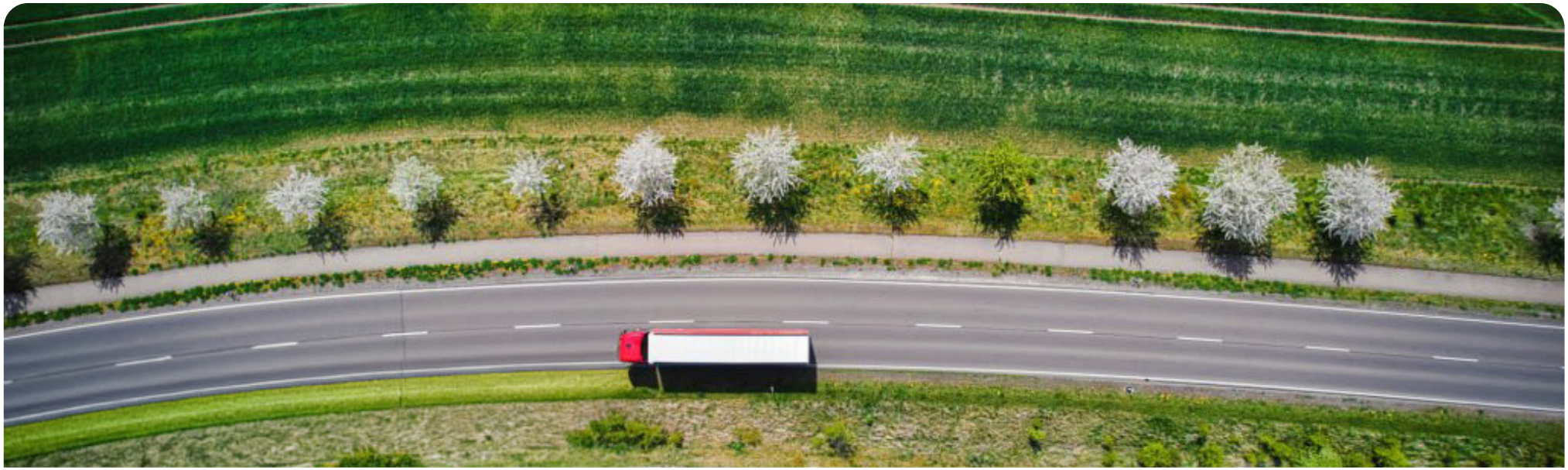
PHYSICAL RISKS

Scenarios for physical risk analysis	Low emissions pathway: IPCC SSP12.6 (central estimate for temperature rise by 2100 + 1.8°C)	Medium emissions pathway: IPCC SSP24.5 (central estimate for temperature rise by 2100 + 2.7°C)	High emissions pathway: IPCC SSP58.5 (central estimate for temperature rise by 2100 + 4.4°C)
Time Horizon	0 – 5 Years / 5 – 10 Years / 10 – 20 years / >20 years		
Data Sources	Intergovernmental Panel on Climate Change (IPCC) and internal data		
Coverage & Assumptions	All manufacturing sites. Current modelling assumes no mitigation or adaptation measures are in place, except where otherwise indicated. For the supply chain, current modelling assumes supplier portfolio and spend remain unchanged. Acute risks refer to risks associated with specific events (e.g., typhoons, tornadoes, etc.), while chronic risks refer to longer term shifts in climate patterns.		

Physical Risks – Chronic	Description	Mitigation Strategy
Increased frequency & intensity of heavy rains leading to flooding. **Time Horizon:** 0 – 5 years **Likelihood:** Extreme	Increased flooding or heavy rainfall could lead to disruption or delays in manufacturing due to damage to facilities.	Construction and/or implementation of water management practices to reduce the risk of flooding, such as the building of retention basins, stormwater diversion canals and other drainage improvements.
	Damage to road, rail and/or port infrastructure leading to supply shortages.	Identification of alternate transportation routes and/or modes to maximise access to materiel supplies during periods of restricted access to primary infrastructure.
	Damage to road, rail and/or port infrastructure could also lead to interruptions to transportation of finished products to customers.	Identification of alternate transportation routes and/or modes to maximise access to customers during periods of restricted access to primary infrastructure.
	Interruptions to potable water supply (i.e., municipal water)	Construction of on-site water abstraction, rainwater collection, bulk water storage and/or treatment facilities to minimise impacts of reduced water supply on manufacturing activities.

Physical Risks – Chronic	Description	Mitigation Strategy
Increased frequency & intensity of water stress and/or drought conditions. **Time Horizon:** 0 – 5 years **Likelihood:** Extreme	Water stress and drought could impact production and sales, should they lead to temporary site closures.	Construction of on-site water abstraction, rainwater collection, bulk water storage and/or treatment facilities to minimise impacts of reduced water supply on manufacturing activities.
	Higher water costs, lower efficiency or a shutdown of water-intensive production processes.	Construction of on-site water abstraction, rainwater collection, bulk water storage and/or treatment facilities to minimise impacts of reduced water supply on manufacturing activities.
Increased frequency & intensity of exposure to prolonged periods of extreme heat. **Time Horizon:** 0 – 5 years **Likelihood:** Extreme	Prolonged periods of exposure to extreme heat could increase operating costs by requiring upgrades to existing cooling needs and energy consumption to ensure processes and equipment operate efficiently.	Improvements to heating and air conditioning units to improve operating efficiencies and effectiveness are supplemented by facilities design elements to optimise natural airflow and cooling, such as expanded ceiling heights, improved ventilation systems, establishment of additional shading (natural or otherwise) and enhanced insulation, all which contribute to reducing the need for increased use of cooling systems.
	Increased exposure to extreme heat could affect worker health & safety by increasing the potential for heatstroke and complications of concomitant conditions (e.g., obesity, hypertension, respiratory diseases and diabetes).	In addition to the above-mentioned facilities and equipment upgrades, additional medical surveillance of at-risk workers contributes to reduced personnel exposure to high-risk conditions. This includes counselling and support for the treatment of specific medical conditions and/or fitness improvements. Changes to heat stress related Personal Protective Equipment (PPE) also reduces worker health & safety risk exposure.
	Increased exposure to extreme heat could affect worker productivity.	In addition to the above-mentioned facilities and equipment upgrades, efforts to adjust working patterns to reduce heat stress related incidents include increased frequency and/or length of breaks from heat exposure situations, adjustments to rotation of workers in heat stress environments, and re-setting of worker fitness qualifications for high heat stress positions.

Physical Risks – Chronic	Description	Mitigation Strategy
Increased frequency & intensity of natural disasters and/or other adverse weather events. Time Horizon: 0 – 5 years Likelihood: Extreme	South Africa is exposed to tropical cyclones on a fairly regular basis, as well as wildfires, tornadoes and even earthquakes. Increased frequency and intensity of natural disasters could lead to disruption or delays in manufacturing due to damage to facilities.	Construction and/or implementation of disaster preparedness and recovery measures to minimise impacts, such as enhanced building construction techniques and the implementation of early warning devices to allow for the risk preventative shutdown of operations.
	Damage to road, rail and/or port infrastructure leading to supply shortages.	Identification of alternate transportation routes and/or modes to maximise access to materiel supplies during periods of restricted access to primary infrastructure.
	Damage to road, rail and/or port infrastructure could also lead to interruptions to transportation of finished products to customers.	Identification of alternate transportation routes and/or modes to maximise access to customers during periods of restricted access to primary infrastructure.
	Interruptions to potable water supply (i.e., municipal water).	Construction of on-site water abstraction, rainwater collection, bulk water storage and/or treatment facilities to minimise impacts of reduced water supply on manufacturing activities.



TRANSITION RISKS

Scenarios for physical risk analysis	Low emissions pathway: Net Zero Emissions by 2050 and opportunities analysis. Peak temperature rise +1.4°C	Medium emissions pathway: Peak temperature rise +1.7°C	High emissions pathway: Peak temperature rise +2.5°C
Time Horizon	0 – 5 Years / 5 – 10 Years / 10 – 20 years / >20 years		
Data Sources	Intergovernmental Panel on Climate Change (IPCC) and internal data		
Coverage & Assumptions	All manufacturing sites and key suppliers contributing to Scope 3 emissions for Category 1 (purchased goods and services), Category 2 (capital goods), Category 4 (transportation and distribution) and Category 11 (use of sold products). Current modelling assumes no mitigation or adaptation measures are in place, except where otherwise indicated. For the supply chain, current modelling assumes supplier portfolio and spend remain unchanged. Acute risks refer to risks associated with specific events (e.g., typhoons, tornadoes, etc.), while chronic risks refer to longer term shifts in climate patterns.		

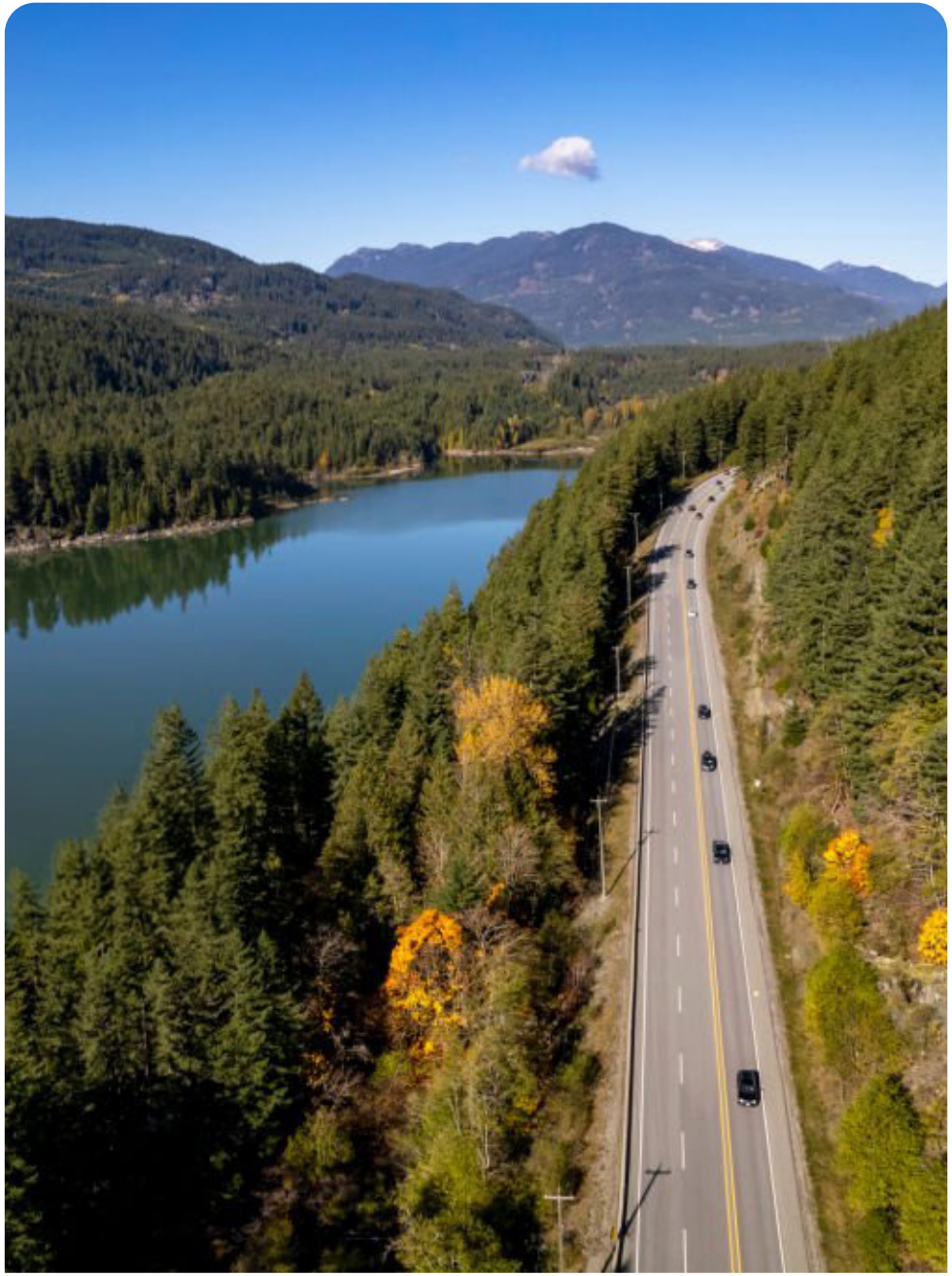
Transition Risks	Description	Mitigation Strategy
Carbon Taxation **Time Horizon:** 0 – 5 years **Likelihood:** Extreme	South Africa (and Romania) is already exposed to carbon taxation although currently at a modest level (R146 per tonne). However, carbon tax projections for 2030 are pegged at nearly R450 per tonne, ultimately increasing manufacturing operating costs and decreasing international manufacturing competitiveness with countries that do not intend to implement carbon taxation policies.	Metair is on a path towards significant energy efficiency improvements and ultimately a commitment to achieve Net Zero.
	This risk could impact Metair indirectly through higher overall costs passed on from upstream suppliers.	Metair is engaging key suppliers on the subject of emissions to reduce Scope 3 emissions.
Engine (ICE) Vehicles **Time Horizon:** 10 – 20 years **Likelihood:** Extreme	The world is already transitioning to New Energy Vehicles (NEVs) and phasing out ICE vehicles which is expected to result in significantly decreased demand for batteries produced within Metair's Energy Storage business (First Battery in South Africa, Rombat in Romania and Mutlu Akü in Türkiye). This could significantly impact Metair's growth and/or sustainability within export markets served by FNB's OEM customers in SA, as well as the OEM and aftermarket sales in Mutlu Akü and Rombat's territories.	Metair has already initiated a process to diversify its sales of lead acid batteries – those produced for ICE vehicles – towards a larger aftermarket segment in Africa, where NEVs are expected to take much longer to penetrate. In addition, significant research and development spend and efforts, as well as potential manufacturing growth, are occurring in next generation batteries that will be able to meet NEV energy storage demands.

ADDITIONAL RISKS

Resulting from the comprehensive risk identification process, additional climate change risks were identified in our first series of climate change awareness and risk identification workshops conducted in 2023. These risks are listed in alphabetical order to avoid the potential for misrepresenting a hierarchy of materiality. A prioritisation exercise for climate change risks is planned for 2024.

RISK MANAGEMENT

The results of our preliminary scenario analyses have fed into the adoption of climate change as a material risk within Metair's annual Enterprise Risk Management process. It is an aggregated view of our physical and transition risks, assessed as likely to occur within the next five to ten years and having no less than a minor impact. Climate change is also captured under the banner of environmental, social and governance (ESG) matters, which is a significant strategic risk for the Metair group, specifically the potential not to meet ESG expectations, including, among others, the failure to comply with climate related regulations and/or key stakeholder expectations (e.g., providers of capital). The Metair group is taking action to mitigate its exposure to climate related risks, just as the group fervently manages other ESG risks, such as occupational health & safety, transformation and other direct and indirect impacts on the physical/natural environment. Our actions are consistent with our ESG values and are regularly monitored during the quarterly risk management assessments, while their effectiveness is reviewed no less than as part of the annual internal and external audit risk assessment process.



METRICS & TARGETS

Although not yet publicly stated, Metair is committed to meeting stakeholder expectations to become Net Zero across the group's entire value chain, which is aligned with ambitions to limit the global rise in temperature to 1.5°C compared with the preindustrial era. Interim targets to mark progress toward our reduced carbon emissions production have been established and are being monitored bi-annually. In the near future, our sustainability teams will be seeking to establish more robust targets aligned with the Science Based Targets initiative (SBTi), and we have committed ourselves to reaching carbon neutrality across Scopes 1, 2 and 3 within the near future.

Metair has been measuring progress against Scope 1, 2, and (more recently) 3 emissions targets for the past 10 years and the outcomes of our monitoring of these indicators can be found in the Sustainability section of our Integrated Annual Report, along with other indicators relevant to our climate related risks and opportunities on water, waste and energy.

The following graphs depict our progress towards improving our carbon emissions, electricity consumption from non-renewable sources, and waste (non-hazardous and non-hazardous).

Metair is well advanced towards the establishment of a clear transition plan to achieving interim and long-term targets, and we believe that we are on course with the implementation of several initiatives designed to decrease our carbon footprint and mitigate several climate related risks. We continue to improve our Scope 1 emissions efficiency, as well as our load shedding affected Scope 2 emissions, by up to 5% per annum over the past few years by implementing energy efficiency and other technology solutions.

For 2023, Metair's subsidiaries were provided efficiency performance improvement targets ranging from 1.00% (reductions in total scrap material produced) to 10.00% (minimum percentage of energy derived from renewables). In most cases, the targets were using set year-on-year efficiency improvements of at least 2.00%, which on their own are not sustainable over the long-term. The over-arching goal for 2023 was to ensure that all of Metair's subsidiaries were individually tasked with attempting to achieve improvements even before enhanced targets could be set, such as multi-year targets aligned with the Group's future ambitions to achieve Net Zero and the need to align targets with the Science-based Targets Initiative (SbTI).

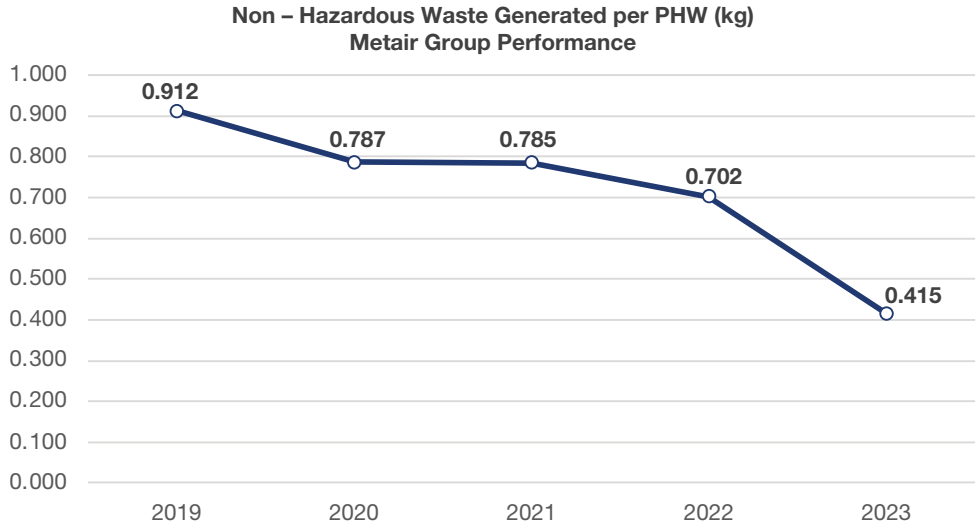
The Targets Performance Table (p.16) summarizes the 2023 targets set for the Group's subsidiaries, and their progress against those targets (i.e., achieved or not achieved), noting that in many cases, a company may have missed a target by a very small margin. For example, Rombat's target for their reduction in scrap materials produced was 5.5%, and they missed that target by only achieving 5.4%, while their GHG Emissions Improvement was 1.65% compared to a target of 2.00%.

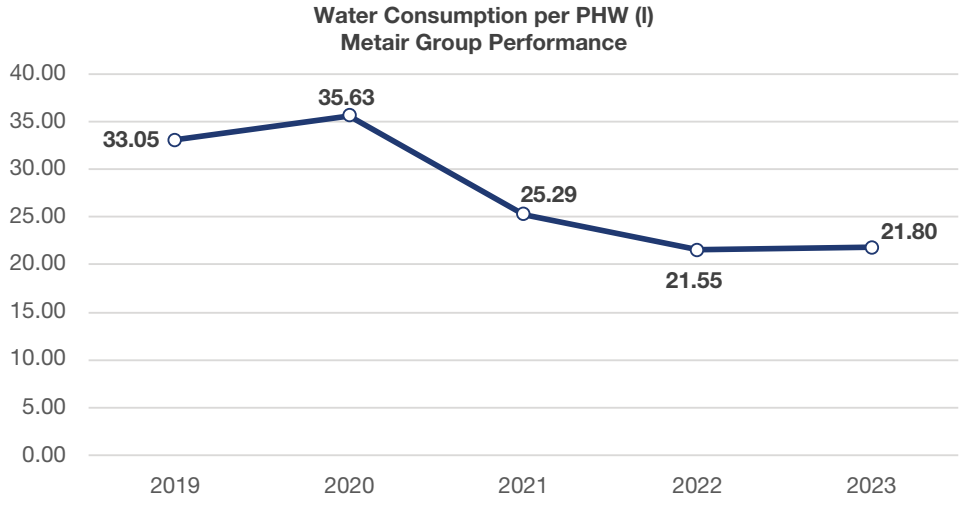
Despite a multitude of internal and external challenges, the Group managed to achieve 60% of the targets that were set for 2023, often resulting in improvements far exceeding minimum thresholds.

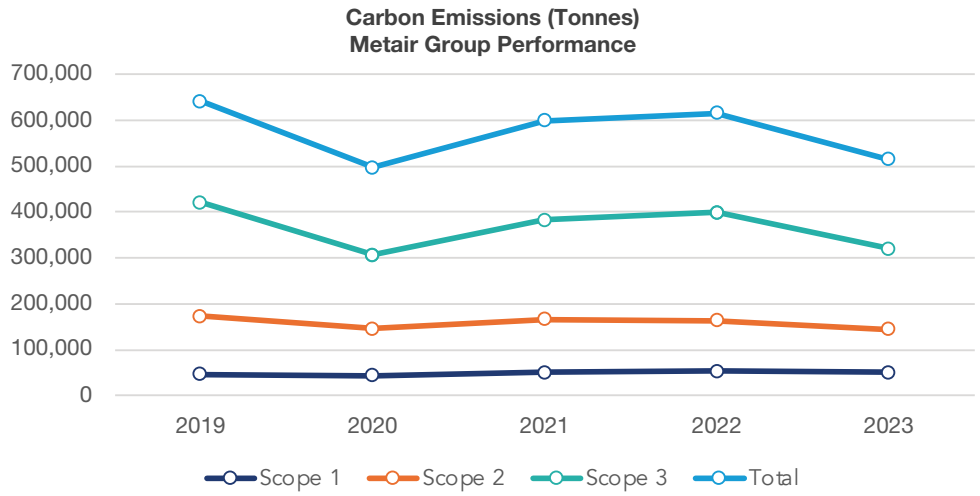
It's also worth noting that targets have been established across the Group for comparability purposes (e.g., Energy Consumption per PHW), noting that the most common of all efficiency denominators is Person Hours Worked (PHW). Because this is the denominator used by all companies for the calculation of injury frequency rates (e.g., Lost Time Injury Frequency Rate, LTIFR), PHW is used by Metair to set and assess its environmental targets across the Group. However, many of the companies set their own internal targets, such as Energy per Units of Production, or Energy per MWh of Batteries Produced, in order to monitor their performance on a more appropriate comparable basis for process improvement.

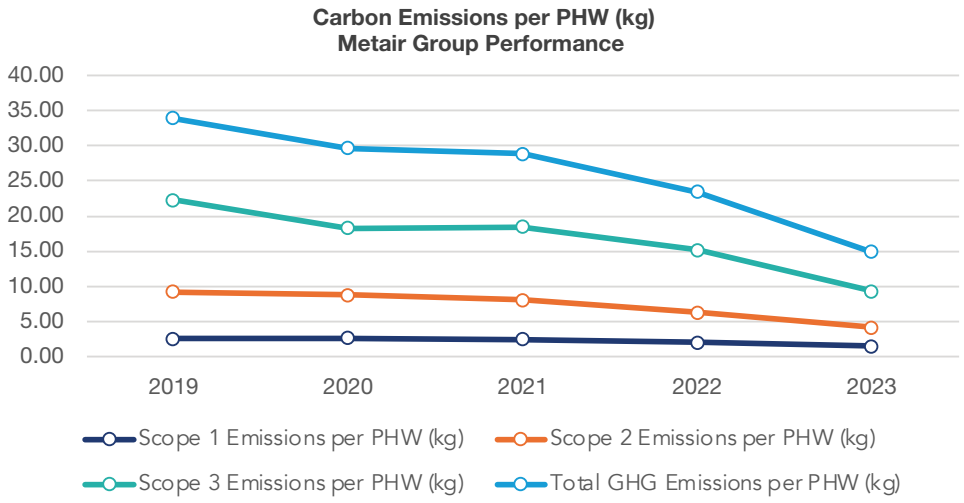
NOTE: Targets are only applied to Metair's subsidiaries that are engaged in production activities (i.e., excluding Dynamic).

Additional detail on Metair's progress towards meeting key climate change targets is contained within the Comprehensive Sustainability Data Table in Metair's 2023 IAR.


Non – Hazardous Waste Generated per PHW (kg)
Metair Group Performance
1.000
0.900
0.800
0.700
0.600
0.500
0.400
0.300
0.200
0.100
0.000
0.912
0.787
0.785
0.702
0.415
2019
2020
2021
2022
2023


Water Consumption per PHW (l)
Metair Group Performance
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00
33.05
35.63
25.29
21.55
21.80
2019
2020
2021
2022
2023


Carbon Emissions (Tonnes)
Metair Group Performance
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
2019
2020
2021
2022
2023
Scope 1
Scope 2
Scope 3
Total


Carbon Emissions per PHW (kg)
Metair Group Performance
40.00
35.00
30.00
25.00
20.00
15.00
10.00
5.00
0.00
2019
2020
2021
2022
2023
Scope 1 Emissions per PHW (kg)
Scope 2 Emissions per PHW (kg)
Scope 3 Emissions per PHW (kg)
Total GHG Emissions per PHW (kg)

		Metrics	Energy			GHG Emissions	Waste		Water
			Renewables Mix Improvement	Consumption per PHW	Consumption per Units of Production	tCO_2e per PHW	Reduction in Total Scrap	Waste Lead Recovery	Consumption per PHW
South African Subsidiaries	ATE	2023 Target	10.00%	2.00%	No target	2.00%	1.00%	Not Applicable	2.00%
		2023 Performance	Not Achieved	Achieved		Achieved	Achieved		Achieved
		2024 Target	**10.00%**	**2.00%**		**2.00%**	**1.00%**		**2.00%**
	Automould	2023 Target	Not Applicable	2.00%	2.00%	2.00%	1.00%	Not Applicable	2.00%
		2023 Performance		Achieved	Achieved	Achieved	Achieved		Achieved
		2024 Target		**2.00%**	**2.00%**	**2.00%**	**1.00%**		**2.00%**
	First Battery	2023 Target	10.00%	2.00%	No target	2.00%	1.00%	2.00%	2.00%
		2023 Performance	Not Achieved	Achieved		Achieved	Not Achieved	Not Achieved	Not Achieved
		2024 Target	**10.00%**	**2.00%**		**2.00%**	**1.00%**	**2.00%**	**2.00%**
	Hesto	2023 Target	No Target	2.00%	No target	2.00%	1.00%	Not Applicable	2.00%
		2023 Performance		Achieved		Not Achieved	Achieved		Not Achieved
		2024 Target		**2.00%**		**2.00%**	**1.00%**		**2.00%**
	Lumotech	2023 Target	No Target	2.00%	No Target	2.00%	1.00%	Not Applicable	2.00%
		2023 Performance		Achieved		Achieved	Not Achieved		Achieved
		2024 Target		**2.00%**		**2.00%**	**1.00%**		**2.00%**
	Smiths	2023 Target	10.00%	2.00%	2.00%	2.00%	1.00%	Not Applicable	2.00%
		2023 Performance	Not Achieved	Achieved	Achieved	Achieved	Not Achieved		Not Achieved
		2024 Target	**N/A**	**2.00%**	**2.00%**	**2.00%**	**1.00%**		**2.00%**
	Supreme	2023 Target	No Target	2.00%	No Target	2.00%	1.00%	Not Applicable	2.00%
		2023 Performance		Achieved		Achieved	Not Achieved		Achieved
		2024 Target		**2.00%**		**2.00%**	**1.00%**		**2.00%**
	Unitrade	2023 Target	No Target	No Target	No Target	2.00%	1.00%	Not Applicable	2.00%
		2023 Performance				Not Achieved	Achieved		Achieved
		2024 Target				**2.00%**	**1.00%**		**2.00%**
Global Subsidiaries	Mutlu Akü	2023 Target	No Target	No Target	2.00%	2.00%	1.00%	Yield Ceiling	2.00%
		2023 Performance			Not Achieved	Achieved	Not Achieved	Achieved	Not Achieved
		2024 Target			**2.00%**	**2.00%**	**1.00%**	**Maintain Ceiling**	**2.00%**
	Rombat	2023 Target	10.00%	2.00%	No Target	2.00%	1.00%	2.00%	2.00%
		2023 Performance	Achieved	Achieved		Not Achieved	Not Achieved	Achieved	Achieved
		2024 Target	**10.00%**	**2.00%**		**2.00%**	**1.00%**	**2.00%**	**2.00%**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