OPTIMAS OE SOLUTIONS LTD TCFD STATEMENT

(Task Force on Climate-related Financial Disclosures) Non-financial and Sustainability Information

OPTIMAS OE SOLUTIONS LTD ("Optimas" or "the Group") has complied with the requirements of Senate Bill (SB) 261 by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures. We are disclosing in line with the 4 TCFD recommendations Pillars:

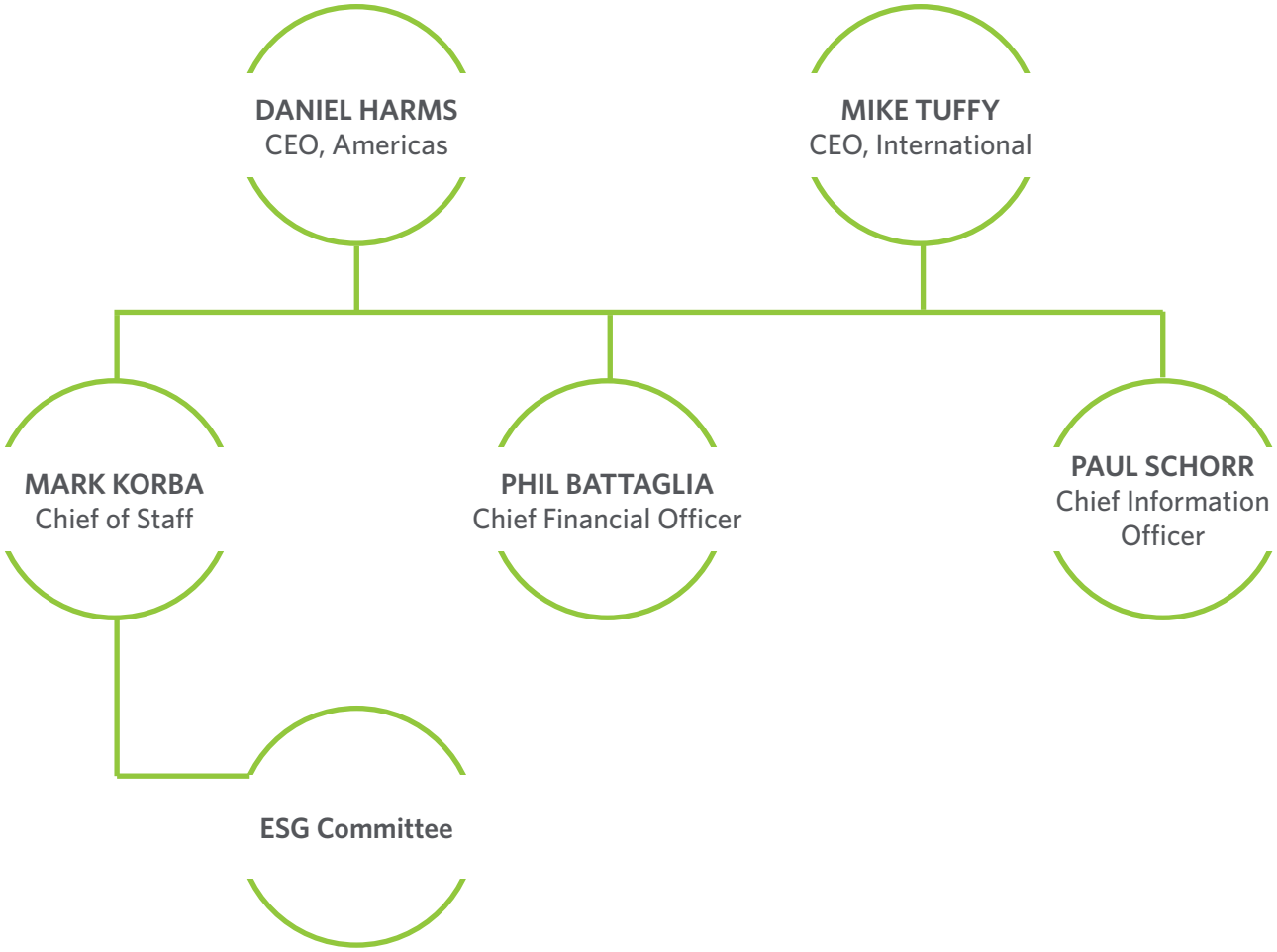
Governance, Strategy, Risk Management and Metrics and Targets and the 11 recommendations within them (detailed in the index below) to communicate our climate change management to our external stakeholders. This report complies with all eleven recommendations of the TCFD required by SB261. This is the first year that we are publishing a TCFD report.

Table 1: A table to show Optimas' disclosure structure.

TCFD AREA	RECOMMENDED DISCLOSURES	PAGE
Governance Disclose the organization's governance of climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	2
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	2-3
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning, where such Information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	3-11
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	5-11
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower Scenario.	11
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	10-11
	b) Describe the organization's processes for managing climate-related risks.	10-11
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	10-11
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	12
	b) Disclose Scope 1, 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	13-14
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	13-14

GOVERNANCE

Figure 1: A table to show Optimas' governance structure



Optimas' Board, as detailed above, has oversight of climate change matters relevant to the business. This is led by our Chief of Staff (CoS), who is the executive sponsor for sustainability and a member of our ESG Committee. The CoS holds responsibility for overseeing sustainability, receiving up-to-date information about ESG policies and progress made in embedded ESG throughout the business at weekly committee meetings, and communicating this information to the wider board at quarterly meetings as a standing agenda item.

The board is supported by our third-party ESG consultants, Inspired ESG, who provide the ESG Committee team with training on climate change issues globally as well as at Optimas' site level, which is then fed up to the board by the CoS at the quarterly board meetings. This training enabled the Committee to make informed decisions about Optimas' climate risks and opportunities to guide business strategy, budget and overall response to risks. In July 2024, the board approved a summary of the climate-related material risks and opportunities during their monthly board-wide sustainability update meeting from members of the ESG
Committee. The Committee meets weekly with themes staggered across the month, including health and safety, emissions reduction initiatives, product carbon footprints and sustainable procurement. There is a review meeting for all Committee members in the final week of the month. Through the CoS's involvement in these meetings, the board is able to monitor the progress made against Optimas' climate goals and targets.

The ESG Committee, led by the Global Director of Health, Safety and Environmental Compliance, has delegated responsibility for managing overall climate-related issues, including assessing, monitoring and managing climate-related risks and opportunities. The Committee contains senior staff from all areas of the business, including procurement and operational staff. The board is directly reported to on climate through the CoS. The Committee provides a space for the

team members involved in ESG matters to come together, update the group and prioritize actions to improve Optimas' sustainability. In addition, the Committee is responsible for the climate risk assessment process, with the support of our third-party ESG consultants. Climate scenario analysis was completed in May 2024 for the first time, and we will endeavour to do this annually to remain informed about the relevant climate-related issues affecting the business. This analysis took place in a workshop where committee members assessed climate-related issues, which culminated in the production of a climate risk register approved by the board in July 2024 to enable monitoring and management of the risks and opportunities throughout the year.

STRATEGY

To formalize how Optimas considers climate risks and opportunities, we undertook a climate risk workshop, where we assessed the results of our climate scenario analysis results. In June 2024, members of the ESG Committee met for this workshop, where the analysis of 12 key sites chosen for their spread across Optimas' global remit was reviewed and considered the risks and opportunities of our significant operations. These workshops were split into two, with the first focusing on physical risks (risks related to the physical impacts of climate change, i.e. heatwaves) and the second on transition risks (risks related to the transition to a lower carbon economy, i.e. enhanced emissions reporting obligations).

The scenario analysis was conducted under three warming scenarios based on the predicted increase in global average temperatures by 2100 compared to the pre-industrial era. Our climate modeling timeframes (Table 3) were conducted to align with the UK Net-Zero target by 2050.

In alignment with the TCFD recommendations, we also used three warming pathways (Table 2) to assess the impact of each risk and opportunity on our operations and financial planning under different levels of warming. The climate models and internationally established frameworks used in our analysis include the International Energy Agency's World Energy Models ("WEM"), the Shared Socioeconomic Pathways ("SSPs"): Climate Natural Catastrophe Damage Model, the Coordinated Regional Climate Downscaling Experiment (CORDEX) regional climate forecasts, and Integrated Assessment Models ("IAM"). Using a variety of trusted datasets provides us with information on how a number of different factors relevant to Optimas may alter in reaction to climate change. Our scenarios are only potential pathways and do not represent a definite future. They provide the basis for considering our transition and the physical risks and opportunities of climate change. Climate models, while valuable tools, have limitations. Their ability to perfectly replicate real-world dynamics is uncertain when evaluating aspects such as wind, precipitation, sea ice, downwelling pressure and ocean currents, and they may overestimate or underestimate certain variables. This highlights the need for continuous refinement and updates, which will be conducted yearly.

Table 2: A table to show Optimas' warming horizons used in climate scenarios.

SCENARIO WARMING PATHWAYS
Below 2oC ("Proactive") Scenario: Organizations adhere to a coordinated and orderly transition to a low-carbon economy, aligning closely with the Paris Agreement and Science Based Targets Initiative (1.5°C). This Scenario will have more impact on Optimas in the transition than physical risks. Market and reputation-related risks are the biggest concerns in this Scenario, as illustrated in Table 5.
Between 2-3oC ("Reactive") Scenario: Policies and legislation are introduced with a staggered effect, with inconsistent levels of action being taken that align with current forecasts. Optimas may experience the effects of climate tipping points, intensifying the physical impacts such as heat-waves across all Optimas sites.
Above 3oC ("Inactive") Scenario: Minimal climate action is taken, and emissions go unchecked, resulting in a worst-case climate scenario. Here, severe, almost organization-wide physical impacts such as rising mean temperatures and water stress will be felt, causing impacts across the value chain.

Table 3: A table to show Optimas' time horizons used in climate scenarios.

TIME HORIZONS
Short-term (2024-2029): The greatest changes would be felt in the proactive Scenario over this period. Optimas would mainly feel transition risks and opportunities in the short term, with changing customer demand requiring the business to respond to lower-emission products and services demand. In turn, this would provide opportunities for lower-emission, energy-efficient products and services. This time period also aligns with our business planning and budgeting time horizons.
Medium-term (2030-2039): Physical impacts would start to be felt in the proactive/active scenarios through policies being increasingly required of companies to reduce and report on emissions. This Scenario aligns with our tear-term scope 1, 2 and 3 targets outlined in the Metrics and Targets section.
Long-term (2040-2055): The greatest physical impacts would be felt in this period in the inactive Scenario, i.e. flooding in Monterrey and Suzhou. This Scenario is consistent with our Net Zero targets as well as the UK and US Government's Net-Zero pledge by 2050.

During the June 2024 workshops, members of the Committee reviewed the findings of the climate scenario modelling for twelve key Optimas sites. The Committee then discussed and rated the six physical risks, thirteen transition risks, and five opportunities that were identified. Existing and new mitigation needed to reduce the severity of risks or optimize opportunities were also discussed. The rating was done on a 1-5 RAG (red, amber and green) rating system for likelihood and magnitude, which created the overall impact score, which determined whether it was considered material based on the organization's risk appetite. The table below shows the rating which determines the overall level of the risk and/or opportunity, whether low (1-4), medium (5-10) or high (12-25). This risk rating system follows the existing Health and Safety risk assessment methodology Optimas uses. Risks and opportunities that fall into the medium and high categories are considered material risks. Optimas has seven material transition risks, four material physical risks and five material opportunities.

Table 4: A table to show Optimas' likelihood and magnitude rating system.

LIKELIHOOD X MAGNITUDE	1	2	3	4	5
1	1	2	3	4	5
2	2	4	6	8	10
3	3	6	9	12	15
4	4	8	12	16	20
5	5	10	15	20	25

Our material risks referred to above as medium or high risk are broken down by transition (Table 5), physical (Table 6) and opportunity (Table 7).

Table 5: A table showing transition risks (risks related to the transition to a low-carbon economy)

CLIMATE-RELATED RISK	POTENTIAL IMPACT AREA	RISK MITIGATION
T1 Policy and Legal: Enhanced emissions-reporting obligations **Scenario:** <2°C 2-3°C **Time-frame:** Short - Medium Term (2024-2039) **Risk Level:** High	As the UK targets Net-Zero by 2050, enhanced regulations will likely increase compliance costs, including consultancy fees and internal resources. Optimas has observed rising emission reporting requirements (e.g., Streamlined Energy and Carbon Reporting (SECR), TCFD), and there could be potential litigation and reputational damage from non-compliance. EU legislation, such as the Carbon Border Adjustment Mechanism (CBAM) tax and similar measures in the UK by 2027, which aims to restrict misleading climate claims, can also impact Optimas. Optimas has engaged a third-party consultancy to manage new regulations, raising the costs. Compliance is also driven by customer requests for EcoVadis and CDP submissions, with data gathering for reporting being a major challenge. **Financial impact area:** Increased operational expenditure.	We are actively measuring our Scope 1, 2, and 3 emissions to understand our carbon footprint and identify areas for reduction. We report through SECR and TCFD frameworks to ensure transparency in our energy use and climate-related risks. We are monitoring the Corporate Sustainability Reporting Directive (CSRD) and Carbon Border Adjustment Mechanism (CBAM) regulations to adapt our practices proactively. Calculating emissions from our products allows us to evaluate their environmental impact and provide valuable information to customers and suppliers. To stay current with evolving regulations, we have engaged a third-party consultancy. **Related Metrics:** Scope 1, 2 and 3 emissions.
T2 Policy and Legal: Mandates on and regulation of existing products and services **Scenario:** <2°C 2-3°C **Time-frame:** Short - Medium Term (2024-2039) **Risk Level:** High	Mandates and regulations targeting Optimas' products and services may evolve to address climate change concerns, potentially increasing costs and operational challenges. Sector-specific de-carbonization strategies and the Environment Act (2021) could impose conflicting requirements. The Environment Act (2021) aims to improve air and water quality, protect wildlife, and reduce plastic waste. Optimas primarily uses steel, so it is vulnerable to mandates affecting the steel industry, such as the EU's CBAM and potential UK laws. Our US customers are concerned about the origin of materials under the 'Build America, Buy America' initiative, emphasizing the need for materials sourced domestically. **Financial impact area:** Increased operational expenditure.	Effective communication with customers and suppliers is crucial for exploring alternative sources and solutions. Calculating emissions from our products allows us to evaluate their environmental impact and provide valuable information to customers and suppliers. The impact of these regulations will vary based on location, necessitating a tailored approach to compliance and supply chain management. Our legal team and ESG advisors track changes in legislation that could impact our products. **Related Metrics:** Scope 1, 2 and 3 emissions.

Table 5 Continued...

CLIMATE-RELATED RISK	POTENTIAL IMPACT AREA	RISK MITIGATION
T3 Policy and Legal: Carbon pricing **Scenario:** 2-3°C **Time-frame:** Medium Term (2030-2039) **Risk Level:** High	Carbon pricing will raise operational and compliance costs for Optimas by valuing direct emissions and could extend to the supply chain, inflating costs further. By 2050, a carbon tax of up to £1.6 million could be paid for Optimas' Scope 1 and 2 emissions at current levels, though this may increase. While efforts to decrease emissions will decrease the tax burden, increased capital expenditure will be needed to transition to low-emission energy sources. **Financial impact area:** Increased taxation burden and higher capital expenditure.	Optimas is mitigating this risk by aligning with a Net-Zero by 2050 strategy, which requires capital investment in technology. Currently, 59% of Optimas' energy is from renewable sources, and improvements here will further reduce emissions. We can mitigate this risk further by looking to generate our own renewable energy and reducing our reliance on national grids, which will reduce our Scope 2 emissions. We can put into practice an action plan for Scope 1 emissions, whereby we can consider decarbonizing transport by using electric/hydrogen HGVs and look to move away from gas heating where feasible. We are currently looking into the feasibility of such technologies for our business. We expect our total CO2 emissions to reduce over time with such measures. Optimas will monitor the progress of carbon taxes and simultaneously implement energy efficiency and reduction measures to ensure continuous improvement in our sustainability efforts. **Related Metrics:** Scope 1, 2 and 3 emissions and Net-Zero targets.
T4 Market: Changing customer behaviour **Scenario:** 2-3°C **Time-frame:** Medium Term (2030-2039) **Risk Level:** Medium	As consumer preferences shift towards lower-emission products, revenue from high-emission products may decline, potentially making some technologies obsolete. Optimas may need to invest more in sustainable product lines to meet customer demands and stay competitive. Increased customer preference for sustainable products with lower profit margins could impact revenue. Given our carbon-intensive metal products, we must adopt new technologies to reduce our product carbon footprint and address growing customer requests for emissions reporting. **Financial impact area:** Decreased revenue due to reduced demand for current products and services	We aim to showcase our strengths and achievements to raise customer awareness by calculating the carbon emissions of our products. We will be able to offer our customers low-carbon alternatives, such as parts made from recycled steel or steel produced via the hydrogen-direct reduced iron route, demonstrating our commitment to sustainability and helping them make more environmentally friendly choices. **Related Metrics:** Scope 3 emissions and Net-Zero targets.

Table 5 Continued...

CLIMATE-RELATED RISK	POTENTIAL IMPACT AREA	RISK MITIGATION
T5 Market: Uncertainty in market signals **Scenario:** <2°C 2-3°C **Time-frame:** Short-Medium Term (2024-2039) **Risk Level:** Medium	Decreased access to capital may hinder Optimas as new sectors and competitors emerge. Missing out on government schemes and green investments could result if climate progress lags. Volatile markets driven by climate events may complicate financial planning, necessitating adaptability. Steel prices and availability, influenced by market trends and regulations like CBAM, add to the uncertainty. Increased customer demand for carbon emissions reporting also requires attention. Aligning the business model with market changes can present opportunities for Optimas. **Financial impact area:** Decreased revenue due to missed opportunities and decreased access to capital	We aim to showcase our strengths and achievements to raise customer awareness by calculating the carbon emissions of our products. We will be able to offer our customers low-carbon alternatives, such as parts made from recycled steel or steel produced via the hydrogen-direct reduced iron route, demonstrating our commitment to sustainability and helping them make more environmentally friendly choices. **Related Metrics:** Scope 3 emissions and Net-Zero targets.
T6 Market: Increased cost of raw materials **Scenario:** 2-3°C **Time-frame:** Medium - Long Term (2030-2055) **Risk Level:** Medium	Introducing carbon prices on oil and gas imports will lead to higher energy costs for Optimas. While renewable electricity offers stable costs, it can be pricier than fossil sources, increasing energy expenses. As more businesses switch to renewable contracts, energy costs may rise due to supply demand dynamics. EU regulations requiring high-impact materials like plastic and steel to de-carbonize may further increase raw material costs. These rising costs affect Optimas' operational spending, potentially decreasing profitability. Pushing these costs onto consumers has limits, risking loss of market share. Alternative materials could compromise product quality and reputation. Steel prices and availability, influenced by market trends and regulations, add to future uncertainty. **Financial impact area:** Increased operational expenditure	Optimas is currently prioritizing the calculation of carbon emissions from its products in FY2024, which is a crucial step towards developing innovative alternative solutions. This initiative aims to enhance our sustainability efforts and effectively meet evolving environmental standards. **Related Metrics:** Scope 3 emissions.
T7 Technology: Costs to transition to lower emissions technology **Scenario:** <2°C 2-3°C **Time-frame:** Short – Medium Term (2024-2039) **Risk Level:** High	Investing in lower-emission technology is essential to mitigate the anticipated £1.6 million carbon tax from Scope 1 and 2 emissions. While this investment will significantly impact future capital costs, the lengthy payback period forecasts a high risk in the short to medium term. This strategic approach will help us reduce our emissions and prepare us to manage potential financial implications effectively. **Financial impact area:** Increased capital expenditure	We have implemented several energy-efficient measures, including upgrading to LED lights and more energy-efficient air conditioning systems in some of our facilities. We have transitioned to more efficient data centres. Currently, 59% of our total energy consumption is sourced from renewable sources. **Related Metrics:** Scope 1 and 2 emissions.

Table 6: A table showing physical risks (related to the physical impacts of climate **change)**

CLIMATE-RELATED RISK	POTENTIAL IMPACT AREA	RISK MITIGATION
P1 Acute: Heatwaves/Extreme heat **Scenario:** 2-3°C, >3 °C **Time-frame:** Short- Long Term (2024-2055) **Risk Level:** High	All Optimas sites will experience heatwaves in the short to long term in the Reactive and Inactive scenarios. Extreme heat can reduce staff productivity and cause physical damage to facilities, resulting in profit loss. Increased demand for cooling, like air conditioning,can lead to increased energy costs and Scope 1 & 2 emissions. Optimas operates globally, with locations in India, China, and Turkey, which experience warmer climates and will suffer from increased heat waves earlier than the UK. Consequently, the impact of heat waves will vary by location. Our operations might face equipment breakdowns due to overheating, potentially disrupting our manufacturing processes. Our supply chain could be affected by similar issues. The rising temperatures could impact machinery more than human productivity. **Financial impact area:** Increased direct costs	Managing heat wave risk varies across our locations. In the UK, where high temperatures are short-lived, air conditioning is an effective mitigation measure. However, long-term air conditioning solutions are necessary in hotter regions like India, China, and Turkey. In these areas, night shifts can be considered to avoid peak daytime heat, depending on customer demand and operational adjustments. Our facilities in Dubai are equipped with measures to ensure employees work in a comfortably cool environment, including regular drink breaks. In France, we are transitioning to energy-efficient and heat-tolerant buildings. In the US, we use fans to maintain the temperature of our equipment. **Related Metrics:** Scope 1 and 2 and Net-Zero targets.
P2 Acute: Increased Severity of Flooding **Scenario:** >3˚C **Time-frame:** Medium - Long-term (2030-2055) **Risk Level:** High	Four of our sites (Monterrey, Kingston, Suzhou and Sarraguemines) are exposed to the risk of flooding. Flooding can damage property and equipment, leading to increased financial costs. It can also indirectly impact operations by affecting employee commuting and disrupting the supply chain due to damage to transport infrastructure, particularly shipping canals. Building standards such as Building Research Establishment Environmental Assessment Method (BREEAM) may be introduced to mitigate flood risk, increasing capital costs. Although recent floods in Germany and France did not directly impact us, they could have caused indirect effects. As we lease most of our facilities, maintenance responsibilities depend on the landlord and the specific terms of our agreements. **Financial impact area:** Increased direct and indirect costs	We have implemented several flood mitigation measures to safeguard our operations. We relocated from Kingston, a location prone to direct flood impacts, and recognize that Columbus is also vulnerable to severe flooding, which could affect our operations. We will assess flood risk factors and develop impact reports before finalizing any new project facilities. This proactive approach ensures we consider potential flood impacts and take necessary precautions to protect our operations.

Table 6 Continued...

CLIMATE-RELATED RISK	POTENTIAL IMPACT AREA	RISK MITIGATION
P3 Chronic: Rising Mean Temperatures **Scenario:** >3 °C **Time-frame:** Medium- Long Term (2030-2055) **Risk Level:** Medium	In the inactive Scenario, all 12 of Optimas' sites will experience rising mean temperatures in the medium and long term. Global warming will continue to drive rising temperatures, increasing heat-related employee illnesses and reduced productivity. Employees may need to work slower due to the heat, which will cause greater wear and tear on property and infrastructure. This will result in higher capital costs for air conditioning installation and maintenance. We anticipate an increased need for cooling systems, leading to higher energy costs and potentially higher emissions. The overall impact on our business is medium, as our customers, vendors, and locations are globally distributed, spreading the effects across different regions. **Financial impact area:** Increased direct costs	We have been enhancing insulation at various Optimas sites and shifting to more heat-tolerant buildings, such as our current facility in France. Our future facilities will be designed to be more efficient regarding gas and electricity usage. In the UK, where high temperatures are short-lived, air conditioning fans effectively mitigate heat. However, long-term air conditioning solutions are necessary in consistently hotter regions like India, China, and Turkey. In these areas, night shifts can be considered to avoid peak daytime heat, depending on customer demand and operational adjustments. Our facilities in Dubai are well-equipped to ensure employees work in a comfortably cool environment, with measures such as regular drink breaks. In the US, we use fans to maintain the temperature of our equipment. **Related Metrics:** Scope 2 and Net-Zero targets.
P4 Chronic: Water stress **Scenario:** <2°C, 2-3°C, >3°C **Time-frame:** Medium - Long-term (2030-2055) **Risk Level:** Medium	8/12 of Optimas' sites, including Istanbul and Sarreguemines, are in potential high water stress zones, leading to a lack of freshwater resources and increased water costs. The water level in the Panama Canal significantly impacts our supply chain, as a considerable portion of our shipments to the US pass through this critical route. Although the water level has recently returned to normal, ongoing concerns about the canal's long-term viability present a major risk scenario for our US operations. Additionally, due to these water level issues, the structure of the shipping vessels used will need to be modified, potentially resulting in smaller vessel sizes. This reduction in capacity could lead to increased lead times for shipping products, posing a medium risk overall as it affects lead times but does not directly impact our operational capabilities. Local regulations may restrict water usage. Compliance with CDP guidelines may require enhanced water consumption reporting. **Financial impact area:** Increased direct and indirect costs	In third-party transportation, modifying vessel structures will ensure optimal capacity and efficiency, even with size reductions, to minimize lead time increases. Furthermore, we are implementing rainwater harvesting systems to collect and use rainwater in our operations, including for toilets and other non-potable uses, thereby reducing dependency on external water sources and enhancing sustainability. Finally, we will evaluate water-intensive suppliers and potential water-saving technologies to reduce the impact on our supply chain. **Related Metrics:** Scope 2 and Net-Zero targets.

Table 7: A table showing climate opportunities.

CLIMATE-RELATED OPPORTUNITY	POTENTIAL IMPACT AREA	OPPORTUNITY MANAGEMENT
O1 Resource Efficiency: Use of energy-efficient technology **Time-frame:** Short-Medium term (2024-2039) **Opportunity Level:** Medium	Optimas has begun its Net-Zero journey by engaging with a third-party specialist to set achievable carbon targets in line with the UK's Net-Zero by 2050 strategy. As part of this work, recommendations may be made to implement energy efficient technology across operations. While new technology may have a high capital cost, it will improve the efficiency of processes. As a result, less energy will be used to do the same work, reducing energy costs and improving profit. The savings in energy will also lead to fast payback times for the technology, resulting in net financial gain over the technology's lifetime. **Financial impact area:** Reduction in operating expenses because of increased efficiency	We have implemented several energy-efficient measures, including upgrading to LED lights and improving air conditioning systems in some of our facilities. We have transitioned to more efficient data centres. Currently, 59% of our total energy consumption is sourced from renewable sources. **Related Metrics:** Scope 1 and 2 emissions and Net-Zero Strategy.
O2 Energy Source: Use and installation of low emission energy technology **Time-frame:** Short-Medium term (2024-2039) **Opportunity Level:** Medium	The TCFD and International Energy Agency emphasize the need for increased reliance on low-emission energy generation to meet carbon targets. Implementing options like Solar PV will enable Optimas to generate onsite electricity, reducing grid dependency. Various financing schemes and investment opportunities can help offset upfront costs for low-emission technology. Onsite energy generation significantly cuts energy expenses, lowering annual operational spending and direct emissions, thereby mitigating carbon price risks. Utilizing low-emission technology for operations enhances reputation and yields financial benefits. Investment in resource efficiency reduces energy intensity, leading to more predictable operational costs. **Financial impact area:** Self-generated electricity can be used in business operations, and excess can be sold to the grid.	We are exploring implementing low-emission energy technologies, considering factors such as location and lease arrangements with facility landlords. For instance, we plan to integrate solar panels in our facility in France in FY2025 as part of our sustainability initiatives. **Related Metrics:** Scope 1 and 2 emissions and Net-Zero Strategy
O3 Product and Services: New low-emission product and service lines **Time-frame:** Short-Medium term (2024-2039) **Opportunity Level:** Medium	Organizations that innovate and develop new low-emission products and services may improve their competitive position and capitalize on shifting consumer and producer preferences. Optimas' work to reduce the intensity of all products sold will allow them to capitalize on this opportunity. **Financial impact area:** New revenue streams.	Optimas is actively prioritizing calculating carbon footprints for its products in response to customer demand, a pivotal step towards fostering innovative alternative solutions. We will work to increase the accuracy of these calculations over time. Customers also focus on sustainable products when making their requests. Anticipated regulatory changes in the next 1-2 years suggest significant shifts in the industry landscape. **Related Metrics:** Scope 1,2 and 3 emissions and Net-Zero targets.

Table 7 continued...

CLIMATE-RELATED OPPORTUNITY	POTENTIAL IMPACT AREA	OPPORTUNITY MANAGEMENT
O4 Markets: New emerging low-emission markets **Time-frame:** Short-Medium term (2024-2039) **Opportunity Level:** Medium	Organizations that pro-actively seek opportunities in new markets or types of assets may be able to diversify their activities and better position themselves for the transition to a lower-carbon economy. For example, the global shift to electric vehicles (EVs) will create markets for new parts needed, presenting a significant opportunity for Optimas if we are able to demonstrate our ESG credentials to EV makers. **Financial impact area:** New revenue streams.	We aim to showcase our strengths and achievements to raise customer awareness. By calculating the carbon emissions of our products, we will be able to offer our customers low-carbon alternatives and attract customers who want to specifically buy components that they can track, demonstrating our commitment to sustainability and helping them make more environmentally friendly choices. **Related Metrics:** Scope 1, 2 and 3 emissions and Net-Zero targets.
O5 Resilience: New emerging low-emission markets **Time-frame:** Short-Medium term (2024-2039) **Opportunity Level:** Medium	Climate resilience involves organizations developing the adaptive capacity to respond to climate change, better manage the associated risks, and seize opportunities, including the ability to respond to transition and physical risks. Opportunities related to resilience may be especially relevant for organizations with long-lived fixed assets or extensive supply or distribution networks such as Optimas. **Financial impact area:** Long-term business and profit opportunities	We see the opportunity to strategically optimize our approach to the climate transition, ensuring resilience to both physical and transition risks ahead of competitors. Actively measuring our Scope 1, 2, and 3 emissions guides our efforts to understand and reduce our carbon footprint. Reporting through SECR, CDP, and the TCFD frameworks ensures transparency in managing energy use and climate-related risks. We pro-actively monitor CSRD and CBAM regulations to adapt our practices and capitalize on resilience building opportunities. **Related Metrics:** Scope 1, 2 and 3 emissions and Net-Zero targets.

The ESG Committee will review these risks during the monthly review meetings and update them annually through a climate scenario workshop. Although Optimas recognizes the risks that climate change will impose, we are confident in our transition to a low-carbon economy consistent with a 2°C scenario. Furthermore, the creation of a climate risk register enables the organization to review, update, monitor and manage climate risks and opportunities as they occur while identifying necessary actions to improve these. A result of the climate scenario analysis was the plan to include environmental factors in the overall Optimas business risk register that is currently being created to encompass the different business divisions and locations. The breadth of climate impacts found in the workshop informed the Committee that risks and opportunities are interdependent and will soon be treated as such internally.

RISK MANAGEMENT

Optimas does not currently have a central risk register, with different departments owning individual registers to track their own risks and opportunities; however, in FY2025, we intend to have a central document with all business risks considered, including climate risks. The risk of climate change had not previously been formally considered within the business; however, following the June 2024 workshop, the risk of climate change has now been classified as a principal risk to the business to highlight the risk climate changes could pose to the business. In line with this, the themes, issues, and impacts that will be felt as a result will be managed carefully in the climate risk register.

The ESG Committee owns the climate risk register and follows the following steps to identify, classify, and monitor relevant risks.

IDENTIFY

Following training from our third-party ESG consultants, the Committee reviewed the analysis based on TCFD best practice scientific models, taking an informed review of the potential risks the business will feel directly and indirectly. Having selected a cross-section of international sites to cover the distinct locations that Optimas operates in and the individualities that may factor into climate changes impact, we get a full-picture view of our operation's vulnerabilities.

CLASSIFY

Following a discussion on the physical or transition risks and opportunities, the team uses the risk matrix (Table 4) to decide how likely the risk is to cause an issue to the business (likelihood) and the size of the disruption it may cause (magnitude). Giving each risk a 1-5 score in both areas allows the Committee to classify the risk as low, medium, or high to ensure that prioritization and mitigation are done appropriately when discussing how to tackle the risks.

MONITOR AND MANAGE

Understanding the size of the risk, all current mitigations in place are collected (column 3 of tables 5-6) to see how well prepared Optimas is to deal with the risk. This feeds into the creation of the climate risk register, which provides a central place for Optimas employees to review and raise any climate issues that need to be managed. Furthermore, it is the intention that the risk register will be updated annually with a repeat of the climate scenario analysis. We have begun collecting financial metrics to assign to each risk on our climate risk register in order to best manage the link between the risks and our financial reporting, and we will aim to have this completed in FY2026. Climate change presents significant risks to our operations, including supply chain disruptions, increased energy costs, and physical damage to assets. These factors could impact our revenue, profitability, and reputation. To mitigate these risks, we are investing in supply chain diversification, energy efficiency, and disaster recovery planning. The shift to a low-carbon economy also provides us with new opportunities. Therefore, we are prioritizing ambitious climate action in order to fully capitalize on these opportunities.

METRICS & TARGETS

Optimas committed to a Net-Zero by 2050 target in 2022 and supported this by setting near-term targets in 2023. Net-Zero means reducing absolute emissions by 90% by the target year and offsetting the remaining 10% with high-quality sequestration offsets. These near-term and Net-Zero targets are science-aligned, meaning they align with the latest climate science on the ambition of targets needed to limit warming to 1.5 °C. Targets have been submitted for validation to the Science-based Targets Institute (SBTi) in Q1 2024 and should be validated by the end of 2024. Supporting these targets, Optimas has been measuring its Scope 1 and 2 emissions since 2019 in line with Streamlined Energy and carbon Reporting (SECR) and its Scope 3 emissions since 2022. Since our Scope 1 and 2 emissions are within our control, we have decided to be more ambitious with our Scope 1 and 2 targets, aiming for Net-Zero Scope 1 and 2 on a market basis by 2037. In comparison, we have less control over our Scope 3 emissions and have therefore decided on a Net-Zero Scope 3 by 2050 target in order to give our supply chain longer to fully decarbonize their own operations. Optimas' targets, progress against these targets and the applicable risk being mitigated by the target can be found in Table 8.

Table 8: Optimas' climate targets

TARGET	BASELINE (2022) VALUE	MOST RECENT YEAR (2023) VALUE	PROGRESS AGAINST TARGET	RISK MITIGATED AND OPPORTUNITY CAPITALIZED
Optimas commits to reduce absolute Scope 1 and 2 emissions on a market basis by 55% by 2030 from a 2022 baseline.	15,135 tCO2e	X tCO2e	X% since 2022, 6.9% annual reduction needed until 2030	T3, P3
Optimas commits to reduce Scope 3 emissions per $m value added by 51.6% by 2030 from a 2022 baseline.	X tCO2e/$m value added	X tCO2e/$m value added	X% since 2022, 6.5% annual reduction needed until 2030	T1, P3, O3
Optimas commits to reduce absolute Scope 1 and 2 emissions by 90% by 2037, in line with reaching Net-Zero.	15,135 tCO2e	X tCO2e	X% since 2022, 5.0% annual reduction needed from 2030 to 2037	T3, P3
Optimas commits to reduce absolute Scope 3 emissions by 90% by 2050, in line with achieving Net-Zero greenhouse gas emissions in the value chain.	376,666 tCO2e	X tCO2e	X% since 2022, 3.2% annual reduction needed until 2050	T1, T4, P3, O3
Optimas commits to increase the procurement of renewable electricity (where available locally) to 100% by 2030.	23% renewable electricity globally	58% renewable electricity globally	35 percentage point increase	T3, P3, O2, O5
Optimas commits to increase the volume of waste diverted from landfill to 100% by 2030.	86% landfill diversion rate	X% landfill diversion rate	X percentage point increase/decrease	T4, O1
Optimas commits to reducing water consumption by 10% by 2030 from a 2022 baseline.	Xm3	Xm3	X%	P4

CARBON BALANCE SHEET

Optimas began calculating its emissions in 2023, using 2022 as the baseline year for all future emission reduction targets. Emissions are calculated following the Greenhouse Gas Protocol. All fifteen Scope 3 categories were evaluated to understand their applicability to the business, and ten categories were found to be applicable and quantified. The five non-applicable categories are Category 8: Upstream Leased Assets (no assets not already included in Scope 1 and 2), Category 11: Use of Sold Products (no energy consuming products sold), Category 13: Downstream Leased Assets (no assets leased to others), Category 14: Franchises (no franchises) and Category 15: Investments (no investments). Global emission factors have been used to calculate Scope 2 emissions, while DEFRA 2020 and DESNZ 2023 have been used to calculate Scope 1 and 3 emissions. Data has been provided to our external ESG consultants for calculation, but no formal assurance has been provided. The group's operational emissions (Scope 1 and 2 (market-based)) account for X.X% of total emissions in 2023. Scope 1 emissions are from natural gas, transport fuel and other fuel combustion, plus emissions from the leakage of refrigerant gases. Scope 1 emissions have increased/decreased by X.X% since the 2022 baseline due to XXX. Scope 2 emissions are from the purchase of electricity and electricity use in company-owned electric vehicles. Scope 2 market-based emissions have decreased X.X% due to the purchase of 100% renewable electricity contracts in the UK and our largest US site. Since our Scope 1 and 2 emissions are under our direct control, Optimas has decided to be more ambitious and set a Net-Zero (90% reduction) by 2037 target for these emissions. Scope 3 emissions overall have increased/decreased by X.X% from the baseline, driven predominantly by an X.X% decrease in Category X. This category, XXX. Since the majority of our Scope 3 emissions are in our value chain and the opportunity for us to influence the emissions is more limited, we have chosen a Net-Zero by 2050 target, in line with the Paris Climate

Agreement with limiting warming to 1.5 °C. In FY2024, we are beginning a project to capture the carbon footprint of all products we sell. This will allow us to put a price on carbon and help our customers to make low-carbon choices.

Table 10: Optimas' FY2023 and Baseline (FY2022) Scope 1, 2, and 3 Emissions

EMISSIONS SCOPE AND SCOPE 3 CATEGORY	GHG INVENTORY YEAR FY2023 (TCO2E)	GHG INVENTORY BASELINE YEAR FY2022 (TCO2E)	% CHANGE
Scope 1		**12,749**	
Scope 2 (market-based)		**2,386**	
Scope 3		**376,666**	
1. Purchased goods and services		267,458	
2. Capital goods		472	
3. Fuel-related emissions		2,027	
4. Upstream transportation and distribution		71,389	
5. Waste generated in operations		135	
6. Business travel		268	
7. Employee commuting		3,809	
8. Upstream leased assets		N/A	
9. Downstream transportation and distribution		23,841	
10. Processing of sold products		5,734	
11. Use of sold products		N/A	
12. End-of-life treatment of sold products		1,533	
13. Downstream leased assets		N/A	
14. Franchises		N/A	
15. Investments		N/A	
Total emissions all scopes (market-based) (tCO2e)		**391,800**	
Total emissions per $m revenue (market-based) (tCO2e/$m revenue)		**608**	
Total emissions per tonne of product sold (tCO2e/tonne product)		**4**	