

Basis of Reporting

This section provides the reporting criteria for greenhouse gas (GHG) emissions indicators presented in Metalsa's 2023 Sustainability report.

Guidance and Boundary

Metalsa measures and discloses its Scope 1 & Scope 2 in accordance with the following guidance and standards:

- World Resources Institute (WRI)/ World Business Council for Sustainable Development's (WBCSD), The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol).
- For Scope 1 & Scope 2 GHG emissions calculations, Metalsa selects a reporting boundary encompassing all operational facilities under its direct operational control, with the ability to directly influence emissions-generating activities.

Scope 1 GHG emissions

Scope 1 encompasses direct emissions that occur from sources in operations within the organizational boundary. Due to its operations, Metalsa Scope 1 GHG emissions consist of combustion, process, and fugitive sources.

Metalsa's calculation of Scope 1 GHG emissions primary data are obtained from internal records backed up by invoices, utility bills, and metering systems (wherever applicable). Fuel types included in Scope 1 GHG emissions are natural gas, Liquefied Petroleum Gas (LPG), gasoline, diesel, gasoil, and welding gases (CO₂).

Our facilities located in Mexico, the United States, and Argentina comprehensively report emissions from all aforementioned fuel sources, utilizing emissions factors selected from the 2023 Environmental Protection Agency (EPA) Center for Corporate Climate Leadership GHG Emission Factors Hub. It is important to note that GHG emissions are commonly reported in units of Carbon dioxide equivalent (CO₂e). The emission factors provided by EPA have not been pre-converted to CO₂e. To achieve this conversion, emissions are multiplied by the corresponding Global Warming Potential (GWP) values listed in the table below:

Gas	100-Year GWP
CH ₄	28
N ₂ O	265

Conversely, our manufacturing sites in Brazil, India, and Thailand exclusively consume LPG and welding gases (CO₂). The emission factors sourced for these sites are derived from documentation published by local jurisdictional authorities. To ensure consistency across this latter group of jurisdictions, we use the heat content (Net Calorific Value) of each fuel for conversion to the emission factor unit specified by the respective jurisdiction.

Scope 2 GHG emissions

Scope 2 emissions are indirect GHG emissions that occur from energy consumption, where the energy is produced by another entity. These emissions include those associated with the generation of steam, heat, cooling, or purchased electricity utilized by the reporting organization. In the case of Metalsa, its Scope 2 GHG emissions originate solely from purchased electricity.

Metalsa’s employs the location-based method to calculate its Scope 2 GHG emissions. This consists of using the emissions intensity of the local grid where electricity

Country	Emission factor (tCO ₂ e/kWh)	Source
Argentina	0.000459	Secretaría de Energía – Cálculo del Factor de Emisión de la Red
Brazil	0.0000385	Sistema Interligado Nacional do Brasil
India	0.000716	Central Electricity Authority
Mexico	0.000438	Registro Nacional de Emisiones RENE
Thailand	0.0004401	Thailand Greenhouse Gas Management Organization
United States	0.000422566 – SRTV eGRID region 0.000474503 – RFCW eGRID region	EPA eGRID Power Profiler

Reporting Boundary changes and exclusions

Metalsa’s reporting boundary encompasses all operational facilities under its direct operational control. This includes manufacturing plants, distribution centers, and corporate offices. There have been no major changes in the reporting boundary compared to FY2022.

The decision to exclude the Guanajuato site from Metalsa’s reporting boundary reflects its status as a new facility with no existing emissions to be incorporated into its carbon inventory. 2024 will mark the first operational year for Guanajuato and its corresponding emissions will be integrated into Metalsa’s carbon accounting.

