



## Climate

MTS is focused on efforts to address the causes of global climate change, adapt to its risks and impacts, and transition to a low carbon economy.

**Governance:** Our governance standards continue to evolve given our growth and presence around the globe, enabling us to positively impact our sustainability efforts. MTS's sustainability program is led by our Chief Risk and Compliance Officer and overseen by the Nominating and Governance Committee of the MTS Board of Directors. Related to GHG emissions, we are in the early stages of our journey, and will begin to evaluate climate-related risks, opportunities, and emerging trends within the scope of our bi-annual board committee reviews. Additionally, climate-related activities will be incorporated more broadly as part of management's comprehensive Enterprise Risk Management (ERM) program, results which are regularly reviewed by our Audit Committee.

**Risk Management:** Increased public awareness and concern regarding environmental risks, including global climate change, may result in more international, regional, and/or federal requirements or industry standards to reduce or mitigate global warming and other environmental risks. MTS is beginning to integrate the identification, assessment and management of climate-related risks and opportunities into our risk management activities and will consider climate risks and opportunities both within our operations and through innovative solutions for our customers.

**Strategy:** The markets we compete in are lowering carbon emissions through electrification, increased energy efficiencies, and an increase in large scale renewable energy systems to help transition our world to a low carbon economy. Additionally, changing weather patterns have increased the risk of natural disasters and extreme weather events causing significant damage to property, infrastructure and loss of human life. With these increased risks, more regulatory building and infrastructure requirements are being put in place.

MTS remains at the forefront of these challenging developments, addressing both our customers needs as well as the needs within our own operations. Our expertise and technology solutions are proving instrumental in helping customers with electrification development, solutions to improve fuel-efficiency of cars, planes, and mass transit, and the development of economically viable renewable energy sources through wind, solar and hydropower. To address resiliency against natural disasters and severe weather, MTS provides simulation and sensing solutions to customers to develop safer transportation, bridges, multi-story buildings, large HVAC systems, workspaces and more. Within our operations, we leverage our expertise to continue to find new ways to reduce our environmental impact and conserve resources.

**Metrics:** In 2019, we began tracking our impact on the environment in several areas within our key manufacturing facilities. In 2020, we began calculating scope 2 greenhouse gas (GHG) emissions from key facilities. We will use this data to inform operational commitments and over time define reduction goals and targets in the future. We will continue to explore metrics more broadly to address climate opportunities for our customers.



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**Operational Activities:** MTS engages in activities focused on our facilities and on our people to reduce our environmental footprint, such as:

- » **Facility Certifications:** Manage facilities within the scope of ISO 14001, a certification centered on Environmental Management System governance to help organizations comply with laws and regulations and minimize negative environmental effects from internal operations.
- » **Electrification:** Introduce electric actuators vs. hydraulic actuators.
- » **Energy Audits:** Participate in facility energy audits to reduce MTS energy usage.
- » **LEDs:** Replace facility and office lighting with LEDs.
- » **In-House Resources:** Use in-house design, manufacturing, and assembly resources to reduce carbon impact of supply chain.
- » **Bicycle Commuting:** Encourage bicycle commuting by offering year-round bike shelters.
- » **Car Charging Stations:** Provide car charging stations to promote electric vehicle usage.

MTS will continue to support broader global efforts in addressing climate change. Tracking and measuring our GHG emissions will allow us to better define and implement strategies to use less energy, consider renewable energies, and reduce our carbon emissions globally.

### Key Climate Metrics:

Sustainability Data	FY20	FY19
<b>GHG Emissions</b>		
Total Scope 2 GHG Emissions from Natural Gas (t CO <sub>2</sub> e)	996	880
Total Scope 2 GHG Emissions from Electricity (t CO <sub>2</sub> e)	8,694	8,360
<b>Total Scope 2 GHG Emissions (tCO<sub>2</sub>e)<sup>1</sup></b>	<b>9,691</b>	<b>9,240</b>
<b>Energy Use</b>		
Total Electricity (kWh)	25,966,210	25,305,463
Total Natural Gas (kWh)	5,497,010	4,854,782
<b>Total Non-Renewable Energy</b>	<b>31,463,220</b>	<b>30,160,245</b>
Total Hydropower (kWh)	132,622	795,275
<b>Total Renewable Energy<sup>2</sup></b>	<b>132,622</b>	<b>795,275</b>

**FY20** reported data represents 85% of total revenue across 7 facilities.

**FY19** reported data represents 70% of total revenue across 4 facilities.

**Intensity Calculations:** Based on intensity calculations using revenue by facility, electricity and natural gas usage is consistent year over year.

<sup>1</sup>**GHG Emissions:** Greenhouse gas (GHG) refers to any gas that absorbs and emits radiant energy within the atmosphere, primarily carbon dioxide (CO<sub>2</sub>) but also methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O). We are reporting on scope 2 emissions, all indirect emissions from the generation of energy purchased by MTS, including electricity and natural gas. MTS applied the EPA's Emissions & Generation Resource Integrated Database (eGRID) and International Energy Agency emissions factors to calculate GHG emissions from electricity usage. The emissions were calculated in accordance with the Greenhouse Gas Protocol, an internationally accepted standard.

<sup>2</sup>**Renewable Energy:** MTS receives hydropower from a utility provider in New York. The decrease in hydropower usage from FY19 to FY20 is due to a delayed vendor energy audit report filing, which has since been remediated.