



# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

PUBLISHED JANUARY 2024





Stoneridge has developed this document based on the recommendations set forth by the Task Force on Climate-related Financial Disclosures (TCFD). This disclosure is organized in order of the TCFD areas of focus: Governance, Strategy, Risk Management, and Metrics and Targets. The information referenced in this report includes 2022 and 2023 reporting years.

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TCFD RECOMMENDED DISCLOSURE	STONERIDGE DISCLOSURE	DISCLOSURE REFERENCE
<b>GOVERNANCE</b>		
<p>a) Describe the board’s oversight of climate-related risks and opportunities.</p>	<p>The highest level of oversight on sustainability and environmental, social, and governance (ESG) matters lies within the Board of Directors. The Board provides oversight and guidance on the Company’s ESG-related initiatives, the Company-wide Enterprise Risk Management (ERM) process, and overall strategic efforts. This oversight includes the assessment of climate-related risks and opportunities.</p> <p>The Board Committees have various responsibilities connected to ESG matters. The Board’s Compliance and Ethics (C&amp;E) Committee provides oversight of the Company’s ESG policies, strategies, and performance related to sustainability matters, corporate social responsibility, ethics, and compliance. The C&amp;E committee reviews the ongoing efforts of the ESG Steering Committee which leads the development of the strategy roadmap for ESG reporting, including all sustainability and climate-related initiatives.</p> <p>The Company’s management provides updates on our ongoing sustainability efforts to the C&amp;E Committee at regularly scheduled meetings and no less than four times per year.</p> <p>Furthermore, the Board oversees the Company’s strategic efforts including our response to long-term climate-related risks and opportunities, such as the transportation industry’s transition to more electrified vehicles.</p>	<p><a href="#">2023 Proxy Statement</a></p> <hr/> <p><a href="#">2023 CDP Climate Change Disclosure</a></p> <hr/> <p><a href="#">Compliance and Ethics Committee Charter</a></p> <hr/>
<p>b) Describe management’s role in assessing and managing climate-related risks and opportunities.</p>	<p>The Chief Human Resources Officer and Assistant General Counsel - Labor &amp; Employment (CHRO) has oversight and operational management of the development of the Company’s sustainability strategy and the overall efforts of the ESG Steering Committee. The Director of Compliance and EHS leads our ESG efforts and provides quarterly updates to the C&amp;E Committee on the Company’s sustainability initiatives, including the efforts of the ESG Steering Committee. The ESG Steering Committee meets regularly to oversee and monitor progress on our sustainability initiatives and to develop strategies to reduce Stoneridge’s impact on the environment. In addition, the executive leadership team contributes to the assessment and management of company risks and opportunities, through the annual ERM assessment, review of public disclosures, strategic meetings, and other discussions.</p>	<p><a href="#">2023 Proxy Statement</a></p> <hr/> <p><a href="#">2023 CDP Climate Change Disclosure</a></p> <hr/>

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<b>STRATEGY</b>		
<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>We have identified climate-related risks and opportunities that may impact our business, strategy, and financial planning over the short term (0 – 3 years), medium term (3 – 10 years), and long term (10 – 30 years). We believe that with the oversight of the Board of Directors, the executive leadership team, and the ESG Steering Committee, the Company will continue to implement reasonable and appropriate measures to mitigate identified climate-related risks and take advantage of the climate-related opportunities to drive long-term value for our stakeholders. The substantive financial or strategic impact of climate-related risks is assessed within Stoneridge’s Enterprise Risk Management (ERM) process.</p> <p>The Company has identified transition risks and opportunities and physical risks associated with climate change that may have a substantive financial or strategic impact on our business.</p> <p><b>1. Transition Risks &amp; Opportunities</b></p> <p>The transition risks and opportunities we have identified are associated with the transition to a lower-carbon economy, such as regulatory changes impacting vehicle emissions and fuel efficiency requirements.</p> <p><b>Market Risks</b></p> <p><b>If we do not respond appropriately, the evolution of the global transportation industry toward electrification and shared mobility could adversely affect our business.</b> The global transportation industry is increasingly focused on the development of more fuel-efficient solutions to meet demands from consumers and governments worldwide to address climate change and an increased desire for environmentally sustainable solutions. Failure to innovate and to develop or acquire new and compelling products that capitalize upon new technologies in response to these evolving consumer preferences and demands could adversely affect our business, financial condition, or results of operations.</p> <p><b>An emphasis on global climate change and other ESG matters by various stakeholders could negatively affect our business.</b> Customer, investor, employee, and other stakeholder expectations of us and our supply base in areas such as the environment, social matters, and corporate governance have been rapidly evolving and increasing. Our failure, or that of our supply base, to adequately meet stakeholder expectations may result in, among other things, the loss of business, diluted market valuation, an inability to attract customers, or an inability to attract and retain top talent that could adversely affect our business, financial condition, or results of operations.</p>	<p><a href="#">2022 Form 10-K</a></p> <hr/> <p><a href="#">2023 CDP Climate Change Disclosure</a></p> <hr/>

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<b>STRATEGY</b>		
<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p><i>Continued</i></p>	<p><b>Market Opportunities</b></p> <p>The evolution of the global transportation industry toward electrification offers a significant opportunity for our Company, as our products align with the industry shift towards electrification. Over the past few years, the world's largest automotive OEMs (Original Equipment Manufacturers) have put an increasing emphasis on reducing their overall value chain carbon footprint. We supply most of our products, predominantly on a sole-source basis, to many of the world's leading automotive and commercial vehicle OEMs and select non-vehicle OEMs, as well as certain automotive and commercial vehicle Tier 1 suppliers. Our customers are increasingly utilizing electronic technology to comply with more stringent regulations (particularly emissions and safety) and to meet end-user demand for improved vehicle performance and greater convenience. As a result of this trend, per-vehicle electronic content has been increasing. Our technology and partnership-oriented approach to product design and development enable us to develop next generation products and systems for this trend.</p> <p><b>Regulation Risk</b></p> <p>Compliance with environmental and other governmental regulations could be costly and require us to make significant expenditures. Our business, operations, and facilities are subject to environmental, health, and safety laws and regulations, many of which provide for substantial fines for violations. Both U.S. and international laws and regulations applicable to us have been increasing in scope and complexity. Changes in environmental, health, and safety laws, regulations, and requirements, or other governmental regulations could increase our cost of doing business or adversely affect the demand for our products. Changes in environmental and climate change laws and regulations, including laws relating to reporting greenhouse gas emissions, could lead to new and additional investment in products.</p>	<p><a href="#">2022 Form 10-K</a></p> <hr/> <p><a href="#">2023 CDP Climate Change Disclosure</a></p> <hr/>

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<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p> <p><i>Continued</i></p>	<p><b>2. Physical Risks</b></p> <p>Physical climate risks include severe weather events or natural disasters occurring or exacerbated as a result of climate change, such as hurricanes, severe storms, flooding, or wildfires. Due to the global nature of our supply and distribution networks, as well as the business criticality of our manufacturing footprint, these events could have a material impact on our business operations.</p> <p><b>We are dependent on the availability and price of raw materials and other supplies.</b> We require substantial amounts of raw materials, components, and other supplies, and substantially all such materials we require are purchased from outside sources. The availability and prices of raw materials, components, and other supplies may be subject to curtailment or change due to, among other things, new laws or regulations, suppliers' allocations to other purchasers, and interruptions in production by suppliers, weather emergencies, natural disasters, commercial disputes, acts of terrorism or war, changes in exchange rates, and worldwide price levels.</p> <p><b>We have limited or no redundancy for certain of our manufacturing facilities, and therefore damage or disruption to those facilities could interrupt our operations, increase our costs of doing business, and impair our ability to deliver our products on a timely basis.</b> If certain of our existing production facilities become incapable of manufacturing products for any reason, we may be unable to meet production requirements, we may lose revenue, and we may not be able to maintain our relationships with our customers.</p>	<p><a href="#">2022 Form 10-K</a></p> <hr/> <p><a href="#">2023 CDP Climate Change Disclosure</a></p> <hr/>
<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p><b>Response to Market Risks and Opportunities</b></p> <p>Stoneridge evaluates our technologies relative to emerging trends in the marketplace. Stoneridge is well aligned with the transportation industry trend towards electrification of vehicles. Stoneridge has transformed its organization to align with industry megatrends by rotating its portfolio into drivetrain agnostic products and investing in engineering for future products. The four main industry megatrends include: 1) Safety and Security; 2) Intelligence; 3) Efficiency and Electrification; and 4) Emissions. With this focus, we have invested in design and development of several new products that focus on one or more of these megatrends and help to mitigate the market risk related to climate. Similarly, part of our strategy has been to invest in drivetrain agnostic technologies and as such, we believe our product portfolio will continue to align with current market conditions, customer preferences, and the regulatory environment.</p>	<p><a href="#">2022 Form 10-K</a></p> <hr/> <p><a href="#">2023 CDP Climate Change Disclosure</a></p> <hr/> <p><a href="#">Code of Conduct</a></p> <hr/> <p><a href="#">Supplier Code of Conduct</a></p> <hr/>

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<p><b>b)</b> Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p> <p><i>Continued</i></p>	<p><b>Response to Regulatory Risks</b></p> <p>Stoneridge is subject to numerous legal requirements, including regulations related to climate change and energy. For example, our operations are subject to various federal, state, local, and foreign laws and regulations governing, among other things, emissions to air, discharge to water and the generation, handling, storage, transportation, treatment, and disposal of waste and other materials. We monitor compliance with environmental laws and regulations. Stoneridge complies with all applicable environmental, health, and safety (EHS) laws and regulations in every country in which we do business. This topic is further addressed in our EHS policies and standards, Code of Conduct, and Supplier Code of Conduct.</p> <p>Stoneridge Procurement qualifies and monitors our direct suppliers to improve sustainability and compliance and to meet customer demands and regulatory requirements. We conduct supplier assessments and obtain certification from our direct suppliers to confirm their compliance with the relevant sustainability standards. The supplier assessments cover environmental protection, supply chain responsibility, anti-bribery/anti-corruption, diversity, quality management, conflicts of interest, health and safety, and human rights and labor.</p> <p>Stoneridge management is closely monitoring the various regulatory proposals including the U.S. Securities and Exchange Commission (SEC) proposed climate disclosures. The Audit Committee of the Board of Directors is regularly briefed on the proposed disclosures, and we work with outside advisors to make sure we stay informed on rule development and disclosure obligations.</p> <p><b>Response to Physical Risks</b></p> <p>Stoneridge plans for physical climate risks at the facility-level. Stoneridge manufacturing sites conduct risk assessments within the contingency plan process.</p> <p>Additionally, Stoneridge uses an external SaaS (software as a service) to proactively identify, assess, and mitigate supply chain risk over a whole spectrum of risk. The SaaS has data sources that assess financial risk, natural disaster risk, reputational risk, geopolitical risk, man-made risk, and cyber risk. This functionality helps to reveal supply chain dependencies and risky situations and take actions to prevent risk from costing our company. AI-powered software monitors our supply chain risk in real time so we can accurately understand our risk exposure and make the right decisions. The chronic risks induced by climate change such as rising sea levels, chronic heat waves, or rain pattern modifications may cause Stoneridge to consider these parameters for future asset establishments.</p>	<p><a href="#">2022 Form 10-K</a></p> <hr/> <p><a href="#">2023 CDP Climate Change Disclosure</a></p> <hr/> <p><a href="#">Code of Conduct</a></p> <hr/> <p><a href="#">Supplier Code of Conduct</a></p> <hr/>

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<b>STRATEGY</b>		
<p>c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Our business strategy is well aligned with the transportation industry trend towards electrification of vehicles. We have transformed our organization and rotated our portfolio into drivetrain agnostic products and invested in engineering for future products. With this focus, we have invested in several new products that contribute to mitigating climate-related risks. Our strategy enables us to address the future based on varying regulations, consumer demands, and customer requirements.</p> <p>While we do not have a carbon transition plan in place, we are considering different climate-related scenarios and are assessing science-based targets. We anticipate conducting a climate scenario analysis within the next two years.</p> <p>Due to climate-related demand for carbon efficiency and reporting reductions in GHG emissions, we continually evaluate the implementation of more energy-efficient practices throughout our operations. We are adjusting equipment operating times to match demand, shutting off idling equipment when not in use, and replacing traditional incandescent lighting with energy-efficient lighting. We are also evaluating green energy procurement options in the near term (next 3-5 years).</p>	<p><a href="#">2023 CDP Climate Change Disclosure</a></p>



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<b>RISK MANAGEMENT</b>		
<p>a) Describe the organization’s processes for identifying and assessing climate-related risks.</p>	<p>Stoneridge's leadership understands the importance of a sustainable operations model. We have integrated climate-related risks identification into our ERM process. The substantive financial or strategic impact of such risks and opportunities is also assessed within Stoneridge’s ERM process. The ERM process focuses on evaluating Stoneridge’s exposure to each of the top risks based on the extent to which the risk event might affect Stoneridge (impact), the possibility that the risk event will occur (likelihood), and the time it takes for the risk event to manifest (speed). Risks are evaluated based on internally assessed dollar amounts for impact to financial statements relative to the reporting period. These internally assessed values are net of potential mitigation activities. The results of this risk assessment are presented to the Board of Directors each year. The Board has oversight responsibility of the processes established to report and monitor systems for material risks applicable to us.</p>	<p><a href="#">2023 CDP Climate Change Disclosure</a></p> <hr/> <p><a href="#">2023 Proxy Statement</a></p> <hr/>
<p>b) Describe the organization’s processes for managing climate-related risks.</p>	<p>Enterprise-level risks are managed or mitigated through internal policies and procedures or other means as indicated in our response to the risks above. Through our ERM process and various internal working groups, we continuously monitor our climate-related risks among other risks identified during the process. Owners are appointed for each of the Company’s identified risks, and their assessments and mitigating actions are tracked and documented according to the Company’s enterprise risk management process. The findings of these processes are summarized and reported to the Board at least annually.</p>	<p><a href="#">2023 CDP Climate Change Disclosure</a></p> <hr/>
<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</p>	<p>Through our existing enterprise risk management process, Stoneridge manages a broad range of risks related to our business and the industries in which we operate, including risks related to climate change, and legal, regulatory, and market measures to address climate change. Substantive financial or strategic impact from these risks is evaluated at the enterprise level based upon input across all business units, geographies, and other levels within the organization. As stated above, these risks are integrated into Stoneridge’s overall ERM process.</p>	

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<b>METRICS AND TARGETS</b>								
<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>Our climate-related metrics include energy and water. We monitor our energy consumption, Scope 1 and Scope 2 greenhouse gas (GHG) emissions, and for our locations in water stressed areas, we monitor our water usage and consumption.</p>	<p><a href="#">2023 CDP Climate Change Disclosure</a></p>						
<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p><b>SUMMARY OF STONERIDGE GHG EMISSIONS FOR 2022</b></p> <table border="1" data-bbox="751 668 1849 845"> <thead> <tr> <th data-bbox="751 668 1276 725">SOURCE</th> <th data-bbox="1276 668 1849 725">GHG TOTALS (METRIC TONNES CO<sub>2</sub>e)</th> </tr> </thead> <tbody> <tr> <td data-bbox="751 725 1276 782">Scope 1 Total GHG Emissions</td> <td data-bbox="1276 725 1849 782">889.5</td> </tr> <tr> <td data-bbox="751 782 1276 845">Scope 2 Total GHG Emissions</td> <td data-bbox="1276 782 1849 845">15,823.2</td> </tr> </tbody> </table> <p>Stoneridge follows the GHG Protocol Corporate Accounting and Reporting Standard, Revised Edition, with a centralized accounting approach, to determine GHG emissions. Primary fuel, energy, and production data are entered into a commercially available online data management platform by facility representatives. This data system calculates Scope 1 and location-based Scope 2 GHG emissions for each facility and creates corporate summaries.</p> <p>Stoneridge received third-party reasonable assurance of our 2022 GHG emissions for its nine major facilities consistent with the ISO 14064-3 Specification with Guidance for the Validation and Verification of Greenhouse Gas Assertions standard. Our nine major facilities include our corporate headquarters, research laboratories, and manufacturing sites.</p> <p>Due to the sectors we supply, and the materials used to manufacture those products, relevant categories of Scope 3 emissions are upstream "Purchased goods and services" (85,736 MTCO<sub>2</sub>e) and downstream "Use of Sold Products" (1,369,573 MTCO<sub>2</sub>e). Scope 3 figures were estimated based on "CDP Technical Note: Relevance of Scope 3 Categories by Sector," published on April 11, 2022.</p>	SOURCE	GHG TOTALS (METRIC TONNES CO <sub>2</sub> e)	Scope 1 Total GHG Emissions	889.5	Scope 2 Total GHG Emissions	15,823.2	
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<b>METRICS AND TARGETS</b>															
<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>In 2021, we set a target to achieve a 15% reduction of Absolute Scope 1 and Absolute Scope 2 GHG emissions companywide by 2025 as measured against a 2019 baseline. We excluded small facilities from which Scope 1 and Scope 2 emissions are not relevant based on the GHG Protocol. As of 2022, we have exceeded this target and continue to measure against this goal through 2025.</p> <p>To achieve our 2025 target, we implemented energy efficiency and process optimization efforts in our production processes at our manufacturing sites. Efforts which contributed most to achieving our target included reduction of manufacturing floorspace, shutting off molding presses during off-shifts, and decommissioning our PM (Particulate Matter) sensor line.</p> <table border="1" data-bbox="751 682 1842 886"> <thead> <tr> <th colspan="2">SCOPE 1 + SCOPE 2 (LOCATION-BASED) MTCO<sub>2e</sub></th> <th>% ABSOLUTE DECREASE</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>16,713</td> <td rowspan="3">15.9%</td> </tr> <tr> <td>2021</td> <td>18,797</td> </tr> <tr> <td>2020</td> <td>18,366</td> </tr> <tr> <td>2019</td> <td>19,873</td> <td>Base Year</td> </tr> </tbody> </table>	SCOPE 1 + SCOPE 2 (LOCATION-BASED) MTCO <sub>2e</sub>		% ABSOLUTE DECREASE	2022	16,713	15.9%	2021	18,797	2020	18,366	2019	19,873	Base Year	<p><a href="#">2023 CDP Climate Change Disclosure</a></p>
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