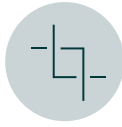




Climate-related risks and opportunities

We at Asker look at climate change through two lenses. Our climate strategy measures our emissions and develops mitigation initiatives where we have the largest negative impact. We also recognise that the effects of climate change have an impact, both positive and negative, on our business. To bring transparency to these climate-related risks and opportunities, we are reporting against the requirements of the Task Force on Climate-Related Financial Disclosures (TCFD).





Governance

Asker has a central ESG Team. It works in close cooperation with locally appointed ESG representatives in Asker's companies who are responsible for executing the climate strategy.

ESG and climate-related topics are discussed with the Board of Directors on a quarterly basis.

The CEO and the Management Team, after Board approval, are responsible for reviewing and approving climate strategies, policies, goals and reporting related to sustainable development.

ESG progress and topics are discussed at bi-monthly Group management team meetings.



Strategy

For our climate risk assessment, we focused on short- and medium-term time horizons to assess impacts in the following categories: physical acute risks, physical chronic risks, policy and legal risks, technology risks, market risks, and reputational risks.

In our assessment, we considered different climate scenarios so we could identify different climate-related risks and opportunities. Well-below 2°C scenarios identify risks and opportunities associated with the transition to a low-carbon economy. 4°C scenarios identify physical risks and opportunities in a worst-case scenario. The scenarios are based on IPCC Representative Concentration Pathways (RCPs) and IEA World Energy Outlook (WEO).



Risk Management

We have established a risk management framework to regularly identify, analyse and assess climate-related risks and opportunities.

In 2022, we conducted an in-depth workshop with experts from our operations, risk management, sustainability and facility management teams to establish climate-related risks and opportunities and weight them according to their associated impacts. We then identified impacts for both our own business operations and our up- and downstream supply chains in different climate-scenarios.

You will find a summary of the results below.



Metrics and Targets

Our KPIs are designed to reflect the progress we make within our ESG focus areas. We have both short- and long-term ambitions for material KPIs. We track these quarterly and/or yearly. If we see that a KPI is moving in the wrong direction, we analyse the underlying reasons and put an action plan in place to ensure that we move in the direction we want.

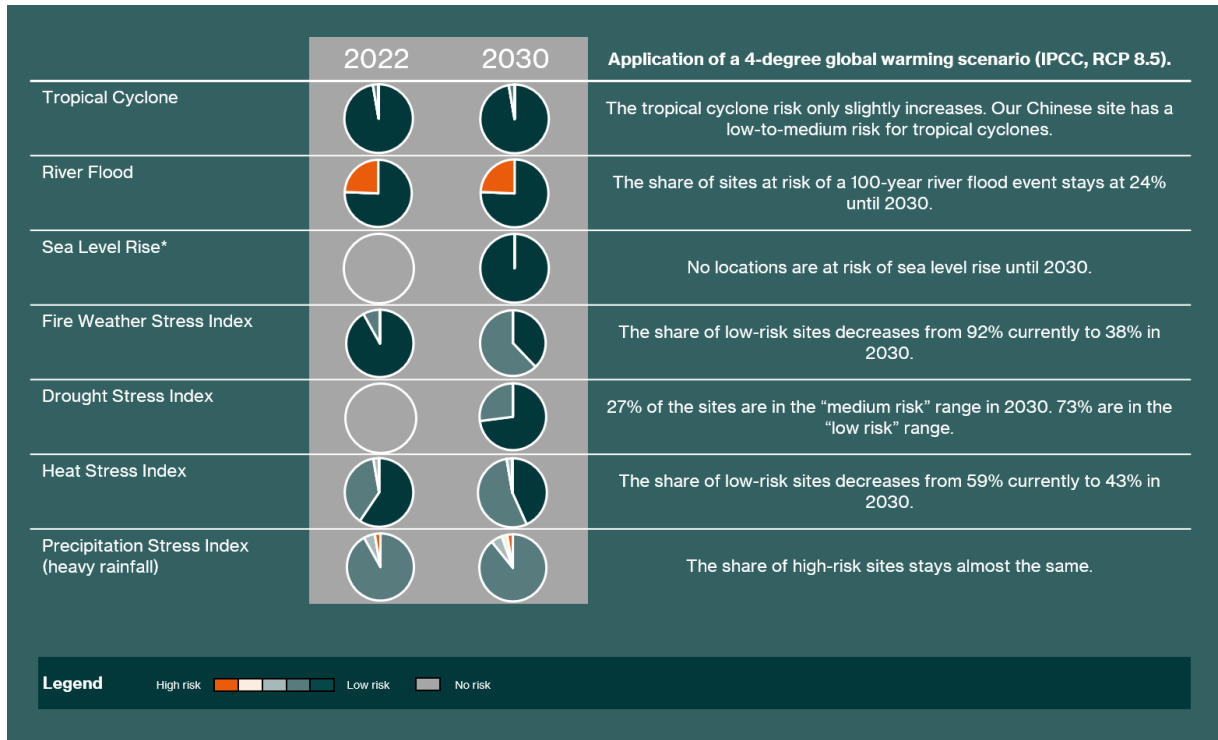
KPIs

- Reduction of Scope 1 & 2 emissions per million Swedish krona revenue
- Reduction in Scope 3 emissions – driven by sustainability initiatives implemented annually

For more information on Asker's sustainability and climate engagement, please refer to our [2021 sustainability report](#).

Physical risks

A climate risk analysis was prepared using the “Climate Change Edition” of the “Location Risk Intelligence” software from reinsurer Munich Re. It analysed the risk exposure of Asker locations in different time horizons and global warming scenarios (based on IPCC Representative Concentration Pathways [RCPs]). It included all locations owned by Asker as of 4 November 2022.



Material climate-related risks and opportunities

| | | |
|---|---|---|
| Physical risks Physical effects of climate change | Limited resource availability | The increasing hazard of drought stress in our supplier regions increases the risk of limited resource availability having an impact on our supply chain. |
| | Supply chain disruptions | River flood and heavy precipitation events pose a risk to both our business and the businesses in our supply chain, primarily in the following areas: <ul style="list-style-type: none"> - Destruction of logistic infrastructure - Destruction of inventory and warehouses - Destruction of production sites. |
| Transitory risks Effects associated with the transition to a low-carbon economy | Greenwashing accusations | Not meeting stakeholder requirements for sustainability can have a negative impact on reputation, especially if there are allegations of greenwashing. It is important to further deepen our climate strategy and climate mitigation activities. |
| | Increased costs for raw materials and production | Fluctuations and unexpected shifts in raw material prices, as well as increasing prices for energy sources, increase operational costs. |
| | GHG pricing | Increasing energy and electricity costs directly increase operational costs for Asker, but can also increase purchasing costs when suppliers transfer higher costs to their customers. |
| | Enhanced obligations of emissions reporting | The obligation to carry out enhanced emissions reporting increases as regulations become more stringent and stakeholder expectations increase. This leads to increasing demand for human resource to conduct this reporting. |
| | Conflict between recycled materials requirements and medical device regulation (MDR) requirements | Conflicts between different requirements limits Asker's potential to sell more sustainable products. |
| Opportunities Mitigation and adaptation efforts that create opportunities | Resource and supplier diversification | Diversification along the supply creates abundance and flexibility and increases the reliability of our supply chain. This means we are less exposed to physical risks in our sourcing regions. |
| | M&A opportunities | Small players become less competitive as increasing requirements for emission reporting and climate strategy come into effect. |
| | Changing customer demand | Customers increasingly demand sustainable and climate-friendly products. This can be supported by labelling products that are sustainable and partnering with suppliers to increase our sustainable product portfolio. |
| | Increasing demand for hygiene products | Increasing temperatures lead to an increasing demand for hygiene products. |