ASSA ABLOY annual sustainability roundtable discussion

11 November 2020

The ASSA ABLOY Group is the global leader in access solutions. Every day we help people feel safe, secure and experience a more open world.
Safety first

- Alarm
- Assembly point
- Emergency exit
- Emergency number
- First aid kit
- Protective equipment
09.00  Welcome and introduction

09.05  ASSA ABLOY and sustainability  – Nico Delvaux
       Q&A

09.35  People and social sustainability  - Maria Romberg Ewerth
       Q&A

10.00  5 min break

10.05  Operational sustainability  - David Simonsson, Charles Robinson, Stefan Calner
       Q&A

11.05  Sustainable innovation  – Zeljka Svensson
       Q&A

11.30-45 End
ASSA ABLOY and sustainability

- Sustainability will be vital to economic and industrial development in the coming decades

- Sustainability strengthens ASSA ABLOY’s long-term competitiveness
  - Maintain industry leadership
  - Be an attractive employer
  - Offer attractive products and solutions
  - Reduce and manage operational and business risk
  - Preferred partner for external stakeholders

- Sustainability is part of our value chain including
  - Innovation
  - Sourcing
  - Production
  - Sales
  - Service

Sustainability is a natural part of who we are and how we operate
Sustainability is part of our strategic objectives to reach our financial targets

**Strategic objectives**
- Growth through customer relevance
- Product leadership through innovation
- Cost efficiency in everything we do
- Evolution through people

**Sustainable innovation**

**Environmental sustainability in the supply chain**

**Social sustainability**

16-17% EBIT margin over a business cycle

10% growth over a business cycle
Sustainability is integrated in our organization
Sustainability is also a driver for growth

- **Increasing demand from customers**
  - ~70% of consumers* search for green products
  - About 50%^ of all new commercial constructions are expected to be ‘green buildings’
  - Customers committing to science-based targets

- **An important differentiator to win projects**
  - ASSA ABLOY has more than 325 environmental product declarations (EPD) verified and published

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* Source: UL, The Sustainable Edgenc ^Dodge Data & Analysis, World Green Building Trend 2018
Sustainability programs since 2007

- **First sustainability program launched 2007**
  - Integrated procedures for quality and environmental management
  - Introduced structures that allowed everyday operations to continuously improve their sustainability performance

- **Second Sustainability program 2010-2015**
  - Measurable targets for water consumption, energy efficiency, green house gas emissions, chemical handling and health & safety

- **Third Sustainability program 2015-2020**
  - New targets with expanded and increased ambition levels
  - Expansion of the supply audit program

- **New sustainability program 2020-2025/2030**
  - New ambitious targets for 2025
  - Science-based targets

Change 2010-2015
- Total green-house gas emissions intensity -38%
  - Water intensity -34%
  - Energy intensity -30%
  - Injury rate -17%

Change 2015-2019
- Total green-house gas emissions intensity -47%
  - Water intensity -43%
  - Energy intensity -25%
  - Injury rate -55%
Group sustainability targets – both incremental and longer-term

**2025 - Incremental targets**
Extension of 2010-2020 targets – functional focus
- Operations
- Supply management
- People
- Sustainable innovation

**2030 – Science based targets**
- Reducing Scope 1 & 2 emissions
- Reducing Scope 3 emissions
Targets 2025

<table>
<thead>
<tr>
<th>Operations</th>
<th>Carbon, water intensity, waste and organic solvents</th>
<th>-25%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ISO 14001 sites certified</td>
<td>100%</td>
</tr>
<tr>
<td>Supply Mgmt</td>
<td>Supplier audits and Code of Conduct</td>
<td>95%</td>
</tr>
<tr>
<td>People</td>
<td>Injury rates</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td>Females in senior managerial positions</td>
<td>&gt;30%</td>
</tr>
</tbody>
</table>
Committing to science-based targets

- **ASSA ABLOY commits to science-based targets**
  - Halving scope 1 and scope 2 greenhouse gas emissions by 2030
  - Scope 3 emissions – footprint inventory of our value chain
    - Supply and product performance
    - Reaching net-zero by 2050

- **Strengthen our competitive position**
  - Operational efficiency
  - Innovation focus
  - Performance of our products and solutions

- **ASSA ABLOY to achieve science-based targets with existing economical framework**
  - ~70% of target reduction identified
  - Remaining reduction to be identified – technology development
Next steps

- TCFD – start to align reporting against the TCFD framework over the coming years
- Continue to work with our culture – including health and safety, diversity, employee engagement and diverse ways of working
- Action plan to achieve the 2025 sustainability targets
- Set and ratify targets with science-based targets initiative
- Capitalize on our sustainability efforts to reaccelerate profitable growth with sustainable innovation as an enabler
Group sustainability targets – both incremental and longer-term

**2025 - Incremental targets**
- Extension of 2010-2020 targets – functional focus
  - *Operations*
  - *Supply management*
  - *People*
  - *Sustainable innovation*

**2030 - Science based targets**
- Reducing Scope 1 & 2 emissions
- Reducing Scope 3 emissions
Group sustainability targets – both incremental and longer-term

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- Operations
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**2030 - Science based targets**
- Reducing Scope 1 & 2 emissions
- Reducing Scope 3 emissions

Maria Romberg Ewerth
- Executive Vice President & CHRO, Management
Group sustainability targets – both incremental and longer-term

**2025 - Incremental targets**
- Extension of 2010-2020 targets – functional focus
  - **Operations**
  - **Supply Management**
  - **People**
  - **Sustainable innovation**

**2030 - Science based targets**
- Reducing Scope 1 & 2 emissions
- Reducing Scope 3 emissions

- **David Simonsson**
  - Chief Operating Officer

- **Charles Robinson**
  - Head of Sustainability
Group sustainability targets – both incremental and longer-term

**2025 - Incremental targets**
- Extension of 2010-2020 targets – functional focus
  - Operations
  - Supply Management
  - People
  - Sustainable innovation

**2030 - Science based targets**
- Reducing Scope 1 & 2 emissions
- Reducing Scope 3 emissions

Stefan Calner
- Director Supply Management, Supply Chain /Sourcing
Group sustainability targets – both incremental and longer-term

2025 - Incremental targets

- Extension of 2010-2020 targets – functional focus
  - Operations
  - Supply Management
  - People
  - **Sustainable innovation**

2030 - Science based targets

- Reducing Scope 1 & 2 emissions
- Reducing Scope 3 emissions

Zeljka Svensson
- Director Global Innovation Management, Product Development
Q&A
Agenda

**Our people journey - HR transformation**

Our identity

Health and safety

Diversity and inclusion

Code of Conduct / Whistleblowing
Our people journey - HR transformation

1. **Identity**
   - Who we are and how we want to be perceived

2. **HR Strategy**
   - How we create value

3. **HR Process & Infrastructure**
   - What we do and how we do it - getting the basics right
Evolution through people
The mission and strategic initiatives

Mission
• Building sustainable shareholder value
• Providing added value to our customers, partners and end-users
• Being a world leading organization where people succeed
• Conducting business in an ethical, compliant and sustainable way

Initiatives
Our game changers and priorities
(what is going to “make it” for us)

Initiatives

Drivers

Cornerstones

Game changers

Priorities in 2020

Common culture
Leadership

People Development
Employee Experience
Ethical and Social Responsibility

Our culture
Leadership
Talent Management
Adaptable Organization

Employee Engagement (reaction to COVID crisis)
Leadership Dimensions
Internal Mobility Performance Development
GPS

Our culture
Leadership
Talent Management
Adaptable Organization
Agenda

Our people journey - HR transformation

**Our identity**

Health and safety

Diversity and inclusion

Code of Conduct / Whistleblowing
Together we
In the beginning of 2019, we introduced our group wide change initiative Together we

**Together we are**
Our identity

**Together we grow**
Our strategy

To put emphasis on leadership, we created Leadership Dimensions

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**Great 2025**

**We live and breathe our values and lead by example**

- We understand what behaviors are aligned with our culture
- We are living our values - they are a natural part of how we act, what we do, and how we do it.

**Leadership Dimensions link leadership to strategy and values**

- We strive to be role models and always do our best to "walk the talk"
- We recognize the right behaviors and we speak up when we see and hear about behaviors that aren’t in line with our culture
Together we – program at a glance

**Explain**
- Summarizing books
- Series of films
- Open magazine

**Activate**
- Group Leader roadshows
- Workshop 1 “Our purpose”
- Workshop 2 “Our core values”
- Individual follow-up tasks

**Remind and Routinization**
- Workshop 3 “Together ahead”
- Together we on intranet
- Live & lead by example (implemented in people processes)
  - Internal & External communication
  - Recruitment and assessment
  - Onboarding
  - Performance development
  - Leadership development

2019
2019/2020
2020/2021
Agenda

Our people journey - HR transformation

Our identity

Health and safety

Diversity and inclusion

Code of Conduct / Whistleblowing
Health and Safety – program at a glance

### Building foundation
- **H&S Group policy**
- **Process and tools**
  - Hazard assessment tools
  - Incident investigation process
- **Reporting and tracking**
  - Best practice benchmarking
  - Expanded KPI:s
- **Shared learnings**
  - Safety first

### Raising awareness
- **Safe driving & travel safety policy**
- **Operational safety assessment process**
- **Training and communication**
  - 1st workshop: Safety dialogue
  - Communications cadence
- **Safety “hotspot” focus**

### Safe behaviors and safer together
- **Leaders as safety role models**
- **Site H&S assessments**
- **Training and culture**
  - Safety culture campaign
  - 2nd workshop: Safe behaviors in practice
- **Well-being**
Health and safety

Great 2025

Work toward “best in class” injury rate of 2.0
Improve employee health and well-being

Priorities / actions in 2020
Identify leadership as a safety enablers
Released ASSA ABLOY safe driving policy and travel policy
Deploy new “Together we are safe” workshop
Benchmark and construct “employee well-being” program

- Injury rates are improving steadily from 2016.
- In 2019, we landed on 3.0 with an equivalent to having 56 families less effected than it was in 2018.*
- By 2020Q3, we continuously lower injury rate.
- During the pandemic, much work has been done with a focus on COVID-19 and programs have been re-designed to include digital tools and virtual learning experiences

* If the injury rate remains the same as 2018
COVID phases and our reactions

**Phase One “Emergency”**
- Mid march – summer
- Office closed and lockdown

**Phase Two “Recovery”**
- Summer to Q1 2021 (at least)
- Hybrid working and team engagement
- Preparation for opening up in a safe and controlled way
- Phasing of employees at the office

**Phase Three “New Normal”**
- Onwards
- Utilization of the learnings to improve our way of working and workplace culture
- Being more efficient, cost effective and agile

**Employer Branding**
- Raise awareness as an attractive employer; show our identity and solution
- News updates on main channels and country channels

**Engagement**
- Support work digitally, feel connected and engaged
- Employee newsletter: Work, meet & learn virtually
- New section on Avenue and digital learning

**Health, Safety and Well-being**
- Safe guard safety, health and well-being
- Setup new routines, safety communication
- Well-being program in design (with communication took in place)

**Leadership**
- Lead remotely and in times of changes
- Motivate people and maintain productivity
- Digital leader newsletter
- Group Leaders studio session: Lead in times of crisis

**Country approach**
- To align our ways of working cross divisionally
- Country updates
- Best practice sharing
- Alignments on actions
Agenda

Our people journey - HR transformation
Our identity
Health and safety

**Diversity and inclusion**

Code of Conduct / Whistleblowing
Diversity and inclusion

Great 2025

People
- Our workforce reflects diversity
- Our innovation is attainable by diversity of thoughts
- Our workplace is inclusive to empower everyone

Products and communities:
- Our products are the agents of driving D&I changes externally
  ASSA ABLOY is a recognized champion in supporting D&I

Priorities / actions in 2020
- Form D&I (Diversity and Inclusion) strategy
- Review and embed D&I in HR processes
- Develop female talents within – a win-win situation together with Internal Mobility
- Continue with development programs focusing on diverse talents

- The percentage of female employees is stable
- The percentage of female managers has been increasing (steadily) compared to previous years
- There will be more focus on attracting entry-level female talents with high potentials to strengthen our pipeline
Diversity and inclusion
Deep dive in talent attraction processes

1. Build **internal (diverse) talent pool** and encourage **female referrals**
2. Expand **geographical reach**, to reach a more extensive network (executive search)
3. Include **“inclusive” guideline** in the recruitment handbook for managers

- Focus on **“transferrable skills”**
- Recruit **candidates with potential** for stretch roles
- Require at least **one diverse talent** on the short list
- **50%** females in graduate programs
# Diversity and Inclusion – program at a glance

## Leadership and culture

<table>
<thead>
<tr>
<th>Being fair, equal and objective</th>
<th>Being aware, flexible and supportive</th>
<th>Being consciously inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Talent attraction</strong></td>
<td><strong>Diversity in Leadership dimensions and competencies</strong></td>
<td><strong>Mentoring and networking</strong></td>
</tr>
<tr>
<td>Diverse talents on the short lists</td>
<td></td>
<td>ERG and the sense of belonging</td>
</tr>
<tr>
<td>JD audits – wording and criteria</td>
<td></td>
<td><strong>Internal mobility programs</strong></td>
</tr>
<tr>
<td>Diverse panels and calibrations</td>
<td><strong>Our tone of voice</strong></td>
<td><strong>Leadership development programs</strong></td>
</tr>
<tr>
<td>Diverse recruitment</td>
<td><strong>Employer Branding</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Performance management</strong></td>
<td><strong>Unconscious bias and other D&amp;I trainings</strong></td>
<td><strong>Inclusive managers</strong></td>
</tr>
<tr>
<td>Fact-based evaluations</td>
<td></td>
<td><strong>Hold managers accountable for progress</strong></td>
</tr>
<tr>
<td>Calibrations (encouraged)</td>
<td></td>
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<tr>
<td><strong>Succession planning</strong></td>
<td><strong>(New) work place culture</strong></td>
<td></td>
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<tr>
<td>Diverse successors’ review</td>
<td></td>
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<tr>
<td>Internal talents’ pool</td>
<td></td>
<td></td>
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<tr>
<td><strong>Equal pay analysis</strong></td>
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</tbody>
</table>

## Employees and Managers’ accountability

- Hold managers accountable for progress
- Inclusive managers
- Mentoring and networking
- ERG and the sense of belonging
- Internal mobility programs
- Leadership development programs
- (New) work place culture
- Unconscious bias and other D&I trainings
- Our tone of voice
- Employer Branding
- Diversity in Leadership dimensions and competencies
- Diverse talents on the short lists
- JD audits – wording and criteria
- Diverse panels and calibrations
- Diverse recruitment
- Fact-based evaluations
- Calibrations (encouraged)
- Diverse successors’ review
- Internal talents’ pool
- Equal pay analysis
- Hold managers accountable for progress
- Inclusive managers
Agenda

Our people journey - HR transformation
Our identity
Health and safety
Diversity and inclusion

Code of Conduct / Whistleblowing
Social audit program overview

- We believe in **responsible social and ethical behavior**
- We have **a responsibility to our employees** serving the company worldwide
- We have **an obligation to all stakeholders** to observe high standards of integrity and fair dealing

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**Code of Conduct**
- Code of conduct applies to all our employees and business partners
- Suppliers will be included via contractual provisions

**Social Compliance Audits**
- Independent 3rd party partners;
- Performed at select sites using applicable standards for guidance;
- Target of two audits per year.
<table>
<thead>
<tr>
<th>Division</th>
<th>Site</th>
<th>Location</th>
<th>Year</th>
<th>Nonconformances (completed/identified)</th>
<th>Observations (completed/identified)</th>
<th>Overall Status</th>
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</thead>
<tbody>
<tr>
<td>APAC</td>
<td>Guli Security Products Ltd Company</td>
<td>Xiaolan, China</td>
<td>2010</td>
<td>1/1</td>
<td>18/18</td>
<td></td>
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<tr>
<td>HID</td>
<td>HID Global Sdn Bhd.</td>
<td>Johor Bahru, Malaysia</td>
<td>2010</td>
<td>0/0</td>
<td>2/2</td>
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<tr>
<td>Global Solutions</td>
<td>ASSA ABLOY Hospitality (Shanghai) Co., Ltd</td>
<td>Shanghai, China</td>
<td>2011</td>
<td>21/21</td>
<td>12/12</td>
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<td>ES</td>
<td>ASSA ABLOY Entrance Systems (Suzhou) Co., Ltd</td>
<td>Suzhou, China</td>
<td>2011</td>
<td>0/0</td>
<td>7/7</td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td>ASSA ABLOY Romania</td>
<td>Bucharest, Romania</td>
<td>2012</td>
<td>0/0</td>
<td>0/0</td>
<td></td>
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<tr>
<td>APAC</td>
<td>Shenfei Li Security Products Company</td>
<td>Zeijiang, China</td>
<td>2012</td>
<td>11/11</td>
<td>6/6</td>
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<tr>
<td>Americas</td>
<td>Cerraduras de Columbia CERRACOL SA - Yale, Columbia</td>
<td>Bogota, Columbia</td>
<td>2013</td>
<td>1/1</td>
<td>0</td>
<td></td>
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<tr>
<td>EMEA</td>
<td>ASSA ABLOY Czech &amp; Slovakia s.r.o</td>
<td>Rychnov, Czech Rep.</td>
<td>2013</td>
<td>0/0</td>
<td>9/9</td>
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<td>APAC</td>
<td>Shandong Guaqiang Hardware Technology Co, Ltd</td>
<td>Leling, China</td>
<td>2014</td>
<td>11/11</td>
<td>6/6</td>
<td></td>
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<tr>
<td>ES</td>
<td>SC ASSA ABLOY Entrance Systems Production Romania SRL</td>
<td>Hunedoara, Romania</td>
<td>2014</td>
<td>0/0</td>
<td>11/11</td>
<td></td>
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<td>EMEA</td>
<td>ASSA ABLOY Mercur Doors sp.z.o.o.</td>
<td>Dobrzen Wielki, Poland</td>
<td>2015</td>
<td>18/18</td>
<td>16/16</td>
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<td>Americas</td>
<td>ASSA ABLOY BRASIL LTDA.</td>
<td>Sao Paulo, Brasil</td>
<td>2015</td>
<td>n/a</td>
<td>n/a</td>
<td>Site Closed</td>
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<tr>
<td>APAC</td>
<td>ASSA ABLOY BaoDeAn Security Products CO., Ltd</td>
<td>Taizhou Zhejiang, China</td>
<td>2016</td>
<td>37/37</td>
<td>9/9</td>
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<tr>
<td>ES</td>
<td>Entrematic 4Front De Mexico</td>
<td>Reynosa, Mexico</td>
<td>2017</td>
<td>2/2</td>
<td>17/17</td>
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<tr>
<td>EMEA</td>
<td>SSC ASSA ABLOY Romania SRL (second time thru)</td>
<td>Bucharest, Romania</td>
<td>2017</td>
<td>0</td>
<td>6/6</td>
<td></td>
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<td>APAC</td>
<td>Shree Mahavir Metalcraft Private Ltd.</td>
<td>Jamnagar, India</td>
<td>2018</td>
<td>45/45</td>
<td>4/4</td>
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<tr>
<td>Americas</td>
<td>ODIS SPA. Inversiones y Asesorias ASSA Abloy Chile Ltda.</td>
<td>Santiago, Chile</td>
<td>2018</td>
<td>7/7</td>
<td>10/10</td>
<td></td>
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<tr>
<td>ES</td>
<td>FlexiForce</td>
<td>Debrecen, Hungary</td>
<td>Jan 2019</td>
<td>8/8</td>
<td>10/10</td>
<td></td>
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<tr>
<td>Americas</td>
<td>ASSA ABLOY Brazil Udinese</td>
<td>Diadema, Sao Paulo, Brazil</td>
<td>Feb. 2019</td>
<td>14/14</td>
<td>7/7</td>
<td></td>
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<tr>
<td>EMEA</td>
<td>Prometal and Lockwood</td>
<td>Dubai, UAE</td>
<td>April 2019</td>
<td>25/25</td>
<td>21/21</td>
<td></td>
</tr>
</tbody>
</table>
Thumb-up principles

• To strive to live our culture: integrity
  Maintain transparency and high business ethics

• To ensure data protection in case management
  Whistleblowing messages are treated confidentially

• To ensure anonymity in case reporting
  The whistleblower should feel confident

• To ensure efficiency during investigations

• To ensure oversight at group level

Whistleblowing processes

• The Policy
  Published in 2010 and continuously updated

• New tool in 2019
  Group-level service for reporting of suspected non-compliance with the Code of Conduct.

• The Team
  Code of Conduct Committee at group level, divisional team per case

• The Process
  Complaints reported to the Code of Conduct Committee
  Case being screened and assigned to either group or divisions
Priorities in 2021
(what is going to “make it” for us)

Initiatives

Drivers

Cornerstones

Game changers

Common culture

Leadership

People Development

Employee Experience

Ethical and Social Responsibility

Our culture

Leadership

Talent Management

Adaptable Organization

Priorities in 2020

Employee Engagement
(reaction to COVID crisis)

Leadership Dimensions

Internal Mobility Performance Development

GPS

Priorities in 2021

Workplace culture

Leadership Development

Internal Mobility Performance Development

GPS
Q&A
ASSA ABLOY annual sustainability roundtable discussion
11 November 2020

The ASSA ABLOY Group is the global leader in access solutions. Every day we help people feel safe, secure and experience a more open world.
Operational sustainability
November 11, 2020
Executive summary

1. Overall good progress on sustainability agenda 2015-2020 – at, or beyond target levels for majority of KPIs

2. Beyond 2020 target setting including science based targets – reducing CO$_2$ emissions by 50% by 2030

3. A 4-pronged approach for addressing scope 1 & 2, and scope 3 involving top supply categories, and ambitious R&D agenda
Executive summary

1. Overall good progress on sustainability agenda 2015-2020 – at, or beyond target levels for majority of KPIs

2. Beyond 2020 target setting including science based targets – reducing CO₂ emissions by 50% by 2030

3. A 4-pronged approach for addressing scope 1 & 2, and scope 3 involving top supply categories, and ambitious R&D agenda
Overall good progress on sustainability in the last five years (1/2)

<table>
<thead>
<tr>
<th>KPI</th>
<th>Outcome</th>
<th>Improvement</th>
<th>Target</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health and safety</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Injury rate (&gt;1 lost day per million hours worked)</td>
<td>6,7</td>
<td>-55%</td>
<td>-55%</td>
<td>n/a</td>
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<tr>
<td>Injury lost day rate</td>
<td>136,0</td>
<td>-55%</td>
<td>-64%</td>
<td>Injury severity resulting in high number of lost days</td>
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<tr>
<td><strong>Energy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total consumption (MWh / SEK M, Value Added)</td>
<td>25,8</td>
<td>-25%</td>
<td>-20%</td>
<td>n/a</td>
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<tr>
<td>CO₂ related to energy (tons / SEK M, Value Added)</td>
<td>9,0</td>
<td>-22%</td>
<td>-20%</td>
<td>n/a</td>
</tr>
<tr>
<td>Energy from renewable resources (%)</td>
<td>9,1</td>
<td>+3.2 p.p.</td>
<td>20%</td>
<td>No further renewable energy availability on the market (without cost premium)</td>
</tr>
<tr>
<td>Emissions from industrial processes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total consumption (CO₂ related to Freon usage; tons / SEK M, Value Added)</td>
<td>6,1</td>
<td>-84%</td>
<td>-85%</td>
<td>n/a</td>
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</table>
Overall good progress on sustainability in the last five years (2/2)

<table>
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<tbody>
<tr>
<td>Hazardous waste (tons / SEK M, Value Added)</td>
<td>119,0</td>
<td>-5%</td>
<td>-20%</td>
<td>Reclassification of waste in China resulted in higher hazardous waste</td>
</tr>
<tr>
<td>Non-hazardous waste (tons / SEK M, Value Added)</td>
<td>880,0</td>
<td>-21%</td>
<td>-20%</td>
<td>n/a</td>
</tr>
<tr>
<td>PER and TRI* (tons)</td>
<td>19,0</td>
<td>+28%</td>
<td>-85%</td>
<td>Used in washing processes, consumed at 2 sites globally; now fully phased out</td>
</tr>
<tr>
<td>Other types (tons)</td>
<td>1,255,0</td>
<td>-39%</td>
<td>-50%</td>
<td>n/a</td>
</tr>
<tr>
<td>Water consumption (m3 / SEK M, Value Added)</td>
<td>92,4</td>
<td>-43%</td>
<td>-20%</td>
<td>n/a</td>
</tr>
<tr>
<td>Supplier Sustainability Audits (% of direct material spend in LCC)</td>
<td>90,0</td>
<td>97%</td>
<td>95%</td>
<td>n/a</td>
</tr>
<tr>
<td>Business Partner Code of Conduct (% of direct material spend)</td>
<td>93,0</td>
<td>93%</td>
<td>95%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Perchloroethylene, Trichloroethylene
Executive summary

1. Overall good progress on sustainability agenda 2015-2020 – at, or beyond target levels for majority of KPIs

2. Beyond 2020 target setting including science based targets – reducing CO₂ emissions by 50% by 2030

3. A 4-pronged approach for addressing scope 1 & 2, and scope 3 involving top supply categories, and ambitious R&D agenda
## ASSA ABLOY commits to science based sustainability targets

### Current sustainability status...

**ASSA ABLOY starting point...**

- 2010 – 2015: 15% intensity improvement on sustainability index

- 2015 – 2020: 20% intensity improvement on sustainability index

- Short term sustainability programs

### ...in a changing environment...

**We need to move to absolute CO₂ reduction targets**

- Demonstrating long-term commitment and sector leadership
- CO₂ emission reduction aligned with operational excellence efforts
- Reduced supply chain risk
- Attractive employer and investment
- Be a responsible global citizen – fight climate change

**Deep analysis of several companies applying science-based targets**

### ...build on momentum from successive programs

- Extension of 5 year program, raising the bar across all indicators

### ...and commitment to develop science-based targets

- First long term commitment and targets
- Renewed 5 year program, running concurrently & complementing progress towards science-based targets
To date, focus has only been on Scope 1 & 2
First time reviewing Scope 1, 2 & 3
Group sustainability targets – both incremental and longer-term

**2025 - Incremental targets**
- Extension of 2015-2020 targets – functional focus;
  - Operations
  - Supply management
  - People
  - Innovation

**2030 - Science based targets**
- 2020 – 2030: Reducing Scope 1 & 2 emissions by -50%
- Reducing Scope 3 emissions
### 2025 incremental targets; extension of 2015-2020 program

<table>
<thead>
<tr>
<th>Function:</th>
<th>Indicator:</th>
<th>2025 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>Carbon Footprint (Energy) – absolute</td>
<td>-25%</td>
</tr>
<tr>
<td>ISO 14001 – % sites certified in reporting scope*</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Water intensity</td>
<td>-25%</td>
<td></td>
</tr>
<tr>
<td>Hazardous waste intensity</td>
<td>-25%</td>
<td></td>
</tr>
<tr>
<td>Non-hazardous waste intensity</td>
<td>-25%</td>
<td></td>
</tr>
<tr>
<td>Organic Solvents intensity</td>
<td>-50%</td>
<td></td>
</tr>
<tr>
<td>Supply management</td>
<td>Supplier sustainability audits (% of direct material spend**)</td>
<td>95%</td>
</tr>
<tr>
<td>Business Partner Code of Conduct (% of direct &amp; indirect material spend)</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>Injury rate (number of injuries per 1m hours worked)</td>
<td>-33%</td>
</tr>
<tr>
<td>Injury lost day rate (number of lost days related to injuries per 1m hours worked)</td>
<td>-33%</td>
<td></td>
</tr>
<tr>
<td>Gender diversity (% of females in management positions)</td>
<td>30%</td>
<td></td>
</tr>
</tbody>
</table>

* Acquisitions will be given 3 years to become certified  ** Spend in identified risk countries
External outlook – clear movement towards science based targets

External peer company interviews: 8 companies with strong sustainability agenda. ~32% of Stockholm OMX30 Market Cap represented by 4 companies that have committed to science-based targets; ABB, Ericsson, Electrolux, and AstraZeneca

ASSA ABLOY customer view: Reviewing external communications from ASSA ABLOY top 250 customers suggesting known brands generally pro science based targets, and share of Global Solutions sales with high exposure to pro science based target customers
Reviewing external communications from ASSA ABLOY’s top 250 customers; known brands generally pro science based targets

<table>
<thead>
<tr>
<th>Division</th>
<th>% of total sales value per division</th>
<th>Top 50 customers analysed per division</th>
<th>Sample customers – pro science-based targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Solutions</td>
<td><img src="image" alt="Graph" /></td>
<td></td>
<td>ACCOR, Marriott, Hilton</td>
</tr>
<tr>
<td>Americas</td>
<td><img src="image" alt="Graph" /></td>
<td></td>
<td>Amazon, Google, Walmart</td>
</tr>
<tr>
<td>ESD</td>
<td><img src="image" alt="Graph" /></td>
<td></td>
<td>Amazon, Lidl, Tyco Integrated Security, SIEMENS</td>
</tr>
<tr>
<td>HID</td>
<td><img src="image" alt="Graph" /></td>
<td></td>
<td></td>
</tr>
<tr>
<td>APAC</td>
<td><img src="image" alt="Graph" /></td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>EMEA</td>
<td><img src="image" alt="Graph" /></td>
<td></td>
<td>Amazon, Leroy Merlin, Kingfisher</td>
</tr>
</tbody>
</table>
Executive summary

1. Overall good progress on sustainability agenda 2015-2020 – at, or beyond target levels for majority of KPIs

2. Beyond 2020 target setting including science based targets – reducing CO₂ emissions by 50% by 2030

3. A 4-pronged approach for addressing scope 1 & 2, and scope 3 involving top supply categories, and ambitious R&D agenda
Reducing scope 1 and 2 emissions by 50% by 2030

2019 base line

MFP 2025

Industrial CO₂ elimination

Strategic sites energy overhaul

Continuous improvement

2030 target state

CO₂ (kTons)

-50%

Comments

1. MFP – Conservative approach – reductions partly eliminated by increased emissions in ‘receiving’ sites

2. Elimination of Freon and industrial CO₂ emissions 1 ton Freon corresponds to 700-1400 CO₂ ton equivalents

3. Major energy overhaul of top-20 carbon intensive strategic sites

4. Lean / Kaizen based methodology (e.g. compressed air leakage elimination, improved controls)
   • Green team playbook
   • Global OpEx assessment
Scope 3 focus starts with mapping value chain *end-to-end*; including supply and product CO$_2$ impact

Need to conduct CO$_2$ inventory mapping of entire value chain:

Supply chain focusing largest categories, and suppliers representing highest spend – target to handshake ambitions and making Scope 3 part of supplier development agenda

Product sustainability through evolved sustainability compass

Scope 3 targets have to be ambitious, though not science based
Executive summary

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The ASSA ABLOY Group is the global leader in access solutions. Every day we help people feel safe, secure and experience a more open world.

Sustainable innovation
November 11, 2020

Experience a safer and more open world
Sustainable innovation
Scope 3 emissions – Downstream

Agenda
- Sustainable innovation journey
- Divisional case studies

- Sustainable product approach
  - Sustainable innovation
  - Value proposition
  - Circular economy
Sustainable products - a continuous journey in several steps

- Awareness program – internal trainings
- Minimize our own impact
- Maximize our customers’ objectives
- Communicate the value – value proposition
- Transparency (EPD/HPD/Declare label)
- 3rd-party certification
  - LEED - Leadership in Energy and Environmental Design
  - BREEAM - BRE Environmental Assessment
  - EU Green Building

Sustainability is integrated in all Group processes: innovation, product management, manufacturing, logistics and sales
Sustainable products part of our innovation strategy

Sustainability is a Group wide responsibility and all units should **actively develop** products and **articulate** the sustainability **value proposition**.

- ASSA ABLOY should lead the industry towards a circular economy and more sustainable products
- Sustainable innovation includes transparency for our customers, where our lifecycle assessment based data guides our customers and partners in their decision-making to help achieve their sustainability objectives
- EPDs and the ASSA ABLOY ‘sustainability compass’ are central in our strive for continuous improvements when developing sustainable products
ASSA ABLOY Sustainability innovation

Sustainability compass

Circular economy

- Raw materials
- Manufacturer
- Service provider
- Customer
- Collection
- Maintenance
- Reuse Upgrade
- Recycle
- Service provider
- Raw materials
The ASSA ABLOY Sustainability compass – a tool to create awareness

The sustainability compass, a tool to:
(customization/interpretation per division)

- Do right thing – minimize our footprint
- Create an awareness and dialog, - what can we do...
- Focus analysis on relevant areas
- Learn and improve by monitoring/tracking performance
- Communicate targets and status to
  - Team
  - Management
  - Customers
  - ‘Society’

Hazardous Materials List: None
Innovative Sustainable Product: Yes
The ASSA ABLOY Sustainability Compass includes **eight dimensions** representing the products’ ‘environmental footprint’.

- **Reduce** => all 5 indicators should be as low as possible to decrease the environmental footprint.
- **Reuse** => the more the better, durability, upgrade, repair, or reuse
- **Recycle** => two indicators, use of sustainable recycled material in new design and also design for easy disassembly

**Hazardous Materials List:** None

**Innovative Sustainable Product:** Yes
Progress on sustainable innovation 2015-2020

2016
First pilots with the sustainability Compass

2017
Sustainability compass launched globally within ASSA ABLOY

2018
KPI established to measure usage of the compass

2019
Target set, all divisions to reach 90% penetration

Target 2020
All development project have a sustainability compass
Supporting our customers -
Building standards & certification programs
LEED: a competitive advantage

Priority areas for products & materials in LEED

Low-carbon
- Reuse of buildings and materials
- Lifecycle analysis and disclosure
  - Environmental product declarations
- Optimized low-carbon materials
Inside an EPD - The life cycle assessment (LCA)

This is a cradle to grave Environmental Product Declaration. The following life cycle phases were considered:

<table>
<thead>
<tr>
<th>Product Stage</th>
<th>Construction Process Stage</th>
<th>Use Stage</th>
<th>End of Life Stage*</th>
<th>Benefits and Loads Beyond the System Boundaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Raw material supply</td>
<td>Transport</td>
<td>Maintenance</td>
<td>Deconstruction/demolition</td>
</tr>
<tr>
<td></td>
<td>Transport</td>
<td>Manufacturing</td>
<td>Use</td>
<td>Operational energy use</td>
</tr>
<tr>
<td></td>
<td>Transport from gate to the site</td>
<td>Construction/installation process</td>
<td>Repair</td>
<td>Operational water use</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A1</td>
<td>B1</td>
<td>Deconstruction/demolition</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A2</td>
<td>B2</td>
<td>Operational energy use</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A3</td>
<td>B3</td>
<td>Operational water use</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A4</td>
<td>B4</td>
<td>Transport</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A5</td>
<td>B5</td>
<td>Waste processing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A6</td>
<td>B6</td>
<td>Disposal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A7</td>
<td>B7</td>
<td>Reuse-Recovery-Recycling potential</td>
</tr>
</tbody>
</table>

Description of the System Boundary Stages Corresponding to the PCR
(X = Included; MND = Module Not Declared)
Connecting the compass to the life cycle assessment

Many of these life cycle phases align with ASSA ABLOY sustainability compass
Divisional case studies

ASSA ABLOY - divisions sustainability journey, products and customer projects
Gary Jelin (AIA, NCARB, REFP, LEED GA), Interim AVP Design & Construction at the Georgia Institute of Technology:
"I would continue to emphasize the importance of well-designed hardware in any building as it is the one item that building users actually contact on a daily basis.

It conveys a sense of quality when door hardware is well designed and feels robust when contacted through touch."
Our contributions:
Green building certification programs

ASSA ABLOY and the Living Building Challenge v3.1

ASSA ABLOY and Passive House Institute

LEED v4 & 4.1 Materials and Resources Contributions

This guide outlines ASSA ABLOY Group’s contributions to LEED in the Materials and Resources Credit. ASSA ABLOY is the first company that achieves claim over 50% of LEED v4.1 standard.

How ASSA ABLOY contributes to Zero Net Energy

ASSA ABLOY and CALGreen

How ASSA ABLOY contributes to CALGreen Building Standards

Planning and Design
- ALAMAN Energy efficient buildings and planning materials
- ASSA ABLOY LEED compliant doors fit into the building standards.

ADG and LEED
- ASSA ABLOY LEED compliant doors meet the criteria for LEED requirements.

Environmental Quality
- ASSA ABLOY LEED compliant doors meet the criteria for LEED requirements.

Leaf & LCA
- ASSA ABLOY LEED compliant doors meet the criteria for LEED requirements.

How ASSA ABLOY fits with LEED & CALGreen

How ASSA ABLOY contributes to Zero Net Energy

Planning and Design
- Assures projects are LEED certified and meet design requirements
- ASSA ABLOY LEED compliant doors are the perfect fit for the design requirements.

LEED & LCA
- ASSA ABLOY LEED compliant doors meet the criteria for LEED requirements.

Sustainable Practices
- ASSA ABLOY LEED compliant doors meet the criteria for LEED requirements.

How ASSA ABLOY contributes to Zero Net Energy

Planning and Design
- Assures projects are LEED certified and meet design requirements
- ASSA ABLOY LEED compliant doors are the perfect fit for the design requirements.

LEED & LCA
- ASSA ABLOY LEED compliant doors meet the criteria for LEED requirements.

Sustainable Practices
- ASSA ABLOY LEED compliant doors meet the criteria for LEED requirements.
New product sustainability innovation

HID FARGO® INK1000 ID Card Printer
- An industry first!
  - Highly specialized thermal inkjet
  - Engineered to be compatible with standard, off-the-shelf PVC cards

Sustainability Innovation
- Exclusively formulated, drop-on-demand inks
  - Ultimate in ink efficiency – use only what you need
- Eliminates waste color ribbon consumables
  - Material landfill avoidance
- GreenCircle® certified
  - 84% Dematerialization compared to ribbon-based printers
Peking CITIC tower

**Solutions:** ANSI mortise lock and EN Door closer, 7000+ GMK (EPD), Fire doors (Green Guard)

**Green Cert:** LEED Gold granted as pre-cert in 2013

**ASSA ABLOY Hardware**
- **7M CNY**

**Tianming fire doors**
- **10M CNY**

Construction finished in 2019
Packaging design guidelines

- Global brand Yale went through a complete refresh of their packaging design, putting together new packaging design guidelines.
- The waste hierarchy is a very useful reference guide to help identify and prioritise waste that should be phased out, this serve to educate teams globally as they make their packaging design decisions.
- The FSC brand shows that the product contains wood fibers from forests that are managed / discontinued with regard to current & future generations' requirements.

Waste Hierarchy

Through our FSC work, we contribute to the development of responsible forestry.
Entrance Systems - optimize energy efficiency

- **Sensor**: A smart detector can help to control door opening and closing in an efficient way.
- **Vestibule system**: Design vestibule system in an energy efficient way.
- **Operator**: Open door automatically.
- **Air curtain**: Install air curtain to prevent air infiltration through door opening.
- **Door type**: Choose suitable door type for various entrances.
- **Service contract**: Optimize door setting, maintain door system.
Case study
Current door detector’s pain point investigation.

Activated by cross traffic

Activated by cross traffic.
A directional sensor can help you...

✓ Avoid mistaken opening by cross traffic

✓ Don’t open more than required

✓ Stop rotating as soon as pedestrian left
Study - Quantify energy loss through air infiltration

- Value
  - Understand the potential of changing door behavior
  - Increased knowledge
- Cost reduction
  - Customer heating and cooling cost
- Main take away

Cost savings by shortening the opening cycle

Study - Intelligent swing door control – with smarter sensors

<table>
<thead>
<tr>
<th>Sector</th>
<th>SEK Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>-3,033 SEK</td>
</tr>
<tr>
<td>Transportation</td>
<td>-4,404 SEK</td>
</tr>
<tr>
<td>Retail</td>
<td>-1,166 SEK</td>
</tr>
</tbody>
</table>

Outside temperature 10 C
Inside temperature 20 C
Study - Traditional swing door
Long hold open time to provide full convenience and safety
Study - Concept 1
Limited opening angle and minimized hold open time
Study - Quantify energy loss through air infiltration

- Value
  - Understand the potential of changing door behavior
  - Increased knowledge
- Cost reduction
  - Customer heating and cooling cost
- Main take away
  - Reduce hold open time!
  - Avoid unnecessary opening!
  - The cost for more advanced sensors will have a short payback time.

Cost savings by shortening the opening cycle

Healthcare

Transportation

Retail

Outside temperature 10 C
Inside temperature 20 C
Sustainable choice - also protects nature

- Energy harvesting cylinder
- Produces its own energy
- No cables, no batteries
- Possible to update the system countless times
- Reusable
No trip twice - How much can CLIQ® Connect save me in unnecessary fuel costs and energy use?
Standard mechanical key access control vs. CLIQ® Connect
Why go the long way around?

Take a short-cut!
Drive directly to the target site.
Update your key’s access rights on the way
with the CLIQ® Connect app

Pick up keys
Annoying detours
which waste fuel, time and money

Headquarters
Central key and access right management

Returning keys
Double detours,
double the wasted resources

Mobile worker
Target site
Security that benefits your business, sustainability to benefit all of us

Use less fuel
Cleaner air: with CLIQ® Connect, you use less petrol by taking fewer trips to update access rights. No extra journeys to remote sites means lower fuel consumption.

Reduce your CO₂ footprint
Lower gas emissions: lower levels of carbon dioxides and monoxides, nitrogen oxides and hydrocarbons from car exhausts.

Environmental awareness
Your business promotes sustainability and conservation of our planet’s resources — security for you and for everyone else, too.

Time and costs
Managing keys and cylinders with the CLIQ® Connect app improves workflow efficiency and cuts transport and logistics costs.
Q&A
Summary of the day

- New ambitious sustainability targets
  - Short term – Program for 2025
  - Long term – Science-based targets

- Sustainability will contribute to
  - Operational performance – increased cost efficiency and reduced risk
  - Product and solutions offering – relevant to our customers
  - Attracting talent – together we grow, evolution through people

- Innovation will drive our development
Thank you
assaabloy.com