

# Sustainability Report 2022

**ASSA ABLOY**

Experience a safer  
and more open world



Leading our industry towards  
a more sustainable future



# Highlights 2022

## ➤ Science Based Targets ratified

ASSA ABLOY has had its science-based targets ratified by the Science Based Targets initiative, aligned to a 1.5°C trajectory.

## ➤ Carbon footprint reduction

In 2022, the Group has reduced its absolute carbon footprint by 20%, against the 2019 baseline.

## ➤ Reduced water consumption

During 2022, water intensity reduced by 40%, against the 2019 baseline.

## ➤ Dow Jones Sustainability Index Europe

ASSA ABLOY is a constituent of the Dow Jones Sustainability Index Europe for the 2<sup>nd</sup> year in a row. The index tracks the performance of the top 20% of the 600 largest European companies in the S&P Global Broad Market Index<sup>SM</sup> that lead the field in terms of sustainability.



### INJURY RATE

↑ 4%

Our injury rate has increased by 4% vs. 2021.<sup>1</sup>

### WATER INTENSITY

↓ 20%

Our water intensity has decreased by 20% vs. 2021.

### ENERGY INTENSITY

↓ 15%

Our energy intensity has decreased by 15% vs. 2021.

### GREENHOUSE GAS EMISSIONS

↓ 6%

The Group's total greenhouse gas emissions decreased by 6% vs. 2021.

### SUSTAINABILITY AUDITS

874

The Group carried out 874 sustainability audits of direct material suppliers during 2022.

### ENVIRONMENTAL PRODUCT DECLARATIONS

299

By the end of 2022 the Group had 299 Environmental Product Declarations verified and published.

<sup>1</sup> The injury rate decreased by 0.5% excluding acquisitions but increased by 4% including acquisitions.

## About the report

This report, along with additional information available online, describes our sustainability initiatives and performance in 2022, and addresses issues that ASSA ABLOY has identified as the most important to our stakeholders.

As a signatory to the UN Global Compact, ASSA ABLOY will submit this report to the UN Global Compact as its Communication on Progress Report 2022. This report has been prepared in accordance with the GRI Standards (see pages 55–57 for GRI content index).

The data presented in this report has been collected over the calendar year and includes all ASSA ABLOY operations.

For further information regarding the Sustainability Report and its reporting principles, see page 58.

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## Recognition and memberships

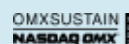
ASSA ABLOY is included in FTSE4Good, the OMX GES Sustainability Sweden PI Index, and in the Kempen SNS SRI Universe.



We have participated in the Carbon Disclosure Project (CDP) since 2007. For 2022, the Group received a score of B in the CDP Climate Change Program, and a score of C in the CDP Water Program.



In 2017, ASSA ABLOY became an official regional partner in the World Green Building Council's Europe Regional Network. The Network represents a confederation of 20 Green Building Councils, eight Regional Partners and over 4,600 company members.



Other important main memberships include: The Confederation of Swedish Enterprise (Svenskt Näringsliv), The Royal Swedish Academy of Engineering Sciences (IVA), Physical Security Interoperability Alliance (PSIA), The Zigbee Alliance and The Z-Wave Alliance.



# Leading our industry towards a more sustainable future

Sustainability is a powerful business enabler for each of our strategic objectives and is therefore integrated into everything we do. Our long-term commitment to science-based targets demonstrates our ambition to lead our industry towards a more sustainable future, and will further improve our competitiveness with sustainable products, solutions and operations.

—6%

Absolute carbon emissions

—15%

Lower energy intensity

—20%

Improvement in water intensity

## Our sustainability program

During the year, we continued to make good progress in our sustainability program and targets to 2025. In 2022, against our 2019 baseline, we reduced our energy intensity by 24%, our water intensity by 40% and our waste intensity by 12%. The positive development is a direct result of the focused improvement actions from our committed teams in our organization. We are on track to achieve our 2025 targets. Our sustainability program is aligned to and contributes directly to the targets of our identified six most relevant UN Sustainable Development Goals (SDGs), explained in more detail throughout the report.

## Addressing climate change

I am happy and proud that our targets to halve our absolute emissions by 2030 and reach net-zero no later than 2050 were ratified by the Science Based Targets initiative during the year. These targets are aligned to a 1.5°C trajectory. To achieve this, we use a standardized approach to identify and visualize the key levers required to enable the Group to achieve the 50% Scope 1 & 2 reduction targets to 2030. The 4-pronged strategic approach is replicated through all divisions, all business units and down to factory level. We have also developed high-level action plans to realize our Scope 3 target to 2030, where we have identified key levers to reach our goals.

During 2022, we also continued to evolve our process to report in accordance with the Task Force on Climate-related Financial Disclosures (TCFD). We conducted scenario analyses to further understand the climate-related financial risks and opportunities for the Group, qualitatively and quantitatively.

## Growing market for sustainable solutions

The demand for more sustainable and resilient products, including environmental and material transparency, is driven by the strong growth in green buildings and more sustainable urban environments around the world. The market for green certified buildings is expected to grow faster than the market in general. A 2021 Forbes market report indicates that 47% of executives in engineering and construction globally believe sustainability to be top-of-mind or a major concern. Climate change and more extreme weather conditions further emphasize the need for robust and reliable products. This includes dependable products that can withstand severe storms, hurricanes, fire and extreme temperatures.

Sustainability is an integral part of product leadership through innovation, from concept stage to end of life. We

create customer value by developing products that are efficient and have less impact on the environment. This can be seen in products that harvest energy, are easier to recycle, or reduce the energy consumption of buildings. Our Sustainability Compass directs us toward taking a life-cycle approach and raises the profile of sustainability-related design criteria during the development of new products.

## Ensuring the health and safety of our employees

We are convinced that evolution through people, developing our employees and enabling them to grow their careers within ASSA ABLOY, is how we secure the Group's future success. We are taking a sustainable approach to people which means that we care about the individuals and not just their performance.

We are committed to working toward an injury-free workplace through our dedicated Health and Safety program. Our injury rate has increased by 7%, against our 2019 baseline. Some of our acquired companies over the last years have had Health and Safety challenges, which resulted in a slight increase in our overall injury rate. As part of our integration process, we are fast-tracking these acquisitions into our Health and Safety program; to reduce the risk of injury to our new colleagues and reduce the overall injury rate for the Group. We are confident we will achieve our 2025 Health and Safety targets.

ASSA ABLOY remains committed to the principles of the UN Global Compact in the areas of human rights, labor, the environment and anti-corruption. This report contains our annual communication on our progress.

Overall, we are making good progress on our sustainability journey, but we also acknowledge that we have more to do. Our commitment to achieving our science-based targets and our wider sustainability program goals will help us to become a more resilient organization, improve our efficiency and profitability, attract and retain talent, while making us more relevant to our customers.

Lastly, I would like to thank all of our dedicated colleagues for their commitment and support throughout the year. Thank you also to all our customers, partners and shareholders for their trust and loyalty to ASSA ABLOY. Together we are leading our industry towards a more sustainable future.

Stockholm, 1 March 2023

**Nico Delvaux**  
President and CEO

WE SUPPORT





“

Our commitment to achieving our science-based targets will help us to become a more resilient organization.



Read more  
on page 12

2025

**Our targets**

Sustainability program to 2025 focuses on the most material areas, ensuring we have the biggest impact where it is needed most.

2030

**Science Based Targets**

ASSA ABLOY has set science-based targets, limiting global temperature rise to 1.5°C, by halving emissions by 2030.

2050

**Net zero**

ASSA ABLOY has committed to reaching net-zero no later than 2050.



Who we are

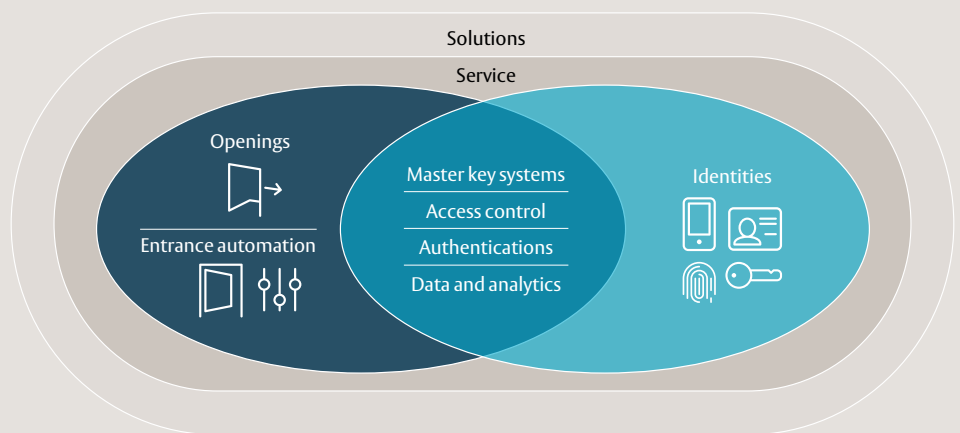
# The global leader in access solutions

The ASSA ABLOY Group is the global leader in access solutions. Every day, we help billions of people to experience a more open world with innovative solutions that enable safe, secure and convenient access to physical and digital places.



## Access solutions for every need

We offer a complete range of access solutions with market leading positions in areas such as mechanical and electro-mechanical locking, access control, identification technology, entrance automation, security doors, hotel security and mobile access. Our offerings are delivered both separately and together as part of a full-service access solution.



## Together we create access

**52,000**  
employees

**>70**  
countries

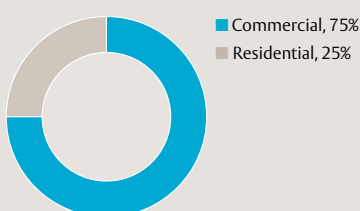
**6%**  
of our employees  
work in R&D

**9,500**  
patents

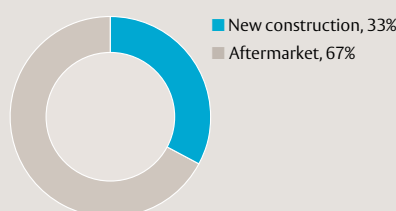
## Electromechanical on the rise

The Group sees fast-growing demand for electromechanical products, as well as electronic and digital solutions. Since 2012 these have increased from 22% to 30% of Group sales. Mechanical products continue to increase, but electromechanical products are growing considerably faster.

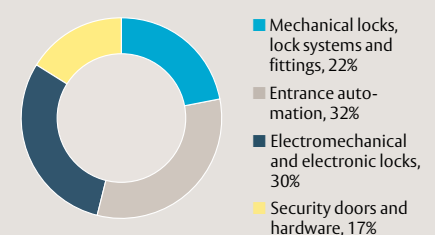
### Customer split



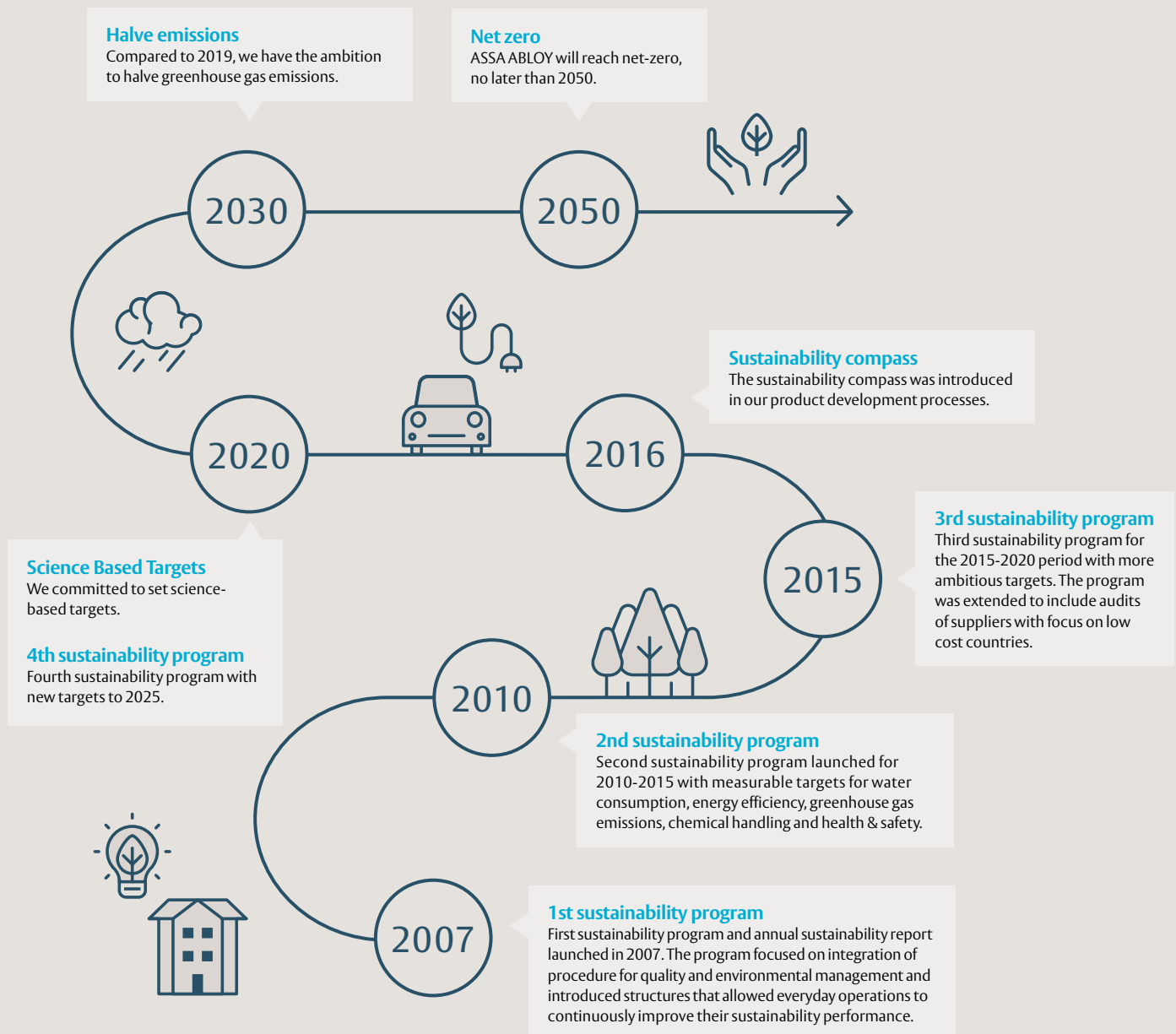
### New construction/Aftermarket



### Sales by product group



## Our journey towards a sustainable future



## Sustainability in the value chain

Sustainability is a driver throughout our value chain. It is an important element in innovation, sourcing, production, employee development, ASSA ABLOY's products and solutions, and in maintaining good relations with external stakeholders.

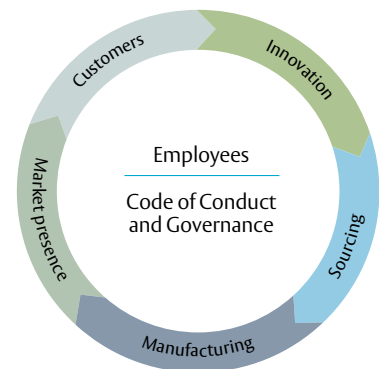
**Innovation:** New products are evaluated from a lifecycle perspective. Many recently developed products save energy as a result of improved insulation and intelligent control of door opening solutions. Innovation is carried out either locally, divisionally, or shared between the divisions depending on the content and scope.

**Sourcing:** Every year, the Group purchases a considerable amount of material, components, and products from about 8,800 direct material suppliers around the world at a value of more than SEK 36 billion. Our suppliers are evaluated from a sustainability perspective.

**Manufacturing:** The manufacture of our products should be carried out safely and with the lowest possible environmental impact.

**Market presence:** ASSA ABLOY is present in more than 70 countries with about 1,000 sites. More than two-thirds of these sites are in North America and Europe. Wherever we do business, we follow the Code of Conduct, respect the laws and regulations governing business ethics in the countries where we operate, and we require all of our partners to do the same.

**Customers:** Our ambition is to supply high-quality products that fulfill customer requirements, have a long life, are manufactured with minimal use of resources, and have a minimal environmental impact throughout their lifecycle. Our customers are large institutional and commercial customers (within healthcare, education, retail, hospitality, office buildings, and industry), small and medium-sized customers (offices, stores), and residential customers (apartments, houses). Examples of our distribution channels include security systems integrators, locksmiths, security installers, building and lock wholesalers, retailers, DIY, hardware and security stores, original equipment manufacturers, and door and window manufacturers.

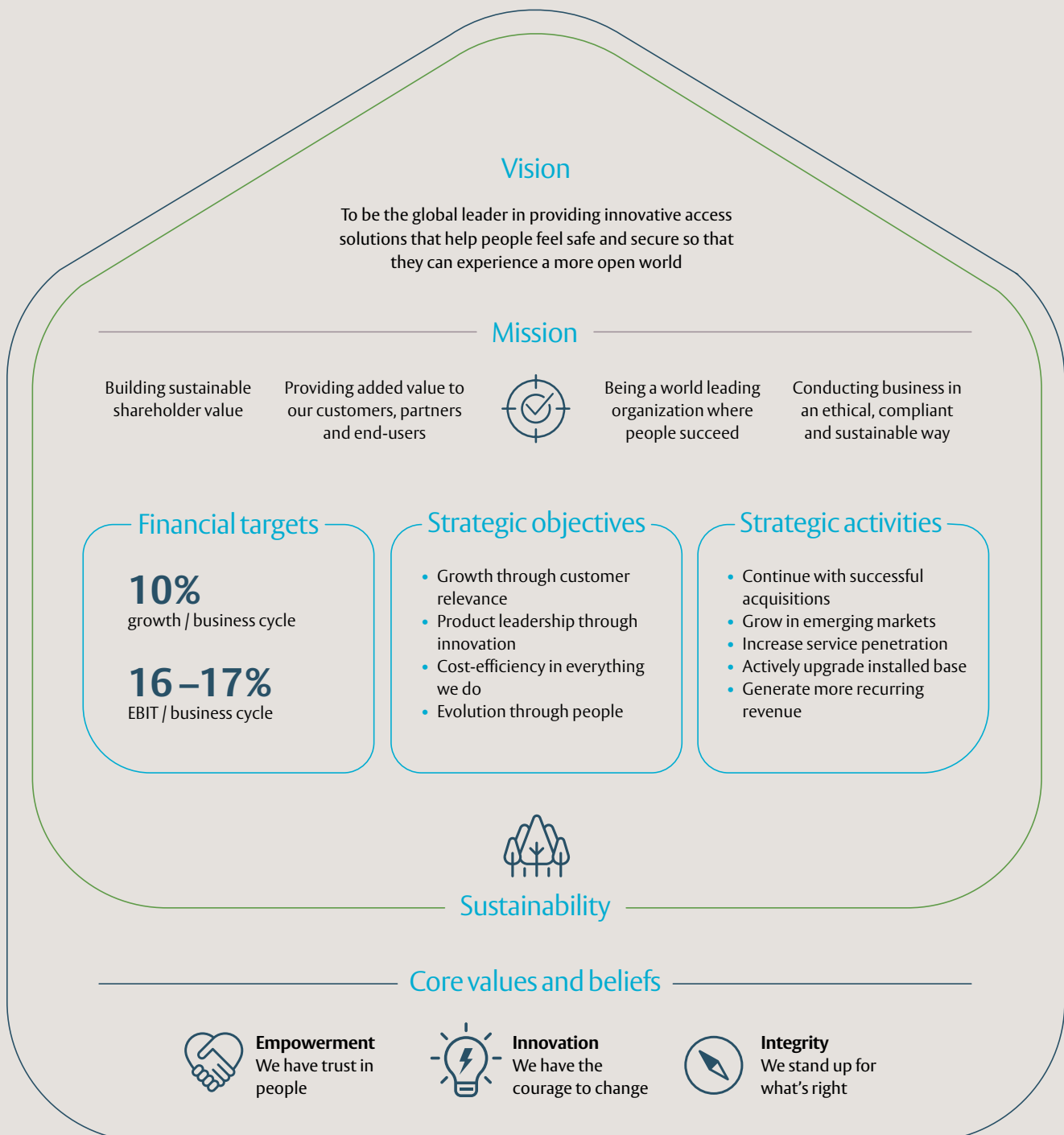




How we  
create value

# Our strategic framework

The ASSA ABLOY strategy house is our common strategic framework. It contains all the cornerstones of our strategy and gives direction and guidance to all our employees.







### Vision and mission

Our vision gives us direction and describes what we want to achieve as an organization. It is to be the global leader in providing innovative access solutions that help people feel safe and secure so that they can experience a more open world.

Our mission describes our role as a company, our reason for being and how we aim to serve our key stakeholders.

### Financial targets

Our financial targets are what we are aiming to achieve financially over a business cycle. Our sales growth target of 10% per year is based on 5% organic growth and 5% growth through acquisitions.

### Strategic objectives

Our strategic objectives are the cornerstones of our strategy which guides us in everything we do.

### Strategic activities

Our strategic activities are shared across our divisions to enable and accelerate growth.

Growth accelerators are the key priorities across our divisions to drive an accelerated growth into the future while growth enablers are the actions and resources that support and fund our growth accelerators.

### Sustainability

We view sustainability as a journey of continuous improvement, built on a foundation of transparency and integrity. It is integrated into everything we do. As an industry leader we also have a responsibility to play our part to mitigate climate change and ensure the health and safety of our employees. Our commitment to science-based targets demonstrates our willingness to further improve our competitiveness with sustainable products, solutions, and operations.

Customer demand for more sustainable products is driven by the strong growth in green buildings and more sustainable urban environments around the world. Supporting customers in fulfilling their sustainability agenda will be essential for accelerating organic growth through customer relevance going forward.

### Core values and beliefs

Our core values are: empowerment, innovation, and integrity. They are the backbone of how we treat each other and how we work with our stakeholders. With our values, we want to make it clear what our organization stands for. The values foster a sense of security and trust as well as a feeling of fellowship and cooperation. They guide us in our daily decisions and inspire us to act, enabling opportunities for all employees to grow and develop. This is reflected through “Together We” – a culture initiative throughout ASSA ABLOY.

# We help people feel safe, secure and experience a more open world

Every day, we help billions of people to experience a more open world with innovative solutions that enable safe, secure and convenient access to physical and digital places. By responsibly using human capital, natural resources and capital, we continuously create sustainable value for our shareholders and other stakeholders. Together we create value!



## Our resources

**52,000**

employees in more than 70 countries around the world. We are truly global, uniquely local

**3,300**

employed in R&D working with our sustainable innovations

**190**

strong brands and diversified product portfolio

**9,500**

patents

**179**

efficient production and assembly facilities

**~50,000**

suppliers for direct material and indirect services. We have strategic and cost-efficient suppliers

**SEK 86 bn**

in shareholder equity



## How we operate

We are a global company with a uniquely **decentralized business model** with about 1,000 sites including 179 production facilities<sup>1</sup>. We use a **multi-brand strategy** to leverage our global and local strengths and address different market- and customer segments and routes to market. Acquiring relevant businesses to continue our growth is key in our strategy.

The Group's strategic direction is to lead the trend towards the world's most innovative and well-designed access solutions.

Our strategic objectives and activities are executed locally, which gives a high level of autonomy in decision-making so we stay close to our customers.

### Financial targets

**10%**

growth / business cycle

**16–17%**

EBIT / business cycle

### Strategic objectives

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

### Strategic activities

- Continue with successful acquisitions
- Grow in emerging markets
- Increase service penetration
- Actively upgrade installed base
- Generate more recurring revenue



## Sustainability

Sustainability is part of everything we do throughout ASSA ABLOY's value chain.

## Together we are guided by our core values and beliefs



**Empowerment**  
We have trust in people



**Innovation**  
We have the courage to change



**Integrity**  
We stand up for what's right



A  
more  
open  
world

### Value creation to stakeholders in 2022

#### Shareholders and investors

- Dividends and capital appreciation

**SEK 4.7 bn**  
dividend paid

#### Employees

- Professional development
- Safe and stable workplace
- Inclusive workplace with equal opportunities

**SEK 33.8 bn**  
in salaries and other remuneration

#### Customers

- Increased security and competitiveness for our customers
- Sustainable products with Environmental Product Declarations

**>450**  
new products launched

#### Suppliers and partners

- Technological development
- Stable partner

**SEK ~59 bn**  
in supplier payments

#### Society

- Increased safety and security
- Reduced environmental impact
- Paid taxes and employment

**-20% CO<sub>2</sub>**  
in total Carbon footprint vs. 2019

### Our offering

Our aim is to deliver **safety, security and convenience**. We offer a **complete range of unique and innovative access solutions**.



**30%**

Electromechanical products



**32%**

Entrance automation



**17%**

Security doors and hardware



**22%**

Mechanical locks





# Our contribution towards the UN Sustainable Development Goals (SDGs)

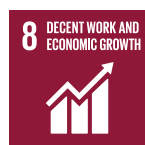
The UN SDGs provide the global community with a roadmap for how to combat global challenges related to economic, social and environmental sustainability. As the global leader in access solutions, ASSA ABLOY's sustainability work is aligned with the objectives of the SDGs. Our work has effects on many of the SDG goals. For example, through our efforts to reduce water consumption, we also ensure water discharged has a negligible impact on oceans, rivers and wider biodiversity in line with SDG 14, Life Below Water. In particular, our sustainability program focuses on six SDGs.



In order to reach ASSA ABLOY's overall goal of reducing its environmental impact, implementing water reuse and recycling systems, with a more efficient use and management of water is a critical step. During 2022 ASSA ABLOY decreased water intensity by 20% and water withdrawal by 11%. While 22% of total water consumption was recycled.

*Progress indicator:* CDP W1.2 & CDP W1.2b, CDP W5.1 & CDP W5.1a, CDP W8.1a & CDP W8.1b.

*Progress indicator GRI:* See GRI Index on page 55–57 for GRI progress indicator. Also, see Material KPI table on page 48.



ASSA ABLOY promotes inclusive and sustainable economic growth by integrating sustainability into the sourcing processes. Labor rights, decent work with equal pay, health and safety and gender balance are key priorities at all levels throughout the Group and the supply chain. During 2022 ASSA ABLOY reduced energy and water intensity by 15% and 20% respectively. Women constituted 30% of all employees. ASSA ABLOY conducted 874 supplier sustainability audits, while 76% of all direct and indirect material supplier spend signed the Business Partner Code of Conduct.

*Progress indicator GRI:* See GRI Index on page 55–57 for GRI progress indicator. Also, see Material KPI table on page 48.



ASSA ABLOY supports the intention of SDG 9 on resilient infrastructure, inclusive and sustainable industrialization and innovation by systematically exploring ways to reduce production materials, optimize product components and streamline production as well as transport methods. The Sustainability Compass is integrated into ASSA ABLOY's product innovation process, organically embedding sustainable design into the development of new products. During 2022 the overall energy consumption decreased by 6%, and the proportion of energy sourced from renewable resources increased from 20.3% to 20.6%. The Group has Environmental Product Declarations (EPD) from all major product groups. During 2022 we invested 4.8 BSEK in R&D and we have some 3,300 R&D engineers.

*Progress indicator:* Sustainability Compass.



As the global leader in access solutions, ASSA ABLOY is contributing to SDG 11 on making cities and human settlements inclusive, safe and resilient by offering sustainable products and services related to openings and entrance automation solutions. At the end of 2022, ASSA ABLOY had EPDs from all major product groups, which contribute points towards higher ratings in global green building certifications such as LEED and BREEAM. All new products are required to be developed using the Sustainability Compass, which focuses on optimizing the environmental footprint during the whole product lifecycle.

*Progress indicator:* Sustainability Compass and Product Specific EPDs.



ASSA ABLOY has committed to adopting sustainable practices into its operations with a strong focus on resource efficiency and waste reduction through prevention, reduction, recycling and reuse. 76% of all direct and indirect material supplier spend is covered by ASSA ABLOY's Business Partner Code of Conduct. In 2022 ASSA ABLOY conducted 874 (861) sustainability audits. At least 5% of the hazardous waste was recycled in 2022.

*Progress indicator GRI:* See GRI Index on page 55–57 for GRI progress indicator. Also, see Material KPI table on page 48.



Continuous efficiency improvements in production processes help to reduce ASSA ABLOY's climate impact and is linked to SDG 13 on urgent action to combat climate change and its impacts by considering lifecycle environmental impacts of a product through more efficient resource use, and by applying the reduce reuse recycle principle. During 2022 the Group's total greenhouse gas emissions decreased by 6% and the related intensity improved by 16%, driven by reduced energy consumption and re-design of CO<sub>2</sub> intensive production processes. The energy intensity has decreased by 15% during the year. The water intensity decreased by 20% during the year.

*Progress indicator:* CDP CC 2022.

*Progress indicator GRI:* See GRI Index on page 55–57 for GRI progress indicator. Also, see Material KPI table on page 48.

# Performance and 2025 targets

During the year, we saw positive progress towards the majority of our 2025 targets, against our 2019 baseline, but we want to do even more going forward. In particular, we made strong improvements in our water and organic solvents intensity.

## LINKED SDGs



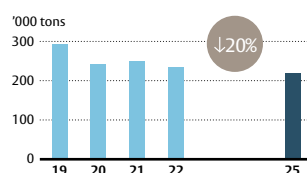
## Operations

### 2025 TARGET

↓ 25%

Carbon footprint  
(Scope 1 & 2, '000 tons absolute)

### DEVELOPMENT 2019–2022



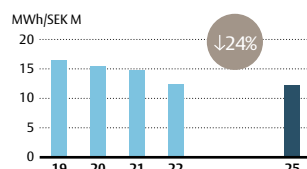
### COMMENTS ON 2022 VS. 2021

In 2022, there was a 6% decrease in Scope 1 & 2 carbon emissions due to focused energy efficiency and production process changes.

6  
12  
13

↓ 25%

Energy intensity (MWh/SEK M)

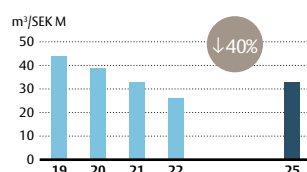


Energy intensity improved in 2022 by 15%, due to a combination of energy effectiveness and efficiency actions and increased production output resulting in higher value added.

8  
12  
13

↓ 25%

Water intensity (m³/SEK M)

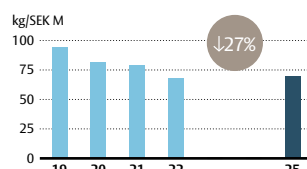


Water intensity reduced by 20% in 2022, this was a result of continued focus on water efficiency at our most water intensive sites and some upgrades in water infrastructure.

6  
8  
12

↓ 25%

Hazardous waste intensity  
(kg/SEK M)

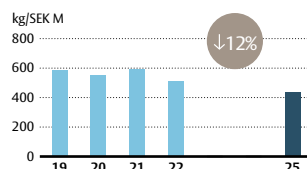


In 2022, hazardous waste intensity reduced by 13%. This was achieved through waste reduction initiatives, where production processes were further optimized to reduce waste generated.

6  
12

↓ 25%

Non-hazardous waste intensity  
(kg/SEK M)

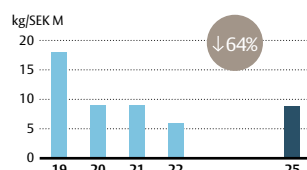


Non-hazardous waste intensity reduced by 14% in 2022. All sites follow the waste hierarchy, where avoiding waste generation is the priority, then reused or recycled as much as possible.

6  
12

↓ 50%

Organic solvents intensity  
(kg/SEK M)

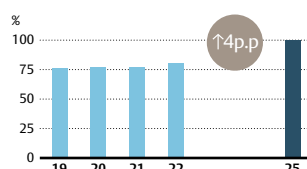


In 2022, organic solvents intensity reduced by 28%. This is a result of several projects to convert to water-based paint in out door operations.

6

100%

ISO 14001 – % sites certified in reporting scope<sup>1</sup>



In 2022, 80% of our sites defined as requiring ISO 14001 were certified. We continue to roll-out ISO 14001 to all relevant sites.

12





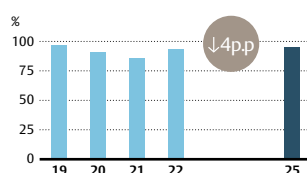
## Supply Management

### 2025 TARGET

**95%**

Supplier sustainability audits  
(% of direct material spend<sup>2</sup>)

### DEVELOPMENT 2019–2022



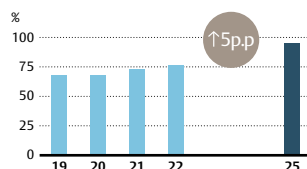
### COMMENTS ON 2022 VS. 2021

In 2022, 93% of our relevant direct material suppliers by spend have been audited with our supplier sustainability audit. Covid-19 impacted our ability to conduct onsite audits during the year.

8

**95%**

Business Partner Code of Conduct  
(% of direct & indirect material spend)



In 2022, 76% of our direct and indirect material suppliers by spend have signed our Business Partner Code of Conduct. We are continuing to roll this out to our indirect suppliers.

8



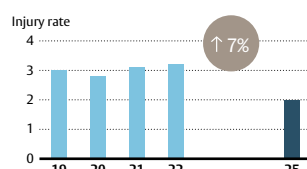
## People

### 2025 TARGET

**↓ 33%**

Injury rate (number of injuries  
per million hours worked)

### DEVELOPMENT 2019–2022



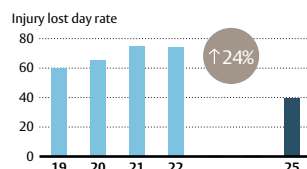
### COMMENTS ON 2022 VS. 2021

Our injury rate increased by 4% in 2022, this is linked to health & safety challenges in some of our recent acquisitions. Our injury rate decreased by 0.5%, excluding new acquisitions. The health & safety for all employees and stakeholders is a key priority.

8

**↓ 33%**

Injury lost day rate (number of lost days related  
to injuries per million hours worked)

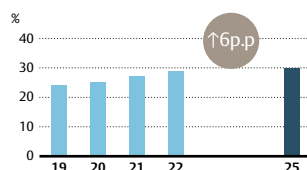


Our injury lost day rate reduced by 1% in 2022. We are continuing to investigate the cause of injuries resulting in lost days, and identifying and implementing safety improvements to reduce the risk of injury.

8

**30%**

Gender diversity (% of females  
in management positions)



Diversity and inclusion is a key focus for the Group. The portion of females in management positions increased to 29% in 2022.

8



SEE ALSO SUSTAINABILITY DATA TABLES ON PAGE 48–51

<sup>1</sup> Acquisitions will be given 3 years to become certified.

<sup>2</sup> Spend in identified risk countries.



# Addressing climate change

Climate change continues to present one of the biggest threats we face globally. ASSA ABLOY has made a long-term commitment to address climate change by committing to set science-based targets and is a member of the UN Business Ambition for 1.5°C campaign. We are committed to leading our industry to a 1.5°C future.

During 2022, ASSA ABLOY had its science-based targets ratified by the Science Based Targets initiative. We have set a near-term target in line with a 1.5°C trajectory, to reduce our absolute Scope 1 & 2 greenhouse gas emissions by 50% by 2030 from a 2019 base year, while also reducing our absolute Scope 3 greenhouse emissions by 28% within the

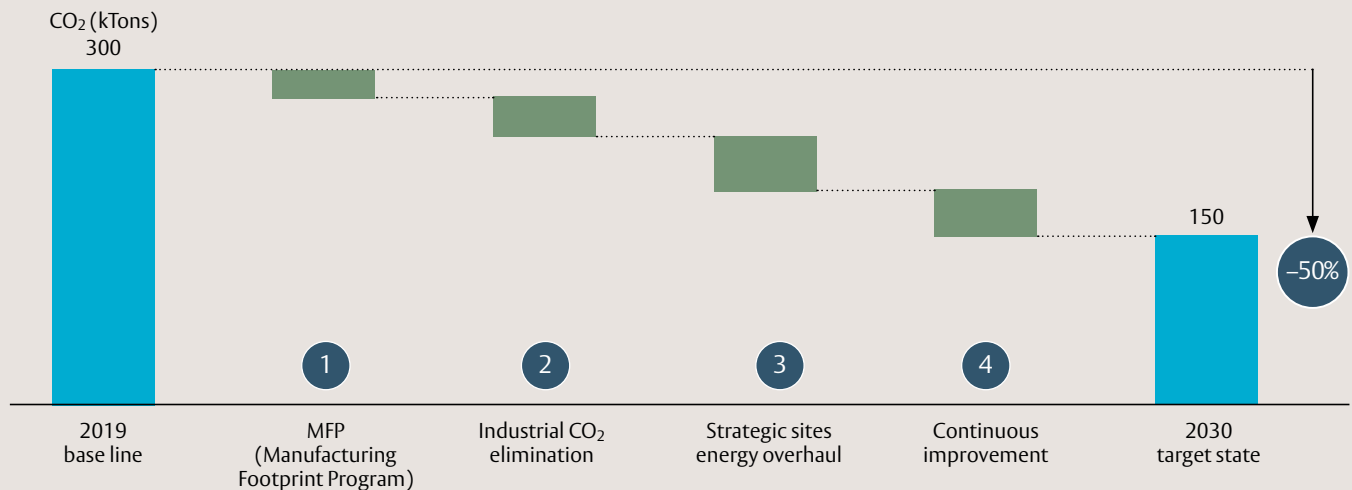
same timeframe. We have a long-term target to be net-zero no later than 2050. As the global leader in access solutions, we have a responsibility to lead our industry by committing to and delivering on the reduction target level needed. ASSA ABLOY is firmly committed to playing its part in addressing climate change.

## Visualizing our Scope 1 & 2 emissions reduction pathway

We use a standardized approach to identify and visualize the key levers required to enable the Group to achieve its 50% Scope 1 & 2 reduction target to 2030. The 4-pronged strategic approach is replicated through all divisions, all business units and down to factory level. This standardized approach is rolled up to ASSA ABLOY Group level and tracked on a quarterly basis, ensuring we are on track to achieving our climate targets.

### ASSA ABLOY Scope 1 & 2 emissions reduction waterfall

**A 4-pronged strategic approach to achieving a 50% reduction by 2030**



- 1 MFP (Manufacturing Footprint Program)**  
As we grow through acquisition this can result in a duplication of production processes. Our MFP program aims to consolidate sites to eliminate unnecessary duplication and maximize our operational efficiency. This program has a very positive reduction on our carbon emissions.
- 2 Industrial CO<sub>2</sub> elimination**  
In the past a limited number of sites used Freon as a blowing agent in the door insulation process. Freon is a potent source of greenhouse gas emissions. By eliminating the use of Freon in our operations, we have dramatically reduced our Scope 1 emissions.

- 3 Strategic sites energy overhaul**  
Our top-down approach. ASSA ABLOY operates over 1,000 sites in 70 countries globally. Of those 1,000 sites, the top 25 most energy intensive sites account for more than 60% of Scope 1 & 2 emissions. We have a focused work-stream to drive energy effectiveness and efficiency to significantly reduce the energy consumption of these sites.
- 4 Continuous improvement**  
Our bottom-up approach. In our revised Operational Excellence strategy, safety and sustainability are 1 of the 4 key pillars. Sustainability is a key part of our global operational excellence maturity assessment, ensuring a focus on sustainability and energy reduction is an organic part of how we operate every day. This results in 100s of little ideas, which sum up to make a big impact.

→ SEE ALSO SUSTAINABILITY DATA TABLES ON PAGE 48-51



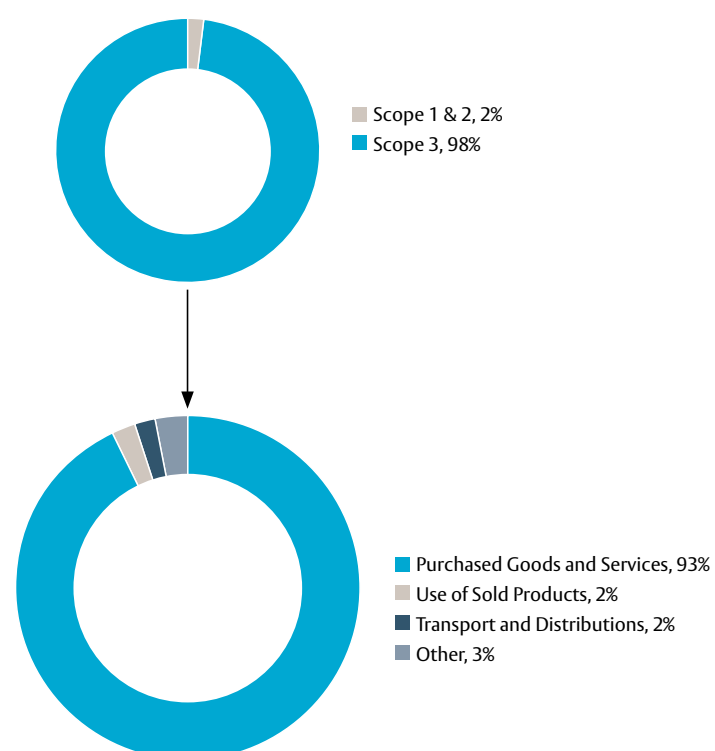
### ASSA ABLOY Scope 3 emissions

This is the first time we have calculated our greenhouse gas inventory across our entire value chain, which includes our Scope 3 footprint. Our Scope 3 footprint makes up 98% of our total footprint. More than 93% of our Scope 3 footprint is upstream in our supply chain, from our purchased goods and materials. Some of our largest categories are traditionally carbon intensive, which include steel, electronics, aluminum, brass, zinc and other metals and materials.

We have developed high-level action plans to realize our Scope 3 target to 2030, where we have identified some of the key levers to reach our goals. We are in the process of developing detailed action plans, in a similar standardized way to our Scope 1 & 2 waterfall, across all of our divisions.

Scope 3 category	2019	
	t CO <sub>2</sub> e	
Category 3.1 Purchased Goods and Services	13,379,612	93%
Category 3.11 Use of Sold Products	321,362	2%
Category 3.4 Upstream Transport and Distribution	179,975	1%
Category 3.12 End of Life Treatment of Sold Products	166,363	1%
Category 3.9 Downstream Transport and Distribution	154,130	1%
Category 3.3 Fuel and Energy Related Services	58,892	0.4%
Category 3.7 Employee Commuting	41,355	0.3%
Category 3.6 Business Travel	35,533	0.2%
Category 3.5 Waste Generated in Operations	24,230	0.2%
<b>Total Scope 3</b>	<b>14,361,452</b>	<b>100%</b>

### Relevance of our Scope 3 carbon footprint CO<sub>2</sub> emissions Scope 1 & 2 and 3







## EU Taxonomy

During 2022, we conducted several reviews of the established and emerging legislation of the EU Taxonomy green classification system. In the Taxonomy Report Technical Annex 1, under Climate Change Mitigation we interpret our relevance in section 3.5. Manufacture of energy efficiency equipment for buildings; relating to "doors with U-value lower or equal to 1.2 W/m<sup>2</sup>K)". We deem our turnover from doors, where insulation is relevant, to be Taxonomy eligible. There have been no changes in our interpretation of the EU Taxonomy and how we disclose according to the EU Taxonomy.

In 2022, we have measured the percentage of our eligible revenue that is Taxonomy aligned. It is important to note a thermal efficiency U-value of 1.2 W/m<sup>2</sup>K is not achievable for all types of doors. For example, industry best in class revolving doors have a U-value of around 4 W/m<sup>2</sup>K. Despite having a U-value higher than 1.2 W/m<sup>2</sup>K, this does not mean a revolving door is not a more sustainable solu-

tion for a building compared to another door type. It is more important to have the right door for the right application. Taking the application and how people interact with a door into consideration has a much bigger overall environmental impact, than just measuring the thermal efficiency of a door in isolation.

The EU Taxonomy is an evolving legislation, we will continue to monitor its development and prepare to disclose against the Taxonomy accordingly.

Read more in the EU Taxonomy tables section on page 52–54.

### EU Taxonomy Eligible

	Total (MSEK)	Eligible %	Non-eligible %
Turnover	120,793	21%	79%
CapEx <sup>1</sup>	5,025	12%	88%
OpEx <sup>2</sup>	5,191	3%	97%

### EU Taxonomy Eligible and Aligned

	Total (MSEK)	Eligible and aligned %	Eligible and not aligned %
Turnover	25,693	12%	88%
CapEx <sup>1</sup>	580	10%	90%
OpEx <sup>2</sup>	131	7%	93%

Definitions:

<sup>1</sup> The Taxonomy Capital expenditures (CapEx) include: Property, plant, equipment, buildings and all other tangible fixed assets, according to IAS 16; purchases and acquisitions. Intangible fixed assets, excluding goodwill, according to IAS 38; purchases and acquisitions. Right-of-use assets, according to IFRS 16; new leases and acquisitions.

<sup>2</sup> The Taxonomy Operational expenditures (OpEx) include: Research and development costs. Costs for building renovation measures. Costs for repairs and maintenance of plant, machinery, equipment etc. Short-term lease costs

## Task Force on Climate-related Financial Disclosures (TCFD)

In 2022, ASSA ABLOY continued to explore and understand the requirements of Task Force on Climate-related Financial Disclosures (TCFD). We are gradually developing the process to report to TCFD, to ensure it is meaningful and it helps to guide our organization to make informed decisions based on climate-related risk and opportunity. We are firmly convinced the TCFD framework will enable us to identify and navigate climate-related financial risks and opportunities.

We carried out our second climate scenario analysis during the year. The analysis reviewed the risks and opportunities to 2030 and 2050, of Market and Technology, Reputation, Policy and Regulation, and Physical Risks. The two different climate scenarios we reviewed were developed by the UN International Panel on Climate Control (IPCC): RCP<sup>1</sup> 6 and RCP 2.6.

RCP 2.6, called Realizing the Paris Agreement, is a scenario where emissions decline rapidly over the coming decades, resulting in a temperature increase up to 2.3°C warmer by the end of the century.

RCP 6, called The Rocky Road, is a scenario where emissions are slowly declining and not to the level required, resulting in a temperature increase up to 3.7°C warmer by the end of the century.

### Scenario analysis

During the scenario analysis we added more context, where we tried to understand both the qualitative and quantitative aspects; especially for climate-related risk. We developed the process to be able to quantify our climate-related risk, in terms of percentage of turnover; from low risk to very high risk. Depending on the level of risk from low to very high, the risk financial risk is then determined as % risk to total annual turnover. The analysis reviewed risks and opportunities relating to two different climate scenarios and how they could impact ASSA ABLOY's business in 2030 and 2050. The outcomes are summarized in the blocks beside.

<sup>1</sup> Representative Concentration Pathway.

## The Rocky Road – RCP 6

### Temperature increases between 2–3.7°C

**Increased extreme weather events**  
**Fossil fuel-generated energy, poor air quality**  
**Forced migration**  
**Increased areas of water stress**  
**Ocean levels rise**



#### Opportunities

- Producing locally, a competitive advantage
- Increased solution requirements
- Technology will be a solution enabler
- New markets
- Increased focus on security

#### Risks

- Coastal factories at risk of flooding
- Supply chain uncertainty
- Materials availability
- Customer expectation
- Ability to get insurance
- Higher costs for emissions



## Realizing the Paris Agreement – RCP 2.6

### Temperature increases between 0.9–2.3°C

**Lower frequency of extreme weather events**  
**Large-scale installed renewable energy**  
**Robust energy legislation and carbon taxes**  
**High energy effectiveness and efficiency**



#### Opportunities

- New solutions reducing customers' environmental footprint
- Transition to circular economy
- Local production will be an advantage
- Increased resource efficiency

#### Risks

- Availability of low-carbon materials
- Need to upgrade and retrofit older sites
- Carbon taxes and market regulations
- Customer expectation
- M&A in higher risk geographies
- Energy quality and availability



#### Risk as a % of annual turnover

- Low <1 %
- Medium 2–5%
- High 6–10%
- Very high is >10%

# Innovating for greater sustainability

The demand for sustainable access solutions is increasing as a result of the strong growth in green buildings and more sustainable urban environments. ASSA ABLOY aims to lead the industry towards a sustainable future by offering more sustainable products. Therefore, Sustainability is now a cornerstone in the our common strategic framework. Sustainable innovation is also one of key strategic actions in our innovation strategy.

Sustainability is integrated into everything we do and is important for the success of our business. Sustainability is a natural part of who we are and how we operate. We view it as a journey of continuous improvement, based on transparency and integrity.

Sustainability is a Group-wide responsibility, and all our divisions actively develop products and articulate our sustainability value proposition. Environmental product declarations (EPDs) and the ASSA ABLOY Sustainability Compass are central to our continuous improvements when developing sustainable products.

## Progress in 2022

Our strategic goal is that ASSA ABLOY is perceived as the most sustainable company in our industry. To benchmark our progress, we utilize the Dow Jones Sustainability Index World, a key reference point in Environmental, Social, and corporate Governance (ESG). To help achieve this ambitious goal, all newly released products should have a sustainability value proposition to help our customers make more conscious decisions.

In 2020, we committed to the Science Based Targets initiative. Our innovation initiatives primarily target Scope 3 emissions that refer to emissions from activities in the entire value chain that ASSA ABLOY is indirectly responsible for. Transport emissions or energy consumption from our products in use are two examples of Scope 3 emissions representing important share of our total CO<sub>2</sub> footprint. Our efforts focus on reducing the energy consumption of

our products during their lifetime, while in operation and in standby mode. It also includes the 'end-of-life phase' of our products by ensuring that disposal or recycling is done in a sustainable way.

New tools and knowledge related to materials allows us to minimize overall material use and maximize the use of recycled material. Reducing the amount of carbon intensive raw materials used in our products is another measure. During the year we focused on defining how much energy our products consume when in operation. Calculating energy-in-use consumption will set a baseline from which we can compare products and pinpoint where CO<sub>2</sub> emissions can be drastically reduced. These evaluations will help target improvement programs and launch specific innovation projects going forward.

To further encourage our customers to achieve their sustainability targets we are strengthening our ability to help clients achieve green building certifications like BREEAM and LEED. We have developed a training program for our marketing and sales teams that clarifies the benefits for our customers and the implementation of products with Environmental Product Declarations (EPDs).

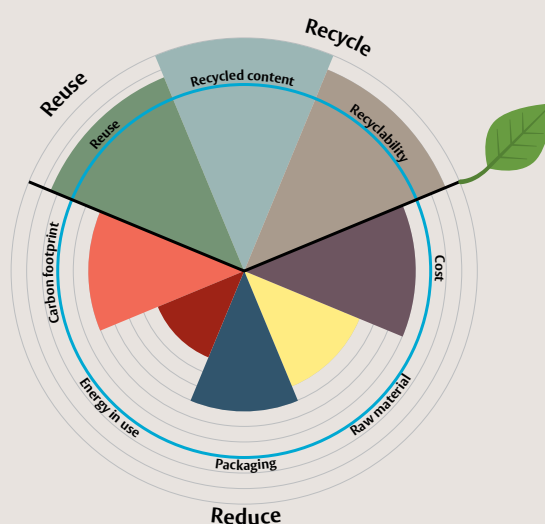
## Sustainability Compass

Our Sustainability Compass is used to assess a variety of environmental attributes for new products. We prioritize implementation of the compass and follow up on progress in global key performance indicators (KPIs). The Sustainability Compass is an important part of the innovation process and

## ASSA ABLOY's Sustainability Compass

Our Sustainability Compass is integrated into our product development process and provides an understanding of sustainability-related design criteria. The goal is to make our product portfolio more sustainable. The compass includes eight dimensions: raw materials, packaging, recycled content, end-of-life reusability, recyclability, in-life energy consumption, carbon footprint, and financial cost.

Each dimension is evaluated from a life cycle perspective and the goal is to have a lower impact than the previous product, which is referenced with the blue circle. These areas are tracked and communicated among internal stakeholders involved in product innovation and development.







a mandatory module in our global product management training program. Our product managers and innovation teams have received training and are comfortable in using the compass to improve their product portfolio.

Digitalization, with energy-intensive technologies like cloud solutions and artificial intelligence (AI), along with an increase in data centers, represents a growing concern for the environment. To address this, we have expanded the Sustainability Compass so that it also includes a specific module that targets software development. The enhanced Sustainability Compass will help development teams assess the implications of different software solutions. This will guide us in making fact-based decisions regarding critical areas like communication protocols, infrastructure and firmware.

To further guide R&D teams in making sustainable design decisions, we are developing a product emission calculator that will help teams realize implications of different design alternatives.

#### **Material compliance**

To assure compliance with sustainability regulations for substances of concern and restricted materials, ASSA ABLOY is constantly monitoring international legislation for materials and substance content.

To simplify the material selection process, we are working with a Restricted Materials List which comprises materials that should be avoided.

The list is aligned with international and European legislation and directives such as REACH<sup>1</sup>, RoHS<sup>2</sup>, California proposition 65, US Conflict Minerals Law and the US Toxic Substance Control Act (TSCA) of restricted and declarable substances.

In 2022, we launched a material compliance training program open to all employees. The aim is to increase awareness of restricted materials in general and of legislation directives in particular.

We utilize a Materials Reference Sheet that works in harmony with the Sustainability Compass and helps designers make better environmental choices. We continue to develop the list of restricted materials by adding or removing recommended materials and following the scientific development in the field of substances of concern.

#### **Third-party verification**

When making claims on the sustainability benefits of a product it helps to verify the claims by a credible third party. This ensures integrity and importantly transparency. Third-party verifiers help to audit and validate claims made around the sustainability attributes of our products and solutions. Third-party verified Environmental Product Declarations (EPDs), Health Product Declarations (HPDs) and Declare Labels, add a level of accountability and serves to increase our credibility in the face of customers.



**The Sustainability Compass is an important part of our innovation process.**

<sup>1</sup> REACH - Registration, Evaluation, Authorisation and Restriction of Chemicals.  
<sup>2</sup> RoHS - Restriction of Hazardous Substances Directive.



### Internal sustainability awareness

Sustainability is a continuous journey and we constantly seek to increase awareness and knowledge about sustainability among our employees. Our Very Green Book outlines our sustainability policies and goals.

In 2022 we have been working to ensure that all product development projects have a sustainability compass indicating improvements that will reduce our environmental footprint.

### Growing market for sustainable and resilient products

The demand for more sustainable and resilient products, including environmental and material transparency, is driven by the strong growth in green buildings and more sustainable urban environments around the world. The market for green certified buildings is expected to grow faster than the market in general.

A 2021 Forbes market report indicates that 47% of executives in engineering and construction globally believe sustainability to be top-of-mind or a major concern.

Climate change and more extreme weather conditions further emphasize the need for robust and reliable products. This includes dependable products that can withstand severe rain, hurricanes, fire and extreme temperatures. Robust solutions tend to be more sustainable thanks to their increased life expectancy.

A key challenge for sustainable product innovation is identifying the best overall solution. For example, a solution might have excellent green attributes from one perspective but may be less suitable from another perspective.

The Royal Institution of Chartered Surveyors (RICS) annual sustainability report indicates that 60% of building owners and investors globally saw an increase in demand for sustainable buildings in 2021.

On a global level, over 40% identify client, stakeholder and customer demand as one of the principal drivers for green buildings demand.

According to the 2021 Dodge Data & Analytics World Green Building Trends report, a perceived higher cost of a product is still the largest obstacle to green building. Therefore, it is important to offer innovative and sustainable solutions at little or no additional cost to the customer. As the industry continues to become more competitive,

### Sustainability is an important driver of innovation

These are the five stages companies go through on their path to become sustainable.

**1** Viewing compliance as an opportunity

**2** Making value chains sustainable

**3** Designing sustainable products

**4** Developing new business models

**5** Creating next practice platforms

#### Stage 1: Viewing compliance as an opportunity

Compliance becomes a springboard to innovation, forcing creativity and outside the box thinking with materials, processes and technologies.

#### Stage 2: Making value chains sustainable

The entire value chain needs to be looked at, not only raw materials but optimizing the environmental impact of a product across its entire lifecycle.

#### Stage 3: Designing sustainable products

Introspection is necessary to determine which products need to be worked on. Packaging must not be neglected.

#### Stage 4: Developing new business models

A deep understanding of what customers really want allows companies to find new, more sustainable ways to serve them.

#### Stage 5: Creating next practice platforms

By questioning the status quo and going beyond the obvious, it becomes possible to create the next practice platforms.

EPDs make our products more attractive as they help our customers to achieve higher ratings in their green building certification.

### Environmental and Health Product Declarations

Our customers are increasingly assessing the environmental impact of building materials, and ASSA ABLOY continuously works to declare products with both EPDs and HPDs where applicable. In many cases the purchasing decision and path to achieve LEEDv4<sup>1</sup> and other certifications are based on information from EPDs. By the end of 2022 the Group had 299 EPDs from all major product groups.

The information most often requested by customers includes level of recycled content, origin of materials, level of chemical off-gassing, specific transparency documents and product ingredients.

ASSA ABLOY is leading the industry in establishing product category rules (PCRs), which has resulted in the credible and uniform comparison of similar products. Through life cycle assessments (LCAs), the environmental impact of a product is mapped from raw material extraction to disposal or recycling – making it easier for our customers to compare products that fulfill the same function.

Significant attention will continue to be placed on the health and wellness of a building's occupants, with programs such as WELL, Fitwel, and the Living Building Challenge. The building's footprint will continue to be considered, especially with the push for Zero Net Energy. Building resiliency will also come into view, given climate change and natural disasters.

Our focus on EPDs is relevant to a progressive building materials industry. EPDs help to attain certifications, but EPD data can be applied even further. Embodied carbon reduction has become a major consideration for building project teams.

### Future possibilities

The strong growth in green buildings accelerated by technology and the efforts to improve building efficiency is embodied in the emergence of smart cities and smart buildings. Driven by technologies like AI, Internet of Things (IoT), 5G and data analytics as enablers, future smart buildings will be intelligent and responsive. Many of the smart building

attributes are also sustainable by nature, for example self-learning capabilities that optimize energy usage and adapt to conditions inside as well as outside the building.

This includes smarter door solutions that powered by IoT can report their status to provide opportunities to dramatically reduce energy consumption. Connected devices supply data about how doors in various applications are opened and closed. These data patterns can be used to change user behavior to maintain a consistent indoor temperature, helping to reduce energy usage and make buildings more efficient.

Connected and smart devices have the potential to offer predictive maintenance, where a product automatically generates a notification when maintenance is needed, preventing product malfunction and minimizing downtime. This can reduce a service organization's energy consumption by preventing unnecessary journeys to check doors. It will also help to reduce energy loss in a building by minimizing downtime and it can help to extend the lifespan of an installed product.

We see increasing interest in ASSA ABLOY Insights, our recently launched IoT platform that offers customers deep insights on door performance, usage and remote error notifications. This allows for higher service efficiency, increased uptime, and reduced maintenance costs. In addition, ASSA ABLOY Insights helps with improved ventilation control, air quality, and real-time energy calculations.

### Building Information Modeling

Building Information Modeling (BIM) allows hardware and architectural consultants to produce complete opening models with doors, frames and hardware specifications. Environmental data about buildings is shared with customers through BIM, EPDs and the use of digital collaboration tools.

The digitalization of the built environment continues to accelerate, and so do the opportunities to create innovative solutions for customers. Specification is a focus area, where BIM-enabled software tools open the door to cloud-based communication. We use this to promote the sales of sustainable products in key markets to reduce the environmental footprint.

“

The demand for more sustainable and resilient products is driven by the strong growth in green buildings.

<sup>1</sup> LEED v4 – Developed by the non-profit U.S. Green Building Council, LEED v4 is the fourth version of LEED green building certification (Leadership in Energy and Environmental Design).

## Collaboration opens the door to recycling

Polyurethane is a type of plastic material widely used in the door industry for its lightweight, durable and insulation properties. Its inclusion in sectional doors means that millions of meters are produced each year. But historically this material has been reduced to landfill waste or disposed of by burning.

We needed to change to a solution that would meet our customers demand on sustainability as well as our own ambitious environmental targets.

We collaborated with InSus, a Dutch start-up company specializing in circular building materials, to recycle the polyurethane used in the manufacture of our doors.

InSus offered a solution that has begun to transform how we handle the material. The way it works is simple but effective.

InSus takes control of the waste stream from our new and spare panel production and recycles the polyurethane into raw materials used to produce high-quality PIR insulation at their facility in Duiven in the Netherlands. In the near future these same recycled raw materials will be used by us to produce new panels.

As well as the recycling of the waste polyurethane from the production process, this opens up the possibility for us to offer a return guarantee on our panels at the end of their life – ensuring that they will be fully recyclable for the lowest environmental impact. This shift is critical to meeting our goal of achieving sustainability throughout the lifecycle of our products.





# Advancing our sustainable operations

We act responsibly throughout our operations and are committed to achieving our long-term net-zero goals. Through our sustainability program and a commitment to meet science-based targets, we will leave a more positive footprint on the planet.

## Targets to 2025

**–25%**

Carbon Footprint – absolute

**–25%**

Energy intensity

Working to achieve science-based targets in our operations is fundamentally the right thing to do. It enables us to reduce our long-term operating costs and future risk exposure, making us more competitive. It also helps us to become more relevant to our customers, as we focus on developing more in-demand sustainable products. This directly supports our purpose: to every day help people feel safe, secure and experience a more open world.

Sustainability is firmly embedded in our day-to-day operations. We have learned valuable lessons since we established our first sustainability program in 2007. Our ambitious five-year program to 2025 thus builds on the momentum of previous five-year programs. We know that we need to be humble, innovative and open to change. We also know that we cannot undertake this journey alone but will need to collaborate with others and share our experiences.

### Environmental risks and challenges

ASSA ABLOY's continued growth presents us with significant opportunities. At the same time, growth in regions with greater fossil fuel-intensive energy mixes, as well as water scarcity, pose operational risks and challenges that must be managed. Our most significant environmental impacts are caused by energy consumption, carbon emissions and water consumption and these environmental risks extend to our supply chain. With geographic expansion we must also overcome the environmental risks and challenges associated with transportation.

Our initial work and progress with the Task Force on Climate-related Financial Disclosures (TCFD), will enable us to determine the climate-related financial risks and opportunities, while we also further analyze our risk to the environment and climate change from a double materiality perspective. For more information, refer to the section "Addressing climate change" on page 14.

### Environmental risk management

We mitigate environmental risks in our operations by certifying all of our factories with significant environmental impact in accordance with the ISO 14001 environmental management system. In 2020, all our entities were analyzed to establish which ones needed to be ISO 14001 certified. The majority of the relevant remaining entities will be certified by the end of 2024. A variety of ongoing programs also aim to optimize the use of resources and mitigate the associated risks. We have further developed our restricted materials list containing materials and substances that should be avoided in manufacturing processes and products.

### Environmental priorities

Our environmental priorities are to:

- Reduce the Group's carbon footprint
- Coordinate the implementation of environmental management systems
- Enhance data analysis and benchmarking
- Improve water and waste management
- Reduce energy consumption and increase the proportion of renewable energy
- Phase out organic solvents

These priorities are all interlinked and closely related to production and resource efficiency.

Our sustainability reporting system collects high-quality data to track and analyze the performance of individual entities and divisions. As a decentralized Group – with strategic and operational responsibility at the divisional level – this systematic approach and the ability to allocate and oversee the performance of individual entities are essential. We believe that benchmarking and best practice sharing within ASSA ABLOY drives progress.

### Environmental compliance

Environmental compliance is a priority for us. We have rigorous processes in place to ensure we comply with environmental regulations and act swiftly to mitigate non-compliance in the circumstance we are in breach of an environmental regulation.

In 2022, we received three environmental fines totaling MSEK 0.29. The fines were linked to non-compliance in post-production operations and were rectified in line with environmental regulations in a timely manner. Significant instances of non-compliance are determined by non-compliance cases that result in fines greater than MSEK 0.1.

## Energy efficiency

### Our approach to energy efficiency

Ensuring energy efficiency and effectiveness is an opportunity to reduce our global carbon footprint and associated costs. Being a decentralized Group, it is essential to have a strategic approach to improvement actions.

We have a three-tiered approach to energy and sustainability improvements that plays an important role in ensuring we achieve our 2025 goals. This includes a 25% reduction in absolute energy consumption, as well as the long-term goals with science-based targets:

#### 1. Top-down, globally focused team for the 25 most energy intensive sites

A cross-divisional global team collaborates on energy effectiveness projects at our most material sites, representing more than 60% of the Group's total energy consumption.

#### 2. Bottom-up, operational excellence

Sustainability is a key foundation of the Group's operational excellence strategy. This ensures that sustainability and energy efficiency are a natural part of our operations strategy and our activities at all production sites in the Group globally where we can identify improvement opportunities to reduce energy usage.

#### 3. ASSA ABLOY Green Team Playbook

The Group-wide Green Team Playbook serves as a guide for anyone, anywhere, at any site to assemble a local green team. The playbook is used to initiate several actions to give the site a firm foundation in sustainability and energy efficiency.

As much as 50% of the energy consumption in our large manufacturing units is related to factors other than production volumes. We have reduced our total energy consumption by implementing various efficiency projects, including control systems or technologies for heating, ventilation and pressure systems. For example, modern LED lighting with

occupancy sensors has been introduced in many factories and sales companies. Some initiatives can result in significant savings with minimal investment, such as introducing processes where employees switch off machines, equipment and computers when they are not in use.

Our Smart Factory initiative focuses on renewable energy and waste energy elimination. We aim to invest in renewable energy at our long-term strategic sites, where it makes sense. In 2022, we continued to install solar photovoltaic arrays in Bulgaria, Poland, Romania, Czech Republic and Hungary to reduce our carbon footprint and also reduce energy risk.

Our Green Teams across the Group are focused on identifying and eliminating sources of waste. In some cases, sites are partnering with local universities and inviting students to undertake "energy treasure hunts" to find opportunities to reduce water and eliminate energy waste. This helps us meet our science-based targets and sustainability program goals.

#### Intelligent logistics

The transportation of our solutions around the world plays a very important role in our value chain. If it is not managed in the right way, it can have a significant environmental impact. It is important to manage our logistics in a smart way, as well as prioritize sea, rail and road transportation as much as possible, to minimize our costs and our environmental footprint.

We have been able to reduce the environmental impact of transportation as the Group has expanded. Locating assembly facilities close to the customer, for example, has enabled a more flexible and efficient supply of goods.

We use a database to assess and identify smart transportation solutions with the lowest environmental impact. The database includes suppliers as well as our factories and sales companies, and is connected to our central Group purchasing database.

## Solar PV deployment across EMEIA

### Challenge:

In 2022 EMEIA was faced with an energy crisis, particularly in Europe. Ongoing sustainable transformation of the production facilities across the division has become even more significant in relation to energy efficiency, energy security and supply. To address this unexpected challenge, EMEIA management decided to invest further in the solar PV installations across the division in addition to already having 84% of electricity coming from renewable resources. This approach helps to reduce energy risk, while also contributing to the Group's approved science-based targets.

### Solution:

Sustainable transformation is the path we have chosen to make our sites modern, environmentally friendly, and attractive for our employees. In 2022 we installed solar PV arrays in Bulgaria

and Poland. We have ongoing installations in Czech Republic, Romania, Poland, Croatia and more in scope for 2023 in Dubai, South Africa and Switzerland. Our strategic sites will be able to decrease their reliance on market energy prices and will be supported by an alternative energy source with zero or minimal greenhouse gas emissions. Power generation based on renewables is therefore essential to achieving both our ambitious 2025 sustainability program and our science-based targets.

### Result:

Installations of solar PV plants are beneficial from a cost efficiency perspective, quickly generating savings and helping to reduce business risk. Additionally, investing in solar empowers our independence on fossil fuels by increasing renewable energy and helping to significantly reduce our Scope 1 & 2 greenhouse gas emis-



sions. Each solar PV installation across EMEIA covers up to 12% of each site's electricity requirement, generating up to 900 MWh of electricity annually and reducing CO<sub>2</sub>e by up to 980 tons.

## Targets to 2025

**-25%**

Organic solvents intensity

**100%**

ISO 14001 – % sites certified in reporting scope\*

\* Acquisitions will be given 3 years to become certified.



## Organic solvents and surface treatment

The Group uses various types of organic solvents, primarily for painting. If organic solvents are mismanaged or not contained in the correct way, they can pose a risk to health and may cause environmental contamination. The total organic solvents intensity for comparable units decreased by 28% to 6kg/SEK M value added in 2022.

## Environmental management systems

Our objective is for all units with a significant environmental impact to have an ISO 14001 certified environmental management system. As new companies are acquired, such systems are gradually introduced if they are not already in place, with new acquisitions given three years to become certified. In 2022, 80% of required sites were certified with ISO 14001, an increase of 3% compared with 2021.

## Water management

### Targets to 2025

**-25%**

Water intensity

**-25%**

Hazardous waste intensity

**-25%**

Non-hazardous waste intensity

Water scarcity and the lack of clean drinking water is a major concern in many parts of the world. Irresponsible disposal of waste poses a major pollution risk and threat to biodiversity, both on land and in our oceans. To minimize our water footprint, we promote water awareness and conservation across all sites. We also implement water recycling systems and closed loop systems to promote water efficiency in our more water-intensive facilities.

During 2022, water withdrawal decreased by 11% and water intensity by 20% as a result of improvement activities and a changed production mix. Water is primarily consumed through painting, plating and cleaning processes. Twenty such entities, located mainly in the US and China, account for more than 63% of our total water consumption.

In 2022, our total water withdrawal amounted to 1,349,878m<sup>3</sup>, of which 54% was sent to municipal treatment plants after use. Water recirculation in wastewater treatment plants improves efficiency, and in 2022 the total amount of recycled water equated to 22% of the total water

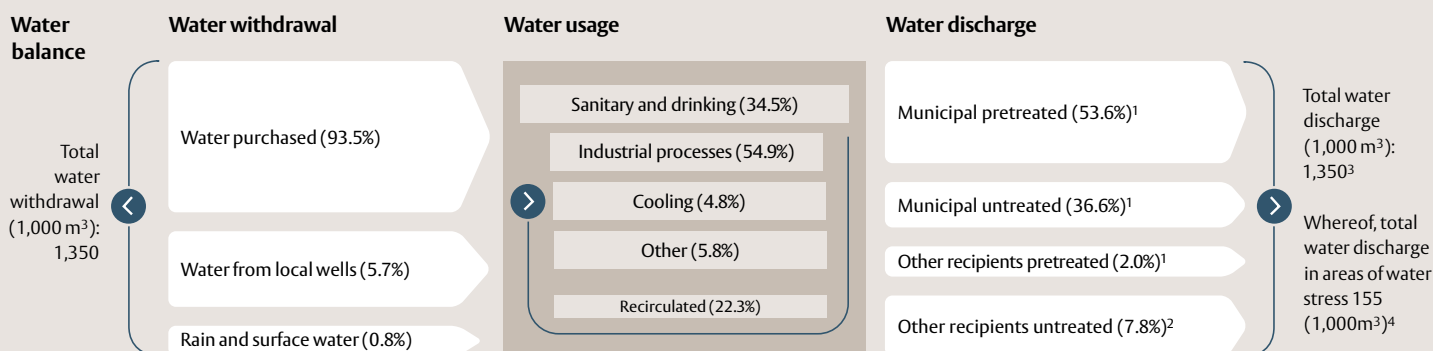
consumption. All discharges are monitored in accordance with local regulations, and all units that manage chemicals are properly licensed and registered with the local authorities. This helps ensure the water quality of receiving bodies is not compromised.

Water withdrawal and discharges are managed in accordance with local rules and regulations. In factories with electroplating facilities, the water is used in the different process baths as well as for cleaning.

In factories producing doors, the water is typically used for cleaning. An increasing portion of the used water is recirculated and used again after purification. A wide range of purification methods are used across the Group, such as filtration, sedimentation, flocculation, ion exchange and reverse osmosis.

### CDP Water

We achieved the C level on the Carbon Disclosure Project (CDP) water security evaluation for 2022.



<sup>1</sup> Third-party water. <sup>2</sup> Surface water. <sup>3</sup> Other water (>1,000 mg/L Total Dissolved Solids).

<sup>4</sup> Water discharge to areas with water stress based on World Resources Institute 'Aqueduct Water Risk Atlas'



## Waste management

To reduce our overall waste generated we follow the waste hierarchy to reduce, reuse, recycle and recover as much as we can. Waste represents a substantial cost both in terms of the resources needed to generate the waste and the cost to handle the waste in a proper way. Avoiding generating waste in the first place or reusing waste where possible, helps to reduce our operational costs. We continually increase the number of recycling programs across the Group and are expanding our waste categories, to enable increased recycling.

We work to minimize waste from our manufacturing processes and packaging materials. Several companies within the Group generate revenue from selling paper, cardboard and plastic for recycling rather than paying for the disposal of these materials.

We have reduced the use of packaging materials, switched to less harmful packaging materials and introduced reusable or recyclable containers. Increasing the use of electronic orders and integrating information flows across systems has reduced the use of printed documents.

Where it is not possible to recycle waste, it is recovered in terms of energy recovery where available and the balance goes to landfill as a last resort. We have challenges in some geographical regions where recycling infrastructure is not yet available, resulting in landfill disposal. In these locations we put extra emphasis on reducing and reusing any waste generated.

In 2022, our total waste generated amounted to 82,801 (88,579) tons. The amount of hazardous waste decreased for comparable units to 3,492 (3,615) tons. Hazardous waste is sent to authorized companies for proper processing, recycling and disposal. Available data indicates that at least 5% of the hazardous waste was recycled in 2022.

All material waste-related impacts occur in our own operations. All waste is responsibly managed according to local legislation and regulatory requirements.

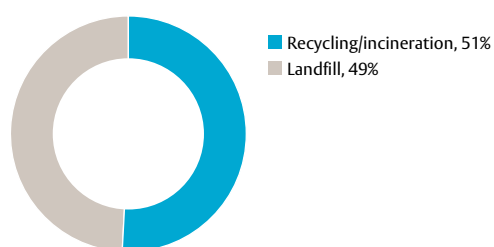
### Biodiversity

We take key steps to ensure minimal disruption to our local biodiversity with ongoing monitoring, which include quarterly reporting on any spills and a detailed annual mapping of any contamination across all of our sites, ensuring we are compliant with legal regulations.

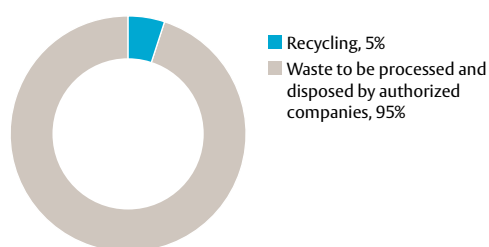
As an organization, our joint efforts are critical in order to reach our climate goals. See Addressing Climate Change on pages 14–15 to read more about our roadmap to the net-zero target.

→ SEE ALSO SUSTAINABILITY DATA TABLES ON PAGE 48–51

Non-hazardous waste – disposal method



Hazardous waste – disposal method





## Supply chain performance reaching new heights

Throughout 2022, we continued to experience challenges in supply chain activities. Although some inflation in the cost of raw materials eased during the year, there were shortages of key components, especially electronics, and delivery delays continued, particularly in the first half of the year. We managed to handle the challenges through our experienced operational teams globally, as well as solid strategies in place to ensure success.

The market challenges through 2022 have once again proven the need to continue to build resilience and agility in our supply chain. The benefits of our efforts were evident in our ability to effectively handle the supply chain challenges, solve emergency situations, and keep our production operational to serve our customers.

We believe it's important to have, and constantly develop, a healthy relationship with our suppliers. This leads to increased trust and also the possibility of being among the preferred customers when supply is scarce. We continue to look for alternative providers for situations when regular suppliers are unable to fulfil their obligations. We have identified our most critical components and have actively secured more than one source to purchase from, which has helped build more resilience and agility in our supply chain.

As we continue to identify and work with the right suppliers, we hold each supply partner accountable to meet the standards and requirements outlined in our Business Partner Code of Conduct, as well as our Sustainability Audit Program.

In addition to our continued focus on supplier sustainability our commitment to the Science Based Targets initiative

expands our focus beyond Scope 1 & 2 emissions, and into Scope 3. Our Scope 3 emissions include the footprint of our entire value chain, or everything outside our own operations. This demonstrates our willingness to lead our industry to a more sustainable future. We rely heavily on purchased products and services to build our solutions and they currently represent 93% of our total carbon footprint in Scope 3.

### **Business Partner Code of Conduct and supplier sustainability program**

The long-term objectives for supply chain management are to reduce risk, contribute to supply chain integrity and elevate sustainability performance throughout the value chain. Our suppliers must fulfil our requirements in terms of price, quality, delivery performance, collaboration and sustainability.

Suppliers must commit to and fulfil the requirements in our Business Partner Code of Conduct document which stipulates what we believe are necessities in terms of sustainable and fair business. It covers ethics, human rights and labor standards, environment, and health and safety.



We also conduct supplier sustainability audits that cover 37 areas within these topics. We have spend in 39 identified risk countries in the scope for audit. Repeat audits are determined depending on the total score, and if there are any particular topics that need to be improved and checked again for verification. If the score is too high, the supplier is at risk of being put on hold or can be immediately and permanently prohibited from conducting business with any ASSA ABLOY entity.

By pursuing an audit program like this, sustainability issues are always on the radar and the supplier is required to constantly maintain a high level regarding ethics, human rights, health and safety and environmental topics. The Code of Conduct applies to all partners that provide products or services to us, such as suppliers, consultants, distributors, agents, and other representatives, and provides a structured approach to integrating new acquisitions.

The objective is to cover over 95% of all direct and indirect material suppliers by spend by 2025. A total of 76% of all direct and indirect material suppliers by spend were covered by our Code of Conduct for Business Partners by the end of 2022. We are currently focused on improving the number of signed Code of Conduct documents from indirect suppliers to achieve the same results we deliver with direct material suppliers. This is a challenge because indirect suppliers dramatically outnumber direct material suppliers, but because the Code of Conduct program works well, extending it into broader areas of our supply chain is a natural step.

Sustainability audits coverage increased from 90% in 2015 to 97% in 2019. In 2020 this figure dropped to 91% due to the Covid-19 pandemic and travel restrictions. Our auditors were not able to visit our suppliers. Although the situation improved to some extent in parts of the world during 2021 and 2022, auditing activities have been limited due to continued Covid-19-related restrictions in China, with 93% of our spend audited.

### Addressing risks and challenges in our supply chain Supply chain risks and challenges

ASSA ABLOY operates globally, and this is reflected in our supplier base, which is scattered over large parts of the world. One potential concern is that what is considered reasonable or even mandatory from a sustainability point of view in more mature markets may seem difficult to achieve in other parts of the world. If local legislation does not explicitly prohibit certain behavior, it may sometimes be difficult to get the supplier to raise the bar higher than its competitors, solely based on who their customers are.

On the other hand, having a robust and well thought-through system for conducting audits and making sure that auditors are aligned in the interpretation of their findings is a good foundation. This maintains integrity and phases out suppliers that do not meet our requirements or suppliers that may have passed the audit but show limited interest in improving and taking their sustainability contribution to the next level.

Our experts on supplier development constantly evaluate and work with our tools and processes in order to enhance them further. Where possible and relevant, more and more topics become “stoppers,” where a negative outcome will disqualify a supplier disregarding its performance in other areas. This is not just a challenge for the supplier base to address, but also increases the pressure on us to find suitable suppliers that are aligned with our ever-increasing demands within sustainability.

At ASSA ABLOY, we need to deal with a variety of local legislations, cultures and ways of working. This implies that not all changes that are agreed upon internally are easy to implement in reality. Hence it is a constant process of pro-

posing improvements, evaluation and internal negotiations to continually take small steps forward.

### Supply chain risk management

We manage supply chain risks and challenges by continuing to roll out our Business Partner Code of Conduct to improve the monitoring of supplier compliance. The Business Partner Code of Conduct communicates our policies and principles on business ethics, human rights and labor standards, health and safety, and the environment, to suppliers. The code ensures a consistent approach to supply chain management and helps to bring new suppliers up to our standards.

The supplier sustainability audit program complements our Business Partner Code of Conduct and focuses on direct material suppliers in identified risk countries predominately in South and Central America, Eastern Europe, Africa and Asia. These countries are perceived as being at a higher risk of not complying with our Business Partner Code of Conduct.

We conduct our own supplier audits with internally trained and certified auditors and use due diligence processes to verify compliance. Each division and its supplier development manager are responsible for planning their resources and activities to have suppliers, corresponding to at least 95% of the total spend, audited before the due date of the audit.

All audits are carried out by an ASSA ABLOY auditor who visits the supplier's operations and meets with both management and workers, following an established set of tasks and questions. Any identified concerns are documented and made clear in the audit report. Once finished, the audit report is sent to the supplier, which in turn has to carry out any corrective actions and report back to the auditor. The audit reports are stored and available in the ASSA ABLOY business intelligence tool.

The supplier is given an audit score based on the outcome of the report. The score is then converted to one of five ratings: green, yellow, orange, purple and red. We have a set of actions based on the rating:

- **Green rating = Grow.** The supplier is approved. A re-audit is done after three years to verify compliance. Once suppliers achieve a green rating, our focus is on improving the supplier's abilities to become even better.
- **Yellow, orange or purple rating = Fix.** The supplier is approved on the condition that it resolves the issues identified in a recent audit within an agreed time frame. Yellow signifies the fewest number of non-conformities and purple the most. A follow-up audit is typically done after one year.
- **Red rating = Exit.** The supplier has severe sustainability problems, so the immediate focus is to solve those issues as soon as possible and following this, raise the supplier to an acceptable level with the help of ASSA ABLOY's expertise and experience. The supplier is re-audited after six months. In the interim the supplier is put on “new business hold.” If the supplier fails to improve during follow-up audits, the supplier is phased out.

According to our Business Intelligence audit data, the most common reasons for suppliers being placed on the prohibited list are health and safety, and environmental issues. Examples of health and safety issues are unsatisfactory risk documentation, evacuation drills or information about how to act in emergency situations. Inadequate accident statistics, security objectives or machine safety instructions are also common deficiencies. Suppliers on the prohibited list with environmental issues may be missing environmental permits, have inadequate documentation on hazardous waste, or have no environmental risk assessments and improvement action plans.

Some criteria in the audit checklist are of such significance that they are identified as “stoppers,” for example, child labor.

### Targets to 2025

# 95%

Supplier sustainability audits (% of direct material spend<sup>1</sup>)

# 95%

Business Partner Code of Conduct (% of direct & indirect material spend)

<sup>1</sup> Spend in identified risk countries.



We do not tolerate child labor in our own operations, or among our business partners, as outlined in our Business Partner Code of Conduct. The code does not accept any form of forced or bonded labor, or illegal workers. In addition, the code reinforces our support for the right to freedom of association and collective bargaining, as well as other working conditions, such as contracts, hours and compensation.

If a supplier fails to comply with these labor standards, they are placed on the prohibited list and their relationship with ASSA ABLOY is terminated immediately. Other stoppers, such as forced labor and remuneration that is not aligned with legislation, results in the supplier being put on “new-business hold.” If the supplier fails to improve within an agreed time frame, they are placed on the prohibited list. An increasing number of stoppers have been added to the auditing process since 2021, and more are expected in the coming years as sustainability measures increase.

At ASSA ABLOY, we believe our Code of Conduct and its supporting audit program covers all reasonable risk areas. By making sure that virtually all suppliers from identified higher risk countries are repeatedly audited and pushed to improve, we constantly reduce and remove risk factors in our supply chain. Based on historical results, we are confident that the audit program is well suited to identify and mitigate problems to a level beyond what is required.

Motivated and forward-thinking suppliers can benefit

significantly from being a part of the audit program and having access to our extensive expertise in these matters. In this way they can improve not only in their activities with us, but also with their other customers.

The robustness of our auditing program is definitely one key success factor, as it creates a framework to refer to in situations that might be difficult to assess properly. One example of this might be the addition of completely new supply chains due to ASSA ABLOY’s acquisition-heavy nature. An auditor might suddenly come across a new problem, but given the global team of auditors, the thousands of previously conducted audits, and the strict rules that apply, we are in a good position to assess the situation properly.

#### Key audit findings in 2022

ASSA ABLOY has around 8,800 direct external material suppliers. By the end of 2022, 1,164 of the 1,186 suppliers audited had satisfied our minimum sustainability requirements – equivalent to 99% of our total spend in identified risk countries.

During 2022 the Group added 605 new suppliers to the audit scope. During the year, 30% of those new suppliers were audited.

No suppliers were added to the prohibited list and prevented from doing business with us, and 19 were put on “new-business hold” by the Group, meaning they were not eligible for new business from any ASSA ABLOY entity.

## Audit process and Traffic-light system

Long term

Direct material supplier development and consolidation

Mid term

Targets and measurements

Supplier risk assessment

Ongoing

Supplier self-assessment

Sustainability

Supplier quality

On-site audits

Scoring principles  
Traffic-light system



Follow-up audits

Supplier development

Grow

Fix

Exit

#### The traffic-light system

We use a traffic-light system to rate individual direct material suppliers on how they conform to our Business Partner Code of Conduct. Suppliers are rated on the following five color-coded system:

**Green** – The supplier is approved. A re-audit is done after three years to verify compliance. Once suppliers achieve a green rating, our focus is on improving the supplier’s abilities to become even better.

**Yellow, orange, and purple** – The supplier is approved on the condition that it resolves the issues identified in a recent audit within an agreed time frame. Yellow signifies the fewest number of non-conformities and purple the most. A follow-up audit is typically done after one year.

**Red** – The supplier has severe sustainability problems, so the immediate focus is

to solve those issues as soon as possible and following this, raise the supplier to an acceptable level with the help of ASSA ABLOY’s expertise and experience. The supplier is re-audited after six months. In the interim the supplier is put on “new business hold.” If the supplier fails to improve during follow-up audits, the supplier is phased out.

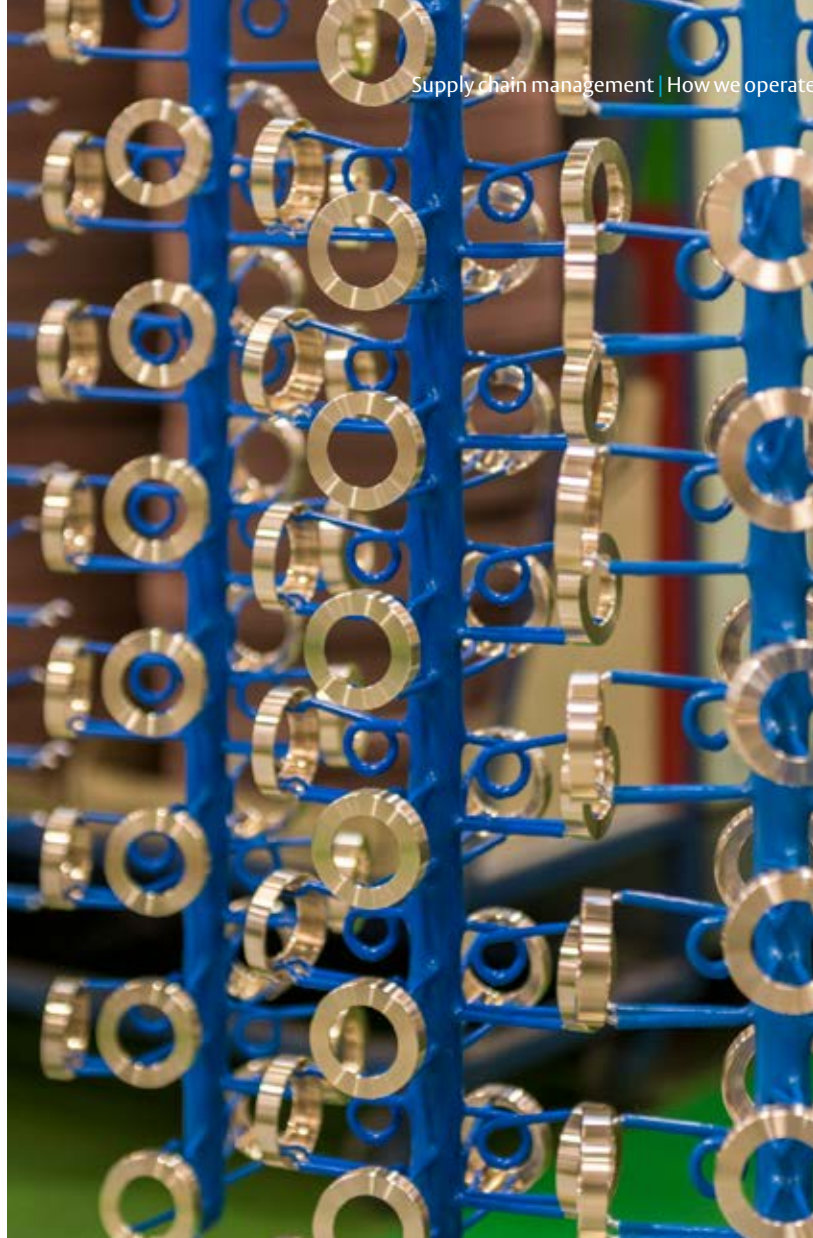
Red, yellow, orange and purple statuses can be revised based on evidence of a corrective action plan, well-documented progress, and firm commitment from the supplier. Contracts with suppliers may be terminated in the case of a non-compliance that is not remedied within an agreed time frame. The contract is automatically terminated if a supplier is rated ‘red’ for longer than six months.

### Supply chain management governance

Our supply chain management is led by the Sustainability Supply Council, which includes representatives from each division. The council sets supplier sustainability targets, coordinates activities and follows up on progress. Each division is responsible for ensuring its suppliers meet our requirements. Divisions submit their supplier audit reports to our Business Intelligence System, which allows us to assess and analyze the performance of our suppliers. The system is used as a basis for procurement decisions to identify preferred suppliers and enables us to monitor several supply chain KPIs.

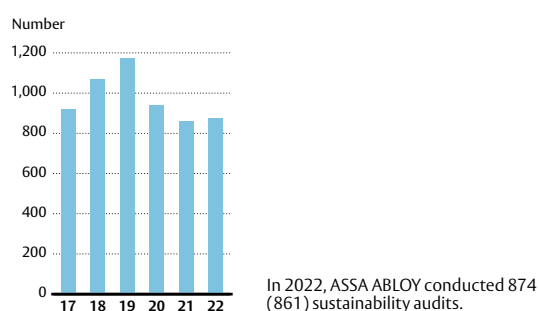
This Sustainability Supply Council, along with business unit cross-functional teams which include quality, engineering and innovation leads, have also begun to outline projects with suppliers to reduce our Scope 3 carbon emissions. Scrap reduction, material replacement to a more sustainable material, as well as reduction in overall material usage are among the projects under consideration. Many of our key supply partners have also committed to the Science Based Targets initiative and are developing a path to carbon emission reduction. Working together with our suppliers, we are confident we will deliver year-over-year reductions in emissions to support a healthier environment for future generations.

We will continue to preferentially award more business to those key supply partnerships which mirror our commitment to all aspects of sustainability. It is reassuring that by following our Sustainability Audit Program, our supplier base will inevitably improve in the long run and contribute to a more sustainable future. It is also positive and gratifying to see suppliers improve continuously, not only for the sake of ASSA ABLOY, but also for their own businesses.

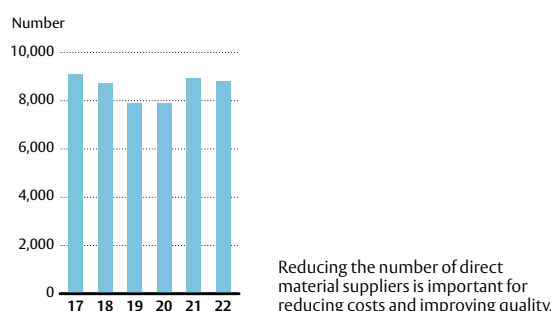


→ SEE ALSO SUSTAINABILITY DATA TABLES ON PAGE 48–51

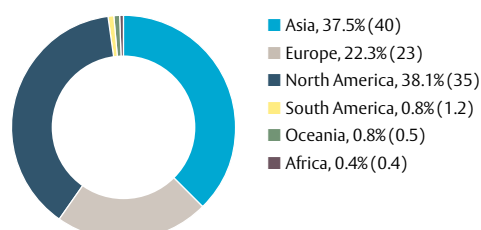
### Sustainability audits of direct material suppliers in identified risk countries



### Number of direct material suppliers



### Distribution of direct material supplier spend







# Together we are moving forward

We make the world a safer and more open place for our customers, and we want our colleagues to experience this too. Throughout our history, we have built and nurtured diverse teams to reflect the global context that we operate in. We believe this is the right thing to do and it also makes good business sense – especially for a global leader in innovation, with an incredibly wide-ranging customer base.

We recognize that everyone brings a unique perspective to work. It's our job to make sure our colleagues feel confident and comfortable expressing themselves. Showing that we value their individual ideas generates genuine and powerful diversity of thought.

We strongly believe that culture and leadership will advance our organization and have identified several key factors that will help us succeed in our people vision and strategy.

## Our culture

Our Group-wide change initiative, Together we, comprises the identity of the ASSA ABLOY Group (Together we are) and its strategy (Together we grow). To emphasize leadership – and how we lead ourselves, businesses, projects, processes and people – we have created Leadership Dimensions. The Leadership Dimensions connect leadership to our strategy and core values, and they describe how we lead.

We are both decentralized and at the same time work as one Group. We believe in decisions being made where our business is happening, and we want everyone to feel empowered to act. We believe in leaders who dare to empower our people by delegating; people grow with the opportunity to try things out and learn from this. Taking a step back as a leader means that we enable development and growth, not only of individuals, but in how we innovate and improve our products, processes, and ways of working.

Our teams in each region understand the local priorities and challenges. While there are issues we all share that can be solved together, there are also culturally specific issues that need to be acted upon locally. We strive to carry on even when things get tough, and we find strength in our colleagues around the world who are likely to have met similar challenges.

Being a Group means that we always have people to collaborate with; people who provide support, who inspire us to come up with new ideas, and who will happily continue to improve something that has been invented somewhere else. Being a Group also means that we have a worldwide toolbox of ways to do things, and we are encouraged to share the best ideas throughout the organization. This also means that we don't have to reinvent the wheel but can benefit from and develop what others have started. This is how we create economies of scale and share costs, creating sustainable innovations and ways of working.

## Health and safety

Our ambition and vision are to be an injury-free workplace.

We continuously improve our work environment by enhancing our processes and removing hazards and risks. We look at our risks locally but also from a Group and divisional perspective. Our health and safety scope and

metrics include both employees and contractors. During 2022 we implemented a global health and safety reporting system to gain additional insights, improve organizational learning and increase the quality of our preventive work. We have identified some of the most significant risks. These are working with machinery, driving, servicing and installing products, working at heights, manual handling, slips, trips and falls.

To succeed, we work with behaviors and attitudes that collectively form our safety culture, which is grounded in our values and safety beliefs. We build our safety culture with engagement and involvement through, for example, the roll out of several workshops with tens of thousands of participants focusing on risks and behaviours.

Onboarding new acquisitions poses one of our biggest safety challenges as we often acquire companies that we believe have room to develop, and this includes the maturity of their internal processes and structures. We also see the effect of these acquisitions on our health and safety metrics. We therefore systematically implement our health and safety program, covering processes, governance, behavior and culture transformation, to get closer to our zero-injury vision.

At one of our more recent large acquisitions, the Record Group, we have placed a lot of emphasis on health and safety. We have launched a learning program targeting service technicians and installers using our global Learning Management System (LMS) and we carry out safety training in the local language on a regular basis. We are engaging everyone in the Record Group organization, from top management to the service technicians in the field, to ensure a lasting change and a move towards a safer work environment.

As we become more mature from a safety perspective, we are broadening our scope to develop the well-being aspects in our health and safety agenda. For example, we have launched initiatives to address the stress experienced by people due to the Covid-19 pandemic as well as Mental Health First Aid programs to cater to local needs.

## Targets to 2025

# -33%

Injury rate  
(number of injuries per  
1m hours worked)

# -33%

Injury lost day rate  
(number of lost days  
related to injuries per  
1m hours worked)

# 30%

Gender diversity  
(% of females in  
management positions)

## Our values and beliefs

Our values and beliefs are part of our identity, and people throughout the organization describe us as advocates of:

- Empowerment – We have trust in people
- Innovation – We have the courage to change
- Integrity – We stand up for what's right



### Talent management

How we attract, develop, engage and retain talent is crucial for our success. We encourage everyone to pursue their passions and take on new roles within the Group, and we focus on facilitating a personalized development journey tailored to the needs of the individual.

We believe that when we take charge of our own career – developing our strengths and following our dreams – we are more motivated and can contribute in a better way. We aim for longevity when hiring and focus on retention by prioritizing internal talent. We support this goal through training, coaching and mentoring.

We provide constructive feedback and encourage people to support their colleagues in the same way. If an opportunity opens up for someone to find their next challenge with another team, we help them to pursue that ambition. We encourage everyone to find their own development path, checking in regularly to make sure it suits their aspirations and ambitions.

When we talk about internal mobility – which we do, a lot – we don't just mean changing location. We encourage everyone to develop transferable skills that will allow them to move between roles in other functions, divisions or countries, with the goal of increasing seniority, broadening experience or digging deeper into an area of expertise. The Covid-19 pandemic has allowed us to evolve in our approach to mobility, becoming less geographically constrained.

During the year we continued to develop our cross-divisional approach to talent acquisition, growing the teams covering EMEA and APAC. Having an internal team instead of using external agencies has improved the hiring quality, and our retention rate after six months is now significantly higher. Our global performance process, with people development at the forefront, was launched in almost every part of the organization in 2022. Each employee has at least one personal development goal that is tied to the goals and objectives of the organization as well as to our competency framework and leadership behaviors.

We invest in our research and development teams, filing hundreds of patents every year while working to meet significant sustainability targets. Our graduate programs and diversity networks nurture the next generation of talent and contribute to a more inclusive future. We provide everyone with an extensive range of digital courses, internal leadership programs and programs in collaboration with external partners. Even with this, we strongly believe that the best way to learn is on the job and through stretch assignments that go beyond one's present expertise. On the job learning happens daily thanks to our collaborative approach and focus on the individual's development needs. Everyone is encouraged to express what they need; their career is in their hands as much as it is in ours.

### We set clear expectations for great leadership

We have six Leadership Dimensions that spell out how we believe a leader should act, and what it takes to become one. We measure performance through business goals and by behavior, and they are equally important. To make our values and leadership dimensions come to life we incorporate them into our people processes, but it also comes down to all of us actively considering how we can be role models and to start behaving as such.

Leadership development is an ongoing process, and we run programs for managers on every level in the organization to support that. We have long-established leadership programs for managers both at the Group and divisional level. The development agenda is built on a leadership framework that guides our shared approach. Its foundation consists of two development programs for senior managers: ASSA ABLOY MMT (management training) and ASSA ABLOY IMD. The latter is a customized program, developed in collaboration with the International Institute for Management Development (IMD) in Lausanne, Switzerland. Its aim is to support the implementation of the Group's strategy, focusing on problem solving and topics that are relevant to leading our organization. A total of 690 of the Group's senior managers from 35 countries have participated in the IMD program so far. The

MMT program promotes best practice sharing and facilitates the integration of new employees following acquisitions. In 2022 we worked on program improvements with the aim to launch a revised version in 2023.

### Diversity and inclusion

There are multiple reasons why diversity and inclusion matter to us. We continue to build a culture of inclusion where everyone can thrive. This means everyone can make an impact and be productive because they are working in an environment where they are seen, heard and valued for what they bring to the table.

We're focused on increasing the diversity and inclusion capabilities of managers and leaders to build inclusive teams, departments and organizations so that our products and community will benefit from our diverse perspectives. We understand that we are only at the beginning of our diversity and inclusion journey, and still have work to do to achieve our goals. To focus more on this topic, we have added Diversity and Inclusion as a strategic initiative under our People strategy.

We recognize the benefits of having a diverse workforce, which we believe makes us smarter and stronger. We actively work to bring people together to harness diverse perspectives and resources, and promote acceptance, respect and collaboration in everything we do. Our core values of empowerment, innovation, and integrity always guide us in our actions and daily business decisions.

As a global organization, ASSA ABLOY is naturally diverse. We have operations in over 70 countries and serve customers in more than 185 countries. People with all kinds of backgrounds join us, and that doesn't happen by accident. This global environment fosters diversity of thought and inclusive open communication, which is why we naturally uphold these values.

We have set specific objectives to make sure we recruit widely and give people the right opportunities to succeed. For example, we measure how many of our senior manager roles are held by women, and this increases every year. We reached 24% in 2019, 29% in 2022 and we aim to make that 30% by 2025 – and to keep going. To support such efforts, we have an internal women's network and encourage a 50/50 gender balance in our graduate programs.

We will grow our talent pool by taking a diverse approach to hiring, being aware of diversity issues and overcoming biases. Together we are creating a work environment where we all can feel accepted and appreciated for who we are. A true inclusive environment makes us more comfortable, more productive, and more likely to stay and develop our careers within ASSA ABLOY. An added benefit is that we, as a diverse workforce, will become better at understanding and catering to the individual customer's needs.

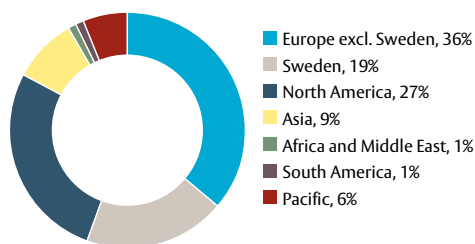
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We are convinced that evolution through people, developing our employees and enabling them to grow their careers within ASSA ABLOY, is how we secure the Group's future success.



SEE ALSO SUSTAINABILITY DATA TABLES ON PAGE 48–51

### Nationalities – ASSA ABLOY's management teams



## Using analytics to address Health and Safety

### Challenge:

In our vision to reach an injury free workplace ASSA ABLOY continuously works on removing hazards and risk. A key-pillar is to share best practices and information across our business. For the last 10 years we have had a common system for health and safety statistics, but it has not provided deeper insights as the system didn't capture details about workplace injuries.

### Solution:

During 2022, a Group-wide health and safety software was implemented. It provides a common platform for details about incidents, root causes and corrective actions. The system provides all users with standard dashboards to be able to look at trends and insights for the Group and their local units. The system is implemented and designed to empower our health and safety community to learn from each other in a more streamlined way with information in one place.

### Result:

With increased data quality and availability of structured data in all levels of our organization we are now able to find and address common

issues that in the past were buried in our data. With new insights we are getting better at collaborating to find solutions that we can roll-out and scale in a much better way than in the past, which might mean the roll-out of

a training program or to share and implement corrective actions for multiple units. It is an important step towards achieving our 2025 targets and our vision of an injury free workplace.







What we  
offer

# Sustainability in our daily operations

The executive team comments on the key sustainability focus areas for their respective divisions in 2022 and how they will reduce Scope 3 emissions, as part of our commitment to Science Based Targets.



A key focus area is engaging our suppliers to reduce their Scope 1 & 2 emissions.

## Neil Vann

Executive Vice President  
and Head of EMEA division



### What have been some of the key focus areas in sustainability for your division in 2022?

Emission reduction projects were implemented, guided by the factory of the future vision, which is a highly energy efficient factory, utilizing 100% renewable energy. This also includes projects that encompass the reduction of water consumption and waste generation. We have continued to invest in solar panels during the year in several countries, to reduce our emissions, while also reducing energy cost risk and ensuring guarantee of energy supply. In addition, 65% of our electricity is sourced from renewable sources. From an opportunity and growth perspective, we have brought new products to the market with better environmental propositions, such as high energy efficiency, reduced impact of materials sourced, higher recycled content and improved packaging.

### What are you focusing on to reduce your Scope 3 emissions, as part of our commitment to Science Based Targets?

Together with our expert teams in Procurement, Product Innovation, Sustainability and VAVE (Value Analysis/ Value Engineering), we have identified several levers that will help us efficiently reduce our Scope 3 emissions by 2030. A key focus area is engaging with our suppliers to reduce their Scope 1 & 2 emissions as this will significantly improve our Scope 3 emissions. In parallel, we are defining our green design solutions for both existing and new products. Here we are exploring using alternative greener materials that have a lower footprint, as well as reducing the thickness and the number of components or materials that we use in our products. Reduction of the energy in use that some of our products consume and optimizing the logistics of our supply chain are also other areas of focus.

Finally, circularity is of utmost importance, and we are paying special attention to this by optimizing both the recycled content that is integrated in our materials and products but also in recycling once our products reach their end of life.



We have increased the usage of renewable energy at many sites in the region.

## Simon Ellis

Executive Vice President and  
Head of Pacific & North East Asia



### What have been some of the key focus areas in sustainability for your division in 2022?

In PNEA in 2022, our team dedicated to the Science Based Targets Scope 3 have established our baseline data, both in our current products and in our materials. Activities to reduce freight, supplier optimization and material reduction were introduced. As our supply chain is heavily dependent on China today, we are leveraging the vendor management work the Greater China & South East Asia region has undertaken to reduce emissions impact from source. Additionally, we have increased the usage of renewable energy at many sites in the region. In our Australian factory we have implemented a live emissions data tracking test on all services to identify and eliminate waste.

### What are you focusing on to reduce your Scope 3 emissions, as part of our commitment to Science Based Targets?

Sustainability has always been a core consideration within our product development. We have implemented the global Sustainability Compass, all developed new products have a specific focus on ensuring they have a lower energy-in-use profile than the benchmark existing or competitive solution. Our VA/VE engineering efforts in 2023 will also focus on optimizing energy-in-use outcomes. Going forward, in our efforts to lower emissions in line with our science-based targets commitment, we will continue expanding collaboration with our suppliers to reduce their emissions. Concurrently, we are investigating possibilities for near sourcing to reduce emission in transport where feasible. In coming years, we are investing in state-of-the-art equipment in some of our factories. Emissions impacts will form a key consideration in the procurement of these pieces.



## Lucas Boselli

**Executive Vice President and  
Head of Americas division**



### **What have been some of the key focus areas in sustainability for your division in 2022?**

Several sustainability initiatives were implemented during the year, including carbon footprint reduction, water intensity improvements and safety measures. Improvements were made through air compressor, electroplating, and heaters to help us reduce our Scope 1 & 2 emissions. Implementation of water recirculation systems at a site reduced consumption significantly. We introduced multisite safety initiatives to explore ideas to proactively prevent incident occurrences.

### **What are you focusing on to reduce your Scope 3 emissions, as part of our commitment to Science Based Targets?**

Across the Americas division we are driving several initiatives specifically focused on reducing our Scope 3 emissions. To start, we are developing a Scope 3 calculator

that will help us to better quantify the impact of our initiatives to reduce CO<sub>2</sub> emissions. This will be critical for us to measure success. We are actively working with our key suppliers to make sure they have roadmaps and plans in place to significantly reduce their CO<sub>2</sub> emissions with greener processes and materials. To date, we have conducted supplier calls with our top 400 global partners, which is a great achievement. We are also partnering with local universities to get “fresh eye” perspectives on our strategies and approaches for additional CO<sub>2</sub> emission reduction opportunities and our quality teams continue to focus on scrap reduction across all our manufacturing and assembly sites as this will also have a positive impact on CO<sub>2</sub> emissions reduction. Our product development teams maintain focus on dematerialization of our products, investigating alternative materials and material reduction in addition to expanding recycled content.

And finally, energy in use reductions for our hard-powered products continues to be an improvement driver for us. We want to reduce Scope 3 emissions throughout the entire process: from manufacturing all the way to how the products perform in-use.

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We are partnering with local universities to get fresh eye perspectives on our strategies and approaches for additional CO<sub>2</sub> emission reduction.





Scope 3 has such large influence on our carbon footprint, we will carefully evaluate the total carbon emission impact for a greener supply chain.

### Martin Poxton

Executive Vice President and Head of Greater China & South East Asia



#### What have been some of the key focus areas in sustainability for your division in 2022?

We have utilized the roll-out of smart energy monitoring at some of our most energy intensive factories, to identify previously unseen energy waste. We have reduced this energy waste through focused energy effectiveness projects, which helps us to reduce our Scope 1 & 2 greenhouse gas emissions. In one of our door plants we optimized the layout of the compressed air lines, while relocating the compressors to a centralized location. This reduced the number of compressors required from three down to two, resulting in a significant energy saving. We continuously drive process improvements, to increase the efficiency of water use and reduce the amount of non-hazardous and hazardous waste generated.

#### What are you focusing on to reduce your Scope 3 emissions, as part of our commitment to Science Based Targets?

In GCSEA we have established a core team to ensure we are committed to the Science Based Targets Scope 3. Our region purchases a significant quantity from Chinese steel, zinc and aluminum mills; hence working closely with the mills and their carbon emission reduction plans is critical due to the impact on our division. We are also in close communication with the government to gain deeper insight on the overall country carbon emission reduction strategy. This allows us to react more proactively when changes are to be made. Other areas of importance are to continue to collaborate with other ASSA ABLOY divisions on shared vendors, for example within electronics and best practice sharing. As Scope 3 has such large influence on our carbon footprint, at vendor selection stage we will carefully evaluate the total carbon emission impact for a greener supply chain. For example, our strategic logistics vendors have committed to science-based targets as well.

During new product design phases and value engineering and value analysis projects, we will ensure the importance of carbon emission metrics is fully incorporated into decision making, especially with regards to materials and energy-in-use where we have an opportunity to significantly reduce the footprint of our future products.



We believe that not only will our roadmap be key for emissions targets, these initiatives are valued by our customers.

### Björn Lidéfelt

Executive Vice President and Head of Global Technologies business unit HID Global



#### What have been some of the key focus areas in sustainability for your division in 2022?

HID is committed to driving sustainability. We are optimizing our global footprint with a focus on “sustainability by design” to promote employee wellness in our working environments. We are continuing our deployment of Green Teams to build a culture of environmental stewardship and social responsibility in HID. Green circle certification of HID’s Signo family of readers, which contributes to improved building performance and green building certifications like LEED, BREEAM and Energy Star. This helps support our customers’ sustainability agenda.

#### What are you focusing on to reduce your Scope 3 emissions, as part of our commitment to Science Based Targets?

Our Scope 3 emissions targets are a critical component of our overall sustainability strategy. In concert with the broader team of ASSA ABLOY we are pursuing a multi-initiative effort. The majority of HID’s Scope 3 emissions is related to the production of our products within our supply chain. Consequently, we are focusing on product design, production methods, materials, product life-cycle costs, waste reduction, and movement of goods within our supply chain network. We have worked with external experts to determine the emissions footprint for our products so that we could characterize, by product, where we must focus our efforts in order to achieve our Science Based Targets commitments. Our technology roadmap also includes focus on energy consumption of our products through their lifecycles.

We believe that not only will our roadmap be key for emissions targets, these initiatives are valued by our customers. Overall, we have a strategic focus on science-based targets with initiatives focused on where we produce our products, how we design our products for reduced emissions, and how we partner with our suppliers to deliver both proven and innovative solutions to reduce CO<sub>2</sub> impact.



## Stephanie Ordan

**Executive Vice President  
and Head of Global Tech-  
nologies business unit Global  
Solutions**



### **What have been some of the key focus areas in sustainability for your division in 2022?**

Sustainability is in the foundation of our strategy and we are working to embed sustainability in everything we do, which means improving our processes, tools and methods, as well as a cultural change within the organization. All business areas in Global Solutions identified the most important opportunities for sustainability improvements and agreed on action plans and how to monitor the progress.

### **What are you focusing on to reduce your Scope 3 emissions, as part of our commitment to Science Based Targets?**

Our goal is to move to a more circular economy and transform linear flows into circular ones by enabling and pushing for more repair, reuse, refurbishment and recycling of our products and materials. With a circular business model and a recurring revenue stream, we address sustainability in several ways. We are reviewing our current product portfolio to

reduce the amount of materials used in our products and to find material choices that lead to reduced emissions. As we are making the transition to more digital products and solutions, sustainable IT plays an essential role and we focus to reduce our IT carbon footprint. This includes everything from how we manage data, what services we use, resource management and to buying refurbished equipment when we need to buy new IT devices.

All this involves the whole organization but it doesn't stop with us, we extend our commitment throughout the supply chain to follow the key focus areas together with our vendors and partners, whom we encourage to, among other things, reduce their emissions, choose the right materials and recycle all our materials in the best possible way. Overall, this will enable us to reduce our Scope 3 emissions and improves our triple bottom line: people, planet and profit.



Our goal is to move to a more circular economy and transform linear flows into circular ones.

## Massimo Grassi

**Executive Vice President and  
Head of Entrance Systems**



### **What have been some of the key focus areas in sustainability for your division in 2022?**

The rollout of "Together we are safe" in 2022, a health & safety training program for the service organization within Pedestrian. Development of a product emission tool within Industrial to calculate the carbon footprint of our products and components. Perimeter Security eliminated gas burn-off ovens for the coating system, which significantly reduced the usage of natural gas.

### **What are you focusing on to reduce your Scope 3 emissions, as part of our commitment to Science Based Targets?**

In the Entrance Systems division, whilst reviewing all 15 categories of Scope 3, we are initially focusing our efforts around two key categories. The first area is focused on looking specifically at our product development processes, and we have developed a tool to allow us to accurately capture the carbon intensity of each our component parts. The tool, together with a recognized raw material carbon

table, allows us to model the replacement of components to optimize our carbon footprint. This will be a key process step both in VA/VE and NPI (New Product Innovation) process. The second is focused on our suppliers. We have initially taken the time to capture a stable baseline to measure our improvements. This is now captured for 65% of our operations. We have already invited together with all divisions, our key suppliers, to an introductory briefing session. This set out our requirements for Scope 3 and the core elements of being a successful partner to ASSA ABLOY in the future. We will continue to work in detail with all partners to capture the impact of the activities they are taking to reduce the carbon intensity.

Finally, our core team is working on an internal communication plan to engage all employees in the division, keep them informed of our progress and connect and recommend activities across all Scope areas to help us achieve our targets of 50% CO<sub>2</sub> reduction for Scope 1 & 2 and 28% CO<sub>2</sub> reduction for Scope 3 by 2030 and reach net-zero no later than 2050.



We will continue to work in detail with all partners to capture the impact of the activities they are taking to reduce the carbon intensity.

# Sustainability governance

ASSA ABLOY AB is listed on the Nasdaq Stockholm stock exchange, Large Cap. The Swedish Corporate Governance Code, together with the ASSA ABLOY Code of Conduct form the basis of the Group's actions, behavior and external communications.



The ability to grow responsibly promotes our performance.

## Frameworks and responsibilities

ASSA ABLOY has been a signatory to the UN Global Compact since 2008. Our affiliation with the UN Global Compact means that we support and commit to actively promoting and respecting the 10 principles on human rights, labor standards, the environment, and anti-corruption in our operations and in dealings with external stakeholders.

As a signatory, ASSA ABLOY is obligated to issue a Communication on Progress report annually to the UN Global Compact. This obligation is fulfilled by issuing this Sustainability Report to the UN Global Compact and completing the online assessment.

ASSA ABLOY's Board of Directors ratifies our Code of Conduct and sustainability policy, and routinely discusses and follows up on our sustainability initiatives and the work in line with our sustainability goals and targets. The Board of Directors are ultimately responsible for adopting our sustainability goals and commitments. Our sustainability risk analysis is reported to the Board which means that our impacts, risks and opportunities are reviewed on an annual basis or more frequently, if required.

The Executive Team is responsible for sustainability risk management relating to the Group's strategy, the Code of Conduct, and other sustainability policies. The divisions have the operational responsibility as well as the responsibility to integrate the sustainability principles into their daily operations.

The full version of the ASSA ABLOY Code of Conduct is available in English, French, German, Spanish and Chinese, while a short version is available in 32 languages at: [www.assaabloy.com/group/en/sustainability/code-of-conduct](http://www.assaabloy.com/group/en/sustainability/code-of-conduct). The full version is given to all managers, relevant employees, and union representatives. The short version is communicated and made available to all employees. New employees are required to read the Code of Conduct and agree to abide by it and any related policies within three months of joining the Group.

ASSA ABLOY respects the laws and regulations of the countries in which we operate. The Code of Conduct does not replace legislation and if the two differ, legislation takes precedence. Although if the Code of Conduct sets a higher standard than the existing legislation, the reverse applies.

Employees are trained on the Code of Conduct. Training includes information and checkpoints to promote dialogue and raise awareness of the Code of Conduct. The training also clarifies what is expected of an ASSA ABLOY employee.

## Business Partner Code of Conduct

Our Business Partner Code of Conduct is based on the pillars and frameworks of the Code of Conduct, but is adapted to external partners. The Code includes principles that apply globally to suppliers, business partners and other stakeholders such as third parties acting on behalf of ASSA ABLOY and they are all required to comply with it. The Business Partner Code of Conduct is available in 25 languages.

## The Code of Conduct Committee

ASSA ABLOY has a Code of Conduct Committee, which is chaired by the Executive Vice President & CHRO. Its members include the Director & Head of Sustainability, Group Head of Compliance, Group Head of Internal Audit & Control, and two employee representatives. The employee representatives are also members of the ASSA ABLOY Board of Directors. Among other things, the members of the committee receive information from whistle-blowers and the committee ensures that such matters are dealt with appropriately and followed through. The committee meets three times per year.

## Growing with care

As we grow organically and through acquisitions, the relocation of production is part of creating a more efficient manufacturing structure. Expanding the business in new regions, often in emerging markets, will remain an

## Code of Conduct

The Group-wide Code of Conduct covers business ethics, communication, human rights and labor standards, the environment, and health and safety. It provides the framework for our daily operations and dealings with external stakeholders.

The Code of Conduct is based on the following:

- United Nations Universal Declaration of Human Rights and associated UN conventions
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- United Nations Global Compact
- OECD Guidelines for Multinational Enterprises
- ISO 14001 environmental management standard



important part of our strategy for the foreseeable future. It is important to understand the business context when moving into new regions and integrating new units. At the same time, we work to ensure that the business is run in line with ASSA ABLOY's Code of Conduct and beliefs. The ability to grow responsibly promotes our performance.

#### Reporting Code of Conduct concerns

Conducting business in an ethical manner is vital to our long-term success. Employees are therefore expected to report Code of Conduct concerns and there are several communication channels available; for example, a third party whistleblowing mechanism. The objective is for cases to be resolved on a local level; however, in 2022 some cases that were reported through the third party whistleblowing mechanism were dealt with on a Group level. The range of cases demonstrates that the mechanism is used throughout the organization.

The process for handling Code of Conduct concerns has

been set up to ensure that reported concerns are handled in a professional manner and that it is possible for a reporter to (as far as it is legally possible) remain anonymous. Further, since most cases are resolved at local level, the process is the same for all divisions and the requirements for closing an investigation are the same in all divisions.

#### Compliance reviews

To maintain ASSA ABLOY's standards throughout the organization, internal Code of Conduct compliance reviews are complemented with third-party audits. These audits focus on working conditions, such as human rights, labor rights, health and safety, and compliance. In collaboration with an external supplier we have developed and piloted an auditing tool which includes several tests related to anti-corruption. The tool itself and the results of the pilot are currently under review. The overall aim is to a greater extent standardize the anti-corruption control methodology and to apply the anti-corruption related tests on a wider scale in the future.



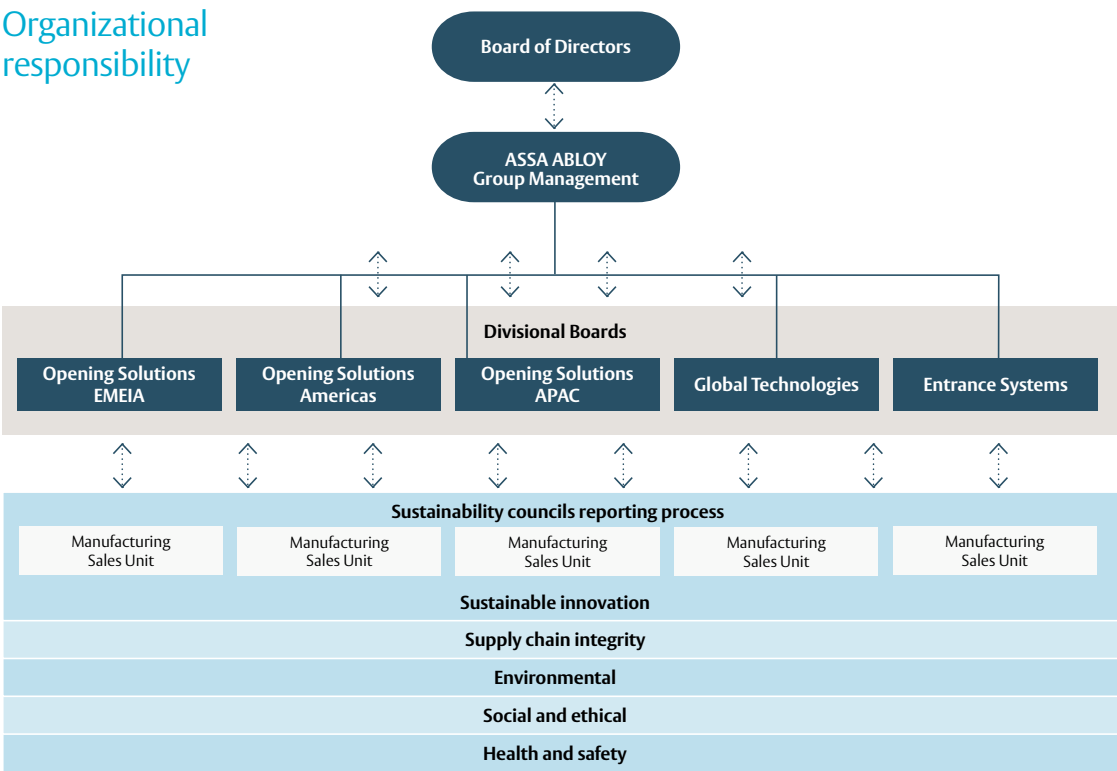
# Organizational responsibility

Our divisions have operational responsibility for their sustainability work. The work is overseen by the Executive Team and ultimately by the Board of Directors. Our strategy, sustainability objectives and the Code of Conduct form the foundation for the sustainability work.

Each division is responsible for managing our sustainability agenda, identifying and addressing risks and opportunities in the context of their business, as well as governing the Code of Conduct and related policies.

**Managing the sustainability agenda**  
Our sustainability issues are managed in a systematic and consistent way, at divisional level. Managers for environmental sustainability, supply, and innovation at the Group and divisional levels ensure that the necessary policies, processes and tools for managing environmental issues exist and are implemented. The Human Resources (HR) functions at the Group and divisional levels have the corresponding responsibility for managing social and ethical matters.  
To drive the agenda, five functional sustainability councils have been defined. The Group intranet includes two sections that focus on sustainability – one offering general information for all employees, while the other supports sustainability managers and includes tools, best practices, and access to the sustainability reporting database. The Board of Directors and the Executive Management are responsible for the reported information in the Sustainability Report in accordance with GRI. During the process they are involved in the preparation of the Report and the review of its content.

**Responsibilities**  
Each division is responsible for managing our sustainability agenda, identifying and addressing risks and opportunities in the context of their business, as well as governing the Code of Conduct and related policies.  
Divisional work and progress is overseen by the Executive Team, and is reported to the Board of Directors. Each factory or business unit has the operational responsibility within each division. Each division is also responsible for ensuring that current and new suppliers understand and comply with our requirements.  
At Group level, performance is monitored via the sustainability reporting process, which includes each company's reporting of material environmental risks and actions to mitigate them. Divisional board meetings address risks, compliance, performance and other sustainability matters. The delegation of responsibility, implementation and follow up is clearly communicated and the accountability of each person and function with a particular responsibility is defined.



### Monitoring progress

We have a Group-wide database for sustainability indicator reporting, which enables data analysis. The database includes best practices and tools as well as details of measures taken by the various companies to achieve our sustainability targets. All companies and divisions in the Group can access information from the database to compare progress and trends. In 2022, 419 (410) factories, sales units and offices reported their data in the database.

The review process is managed by the divisions on a quarterly basis – typically with detailed follow-up discussions with the relevant sub-divisions. Overall Group performance is monitored by our Sustainability Council, which tracks the performance of individual KPIs, and the results are presented at Group Management meetings.

### ASSA ABLOY's councils

Our Sustainability Council comprises of representatives from Operations, Research and Development and Human Resources, including the person responsible for sustainability in each division. The council meets monthly, almost always through virtual meetings to cut down on carbon-intensive travel; to discuss various sustainability matters related to innovation and production, to define action plans and set targets. Each participant in the council is responsible for reporting back to their organization and for driving implementation.

In addition to the Sustainability Council, there are councils for Innovation, Sourcing, Operations, Human Resources, Health and Safety, and Legal whose members include representatives from the Group and all divisions, which manage sustainability issues related to their business.

## Councils and workstreams related to ASSA ABLOY's sustainability work

	Sustainable innovation	Supply chain integrity	Environmental	Social and ethical	Health and safety	Legal
<b>ASSA ABLOY Group</b>	Zeljka Svensson, VP Global Innovation Management	Jody Paviglionite, VP Supply Management	Charles Robinson, Director & Head of Sustainability	Helle Bay, Executive Vice President & CHRO	Tobias Svensson, Director & Head of Health and Safety	Ann-Charlotte Högberg, Group General Counsel
<b>Opening Solutions EMEA</b>	David Moser, VP Product Innovation	Lee Philp, SVP & COO EMEA	Łukasz Ciszewski, Sustainability Manager	Allan Cooper, SVP & Head of Human Resources EMEA	Łukasz Ciszewski, Sustainability Manager	Hemma Patel, General Counsel
<b>Opening Solutions Americas</b>	Amy Musanti, Director of Sustainable Building Solutions	Jody Paviglionite, VP Supply Management	Vinny Yakoobian, Director Operational Excellence	Jack Dwyer, SVP Human Resources and Administration	Kimberly Cummins, Director Human Resources	Page Heslin, General Counsel
<b>Opening Solutions APAC</b>	Jamie Tawhai, SVP and Head of Product Innovation	Kin-Bond Wu, SVP & COO GCSEA Quintin Roberts, SVP & COO PNEA	Michael Deng, Sustainability Manager Richard Binks, Compliance Manager	Audina Choong, SVP Human Resources GCSEA Melanie Talyor, SVP Human Resources PNEA	Audina Choong, SVP Human Resources GCSEA Melanie Talyor, SVP Human Resources PNEA	Ivan Lu, General Counsel
<b>HID Global</b>	Ted Hoffman, Senior Director Engineering	Joshua Freeman, SVP and Head of Operations	Travis Hensley, Global Sustainability Manager	David Gentry, SVP Human Resources	Travis Hensley, Global Sustainability Manager	Karen Higgins, General Counsel
<b>Global Solutions</b>	Louise Wolfshagen, Sustainable Innovation and Process Excellence Manager	Nicklas Grabowski, SVP and Head of Transformation and Operational Excellence	Arto Koponen, Compliance and Sustainability Manager	Claire Leighton, SVP Human Resources	John Ruthven, Head of Health & Safety	Ann-Charlotte Högberg, General Counsel
<b>Entrance Systems</b>	Mats Nordén, CTO Entrance Systems	Anna-Eva Sparf Aagaard, Sourcing Director	Kristin Ruyle, Director of Environmental, Health, & Safety	Inger Lönegård, VP Human Resources	Helene Mauritzon Taylor, VP Human Resources	Henrik Jäger, General Counsel
<b>Policies</b>	Innovation Policy Policy for Intellectual Property	Business Partner Code of Conduct Supply Management Policy	Code of Conduct Environmental Sustainability Policy	Code of Conduct HR Policies and Guidelines	Code of Conduct Health and Safety Policy Manual	Code of Conduct Anti-Corruption Policy Tax policy <sup>1</sup> <sup>1</sup> The Group's Tax policy is coordinated by Group Tax.





# Stakeholder engagement and materiality analysis

Engagement with a wide variety of stakeholders helps us to be aware of societal expectations on the company. Stakeholder engagement also provides the basis for our materiality analysis, which provides a clear understanding of which sustainability topics that are the most significant to ASSA ABLOY and our stakeholders.

## Stakeholder engagement

Our main stakeholder groups are those with a high level of influence and interaction, and with whom we interact directly and actively in our day-to-day business:

**Customers** are becoming increasingly interested in transparency and products with improved sustainability performance. Environmental and social supply chain transparency typically relates to where and how our products are manufactured, along with details of the materials contained in products, and is addressed by the company's work with our supply chain. Customer interest in sustainable products has emerged from a growing importance of sustainable cities, buildings and communities. One major focus area is energy efficiency and how our products can make a contribution. We respond to this interest by engaging and collaborating with customers in product innovation and at relevant conferences and events, as well as through our membership of green building organizations and initiatives.

**Investors and shareholders** have become increasingly interested in sustainability issues in recent years. We engage with investors and shareholders in both one-to-one meetings and roundtable discussions on a variety of issues. These include supply chain management, Code of Conduct compliance, mergers & acquisitions due diligence, phase out of hazardous materials, energy consumption and CO<sub>2</sub> emissions, health and safety, market demand and profitability for sustainable products, and solutions and types of whistle-blowing cases.

**Employees** are engaged through annual appraisals, training and development initiatives, staff meetings and the intranet. We work to improve employee satisfaction across a broad range of areas, and progress is measured in the employee survey.

**Supplier and business partner** issues are managed through our supply chain audits and Business Partner Code of Conduct compliance.

**Non-governmental organizations (NGOs) and local communities** are engaged through local dialogue when relevant.

## Materiality analysis

In 2013 we conducted our first materiality analysis. The analysis was reviewed in 2015, and again in 2017. During 2018, we performed a materiality analysis based on requirements in the GRI Standards. Together with selected sustainability experts ASSA ABLOY's Sustainability Council identified and analyzed the significant impact of sustainability topics on the outside world. In addition, over 250 stakeholders in the form of customers, suppliers and employees assessed which sustainability topics they perceive have a substantive influence on their assessments and decisions in relation to our business.

The materiality analysis highlights the following sustainability topics as the most significant ones:

### **Most significant sustainability topics for ASSA ABLOY and our stakeholders:**

- Human capital development
- Improve health and safety performance
- Sustainable and circular products
- Responsible acquisitions
- Sustainable supply chains
- Resource efficiency
- Reduce emissions with global warming potential
- Safety, security and convenience for customers
- Strengthen anti-corruption measures
- Business compliance

The materiality analysis forms the basis of defining the Sustainability Report content.

# Investor statements



**Petra Daroczi**

**ESG Analyst and Portfolio Manager,  
Comgest**

**Alistair Wittet**

**Portfolio Manager, European  
Equities, Comgest**



We integrate Environmental, Social and Governance (ESG) into our risk model partly because there are opportunities for companies to benefit from their ESG credentials. At ASSA ABLOY, there is an opportunity in the growing demand for sustainable buildings. What's interesting in ASSA ABLOY's case is there is a huge trend in global legislation for the certification for green buildings. ASSA ABLOY offers solutions to help achieve this, which we see as a long-term structural tailwind for the company.

Where we see ASSA ABLOY succeeding is through its products that have an Environmental Product Declaration (EPD) because this helps a building achieve certification. The EPDs help with transparency for the customer because they are shown information about, for example, the percentage of recycled material in the product and the origin of the materials.

The value of green opening solutions is now higher than that of standard opening solutions. So there is an opportunity for the Group to provide solutions that will improve the energy-efficiency of buildings. ASSA ABLOY's solutions that embed IoT-based

aspects can provide customers with data to reduce their energy consumption based on user behavior and patterns for opening and closing doors. It also enables predictive maintenance through notifications, which minimizes downtime and the use of vehicle transportation for engineer call-outs.

From a governance perspective, we like companies that combine a long-term mindset with a performance culture which encourages delivery to meet its goals.

We find that businesses that are best able to achieve this tend to have anchor shareholders of some description. In ASSA ABLOY's case, the two founding shareholders AB Latour and Melker Schörfling have around 40% of the voting rights combined. This, coupled with an independent management team, provides an anchor for a long-term approach to the business.

Within the board there is a good mix between family members, independent members and employee representatives, and a balance between men and women.

One area in which we are looking for improvements is around net-zero. We have signed a net-zero asset management initiative so we will be rigorously looking at our portfolio holdings to assess which companies have a target for net-zero and have a feasible pathway to meet that target. In the case of ASSA ABLOY, we see it has a target for 2050, which is good but there isn't much detail disclosed about how the company aims to achieve this.

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At ASSA ABLOY, there is an opportunity in the growing demand for sustainable buildings.



## Patrik Sjöblom

Senior Global Equities Analyst, Bell Asset Management

ASSA ABLOY has comprehensive and detailed presentation and reporting around Environmental, Social and Governance (ESG) and credible targets tied to certain key performance indicators (KPIs).

It is one thing to say you want to achieve certain things within ESG but it is a different thing to deliver. In our materiality assessment of ASSA ABLOY on the energy efficiency side, its delivery stands out really well. In 2021 the Group's total energy consumption was essentially the same in megawatt hours as in 2014 and during that time the company has grown by 47%, so that is a real achievement. We note that water usage and waste have gone the right way, so we believe ASSA ABLOY is doing a very good job.

We have assessed that there are good targets in Scope 1 & 2 when it comes to greenhouse gas emissions. We believe the company could improve in Scope 3, which is a hard area for it to assess but some disclosure or commentary would be appreciated.

ASSA ABLOY has approximately 9,000 suppliers and judging from its reports these are audited annually and some are subject to increased scrutiny, so supply chain standards are held high, which we appreciate. When it comes to ethical behavior we are comfortable with the policies ASSA ABLOY has in place and the absence of any type of litigation in that area is good to see.

On the governance side, there is not an independent board majority but we are satisfied with the ownership structure with Latour and Melker Schörfling. We believe they

are good long-term shareholders that make appropriate and sensible decisions.

One thing on the governance side where we want to see more engagement is in ESG. We believe there is a lack of a link between ESG factors and the KPIs for the variable compensation. We have assessed this issue as an area of improvement for the remuneration committee. We believe having some ESG KPIs built-in to the long-term incentive program will help to improve efficiency.

Buildings are big energy consumers and improved energy efficiency is crucial to CO<sub>2</sub> emissions. France and Spain have environmental legislation coming for businesses to have automatic closing doors which we assess opens up business opportunities for ASSA ABLOY. In our opinion, its product portfolio overall is well-suited to improving energy efficiency in buildings.

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In our materiality assessment of ASSA ABLOY on the energy efficiency side, its delivery stands out really well.



## Marco Kisic

Head of ESG Research at Nordea Markets

ASSA ABLOY has a high quality sustainability set-up. We value companies that have a detailed and structured strategy, and targets which are diversified and easily trackable.

We appreciate the urgency shown to embed sustainability into the business, with examples including the re-use of products, recycling and more in general the efforts to make its solutions more sustainable. We also value the focus on disclosure and well-recognized frameworks, such as the TCFD (Task Force on Climate-Related Financial Disclosures) and commitment to the Science Based Targets initiative.

Looking ahead, Scope 3 is a big focus area, which is set to become more prominent as a result of upcoming regulations, especially in Europe. These will put increasing pressure on companies to take action in terms of emissions, by working with their suppliers' network to mitigate those risks. ASSA ABLOY is one of the few companies with a Scope 3 target, and we can see that there is significant effort around this. We look forward to seeing the results of its Scope 3 assessment and disclosure, together with any changes this may lead to.

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ASSA ABLOY is one of the few companies with a Scope 3 target.

This also relates to a growing topic of interest in the market, biodiversity. We have seen the rising prominence of biodiversity at COP15, and while ASSA ABLOY is perhaps not directly affected, it is an area that needs to be considered when it comes to sourcing of materials and waste management.

Another focus area for us relates to social risk in the supply chain. Here we like to see details on companies' due diligence and audits of suppliers, including risk assessments from the very beginning of the chain, something that is also increasingly promoted by regulators. We anticipate the "social" to attract increasing interest, so we expect more transparency around this from companies in the future.

On taxonomy, we are looking forward to ASSA ABLOY's alignment disclosures, and it will be interesting to hear its views once the upcoming taxonomies will be confirmed, particularly with regard to circularity.

In summary, we believe the company to be on the right track; we like its commitment to official frameworks, we see good progress in a lot of the environmental metrics and we look forward to growing transparency on the social side. For some areas, such as supply chain, a systemic approach involving collaborations with other parties is required, which will take time, but we are already seeing promising steps in that direction.



# Anti-corruption and other compliance programs

We have specific global compliance programs and policies within the areas of anti-corruption, antitrust, export control & sanctions and data protection, which supplement and build on our Code of Conduct. In 2022, we continued to implement the anti-corruption program and, as a result of a more complex geo-political landscape and an increased use of sanctions, increased our efforts regarding export control & sanctions compliance.



All new employees receive training on the relevant compliance programs within three months.

## Progress in 2022

### Data Protection Compliance Program

The global data protection policy is based on both the EU General Data Protection Regulation (GDPR) and the principles set out in the OECD Guidelines on the Protection of Privacy and Trans-border Flows of Personal Data. During 2022, we have continued to work on the global implementation of the program to ensure that personal data is handled in a responsible, trustworthy and compliant manner. Further, processes, guidelines and other documentation related to data protection compliance are continuously reviewed and improved.

### Anti-Corruption Compliance Program

- Implementation of the group wide risk-based third-party vetting process continued in all divisions.
- Updated process for anti-corruption reviews. In 2022, such anti-corruption reviews were conducted in Asia, Middle East, South America and Europe.

### Export control & sanctions Compliance Program

ASSA ABLOY has had a Group-wide policy for export control & sanctions in place for many years. However, recent geo-political events, culminating in the war in Ukraine, has meant that the use of sanctions has increased substantially. As a result, during 2022 we have worked increasingly with the implementation of the policy and strengthened our ways of working in respect of export control and trade compliance.

For example, we have been adhering to and following sanctions implemented against Russia and its associated parties, and are carefully monitoring the situation.

The Group Policy for Export control & Sanctions, and other related documents, are continuously being analyzed, and if needed, updated to reflect new trade challenges and compliance risks. During 2022 we started the development of a new group wide e-learning for export control & sanctions to be launched early 2023.

## Compliance overview

All compliance-related programs, policies and requirements are set by the Group, which also provides selected supporting tools. Each division is responsible for implementing the programs. Implementation of the Anti-Corruption Compliance Program is reviewed at all the divisions' board meetings. Employees are expected to report Code of Conduct concerns to either their nearest manager, HR, the divisional compliance officer, Group Legal, or through the Code of Conduct whistle-blowing function.

In 2022 regions where the risk of corruption is perceived to be higher, such as emerging markets or countries with a low score on Transparency International's latest Corruption Perception Index, have continued to be in focus. During the year anti-corruption reviews have been conducted in Asia, Middle East, South America and Europe. The implementa-

tion of the programs is reviewed through our established process for internal control in all operating companies and internal audits.

We also have a mergers and acquisitions compliance process as part of the acquisition process. The aim of this process is to put any potential issues on the agenda from the outset of the acquisition to be able to determine the level of risk at an early stage, as well as to mitigate specific areas of concern. Read more in the Acquisitions section on page 47.

## Anti-Corruption Compliance Program

Corruption increases inequality, the cost of doing business and reduces efficiency. We work actively to prevent corruption in our business. Our Anti-Corruption Compliance Program adheres to international standards to prevent, detect and respond to potential corruption – and it is regularly evaluated. Risk assessments, employee training, third-party due diligence, and reporting are its essential components. The Anti-Corruption Policy is available on the external Group website, together with the Code of Conduct and the Business Partner Code of Conduct and can be found at: [www.assaabloy.com/group/en/sustainability/sustainability-governance/anti-corruption-compliance](http://www.assaabloy.com/group/en/sustainability/sustainability-governance/anti-corruption-compliance). All relevant ASSA ABLOY employees, including top management, have received information on the Anti-Corruption Compliance Program and the Code of Conduct.

We conduct business worldwide and consequently operate in some countries where corruption risks are perceived to be high, according to the Corruption Perceptions Index published by Transparency International. A large part of our sales is handled through third parties, such as distributors, and a substantial part of our anti-corruption efforts are used to ensure that such third parties acting on behalf of us comply with ASSA ABLOY's standards.

## Compliance training

Our training guidelines stipulate that all new employees receive training on the relevant compliance programs within three months and receive further training every three years thereafter. Training is conducted either through e-learning programs (available for antitrust and anti-corruption), webinars or face-to-face.

The anti-corruption e-learning course is global and available in 20 languages. During 2022 we continued to update also the competition law e-learning creating one global course available in 20 languages, instead of having separate regional courses as was the case before.

The target groups for the anti-corruption and the competition law trainings are harmonized globally and include, for example, managers as well as sales, purchasing and sourcing personnel.

During 2022 we started the development of a new e-learning for export control & sanctions to be launched early 2023.

# Acquisitions

Acquisitions are important to our growth strategy. They strengthen our offerings, accelerate innovation, and take ASSA ABLOY into new geographic markets – enabling us to meet customer demands more rapidly.

## Progress in 2022

New acquisitions:

- 21 acquisitions were consolidated during the year. Three of the acquisitions were in emerging markets.
- Acquisition post-closing follow up
- A new process for formally following up on all acquisitions after some 15–18 months was implemented during 2018. The follow up focuses both on financial performance and synergies but also on the status of the integration process. This process is now an integral part of the acquisition process.
- The process for appointing a dedicated integration manager in all acquisitions that was formalized during 2018 has continued. The integration manager is appointed already during the acquisition process and is the lead person post-closing for managing all integration aspects of the acquired company.

We have completed more than 300 acquisitions globally since ASSA ABLOY was established in 1994 and have an efficient process for bringing new companies into the Group. This includes reviewing sustainability related issues, sharing the company's Code of Conduct and way of doing business with prospective companies, and taking steps to help newly acquired companies raise their standards where necessary.

Due to the decentralized nature of the ASSA ABLOY Group, divisions are responsible for the entire merger and acquisition process, and are resourced accordingly. ASSA ABLOY Group provides an overview of company-wide activities, and support divisions with common compliance guidelines.

We prefer to acquire sound companies that share our values and business practices, and the successful integration of acquired companies is an essential part of mitigating risks.

## The acquisition process

Our Group-wide acquisition process is divided into four phases: strategy, assessment, implementation, and integration. Each phase has its own predefined activities, decision processes and documentation requirements. Within these phases there are three main due diligence processes that help us decide whether to pursue the acquisition, and what action would need to be taken if the acquisition is completed:

- Financial and tax
- Legal – including employment contracts, payment processes, wages and insurance
- Operational – including the use of chemicals and compliance

An excessive number of red flags in the Legal and Operational due diligence processes related to sustainability may mean that the acquisition process is abandoned indefinitely. The supplier base of the potential company is also investigated – including two supplier categories: large suppliers and critical components. This mapping involves Group

Supply Management and aims to identify risks and potential synergies. Post-acquisition, associated suppliers are added to our supplier database, which is continuously assessed and audited.

As part of the acquisition process, we are obliged in certain cases to file for antitrust approval. During 2022, the company did this in a few cases when it was required.

The successful integration of an acquired company normally takes between 6 and 12 months – depending on the type of acquisition and its specific circumstances.

## Risk management

We have identified the main areas of potential risks related to acquisitions, all of which are covered by Legal and Operational due diligence. Our Group-wide sustainability management program – including targets, quarterly reporting, supply chain management, and Group-wide policies – manages risk in the following areas:

- Significant environmental pollution (soil, ground water, and air)
- Manufacturing processes that use hazardous substances
- Supplier base in high-risk countries
- Poor business ethics, including possible Code of Conduct breaches (labor rights, human rights, corruption, etc.)
- Proper permissions
- Safety

## Compliance process

Our mergers and acquisitions (M&A) compliance process aims to ensure that companies – particularly in emerging markets – comply with the company's standards. The M&A process includes a practical toolkit that provides our employees involved in the acquisition process with guidance. It covers the following areas:

- Anti-corruption
- Antitrust
- Export control
- Data protection
- Environmental, health and safety
- Tax
- Human resources

The M&A process aims to put all potential issues on the agenda from the outset of the acquisition to enable an accurate risk appreciation at an early stage. During 2018 the two areas of Data protection and Human resources were added to the areas specifically covered in the process.

Post-completion, a thorough program for addressing any identified compliance issues, as well as any Code of Conduct related aspects, such as human rights, are to be put in place and implemented. The post-completion review is particularly important if insufficient information has been obtained during the acquisition phase. The M&A compliance guidelines also offer guidance on this process.

“

We have completed more than 300 acquisitions globally since ASSA ABLOY was established in 1994 and have an efficient process for bringing new companies into the Group.

# Sustainability data tables

In this section we present in-depth sustainability information and full data with calculations. The information is presented under the same headline as our sustainability agenda.

## Performance against targets

### Sustainability program to 2025 progress:

Area	2019	2020	2021	2022 <sup>1</sup>	Target 2019–2025	Change 2019–2022	Linked SDGs
<b>Environmental KPI</b>							
ISO 14001 – % of sites certified in reporting scope <sup>2</sup>	76%	77%	77%	80%	100%	+3 p.p.	12
Carbon footprint – Scope 1 & 2 greenhouse gas emissions (tons absolute)	293,508	240,604	249,482	234,476	–25%	–20%	12 13
Energy intensity (MWh/SEK M)	16.4	15.5	14.7	12.4	–25%	–24%	8 12 13
Water intensity (m <sup>3</sup> /SEK M)	44.1	39.0	33.0	26.3	–25%	–40%	6 8 12
Hazardous waste intensity (kg/SEK M)	94	82	79	68	–25%	–27%	6 12
Non-hazardous waste intensity (kg/SEK M)	584	553	595	511	–25%	–12%	6 12
Organic solvents intensity (kg/SEK M)	18	9	9	6	–50%	–64%	6
<b>Social KPI</b>							
Injury rate (number of injuries per million hours worked)	3.0	2.8	3.1	3.2	–33%	7%	8
Injury lost day rate (number of lost days related to injuries per million hours worked)	60.0	65.5	75.0	74.6	–33%	24%	8
Portion of spend in identified risk countries represented by sustainability audited direct material suppliers	97%	91%	86%	93%	95%	–4 p.p.	8
Portion of spend of direct and indirect material suppliers who have signed the Group Business Partner Code of Conduct	68%	68%	73%	76%	95%	+5 p.p.	8
Gender equality	Level 2: 20%	9%	9%	18%		–2 p.p.	8
Portion of females in management positions	Level 3: 17%	21%	12%	11%		–6 p.p.	
	Level 4: 20%	21%	25%	26%		+6 p.p.	
	Level 5: 25%	26%	28%	30%		+5 p.p.	
	Level 2–5: 24%	25%	27%	29%	30%	+6 p.p.	

<sup>1</sup> For comparable units in 2022.

<sup>2</sup> Acquisitions will be given 3 years to become certified.



## Strategic direction

### Sustainability risk management

ASSA ABLOY's long-term risk-management strategy covers sustainability aspects throughout our value chain. Our direct material supplier audit program helps to manage risks related to suppliers, with a particular focus on high-risk suppliers. With new acquisitions, we have established an efficient process that comprehensively reviews sustainability-related issues in order to mitigate the risks associated with integrating new companies and their supply chains.

Risk mitigation in our own operations includes work to ensure that all factories with significant environmental impact are ISO 14001 certified. Ongoing activities are also in place to optimize resource use, including energy, water and waste. We have a Group-wide Health and Safety Management System in place to mitigate operational risks by implementing a set of standardized metrics and tools.

The ASSA ABLOY Sustainability Compass is also crucial to mitigate product-related risks. It guides sustainable innovation and embeds

sustainability into product development. The Sustainability Compass ensures that our next generation of products is more sustainable than the previous generation, which mitigates risks for both ASSA ABLOY and our customers.

In 2022, we reported in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD). This provides a systematic framework to help us identify climate-related financial risks and opportunities, and take the necessary actions to address them.

Every quarter we report on, follow up, and evaluate our defined sustainability KPIs, with the COO and Head of Sustainability for each division. A progress update is provided to management at different levels in the organization. This process has resulted in regularly updated and more ambitious targets for the majority of the follow-up areas, including some KPIs that are now followed up on a monthly basis.



## Sustainable operations

### Energy and carbon emissions

#### Geographical split of energy and water consumption

	Africa	Asia	Europe	North America	South America	Pacific
Energy consumption (%)	0.7%	16.2%	26.0%	49.4%	4.3%	3.4%
Water withdrawal (%)	1.5%	47.5%	15.4%	25.9%	6.9%	2.8%

#### Ozone-depleting substances

	2017	2018	2019	2020	2021	2022
Ozone-depleting substances in tons of R11 equivalent <sup>1</sup> (tons)	4.8	8.0	2.7	0.0	0.0	0.0

<sup>1</sup> R11 equivalence measures ozone-depleting potential. The calculation is based on the consumption of HCFC-141b; which has been phased out of the Group.

#### Energy consumption and related CO<sub>2</sub> emissions

	2017	2018	2019	2020	2021	2022 <sup>1</sup>
Direct energy – Scope 1						
– oil (MWh)	25,965	21,697	15,054	9,707	9,056	7,411
– gas (MWh)	258,857	268,609	290,130	269,869	283,234	277,522
– coal (MWh)	30,711	11,694	10,093	61	49	0
– biofuel/biomass (MWh)	3,706	8,975	9,737	13,786	10,919	5,466
<b>Total</b>	<b>319,239</b>	<b>310,975</b>	<b>325,015</b>	<b>293,423</b>	<b>303,258</b>	<b>290,399</b>
Indirect energy – Scope 2						
– electricity (MWh)	375,982	380,470	345,248	327,561	346,465	326,895
– district heat (MWh)	34,567	35,507	38,990	32,404	24,717	19,938
<b>Total</b>	<b>410,549</b>	<b>415,977</b>	<b>384,238</b>	<b>359,966</b>	<b>371,182</b>	<b>346,833</b>
<b>TOTAL ENERGY CONSUMPTION<sup>2</sup></b>	<b>729,788</b>	<b>726,952</b>	<b>709,253</b>	<b>653,388</b>	<b>674,440</b>	<b>637,232</b>
KPI, Energy intensity <sup>3</sup> (MWh/SEK M)	19.2	22.0	16.4	15.5	14.7	12.4 <sup>4</sup>
CO <sub>2</sub> emissions related to direct energy consumption – Scope 1 <sup>5</sup> (tons)	71,101	67,009	69,192	61,426	63,067	59,778
CO <sub>2</sub> emissions related to indirect energy consumption – Scope 2 (tons)	196,697	205,309	189,456	178,029	185,684	173,796
<b>Total greenhouse gas emission related to energy consumption CO<sub>2</sub> (tons)</b>	<b>267,798</b>	<b>272,318</b>	<b>258,648</b>	<b>239,455</b>	<b>248,751</b>	<b>233,574<sup>6</sup></b>
Greenhouse gas emission related to substances in industrial processes						
– Calculated CO <sub>2</sub> emissions <sup>7</sup> (tons) – Scope 1	68,106	72,206	34,860	1,149	731	902 <sup>8</sup>
– Total CO <sub>2</sub> emissions – Scope 1 & 2	335,904	344,524	293,508	240,604	249,482	234,476
KPI, Portion of renewable energy (%)	11.6	11.9	12.3	14.3	20.2	20.6

<sup>1</sup> For comparable units. Total energy consumption amounted to 647,379 MWh, including units acquired during the year.

<sup>2</sup> The historical numbers have been adjusted with proforma data.

<sup>3</sup> Total energy use/value added.

<sup>4</sup> For comparable units. Total energy use/value added amounted to 12.4 MWh/SEK M, including units acquired during the year.

<sup>5</sup> Biogenic emissions are included in the Scope 1 disclosure.

<sup>6</sup> For comparable units. Total greenhouse gas emission related to energy consumption amounted to 236,025 tons, including units acquired during the year. Emission factors based on Location-based data.

<sup>7</sup> Emission factors are based on data published by the United Nations Intergovernmental Panel on Climate Change (IPCC, 2007). This indicator is the CO<sub>2</sub>e sum measurement of SO<sub>x</sub>, NO<sub>x</sub>, HFC-245fa, HCFC-141b, HCFC134a (R134a), CH<sub>4</sub>, VOCs and CO<sub>2</sub>.

<sup>8</sup> For comparable units. Total calculated CO<sub>2</sub>-emissions related to substances in industrial processes amounted to 1,184 tons, including units acquired during the year.

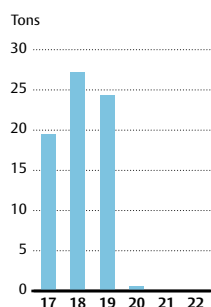
#### Science Based Targets CO<sub>2</sub> emissions

Scope 3 category	2019		Scope 1 & 2 emissions	2019
	t CO <sub>2</sub> e			t CO <sub>2</sub> e
Category 3.1 Purchased Goods and Services	13,379,612	93%	Scope 1 CO <sub>2</sub> emissions related to direct energy consumption	69,192
Category 3.11 Use of Sold Products	321,362	2%	Scope 1 Greenhouse gas emission related to substances in industrial processes	34,860
Category 3.4 Upstream Transport and Distribution	179,975	1%	Scope 1 CO <sub>2</sub> emissions related to fleet	29,591
Category 3.12 End of Life Treatment of Sold Products	166,363	1%	Scope 2 CO <sub>2</sub> emissions related to indirect energy consumption	166,593 <sup>1</sup>
Category 3.9 Downstream Transport and Distribution	154,130	1%	<b>Total</b>	<b>300,236</b>
Category 3.3 Fuel and Energy Related Services	58,892	0.4%		
Category 3.7 Employee Commuting	41,355	0.3%		
Category 3.6 Business Travel	35,533	0.2%		
Category 3.5 Waste Generated in Operations	24,230	0.2%		
<b>Total Scope 3</b>	<b>14,361,452</b>	<b>100%</b>		

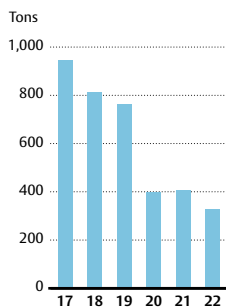
<sup>1</sup> Data calculated using Market-based data with IEA 2019 emission factors and residual emission factors, resulting in a difference between Scope 2 for 2019 in the above table. Market-based reporting will be implemented in Group reporting in 2023.

## Organic solvents

Consumption of chlorinated organic solvents



Consumption of other types of organic solvents



## Environmental management systems

ISO 14001, percentage of sites certified in reporting scope<sup>1</sup>

	2019	2020	2021	2022
Entities certified to ISO 14001	71	72	72	74
Entities requiring ISO 14001 certification	94	94	94	92
<b>Total % of sites certified</b>	<b>76</b>	<b>77</b>	<b>77</b>	<b>80</b>

<sup>1</sup> Manufacturing and logistics sites with a material environmental footprint are required to be certified to ISO 14001. Acquisitions will be given 3 years to become certified.

## Water management

### Water performance

	2017	2018	2019	2020	2021	2022
Purchased water (1,000 m <sup>3</sup> )	1,391	1,588	1,692	1,520	1,398	1,263
Water from on-site wells (1,000 m <sup>3</sup> )	616	335	210	117	110	76
Rainwater (1,000 m <sup>3</sup> )	5	4	9	9	10	11
Surface water (1,000 m <sup>3</sup> )	0	0	0	0	0	0
<b>Total water withdrawal (1,000 m<sup>3</sup>)<sup>3</sup></b>	<b>2,012</b>	<b>1,927</b>	<b>1,911</b>	<b>1,647</b>	<b>1,517</b>	<b>1,350<sup>1</sup></b>
<b>KPI, Water intensity (m<sup>3</sup>/SEK M)<sup>3</sup></b>	<b>52.9</b>	<b>58.3</b>	<b>44.1</b>	<b>39.0</b>	<b>33.0</b>	<b>26.3<sup>2</sup></b>

<sup>1</sup> For comparable units. Total water withdrawal (1,000 m<sup>3</sup>) was 1,377, including units acquired during the year.

<sup>2</sup> For comparable units. Total water intensity amounted to 26.3 m<sup>3</sup>/SEK M, including units acquired during the year.

<sup>3</sup> The historical numbers have been adjusted with proforma data.

### Water management

Water discharges are measured, calculated or estimated depending on available sources of information and requirements. Out of the total reported volume, 76% is measured based on sensor readings, another 7% of the volume is calculated for the full reporting period based on a smaller number of readings at certain points in time. Around 17% of the total volume is estimated due to a lack of sensors for measurement.

### Accidental discharges

There were no spill incidents in 2022.

## Waste management

### Recycled metal

	2017	2018	2019	2020	2021	2022 <sup>1</sup>
Waste metal for recycling (tons)	58,316	55,795	57,363	54,614	57,606	53,102

<sup>1</sup> For comparable units. Total amount of waste metal for recycling amounted to 54,240 tons, including units acquired during the year.

### Hazardous waste

	2017	2018	2019	2020	2021	2022
Metal sludge (tons)	838	915	914	704	936	739
Oil for recycling (tons)	433	361	331	244	232	192
Electrical and electronic waste (tons)			89	118	137	123
Other types of toxic waste (tons)	2,513	2,585	2,724	2,405	2,310	2,438
<b>Total hazardous waste (tons)</b>	<b>3,785</b>	<b>3,861</b>	<b>4,058</b>	<b>3,471</b>	<b>3,615</b>	<b>3,492<sup>1</sup></b>
<b>KPI, Hazardous waste intensity (kg/SEK M)</b>	<b>99</b>	<b>117</b>	<b>94</b>	<b>82</b>	<b>79</b>	<b>68<sup>2</sup></b>

<sup>1</sup> For comparable units. Total amount of hazardous waste was 3,619 tons, including units acquired during the year.

<sup>2</sup> For comparable units. Total amount of hazardous waste/value added amounted to 69 kg/SEK M, including units acquired during the year.

## Non-hazardous waste

	2017	2018	2019	2020	2021	2022
Household incinerated/recycled (tons)	1,960	3,200	2,762	2,660	3,302	3,396
Household deposited (tons)	11,104	9,889	10,341	9,797	11,470	10,972
Paper and cardboard for recycling (tons)	4,748	4,465	4,523	4,326	4,839	4,662
Plastic waste for recycling (tons)	797	863	869	855	1,364	1,403
Wood waste for recycling (tons)	4,854	4,470	5,061	4,194	4,082	3,769
Glass for recycling (tons)	185	174	236	144	210	175
Other types of waste (tons)	1,823	1,293	1,519	1,329	2,091	1,831
<b>Total (tons)</b>	<b>25,471</b>	<b>24,354</b>	<b>25,310</b>	<b>23,305</b>	<b>27,358</b>	<b>26,207<sup>1</sup></b>
<b>KPI, Non-hazardous waste intensity (kg/SEK M)</b>	<b>669</b>	<b>736</b>	<b>584</b>	<b>553</b>	<b>595</b>	<b>511<sup>2</sup></b>

<sup>1</sup> For comparable units. Total amount of non-hazardous waste was 26,832 tons, including units acquired during the year.

<sup>2</sup> For comparable units. Total amount of non-hazardous waste/value added amounted to 513 kg/SEK M, including units acquired during the year.

## Supply chain management

## Material KPI

Area	2017	2018	2019	2020	2021	2022
Portion of spend in identified risk countries represented by sustainability audited direct material suppliers	93%	96%	97%	91%	86%	93%
Number of sustainability audits of direct material suppliers in identified risk countries	919	1,067	1,175	940	861	874

## Together ahead

## Number of employees by employment contract, employment type and gender

	Number	% of total	Female, %
Permanent	49,428	91%	N/A
Temporary	4,879	9%	N/A
<b>Total</b>	<b>54,307</b>	<b>100%</b>	<b>N/A</b>

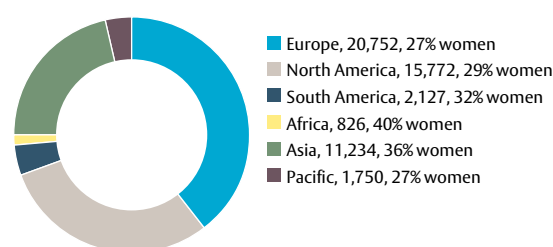
At the end of 2022, 35 percent of ASSA ABLOY employees were covered by collective bargaining.

## Women at different levels of the organization

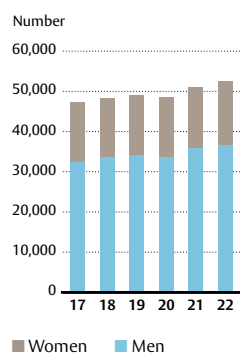
Level, %	Percentage of women					
	2017	2018	2019	2020	2021	2022
2 – reports to CEO	27	20	9	9	9	18
3 – reports to level 2	17	17	21	19	12	11
4 – reports to level 3	16	20	21	25	25	26
5 – reports to level 4	25	25	26	28	28	30
<b>Level 2–5</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>27</b>	<b>27</b>	<b>29</b>
<b>All employees<sup>1</sup></b>	<b>30</b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>30</b>

<sup>1</sup> Employees are defined as head count.

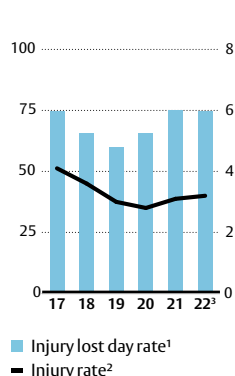
## Average number of employees by region



## Average number of employees



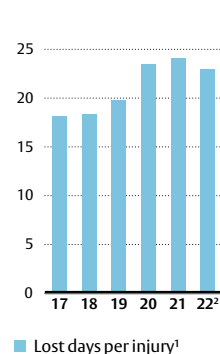
## Injuries



<sup>1</sup> Injury lost day rate in lost days per million hours worked.

<sup>2</sup> Injury rate in injuries per million hours worked.

<sup>3</sup> For comparable units. The total injury lost day rate was 73.9, including units acquired during the year. Total injury rate was 3.25 including units acquired during the year.

Lost days per injury<sup>1</sup>

<sup>1</sup> Lost days per injury calculated as total number of lost days in relation to total number of injuries.

<sup>2</sup> For comparable units. The total lost days per injury was 22.8 including units acquired during the year.



# EU Taxonomy tables

## EU Taxonomy data disclosure – Turnover

ECONOMIC ACTIVITIES (1)	SUBSTANTIAL CONTRIBUTION CRITERIA										DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')										
	Codes (2)	Absolute turnover (3)  MSEK	Proportion of turnover (4)  %	Climate change mitigation (5)  %	Climate change adaptation (6)*  %	Water and marine resources (7)*  %	Circular economy (8)  %	Pollution (9)  %	Biodiversity and ecosystems (10)  %	Climate change mitigation (11)  Y/N	Climate change adaptation (12)¹  Y/N	Water and marine resources (13)²  Y/N	Circular economy (14)³  Y/N	Pollution (15)⁴  Y/N	Biodiversity and ecosystems (16)⁵  Y/N	Minimum safeguards (17)⁶  Y/N	Taxonomy aligned proportion of turnover, year N (18)  %	Taxonomy aligned proportion of turnover, year N-1 (19)  %	Category (enabling activity or) (20)  E	Category (transitional activity) (21)  T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Manufacture of energy efficiency equipment for buildings	3.5	3,138	3%	100%						Y	Y	Y	Y	Y	Y	Y	3%		E		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Manufacture of energy efficiency equipment for buildings	3.5	22,555	18%	100%													18%				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																					
Total (A.1 + A.2)		25,693	21%	100%													21%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy-non-eligible activities (B)		95,100	79%																		
Total (A + B)		120,793	100%																		

Compliance with DNSH and minimum safeguards criteria:

- Climate change adaptation** – An assessment of the chronic and acute climate risks has been performed. Risk mitigation plans and strategies have been put in place to manage the identified risks. This is also part of our approach to TCFD (Task Force on Climate-related Financial Disclosures). Examples of risks identified: sites close to river or water bodies, sites in areas of typical extreme weather events e.g. cyclones and sites located close to and at sea level.
- Water and marine resources** – The majority of sites in the ASSA ABLOY consume water for sanitation and cleaning purposes. We have a small number of process water intensive sites. In all of our sites, but specifically our water intensive sites, we take the appropriate steps to ensure process effluent and gray water has a minimal impact on water quality and areas of water stress, in line with legal regulations. We have focused water efficiency initiatives in place to substantially reduce our total water consumption, which is part of our Sustainability Program 2025.
- Circular economy** – Where feasible, adopts techniques that support:
  - reuse and use of secondary raw materials and reused components in products manufactured;
  - design for high durability, recyclability, easy disassembly and adaptability of products manufactured;
  - waste management that prioritises recycling over disposal, in the manufacturing process;
  - information on and traceability of substances of concern throughout the life cycle of the manufactured products.
- Pollution** – ASSA ABLOY does not manufacture any chemicals. All materials and industrial processes both employed and sourced adhere to EU and Global standards; regarding substances used, manufactured or placed on the market
- Biodiversity and ecosystems** – ASSA ABLOY has carried out due diligence and/or site contamination assessments, to ensure minimal risk to local and surrounding biodiversity of our sites. Where there is historic environmental contamination, ASSA ABLOY works closely with the local municipality to ensure management and remediation of the contamination is executed in line with legal requirements. Sites located to protected areas are closely monitored and reviewed to ensure there is negligible risk to the protected area.
- Minimum safeguards** – ASSA ABLOY ensures key human rights risks or impacts are taken into account, through supplier onboarding and assessment process through audits and our requirement to adhere to our Business Partner Code of Conduct. We have identified the main areas of potential risks related to acquisitions, all of which are covered by Legal and Operational due diligence (see P47 for more information).

## EU Taxonomy data disclosure – CapEx

ECONOMIC ACTIVITIES (1)	SUBSTANTIAL CONTRIBUTION CRITERIA										DNSH CRITERIA ( 'DOES NOT SIGNIFICANTLY HARM' )										
	Codes (2)	Absolute turnover (3) MSEK	Proportion of turnover (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy aligned proportion of Capex, year N (18) %	Taxonomy aligned proportion of Capex, year N-1 (19) %	Category (enabling activity or) (20) E	Category (transitional activity) (21) T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Manufacture of energy efficiency equipment for buildings	3.5	56	2%	100%						Y	Y	Y	Y	Y	Y	Y	2%		E		
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)																					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Manufacture of energy efficiency equipment for buildings	3.5	523	10%	100%													10%				
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																					
Total (A.1 + A.2)		579	12%	100%													12%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Capex of Taxonomy-non-eligible		4,446	88%																		
Total (A + B)		5,024	100%																		

## EU Taxonomy data disclosure – OpEx

ECONOMIC ACTIVITIES (1)	SUBSTANTIAL CONTRIBUTION CRITERIA										DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')									
	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)*	Water and marine resources (7)*	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy aligned proportion of Opex, year N (18)	Taxonomy aligned proportion of Opex, year N-1 (19)	Category (enabling activity or) (20)	Category ('transitional activity') (21)
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of energy efficiency equipment for buildings	3.5	9	0.2%	100%						Y	Y	Y	Y	Y	Y	Y	0.2%		E	
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	3.5	122	2%	100%													2%			
Manufacture of energy efficiency equipment for buildings																				
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)		131	2.2%	100%													2.2%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Opex of Taxonomy-non-eligible activities (B)		5,060	97.8%																	
Total (A + B)		5,191	100%																	





































# GRI Index

## ASSA ABLOY GRI content

















Statement of use	ASSA ABLOY AB has reported in accordance with the GRI Standards and covers the period from 1 January to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No sector standard is available yet

			OMISSION			
GRI STANDARD	DISCLOSURE		LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021	2-1	Organizational details	5, 38, back cover, AR 7, 110			
	2-2	Entities included in the organization's sustainability reporting	58, AR 85			
	2-3	Reporting period, frequency and contact point	58, 61			
	2-4	Restatements of information	58			
	2-5	External assurance	58			
	2-6	Activities, value chain and other business relationships	4–5, 8–9			
	2-7	Employees	51	2-7-b-iii to v	Information unavailable	No standardized collection of the required data.
	2-8	Workers who are not employees		2-8	Information unavailable	No standardized collection of the required data.
	2-9	Governance structure and composition	38, 40, AR 52, 56–57			
	2-10	Nomination and selection of the highest governance body	AR 53, <a href="https://www.assaabloy.com/group/en/about-us/corporate-governance/general-meeting">https://www.assaabloy.com/group/en/about-us/corporate-governance/general-meeting</a>			
	2-11	Chair of the highest governance body	AR 56, 58			
	2-12	Role of the highest governance body in overseeing the management of impacts	38, AR 53			
	2-13	Delegation of responsibility for managing impacts	38, 40, AR 53			
	2-14	Role of the highest governance body in sustainability reporting	40			
	2-15	Conflicts of interest	AR 56–57			
	2-16	Communication of critical concerns	38	2-16-B	Confidentiality constraints	Due to sensitivity and ongoing cases.
	2-17	Collective knowledge of the highest governance body		2-17	Information incomplete	Initiatives to develop the knowledge are under review. Due in coming 1-2 years.
	2-18	Evaluation of the performance of the highest governance body	AR 53			
	2-19	Remuneration policies	AR 54, 91–92			
	2-20	Process to determine remuneration	AR 54, 91–92			
	2-21	Annual total compensation ratio	<a href="https://www.assaabloy.com/group/en/about-us/corporate-governance/remuneration">https://www.assaabloy.com/group/en/about-us/corporate-governance/remuneration</a>			
	2-22	Statement on sustainable development strategy	2–3, AR 4–5			
	2-23	Policy commitments	38, 41, 46			
	2-24	Embedding policy commitments	26–29, 38–41			
	2-25	Processes to remediate negative impacts	39			
	2-26	Mechanisms for seeking advice and raising concerns	39			
	2-27	Compliance with laws and regulations	22			
	2-28	Membership associations	1			
	2-29	Approach to stakeholder engagement	43			
	2-30	Collective bargaining agreements	51	2-30-B	Information unavailable	Data is not collected on Group level due to complexity.



OMISSION								TOPIC IN ASSA ABLOY'S MATERIALITY ANALYSIS
GRI STANDARD	DISCLOSURE		LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION		
MATERIAL TOPICS								
GRI 3: Material Topics 2021	3-1	Process to determine material topics	5, 17, 43-45, 48					
	3-2	List of material topics	43					
SPECIFIC DISCLOSURE GRI 200: ECONOMICS TOPICS								
Anti-corruption								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 26-27, 38-39, 41, 48, 51					Anti-corruption
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	46-47	205-1-a	Information unavailable	Data unavailable		
	205-2	Communication and training about anti-corruption policies and procedures	38-39, 46	205-2-a,d	Information unavailable	Data unavailable		
SPECIFIC DISCLOSURE GRI 300: ENVIRONMENTAL TOPICS								
Energy								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 22-25, 38-39, 41, 48-49					Energy
GRI 302: Energy 2016	302-1	Energy consumption within the organization	22-23, 48-49, 58				  	
	302-3	Energy intensity	12, 22, 48				  	
	302-4	Reduction of energy consumption	22, 49, 58				  	
SPECIFIC DISCLOSURE GRI 300: ENVIRONMENTAL TOPICS								
Water and Effluents								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 24, 38-39, 41, 48, 50					Water
	303-1	Interactions with water as a shared resource	10-12, 24, 27					
	303-2	Management of water discharge-related impacts	24					
	303-4	Water discharge	24					
Emissions								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 14-15, 17, 38-39, 41, 48-50					Emissions
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	48-49, 58				 	
	305-2	Energy indirect (Scope 2) GHG emissions	48-49, 58				 	
	305-4	GHG emissions intensity	49					
	305-5	Reduction of GHG emissions	48-49, 58					
	305-6	Emissions of ozone-depleting substances (ODS)	49					
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	24, 49-50					
Waste								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 26, 38-39, 41, 48, 50-51					Water Waste
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	25, 48, 50-51				 	
	306-2	Management of significant waste-related impacts	25, 58				 	
	306-3	Waste generated	48, 50-51				 	
Supplier Environmental Assessment								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 26-29, 38-39, 41, 48					Procurement practices
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	26-29					
Company-specific disclosure								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 22, 38-39, 41, 50					Environ-mental management systems
Environmental management systems	AA 1	Numbers of entities covered by ISO 14001 certificates and other certifiable environmental management systems	50					



OMISSION								TOPIC IN ASSA ABLOY'S MATERIALITY ANALYSIS
GRI STANDARD	DISCLOSURE		LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	LINKED SDGS	
Occupational Health and Safety								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 31, 33, 38–39, 41, 48, 51					Occupational health and safety
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	31					
	403-2	Hazard identification, risk assessment, and incident investigation	31					
	403-3	Occupational health services	31					
	403-4	Worker participation, consultation, and communication on occupational health and safety	31					
	403-5	Worker training on occupational health and safety	31					
	403-6	Promotion of worker health	31					
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	31					
	403-9	Work-related injuries	31, 48, 51	403-9-b	Information unavailable	Data unavailable		
Diversity and Equal opportunity								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 33, 38–39, 41, 48, 51					Diversity
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	33, 51	405-1-a-ii b-ii	Information unavailable	Data by age groups is not available.		
Supplier Social Assessment								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 26–29, 38–39, 41, 48					Procurement practices
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	26-29					
Marketing and Labeling								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 18–21, 38–39, 41					Sustainable innovation/ sustainable products
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	18–21					



# Reporting principles

We work continuously to improve reporting transparency, scope, quality and the frequency of information. This is the Group's seventeenth Sustainability Report. This report constitutes ASSA ABLOY's statutory Sustainability Report in accordance with the reporting requirements in the Swedish Annual Accounts Act. ASSA ABLOY reports in accordance with the GRI Standards.

## Reporting units

The report consists of the 5 division entities including Entrance Systems, Opening Solutions EMEA, Opening Solutions Americas, Opening Solutions APAC and Global Technologies. The number of sub-entities (factories, sales companies and offices) reporting on sustainability in 2022 has increased from 410 to 419. The data in the Sustainability Report represents entities where 90% of the Group's employees work. In terms of manufacturing activities the report is estimated to cover entities that represent 99% of the Group's total manufacturing activities. The parts of the Group that are not covered are either related to recently acquired entities or entities with less than 10 employees. Joint ventures are included if ASSA ABLOY holds the majority ownership.

## Calculation principles

The reported number of employees represents the number of employed persons at the end of 2022.

Reported normalized KPIs are based on currency-neutral monetary values and value added rather than sales – to minimize the effect of currency fluctuations and the ongoing restructuring of the Group. As a result, value added for intensity metrics is restated each year. By using value added as a measure, the normalized values are also not affected by the outsourcing of manufacturing. We believe this provides a more accurate picture of what is going on in the Group.

ASSA ABLOY uses the CDP's principle for calculating carbon emissions. The selected method gives a more relevant calculation on the actual carbon emissions as it takes into account how electricity is generated in different countries.

Electricity emission factors are based on data on electricity production for 2010, as published by the International Energy Agency (IEA, 2012). These emission factors are used for calculation of emissions until end of 2016. In 2017 ASSA ABLOY updated the emission factors used to calculate greenhouse gases from electricity consumption. The emission factors are based on the most recent data published by the International Energy Agency (IEA) and the International Panel on Climate Change (IPCC), and are expressed in CO<sub>2</sub> equivalents (CO<sub>2</sub>e). For Brazil, Canada, United Kingdom and the United States the emission factors are based on data published by national agencies.

We currently report location-based Scope 2 emissions, while our Science Based Targets was calculated with market-based reporting. Market-based reporting will be implemented in 2023. District heating emission factors are calculated as a weighted average of energy sources for heat production per country, based on data from 2009 as published by the International Energy Agency (IEA, 2013).

Emission factors for oil, coal and gas are based on data published by the United Nations Intergovernmental Panel on Climate Change (IPCC, 2006).

Waste-related data is collected from all entities on a quarterly basis, it is analyzed and quality checked by divisional and Group management.

## Changes in reporting management

ASSA ABLOY's sustainability reporting system facilitates the collection of data that is aligned with the Group's financial reporting.

We have improved our internal sustainability reporting and analysis capabilities in recent years, which has resulted in restatements of previously reported data for water consumption, energy consumption, intensity metrics and carbon emissions. Restatements are made due to improvement in data accuracy, updating intensity metrics or factoring in data from acquisitions.

All units report sustainability performance every quarter. The Group governance body is both the Board and our executive team, of which 100% are aware of our anti-corruption policies and procedures.

## GRI Standards

The Sustainability Report covers the 2022 reporting year and has been developed with guidance from a number of standards, in particular the GRI Standards. This report has been prepared in accordance with the GRI Standards. Accordingly, the GRI indicators have been chosen to match the material issues disclosed on page 43. Omissions or incomplete data are commented on directly in the GRI index on pages 55–57.

We report our sustainability performance annually, and this Sustainability Report, for 2022, was issued on 6 March 2023.

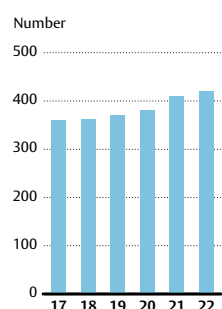
## External assurance

ASSA ABLOY has not sought external assurance for the Sustainability Report of 2022. ASSA ABLOY's external auditors EY have assessed the sustainability reports compliance with GRI Standards.

## Communication

Internally, the Group intranet and sustainability reporting database are important tools for communication. Externally, the Group website [www.assaabloy.com](http://www.assaabloy.com) and the annual Sustainability Report communicate to a wider audience.

## Number of reporting units



The number of reporting units in the Group has increased to 419 (410).

# Auditor's report on the statutory Sustainability Report

To the general meeting of the shareholders in ASSA ABLOY AB (publ), corporate identity number 556059-3575.

## Engagement and responsibility

The Board of Directors is responsible for the statutory sustainability report 2022 (fiscal year 2022-01-01-2022-12-31) and that it has been prepared in accordance with the Annual Accounts Act.

## The scope of the audit

Our examination of the statutory Sustainability Report has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's report on the statutory Sustainability Report. This means that our examination of the statutory Sustainability Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

## Opinion

A statutory Sustainability Report has been prepared.

Stockholm, 3 March 2023  
Ernst & Young AB

Hamish Mabon  
Authorized Public Accountant

# Glossary

**Building Information Modeling (BIM):** A method of drawing data-rich 3D objects that provide a wealth of information on product options and how the equipment integrates into a building.

**BREEAM:** A sustainability assessment method and rating system for buildings, measuring a building's environmental performance during building design, construction and operation.

**Carbon footprint:** CO<sub>2</sub> measurement of the impact of human activities on the environment, in terms of the amount of greenhouse gases produced.

**CDP:** Formerly known as the Carbon Disclosure Project, CDP is an independent non-profit organization compiling the world's largest database of corporate climate change information. CDP harmonizes climate change data from local organizations from around the world to assist in the development of international carbon reporting standards.

**CO<sub>2</sub>:** Carbon dioxide.

**Direct energy:** Energy generated and utilized on site from oil, gas, etc.

**EBIT:** Earnings before interest and tax.

**Environmental Product Declaration (EPD):** A verified and registered document that communicates transparent and comparable information about the life-cycle environmental impact of products.

**Global Compact:** UN initiative that encourages companies to apply sustainable and socially responsible principles.

**Global Reporting Initiative (GRI):** Global guidelines for sustainability reporting.

**Global-warming potential (GWP):** A relative measure of how much heat a greenhouse gas traps in the atmosphere.

**Greenhouse gas emissions:** Gases from the atmosphere that contribute to the greenhouse effect, for example CO<sub>2</sub> and methane.

**Health Product Declaration (HPD):** A verified and registered document that communicates transparent and comparable information about the life-cycle health impact of products.

**Indirect energy:** Electricity and heating.

**Injury lost day rate:** Measure of days lost due to injuries per million hours worked.

**Injury rate:** Measure of injuries per million hours worked.

**ISO 14001:** Global certifiable standard for environmental management systems created by the International Organization for Standardization.

**KPI:** Key Performance Indicator.

**LEED:** Leadership in Energy and Environmental Design.

**NGO:** Non-governmental organization.

**Organic solvents:** Perchloroethylene and trichloroethylene.

**PER:** Perchloroethylene.

**SRI:** Socially Responsible Investment.

**Science Based Targets:** The Science Based Targets initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. Science Based Targets is a framework which enables organizations to set near-term and long-term climate targets, aligned to the most ambitious aims of the Paris Agreement in line with climate science.

**TRI:** Trichloroethylene.

**Value added:** EBIT plus total cost for personnel.



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Designed in 1968 by architect Marcel Breuer, this mid-century structure has been re-imagined into the Hotel Marcel. The boutique hotel by Hilton opened in May 2022, steps away from the ASSA ABLOY Americas headquarters. Hotel Marcel, an adaptive reuse project, is slated to become the first NetZero and Passive House hotel in the U.S., while also achieving LEED certification. Sustainability documents, like EPDs, largely contributed to these programs. The customer chose energy efficient and decorative products from ASSA ABLOY Group brands, including Yale, McKinney, Rockwood, Pemko, and Curries, as well as access solutions from Global Solutions.

from

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