

# Sustainability Report 2023

ASSA ABLOY

Experience a safer  
and more open world

A woman with long curly hair, wearing a blue cardigan and light blue jeans, carries a young child in her arms. They are walking on a paved path towards the left. To their right is a modern, dark grey metal gate with vertical bars. A young child in a blue patterned sweater and jeans is standing by the gate, reaching up to touch the handle. In the background, there is a building with vertical wooden slats and a swing set in a grassy area.

Leading our industry  
towards a more  
sustainable future



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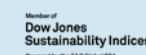
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## About the report

This report, along with additional information available online, describes our sustainability initiatives and performance in 2023, 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 2023. This report has been prepared in accordance with the GRI Standards (see pages 52–54 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 55.



## 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 2023, 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 over 20 Green Building Councils, eight Regional Partners and close to 5,000 company members.

Other important main memberships include: The Confederation of Swedish Enterprise (Svenskt Näringsliv), The Royal Swedish Academy of Engineering Sciences (IVA), The Connectivity Standards Alliance (CSA), FiRa Consortium, and Security Industry Association (SIA).

# Highlights 2023

## > Dow Jones Sustainability Index Europe

ASSA ABLOY is a constituent of the Dow Jones Sustainability Index Europe for the 3<sup>rd</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.

## > Reduced carbon footprint

In 2023, the Group has reduced its absolute Scope 1 & 2 carbon footprint by 23%, against the 2019 baseline.

## > Reduced water consumption

During 2023, water intensity reduced by 51%, against the 2019 baseline.

## > Reduced waste

In 2023, non-hazardous waste intensity in the Group decreased by 25%, against the 2019 baseline.

### INJURY RATE

↓ 25%

Our injury rate has decreased by 25% vs. 2022.

### WATER INTENSITY

↓ 18%

Our water intensity has decreased by 18% vs. 2022.

### ENERGY INTENSITY

↓ 12%

Our energy intensity has decreased by 12% vs. 2022.

### CARBON FOOTPRINT

↓ 4%

The Group's Scope 1 & 2 absolute greenhouse gas emissions decreased by 4% vs. 2022.

### SUSTAINABILITY AUDITS

765

The Group carried out 765 sustainability audits of direct material suppliers during 2023.

### ENVIRONMENTAL PRODUCT DECLARATIONS

246

By the end of 2023 the Group had 246 Environmental Product Declarations verified and published.







The growth in green buildings is accelerating the demand for more sustainable solutions.

# Leading our industry towards a more sustainable future

Sustainability is a pivotal business driver, which will enable us to reduce our environmental and carbon footprint while continuing to grow our business. Our long-term commitment to sustainability will provide significant opportunities to reduce our costs, reduce our climate risk, and to develop more sustainable solutions to meet our customers' needs. When done right, sustainability equals profitability.

## Our sustainability program

Throughout the year, we made positive progress on our targets and sustainability program to 2025. In 2023, against our baseline year 2019, we reduced our water intensity by 51%, our waste intensity by 25% and our energy intensity by 34%. Our dedicated teams across the organization continued to implement focused projects, ensuring we are on a good path to realizing our 2025 targets. The UN Sustainable Development Goals (SDGs) and our sustainability program go hand in hand, where our program enables us to contribute to the SDGs. This is explained in more detail throughout the report.

## Addressing climate change and emerging regulation

We are fully committed to delivering on our ambitious Science Based Targets (SBT), to halve our absolute Scope 1 & 2 carbon emissions and reduce absolute Scope 3 emissions by 28% by 2030. Our 4-pronged strategic approach to Scope 1 & 2 emissions is delivering positive results. We have reduced our Scope 1 & 2 emissions by 23%, against our 2019 baseline. Our Scope 3 emissions make up the vast majority of our total emissions and represent the carbon footprint of our wider value chain. Our Scope 3 target is challenging. To address this, we have assembled cross functional science-based targets teams who are dedicated to driving the most

important activities in our Scope 3 action plan to deliver on our targets. We have set up a science-based targets governance structure, which includes members from our executive team, to ensure we are on a good path to achieving our goals.

In 2023, we expanded on our Task Force on Climate-related Financial Disclosures (TCFD) reporting to include quantitatively assessing our climate-related opportunities, as well as our climate-related risks. In preparation for the pending EU Corporate Sustainability Reporting Directive (CSRD), we have taken a systematic approach. This includes a gap analysis to see where we are currently, a double materiality assessment to understand our impact materiality and financial materiality, as well as comprehensive stakeholder engagement dialogues. I am confident we are well placed to meet the needs of CSRD in 2024.

## Growing market for sustainable solutions

The growth in green buildings, and need for a more sustainable built environment, is accelerating the demand for more sustainable and resilient solutions. Our customers have their own sustainability agendas that they need to address. Our access solutions can enable our customers to significantly reduce their energy consumption and related greenhouse gas emissions. We can create shared value, by commercializing sustainability to provide customers with

—4%

Absolute carbon emissions

—12%

Lower energy intensity

—18%

Reduction in water intensity

products that will improve their carbon footprint and meet their sustainability goals, it's a win-win.

Sustainability is integrated into our innovation process from the outset, selecting more sustainable materials, increasing our products' energy efficiency, and designing our next generation of products using circularity principles. We are continuing to develop more Environmental Product Declarations (EPD), a product transparency document which is an increasing requirement for green building specifications. This enabled us to accelerate our growth, winning multiple landmark certified green building projects in 2023.

### Ensuring the health and safety of our employees

Our people are our most important and valuable asset. Evolution through our people, enabling and empowering them to grow themselves and their careers, will ensure ASSA ABLOY's long-term future and success.

We remain committed to working toward an

injury-free workplace. In 2023, we further developed our Health & Safety program, rolling it out across the organization. As we grow through acquisition, we sometimes acquire companies with health & safety challenges. In the short term, this can increase our overall injury rate. However, we are convinced we can improve the health and safety performance of these companies, by accelerating them into our Health & Safety program. This reduces the Group's injury rate and more importantly, less people are getting hurt. We have seen concrete examples of this during 2023, where our injury rate reduced by 20% against our 2019 baseline.

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 continue to evolve and make positive strides forward in our sustainability journey. I am proud of our willingness to lead our industry towards

a more sustainable future as evident by our commitment to science-based targets and delivering on our Sustainability Program 2025. I get excited when I see how embedded sustainability has become in our organization and how our people strive to meet our ambitious targets. Sustainability is a decisive business driver, it enables us to reduce our risk and costs, improving our profitability, makes us more relevant to our customers, and able to attract and retain future talent.

Finally, I would like to thank our committed colleagues for their hard work and dedication during 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, 6 March 2024

**Nico Delvaux**  
President and CEO

### WE SUPPORT



Read more  
on page 14

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 experience a more open world with innovative solutions that enable safe, secure and convenient access to physical and digital places.

## Together we create access

**61,000**Employees<sup>1</sup>**>70**

Countries

**176**

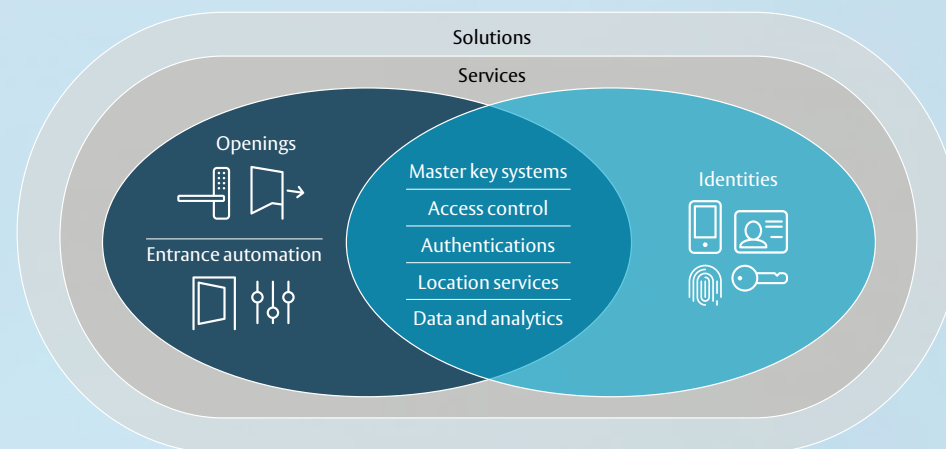
R&amp;D centers

**>10,000**

Patents

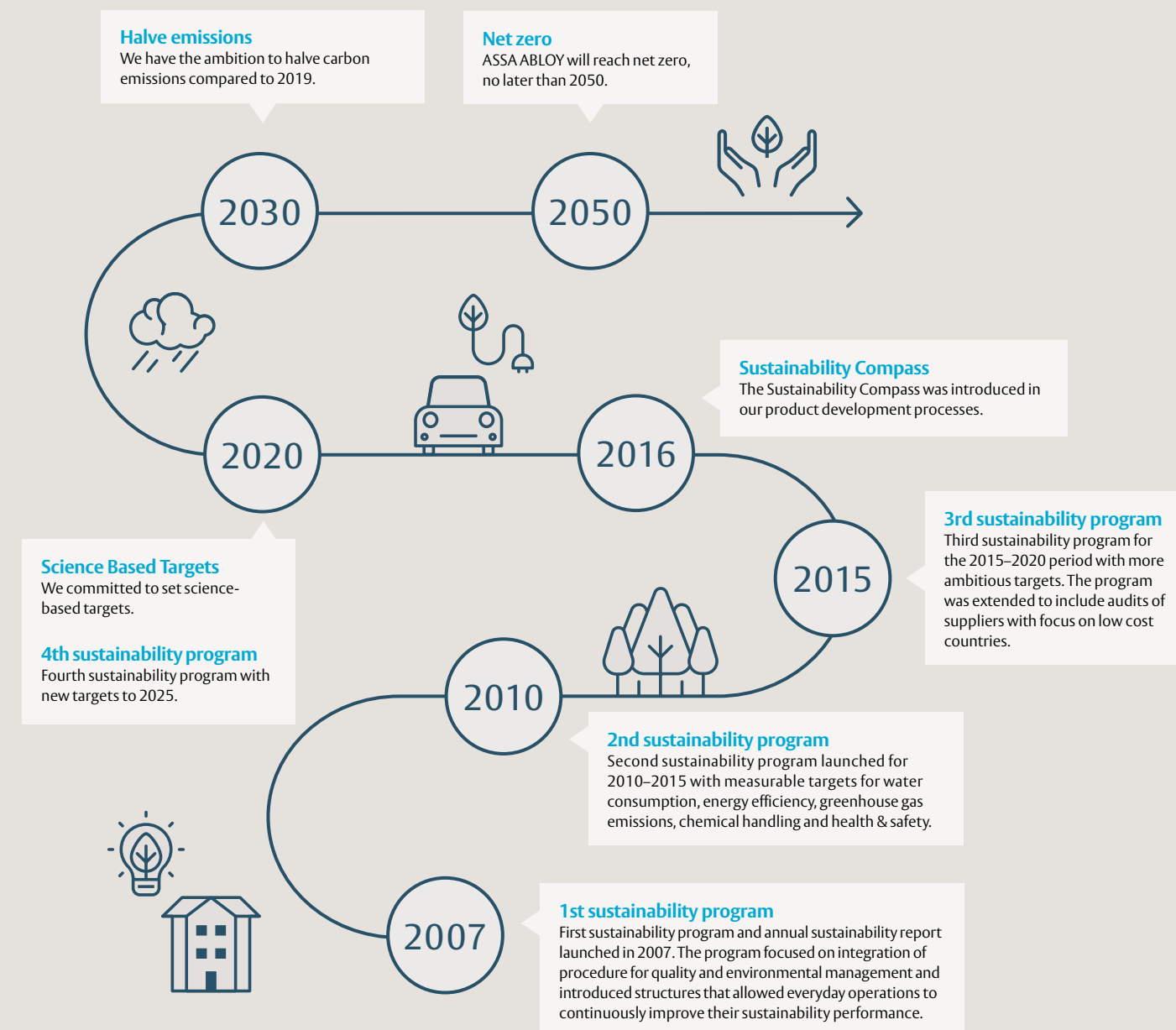
## Access solutions for every need

Our portfolio includes a complete range of access solutions 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 separately or combined to form a complete, full-service access solution. Through continuous and sustainable innovation, we develop products and solutions that meet our customers needs.

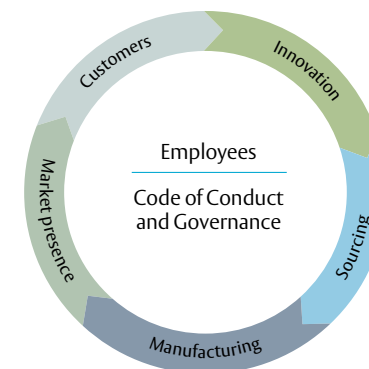


<sup>1</sup> By the end of December 2023.

## 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 29 bn. 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 building blocks of our strategy and gives our employees direction and guidance.

## Vision

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

## Mission

Building sustainable shareholder value

Providing added value to our customers, partners and end-users



Being a world leading organization where people succeed

Conducting business in an ethical, compliant and sustainable way

## 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

## 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





Our core values and beliefs guide our daily decisions and inspire us to act, enabling opportunities for all employees to develop and grow.

### Vision and mission

Our vision provides us with direction and describes what we want to achieve as an organization – to be the global leader in providing innovative access solutions that help people feel safe and secure so 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 the 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. These are further described in our Annual Report.

### Strategic activities

Our strategic activities are the key priorities shared across our divisions to deliver on our growth ambition. We also have three shared priorities to enable this growth: consolidate footprint while focusing on value added activities, optimize supply chain and logistics as well as reduce product cost and environmental impact.

### Sustainability

Sustainability is integrated in everything we do. We view sustainability as a journey of continuous improvement, built on a foundation of transparency and integrity. As the industry leader, we take responsibility 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. Supporting customers in fulfilling their sustainability agenda is essential to accelerate growth through customer relevance.

### Core values and beliefs

Our core values are empowerment, innovation, and integrity. They communicate what we stand for as an organization and are the foundation for how we treat each other and work with our stakeholders. Our values foster a sense of security and trust, as well as a feeling of community and cooperation. They guide our daily decisions and inspire us to act, enabling opportunities for all employees to develop and grow. Our values and beliefs are reflected in the “Together We” culture initiative throughout ASSA ABLOY.



# We help people feel safe and secure

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

**61,000**

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

**3,600**

employed in R&D working with our sustainable innovations

**>200**

strong brands and diversified product portfolio

**>10,000**

patents

**200**

efficient production and assembly facilities

**~50,000**

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

**SEK 92 bn**

in shareholder equity



## How we operate

We are a global company with a uniquely **decentralized business model** with about 1,000 sites including 200 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 2023

### Shareholders and investors

- Dividends and capital appreciation

**SEK 5.3 bn**  
dividend paid

### Employees

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

**SEK 40.8 bn**  
in salaries and other remuneration

### Customers

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

**>450**  
new products launched

### Suppliers and partners

- Technological development
- Stable partner

**SEK ~67 bn**  
in supplier payments

### Society

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

**-23% CO<sub>2</sub>**  
in Scope 1 & 2 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



**30%**

Entrance automation



**17%**

Security doors and hardware



**23%**

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.



**THE GLOBAL GOALS**



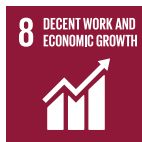


In order to reach ASSA ABLOY's overall goal of reducing its environmental impact, implementing water reuse and recycling systems, with a more efficient use and management of water is a

critical step. During 2023 ASSA ABLOY decreased water intensity by 18% and water withdrawal by 9%. While 21% 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 52–54 for GRI progress indicator. Also, see Material KPI table on page 45.



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 2023 ASSA ABLOY reduced energy and water intensity by 12% and 18% respectively. Women constituted 31% of all employees. ASSA ABLOY conducted 765 supplier sustainability audits, while 81% of all direct and indirect material supplier spend signed the Business Partner Code of Conduct.

*Progress indicator GRI:* See GRI Index on page 52–54 for GRI progress indicator. Also, see Material KPI table on page 45.



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 2023 the overall energy consumption decreased by 3%, and the proportion of energy sourced from renewable resources reduced from 20.7% to 19.9%. The Group has Environmental Product Declarations (EPD) from all major product groups. During 2023 we invested 5.7 SEK bn in R&D and we have some 3,600 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 more sustainable

products and services related to openings and entrance automation solutions. At the end of 2023, 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. 81% of all direct and indirect material supplier spend is covered by ASSA ABLOY's Business Partner Code of Conduct. In 2023 ASSA ABLOY conducted 765 (874) sustainability audits. At least 6% of the hazardous waste was recycled in 2023.

*Progress indicator GRI:* See GRI Index on page 52–54 for GRI progress indicator. Also, see Material KPI table on page 45.



Continuous efficiency improvements in production processes help to reduce ASSA ABLOY's climate impact and are 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 2023 the Group's total Scope 1 & 2 carbon emissions decreased by 4% and the related intensity improved by 13%, driven by reduced energy consumption and re-design of CO<sub>2</sub> intensive production processes. The energy intensity has decreased by 12% during the year. The water intensity decreased by 18% during the year.

*Progress indicator:* CDP B 2023.


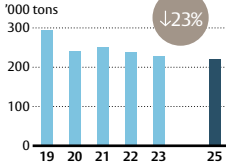
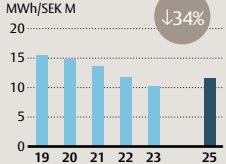
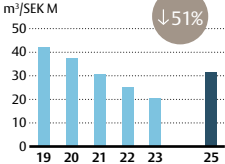
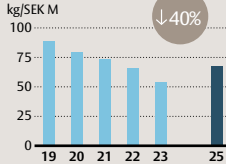
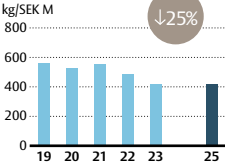
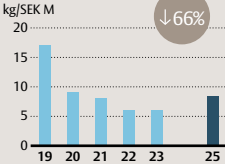
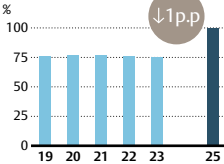
*Progress indicator GRI:* See GRI Index on page 52–54 for GRI progress indicator. Also, see Material KPI table on page 45.



ASSA ABLOY is contributing to SDG 11 on making cities and human settlements inclusive, safe and resilient by offering more sustainable products and services.

# 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 hazardous waste intensity.

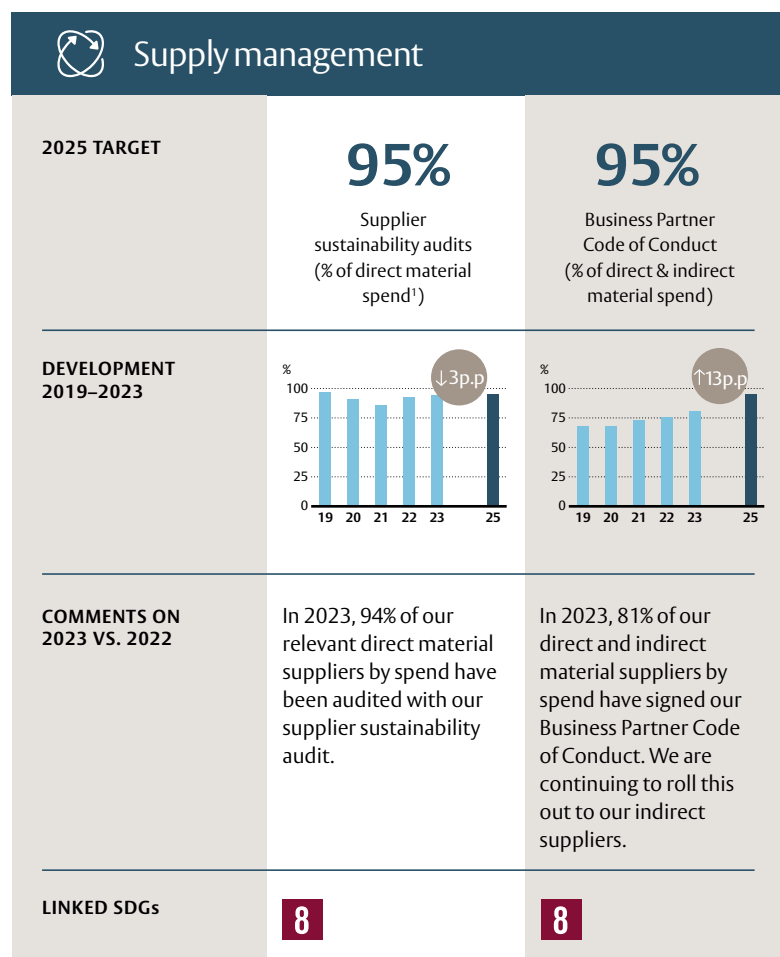
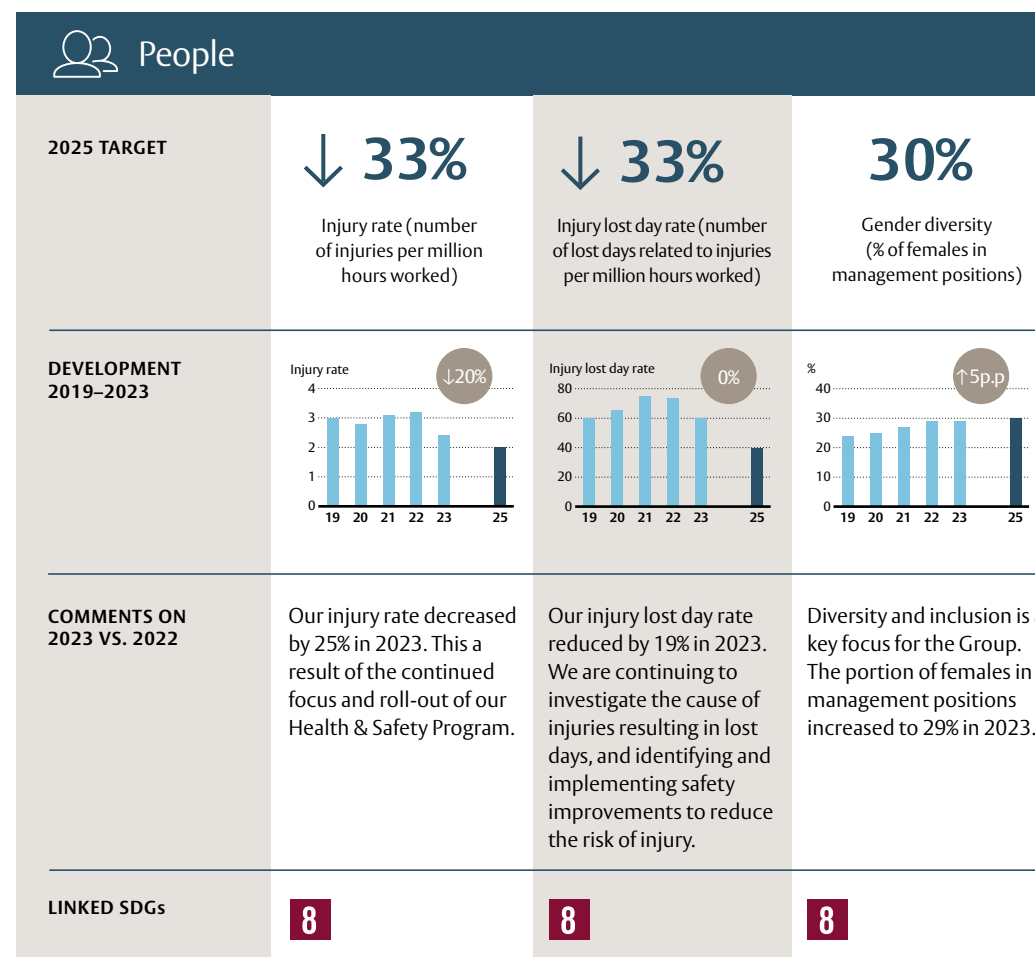
 Operations							
2025 TARGET	↓ 25%	↓ 25%	↓ 25%	↓ 25%	↓ 25%	↓ 50%	100%
	Carbon footprint (Scope 1 & 2, '000 tons absolute)	Energy intensity (MWh/SEK M)	Water intensity (m <sup>3</sup> /SEK M)	Hazardous waste intensity (kg/SEK M)	Non-hazardous waste intensity (kg/SEK M)	Organic solvents intensity (kg/SEK M)	ISO 14001 – % sites certified in reporting scope <sup>1</sup>
DEVELOPMENT 2019–2023							
COMMENTS ON 2023 VS. 2022	In 2023, there was a 4% decrease in Scope 1 & 2 absolute carbon emissions due to focused energy efficiency and production process changes.	Energy intensity reduced in 2023 by 12%, due to a combination of energy effectiveness and efficiency actions and increased production output resulting in higher value added.	Water intensity reduced by 18% in 2023. This was a result of continued focus on water efficiency at our most water intensive sites and some upgrades in water infrastructure.	In 2023, hazardous waste intensity reduced by 18%. This was achieved through waste reduction initiatives, where production processes were further optimized to reduce waste generated.	Non-hazardous waste intensity reduced by 14% in 2023. All sites follow the waste hierarchy, where avoiding waste generation is the priority, then reused or recycled as much as possible.	In 2023, organic solvents intensity reduced by 5%. This is a result of several projects to convert to water-based paint in our door operations.	In 2023, 75% of our sites defined as requiring ISO 14001 were certified. We continue to roll-out ISO 14001 to all relevant sites.
LINKED SDGs	6 12 13	8 12 13	6 8 12	6 12	6 12	6	12

## LINKED SDGs





## Performance and 2025 targets, continued

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

## LINKED SDGs





How we  
operate

# Addressing climate change

ASSA ABLOY has made a long-term commitment to address climate change by setting 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 limit global warming.

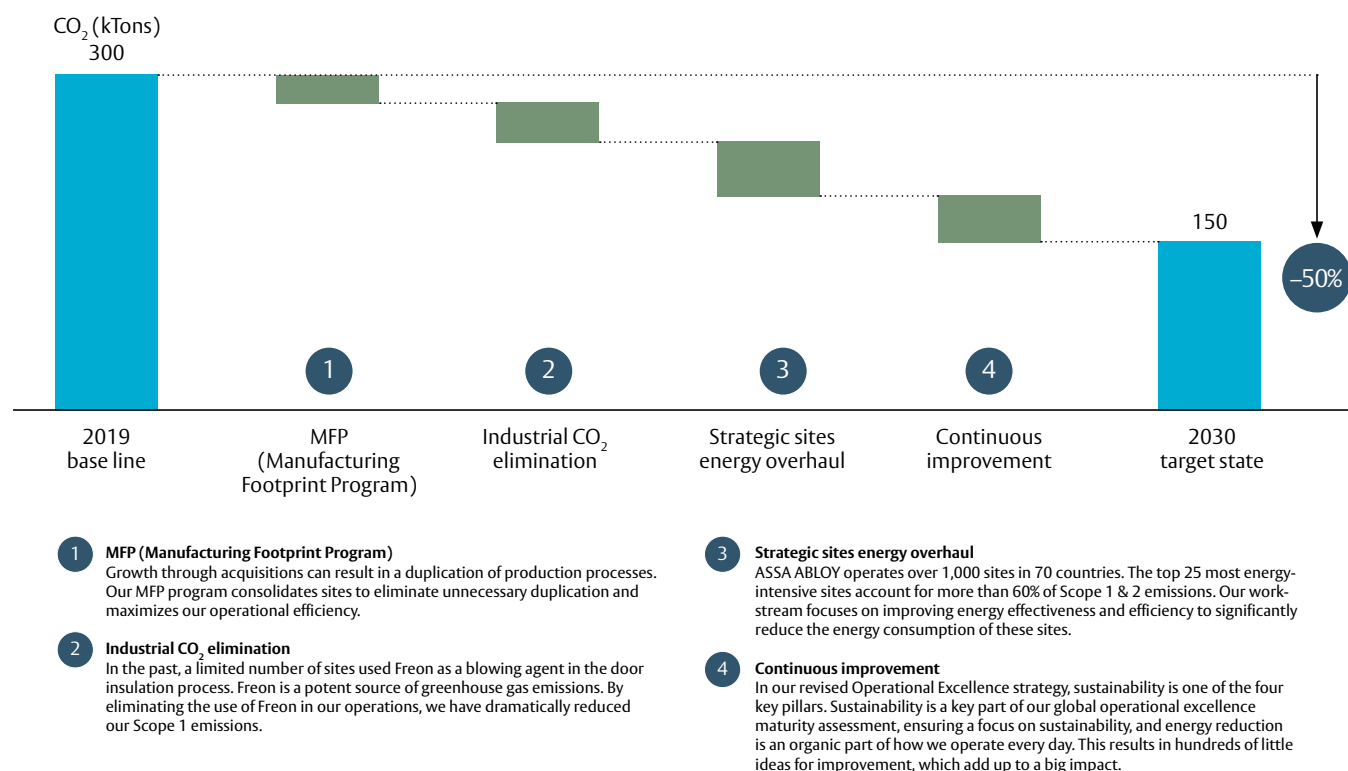
During 2023, we identified key levers to reduce emissions and help meet our Scope 3 target. We engage in value analysis/value engineering (VA/VE) in product development to increase material effectiveness, choose low-carbon materials for our new products as much as possible, and prioritize the use of low-carbon transport and logistics. Together, these help us to develop energy-efficient products and solutions with a lower carbon footprint throughout their lifecycle compared to their predecessors.

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.

## 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 four-pronged strategic approach is replicated in all divisions, all business units and at the factory level. This standardized approach is applied throughout the ASSA ABLOY Group and tracked on a quarterly basis, ensuring we are on track to achieving our climate targets.

### ASSA ABLOY Scope 1 & 2 emissions reduction waterfall Our 4-pronged strategic approach to achieving a 50% reduction by 2030



→ SEE ALSO SUSTAINABILITY DATA TABLES ON PAGE 45–48





Corbin Russwin manufacturing facility in Berlin, Connecticut

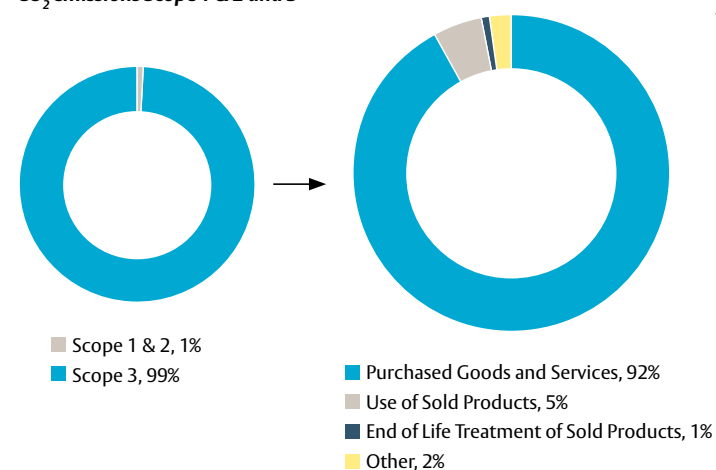
### ASSA ABLOY Scope 3 emissions

We calculated our greenhouse gas inventory across our entire value chain for the first time, including our Scope 3 footprint, in 2022. Our Scope 3 footprint makes up 99% of our total footprint. More than 90% of our Scope 3 footprint is upstream in our supply chain, coming from purchased goods and materials. Some of our largest purchasing categories, which include steel, electronics, aluminum, brass, zinc and other metals and materials, are traditionally carbon intensive.

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

Our Scope 3 footprint is calculated using the spend-based method, as approved by the GHG Protocol. We are working to improve our data accuracy, by moving towards average-data method using actual material weights. Our Scope 3 data has been restated to include acquisitions, where the data is available.

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



Scope 3 category	2019	2020	2021	2022	2023	
<b>t CO<sub>2</sub>e</b>						
3.1 Purchased Goods and Services	15,676,868	13,621,590	16,805,686	17,952,949	15,240,417	91,6%
3.11 Use of Sold Products <sup>1</sup>	1,019,280	954,666	974,404	948,771	913,643	5,5%
3.12 End of Life Treatment of Sold Products	197,504	158,773	186,783	228,365	160,566	1%
3.4 Upstream Transportation and Distribution <sup>2</sup>	74,385	72,053	103,107	115,320	71,024	0,4%
3.9 Downstream Transportation and Distribution <sup>3</sup>	85,379	69,807	81,039	98,621	68,221	0,4%
3.3 Fuel and Energy-Related Services	58,894	55,129	57,161	55,518	55,751	0,3%
3.7 Employee Commuting	41,355	41,693	43,693	45,315	49,063	0,3%
3.6 Business Travel	35,533	15,009	17,606	36,887	44,646	0,3%
3.5 Waste Generated in Operations	28,253	24,416	27,142	26,713	25,849	0,2%
<b>Total Scope 3</b>	<b>17,217,451</b>	<b>15,013,135</b>	<b>18,296,622</b>	<b>19,508,458</b>	<b>16,629,181</b>	<b>100%</b>

<sup>1</sup> Category 3.11 Use of Sold Products baseline for 2019 has been recalculated with more accurate data.

<sup>2</sup> Category 3.4 Upstream Transportation and Distribution baseline for 2019 has been recalculated with more accurate data.

<sup>3</sup> Category 3.9 Downstream Transportation and Distribution baseline for 2019 has been recalculated with more accurate data.



**EU Taxonomy**

During 2023, 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/m²K). We deem our turnover from doors, where insulation is relevant, to be Taxonomy eligible. In 2023, we measured the percentage of our eligible revenue.

Due to the updated requirements in the EU Taxonomy, we are not required to disclose aligned %. The

change of requirements DNSH (Do No Significant Harm) Appendix C is ambiguous, we will require more guidance from the EU to ascertain how we can apply and interpret these new requirements. We have reviewed the technical screening criteria for the four remaining EU Taxonomy objectives. We did not identify ASSA ABLOY economic activities in the screening criteria. We do not deem it relevant to report on the four remaining EU Taxonomy objectives.

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

**EU Taxonomy Eligible**


	Total (SEK M)	Eligible%	Non-eligible%
Turnover	140,716	19%	81%
CapEx <sup>1</sup>	32,977	3%	97%
OpEx <sup>2</sup>	6,050	2%	98%

Definitions:

<sup>1</sup> The Taxonomy Capital Expenditures (CapEx) is determined on the basis of investments and acquisitions of leased assets, tangible assets and intangible assets excluding goodwill, that are included in the consolidated financial statements as of 31 December 2023. Refer also to notes 14, 15 and 16 of the consolidated financial statements.

<sup>2</sup> The Taxonomy Operational Expenditures (OpEx) are calculated on the basis of non-capitalized research and development costs, costs for building renovation measures, costs for repairs and maintenance of plant, machinery, equipment as well as expenses that are attributable to short-term leases (<12 months) and not recognized as right-of-use assets in the balance sheet as of 31 December 2023.



 [READ MORE IN THE EU TAXONOMY TABLES SECTION ON PAGES 49–51](#)



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

In 2023, ASSA ABLOY continued to explore and understand the requirements of the Task Force on Climate-Related Financial Disclosures (TCFD). We are gradually developing the process of reporting to TCFD, to ensure it is meaningful and helpful in guiding 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 third climate scenario analysis during the year. The analysis reviewed the risks and opportunities of Market and Technology, Reputation, Policy and Regulation, and Physical Risks, to 2030 and 2050. 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 financial risk is then determined as percentage impact on 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 to the right.

<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 rising**

#### 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

#### Opportunities/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 more sustainable future by offering more sustainable products. Therefore, sustainability is a cornerstone in our common strategic framework. Sustainable innovation is also one of the key strategic actions in our innovation strategy.

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

Sustainability is a Group-wide responsibility, and all our divisions actively develop products and articulate our sustainability value proposition. The ASSA ABLOY Sustainability Compass is central to our continuous improvement when developing products.

## Progress in 2023

In 2020, we committed to the Science Based Targets initiative. Our innovation initiatives primarily target Scope 3 emissions referring to emissions from activities in the entire value chain that ASSA ABLOY is indirectly responsible for. Our strategic goal is to have reduced Scope 3 emissions by 28% in 2030, from our base year 2019. We assess, and follow-up progress on a divisional level annually.

To achieve this ambitious goal, we focus on material emissions and energy consumption from our products in use which represents an important share of our total CO<sub>2</sub> footprint. Our efforts involve reducing energy consumption of products during their entire lifecycle, while in operation and in standby mode. This also includes the “end-of-life phase” of our products

by ensuring that disposal or recycling is done in a sustainable way.

Visualizing a product’s environmental impact requires new knowledge, new tools and procedures that can highlight what to focus on to minimize impact. We define how much energy our products consume when in operation. This has set baselines from which we can compare products and pinpoint areas where CO<sub>2</sub> emissions can be significantly reduced.

The major focus for the year has been to introduce an extensive set of tools for evaluating product portfolios and identifying areas of high environmental impact. Based on analysis from these tools, we take actions to minimize overall material usage, to use recycled materials instead of virgin materials or to use less carbon intensive alternatives.

These tools are integrated in the development and management of products, and increase awareness of how to design new products and improve existing ones. They allow us to build transparent value propositions that promote sustainability aspects of our products. We believe this transparency helps our customers make more conscious decisions, and our strategic goal is for all newly released products to have a sustainability value proposition.

To further encourage our customers to achieve their sustainability targets we continuously strengthen our





ability to help customers achieve green building certifications. Environmental Product Declarations (EPD) support our customers to get certified to BREEAM and LEED. EPDs are vital to support our customers in this journey.

### **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 a mandatory module in our global product management training program. Our product managers and innovation teams 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 to include a module targeting 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.

In 2023, we started the implementation of an updated Sustainability Compass calculator that will help teams realize implications of different design alternatives when using the Sustainability Compass. The more user-friendly compass calculator focuses on quantifying carbon emissions and visualizing data. It is used during the design phase and allows for quick analysis of how different materials and operational modes impact emissions. The analysis creates a benchmark score for existing products and defines high and low emissions. New design alternatives are then compared to this benchmark to determine which design to use.

### **Material compliance**

To assure compliance with sustainability regulations for substances of concern and restricted materials,

ASSA ABLOY constantly monitors 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 REACH1, RoHS2, California proposition 65, US Conflict Minerals Law and the US Toxic Substance Control Act (TSCA) of restricted and declarable substances.

### **Third-party verification**

The sustainability benefits of products should be validated by third parties to ensure integrity and transparency. Third-party verified Environmental Product Declarations (EPDs), Health Product Declarations (HPDs) and Declare Labels, add a level of accountability and serve to increase our credibility towards our customers.

### **Internal sustainability awareness**

Sustainability is a continuous journey, and we constantly seek to increase awareness and knowledge about it among our employees. Our Very Green Book outlines our sustainability policies and goals. We have introduced a comprehensive tool for assessing our product portfolio that highlights major or minor emissions for products in our portfolio. This tool is used to analyze greenhouse gas emissions linked to our products, encompassing both historical and projected sales volumes. The analysis identifies products in need of emission reduction efforts. These actions are crucial to achieve our environmental sustainability goals.

### **Growing market for sustainable and resilient products**

According to McKinsey & Company, approximately 26% of all greenhouse gas emissions come from the construction and operation of the built environment. 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.

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 50% of building owners and investors globally saw an increase in demand for sustainable buildings in 2022.

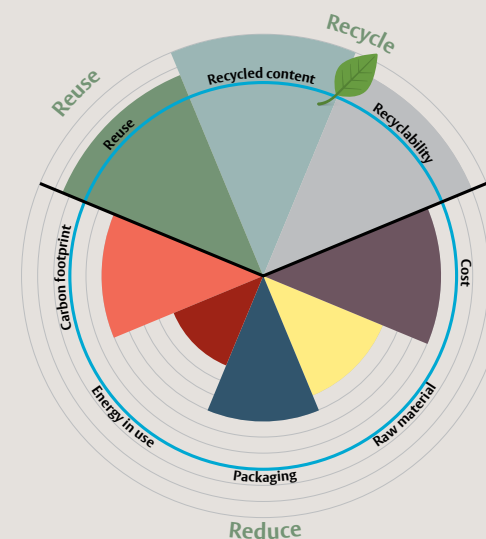
According to the Dodge Data & Analytics World Green Building Trends report, a perceived higher cost of a product is still the largest obstacle to green building. Therefore, it is important to offer innovative and sustainable solutions at minor, or no additional cost to the customer. As the industry continues to become more competitive, EPDs make our products more attractive as they help our customers to achieve higher ratings in their green building certification.



We continuously strengthen our ability to help customers achieve green building certifications.

## **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 deliver a lower impact than the previous product. These areas are tracked and communicated among internal stakeholders involved in product innovation and development.



### 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 LEED and other certifications are based on information from EPDs. By the end of 2023 the Group had 246 EPDs for all major product groups. During 2023, we noticed a slight decrease in the number of EPDs as a result of change programs aimed at re-structuring and automating the way we manage EPDs. These improvements will streamline our development of EPDs, making it more efficient and enabling us to improve transparency towards customers.

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

ASSA ABLOY is participating in the development of the product category rules (PCRs), which has resulted in a 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 fulfil 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 construction. Building resiliency will also come into view, given climate change and natural disasters.

Our focus on EPDs is relevant for 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 construction companies and building owners.

### 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 smart building attributes have positive implications on sustainability, for example self-learning capabilities that optimize energy usage and adapt to conditions on the inside and outside of a 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 remote service and 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 also helps 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 Modelling

Building Information Modelling (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.

### Sustainability is an important driver of innovation

**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.



## Collaboration program explores circular solutions

As more of our customers seek to meet ambitious environmental targets, they are looking to us for product offerings based on recycled or reused materials and components.

Our Entrance Systems division and participants from across the Group are participating in a circularity program, in collaboration with key Nordic customers and industrial partners.

The program explores the most effective ways in which we can introduce more resource-efficient products based on reused components and recycled materials. It addresses circularity themes such as understanding the customer; impact measure-

ment; dismantling and reverse logistics; product life extension; and aligning internal processes.

By reusing components and using recycled materials for new products, the amount of greenhouse gas emissions is significantly reduced compared to using newly produced components and virgin materials. This helps both us and our customers to become more sustainable and meet our environmental targets and in turn helps us to generate new revenue streams. Another outcome of the program will be the establishment of a new ASSA ABLOY refurbished parts center in addition to our already-established centers.



## Sustainability Compass guides the way to improved dock leveler

Loading bays are hubs of activity, with people, goods and vehicles constantly moving in all directions. They must withstand heavy and intensive use – especially dock levelers, which are expected to deliver now and long into the future.

With this in mind, we developed our new, future-proof generation of dock levelers. By using our Sustainability Compass in the development process we could improve performance, reduce the amount of materials, and decrease energy in use. The IoT-enabled dock levelers also provide data and analytics to enable the customer to make sustainable decisions.

We have reduced the amount of steel per

loading dock by 20%. By insourcing the processing of steel sheets into our factory with our own machines, we cut our raw material handling from the mill to our factory by half. A new painting process and the introduction of water-based paint generates 8 kilograms less paint per dock leveler. The improved design brings significant energy savings with a 60% reduction in power needed during operation. The leveler's increased durability, for example its 31% harder steel, leads to less wear on the drive deck of the dock leveler. This reduces the need for service, cutting the amount of time that technicians need to drive to premises to carry out maintenance.

# Our commitment to sustainable operations

We act responsibly throughout our operations and are committed to achieving our goals for 2025 and 2030. Through our sustainability program and meeting science-based targets, we will leave a more positive footprint around the world.

## Targets to 2025

**-25%**

Carbon footprint – absolute

**-25%**

Energy intensity

Our focus on achieving our science-based targets in our operations is an essential part of our sustainability objectives, and prerequisite for us to be relevant in the market in the future. In this, we become more relevant to our customers, as we focus on developing sustainable solutions to meet their needs. It also enables us to reduce our long-term operating costs and future risk exposure, making us more competitive. This directly supports our purpose: to every day help people feel safe, secure and experience a more open world.

We have learned valuable lessons since we established our first sustainability program in 2007 and

today, sustainability is firmly embedded in our day-to-day operations. Our ambitious five-year program to 2025 builds on the momentum of successive five-year programs since 2010. 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, poses operational risks and challenges that must be managed. Our most significant environmental impacts are caused by energy consumption, carbon emissions and water consumption. 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 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 if we are in breach of an environmental regulation.

We received an environmental fine in 2023 for a minor spill at one of our manufacturing sites. The spill was contained locally and fully recovered, ensuring no contamination of the local area.

“

We established our first sustainability program in 2007 and today, sustainability is firmly embedded in our day-to-day operations.





### Our approach to energy effectiveness and efficiency

Ensuring energy effectiveness and efficiency 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.

Energy effectiveness means that we focus on identifying the most important areas where we can reduce energy. In turn we then aim to be efficient by applying a holistic approach to make improvements in the best way to reduce consumption.

We have a three-tiered approach to energy and climate improvements that plays an important role in ensuring we optimize and reduce energy consumption, as well as our 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 our operational excellence strategy. This ensures that sustainability and energy efficiency are a natural part of our operations strategy and our activities at all our sites where we can identify improvement opportunities.

#### 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 2023, we continued to install solar photovoltaic arrays. These are now in use in sites in Bulgaria, Poland, Romania, Czech Republic, Hungary, the UK, Sweden, the US, Finland, Israel, Turkey, Dubai and South Africa.

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. By managing our logistics in a smart way, as well as prioritizing sea, rail and road transportation as much as possible, we 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.



**Water balance**Total water withdrawal (1,000 m<sup>3</sup>): 1,251**Water withdrawal**

Water purchased (96.8%)

Water from local wells (2.4%)

Rain and surface water (0.7%)

**Water usage**

Sanitary and drinking (37.0%)

Industrial processes (52.2%)

Cooling (5.0%)

Recirculated (21.0%)

**Water discharge**Municipal pretreated (55.2%)<sup>1</sup>Municipal untreated (38.3%)<sup>1</sup>Other recipients pretreated (1.6%)<sup>1</sup>Other recipients untreated (4.9%)<sup>2</sup>Total water discharge (1,000 m<sup>3</sup>): 1,251<sup>3</sup>Whereof, total water discharge in areas  
of water stress 155 (1,000m<sup>3</sup>)<sup>4</sup><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'.**Water management**

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 efficiency in our more water-intensive facilities.

In 2023 we continued to upgrade the infrastructure at our sites to reduce leaks as well as introducing principles and processes to improve water efficiency.

During 2023, water withdrawal decreased by 9% and water intensity by 18% 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 65% of our total water consumption.

In 2023, our total water withdrawal amounted to 1,250,937m<sup>3</sup>, of which 55% was sent to municipal treatment plants after use. Water recirculation in wastewater treatment plants improves efficiency as water can be reused again and again in our production processes, and in 2023 the total amount of recycled water amounted to 55% 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 2023.

**Reducing water at one of our largest factories****Challenge:**

Our Ameristar factory is a 93,000 m<sup>2</sup> facility, which consumes 7% of the Group's total water consumption. Three large coating lines, milling equipment, and over 700 employees create a huge demand for water. In the summertime, the demand for water is even greater with ice and water machines throughout the facility for employee hydration. Ameristar continues to grow, which means increased production, leading to even higher water usage. Water is critical to Ameristar's operations; water efficiency measures increase resilience and support business continuity.

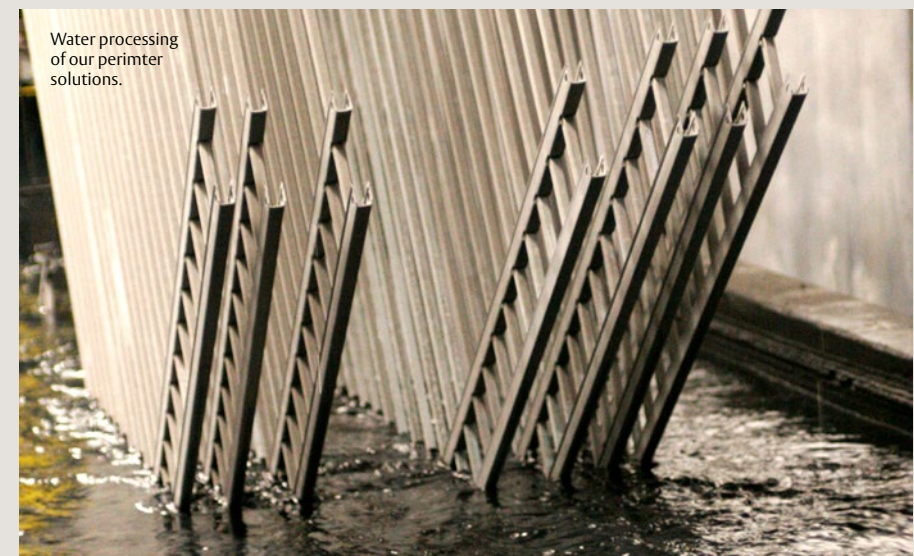
**Solution:**

Incorporating sustainability in everything we do begins with awareness and continues with support. As an organization, we chose to educate employees around sustainability and support sustainability initiatives brought forth by our employees. This awareness helped us identify and fix leaks and reduce water use

where feasible. We engaged our maintenance department to increase preventative maintenance and ensure coating line and mill tank floats were working properly. In addition, we reduced the size of an aging process tank and reduced coating line and mill bath overflows.

**Result:**

Water use awareness has provided employees with context for global water use constraints, helping them save water in their personal lives, and empowering them to report water leaks and recommend improvements. Water use reductions improve cost efficiency, reduce wastewater treatment/equipment demands, and decrease wastewater and coating line chemical use. Through these initiatives and improvements, Ameristar has reduced water consumption by 29% from our 2019 baseline. That 29% reduction equals 33,485m<sup>3</sup> of water, or 2% of the Group consumption, saving the equivalent of 295 US homes' annual water usage every year.





## Targets to 2025

# -25%

Water intensity

# -25%

Hazardous waste intensity

# -25%

Non-hazardous waste intensity

# -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 5% to 5.7kg/SEK M value added in 2023.

### 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 2023, 75% of required sites were certified with ISO 14001, a decrease of 1% compared with 2022.

### 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 are continually increasing the number of recycling programs across the Group to enable recycling in different waste categories.

We are constantly working to identify ways to minimize waste from our manufacturing processes and packaging materials. This includes the re-use of materials wherever possible and using sustainable packaging. 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 2023, our total waste generated amounted to 83,513 (84,690) tons. The amount of hazardous waste decreased for comparable units to 3,270 (3,619) tons. Hazardous waste is sent to authorized companies for proper processing, recycling and disposal. At least 6% of the hazardous waste was recycled in 2023.

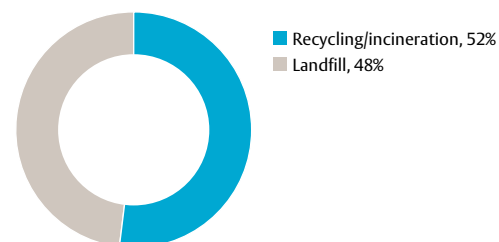
All material waste-related impacts occur in our own operations. All waste is responsibly managed according to local legislation and regulatory requirements.

### Biodiversity

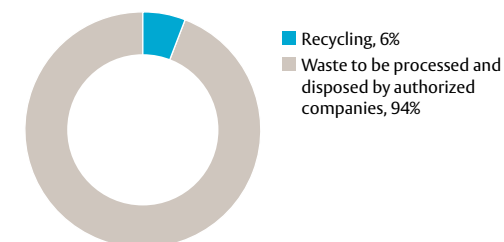
We take key steps to ensure minimal disruption to our local biodiversity with ongoing monitoring, which includes quarterly reporting on any spills and a detailed annual mapping of any contamination across all of our sites, to ensure we are compliant with legal regulations.

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.

### Non-hazardous waste – disposal method



### Hazardous waste – disposal method





# Future-proofing the supply chain

During 2023 we experienced fewer supply chain challenges compared with recent years. This has given us the opportunity to further build on resilience and mitigation of risk to future-proof our supply chain. We have put procedures in place to identify risk and conduct activities that will help us to partner with suppliers who can successfully work with us in the future.

## 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.

Throughout 2023 we were able to effectively handle supply chain challenges, and keep our production operational to serve our customers.

We still need to be agile and keep in mind the sometimes extreme challenges that faced the supply chain. Despite lower market volatility in 2023, we continued to put in place several measures to be able to continue to secure our customer commitment. We are actively spreading our risk in several ways, both with dual sourcing and near-shoring, and we have also been able to simplify product ranges with less variances. This makes supply chains less vulnerable, both for ourselves and our suppliers.

We will continue to develop a healthy relationship with our suppliers, since we believe a true win-win relationship built on trust is the best way to grow our businesses together.

Each of our supply partners is accountable for meeting the standards and requirements outlined in our Business Partner Code of Conduct, as well as in our Sustainability Audit Program. Compliance with our Code of Conduct is also a first step for a new supplier seeking an opportunity to do business with ASSA ABLOY.

We have also accelerated the focus on supplier sustainability since our commitment to the Science Based Targets initiative includes Scope 1, 2 and 3 emissions. Our Scope 3 emissions include the footprint of our entire value chain, or everything outside our own production sites. Our Scope 3 emissions currently represent 99% of our total carbon footprint, and therefore

it is important that we build relationships for the future with supplier partners who share our ambition when it comes to reducing greenhouse gas emissions in their own operations and supply chain.

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

The long-term objectives for our supply chain management are to work with world-class suppliers to help us serve our customers. Together we need to reduce risk, contribute to supply chain integrity and elevate performance throughout the value chain. Our supplier partners must fulfil our requirements in terms of sustainability, quality, delivery, cost and collaboration.

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

The Code of Conduct applies to all partners that provide ASSA ABLOY with products or services, such as suppliers, consultants, distributors, agents and other representatives, and it provides a structured approach to integrating new acquisitions.

The objective is to cover over 95% of all direct and indirect material suppliers by 2025. By the end of 2023, 81% of all direct material suppliers had signed our Code of Conduct for Business Partners, which is a 5% improvement since 2022. For Indirect Spend we

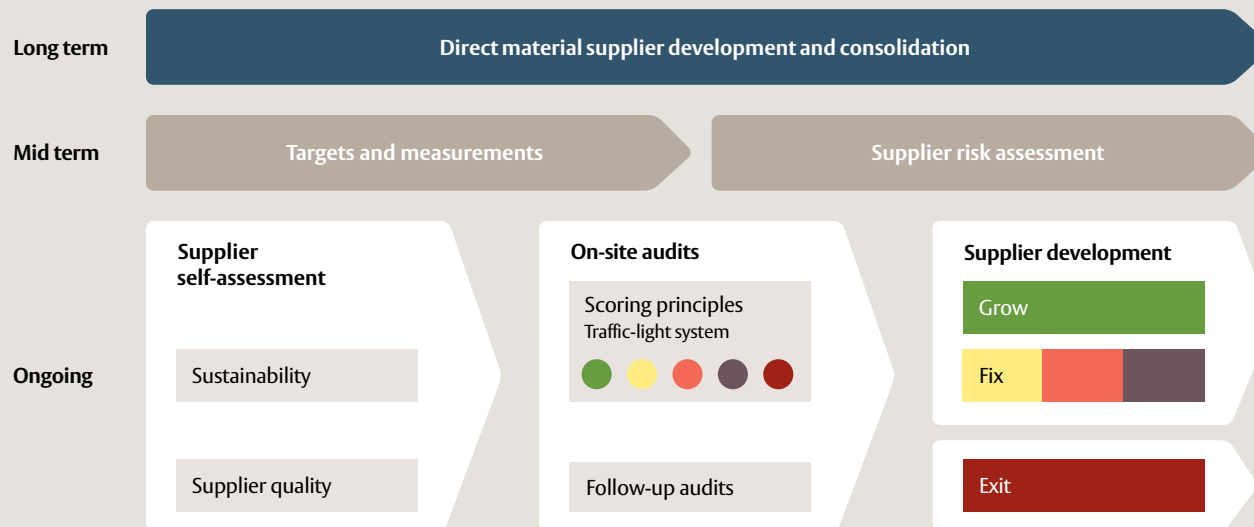
have just started, and we are currently focused on improving the number of signed Code of Conduct documents from indirect suppliers to achieve the same results we deliver with direct material suppliers. This is a challenge because indirect suppliers dramatically outnumber direct material suppliers, but extending the Code of Conduct program into broader areas of our supply chain is a natural step.

We also conduct supplier sustainability audits, which we do in identified risk countries on a regular basis. Follow-up audits depend on the total score and if there are any particular topics that have a poor result. If so, a new audit is needed for verification. If there are vital gaps, 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 a regular audit program like this, sustainability is always on the radar and the supplier is expected to constantly maintain a high level regarding ethics, human rights, health and safety and environmental topics.

Sustainability audits coverage increased from 90% by spend in 2015 to 97% in 2019. In 2020 this figure dropped to 91% due to the COVID-19 pandemic and travel restrictions, when auditors were unable to visit our suppliers. Although the situation improved to some extent in parts of the world during 2021 and 2022, auditing activities remained limited in 2023, with 94% of our spend audited. This was largely due to continued pandemic-related restrictions in China.

## Audit process and traffic-light system



### 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 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 raise 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 predominantly 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. The list is reviewed and updated as needed.

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 in identified risk countries, 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. The auditor follows 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.





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.

Our experts on supplier development constantly evaluate and work with our tools and processes in order to enhance them further, increasing the number of stoppers where relevant. 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. We continue to place additional focus on environmental aspects, where we will only engage with suppliers showing great interest in improving over time. In this area, we will also help, guide and support the suppliers in the right direction where needed.

#### 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. At ASSA ABLOY, we need to deal with a variety of local legislation, cultures and ways of working.

According to our Business Intelligence audit data, the most common reasons for suppliers' severe sustainability problems 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. We do not tolerate child labor in our own operations, or among our business partners.

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, working hours and fair salary 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 in recent years, and more are expected in the coming years as sustainability measures increase.

We also have a newly updated ASSA ABLOY Group Trade Compliance Policy in place with the purpose to identify and mitigate risks to avoid involvement in activities considered unacceptable by ourselves, our communities and stakeholders. ASSA ABLOY has thus taken the decision to conduct risk assessments of its own operations to identify preventable export control and sanctions risks in all direct and indirect domestic and cross-border trade, and prioritize risk mitigating measures and resources to address risk. For ASSA ABLOY, this means that trade with a specific supplier could be prohibited if the party, or its owner(s), is designated in a sanctions list.

The UN, the EU, the UK, the US, and many other regions, impose different types of economic sanctions. Most sanctions programs contain lists with names of individuals, companies, organizations or other entities, and in most cases, all forms of economic interaction with such listed parties is prohibited. ASSA ABLOY has implemented a procedure and a Restricted Countries List, and countries are divided into risk categories of red, yellow or green. For RED countries, all trade is prohibited. For yellow countries there is a screening procedure, and for GREEN countries all new business relationships need to be screened.

### Key audit findings in 2023

ASSA ABLOY has around 8,800 direct external material suppliers. By the end of 2023, 1,188 of the 1,196 suppliers audited had satisfied our minimum sustainability requirements – equivalent to 94% of our total spend in identified risk countries.

During 2023 the Group added 400 new suppliers to the audit scope. During the year, 72% of those new suppliers were audited.

No suppliers were added to the prohibited list and prevented from doing business with us, and 9 were put on “new-business hold” by the Group, while awaiting re-audit where previously identified issues should have been handled.

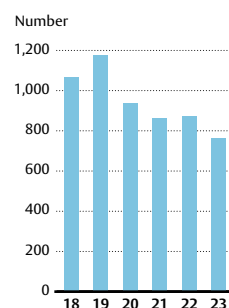
### Supply chain management governance

Our supply chain management is led by the Sustainability Procurement 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 key performance indicators (KPIs).

This Sustainability Procurement Council, along with business unit cross-functional teams which include product management, quality, engineering and innovation leads, have also begun to outline projects with suppliers to reduce our Scope 3 carbon emissions. A number of projects are well underway in the areas of scrap reduction, material replacement to a more sustainable material, and the reduction in overall material usage. Many of our key supply partners have also committed to the Science Based Targets initiative, or similar, and are developing a path to carbon emission reduction. By working together with suppliers who have the same ambition as us, we are confident we will deliver year-over-year reductions in emissions to support a healthier environment for future generations.

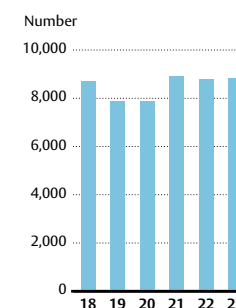
We will continue to preferentially award more business to those key supply partnerships which mirror our commitment to all aspects of sustainability. It is reassuring that by following our Sustainability Audit Program, our supplier base will inevitably improve in the long run and contribute to a more 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.

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



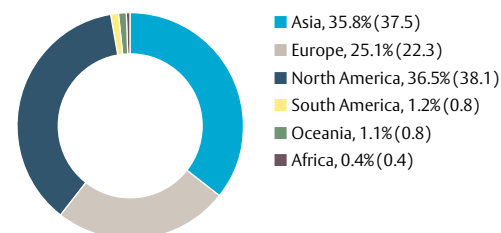
In 2023, ASSA ABLOY conducted 765 (874) sustainability audits.

### Number of direct material suppliers



Reducing the number of direct material suppliers is important for reducing costs and improving quality.

### Distribution of direct material supplier spend



 SEE ALSO SUSTAINABILITY DATA TABLES ON PAGE 45–48



# Moving ahead together

In 2023 we continued our efforts to empower our employees and ensure they are able to work safely and develop their careers to contribute to both their own growth and that of the company.

## 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)

We recognize that everyone brings a unique perspective to work. We should all feel confident and comfortable expressing ourselves. Showing that we value 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 initiative, “Together we”, comprises the identity of the ASSA ABLOY Group (Together we are) and its strategy (Together we grow). This defines our common culture, rooted in the values of empowerment, innovation and integrity.

We are both decentralized and at the same time work as one Group. Decisions are being made where our business is happening, and we want everyone to feel empowered to act. We believe in leaders who 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 shared challenges that can be solved together, there are also specific items that need to be acted upon locally. 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.

## 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





### Health and safety

Our ambition and vision is to be an injury-free workplace. We continuously improve our work environment by enhancing our processes and removing hazards and risks. We identify our risks locally and also from a Group and divisional perspective. Our health and safety scope and metrics include both employees and contractors.

To succeed, we work with behaviors and attitudes that collectively form our safety culture, which is grounded in our values. We build this with engagement and involvement through, for example, the roll out of workshops with tens of thousands of participants focusing on risks and behaviors. In 2023 we implemented a new Group-wide health and safety software package, providing us with insights to further improve the safety of our people.

In 2023 our injury rate was 2.4, a 25% improvement compared to 2022. We constantly make acquisitions and in general the acquired companies exhibit a poorer safety performance compared to ASSA ABLOY. To succeed with our safety agenda, we ensure that acquired companies are onboard with our health and safety program and we typically see good improvements once the program is in place.

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 mental health first aid programs to cater to local needs.

### Talent management

How we attract, develop, engage and retain talent is crucial to 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 work with behaviors and attitudes that collectively form our safety culture, which is grounded in our values.**

To improve internal mobility and external talent recruitment, we further developed our cross-divisional talent acquisition function and executive search team in 2023. We also continued to work with our talent management approach, which helps to facilitate successful internal matches with suitable internal candidates.

When we talk about internal mobility, 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.

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.

### Leadership Dimensions

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 behave 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. Our two development programs for senior managers: ASSA ABLOY MMT (management training) and ASSA ABLOY IMD. The MMT program promotes best practice sharing and facilitates the integration of new employees following acquisitions. The IMD program 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.

During the year we launched two new initiatives to support leadership development:

A global female leaders' program where participants interact through webinars, coaching and mentoring sessions.

A webinar series with interactive sessions open to all employees. Thousands of colleagues have taken the opportunity to learn and exchange experiences related to leadership.

### 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.

In 2023, we established a new progressive framework for diversity, equity, inclusion, and belonging (DEIB). This defines what DEIB means to us, sets ambitious goals, and helps track our progress. By using DEIB indicators we capture our employees' perception of inclusion and belonging, which helps us to understand what we need to act upon.

We want our people to come together to discuss topics that matter to them. Connecting with others increases the awareness of DEIB-related challenges and drives positive change.

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 this journey, and still have work to do to achieve our goals. We have added Diversity and Inclusion as a strategic initiative within our People strategy.

As a global organization, ASSA ABLOY is naturally diverse. We have operations in over 70 countries. This global environment fosters diversity of thought and inclusive open communication, which is why we naturally uphold these values.

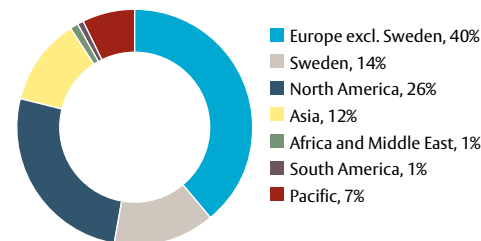
We have set specific objectives to make sure we recruit widely and give people the right opportunities to succeed. For example, we measure how many of our senior manager roles are held by women, and this increases every year. We reached 24% in 2019, 29% in 2023, and we aim to reach 30% by 2025 – and 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.

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.



Nationalities – ASSA ABLOY's management teams



→ SEE ALSO SUSTAINABILITY DATA TABLES ON PAGE 45 –48



What we  
offer

# Sustainability in our daily operations

The executive team comments on the key sustainability focus areas for their respective divisions in 2023 and what they think are the greatest business opportunities relating to sustainability.



**Neil Vann**

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



Providing our customers with products that will improve their carbon footprint has opened commercial opportunities.

## What have been some of the key focus areas in sustainability for your division in 2023?

Several sustainability initiatives were implemented during the year, including carbon footprint reduction, water intensity improvements and safety measures. Energy efficiency and supply improvements were made due to the installation of solar panels at our sites in Rychnov in the Czech Republic, VHS in Turkey, KESO in Switzerland and Metalind in Croatia. Further ongoing monitoring systems have been implemented at our top energy consumers across our EMEA sites. Green Team activities have been undertaken in our manufacturing facilities to identify opportunities to improve sustainability KPIs and increase the awareness among the teams.

We have been preparing for the pre-compliance of our products around environmental sustainability and have managed to streamline and set up a clear process on how our products will comply with the new EU requirements that are due to come into effect in the next couple of years, around transparency and disclosure of the environmental footprint of all our ASSA ABLOY products. There has been progress with regard to our Scope 3 emissions, specifically focusing on a deeper level of granularity of our product portfolios for the next three to five years. We have had positive exchanges with our top carbon emitting suppliers and have streamlined and standardized our reporting of our achievements.

## What do you think are some of the greatest business opportunities regarding sustainability in the coming 1–2 years, and how do you plan to capitalize on these opportunities?

When it comes to our Scope 1 & 2 emissions we will continue to investigate our heating source transition in order to replace gas, such as utilizing district heat, heat pumps and electrification of heating. In addition, we need to continue to ensure cost savings whilst reducing our CO<sub>2</sub> emissions. Continuing the deployment of our onsite solar plants across our manufacturing sites is one of our top priorities and we will do this by sharing best practice amongst the sites that have already transitioned to solar energy.

We aim to re-use and recycle our products as they come to the end of their life or are replaced with newer versions. We believe there is huge potential in re-certifying components or products for re-use. Digitization and AI, whether we are talking about sustainability practices, achievements, compliance and transparency, will certainly be an opportunity to optimize our performance and reporting. AI will be the tool to help us improve the efficiency of these digitized processes. There are also extremely important business opportunities to commercialize sustainability. Providing our customers with products that will improve their carbon footprint has opened commercial opportunities. We have harnessed this via our green specification initiative which has provided strong specification project growth.





## Simon Ellis

Executive Vice President and Head of business unit Pacific & North East Asia



We continue to focus on training and development related science-based targets across our innovation and production teams.

### What have been some of the key focus areas in sustainability for your division in 2023?

In PNEA our team's focus for the year has been to build our efforts related to Science Based Targets Scope 3. This includes maturing how we assess the impact of product CO<sub>2</sub> emissions throughout our development process. We are in the process of developing and deploying tools that will enable our product management teams to take a holistic approach to assessing the sustainability impacts of our products to deliver maximum value to our customers in conjunction with our commitment to science-based targets. We continue to focus on training and development related science-based targets across our innovation and production teams. We are reducing the impact of our product packaging, through greater use of recycled content and elimination of less-sustainable materials (e.g. PVC). Multiple VA/VE (value analysis and value engineering) efforts focusing on material optimisation and sustainable alternatives (e.g. Green Steel), have yielded positive results. We are increasing our focus on the transparency of our products' sustainability story through sharing Environmental Product Declarations (EPDs).

### What do you think are some of the greatest business opportunities regarding sustainability in the coming 1–2 years, and how do you plan to capitalize on these opportunities?

Building our sustainable value proposition around a circular economic approach that consolidates the elimination of waste in our design and manufacturing process, targeting reusable or recoverable material and promoting flexibility and adaptability in use. Across PNEA, we take pride in our relationships with our customers and our local manufacturing and design capabilities allow us to offer solutions well adapted to their unique needs. Through the implementation of circularity in our products and processes, we can further enhance this relationship by delivering a more quantifiable benefit to the market. We will expand our position as the local manufacturer supplier by enhancing customization in key channels (commercial buildings). We will advance our product stewardship and stimulate innovation to optimize for efficient use.



## Lucas Boselli

Executive Vice President and Head of Americas division



Over the past few years we have amplified our focus to support customers with the information they need to meet their sustainability needs.

### What have been some of the key focus areas in sustainability for your division in 2023?

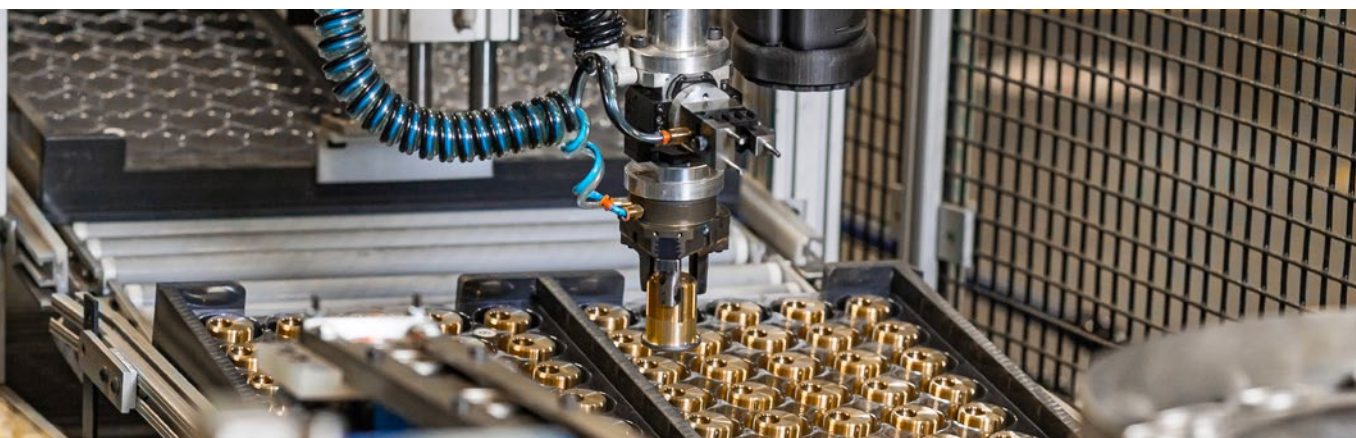
On the product side, we continue to incorporate sustainability in our early-stage product development process. We challenge our teams to consider many factors during the design process: from raw material and energy usage to packaging and the recyclability of the final product. Our Sustainability Compass is a valuable tool for our teams in new product development.

Our operating sites focus on sustainable manufacturing practices to reduce the environmental impacts of the manufactured product and we have many processes in place. We focus on initiatives to reduce energy consumption, water usage, hazardous and non-hazardous waste treatment. We also proactively prevent incident occurrences via a multi-site safety initiative which shares best practices and key learnings. We are seeing significant gains in all areas.

### What do you think are some of the greatest business opportunities regarding sustainability in the coming 1–2 years, and how do you plan to capitalize on these opportunities?

Industry-recognized standards such as LEED and Passive House continue to play an increasingly important role for sustainable architectural design in built environments, with greater formalization of sustainability guidelines within this community. To support these codes and standards, we continue to focus on transparency for our energy efficient products, supported by third-party verification and cementing our position as a preferred manufacturer of sustainable products and solutions.

Over the past few years we have amplified our focus to support customers with the information they need to meet their sustainability needs. There are over 100 green building certification programs worldwide. We collaborate with the customer to ensure they have the documents they need and, if they don't exist yet, we work with them to create it. As sustainability in the built environment continues to evolve, we do too, and we are developing greater customer loyalty as a result.







## Martin Poxton

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

### What have been some of the key focus areas in sustainability for your division in 2023?

In 2023, we have undertaken a comprehensive sustainability initiative aimed at reducing CO<sub>2</sub> emissions, including energy efficiency improvements, introducing renewable energy, and addressing Scope 3 emissions through strategic sourcing and Value Analysis / Value Engineering (VA/VE) projects.

Our sustainability efforts, including optimizing production and facility utilization within ASSA ABLOY Group company PANPAN have resulted in a significant 10% reduction in energy consumption. Additionally, the installation of solar panels at the Guoqiang plant ensures that 15% of Guoqiang's electricity is derived from renewable sources from January 2023. We are actively conserving water with two standout projects: reusing water in PANPAN's surface cleaning process and improving water infrastructure in Shenfei.

To address Scope 3 emissions, we are strategically sourcing key metals from leading climate focused mills in China and implementing VA/VE projects for aluminum and steel components. These initiatives have led to a reduction of 10% against the baseline.

### What do you think are some of the greatest business opportunities regarding sustainability in the coming 1–2 years, and how do you plan to capitalize on these opportunities?

In the next 1–2 years, significant business opportunities in sustainability include further CO<sub>2</sub> emissions reduction through the expansion of renewable energy projects, like additional solar panel installations. This not only reduces our carbon footprint but also holds the potential for cost savings from renewable energy. We will also strengthen our partnerships with key metal suppliers to constantly reduce the carbon footprint associated with our supply chain.



To address Scope 3 emissions, we are strategically sourcing key metals from leading climate focused mills in China and implementing VA/VE projects for aluminum and steel components.



## Björn Lidfelt

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 2023?

In today's rapidly changing world HID maintains a firm commitment to growing responsibly. Over the last couple of years, a key focus has been on institutionalizing a "sustainable by design" model, ensuring that environmental sustainability dimensions are incorporated into our overall workplace strategy. Further initiatives at our sites across the globe focused on energy and water conservation and waste reduction. While our operational footprint continues to be a key part of our journey of sustainable development and responsible growth, we are going further, ensuring that our growth strategy aligns with our sustainability focus. We have additionally begun to bring focus to our offering, building our products with sustainable materials. As an example, we have launched a bamboo-based credential, a more sustainable alternative to PVC. We continue to see opportunities to support our ambition to reduce our environmental footprint.



We have seen the start of a paradigm shift in customer expectations for sustainable growth and accountability.

### What do you think are some of the greatest business opportunities regarding sustainability in the coming 1–2 years, and how do you plan to capitalize on these opportunities?

One of the greatest business opportunities for HID in the coming years is the development of new markets based on customer needs and regulatory requirements for sustainable offerings. We have seen the start of a paradigm shift in customer expectations for sustainable growth and accountability. While HID is already well positioned, some of the market demands and regulatory changes that we see being adopted across various countries will fit in well with our product development strategy. As we drive our updated line of Signo readers, mobile credentialing capabilities, and eco-friendly product offerings while also build circularity into our long-term strategy, we will be able to keep up with market trends, customer demands, and regulatory changes. These additionally support our drive for business resiliency. A few examples of offerings for the near-term include the following:

- Bio-Based Bamboo Cards – FSC Certified bamboo alternatives to PVC cards offer alignment with environmental goals, demonstrate commitment to responsible practices, enhance brand reputation, and attract environmentally conscious stakeholders
- FSC Certified cardboard-based loyalty cards
- PLA cards launching in 2024
- Mobile credentials issued at 1/3 of the emissions impact of a standard PVC card, significantly reducing HID CO<sub>2</sub> emissions



## Stephanie Ordan

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



Our goal is to transition to a circular economy where products are designed to be recycled or repurposed.

### What have been some of the key focus areas in sustainability for your division in 2023?

Last year's sustainability priority areas for Global Solutions marked a significant milestone in our journey towards a greener future. We have created a solid platform for continued growth by embedding sustainability in our innovation process, doing significant work to assess the environmental impact of our products to understand our current state, finding opportunities for improvement, transitioning to renewable energy sources for some of our facilities and establishing multiple takeback programs across Global Solutions.

We remain dedicated to driving sustainability in Global Solutions as we move forward.

### What do you think are some of the greatest business opportunities regarding sustainability in the coming 1–2 years, and how do you plan to capitalize on these opportunities?

Customers are increasingly demanding eco-friendly and energy-efficient products, and solutions with a reduced environmental footprint will provide us with a major advantage over our competition. Our goal is to transition to a circular economy where products are designed to be recycled or repurposed. This presents a significant opportunity for us. By designing for the circular economy, it will drive reduction of waste, extend the lifespan of our products, and create the opportunity for new revenue streams through repair and refurbishment.

We recognize that this is a long-term journey, and we are committed to continuously improving and setting new benchmarks for ourselves and the industry.



## Massimo Grassi

Executive Vice President and Head of Entrance Systems division



By optimizing door behavior, we can have a significant and meaningful impact on our customers' sustainability goals.

### What have been some of the key focus areas in sustainability for your division in 2023?

Our key sustainability focuses include health and safety, logistics optimization, commitments to reduce CO<sub>2</sub> emissions, and material sustainability.

Health and safety is very important, ensuring that our systems, processes, and people safeguard our workforce. In 2023, we rolled out "Together We Are Safe" engagement workshops, a training program encouraging all 15,000+ employees to reflect on the impact of their actions. Logistics optimization stands as another key area of focus, where we streamline and rationalize our logistics operations underpinned with an effective planning methodology to meet customer needs sustainably and efficiently.

As part of our sustainability initiatives aimed at reducing our CO<sub>2</sub> emissions, we have prioritized our consumption and usage – the aspects under our direct control. These efforts have already yielded significant results on our journey to achieving net zero emissions by 2050. We have turned our attention to projects both upstream and downstream of our operations, focusing on dematerialization in our products through product innovation and the energy consumption of our products throughout their lifetime, all of which aim to enhance our customer experience.

### What do you think are some of the greatest business opportunities regarding sustainability in the coming 1–2 years, and how do you plan to capitalize on these opportunities?

Doors play an essential role in energy consumption, impacting not only the door itself but also influencing the overall energy usage of a building. By optimizing door behavior, especially through local adjustments and enhanced connectivity, we can have a significant and meaningful impact on our customers' sustainability goals.

We are dedicated to sustainability and energy efficiency, as evidenced by our development of Life Cycle Assessments (LCAs) and Environmental Product Declarations (EPDs). We anticipate increased demand and new opportunities within the LEED certification industry. In our ongoing commitment to sustainability, we are actively working on reducing the weight and steel content in our products.

Furthermore, we remain committed to enhancing our digital solutions offerings for our customers. This empowers them to optimize their energy consumption through close equipment monitoring and the application of predictive analytics. This approach not only benefits our customers by minimizing downtime and maximizing uptime but also aligns with our dedication to sustainability and energy efficiency, enhancing the overall value we provide to our customers.



# 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.



## 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 Vice President & 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 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 2023 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.

## 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





# 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.

## 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.

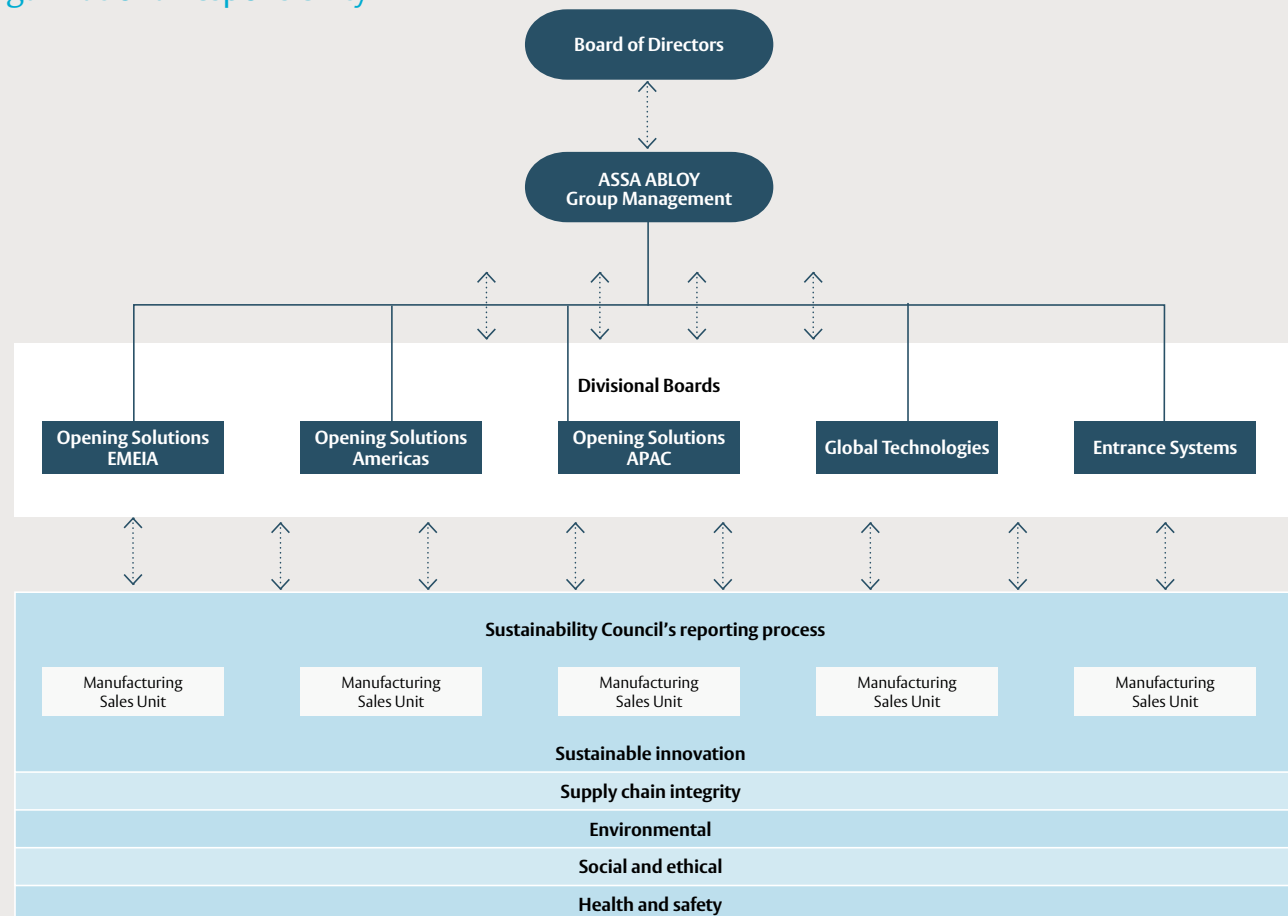
To drive the agenda, five functional sustainability councils have been defined. The Group intranet includes two sections that focus on sustainability – one offering general information for all employees, while the other supports sustainability managers and includes tools, best practices, and access to 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.

## Organizational responsibility



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 2023, 447 (419) 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 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>	Anders Forslind, Head of Global Product Sustainability and Compliance	Anna-Eva Sparf Aagaard, Procurement & Sustainability Director	Charles Robinson, VP & 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 EMEIA</b>	Olympia Dolla, Head of Sustainability Program	Lee Philp, SVP & COO EMEIA	Łukasz Ciszewski, Sustainability Manager	Allan Cooper, SVP & Head of Human Resources EMEIA	Łukasz Ciszewski, Sustainability Manager	Hemma Patel, General Counsel
<b>Opening Solutions Americas</b>	Amy Musanti, Director of Sustainable Building Solutions	Sara Bellefleur, 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>	Victor Zhu, Director, Innovation Processes GCSEA	Kin-Bond Wu, SVP & COO GCSEA	Michael Deng, Sustainability Manager GCSEA	Audina Choong, SVP Human Resources GCSEA	Audina Choong, SVP Human Resources GCSEA	Rachel Dong, General Counsel GCSEA
	Eric Sindel, Director of Innovation Processes PNEA	Quintin Roberts, SVP & COO PNEA	Richard Binks, Compliance Manager PNEA	Melanie Talyor, SVP Human Resources PNEA	Melanie Talyor, SVP Human Resources PNEA	Gerry O'Brien General Counsel PNEA
<b>HID Global</b>	Martin Laforges, Senior Engineering Manager	Joshua Freeman, SVP and Head of Operations	Travis Hensley, Global Sustainability Manager	Becky Thompson, 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	Mathias Strand, General Counsel
<b>Entrance Systems</b>	Mats Nordén, CTO Entrance Systems	Anna-Eva Sparf Aagaard, Procurement & Sustainability 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 of the 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.

## Preparation for CSRD

During 2023, we took several steps to prepare to report to the EU Corporate Sustainability Reporting Directive (CSRD). This included:

- Gap analysis
- Pre-assurance of our Sustainability Report 2022, to prepare to carry out external assurance on our combined Annual and Sustainability Report 2024
- Double materiality analysis; including impact materiality and financial materiality workshops
- Stakeholder engagement survey

In 2024, we will implement the requirements of the CSRD based on the outcome of our stakeholder engagement and materiality analysis. Our updated materiality analysis will be disclosed in our next report in 2024, aligned to CSRD reporting metrics and requirements.

# Investor statements

## Matthias Eifert

### Head of Fundamental Equities, Railpen

ASSA ABLOY's focused set of sustainability targets for 2025 help investors to track progress on the most material topics, and hold management to account. We recognize the company's strong advancement towards those targets, which we believe is reflective of the high level of buy-in from the executive team.

Railpen believes that sustainability and financial success are not mutually exclusive, so we encourage companies to think progressively. An example of this has been Nico Delvaux's focus on developing internal talent and improving diversity since he became CEO in 2018. We encourage ASSA ABLOY to continue on this path in order to create a more inclusive organization.

ASSA ABLOY's longer-term commitment to reach net zero by 2050 meets our expectations, and we are reassured that related targets have been ratified by the Science Based Targets initiative. We are pleased with the initial outcomes of the decarbonisation strategy, such as the de-coupling of greenhouse gas emissions from sales growth, which is impressive for such an acquisitive company.

We equally recognize the challenge of reducing a carbon footprint that is predominantly comprised of Scope 3 emissions. Therefore, we would appreciate more detail on viable reduction mechanisms and key costs related to the Scope 3 action plan. It would also be beneficial to gain a better understanding of ASSA ABLOY's approach to ongoing monitoring of its indirect suppliers, and their responsiveness. We would encourage the disclosure of this information through more extensive TCFD reporting, which we currently view as being at an early stage.

We recognize that ASSA ABLOY's management is shifting its mindset from risk management to looking at the commercial opportunities for sustainability.



**We recognize that ASSA ABLOY's management is shifting its mindset from risk management to looking at the commercial opportunities for sustainability.**

ty, such as access solutions that enable clients to reduce their emissions. It would be good to see this quantified in the next set of targets. For example, a percentage of sales from low carbon products or with environmental certifications.

Now that we are getting closer to 2025 we would like to see some lessons learnt from the delivery of current targets, and how this informs ASSA ABLOY's future ambitions.

## Johanna Sörgardt

### Sustainability Analyst, Andra AP-fonden, AP2

We believe that ASSA ABLOY has come a long way in its sustainability work and has a clear plan, which is reflected in its detailed sustainability report.

One thing we like about the report is the highlights, which gives a useful summary of what has happened over the year and the Group's progress.

We really appreciate that their goals are in line with the Paris Agreement. We like to see short, middle and long-term goals in a company, and ASSA ABLOY is also in line with the Science Based Targets initiative.

We are pleased to see that ASSA ABLOY has started to report on Scope 3 emissions and we look forward to seeing a decrease in these figures in the future. One thing we would like is for the Group to include Scope 3 emissions in its total reporting of CO<sub>2</sub>, so that we can follow Scope 1, Scope 2 and Scope 3 together.

ASSA ABLOY is already talking about sustainability in the whole value chain which is an important area to focus on and we would like to see as much transparency as we can around that.

We would like to see a more clear capital allocation plan with regard to how ASSA ABLOY intends to reach net zero. We also would like to see more transparency around their 'just transition' plan, including impacted workers, communities and businesses strategies.

Biodiversity is a topic that ASSA ABLOY needs to focus on, including in its value chain.

Overall, we think that ASSA ABLOY is showing a high level of ambition when it comes to sustainability and that is reflected through their holistic approach throughout the organization. It feels as if they have everyone within the Group engaged when it comes to sustainability. That's really important if they are to succeed in reaching net zero.



**ASSA ABLOY is showing a high level of ambition when it comes to sustainability and that is reflected through their holistic approach throughout the organization.**

# Anti-corruption and other compliance programs

We have specific global compliance programs and policies within the areas of anti-corruption, antitrust, trade compliance and data protection, which supplement and build on our Code of Conduct. In 2023, we specifically continued to implement the data protection program and, as a result of a more complex geo-political landscape and an increased use of sanctions, increased our efforts regarding trade compliance, including sanctions.

## Selected progress in 2023

### 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 2023, 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

Our anti-corruption compliance program is based on international standards with the objective of preventing, detecting and responding to potential corruption wherever it may arise. During 2023 a revision of the Group anti-corruption policy, which applies globally, was initiated in order to further strengthen our ways of working with these issues. During the year implementation of the group wide risk-based third-party vetting process continued in all divisions. Further, we conducted targeted anti-corruption reviews on entities operating in Asia, Australia, Middle East, Africa, South America and India.

### Export Control & Sanctions Compliance Program

ASSA ABLOY has had a Group-wide program for export control & sanctions in place for many years. However, current geo-political events, such as the

war in Ukraine, has meant that the use of sanctions in particular has increased substantially. As a result, during 2022 and 2023 we have worked increasingly with strengthening 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.

During 2023 a new Group policy for trade compliance was adopted, and other related supporting documents were also updated to reflect these new trade challenges and heightened compliance risks.

During 2023 we launched a new e-learning for export control & sanctions.

## 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. 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 2023 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, Australia, Africa, Middle East, South America and India. The

implementation 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 44.

## 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 courses (e.g. available for antitrust anti-corruption, data protection and export control & sanctions), webinars or face-to-face.

The e-learning courses are global and many are available in a multitude of languages.

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 2023 we launched a new e-learning for export control & sanctions.



# 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 2023

New acquisitions:

- 24 acquisitions were consolidated during the year. Two 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 (M&A) process, and are resourced accordingly. ASSA ABLOY Group provides an overview

of company-wide activities, and supports 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 2023, 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 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.

# Sustainability data tables

In this section we present in-depth sustainability information and full data with calculations.

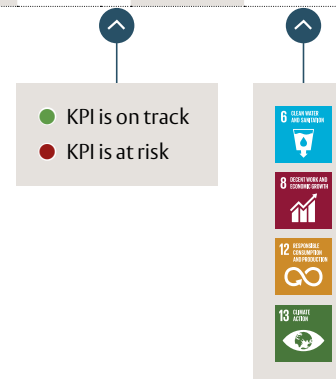
## Performance against targets

### Sustainability program to 2025 progress:

Area	2019	2020	2021	2022	2023 <sup>1</sup>	Target 2019–2025	Change 2019–2023	Linked SDGs
<b>Environmental KPI</b>								
ISO 14001 – % of sites certified in reporting scope <sup>2</sup>	76%	77%	77%	76%	75%	100% ●	–1 p.p.	12
Carbon footprint – Scope 1 & 2 greenhouse gas emissions (tons absolute)	293,508	240,604	249,482	237,209	227,151	–25% ●	–23%	6 12 13
Energy intensity (MWh/SEK M)	15.6	14.8	13.7	11.8	10.3	–25% ●	–34%	8 12 13
Water intensity (m <sup>3</sup> /SEK M)	42.1	37.4	30.8	25.1	20.6	–25% ●	–51%	6 8 12
Hazardous waste intensity (kg/SEK M)	89	79	73	66	54	–25% ●	–40%	6 12
Non-hazardous waste intensity (kg/SEK M)	558	529	555	488	418	–25% ●	–25%	6 12
Organic solvents intensity (kg/SEK M)	16.9	9.1	8.3	6.0	5.7	–50% ●	–66%	6
<b>Social KPI</b>								
Injury rate (number of injuries per million hours worked)	3.0	2.8	3.1	3.2	2.4	–33% ●	–20%	8
Injury lost day rate (number of lost days related to injuries per million hours worked)	60.0	65.5	75.0	73.9	60.0	–33% ●	0%	8
Portion of spend in identified risk countries represented by sustainability audited direct material suppliers	97%	91%	86%	93%	94%	95% ●	–3 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%	81%	95% ●	+13 p.p.	8
Gender equality								
Portion of females in management positions	Level 2: 20%	9%	9%	18%	18%		–2 p.p.	8
	Level 3: 17%	21%	12%	11%	14%		–3 p.p.	
	Level 4: 20%	21%	25%	26%	26%		+6 p.p.	
	Level 5: 25%	26%	28%	30%	30%		+5 p.p.	
	Level 2–5: 24%	25%	27%	29%	29%	30% ●	+5 p.p.	

<sup>1</sup> For comparable units in 2023.

<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 2023, 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 (%)	0.6%	15.7%	26.0%	50.2%	4.4%	3.1%
Water withdrawal (%)	1.6%	44.1%	16.4%	28.4%	6.4%	3.1%

#### Ozone-depleting substances

	2018	2019	2020	2021	2022	2023
Ozone-depleting substances in tons of R11 equivalent <sup>1</sup> (tons)	8.0	2.7	0.0	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

	2018	2019	2020	2021	2022	2023 <sup>1</sup>
Direct energy – Scope 1						
– oil (MWh)	21,697	15,054	9,707	9,056	7,620	5,834
– gas (MWh)	268,609	290,130	269,869	283,234	282,454	285,647
– coal (MWh)	11,694	10,093	61	49	-	-
– biofuel/biomass (MWh)	8,975	9,737	13,786	10,919	5,466	591
<b>Total</b>	<b>310,975</b>	<b>325,015</b>	<b>293,423</b>	<b>303,258</b>	<b>295,540</b>	<b>292,073</b>
Indirect energy – Scope 2						
– electricity (MWh)	380,470	345,248	327,561	346,465	331,901	318,165
– district heat (MWh)	35,507	38,990	32,404	24,717	19,938	18,004
<b>Total</b>	<b>415,977</b>	<b>384,238</b>	<b>359,966</b>	<b>371,182</b>	<b>351,839</b>	<b>336,169</b>
<b>TOTAL ENERGY CONSUMPTION<sup>2</sup></b>	<b>726,952</b>	<b>709,253</b>	<b>653,388</b>	<b>674,440</b>	<b>647,379</b>	<b>628,242</b>
KPI, energy intensity <sup>3</sup> (MWh/SEK M)	20.8	15.6	14.8	13.7	11.8	10.3 <sup>4</sup>
CO <sub>2</sub> emissions related to direct energy consumption – Scope 1 <sup>5</sup> (tons)	67,009	69,192	61,426	63,067	60,832	59,495
CO <sub>2</sub> emissions related to indirect energy consumption – Scope 2 (tons)	205,309	189,456	178,029	185,684	175,193	166,908
Total greenhouse gas emission related to energy consumption CO <sub>2</sub> (tons)	272,318	258,648	239,455	248,751	236,025	226,403 <sup>6</sup>
Greenhouse gas emission related to substances in industrial processes						
– Calculated CO <sub>2</sub> emissions <sup>7</sup> (tons) – Scope 1	72,206	34,860	1,149	731	1,184	748 <sup>8</sup>
– Total CO <sub>2</sub> emissions – Scope 1 & 2	344,524	293,508	240,604	249,482	237,209	227,151
KPI, portion of renewable energy (%)	11.9	12.3	14.3	20.2	20.7	19.9

<sup>1</sup> For comparable units. Total energy consumption amounted to 648,100 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 10.5 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 234,195 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 748 tons, including units acquired during the year.

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

Scope 3 category	2019	2020	2021	2022	2023	
	t CO <sub>2</sub> e					
Category 3.1 Purchased Goods and Services	15,676,868	13,621,590	16,805,686	17,952,949	15,240,417	91.6%
Category 3.11 Use of Sold Products <sup>1</sup>	1,019,280	954,666	974,404	948,771	913,643	5.5%
3.12 End of Life Treatment of Sold Products	197,504	158,773	186,783	228,365	160,566	1%
3.4 Upstream Transportation and Distribution <sup>2</sup>	74,385	72,053	103,107	115,320	71,024	0.4%
3.9 Downstream Transportation and Distribution <sup>3</sup>	85,379	69,807	81,039	98,621	68,221	0.4%
3.3 Fuel and Energy-Related Services	58,894	55,129	57,161	55,518	55,751	0.3%
3.7 Employee Commuting	41,355	41,693	43,693	45,315	49,063	0.3%
3.6 Business Travel	35,533	15,009	17,606	36,887	44,646	0.3%
3.5 Waste Generated in Operations	28,253	24,416	27,142	26,713	25,849	0.2%
<b>Total Scope 3</b>	<b>17,217,451</b>	<b>15,013,135</b>	<b>18,296,622</b>	<b>19,508,458</b>	<b>16,629,181</b>	<b>100%</b>

<sup>1</sup> Category 3.11 Use of Sold Products baseline for 2019 has been recalculated with more accurate data.

<sup>2</sup> Category 3.4 Upstream Transportation and Distribution baseline for 2019 has been recalculated with more accurate data.

<sup>3</sup> Category 3.9 Downstream Transportation and Distribution baseline for 2019 has been recalculated with more accurate data.

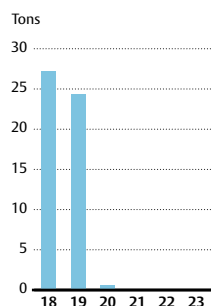
Scope 1 & 2 emissions	2019
	t CO <sub>2</sub> e
Scope 1 CO <sub>2</sub> emissions related to direct energy consumption	69,192
Scope 1 Greenhouse gas emission related to substances in industrial processes	34,860
Scope 1 CO <sub>2</sub> emissions related to fleet	29,591
Scope 2 CO <sub>2</sub> emissions related to indirect energy consumption	166,593 <sup>1</sup>
<b>Total</b>	<b>300,236</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 2024, where reporting 2020-2023 reporting will be carried out retrospectively.

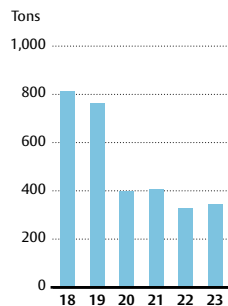


## Organic solvents

### 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	2023
Entities certified to ISO 14001	71	72	72	81	81
Entities requiring ISO 14001 certification	94	94	94	107	108
<b>Total % of sites certified</b>	<b>76</b>	<b>77</b>	<b>77</b>	<b>76</b>	<b>75</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

	2018	2019	2020	2021	2022	2023
Purchased water (1,000 m <sup>3</sup> )	1,588	1,692	1,520	1,398	1,280	1,211
Water from on-site wells (1,000 m <sup>3</sup> )	335	210	117	110	86	30
Rainwater (1,000 m <sup>3</sup> )	4	9	9	10	11	9
Surface water (1,000 m <sup>3</sup> )	0	0	0	0	0	0.2
<b>Total water withdrawal (1,000 m<sup>3</sup>)<sup>3</sup></b>	<b>1,927</b>	<b>1,911</b>	<b>1,647</b>	<b>1,517</b>	<b>1,377</b>	<b>1,251<sup>1</sup></b>
<b>KPI, water intensity (m<sup>3</sup>/SEK M)<sup>3</sup></b>	<b>55.2</b>	<b>42.1</b>	<b>37.4</b>	<b>30.8</b>	<b>25.1</b>	<b>20.6<sup>2</sup></b>

<sup>1</sup> For comparable units. Total water withdrawal (1,000 m<sup>3</sup>) was 1,285, including units acquired during the year.

<sup>2</sup> For comparable units. Total water intensity amounted to 20.8 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 4 very minor spill incidents in 2023, all contained locally.

## Waste management

### Recycled metal

	2018	2019	2020	2021	2022	2023 <sup>1</sup>
Waste metal for recycling (tons)	55,795	57,363	54,614	57,606	54,240	54,839

<sup>1</sup> For comparable units. Total amount of waste metal for recycling amounted to 56,286 tons, including units acquired during the year.

### Hazardous waste

	2018	2019	2020	2021	2022	2023
Metal sludge (tons)	915	914	704	936	809	591
Oil for recycling (tons)	361	331	244	232	193	187
Electrical and electronic waste (tons)		89	118	137	129	162
Other types of toxic waste (tons)	2,585	2,724	2,405	2,310	2,489	2,331
<b>Total hazardous waste (tons)</b>	<b>3,861</b>	<b>4,058</b>	<b>3,471</b>	<b>3,615</b>	<b>3,619</b>	<b>3,270<sup>1</sup></b>
<b>KPI, hazardous waste intensity (kg/SEK M)</b>	<b>111</b>	<b>89</b>	<b>79</b>	<b>73</b>	<b>66</b>	<b>54<sup>2</sup></b>

<sup>1</sup> For comparable units. Total amount of hazardous waste was 3,355 tons, including units acquired during the year.

<sup>2</sup> For comparable units. Total amount of hazardous waste/value added amounted to 54 kg/SEK M, including units acquired during the year.

### Non-hazardous waste

	2018	2019	2020	2021	2022	2023
Household incinerated/recycled (tons)	3,200	2,762	2,660	3,302	3,490	3,499
Household deposited (tons)	9,889	10,341	9,797	11,470	11,139	10,239
Paper and cardboard for recycling (tons)	4,465	4,523	4,326	4,839	4,915	4,120
Plastic waste for recycling (tons)	863	869	855	1,364	1,435	1,518
Wood waste for recycling (tons)	4,470	5,061	4,194	4,082	3,788	3,811
Glass for recycling (tons)	174	236	144	210	178	230
Other types of waste (tons)	1,293	1,519	1,329	2,091	1,886	1,987
<b>Total (tons)</b>	<b>24,354</b>	<b>25,310</b>	<b>23,305</b>	<b>27,358</b>	<b>26,832</b>	<b>25,403<sup>1</sup></b>
<b>KPI, non-hazardous waste intensity (kg/SEK M)</b>	<b>698</b>	<b>558</b>	<b>529</b>	<b>555</b>	<b>488</b>	<b>418<sup>2</sup></b>

<sup>1</sup> For comparable units. Total amount of non-hazardous waste was 26,626 tons, including units acquired during the year.

<sup>2</sup> For comparable units. Total amount of non-hazardous waste/value added amounted to 430 kg/SEK M, including units acquired during the year.

## Supply chain management

### Material KPI

Area	2018	2019	2020	2021	2022	2023
Portion of spend in identified risk countries represented by sustainability audited direct material suppliers	96%	97%	91%	86%	93%	94%
Number of sustainability audits of direct material suppliers in identified risk countries	1,067	1,175	940	861	874	765

## Together ahead

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

	% of total
Permanent	92%
Temporary	8%
<b>Total</b>	<b>100%</b>

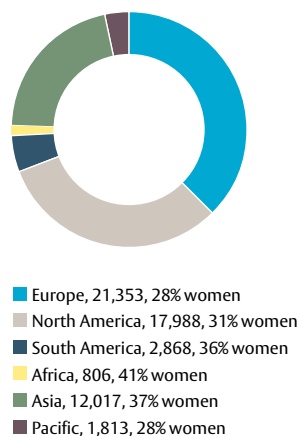
At the end of 2023, 35 percent of ASSA ABLOY employees were covered by collective bargaining.

### Women at different levels of the organization

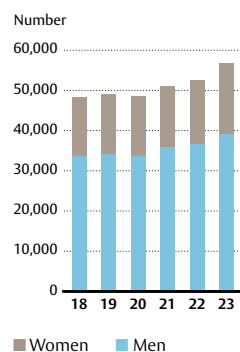
Level, %	Percentage of women					
	2018	2019	2020	2021	2022	2023
2 – reports to CEO	20	9	9	9	18	18
3 – reports to level 2	17	21	19	12	11	14
4 – reports to level 3	20	21	25	25	26	26
5 – reports to level 4	25	26	28	28	30	30
<b>Level 2–5</b>	<b>24</b>	<b>25</b>	<b>27</b>	<b>27</b>	<b>29</b>	<b>29</b>
<b>All employees<sup>1</sup></b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>30</b>	<b>30</b>

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

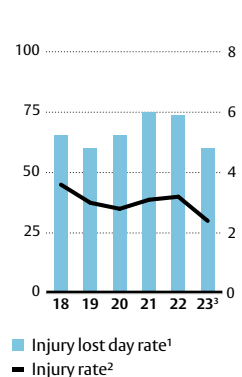
### Average number of employees by region



### Average number of employees



### Injuries

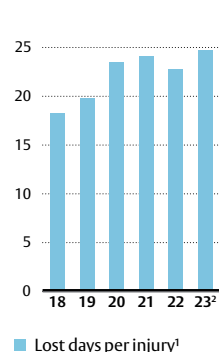


<sup>1</sup> Injury lost day rate in lost days per million hours worked.

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

<sup>3</sup> For comparable units. The total injury lost day rate was 58.5, including units acquired during the year. Total injury rate was 2.49 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 23.5 including units acquired during the year.



# EU Taxonomy tables

2023 – Turnover	Year		Substantial contribution criteria								DNSH criteria (‘Does Not Significantly Harm’)										
ECONOMIC ACTIVITIES (1)	Code (2)	Turnover (3) SEK M	Proportion of turnover (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water (7) %	Pollution (8) %	Circular economy (9) %	Biodiversity (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular economy (15) Y/N	Biodiversity (16) Y/N	Minimum safeguards (17) Y/N	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18) %	Category enabling activity (19) E	Category transitional activity (20) T		
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Manufacture of energy efficiency equipment for buildings	3.5									Y	Y	Y	N	Y	Y	N	3%	E			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																					
Of which enabling			100%	100%																	
Of which transitional																					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
				EL; N/EL (f)																	
Manufacture of energy efficiency equipment for buildings	3.5	26,736	19%	100%																18%	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																					
Turnover of Taxonomy-eligible activities (A.1+A.2)		26,736	19%	100%																21%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy-non-eligible activities (B)		113,980	81%																		
Total		140,716	100%																		



2023 – Capital expenditures (CapEx)	Year		Substantial contribution criteria							DNSH criteria (‘Does Not Significantly Harm’)											
ECONOMIC ACTIVITIES (1)	Code (2)	CapEx (3) SEK M	Proportion of CapEx (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water (7) %	Pollution (8) %	Circular economy (9) %	Biodiversity (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular economy (15) Y/N	Biodiversity (16) Y/N	Minimum safeguards (17) Y/N	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Capex, year N-1 (18) %	Category enabling activity (19) E	Category transitional activity (20) T		
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Manufacture of energy efficiency equipment for buildings	3.5									Y	Y	Y	N	Y	Y	N	2%	E			
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)																					
Of which enabling			100%	100%																	
Of which transitional																					
A.2 Taxonomy-eligible but not environmentally sustainable activites (not Taxonomy-aligned activities)																					
				EL; N/EL (f)																	
Manufacture of energy efficiency equipment for buildings	3.5	989	3%	100%																10%	
Capex of Taxonomy-eligible but not environmentally sustainable activites (not Taxonomy-aligned activities) (A.2)																					
Capex of Taxonomy-eligible activities (A.1+A.2)		989	3%	100%																12%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Capex of Taxonomy-non-eligible activities (B)		31,988	97%																		
Total		32,977	100%																		

2023 – Operational Expenditure (OpEx)	Year			Substantial contribution criteria						DNSH criteria (‘Does Not Significantly Harm’)													
ECONOMIC ACTIVITIES (1)	Code (2)	OpEx (3) SEK M	Proportion of OpEx (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water (7) %	Pollution (8) %	Circular economy (9) %	Biodiversity (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular economy (15) Y/N	Biodiversity (16) Y/N	Minimum safeguards (17) Y/N	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Opex, year N-1 (18) %	Category enabling activity (19) E	Category transitional activity (20) T				
A. TAXONOMY-ELIGIBLE ACTIVITIES																							
A.1. Environmentally sustainable activities (Taxonomy-aligned)																							
Manufacture of energy efficiency equipment for buildings	3.5									Y	Y	Y	N	Y	Y	N	0.2%	E					
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)																							
Of which enabling			100%	100%																			
Of which transitional																							
A.2 Taxonomy-eligible but not environmentally sustainable activites (not Taxonomy-aligned activities)																							
				EL; N/EL (f)																			
Manufacture of energy efficiency equipment for buildings	3.5	121	2%	100%																2%			
Opex of Taxonomy-eligible but not environmentally sustainable activites (not Taxonomy-aligned activities) (A.2)																							
Opex of Taxonomy-eligible activities (A.1+A.2)		121	2%	100%																2.2%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																							
Opex of Taxonomy-non-eligible activities (B)		5,929	98%																				
Total		6,050	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 2023.
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, 37, back cover, AR 9, 109			
	2-2	Entities included in the organization’s sustainability reporting	55, AR 85			
	2-3	Reporting period, frequency and contact point	55, 57			
	2-4	Restatements of information	55			
	2-5	External assurance	55			
	2-6	Activities, value chain and other business relationships	4–5, 8–9			
	2-7	Employees	48	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	37, 39, 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	37, AR 53			
	2-13	Delegation of responsibility for managing impacts	37, 39, AR 53			
	2-14	Role of the highest governance body in sustainability reporting	39			
	2-15	Conflicts of interest	AR 56-57			
	2-16	Communication of critical concerns	37	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 6-7			
	2-23	Policy commitments	37, 40, 43			
	2-24	Embedding policy commitments	26–29, 37–40			
	2-25	Processes to remediate negative impacts	38			
	2-26	Mechanisms for seeking advice and raising concerns	38			
	2-27	Compliance with laws and regulations	22			
	2-28	Membership associations	1			
	2-29	Approach to stakeholder engagement	41			
	2-30	Collective bargaining agreements	48	2-30-B	Information unavailable	Data is not collected on Group level due to complexity.



GRI STANDARD	DISCLOSURE		LOCATION	OMISSION			LINKED SDGS	TOPIC IN ASSA ABLOY'S MATERIALITY ANALYSIS
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION		
MATERIAL TOPICS								
GRI 3: Material Topics 2021	3-1	Process to determine material topics	5, 17, 41-42, 45					
	3-2	List of material topics	41					
SPECIFIC DISCLOSURE GRI 200: ECONOMICS TOPICS								
Anti-corruption								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 26–27, 37-38, 40, 45, 48				12	Anti-corruption
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	43-44	205-1-a	Information unavailable	Data unavailable		
	205-2	Communication and training about anti-corruption policies and procedures	37-38, 43	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, 37-38, 40, 45-46				8	Energy
GRI 302: Energy 2016	302-1	Energy consumption within the organization	22–23, 45-46, 55				8 12 13	
	302-3	Energy intensity	12, 22, 45				8 12 13	
	302-4	Reduction of energy consumption	22, 46, 55				8 12 13	
SPECIFIC DISCLOSURE GRI 300: ENVIRONMENTAL TOPICS								
Water and Effluents								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 24, 37-38, 40, 45, 47				12	Water
	303-1	Interactions with water as a shared resource	11-12, 24, 27				6	
	303-2	Management of water discharge-related impacts	24				6	
	303-4	Water discharge	24				6	
Emissions								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 14-15, 17, 37-38, 40, 45–48				12	Emissions
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	45–46, 55				12 13	
	305-2	Energy indirect (Scope 2) GHG emissions	45–46, 55				12 13	
	305-4	GHG emissions intensity	46				13	
	305-5	Reduction of GHG emissions	45–46, 55				13	
	305-6	Emissions of ozone-depleting substances (ODS)	46				12	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	25, 46				12	
Waste								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 26, 37-38, 40, 45, 48				12	Water waste
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	25, 45, 47				6 12	
	306-2	Management of significant waste-related impacts	25, 55				6 12	
	306-3	Waste generated	45, 48				6 12	



GRI STANDARD	DISCLOSURE		LOCATION	OMISSION			LINKED SDGS	TOPIC IN ASSA ABLOY'S MATERIALITY ANALYSIS
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION		
Supplier Environmental Assessment								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 26–29, 37-38, 40, 45				12	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, 37-38, 40, 45, 48				12	Environmental management systems
Environmental management systems	AA 1	Numbers of entities covered by ISO 14001 certificates and other certifiable environmental management systems	47					
Occupational Health and Safety								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 30, 32, 37-38, 40, 45, 48				12	Occupational health and safety
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	30				8	
	403-2	Hazard identification, risk assessment, and incident investigation	30				8	
	403-3	Occupational health services	30				8	
	403-4	Worker participation, consultation, and communication on occupational health and safety	30				8	
	403-5	Worker training on occupational health and safety	30				8	
	403-6	Promotion of worker health	30				8	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	30				8	
	403-9	Work-related injuries	30, 45-48	403-9-b	Information unavailable	Data unavailable	8	
Diversity and Equal opportunity								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 32, 37-38, 40, 45, 48				12	Diversity
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	32, 48	405-1-a-ii b-ii	Information unavailable	Data by age groups is not available.	8	
Supplier Social Assessment								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 26-29, 37-38, 40, 45				12	Procurement practices
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	26-29				8	
Marketing and Labeling								
GRI 3: Material Topics 2021	3-3	Management of material topics	5, 18–21, 37-38, 40				12	Sustainable innovation/ sustainable products
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	18–21				12	



# Reporting principles

We work continuously to improve reporting transparency, scope, quality and the frequency of information. This is the Group's eighteenth 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 2023 has increased from 419 to 447. 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 2023.

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 were calculated with market-based reporting. Market-based reporting will be implemented in 2024. 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 2023 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 41. Omissions or incomplete data are commented on directly in the GRI index on pages 52–54.

We report our sustainability performance annually, and this Sustainability Report, for 2023, was issued on 11 March 2024.

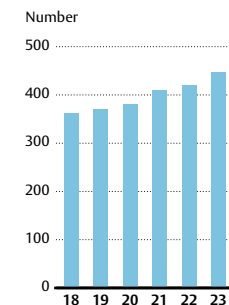
## External assurance

ASSA ABLOY has not sought external assurance for the Sustainability Report of 2023. 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 447 (419).



# 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 2023 (fiscal year 2023-01-01-2023-12-31) 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 substan-

tially 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, 8 March 2024  
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. Where carbon dioxide is referenced, this encompasses all greenhouse gases and carbon dioxide equivalents.

**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.

**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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ASSA ABLOY

ASSA ABLOY  
in your daily life

The new gate door closer ASSA ABLOY DC630G is a slim and flexible door closer for outdoor use that can make a big difference, especially for multi-family buildings. With its minimalist and slim design, it is mounted vertically on the gate frame or wall post. The unique 3D Cam-Motion technology makes it easy to open with minimal effort. It ensures comfortable use and obstacle-free access, while maintaining a closing force that guarantees a secure closure.

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