



Aptar



Task Force on Climate-Related Financial Disclosure

Reporting Year: 2022



Introduction

In accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, Aptar has prepared a summary of our responses. Detailed information about our governance, strategy, metrics, targets, risks and opportunities posed by climate change are included within our response. This information is also reported annually through our [CDP Climate Change questionnaire](#), and [Climate Transition Plan](#).

Task Force on Climate-Related Financial Disclosure (TCFD)

Response 2022

CDP Assessments of Our 2022 Performance

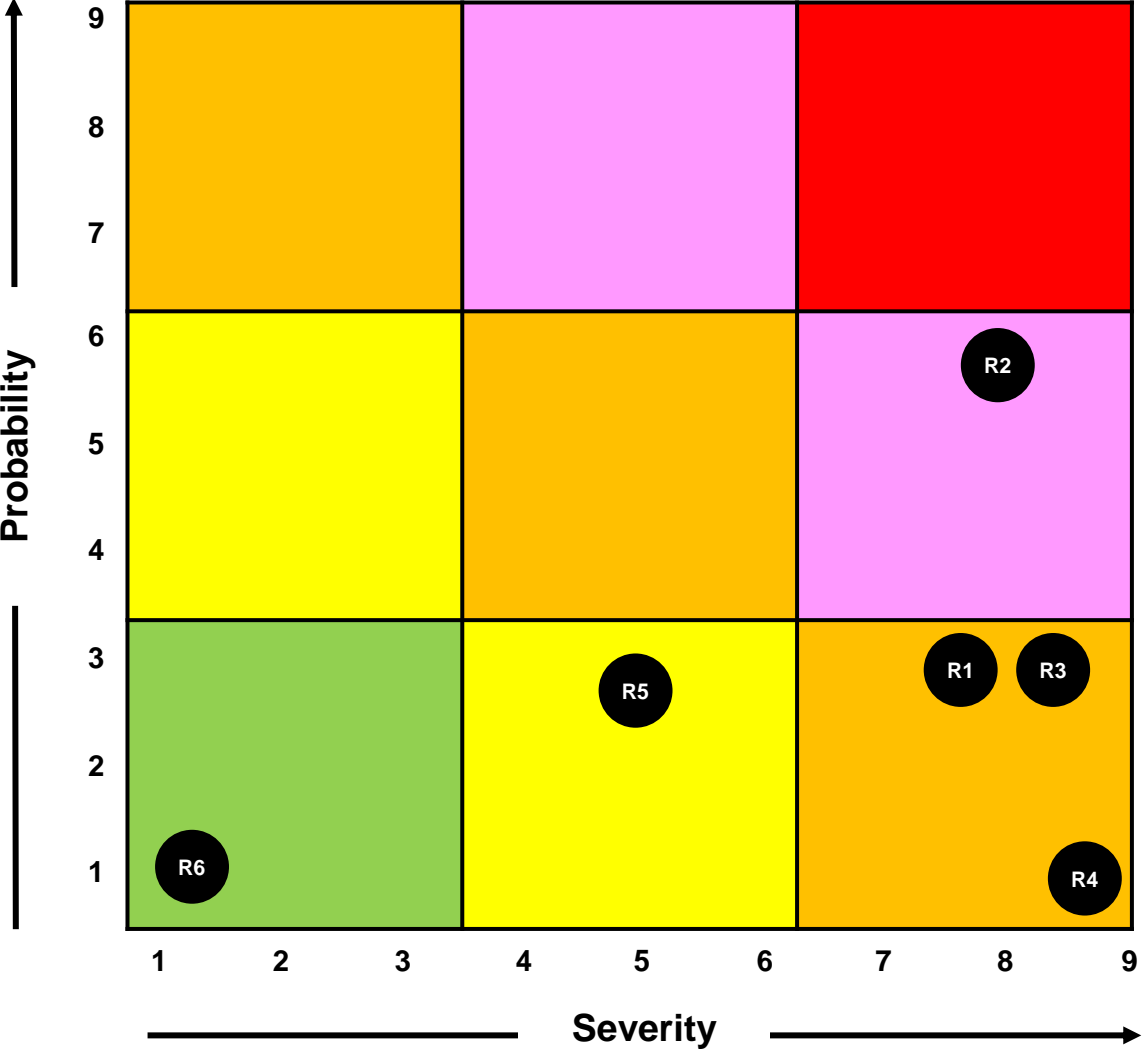
TCFD Disclosure Requirements	2022 Corporate Sustainability Report	Climate Change Response	Water Security Response
GOVERNANCE			
Disclose the organization’s governance around climate-related risks and opportunities			
A. Describe the board’s oversight of climate-related risks and opportunities	GRI 2-13 (page 49)	Sections: C1.1a, C1.1b & C1.1d (pages 3-4)	Sections: W6.2a, W6.2b, & W6.2d (pages 26-27)
B. Describe management’s role in assessing and managing climate related risks and opportunities	GRI 2-13 (page 49)	Sections: C1.2 (pages 4-7)	Section: W6.3 (pages 27-29)
STRATEGY			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material			
A. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	GRI 201-2 (page 55)	Section: C2 (pages 9-20)	Section: W4 (pages 12-19)
B. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning	GRI 201-2 (page 55)	Sections: C3 (pages 20-24)	Section: W4 & W7 (pages 12-19 & 29-32)
C. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	GRI 201-2 (page 55)	Sections: C3.2a & C3.2b (pages 21-22)	Section: W7.3 (page 31)
RISK MANAGEMENT			
Disclose how the organization identifies, assesses, and manages climate-related risks			
A. Describe the organization’s processes for identifying and assessing climate-related risks	GRI 3 (pages 53-54)	Section: C2.2a (page 11)	Section: W3 (pages 9-12)
B. Describe the organization’s processes for managing climate-related risks	GRI 3 (pages 53-54)	Sections: C2.3 & C2.4 (pages 11-20)	Section: W3 (pages 9-12)
C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management	GRI 3 (page 53-54) & GRI 201-2 (page 55)	Section: C3 (pages 20-24)	Section: W3 (pages 9-12)
METRICS AND TARGETS			
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material			
A. Describe the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Emissions data from FY19 to FY22 is reported in GRI 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, & 305-7 (pages 66-68)	Sections: C4.1 & C4.2 (pages 25-32)	Section: W8 (pages 32-34)
B. Disclose Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas (GHG) emissions and the related risks	Our strategy to mitigate climate risks and realize climate opportunities involve product solutions and operational performance. Product-related targets, and our progress are outlined within GRI 301 (page 59). Targets related to operational performance and our progress are outlined in GRI 302, GRI 303 and GRI 306 (pages 61-64 & 69-70).	Sections: C4.1 & C4.2 (pages 25-32)	Not applicable
C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets		Sections: C6.1-C6.5 (pages 46-50)	Section: W8 (pages 32-34)

RISK Reference Scale

CDP: LIKELIHOOD		Aptar Rating	Aptar PROBABILITY Definition
99-100%	Virtually certain	9	High Level of Probability – most key factors contributing to the risk are present. There are regulations and/or market requests currently in place. Historically, the event has occurred with some frequency within Aptar and/or the industry. <i>The event is considered very likely to occur once every 1-5 years.</i>
99-100%	Virtually certain	8	
90-100%	Very likely	7	
66-100%	Likely	6	Medium Level of Probability – some factors contributing to the risk are present. There may be some regulations and/or market requests under investigation. There is some historical experience within Aptar and/or the industry. <i>The event is likely to occur once every 5-10 years.</i>
50-100%	More likely than not	5	
33-66%	About as likely as not	4	
0-33%	Unlikely	3	Low Level of Probability – factors contributing to the risk are not normally present. No regulations and/or market requests are expected. There is no historical experience within Aptar and/or the industry. <i>The event is considered unlikely to occur. Likely to occur once every 10+ years.</i>
0-10%	Very Unlikely	2	
0-1%	Exceptionally unlikely	1	

CDP: MAGNITUDE		Aptar Rating	Aptar SEVERITY / IMPACT Definition
High 9	> \$20M	9	High Level of Severity – the potential impact on cash flow and earnings is material and will directly impact Aptar’s ability to meet strategic business objectives. <i>Quantified as impacts of \$10 million or more.</i>
High 8	\$15M → \$20M	8	
High 7	\$10M → \$15M	7	
Medium 6	\$7M → \$9M	6	Medium Level of Severity – the potential impact on cash flow and earnings could be material but would not be expected to impact Aptar’s ability to meet strategic business objectives. <i>Quantified as impacts of \$2 million to \$9 million.</i>
Medium 5	\$4M → \$7M	5	
Medium 4	\$2M → \$4M	4	
Low 3	\$1M → \$2M	3	Low Level of Severity – the potential impact on cash flow and earnings is not material and will not directly impact Aptar’s ability to meet strategic business objectives. <i>Quantified as impacts of less than \$2 million.</i>
Low 2	\$0.5M → \$1M	2	
Low 1	< \$0.5M	1	

RISK Matrix



- R1** Extended Producer Responsibility Tax
- R2** Carbon Tax
- R3** Plastic Tax
- R4** Changing customer behaviors
- R5** Increase raw material cost
- R6** Water scarcity

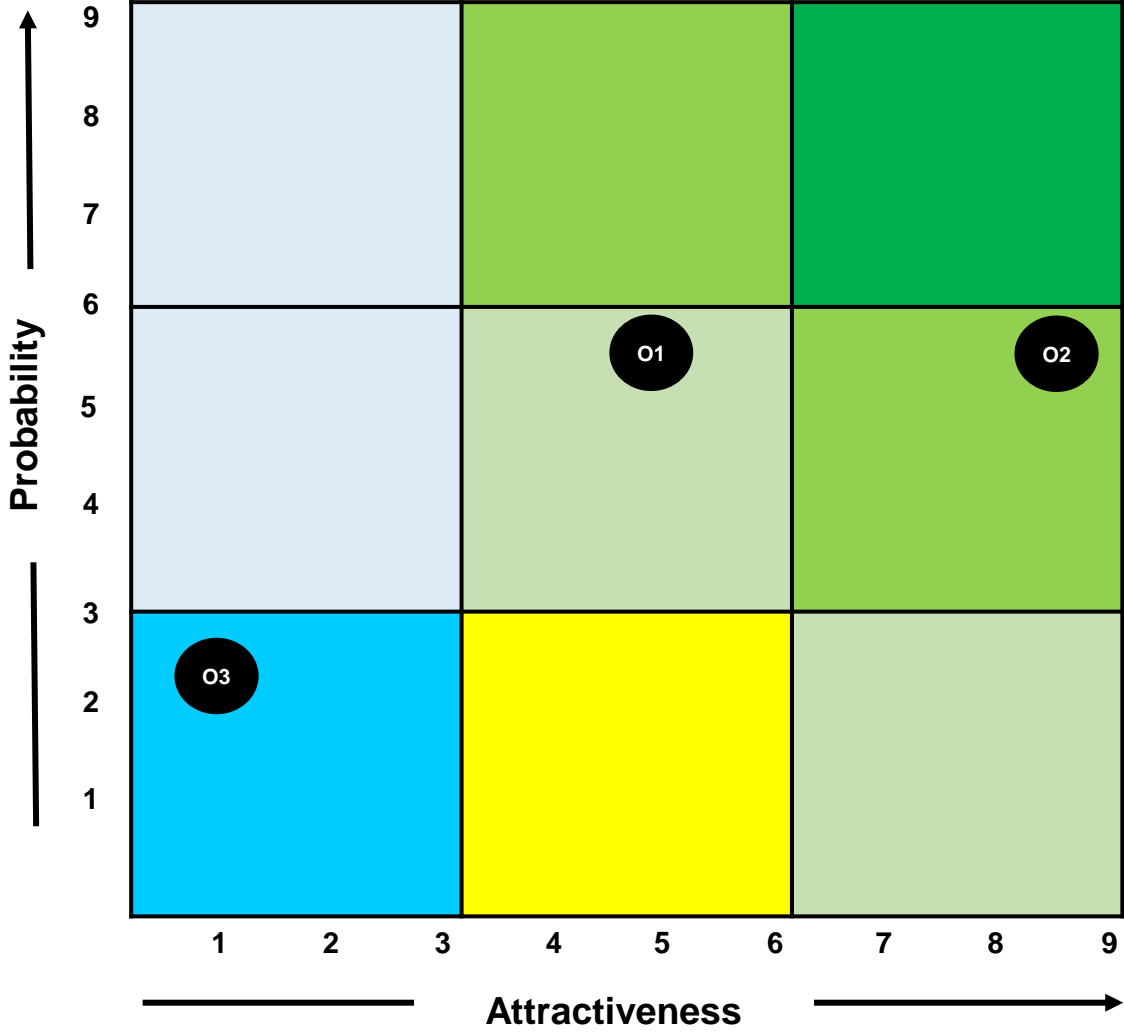
	Risk Type	Risk Driver	Potential Financial Impact	Cost Response	Likelihood & Magnitude
R1	Emerging regulation	Mandates on and regulation of existing products (e.g. Government regulations may require Extended Producer Responsibility EPR to increase recycling rate at the end of life for packaging products)	Max → \$23M	\$0.6M → \$1M	L: Unlikely M: High Time Horizon: mid-term 5-10 yr
R2	Emerging regulation	Carbon pricing mechanism	Min → \$21M - \$34M Max → \$42M - \$67M	\$1M	L: Likely M: High Time Horizon: mid-term 5-10 yr
R3	Current regulation	Mandates on and regulation of existing products (e.g. Government regulations may require tax on conventional plastic use and single use plastic packaging)	Max → \$26M	\$0.6M → \$1M	L: Unlikely M: High Time Horizon: mid-term 5-10 yr
R4	Market	Changing customer behaviours (e.g. consumers begin opting for lower emission options)	Min → \$861M (sales) Max → \$1,331M (sales)	\$0.6M → \$1M	L: Very Unlikely M: Very High Time Horizon: mid-term 5-10 yr
R5	Market	Increased cost of raw materials (price increase due to recycled plastics market fluctuation)	Min → \$4M Max → \$6M	\$0.6M → \$1M	L: Unlikely M: Medium Time Horizon: mid-term 5-10 yr
R6	Physical	Drought - water scarcity	\$2M	\$1M	L: Exceptionally Unlikely M: Low Time Horizon: mid-term 5-10 yr

OPPORTUNITY Reference Scale

CDP: LIKELIHOOD		Aptar Rating	Aptar PROBABILITY Definition
99-100%	Virtually certain	9	High Level of Probability – most key factors contributing to the risk are present. There are regulations and/or market requests currently in place. Historically, the event has occurred with some frequency within Aptar and/or the industry. <i>The event is considered very likely to occur once every 1-5 years.</i>
99-100%	Virtually certain	8	
90-100%	Very likely	7	
66-100%	Likely	6	Medium Level of Probability – some factors contributing to the risk are present. There may be some regulations and/or market requests under investigation. There is some historical experience within Aptar and/or the industry. <i>The event is likely to occur once every 5-10 years.</i>
50-100%	More likely than not	5	
33-66%	About as likely as not	4	
0-33%	Unlikely	3	Low Level of Probability – factors contributing to the risk are not normally present. No regulations and/or market requests are expected. There is no historical experience within Aptar and/or the industry. <i>The event is considered unlikely to occur. Likely to occur once every 10+ years.</i>
0-10%	Very Unlikely	2	
0-1%	Exceptionally unlikely	1	

CDP: MAGNITUDE		Aptar Rating	Aptar SEVERITY / ATTRACTIVENESS Definition
High 9	> \$20M	9	High Level of Attractiveness – the potential opportunity on cash flow and earnings is material and will directly impact Aptar’s ability to meet strategic business objectives. <i>Quantified as impacts of \$10 million or more.</i>
High 8	\$15M → \$20M	8	
High 7	\$10M → \$15M	7	
Medium 6	\$7M → \$9M	6	Medium Level of Attractiveness – the potential impact on cash flow and earnings could be material but would not be expected to impact Aptar’s ability to meet strategic business objectives. <i>Quantified as impacts of \$2 million to \$9 million.</i>
Medium 5	\$4M → \$7M	5	
Medium 4	\$2M → \$4M	4	
Low 3	\$1M → \$2M	3	Low Level of Attractiveness – the potential impact on cash flow and earnings is not material and will not directly impact Aptar’s ability to meet strategic business objectives. <i>Quantified as impacts of less than \$2 million.</i>
Low 2	\$0.5M → \$1M	2	
Low 1	< \$0.5M	1	

OPPORTUNITY Matrix



Opportunity Type		Opportunity Driver	Potential Financial Opportunity	Cost Response	Likelihood & Magnitude
O1	Resource efficiency	Move to more efficient buildings	Min → \$4.7M Max → \$5.7M	\$6M → \$7M	L: Likely M: Medium Time Horizon: mid-term 5-10 yr
O2	Products and services	Development low emission goods (e.g. Aptar’s ability to provide lower carbon options through design for sustainability.)	\$34M	\$0.6M → \$1M	L: Likely M: High Time Horizon: mid-term 5-10 yr
O3	Products and services	Shift in consumer preferences (e.g. Consumers looking for product features and eco-certifications.)	\$1.6M	\$0.3M	L: Unlikely M: Low Time Horizon: mid-term 5-10 yr

- O1
 Move to efficient buildings
- O2
 Low emission products
- O3
 Shift consumer preferences (eco-certifications)