

Task Force on Climate-Related Financial Disclosure (TCFD)

Response 2021

CDP Assessments of Our 2021 Performance

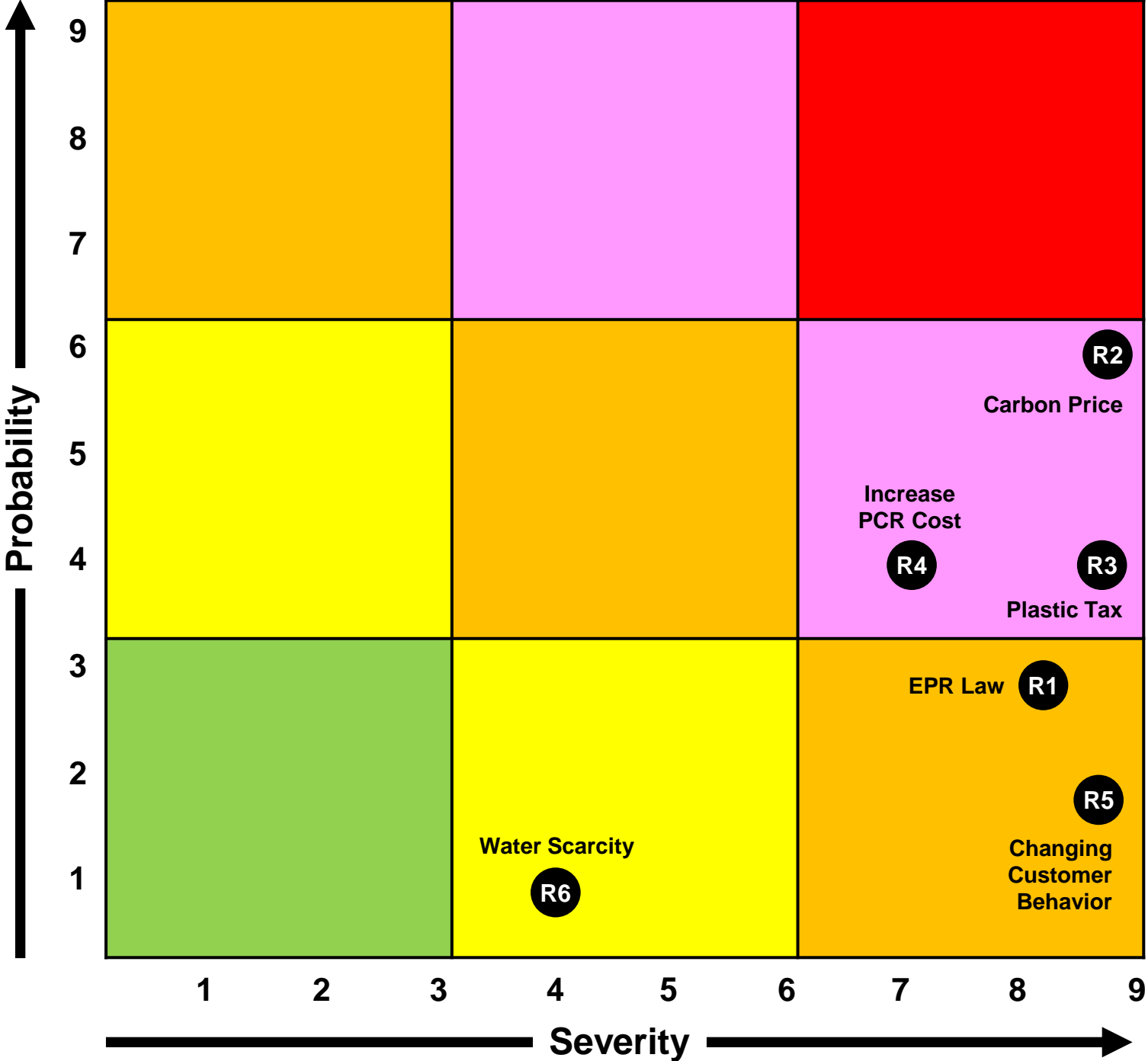
TCFD Disclosure Requirements	2021 Corporate Sustainability Report	Climate Change Response	Water Security Response
GOVERNANCE			
Disclose the organization's governance around climate-related risks and opportunities			
A. Describe the board's oversight of climate-related risks and opportunities	GRI 102-20 (page 44)	Sections: C1.1a & C1.1b (pages 4-7)	Sections: W6.2a, & W6.2b (pages 45-48)
B. Describe management's role in assessing and managing climate related risks and opportunities	GRI 102-20 (page 44)	Sections: C1.2 & C1.2a (pages 7-8)	Section: W6.3 (pages 49-50)
STRATEGY			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning			
A. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	GRI 201-2 (page 46)	Section: C2 (pages 11-32)	Section: W4 (pages 23-35)
B. Describe the impact of climate related risks and opportunities on the organization's businesses, strategy and financial planning	GRI 201-2 (page 46)	Sections: C3-C4 (pages 33-81)	Section: W7 (pages 52-57)
C. Describe the potential impact of different scenarios, including a 2°C scenario, on the organization's businesses, strategy and financial planning	GRI 201-2 (page 46)	Section: C3.2a (pages 33-36)	Section: W7.3 (page 55)
MANAGING CLIMATE RISK			
Disclose how the organization identifies, assesses, and manages climate risks			
A. Describe the organization's processes for identifying and assessing climate-related risks	GRI 201-2 (page 46)	Section: C2.2a (pages 14-16)	Section: W3 (pages 19-22)
B. Describe the organization's processes for managing climate-related risks	GRI 201-2 (page 46)	Sections: C2.3 & C2.4 (pages 16-32)	Section: W3 (pages 19-22)
C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	GRI 201-2 (page 46)	Section: C3 (pages 33-41)	Section: W3 (pages 19-22)
METRICS AND TARGETS			
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities			
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 FY21 is reported in GRI 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, & 305-7 (pages 53-56)	Sections: C4.1 & C4.2 (pages 42-53)	Section: W8 (pages 57-62)
B. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	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 49). Targets related to operational performance and our progress are outlined in GRI 302, GRI 303 and GRI 306 (pages 49-52 & 56-57).	Sections: C4.1 & C4.2 (pages 42-53)	Section: W8 (pages 57-62)
C. Disclose Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas (GHG) emissions and the related risks		Sections: C6.1-C6.5 (pages 89-94)	Not Applicable

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



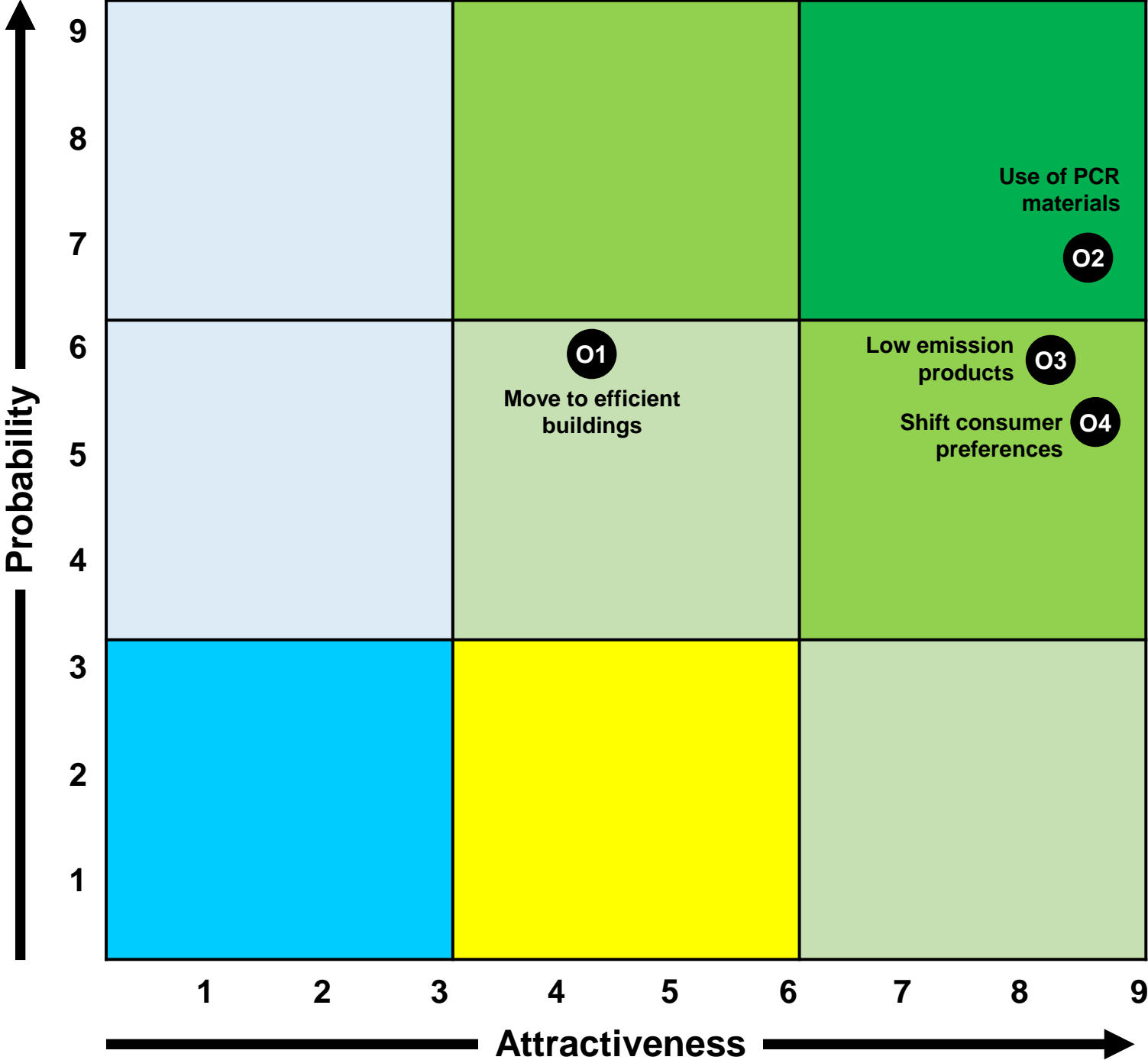
Risk Type	Risk Driver	Potential Financial Impact	Cost Response	Likelihood & Magnitude
R1 Emerging regulation	Mandates on and regulation of existing products (e.g., Government regulations may require Extended Producer Responsibility EPR to increase recycling rate at the end of life for packaging products)	Max → \$23M	\$0.6M - \$1.0M	L: Unlikely M: High
R2 Emerging regulation	Carbon pricing mechanism	Min → \$15M - \$29M Max → \$51M - \$101M	Min \$0.7M - \$1.1M Max \$15M - \$23M	L: Likely M: High
R3 Current regulation	Mandates on and regulation of existing products (e.g., Government regulations may require reformulation packaging products for B+H and F+B segments)	Max → \$44M	\$0.6M - \$1.0M	L: Unlikely M: High
R4 Market	Increased cost of raw materials (price increase due to recycled plastics market fluctuation)	Min → \$6M Max → \$10M	\$0.6M - \$1.0M	L: Unlikely M: Medium
R5 Market	Changing customer behaviors (e.g., consumers begin opting for lower emission options)	Min → \$11M (pharma excluded) Max → \$23M (pharma excluded)	\$0.6M - \$1.0M	L: Very Unlikely M: High
R6 Physical	Drought – water scarcity	\$2M	\$1.0M	L: Exceptionally Unlikely M: Medium

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



Risk Type	Opportunity Driver	Potential Financial Impact	Cost Response	Likelihood & Magnitude
O1 Emerging regulation	Move to more efficient buildings	Min → \$2M Max → \$3M	\$5M - \$7M	L: Likely M: Medium
O2 Emerging regulation	Use of recycling (e.g., Aptar's ability to bring PCR and other recycled content to market)	Min → \$12M Max → \$19M	\$0.6M - \$1.0M	L: Very Likely M: High
O3 Current regulation	Development low emission goods (e.g., Aptar's ability to provide lower carbon options through design for sustainability)	Min → \$22M Max → \$49M	\$0.6M - \$1.0M	L: Likely M: High
O4 Market	Shift in consumer preferences (e.g., Consumers looking for product features and eco-certifications)	Min → \$12M Max → \$19M	\$0.6M - \$1.0M	L: Likely M: High