



A Material Difference

**Fast Growing With
Strong Margins**

HEXPOL And Sustainable Development

.....

Torbjörn Brorson

DIRECTOR
SUSTAINABILITY AFFAIRS



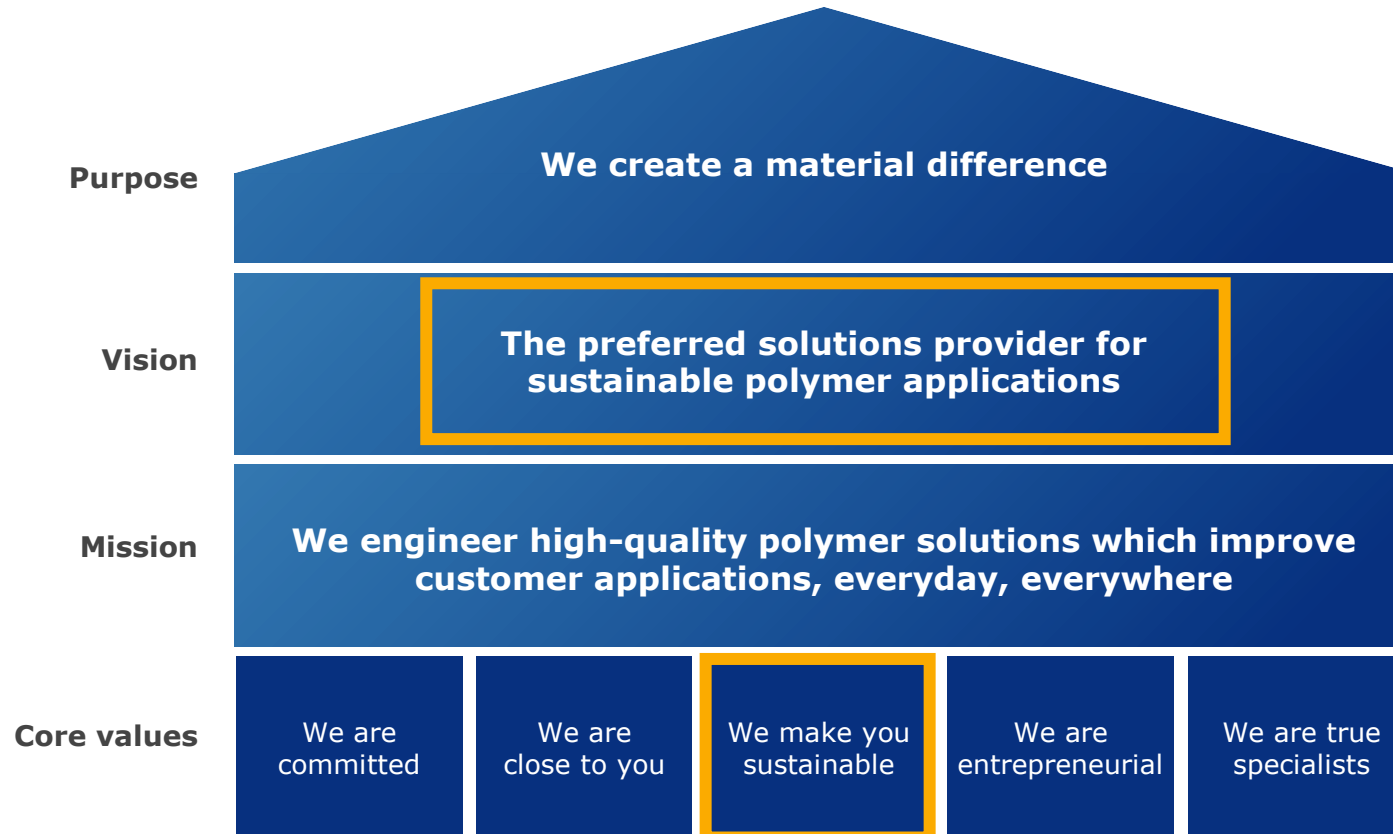
Sustainable development is a key
issue on the global agenda.

High expectations that industry will
participate to solve the problems.



Our approach to sustainable development and how we work

1. Sustainability – A Part Of Our Vision And Core Values



2. International Initiatives And Standards Form The Framework

- **UN Global Compact**
 - 10 principles that contribute to sustainable development.
- **Global Reporting Initiative (GRI)**
 - key performance indicators for sustainability performance.
- **ISO Standards**
 - management systems for social responsibility, environment, health & safety and energy.
- **Carbon Disclosure Project (CDP)**
 - reporting of impact on climate and mitigation actions.
- **UN Sustainable Development Goals (SDGs)**
 - 7 of the goals are integrated with HEXPOL's objectives.

Currently we are looking into the TCFD Guideline (Taskforce of climate-related financial disclosures) and the EU Taxonomy for Sustainable Activities.



3. HEXPOL's Ethical Compass

- **Materializing Our Values**
– HEXPOL's Code of Conduct.
- **Group Policies**
– environment, health & safety, equal opportunities and other policies.
- **Whistleblowing**
– system to alert non-compliance with Materializing Our Values.
- **Supplier Sustainability Guideline**
– sustainability requirements for HEXPOL's suppliers.

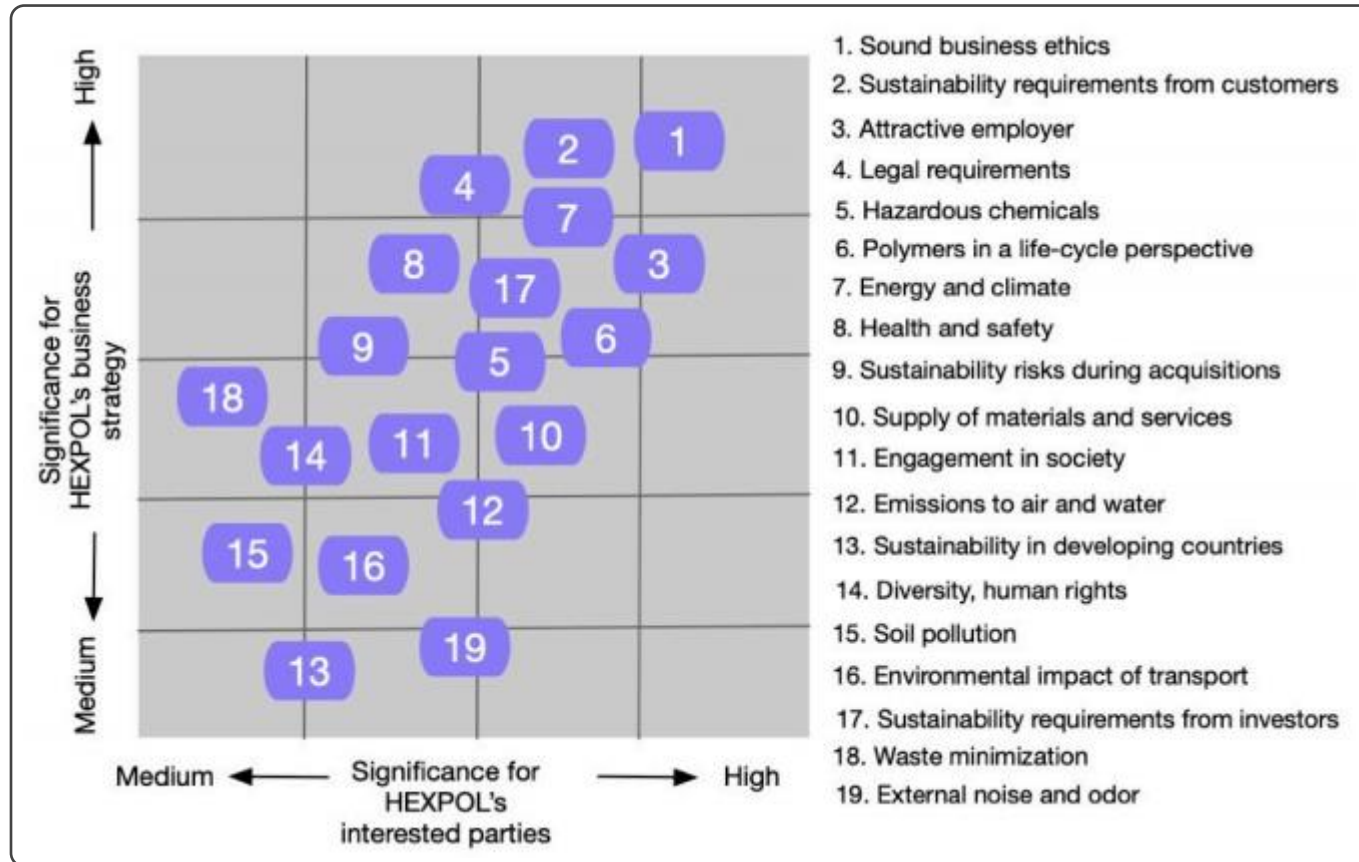


* Supported by a Compliance Program relating to Competition and Anti-trust law.

** Policies available for all employees but not externally distributed.

*** Integrated with Materializing Our Values.

4. Focus On Material Issues



Focus areas

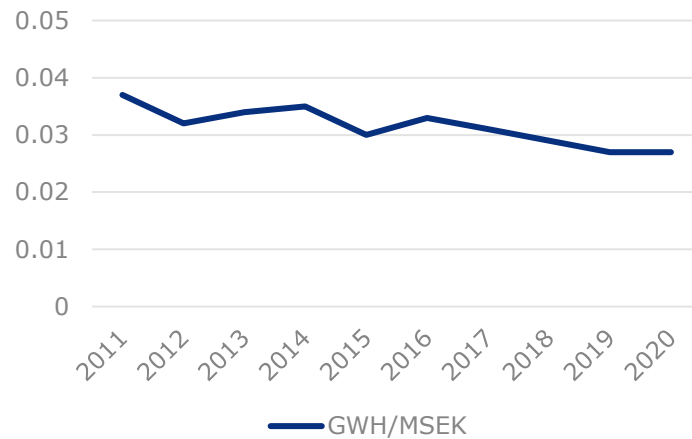
- Energy-efficiency
- Climate-change – mitigation and adaption
- Safe workplaces
- Hazardous chemicals
- Further develop products that contribute to sustainable development

5. Governance And Follow-up

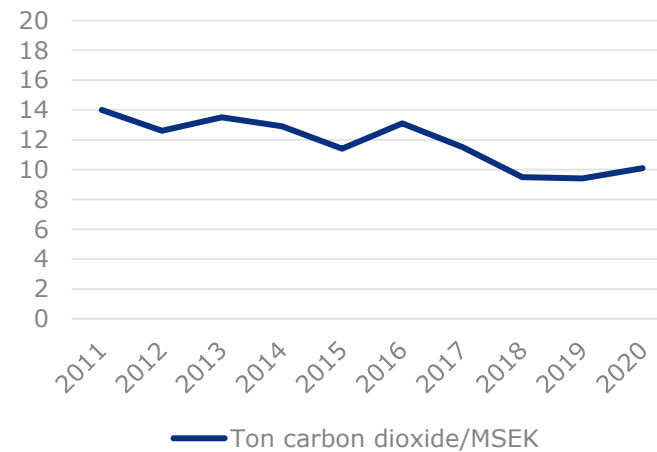


We Are Making Progress

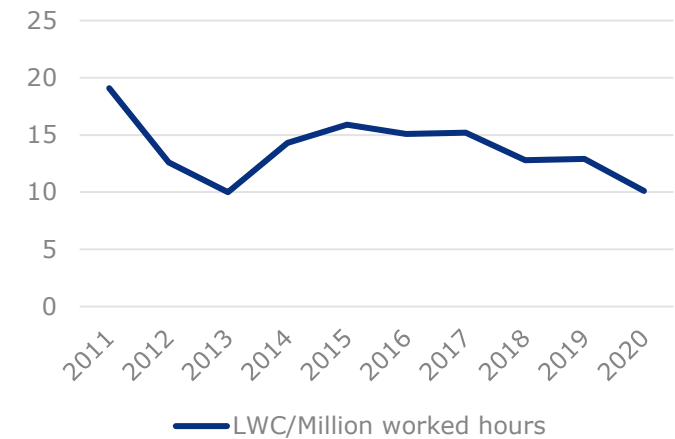
Increased Energy-Efficiency



Reduced Carbon Footprint



Safer Workplaces



Looking Ahead

We will further
reduce the
carbon footprint
of our energy use

- 75% reduction of CO2 emissions by 2025.
- Increase the purchase of fossil-free energy.
- Increase the energy-efficiency.
- Reduce the use of fossil fuels.
- Continue with installation of photovoltaics.

We will further
develop our
portfolio of
"green products"

- Increase the use of bio-based and recycled raw materials.
- Strategic and close collaboration with key suppliers on materials, processes and reporting.
- Implementation of circular materials into selected products.
- Provide information about the carbon footprint of our products.

There Are Challenges, But A Lot Of Business Opportunities



Drivers

- Increased taxes and fees on high-carbon activities.
- The EU Taxonomy for Sustainable Activities.
- Regulatory pressure on high-carbon activities.
- Requirements from customers and consumers.
- New technologies.
- New markets and new applications.

Hurdles

- Tight product specifications sometimes do not allow any compromise on performance vs sustainability aspects.
- Availability of sustainable materials in industrial scale.
- Development of new technologies.
- Regulatory framework sometimes unclear.

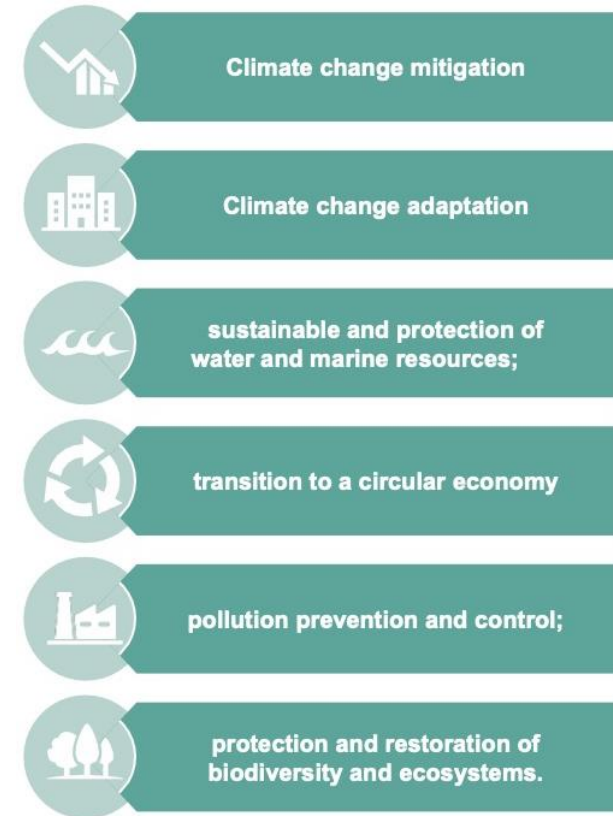
HEXPOL And The EU Taxonomy For Sustainable Activities

- HEXPOL is a large (>500 employees) and listed company. The Taxonomy is therefore applicable to HEXPOL's business.
- Investors will assess HEXPOL according to the EU Taxonomy. Methods and guidelines are under development.
- HEXPOL has to report (Annual report, Sustainability Report) according to the EU Taxonomy.
- The share of HEXPOL's revenues, Capex and Opex that is EU Taxonomy aligned should be reported. Methods, guidelines and good examples are not yet available.

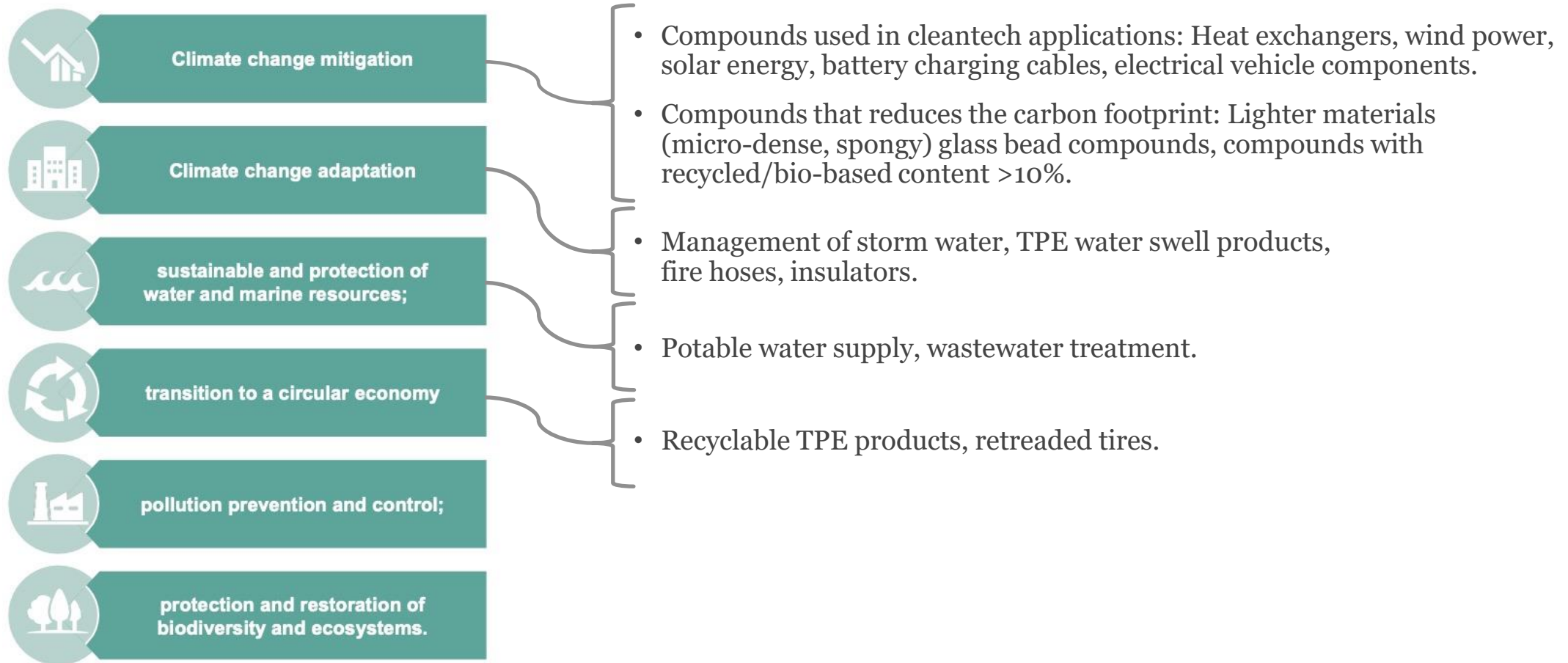


Our Approach To The EU Taxonomy

- There are no specific Technical Criteria for polymer compounders and converters such as HEXPOL.
- Based on the EU Technical Report, we have made a preliminary assessment of how much of HEXPOL's activities (net sales) that may be included in the EU Taxonomy.
- We used the six sustainability objectives as a starting point for the inventory of products that enables for customers and consumers to become more sustainable.



HEXPOL Products That Support The EU Taxonomy Objectives



A Couple Of Examples

Dryflex® Green



TPE From Plants

Lifocork®



Biocomposites

Dryflex® Circular



Recycled TPE Content

HEXLIGHT®

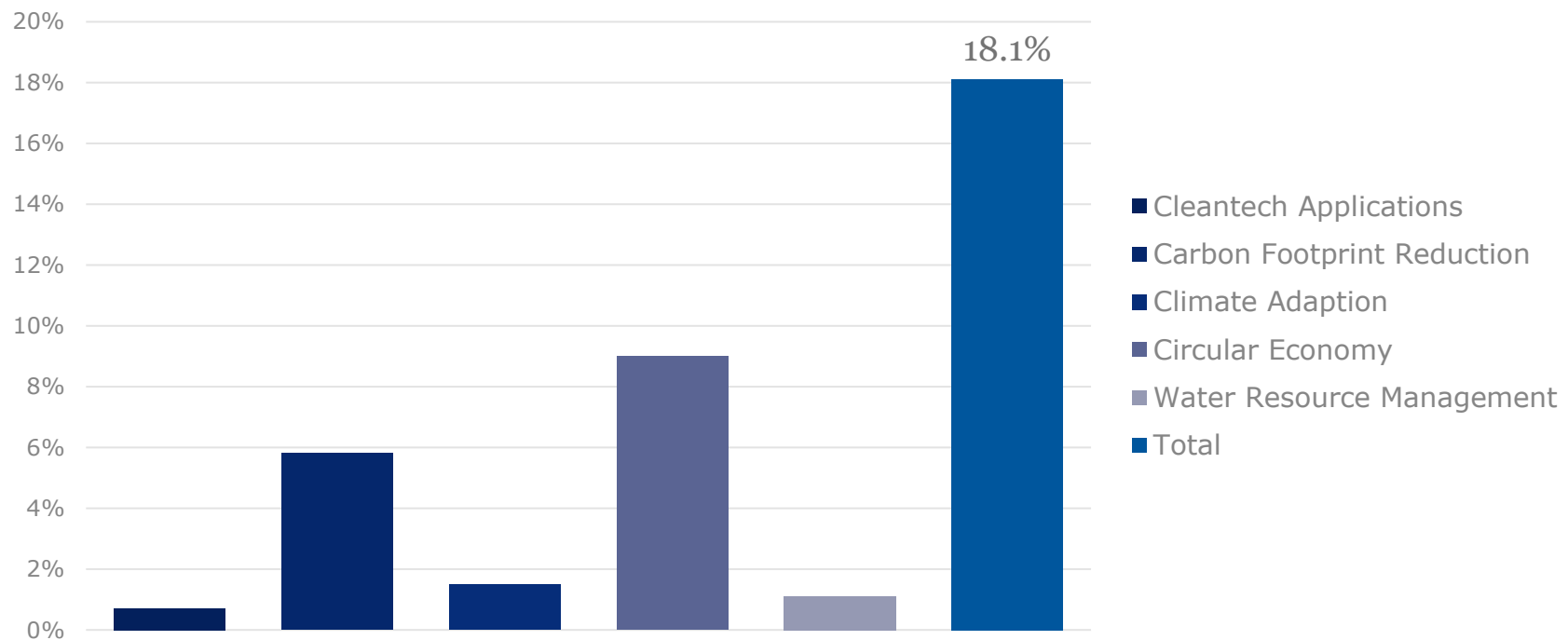
**Lightweight nonconductive
EPDM compounds**

RHEVISION®

**Bio-fiber reinforced
thermoplastic compounds**

Preliminary Results According To The EU Taxonomy

EU Taxonomy Sales / HEXPOL Net Sales (%)



Internal estimates (31/12 2020) – based on current understanding of EU taxonomy definitions

March 23, 2021



Thank You

.....

investors.HEXPOL.com