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

2025

ADB SAFEGATE

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# Introduction

## FOUNDATION

We are pleased to present our inaugural Task Force on Climate-related Financial Disclosures (TCFD) report, reflecting ADB SAFEGATE's assessment of climate-related risks and opportunities across owur global operations. Building on our role as a leading provider of integrated Airside 4.0® solutions to airports, airlines, and Air Navigation Service Providers (ANSPs), this report focuses on how climate change may affect our business, our customers, and the broader aviation ecosystem.

## SCOPE

Covering the 2024 calendar year, the report evaluates both physical and transition climate risks under a range of climate scenarios, with a particular emphasis on how our innovative and smart airside solutions can help airports increase efficiency, safety, and environmental performance. Drawing on our expertise in airfield lighting, power and control systems, airport and tower software, docking automation, apron management, and aftermarket services, as well as our use of the Internet of Things (IoT), artificial intelligence (AI), and advanced analytics, we analyze how climate-related factors intersect with operational delays, maintenance needs, and environmental impact.

## COMMITMENT

This TCFD report addresses all 11 disclosure recommendations of the TCFD framework—governance, strategy, risk management, and metrics and targets, which we are continuously working to enhance in future reporting cycles. With more than 1,400 employees and a presence at over 2,700 airports in more than 175 countries, ADB SAFEGATE remains committed to making air travel safe, efficient, and environmentally responsible, and to transparently communicating our progress on climate-related risks and opportunities.

# Governance

## OVERSIGHT

To oversee ESG governance and adherence to ADB SAFEGATE's ESG Policy, we have established an ESG Committee that reports to ADB SAFEGATE's Board, which has overall oversight.

The ESG Committee works closely with senior leadership and meets to review ESG policies and help shape strategies and initiatives that support safe, efficient, and environmentally responsible airside operations. The ESG Committee takes responsibility in attaining ratings and certifications as well as preparing disclosures and reports. In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the ESG Committee is responsible for reviewing all findings, analysis, and disclosures related to climate-related risks and opportunities, ensuring that these considerations are integrated into our broader business strategy and our long-term vision for the future of aviation.

Committee members include profiles from the Executive Committee, Legal Department, Global Transformation and Global Quality:

**Laurent Dubois**
CEO

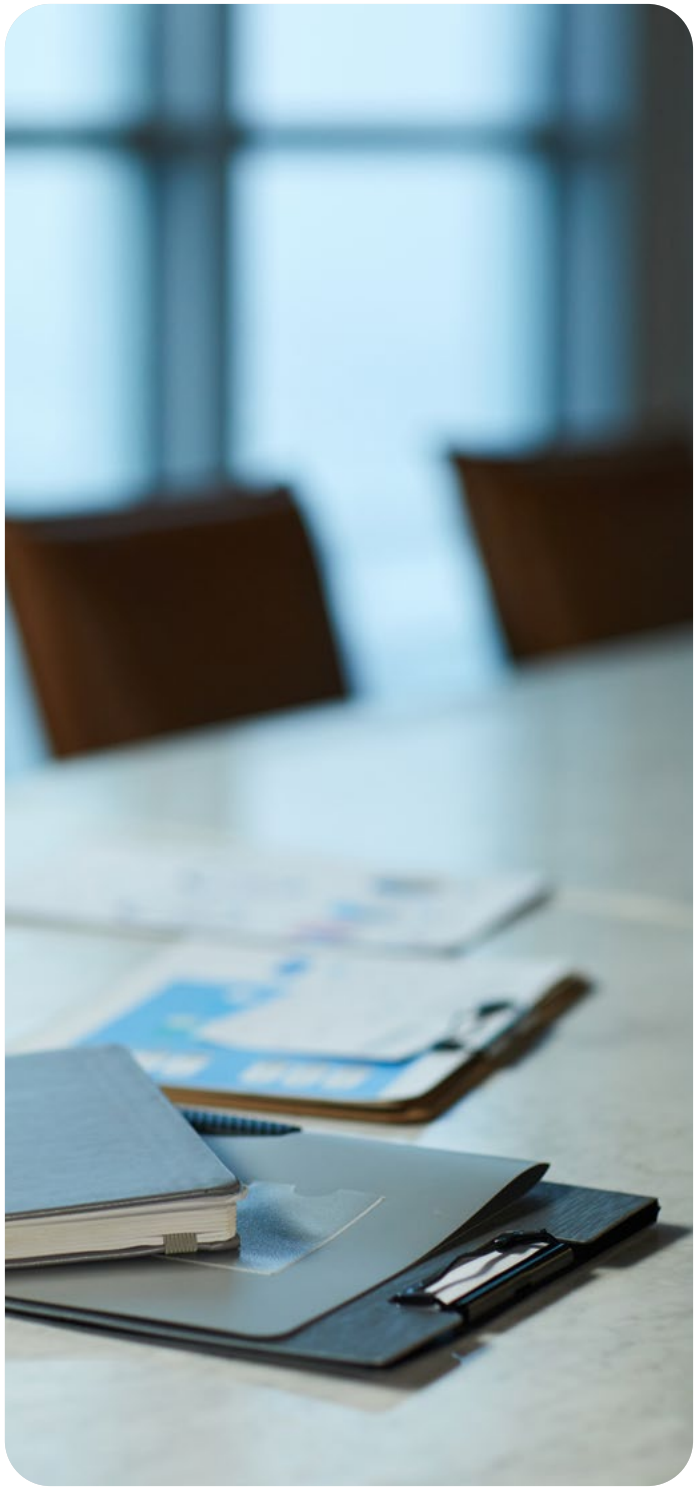
**Dominic Coté-Vaillancourt**
CFO

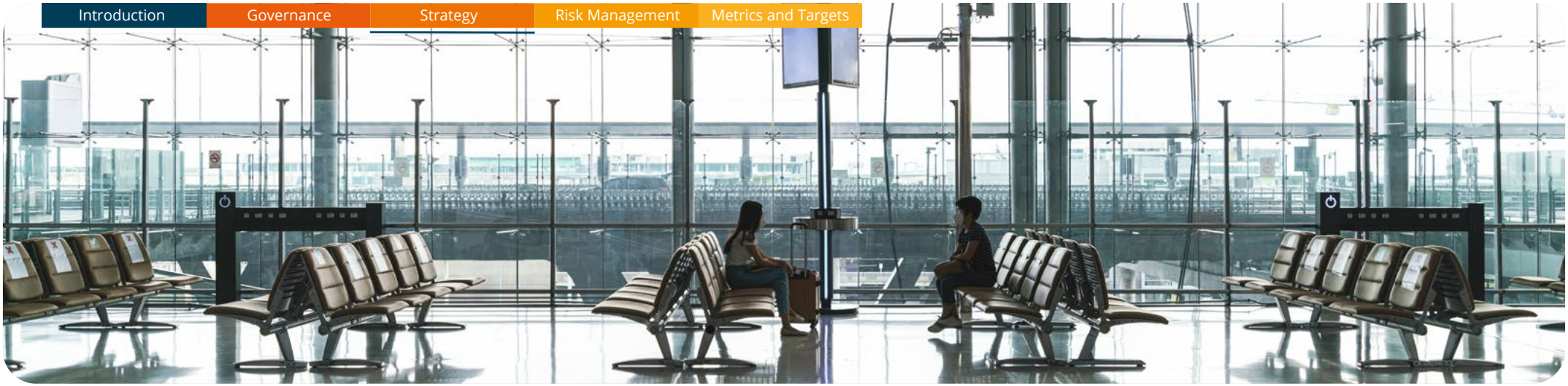
**Dustin T. Wittman**
ESG & CI Specialist

**Nancy Van Campenhout**
VP Legal Affairs

**Mukul Batra**
Director Transformation

**Martin Lopez Meijide**
Head of Pricing Excellence,
ESG & Transformation Manager





# Strategy

## PHYSICAL RISK

Changes in temperature extremes, sea-level rise, and extreme weather events may adversely impact customer infrastructure, interrupt operations, and disrupt the supply chain for airport services. These physical risks affect both our own operations, our customers and our upstream suppliers. Specifically, extreme weather events can cause business interruptions due to power failures or other factors, while extreme heat events may impact demand and reduce worker productivity. Additionally, these risks may affect installation and maintenance activities. Physical opportunities have not been identified at the time of this report. More detail on specific physical risks is provided in the table below.

| Category | Risk | Description | ST/MT/LT |
|---|---|---|---|
| Operations | Heat waves | Heat waves, even in optimistic projections of reaching net zero by 2050, can result in rising energy costs from the increased demand for cooling, delays due to harsh labour conditions and the need for more resilient infrastructure. | Short (0-5 years) |
| Operations | Extreme weather events | Extreme weather events such as severe rainstorms, hurricanes, windstorms, tornadoes, and winter weather impact our teammates' ability to get to work and suppress customer demand. They also pose supply chain risk as our suppliers are challenged to deliver goods to our facilities. This can increase costs and impact our revenue. These effects scale whether the world achieves below, around or above 1.5C. | Medium (5-10 years) |
| Downstream (customers) | Sea-level rise | Sea level rise, in worst case scenario projections, poses a significant risk to our operations selling to coastal airports by increasing the likelihood of flooding, infrastructure damage, and disruptions to airport accessibility. This can lead to operational delays, higher maintenance costs, and potential loss of business in these vulnerable locations. | Long (Beyond 2050) |

## TRANSITIONAL RISK

To evaluate transition risks, we applied a set of pertinent external variables to model climate scenarios. These variables encompassed carbon pricing mechanisms, shifts in the energy mix, climate change legislation, and sector-specific carbon intensities.

The extent and velocity of transition-related disruptions differ markedly depending on the climate scenario considered. Under a 'No Mitigation' pathway, impacts on the company remain limited. Conversely, under scenarios aligned with the Paris Agreement ambitions, the primary impacts arise from policy interventions, technological advancements, and market transformations. Several opportunities were also identified.

| Category | Risk | Description | ST/MT/LT |
|---|---|---|---|
| Policy | Evolving local and international regulations | We face transitional risks from evolving regulations requiring enhanced disclosures, which may increase operational and reporting costs. Changing regulations also influence customer expectations, potentially driving higher R&D investments to adapt products and services. While this raises costs, it also creates opportunities to innovate and differentiate in a transitioning market. | Short (0-2 years) |
| Technology | Transition to energy-efficient technologies | The transition to energy-efficient technologies presents both challenges and opportunities for our business. Adopting LED and intelligent lighting solutions can require upfront investment but offers significant benefits through reduced energy consumption and lower operating costs. Embracing these technologies enables us to meet regulatory requirements, enhance product value, and strengthen our market position in a sustainability-driven economy. | Medium (2-5 years) |
| Reputation | Stigmatisation of aviation sector | The aviation sector faces reputational risks due to increasing public scrutiny and stigmatisation over its environmental impact. This negative perception can affect customer loyalty and investor confidence. However, proactively addressing sustainability challenges offers an opportunity to enhance our brand reputation and build trust with stakeholders. | Long (5-10 years) |

## INTEGRATION

At ADB SAFEGATE, we have integrated climate-related risk considerations into our business planning framework for many years. As pioneers in conducting carbon assessments on our products, we have developed a robust risk assessment process that enables us to identify and monitor vulnerable points within our operations and evaluate our supplier base for potential risk factors.

## PHYSICAL RISK SCENARIO ANALYSIS

We evaluated physical risks using WRI's Aqueduct tool across three IPCC Representative Concentration Pathway (RCP) scenarios: RCP 2.6 (rapid decarbonization), RCP 7.0 (business-as-usual), and RCP 8.5 (high emissions). Across all scenarios, our facilities and customers face increased vulnerability to extreme weather events, heat waves, sea-level rise, as well as water stress, drought, and flooding. These escalating physical risks, particularly under more severe scenarios, could damage infrastructure, disrupt operations, and challenge our ability to reliably and cost-effectively serve airfield customers, impacting our long-term business resilience.

## TRANSITION RISK SCENARIO ANALYSIS

Under the Net Zero by 2050 scenario, our primary risks stem from increased material costs and supply chain challenges driven by tighter regulations and energy transition demands. However, this scenario also offers a significant opportunity to lead through innovation in low-carbon, energy-efficient airfield lighting technologies such as LED and intelligent lighting systems. While some costs may rise due to regulatory and energy shifts, we are well positioned to capitalize on these opportunities, supporting the decarbonization of aviation infrastructure and maintaining long-term resilience.

# Risk Management

## ASSESSMENT

ADB Safegate employs an enterprise-wide, a comprehensive, multi-step process to assess the risks and opportunities associated with climate change and the transition to a low-carbon economy, focusing on the implications for our financial and ESG performance in the airport industry. We apply our global risk management procedure to perform it.

1 **Climate-related scenario analysis:** We perform scenario analyses using various climate-related tailored to the airport industry to account for different risks and transition pathways, ensuring a range of outcomes is considered; covering the complete life cycle of our products and/or services.

2 **Identification of exposure:** We evaluate our operational, market, regulatory, technological, and reputational exposures to the risks and opportunities arising from climate change and low-carbon transitions, specifically focusing on airports and aviation-related services.

3 **Prioritization and measurement:** Risks and opportunities are prioritized based on materiality and relevance to our business in the airport industry and measured using qualitative and quantitative metrics (e.g., impact on revenues, costs, profitability, brand reputation, and ESG scores).

4 **Integration into strategic planning:** Findings are integrated into our strategic planning, risk management, and investment decision-making processes to ensure that climate risks and opportunities are duly considered in the airport sector alongside other financial and non-financial criteria.

5 **Monitoring and reporting:** We continually monitor and report progress against our risk management framework and low-carbon transition initiatives for airports, ensuring our stakeholders are well-informed of our performance.

## PHYSICAL RISK MITIGATION

We are developing mitigation strategies to address physical risks from extreme weather events, heat waves, and sea-level rise. These include creating emergency management plans tailored to location-specific risk assessments and incorporating infrastructure measures and emergency equipment where applicable. Opportunities to coordinate with municipalities and government entities on extreme weather planning have been identified, alongside screening new facility sites for climate-related risks, training employees on operational responses to heat waves and severe weather and assessing supplier vulnerabilities to enable targeted supply chain mitigation. Additionally, our products are designed to support our customers' evolving needs for climate resiliency.

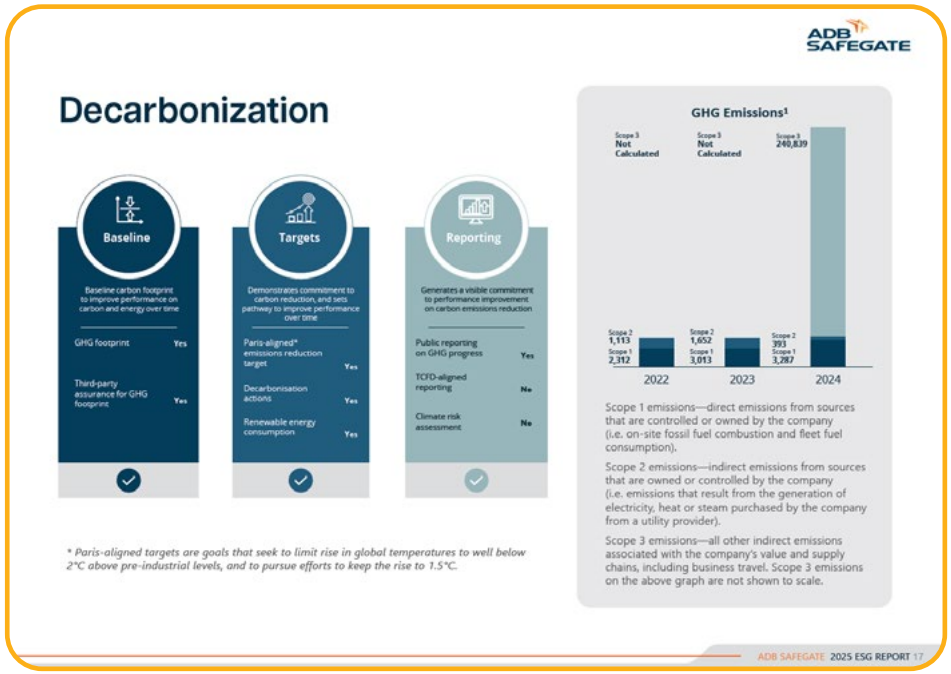
## TRANSITION RISK MITIGATION

ADB SAFEGATE has a longstanding commitment to advancing sustainable operations across its global footprint. We conduct comprehensive carbon assessments on the materials used in our airfield lighting products to identify and prioritize opportunities for carbon reduction throughout our value chain. To further minimize our operational greenhouse gas (GHG) emissions, we are actively increasing the sourcing of renewable electricity at our manufacturing facilities. Additionally, our GHG emissions reporting undergoes third-party verification, supported by our Climate Activator Certification, which is valid through the end of 2026, ensuring transparency and credibility in our climate disclosures.

# Metrics and Targets

## IDENTIFYING AND ASSESSING

At ADB SAFEGATE, we continuously enhance our metrics and targets to steer the execution of our net zero commitment. Our approach starts with robust data collection and emissions measurement across our operations. We track the following metrics to assess climate-related risks and opportunities: Scope 1, 2, and 3 (categories 6 & 7) greenhouse gas (GHG) emissions, total energy use at our facilities, and total water withdrawals at our facilities. We actively collaborate with suppliers and customers to deepen our understanding and management of emissions. Leveraging advanced technologies such as analytics, automation, artificial intelligence, and machine learning, we aim to improve decision-making processes and increase transparency. Our progress and targets are transparently documented in our annual ESG Report and Climate Policy, both of which are accessible at www.adbsafegate.com/sustainability.




# Glossary

**ADB SAFEGATE**
A global provider of integrated Airside 4.0® solutions for airports, airlines, and Air Navigation Service Providers.

**Airside 4.0®**
An innovative and smart airside solution platform aimed at improving airport efficiency, safety, and environmental performance.

**Air Navigation Service Providers (ANSPs)**
Organizations responsible for managing and controlling air traffic to ensure safe and efficient flight operations.

**Artificial Intelligence (AI)**
The simulation of human intelligence processes by machines, especially computer systems, used here to enhance airport operations.

**Climate Scenarios**
Different projected pathways of climate change used to assess potential physical and transition risks.

**Docking Automation**
Technology that assists or automates the process of aircraft docking at airport gates.

**Environmental Performance**
Measurement of how an organization's operations impact the environment, including sustainability efforts.

**Internet of Things (IoT)**
Network of interconnected devices embedded with sensors and software to collect and exchange data.

**Maintenance Needs**
Requirements for upkeep and repair of airport systems and infrastructure to ensure operational reliability.

**Metrics and Targets**
Quantitative measures and goals used to track progress on climate-related strategies.

**Physical Climate Risks**
Risks arising from the direct physical impacts of climate change, such as extreme weather events.

**Transition Climate Risks**
Risks related to the shift towards a low-carbon economy, including regulatory, technological, and market changes.

**Risk Management**
The process of identifying, assessing, and mitigating risks that could impact the organization.

**Smart Airside Solutions**
Advanced technologies and systems designed to optimize airport operations on the airside.

**Tower Software**
Software systems used to manage air traffic control tower operations.

**Aftermarket Services**
Services provided post-sale to support and maintain airport equipment and systems.

**ESG**
Environmental, Social, and Governance — a set of criteria for a company's ethical impact and sustainability practices.

**Task Force on Climate-related Financial Disclosures (TCFD)**
A framework recommending companies disclose climate-related financial risks and opportunities to ensure transparency and informed decision-making.

**IPCC Representative Concentration Pathway (RCP) Scenarios**
Climate projection scenarios used by the Intergovernmental Panel on Climate Change (IPCC) to model future greenhouse gas concentration trajectories:
-RCP 2.6: Rapid decarbonization scenario
-RCP 7.0: Business-as-usual scenario
-RCP 8.5: High emissions scenario

**WRI's Aqueduct Tool**
A tool developed by the World Resources Institute to assess water-related risks, including drought, flooding, and water stress

**Operational Exposure**
Risks and opportunities related to the company's day-to-day business activities.

**Market Exposure**
Risks and opportunities stemming from changes in customer demand, competition, or market dynamics.

**Regulatory Exposure**
Risks and opportunities arising from laws, regulations, and policies related to climate change and low-carbon transitions.

**Technological Exposure**
Risks and opportunities related to changes or advancements in technology affecting the company.

**Reputational Exposure**
Risks and opportunities linked to the company's brand image and public perception regarding climate action.

**Materiality**
The significance of a risk or opportunity in terms of its potential impact on the business.

**Net Zero Commitment**
A pledge to balance the amount of greenhouse gases emitted with an equivalent amount removed from the atmosphere, aiming for net zero emissions.

**GHG (Greenhouse Gas):**
Gases such as carbon dioxide and methane that trap heat in the atmosphere, contributing to climate change.
-Scope 1 Emissions: Direct greenhouse gas emissions from owned or controlled sources.
-Scope 2 Emissions: Indirect greenhouse gas emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the company.
-Scope 3 Emissions: (Categories 6 & 7) Indirect emissions from the value chain, specifically: Category 6: Business travel nemissions and Category 7: Employee commuting emissions


ADB SAFEGATE

# Investing in the future

Building our team globally around Centers of Excellence by technical competence

Investing in talent, R&D, manufacturing, and quality

Establishing key customer innovation partnerships to ensure our products are solving critical challenges

Developing creative solutions to customer challenges from our three innovation centers

Delivering sustainable products that enable our customers to continuously improve aviation's ecological footprint

Increasing manufacturing space by over 15,000 m2 to expand our capabilities

**DISCLAIMER**

The information contained in this document reflects management's views and estimates as of November 2025. It includes forward-looking statements that are based on assumptions and involve inherent risks and uncertainties which may evolve over time. The report utilizes non-financial metrics subject to measurement challenges, including data collection methodologies and verification processes. Consequently, actual outcomes may differ materially from those anticipated in the forward-looking statements. Key risks and uncertainties include general economic conditions, regulatory changes, foreign exchange fluctuations, competitive pressures, and the direct impacts of climate change.