

# TCFD Scenario Analysis

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# 1 Background

## 1.1 Climate-related Risks and Opportunities

Climate change has profound effects on both individuals and communities, and is an increasingly important factor for companies, in all its work processes, products and operations. As climate change becomes inevitable, adaptation is essential for maintaining competitiveness and ensuring operations that are fit for, and contribute to, a sustainable future. Environment and climate are key strategic focus areas within Knowit's broader strategy and articulated in the Group's Sustainability Policy and Code of Conduct. Knowit aims to integrate sustainability matters, risks, opportunities and concerns in its strategy and in relevant business processes. As such, Knowit Group actively manages its significant climate-related risks and opportunities within its current processes.

As a fundament to further its understanding of long-term climate related risks and opportunities within the context of a changing climate, Knowit is reporting in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework. This means disclosing its climate-related risks and opportunities, following the guidelines set by the TCFD framework. The analysis has been structured around TCFD's four pillars, and according to the guidelines stated in the European Sustainability Reporting Standard (ESRS), to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD).

## 2 Context

### 2.1 Governance and Strategy

Knowit's Board of Directors oversees the strategy for the entire Group, including its subsidiaries. They receive regular updates about the business areas, including on sustainability, through continuous reports on Knowit's sustainability initiatives and progress towards emission reduction targets and strategic targets as well as risks and opportunities.

The CEO of Knowit holds the overall responsibility for the Group's climate-related issues with the support of the Head of Sustainability. The Group CFO and the Audit committee of the Board owns all risks, including climate related such. The Head of Sustainability and the Group Management team review the outcome from the evaluations of climate-related risks and opportunities as part of its annual strategic process.

Knowit regards sustainability in general, and climate in particular, as a core part of its strategy, vision and mission. To enable and integrate sustainability in all operations, Knowit uses climate scenario analysis to further our understanding on how to best incorporate climate-related considerations into processes, ensure purchases and development of eco-friendly products and solutions, reducing carbon emissions, and enhancing resilience.

### 2.2 Risk Management

Knowit has evaluated the likelihood and impact of a wide range of climate-related issues, encompassing various types of risks (such as Regulation, Technologies, Laws, Market and Physical risks) and opportunities. From this deeper analysis, Knowit is incorporating its assessment of climate-related risks and opportunities into the Group's risk management process for broader strategic risks. This includes an integrated method across all business areas, to capture entity specific risks and opportunities and to continuously monitor developments.

From 2024 and onwards, the TCFD analysis is integrated in Knowit's overarching risk management structure and due diligence processes. These are key parts in informing Knowit's annual process for assessing materiality from our double materiality process. The TCFD analysis is reviewed annually as part of the process for assessing material matters, by a dedicated team of environment and climate experts, led by the Head of Sustainability.

## 2.3 Metrics and Targets

Knowit's carbon assessment is carried out in accordance with the Greenhouse Gas Protocol under the operational control approach.

In 2020, Knowit set an emission reduction target aligned with, validated by and approved by the Science Based Targets initiative. The target covers companywide scope 1, 2 and 98 % of scope 3 emissions. It is set as an absolute reduction target in line with the 1,5-degree reduction trajectory. This means that total emissions shall be reduced by at least 50 % by 2030 compared with base year emissions. For the reporting year 2023, Knowit has achieved 26 % absolute reduction compared with base year (2019) emissions.

Knowit continuously assess its metrics and targets, ensuring they are effectively monitoring and enabling management of Knowits most significant climate-related risks and opportunities.

## 2.4 Actions and Policies

Knowit's overarching approach to sustainability and climate mitigation and adaptation is governed by the Group's Code of Conduct and Sustainability Policy. Further, the Group and its subsidiaries annually decides on actions to meet its commitment to its Science Based Target to 2030, and its pending Net-Zero Target, based on the annual Carbon Dioxide Assessment. This is part of the Group's Carbon Action Plan, which forms its transition plan.

## 3 Results and Analysis

### 3.1 Scenarios

As part of the climate-related risk assessment conducted by Knowit, climate-related risks and opportunities were analysed under two scenarios: SSP1-1.9 for transition risks and opportunities, which meets the Paris Agreement's 1,5°C target. For assessing physical risk, SSP5-8.5 was utilized, which anticipates a 4.4°C or higher increase in average global temperature by 2100. The scenario source used was UN Intergovernmental Panel on Climate Change (IPCC) 2021.

Additionally, the following time horizons were followed when analysing the climate-related risks and opportunities.

Time Horizons	Start Year	End Year	Rationale
<b>Short-term</b>	2024	2025	Strategic reporting year
<b>Medium-term</b>	2024	2029	In line with Knowit's 5-year strategic plans
<b>Long-term</b>	2024	2050	Net-Zero target

### 3.2 Climate Related Risks and Opportunities

The table below outlines the climate-related risks and opportunities that Knowit has identified as most critical to its operations, in a short, medium and long term perspective based on the two scenarios. These are managed by the respective business units and overseen by the Group Management Team and respective risk owner.

Category Overview	Risk/Opportunity	Likelihood	Magnitude	Duration	Primary Potential Impact	Geography (Geospatial coordinates)	Affected assets/business activities	
<b>Transition Risks</b>	Potential negative impact of climate change on Knowit due to the transition to a low-carbon economy.	Increased stakeholder demands for high quality ESG data could impose additional compliance costs, and failure to meet stakeholder expectations on reporting which could impose a business risk.	Possible	High	N/A	Higher direct costs, reduced revenue	All operations (63.8258°N, 20.2630°E; 51.7592°N, 19.4560°E)	Group-wide effects
		Failing to meet stakeholder expectations on sustainability could harm brand reputation and client retention, as well as attracting and/or retaining talents and competence. It could also impose a business risk.	Possible	High	N/A	Reduced revenue	All operations (63.8258°N, 20.2630°E; 51.7592°N, 19.4560°E)	Group-wide effects

<b>Physical Risks</b>	Potential negative impact of climate change on Knowit due to physical effects of climate change.	Increased frequency and severity of storms and floods could damage physical infrastructure, such as offices and data centres, leading to operational disruptions. Damage to transportation infrastructure.	Possible	Moderate	Months	Higher indirect costs	Nordics (63.8258°N, 20.2630°E; 55.6050°N, 13.0038°E)	Group-wide effects
<b>Opportunities</b>	Potential positive impact on an organization related to climate change.	Our ability to develop new services for sustainable digitalization to facilitate the transition for our clients.	Likely	High	Sustained	Increased revenue	All operations (63.8258°N, 20.2630°E; 51.7592°N, 19.4560°E)	Group-wide effects
		Increased demand for sustainable digitalization in the market to facilitate transition and increased resilience.	Very Likely	Moderate	Sustained	Increased revenue	All operations (63.8258°N, 20.2630°E; 51.7592°N, 19.4560°E)	Group-wide effects



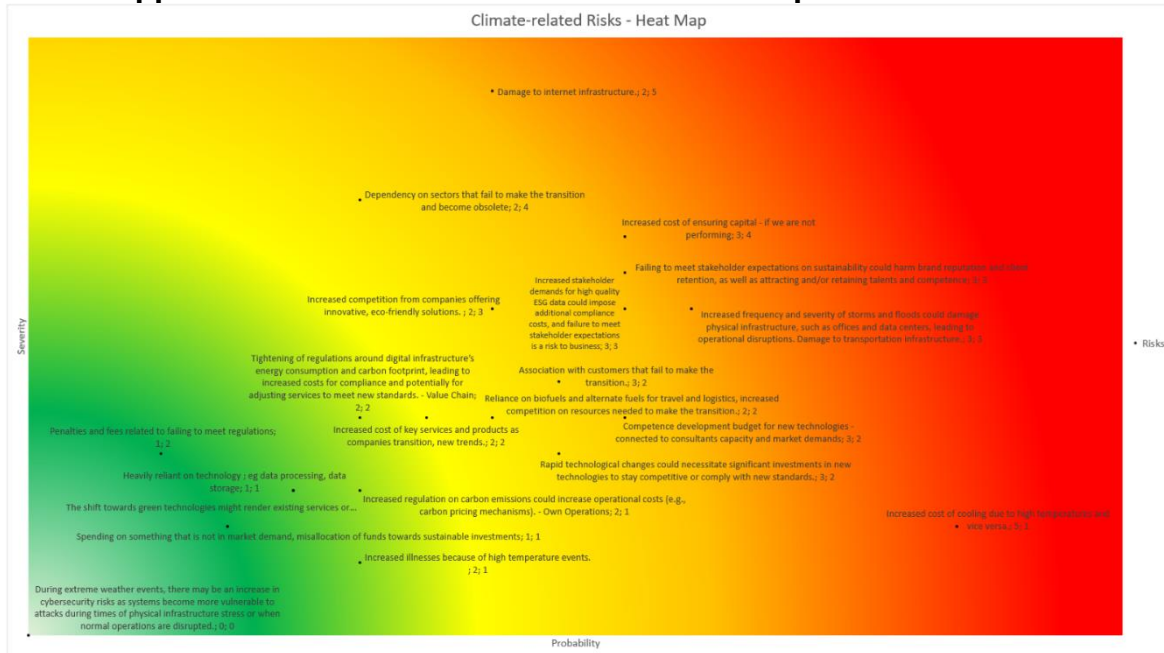
### 3.3 Summary of Results

Our assessment outlines material climate-related transition risks and opportunities, while Knowit remain relatively unaffected by physical climate risks given the nature of our operations. Risks include increased compliance costs due to stakeholder demands for high-quality ESG data, potential damage to brand reputation and operational disruptions from increased storm and flood frequency. Conversely, opportunities exist in developing and capitalizing on services for sustainable digitalization, which could lead to increased revenue group wide as market demand grows.

The findings from the analysis will be integrated in Knowits annual risk management system and evaluated annually. The identified risks and opportunities will be managed as a part of our work to ensure that our operations are sustainable, do no harm, and contribute to the vision of creating more opportunities for our clients to mitigate climate change and ensure the Paris Agreement is met.

# 4 Appendices

## 4.1 Appendix A - Climate-related risks – Heat map



## 4.2 Appendix B - Classification of Climate-related Hazards

	Temperature-related	Wind-related	Water-related	Solid mass-related
<b>Chronic</b>	Changing temperature (air, freshwater, marine water) (INCLUDED)	Changing wind patterns (NOT RELEVANT)	Changing precipitation patterns and types (rain, hail, snow/ice) (INCLUDED)	Coastal erosion (NOT RELEVANT)
	Heat stress (NOT RELEVANT)		Precipitation or hydrological variability (NOT RELEVANT)	Soil degradation (NOT RELEVANT)
	Temperature variability (INCLUDED)		Ocean acidification (NOT RELEVANT)	Soil erosion (NOT RELEVANT)
	Permafrost thawing (NOT RELEVANT)		Saline intrusion (NOT RELEVANT)	Solifluction (NOT RELEVANT)
			Sea level rise (INCLUDED)	
			Water stress (NOT RELEVANT)	
<b>Acute</b>	Heat wave (INCLUDED)	Cyclones, hurricanes, typhoons (INCLUDED)	Drought (NOT RELEVANT)	Avalanche (NOT RELEVANT)
	Cold wave/frost (INCLUDED)	Storms (including blizzards, dust, and sandstorms) (NOT RELEVANT)	Heavy precipitation (rain, hail, snow/ice) (NOT RELEVANT)	Landslide (NOT RELEVANT)
	Wildfire (NOT RELEVANT)	Tornado (NOT RELEVANT)	Flood (coastal, fluvial, pluvial, ground water) (INCLUDED)	Subsidence (NOT RELEVANT)
			Glacial lake outburst (NOT RELEVANT)	

Note: NOT RELEVANT in the table above means that the hazard is not relevant to include due to geographical location of assets