

West Pharmaceutical Services 2020 TCFD Disclosure

At West, we are committed to our mission of improving lives around the globe and dedicated to producing products to enhance patient health, and we are also strongly committed to creating a healthier environment. As West approaches its 100th anniversary, we continue to address global climate challenges and reduce adverse environmental impact with conservation efforts that will improve our earth over the next 100 years and for future generations. Through an Environmental, Social and Governance (ESG) strategy that is closely tied to our overall enterprise strategic plan, we identify, assess, and manage climate risks and opportunities for both the short- and long-term. This year we have expanded our transparency in reporting by aligning with the Task Force for Climate-Related Financial Disclosure (TCFD) recommendations.

Describe the board’s oversight of climate related risks and opportunities.

Climate related risks are integrated into the Board’s enterprise risk management program, which is conducted by West team members with Board oversight. The enterprise risk management program is described more fully in our 2021 Annual Meeting and Proxy Statement. The Audit Committee oversees the risk management process and controls and the related disclosures. The full Board reviews all material risks, including climate-related risks.

Describe management’s role in assessing and managing climate related risks and opportunities.

Our core ESG team, which includes a full-time Manager and Analyst in our Legal Department, is responsible for monitoring and helping to identify and mitigate climate-related risks by working with internal and external subject matter experts. The ESG Team consults with an ESG steering committee of functional management-level experts to foster communication and embed the ESG strategy with the business strategy. West’s Senior Leadership Team (“SLT”), including CEO and President, Eric M. Green, receives periodic reports from the core ESG team regarding climate-related risks and opportunities and establishes ownership for these goals throughout the rest of the organization. Executive officers of the company with functional responsibility for addressing the identified risks are tasked with mitigating those risks and reporting regarding progress. For example, our Senior Vice President and Chief Operations and Supply Chain Officer is responsible for managing identified climate risks and opportunities as they relate to global business operations.

Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.

Opportunities:

- Operational cost reductions from energy efficiency improvements. (Short, medium, and long)
- Reduction in energy dependencies and lesser emission production can be achieved through the pursuit of renewable energy procurement and greener energy contracts. (Short, medium, and long)
- Identifying and developing more carbon friendly products, e.g. products that may be used multiple times or recycled. (Medium, and long)
- Increased demand of healthcare products for new or shifting markets that treat illnesses that are impacted by climate change. (Medium, and long)

Risks:

- Physical risk to our plants such as flooding, stronger storms, drought, or other adverse weather events (Medium, and long)
- Disruptions in the supply chain due to increasing adverse weather events. (Medium, and long)

- Stronger carbon reduction goals put in place by a country in which we operate could affect our spending on energy. (Short, medium, and long)
- Stakeholder engagement accelerate pressure on our response to climate related issues.

Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

- Climate-related risks and opportunities have been identified and are incorporated in our business strategy and continuity programs
- Business continuity and disaster recovery programs have been established to assist in mitigating risks associated to interruptions of our operations and supply chain
- We have set emission reduction targets and are working towards a Science Based Target in line with a 1.5 or 2°C or lower scenario
- We actively engage with stakeholders to seek out opportunities that have an impact on climate

Describe the resilience of the organization’s strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.

We are currently working towards a Science Based Target in line with a 1.5 or 2°C or lower scenario. Our business continuity plan considers the impact of climate-related risks on our manufacturing facilities and suppliers. We are considering conducting an appropriate climate-related scenario analysis with respect to the business and functional units in the coming years to refine our approach.

Describe the organization’s processes for identifying and assessing climate related risks

- A designated ESG team and a cross-functional ESG steering committee are tasked with identifying and assessing risks associated with the climate and then utilizing the ERM program to assess each climate-related risk for impact, likelihood, control, gaps, and velocity.
- We also use the results of the information reported to ratings agencies and collected for that process to identify gaps. We are evaluating the use of software to assist with this process.
- These risks are assessed by risk managers and senior leaders of West to determine the materiality and ownership for the mitigation of these risks by the appropriate function of the business to help ensure our success. These risks are then included when developing our strategic plan.

Describe the organization’s processes for managing climate related risks.

West has a dedicated ESG program that is responsible for facilitating actions aimed at mitigating identified climate related risks. The ESG team, together with senior management and the ESG steering committee, identifies new risks, tracks progress against the mitigations associated with those risks and reports those to senior leadership. Senior leaders incorporate related goals into developing their 5-year strategic plan, which is reviewed and approved by the SLT and the Board.

Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organization’s overall risk management.

- Climate related risk identification and assessment are part of the companywide risk management process
- Climate related risks identified in the ERM process are assessed for likelihood, severity, and control gaps

Risk management is managed by the SLT, who keeps the relevant Board committees informed. The ESG team helps management determine what we should do, how to measure it, and hold itself accountable.

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

West uses metrics such as Scope 1 and 2 emissions in our assessment of risks and opportunities. A more detailed breakdown of relevant metrics can be found in our 2020 GRI index, CR report, and CDP.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Please refer to our 2020 CR report or CDP for a breakdown of scope 1, 2 or 3 emissions.

Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.

In 2018, West established a revised 2023 target to reduce absolute scope 1 and 2 emissions by 10% from 2018 baseline. We are currently evaluating how a SBTs may be integrated into West's climate-related risk management strategy and reporting.