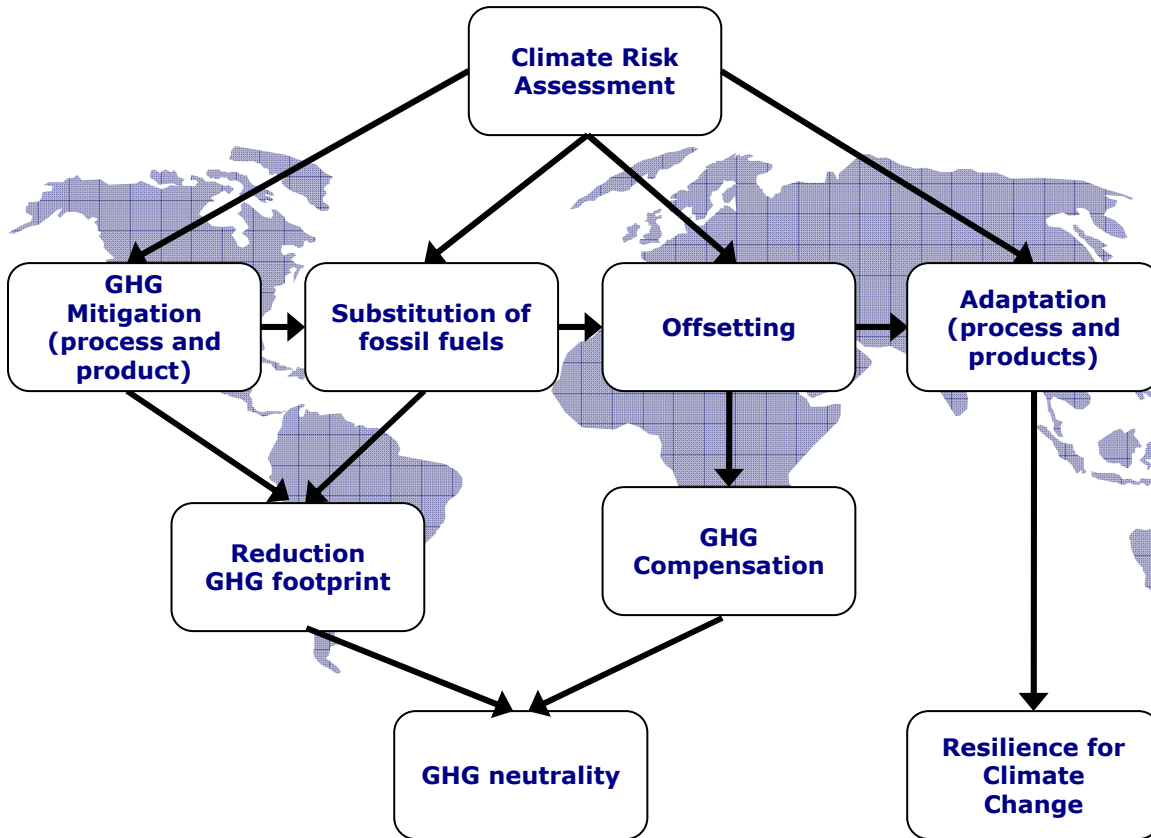




Climate Strategy: **Identification of Climate Threats and Opportunities**



To maximize climate change opportunities and minimize risk, Inogen partners provide a suite of services to support client-specific need.



Climate change is increasingly presenting companies with potential threats and opportunities that affect business continuity. Companies that acknowledge these climate-related issues and proactively position their organizations to address the consequences are best prepared to take advantage of the opportunities resulting from new markets, climate-friendly products and industry-leading technologies.

How do climate-related risks impact a company's competitive advantage?

- Changes in the climate system and weather pose physical risks to a company's operations.
- Regulatory risks arise from the need to comply with continually strengthening rules and regulations.
- Energy security issues present threats to business continuity while also providing opportunities for innovations in technologies and processes.

Successfully preparing for the low-carbon economy of the future is the climate challenge businesses must address to remain viable.

The Inogen Climate Risk Assessment Methodology

The Climate-Risk Assessment methodology (CRA) developed by the BECO Group, in collaboration with Inogen partners, provides a comprehensive assessment of company-specific threats and opportunities. The need for a specific assessment is essential as climate change has different meanings and consequences for each business sector and the companies within it. This assessment takes into account the unique variables that affect an operation such as production locations, local laws and policies, customer base and market strategy.

Methodology: Defining Specific Opportunities and Threats, Anticipation Level and Feasibility of Measures



Why Use the Climate Risk Assessment (CRA) Methodology?

The CRA methodology provides detailed and systemic insight into the unique climate-related opportunities and risks for your company. It also provides an overview of best practices that can be applied to minimize risks and take advantage of the most relevant opportunities. The assessment of both risks and opportunities is based on our extensive database of climate and energy data and reports.

Step 1: Opportunity & Threats (OTA) Phase

Research is used to identify external company-specific factors including a list of potential opportunities and threats occurring in the following categories:

- **Security of Energy Supply:** This data addresses company exposure to short- or long-term disruptions in the energy supply. This may occur as result of fossil fuel intensity of the supply mix within a certain country or the result of the energy intensity of the company itself.
- **Climate Legislation and Carbon Pricing:** This information identifies the consequences of climate legislation and carbon pricing on the company's or site profitability. This can vary significantly from country to country.
- **Social and Political Environment – The License to Operate:** This evaluation also varies from country to country and between business sectors. The content of the risk depends on NGO-presence, brand value of sector, public awareness on climate change, consumer willingness to change behavior, and availability of climate solutions.
- **Physical Impacts:** These indicators are strongly influenced by the country/region where production sites are located. The impacts can lead to physical risks by floods, droughts, exposure to illness, higher insurance premiums, etc.
- **Supply Chain:** Though not immediately obvious, supply chains can be large sources of CO2-emissions (i.e. soy chain or palm oil chain, meat production, bio fuels). This also recognizes supply chain emissions and considers life cycle analytic aspects.



Step 2: Company Anticipation Level (CAL) Phase

External threats and opportunities are by their nature difficult for an individual company to influence. The company can, however, anticipate these aspects to some degree. This step will address these issues and build a foundation for contingency strategies.



Step 3: Identify Viable Measures (IVM) Phase

Not all measures to tackle climate change are within financial or operational reach of an organization. An objective perspective addressing specific measures will be assessed during the feasibility analysis.

Step 4: Climate Roadmap Implementation (CRI) Phase

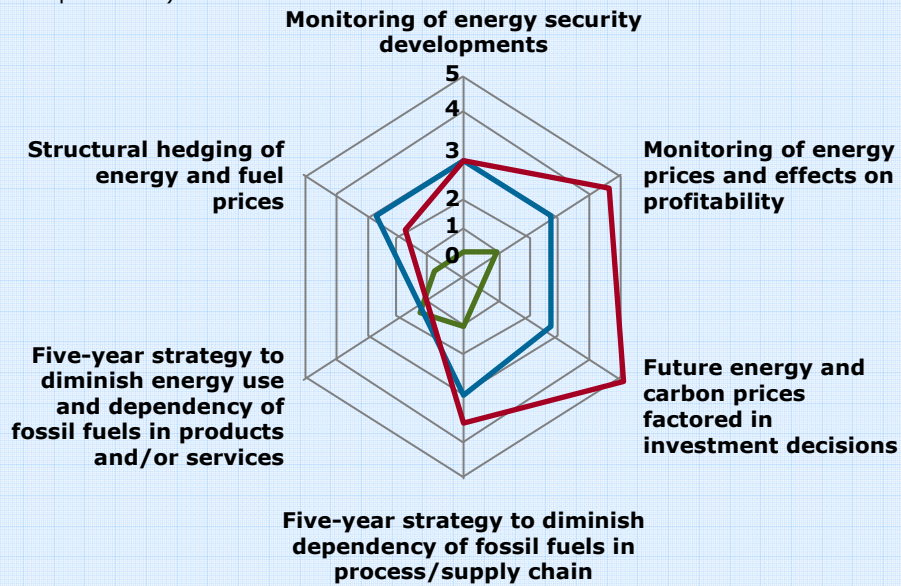
Based on the assessment of highest risk/opportunity scores and the feasibility potential of the viable measures, a country-specific climate strategy will be developed. The strategy will include a suitable timeframe in which costs and benefits of these measures are taken into consideration.

Illustration of Risk and Opportunity Analysis

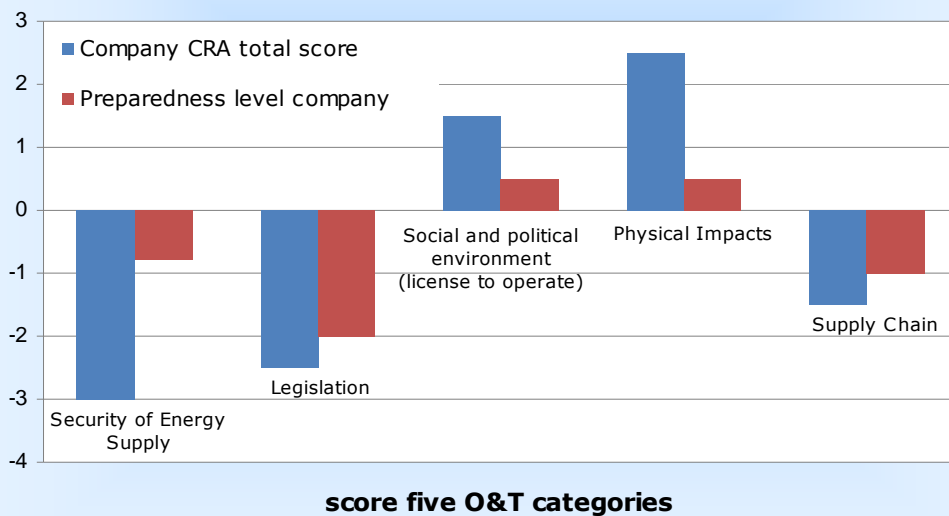
Example Analysis

Company mitigation measures of external threat: Energy security situation in The Netherlands

- Company anticipation level
- Relevance opportunity or threat
- Feasibility mitigation (financial and operational)



Climate Risk Assessment Versus Preparedness Level Company Sector: **Chemicals** Company: **AKDOW** Production country: **The Netherlands** Markets: **Global**





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