

MilDef Group AB

Technology Hardware Sweden

ESG Risk Rating

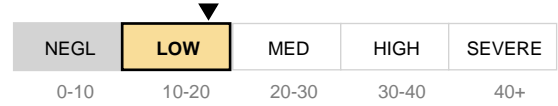
18.0

N/A

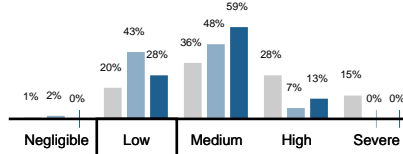
Low Risk

Updated Apr 9, 2021

Momentum



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	1973/13121	16th
Technology Hardware INDUSTRY GROUP	197/526	38th
Technology Hardware SUBINDUSTRY	25/99	25th

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

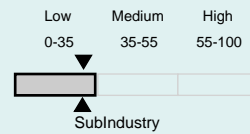
29.9

N/A

Low

Momentum

Beta = 1.00



To continue offering its highly technical and complex products, MilDef Group AB (MilDef) relies on the skills and expertise of its workforce. Failure to attract and retain qualified employees could negatively affect product quality and consequently sales. Moreover, since the company operates in a competitive environment and services the highly regulated defence sector, it must comply with stringent intellectual property rules and ethical business dealings. Misconduct can lead to regulatory scrutiny and heavy penalties. Additionally, MilDef's data collection activities are regulated by broad legislation such as the EU's General Data Protection Regulation (GDPR) framework. Data misuse or failure to protect sensitive information could lead to fines or loss of customer trust.

The company's overall exposure is low and is similar to subindustry average. Business Ethics, Data Privacy and Security and Human Capital are notable material ESG issues.

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Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices and policies.

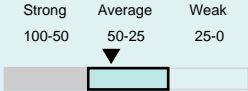
ESG Risk Management

42.8

N/A

Average

Momentum



MilDef's overall ESG-related disclosure is weak and not in accordance with GRI reporting standards, signalling inadequate accountability to investors and the public. However, a management committee or an executive has been assigned responsibility over ESG issues, suggesting that these are part of the company's core business strategy.

The company's overall management of material ESG issues is average.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Corporate Governance	5.0 Medium	43.0 Average	2.9 Low	15.8%
Data Privacy and Security	5.7 Medium	44.4 Average	3.7 Low	20.4%
Human Capital	6.0 Medium	44.4 Average	3.5 Low	19.2%
Business Ethics	6.0 Medium	47.5 Average	3.3 Low	18.3%
Carbon - Own Operations	3.0 Low	28.6 Average	2.1 Low	11.9%
Human Rights - Supply Chain	2.2 Low	26.3 Average	1.7 Negligible	9.6%
Product Governance	2.0 Low	56.2 Strong	0.9 Negligible	4.9%
Overall	29.9 Low	42.8 Average	18.0 Low	100.0%

Significant Events Legend

5 Category 5 Severe
 4 Category 4 High
 3 Category 3 Significant

Events Overview

Identify events that may negatively impact stakeholders, the environment or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 Low (0)

0 Negligible (18)

Marketing Practices

Weapons

Bribery and Corruption

Labour Relations - SC

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Events Overview

Identify events that may negatively impact stakeholders, the environment or the company's operations.

- Occupational Health and Safety - SC
- Labour Relations
- Anti-Competitive Practices
- Lobbying and Public Policy
- Data Privacy and Security
- Society - Human Rights
- Energy Use and GHG Emissions
- Business Ethics
- Quality and Safety
- Intellectual Property
- Accounting and Taxation
- Sanctions
- Employees - Human Rights - SC
- Society - Human Rights - SC

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GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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