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

**At IDEXX, we are committed to providing transparency on climate change risk management. Following TCFD guidance, we conducted an analysis of our climate-related risks and opportunities. This disclosure provides the key insights from our analysis. We will continue to provide information on our plans to manage material climate-related risks and opportunities on an annual basis.**

## Governance

**A. Describe the organization's governance around climate-related risks and opportunities.**

**B. Describe management's role in assessing and managing climate-related risks and opportunities.**

Our full Board of Directors exercises oversight over our overall strategy and management of potentially material environmental, social, and governance risks and opportunities, including the physical and transition risks associated with climate change. The Governance and Corporate Responsibility Committee supports our Board in this oversight responsibility by periodically reviewing our key strategies, policies, programs, practices, risks, and opportunities relating to environmental and sustainability matters. Our senior managers and executives brief the full Board annually regarding the results of our annual enterprise risk assessment, including risks related to climate change; periodically review our environmental and sustainability strategy, policies, programs, practices, risks, and opportunities with the Governance and Corporate Responsibility Committee; and annually review our business continuity planning, which is affected by climate change-related issues, with the Audit Committee. Our senior managers and executives will also brief the Board and its committees throughout the year, as warranted, on issues directly and indirectly related to climate change.

Our Executive Vice President (EVP), Strategy, Sector Development and Global Operations has executive oversight of our approach to environmental matters, including climate and energy. She also leads our Environmental Sustainability Steering Committee, which reviews quarterly climate-related issues and progress on environmental footprint reduction. The Environmental Sustainability Steering Committee includes senior management from Operations, Supply Chain, Legal, Human Resources, Technology, Research and Development, and key business functions. Climate information is disseminated regularly from the Environmental Sustainability Steering Committee to our Corporate Responsibility Executive Committee, which includes the Chief Executive Officer (CEO), Chief Financial Officer (CFO), General Counsel, and other executives.

Our environmental sustainability team sits within Operations and is responsible for bringing recommendations, insights, and updates on environment-related disclosures, regulations, and footprint reduction to the Environmental Sustainability Steering Committee. This group is supported by our Global Corporate Responsibility team as a part of our integrated approach towards managing environmental, social, and governance matters.

As we grow our environmental sustainability program, embedded employees and cross-functional teams are being developed that include facilities, commercial fleet, supply chain, research and development, and each of our lines of business. Embedded teams will accelerate our progress towards our environmental goals and assist with updates and recommendations provided to the Environmental Sustainability Steering Committee.

We continually monitor the external environmental, social, and governance landscape and intend to refine our governance structures and frequency of Board and committee updates as needed.

## Strategy

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

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

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

IDEXX has conducted a climate-focused scenario analysis to identify key risks and opportunities. These risks include physical risks associated with climate change and transition risks that may result from regulatory change or a greater focus on climate issues by stakeholders across the marketplace. While IDEXX believes that many climate change-related issues may only affect us over medium and long-term time horizons, one factor that poses short-term risk to our business is acute physical risk. As detailed in our risk table below, increased frequency and severity of extreme weather events could impact IDEXX suppliers, manufacturing locations, logistics, and/or customers in the short term. In response to this and all climate-related risks and opportunities we have identified, we developed a sustainability roadmap to support IDEXX's long-term value creation and incorporation of sustainability workstreams into core business processes. Key focuses of our plan include:

### Impact Reduction

IDEXX is committed to reducing our operational GHG footprint, as detailed in the Metrics & Targets section of this TCFD Index. To achieve our emissions targets, we are focusing on energy efficiency projects, procurement of renewable energy, and transitioning our commercial fleet to more fuel-efficient options. Our plans to reduce environmental impact expand beyond Scope 1 & 2 emissions. We are incorporating

sustainable design concepts and requirements into our New Product Development process, our plans for new buildings, and innovations for on-market products. We are also making our packaging more sustainable, as evidenced by our expansion of sustainable insulated packaging into the European market in 2022. We strive to utilize recertified and refurbished instruments, when possible, to avoid new instrument production. To accomplish this, we are investing heavily in instrument repair and upgradability to improve the customer experience while lowering our need for new materials.

## Building Resilience

IDEXX is focused on resilience in the face of macroeconomic challenges. Supply chain continuity is being impacted by many factors, and climate change will only add to those risks. In response, IDEXX is improving visibility into its upstream supply chain and plans to expand supplier engagement to include more detail on environmental topics. IDEXX is also factoring potential weather-related disruptions into inventory and manufacturing planning. As we grow, we intend to continually consider climate-related risks and opportunities in how we expand our operations.

## Stakeholder Engagement

Stakeholder engagement is critical for IDEXX to understand priority sustainability topics and take in all perspectives on the best path forward on environmental issues. We conducted an environmental, social, and governance materiality assessment in 2021 to learn more about the perspectives of our customers, employees, investors, suppliers, and other external stakeholders. We are currently engaged with key customers and suppliers on new workstreams that will help us become more sustainable in ways that are most beneficial to these important value chain partners. Continued stakeholder engagement will help IDEXX identify climate-related risks and opportunities proactively and incorporate them into our decision-making.

## Scenario Analysis

In 2022, IDEXX partnered with BSR (Business for Social Responsibility), a global nonprofit, to develop three scenarios for 2030, which explore climate-related risks and opportunities, third-party climate projections, and other key uncertainties relevant to IDEXX's business. The scenario analysis process involved the following steps:

### Understanding Context

BSR interviewed internal stakeholders to identify key trends that are shaping IDEXX's future operating context. BSR conducted complementary research on trends (environmental, economic, social, political, and technological) relevant to IDEXX's industry and geography. These were corporate consolidation, stakeholder expectations on sustainability, raw material accessibility, transport and distribution, and impacts on the workforce.

### Scenario Development

IDEXX leveraged a set of three 2030 climate scenarios developed by BSR for the We Mean Business coalition, with extensive input from the climate community. The scenarios were augmented with industry and geography trends and incorporated credible climate projections (from ~1.5°C–~4°C) for emissions reductions and climate impacts, as shown in figure 1. Key variables assessed included GHG emissions, energy consumption, and carbon price physical impacts, including temperature change, heat wave, and rainfall.

### Strategic Implications

A workshop was conducted with internal IDEXX stakeholders to identify the potential risks and opportunities for IDEXX within each scenario and identify interventions to enhance IDEXX's resilience and refine its strategy.

### Scenario Descriptions

#### Under Walled World

Political divides are exacerbated by the COVID-19 pandemic and the climate crisis. Governments are building walls, hoarding resources, and focused on self-sufficiency. Tribalism and distrust are rampant, and global cooperation on climate and other issues suffers. This scenario is aligned with a 4°C trajectory.

#### Under Automation Acceleration

Lingering COVID-19 disruptions slow travel and trade and accelerate automation and virtuality. Big Tech becomes more dominant, and governments experiment with new social contracts. Decarbonization is driven by tech advances, not coordinated policy. This scenario is aligned with a 3°C trajectory.

#### Under Resilient Rebirth

The effort to contain COVID-19 ultimately sparks global collaboration on a wide range of issues as governments realize "we're all in this together." Capital markets prioritize long-term value creation. The global economy now takes "resilience" rather than "growth" as its north star. This scenario is aligned with a 1.5°C trajectory.

| Scenario Name | Walled World | Automation Acceleration | Resilient Rebirth |
|---|---|---|---|
| Key Parameters | A geopolitically fragmented world, a challenging economic situation, and scaled environmental shocks | A geopolitically fragmented world, a slow global economy, and ramping-up climate impacts | A recovering economy fully embracing the low-carbon transition in a cooperative way, still subject to environmental shocks |
| Temperature Assumptions (above pre-industrial levels by 2100) | +4°C<br>Rising emissions | +3°C<br>Slowly declining emissions | +1.5°C<br>Strongly declining emissions |
| Emissions Reduction Models | Representative Concentration Pathway 8.5<br>Shared Socioeconomic Pathway 3 (high challenges to mitigation and adaptation) | Representative Concentration Pathway 6.0<br>Shared Socioeconomic Pathway 4 (low challenges to mitigation, high challenges to adaptation) | Representative Concentration Pathway 2.6<br>Shared Socioeconomic Pathway 1 (low challenges to mitigation and adaptation) |
| Physical Climate Impact Models | The World Bank Climate Knowledge Portal | The World Bank Climate Knowledge Portal | The World Bank Climate Knowledge Portal |

Figure 1

| Risk Category | Time Horizon | Impact | Risk Description |
|---|---|---|---|
| Acute Physical | Short | Moderate | **Risk of increased frequency and severity of extreme weather events**<br>As climate change impacts the severity and frequency of natural weather events, the risk grows that an event may impact our operations or supply chain. With suppliers, customers, and offices in all regions of the globe, IDEXX could be exposed to a number of changing weather patterns. |
| Policy & Legal | Medium | Low | **Risk of new carbon pricing regulations**<br>With operations in more than 25 countries and plans to continue growth in global markets, IDEXX's energy costs could be impacted by current or future regulation of carbon and energy markets. |
| Market | Medium | Moderate | **Risk of scarcity of raw materials**<br>Increased competition for critical raw materials and potential for geopolitical trade barriers and supply chain disruption could challenge IDEXX's ability to maintain its supply of critical components. This risk could lead to a higher probability of outages and higher costs to procure raw materials for our products. |
| Reputation | Medium | Low | **Risk of stakeholder scrutiny of climate-related issues**<br>Expectations of sustainable operations, products, and supply chain could increase over time. This risk includes the possibility of customers making purchasing decisions based on environmental preferences, as well as current and prospective talent choosing employers based on sustainability performance. |
| Chronic Physical | Long | Moderate | **Risk of rising temperatures and sea level**<br>Chronic results of climate change, such as higher average temperatures and rising sea levels, could impact IDEXX's workforce and customer base in certain regions. Higher average temperatures could threaten worker productivity and product functionality. Rising sea levels could disrupt supplier and/or customer operations. |

**Definitions:**
Time Horizon: Short (0–3 years), Medium (3–10 years), Long (10–30 years)
Financial Impact: Low, Moderate, High

| Opportunity Category | Time Horizon | Impact | Opportunity Description |
|---|---|---|---|
| Resource Efficiency | Short | Moderate | **Efficient buildings and transportation operations**<br>Improving the energy efficiency of our buildings and establishing efficiency requirements for new buildings will allow IDEXX to reduce the cost of utilities. Similarly, transitioning our commercial fleet to hybrid and electric vehicles will reduce fuel costs. |
| Resource Efficiency | Medium | High | **Development of resource-efficient products**<br>Smaller and more efficient products can reduce costs associated with procurement, shipping, and operations. IDEXX is already making significant strides in this area. New analyzers are made using fewer parts and weighing less than their predecessors, and multi-testing innovations are allowing our labs to conduct more tests in less time and using less equipment. |
| Products & Services | Medium | Moderate | **Incorporation of eco-design and circular economy**<br>Resource constraints and sustainability expectations could dictate the use of fewer raw materials. IDEXX could capitalize on this market shift through our products that are designed for longevity and our network of regional service depots that can repair products and send them back into local markets. |
| Markets | Long | Moderate | **New and expanded diagnostic markets**<br>Climate change has the potential to increase tick-borne and water-borne diseases, both in terms of regional reach and overall cases of disease. IDEXX is in a position to help new regions combat higher levels of disease associated with ticks and water. |
| Resilience | Long | Low | **Flexible point-of-care solutions**<br>Climate disruptions and other market trends may create customer preferences for at-home or in-clinic tests. Using cloud-enabled technologies, IDEXX can support our customers with diagnostic results through multiple modalities and delivery channels. |
| Resilience | Long | Low | **Flexible workforce**<br>Hybrid and remote work employment models represent opportunities for IDEXX to adapt to evolving customer needs. Teleradiology, artificial intelligence, and machine learning solutions can build resilience for our customers by enabling remote work. |

During the scenarios workshop, IDEXX also identified key interventions to improve strategic resilience. These insights and interventions have been reviewed by the Environmental Sustainability Steering Committee and are incorporated into IDEXX's enterprise risk management process in order to ensure strategic resilience.

## Risk Management

**A. Describe the organization's processes for identifying and assessing climate-related risks.**

**B. Describe the organization's processes for managing climate-related risks.**

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

Our executive leadership and Board of Directors are focused on effectively managing our strategic and business risks, including climate change-related risks. The process to identify and manage climate risk is integrated into our standard annual enterprise risk management program led by our Chief Audit Executive in partnership with our Chief Compliance Officer. We identify, monitor, assess, and communicate these risks to help inform our operating and investment decisions.

## Metrics & Targets

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

**B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks.**

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

As of 2022, IDEXX set a Scope 1 & 2 emissions reduction target of 37.8% reduction by 2030, using a 2021 baseline. IDEXX has compiled GHG emission footprint data since 2019. The most recent three years of GHG emissions data are shown below.

| Year | 2021 | 2022 | 2023 |
|---|---|---|---|
| Scope 1, MT CO2e | 16,646 | 16,135 | 16,458 |
| Scope 2, MT CO2e | 17,381 | 18,014 | 18,557 |
| **Scope 1 & 2, Total MT CO2e** | **34,027** | **34,149** | **35,015** |

Although our GHG emissions increased marginally based on continued business growth, we have made progress in several long-term projects that are planned to have a major impact on our GHG emissions between now and 2030. Please see the **Planet We Share** section of our Corporate Responsibility report for more information on GHG reduction initiatives.

In addition to the Scope 1 & 2 emissions reduction target, we have set other environmental goals to reduce our impact and improve data collection and stakeholder engagement, as outlined in our corporate responsibility goals and commitments.