

A full-page background image of a male worker in a steel mill. He is wearing a bright yellow safety helmet with a communication antenna, safety glasses, and large black earplugs. His work jacket is dark navy blue with a high-visibility yellow stripe on the shoulder and a small 'OVAKO' logo on the chest. He is looking directly at the camera with a neutral expression. The background is a blurred industrial setting with glowing orange molten metal and steel structures.

OVAKO

SUSTAINABILITY REPORT

Financial Year 2024

OVAKO

**TOGETHER
WE CREATE
STEEL FOR A
DECARBONIZED
SOCIETY**

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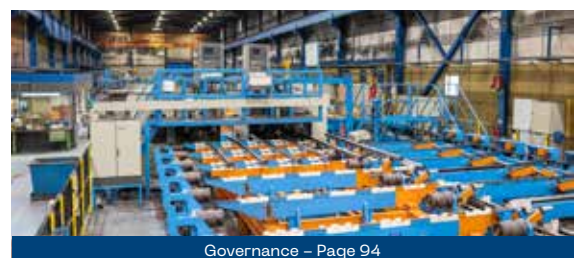
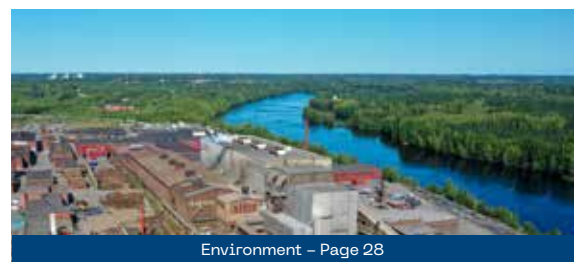
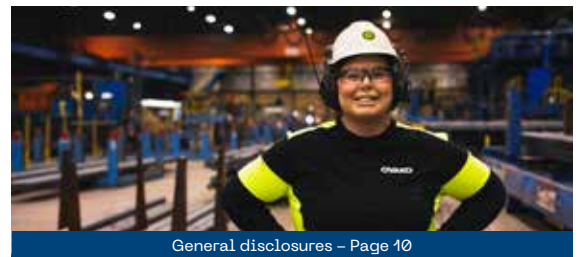
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In accordance with the Swedish Annual Accounts Act, this is Ovako Group ABs statutory sustainability report FY2024 for the period April 1, 2024 to March 31, 2025. Some calculations are reported for Calendar Year 2024 (CY2024) due to national legislations. The auditor's opinion regarding the statutory sustainability report is included at the end of the report.



INTRODUCTION

The sustainability report provides a comprehensive overview of our organization's performance across environmental, social, and governance (ESG) dimensions. It highlights our efforts, achievements, and the challenges we face in advancing our sustainability agenda. Through transparent communication of our initiatives and impacts, we reaffirm our commitment to accountability, responsible business practices, and the creation of long-term value for both our stakeholders and the planet.



OUR BUSINESS

At Ovako, we specialize in clean, high quality engineering steel tailored to the needs of customers in the bearing, transport, and manufacturing sectors. Our high-quality steel, based on 97 percent recycled steel, not only ensures lightweight and resilient products but also enables more sustainable and environmentally friendly solutions.

With around 2 700 dedicated employees and a global presence spanning over 30 countries, Ovako, a subsidiary of Sanyo Special Steel and a proud member of Nippon Steel Corporation, stands at the forefront of the steel industry.

Our purpose is clear: together we create steel for a decarbonized society making sustainability embedded in our strategy, with our commitment dating back several decades. This long-standing dedication has positioned Ovako at the forefront of sustainable innovation in the steel industry. Discover more about our solutions at ovako.com, sanyo-steel.co.jp, and nipponsteel.com.

A significant milestone in our ongoing efforts is aligning with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). We are therefore proud to present our first ESRS-inspired report for FY2024, a key achievement on our path toward full compliance and enhanced transparency. This ESRS-inspired report highlights our efforts in providing clear, consistent, and reliable information on our ESG performance.

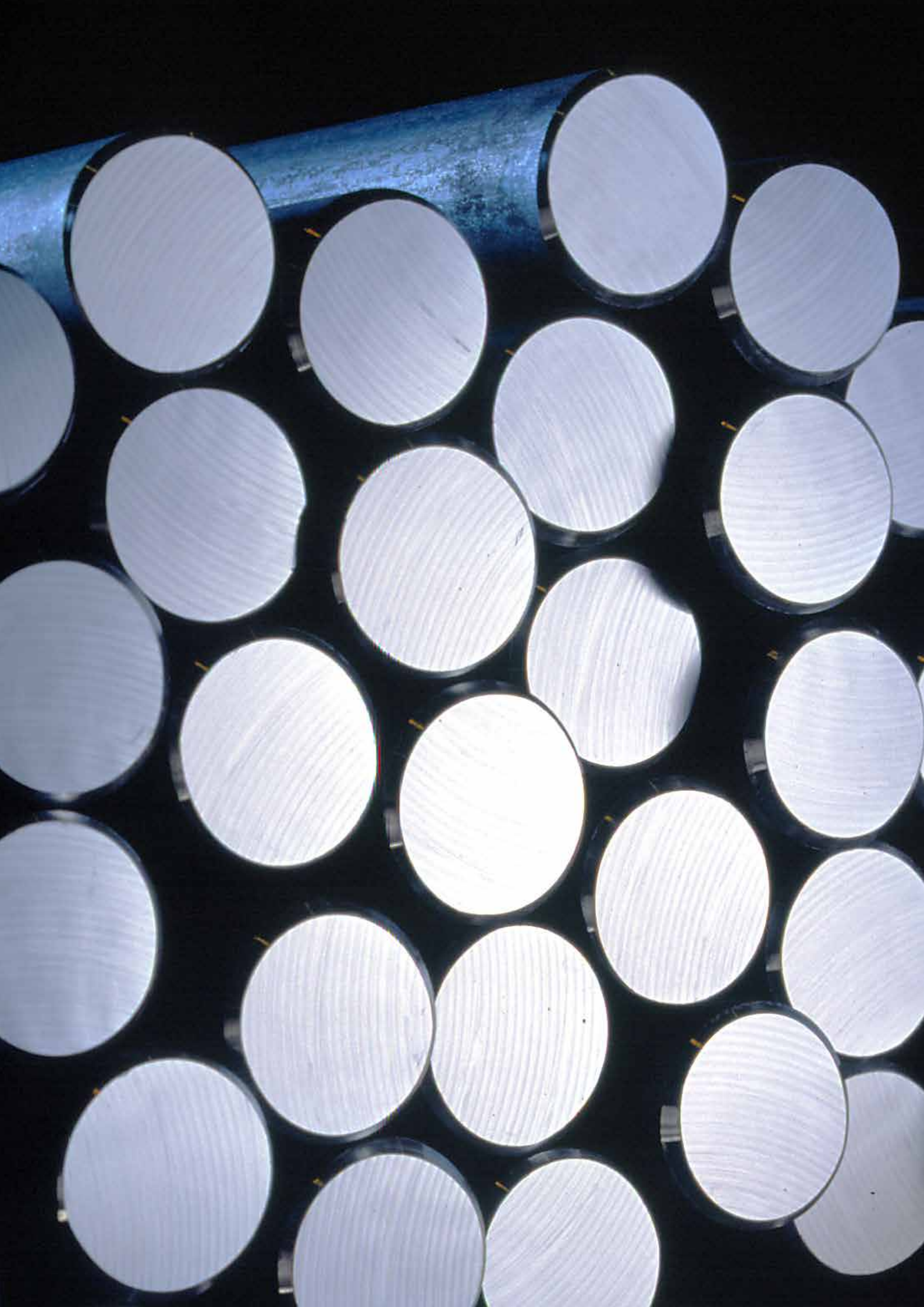
Our preparation for CSRD has been integral to improving our business operations and deepening our understanding of the key factors that will drive Ovako's success in the short, medium, and long-term. As part of our transition to report according to the ESRS, we follow specific standards that address a broad spectrum of sustainability topics. A key component of the CSRD is the Double Materiality Assessment (DMA), which requires us to assess the sustainability matters that are most relevant to Ovako and our value chain. Therefore, Ovako conducted a DMA in 2023, based on the 2023 ESRS, complemented by the initial guidance provided by EFRAG.

Looking ahead, the disclosure requirements of the ESRS are set to evolve due to the Omnibus proposal that is currently being negotiated at EU level. According to the suggestion, Ovako will still meet the threshold of full and mandatory CSRD and ESRS reporting starting FY2027.

We monitor the developments closely through various sustainability networks to ensure our reporting is up to date with regard to stakeholder expectations, peers, and the latest regulatory developments.

Furthermore, the Corporate Sustainability Due Diligence Directive (CSDDD), which took effect in 2024, will influence our future sustainability practices. The CSDDD mandates us to address and mitigate negative impacts on human rights and the environment within our entire value chain, further strengthening our commitment to transparency and accountability. We anticipate that the CSDDD will apply to Ovako starting in the the next few years.

In addition to the CSRD, Ovako also closely monitors the development of other EU legislation, including the EU Emissions Trading System (ETS), the Carbon Border Adjustment Mechanism (CBAM), EU Industrial Emission Directive (IED), and the EU Clean Industrial Deal (CID), to assess their potential impact on our business and identify opportunities to create value.





"We are well-positioned to lead the transformation to a sustainable steel industry – safely, responsibly, and with a purpose to create steel for a decarbonized society."

Marcus Hedblom, President & CEO Ovako Group

CEO STATEMENT

At Ovako, we believe that real sustainability is built on long-term commitment — to our people, our planet, and our performance. In a time of global change, we continue to take concrete steps toward a sustainable future, while keeping safety and operational excellence at the core of our business.

Our safety work remains as top priority. We are proud of the culture we have built, where safety always comes first. This is not just a principle — it's reflected in our results. With a Lost Time Injury Frequency Rate (LTIFR) of 0.7, a significant reduction of 94 percent since 2015, we continue to set a high standard across our industry. Our people is the foundation of our success, and ensuring their well-being is essential to everything we do.

In parallel, we have made significant progress on our sustainability journey. Since 2015, we have reduced our scope 1 and 2 CO₂ emissions per tonne by 59 percent. These reductions are the result of smart energy solutions, efficient production processes, and early, targeted investments — from electrifying our heat treatment to converting furnaces to fossil-free fuels.

One of this year's highlights was the installation of our modernized furnace in Boxholm, a project that demonstrates our long-term approach to decarbonization. The furnace already delivers major CO₂ reductions and energy savings and is built to operate on hydrogen or biogas in the future — pushing the boundaries of what is possible in sustainable steel production.

We are committed to reducing our scope 1, 2, and 3 emissions per tonne of hot-rolled steel by 25 percent by 2030 and by 75 percent by 2040 from a 2021 baseline, and ultimately to achieving net-zero emissions across the entire value chain by 2045. During the financial year 2024, we prepared our targets which will be submitted to and validated by the Science Based Target Initiatives (SBTi) in 2025.

Looking ahead, we know that technology alone is not enough. For the green transition to succeed, both industry and legislation must move in the same direction. Fair competition, strong carbon pricing, and access to clean electricity are key enablers for continued progress.

As I highlighted during the inauguration of the furnace in Boxholm, mechanisms like the EU's Carbon Border Adjustment Mechanism will be essential to secure a level playing field in global markets.

With a clear strategy, engaged teams, and strong partnerships, we are well-positioned to lead the transformation to a sustainable steel industry — safely, responsibly, and with a purpose to create steel for a decarbonized society.



Marcus Hedblom, President & CEO Ovako Group



GENERAL DISCLOSURES

In our general disclosures, we outline the scope of reporting and address governance topics such as management responsibilities, sustainability oversight, due diligence, and risk management. We also detail our strategy, business model, value chain, and stakeholder interests, all in relation to our DMA.



OVAKO

Basis for preparation

This sustainability report – for Ovako Group AB has been prepared on a consolidated basis with the same scope as the financial statements. They cover the Parent Company, Ovako Group AB, and subsidiaries controlled directly and indirectly by Ovako Group AB.

In accordance with the Swedish Annual Accounts Act, this is Ovako Group ABs statutory sustainability report FY2024 for the period April 1, 2024 to March 31, 2025. In accordance with national legislations some calculations are reported for Calendar Year 2024 (CY2024).

The sustainability report covers the main value chain of Ovako, including the Impacts, Risks & Opportunities (IROs) identified in our upstream and downstream value chain, and our own operations. The extent to which policies, actions, metrics, and targets go beyond Ovako's own operations varies depending on the nature of the topics. This is disclosed in each topical ESRS.

Disclosures in relation to specific circumstances

Time horizons

The time horizons considered in this report align with those applied in the financial statements. Short-term refers to the current financial reporting period, which is up to one year. Medium-term covers the period from the end of the short-term up to five years. Long-term means any period longer than five years.

Omissions

Due to classified or sensitive data, we have used the opportunity to omit certain pollution-related data in this sustainability report. As a result, only limited or qualitative information will be provided in these sections of the report.

Data on waste from Imatra was excluded in the FY2024 report due to insufficient data quality. We are investigating processes on collecting data together with waste handling companies.

External review

KPMG Sweden has been engaged by the Board of Directors of Ovako Group AB to undertake a limited assurance engagement of selected information in Ovako Group AB's sustainability report for the financial year 2024-04-01-2025-03-31. Ovako Group AB has defined the scope and criteria of the selected information on pages 102-104. The assurance statement can be read at the end of the report.

Data accuracy and use of estimates

In this report, we primarily present data based on the financial year. However, since our current data systems are optimized for calendar year reporting to authorities, financial year data is not yet available for certain areas. This includes data on pollution, waste, and refrigerants. Water data is also affected, but due to concerns over its overall accuracy, it has been excluded from this year's reporting cycle.

For emissions in scope 1, 2 and 3, as reported under Climate Change, product-specific activity data (e.g., tonnages purchased) and supplier-specific emission factors were used in all cases where such data was available. In cases where supplier-specific emission factors were not

available, a number of secondary databases were used such as the International Energy Agency (IEA, 2024), Ecoinvent 3 and the Department for Environment, Food and Rural Affairs (DEFRA, 2024). In a limited number of cases where product-specific activity data was unavailable, spend-based information was used to calculate emissions. Emissions were classified as "primary" if either supplier-specific activity data or supplier-specific emission factors were used in the calculation.

Figures on pollution to air and water, as well as data on residuals and waste are derived from on-site measurements.

Data related to our workforce and governance is available from internal sources, such as our HR system.

Limitations, exclusions, and assumptions are described alongside the reported metrics in the respective sections of this report.

Changes and errors

As compared to previous years' reporting, the amount and content of the disclosures in this report have been expanded and inspired by the requirements of the ESRS. Where practices have changed, or in the event errors have occurred since the prior reporting period, such changes are described in the corresponding accounting principle or in the section where the topic is reported.

Recycled content - calculation method

Ovako calculates recycled content according to European standard EN 45557 and ISO 14021, which provide a general methodology for assessing the proportion of recycled material. In accordance with standard EN 45557 and ISO 14021 and like many others, Ovako has chosen to include scrap, scrap from other producing industries, shavings and return steel and to not include what is defined as home scrap. Home scrap is scrap up to and including finished ingots/billets in the steel works. The part that is not counted as recycled materials is mainly alloys. Calculation is made using 2023 data and no material changes has been made in the production since then.

Management responsibilities

The Head of Sustainability holds the explicit responsibility for promoting the Group's sustainability agenda and focus areas as well as for coordinating work with parts of the Group Executive Management (GEM) and the different business units within the Group. The result of the sustainability work is reported regularly to GEM. Coordination across the Group takes place regularly through various Group forums such as the Sustainability Steering Committee, EHS Management Team, HR Management Team, Environment Lead Team, and Health & Safety Lead Team. The forums aim to develop proposals for decision-making by GEM, foster collaboration and knowledge sharing among business units, and serve as a model for promoting awareness of sustainable solutions. Furthermore, Ovako also has working groups for specific initiatives, such as our Decarbonization Roadmap Council, Fossil-Free Heating Council, and Fossil-Free Carbon Carriers Council. The infographic below shows an overview of our sustainability governance structure and the responsibilities of the board, GEM, the Sustainability Steering Committee, and other functions.

Board of Directors

The Board of Directors and GEM are responsible for the preparation of the sustainability report, which draws inspiration both from the demands in the ESRS and the Swedish Annual Accounts Act. This responsibility also includes the internal control relevant to the preparation of a sustainability report. As Ovako operates as an independent subsidiary in the Nippon Steel Group, we have a Board of Directors, but the strategic oversight is carried out through our owners, and operational management is carried out by GEM.

Group Executive Management team (GEM)

GEM is responsible for executing the Board of Directors decisions and sets the strategic direction of Ovako's sustainability efforts. This is managed through a clear process which begins with GEM. A dedicated Sustainability Steering Committee consisting of GEM-members and appointed specialists, sets the strategic focus and oversees the results of sustainability activities across the Group's business units.

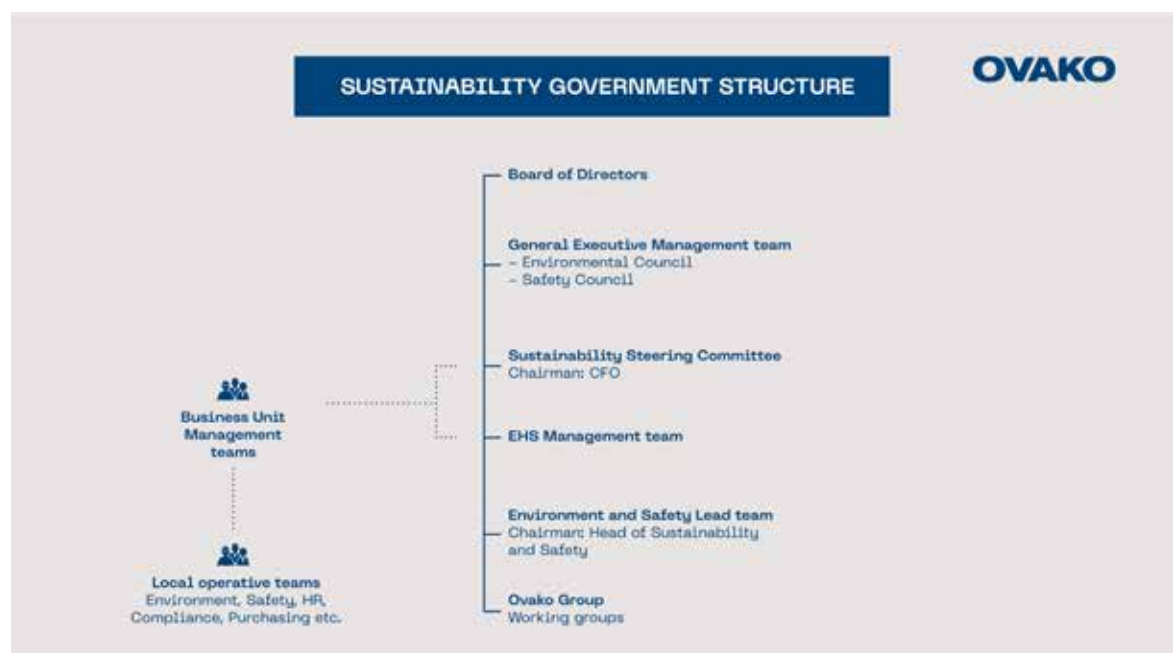
To ensure effective execution, this group meets quarterly, developing proposals for GEM decisions and annual councils, such as safety and environment. The CEO maintains ultimate oversight of the Group's sustainability initiatives.

The Sustainability Steering Committee

Consists of management along with experts in respective areas, and holds quarterly meetings to prepare suggestions for GEM decision-making. Responsible for gathering data and information at the group level with regard to recent developments in the group, such as investments, reporting, staffing, as well as regulatory development that affects Ovako.

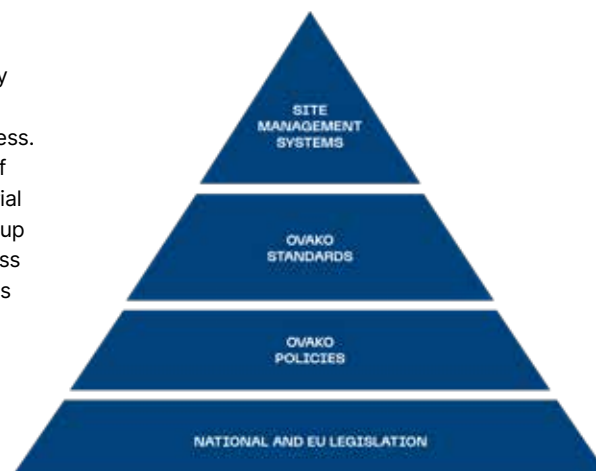
Other levels

As a strategic support and driving force, in addition to the Sustainability Steering Committee, Ovako has central functions for sustainability topics. The tasks of these sustainability specialists include developing, driving, and maintaining the sustainability agenda and supporting management in sustainability-related matters, both internally and externally. Within the business units, which hold the operative responsibility for sustainability, a range of functions manage ongoing and continuous sustainability work. They also represent Ovako in various forums, including councils and committees of our Swedish industry organization, Jernkontoret.



Implementing our governance structure

As outlined in the figure to the right, the national and EU legislations serve as the foundation of Ovako's way of working. This sets the minimum requirements and obligations necessary for Ovako to carry out its business. Building on this, our policies, approved by the Board of Directors, form the basis of our approach to the material topics. Our Standards, adopted by GEM and followed up through audits, apply to all our units. Finally, all business units have local management systems and instructions adapted to their specific needs and their sites.



Expertise and skills available

GEM collectively holds sufficient sustainability expertise, and is highly capable of aligning overall strategy with sustainability goals. The members holds knowledge in different areas of sustainability that relate to our material IROs.

	Marcus Hedblom President & CEO and acting EVP Group Sales & Marketing	Erik Bohman CFO, EVP Group Finance, IT & Purchasing	Phetra Ericsson EVP Group HR, Communication & EHS	Rickard Qvarfort President Business Unit Hofors-Hellefors	Klaus Enwald President Business Unit Imatra	Nicholas Källsäter President Business Unit SmeBox	Yoshihisa Ohtsu EVP Group Production & Technology Advisor
Competences connected to sustainability	Sustainability in general	Governance, anti- corruption and bribery, sustainability in general	Social, health and safety, sustainability in general	Sustainability in operations: climate, energy, pollution, resour- ce use, water and social	Sustainability in operations: climate, energy, pollution, resource use, water and social	Sustainability in operations: climate, energy, pollution, resource use, water and social	Sustainability in general and health and safety

Diversity of the Board of Directors

Board composition and structure		
Board diversity	Number of head count	Percentage
Male	7	100 %
Female	0	0 %
Other *	0	0 %
Not disclosed	0	0 %
Total number of board members	7	100 %
Gender diversity ratio **		
Board's gender diversity ratio	0	0 %
Executive and non-executive members		
Executive	5	71.4 %
Non-executive	2	28.6 %
Unitary board		
Total number of board members	7	100 %
Independent board members	2	28.6 %

* Ovako measures gender based on legal gender, Male/Female.

** Defined as Male/Female ratio by the ESRS. For example,
a board with 2 male and 1 female members would have a ratio of 0.5 (2:1).

Sustainability matters addressed by management and incentive schemes

During FY2024, GEM actively participated in the implementation of the ESRS inspired report. GEM addresses sustainability as a regular topic during its meetings, with 11 meetings hosted in total during FY2024. The Head of Sustainability and Safety leads and tracks the Group's sustainability progress, working within the framework established by GEM. During the meetings in FY2024 GEM addressed topics such as health and safety, energy, environment, SBTi, emissions and CSRD.

Ovako's current remuneration model for administrative, management, and supervisory bodies does not factor in environmental considerations. However, the possibility of developing incentive schemes to incorporate these elements is being discussed. Currently, reduced accidents are eligible for bonuses for GEM and management teams.

Core elements of sustainability due diligence	Paragraphs in the sustainability statement
Embedding sustainability due diligence in governance, strategy, and business model	Management responsibilities Oversight of IROs Sustainability matters addressed by management Double materiality assessment process
Engaging with affected stakeholders in all key steps of sustainability due diligence	Sustainability matters addressed by management Double materiality assessment process Policy overview Sustainability due diligence
Identifying and assessing adverse impacts	Double materiality assessment result Double materiality assessment process
Taking actions to address those adverse impacts	Climate action plans Managing impacts on pollution of air, water and soil Managing impacts on water use Managing impacts on resources and circularity Managing impacts on our people Managing impacts on workers in the value chain Managing impacts on affected communities Key actions (governance)
Tracking the effectiveness of these efforts and communicating	Management systems ISO standards

Sustainability reporting risk management

During FY2024, we revised our sustainability report to better fit the needs of future reporting requirements. Additionally, we introduced a more structured approach to the collection and reporting of ESG data, establishing standardized processes for efficiently gathering and analyzing data through a digital system.

A lot of the data that is deemed material for us to disclose under the ESRS is data that we have been monitoring for a long time to be able to keep track of, e.g., requirements for local environmental permits, or work-related injuries. Therefore, a lot of the processes for collecting this data are well established within the organization and build on previous initiatives and include internal and external audits on site level, so that we are certain that processes for enhanced work environment as well as quality are followed.

To make sure we report on the material data, we performed a gap analysis to identify and address data gaps. The gap analysis results were presented to the Sustainability Steering Committee, and we are now working on developing structured processes to be able to incorporate any missing data into future reports.

ISO certifications

Another way to govern and manage sustainability at Ovako is international standards, and we hold several ISO certifications across our sites (as detailed below). Traditionally, the certification processes involves an on-site audit from a third-party of our operations, followed by a comprehensive meeting to review process steps and technical documentation.

ISO CERTIFICATIONS

Our management systems are audited annually by internal and external auditors. Certificates can be found at ovako.com.

Environment ISO 14001

Ovako Sweden AB, Hofors
Ovako Sweden AB, Hellefors
Ovako Imatra Oy Ab, Imatra
Ovako Bar AB, Smedjebacken
Ovako Bar AB, Boxholm
Ovako Hallstahammar AB, Hallstahammar (Cromax)
Ovako Molinella S.p.a, Molinella (Cromax)
Ovako Redon SAS, Redon (Cromax)

Work Environment ISO 45001

Ovako Sweden AB, Hofors
Ovako Sweden AB, Hellefors
Ovako Imatra Oy Ab, Imatra
Ovako Metals Oy Ab, Tampere

Energy ISO 50001

Ovako Sweden AB, Hofors
Ovako Sweden AB, Hellefors
Ovako Bar AB, Smedjebacken
Ovako Bar AB, Boxholm

IATF 16949

Ovako Sweden AB, Hofors
Ovako Sweden AB, Hellefors
Ovako Imatra Oy Ab, Imatra
Ovako Bar AB, Smedjebacken
Ovako Bar AB, Boxholm

Quality ISO 9001

Ovako Sweden AB, Hofors
Ovako Sweden AB, Hellefors
Ovako Imatra Oy Ab, Imatra
Ovako Bar AB, Smedjebacken
Ovako Bar AB, Boxholm
Ovako Metals Oy Ab, Tampere
Ovako Hallstahammar AB, Hallstahammar (Cromax)
Ovako Molinella S.p.a, Molinella (Cromax)
Ovako Redon SAS, Redon (Cromax)

CASE

BRINGING THE OVAKO WAY TO LIFE

Steel will remain a vital part of the world's infrastructure for generations to come. With that comes a responsibility - not just to deliver value, but to do so in a way that respects the planet.

At Ovako, we believe this starts with a purpose. That's why we created The Ovako Way - our way of uniting strategy, values, and action to create steel for a decarbonized society. At the heart of this effort is a clear statement that explains not only what we stand for, but why it matters:

"Decarbonization isn't just about saving the planet. It signifies choosing the right path forward - ensuring profitability, becoming a more attractive employer, capturing the sales opportunity of a century, and ultimately, doing the morally right thing."

But a statement alone isn't enough. Just like an architectural blueprint, it only becomes real when people start building. So, the next step was to embed these values across the organization - early, deeply, and meaningfully.

The Ovako Way Challenge

To make The Ovako Way resonate across all our sites, we launched an internal challenge - designed to be engaging, participatory, and even fun. All employees received a personal invitation and a specially designed booklet, guiding them to take part in a web-based challenge that included:

- A short film explaining our strategy and purpose
- A values-based quiz
- A chance to digitally sign The Ovako Way statement

So far, over 2 000 employees have signed - a powerful demonstration of shared commitment.

The power of the O-sign

But we wanted to go even further. Enter the O-sign challenge - a unifying photo activity inviting employees to physically express their support by forming an "O" with their arms and hands.

The O-symbol carries more than one meaning. It stands for Ovako, for zero accidents, zero emissions, and for circularity - but also for:

- Openness to change
- Optimism for the future
- Ownership of our role in the transition
- Okay - as a universal sign of support, confidence, and alignment
- Oneness - representing the strength of a united organization

Thousands of O-sign photos are now being shared internally and externally - making our values visible, real, and human.

A living commitment

What started as an internal activation is now turning outward. As theovakoway.com platform becomes public, we'll share our story - from strategy to real-life actions - with customers, partners, and industry peers.

Because The Ovako Way is not a slogan. It's a living commitment embedded at every level of our company. It's how we lead by example in creating steel for a decarbonized society - and how we help build a better, safer future for everyone.





Environmental permits

Certain industrial processes require either a notification to, or a permit from, the relevant regulatory authority. All of Ovako's operations are conducted in compliance with the regulations governing permit-requiring activities.

Permits Sweden

For our business units in Sweden, Ovako operates both A- and B-classified activities. A-classified operations require permits from the Land and Environmental Court, while B-classified operations apply for environmental permits through the Environmental Assessment Delegation at the County Administrative Board.

Supervision is carried out by the respective County Administrative Board for Hofors, Hällefors, Boxholm and Smedjebacken, and the municipality for Hallstahammar in accordance with applicable legislation.

Permits Finland

For our operations in Finland, an environmental permit is applied either from the Regional State Administrative Agency or the Municipal Environmental Protection Authority depending on the activity and its scope. Ovako Imatra has a valid environmental permit issued by the Regional State Administrative Agency. The Centre for Economic Development, Transport and the Environment (ELY centers) and the municipal environmental protection authorities are responsible for supervision. They monitor compliance with permit regulations, such as emission limits.

Permits Italy and France

Our sites in France and Italy hold permits in accordance with their respective national legislations. The sites are monitored by the appropriate regulatory agencies in each country.

Strategy and business model

With a steelmaking heritage spanning 500 years, Ovako has consistently pursued a passion for delivering specialty steels that contribute to the value creation for customers and society. Today, we stand as a frontrunner in the production of long, low-alloy, high-performance steel offerings, facilitating the creation of lighter designs, substantial energy and CO₂ reductions, and truly remarkable engineering features. Ovako's production is based on recycled steel and specializes in steel for the bearing, transport, and manufacturing sectors. Leveraging Ovako's high performance steel empowers our customers to craft products and solutions that are not only lightweight and resilient but also environmentally conscious.

Products

Ovako's products give customers unique opportunities that can provide better performance, lower production and maintenance costs, and lower energy consumption. Ovako's premium steel is one of the cleanest on the market, where inclusions and defects in the steel are minimized during the manufacturing process. This results in a highly clean steel with better fatigue strength than conventional steel. This enables customers to develop advanced solutions for components that are lighter and stronger and have a longer lifespan. This means that Ovako can help customers to create better product solutions with lower environmental impact.

Ovako produces steel bars in all executions: round, square, flat or hot-rolled profiles. Additionally, we produce tubes, rings and wires, and supply an industry leading range of hard-chromed long products. We cut, turn, grind and heat treat our products into a variety of delivery executions – from basic forms to almost completed components.

Customers

Across the globe, Ovako's steel is integral to world-leading applications in sectors such as automotive, bearings, agricultural equipment, hydraulics, windmills and transport.

Geographies

Production sites

Our sites are divided in to production flows: Hofors-Hellefors, Smedjebacken-Boxholm and Imatra, resulting in a broad customer range, enabling Ovako to provide solutions based on several different needs. In addition to this, Ovako manufactures hard-chromed products under the Cromax and NiKrom brands at the sites in Hallstahammar, Molinella and Redon.

Sales offices

We have sales offices in strategic locations in Europe, North America and Asia. In some locations, customers can also be assisted with cutting and product adaptation. Contact details for each sales office are available on [ovako.com](https://www.ovako.com).



2 725
employees

30
countries

8
production sites

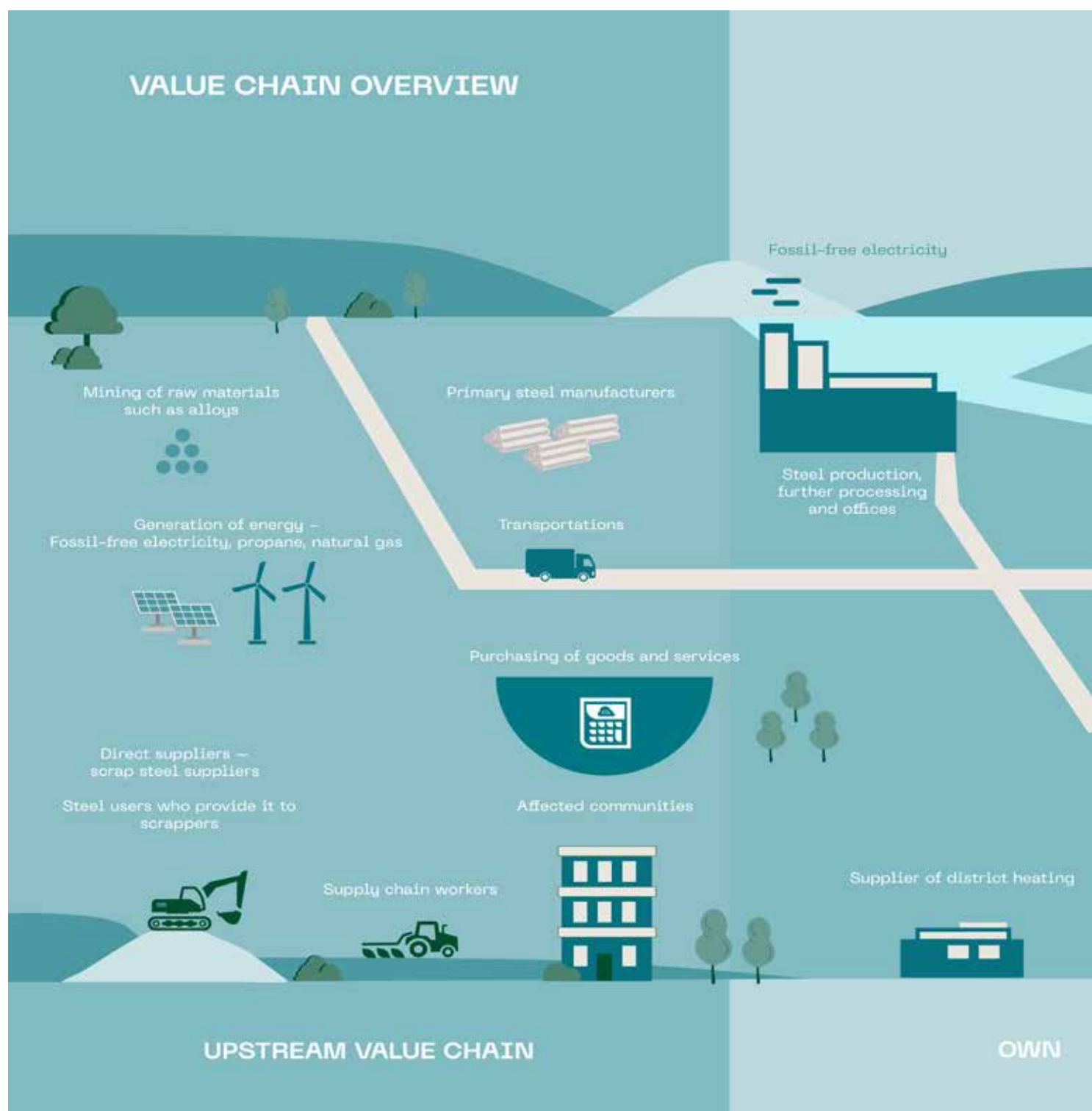
1 000
ktonne capacity

0.7
LTIFR

Ovako's value chain

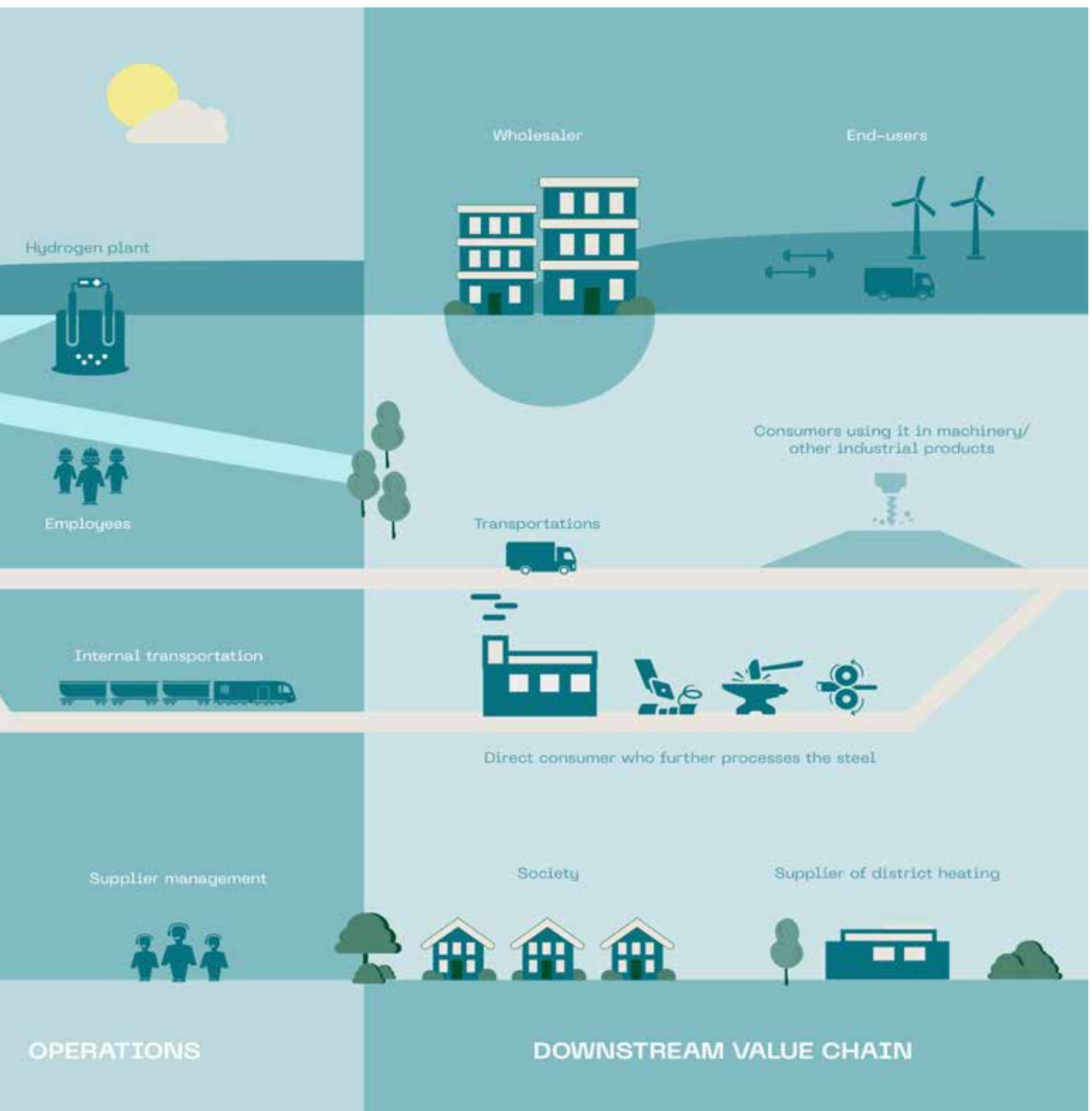
The picture below provides an overview of Ovako's value chain. The main upstream actors include the extraction of alloy raw materials from mines, primary steel manufacturers, and steel users who provide material to recycling industries. This stage also involves our direct suppliers, particularly scrap steel providers, as well as the various transportation steps involved. Additionally, the upstream segments encompass the workers across the value chain and the communities potentially impacted by activities

such as mineral extraction and production of steel. Finally, purchased goods and services, along with energy generation (including fossil-free electricity, propane, and natural gas), are also integral parts of the upstream processes. At the core of the value chain is our own steel production, which includes our production sites and offices. This encompasses our entire workforce, both those working in production and in offices.



Within our own operations, we also manage supplier relationships and contribute as a supplier ourselves, providing district heating generated from our production processes. Transportation plays a vital role, as many of our products are moved internally between sites. We produce our own fossil-free hydrogen for some of our operations and all our electricity used is derived from fossil-free sources. Furthermore, our operations are powered by fossil-free energy sources.

The downstream activities involve transporting steel products to various recipients. These include direct customers who further process the steel, industrial users who incorporate it into machinery or other products, and wholesalers. The downstream segment also extends to the end-users and final products, where society at large is involved, both using our steel products and through the benefits provided by our district heating.



Interests and views of stakeholders

Ovako actively seeks to understand the expectations and priorities of its diverse stakeholders. This engagement process is crucial for identifying, assessing, and managing the significant social, health, safety, environmental, and economic impacts associated with our operations and business relationships. To strengthen the understanding of Ovako's actual and potential sustainability impacts, risks, and opportunities, engagement with stakeholders and sustainability experts has been crucial.

We have collaborated with external stakeholders and experts related to the steel industry, such as suppliers, customers, and industry organizations, as well as internal corporate functions such as HR, procurement, finance, communications, and treasury. These dialogues have helped us gain a better understanding of the impacts, risks, and opportunities that are linked to our own operations and through business relationships in our upstream and downstream value chains. The insights from the various interviews for the DMA as well as the various interactions with our stakeholders provide valuable input to our ESG programs, helping us to shape our strategy, targets and decisions towards delivering on ESG commitments and KPIs.

The table on the next page shows six prioritized stakeholder groups. Colleagues and teams across Ovako regularly engage with stakeholder groups through various channels, gathering valuable insights on topics that are important to them.



Key stakeholders	Stakeholder expectations/ insights	Key channels for interaction	How the input is used
Customers	Products and solutions that can ensure responsible business practices and lower supply chain emissions.	<ul style="list-style-type: none"> Regular business interactions and ongoing supplier assessments Strategic Customer Council Customer satisfaction surveys Partnerships and collective action alliances 	Our strategy is built upon a deep understanding of the values of our customers. It informs product development and shapes new innovative solutions.
Suppliers	Fair and transparent business opportunities and partnerships on strategic issues such as transportation.	<ul style="list-style-type: none"> Contract management Supplier relationship management framework Supplier surveys, workshops and capability building programs Industry forums and associations 	Build understanding of the effectiveness of supplier practices and engagement. Enhance value chain visibility, including fair working conditions and supplier ethical business conduct.
Employees	Safe working conditions, fair treatment and wages, diversity and inclusion and good development opportunities.	<ul style="list-style-type: none"> Daily interactions Engagement with unions and interest groups Engagement and employee surveys Grievance mechanisms Audits 	Provide valuable input to ESG programs and shape actions and improvement plans to address any issues.
Trade associations	Full compliance with environmental legislations and transparent reporting to prevent greenwashing. To play an active role in developing and implementing steel sector sustainability benchmarks including a clear roadmap with measurable targets.	<ul style="list-style-type: none"> Regular networking meetings Events and industry collaborations 	Informs about common challenges and opportunities for industry standards and business development opportunities.
Research institutes and universities	Collaborative development projects, undertaken with customers and key stakeholders such as research institutes and universities.	<ul style="list-style-type: none"> Research initiatives within the steel industry Collaborative research 	Offer a platform to anticipate market needs.
Affected communities	Responsibility and accountability towards the local communities and mitigating negative issues in areas of highest impact.	<ul style="list-style-type: none"> Scientific studies Offering site visits for schools and local communities Close collaboration with critical entities such as fire departments for prevention of incidents 	Local communities help us better understand the needs and constraints of nature where we operate, informing decisions to invest and procure resources and to mitigate negative impacts in operations and the value chain.

Double materiality assessment result

Ovako conducted an updated DMA in 2023 in accordance with the criteria and implementation guidelines provided in the ESRS and by EFRAG at that time. The following topics have been identified as material in our DMA.

ENVIRONMENT	SOCIAL	GOVERNANCE
Climate change	Own workforce	Business conduct
Pollution	Workers in the value chain	
Water and marine resources	Affected communities	
Resource use and circular economy		

Double materiality assessment process

Ovako has conducted several rounds of materiality assessments in the area of sustainability since 2017, primarily with the help of surveys and interviews with internal and external stakeholders. This to ensure that Ovako’s sustainability orientation matches the significance that our operations have for various stakeholder groups and that our sustainability communications meet perceived expectations.

Our latest materiality assessment was expanded to encompass two central perspectives, as required by the ESRS: impact materiality and financial materiality. The assessment was carried out with external support and direct participation from the members of the Sustainability Steering Committee, management and other related personnel. The process involved workshops and consultation and was completed in several, iterative steps, as outlined in the model on the next page.

1. Value chain mapping

We mapped our value chain, encompassing upstream activities, our own operations, and downstream activities. A detailed visual of the complete value chain and its activities is available on pages 22-23.

2. Impact materiality assessment

We conducted an impact materiality assessment to identify significant topics arising from Ovako's operations across the entire value chain. Based on the value chain mapping, we identified actual and potential, positive and negative, impacts on people and the environment associated with our operations and business relationships. The impact assessment's starting point was the topics, sub-topics and sub-sub-topics defined in ESRS and was gathered through internal and external sources, including stakeholder dialogues, employee surveys, supplier audits, Environmental Product Declarations (EPD's), environmental assessments, human rights risk assessments, and industry- and country-specific reports.

The significance of an impact was determined by assessing its severity (scale, scope, irremediability) for negative impacts, and the scale and scope for positive impacts. The impacts were also assessed based on their time horizon, and for potential impacts, their likelihood. Each impact was evaluated based on our connection to the impact, i.e., whether Ovako is the cause of, contributes to, or is directly linked to the impact. This was done to better understand Ovako's overall connection to, control over, and leverage on actual and/or potential impacts.

3. Financial materiality assessment

In the third step, we conducted a financial materiality assessment by evaluating whether a sustainability issue could pose significant economic risks or opportunities for Ovako. The purpose of the financial materiality assessment is to identify not only short-term financial risks typically reported, but also sustainability-related risks and opportunities not yet reflected in financial reporting that may be important for decision-makers and users of sustainability information. The financial materiality assessment was carried out by applying the results from steps 1 and 2, and evaluating whether the risks/opportunities had, or could be expected to have,

a significant impact on Ovako's development, financial position, financial results, cash flows, access to financing, or cost of capital within the pre-defined timeframes. The assessment was also informed by the stakeholder dialogues.

The materiality of the risks and opportunities was assessed based on a combination of the probability and the potential size of the financial impact. Consideration was also given to areas where there are material dependencies for Ovako's business and the result of the impact materiality assessment, as material consequences often are the source of significant risks and opportunities, and the connections between these must therefore be considered.

To grade the extent of actual or potential financial materiality, Ovako's internal risk system was applied to the sustainability topics that were analyzed. Some financial risks or opportunities, like reputational risks, cannot be reliably quantified due to high uncertainty and assumptions. In such cases, a qualitative assessment has been made, where the judgment is that it is likely to have significant effects on the cost or availability of capital.

4. Stakeholder dialogues

Throughout the process, and as a crucial final input, stakeholder dialogues were conducted. Ovako is committed to understanding the expectations and priorities of its diverse stakeholders. You can find more information about our stakeholder engagement on pages 24-25.

5. Next steps

The DMA was followed by a comprehensive gap analysis to identify key areas requiring attention in order to be able to develop an ESRS-compliant report in the next few years. The insights gained were integrated into a CSRD roadmap, outlining critical actions and focus areas for the next years, which have been pivotal to our preparation. In connection with our annual update of the DMA, we will also apply the thresholds in our internal risk system.





ENVIRONMENT

As a leading steel manufacturer, we recognize our environmental impact and take responsibility for operating in a sustainable and profitable way. At Ovako, we make a meaningful contribution by supplying steel made from recycled materials, resulting in a low climate footprint within the steel industry. With a strong focus on circularity, we are committed to continuous improvement and actively seek innovative technologies to optimize our performance. Our efforts are driven by the belief that targeted, ongoing enhancements are essential for a more sustainable future.

In FY2024 we have built upon previous years' achievements, with a significant milestone achieved in 2023, when we inaugurated the world's first plant dedicated to producing fossil-free hydrogen for heating steel prior to rolling. During the FY2024, we also inaugurated our modernized energy-efficient furnace in Boxholm, which is expected to reduce energy consumption by 50 percent and significantly reduce CO₂ emissions. Additionally, we obtained a permit from the Swedish Land and Environmental Court for a new fossil-free hydrogen plant in Smedjebacken, further reinforcing our commitment to sustainable steel production. These innovations significantly reduces our carbon emissions and marks a major milestone on our journey toward net-zero emissions.





Ovako production site in Imatra

CLIMATE CHANGE

FY2024 marks a year of change and transformation with several initiatives to decarbonize our value chain. Our efforts have centered on the modernized furnace in Boxholm and the scaling up of hydrogen production in Hofors. We also took a significant strategic step by developing our transition plan for climate change and continued our journey to commit to SBTi by preparing comprehensive targets for submission in 2025. This initiative represents a critical milestone in our corporate sustainability strategy, demonstrating our commitment to rigorous, measurable, climate action within the steel industry.

Ovako's transition plan for climate change mitigation is not a new initiative but rather the evolution of a decarbonization journey that began in 2015. For nearly a decade, we have systematically reduced our carbon footprint through strategic investments, process improvements, and innovation. This established foundation provides us with unique insights and capabilities as we now further formalize and accelerate our climate transition strategy.

Our early adoption of climate-focused initiatives has positioned Ovako as a frontrunner in steel sector decarbonization, with emissions intensity already well below industry averages. This starting point informs our transition plan, allowing us to set targets that are both ambitious and achievable given our operational context.

Our transition is shaped by evolving market demands as customers increasingly include carbon footprint in their procurement decisions. Our customers ask for steel with a low CO₂e footprint, making it both a competitive differentiator and sustainability requirement. This is driven by voluntary commitments such as SBTi and EU policies like carbon pricing, ETS, and CBAM that incentivize fossil-free production and apply to imported goods.

The EU's 2025 Clean Industrial Deal supports this transition with a comprehensive framework. Decarbonizing our operations and value chain is essential to our business strategy and competitiveness, responding to customer demands and EU incentives.

Ovako's transition plan outlines our overall pathway to achieve net-zero emissions by 2040, in alignment with the 1.5°C goal of the Paris Agreement. The plan will be substantiated by science-based targets, which include key decarbonization levers, and identifies strategic actions that have driven and will continue to drive the transition to net-zero emissions, shaping our ongoing transition.

The targets take into account Ovako's uniquely low starting point and go beyond the reduction requirements set by SBTi, thereby affirming Ovako as a decarbonization frontrunner in the steel sector. The targets are in line with Ovako's current cradle-to-gate targets and support Sanyo's SBTi targets.



"Ovako is a brilliant example of how industrial investments can drive both climate benefits and economic growth. With projects like the hydrogen plant in Hofors and the new furnace here in Boxholm, Sweden is strengthening its position as a leader in sustainable steel production — setting an example for the entire world."

Swedish Minister for Climate and the Environment Romina Pourmokhtari stated during her inauguration speech in Boxholm.

Transition Plan: Hot-rolled steel

Our transition plan illustrates the comprehensive decarbonization pathway for our hot-rolled steel production, demonstrating both our current leadership position and future emissions reduction trajectory. The picture presented below quantifies each step in our journey toward near-zero emissions steel production to 2045.

The chart begins by showing (grey bar) our emissions in 2015. The red bars represent emission reductions from various measures. Between 2015 and 2021, we reduced emissions by 47 percent per tonne of hot-rolled steel according to the SBTi definition. This advantageous starting point reflects our decade-long commitment to decarbonization since 2015. Our transition plan for hot-rolled steel outlines specific reduction initiatives that will progressively decrease our carbon intensity:

Fossil-free heating

The core of our transformation is the transition from production based on fossil fuels to innovative fossil-free technologies, such as our electrolyzer in Hofors, where we produce and use fossil-free hydrogen for re-heating of steel prior to rolling. Our fossil-free heating solutions, such as hydrogen, are estimated to reduce emissions from our operations by more than 50 percent, even from already low levels compared to the steel industry.

Energy efficiency

Implementing advanced process controls and efficiency improvements, such as our investments in oxyfuel-burners, reducing energy consumption and emissions.

Fossil-free carbon carriers

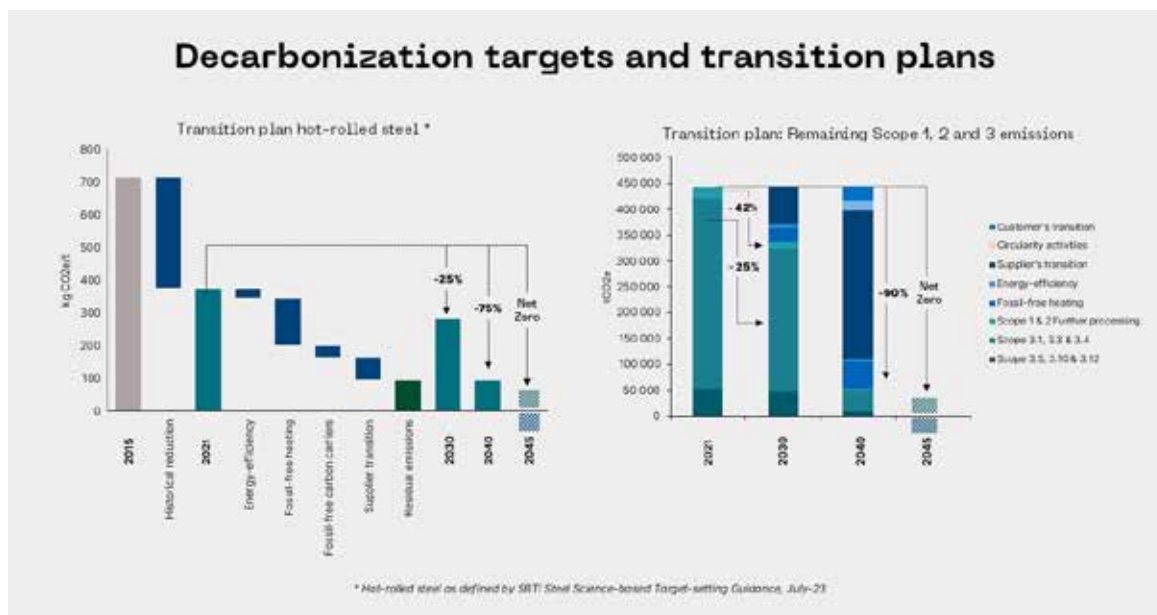
Primarily covers replacing fossil carbon carriers, such as anthracite, which are used in the steel plant, with biogenic alternatives such as biochar.

Supplier collaboration

Work closely with suppliers to cut emissions by reducing the carbon footprint of lime, improving scrap quality, and limiting carbon-intensive additives.

Final target

Through these strategic initiatives, Ovako aims to reach our ultimate target of net-zero emissions by 2045. Along the way, we have established sub targets, as illustrated in the chart. In the near term, we are committed to reduce scope 1, 2, and 3 greenhouse gas emissions, within the iron and steel boundary, by 25 percent per tonne of hot rolled steel by 2030, using 2021 as the baseline year. This builds on an earlier reduction of 47 percent achieved between 2015 and 2021, resulting in a total planned reduction of 60 percent from 2015 to 2030. Looking further ahead, we are targeting a 75 percent reduction by 2040, an almost 90 percent total reduction from 2015 levels. Ultimately achieving net-zero emissions across the entire value chain by 2045.



Our transition plan for the remaining scope 1, 2 and 3 emissions

Other than our hot-rolled transition plan, Ovako has set an ambitious transition plan for the remaining scope 1, 2 and 3 emissions. Central for us to reach these targets are the collaboration with our customers' and our suppliers' transition. Ovako is committed to advancing our environmental efforts at every step of the steel life cycle, from the supply of raw materials, through production, use and all the way back to recycling.

The picture presented on the previous page quantifies each step in our journey toward near-zero emissions across the value chain by 2045. The chart starts with our base year, 2021, and then continuing with the near-term, long-term and net-zero targets. Our transition plan for the remaining scope 1, 2 and 3 emissions outlines reduction initiatives that will progressively decrease our carbon intensity:

Customer transition

Central to our customers' transition is the close collaboration between Ovako and the customer. Ovako are developing steel grades that enable reduced emissions in the customer's further processing. This includes, for example, lowering the need for heat treatment or making machining more efficient, both of which reduce electricity consumption and thereby help our customers lower their emissions.

Circularity activities

For Ovako to reach our 2040 targets, it is essential that our suppliers align with our transition. This is especially important for key materials like lime and alloys. Emission reductions are required in categories 3.5 and 3.12, meaning that waste flows must shift from landfill to circular use, remaining in the technosphere. Additionally, emissions from handling end-of-life, scrap-based products must be reduced, mainly through using alternative fuels for transport and processing at scrap yards.

Supplier transition

To be able for Ovako to achieve our 2040 targets, the transition of our suppliers is key. By collaboration and partnership, we can decarbonize the value chain. The focus initially is primarily on lime and alloys but also includes chains of transportation.

Energy efficiency and fossil-free heating




The emissions that are not covered in the target for hot-rolled steel are a part of scope 3.3, fuel and energy-related activities that are not included in scope 1 or scope 2. This means that if Ovako transforms to fossil-free energy solutions, it will have a positive impact on the upstream value chain as well. Transitioning from production based on fossil fuels to innovative fossil-free technologies. This refers to emissions from further processing in our operations, such as some remaining heat treatment furnaces that have not yet been fully decarbonized. We have been working on refining our calculation of scope 3 emissions to conduct a scope 3 mapping in order to submit our targets to SBTi.




Final target

By driving these strategic initiatives, we aim to reduce to absolute scope 1 and 2 emissions by 45 percent by 2030 and the absolute scope 3 emission by 25 percent in the same timeframe. This is followed by a target by 2040 to reduce all absolute scope 1, 2 and 3 emissions by 90 percent, leading to net-zero emission by 2045.

Definitions of scopes

- Scope 1: the emissions that are greenhouse gases that an organization emits from sources it owns or controls directly.
- Scope 2: the emissions that are indirect, deriving from an organization's purchase of electricity, steam, heat, or cooling.
- Scope 3: the emissions that cover indirect emissions from feedstock material, energy and the like used in steel production, as well as transportation.

Topic	Significant IROs	Materiality	Value chain occurrence		
					
Climate change adaptation	Requires resources for e.g. adaptation of sites.	F	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	Carbon taxes and alignment with new regulation drive cost. Opportunity to become a market leader as our product is less CO ₂ -intense than competitors.	F + I	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Energy	Large consumer and dependent on energy, leaving a financial risk with regard to, e.g., energy price. Opportunity to develop hydrogen energy solutions to reduce fossil fuel dependency; this deployment is dependent on cost of energy.	F + I	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

F = Financially I = Impact  Upstream  Own operations  Downstream

Climate change-related impacts

Emissions

Emissions are generated throughout Ovako's value chain with inhouse and upstream emissions from production as the key drivers of the impact on climate change. Additionally, Ovako is an energy-heavy company both in operations and value chain. Reducing the output of greenhouse gases and increasing the share of fossil-free energy supply through investing in hydrogen energy and similar fossil-free alternatives is therefore deemed material for Ovako.

The emissions from Ovako's own operations and value chain have a negative impact on climate. The negative impacts occur in the operations in the near, medium and long-term.

Energy consumption

Energy is one of the most material areas for Ovako. A significant amount of energy is required throughout the value chain. Where possible, fossil-free energy sources are used in our own operations, hence the dependence on electricity gridlines is high. The production is primarily located in Sweden and Finland, where fossil-free electricity is used.

Resilience analysis to assess climate-related physical and transition risks

Ovako has not conducted climate-related physical and transition risk assessment. The plan is to initiate the process in FY2025 and to report on the transition risks as part of the report published in FY2026.

Climate change-related risks and opportunities

Adaptation risks

The adaptation of Ovako's business to climate change would require resources for preparing for extreme weather. For our own operations, physical assets are at risk to ensure that they are resilient towards climate change, especially when it comes to flooding as production facilities mostly are located near water bodies. As the sector requires efficient logistical arrangements and infrastructural support, adopting these to circumstances related to climate change will be costly. Climate change has led to an increased likelihood of extreme weather along the supply chain which Ovako is dependent on. Extreme weather events, especially during winter, also impact our operations as this increases the amount of snow and ice in the scrap raw material. This poses a financial risk as it affects the production flows and costs.

Mitigation risks

Carbon taxes and other regulations to minimize GHG emissions are seen around the world. More regulations will lead to higher financial costs for Ovako to align with new regulations such as CSRD and CBAM. Regulations can increase further with introduction of carbon taxes on transportation, production, and materials. This would lead to higher production and transportation costs, resulting in a higher price for Ovako's products.

Mitigation opportunity

Ovako's efforts to build our hydrogen plant provide a good opportunity for us to manifest as a market leader and reduce its emissions significantly, becoming more attractive to our stakeholders. Transitioning to fossil-free energy comes with a significant investment cost in the near-term with an assumed upside in the medium and long-term.

Energy risks and opportunities

As energy is vital to Ovako's core business, changes in pricing and access would have a high financial impact. With the rising interest to electrify society to minimize fossil fuel dependency, the demand for energy and the pressure on the electric grid can lead to power shortages leading to higher costs or production caps, both for the operation and suppliers, resulting in higher costs for the end users. The pressure on the electric grid can, in addition to higher costs, lead to delays both of materials and of the end product.

Our efforts to develop hydrogen energy solutions provide a good opportunity for the company to reduce our fossil fuel dependency. To produce hydrogen sustainably, large volumes of fossil-free electricity will be necessary, which is a challenge depending on the energy mix of the market and the availability of renewables. The key drivers for increased production are the cost of electricity, the cost of conventional fuels and prices on EU Allowance. This can result in further costs to be able to produce hydrogen and maintain a sustainable steel production.

Management of impacts, risks, and opportunities

Policies

Ovako's group policies are adopted and implemented by the Board of Directors. At site level, all locations can further develop this by implementing routines for their employees. The management team at each site adopts these routines and ensures they are effectively communicated throughout the organization by the designated manager. Our policies form the foundation of our approach to key material topics, providing guidelines, expectations, and actions. In addition to our policies, we also have other steering documents, called Standards, that complement the policies and serve as the foundation for our sustainability efforts, alongside applicable laws and regulations.

Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognized instruments	Availability
Code of Conduct	<ul style="list-style-type: none"> By manufacturing steel with low climate impact without compromising the quality of the steel. Work together with customers, suppliers and other stakeholders to reduce total environmental impact. By investments that minimize its environmental impact, ensure that it meets the strict requirements imposed on it by legislation and by its customers. 	Employees	Board of Directors	Universal Declaration of Human Rights	Website and intranet
Environmental and Energy Policy	<ul style="list-style-type: none"> Aim to decarbonize our processes by substituting fossil-based and other non-renewable energy and materials. Employees must consider the environment in their daily work and receive continuous training. Compliance with applicable laws and regulations as a minimum. Best practice and innovative technology will be assessed with consideration to environmental protection. Commitment to improving energy efficiency and increasing the share of renewable energy. Environmental issues are considered when buying products and services. 	Employees and suppliers working on Ovako's premises	Board of Directors		Website and intranet
Supplier Code of Conduct	<ul style="list-style-type: none"> To minimize the environmental impact our suppliers shall be committed to: <ul style="list-style-type: none"> act in accordance with applicable laws and regulations, take precautionary measures in case of or if there a reason to believe negative impact, analyze climate adaptation and the potential financial impact from physical and transaction climate-related risks, responsible for paying the social and economic costs arising from damages caused by the party, plan, control, measure/assess and establish relevant documented strategies and systems on sustainability. Encourage suppliers to set greenhouse gas targets in line with the Paris Agreement and continuously improve activities to reduce their carbon footprint. 	Business partners and suppliers	GEM	ILO Declaration, Rio Declaration, Ten Principles of the UN Global Compact 2000, Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights	Website and intranet
Environmental Standard	<ul style="list-style-type: none"> Ovako core values: Skilled, Responsible and Innovative, which are fundamental to the environmental work. Outlines roles, responsibilities and allocation of tasks of the environmental work. Covers activities, documents and instructions for important environmental areas. 	Employees	GEM		Intranet
Sustainability Policy	<ul style="list-style-type: none"> Strives to minimize its negative impacts on the environment by applying a precautionary approach. Committed to improve energy efficiency and increase the share of renewable energy, minimize the negative environmental impact related to emissions and greenhouse gases (GHG). 	Employees	Board of Directors		Intranet
Sustainability Standard	<ul style="list-style-type: none"> In operational development and investment decisions, best practices and innovative technology will be assessed with consideration to environmental protection. Commitment to improve energy efficiency, increase the share of renewable energy and minimize negative environmental impact related to emissions and GHG Monitor, measure and reduce GHG emissions caused by our activities. Renewable energy sources shall be prioritized and transportation methods with the least negative environmental impact as well. 	Employees	GEM		Intranet



"I take great pride in being part of and working for a steel company that is leading the way in the green transition. Contributing to, driving, and leading sustainability initiatives that ensure we leave behind a legacy that is better today than it was yesterday – for generations to come."

Mikael Bror, Purchasing Manager Raw Materials/By-products
Business Unit Hofors-Hellefors

Actions and resources

Actions to lower our scope 1 and 2 emissions

Ovako has worked hard for a long time to reduce the emissions from our own processes. EAF steelmaking melts scrap steel with electricity, offering energy efficiency and flexible production of various steel grades. Switching to fossil-free electricity generated from hydropower, wind or solar sources can enable a tremendous reduction in carbon emissions. Through the energy mix contracted with our electricity suppliers, it is made possible for Ovako to use 100 percent fossil-free electricity in our steel and rolling mills. We optimize the alloy composition of the scrap used. We are also reusing and recycling residual materials and reusing heat. In addition, we have for a long time focused on energy-saving measures.

We are constantly making investments in many areas to improve the environmental performance at our mills. One recent example is the modernized rolling mill furnace in Boxholm, which cut the furnace's emissions by 60 percent. Another example is the conversion of two pit furnaces to run on oxyfuel, reducing their CO₂ emissions by between 15 and 20 percent. We also conducted bio-char trials at our steel mills to build knowledge and better understand the potential for replacing traditional coal with biochar when the market matures in the area.

We have managed to reduce our scope 1 and 2 emissions per tonne of sold goods by almost 60 percent since 2015. Many of the conducted actions for emission reductions are related to direct and indirect electrification measures, such as the electrification of heat treatment furnaces and our latest hydrogen project, giving us a pole position on low carbon footprint steel, since we only source fossil-free electricity. Our remaining emissions mainly stems from re-heating prior to rolling, in production sites where we have not yet installed fossil-free heating such as the hydrogen plant in Hofors, and process-related emissions from carbon carries such as coke, electrodes, scrap and ferroalloys.

Enabling our customers' emission reduction (scope 3)

Ovako has for many years worked with Environmental Product Declarations type III (EPD). We continuously work with our suppliers to ensure progress in their development of EPDs, third-party verified LCAs, and the like to assure enhanced data quality in the mapping of scope 3 emissions. Ovako is also working together with industry partners to develop solutions that increase the data quality of scope 3 emissions. For instance, the MASSIV+ initiative, where large companies are cooperating to develop new solutions for sharing and validation of carbon footprint data along value chains.

Easing the access of scope 1, 2 and 3 data for our customers

Steel sourced through sustainable practices can help Original Equipment Manufacturers (OEMs) produce more efficient products and reduce their total carbon emissions – and in turn attract environmentally conscious customers and respond to tightening legislation.

The key to evaluating a product's true carbon footprint is through a life cycle assessment of the environmental impacts at every step from raw material extraction, materials processing, manufacture, distribution, use and end-of-life disposal or recycling. To achieve this, manufacturers need a true understanding of the energy requirements and carbon dioxide emissions from cradle-to-gate for each level of trade. And in turn, this relies on the same data required by the steel manufacturer from cradle-to-gate.

Ovako has developed a Carbon Footprint Calculator. The web-based version was launched in 2023, and the CO₂ data gets updated annually. It maps the complete cradle-to-gate carbon footprint – scope 1, 2 and 3 upstream emissions – for each product being delivered from Ovako. This provides our customers with data that enables them to compare products and establish the footprints of their own products. Our customers are then able to supply their own customers with the data needed to make profound comparisons between suppliers. After the 2023 launch, the Carbon Footprint Calculator has enabled a more efficient data management approach to mapping emissions for each process step. We have during the past reporting year developed a feature in the Carbon Calculator tool to showcase the implication of using European average electricity mix and natural gas in heat treatment furnaces, instead of fossil-free electricity, to better support the comparison and understand the impact of different technologies.

Collaboration for reduced emissions

During FY2024, we also continued our long-term relation with customers such as Tibnor and Eleiko to promote low-carbon footprint solutions in steel production and products. Our partnership entails key objectives such as commitments to a world-leading low carbon footprint across all deliveries, reservation of capacity and integration of CO₂e parameters in relevant specifications. Collaborations like this underscore our true commitment to sustainability and further develop our world-leading carbon efficient steel. At Ovako we firmly believe in collaborating closely with partners to pursue common goals, therefore we can accomplish significantly more.

The environmental impact of transportation is another important focus area. We are always looking for opportunities to improve transport efficiency and our transportation chain. The majority of our products transported internally are conveyed by train, which helps us lower the emissions from transportation. All Ovako's major production sites have direct rail connections, enabling rail to be used as a key internal transportation option. For internal transport, nearly 100 percent of materials for production between the steel mills and rolling mills are moved by train.

We are developing new multimodal solutions to decrease emission and enable a higher load of goods to be transported. Strategic collaborations have also been initiated to strengthen our ability to reduce our climate impact. In collaboration with Nshift and the Network for Transport Measures (NTM), Ovako has implemented a system to quantify and visualize the efficiency of transportation alternatives based on emissions. The system enables us to optimize transport based on their CO₂e footprint.

Ovako has during the reporting year continued the previous work with mapping the scope 3 carbon footprint. For this year's report, we will, therefore, disclose our scope 3 emissions on a group level for the first time. This complements our existing cradle-to-gate product-level carbon footprint assessments along with all the different initiatives we have taken to keep track of and lower our emissions.



Energy

Historically, we have continuously improved our processes and converted most stages in our steel production from fossil energy sources to fossil-free alternatives. All our main production sites work according to or are energy-certified under ISO 50001-certifications.

We conduct regular energy surveys to identify and implement improvements. Our production is based on melting recycled steel scrap in electric arc furnaces (EAF), powered by fossil-free electricity. This sets us apart from many steel producers, who use the basic oxygen furnace (BOF) method to process iron ore. One important area of energy efficiency is heating recovery. Residual heat from our main production sites in Sweden is used in local communities via district heating networks. In addition, at some locations we use recovered heat from process cooling water, which means that the net usage of district heating to heat those buildings is essentially reduced to zero.

From our pioneering full-scale hydrogen steel heating trial in 2020 to the September 2023 inauguration of Sweden's largest electrolyzer in Hofors, we've consistently led the way. This plant, a world-first, now heats steel with fossil-free hydrogen prior to rolling, representing a significant leap in sustainable steel production. This project's success is a testament to the collaborative efforts of the Swedish Energy Agency, Volvo Group, Hitachi Energy, Stegra, and Nel Hydrogen. It is a 20 MW electrolyzer facility that can generate close to 4 000 cubic meters of fossil-free hydrogen and 2 000 cubic meters of oxygen per hour. Other industry actors are planning to build hydrogen plants, but Ovako will always remain as the world's first to pave the way.

The burning of fossil fuels to heat steel prior to rolling is a major emissions source within steel production; emissions that are cut when using fossil-free hydrogen. A full conversion to fossil-free heating solutions such as hydrogen will enable us to reduce our remaining emissions by approximately 60 percent from already low levels being in the steel industry.

The vast majority of Ovako's heat treatment furnaces has been converted to electrical heating, for all temperatures below 1 000°C. That constitutes a significant reduction of CO₂e emissions, since Ovako only sources fossil-free electricity. It also reduces energy consumption and creates a better working environment. We also reduce our energy consumption by optimizing our processes and making efficient use of furnace heat. In the hot rolling mill, hot charging is used as much as possible, enabling considerable savings in fuel and CO₂e emissions. Ovako has also converted fuel from oil to propane and/or natural gas, resulting in lower CO₂e emissions (as well as lower emissions of SO₂ and particles), and has also converted the high-temperature furnaces (around 1 200°C) to oxyfuel burners.

That means the ballast of nitrogen in the air is avoided and thereby the flue gas losses are drastically reduced. The use of oxyfuel reduces the energy consumption with a consequent reduction in CO₂e emissions by 20 to 50 percent depending on the process.

Our system possesses the versatility to switch between hydrogen and liquified petroleum in case of electricity grid shortages. This capability enables the balancing of the electricity grid, promoting stability and facilitating the integration of more fossil-free energy sources. In addition, the solution may support the cost-efficient hydrogen infrastructure to initiate the utilization of fuel cells in heavy vehicles. Our next site investigated to have a hydrogen plant is Smedjebacken. Our application for a part of the funding of the investment has already been granted by the Swedish Environmental Protection Agency and the EU. During the year we captured learnings to be able to scale up the concept across our other sites to get the best possible effects.

Energy intensity associated with activities in high climate impact sectors	2023	2024	Change
Energy intensity (MWh/TEUR net revenue)	1.35	1.48	9.6 %

Targets and metrics

Ovako has set ambitious environmental targets, building on an already strong foundation. The targets outlined below align with our previous environmental commitments. We remain dedicated to leading in circularity while maintaining one of the lowest carbon footprints in the steel industry and have therefore set near-term, long-term and net-zero targets.

Near-term targets:

- Reduce scope 1, 2 and 3 GHG emissions covered by the iron and steel core boundary by 25 percent per tonne of hot-rolled steel by 2030 (base year 2021).
- Reduce all other absolute scope 1 and 2 emissions by 45 percent by 2030.
- Reduce absolute scope 3 emissions from all other purchased goods and services, fuel and energy related activities and upstream transportation and distribution by 25 percent by 2030.

Long-term targets:

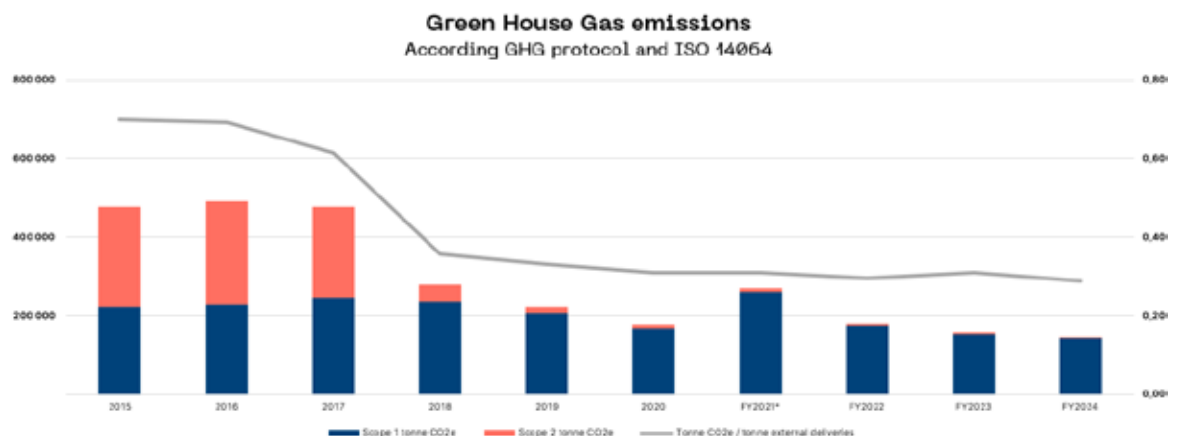
- Reduce scope 1, 2 and 3 GHG emissions covered by the iron and steel core boundary by 75 percent per tonne of hot-rolled steel by 2040 (base year 2021).
- Reduce all other absolute scope 1 and 2 emissions by 90 percent by 2040.
- Reduce absolute scope 3 emissions from all other purchased goods and services, fuel and energy related activities, upstream transportation and distribution, waste generated in operations, processing of sold products and end-of-life treatment of sold products by 90 percent by 2040.

Net-zero target:

- Achieve net-zero GHG emissions across the value chain by 2045.

Energy consumption and mix	2024
Fossil energy	
Total fossil energy consumption (MWh)	438 578.8
Fuel consumption from coal and coal products (MWh)	0.0
Fuel consumption from crude oil and petroleum products (MWh)	286 821.0
Fuel consumption from natural gas (MWh)	119 517.1
Fuel consumption from other fossil sources (MWh)	0.0
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	32 240.8
Share of fossil sources in total energy consumption (%)	36 %
Nuclear energy	
Total energy consumption from nuclear sources	519 944.1
Share of consumption from nuclear sources in total energy consumption (%)	43 %
Renewable energy	
Fuel consumption from renewable sources, including biomass (MWh)	841.7
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	237 007.6
Consumption of self-generated non-fuel renewable energy (MWh)	8 311.8
Total renewable energy consumption (MWh)	246 161.1
Share of renewable sources in total energy consumption (%)	20 %
Total energy	
Total energy consumption (MWh)	1 204 684.1

Only scope 3 categories that are relevant to Ovako's operations and represent a non-negligible share of total emissions are shown in the table on the next page. The presented scope 3 emissions cover more than 90 percent of our overall scope 3 emissions. Data for FY2021 was collected for 15 months and normalized to 12 months to align with Ovako's financial year. From 2022, all data is collected based on the financial year, except for emissions from refrigerants which are collected based on the calendar year, due national reporting laws. In 2023, data on location-based scope 2 emissions were only available for the Sales Units and offices, but not for production sites. In 2024, emissions reported under location-based scope 2 emissions include sites, Sales Units and offices, which is also the cause for the large year-over-year increase in this category.



Greenhouse gas intensity per net revenue	2023	2024	Change
Total greenhouse gas emissions (location-based) per net revenue (tonnes CO ₂ e / TEUR)	0.549	0.586	6.9 %
Total greenhouse gas emissions (market-based) per net revenue (tonnes CO ₂ e / TEUR)	0.552	0.549	-0.6 %

Gross scopes 1, 2, 3, and total GHG emissions	2021 (base year)	2022	2023	2024	YoY change (%)
Scope 1 GHG emissions					
Gross scope 1 GHG emissions (tCO ₂ e)	206 715	175 380	153 585	140 983	-8.2 %
Emissions from internal transports/ mobile combustion	4 306	2 474	2 770	3 236	16.8 %
Emissions from non-ETS fuels	1 982	1 953	1 622	1 325	-18.3 %
ETS process emissions	68 205	57 888	48 565	46 828	-3.6 %
ETS combustion emissions	132 203	112 941	100 459	89 493	-10.9 %
Emissions from refrigerants	19	123	169	101	-21.6 %
Percentage of scope 1 GHG emissions from regulated emission trading schemes (%)	97 %	97 %	97 %	97 %	
Scope 2 GHG emissions					
Gross location-based scope 2 GHG emissions (tCO ₂ e)	N/A	N/A	N/A	31 779	N/A
Gross market-based scope 2 GHG emissions (tCO ₂ e)	9 188	4 709	3 949	1 487	-62.4 %
Significant scope 3 GHG emissions					
Total gross indirect (scope 3) GHG emissions (tCO ₂ e)	490 022	430 998	349 848	303 514	-13.2 %
1 Purchased goods and services	308 184	270 665	210 196	180 685	-14.0 %
3 Fuel and energy-related activities (not included in scope 1 or scope 2)	61 072	53 541	47 924	39 966	-16.6 %
4 Upstream transportation and distribution	64 347	55 898	47 836	47 344	-1.0 %
5 Waste generated in operations	5 952	7 709	5 010	5 532	10.4 %
10 Processing of sold products	35 598	30 243	28 080	26 822	-4.5 %
12 End-of-life treatment of sold products	14 870	12 943	10 801	3 165	-70.7 %
Total GHG emissions					
Total GHG emissions (location-based) (tCO ₂ e)	696 737	606 378	503 854	476 276	-5.5 %
Total GHG emissions (market-based) (tCO ₂ e)	705 924	611 087	507 382	445 984	-12.1 %

A large, dark blue pyramid composed of many circular steel coils, arranged in a triangular pattern. The coils are stacked on top of each other, creating a sense of depth and scale. The background is a solid, light blue color.

97 %
recycled content
in our products

0.35
tCO₂e/t hot-rolled
steel (scope 1, 2 & 3) *

* as defined by SBTi steel sector guidance

59 %
reduction of CO₂e
emissions since 2015 *

* scope 1 & 2 emissions per tonne of sold goods



CASE

MODERNIZED BOXHOLM FURNACE BRINGS OIL-BURNING TO AN END ACROSS OVAKO

In Summer 2024, we completed an important step in our journey to zero carbon emissions by updating our Boxholm furnace, to a new energy-efficient design that runs on oxyfuel.

At our production site in Boxholm there is a fine section mill for producing round and flat bar and a profile mill for producing profiles. The furnace heats the steel to the required temperature for rolling, which is close to 1 200°C before rolling. The EUR 5.5 million project has reduced the energy consumed in this process by 50 percent, while lowering CO₂ emissions by 6 000–7 000 tonnes annually.

In a fast-track project, carried out in just six weeks, we completely rebuilt and upgraded the furnace to burn an oxyfuel mix of propane and oxygen. This is just the start, since the furnace has been designed to have the flexibility to use any suitable fossil-free gas in the future, such as biogas or hydrogen.

Biogas is an environmentally friendly, renewable energy source produced by the breakdown of organic matter such as food scraps, animal waste or forest biomass. The future capability to run on hydrogen is a very significant development since the only combustion product will be water.

While the initial benefits of the updated furnace are already impressive in terms of enhanced energy efficiency and reduced carbon emissions, we are confident that further refinements will bring even greater benefits. Furthermore, the new furnace burners ensure more even heating of the steel that has boosted productivity and quality. So, while the furnace previously could handle 12 tonnes of steel an hour, this is now up to 18 tonnes.

This step has completed the transition from burning oil across all our sites. To mark its significance, in March 2025, Sweden's Minister for Climate and the Environment, Romina Pourmokhtari, carried out the official inauguration of Boxholm site's new energy-efficient furnace.



POLLUTION

As a major steel producer, we acknowledge the substantial environmental responsibilities inherent in our operations, particularly concerning the impacts on air, water, soil, and the management of substances of very high concern. This report section provides an overview of our pollution-related impacts, assessing the risks associated with pollution to air and water, potential soil contamination, and the handling of hazardous substances.

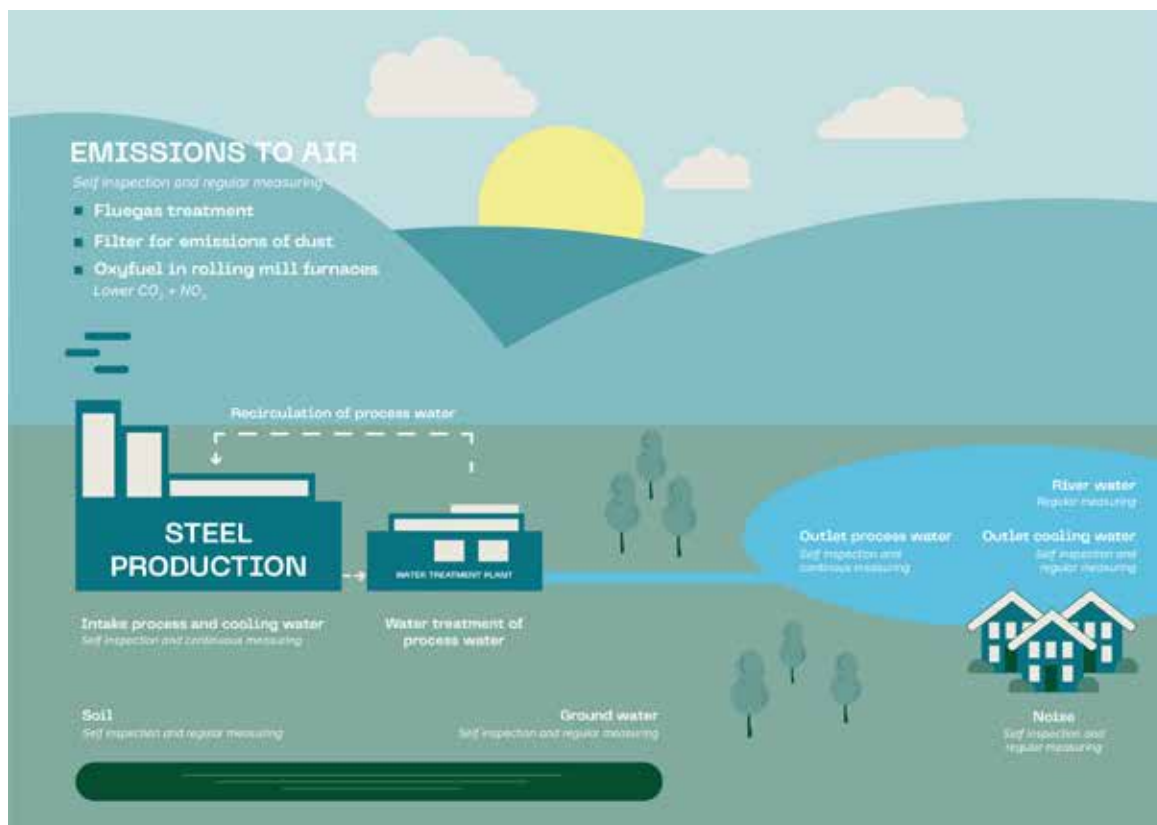
We are dedicated to implementing robust strategies to mitigate these impacts, focusing on reducing particulate matter and gaseous emissions, ensuring responsible water discharge, and preventing soil contamination through careful waste and operational management and recurring sampling. Additionally, we are committed to phasing out chemicals such as chromium trioxide and substituting harmful chemicals with less harmful alternatives.

Pollution to air

Ovako has an actual material negative impact with regards to the pollution to air across our value chain, directly and indirectly, due to the nature of our operations. Pollution to air stems from our own production and includes the emission of nitrogen oxides (NO_x), sulphur oxides (SO_x), particles, and dust. The process in the steel mill, and the furnaces that heat the raw material prior to rolling,

produces the most air pollution. Pollution to air related to the transportation of our products also has a negative impact, with emissions of ozone, particles, and NO_x being the most significant pollutants. As a mitigating action, we seek to be as effective as possible when shipping our products, and are mostly transported by train between our sites, and we prioritize as emitting-friendly alternatives as possible, throughout our up- and downstream supply chain.

Our primary source of scrap metal, used as raw material, comes from well-established recycling stations operated by suppliers mainly within the Nordics as well as metal recovered from e.g., building demolitions and recycling. In the downstream value chain (other than transport), we see minimal pollution-related IROs connected to our products.



Pollution to water

Water is used at different stages of our supply chain, from the extraction and production of raw materials to the production of our steel, downstream through the production. As we use water in different stages of our own production, pollution to water mainly relates to different metals from the steel production and rolling.

We acknowledge that there is a potential risk of pollution incidents, but we have mitigated risks through long-term and continuous initiatives. All our sites have internal water treatment plants, where all water is treated before being released into the adjacent water body.

Upstream operations involved in collecting, storing, processing, and supplying recycled scrap steel are considered to have a low risk of water pollution, with impacts generally well-contained. The likelihood of negative upstream impacts is higher for materials sourced in their raw state, particularly due to water pollution from ore and mineral processing. This risk is significantly elevated in countries with weak or poorly enforced environmental regulations.

Downstream, the primary sectors affected would be construction and production, with minimal expectations for water pollution resulting from the steel products that we put on the market.

The financial implications of water pollution include regulatory fines, remediation costs, and reputational damage. Additionally, our operations are highly dependent on proximity to water, as major production facilities rely on access to this resource.

Pollution to soil

In our upstream value chain, it is likely that the component of materials is being sourced in their raw state. Soil pollution from extraction and processing of ore and minerals is likely to be high from unregulated or low regulatory diligent countries.

For our own operations, soil contamination could occur as a part of the processing work due to the nature of equipment on-site and the process involved. Contaminants could consist of metals and oil. Long-term use of land and exposure to chemical substances can impact the soil and groundwater of the corresponding local area even if the impact is localized, especially if not properly managed. Ovako has been addressing our legacy impacts for a long time and follows a strict environmental program to mitigate these risks.




Substances of very high concern (SVHC)


Ovako Cromax AB, a leading European manufacturer of hard-chrome plated bars and tubes, with a focus on hydraulic piston rods in high-end applications. Hard-chrome plating gives rise to a surface with a very high wear resistance. Our hard-chrome plated products have been surface treated with chromium trioxide which contain hexavalent chromium, a SVHC. The chromium trioxide is only used during the production phase. The finished product contains metallic chrome, but no hexavalent chrome, and is 100 percent recyclable.

We always comply with applicable European and national chemical legislation and are actively seeking alternatives in the form of different techniques to be able to substitute to less hazardous substances. For example, we established a new production line a few years ago to test alternative solutions. At the present, to be able to deliver the requested quality, the usage of chromium trioxide is the only option.

As Ovako depends on these substances to some extent, stricter regulations or a potential ban could pose a financial risk to the business areas that rely on them.

Ovako Group does not use any substances of concern (SC).

Topic	Significant IROs	Materiality	Value chain occurrence		
					
Pollution to air	Pollution to air of NOx, SOx, particles and dust from production processes, as well as particles and O ₃ from ground transport.	I	■	■	■
Pollution to water	Process water polluted during production process. Active and long-term initiatives and water treatment plants mitigate risk of pollution, but drives cost. Soil pollution potentially affecting ground water on the long-term.	F + I	■	■	■
Pollution to soil	Potential occurrence due to the nature of the industry. Legacy impact likely due to less environmentally friendly methods in the past.	I	■	■	■
Substances of very high concern	Chromium trioxide is only used in production in Cromax. The finished product contains no hexavalent chrome.	F + I	■	■	□

F = Financially I = Impact  Upstream  Own operations  Downstream

Management of impacts, risks, and opportunities*Policies*

Ovako's group policies are adopted and implemented by the Board of Directors. At site level, all production units further develop this by implementing routines for their employees. The management team at each site adopts these routines and ensures they are effectively communicated throughout the organization by the designated manager. Our policies form the foundation of our approach to key material topics, providing guidelines, expectations, and actions. In addition to our policies, we also have other steering documents, called Standards, that complement the policies and serve as the foundation for our sustainability efforts, alongside applicable laws and regulations.



Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognized instruments	Availability
Code of Conduct	<ul style="list-style-type: none"> By manufacturing steel with low climate impact without compromising the quality of the steel. Work together with customers, suppliers and other stakeholders to reduce total environmental impact. By investments that minimize its environmental impact, ensure that it meets the strict requirements imposed on it by legislation and by its customers. 	Employees	Board of Directors	Universal Declaration of Human Rights	Website and intranet
Environmental and Energy Policy	<ul style="list-style-type: none"> Aim to decarbonize our processes by substituting fossil-based and other non-renewable energy and materials. Employees must consider the environment in their daily work and receive continuous training. Compliance with applicable laws and regulations as a minimum. Units shall operate in such a manner that the environment is protected. Best practice and innovative technology will be assessed with consideration to environmental protection. Employees and managers work together to eliminate hazards and reduce the risk of environmental incidents. Committed to minimizing negative environmental impact related to all emissions, incl. water, air, GHG, noise and chemical management. Maintain a high level of environmental awareness, comply with applicable rules and work instructions, and promptly report all accidents, incidents and unsafe conditions. 	Employees and suppliers working on Ovako's premises	Board of Directors	EU Farm Animal Welfare Council / World Organisation for Animal Health	Website and intranet
Supplier Code of Conduct	<ul style="list-style-type: none"> To minimize the environmental impact our suppliers shall be committed to: <ul style="list-style-type: none"> act in accordance with applicable laws and regulations, take precautionary measures in case of or if there a reason to believe negative impact, take responsibility for paying the social and economic costs arising from damages caused by the party, plan, control, measure/assess and establish relevant documented strategies and systems on sustainability. 	Business partners and suppliers	GEM	ILO Declaration, Rio Declaration, Ten Principles of the UN Global Compact 2000, Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights	Website and intranet
Environmental Standard	<ul style="list-style-type: none"> Ovako core values: Skilled, Responsible and Innovative, which are fundamental to the environmental work. Outlines roles, responsibilities and allocation of tasks of the environmental work. Covers activities, documents and instructions for important environmental areas. 	Employees	GEM		Intranet
Sustainability Policy	<ul style="list-style-type: none"> All units shall operate in such a manner that the environment is protected. Remediate negative impact from and safeguard against pollution to air, water and soil. Chemicals to be used shall always be the ones with the least environmental impact. 	Employees	Board of Directors		Intranet
Sustainability Standard	<ul style="list-style-type: none"> Ensure adequate measures and processes to minimize pollution to air, water, and soil, and to the outmost extent remediate negative impact and continuously strive to improve processes, to safeguard against pollution. Chemicals to be used shall always be the ones with the least environmental impact, and Ovako shall ensure safe handling, storage and disposal of chemicals. Substances of very high concern shall be eliminated when possible or kept to an absolute minimum. 	Employees	GEM		Intranet

Actions

We have published EPDs that cover the full environmental impact of hot-rolled steel bars from our units, making it possible to compare the global average and Ovako's environmental footprint from cradle-to-gate. This information helps customers to make accurate calculations and informed decisions regarding the steel purchases. One key initiative related to all sub-topics is emergency preparedness training, where we have conducted emergency drills in the past, and we are planning future exercises to ensure everyone is well-equipped, in case of an emergency. Ovako also maintains a close collaboration with the local Fire and Rescue Services. For instance, some of our sites have local Fire and Rescue personnel trained and working on-site.

Pollution to air

All non-diffuse sources of dust emissions are fitted with filters, and emissions are regularly monitored according to self-inspection programs. Self-inspections are part of the management system and include samplings with follow-ups conducted and reported weekly, monthly, quarterly, or annually according to every site's environmental permit.

Over the past years, we have reduced the emissions of carbon dioxide and nitrogen oxide through ongoing development of more efficient heating processes. Conversion of furnaces from liquidized petroleum gas, natural gas or oil to electricity has resulted in further reduction of emissions, as well as energy savings. Our rebuilt furnace in Boxholm, the adoption of fossil-free energy, and the elimination of oil combustion in our steel mills are key measures aimed at reducing air pollution.

Pollution to water

Used process water is treated in our on-site water treatment plants before being either released or reused in our production process. The treatment process involves several stages, including sedimentation basins for settling solids, sand filters for removing finer particles, and oil separation to remove any oil contamination. Emissions are continuously monitored through self-inspection programs and analyzed by accredited external laboratories. Between 95-99.5 percent of the process water can be reused as process water after treatment. As part of our management system, self-inspections include sampling groundwater and discharge water, with follow-ups conducted and reported on a weekly, monthly, quarterly, or annual basis, in accordance with each site's environmental permits.

We recognize the significant risk associated with uncontrolled discharges. For example, at our Hällefors facility, a dam is in place as a preventative measure to contain any potential spills. As a final contingency, we also have boats equipped with decontamination equipment readily available to deploy into the river to contain any accidental releases.

Some of our actions in the area:

- We implement thorough water sampling at all facilities in Sweden and Finland. This includes regular monitoring of local water courses upstream and downstream water within the operation sites and groundwater.
- Investment in the water treatment plant in Hällefors, specifically designed to decrease nickel.
- Implementation of upgraded firefighting water management systems to improve environmental protection.
- Strategic investments to enhance monitoring and control of all discharge emissions.
- Facility upgrades aligned with environmental compliance requirements and sustainability goals.

Pollution to soil

Our operations generate minimal, if any, soil pollution. However, to ensure that no contamination occurs and to enable a swift response in the event of an incident, we have several precautionary measures in place. We also collect soil and groundwater samples according to self-inspection program based on the environmental permits. We also provide status reports along with detailed soil analysis.

Substances of very high concern

We take a lot of actions to mitigate any potential negative impact of the substances of very high concern used at our sites. The only substance of very high concern used at Ovako is chromium trioxide, which is used at our three Cromax sites and is only used during the production phase. Hexavalent chrome is an integral component of the alloy in the product, and as such, there is no risk of pollution from the finished products which contains metallic trivalent chrome, but no hexavalent chrome. Ovako has implemented a management system, which covers the use of chemical substances throughout the entire organization. One of the objectives of the system is to actively reduce the use of hazardous chemical substances throughout Ovako's production processes.

Over the past few decades, our way of working has changed significantly. Today, our employees on the sites primarily operate machinery through remote controls, minimizing their exposure to hazardous substances. Additionally, our employees regularly use meters to monitor certain emissions, and we enforce strict regulations on what is released into the air during production.

We collect and store data for decades, ensuring long-term accountability, and include reference personnel in our measurements for accuracy. Our proactive approach prioritizes safety and preparedness.

Targets

We are currently redesigning the previously set targets. During FY2025, we will revise these targets to better align with the topics and sub-topics outlined in the ESRS.

Metrics

Pollution to air

Ovako did not exceed any air pollution reporting thresholds in relation to our environmental permits during the reporting year. However, we continuously monitor and test for potential exceedance of pollution and will report accordingly if any thresholds are exceeded in the future.

The pollution to air presented in the table include only values where the threshold is surpassed as stated in the European Pollutant Release and Transfer Register as suggested in the ESRS on site-level.

Type of pollutant to air	Threshold (kg)	Amount of emissions in kg – CY2024
Chromium and compounds	100	198
Zinc and compounds (as Zn)	200	690
Nitrogen oxides (NOx/NO ₂)	100 000	119 000



Pollution to soil

Ovako did not exceed any soil pollution reporting thresholds during the reporting year. However, we continuously monitor and test for potential contamination and will report accordingly if any thresholds are exceeded in the future.

Pollution to water

Ovako did not exceed any water pollution reporting thresholds in relation to our environmental permits during the reporting year. However, we continuously monitor and test for potential exedance of pollution and will report accordingly if any thresholds are exceeded in the future.

The pollution to water presented in the table include only values where the threshold is surpassed as stated in the European Pollutant Release and Transfer Register as suggested in the ESRS on site-level. Not included in the table; arsenic and compounds (as As), cadmium and compounds (as Cd), chromium and compounds (as Cr), copper and compounds (as Cu), lead and compounds (as Pb), and mercury and compounds (as Hg). Arsenic and compounds were not measured for Boxholm, Hällefors, and Imatra. Cadmium and compounds, and chromium and compounds were not measured for Imatra. Mercury and compounds were not measured for Hällefors and Imatra.

Type of pollutant to water	Threshold (kg)	Amount of emissions in kg – CY2024
Nickel and compounds (as Ni)	20	93
Zinc and compounds (as Zn)	100	144



"At Ovako, safety isn't just a policy — it's a mindset. I'm proud to be part of a team where we look out for each other every day and work together to create a safe, sustainable workplace. Knowing that both our efforts and our production of recycled steel contribute to protecting the environment makes the work even more meaningful."

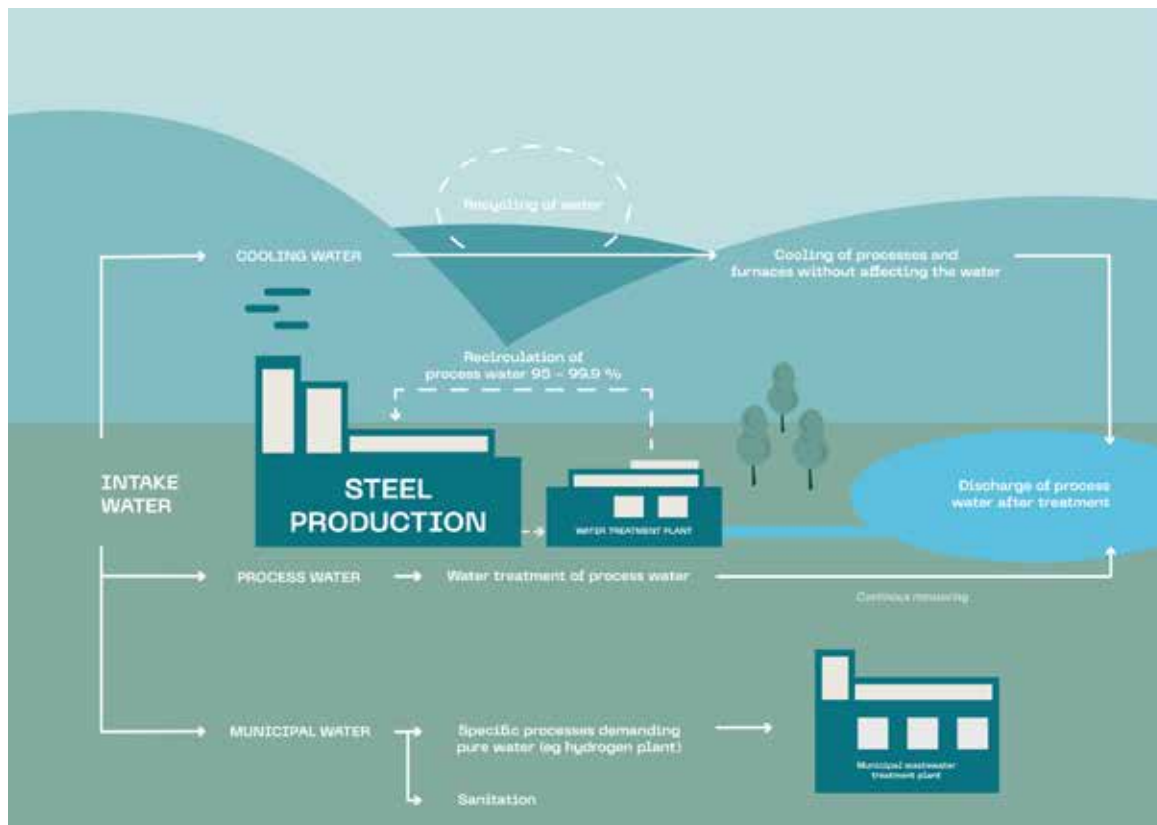
André Allansson, EHS Coordinator Business Unit SmeBox

WATER AND MARINE RESOURCES

Ovako depends on the supply of water as an ecosystem service and withdraws water for cooling our processes at our various sites. Ovako employs a multi-faceted strategy for water management, focusing on efficient utilization, minimizing consumption through high recirculation rates, thorough treatment of process water, and continuous monitoring of our discharges and the surrounding aquatic environment. Our approach is guided by relevant permits, self-inspection programs, and a commitment to exceeding regulatory requirements.

Historically, steel production sites were often established near lakes and major water courses, reflecting the industry's reliance on substantial water resources. Ovako's primary production facilities continue this legacy,

operating in locations with abundant water access. While these regions are not classified as water-stressed, Ovako is committed to optimizing water efficiency throughout its processes.



Impacts, risks, and opportunities

Upstream

Our input material consists of 97 percent recycled material, with limited water usage connected to it. The remaining three percent are dependent on water, especially in the mining and production of raw materials.

Own operations

Our operations rely on water in numerous ways. We utilize several distinct water sources to meet the diverse needs of our manufacturing processes and facilities. Our operations utilize water from both natural water bodies and municipal supplies. The full water cycle is presented below, and the image on the previous page illustrates the diverse applications of water across our manufacturing processes and facilities.

Water sources and usage

We utilise several distinct water sources to meet the diverse needs of our manufacturing processes and facilities:

1. Cooling water: Water is essential for cooling various aspects of our operations

Cooling water is drawn into the factory from nearby watercourses but never comes into direct contact with the production process. One stream of this filtered water circulates around machinery to cool it down without entering the production line itself. At some of our buildings, heat exchangers are in place to capture thermal energy from this cooling water and utilize it for district heating purposes, effectively warming the buildings with the outflow from the cooling machinery.

We also operate a separate closed-loop system for cooling water reuse. This system utilizes cooling towers to recirculate the water. However, when this reused cooling water no longer meets the required cooling efficiency, it is discharged. This reused cooling water is specifically tracked and reported on.




2. Process water: A dedicated water circuit is employed for core manufacturing activities



Process water is drawn directly from the river located next to our sites through a dedicated pipeline and supplied to various industrial operations. This water serves to cool and clean these operations and, as a result, becomes contaminated. The used process water then flows to our on-site water treatment plant (see more under the “Pollution”-chapter). This closed-loop system allows for a high recirculation rate, typically between 95-99.5 percent, significantly minimizing our overall water withdrawal, even though we handle a large volume of water.

Our approach to water management, in the past and present, and in particular the high rate of recirculation, is a key factor when we analyze our overall water consumption and the related impacts. Our operational dependence on proximity to water underscores the critical importance of responsible water management.

3. Municipal water: The public water supply serves essential domestic and specific industrial purposes

Municipal water, is supplied to our facilities via the local water plant and released to the municipal wastewater treatment plant. Within our operations, the use of municipal water can be broadly divided into two areas. Firstly, it supplies hygiene and welfare facilities such as kitchens, showers, and toilets, with the wastewater from these areas going to the municipal treatment. Secondly, smaller quantities of municipal water are utilized in specific industrial processes where a high level of purity and particle-free water is a critical requirement for product quality. The hydrogen plant in Hofors represents the most significant use of municipal water within our industrial processes due to its need for this high-purity water for the hydrogen plant. Historically, we have decreased our reliance on municipal water, but last year it increased primarily due to the new hydrogen plant in Hofors.

Topic	Significant IROs	Materiality	Value chain occurrence		
					
Water consumption	Dependency for production, and sites once chosen due to water availability. Also needed for production in our hydrogen plant to lower emissions.	F + I	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Water withdrawals	Dependency for production, and sites once chosen due to water availability.	F + I	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Water discharges	After the production and water treatment process, the water is discharged back to the nearby waterway.	F + I	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

F = Financially I = Impact  Upstream  Own operations  Downstream

Management of impacts, risks, and opportunities

Policies

Ovako's group policies are adopted and implemented by the Board of Directors. At site level, all locations can further develop this by implementing routines for their employees. The management team at each site adopts these routines and ensures they are effectively communicated throughout the organization by the designated manager.

Our policies form the foundation of our approach to key material topics, providing guidelines, expectations, and actions. In addition to our policies, we also have other steering documents, called Standards, that complement the policies and serve as the foundation for our sustainability efforts, alongside applicable laws and regulations.

Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognized instruments	Availability
Code of Conduct	<ul style="list-style-type: none"> By manufacturing steel with low climate impact without compromising the quality of the steel. Work together with customers, suppliers and other stakeholders to reduce total environmental impact. By investments that minimize its environmental impact, ensure that it meets the strict requirements imposed on it by legislation and by its customers. 	Employees	Board of Directors	ILO Declaration, Rio Declaration, UNGP, Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises	Website and intranet
Environmental and Energy Policy	<ul style="list-style-type: none"> Employees must consider the environment in their daily work and receive continuous training. Compliance with applicable laws and regulations as a minimum. Committed to minimizing negative impact related to all emission, including e.g., water. 	Employees and suppliers working on Ovako's premises	Board of Directors	EU Farm Animal Welfare Council / World Organisation for Animal Health	Website and intranet
Supplier Code of Conduct	<ul style="list-style-type: none"> To minimize the environmental impact our suppliers shall be committed to: <ul style="list-style-type: none"> act in accordance with applicable laws and regulations, take precautionary measures in case of or if there a reason to believe negative impact, minimize water consumption, effectively reuse and recycle water with responsible treatment of wastewater and prevent potential impacts from flooding, take responsibility for paying the social and economic costs arising from damage caused by the party, plan, control, measure/assess and establish relevant documented strategies and systems on sustainability. 	Business partners and suppliers	GEM	ILO Declaration, Rio Declaration, Ten Principles of the UN Global Compact 2000, Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights	Website and intranet
Environmental Standard	<ul style="list-style-type: none"> Ovako core values: Skilled, Responsible and Innovative, which are fundamental to the environmental work. Outlines roles, responsibilities and allocation of tasks of the environmental work. Covers activities, documents and instructions for important environmental areas. 	Employees	GEM		Intranet
Sustainability Policy	<ul style="list-style-type: none"> All units shall operate in such a manner that the environment is protected. Remediate negative impact from and safeguard against pollution of air, water and soil. Chemicals to be used shall always be the ones with the least environmental impact. 	Employees	Board of Directors		Intranet
Sustainability Standard	<ul style="list-style-type: none"> Ensure adequate measures and processes to minimize pollution of air, water, and soil, and to the outmost extent remediate negative impact and continuously strive to improve processes, to safeguard against pollution. Chemicals to be used shall always be the ones with the least environmental impact, and Ovako shall ensure safe handling, storage and disposal of chemicals. Substances of very high concern shall be eliminated when possible or kept to an absolute minimum. 	Employees	GEM		Intranet

Actions

Ovako actively works to limit our water dependency and usage of water. This is done through ongoing and rigorous processes. However, there are trade-offs with other objectives, such as reducing our energy or fossil dependency which results in an increased water dependency. As we are located on sites that are not assessed as high water-stress areas, this is a reasonable trade-off to make. Past and present actions worth highlighting are that:

- We prioritize water conservation by striving for a high recirculation rate of 98-99 percent for our treated process water, achieved through the use of water treatment plants and cooling towers. This significantly minimizes our overall water withdrawal.
- While not reported under this nor the pollution chapter, we analyze stormwater runoff to gain a holistic understanding of potential environmental risks.
- A portion of the water used in our processes is efficiently utilized for heating our buildings.
- The recent implementation of the new rolling stand at our Hällefors facility.

Targets

We are currently redesigning the previously set targets. During FY2025, we will revise these targets to better align with the topics and sub-topics outlined in the ESRS.

Measuring water dependency

Ovako has many measuring points to make sure our active water management is effective, and so that improvement measures can be implemented where needed the most. The more structured data collection initiated as part of our CSRD-journey has highlighted that we across our business units measure somewhat differently. These measurement discrepancies prevent us from presenting this data in a faithfully represented manner for FY2024. We will address these discrepancies so that we can present data concerning, e.g., our water consumption and water recycling.



RESOURCE USE AND CIRCULAR ECONOMY

According to The Geological Survey of Sweden, steel is the world's most recycled material, capable of being remelted indefinitely without losing its properties. On average, Ovako's steel products are made from more than 97 percent recycled steel, contributing to a sustainable life cycle for our customers' end applications. When considering iron sources alone, the recycled content increases to 99 percent.

By using recycled steel scrap as the foundation of our production, we produce high-quality steel with a lower climate impact (as compared to the industry average), while conserving the planet's valuable resources—without compromising on quality. Once a product or system containing steel reaches the end of its life, it can be fully recycled again.













At Ovako, we believe in the power of teamwork. We support collaboration by sharing knowledge and insights, closely engaging with our customers, and suppliers and partnering with several stakeholders in the industry. Together, our aim is to develop a sustainable society while promoting awareness of how high-performance steel contributes to a climate-conscious circular economy.




Management of impacts, risks and opportunities

Ovako mills recycle their own steel scrap, as well as scrap from downstream manufacturing industries and end-of-life products to conserve energy, emissions and natural resources. We are one of the largest recyclers in the Nordic region. Not all scrap is the same, therefore, all external steel scrap is supplied by long-term

partnership suppliers, and we sort our incoming scrap material into multiple categories based on its alloy content, size and shape.

By closely matching the quality of the scrap to the steel grade we are to produce, we reduce the amount of virgin alloys needed. This makes Ovako an important part of the circular economy. A statement on recycled content and recyclability is available at ovako.com.

Topic	Significant IROs	Materiality	Value chain occurrence		
					
Resource inflows, including resource use	Dependency on raw material. Clean steel scrap is expected to increase in price and become less available.	F + I			
Resource outflows related to products and services	Outflow of steel and by-products that is put on the market.	F			
Waste	Occurrence of waste from the mining of virgin material input, residual and hazardous waste products in own operations, as well as dependency on functioning waste streams for re-use of steel scrap.	F + I			

F = Financially I = Impact  Upstream  Own operations  Downstream

Resource inflows

From an impact perspective, our influence on resource inflows is primarily in the upstream value chain and our own operations. Upstream, 97 percent of the content of our products originates from recycled steel scrap, with only three percent consisting of alloys containing specific raw materials. Additionally, resource consumption for machinery, plant operations, electricity, and base fuels is limited. Our operations also rely on, e.g., coal, natural gas and propane, which you can read more on under the Climate change chapter.

On the other hand, from a financial perspective, the growing demand for steel, particularly recycled steel, presents a financial risk. By 2030, Nordic steel scrap may be harder to find, increasing reliance on imports. This may drive up transportation costs, raise environmental impacts, and make it more expensive to meet reduction targets. Additionally, infinite recyclability and regulatory pressures are expected to push input costs higher across the upstream value chain, impacting our production costs.

Since alloys are essential for steel production with no viable substitutes, their cost could significantly affect company performance over the medium to long-term.

Ovako also has an opportunity related to this. By further exploring the implementation of recovery programs across industries, this could increase the availability of feedstock for key resource inputs.

Resource outflows

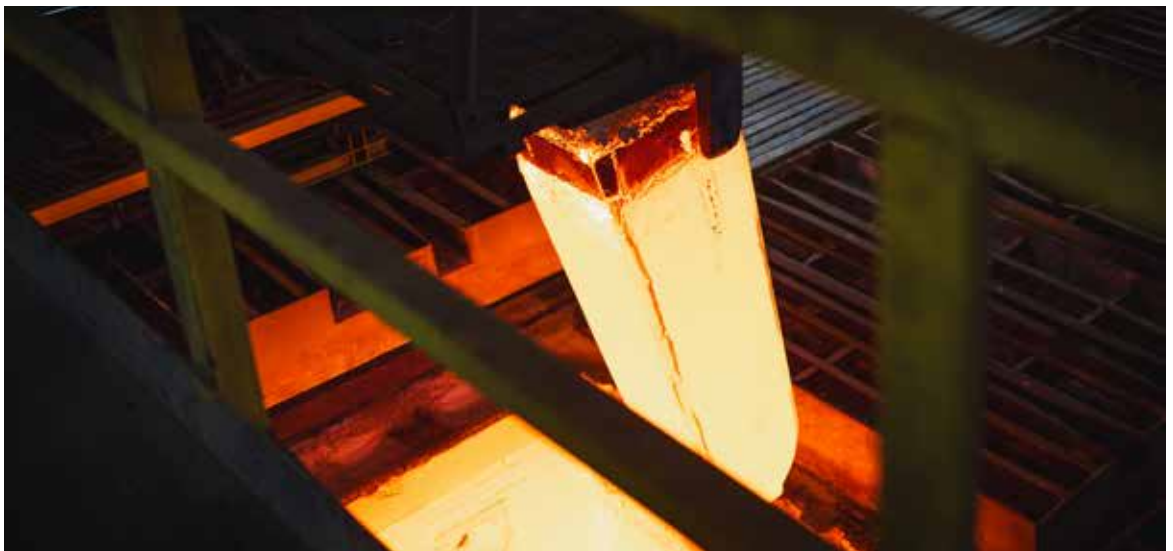
In our operations, the primary resource outflow is the final product manufactured by Ovako, which is considered material only from a financial perspective. Our ultimate goal is to explore potential applications for all our residual materials. In addition, we are committed to maximizing the generation of useful by-products from these residuals, advancing toward a circular economy

model where materials are reused, repurposed, and regenerated within a closed-loop system. Currently, we have moderate volume of residuals during production, including slag, grinding chips, dust, brick scrap, iron sulfate, and mill scale.

Globally, the average recycling rate for steel is 85 percent. Increasing this rate is challenging due to limitations in collection, disassembly, sorting, and copper content. While ongoing initiatives aim to establish standards, progress remains difficult. Compliance with legislation that exceeds Ovako's internal standards may impose a financial cost.

Ovako's steel can be found in some of the world's most demanding applications. Hence, we are dedicated to minimizing inclusions and other defects throughout our production processes, ensuring clean steel with superior fatigue strength compared to conventional steel. To showcase this, we have developed case studies with calculations that illustrate how much CO₂e has been saved in end-applications by using Ovako's high-performance steel products. Ovako focuses on providing quality steel products that enable end customers to reduce their CO₂e footprint.

Our steel makes customers' end-products more resilient and extends their useful life. This enables customers to produce solutions that are lighter, stronger and have lower environmental impact. For example, Ovako steel is used in the large bearings of wind turbines, and these bearings last as long as the turbines themselves. Another example is our IQ-steel, which is used to make injectors that withstand high-pressure cycling loads in diesel engines, reducing emissions. These are just two examples of how high-quality clean steel enables solutions with lower carbon footprint.



Waste

Waste is generated at various stages of our value chain, each with distinct impacts. Upstream, waste arises from the production and transportation of raw materials, products, and goods and services essential for Ovako's operations. Additionally, waste considerations extend to the mining phase, where raw materials required in components used in our own equipment contribute to overall waste generation.

Steel production generates residual products that can roughly be divided into three groups: hazardous waste, non-hazardous waste and by-products. In our own operations, moderate volumes of waste are generated during production. For packaging, the waste is relatively minimal, and the plastic and paper materials used for our products are being recycled. Additionally, managing steel waste in the downstream value chain remains an important consideration for Ovako, further supporting sustainability and circularity in our operations.

Looking at it from a financial perspective, the high cost to ensure end-products are sorted right to minimize the waste and reuse and recycle the material could have a financial impact. If hazardous waste is inappropriately handled this could potentially lead to fines. For the downstream part of our value chain, it includes further costs to manage the waste.

Management of impacts, risks, and opportunities

Policies

Ovako's group policies are adopted and implemented by the Board of Directors. At site level, all locations can further develop this by implementing routines for their employees. The management team at each site adopts these routines and ensures they are effectively communicated throughout the organization by the designated manager. Our policies form the foundation of our approach to key material topics, providing guidelines, expectations, and actions. In addition to our policies, we also have other steering documents, called Standards, that complement the policies and serve as the foundation for our sustainability efforts, alongside applicable laws and regulations.



Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognized instruments	Availability
Code of Conduct	<ul style="list-style-type: none"> By manufacturing steel with low climate impact without compromising the quality of the steel. Work together with customers, suppliers and other stakeholders to reduce total environmental impact. By investments that minimize its environmental impact, ensure that it meets the strict requirements imposed on it by legislation and by its customers. 	Employees	Board of Directors	Universal Declaration of Human Rights	Website and intranet
Environmental and Energy Policy	<ul style="list-style-type: none"> Employees must consider the environment in their daily work and receive continuous training. Compliance with applicable laws and regulations as a minimum. Employees and managers work together to eliminate hazards and reduce the risk of environmental incidents. Maintain a high level of environmental awareness, comply with applicable rules and work instructions, and promptly report all accidents, incidents and unsafe conditions. Environmental issues are considered when buying products and services. Circular economy principles of recycling, reusing and minimizing the use of non-renewable resources are a basis for our operations and achieved. 	Employees and suppliers working on Ovako's premises	Board of Directors	EU Farm Animal Welfare Council / World Organisation for Animal Health	Website and intranet
Supplier Code of Conduct	<ul style="list-style-type: none"> To minimize the environmental impact our suppliers shall be committed to: <ul style="list-style-type: none"> act in accordance with applicable laws and regulations, take precautionary measures in case of or if there a reason to believe negative impact, use resources efficiently and strive to minimize environmental pollution and negative impact, take responsibility for paying the social and economic costs arising from damages caused by the party, plan, control, measure/assess and establish relevant documented strategies and systems on sustainability. 	Business partners and suppliers	GEM	ILO Declaration, Rio Declaration, Ten Principles of the UN Global Compact 2000, Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights	Website and intranet
Environmental Standard	<ul style="list-style-type: none"> Ovako core values: Skilled, Responsible and Innovative, which are fundamental to the environmental work. Outlines roles, responsibilities and allocation of tasks of the environmental work. Covers activities, documents and instructions for important environmental areas. 	Employees	GEM		Intranet
Purchasing Policy	<ul style="list-style-type: none"> Manufacture low climate impact steel without compromising the quality of the steel. 	Employees	Board of Directors		Intranet
Sustainability Policy	<ul style="list-style-type: none"> Use resources responsibly, within the limits of the planetary boundaries, and contribute to a circular economy. Strive to limit all use of resources, especially virgin resources. 	Employees	Board of Directors		Intranet
Sustainability Standard	<ul style="list-style-type: none"> The circular economy principles of recycling, reusing, and minimizing the use of non-renewable resources are a basis for our operations. Waste generation should be kept to a minimum. Any waste generated shall be seen as a resource that shall be directed to recycling and reuse. 	Employees	GEM		Intranet

Actions

The Delegation for a Circular Economy

Since 2023, our CEO Marcus Hedblom has been part of the Delegation for a Circular Economy. This is an advisory body to the Swedish government with the aim of driving towards a more circular economy while enhancing Swedish competitiveness. The body works closely with policymakers to raise awareness of good practices in circularity through events and sharing news from its network, as well as publishing opportunities to access funding.

Resource inflows

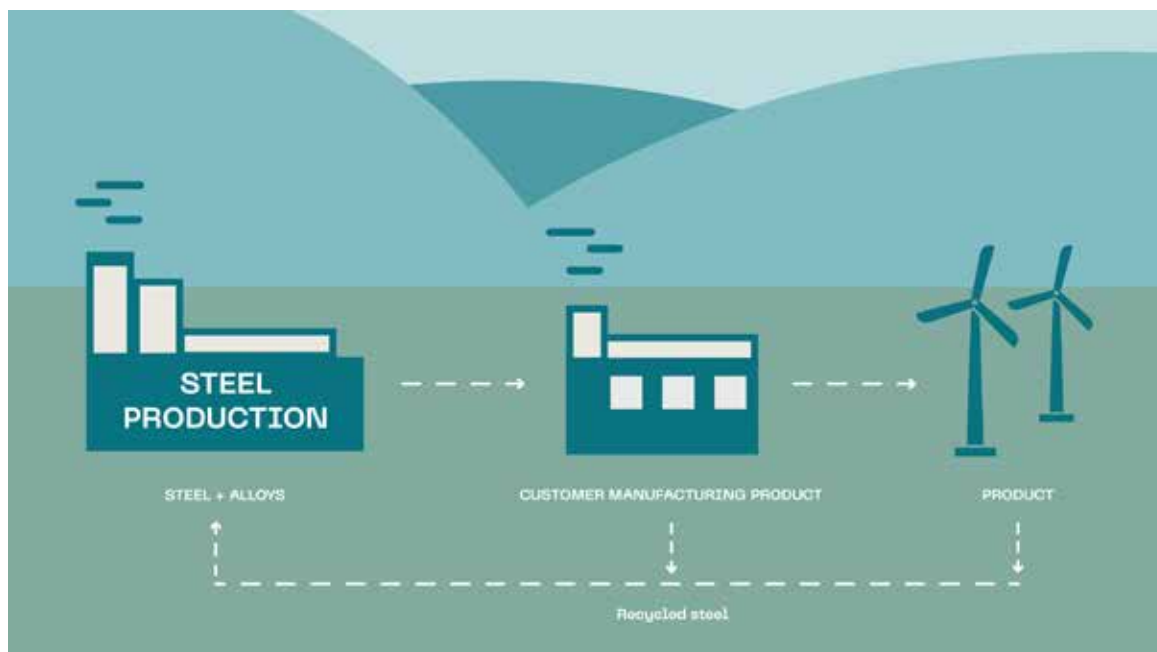
Since not all scraps are the same, we carefully sort incoming materials based on alloy content, size, and shape. By precisely matching the scrap quality to the steel quality grade and specification of any batch we produce, we minimize the need for virgin alloys as well as energy usage. We have over 15 separate streams of steel for recycling, each with different alloying content and other attributes. This approach is a key factor in achieving a cradle-to-gate carbon footprint that is 80 percent lower than the global average. By continuously cooperating with our scrap suppliers on various initiatives, we always strive towards an optimal fractionalization of our scrap inflows.

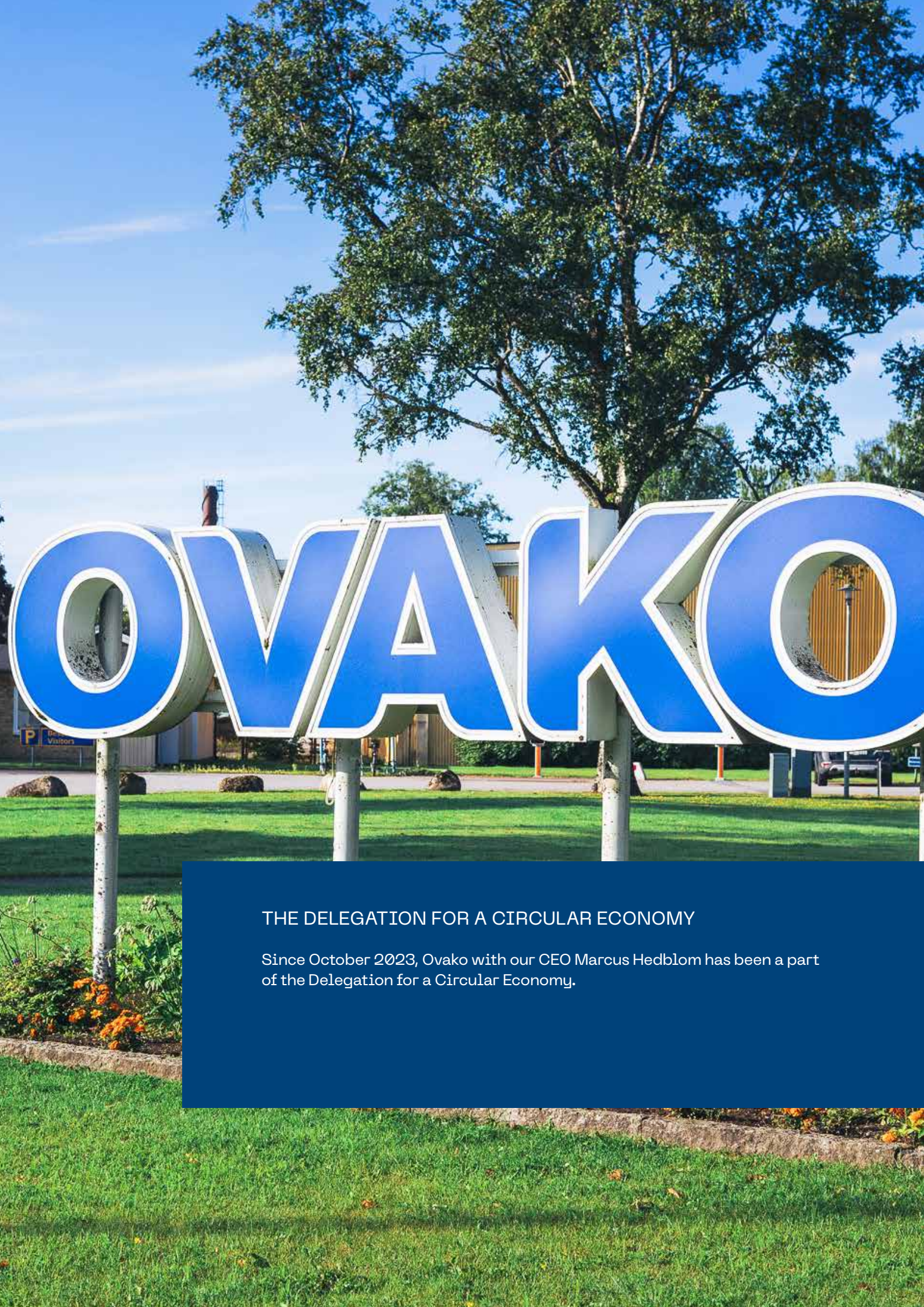
Resource outflows

A natural outcome of our production processes is the generation of several by-products and waste, which we actively channel back into the economy through strategic partnerships and internal processes.

This commitment to the circular economy allows these materials to be reused, sometimes requiring further processing. Examples of various ways that we circle back the materials we use in our production processes:

- Our zinc-rich filter dust is supplied to companies for zinc extraction and subsequent use in rust protection and galvanization.
- Slag from our electric arc furnace undergoes internal processing to recover metal for reuse, with the remaining slag finding applications in the construction industry.
- We are exploring the potential of lime-rich slag for use in cement production.
- Refractory materials are sold to produce new refractory mass.
- Olivine sand (post-metal separation) is sold for mineral wool production.
- Mill scale is utilized as counterweights in elevators.
- Oxygen lances granulate is sold for ferrosilicon production, also serving as an iron carrier.





THE DELEGATION FOR A CIRCULAR ECONOMY

Since October 2023, Ovako with our CEO Marcus Hedblom has been a part of the Delegation for a Circular Economy.

Highlighting the recycling of magnesite bricks in the resource outflow

In our ongoing commitment to sustainability, we have dedicated the past two years to a significant project focused on recycling magnesite bricks, a key byproduct of our production process. These bricks contain valuable components: carbon, essential for our electric arc furnace operations, and magnesium oxide (MgO), a crucial slag former. Traditionally, we have relied on virgin dolomite as a slag former. However, this process has a substantial environmental footprint. It involves quarrying and rotary kiln operations, making it our second-largest source of carbon emissions.

Our innovative solution involves collecting and crushing the used magnesite bricks into small granules. This recycled material serves as an effective substitute for dolomite, significantly reducing our environmental impact. Detailed calculations have shown that by processing this existing byproduct, we have saved approximately 3 700 tonnes of CO₂ annually. This saving is further amplified by eliminating the need for long-distance transport and the carbon-intensive processes associated with dolomite extraction, including the use of heavy oil and other carbon-rich fuels.

By reusing magnesite bricks, we are not only reducing our carbon footprint but also contributing to a more sustainable and circular production model. This initiative is a testament to our dedication to finding environmentally responsible solutions within our industry.

Waste

We are working on minimizing the waste generated in our production, and we sort hazardous and non-hazardous waste to the greatest extent possible. In line with our sustainability efforts, a robust waste management strategy is an integrated part of daily operations. We are prioritizing waste reduction at the source, promoting recycling and resource recovery, and exploring waste-to-energy solutions where applicable.

As steel can be re-melted an infinite number of times, any defective products that occur on our production sites (or at our customers), as well as any left-over material that our customers ended up not using, are re-melted. Therefore, we have very limited amounts of steel waste.

By providing education, engagement, and ongoing innovation, we continuously strive to minimize our environmental footprint. The hazardous waste within our company consists of e.g., different oils, emulsions, and chemical substances. They are all managed in strict accordance with legal requirements.

Targets


We are currently redesigning the previously set targets. During FY2025, we will revise these targets to better align with the topics and sub-topics outlined in the ESRS.



Resource outflow	CY2024
Waste amounts	
Total waste generated (tonnes)	36 061.1
Waste types	
Non-hazardous waste (tonnes)	18 727.1
Hazardous waste (tonnes)	17 334.0
Radioactive waste (tonnes)	0.0
Waste recycling	
Recycled waste (tonnes)	29 366.1
Recycled waste (%)	81.4 %
Non-recycled waste (tonnes)	6 658.0
Non-recycled waste (%)	18.5 %
Unknown waste treatment (tonnes)	37.00
Unknown waste treatment (%)	0.10 %

Waste treatment types	Non-hazardous waste		Hazardous waste	
Waste directed from disposal (recycling)	Amounts (tonnes)	Share of non-hazardous waste (%)	Amounts (tonnes)	Share of hazardous waste (%)
Total	18 071.5	96.5 %	11 294.6	65.2 %
Reuse	0.0	0.0 %	123.8	0.7 %
Recycling	7 941.7	42.4 %	5 462.1	31.5 %
Other recovery	10 129.7	54.1 %	5 708.7	32.9 %
Waste directed to disposal (non-recycling)	Amounts (tonnes)	Share of non-hazardous waste (%)	Amounts (tonnes)	Share of hazardous waste (%)
Total	618.6	3.3 %	6 039.6	34.8 %
Incineration	0.0	0.0 %	1 272.5	7.3 %
Landfilling	609.2	3.3 %	2 862.4	16.5 %
Other disposal *	9.4	0.1 %	1 904.4	11.0 %

* Data on waste from Imatra was excluded in the 2024 reporting due to insufficient data quality



"I'm proud to be part of an organization that promotes environment and drives changes. Our involvement regarding sustainable development was rewarded in 2024 by the obtention of environment certificate ISO 14001."

Cyrille Ménard, QSE Manager Ovako Redon

OVAKO

ENVIRONMENTAL ACTIVITIES FY2024

Ovako has ambitious environmental targets. We aim for continued leadership in circularity while having one of the lowest carbon footprints in the steel industry. To reach our targets, we have performed many activities during FY2024.

Examples of activities in FY2024

- Conversion from oil in the rolling mill in Boxholm has resulted in an estimated reduction in energy consumption of 50 percent compared to the previous technology and a reduction in carbon emissions of 6 000–7 000 tonnes per year
- The Land and Environmental court approved the permit for hydrogen production at our site in Smedjebacken
- The steel mill in Hofors has replaced virgin magnesite with crushed brick, resulting in an annual CO₂ reduction of approximately 3 700 tonnes
- Implemented external CO₂-free district heating, resulting in 1 600 tonnes less CO₂ annually at our Imatra site
- By changing the ladle lip sand in the ladle furnace, we reduced CO₂ emissions at our Hofors site by 300 tonnes
- The program to install energy-efficient LED-lighting across our sites continued according to plan
- The hydrogen plant inaugurated in Hofors 2023 is up and running according to plan
- After investment in the rolling mill at Hällefors site, it has been possible to lower the temperature in the furnace and therefore reduce energy consumption and CO₂ emissions
- Change in the peeling line at our Hällefors site has reduced the internal transportation and improved the yield and decreased CO₂ emission with approximately 60 tonnes per year
- Improved the sorting of plastic waste at Imatra site and also improved internal recycling of side flows
- EV charging point for visitors at head office in Imatra were installed



SOCIAL

Our main purpose is to create a safe and secure workplace that is fair and inclusive for all our employees. This enables us to pursue our passion for delivering specialty steel that contributes to the value creation of both customers and society. We are committed to providing training and skills development throughout the organization and to all our employees on relevant different topics. We are proud that our LTI has decreased by 94 percent since 2015, reflecting our dedication to workplace safety.

Besides our workforce, we uphold these principles across our value chain. Ovako is committed to respecting all aspects of human rights and requires our suppliers to do the same. This approach drives sustainability beyond our operations and into our value chain.

We also recognize our impact on the communities surrounding our facilities. As the largest employer in many of these areas, we create opportunities for local employment and economic growth. At the same time, we acknowledge the potential social and environmental risks associated with our operations, which in turn can lead to negative impacts for local communities. We are and will remain dedicated to minimizing our impact on the surrounding land, and the people dependent on it.



OWN WORKFORCE

Safety, health, diversity, and personal development are areas where we set high standards to ensure that we remain an attractive employer in the long-term. As one of the largest employers in the communities where we operate, it is important for us to positively contribute to the community as a whole. We engage locally and operate globally and as an employer we want to ensure a good and safe working environment for all our employees.

For Ovako, the safety of our employees remains our top priority and is also one of our most prominent material impacts. As part of our commitment to achieve our long-term goal of zero accidents, we have taken actions to enhance workplace safety. Since 2015, we are proud to state that our Lost Time Injury (LTI) has decreased with 94 percent. We are dedicated to continuously improving the physical, organizational, and social working environment, to ensure that we uphold our responsibility as a leading steel manufacturer to provide a safe and healthy workplace for all employees.

Interests and views of stakeholders




The perspectives and interests of our stakeholders are essential in understanding the impacts, risks, and opportunities related to our workforce. As part of the update to the DMA, stakeholders were engaged and provided valuable insights. All stakeholder groups emphasized the importance of a safe and healthy workplace. Additionally, diversity and inclusion were highlighted as key priorities, reinforcing the need for an inclusive work culture that cultivates engagement, innovation, and long-term success.

Impacts, risks, and opportunities

In our latest conducted DMA we have identified impacts, risks and opportunities related to our own workforce.

We recognize that the nature of our operations can pose risks for our own employees, especially for our employees working at the sites. These employees are at risk of being exposed to health and safety risks such as molted steel, chemicals, high voltages, heavy equipment and machinery within complex and technical production units.

The industry in which we operate is a traditionally male-dominated industry, and we are actively working with improving gender diversity at all levels in our organization. Currently, there is a gender imbalance within our workforce, and Ovako has both challenges and opportunities in addressing this issue. A potential challenge arises if we fail to actively manage and promote equal treatment. Conversely, we can continue to have a positive impact by ensuring that all employees are given opportunities for growth and advancement while fostering an inclusive workplace.

Topic	Significant IROs	Materiality	Value chain occurrence		
					
Working conditions	Employee health and safety due to operations, and dependency on a skilled workforce.	F + I	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Equal treatment and opportunities for all	Predominantly a male sector, initiatives capitalize on the opportunity to enhance attraction and retention for all	F + I	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

F = Financially I = Impact  Upstream  Own operations  Downstream

As all Ovako's production sites are located in Europe (Sweden, Finland and smaller units in France and Italy) where robust regulations covering forced and compulsory labor are in place, the risk of forced and child labor occurring within our operations is minimal. Our sales offices are located worldwide and in some of these countries, the risk of exposure to forced or compulsory labor in the supply chain is considered higher. However, as stated, Ovako only employs sales representatives in these countries, which minimizes this risk. We are firmly opposed to child labor and modern slavery, and we are committed to ensure that we do not have any workers younger than 18 years old or employees who are engaged in forced and compulsory labor. Despite its unlikelihood, we cannot be certain that such a risk does not exist with regard to e.g. migrant workers within cleaning and maintenance.

Our workforce includes people working at Ovako but also consultants and personnel hired through staffing agencies, and they are referred to as non-employees.

Dependencies on people in own workforce

Employees is one of Ovako's identified dependencies, and health and safety is key focus areas where our impact can be both positive and negative. If Ovako fails to protect our own workforce, it could lead to harm for the individual but also to legal costs, lawsuits, and fines for Ovako, as well as increased employee turnover and higher recruitment expenses.

Additionally, reputational damage could hinder our ability to attract relevant talent and skills, particularly in cases involving serious health issues.

We acknowledge the challenge of ensuring that expertise will be available in the locations we operate in going forward. By prioritizing diversity and inclusion, Ovako can maintain a workplace where employees feel included, respected, and proud to be part of the company. This, in turn, will enhance motivation, productivity, and innovation, creating opportunities for us to strengthen our financial position, drive business development, and improve long-term sustainability. These risks and opportunities relate to all employees at Ovako.

Management of impact, risks, and opportunities

Policies

Ovako's group policies are adopted and implemented by the Board of Directors. At site level, all locations can further develop this by implementing routines for their employees. The management team at each site adopts these routines and ensures they are effectively communicated throughout the organization by the designated manager. Our policies serve as the foundation for our work on key material topics, outlining guidelines, expectations, and actions to ensure a safe, innovative, and continuously evolving workplace. In addition to our policies, we also have other steering documents, called Standards, that complement the policies and serve as the foundation for our sustainability efforts, alongside applicable laws and regulations.



Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognized instruments	Availability
Code of Conduct	<ul style="list-style-type: none"> Zero-tolerance toward any kind of discrimination, harassment or victimization. Recruit and promote solely based on qualifications for the work, regardless of race, religion, gender, age, nationality, disability, sexual orientation, union membership and opinion. Employees are entitled to a written employment contract. Offer training and development opportunities. Ensure a safe and healthy working environment for employees. 	Employees	Board of Directors	Universal Declaration of Human Rights	Website and intranet
Health and Safety Policy	<ul style="list-style-type: none"> Involve employees and representatives in systematic work environment management. Employees must consider health and safety in their daily work and receive continuous training. Implemented crisis and emergency plans and regularly simulated and practiced emergency preparedness, incident and accident management. Units shall take appropriate action to promote, prevent, manage, and follow up on actual and potential workplace accidents and illnesses. 	Employees	Board of Directors		Intranet
People Policy	<ul style="list-style-type: none"> Foster a respectful environment where employees care about health and safety. Zero-tolerance for working under the influence of drugs or alcohol. Treat all with respect, dignity, equity and inclusion and ensure no discrimination based on the seven discrimination grounds. Strive towards diversity in all positions, and equal employment conditions and pay for equal work. Provide a varied, motivating and challenging work environment. Engaging leadership and communication. Promotes a good balance between an employee's work and personal life. Freedom of association and collective bargaining. Ensure recruitment for future needs. Requirement starts from the year a person turns 18, if local standards specify a higher age, that is adopted. 	Employees	Board of Directors		Intranet
Safety Standard	<ul style="list-style-type: none"> Vision with a workplace with zero accidents, no work-related illness, and no psychological suffering. A strong safety culture, where employees are aware of their attitudes and behavior and do not take risks. Promote a culture that is equal, reporting, learning and responsive. Safety is always in focus, regardless of role. 	Employees	GEM		Intranet
Sustainability Policy	<ul style="list-style-type: none"> Internationally recognized human rights or labor rights shall be protected and always respected. All forms of forced, compulsory, or illegal labor are prohibited, and everyone must have the same opportunities for skill development and promotion. Respect the right of employees to join a union and to bargain collectively. Protect personal data of our employees. 	Employees	Board of Directors		Intranet

Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognized instruments	Availability
Sustainability Standard	<ul style="list-style-type: none"> All employees shall be treated with respect and dignity and shall be entitled to fundamental human rights or labor rights. Responsible for ensuring that Ovako does not directly or indirectly violate human rights or labor rights. If a violation of human rights or labor rights occurs, Ovako must always remedy the issue and ensure that it does not happen again. Ensure equal treatment and zero-tolerance for any form of discrimination or harassment. Eliminate any improper gender-based wage gap. Annual, sick, and parental leave shall be permitted and paid for in accordance with national legislation. Take appropriate actions to ensure a safe and healthy working environment. Strives to be an accessible workplace with means taken to secure an inclusive workplace that is vocationally functional for employees with disabilities. 	Employees	GEM		Intranet

As part of the onboarding process for new employees, training sessions are conducted on policies. Ovako consistently follows up on the training outcomes to ensure that every employee understands our values, guidelines, and rules. This process is standardized and implemented across all Ovako offices and sites worldwide.

Engaging with our people

At Ovako we value the perspective and opinion of our employees. In the last eight years, we have conducted a yearly global employee engagement survey which addresses five indexes: Employee Engagement, Leadership, Team Efficiency, Organizational and Social Work Environment, Management and the Net Promoter Score (NPS). This work is overseen by our Human Resources department. They are responsible for conducting surveys, meeting deadlines, and following up on the results. By conducting these surveys, Ovako can interact with our own workforce and create an understanding of our strengths and areas of improvement. Most indexes have performed above the industrial benchmark in recent years, with results steadily improving over time.

At Ovako, we are proud that over 80 percent of our employees participated in this years employee engagement survey, providing valuable insights and an understanding of their perspectives. Based on the results of the employee survey, all teams within Ovako review their outcomes and discuss future actions. Positive feedback from the FY2024 survey highlighted that employees appreciate the supportive and positive work environment and feel proud and motivated to contribute to our strong focus on sustainability. Additionally, employees emphasized the good development opportunities, work-life balance, and attention to personal well-being.

All employees participate in an annual Performance and Development Dialogue (PDD), providing a forum to raise concerns and establish a plan for their growth and future opportunities. During these sessions, employees' individual performance and development are discussed as well.

As Ovako works closely with trade unions and safety representatives, we also enable forums through these channels for employees who want to make their voices heard.

Other examples of our commitment to workforce engagement and diversity empowerment are the Ovako Women's Network, the Young Professional Network, and our Mentor Program. We strive to promote collaboration, networking, and a sense of belonging among our employees through our different networks. Given that women hold fewer roles within Ovako, the Ovako Women's Network provides an opportunity to amplify their voices and strengthen their presence across the organization. This is a part of the employer branding purpose and contribute to attracting more women. Our goal is for employees to feel a strong sense of community and pride in being a woman at Ovako. Throughout FY2024, the network has remained active, with continued efforts to expand and establish a stronger local presence.

By actively engaging with our employees and responding to their feedback, we can identify areas for improvement and address potential concerns. This proactive approach builds a supportive work environment where employees feel valued, empowered, and heard.

Processes to remediate impacts and channels to raise concerns

Ovako has formalized channels for our employees to raise concerns, including employee surveys as described in the section above and the whistleblower function. The whistleblower channel is available on our internal communication channel Steel Talk and externally at ovako.whistlelink.com for all our employees and enables employees to raise concerns anonymously. All reports are taken seriously, investigated accordingly, and treated confidentially.

Furthermore, we have an open-door culture and encourage our employees to speak out at any time. As stated previously in the report, our employees can also raise their concerns through employee representatives, representatives from unions, and safety representatives.

Managing impacts on our people

The policies, procedures, and processes we have in place serve as the foundation for our efforts to prevent negative impacts on our workforce while enabling positive change.

Health and Safety

In our commitment to providing a safe workplace, we have taken several actions and implemented various initiatives over the years. The Ovako Safety Standards serve as the foundation of our safety efforts, aligning with our policies, health and safety objectives, and applicable laws and regulations. Throughout the year, we have continued our work on risk analysis for different tasks which enables us to remediate incidents before they occur. We have also strengthened our incident investigation process. By doing this, we are able to identify the root causes of all accidents and serious incidents, helping us take the necessary corrective actions to prevent future occurrences.

Our sites in Hofors, Hällefors, Imatra, and Tampere are all ISO 45001 certified. Other sites have health and safety management systems according to national legislation. These international standard and management systems provide a structured framework for managing workplace safety and risks, helping Ovako create a secure and healthy work environment. This is achieved through a systematic approach to risk assessment, risk management, and continuous improvement of workplace safety performance.

We have maintained our focus on safety training and safety culture for employees, as it plays a crucial role in shaping behavior and ensuring compliance with safety instructions and regulations. As a part of this, we have developed e-learning modules about work environment which are completed by all employees during the onboarding process and at regular intervals thereafter. To make it easier for our employees to do “the right thing”, we are continuously working on improving and clarifying the instructions for our work tasks.

Lastly, we have continued our efforts to strengthen our safety culture through ongoing communication. Our annual Safety Week has remained an important event during the reporting year.

Diversity and Inclusion

To enhance diversity within our operations and leadership roles, we have implemented several initiatives. For example, we collaborate with external recruitment firms that provide a diverse mix of candidates for potential employment. Another step in our commitment to equality and inclusion is the diverse networks we offer to both current and future employees. Examples of these networks include Women Network, Young Professional Network, Graduate Introduction Program, Aspiration Program for Future Leaders, and Young Professional Network.

The number of employees by country is the number of employees in countries where Ovako has more than 50 employees, representing at least 10 percent of the total number of employees as of March 31st, 2025, as described in the “Geographic distribution” table further ahead in the report.



"I'm proud to be part of Ovako – a company truly committed to a sustainable future. It's inspiring to know that my efforts contribute to something greater. Ovako offers excellent opportunities for both personal development and career growth. Working in such a supportive and inclusive work culture makes me feel both appreciated and respected as an employee."

Tanomkwuan "Pia" Persson, Section Manager DRAPRO
Business Unit Hofors–Hellefors

Skills and Development

To equip our managers with essential skills to drive engagement, enhance performance, and lead by example, we offer the Ovako Academy, which focuses on leadership development. A key initiative within the academy is our internally driven Leadership Program, which spans approximately one year and consists of seven modules. The program covers critical areas such as leadership skills, environment, health, safety, communication, productivity, and other topics aligned with our strategic goals. Each year, all new first line managers participate in this program, along with other managers as needed.

In February 2024, we launched our new Aspiration Program for Future Leaders, designed to empower engaged employees in leadership, self-leadership, and effective team management. It also focuses on communication strategies for inspiring individuals and maintaining momentum. Participants meet regularly at various sites and undergo training. This program provides Ovako with an opportunity to strengthen our workforce, promoting growth and development for our employees.

As a member of Japanese Nippon Steel Corporations, Ovako benefits from opportunities to exchange skills and knowledge. Collaboration between Ovako, Sanyo, and Nippon Steel takes place in various ways, both digitally and through site visits. We have representatives and colleagues from Sanyo and Nippon Steel, Japan, employed at our sites and head office, and employees at Ovako regularly visits Sanyo and Nippon Steel in Japan to gain new perspectives and bring back valuable knowledge and skills. These visits and seminars primarily focus on sharing experiences and learning from one another.

Targets

Our targets are set by GEM, but they impact every individual working at Ovako. To ensure employee representation, safety representatives actively participate in discussions and negotiations. Company-wide targets are reviewed during key gatherings, such as the annual Christmas meeting, while team-specific goals and improvement areas are addressed in management meetings and workplace meetings. Additionally, we hold monthly local management meetings to track progress on our targets including LTI- and TRI-rate and ensure continuous improvement and set actions.

- Our long-term target to become a zero accidents workplace are divided into four sub-targets:
 - Reduce Lost Time Injury Frequency Rate (LTIFR) below 1.0 by the end of 2026.
 - Total Recordable Injury Frequency Rate (TRIFR) target to reduce below 6 by the end of 2026.
 - Risk observation per employee/year 1.2 by the end of 2026.
 - Actions in time: 90 percent of all safety actions should be done in time.
- Employee engagement: Above Nordic industrial benchmarks and continue to deliver year on year improvements.
- Long-term target of minimum 40 percent of women in total workforce and management positions (double share of women in total compared to 2020).
- Short-term target of minimum 23 percent women in total workforce and 25 percent women in manager positions end of 2025.

Characteristics of the undertaking's employees

Gender distribution

Gender	Number of employees (Head Count)
Men	2 173
Women	552
Other *	N/A
Information missing	0
Total number	2 725

* Ovako measures gender based on legal gender, Male/Female.

Geographic distribution

Number of employees by country, broken down by gender (Head count)	Women	Men	Other*	Information missing	Total
Finland	80	501	N/A	0	581
Sweden	443	1 574	N/A	0	2 017
Other	29	98	N/A	0	127

* Ovako measures gender based on legal gender, Male/Female.

Employment characteristics

Number of employees by contract type, broken down by gender (Head count)	Women	Men	Other*	Information missing	Total
Number of employees	552	2 173	N/A	0	2 725
Number of permanent employees	524	2 114	N/A	0	2 638
Number of temporary employees	28	59	N/A	0	87
Number of on-call employees	9	4	N/A	0	13
Number of full-time employees	537	2 147	N/A	0	2 684
Number of part-time employees	15	26	N/A	0	41

* Ovako measures gender based on legal gender, Male/Female.

Employee turnover

Number of employees who has left during the year	225
Employee turnover	8.8 %

During FY2024, employee turnover was higher than in previous years. The increase in employee turnover was primarily caused by the organizational restructuring implemented by Ovako in fall 2024.

Non-employees in our workforce

For some activities, Ovako relies on non-employees to complement our own workforce. This approach allows us to adapt to fluctuations in demand for our product over the year, annual/parental/sick leaves, as well as focusing on our core business – the production of steel. Some of the most common types of non-employees in our workforce are consultants and personnel hired through staffing agencies. Ovako only engages non-employees in specialized areas where specific expertise is hard to find, such as IT.

We do not systematically rely on non-employees as a substitute for recruiting staff.

The headcount of non-employees working at our sites at the end of the reporting year was 27, a figure derived from our payroll system on site and group level.

Collective bargaining and social protection

A vast majority of our employees working in EEA are covered by collective bargaining agreements, and the collective bargaining agreement coverage rate in the two largest countries where we have operations is 100 percent. Working conditions and terms of employment for employees not covered by collective bargaining agreements are decided based on collective bargaining agreements covered by other organisations. All our employees are covered by social protection through public or company-specific welfare programs.

Collective bargaining	Percentage (%)
Percentage of employees covered by collective bargaining agreements	
EEA	99.2 %
Finland	100 %
Sweden	100 %
Outside EEA	0 %
Total	98.6 %
Workers' representation and social dialogue	
Percentage of employees within the EEA covered by workers' representatives (through a European Works Council)	100 %

Gender Distribution in management team *	Number (Head Count)	Percentage (%)
Men	42	72 %
Women	16	28 %
Other **	N/A	N/A
Information missing	0	0 %
Total	58	

* Includes members of GEM as well as managers who report directly to GEM.

** Ovako measures gender based on legal gender, Male/Female.

Age distribution, employees	Number (Head Count)	Percentage (%)
Under 30 years old	401	15 %
Between 30-50 years old	1 115	41 %
Over 50 years old	1 209	44 %
Total number	2 725	

Training and skills development

We see the value in the skills and knowledge that our employees possess, and the importance of continuing the development going forward. By providing training and skills development, we can increase employee interest in staying with us while also attracting new talents. To sustain and enhance our employees' individual expertise and the company's capabilities, we have implemented structured and ongoing professional and personal development opportunities.

Furthermore, we did not have any complaints filed with the National Contact Points for OECD Multinational Enterprises, nor any issues or incidents connected to our workforce regarding human rights, non-respect of UN Guiding Principles or OECD Guidelines for Multinational Enterprises.

Discrimination incidents reported, and complaints filed

We are upholding a commitment to equal opportunities, rejecting all forms of discrimination, bullying, sexual harassment, or other harassments as stated in our People Policy. The People Policy also establishes that all kinds of discrimination based on religion, gender, disability, sexual orientation, gender identity, ethnic background, union membership, political opinion, etc., are prohibited.

During the reporting year there have not been any reported severe human rights issues or incidents connected to our own workforce. Therefore, no fines, penalties or compensations related to this have been issued.

Annual performance review	
Gender	% of employees
Men	76.0 %
Women	85.3 %
Other *	N/A
Information missing	0
Total	77.9 %

* Ovako measures gender based on legal gender, Male/Female.

Average number of training hours per employee and gender	
Gender	Average number of training hours
Men	4.3
Women	5.9
Other *	N/A
Information missing	0
Total	4.6

* Ovako measures gender based on legal gender, Male/Female.

Health and safety

It cannot be emphasized enough, Ovako’s work on health and safety for our employees is crucial. Each health and safety incident is one too many, and in case of an incident, we investigate each case to the root cause and to mitigate actions going forward at our sites.

At Ovako, the safety of our employees is and will always be the top priority. We take pride in our culture, rooted in mutual care and supported by committed management and engaged employees. This ethos has led to a remarkable 94 percent reduction in accidents resulting in sick leave since 2015.

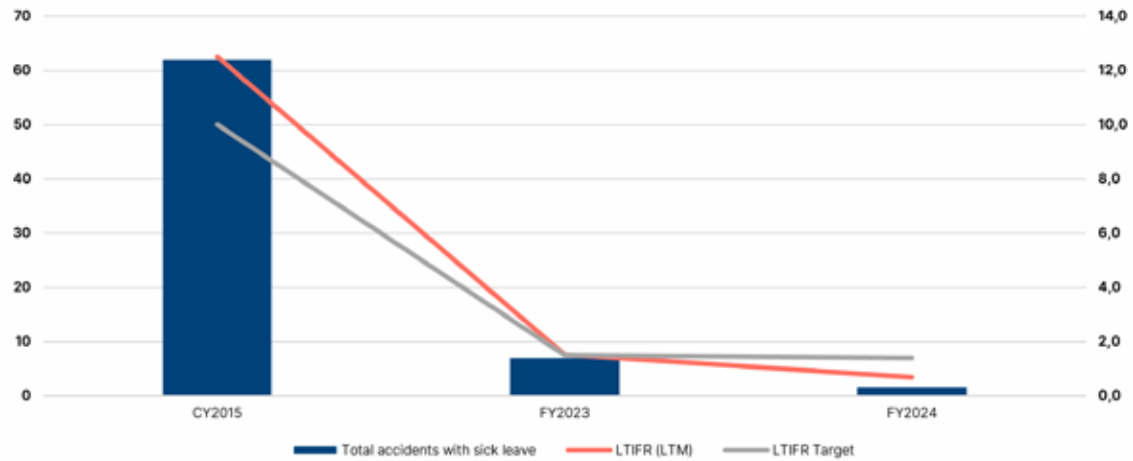
Throughout the year, we have implemented several initiatives to further strengthen our safety measures, which is clearly reflected in our performance metrics. Compared to last year, our LTIFR has decreased from 1.5 to 0.7, enabling us to meet our 2026 target already now. Our TRIFR has also improved, decreasing from 8.7 to 7.3, which brings Ovako closer to our 2026 target. We have also continued our commitment to proactive safety actions. Since 2010, we have conducted a total of 104 827 documented safety actions, that are recorded in our IT system.

Our LTI rate is below the global steel industry benchmark, and both our LTI and TRI rates are lower than the European steel industry average - reflecting our strong commitment to safety excellence.

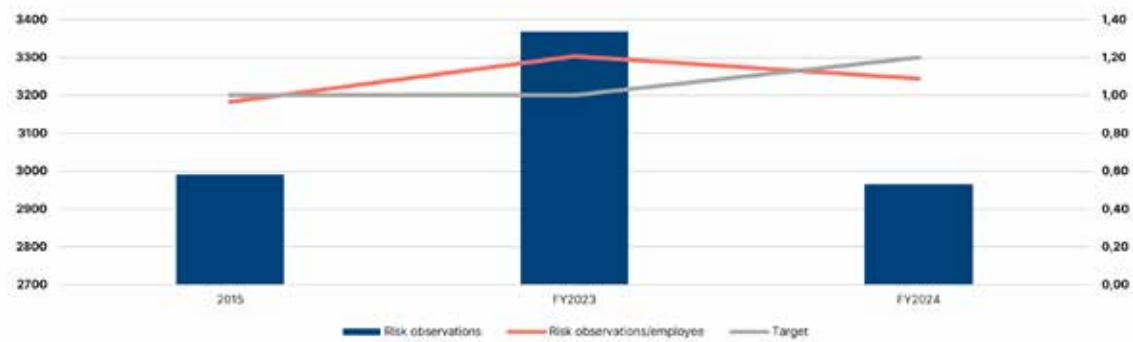
Health and safety metrics	FY2024
Percentage of workforce covered by health and safety management system	100 %
Number of fatalities in own workforce	0
Number of fatalities of other workers	0
Number of recordable work-related accident for own workforce	32
Days lost because of work-related accidents	317



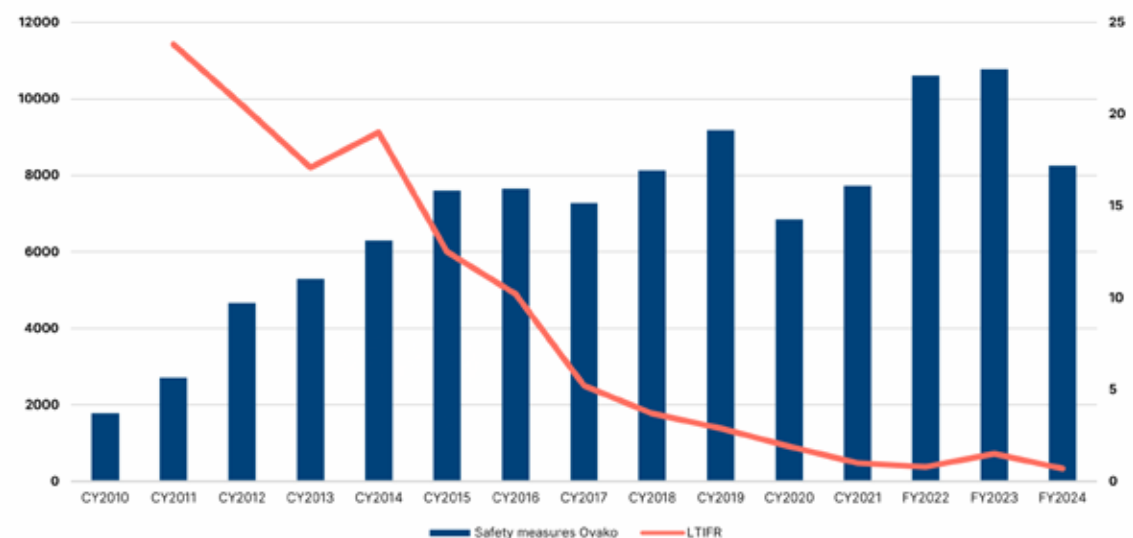
Accidents with sick leave LTIFR = Lost time injury frequency



Risk observations



Safety measures and LTIFR 2010–2024





CASE

UNIFIED STRATEGY RAISES THE BAR ON OVERHEAD CRANE SAFETY

Overhead cranes play a vital role in moving heavy loads horizontally and vertically at our steel mills, and we have well over 300 in operation across all our sites. Because of the nature of the loads any incident with these cranes could have serious consequences. That is why in the past year we have adopted new initiatives to reinforce our safety procedures.

The main difference with our new approach to overhead crane safety is that we have shifted from making individual efforts at separate units to adopting a unified strategy across Ovako. This approach has enabled us to implement well-adapted measures much more quickly and effectively than if each unit had worked independently. As a result, feedback from one unit is helping prevent similar accidents from occurring at other units.

An important measure has made overhead crane safety a permanent agenda item in our Safety Lead Team meetings, where representatives from the Environment, Health and Safety (EHS) departments come together. These gatherings serve as a platform for sharing experiences, analyzing incident causes, and implementing improvements.

A concrete example is the pilot project for evaluating new equipment carried out in Hällefors. The pilot included a small telescopic hook for daily production lifts, as well as a guide rope and a larger telescopic hook for heavy, one-time lifts. Based on testing with our overhead crane team, we decided that the guide rope and the larger hook were useful tools and they are being rolled out to other sites.

To further enhance awareness of safety in crane operations, we have also developed a new safety film. This film highlights common risks and provides clear examples of how to work safely with overhead cranes. Employees working with overhead cranes have been invited to watch the film, followed by discussions aimed at encouraging reflection on how to improve safety in their daily work.

WORKERS IN THE VALUE CHAIN

We are committed to upholding human rights and require our suppliers and partners to do the same. Compliance with all applicable laws, regulations, and ethical standards is a fundamental priority.

Ovako does not use conflict minerals such as tin, tantalum, tungsten, or gold in our production and prohibits any activities that could support conflict-driven extraction. Additionally, we do not use cobalt as an alloying substance. We hold our suppliers accountable for sourcing raw materials responsibly.

Aligned with industry standards, Ovako follows the frameworks of the Responsible Minerals Initiative (RMI), the Responsible Business Alliance (RBA), and the Global e-Sustainability Initiative (GeSI). We use their reporting programs to ensure transparency and accountability in our mineral sourcing practices.

Interests and views of stakeholders

From the stakeholder dialogues conducted we identified a need to increase our work with our value chain and workers in the value chain. Generally, there is a reluctance to discuss these types of questions in the industry we operate in, and a lack of information regarding the working conditions of workers in the value chain.

Impacts, risks, and opportunities




The workers in the value chain include employees of suppliers, contractors, and subcontractors. This ranges from those who are regularly present at Ovako, such as cleaning staff, to those who are on-site only for services or larger projects. Contractors and subcontractors' workers operating on Ovako's sites may present similar health and safety risks as those identified under – Own Workforce IROs Health and Safety, depending on their tasks.


Our value chain includes an upstream segment - raw material extraction, recycling, manufacturing, assembly, and distribution - and a downstream segment covering customers, further manufacturing, and waste management across various regions. Given the nature of our suppliers operations, particularly in raw material extraction and alloy production, the workers in the value chain may face risks related to fair working conditions.

We are dedicated to supporting and ensuring fair treatment and working conditions for all workers in our value chain. However, we acknowledge the negative impact our operations may have on these workers. The primary group affected includes those in recycling facilities, where risks are similar to those in our own production sites, such as health and safety hazards due to high voltages, heavy machinery and hazardous substances.

Additionally, Ovako may be linked to challenges in equal treatment and opportunities across both the upstream and downstream parts of the global value chain. Vulnerable groups, including women, migrant workers, minors, ethnic minorities, and LGBTQ+ individuals, may be at higher risk of discrimination and harassment.

While Ovako sources a very small amount of virgin material and primarily relies on sorted recycled steel, reducing the risk of forced and child labor, concerns remain in raw mineral mining. We are firmly opposed to child labor and are committed to ensuring that our suppliers do not have any workers younger than 15 years old. The recycling industry with its high proportion of migrant workers, also faces risks related to modern slavery, which can extend to downstream sectors such as waste management.

Topic	Significant IROs	Materiality	Value chain occurrence		
					
Working conditions	Health and safety at recycling facilities.	I	■	□	■
Equal treatment and opportunities for all	Predominantly a male sector, where vulnerable groups may be at higher risk of discrimination and harassment.	I	■	□	■
Other work-related rights	The recycling sector is prone to corruption and other illegal activities, heightening the risk of infringement on other work-related rights.	I	■	□	■

F = Financially I = Impact  Upstream  Own operations  Downstream

We are committed to making positive contributions to the well-being of workers throughout the value chain. By engaging with suppliers on working conditions and advocating for equal treatment for all, as well as promoting suppliers that support a diverse and inclusive workforce, we help drive meaningful and lasting positive outcomes. Another step we take to prevent negative impacts in our value chain is our commitment to following sanctions lists. This helps create positive downstream effects by excluding suppliers known for poor working conditions.

Management of impacts, risks, and opportunities Policies

Ovako's group policies are adopted and implemented by the Board of Directors. Our policies serve as the foundation for our work on key material topics, outlining guidelines, expectations, and actions to ensure that our values are respected throughout our value chain as well. In addition to our policies, we also have other steering documents, called Standards, that complement the policies and serve as the foundation for our sustainability efforts, alongside applicable laws and regulations.

Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognized instruments	Availability
Purchasing Policy	<ul style="list-style-type: none"> Only work with suppliers that comply with applicable laws cornering responsible sourcing and conflict minerals. Suppliers need to be the legal owners or users of the property on which they operate. Committed to responsible sourcing regarding human rights and responsible extraction of raw material. Do not accept activities that contribute to conflicts in extraction areas. 	Employees	Board of Directors		Intranet
Code of Conduct	<ul style="list-style-type: none"> Opposed to child labor and modern slavery. Ensure suppliers do not have any workers younger than 15 years old or engage in forced or compulsory labor. 	Employees	Board of Directors	Universal Declaration of Human Rights	Website and intranet
Supplier Code of Conduct	<ul style="list-style-type: none"> Expect our suppliers to comply with applicable laws and regulations, and internationally recognized standards, conventions and declarations. Each party must uphold human rights for its employees and ensure fair treatment, decent working hours, fair remuneration, and freedom of association. Forced labor and human trafficking is unacceptable. Zero-tolerance of; restriction of movement, requirement fees or cash depositions, surrender of financial or personal documents, withholding wages, abusive working conditions, debt bondage, punishment of any kind, wheatear physical or mental. Expect our suppliers to have a due diligence process to identify, prevent and address human rights impacts. Be conscious of the possible link between production of raw materials and armed conflict or gross violations of human rights. Create safe working conditions and a healthy work environment. Provide training and ensure employees are educated in health and safety. If accommodation is provided, each employee shall have their own bed and a separate sleeping area for the gender to which they identify. 	Business partners and suppliers	GEM	ILO Declaration, Rio Declaration, Ten Principles of the UN Global Compact 2000, Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights	Website and intranet
Sustainability Policy	<ul style="list-style-type: none"> Internationally recognized human rights or labor rights shall be protected and always respected. Committed to protecting the personal data of our business partners. Ovako holds a holistic approach to including and safeguarding all and any communities economic, social, and cultural rights. 	Employees	Board of Directors		Intranet
Sustainability Standard	<ul style="list-style-type: none"> Responsible to ensure that Ovako does not directly or indirectly violate human rights or labor rights. If a violation of human rights or labor rights occurs, Ovako must always remedy the issue and ensure that it does not happen again. All forms of forced, compulsory, or illegal labor are prohibited, including the exploitation of vulnerable groups. 	Employees	GEM		Intranet

Engagement with value chain workers

Ovako currently lacks a formal process for engaging with workers in the value chain. In our industry, there is a widespread lack of transparency regarding working conditions, along with a reluctance to address and discuss these issues. Moving forward, we are committed to changing this and enhancing our efforts.

Our publicly accessible whistleblower channel, available on our website, allows anyone to report misconduct securely and anonymously. While it is not our primary means of engagement with suppliers, it provides a vital and safe platform for workers in the value chain to raise concerns (ovako.whistlelink.com). Ovako will enhance accessibility for workers in the value chain, making it easier for them to report misconduct through the channel.

Remedy for value chain workers

Ovako currently lacks a formal process for providing remedy for workers in the value chain.

Actions to prevent, mitigate or remediate negative impacts on value chain workers

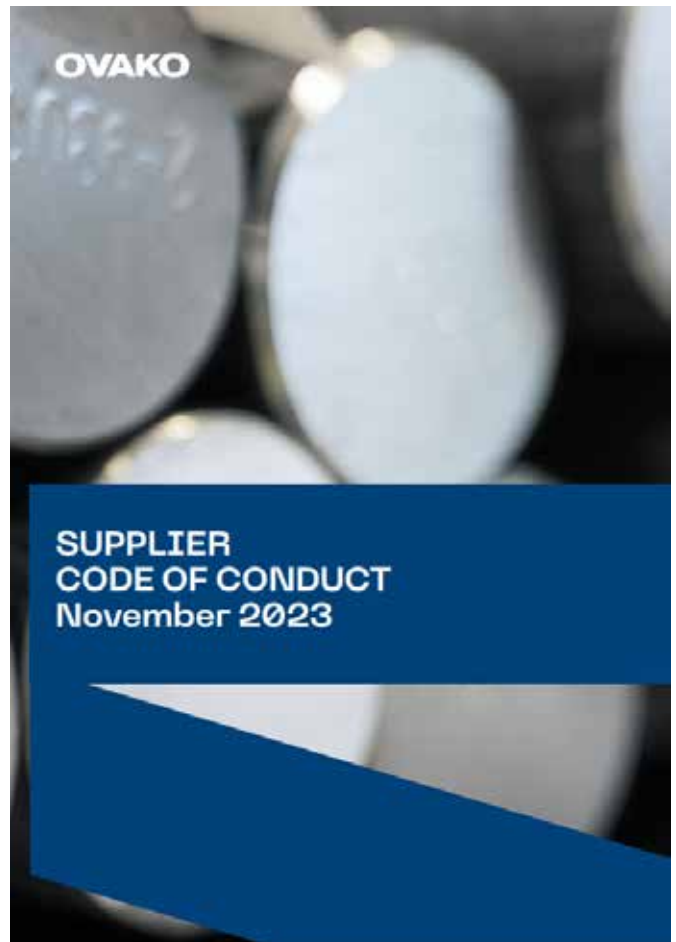
Our Supplier Code of Conduct establishes the fundamental requirements for all our suppliers regarding their responsibilities toward each other, their employees, and the environment. By committing to this code, suppliers agree to demonstrate and verify compliance with its requirements. Compliance may be assessed through dialogue, audits, site visits (conducted by us or a third party), and self-assessment questionnaires (SAQs). Any issues identified during audits will be communicated with the supplier, and both parties will collaborate on appropriate corrective actions if necessary. Additionally, the code outlines specific requirements, guidelines, and checkpoints to ensure compliance.

We are deeply committed to ethical sourcing and firmly oppose any supply chain activities that directly or indirectly contribute to conflicts or human rights violations. Furthermore, all our suppliers undergo a rigorous qualification, rating, and assessment process, which follows an internal standardized framework where sustainability is a key criterion.

Our commitment to responsible business practices is guided by internationally recognized frameworks, including the ILO Declarations, the Rio Declaration, the Ten Principles of the UN Global Compact (2000), and the Universal Declaration of Human Rights. We also adhere to the OECD Guidelines for Multinational Enterprises and, where relevant, the UN Guiding Principles on Business and Human Rights.

Targets

We are currently redesigning the previously set targets related to the value chain. During FY2025, we will revise these targets to better align with the topics and sub-topics outlined in the ESRS. GEM follows up on targets during their regularly held meetings.



AFFECTED COMMUNITIES

Regarding our own operations, the views and interests of affected communities are regularly brought forward and incorporated through various forums.

Interests and views of stakeholders

For our facilities in Sweden, we hold regular meetings focused on environmental conservation and sampling, known as Water Conservation associations and Air Conservation associations. In these meetings, Ovako, together with other industrial companies, municipalities, and stakeholder organizations (e.g., local fishermen and forest owners), makes joint decisions related to sampling and conservation activities.

In collaboration with other leading companies, we also participate in meetings at the County Administrative Board level, where environmental, climate, and energy targets are developed collectively. Through these groups, Ovako maintains direct contact with a range of stakeholders across the areas where we operate.

We are working to increase engagement and better incorporate stakeholder interests beyond our own operations, extending across the entire value chain. Currently, most engagement occurs at the level of our own operations.

Impacts, risks, and opportunities

As Ovako is a manufacturing company with various production facilities across the value chain, operations may have potential negative impacts on the surrounding communities. The impact on communities' economic, social and cultural rights could potentially be present in all parts of the value chain, i.e., upstream, own operations and downstream. These impacts primarily relate to water usage and soil pollution at each factory location that could be related to the water and sanitation and land-related impacts of communities.







For our upstream value chain, it is known that the steel supply chain impacts local communities when extracting coal and iron ore. Human rights abuse such as the impact

of water, security-related impacts, impacts on human rights defenders, and air pollution, are known. However, as Ovako mainly uses recycled steel, our direct negative impact is very limited.

In our own operations, there is a potential negative environmental impact from our production facilities, same as stated above in relation to water usage, pollution of soil and air, and usage of substances of very high concern (chromium trioxide). However, since we primarily operate in the Nordic countries, where strict environmental regulations are enforced, the likelihood of such incidents is reduced. Nevertheless, we remain aware of the risks and take proactive measures to mitigate them.

At the same time, Ovako contributes positively to the communities where we operate. We are often the largest employer, creating job opportunities for local residents and nearby municipalities. At some of our sites, such as in Imatra, we offer a 10-month apprenticeship program. This initiative provides an opportunity for individuals who may be excluded from the labor market to gain entry, while also contributing to our growth. We also collaborate with local educational institutions, source services from local suppliers, and actively participate in business networks. We also support local sports clubs and work closely with municipalities on various initiatives.

From a financial perspective, Ovako relies on steel and faces the risk of protests and strikes from local communities, which could disrupt supply security. Additionally, concerns from surrounding communities on issues such as pollution, may lead to financial consequences. This, in turn, could affect the operation of our facilities and impact the reputation of the Ovako brand.

Topic	Significant IROs	Materiality	Value chain occurrence		
					
Communities' economic, social and cultural rights	A pollutant industry affecting, e.g., air, water, and soil quality, which could lead to financial implications such as fines and production disruption.	F + I			

F = Financially I = Impact  Upstream  Own operations  Downstream

Management of impact, risks, and opportunities

Policies

Ovako's group policies are adopted and implemented by the Board of Directors. Our policies serve as the foundation for our work on key material topics, outlining guidelines, expectations, and actions to ensure that our values are respected. In addition to our policies, we also have other steering documents, called Standards, that complement the policies and serve as the foundation for our sustainability efforts, alongside applicable laws and regulations.

Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognized instruments	Availability
Code of Conduct	<ul style="list-style-type: none"> Committed to act responsibly in the communities where we operate. Strives to be an attractive place of work and contribute to a sustainable society. Committed to "give back" to the communities and have several initiatives and collaborations in place. 	Employees	Board of Directors	Universal Declaration of Human Rights	Website and intranet
People Policy	<ul style="list-style-type: none"> Respect the rights of local population and communities. Always work to protect the rights of residents, minorities and indigenous people's land. Protect forest and water rights and never use forced eviction. 	Employees	Board of Directors		Intranet
Purchasing Policy	<ul style="list-style-type: none"> Only work with suppliers that comply with applicable laws cornering responsible sourcing and conflict minerals. Suppliers need to be the legal owners or users of the property on which they operate. 	Employees	Board of Directors		Intranet
Supplier Code of Conduct	<ul style="list-style-type: none"> Expect our suppliers to comply with applicable laws and regulations, and internationally recognized standards, conventions and declarations. Suppliers must be the legal and rightful owner or user of the property on which they operate. Require suppliers to foresee and mitigate any adverse social, health, environmental or economic impacts caused by land or resource acquisition, involuntary resettlement, or restrictions on land use. Supplier shall not be engaged in land grabbing and shall be obliged to respect, promote and protect the rights of indigenous people communities. Supplies must protect ecosystems, especially key biodiversity areas, impacted by your operations, and avoid illegal deforestation in accordance with international biodiversity regulations. 	Business partners and suppliers	GEM	ILO Declaration, Rio Declaration, Ten Principles of the UN Global Compact 2000, Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights	Website and intranet
Sustainability Policy	<ul style="list-style-type: none"> Ovako holds a holistic approach to including and safeguarding all and any communities economic, social, and cultural rights. 	Employees	Board of Directors		Intranet
Sustainability Standard	<ul style="list-style-type: none"> All units, partners, and employees are to hold a specific focus on severe violations of human rights with a risk-based approach to care for vulnerable groups and their rights. 	Employees	GEM		Intranet

How perspectives of affected communities inform decisions or activities aimed at managing actual and potential impacts

Since Ovako operates in smaller communities where we have been present for a long time, sometimes for hundreds of years, we are often the largest employer in these municipalities. This allows the perspectives of affected communities to be considered and informed about our work, for example, through our employees who live in the surrounding areas.

We also collaborate closely with the municipalities where we operate, as we require permits to continue our activities. Our cooperation with local authorities extends across multiple areas. Additionally, we engage with local educational institutions and purchase a large portion of our service, maintenance, and related needs from local suppliers and contractors.

General approach to and processes for providing or contributing to remedy where we have identified that it is connected with material negative impact

For our own operations, we have insurance coverage, including environmental damage insurance, as well as associated risk management practices. However, for other parts of our value chain, we currently lack a formal process for providing remedy.

Actions taken, planned or underway to prevent, mitigate or remediate material negative impacts

At Ovako, we are committed to minimizing any negative impact on affected communities related to e.g., water and soil pollution. Actions we take to prevent negative impact include compliance with the Tort Liability Act (1972:207), crisis management plans, processes for handling emissions and firefighting water, as well as incident preparedness at all sites. Read more about our efforts in water management and pollution prevention in respective chapters.

How affected communities were engaged directly in setting targets

Ovako has as for now not set any specific targets related to affected communities.





CASE

FASTENING ON TO SCRAP-BASED STEEL IN THE DRIVE FOR A SUSTAINABLE FUTURE

Polestar, the Swedish electric vehicle (EV) manufacturer, has set a goal of climate neutrality across its operations by 2040. In 2021, the Polestar 0 project issued a call to action across the automotive industry to gather partners, including Ovako, to work together towards the elimination of all greenhouse gas emissions from every aspect of the supply chain and production.

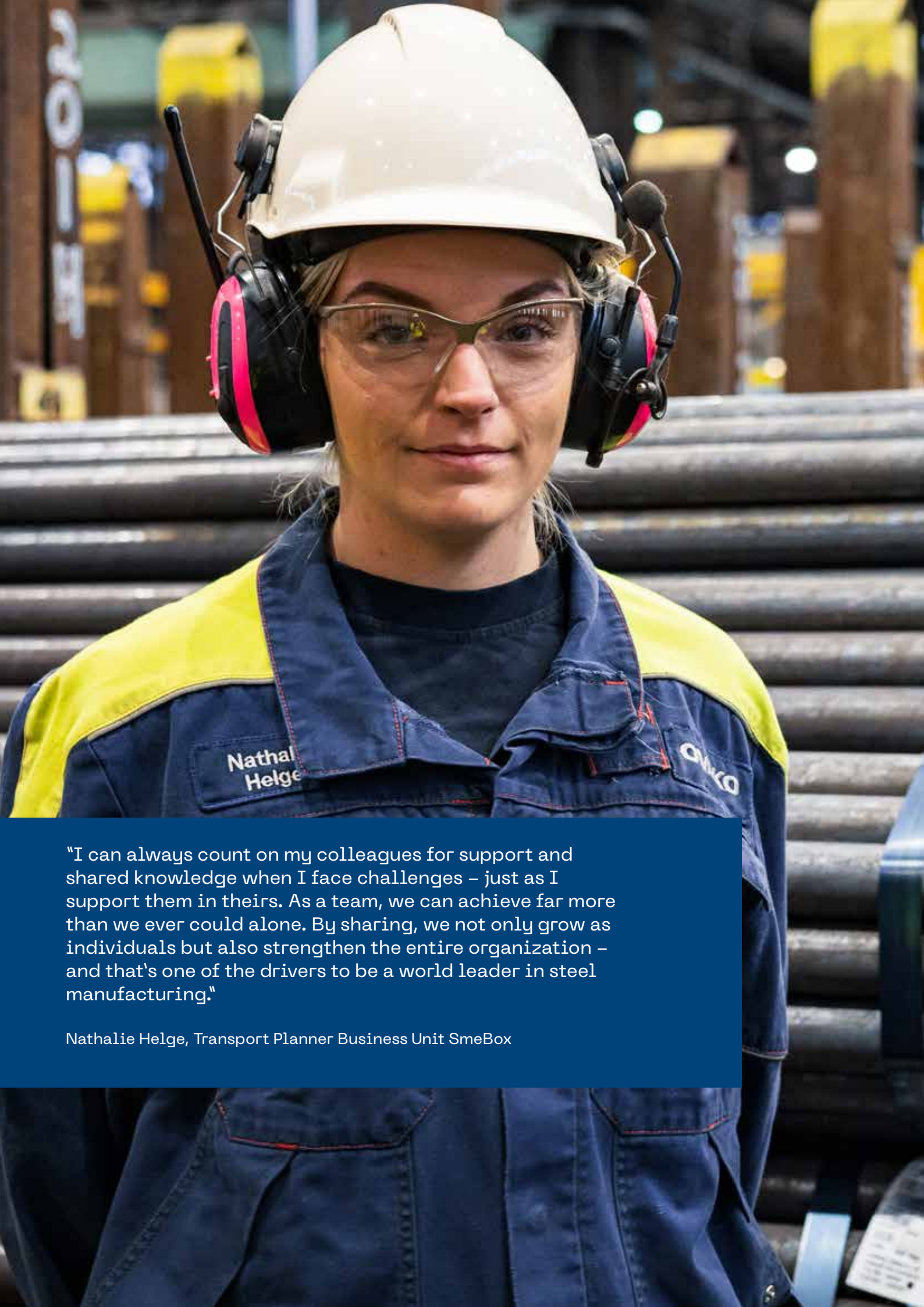
As the first planned phase of the Polestar 0 project came to an end in 2024, the project partners and Polestar were proud to announce that, across the combined initiatives, important low carbon solutions had been identified. The joint efforts show potential to produce an equivalent of the current Polestar 2 with a CO₂e footprint that could be 10 tonnes lower than when the car was launched in 2020, where the largest contributions to the total potential are within aluminum and steel material manufacturing.

An interesting spin-off from the Polestar 0 project is that Bulten Group, the specialist in fastening products, is using our steel to manufacture a new generation of low carbon footprint and highly functional fasteners.

In this strategic partnership, our Smedjebacken mill is managing the production flow of steel billets produced from scrap-based steel as a raw material and manufactured using fossil-free electricity. This steel is then converted by a third-party into the premium wire rod that Bulten processes to manufacture its fasteners.

The cold-forged fasteners, named BUFOg, are intended primarily for the automotive industry. Bulten was attracted to use our steel because of our proven track record in sustainability, including our use of a high ratio of post-consumer scrap, efficient processes and fossil-free electricity. The result is that our steel has a carbon footprint 80 percent lower than the global average. This will be crucial in helping Bulten reduce its output of carbon dioxide below its target of 300 kg per tonne in the steels it uses for its products, which the fastener manufacturer regards as a key milestone on the way to carbon neutrality.

Bulten regards the use of scrap-based steel as so important that it has adopted the tagline "BUFOg – Yesterday's materials are tomorrow's solutions".



"I can always count on my colleagues for support and shared knowledge when I face challenges – just as I support them in theirs. As a team, we can achieve far more than we ever could alone. By sharing, we not only grow as individuals but also strengthen the entire organization – and that's one of the drivers to be a world leader in steel manufacturing."

Nathalie Helge, Transport Planner Business Unit SmeBox

SOCIAL ACTIVITIES FY2024

Ovako has ambitious targets for a sustainable future and strives to be a vital part of the local communities where we operate. To reach our targets, we have performed many activities during FY2024.

Examples of activities in FY2024

- Expanded mentorship program and made it available to all who wish to participate
- The first apprenticeship group graduated, and the second group started in BU Imatra
- The Green Metal Heads toured in Finland
- Cooperations with different schools for the long-term supply of competences
- The Women Network initiative continued during the year with implementation of local women networks at all our major sites
- To attract and retain women to Ovako, various activities across the organization were performed
- Cooperation with local recruitment suppliers with purpose to get women interested in our industry
- Increased the wellness allowance in Sweden
- Ovako joined the initiative "Save lives during working hours", giving our employees the opportunity to donate blood without losing pay
- Implementation of a mandatory Organizational and Social Work Environment education and training
- Graduate Introduction Program, started in Feb 2024, continued during the year at our sites
- The second Young Professional Network, a group of 20 employees, was started
- Improved learning from each other and best practice regarding safety incidents with regular meetings and follow-up
- Improved overhead crane safety
- New and improved method for investigation of serious incidents is implemented
- Collaboration with safety representatives from the trade unions regarding introduction process and new training for managers and safety representatives
- Acknowledged Safety Week for the twelfth year with group safety communication and activities
- Update of PPE (personal protective equipment) standard including detailed communications with films, articles and safety quarters


















GOVERNANCE

We believe in a culture of openness and inclusion, and we are guided by our values – Skilled, Responsible and Innovative – in everything we do. We are committed to maintaining ethical and transparent business practices, taking a firm stance against corruption, bribery, extortion, anti-competitive behavior, and any fraudulent activities by our employees or third parties representing the company. To achieve this, we develop a culture of compliance, promote responsible decision-making, and ensure strict adherence to our ethical principles.

Ovako operates in alignment with the legal frameworks outlined by the International Labour Organization (ILO), Declaration on Fundamental Principles and Rights at Work, the Rio Declaration, the Ten Principles of the UN Global Compact, and the UN Universal Declaration of Human rights.





Topic	Significant IROs	Materiality	Value chain occurrence		
					
Corporate culture	Key for safety efforts, sustainable practices, wellbeing, reputation etc.	F + I			
Protection of whistleblowers	Potential negative impact if not handled correctly.	I			
Political engagement	Potential risk from legal development affecting our operations.	F			
Corruption and bribery	Steel and recycling high-risk sectors for corruption, eroding trust and justice, and a risk for corporate development.	F + I			

F = Financially I = Impact  Upstream  Own operations  Downstream

Impacts, risks, and opportunities

Corporate culture

Our corporate culture is key to our safety efforts. A culture that supports the transition to sustainable practices, with well-followed routines and processes, enhances Ovako's ability to meet our targets—reducing health and safety incidents and minimizing resource use in production. Providing a strong corporate culture also improves employees' physical and social well-being while helping mitigate environmental impact.

Given our industry's sustainability challenges and the risks associated with our production process, maintaining a strong corporate culture is crucial. Failure to do so could harm our brand's reputation and employee motivation. To prevent this, Ovako has implemented several initiatives to uphold and strengthen our workplace culture. We have been consistently working to cultivate psychological safety and a culture where people dare to talk and listen. Our goal is to build an organization where every employee feels safe to raise concerns, ask questions, and share ideas. One way to support this is through our internal communication platforms, where all employees can use and connect, engage in open conversations, like and comment on posts, and support each other. Our intranet, Steel Talk, helps strengthen our internal cohesion and reinforces our company's culture and brand.

From a financial perspective, a poor corporate culture can potentially increase risk-taking behavior, harm our reputation, raise costs, and drive customers to choose other service providers due to employee misconduct. Additionally, a high employee turnover rate and recruitment expenses pose potential risks for Ovako. As noted earlier, corporate culture and safety risks are closely linked. Financially, this connection can potentially result in higher costs, particularly due to potential safety incidents.

Anti-bribery and anti-corruption

We have zero tolerance for corruption and bribery within our organization and value chain. Although no cases were identified during the reporting year, we still recognize the importance of maintaining high standards through education and continuous monitoring.

There is potentially a higher risk for Ovako's sales offices, particularly those outside the Nordics, such as in the Baltic countries, Eastern Europe, and Asia, being exposed to corruption or bribery. The risk is also higher within the value chain due to its nature, involving industrial customers and suppliers. We acknowledge that the steel industry is a high-risk sector for corruption, along with recycled steel and waste management industries.

Corruption is one of the biggest obstacles to human rights in many parts of the world, posing a potential negative impact on our operations. A corrupt business can erode democratic institutions, distort justice, enable impunity, and undermine social services. Moreover, corruption disproportionately affects marginalized groups, further deepening inequalities.

From a financial perspective, given Ovako's presence in regions with a higher risk of corruption compared to the Nordics, incidents of corruption or bribery could threaten assets and hinder growth in certain markets. If the supply chain becomes subject to litigation, this risk is further amplified.

Political influence and lobbying activities

While no immediate financial impacts have been observed, given the absence of past fines or litigation costs, potential risks do not exist in the short-term. As stated in our policy on anti-bribery and corruption, all forms of corporate political donations are strictly forbidden at Ovako.

Financial risks may arise if organizations lobby against steel production or other materials used in our products. Additionally, lobbying efforts from surrounding communities where Ovako operates, as well as potential EU-level legislation on water usage, could pose regulatory challenges. Furthermore, since Ovako's products contain substances of very high concern, regulatory restrictions on their usage could lead to significant financial consequences, impacting our entire business area.

During FY2024, no financial contributions were made for political influence or lobbying activities.

Management of impacts, risks, and opportunities

Policies

Our policies form the foundation of our approach to key material topics, providing guidelines, expectations, and actions to develop and maintain a strong corporate culture, prevent corruption and bribery, and protect whistleblowers throughout our value chain.

In addition to our policies, we also have other steering documents, called Standards, that complement the policies and serve as the foundation for our sustainability efforts, alongside applicable laws and regulations.

Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognized instruments	Availability
Code of Conduct	<ul style="list-style-type: none"> Encourage and enable employees to raise any concerns they may have regarding working practices. An open-door policy and encourages its employees to speak out. Allows anonymous reporting and emphasizes confidentiality. Zero-tolerance approach to bribery, extortion and corruption, including facilitation payments and price fixing/cartels of any sort. 	Employees	Board of Directors	Universal Declaration of Human Rights	Website and intranet
Anti-bribery and corruption Policy	<ul style="list-style-type: none"> Bribery, extortion and all other forms of corrupt business practices are strictly prohibited, including both by employees and third parties. No Ovako employee or representative may give or receive gifts or benefits to influence or appear to influence a recipient's actions, such as awarding a contract. We are committed to complying with fair, transparent and legally compliant standards in relation to personal privacy. Sponsorship agreements should only be made in compliance with this Anti-Bribery and corruption Policy and must be approved by a member of Ovako's GEM. Charitable donations must not be promised or granted for the purpose of influencing a decision relevant to Ovako's business. Corporate political donations are strictly prohibited. All employees within Ovako shall receive information and adequate training on the policy on anti-bribery and corruption. 	All Ovako employees and companies	Board of Directors		Intranet
Supplier Code of Conduct	<p>Our suppliers should be committed to:</p> <ul style="list-style-type: none"> not tolerate and engage in any form of corruption, bribery or illegal contribution, comply with local laws and international conventions referring to anti-corruption and/or anti-money laundry and the Supplier shall not engage in, or cause Ovako to engage in, any form of corrupt practices or money laundry, provide relevant training regarding the above and where needed, establish local processes and policies to prevent corruption, bribery and anti-money laundering. 	Business partners and suppliers	Board of Directors	ILO Declaration, Rio Declaration, Ten Principles of the UN Global Compact 2000, Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights	Website and intranet
Purchasing Policy	<ul style="list-style-type: none"> Conduct procurement in competition and not engage in or tolerate any forms of corruption or bribery. 	Employees	Board of Directors		Intranet
Sustainability Policy	<ul style="list-style-type: none"> Zero-tolerance for all forms of corruption. All employees shall carry out work responsibly, ethically, and with the highest integrity, with the same expectations placed on our full value chain. 	Employees	Board of Directors		Intranet
Sustainability Standard	<ul style="list-style-type: none"> Ovako corporate culture is cemented by the highest ethical standards and a sturdy governance structure that complies with good business practices. Zero-tolerance for giving or receiving bribes. Any employee who receives a gift must inform their manager. Business decisions and employment must never be motivated by personal relationships and/or interests. Ovako shall not make political contributions to support political parties or candidates as this may be perceived as an attempt to obtain improper business advantages. 	Employees	GEM		Intranet

Targets

We are currently redesigning the previously set targets related to fair business practices. During FY2025, we will revise these targets to better align with the topics and sub-topics outlined in the ESRS.

Key actions

Training is a fundamental part of Ovako's proactive work against corruption and bribery. Therefore, mandatory training sessions on anti-corruption is a central part for all relevant employees. Our employees carry out training in anti-corruption and bribery every third year, with the aim of changing it to every second year.

Employees in high-risk roles, such as those in customer- or vendor-facing positions (e.g., sales, marketing, and procurement), as well as those who interact with public officials (e.g., plant managers, environmental officers, and project managers), are required to participate in regular training sessions. This also applies to employees working in high-risk countries or other relevant areas to ensure they remain informed and compliant with necessary regulations and ethical standards.

In the Nordic steel industry, it is a standard practice to never use cash transactions when purchasing scrap, reducing the risk of corruption and bribery, as well as the risk of contributing to criminal networks active in waste treatment operations. Ovako has also implemented additional measures to prevent such misconduct. For example, during the purchasing phase, we always involve two purchasers, conduct all transactions through our central purchasing unit, and screen suppliers for any history of deviant behavior.

We have a process in place to handle incoming reports to the Whistleblowing channel. Based on current legislation, Ovako will make an initial assessment of the report to determine whether it is applicable for being handled in the whistleblowing channel. All reports will be assigned a unique case number, and the whistleblower will receive a verification code to confirm receipt of their report. The whistleblower will receive confirmation within seven days of acknowledgment of their report. They can use the verification code to submit additional information or get feedback on the case. Ovako will provide feedback on how the case has been handled within 90 days. The whistleblower can also find this feedback by logging in with their verification code.

In accordance with the EU Whistleblowing Directive, it is also possible to report misconduct externally to a competent authority who can receive, provide feedback, and follow-up on whistleblowing cases and, where applicable, to EU institutions, bodies, or agencies. More information can be found at [whistlelink.com/external-reporting-whistleblowing](https://ovako.whistlelink.com/external-reporting-whistleblowing).

Performance

Whistleblower reports

Our whistleblower channel is accessible to everyone via our website ovako.whistlelink.com and internally through our communications platform Steel Talk. We are working on enhancing accessibility to the website to make it more convenient to use for external stakeholders, such as suppliers. During the reporting year, 6 incident reports were filled in to the system. Of these 6, none was assessed as a whistleblower incident, but they all were still handled in accordance with established procedures.

During FY2024, no incidents of corruption or bribery were reported or confirmed. As a result, no fines were paid for violations of anti-corruption or anti-bribery laws.



"Ovako has a very unique atmosphere – I really enjoy working in an industrial environment. We also have a great team, and it's nice to come to work. As a sample saw operator, I cut different kinds of test pieces used for impact and tensile testing, for example. The best part of my job is getting to do practical, hands-on work."

Minna Matikainen, Sample Saw Operator Business Unit Imatra

ASSURANCE REPORT

Auditor's Limited Assurance Report on selected information in Ovako Group AB's Sustainability Report and statement regarding the Statutory Sustainability Report

To Ovako Group AB, Corp. id. 556813-5379

Introduction

We have been engaged by the Board of Directors of Ovako Group AB to undertake a limited assurance engagement of selected information in Ovako Group AB's Sustainability Report for the financial year 2024-04-01 – 2025-03-31. Ovako Group AB has defined the scope of the selected information on pages 102-104, and the Statutory Sustainability Report is defined on page 3.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the selected information and the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024. The criteria are defined on pages 102-104 in the Sustainability Report, and are part of the European Sustainability Reporting Standard (ESRS), that are applicable to the selected information, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of selected information that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the selected information based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our responsibility is limited to the historical information reported for the and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information in our assurance of selected information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Ovako Group AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the selected information is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, on the day indicated by our electronic signature

KPMG AB

Hök Olov Forsberg, Authorized Public Accountant

Torbjörn Westman, Expert Member of FAR

CONTENT INDEX

The Sustainability Report is prepared in accordance with the Swedish Annual Accounts Act in accordance with the older wording that applied before 1 July 2024 and is inspired by ESRS. The index below details ESRS disclosure requirements and entity specific disclosures that have been subject to limited assurance by KPMG.

Disclosure Requirement	Data point	Page
General		
GOV-1 The role of the administrative, management and supervisory bodies	<ul style="list-style-type: none"> 21a Number of executive and non-executive members 21d Board's gender diversity ratio 21e Percentage of independent board members 	15
SBM-1 Strategy, business model and value chain	<ul style="list-style-type: none"> 40a Number of employees (head count) 	77
Environment		
Entity specific	<ul style="list-style-type: none"> Environmental certifications 	17
E1 Climate change		
E1-5 Energy consumption and mix	<ul style="list-style-type: none"> 40 Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue) 	39
E1-5 Energy consumption and mix	<ul style="list-style-type: none"> 37a Total energy consumption from fossil sources 37b Total energy consumption from nuclear sources 37c Total energy consumption from renewable sources disaggregated by type 38a Fuel consumption from coal and coal products 38b Fuel consumption from crude oil and petroleum products 38c Fuel consumption from natural gas 38d Fuel consumption from other fossil sources 38e Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources 41 Total energy consumption from activities in high climate impact sectors 	40
E1-6 Gross scopes 1, 2, 3 and Total GHG emissions	<ul style="list-style-type: none"> 48a Gross Scope 1 greenhouse gas emissions 48b Percentage of Scope 1 GHG emissions from regulated emission trading schemes 49a Gross location-based Scope 2 greenhouse gas emissions 49b Gross market-based Scope 2 greenhouse gas emissions 51 Gross Scope 3 greenhouse gas emissions 53 GHG emissions intensity, location- and market-based (total GHG emissions per net revenue) 	41-42

Disclosure Requirement	Data point	Page
E2 Pollution		
E2-4 Pollution of air and water	<ul style="list-style-type: none"> 28a Emissions to air and water by pollutant 	51-52
E5 Resource use and circular economy		
Entity specific	<ul style="list-style-type: none"> Percentage of recycled steel scrap in products 	12, 43
E5-5 Resource outflows	<ul style="list-style-type: none"> 37a Total Waste Generated 37b Waste diverted from disposal, breakdown by hazardous and non-hazardous waste and treatment type 37c Waste directed to disposal, breakdown by hazardous and non-hazardous waste and treatment type 37d Amount and percentage of non-recycled waste 39 Total amount of hazardous waste and radioactive waste 	65
Social		
S1 Own workforce		
S1-6 Characteristics of the undertaking's employees	<ul style="list-style-type: none"> 50a Total number of employees by headcount and breakdown by country and gender 50b Total number of employees by head count or FTE and breakdown by employee type and gender 50c Number and percentage of employee turnover 	77-78
S1-7 Characteristics of non-employees in the undertaking's own workforce	<ul style="list-style-type: none"> 55a Number of non-employees in own workforce 	78
S1-8 Collective bargaining coverage and social dialogue	<ul style="list-style-type: none"> 60a Percentage of total employees covered by collective bargaining agreements 60b Percentage of own employees covered by collective bargaining agreements by country with significant employment (in the EEA) 63a Percentage of employees by country with significant employment (in the EEA) covered by workers' representatives 	78
S1-9 Diversity metrics	<ul style="list-style-type: none"> 66a Gender distribution in number and percentage of employees at top management level 66b Distribution of employees by age group 	78
S1-11 Social protection	<ul style="list-style-type: none"> 74 Employees in own workforce covered by social protection 	78
S1-13 Training and skills development metrics	<ul style="list-style-type: none"> 83a Percentage of employees that participated in regular performance and career development reviews 83b Average number of training hours per person for employees 	79

Disclosure Requirement	Data point	Page
S1-14 Health and safety metrics	<ul style="list-style-type: none"> 88a Percentage of people in own workforce covered by health and safety management system based on legal requirements and/or recognised standards or guidelines 88b Number of fatalities as result of work-related injuries for own workforce and of other workers working on undertaking's sites 88c Number and rate of recordable work-related accidents for own workforce 88e Number of days lost to work-related injuries and fatalities from work-related accidents related to employees 	80
S1-17 Incidents, complaints and severe human rights impacts	<ul style="list-style-type: none"> 103a Number of incidents of discrimination 103b Number of complaints filed through channels for people in own workforce to raise concerns or to National Contact Points for OECD Multinational Enterprises 103c Amount of fines, penalties, and compensation for damages as result of incidents of discrimination, including harassment and complaints filed 104a Number of severe human rights issues and incidents connected to own workforce, and cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises 104b Amount of fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce 	79
Entity specific	<ul style="list-style-type: none"> Rate of participation in employee engagement survey 	73
Governance		
G1 Business conduct		
G1-4 Incidents of corruption or bribery	<ul style="list-style-type: none"> 24a Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws 	98
G1-5 Political influence and lobbying	<ul style="list-style-type: none"> 29b Financial and in-kind political contributions made 	96
Entity specific	<ul style="list-style-type: none"> Number of whistleblower reports 	98

ABBREVIATIONS AND DEFINITIONS

CO₂ - Carbon dioxide, a colorless gas that is formed in the combustion of all fossil fuels

CO₂e - Carbon dioxide equivalent, a metric measure that is used to compare emissions from various greenhouse gases based on their global warming potential by converting amounts of other gases to the equivalent amount of CO₂ "cradle-to-gate" - Includes scope 1, 2 and 3 (upstream)

CSDDD - Corporate Sustainability Due Diligence Directive

CSRD - Corporate Sustainability Reporting Directive

CY2024 - Calendar Year 2024

EAF - Electric Arc Furnace

EEA - European Economic Area

Emission factor - The latest updated and published factor is used in calculations

EFRAG - Formerly known as European Financial Reporting Advisory Group

EPD - Environmental Product Declaration

ERM - Enterprise Risk Management System

ESRS - European Sustainability Reporting Standards

EU - European Union

EUETS - European Union Emissions Trading System

EU Omnibus simplification - Proposal to simplify the CSRD, CSDDD and EU's taxonomy

FTE - Full time equivalent as of March 31, 2025

FY2024 - Financial Year 2024, reporting period April 1 2024 to March 31, 2025

GHG - Greenhouse Gas

IRO - Impacts, Risks and Opportunities

ISO - A series of international standards developed by the International Organization for Standardization

LTI - Lost Time Injury (accident with sick leave)

LTIFR - Lost Time Injury Frequency Rate (accident with sick leave per one million working hours)

LTM - Last twelve months

SBT - Science Based Target

SBTi - Science Based Targets initiative

Sick leave - Sick leave is reported as the number of days sick in relation to the number of employees multiplied by the number of calendar days. For sick leave, absence due to sick children is excluded

TRI - Number of fatalities, accidents with sick leave, alternative work and accidents with medical treatment

TRIFR - Total Recordable Injury Frequency Rate (fatalities, accidents with sick leave, alternative work and medical treatment per one million working hours)

**Learn more about Ovako and our
Sustainability efforts**

Visit our website for further information:

ovako.com