

Sustainability



Sustainability

» Ferronordic's sustainability approach

In line with international standards

Transparency

Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

EU Taxonomy

KPI index

Ferronordic's sustainability approach

This sustainability report concerns Ferronordic's reporting of non-financial information for the financial year 2023 in accordance with Swedish legislation. Information and key figures presented refer to the entire Group, excluding the USA, unless stated otherwise.

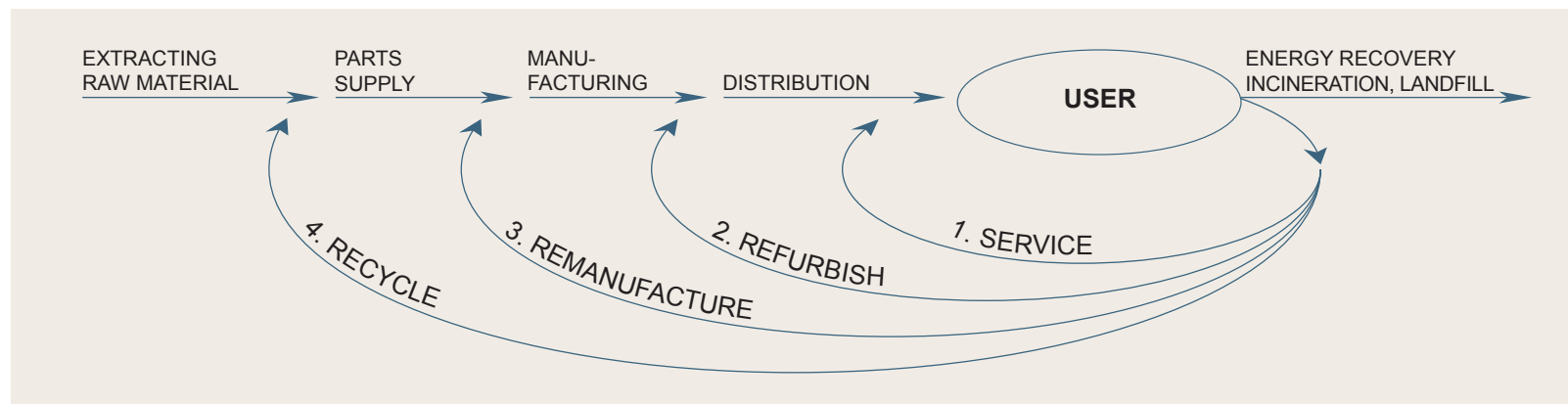
Sustainability is about employing and building natural, human, and technological resources to meet the needs of the present without compromising the ability of future generations to meet their own needs. For Ferronordic, sustainability involves creating long-term value for all stakeholders of the Company. Ferronordic sees no long-term contradiction between sustainability and profitability, but rather the opposite. Demand for sustainable and environmentally friendly business solutions is steadily increasing, and companies taking the lead in developing and helping their customers meet their objectives will gain competitive advantages. Ferronordic works with partners and manufacturers focused on creating sustainable business solutions and with customers who strive for resource efficiency and minimised environmental impact. Sustainability is a central part of Ferronordic's strategy and applies to everything the Company does, from culture to processes and operations. Sustainability is essential to Ferronordic's constant efforts to improve and build resilience.

Ferronordic's sustainability strategy

Ferronordic wants to abandon the linear approach for a circular one, a journey that is illustrated below. An essential basis for our sustainability strategy is an emphasis

on system thinking, which helps Ferronordic understand how the Company's operations connect to society, the planet, and its inhabitants. One way to visualise these relationships is to study Ferronordic's value chain to identify risks and opportunities and what positive or negative impact the business can have on the environment (see p. 45). To further understand Ferronordic's connection with the Company's surroundings, we carried out an extended materiality analysis in 2021, consisting of in-depth interviews with several stakeholders (see p. 45). Another underlying aspect of developing our sustainability strategy is a Gap-analysis carried out by a third party in 2021. The gap-analysis brought certain improvement areas to our attention which helped us further develop our sustainability strategy.

In 2023, work began on conducting a double materiality analysis, which will form the basis of the Company's sustainability report in accordance with the CSRD (Corporate Sustainability Reporting Directive) and ESRS (European Sustainability Reporting Standards). Based on the results from the double materiality analysis, the sustainability goals, risks and impacts communicated in this report will be reviewed. A new gap analysis was also carried out during the first quarter of 2024. As of October 2023, Ferronordic has also established a Sustainability and Ethics committee.



Sustainability

Ferronordic's sustainability approach

» In line with international standards

Transparency

Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

EU Taxonomy

KPI index

In line with international standards

Ferronordic's sustainability work, including the Company's processes, policies and guidelines, is based on international, national and local laws and standards:

- UN Global Compact
- UN Global Strategic Development Goals (SDGs)
- ILO Basic Conventions
- UN Declaration of Human Rights
- OECD Guidelines for Multinational Enterprises

We have several policies in place to steer us toward sustainability:

Our **Human Rights Policy** includes principles for how we endeavour to uphold the highest human rights standards throughout the value chain in order to respect and support the human rights of all people affected by our business throughout our societies.

Our **Environmental Policy** includes environmental principles that Ferronordic shall adhere to ensure that we manage our environmental impact throughout the value chain of delivering our products and services.

Our **Equality, Diversity, and Non-Discrimination Policy** includes guidelines on how we shall act to be an inclusive organisation, provide equal opportunities and eliminate discrimination to respect and support inclusion of all people affected by our business throughout societies where we operate.

Our **Anti-corruption Policy** includes statements regarding business ethics (including issues such as gifts, money laundering, relations with employees, etc.), guidelines for actions in case of suspected irregularities, and whistle-blowing procedures to adhere to Ferronordic's commitment to zero tolerance to corruption.

Our **Whistle-Blower Policy** includes principles and guidance on using Ferronordic's whistle-blower function to ensure that the Group provides a practical, secure and trusted whistle-blowing function that encourages employees and third parties to report any suspected misconduct.

Our **Code of Conduct** includes principles and guidelines to eliminate unethical behaviour, secure a safe and healthy work environment and fair competition.

A common purpose of all our policies is to communicate the principles in each Policy set forth by Ferronordic internally and externally. The policies apply to all employees and units within the organisation and all consultants working for Ferronordic. The policies are reviewed annually.

Every year, we carry out compliance audits concerning our policies. During these audits, we look at whether the yearly anti-corruption training has been completed, if there have been any issues with corruption or health and safety, how many of our employees have signed our policies, if purchases are made according to our Purchasing Policy and if we follow environmental laws, etc. Ferronordic's legal and compliance department oversees this process.

UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) serve to develop shared knowledge, facilitate cooperation, produce and harmonise regulation and drive technological development, which ultimately leads to impact and change. Ferronordic is committed to all 17 goals, all of which have some connection to the Company's operations. The focus is on the goals where the Company's business activities can have the most significant immediate impact and effect on positive long-term trends.

6 13 14 15

- Clean water and sanitation
- Climate action
- Life below water
- Life on land

3 5 8 10 16

- Good health and well-being
- Gender equality
- Decent work and economic growth
- Reduced inequality
- Peace and justice strong institutions

5 11 12 17

- Gender equality
- Sustainable cities and communities
- Responsible consumption and production
- Partnerships to achieve the goal



Sustainability

Ferronordic's
sustainability approachIn line with
international standards

» Transparency

Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

EU Taxonomy

KPI index

Transparency

Ferronordic reports ESG information using methodologies widely adopted by the industry.

Materiality Analysis

Ferronordic's sustainability work stems from our materiality. The materiality analysis includes the identification and prioritisation of our risks and opportunities – a process that not only enables us to take relevant measures and use our resources efficiently, but also enables us to meet stakeholder expectations. The materiality analysis underlying this sustainability report was carried out in 2021 before the ongoing conflict in Ukraine.

In 2023, work began on conducting a double materiality analysis, which will form the basis of the Company's sustainability report in accordance with CSRD and ESRS.

Stakeholder Dialogue

The conducted materiality analysis included stakeholder dialogue consisting of surveys, in-depth interviews, investor meetings, customer conversations and

employee surveys. Other essential groups participating in the dialogue were suppliers, partners, authorities, municipalities and non-profit organisations. In addition, customer feedback and complaints were considered in the process to contribute to and increase knowledge of areas of improvement.

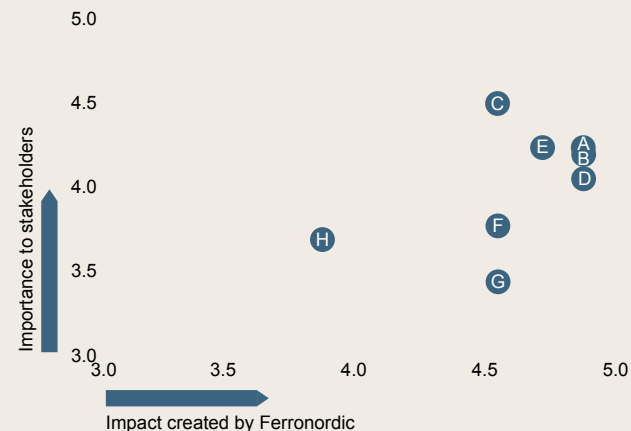
Impact Assessment

An essential part of the materiality analysis is understanding Ferronordic's impact on the environment, climate, society and people. To do so, Ferronordic has participated in internal and external surveys. Ferronordic has also analysed current and future regulations and standards and risk analyses at the country and industry levels. We have also studied how similar companies assess and report their impact on the environment. Together with the stakeholder dialogue, this provides a coherent picture of Ferronordic's impact as well as risks and opportunities, it therefore also shows us what we should focus on regarding our sustainability work.

Material Aspects

The results of the materiality analysis carried out in 2021 showed that Ferronordic's primary focus should be on the following sustainability aspects:

- A. Reduced carbon dioxide emissions
- B. Health and safety
- C. Anti-corruption and ethics
- D. A green customer offer
- E. Diversity and equal opportunities
- F. Recycling
- G. Responsibility for the supply chain
- H. Training and development of staff and organisation



As a result, Ferronordic has launched a new sustainability ambition and three focus areas:

- Planet first
- Fair workplace
- Sustainable offerings



Sustainability

Ferronordic's
sustainability approachIn line with
international standards

Transparency

» Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

EU Taxonomy

KPI index



Planet first

Ferronordic, as well as its partners, has high ambitions in terms of sustainability. Ferronordic applies an environmental perspective from production, use, maintenance and repair to reuse and recycling. We have actively continued to promote electric trucks in Germany. The ratio of sold electric trucks in 2023 was 4.79 percent of total share of sold trucks. During 2023, Ferronordic was awarded up to EUR 23m in government subsidies for further investments in electric trucks.

Ferronordic has a car policy in Germany to support electric vehicles. Employees are also offered access to charging infrastructure. The goal is to increase the proportion of electric vehicles in the Company's operations. Ferronordic measures its carbon footprint in cases where data is available. Where data is not available, Ferronordic is working towards setting up processes to capture accurate information on emissions. The

current mapping covers electricity use, fuel consumption and business travel. We aim to reach net zero in our operations by 2050. In 2021, Ferronordic acquired a renewable energy certificate for its German operations. During 2021, 9 out of 14 workshops were certified. In 2023, 16 out of 22 workshops in Germany were certified. Our target is to only use renewable energy for our workshops by 2025.

Ferronordic maps its carbon footprint throughout the entire value chain. The information for 2023 is limited to some emission categories, but will gradually be complemented with additional data. The information on electricity consumption is usually based on estimates as electricity is often included in the rent. In cases where Ferronordic owns the facilities, the information from the electricity bills is used. Business travel data come from the Company's travel agencies.

Electricity consumption	2023	2022	2021	2020	2019	Tons of CO ₂ eq- emissions by source					
						2023	2022	2021	2020	2019	
Electricity, MWh ¹	1,407	4,186	3,250	2,501	2,123	Electricity ⁴	241	1,667	1,184	882	754
Electricity rate ²	0.59	2.83	3.19	-	-	Fuel	882	74,134 ⁵	65,253	36,057	32,879
Renewable energy share, % ³	80.6	0	0	0	0	Business travel ⁶	543	879	878	385	1,115
						Total	1,666	76,680	67,314	37,324	34,747

¹ 2019 data refer only to Russia. The 2020 data refer to Russia and Germany. The 2021 and 2022 data refer to Germany, Kazakhstan and Russia. The 2023 data refer to Germany and Kazakhstan.

² MWh/revenue. Applies to Germany only and was first calculated in 2021.

³ Refers to Germany only.

⁴ 2019 data refer only to Russia. The 2020 data refer to Russia and Germany. The 2021 and 2022 data refer to Germany, Kazakhstan and Russia. The 2023 data refer to Germany and Kazakhstan.

⁵ 2022 is the first year that car data from Germany is included.

⁶ Excluding Germany 2019 and 2020 and domestic travel in Russia. In addition, strongly affected by the pandemic. 2023 data refer to Sweden, Germany and Kazakhstan.

Sustainability

Ferronordic's sustainability approach

In line with international standards

Transparency

» Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

EU Taxonomy

KPI index



An important part of Ferronordic's sustainability work was the Company's centre for machine and component rebuild in Yekaterinburg, Russia. By restoring older equipment and selling it with new guarantees, Ferronordic enabled better resource utilisation. The business included repairing machines, manufacturing new components and recycling metal and parts of machines that can no longer be restored to usable condition. The facility was launched in December 2019, and its capacity expanded during 2020 and 2021. For equipment and materials that cannot be given a second life, the goal was to increase the proportion of recycling and reduce the proportion that goes to incineration or landfill. Ferronordic's centre for machine and component rebuild was sold together with its Russian business at the end of

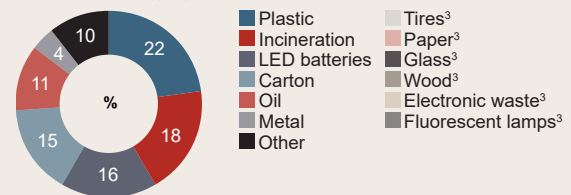
2022. The acquisition of the American company Rudd Equipment Company, Inc. in December 2023 means that Ferronordic is once again active in machine and component rebuild. Rudd's rebuild center specialises in the repair of major components for construction and mining equipment. Rudd also offers mid-life rebuild for machines.

Information regarding waste generation in the Company's markets shows that the largest categories consist of plastic and incineration. Current data provides an overview of which waste categories Ferronordic should focus on to increase the proportion of recycling.

Rebuild categories ¹	December 2023
Transmissions	2
Cylinders	1
Other components	3

¹ In units.

Waste per category



³ Less than 1 percent.

Sustainability

Ferronordic's
sustainability approachIn line with
international standards

Transparency

Planet first

» Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

EU Taxonomy

KPI index

Fair workplace

Work environment

Health and safety are core aspects of Ferronordic's business. Some of the Company's employees work in challenging conditions associated with risks related to health and safety. It is Ferronordic's responsibility to ensure that working conditions are as safe as possible. The goal is of course zero injuries. Ferronordic works systematically and proactively with employees' working environment. This includes, among other things, training. It also includes frequent inspections of the Company's facilities and reporting and recording of all incidents. These inspections increase awareness of health and safety amongst employees and remind them of the importance of safety routines. In 2022, the incident reporting system previously implemented in Russia was also implemented in Germany.

Diversity and engagement

The transport industry is being transformed at a fast pace. Although it may take several years from the time a decision is made until the actual shift occurs, the technical conditions and business models are changing. For Ferronordic to remain relevant, innovation is a key factor. To be innovative, we need to promote and capture ideas from different business areas. This requires diverse skills, back-

grounds and good working conditions. It also requires a shared sense of inclusion and participation, where all employees feel that they are respected and that their views and ideas are appreciated. We have a Competency Development Policy that regulates the process of training and retraining employees and the development and improvement of their personal qualities and professional aptitude. The policy's purpose is to maintain a high professional level of employees, maintain and improve the competitiveness of the Company in the constantly changing market, strengthen the corporate culture, etc.

Ferronordic has a diversity KPI to focus management's attention and measure developments in this area as we strive to be an inclusive company with employees of diverse backgrounds. Ferronordic's business activities and projects cover a wide range of environments and conditions. From large cities to remote mountainous regions. While Ferronordic creates jobs in sparsely populated areas and contributes to the development of local communities, remote work in relatively isolated places can also be challenging for Ferronordic's employees in the long term. Ferronordic invests in its HR function and uses a variety of tools to improve employee satisfaction and maintain diversity. By 2025, we want to reach 80 percent employee engagement and 30 percent diversity.



Health & Safety	2023 ¹	2022	2021	2020	2019	Diversity	2023	2022	2021	2020	2019
Hours training total	4,298	57,227	61,027	49,761	59,954	Women in Board, %	33	33	29	17	17
Hours training/employee	9.5	36	34.1	33.9	47.9	Women in management, % ⁷	25	20	32	28	-
Safety hours training total	2,041	22,844 ²	6,810	4,282	9,344	Total women employee, %	17	15	13	10	13
Sick days/employee ³	14.2	10.2	5.9	4.9	2.6	Diversity, % ⁸	20	24	21	-	-
Near-miss ⁴	0	114	129	48	169	Employee engagement, % ⁹	-	-	77.2	-	-
Minor injuries ⁵	47	50	24	1	1						
Major injuries	16	16	5	3	4						
Fatalities	0	1	0	0	0						
LTIFR Germany ⁶	16.72	18.11	3.87	-	-						

¹ Unless otherwise stated, all data for 2023 refer to Germany and Kazakhstan.

² The increase during 2022 was mainly due to stricter laws in Russia regarding first aid training as well as an increase in training in the use of personal protective equipment. After evaluation, the number provided in last years' report was incorrect and has here been adjusted.

³ The increase in 2022 was mainly due to the pandemic.

⁴ 2019–2022 refers only to Russia and Kazakhstan. The changes between the years are mainly due to the pandemic. The 2023 data refer only to Kazakhstan.

⁵ Minor and major occupational accidents from 2021 and 2022 also include Germany.

⁶ Lost Time Injury Frequency Rate. First calculated year 2021.

⁷ First calculated year 2020.

⁸ First calculated year 2021. Calculated as employees of diverse backgrounds/average total headcount.

⁹ First calculated year 2021. Engagement is measured every second year, but has this year been postponed due to organisational changes in Germany. Gallup Q12 employee satisfaction survey methodology.

Sustainability

Ferronordic's
sustainability approachIn line with
international standards

Transparency

Planet first

» Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

EU Taxonomy

KPI index

Anti-corruption

Since its founding, Ferronordic has put significant efforts into measures to fight corruption and develop a culture of strong business integrity. We have a Procurement Policy that stipulates rules with different threshold values to ensure that decisions are made by at least two people of relevant level and competence. We run an Anti-corruption Policy to adhere to Ferronordic's commitment to zero tolerance to corruption (for more information, see p. 44). An annual anti-corruption training is also mandatory for all employees in all markets. Our prevailing target is for all employees to complete the anti-corruption training. Moreover, Ferronordic's Code of Conduct includes statements on anti-corruption as well as instructions on how to report suspected violations of the code. Our Code of Conduct is available for all employees on our intranet and external users on our webpage. Ferronordic operates under the Swedish Code of Corporate Governance and sustainability is a standing item at management group and Board meetings. To make it easier for employees and external parties to report signs of misconduct and non-compliance, Ferronordic has established a whistle-blower function. A whistle-blower can report any suspicious activity anonymously on the "Ferronordic Hotline". The whistle-blower function is described in the Company Code of Conduct and is managed internally.

Responsibility for the supply chain

Ferronordic's supply chain is associated with risks and opportunities related to sustainability. The largest part of the supply chain consists of manufacturers of trucks, heavy vehicles and construction equipment. Ferronordic has a close relationship with these suppliers, which facilitates a mutual understanding of the importance of our shared environmental footprint. Ferronordic only works with premium manufacturers. These producers have for a long time been working to reduce their environmental impact. This work and the close cooperation with its partners help Ferronordic reduce its supply chain footprint. ISO 45001 has been implemented in Kazakhstan, but this part of the business is not yet certified. We are currently working with implementing ISO 45001 in our German business. In 2022, we expanded our quality and environmental management systems to Germany.

Anti-corruption and compliance	2023	2022	2021	2020	2019	ISO-certifications	9001	14001	45001
Percentage of employees who have completed anti-corruption training, %	100	100	100	100	100	Germany	Yes	Yes	No
Number of training hours in anti-corruption/employee	0.56	1.14	1.08	1.06	1.04	Kazakhstan	No	No	No
Reported whistle-blower incidents	1	4	2	2	1				
Whistleblower incidents which led to action	0	0	1	0	1				

Sustainability

Feronordic's
sustainability approachIn line with
international standards

Transparency

Planet first

Fair workplace

» Sustainable offer

Sustainability risks

Outlook for 2024

EU Taxonomy

KPI index



Sustainable offer

By a sustainable offer, we mean products and services with minimum emissions (given the technology) and resource waste, both in production and for the customer, that enable maximum recycling.

The impact of customers

Customers are at the centre of all Feronordic's operations. Feronordic and its customers are part of each other's value chains. Feronordic strives not only to meet customers' direct commercial needs but also to support their work on sustainability. This means that Feronordic always strives to offer products with minimum environmental impact. Feronordic then works to optimise the product's life cycle through maintenance, repair and remanufacturing. At the end of the product's life, Feronordic ensures that resources that customers can no longer use are recycled when possible or responsibly disposed of.

Opportunities in transformation of transport

The transport industry is undergoing a transformation. Biodiesel, ethanol, fuel cell technology, biogas and electricity are replacing petrol and diesel as fuels. This transformation requires significant investments in infrastructure, which means that some sources of energy will not be fully available for several years. Through its strategic partnerships, Feronordic can offer solutions with a low environmental impact that fit the needs of Feronordic's customers. In addition, the transformation can lead to new partnerships and solutions for the transport, freight and construction industries. Feronordic's products and services are often linked to critical infrastructure projects, which means that there are strict requirements on quality and sustainability. Both public and private actors are placing

ever-higher demands on reducing CO₂ emissions and protecting human rights and biodiversity. This is an advantage for companies that conduct active sustainability work, which is integral to Feronordic's business activities.

Circular offering

Feronordic's business model includes maintaining, repairing and renovating machines and components that customers buy or currently operate. This is good resource management that supports improved financial performance and reduced environmental impact for the customers. Feronordic's IT solutions also make it possible to plan service and maintenance efficiently, thereby reducing the risk of unplanned downtime, which is associated with resource waste, additional costs and loss of revenue for customers. Feronordic also offers operator and fleet management training to help customers efficiently utilise their machines and other equipment and to minimise environmental impact. To drive incremental improvements in its environmental performance, Feronordic has established a KPI and will develop long-term targets for sustainable customer offerings. The KPI include training on how to use the machines in an environmentally sustainable way, remanufactured and rebuilt units, and sales of electric vehicles. The KPI is designed to include more products and services over time. The share of sustainable offerings sold in 2023 was 4.01 percent.

Sustainable offerings KPI

Share of total sales, %

2023

2022

2021

4.01

4.63

0.95

SustainabilityFerronordic's
sustainability approachIn line with
international standards

Transparency

Planet first

Fair workplace

Sustainable offer

» Sustainability risks

Outlook for 2024

EU Taxonomy

KPI index

Sustainability risks

Risk mapping

To identify and calibrate sustainability risks, Ferronordic carried out a risk survey in 2021 on the industries and countries in which it operates. Most of the survey was carried out with internal resources, but it was also complemented by an external consulting firm to ensure that risks were not overlooked or underestimated. The mapping of sustainability risks is linked to Ferronordic's overall process for risk management. During 2023, Ferronordic began a double materiality analysis. This process will continue throughout 2024 and will help us identify and update risks annually.

Risk management

Our risk review and management process, which includes sustainability areas, is performed by Ferronordic's internal audit and control. In this process, business managers and area experts work together with Ferronordic's risk and compliance personnel to identify, describe and manage risks. The level of risk and the implementation of controls are reported by the employees responsible for the relevant risks. The risks and controls are reviewed annually. During 2023, the Group's risk management process included Sweden, Germany and Kazakhstan.



Sustainability

Ferronordic's
sustainability approach

In line with
international standards

Transparency

Planet first

Fair workplace

Sustainable offer

Sustainability risks

» Outlook for 2024

EU Taxonomy

KPI index

Outlook for 2024

- **Sustainable transport solution** – In 2024, we plan to make further investments in electric trucks and charging stations as well as starting to operate zero emission trucks ourselves.
- **Mapping of the value chain's climate footprint** – In 2024, Ferronordic intends to continue mapping the Company's CO₂ footprint throughout the value chain.
- **Impact assessment of climate change** – In 2024, Ferronordic intends to continue an in-depth impact assessment of climate change to understand to what extent it will be affected and how it can mitigate the effects of climate change.
- **Preparations for due diligence on human rights** – Awareness of human rights is increasing among companies worldwide. The issue is central to both consumers and interest groups. Focus is mainly on the supply chain, where the most significant challenges are. More regulations are also expected at the national and EU levels to ensure that companies adequately deal with human rights issues. In 2021, Ferronordic began identifying and resolving gaps in the Company's procurement process. During 2023, Ferronordic started to also review other parts of its value chain with risks linked to human rights, and will continue this review during 2024.
- **Corporate Sustainability Reporting Directive (CSRD)** – In 2024, preparations will continue for the transition to reporting in accordance with the EU's new directive for sustainability reporting, CSRD.
- **Sustainability targets** – In 2024, Ferronordic will continue to review its sustainability targets as the double materiality analysis continues.



Sustainability

Ferronordic's
sustainability approachIn line with
international standards

Transparency

Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

» EU Taxonomy

KPI index

EU Taxonomy

Ferronordic is covered by the Taxonomy regulation, including the Climate Delegated Act with associated Annexes I and II. In comparison to 2022, an extended analysis of Ferronordic's operations in relation to the Taxonomy has been carried out in 2023.

The EU Taxonomy Regulation is a classification system for sustainable economic activities in relation to the European Union's six environment objectives:

1. Climate change mitigation (CCM)
2. Climate change adaptation (CCA)
3. Sustainable use and protection of water and marine resources (WTR)
4. Transition to a circular economy (CE)
5. Pollution prevention and control (PPC)
6. Protection and restoration of biodiversity and ecosystems (BIO)

An activity is considered sustainable according to the EU Taxonomy when it contributes substantially to one or several of the six environmental objectives, without causing significant harm to any of the others, and at the same time meets minimum safeguards.

The assessments for Taxonomy-eligibility and Taxonomy-alignment are based on our best interpretation of the Taxonomy Regulation and the currently available guidelines from the European Commission.

Methodology to identify eligible activities

Ferronordic has identified its taxonomy-eligible activities by screening the economic activities in the Climate Delegated Act, the Complementary Climate Delegated Act, the Environmental Delegated Act, and the amendments to the Climate Delegated Act. Ferronordic has identified that a small proportion of its economic activities qualify as eligible for Climate Change Mitigation (CCM), and a bigger proportion qualifies as eligible for Transition to a Circular Economy (CE).

Climate Change Mitigation (CCM)

- For its new workshops, Ferronordic invests in solar cells to generate electricity for its own requirements and sells any excess power generated back to the electricity market. Such investments are recognised as CapEx under Electricity generation using solar photovoltaic technology (CCM 4.1)
- Ferronordic invests in battery electric trucks to provide sustainable transport solutions, via rental or transport as-a-service arrangements. Net investments into Ferronordic's fleet for electric rental are recognised as CapEx under Infrastructure enabling low-carbon road transport and public transport (CCM 6.15). Ferronordic also sells electric trucks to customers, but this turnover is not recognised as Ferronordic neither manufactures nor operates these trucks as its primary business.

- To support its customers and facilitate the transition to low-emission transport, Ferronordic invests in mobile chargers. Ferronordic also invests in fixed chargers for customers and employees at its workshops. Such investments are recognised as CapEx under Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings (CCM 7.4).
- To offer service and repairs to its customers, Ferronordic invests and maintains properties (workshops). Such investments and maintenance are recognised as CapEx and OpEx respectively under Acquisition and ownership of buildings (CCM 7.7).

Transition to a Circular Economy (CE)

Ferronordic's customers buy construction equipment and trucks. The core of Ferronordic's business is to service and repair the machines and trucks it sells or rents to its customers. The productivity (driven by uptime and operational performance) and lifetime of these machines and trucks are critical to the profitability of Ferronordic's customers. Therefore, pre-emptive, preventive and reactive repairs and maintenance is a key part of Ferronordic's business. In addition to sales and rental of new and used construction equipment and trucks, service and spare parts, Ferronordic also rebuilds and remanufactures used equipment for an extended productive life.

- Ferronordic repairs, refurbishes, and maintains construction equipment and trucks for its customers. Sales from service on such activities are recognised as revenue under Repair, refurbishment and remanufacturing (CE 5.1).
- Ferronordic stores, sells and installs spare parts to the machines and trucks of its customers. Maintaining a high availability of spare parts, being close to our customers' equipment and training mechanics to apply the right spare parts in the right way is critical to the businesses of Ferronordic's customers. Sales of spare parts are recognised as revenue under Sale of spare parts (CE 5.2).
- Ferronordic wants to provide the most efficient solution to its clients. Depending on the intensity of their work requirements, different customers need different levels of productivity from their machines. As part of this effort, Ferronordic offers trade-in solutions (accepts a used machine or truck as partial payment for a new) and used equipment to customers for whom a used machine may be a more efficient solution. Sales of used equipment is recognised as revenue under Sale of second-hand goods (CE 5.4).

Sustainability

Ferronordic's sustainability approach

In line with international standards

Transparency

Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

» EU Taxonomy

KPI index

Methodology to identify aligned activities

For an economic activity to be considered taxonomy-aligned – and hence environmentally sustainable – it needs to substantially contribute to at least one of the EU's six environmental objectives and not significantly harm any of the others. In addition, it needs to be carried out in adherence with certain minimum safeguards as regards social and governance aspects of sustainability. Only activities in Climate Change Mitigation and Climate Change Adaptation are screened for alignment in the 2023 EU taxonomy.

Ferronordic believes that all its eligible activities meet the minimum safeguard requirements. As presented in the table below, the result shows that Ferronordic currently meets the requirements for alignment for certain of the identified eligible economic activities in climate change mitigation. Most of Ferronordic's eligible activities are however in the circular economy objective. Circular economy activities are not screened for alignment in 2023 and are thus not recognised as aligned.

Substantial contribution

Ferronordic has identified a number of activities that fulfill the technical screening criteria of substantially contributing to climate change mitigation. They consist of Electricity generation using solar photovoltaic technology (CCM 4.1), Infrastructure enabling low-carbon road transport and public transport (CCM 6.15), Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (CCM 7.4), and Acquisition and ownership of buildings (CCM 7.7).

Doing no significant harm

Taxonomy-eligible activities have been assessed against each of the do no significant harm (DNSH) criteria to consider if they also qualify as aligned. In absence of regulatory guidance and market practice, Ferronordic recognises that there is a meaningful scope for interpretation of the DNSH criteria and have made its best efforts to test its eligible activities for alignment.

The Do No Significant Harm Criteria of one eligible activity has been tested on all other objectives:

With regards to CCM 7.7, Ferronordic has not procured documentation to show that some of its buildings meet the hurdle requirements for energy efficiency. As such, no CapEx or OpEx under CCM 7.7 is recognised as aligned.

As for Ferronordic's other economic activities in Climate Change Mitigation (CCM) and Climate Change Adaptation, these include Electricity generation using solar photovoltaic technology (CCM 4.1), Infrastructure enabling low-carbon road transport and public transport (CCM 6.15), and Installation, maintenance and

repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (CCM 7.4). The manufacturing of solar cells, batteries for electric trucks and machines and mobile charging stations in Ferronordic's upstream value chain involves the mining, processing and transport of minerals, energy intense manufacturing and components that may currently be hard to recycle. While Ferronordic recognises that these activities, which all fall under Climate Change Mitigation, are likely to have some negative impact on climate change adaptation, water and marine resources, transitioning to a circular economy, pollution and biodiversity and ecosystems, Ferronordic believe that its eligible climate change mitigation activities do no significant harm to the other objectives.

Minimum safeguards

Ferronordic's Human rights policy outlines the Group's commitment to respect human rights and is aligned with the UN Guiding Principles on Business and Human Rights and OECD's guidelines for multinational enterprises, including the principles of the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights, both in Ferronordic's own operations and its supply chain. Ferronordic's Code of Conduct, governance practices and systematic due diligence serve to uphold minimum safeguards on human rights, corruption, taxation, and fair competition.

The minimum safeguard criteria have been assessed at Group level, and thus all economic activities identified as taxonomy-aligned are covered by Ferronordic's Group-wide policies and procedures.

Accounting principles

To estimate the proportion of taxonomy-eligible activities, Ferronordic included the IFRS-based accounting amounts related to such activities in the revenue, capital and operational expenditure numerators against the corresponding total revenue, capital- and operational expenditure amounts in the denominators. The total turnover is Ferronordic's total sales and rental income in 2023, which includes the IFRS 15 and the IFRS 16 income according to the EU Taxonomy turnover definition. The total CapEx is the Group's total capital expenditure in 2023, as presented in the line of additions, excluding goodwill additions, in Note 11, Property, plant and equipment. The total OpEx covers the maintenance expenses, short-term lease costs, non-capitalised research and development costs, and repair and maintenance costs at the Group level. Ferronordic has worked to ensure that nothing has been double counted. The risk of double counting is reduced since Ferronordic only reports against two of the taxonomy's objectives: Climate Change Mitigation and Circular Economy.

Sustainability

Ferronordic's
sustainability approachIn line with
international standards

Transparency

Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

» EU Taxonomy

KPI index

Turnover

Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover (4)	Substantial Contribution Criteria						DNSH criteria (‘Does Not Significantly Harm’)						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (21)
				Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
		SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			35%																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%		
Of which enabling		0,00	0%	0%	0%	0%	0%	0%	0%									E	
Of which transitional		0,00	0%	0%	0%	0%	0%	0%	0%										T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
5.1 Repair, refurbishment and remanufacturing – Circular economy	CE5.1	292,194,673	10%	N/EL	N/EL	N/EL	N/EL	EL	N/EL									EL	
5.2 Sale of spare parts – Circular economy	CE5.2	444,792,650	16%	N/EL	N/EL	N/EL	N/EL	EL	N/EL									EL	
5.3 Sale of second-hand goods – Circular economy	CE5.4	276,764,044	10%	N/EL	N/EL	N/EL	N/EL	EL	N/EL									EL	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,013,751,367	35%					35%									36%		
Turnover of Taxonomy-eligible activities (A.1+A.2)		1,013,751,367	35%					35%									36%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		1,849,248,633	65%																
Total		2,863,000,000	100%																

Sustainability

Ferronordic's
sustainability approachIn line with
international standards

Transparency

Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

» EU Taxonomy

KPI index

CapEX

Economic Activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial Contribution Criteria						DNSH criteria (‘Does Not Significantly Harm’)						Minimum Safeguards (17)	Proportion of Taxonomy- aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (21)
				Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
		SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES			26%																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
4.1 Electricity generation using solar photovoltaic technology	CCM4.1	1,492,400	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y			Y	Y	Y	EL			
6.15 Infrastructure enabling low-carbon road transport and public transport	CCM6.15	34,813,956	23%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	EL	E		
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM7.4	2,865,925	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y					Y	EL	E		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		39,172,281	26%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	0%			
Of which enabling		34,813,956	25%	0%	0%	0%	0%	0%	0%								E		
Of which transitional		0	0%	0%	0%	0%	0%	0%	0%										T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0,00	0%													0%			
CapEx of Taxonomy-eligible activities (A.1+A.2)		39,172,281	26%													18%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		109,827,719	74%																
Total		149,000,000	100%																

Sustainability

Ferronordic's
sustainability approach

In line with
international standards

Transparency

Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

» EU Taxonomy

KPI index

OpEX

Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial Contribution Criteria							DNSH criteria (‘Does Not Significantly Harm’)						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category (enabling activity) (19)	Category/(transitional activity) (21)
			Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)					
	SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
Economic Activities (1)																			
A. TAXONOMY-ELIGIBLE ACTIVITIES		1%																	
A.1. OpEx of environmentally sustainable activities (Taxonomy-aligned)																			
Environmentally sustainable activities (Taxonomy-aligned) (A.1)	0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%			
Of which enabling	0,00	0%	0%	0%	0%	0%	0%	0%									E		
Of which transitional	0,00	0%	0%	0%	0%	0%	0%	0%										T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
7.7 Acquisition and ownership of buildings	CCM7.7	4,836,166	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									EL	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,836,165	1%	1%												1%			
OpEx of Taxonomy-eligible activities (A.1+A.2)		4,836,165	1%	1%												1%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		488,163,834	99%																
Total		493,000,000	100%																

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sustainability approachIn line with
international standards

Transparency

Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

» EU Taxonomy

KPI index

Mandatory disclosure on nuclear and fossil gas related activities

Nuclear energy related activities

The company conducts, finances or is exposed to research, development, demonstration and deployment of innovative power generation facilities that produce energy from nuclear energy processes with minimal waste from the fuel cycle.	NO
The company carries out, finances or is exposed to the construction and safe operation of new nuclear facilities for the production of electricity or process heat, including for district heating or industrial processes, such as hydrogen production, as well as for safety upgrades of these, using best available technology.	NO
The company performs, finances or is exposed to the safe operation of existing nuclear facilities that produce electricity or process heat, including for district heating or industrial processes, such as hydrogen production from nuclear energy, as well as safety upgrades of these.	NO

Fossil gas related activities

The company carries out, finances or is exposed to the construction or operation of electricity production facilities that produce electricity using fossil gaseous fuels.	NO
The company carries out, finances or is exposed to the construction, renovation and operation of facilities for the combined production of heat/cooling and electricity using fossil gaseous fuels.	NO
The company carries out, finances or is exposed to the construction, renovation and operation of heat production facilities that produce heat/cooling using fossil gaseous fuels.	NO

Sustainability

Ferronordic's
sustainability approachIn line with
international standards

Transparency

Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

EU Taxonomy

» KPI index

KPI index

Indicator	Market	Unit	2019	2020	2021	2022	2023 ¹	2023 vs. 2022 YoY
Number of Board members	Group	#	6	6	7	6	6	0%
Number of Board meetings per year	Group	#	10	14	9	16	8	-50%
Board meeting attendance	Group	%	93	98	100	98	100	2%
Women members of Board	Group	%	17	17	29	33	33	0%
Nationalities present in Board	Group	#	1	1	1	1	1	0%
Independent members of Board	Group	#	4	4	5	4	4	0%
Electricity consumption	Group	MWh	2,123	2,501	3,250	4,186	1,407	-66%
Fuel consumption	Group	1,000 l	12,894	14,140	25,589	29,072	370	-99%
Flight miles	Group	1,000 km	9,980	3,549	8,034	6,780	2,348	-65%
CO2 emissions related to flights	Group	tons	1,115	385	878	879	543	-38%
Share of electric trucks sold	Group	%				1.2	4.79	299%
Electricity rate (MWh/revenue)	Group	%			3.20	2.80	0.59	-79%
Renewable energy share	GER	%	0	0	0	0	80.6	81%
Transmissions	USA	#					2	-
Cylinder	USA	#					1	-
Other components	USA	#					3	-
Incineration	Group	%			28	26	18	-31%
Tires	Group	%			26	22	<1	-
Metal	Group	%			10	10	4	-60%
Oil	Group	%			10	14	11	-21%
Plastic	Group	%			9	9	22	144%
Carton	Group	%			7	8	15	88%
LED batteries	Group	%			7	7	16	129%
Paper	Group	%			1	2	<1	-
Glass	Group	%			1	1	<1	-
Wood	Group	%			1	1	<1	-
Electronic waste	Group	%			<1	<1	<1	-
Fluorescent lamps	Group	%			<1	<1	<1	-

¹ Group data for 2023 refers to Germany, Kazakhstan and Sweden.

Sustainability

Ferronordic's
sustainability approachIn line with
international standards

Transparency

Planet first

Fair workplace

Sustainable offer

Sustainability risks

Outlook for 2024

EU Taxonomy

» KPI index

KPI Index, cont.

Indicator	Market	Unit	2019	2020	2021	2022	2023 ¹	2023 vs. 2022 YoY
Lost Time Injury Frequency Rate	GER	#			3.87	18.11	16.72	-8%
Accidents at work (minor)	Group	#	1	1	24	50	47	-6%
Accidents at work (major)	Group	#	4	3	5	16	16	0%
Fatalities	Group	#	0	0	0	1	0	-100%
Personal protective equipment	Group	EUR ²	389,160	330,620	492,200	646,100	64,670	-90%
ISO 45001 Certification	GER	Y/N	N	N	N	N	N	
ISO 14001 Certification	GER	Y/N	Y	Y	Y	Y	Y	
ISO 9001 Certification	GER	Y/N	Y	Y	Y	Y	Y	
Internal HSE inspections	Group	#	52	15	72	113	36	-68%
Number of violations discovered	Group	#	618	315	855	1,071	134	-87%
Number of violations closed on time	Group	%	60	67	100	95	84	-12%
Safety walks	Group	#	1,480	655	1,104	1,208	64	-95%
Near-miss ⁴	CA	#	169	48	129	114	0	-100%
Closed Near-miss reportings ⁴	CA	%	0	-1	1	1	0	-100%
Near-miss frequency rate ⁴	CA	#			9	8	0	-100%
Safety training	Group	hrs	9,344	4,282	6,810	22,844 ³	2,041	-91%
Anti-corruption training	Group	hrs	1,239	1,556	1,930	2,302	257	-89%
Anti-corruption training/employee	Group	hrs/#	1.04	1.06	1.08	1.14	0.56	-51%
Reported whistleblower incidents	Group	#	1	2	2	4	1	-75%
Whistleblower incidents which led to action	Group	#	1	0	1	0	0	-
Number of employees at end of year	Group	#	1,189	1,469	1,791	1,842	827	-55%
Employee turnover	Group	%	13	15	14	15	23	53%
Average age of employees at end of year	Group	#	37	39	39	39	39	0%
Proportion of female/male employees	Group	%	13	10	13	15	17	13%
Proportion of female/male employees in executive management	Group	%	11	16	15	20	14	-30%
Proportion of female/male employees in management	Group	%	-	28	32	20	25	25%
Nationalities in workforce	Group	#	7	19	20	23	27	17%
Diversity (employees of diverse backgrounds/average total headcount)	Group	%			21	24	20	-17%
Vacancies announced internally in year	Group	%	88	93	93	90	63	-30%
Vacancies filled internally in year	Group	%	60	20	25	20	43	115%
Internal promotions made in year	Group	#	268	187	273	148	11	-93%
Training hours provided in year	Group	hrs	56,954	49,761	61,027	57,227	4,298	-92%
Total training hours per Employee	Group	hrs/#	48	34	34	36	9.5	-74%
Work-related serious accidents or fatalities in year	Group	#	4	3	5	7	0	-100%
Sick-days in year	Group	#	3,097	7,189	10,502	18,797	6,435	-66%
Average number of sick-days per employee	Group	#	2.6	4.9	5.9	10.3	14.2	38%
Number of partners that signed a Code of Conduct	Group	#			4	5	7	40%
Number of partners that signed a policy on Human Rights	Group	#			4	4	7	75%
Share of sustainable offerings sold	Group	%			0.95	4.63	4.01	-13%

¹ Group data for 2023 refers to Germany, Kazakhstan and Sweden.² Due to the sale of the Russian business, EUR amounts calculated using the average exchange rate (RUB to EUR) of each year.³ After evaluation, the number provided in last years' report was incorrect and has here been adjusted.⁴ Near-miss data for 2019–2022 refer to Russia and CA. Data for 2023 refer only to CA.