



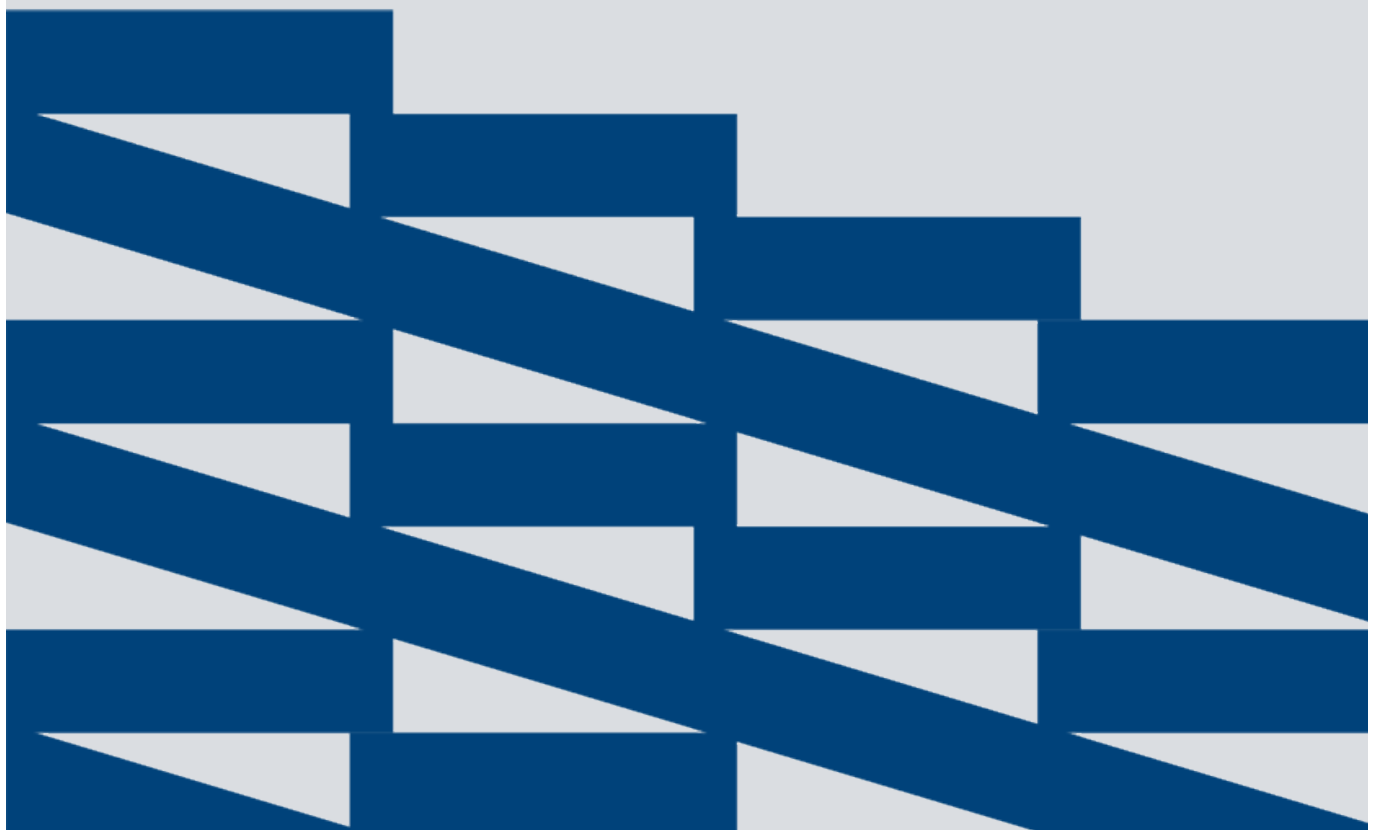
OVAKO

SUSTAINABILITY REPORT

Financial Year 2025

OVAKO

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



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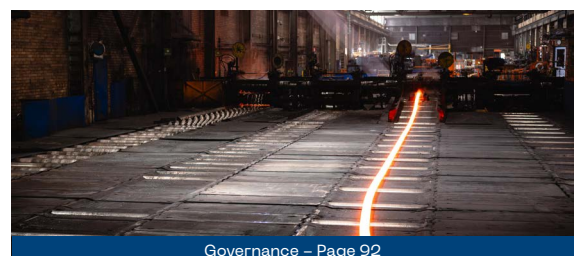
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In accordance with the Swedish Annual Accounts Act, the older wording that applied before 1 July 2024, this is Ovako Group AB's statutory sustainability report FY2025 for the period April 1, 2025 to March 31, 2026. Some calculations are reported for Calendar Year 2025 (CY2025) due to national legislation. The auditor's opinion regarding the statutory sustainability report is included at the end of the report.



INTRODUCTION

The Ovako 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. By communicating openly about our actions and their impacts, we reinforce our commitment to transparency, responsible business practices, and creating long-term value for our stakeholders and the planet.



Steel mill, Ovako Smedjebacken

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 2600 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). Our first ESRS-inspired report was published in July 2025, a key achievement on our path toward full compliance and enhanced transparency. This year's ESRS-inspired report for financial year 2025, reflects our efforts in providing clear, consistent, and reliable information on our ESG performance.

Our continued preparation for CSRD has strengthened our business operations and deepened our understanding of the key factors that will drive Ovako's sustainability agenda 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. The work of an updated DMA is planned for the fall of 2026.

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 this 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.

Beyond the CSRD, Ovako also monitors the progress of other EU legislation, including the EU Emissions Trading System (ETS), the Carbon Border Adjustment Mechanism (CBAM), EU Industrial Emission Directive (IED), Ecodesign for Sustainable Product Regulation (ESPR) and additional initiatives such as the Industrial Accelerator Act (IAA) and the EU Clean Industrial Deal (CID), to evaluate their potential impacts on our business and identify opportunities to create value.





"Sustainability at Ovako is built on long-term commitment to our people, our planet and our performance, combined with the resilience and clarity needed to move forward even in more challenging market conditions."

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. The past year has been characterized by a more cautious and complex market environment, where many industries have taken a measured approach. In such conditions, consistency, resilience, and clarity of direction become even more important.

Safety remains our top priority. It is the foundation of everything we do. With a Lost Time Injury Frequency Rate (LTIFR) of 0.7 for the financial year, we continue to demonstrate the strength of our safety culture. This achievement reflects the commitment and responsibility shown across our organization every day, ensuring that everyone returns home safely.

While market conditions have been more restrained, we have continued to move forward in line with our long-term strategy. Our focus has been on strengthening our capabilities, improving efficiency, and preparing for the next phase of growth. Sustainability remains a key driver in this work, not only as a responsibility, but as a competitive advantage.

A significant step this year has been the development of our Environmental Product Declaration (EPD) tool, which enables us to provide emissions data at the level of individual products. As transparency and data quality become increasingly important in our markets, this capability strengthens our ability to support customers in their own decarbonization efforts. It also positions Ovako to meet growing expectations on traceability and performance.

At the same time, we continue to invest in technologies and solutions that will define the future of our industry. From hydrogen-based heating to ongoing modernisation across our operations, these investments ensure that we remain at the forefront of sustainable steel production, ready to scale as demand accelerates.

We see a clear long-term shift in our markets. The demand for high-quality, low-carbon steel continues to grow, even if the pace may vary in the short term. Customers are increasingly integrating sustainability into their decision-making, and regulations such as CBAM further reinforce this direction. In this shifting landscape, our early investments and strong starting position provide a solid foundation.

However, the transition will not be driven by industry alone. Stable regulatory frameworks, fair competition, and access to fossil-free electricity are essential enablers. Continued collaboration across the value chain will be key to unlocking the full potential of the transition.

Looking ahead, we remain confident in our direction. We are using this period to strengthen our position, build capabilities, and stay close to our customers. With a clear strategy, strong partnerships, and dedicated people, we are well positioned to capture the opportunities ahead.

We will continue to lead the transformation of our industry; safely, responsibly, and with a clear purpose: to create steel for a decarbonized society.



Marcus Hedblom, President & CEO Ovako Group



GENERAL INFORMATION

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



Profile rolling mill, Ovako Boxholm

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 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.

Scope and 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, the older wording that applied before July 1, 2024, this is Ovako Group AB's statutory sustainability report FY2025 for the period April 1, 2025 to March 31, 2026. In accordance with national legislation, some calculations are reported for Calendar Year 2025 (CY2025).

The Ovako sustainability report covers the main value chain of our business, including the Impacts, Risks & Opportunities (IROs) identified across our upstream and downstream value chain as well as our own operations. The extent to which policies, actions, metrics, and targets extend beyond Ovako's own operations varies depending on the nature of each topic.

The report focuses on material sustainability topics identified through our double materiality assessment (DMA), read more on page 26. The results of the DMA, have shaped the scope and content of this statement, ensuring alignment with regulatory requirements and stakeholder expectations.

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.

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 2025-04-01–2026-03-31. Ovako Group AB has defined the scope and criteria of the selected information on pages 98–100. 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, refrigerants, waste and water.

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, 2025), Ecoinvent 3 and the Department for Environment, Food and Rural Affairs (DEFRA, 2025). In a limited number of cases where product-specific activity data was unavailable, spend-based information was used to calculate and estimate emissions. Emissions were classified as "primary" if either supplier-specific activity data or supplier-specific emission factors were used in the calculation. The use of secondary emission factors and, in a limited number of cases, spend-based activity data introduces a higher degree of measurement uncertainty into the related estimates than figures based on primary, supplier-specific data. Estimates based on these sources are therefore inherently less precise, and their reliability is expected to improve as the share of primary data increases over time. Where estimation uncertainty could materially affect a reported metric, the underlying assumptions and their potential impact are described in the relevant section. See a detailed table on data type and emission factors used, on page 39. Data 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

The amount and content of the disclosures in this report have been 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.

Management responsibilities

The Head of Group Sustainability and Safety 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 the 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 Regulatory Compliance Team, 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 the 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 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 our GEM.

Group Executive Management team

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.

Sustainability Steering Group

The Sustainability Steering Group consists of management along with experts in respective areas, and holds quarterly meetings to prepare suggestions for GEM decision-making. It is 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

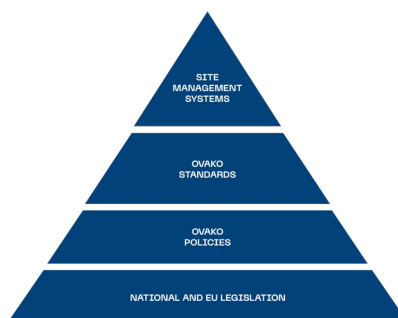
As a strategic support and driving force, in addition to the Sustainability Steering Group, Ovako has central functions for sustainability topics. The tasks of these sustainability specialists include developing, driving, and maintaining the sustainability agenda and supporting management in sustainability-related 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 efforts. They also represent Ovako in various forums, including councils and committees of our Swedish industry organization, Jernkontoret.

Governance structure Sustainability & EHS



Implementing our governance structure

As illustrated in the figure to the right, national and EU legislations provide the foundation of Ovako's operations, establishing the minimum requirements and obligations that govern how we conduct our business. Building on this foundation, policies approved by the Board of Directors define our overall approach to material topics. Our Standards, adopted by GEM and verified through audits, apply across all units. In addition, each business unit maintains its own local management systems and instructions tailored to its specific needs and site conditions.



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. As part of our regular review cycle, we have revisited our policies and confirmed that they remain relevant and continue to guide our operations. Read more about our governance structure on page 13, and find all company policies in Appendix A, pages 101–105.

Expertise and skills available

GEM collectively holds sufficient sustainability expertise, and is highly capable of aligning overall strategy with sustainability goals. The members hold knowledge in different areas of sustainability that relate to our material IROs. The GEM members are also very familiar with the ongoing work in the business units and know there are experts within the different sustainability areas to ask whenever needed for guidance and seeking for knowledge.

Diversity of the Board of Directors

Board composition and structure		
Board diversity	Number of head count	Percentage
Female	0	0 %
Male	8	100 %
Other *	0	0 %
Not disclosed	0	0 %
Total number of board members	8	100 %
Gender diversity ratio **		
Board's gender diversity ratio	0	0 %
Executive and non-executive members		
Executive	2	25 %
Non-executive	6	75 %
Unitary board		
Total number of board members	8	100 %
Independent board members	2	25 %

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

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

Group Executive Management Team



Marcus Hedblom



Elin Eriksson



Larisa Gyllenrapp



Anna Thorslund



Ludovic Gailleton



Rickard Qvarfort



Klaus Enwald



Nicholas Källsäter

Group Executive Management Team

Competences connected to sustainability	Marcus Hedblom President & CEO	Elin Eriksson CFO & EVP Group Finance, IT & Purchasing	Larisa Gyllenrapp EVP Global Sales	Anna Thorslund Chief People Officer	Ludovic Gailleton EVP Group Technology	Rickard Qvarfort President Business Unit Hofors-Hellefors	Klaus Enwald President Business Unit Imatra	Nicholas Källsäter President Business Unit SmeBox
Sustainability in general	■	■	■	■	■	■	■	■
Governance	■	■	□	□	□	□	□	□
Anti-corruption and bribery	■	■	■	□	□	□	□	□
Social	□	□	□	■	□	□	□	□
Health and safety	■	□	□	■	■	■	■	■
Sustainability in operations: climate, energy, pollution, resource use, water and social	□	□	□	□	□	■	■	■

Sustainability matters addressed by management and incentive schemes

Ovako commenced the alignment of ESRS during FY2024 and continued and further improved the work for this year's report. GEM played an active role in implementing the ESRS-aligned reporting framework. Sustainability is a standing agenda item at GEM meetings, with a total of 11 meetings held throughout FY2025. The Head of Group Sustainability and Safety oversees and monitors the Group's sustainability performance, operating within the framework defined by GEM. Key topics discussed during the year included health and safety, energy, environmental matters, SBTi, emissions, and CSRD.

Ovako's current remuneration model for administrative, management, and supervisory bodies does not incorporate environmental criteria. However, discussions are ongoing regarding the potential introduction of incentive schemes that would include such elements. At present, reductions in workplace accidents are linked to bonus eligibility 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

We adjusted our sustainability report to better fit the ESRS reporting requirements in FY2024 and this continued during FY2025. We also 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. During the year, we performed workshops where we set clear definitions on Environmental, Social, HR and Health & Safety terms, to make sure all units within the group report on same conditions.

Much of the data considered material for disclosure under the ESRS is information we have monitored for many years, for example, data required for local environmental permits or statistics on work-related injuries. As a result, many of our data-collection processes are already well established throughout the organization. These processes build on long-standing initiatives and include both internal and external audits at the site level, ensuring

that our procedures for maintaining a safe work environment and delivering high-quality operations are consistently followed.

ISO certifications

Ovako manages its sustainability efforts by adhering to internationally recognised standards, with several ISO certifications in place across its sites (as detailed below). Traditionally, the certification processes include an on-site audit of operations conducted by an independent third party. This is followed by a comprehensive review meeting covering 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

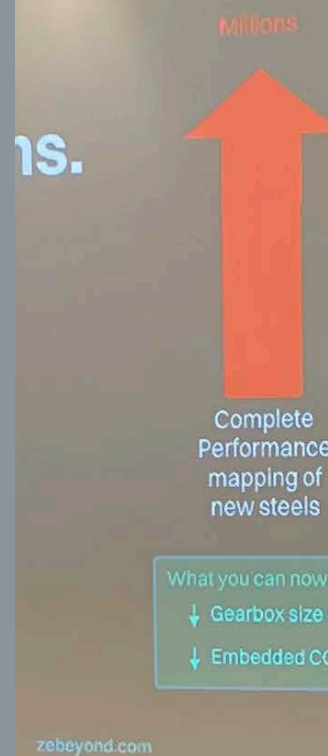
QUANTIFYING THE ADVANTAGE: OVAKO AND ZEBEYOND

Knowing that a steel grade performs better is one thing. Demonstrating its full value in weight, cost, and CO₂ at the vehicle level is another. That is the ambition powering our collaboration with ZeBeyond, the automotive electrification software company behind the ePOP (electrified Powertrain Optimisation Process) toolset.

Under this partnership, Ovako steels are being fully integrated into the ePOP software platform, allowing engineers and OEMs to model and simulate powertrain concepts using our materials in real time. This means that the weight savings, embedded CO₂ reductions, and cost efficiencies of choosing Ovako steel can be quantified dynamically from the earliest stages of design.

The technical work involves implementing ISO-compliant material models, embedding our engineering and life cycle assessment (LCA) properties into the ePOP core library, and conducting a validated case study using real vehicle data that demonstrates the measurable impact of Ovako steel versus standard alternatives.

The outcome is a powerful proof point that our materials actively help customers build better, cleaner, more competitive vehicles. In a sector where the race to Net Zero is inseparable from the race for performance, this is exactly the kind of partnership that matters.





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 for 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 for 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 for France and Italy

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.

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 worldleading applications in sectors such as agricultural equipment, automotive, bearings, defence, energy, hydraulics, mining and transport.

Geographies

Ovako operates globally in over 30 countries with production sites spanning across Europe.

Production sites

Our sites are divided into 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-chrome plated products under the Cromax® and NiKrom® brands at the sites in Hallstahammar, Molinella and Redon.

Sales offices

Our sales offices are strategically located 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).



2 600
employees

30
countries

8
production sites

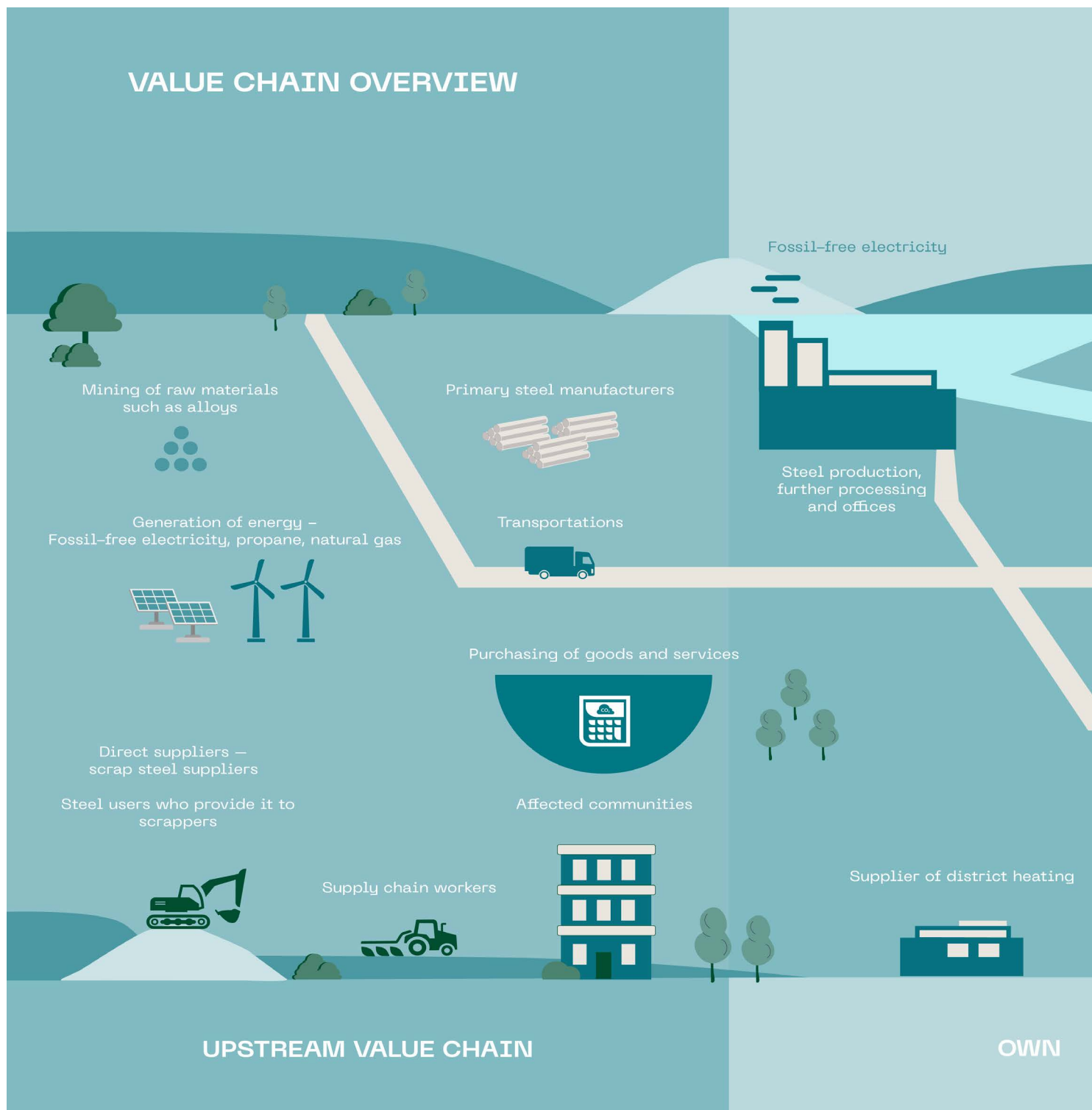
1 000
ktonne capacity

0.7
LTIFR

Ovako's value chain

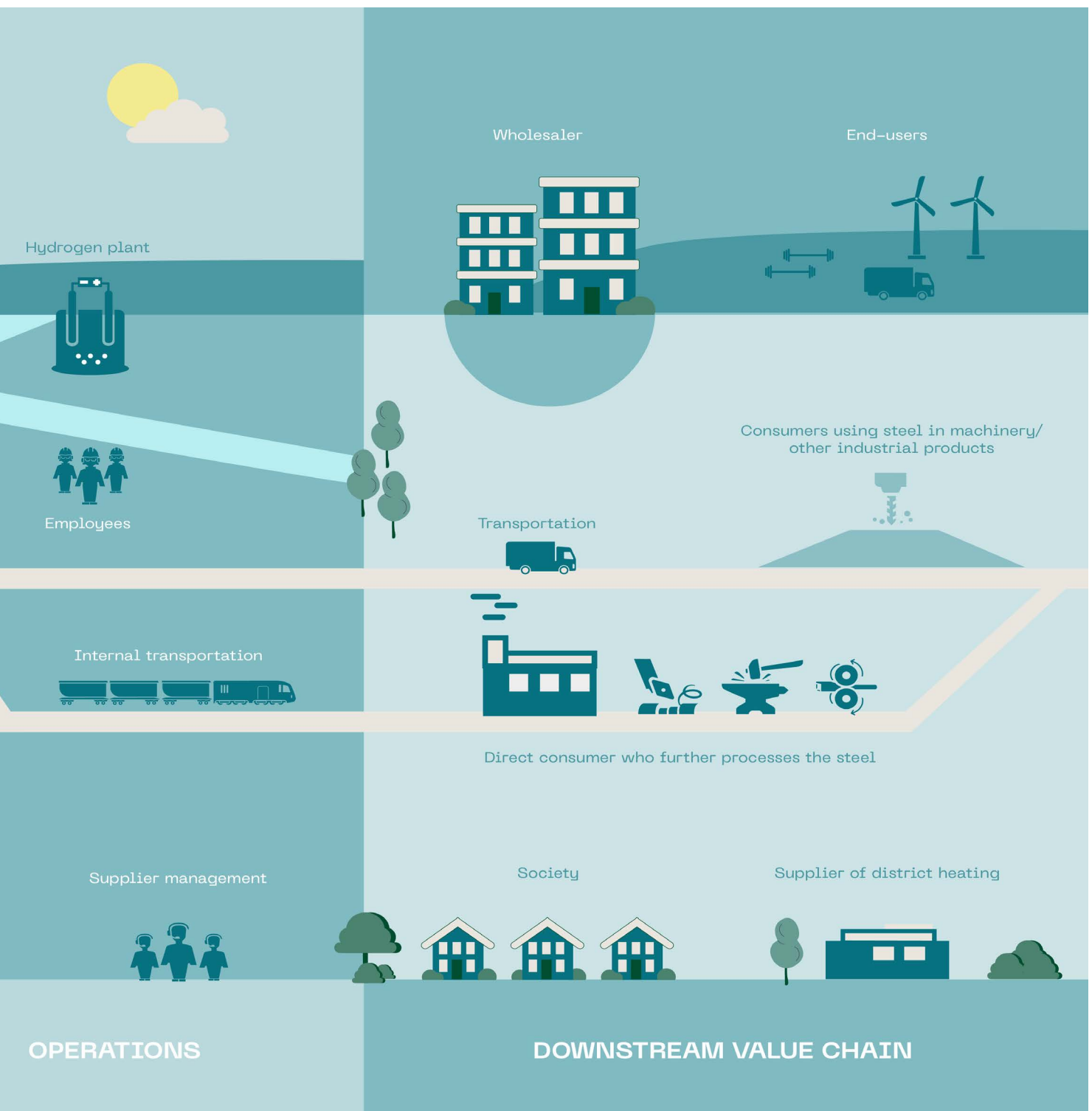
The picture below provides an overview of Ovako's value chain. The main upstream actors include the extraction of alloy raw materials from mines, primary steel manufacturers, and steel users who provide material to recycling industries. This stage also involves our direct suppliers, particularly scrap 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 interviews for the DMA as well as the 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 several 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.	▪ 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.	▪ 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.	▪ Daily interactions ▪ Engagement with unions and interest groups ▪ Engagement and employee surveys ▪ Grievance mechanisms ▪ Personal Development Dialogue (PDD) and daily meetings	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.	▪ 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.	▪ 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.	▪ 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 has conducted several materiality assessments in the area of sustainability since 2017. In 2023 Ovako conducted an updated DMA in accordance with the criteria and implementation guidelines provided in the ESRS and by EFRAG at that time. The DMA was reviewed during FY2025, without significant updates. 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

The DMA was made with the help of surveys and interviews with internal and external stakeholders. This was 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 Group, 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 (EPDs), 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 recognise our environmental impact and take responsibility for operating both sustainably and profitably. At Ovako, we contribute meaningfully to a more sustainable steel industry by producing high-quality steel from recycled materials, resulting in a significantly lower climate footprint.

Guided by a strong commitment to circularity, we continuously strive to improve our operations and actively pursue innovative technologies that enhance performance and efficiency. We believe that consistent, targeted improvements are key to building a more sustainable future.

Throughout the years, we have delivered strong results in increasing circularity and reducing carbon emissions, consistently guided by our values: Skilled, Responsible, and Innovative.





Ovako production site in Boxholm, Sweden

CLIMATE CHANGE

We are committed to aligning with climate science and ensuring accountability in our approach to decarbonization. Following our transition plan, we continue to advance steadily toward our near- and long-term goals. This chapter outlines how we manage climate-related impacts, risks and opportunities and track progress against our commitments.

Ovako's transition plan for climate change mitigation is not a new initiative, but the natural 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 strong foundation provides valuable insights and capabilities as we further formalize and accelerate our climate transition strategy.

Our early focus on climate initiatives has positioned Ovako as a frontrunner in steel sector decarbonization, with emissions intensity already well below industry average. This starting point enables us to set targets that are both ambitious and achievable within our operational context.

Our transition is also shaped by evolving market demands, as customers increasingly factor carbon footprint into procurement decisions. The growing demand for steel with a low CO₂e footprint has become both a competitive differentiator and a sustainability requirement. This shift is reinforced by voluntary frameworks such as SBTi, as well as EU policies; including carbon pricing, the EU ETS, and CBAM, that incentivize fossil-free production and apply to imported goods.

Ovako has worked hard for a long time to reduce the emissions from our own processes. We use 100 percent fossil-free electricity in our steel- and rolling mills. We optimize the use of alloys and scrap as well as recycling our residual materials and heat. In addition, we have had a long-term focus on energy saving measures. Recent initiatives include:

- Hofors, fossil-free hydrogen facility, for heating steel prior to rolling, and VTD (Vacuum Tank Degassing)
- Boxholm, the modernization of the rolling mill furnace, reducing the energy consumption by 50 percent and cutting emissions by almost 60 percent
- Imatra, recently converted bloom furnace to oxyfuel technology, further reducing our CO₂ emissions and energy consumption
- Biochar trials at our steel mills to better understand the potential to replace traditional coal as the market matures

Ovako's transition plan outlines our pathway to achieving net-zero emissions by 2045, aligned with the 1.5°C goal of the Paris Agreement. It is supported by science-based targets that incorporate key decarbonization levers and define the strategic actions that will continue to drive our transition.

These targets reflect Ovako's uniquely low starting point and go beyond the reduction requirements set by SBTi, reinforcing our position as a decarbonization leader in the steel sector.

Through these efforts, we have reduced our Scope 1 and 2 emissions per tonne of sold goods by 59 percent since 2015. The emissions (as defined by SBTi), are, per FY2025, 0.35 tCO₂e / tonne hot-rolled steel. Emission reductions are, as previously described, largely driven by direct and indirect electrification, including electrified heat treatment furnaces and hydrogen solutions. Together with sourcing only fossil-free electricity, this gives us a strong position in low-carbon steel.



OVAKO

Our podcast Stålverket returned with six new episodes and new perspectives on steel, innovation and the transition ahead. In Season 2, we open up the conversation even more, bringing in more voices from across Ovako and the wider industry. The podcast was also nominated at The Magnet Awards 2026.

Listen to all episodes (in Swedish)
now by following the QR-code:



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 net-zero emissions steel production by 2045.

The chart begins by showing (grey bar) our emissions in 2015. The blue 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. 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 inaugurated at Hofors in 2023, where we produce and use fossil-free hydrogen for re-heating of steel prior to rolling. Fossil-free heating solutions, such as hydrogen, are estimated to cut emissions from our own operations (Scope 1) by more than 50 percent, from an already low level 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.

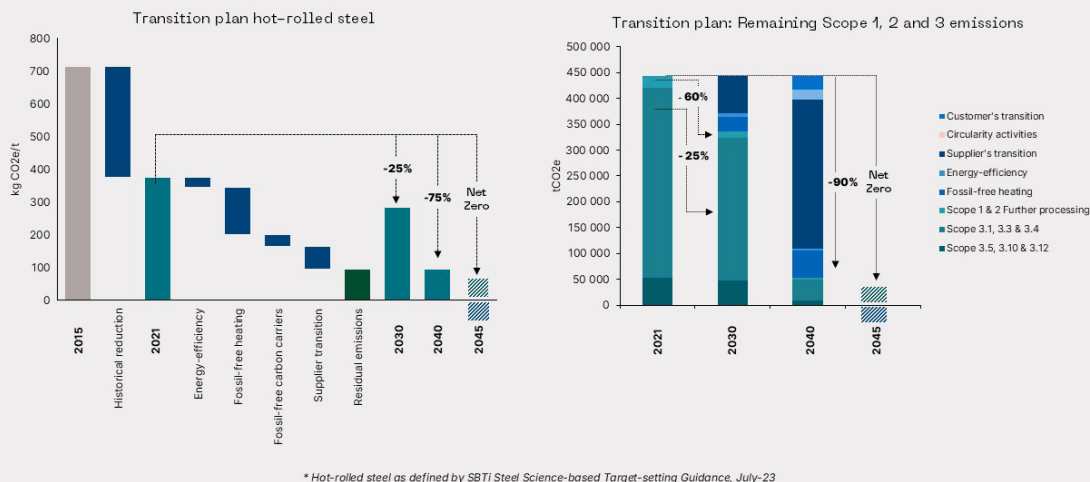
Supplier collaboration

Work closely with suppliers to cut emissions by reducing the carbon footprint of lime and other raw materials, 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. Looking further ahead, we are targeting a 75 percent reduction by 2040, and to ultimately achieving net-zero emissions across the entire value chain by 2045.

Decarbonization targets and transition plans



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 is the collaboration with our customers and suppliers. 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

This category illustrates the emission reductions and transition efforts of our customers, driven both by collaborative initiatives with Ovako and by external factors such as the decarbonization of the grid. Ovako is developing steel products 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

This illustrates the required emission reductions in category 3.5 (waste generated in operations) and 3.12 (end-of-life treatment of sold products), 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 targets, the transition of our suppliers is key. Through collaboration and partnership, we can decarbonize the value chain. The initial focus is on alloys, dolomite, and refractories, while also covering transportation value chains.

Energy efficiency and fossil-free heating

Ovako's transformation to fossil-free energy solutions has a positive impact on the upstream value chain as well, namely emissions Scope 3.3 (fuel and energy-related activities). 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.

Final target

By driving these strategic initiatives, we aim to reduce our absolute Scope 1 and 2 emissions by 60 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 our 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: all indirect emissions (not included in Scope 2) that occur in the value chain of the organization, including both upstream and downstream emissions

Topic	Significant IROs	Materiality	Value chain occurrence		
					
Climate change adaptation	Requires resources for e.g. adaptation of sites.	F			
Climate change mitigation	Ovako's operations and value chain, driven by production and transportation, generate greenhouse gas emissions, making climate change mitigation a material topic.	F + I			
Energy	Ovako's value chain requires significant energy input, with operations dependent on electricity grid infrastructure. Where possible, fossil-free sources are used, and production is largely based in Sweden where renewable energy dominates.	F + I			

F = Financially I = Impact  Upstream  Own operations  Downstream

Climate change-related impacts

Emissions

Emissions are generated throughout Ovako's value chain with in-house 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 in the value chain. Reducing the output of greenhouse gases and increasing the share of fossil-free energy supply is therefore deemed material for Ovako.

The emissions from our 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 contracted.

Climate change-related risks and opportunities

Adaptation risks

Climate change has led to an increased likelihood of extreme weather along the supply chain which Ovako is dependent on. 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 are mostly located near water bodies. This requires efficient operations, supply chain arrangements and infrastructural support, and adopting these to circumstances related to climate change will be costly.

Mitigation risks

Carbon taxes and other regulations to minimize GHG emissions are seen around the world. More regulations will lead to higher financial cost 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

Our efforts to build the hydrogen plant provide a good opportunity for us to manifest as a market leader and reduce our emissions significantly. 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 electricity 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. The production of fossil-free hydrogen requires substantial volumes of fossil-free electricity. As such, the development of the energy market, and in particular the availability of competitively priced fossil-free electricity, is critical to enabling continued production and scaling. Access to reliable, cost-efficient, and low-carbon power remains a key dependency and may pose a challenge depending on the pace of power grid expansion.

Key drivers for scaling hydrogen production include the relative cost of electricity, the cost of conventional fuels, and the price of EU allowances. Together, these factors determine the competitiveness of hydrogen compared to fossil-based alternatives and will play a pivotal role in shaping the pace and scale of the transition.

Management of impacts, risks, and opportunities

Policies

For a detailed list of all our policies, please see Appendix A, pages 101-105. See also information under "Scope and basis for preparation" in the chapter General information.



A partnership between Samskip and Ovako demonstrates how close collaboration between logistics and manufacturing can drive both sustainability and competitiveness. By combining Ovako's low-carbon steel production with Samskip's multimodal and low-emission transport solutions, the companies work together to reduce supply chain emissions while maintaining efficiency and reliability.



"As Application Specialist for a legacy ERP system, I see my role as bridging the past and the future – ensuring stable operations today while paving the way for smarter, more sustainable solutions tomorrow. While helping guide our digital transition toward smarter, more sustainable solutions, I'm inspired to contribute to the continuous development of systems and processes that strengthen our resilience and move us toward a more sustainable future"

Michelle Thomson, Application Specialist Group Functions

Enabling our customers' emission reduction (Scope 3)

Ovako has worked for many years 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 also works 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 fully informed 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 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

We have long-term relations with many 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 these 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. Most 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. This system enables us to optimize transport based on their CO₂e footprint.

In FY2024 we disclosed our Group Scope 3 emissions for the first time. We have continued the work and also for this year disclose Scope 3 emissions on group level. 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.

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 to 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. From 2024, all emissions under Scope 2 are presented using the market-based and the location-based approach.

Gross Scopes 1, 2, 3, and total GHG emissions	2021 (base year)	2024	2025	YoY change (%)
Scope 1 GHG emissions				
Gross Scope 1 GHG emissions (tCO ₂ e)	206 715	140 983	139 486	-1.1 %
Emissions from internal transports/ mobile combustion	4 306	3 236	3 148	-2.7 %
Emissions from non-ETS fuels	1 982	1 325	1 101	-16.9 %
ETS process emissions	68 205	46 828	47 151	0.7 %
ETS combustion emissions	132 203	89 493	88 011	-1.7 %
Emissions from refrigerants	19	101	74	-26.6 %
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	97 %	97 %	97 %	
Scope 2 GHG emissions				
Gross location-based Scope 2 GHG emissions (tCO ₂ e)	N/A	31 779	14 886 ***	-53.2 %
Gross market-based Scope 2 GHG emissions (tCO ₂ e)	9 188	1 487	1 674	12.6 %
Significant Scope 3 GHG emissions				
Total gross indirect (Scope 3) GHG emissions (tCO ₂ e)	490 022	309 192 *,**	311 739	0.8 %
1 Purchased goods and services	308 184	185 953 *,**	197 524	6.2 %
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	61 072	39 966	38 243	-4.3 %
4 Upstream transportation and distribution	64 347	47 754 *	47 243	-1.1 %
5 Waste generated in operations	5 952	5 532	879	-84.1 %
10 Processing of sold products	35 598	26 822	25 540	-4.8 %
12 End-of-life treatment of sold products	14 870	3 165	2 311	-27.0 %
Total GHG emissions				
Total GHG emissions (location-based) (tCO ₂ e)	696 737	481 954 *,**	466 111	-3.3 %
Total GHG emissions (market-based) (tCO ₂ e)	705 924	450 662 *,**	452 899	0.5 %

* Figures have been corrected to address a minor data entry error.

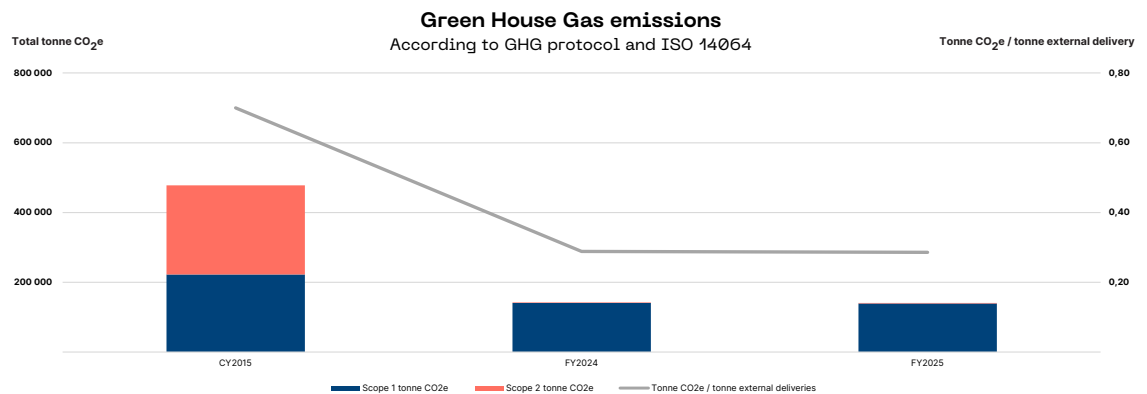
** Emissions from non-raw materials have been restated following the correction of an error in the spend-based calculation.

*** The decrease in Scope 2 (location-based) emissions is mainly due to updated IEA electricity emission factors, resulting from changes in methodology and grid data.

Greenhouse gas intensity per net revenue	2024	2025	Change
Total greenhouse gas emissions (location-based) per net revenue (tonnes CO ₂ e / TEUR)	0.593 *,**	0.589	-0.8 %
Total greenhouse gas emissions (market-based) per net revenue (tonnes CO ₂ e / TEUR)	0.556 *,**	0.572	2.9 %

* Figures have been corrected to address a minor data entry error.

** Emissions from non-raw materials have been restated following the correction of an error in the spend-based calculation.



Scope 3 category		Activity data type	Emission factor specificity	Exclusions
3.1	Purchased goods and services: raw materials	Activity specific purchased mass	Ecoinvent and supplier data	
	Purchased goods and services: other	Spend-based	The Swedish national agency for public procurement, data adjusted for inflation. The calculation for Imatra is derived by applying the average emissions intensity of Ovako's Swedish production sites to Imatra's spend.	
3.3	Fuel and energy-related activities	Activity specific purchased volumes/mass	Ecoinvent and supplier data	
3.4	Upstream transportation and distribution: inbound	Activity specific purchased mass. Estimated transport distances, means and load factor.	GLEC Default values	< 5 % of the category emissions (estimated) due to lack of data
	Upstream transportation and distribution: outbound	Activity specific mass transported (t), transport activity (tkm), and load factor (%), when available. Estimations in accordance with ISO 14083.		
3.5	Waste generated in operations	Activity specific waste categories (mass).	DEFRA	
3.10	Processing of sold products	Activity specific product categories (mass).	Proxy based on customer data and Ovako data	< 5 % of the category emissions (estimated) due to lack of data
3.12	End-of-life treatment of sold products	Activity specific sold goods (mass).	DEFRA	< 1 % of the category emissions (estimated) due to lack of data

Calculation methodology

For emissions in Scope 1, 2 and 3 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, 2025), Ecoinvent 3 and the Department for Environment, Food and Rural Affairs (DEFRA, 2025). 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. The use of secondary emission factors and, in a limited number of cases, spend-based activity data introduces a higher degree of measurement uncertainty into the related estimates than figures based on primary, supplier-specific data. Estimates based on these sources are therefore inherently less precise, and their reliability is expected to improve as the share of primary data increases over time. Where estimation uncertainty could materially affect a reported metric, the underlying assumptions and their potential impact are described in the relevant section.

Targets and metrics

Ovako has set ambitious climate targets, building on an already strong foundation. The targets align with our sustainability and environmental commitments. We remain dedicated to being the leader 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. During the year, the Science Based Targets initiative (SBTi) commenced the validation of our targets.

Near-term targets (base year 2021):

- 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
- Reduce all other absolute Scope 1 and 2 emissions by 60 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 (base year 2021):

- 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
- 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



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

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, for all ISO certificates, see page 17.

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 heat 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. 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	2024	2025	Change
Energy intensity (MWh/TEUR net revenue)	1.48	1.52	2.7 %

Energy consumption and mix	2025
Fossil energy	
Total fossil energy consumption (MWh)	443 833
Fuel consumption from coal and coal products (MWh)	0
Fuel consumption from crude oil and petroleum products (MWh)	286 006
Fuel consumption from natural gas (MWh)	126 461
Fuel consumption from other fossil sources (MWh)	0
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	31 367
Share of fossil sources in total energy consumption (%)	37 %
Nuclear energy	
Total energy consumption from nuclear sources	517 200
Share of consumption from nuclear sources in total energy consumption (%)	43 %
Renewable energy	
Fuel consumption from renewable sources, including biomass (MWh)	1 338
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	235 162
Consumption of self-generated non-fuel renewable energy (MWh)	8 648
Total renewable energy consumption (MWh)	245 147
Share of renewable sources in total energy consumption (%)	20 %
Total energy	
Total energy consumption (MWh)	1 206 180



VTD in Ovako Hofors steel mill



CASE

INVESTING IN TOMORROW, DELIVERING RESULTS TODAY

Through recent investments such as in hydrogen heating in Hofors, furnace upgrades in Boxholm, and the continued modernisation of facilities across our Swedish and Finnish sites, we have demonstrated that environmental progress and operational excellence go hand in hand. Nowhere is this more evident than at the Imatra mill, where a long-term, disciplined approach to investment has delivered a landmark result: the lowest CO₂ emissions in the site's history.

In 2025, our Imatra site recorded emissions of just 231 kg of CO₂ per tonne of steel produced. This is a historic low, and the product of years of targeted investment and continuous improvement. The reported CO₂ figures cover the mill's own process emissions, which fall under the EU Emissions Trading System.

Key milestones include the introduction of a vacuum tank degassing (VTD) facility in 2019, a reheating furnace burner upgrade in 2023, and, most significantly, the connection of the Imatra site to fossil-free district heating in spring 2025, enabling the controlled shutdown of the mill's steam generation facility and dramatically reducing natural gas consumption.

"Well-timed, major investments have played a decisive role. Shutting down the steam plant is clearly reflected in the emission level we have now achieved. There are many opportunities ahead — from improving yield and energy efficiency to replacing natural gas with renewable alternatives." Helena Kumpulainen, Environmental Director, Ovako

At the same time, we have been investing in the future of our Hofors mill through a €17 million VTD facility, now fully operational, which brings Hofors in line with the modern degassing installations already in place at Smedjebacken and Imatra.

This VTD replaces steam jet pumps with mechanical vacuum pumps, reducing energy consumption and CO₂ emissions while enhancing metallurgical quality and production stability. And at Imatra's heavy bar mill, a €15 million modernisation program is well underway, with a state-of-the-art laser-based dimension measurement system already commissioned, improving production efficiency by an expected 6 000 tonnes per year while reducing material waste and physical workload.

Across all of these investments runs a common thread: efficiency. Whether through smarter raw material use, reduced natural gas dependency, or precision-driven automation, Ovako's environmental gains are built on the conviction that doing more with less is both good for the planet and good business.

Ovako is a signatory to Finland's national Energy Efficiency Agreement and will continue its participation through the 2026–2030 period. With 97 percent recycled scrap steel at the heart of its process, and a clear purpose, Ovako is setting a new standard for what sustainable steelmaking looks like.

POLLUTION

As a leading steel producer, we recognise the significant environmental responsibilities associated with our operations. This chapter outlines how we manage pollution-related impacts — including emissions to air and water, potential soil contamination, and the handling of hazardous substances — and how we assess and address the associated risks.

We have established and implemented policies, actions, and controls to prevent, mitigate, and remediate pollution-related impacts arising from our operations. These measures focus on reducing particulate matter and gaseous emissions to air, ensuring controlled and compliant discharges to water, and preventing soil contamination through systematic waste management, operational controls, and regular monitoring and sampling programs. Furthermore, in line with the principles of pollution prevention and substitution, we are progressively phasing out substances of very high concern, and prioritizing the replacement of hazardous chemicals with less harmful alternatives wherever technically and economically feasible.

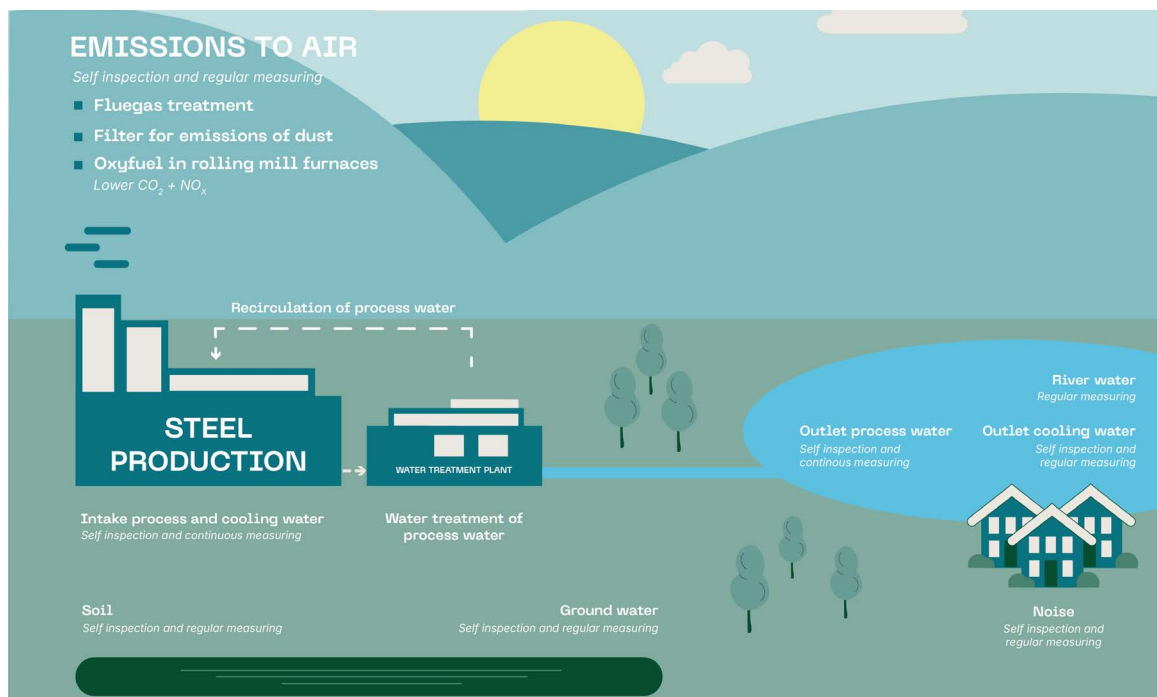
Pollution to air

Ovako has a 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 (NOx), sulfur oxides (SOx), 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 NOx being the most significant pollutants. As a mitigation measure, we seek to optimize the efficiency of product transport by maximizing the use of rail between our sites and prioritizing transport modes with lower emissions intensity. This approach is applied across both upstream and downstream logistics, with the objective of reducing pollution and climate-related impacts associated with the transportation of our products.

Our primary source of scrap metal used as raw material is obtained from well-established recycling facilities operated by suppliers, primarily located in the Nordic region.

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 multiple stages across our value chain, from the extraction and production of raw materials to our own steelmaking and downstream processing activities. Within our operations, water use primarily relates to steel production and rolling processes, where potential water pollution is mainly associated with the presence of metals in process water.

While we recognise the inherent risk of water pollution incidents, these risks are mitigated through long-term, continuous preventive measures. All production sites operate internal water treatment plants, ensuring that wastewater is treated prior to discharge into adjacent water bodies in accordance with applicable requirements.

Upstream activities related to the collection, storage, processing, and supply of recycled scrap steel are assessed as having a low risk of water pollution, with potential impacts generally well contained. Higher pollution risks are associated with upstream materials sourced in their raw state, particularly due to water pollution from ore and mineral processing. These risks are significantly elevated in regions with weak or insufficiently enforced environmental regulations.

In the downstream value chain, the primary sectors linked to our products are construction and manufacturing. Based on our assessment, we do not expect significant water pollution impacts to arise from the use of the steel products we place on the market.

Water pollution risks may result in financial impacts, including regulatory fines, remediation costs, and reputational damage. In addition, our operations are dependent on access to water, as several major production facilities rely on proximity to water resources for their operational continuity.

Pollution to soil

In the upstream value chain, a share of materials is sourced in their raw state, where soil pollution risks are associated with the extraction and processing of ores and minerals.

These risks are higher in regions with weak or insufficiently enforced environmental regulations, where inadequate controls may lead to contamination of soil and surrounding environments.

Within our own operations, soil contamination may arise from processing activities due to the nature of on-site equipment and industrial processes. Potential contaminants include metals and oils. Prolonged land use and exposure to chemical substances may, if not properly managed, result in localized impacts on soil and groundwater.

Ovako has long acknowledged and addressed legacy impacts and has established a comprehensive environmental management program to prevent, mitigate, and remediate soil-related risks. This program includes strict operational controls and monitoring measures aimed at minimizing the risk of soil and groundwater contamination.

Substances of very high concern (SVHC)

Ovako Cromax AB is 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, a SVHC. 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 for less hazardous substances. For example, we established a new production line a few years ago to test alternative solutions. Currently, to be able to deliver the requested quality, the use of chromium trioxide is still 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.

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 Ovako Cromax. The finished product contains no hexavalent chrome.	F + I	■	■	□

F = Financially I = Impact  Upstream  Own operations  Downstream

Policies

For a detailed list of all our policies, please see Appendix A, pages 101-105. See also information under "Scope and basis for preparation" in the chapter General information.

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 their steel purchases. During FY2025 we developed an EPD tool that can provide data on any specific article. The tool is completed and will be third-party verified and registered on EPD international during 2026. 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 work 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 liquefied petroleum gas, natural gas or oil to electricity has resulted in further reduction of emissions, as well as energy savings. We have upgraded furnaces, adopted fossil-free energy, and eliminated oil combustion in our steel mills. These are key measures aimed at reducing air pollution.



Further Processing, Ovako Boxholm



The collaboration with discus thrower Daniel Ståhl, Olympic gold medalist and three-times world champion, goes beyond traditional sponsorship as we not only share the Swedish word for steel, Stå(h)l.

We share equal qualities.

Strength — built over time, through focus and perseverance.

Precision — where every detail matters.

Resilience — to keep improving, whatever the conditions.

Nordic roots — with Finnish and Swedish heritage.

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 recognise the significant risks associated with uncontrolled discharges and have implemented preventive and contingency measures to address such scenarios. At our Hällefors facility, a containment dam is installed as a preventive control to capture and retain any potential spills. As an additional contingency measure, we maintain emergency response boats equipped with decontamination equipment, which can be rapidly deployed to the adjacent river to contain and mitigate any accidental releases.

Examples of actions in the area:

- We conduct comprehensive water sampling programs at our production facilities in Sweden and Finland. This monitoring includes regular analysis of surface waters both upstream and downstream of our operational sites, as well as systematic groundwater monitoring within and around our facilities
- Investment in the water treatment plant at the Hällefors facility, specifically aimed at reducing nickel concentrations in discharged water
- Implementation of upgraded firefighting water management systems to enhance environmental protection
- Strategic investments to strengthen the monitoring and control of emissions from all discharge points.
- Facility upgrades aligned with environmental compliance obligations and sustainability objectives

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 a self-inspection program based on the environmental permits for the specific site. We also provide status reports along with detailed soil analysis for historical documentation and to report to authorities and in our environmental reports.

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. An example of substance of very high concern used at Ovako is chromium trioxide, which is used at our three Cromax sites and only during the production phase. The finished hard-chrome plated product contains no hexavalent chrome, only metallic chrome, therefore the product is 100 percent recyclable. 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, employees at our 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 the coming years, we will revise these targets to better align with the topics and sub-topics outlined in the ESRS.

Metrics

Pollution to air

All emissions are within the limits defined by our environmental permits, based on applicable legislation. Variations are mainly linked to differences in scrap composition and production methods. As production is based on recycled steel scrap, zinc (Zn) from coated materials and alloying elements such as nickel (Ni) and chromium (Cr) may occur in flue gases.

Despite careful material control, small amounts of organic material can enter the process, contributing to dioxin formation. Most emissions are captured,

and ongoing efforts focus on further reductions through improved material flows and advanced flue gas treatment.

Metals are also recovered from flue gas dust, linking emission control with resource efficiency and circularity.

The pollution to air presented in the table includes 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 – CY2025
Chromium and compounds	100	194
Nickel and compounds	50	51
PCDD + PCDF (dioxins and furans) (as Teq)	0.0001	0.0004
Zinc and compounds (as Zn)	200	1 050



Steel mill, Ovako Hofors

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 exceedance of pollution and will report accordingly if any thresholds are exceeded in the future.

The pollution to water presented in the table includes 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 Hofors, Hällefors and Imatra.

Type of pollutant to water	Threshold (kg)	Amount of emissions in kg – CY2025
Nickel and compounds (as Ni)	20	97
Zinc and compounds (as Zn)	100	151



"I take great pride in collaborating with my colleagues to identify improvements and develop effective solutions that help make Ovako an even safer and more sustainable workplace. Working together as a team allows us to share ideas, learn from each other, and continuously strengthen both our safety culture and our commitment to sustainability."

Sara Nilsson, Operator Business Unit Hofors–Hellefors

Physical Testing (laboratory), Ovako Hällefors

WATER AND MARINE RESOURCES

Ovako depends on water as a critical resource, withdrawing it primarily for cooling and process-related activities. All our sites are located in areas with low water stress and abundant availability. This chapter outlines how we manage water use, minimize withdrawals through high recirculation rates, and monitor discharges to protect the surrounding aquatic environment.

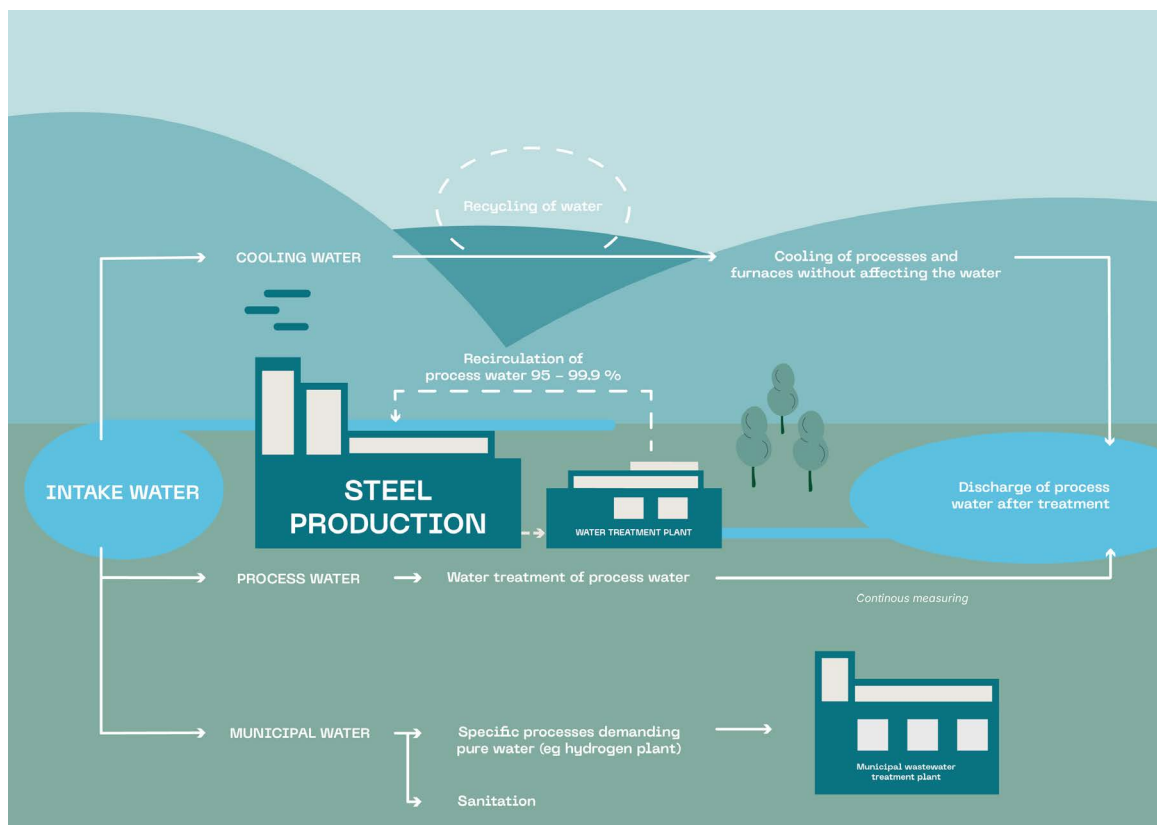
Historically, steel production sites were often established near lakes and major water courses, reflecting the industry's reliance on substantial water resources. Ovako's primary production facilities continue this legacy, operating in locations with abundant water access.

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 many 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 utilize 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.

Management of impacts, risks, and opportunities

Policies

For a detailed list of all our policies, please see Appendix A, pages 101-105. See also information under "Scope and basis for preparation" in the chapter General information.

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	☐	☒	☐
Water withdrawals	Dependency for production, and sites once chosen due to water availability.	F + I	☐	☒	☐
Water discharges	After the production and water treatment process, the water is discharged back to the nearby waterway.	F + I	☐	☒	☐

F = Financially I = Impact  Upstream  Own operations  Downstream

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 maintaining a high recirculation rate of 98–99 percent for treated process water, achieved by water treatment plants and cooling towers. This significantly reduces our overall water withdrawals
- Although not reported in this report, stormwater runoff is analyzed to ensure a holistic understanding of potential environmental risks
- A share of the water used in our processes is efficiently utilized for heating our buildings

Targets

We are currently redesigning the previously set targets. During the coming years, 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 in FY2024, as part of our CSRD-journey, has highlighted that across our business units we measure somewhat differently. The work has been streamlined, clear definitions have been set and the measurement discrepancies have been resolved for the FY2025 reporting.



Water treatment, Ovako Hällefors

Ovako values long-term partnerships as a key driver for reducing climate impact across the value chain. Our collaboration with Ahola Transport began in the 1990s and is built on trust and a shared commitment to efficient, low-impact logistics. Together, we have developed innovative transport solutions that improve efficiency while lowering emissions.



One of the 34-meter long Ahola trucks loaded with Ovako products outside of Imatra. Photo: Sini Liljavirta

RESOURCE USE AND CIRCULAR ECONOMY

Steel is the most recycled material globally and can be remelted indefinitely without loss of material properties. Ovako's steel products contain, on average, more than 97 percent recycled content. This chapter outlines how we manage resource use and support circular material flows across our operations and value chain.

By using recycled steel scrap as the primary input in our production, we manufacture high-quality steel with a lower climate impact compared to the industry average, while conserving the planet's valuable resources without compromising on performance. Steel products and systems can be fully recycled at the end of their service life, enabling repeated material use in a closed loop.

At Ovako, we believe in the power of teamwork and collaboration is a key enabler of this transition. We actively share knowledge and expertise, work closely with customers and suppliers, and engage with a wide range of industry stakeholders. Through these partnerships, we aim to contribute to a more sustainable society and increase awareness of the role high-performance steel plays in enabling a climate-conscious circular economy.

Management of impacts, risks and opportunities

Ovako's mills use recycled steel scrap as a core input in production, including internally generated steel scrap as well as scrap sourced from downstream manufacturing industries and end-of-life products. This approach reduces energy use, emissions, and reliance on primary raw materials, contributing to the conservation of natural resources. Ovako is among the largest steel recyclers in the Nordic region.

As steel scrap quality varies depending on origin and composition, all externally sourced scrap is procured through long-term partnerships and is subject to defined quality requirements. Incoming steel scrap is systematically sorted into multiple categories based on alloy content, size, and shape. By closely matching scrap characteristics to the intended steel grades, we reduce the need for virgin alloying elements, thereby strengthening material efficiency and circular material flows.

Through these practices, Ovako plays an active role in the circular economy by enabling high recycled content, material recovery, and recyclability across the steel value chain. A statement on recycled content and recyclability is available at ovako.com.

Recycled content - calculation method

In accordance with standard EN45557 and ISO14021, Ovako includes purchased scrap including scrap from other producing industries, as well as process scrap (home scrap) such as shavings and return steel, and excludes what is defined as internal scrap/steel mill scrap. Internal scrap is scrap up to and including finished ingots/billets in the steel mills. The part that is not counted as recycled materials is mainly alloys. Calculations are made using 2025 data and a Statement on recycled content and recyclability is available on 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

*source: According to the Geological Survey of Sweden.

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 coal, natural gas and propane, which you can read more about in 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

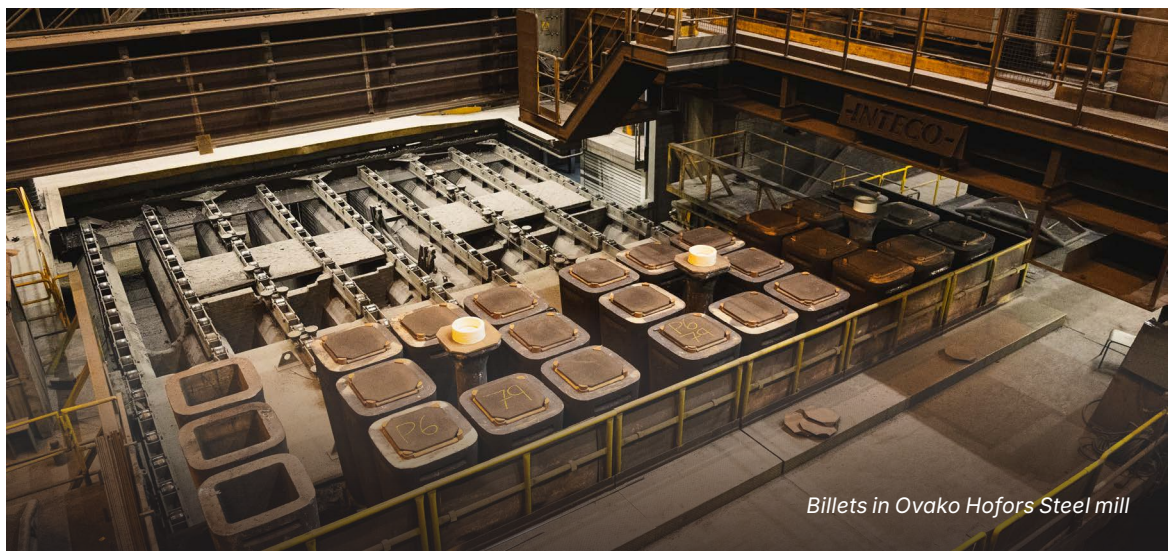
In our operations, the primary resource outflow is the final product manufactured by Ovako, which is considered a risk and an opportunity from a financial perspective. Our goal is to explore potential applications for all our residual materials. In addition, we are committed to maximizing the generation 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. We have a 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 collaborates and 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.



Billets in Ovako Hofors Steel mill

Waste

Waste is generated at various stages in 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 correctly sorted, to minimize waste and reuse and recycle the material, could have a financial impact and be considered as a risk. 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

For a detailed list of all our policies, please see Appendix A, pages 101-105. See also information under "Scope and basis for preparation" in the chapter General information.



Actions

Resource inflows

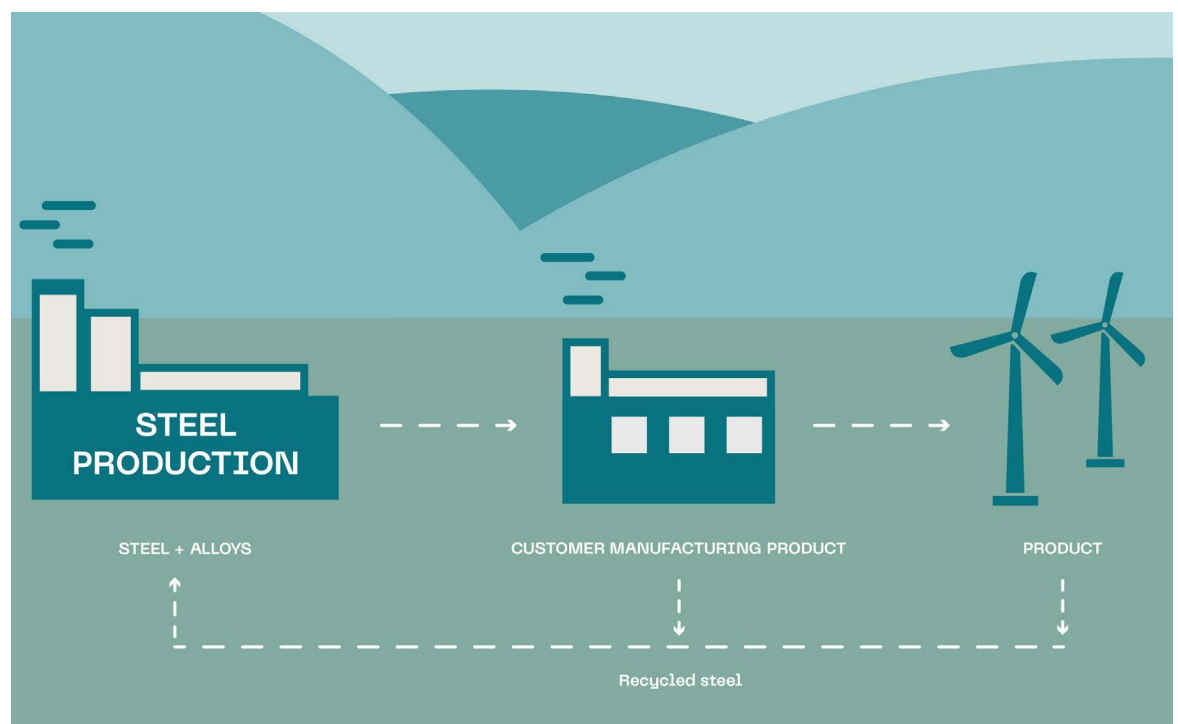
Since not all scraps are the same, we carefully sort incoming materials based on alloy content, size, and shape. By precisely matching the scrap quality to the steel quality grade and specification of any batch we produce, we minimize the need for virgin alloys as well as energy usage. We have multiple 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

Our production processes inherently generate a range of by-products and waste streams, which are managed as secondary resources. Through internal recovery processes and strategic partnerships, these material flows are reintegrated into the economy, supporting resource efficiency and circular material use.

This commitment to the circular economy enables materials generated in our processes to be reused, in some cases following further processing. Below are examples of how materials from our production processes are reintegrated into the production cycle or returned to the wider economy.

- Zinc-rich filter dust is supplied to specialized partners for zinc recovery, enabling its subsequent use in corrosion protection and galvanization processes
- Slag generated from the electric arc furnace is internally processed to recover metal for reuse, with the residual slag utilized as a secondary raw material in the construction sector
- Assessment of the potential use of lime-rich slag as an input material in cement production
- Refractory materials are sold for recycling and processing into new refractory mass
- Olivine sand, following metal separation, is supplied for use in mineral wool production
- Mill scale is repurposed as counterweights in elevator systems
- Oxygen lance granulate is supplied for ferrosilicon production, where it also serves as an iron carrier



Highlighting the recycling of magnesite bricks in the resource outflow

We have dedicated the past two years to a significant project focused on recycling the magnesite bricks that form the refractory lining for our furnaces. 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 by-product, 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 always 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 our 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, go back to the mill and 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 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 the coming years, we will revise these targets to better align with the topics and sub-topics outlined in the ESRS.



Scrap metal, Ovako Smedjebacken

Resource outflow	CY2025
Waste amounts	
Total waste generated (tonnes)	34 692
Waste types	
Non-hazardous waste (tonnes)	20 094
Hazardous waste (tonnes)	14 598
Radioactive waste (tonnes)	0
Waste recycling	
Recycled waste (tonnes)	33 169
Recycled waste (%)	95.6 %
Non-recycled waste (tonnes)	1 523
Non-recycled waste (%)	4.4 %
Unknown waste treatment (tonnes)	0
Unknown waste treatment (%)	0 %

Waste treatment types	Non-hazardous waste CY2025		Hazardous waste CY2025	
Waste directed from disposal (recycling)	Amounts (tonnes)	Share of non-hazardous waste (%)	Amounts (tonnes)	Share of hazardous waste (%)
Total	19 989	99.5 %	13 180	90.3 %
Reuse	111	0.6 %	581	4.0 %
Recycling	10 755	53.5 %	4 781	32.7 %
Other recovery	9 123	45.4 %	7 818	53.6 %
Waste directed to disposal (non-recycling)	Amounts (tonnes)	Share of non-hazardous waste (%)	Amounts (tonnes)	Share of hazardous waste (%)
Total	105	0.5 %	1 418	9.7 %
Incineration	0	0 %	3	0 %
Landfilling	86	0.4 %	498	3.4 %
Other disposal	19	0.1 %	917	6.3 %



"Ovako has carved a unique position as a pioneer in the steel industry, and we continue to set high standards in safety, quality, and sustainability while producing some of the most sustainable, highest-quality steel for our customers. I take immense pride in being part of Ovako, as it gives me a strong sense of contributing to something meaningful. "

Arun Thakur, Section Manager Billet Hall Hofors
Business Unit Hofors–Hellefors

ENVIRONMENTAL ACTIVITIES FY2025

Ovako has an ambitious environmental agenda. We aim for continued leadership in circularity while having one of the lowest carbon footprints in the steel industry. To reach our vision and our targets, we have performed many activities during FY2025.

Examples of activities in FY2025

- A new mandatory environment e-learning launched for all colleagues across the group
- Established the first EHS “dojo”, a hands-on training environment forming a core part of updated safety, work environment, and environment training
- District heating has substituted natural gas for heating water and production buildings in Imatra
- A mill trial was conducted at our Imatra site to recycle internal side streams, such as refractory bricks, vacuum dust, and wastewater sludge, back into the EAF using big bags, reducing waste and improving resource efficiency. Air emission measurements were completed, and a permit has now been granted to implement the method permanently
- The lances in the furnace at the finishing rolling mill at Boxholm site have been optimized and resulted in a reduction of NOx emissions
- During 2025, a small electrically powered steam plant was introduced alongside the new vacuum degasser in Hofors to supply steam to key operations. This has made the company fully self-sufficient in steam production
- Efforts to identify and repair compressed air leaks have continued in Hofors, resulting in a significant reduction in compressed air consumption, particularly in the steel plant
- When new vehicles are needed at our sites, we have prioritized electric cars to reduce environmental impact and support more sustainable operations
- The speed of internal forklifts has been reduced, resulting in reduced diffuse dust emissions
- Waste management at the Smedjebacken steel plant has been improved by separating steel scrap from ceramic scrap at the casting strand
- Continuous efforts in energy efficiency such as;
 - The idle temperature of the LPG-powered furnace in the rolling at the Hellefors mill has been reduced during off-hours, lowering energy consumption and contributing to positive environmental impacts
 - In 2024 a project was initiated to replace the steam-driven vacuum degasser in Hofors with a new mechanical vacuum degassing facility, which was test-run in 2025 and has been up and running since early 2026. The upgrade significantly reduces energy consumption, while also eliminating the use of steam and decreasing the load on the water treatment plant
 - In 2025, the temperatures in the rolling mill and the ingot re-heating furnaces in Hofors were reduced during off-hours, decreasing overall energy consumption; this work continues in 2026
 - A new strategy for shutting down furnaces during extended winter stoppages was introduced, further reducing the use of energy
 - The program to install energy efficient LED-lighting across our sites continued according to plan



SOCIAL

Our primary objective as a heavy industry company is to foster a safe, secure, fair, and inclusive workplace for all employees and people on and around our premises. This foundation enables us to pursue our passion for delivering specialty steel that creates value for our customers and for society at large. We are committed to continuous training and skills development across the organization, ensuring all employees have access to relevant learning opportunities. We are proud that our Lost Time Injury (LTI) rate has decreased by 94 percent since 2015, underscoring our strong and ongoing commitment to workplace safety.

Beyond our own workforce, we uphold these principles throughout our value chain. Ovako is committed to respecting all aspects of human rights and expects the same standards from our suppliers. By doing so, we drive sustainability not only within our operations but across our entire value chain.

We also recognise our impact on the communities surrounding our facilities. As the largest employer in many of these areas, we contribute to local employment and economic development. At the same time, we acknowledge the potential social and environmental risks associated with our operations, which may adversely affect local communities. We are committed, now and in the future, to minimizing our impact on the surrounding land and on the people who depend on it.



Steel mill, Ovako Smedjebacken

OUR WORKFORCE

Safety, health, diversity, and personal development are core focus areas where we set high standards. As one of the largest employers in the communities where we operate, we have a responsibility to contribute positively to local development. This chapter outlines how we work to provide a safe, supportive, and inclusive working environment for all employees.

At Ovako, the safety of our employees is our top priority and one of our most significant material impacts. In line with our long-term ambition of achieving zero accidents, we have implemented targeted actions to strengthen workplace safety. Since 2015, our Lost Time Injury (LTI) rate has decreased by 94 percent, a result we are proud of and that demonstrates our strong commitment to safety. We remain dedicated to continuously improving the physical, organizational, and social working environment, upholding our responsibility as a leading steel manufacturer to provide a safe and healthy workplace for all employees.

Interests and views of stakeholders

Stakeholder perspectives and interests are essential to 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 most recently conducted DMA, we identified impacts, risks, and opportunities related to our own workforce. We recognise that the nature of our operations may result in risks for employees, particularly those working at our sites.

These employees may be exposed to health and safety risks such as molten steel, chemicals, high voltages, heavy equipment, and complex machinery within technically advanced production environments.

The industry in which we operate is traditionally male-dominated, and we are actively working to improve gender diversity at all levels of the organization. While a gender imbalance currently exists within our workforce, Ovako faces both challenges and opportunities in addressing this issue. A key challenge arises if equal treatment is not actively managed and promoted. Conversely, we have the opportunity to create a positive impact by ensuring equal access to development and advancement while fostering an inclusive workplace culture.

Topic	Significant IROs	Materiality	Value chain occurrence		
			→		←
Working conditions	Employee health and safety due to operations, and dependency on a skilled workforce.	F + I	☐	☒	☐
Equal treatment and opportunities for all	Predominantly a male sector, initiatives capitalize on the opportunity to enhance attraction and retention for all	F + I	☐	☒	☐

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 and in our supplier contracts we state clearly that Ovako does not accept any of the above. However, despite its unlikelihood, we cannot be certain that such a risk does not exist.

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 area 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, sickleave and higher recruitment expenses.

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

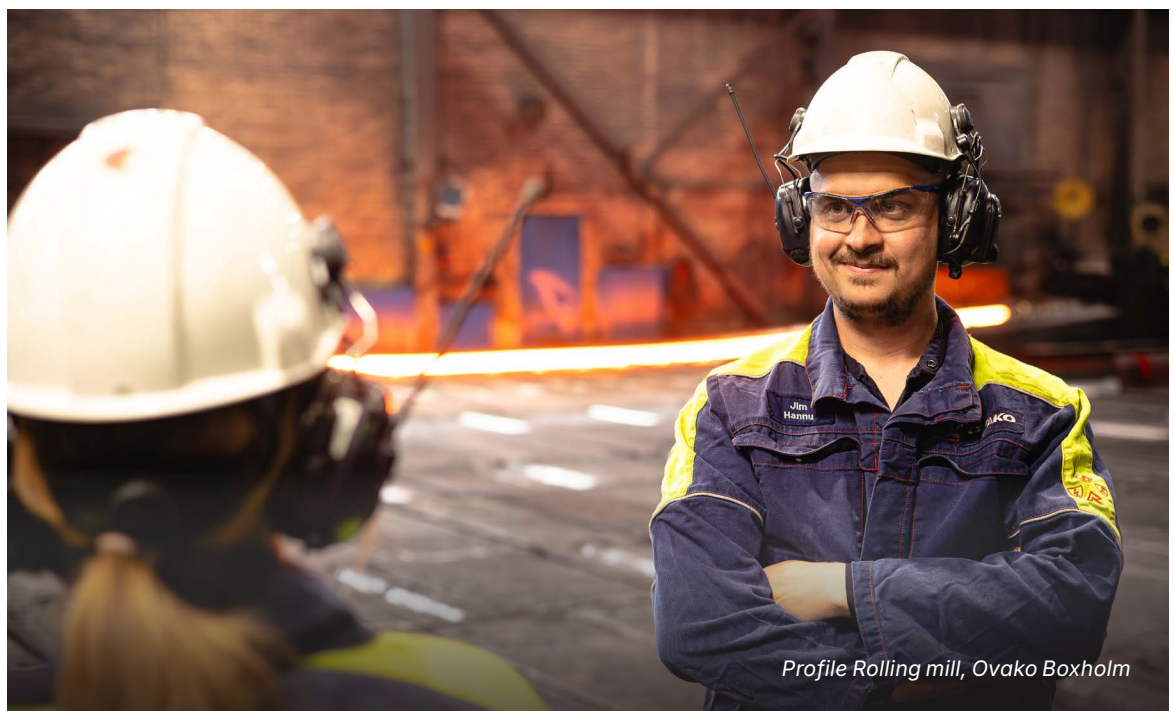
We acknowledge the challenge of ensuring that expertise will be available in the locations we operate in going forward. By prioritizing diversity and inclusion, while actively engaging with local schools, universities, and community organizations through apprenticeships, internships, thesis projects, and other talent development initiatives, Ovako can strengthen its future workforce meanwhile maintaining 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

For a detailed list of all our policies, please see Appendix A, pages 101-105. See also information under "Scope and basis for preparation" in the chapter General information.

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 sites and offices worldwide.



Engaging with our people

At Ovako, employee perspectives and opinions are highly valued. Over the past nine years, we have conducted an annual global employee engagement survey covering five indexes: Employee Engagement, Leadership, Team Efficiency, Organizational and Social Work Environment, Management, and Employee Net Promoter Score (eNPS). This year we also introduced a new index, psychological safety, as this is a fundamental in many aspects related to safety, wellbeing, performance and innovation. Psychological safety enables employees to speak up, share ideas, and raise concerns without fear, supporting a culture of transparency, continuous improvement, and responsible business conduct.

Surveys are administered by our Human Resources department, which manages survey logistics, deadlines, and follow-up on results. Managers follow-up with their teams by conducting workshops and creating action plans based on feedback from the survey, with all teams. These surveys enable Ovako to interact with its workforce, fostering a deeper understanding of organizational strengths and areas for improvement. Most indexes have consistently exceeded industry benchmarks in recent years, with steady progress evident.

We are pleased that more than 83 percent of employees participated in this year's survey, offering meaningful insights into their viewpoints. Survey results inform all teams within Ovako, guiding review of outcomes and discussion of future actions. Positive feedback from the FY2025 survey highlighted appreciation for the supportive and positive work environment, as well as motivation derived from Ovako's sustainability initiatives. Employees also recognised opportunities for development, balanced work-life arrangements, and attention to personal well-being.

All employees engage annually in a Performance and Development Dialogue (PDD), which allows concerns to be addressed and plans for growth and future opportunities to be established. These sessions also focus on individual performance and development.

As Ovako collaborates closely with trade unions and safety representatives, additional forums are available for employees wishing to express their views through these channels.

Ovako further demonstrates its dedication to workforce engagement and diversity empowerment through initiatives such as the Ovako Women's Network, Young Academic Network, and Mentor Program. These networks aim to enhance collaboration, foster networking, and create a sense of belonging among employees. The Ovako Women's Network serves to amplify women's voices and strengthen their presence, supporting employer branding objectives and efforts to attract more women to the organization.

Our aspiration is that employees experience a strong sense of community and pride as women at Ovako. The network remained active throughout FY2025, with ongoing initiatives to broaden its reach and establish a stronger local presence.

With continuous engagement with employees and responding to their feedback, Ovako continues to identify areas for improvement and address emerging concerns. This approach promotes a supportive work environment in which employees feel valued, empowered, and heard.



KARRIÄR FÖRETAG

2026

For the fourth year in a row, Ovako was nominated as Sweden's Career Company of the year. The Career Company Award is based on an extensive review of nearly 2 000 students and young professionals and is given to organizations that offer unique career and development opportunities. Ovako has repeatedly been highlighted for its inclusive culture, strong sense of purpose, and its ability to combine technology, sustainability, and human development.

Processes to remediate impacts and channels to raise concerns

Ovako has established formal mechanisms for employees to voice concerns, including regular employee surveys as described previously, and the whistleblower function. The whistleblower channel is accessible both through our internal communication platform, Steel Talk, and externally at ovako.whistlelink.com, enabling all employees to submit concerns anonymously. All reports are handled with the utmost seriousness, thoroughly investigated, and treated with strict confidentiality.

In addition, Ovako maintains an open-door policy to actively encourage employees to express concerns at any time. As noted earlier in this report, employees may also raise issues through employee representatives, union officials, or 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 ongoing commitment to ensuring a safe work environment, we have undertaken numerous initiatives and actions over the years. The Ovako Safety Standard serves as the cornerstone of our safety program, fully integrating with our company policies, health and safety objectives, and all relevant laws and regulations. Throughout the year, we have advanced our efforts in risk analysis for various tasks, allowing us to proactively address potential incidents before they occur. Additionally, we have reinforced our incident investigation process, enabling us to systematically determine the root causes of accidents and serious incidents. This approach supports the implementation of effective corrective measures to prevent future occurrences.

Our sites in Hofors, Hällefors, Imatra, and Tampere are all ISO 45001 certified, for all certificates, see page 17. Other sites have health and safety management systems according to national legislation. These frameworks help Ovako manage risks and improve workplace safety through systematic risk assessment and ongoing performance improvement.

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. We have created e-learning modules for the work environment that all employees complete when they join the company and periodically afterwards. 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.

New this year, we launched a preboarding concept in Sweden, enabling new employees to familiarize themselves with our practices, values, and culture before joining, thereby fostering early awareness and a sense of belonging. We have maintained a strong safety culture through regular communication, with Safety Week continuing as a key event also this year.

Diversity and Inclusion

To promote diversity across our operations and leadership, we have introduced several initiatives. For instance, we partner with external recruitment agencies that supply a wide range of candidates for employment opportunities. Additionally, our dedication to equality and inclusion is reflected in the various networks available to both current and prospective employees. These include the Women Network, Young Academic Network, Graduate Introduction Program and Aspiration Program for Future Leaders.

Externally, we have hosted “Women Nights” at several of our locations, inviting women from the local community to learn more about Ovako, network, and guided tours of our production. We see these events as an important part of achieving our long-term goal of an equal gender balance across our workforce. They have also contributed to several of our sites reaching 50 percent female participation among accepted candidates for summer jobs in 2026.

The employee count by country refers only to nations where Ovako employs more than 50 people, which represents at least 10 percent of the total workforce as of March 31st, 2026, according to the “Geographic distribution” table presented on page 75.



"I enjoy working at Ovako since the work is so tangible. Every day we produce steel and see the results of our efforts in something real. When challenges arise, we solve them together. The people I work with are knowledgeable, engaged and take pride in what they do, which creates a strong team spirit."

Louise Madsen, Section Manager Continuous Casting & Grinding
Business Unit SmeBox

Steel mill, Ovako Smedjebacken

Skills and Development

Ovako Academy offers leadership development for managers through a year-long, seven-module Leadership Program covering skills such as leadership, environment, health, safety, communication, and productivity. All new first-line managers join annually, with others participating as needed.

Ovako Aspiration Program for Future Leaders, launched in 2024, helps employees develop leadership, self-leadership, team management, and effective communication. Our Business Leadership Program was introduced this year and is tailored for the senior leaders who play a key role in shaping our overall strategy, culture and long-term success. This program also provides an important network for leaders leading other leaders across the company and supports consistent execution of our strategy. Participants attend regular training sessions at different sites, fostering workforce growth and development.

As part of Nippon Steel Corporation, Ovako collaborates with Sanyo and Nippon Steel through digital exchanges and site visits. Staff from Sanyo and Nippon Steel work at Ovako, and Ovako employees visit Japan to share experiences and gain new insights. In March 2026, colleagues from Ovako Communication & Marketing team visited Sanyo Special Steel in Himeji and Nippon Steel in Tokyo, Japan. The purpose of the visit was to learn from each other and bring new ideas back to Ovako on how we share information and tell our story, both internally and externally.

Targets

GEM establishes group targets that influence all employees at Ovako. To maintain employee representation, safety representatives are actively engaged in discussions and negotiations. Company-wide objectives are evaluated during major events, such as the annual Christmas meeting, while team-specific goals and improvement initiatives are addressed in management and workplace meetings. Furthermore, monthly local management meetings are conducted to monitor progress on targets, including LTI and TRI rates, promote continuous improvement, and define actionable steps.

- Our long-term target to become a zero accidents workplace is divided into four sub-targets:
 - 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
 - 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)



Shared Service Finance & Payroll Offices, Hofors

Characteristics of the undertaking's employees

Gender distribution

Gender	Number of employees (Head Count)
Women	533
Men	2 054
Other *	N/A
Information missing	0
Total number	2 587

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

Geographic distribution

Number of employees by country, broken down by gender (Head count)	Women	Men	Other*	Information missing	Total
Finland	80	466	N/A	0	546
Sweden	434	1 502	N/A	0	1 936
Other	19	86	N/A	0	105

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

Employment characteristics

Number of employees by contract type, broken down by gender (Head count)	Women	Men	Other*	Information missing	Total
Number of employees	533	2 054	N/A	0	2 587
Number of permanent employees	501	1 995	N/A	0	2 496
Number of temporary employees	32	59	N/A	0	91
Number of on-call employees	13	4	N/A	0	17

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

Employee turnover

Number of employees who has left during the year	285
Employee turnover	10.8 %

During FY2025, our total employee turnover rate was slightly above the industry average, we remain confident in the stability of our workforce as a significant proportion of our colleagues choose to stay with us for many years. Average tenure in the company is currently 18 years. Looking at voluntary turnover, the figure remains in line with previous years.

Non-employees in our workforce

Ovako contracts non-employees, such as consultants and agency personnel, to supplement our workforce during demand fluctuations, leave periods, or when specific expertise is needed, especially in IT. We do not routinely use non-employees instead of hiring staff. At the close of the reporting year, 26 non-employees were working at our sites, based on payroll data.

Collective bargaining and social protection

All of our employees are subject to collective bargaining agreements, with a 100 percent coverage rate in our two largest markets, Sweden and Finland. For employees not directly covered by these agreements, their working conditions and employment terms are determined in accordance with collective bargaining agreements applicable to other organizations.

Furthermore, all employees have the right to have a workers' representative and all receive social protection through either public schemes or company-specific welfare programs.

Collective bargaining	Percentage (%)
Percentage of employees covered by collective bargaining agreements	
EEA	99 %
Finland	100 %
Sweden	100 %
Outside EEA	0 %
Total	98 %
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 (%)
Women	19	29 %
Men	46	71 %
Other **	N/A	N/A
Information missing	0	0 %
Total	65	

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

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

Age distribution, employees	Number (Head Count)	Percentage (%)
Under 30 years old	377	15 %
Between 30-50 years old	1 117	43 %
Over 50 years old	1 093	42 %
Total number	2 587	

Training and skills development

We recognise the value of our employees' skills and knowledge, as well as the necessity for continued development. Through comprehensive training and skill enhancement initiatives, we aim to foster employee retention and attract talent. To support and strengthen both individual expertise and organizational capability, we have established structured programs for ongoing professional and personal advancement.

Discrimination incidents reported, and complaints filed

We maintain a steadfast commitment to equal opportunities by strictly prohibiting all forms of discrimination, bullying, sexual harassment, and other types of harassment as outlined in our People Policy. The People Policy further stipulates that discrimination on the basis of religion, gender, disability, sexual orientation, gender identity, ethnic background, union membership, political opinion, and similar grounds is not permitted.

Throughout the reporting year, there were no serious human rights issues reported. There was one incident regarding harassment involving our workforce which was handled according to procedures. There were no fines, penalties, or compensations related to this matter.

Additionally, we did not receive any complaints with the National Contact Points for OECD Multinational Enterprises, nor were there any concerns involving human rights, UN Guiding Principles, or OECD Guidelines for Multinational Enterprises connected to our workforce.

Annual performance review

Gender	% of employees
Women	89.5 %
Men	81.0 %
Other *	N/A
Information missing	0
Total	83.0 %

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

Average number of training hours per employee and gender

Gender	Average number of training hours
Women	7.3
Men	9.3
Other *	N/A
Information missing	0
Total	8.9

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

Health and safety

Ovako places the highest importance on health and safety for its employees. One incident is already too many and every health and safety incident is taken seriously, each case is thoroughly investigated to identify root causes and implement corrective measures across our sites.

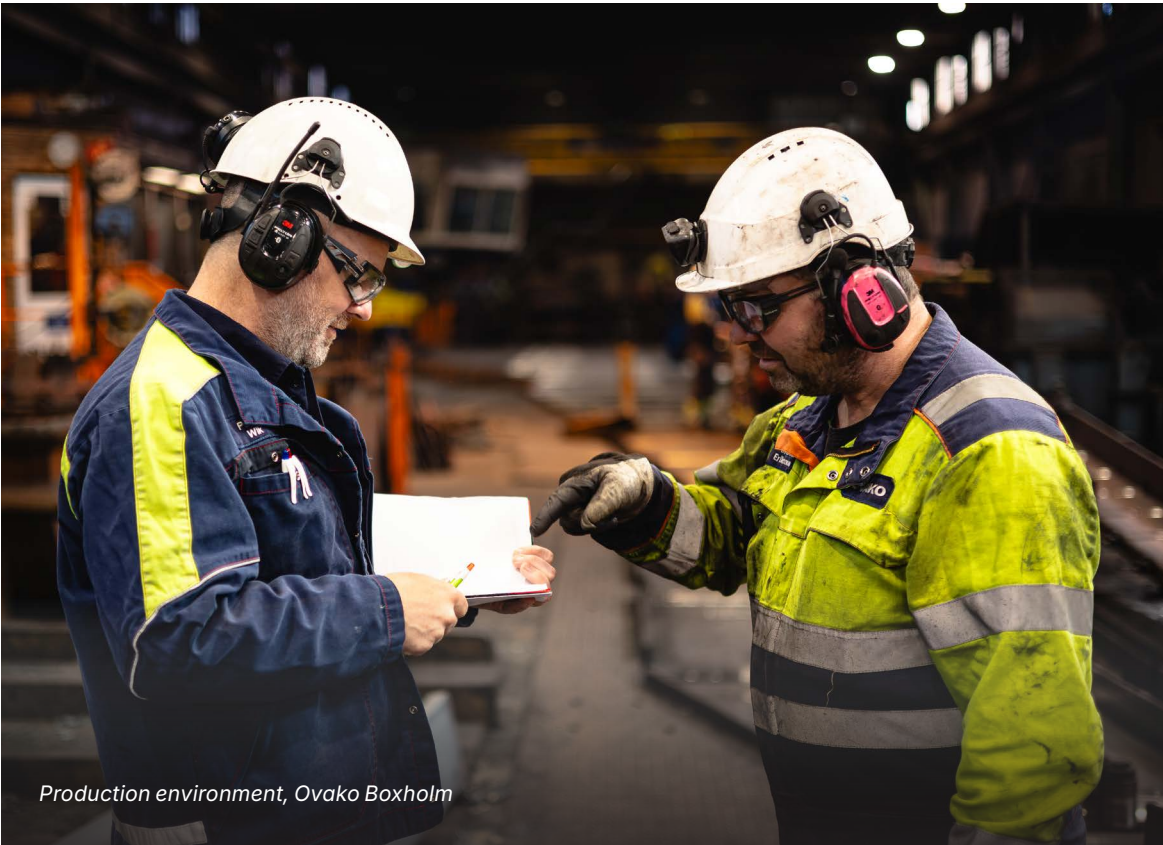
Employee safety remains Ovako’s top priority, supported by a culture of mutual respect, attentive management, and dedicated staff. This collective approach has helped achieve an impressive 94 percent reduction in accidents leading to sick leave since 2015.

Over the past year, we have introduced several new initiatives to further improve our safety standards. The results are clear: our LTIFR remains at 0.7, allowing us to reach our 2026 target, and the TRIFR is at 8.5 in our own workforce.

Our commitment to proactive safety continues, with 113 359 documented safety measures recorded in our IT system since 2010.

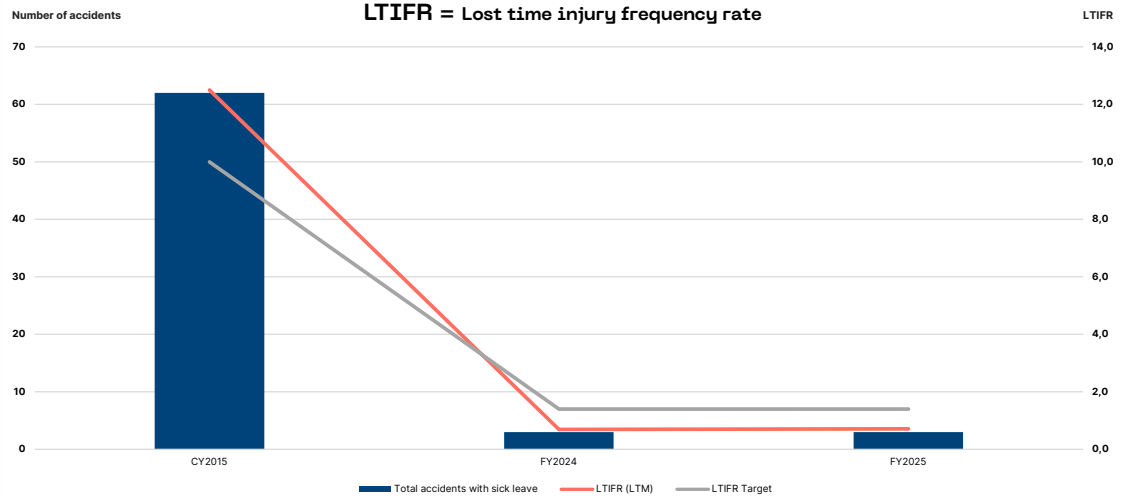
Our LTI rate is below the global steel industry average, and both our LTI and TRI rates are better than those of the wider European steel sector, demonstrating our unwavering dedication to achieving excellence in workplace safety.

Health and safety metrics	FY2025
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	36
Days lost because of work-related accidents	107

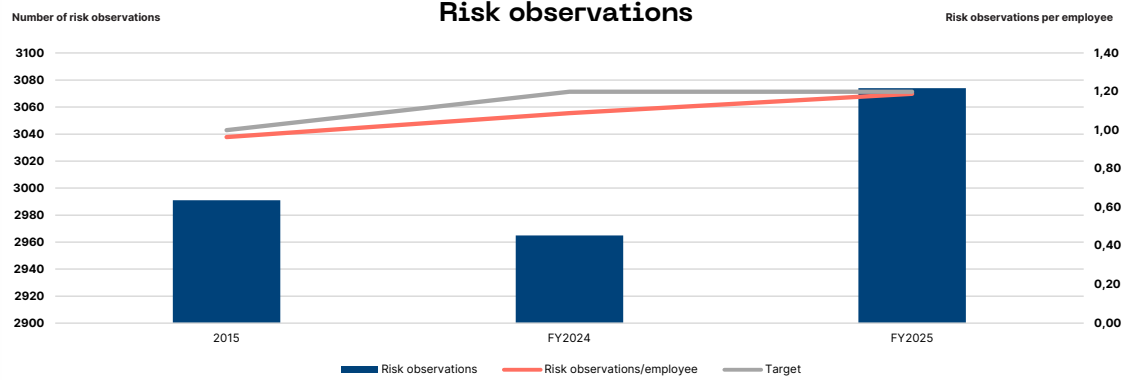


Production environment, Ovako Boxholm

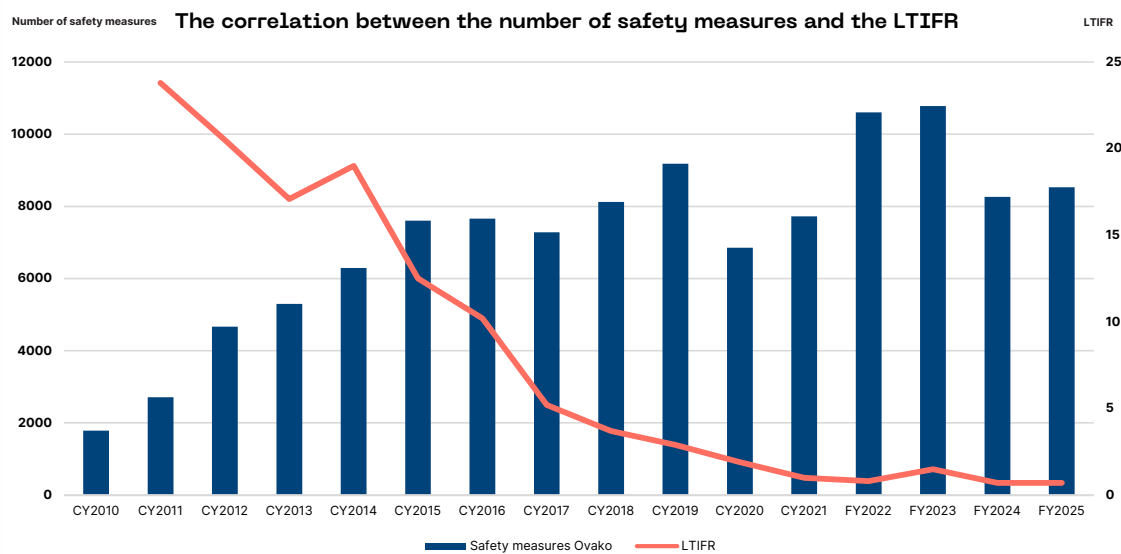
Accidents with sick leave LTIFR = Lost time injury frequency rate



Risk observations



Safety measures and LTIFR 2010–2025





Planting of cherry trees in Kanavapuisto Park, Imatra

CASE

HALF A MILLENNIUM OF PEOPLE, PRIDE, AND PURPOSE

Iron-making began near Hofors in 1549. At least 1 500 years earlier, people in the same region were already working with steel. In Imatra, production started in 1915. In Boxholm, the bruk was founded in 1754. In Smedjebacken, the rolling mill opened in 1856. Taken together, our sites represent not just centuries of industrial history, but centuries of communities built around the craft of making steel.

2025 marked a particularly meaningful year for anniversaries. Ovako celebrated 20 years as a unified group, commemorating the 2005 merger of Fundia, Imatra Steel, and Ovako Steel that brought together complementary steelmaking strengths from across the Nordic region. But we did so with the awareness that the story we are telling stretches back not two decades, but five centuries.

"Ovako's 20-year milestone is deeply personal to me. Having grown with the company, I've seen how our heritage and innovation continue to shape a stronger, more sustainable future."
— Rickard Qvarfort, President Business Unit Hofors-Hellefors

Also in 2025, Imatra marked its 110th anniversary. In partnership with the City of Imatra, Ovako donated eleven ornamental cherry trees - one for each decade of the mill's history - to be planted in Kanavapuisto Park on the banks of the Vuoksi River. The cherry blossom, or sakura, is a cherished symbol in Japan, the home of our parent company Sanyo Special Steel and owner Nippon Steel Corporation. It represents renewal, beauty, and the turning of seasons: values that resonate equally in Scandinavian nature and culture.

"We wanted to celebrate our long history while giving something lasting and beautiful for the enjoyment of the local community."

— Satu Tähkä, Communications Manager at Ovako Imatra

The Ovako story can't be fully told through anniversaries and landmarks, but by the people who show up year after year, and decade after decade. Across Ovako's sites, employees who reach 25 years of service are formally recognised and celebrated, because loyalty of that kind is not taken for granted.

When you consider the tenure of our people across all our sites, including the metallurgists, operators, engineers, and craftspeople who have dedicated substantial portions of their working lives to Ovako, the cumulative knowledge represented is extraordinary. Thousands of years of combined experience, held in the minds of the people who turn up every day.

Knowledge of how steel behaves under pressure; of how a furnace sounds when something is not quite right; of how problems that appear new have been solved before. This is wisdom that cannot be bought, replicated, or downloaded. It is passed on through mentorship and the quiet confidence of people who have seen challenges come and go and know how to navigate them.

Alongside our continued investment in digitalisation, new steel grades, and sustainable production, that depth of human knowledge is perhaps Ovako's most distinctive competitive advantage. Our heritage grounds us, and the people who carry it forward are the reason we face the future with confidence.

WORKERS IN OUR VALUE CHAIN

We are dedicated to respecting human rights and expect all suppliers and partners to adhere to the same standards. This chapter outlines how we work to ensure compliance with relevant laws, regulations, and ethical principles throughout our value chain.

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 supports the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI), which, among other things, has drawn up a program for conflict-free materials and a framework for reporting on the use of conflict minerals. We also support the Responsible Minerals Initiative.

Interests and views of stakeholders

In 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 value chain includes employees of suppliers, contractors, and subcontractors, ranging from cleaning staff regularly on-site to those present only for specific services or projects. These workers may face similar health and safety risks as Ovako's own workforce, depending on their tasks.

Our value chain covers upstream activities (raw material extraction, recycling, manufacturing, assembly, distribution) and downstream processes (customers, further manufacturing, waste management). Workers throughout the chain, especially in raw material extraction and alloy production, can encounter risks regarding fair working conditions.

We strive to support fair treatment and safe working environments across our value chain, though we recognise potential negative impacts, particularly in recycling facilities where hazards include high voltage, heavy machinery, and hazardous substances.

Discrimination and harassment risks persist, especially for vulnerable groups such as women, migrant workers, minors, ethnic minorities, and LGBTQ+ individuals, throughout global operations. Although Ovako mainly uses recycled steel, minimizing risks of forced and child labor, concerns remain in raw mineral mining. We oppose child labor and require all suppliers to prohibit workers under 15 years old. The recycling sector, with many migrant workers, also faces modern slavery risks, which can extend into 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

For a detailed list of all our policies, please see Appendix A, pages 101-105. See also information under "Scope and basis for preparation" in the chapter General information.



Ovako Hallstahammar

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, internal or external, 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).

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 recognised 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, our ambition was to set targets for this material topic. However, due to internal priorities and awaiting alignment in the new ESRS standards, this has been postponed to FY2026 or FY2027. GEM follows up on targets during their regularly held meetings.



AFFECTED COMMUNITIES

We regularly gather and consider the views and interests of affected communities through different forums across our operations. This chapter outlines how we engage with local communities and work to ensure our presence contributes positively to the areas where we operate.

Interests and views of stakeholders

Ovako regularly joins environmental meetings in Sweden, such as Water Conservation and Air Conservation associations, together with other companies, municipalities, and local stakeholders to make joint decisions about sampling and conservation. We also attend County Administrative Board meetings to shape environmental, climate, and energy targets alongside industry leaders. These collaborations allow us to stay connected with stakeholders in the areas where we operate. While most engagement is currently focused on our own facilities, we aim to better involve interests across the value chain.

Every year Ovako offers opportunities for summer jobs. In 2026, we have accepted 125 summer workers to support our operations and provide valuable opportunities for local youth.

Financially, reliance on steel exposes us to risks such as strikes or protests over pollution, which may affect supply security, operational stability, and brand reputation.

Impacts, risks, and opportunities

As a manufacturing company our operation can impact nearby communities, particularly through water usage and soil pollution across the value chain. The steel supply chain also affects local areas during coal and iron ore extraction. Since Ovako mainly uses recycled steel, direct negative effects are minimal. Our Nordic facilities operate under strict environmental laws, reducing risks related to pollution and hazardous substances, we still remain proactive in risk mitigation.

By often being the major employer at the locations where we operate, Ovako positively contributes by creating job opportunities for residents and the nearby municipalities. At some sites, we offer programs like the 10-month apprenticeship in Imatra, supporting entry into the workforce. We partner with local schools, use local suppliers, engage in business networks, and support municipal initiatives and local sports clubs.

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

For a detailed list of all our policies, please see Appendix A, pages 101-105. See also information under "Scope and basis for preparation" in the chapter General information.

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.

Targets

Ovako has not currently set any specific targets related to affected communities and we do not track the effectiveness of our policies and actions in the area.



"I am proud to work in an organization and with a team that actively strives for being a zero accident workplace. Being at the forefront, as a safe and responsible role model in the steel industry, hopefully inspiring our industry to follow our example, helping to ensure a thriving work environment for future generations."

Patrik Wik, Work Environment Specialist Business Unit SmeBox



R&D facilities, Ovako Hofors

CASE

PROMOTING STEEL FOR SMARTER, GREENER VEHICLES

Sustainability leadership does not end at the factory gate. For us, it extends into the hands of customers, into the products they build, and ultimately into the technologies that billions of people rely on every day. Two developments from 2025 illustrate how Ovako is using innovation, collaboration, and rigorous science to translate our materials expertise into measurable value for the industries we serve.

Smarter steel for the electric age

The shift to electrification is reshaping what the automotive industry demands from its materials. Electric drivetrains require gears that can handle greater torque, tighter tolerances, and higher performance standards, all while supporting more sustainable and cost-effective manufacturing. Conventional carburising steels have served the industry well, but they typically require post-treatment processes to achieve the fatigue performance that modern applications demand.

Ovako's R&D team has developed an answer with Ovako 158Q, a new carburising steel grade engineered to minimise intergranular oxidation and deliver high fatigue strength directly in the as-carburised condition, without the need for post-treatment.

The results are compelling. In testing, 158Q has demonstrated up to 48 percent higher fatigue strength than conventional carburising steel and it consistently outperforms shot-peened and ground steels. For complex geometries like hypoid gears, small-module gears, and internal gears - where grinding or peening is impractical or impossible - 158Q offers a streamlined, lower-cost, and lower-emission manufacturing route.

This research was presented at the 2025 VDI International Conference on Gears (ICG) - the world's foremost gathering for the gear and powertrain industry, held every two years at the Gear Research Centre (FZG) of the Technical University of Munich. With over 500 leading experts in attendance, including engineers and researchers from companies such as Volkswagen, Magna, Flender, and NSK, alongside leading academic institutions, ICG is where gear design standards and material specifications are shaped.

The conference, is, in short, where the people writing tomorrow's ISO and DIN standards come to share data, and where decisions about which steel grades go into next-generation drivetrains are actively influenced. Presenting 158Q in this arena underscored our position as a genuine engineering partner to the automotive industry, contributing to lighter, more efficient, and more sustainable drivetrains.



"Time flies in a good and interesting workplace. Even though I have worked at Ovako in different positions for over 30 years, I'm still learning new things every day. In my current position, sustainability is one of the key points when choosing transport partners."

Sini Räisänen, Logistics Manager Business Unit Imatra

SOCIAL ACTIVITIES FY2025

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 FY2025.

Examples of activities in FY2025

- Strengthened the long-term talent pipeline through structured engagement across all education levels, including internships, LIA placements, thesis collaborations, and participation in key career events, supported by a more coordinated university approach
- Enhanced employer branding through initiatives such as season two of the *Stålverket* podcast, nominated at the Magnet Awards 2026, and a fourth consecutive nomination as Career Company of the Year in Sweden
- Continued to advance diversity and inclusion through active Women Networks, targeted recruitment initiatives, and the introduction of psychological safety in the employee engagement survey and leadership training
- Strengthened employee engagement and culture through initiatives such as the Ovako Summer Challenge, encouraging participation and connection across sites
- Further developed leadership capabilities through First Line Manager programs in Sweden and Finland (held in English for the first time in Finland) and the launch of the Business Leadership Program
- Supported early career development through continued Graduate Introduction Program, Young Professional Network, and completed mentorship program cycles, fostering collaboration and future talent
- Enhanced onboarding processes through the introduction of pre-onboarding and an increased focus on safety from the start of employment
- Continued to develop performance and learning culture through updates to the Performance Development Dialogue and ongoing digital training for managers
- Strengthened health and safety practices through updated mandatory e-learning and improved onboarding, ensuring consistent knowledge across the organization
- Established the first EHS “dojo” as a hands-on training environment, forming a key part of the updated training in safety, work environment and environmental topics
- Reinforced a proactive safety culture through knowledge sharing, safety exchanges, and group-wide initiatives such as Safety Week, alongside continued development of PPE standards



GOVERNANCE

We foster an open and inclusive culture, guided by our core values – Skilled, Responsible and Innovative – in everything we do. Our dedication to ethical and transparent business conduct is unwavering, as we firmly oppose corruption, bribery, extortion, anti-competitive practices, and any fraudulent acts committed by employees or third parties associated with our company. To uphold these standards, we nurture a compliance-driven environment, encourage careful and responsible choices, and enforce strict commitment to our ethical guidelines.

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.



Profile rolling mill, Ovako Boxholm

BUSINESS CONDUCT

Strong governance underpins our ability to deliver on our sustainability commitments. This chapter outlines how we structure oversight and accountability, from board level to operational management, and how we ensure that our policies, controls, and processes support responsible business conduct across the organization.

Impacts, risks, and opportunities

Corporate culture

Our corporate culture is key to our safety and sustainability 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.

The industry faces sustainability challenges and production risks. We believe that maintaining a strong corporate culture is vital for Ovako's reputation and employee motivation. To address this, we focus on psychological safety and open communication, so employees feel comfortable sharing concerns and ideas. Our internal platforms, including the Steel Talk intranet, promote engagement, transparency, and support, reinforcing our 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 strictly prohibit corruption and bribery across our organization and value chain. While no cases occurred this year, we remain committed to high standards through ongoing education and 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. Training on anti-corruption is a fundamental part of Ovako's proactive work against corruption and bribery, and is mandatory for all relevant employees.

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



"At Ovako, it's always Safety First. We care for each other and look out for our own as well as for our fellow colleague's safety. The camaraderie within Ovako is very good and feels like a family, we share knowledge and ideas and collaborate between business sites and departments. I really enjoy working at Ovako and I'm proud to be part of the team."

Andreas Kuusela, Financial Manager Ovako Hallstahammar

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

No current financial impacts have been observed, as there are no previous fines or litigation costs. Ovako prohibits all corporate political donations under its anti-bribery and corruption policy.

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, when producing some of Ovako's products, substances of very high concern can be used, regulatory restrictions on their usage could lead to significant financial consequences, impacting our entire business area.

During FY2025, no financial contributions were made for political influence or lobbying activities.

Management of impacts, risks, and opportunities

Policies

For a detailed list of all our policies, please see Appendix A, pages 101-105. See also information under "Scope and basis for preparation" in the chapter General information.

Targets

We are currently redesigning the previously set targets related to fair business practices. During FY2025, our ambition was to set targets for this material topic. However, due to internal priorities and awaiting alignment in the new ESRS standards, this has been postponed to FY2026 or 2027.

Key actions and functions at risk

Training is a fundamental part of Ovako's proactive work against corruption and bribery. Therefore, mandatory training on anti-corruption is a central part for all relevant employees. Our employees carry out training in anti-corruption and bribery every third 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, reducing the risk of corruption and bribery, as well as the risk of contributing to criminal networks. Ovako has also implemented additional measures to prevent such misconduct. During the procurement process, we consistently assign two purchasers, execute all transactions through our central purchasing unit, and thoroughly review suppliers for any prior record of non-compliance.

There is an established procedure for managing reports submitted through 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.

As Ovako operates 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.

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 for external stakeholders, such as suppliers. During the reporting year, 8 incident reports were filled in to the system. Of these 8, none was assessed as a whistleblower incident, but they all were still handled in accordance with established procedures.

During FY2025, 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, and no actions were taken to address breaches of anti-corruption and anti-bribery procedures or standards.

ABBREVIATIONS AND DEFINITIONS

CBAM - Carbon Border Adjustment Mechanism

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

CY2025 - Calendar Year 2025

EA - 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

EU ETS - 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, 2026

FY2025 - Financial Year 2025, reporting period April 1 2025 to March 31, 2026

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)

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.

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APPENDIX A

Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognised instruments	Availability
Code of Conduct	- 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 - Investments that minimize its environmental impact, ensure that it meets the strict requirements imposed on it by legislation and by its customers - 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 - Committed to act responsibly in the communities where we operate - Strive 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 - With an open-door mindset, encourage and enable employees to raise any concerns they may have regarding working practices - Allows anonymous reporting and emphasizes confidentiality - Zero-tolerance approach to bribery, extortion and corruption, including facilitation payments and price fixing/cartels of any sort - 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	ILO Declaration, Rio Declaration, UNGP, Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises	Ovako's website and internally
Environmental and Energy Policy	- Committed to improving energy efficiency and increasing the share of renewable energy - 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 is a minimum - Units shall operate in such a manner that the environment is protected, such as soil - Best practices and innovative technology will be assessed with consideration for environmental protection - Employees and managers work together to eliminate hazards and reduce the risk of environmental incidents - Committed to minimize 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 - Environmental issues are considered when buying products and services - Circular economy principles of recycling, reusing, and minimizing the use of non-renewable resources area basis for our operations and are achieved	Ovako and suppliers working on Ovako's premises	Board of Directors	EU Farm Animal Welfare Council / World Organisation for Animal Health	Ovako's website and internally

Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognised instruments	Availability
Supplier Code of Conduct	- To minimize impact our suppliers shall be committed to: - take precautionary measures in case of or if there is a reason to believe negative impact occurs, - analyze climate adaptation and the potential financial impact from physical and transaction climate-related risks, - provide remedy for 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 - minimize water consumption, effectively reuse and recycle water with responsible treatment of wastewater, and prevent potential impacts from flooding, - to tolerate no form of and not to engage in any form of corruption, bribery or illegal contribution - to comply with local laws and international conventions referable 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, - to provide relevant training regarding the above and where needed, establish local processes and policies to prevent corruption, bribery and anti-money laundering - 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 - Suppliers shall not be engaged in land grabbing and shall be obliged to respect, promote, and protect the rights of indigenous people communities - Suppliers must protect ecosystems, especially key biodiversity areas, impacted by your operations, and avoid illegal deforestation in accordance with international biodiversity regulations - Expect our suppliers to comply with applicable laws and regulations, and internationally recognised 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 are unacceptable - Zero-tolerance of; restriction of movement, recruitment fees or cash depositions, surrender of financial or personal documents, withholding wages, abusive working conditions, debt bondage, punishment of any kind, whether 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 the 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 - 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	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	Ovako's website and internally

Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognised instruments	Availability
Environmental Standard	- The core values: Knowledgeable, Innovation and Responsible, 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		Internally
Sustainability Policy	- 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) - 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 - Responsible water stewardship by minimizing water consumption, withdrawing water in a responsible way, and ensure that all discharged water is treated according to the highest environmental standards - 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 - Internationally recognised human rights or labor rights shall be protected and always respected - Ovako holds a holistic approach to including and safeguarding all and any communities economic, social, and cultural rights - 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 - 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 - Committed to protecting the personal data of our business partners	Employees	Board of Directors		Internally
Sustainability Standard	- In operational development and investment decisions, best practices and innovative technology will be assessed with consideration to environmental protection - Commitment to improving energy efficiency, increasing the share of renewable energy, and minimizing 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 - Ensure adequate measures and processes to minimize pollution of air, water, and soil, and to the utmost 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 concern and very high concern shall be eliminated when possible, or kept to an absolute minimum - Water withdrawal is always done in a responsible and correct manner from appropriate and permitted sources - Monitor, measure, and report on all water consumption according to required legislation and follow-up systems for continuous improvements - 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		Internally

Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognised instruments	Availability
Sustainability Standard	- All employees are 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 - All forms of forced, compulsory, or illegal labor are prohibited, including the exploitation of vulnerable groups - All employees shall be treated with respect and dignity and shall be entitled to fundamental human rights or labor rights - 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 - Strive to be an accessible workplace with means taken to secure an inclusive workplace that is vocationally functional for employees with disabilities - 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	Employees	GEM		Internally
Purchasing Policy	- Manufacture low-climate-impact steel without compromising steel quality - Conduct procurement in competition and not engage in or tolerate any forms of corruption or bribery - Only work with suppliers that comply with applicable laws concerning responsible sourcing and conflict minerals - Suppliers need to be the legal owners or users of the property that they operate - Committed to responsible sourcing regarding human rights and the responsible extraction of raw materials - Do not accept activities that contribute to conflicts in extraction areas	Employees	Board of Directors		Internally
Anti-bribery and corruption Policy	- Bribery, extortion, and all other forms of corrupt business practices are strictly prohibited by both 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	Employees and companies within Ovako Group	Board of Directors		Internally

Policy	Description of key contents	Scope of policy	Accountable for implementation	Internationally recognised instruments	Availability
Health and Safety policy	- Involve employees and representatives in systematic work environment management - Employees must receive continuous training and consider health and safety in their daily work - Implemented crisis and emergency plans and regularly simulated and practiced emergency preparedness, and accident management - Units shall take appropriate action to promote, prevent, manage, and follow up on actual and potential workplace accidents and illnesses	Employees and suppliers working on Ovako's premises	Board of Directors		Internally
People Policy	- 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 - Ensure there is no discrimination based on any of the seven discrimination grounds - Strive towards diversity in all positions, equal employment conditions, and pay for equal work - Provide a varied, motivating, and challenging work environment - Engaging leadership and communication - Promote a good balance between an employee's work and personal life - Freedom of association and collective bargaining - Ensure recruitment for future needs - Requirement starts in the year a person turns 18; if local standards specify a higher age, that age is used - Respect the rights of local population and communities - Always work to protect the rights of residents, minorities, and indigenous people - Protect forest and water rights and never use forced eviction	Employees	Board of Directors		Internally
Safety Standard	- Visions 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		Internally

ASSURANCE REPORT

Auditor's limited assurance report on Ovako Group AB's Sustainability information. To Ovako Group AB, Corp. id. 556813-5379

Conclusion

We have been appointed by the Board of Directors to conduct a limited assurance engagement of selected sustainability information in Ovako Group AB's Sustainability Report (the "sustainability information"), for the financial year 2025-04-01 – 2026-03-31. The scope of the sustainability information is defined on pages 98-100.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability information is not, in all material respects, prepared in accordance with the applicable parts of ESRS (European Sustainability Reporting Standards) that are applicable for the sustainability information, as well as the company's own accounting and accounting and calculation principles.

Basis for conclusion

We have conducted the limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Our responsibility under this standard is further described in the section Auditor's responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 sustainability information in accordance with the applicable criteria, as described on pages 12-13 of the sustainability report. The applicable criteria consist of the ESRS (European Reporting Sustainability Standards), that are applicable to the sustainability information, as well as the company's own accounting and calculation principles.

This responsibility also includes such internal control as the Board of Directors and Executive Management determine is necessary to enable the preparation of sustainability 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 sustainability information based on our review. The limited assurance engagement has been conducted in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform our procedures to obtain limited assurance that the information is prepared in accordance with the criteria described in the section Responsibilities of the Board of Directors and the Executive Management.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and 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 engagement involves performing procedures to obtain evidence to support the sustainability information. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability information, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Executive Management prepares the sustainability information, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability information, performing analytical review, and conducting other review procedures.

Our limited assurance is based on the criteria selected by the Board of Directors and the Executive Management, as defined above.

The review procedures primarily included:

- Through inquiries, obtaining a general understanding of the internal control environment, reporting processes, and information systems relevant to the preparation of the sustainability information;
- Evaluating whether the presentation of the sustainability information is in accordance with the requirements of ESRS as well as the company's own accounting and calculation principles;
- Performing inquiries with relevant personnel on the sustainability information; and
- Performing substantive procedures through sample testing on selected disclosures of the sustainability information.

Stockholm, on the day indicated by our electronic signature

KPMG AB

Hök Olov Forsberg
Authorized Public Accountant

Torbjörn Westman
Expert Member of FAR

AUDITOR'S OPINION

Auditor's opinion regarding the statutory sustainability report. To the general meeting of the shareholders in Ovako Group AB, Corp. id. 556813-5379

Engagement and responsibility

It is the Board of Directors and Executive Management who are responsible for the Sustainability Report for the financial year 2025-04-01—2026-03-31, referred to on pages 12-13 and that it is prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report 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. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, on the day indicated by our electronic signature

KPMG AB

Hök Olov Forsberg
Authorized Public Accountant



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

Visit our website for further information:
ovako.com

