

# Sustainability Report

Karnell Group AB (publ)

# 2024

**Karnell.**



# Sustainability report

## GENERAL INFORMATION

### General basis for the preparation of the report

The Sustainability Report has been prepared on a consolidated basis, with the same scope of consolidation as the financial statements. The Group companies that, together with the Parent company Karnell Group AB (publ) (559043-3214), make up the Karnell Group as of 2024-12-31 are Tekniseri Nordic AB (559096-6163), Autori group AB (559124-1087), Simfas Sweden AB (556523-0652), Re-board Group AB (559230-0577), Vebe Teknik AB (556258-0844), KL Mechanics Group Oy (3232462-4), Rotomon Holding Oy (3250534-5), Drivex AB (556491-4587), Timeka Finland Oy (3304723-5), Vagnsteknik i Karlshamn AB (556682-1343), Plalite Ltd (00936082), Sähkö-Jokinen Oy (0511709-9), Ojop Sweden AB (556214-0755), Haco Tellus AB (556204-5194) and NE Engineering Ltd (13404454).

### Role of administrative, management and supervisory bodies

Karnell is a Swedish public company based in Stockholm. Our corporate governance is based on Swedish law as well as rules and recommendations from relevant self-regulatory bodies, such as the Swedish Code of Corporate Governance. In Karnell, governance, management and control are distributed between the shareholders, the Board of Directors, the CEO and Group Management in accordance with applicable laws, rules and instructions.

The Board of Directors consists of six members elected by the Annual General Meeting. All have been elected for a term of office that extends until the 2025 Annual General Meeting. Five of these members are non-executive. 67% of the Board members are independent in relation to Karnell and Group Management and in relation to major shareholders. The Group has no staff representative on the board.

### Experience of the Board of Directors and Group Management

The Board members together have extensive expertise in private equity, strategy consulting, operational management, industrial operations, M&A, ECM and strategic investments. They have held senior positions across multiple sectors, including engineering, telecom, industrials, finance, and marketing, with experience from both listed and unlisted environments. The Board's experience spans international markets, with significant exposure to the Nordic region, particularly Sweden and Finland.

Similarly, the Group Management, including the CEO and CFO, contribute with professional expertise that complements the Board's experience. With backgrounds in roles such as CEO, M&A manager, group accounting manager, Finance manager and CFO, they possess strong competencies in technology-focused investments, financial management and corporate finance. Their experience spans both Sweden and international markets, with a particular focus on investment companies and finance-related roles.

### Responsibility for the Group's sustainability work

At Karnell, responsibility for the Group's sustainability is divided between several roles: the Group CEO, the Board of Directors of each Group company and the CEO of each Group company.

Karnell's CEO has the ultimate responsibility for monitoring the Group's overall sustainability work, ensuring that sustainability work is effectively coordinated and in line with the Group's overall sustainability goals. The CEO sets the direction and maintains focus on achieving the Group's sustainability goals.

Within each Group company, the Board of Directors is responsible for implementing Karnell's ESG policy and for defining sustainability targets that are relevant, ambitious and in line with the Group company's business strategy. They are also responsible for annually reviewing and discussing the company's sustainability progress. As effective sustainability practices can drive business growth, it is critical that our companies integrate these efforts into their business and market strategies, ensuring clear communication to customers and stakeholders in the market.

The CEO of each group company is responsible for ensuring the implementation of sustainability initiatives within their company. Sustainability is considered as important as other strategic priorities and must be integrated into the company's day-to-day operations and long-term planning.

Each Group company reports its progress in sustainability to Karnell's CEO on an annual basis. This ensures that the companies' sustainability initiatives are regularly reviewed, and that constructive feedback is given to the Board of Directors of each Group company. To ensure responsibility, the sustainability performance of each Group company is measured annually through data collected for the Group's Sustainability Report. The metrics used to assess performance were first developed in collaboration with an external consultant in 2022 and updated in 2024.

### Sustainability-related expertise and skills

At Karnell, sustainability-related expertise is distributed throughout the organization. Our Board of Directors, Group Management (consisting of the Group CEO and CFO), the Boards of Directors of each Group company and the CEOs of each Group company jointly contribute various areas of expertise, including company-specific strategy, governance and operational leadership. This expertise is further enhanced by our collaboration with an external consultant who specializes in ESG, strengthening our ability to consolidate and analyze ESG data while staying up-to-date on changing regulations and practices. Since its

## GENDER DISTRIBUTION OF THE BOARD OF DIRECTORS





inception in 2021, the collaboration has strengthened our decision-making and further integrated sustainability into our business strategy as well as in the management of risks and opportunities, both at Group level and within individual Group companies.

### About Karnell

Karnell is a committed long-term investor in industrial technology companies and is actively involved in their business. We focus on small to medium-sized private companies with promising growth opportunities in the industrial technology sector. At the end of 2024, our portfolio consists of 15 companies.

### Our market segments

Our companies are divided into two business areas: Product companies and Niche production.

The **Product companies** business area includes companies that wholly or predominantly base their operations on proprietary products, which may include various rights such as trademarks, patents, etc. The companies' product offerings are characterized by well-developed product solutions that create a strong identity and loyal customers. Karnell has limited its investment focus to product owning companies in hardware.

The **Niche Production** business area includes manufacturing companies with a high degree of specialization in their expertise that produce smaller product series, often in close dialogue with customers. The companies focus on expertise in a specific area (niche) and can thus create value for the end customer.

The table below lists our companies, categorized by Product Company and Niche Production.

Year of acquisition	Product companies	Niche production
2017	<ul style="list-style-type: none"> <li>Autori</li> </ul>	<ul style="list-style-type: none"> <li>Tekniseri</li> </ul>
2019		<ul style="list-style-type: none"> <li>Simfas</li> </ul>
2020	<ul style="list-style-type: none"> <li>Vebe and</li> <li>Re-board</li> </ul>	
2021		<ul style="list-style-type: none"> <li>KL Mechanics</li> </ul>
2022	<ul style="list-style-type: none"> <li>Rotomon</li> <li>Drivex</li> </ul>	<ul style="list-style-type: none"> <li>Timeka</li> </ul>
2023	<ul style="list-style-type: none"> <li>Vagnsteknik i Karlshamn (K-vagnen)</li> </ul>	<ul style="list-style-type: none"> <li>Plalite</li> </ul>
2024	<ul style="list-style-type: none"> <li>Sähkö-Jokinen</li> <li>Ojop</li> <li>Haco Tellus</li> </ul>	<ul style="list-style-type: none"> <li>NE Engineering</li> </ul>

### Our products

Our companies manufacture a wide range of industrial products, which include both end products and components. Each company has a unique business, which contributes to the diversity of our product offering. Key products and services within our business areas include:

Products within Product companies	Products in Niche production
<ul style="list-style-type: none"> <li>Automatic sack filling systems</li> <li>Paper-based board materials</li> <li>Outdoor Lighting Products</li> <li>Drainage products, cable protection and waste tanks</li> <li>Tools for wheel loaders and tractors</li> <li>Trailers for landscaping</li> <li>Industrial wheels, roller conveyors, transport and moving aids</li> <li>Eccentric locks, trailer locks and quick couplings for batteries</li> <li>Infrastructure maintenance management system</li> </ul>	<ul style="list-style-type: none"> <li>Industrial printing on plastics and metals</li> <li>Fillers, adhesives and sealants</li> <li>Small and complex components for demanding environments</li> <li>Machine parts</li> <li>Components used in various measuring instruments</li> <li>Aerospace and High-Performance Vehicle Components</li> </ul>

### Our customers and end users

Karnell's products are mainly available in the Nordic market, while some also have a global reach. We mainly sell our products B2B (Business-to-Business), where the end users are companies and their employees, rather than private individuals. The products are used in a variety of industries, including machinery manufacturing, infrastructure (construction and excavation), real estate, agriculture, hardware, chemicals, printing, painting, landscaping, aviation, motorsports, medical, transportation, underwater telecommunications, and security.

### Karnell's strategy

Karnell's strategy emphasizes the importance of each Group company establishing a clear and ambitious growth plan. This can involve initiatives such as launching new products, expanding into new geographic markets, acquiring additional customers, or conducting selective add-on acquisitions. By working under a decentralized model, each company develops and executes its own business plan and agenda. The Parent Company supports these efforts by offering strategic guidance, leveraging a broad network to promote long-term value creation, and facilitating access to additional capital to enable growth when needed.

Our strategy is driven by strong governance, risk reduction and resource optimization, where short-term performance is balanced with long-term value creation. To support this, ESG considerations are central to our strategy and are systematically included in all our decision-making processes. Several elements of our strategy relate to and influence ESG aspects:

- Environment:** Our operations have an impact on climate change and the transition to a circular economy, for example through our production, choice of materials and energy use. Therefore, we are committed to reducing our carbon footprint, especially within our own operations, maximizing the use of recyclable inputs and working on resource efficiency in our production processes.



- **Social and governance issues:** We understand the important impact we have on our employees' work environment and well-being and strive to create a positive and developing workplace where everyone feels valued and motivated. In addition, as a company that relies on inputs and suppliers to produce and sell our own products, we see the importance of promoting good environmental and labor practices as well as business ethics, not least in our own operations, but also upstream in our value chain. This includes maintaining strong governance both within our own operations and at our suppliers.

### Karnell's business models

Karnell is a decentralized group where each Group company has a unique business model.

The parent company's business model is dependent on inputs such as capital, market expertise and a carefully selected portfolio of companies. The primary output is the financial returns generated for investors. Through responsible capital allocation and strategic decisions, this business model creates long-term value by promoting and supporting responsible business

practices within our portfolio. We focus on driving innovation while strengthening the companies we invest in to achieve sustainable growth and competitive advantage. Through these actions, this business model plays an important role in the overall economy, where the positive effects extend beyond financial returns and contribute to societal well-being and long-term development.

The Group companies have unique business models but have in common that they are manufacturing units. It is in the Group companies that we have identified our greatest impacts, risks and opportunities linked to sustainability issues. The common features of the Group companies' business models are described below.

#### Inputs: what we need

Purchased goods are crucial to our companies' operations. The majority of our purchased goods consist of inputs such as steel, aluminum, plastic and paper, including components and parts made from these materials. In addition to plastic, paper (cardboard) is mainly used as a packaging material.


#### Outputs: what we offer in the market

Our companies manufacture industrial products, both finished products and components. See page 15 for more information.

#### Value creation: the value we create

By purchasing our products, our customers and end-users gain access to solutions that create value for their business in different ways. Our finished products, such as machinery, help streamline operational processes, while our components, including machine parts, drainage pipes, and paper-based board materials, support our customers' production of high-quality goods. In conclusion, our products enable companies to optimize their manufacturing processes or serve as essential components of the finished products they sell.

# 01



## INPUTS

Purchased goods consisting of inputs, such as steel, aluminum, plastics and paper, including components and parts made of these materials.


# 02



## OUTPUTS

Our companies manufacture industrial products, both end products and components.

# 03



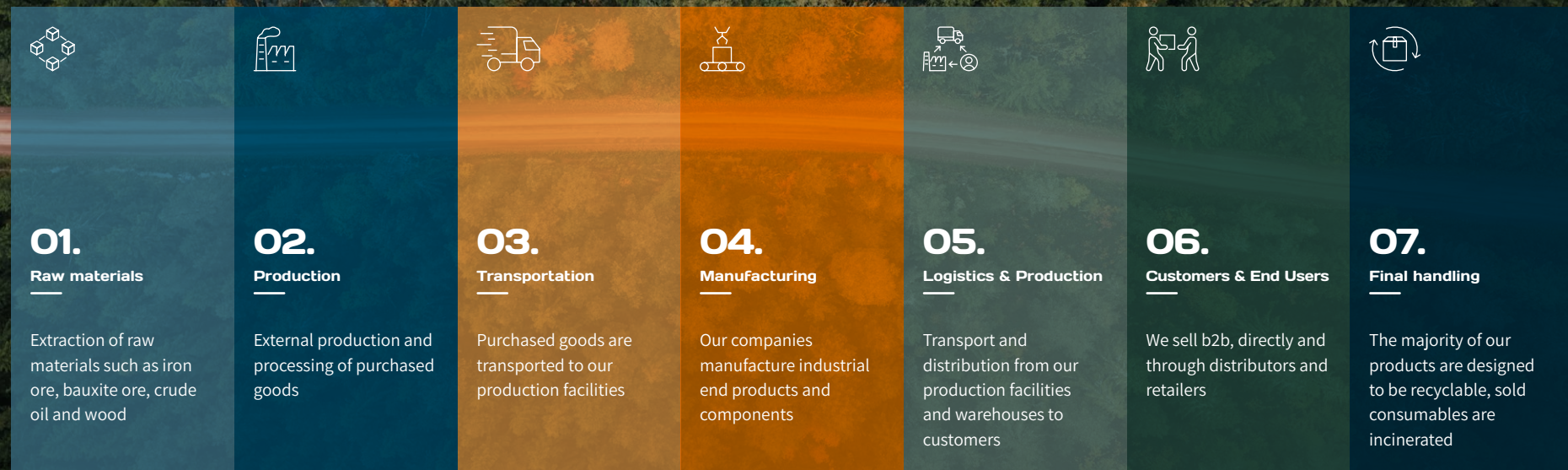
## VALUE

Our finished products help streamline operational processes, while our components support our customers' production of high-quality goods.



## KARNELL'S VALUE CHAIN

In 2024, we began mapping our value chain. This is a complex and challenging process, but we are committed to improving our understanding of the value chain in terms of its impact, as well as the risks and opportunities associated with it. By identifying and analyzing these factors, we can make more informed decisions and reduce business risks. The main aspects of our value chain are described below.





### Our upstream value chain

As Karnell consists of manufacturing companies, the goods included in our products and their related activities are central to our upstream value chain. Therefore, our upstream value chain includes activities and operators involved in the extraction, processing/production and transport of purchased goods to our production facilities.

We maintain direct relationships with our first-tier suppliers, which include input manufacturers, transportation providers, and electrical, heat, water, and waste management service providers – all of whom are critical to the operation of our production facilities, warehouses, and offices. We have no direct contact with suppliers further down the value chain, such as those involved in raw material extraction. Although most of our largest suppliers (based on purchase volume and spending) are located in the Nordics, our supplier network is global and spans Europe, Asia, North America and other regions.

The products that account for the majority of the Group's total purchased goods include steel, aluminum, plastics, and paper, along with components and parts made from these materials. Key raw materials for these products are iron ore (for steel), bauxite ore (for aluminum), crude oil (for plastics), and wood (for paper). Our products consist of, for example, iron ore from Sweden, bauxite from Romania, crude oil from Qatar, Saudi Arabia and Yemen, as well as wood from Sweden, Finland and Germany. However, due to the complexity of the global supply chain, some raw materials may originate from countries other than those mentioned above. We are committed to improving our understanding of the origin of raw materials in our supply chain in the coming years.

### Our business

Our companies manufacture industrial end products and components (see page 15 for more information). Our production facilities, warehouses and offices are located in Sweden, Finland, Norway, the UK and China, with the majority of our operations based in Sweden and Finland.

### Average number of employees per geographical area

Geographical area	Average number of employees
Finland	382
Sweden	201
United Kingdom	49
China	31
Norway	3

### Our downstream value chain

We sell our products B2B, both directly and through distributors and retailers. End users – companies and their employees – integrate our components into their manufacturing processes or use our end products in their operations. As a result, our downstream value chain includes activities and operators involved in the transportation and distribution of goods sold to our customers and end-users, the use of these products, and their end-of-life management.

We maintain direct relationships with our customers and, in some cases, with transportation providers for our products sold. We also engage directly with end-user customers. However, we have no direct relationships with end users further down the value chain after sales to distributors or retailers, nor with companies involved in the handling of the final handling

of our sold products. Our products are available in the Nordic market, and some also reach a global audience, reflecting the geographical location of our customers, end-users and other downstream operators.

### Karnell's ESG policy

Karnell prioritizes sustainability throughout our ownership, with the goal of building resilient companies that can navigate future challenges and seize opportunities. Our strategy integrates environmental, social and governance (ESG) factors into investment decisions and operational practices. This includes setting clear ESG standards and expectations for our group companies. To ensure compliance with applicable laws and regulations, and to maintain the effectiveness of the Group's values and working methods within the organization, we have developed a Group-wide ESG policy that applies to all entities within the Group.

Karnell's CEO is responsible for the overall implementation of and compliance with the policy. The Boards of Directors of the group companies are responsible for ensuring that the policy is implemented in each company. The implementation of the policy is monitored annually through data collected for the Group's Sustainability Report. To ensure that the ESG policy remains relevant and up to date, it is reviewed annually by the Board of Directors. Our ESG policy covers various frameworks and policy areas described below.

### Investment process framework

The investment process framework applies only to the parent company, as it relates to Karnell's investment process. The purpose of the framework is to define acceptable investments and ensure that we avoid companies involved in the manufacture of weapons, betting and gambling, alcohol and drugs, fossil fuels or illegal activities. The framework also emphasizes the importance of understanding how sustainability-related business risks



and opportunities are managed through the value chain of a potential acquisition during the due diligence process. Therefore, all potential acquisitions are examined using several ESG criteria during this process. The results of the investigation are then reported in the investment recommendation, which is presented to the Board of Directors before an acquisition decision is made.

#### Framework for responsible ownership and sustainable business

The framework for responsible ownership and sustainable business applies to all units within the Group and aims to promote a holistic approach to sustainability by establishing common ESG focus areas that all units should actively work on. These focus areas cover sustainability themes such as climate change, circular economy, working conditions, human rights and business ethics – issues that are important to address with regards to impacts, risks and opportunities in our value chain.

- **Environment:** The Group's common environmental focus areas include reducing environmental impact through lower energy consumption, carbon dioxide reduction and transport optimization. Efforts will be made to replace environmentally harmful products with environmentally friendly alternatives where possible, minimize greenhouse gas emissions, maximize the use of recyclable materials and promote circular business models together with resource efficiency.
- **Social:** The Group's common social focus areas include promoting diversity and ensuring zero tolerance for discrimination, as well as ensuring fair treatment of employees and stakeholders. The Group is committed to complying with international human rights conventions, respecting employees' right to decent working conditions and striving to maintain a safe working environment that prevents work-related injuries and ill health.

- **Governance:** The Group's common governance focus areas include complying with laws and regulations in all operating regions, applying high business ethics and preventing corruption. The Group is committed to creating targeted sustainability plans that are integrated into our companies' governance models. We will maintain a clear corporate governance structure, with effective control mechanisms such as a whistleblowing service. In addition, sustainability aspects must be integrated into our companies' business plans and their follow-up processes.

#### Karnell's ESG goals and action plans

In 2024, we started performing a double materiality analysis in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standard (ESRS). Through this process, we have identified our material impact, risks and opportunities related to sustainability within our own operations, as well as along our upstream and downstream value chain. Although the double materiality analysis is still a work in progress, the preliminary results indicate that our material impact, risks and opportunities arise in relation to the following sustainability topics:

Environment	Social	Governance
<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Resource use and circular economy</li> </ul>	<ul style="list-style-type: none"> <li>• Own labor force</li> <li>• Workers in the value chain</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible business</li> </ul>



Below is a summary of our goals, key actions and performance indicators related to these topics. More information about our work in each specific area is presented later in this report.

ESG	Focus	Commitment	Planned measures for the Group	Action status	KPIs that are monitored annually	Target 2030
Environment	Climate change	Reduce the Group's carbon footprint and prepare for the transition to net-zero greenhouse gas emissions	Strategic plan for reducing greenhouse gas emissions	Work in progress	<ul style="list-style-type: none"> <li>Total scope 1 and 2 greenhouse gas emissions (market-based)</li> <li>Scope 1 and 2 emission intensity (market-based)</li> <li>Scope 1 and 2 emission intensity per employee (market-based)</li> <li>Total amount of energy used in operations</li> <li>Share of renewable energy used in operations</li> </ul>	<ul style="list-style-type: none"> <li>Reduce greenhouse gas intensity in scope 1 and 2 by 40% from 2023 to 2030 (tons CO<sub>2</sub>e/MSEK net revenue) (market-based)</li> <li>100% of purchased energy is renewable (scope 2, market-based)</li> </ul>
			Mapping of greenhouse gas emissions and energy use	Achieved		
			Klimatberäkning i enlighet med GHG-protokollet	Achieved		
	Resource use and circular economy	Contribute to a circular economy and responsible resource management	Climate calculation in accordance with the GHG Protocol	Work in progress		
Social	Own labor force	Protect workers' rights and promote a safe, secure and sustainable work environment for all	Maintain good social conditions and implement systems to measure social issues	Work in progress	<ul style="list-style-type: none"> <li>Turnover</li> <li>Number of deaths</li> <li>Number of registrable work-related accidents</li> <li>Number of working days lost due to work-related accidents and deaths</li> <li>Average number of training hours per year per employee</li> <li>Employee engagement (through employee survey)</li> <li>Gender diversity</li> </ul>	<ul style="list-style-type: none"> <li>98% attendance at work</li> <li>High employee satisfaction</li> <li>Milestones: <ul style="list-style-type: none"> <li>- 70% response rate for employee surveys</li> <li>- 90% of respondents rate their job satisfaction as high</li> </ul> </li> <li>Zero serious injuries and deaths</li> <li>100% of injuries must be reported and investigated</li> <li>When hiring managers, at least 30% of candidates should be women (in the contact phase)</li> </ul>
	Follow-up and compliance of SCoC	Work in progress				
	Governance	Responsible business	Foster a culture of integrity. We have zero tolerance for bribery and corruption	Training for employees		
Implement whistleblower function				Achieved		



## ENVIRONMENT

### Climate change

#### Climate change mitigation policies, measures and targets

Not addressing climate issues entails both regulatory risks and reputational risks. The primary climate-related risks for the Group arise in relation to greenhouse gas emissions from operational activities, energy consumption and transports.

To mitigate these risks and steer us towards reducing our carbon footprint, the Group's ESG policy includes several key areas that our companies are expected to work on, including reduced energy consumption, transport optimization and improved resource efficiency.

Karnell has not established a formal transition plan at Group level to limit climate change. Although specific drivers for reducing greenhouse gas emissions (decarbonization levers) have not yet been determined, our companies are actively working on emission reduction in line with our ESG policy.

During the reporting year, the Group's companies have implemented several measures to reduce their climate impact in both direct (scope 1) and indirect (scope 2 and 3) emissions. Efforts include increased energy efficiency in corporate buildings through LED lighting, sensor-controlled lighting, heat pumps and improved insulation, as well as reduced and recycled waste management. Travel has been limited where possible and replaced by land-based alternatives, while electrification of machinery and transports has increased. Several companies have switched to greener electricity suppliers, evaluated suppliers and raw materials, and reduced the use of virgin materials and optimized data storage.

Going forward, the companies are planning further climate measures, such as the installation of energy-efficient equipment and lighting, centralization of logistics flows, the installation of charging stations for electric company cars, investments in more sustainable boilers and a gradual transition to HVO diesel where possible.

In relation to our climate commitment to reducing the Group's carbon footprint and prepare for the transition to net-zero greenhouse gas emissions, we have set two targets for reducing greenhouse gas emissions at Group level, which all our companies are working towards:

- Reduce greenhouse gas intensity within scope 1 and 2 by 40% from 2023 to 2030 (tons CO<sub>2</sub>e/MSEK) (market-based).
- 100% of purchased energy is renewable (scope 2, market-based) by 2030.

The target for emissions within scope 1 and 2 was previously formulated as an absolute number. This year we have updated the goal to an intensity goal.

### Our energy consumption and mix

The energy data presented below includes data from the entire Group apart from one Group company (Haco Tellus). Of the companies included all our companies except the parent company and one group company operate in sectors with a high climate impact (such as manufacturing units in sector C of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council, as defined in Commission Delegated Regulation (EU) 2022/1288). Data in black corresponds to data from companies that operate in sectors with a high climate impact, while data in brackets corresponds to data from companies that do not operate in sectors with a high climate impact. Market-based approach has been applied.

Energy consumption and energy mix	Unit	2023	2024
Fuel consumption from coal and coal products	MWh	46	12
Fuel consumption from crude oil and petroleum products	MWh	1,261	2,194
Fuel consumption from natural gas	MWh	0	101
Fuel consumption from other fossil sources	MWh	2,915	2,138
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	657	2,589
<b>Total use of fossil energy</b>	<b>MWh</b>	<b>4,879</b> (11)	<b>7,033</b> (133)
<i>Share of fossil sources in total energy use</i>	%	34% (8%)	40% (65%)
<b>Use from nuclear sources</b>	<b>MWh</b>	<b>567</b> (25)	<b>1,350</b> (0)
<i>Share of nuclear energy sources in total energy consumption</i>	%	4% (18%)	8% (0%)
Fuel consumption of renewable energy sources, including biomass (including industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	MWh	1,004 (0)	Item no. 353 (0)
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	7,781 (100)	8,661 (72)
Consumption of self-generated renewable non-fuel energy	MWh	96 (0)	6 (0)
<b>Total use of renewable energy</b>	<b>MWh</b>	<b>8,881</b> (100)	<b>9,020</b> (72)
<i>Share of renewable sources in total energy use</i>	%	62% (74%)	52% (35%)
<b>Total energy use</b>	<b>MWh</b>	<b>14,327</b> (136)	<b>17,403</b> (204)
<b>Energy intensity per net income*</b>	<b>Total energy use MWh / Total net income MSEK</b>	<b>14.42</b>	<b>13.96</b>
<i>Net income</i>	<i>Total net income MSEK</i>	1,103**	1,380

\* Calculated based on the total energy consumption of companies operating both in and outside sectors with a high climate impact

\*\* Adjusted figure from the sustainability report 2023 due to incorrect figure reported



Significant changes in our total energy consumption between 2023 and 2024 are due to more companies being included in the reporting this year (14 compared to 10) and due to the fact that energy from some companies' fuel consumption was not reported in 2023. The inclusion of all fuels in 2024 increases our total use of fossil energy as our companies mainly use fossil fuels such as fossil petrol, diesel, heating oil and natural gas. The inclusion of all these fuels means that the share of renewable sources in our total energy use has decreased compared to 2023. Despite an increase in energy use in 2024, our energy intensity per MSEK net revenue has decreased by 3% from 2023.

### Our climate report

Our climate accounts have been prepared according to the consolidation method operational control. Climate data has been collected from the parent company and all group companies apart from Haco Tellus. Our GHG emissions are calculated in accordance with GHG Protocol standards. We carry out full reporting for scope 1 and 2 emissions and report emissions within four scope 3 categories.

Scope 1 GHG emissions	Unit	Retroactively		% change between 2024 and 2023
		2023 (base year)	2024	
Stationary combustion	Tons CO2e	763	754	
Mobile Combustion	Tons CO2e	287	308	
Volatile emissions	Tons CO2e	22*	0	
<b>Total Scope 1 Gross Greenhouse Gas Emissions</b>	<b>Tons CO2e</b>	<b>1,071</b>	<b>1,061</b>	<b>-1%</b>
Percentage of scope 1 GHG emissions from regulated ETS	%	0%	0%	

Scope 2 GHG emissions	Unit	Retroactively		% change between 2024 and 2023
		2023 (base year)	2024	
Electricity (location-based)	Tons CO2e	141	550	
Heating (location-based)	Tons CO2e	0	180	
<b>Total location-based gross greenhouse gas emissions scope 2</b>	<b>Tons CO2e</b>	<b>141</b>	<b>730</b>	<b>418%</b>
Electricity (market-based)	Tons CO2e	420	662	
Heat (market-based)	Tons CO2e	59	133	
<b>Total market-based gross greenhouse gas emissions scope 2</b>	<b>Tons CO2e</b>	<b>479</b>	<b>796</b>	<b>66%</b>

Scope 3 GHG emissions	Unit	Retroactively		% change between 2024 and 2023
		2023 (base year)	2024	
1. Purchased products and services	Tons CO2e	51,158	84,861	
3. Energy and fuel-related activities	Tons CO2e	161	981	
4. Upstream transportation and distribution	Tons CO2e	968	1,701	
6. Business travel	Tons CO2e	84	110	
<b>Total Scope 3 Gross Greenhouse Gas Emissions</b>	<b>Tons CO2e</b>	<b>52,371</b>	<b>87,635</b>	<b>67%</b>

Total GHG emissions	Unit	Retroactively		% change between 2024 and 2023
		2023 (base year)	2024	
<b>Total GHG emissions scope 1-3 (location-based)</b>	<b>Tons CO2e</b>	<b>53,583</b>	<b>89,445</b>	<b>67%</b>
<b>Total GHG emissions scope 1-3 (market-based)</b>	<b>Tons CO2e</b>	<b>53,922</b>	<b>89,510</b>	<b>66%</b>
<b>Total GHG emissions scope 1 &amp; 2 (market-based)</b>	<b>Tons CO2e</b>	<b>1,550</b>	<b>1,857</b>	<b>20%</b>
Emission intensity scope 1-3 (market-based)	Total CO2e emissions scope 1-3 per MSEK net income (tons CO2e/MSEK)	53.75	70.95	32%**
Emission intensity scope 1 & 2 (market-based)	Total CO2e emissions scope 1 & 2 per MSEK net income (tons CO2e/MSEK)	1.55	1.47	-5%
Emission intensity scope 1 & 2 per employee (market-based)	Total CO2e emissions scope 1 & 2 per employee (tons CO2e/employee)	2.80	2.79	-0.4%
<i>Net income</i>	<i>Total net income MSEK</i>	<i>1,103***</i>	<i>1,380</i>	
<i>Number of employees</i>	<i>Total number of employees</i>	<i>553</i>	<i>665</i>	

\* Adjusted figure from the 2023 Sustainability Report due to incorrect calculation of refrigerants

\*\* The comparability between the figures for 2024 and 2023 is limited, especially since all purchased goods and services within Scope 3, Category 1: Purchased goods and services, have been included in the calculations for 2024, which was not the case for 2023. See further clarification in the text below

\*\*\* Adjusted figure from the Sustainability Report 2023 due to incorrect figure reported



Our total absolute scope 1 emissions have decreased compared to 2023, mainly because we have not had any fugitive emissions from refrigerant refills for refrigeration units. On the other hand, our total absolute land-based and plastic-based scope 2 emissions have increased significantly, mainly due to more companies being included in the reporting this year (14 instead of 10) and due to increased access to more reliable emissions data – both from specific suppliers and for local and national values. We also see that our scope 1-2 emissions per MSEK net income have decreased by 5% from the previous year.

Like our scope 2 emissions, our total absolute scope 3 emissions have increased significantly. This is due to several factors, including Karnell's growth and the inclusion of more companies. In addition, unlike last year, this is the first year in which we include all purchased goods and services in scope 3, category 1: Purchased goods and services. In 2023, the calculation only included purchases from each company's 10–15 largest suppliers, based on purchase volume. Another factor that has contributed to the increase is that we now use more specific emission factors for category 3: Energy and fuel-related activities as well as the group's general energy increase.

## Method

Scope 1 emissions have been calculated based on the type of fuel used. Scope 2 emissions have been calculated according to both the location-based and market-based methodology. If specific emission data has not been identified for electricity suppliers or local grids, emission factors for the national residual mix and the national electricity mix for 2023 have been applied. Similarly, emission factors for local residual values and the national heat mix for 2023 have been used where specific emission data for heat suppliers or local heat networks are lacking.

To calculate emissions from scope 3, category 1: Purchased goods and services, we have been able to use Environmental Product Declarations (EPDs) for their specific products sold for two group companies and supplemented with spend data for other purchases. For other companies, we have, where applicable, used emission data from product-specific EPDs for purchased products, in combination with spend data. However, the majority of emissions have been calculated using the spend-based method, while the average data method has only been used to a limited extent.

For Category 3: Energy and fuel-related activities, all emissions have been calculated using the average data method, using average emission factors from DEFRA 2024. For Category 4: Upstream transport and distribution, we have received specific WTW (well-to-wheel) data from some transport providers, but the majority of emissions have been calculated using the spend-based method. For category 6: Business travel, we have received specific WTW data from some travel companies and also applied the distance-based method, but the majority of emissions have been calculated using the spend-based method.

For all spend-based calculations, expenditure for 2024 has been adjusted to 2021 price levels, as emission factors from 2021 have been applied. The adjustments have been made with the help of Statistics Sweden's price converter.

	Data-Quality	Method	Exclusions	Source emission factors
<b>Scope 1</b>	Primary	<ul style="list-style-type: none"> <li>Fuel-based</li> </ul>	None	<ul style="list-style-type: none"> <li>Vendor specific</li> <li>DEFRA 2024</li> </ul>
<b>Scope 2</b>	Primary	<ul style="list-style-type: none"> <li>Location and market based</li> </ul>	None	<ul style="list-style-type: none"> <li>Vendor specific</li> <li>National residual mix and electricity mix 2023 from AIB</li> <li>Local district heating values 2023 from Energiföretagen</li> </ul>
<b>Scope 3.1</b>	Primary	<ul style="list-style-type: none"> <li>Vendor specific</li> <li>Average data</li> <li>Spend-based</li> </ul>	None	<ul style="list-style-type: none"> <li>Product specific EPDs</li> <li>Supplier specific EPDs</li> <li>DEFRA 2024</li> <li>The National Agency for Public Procurement's spending factors 2021</li> <li>DEFRA's spending factors 2021</li> </ul>
<b>Scope 3.3</b>	Primary	<ul style="list-style-type: none"> <li>Average data</li> </ul>	Distribution is excluded. Emissions linked to the manufacture of vehicles, plants and infrastructure are excluded.	<ul style="list-style-type: none"> <li>DEFRA 2024</li> </ul>
<b>Scope 3.4</b>	Primary	<ul style="list-style-type: none"> <li>Fuel-based</li> <li>Spend-based</li> </ul>	Emissions from hotel stays are excluded.	<ul style="list-style-type: none"> <li>Vendor specific (WTW)</li> <li>The National Agency for Public Procurement's spending factors 2021</li> </ul>
<b>Scope 3.6</b>	Primary	<ul style="list-style-type: none"> <li>Fuel-based</li> <li>Distance-based</li> <li>Spend-based</li> </ul>	Emissions from hotel stays are excluded.	<ul style="list-style-type: none"> <li>Vendor specific (WTW)</li> <li>DEFRA 2024 (WTW)</li> <li>The National Agency for Public Procurement's spending factors 2021</li> </ul>



## Emissions outside the scope

2024 is the first year we report biogenic emissions. Biogenic emissions are CO<sub>2</sub> emissions that originate from biological material, such as biomass, wood and other organic substances, and are part of the natural carbon cycle.

Biogenic emissions have been identified primarily in relation to our sold paper-based board materials, fillers, adhesives and sealants. This is because these products have product-specific environmental product declarations where the biogenic emissions are reported separately from the fossil fuels. In addition, biogenic emissions have been identified in relation to emission factors for the fuels we use in scope 1 and for a few purchased products in scope 3, category 1: Purchased goods and services. We have not been able to identify any biogenic emissions in relation to our other emission sources because the emission factors that have been used do not account for the biogenic factor separately. In this context, our total biogenic emissions are negative. This is mainly due to our sold paper-based board materials, which have bound carbon dioxide during the growth of the trees.

Out of scope	Unit	2024
Biogenic emissions (market-based)	Tons CO <sub>2</sub> e	- 2,299

## Resource use and circular economy

### Policy, measures and targets for resource use and circular economy

As a group of manufacturing companies, we rely on resources such as inputs (and their related raw materials) and energy, which can be affected by supply chain disruptions and price volatility. In addition, changes in environmental regulations or customer expectations of sustainable practices pose risks to our operations and competitiveness.

To mitigate these risks and steer us towards improving our resource efficiency and working towards a circular economy, the Group's ESG policy includes several key areas that our companies are expected to work on, including using more recyclable inputs in production and encouraging circular business models and resource efficiency.

To manage resource use and promote a circular economy, our companies have taken measures during the year such as improved waste sorting to reduce non-recyclable mixed waste, collection of scrap metal for reuse,

increased use of packaging with PCR plastic and a greater focus on eco-design. Going forward, an even higher proportion of recycled materials in production and packaging is planned, as well as optimized manufacturing processes to reduce waste while improving product quality.

We currently have no goal related to resource use and circular economy. We plan to investigate relevant targets in 2025.

### Resource inflows and outflows

#### Our resource inflows

Karnell's essential resource flows include inputs such as steel, aluminum, plastics and paper, together with components and parts made from these materials, which are used in the manufacture of our sold products. Other important resources include materials used for packaging, such as plastic and cardboard. Thus, the material resource flow in our upstream value chain includes the raw materials used for these products, including iron ore (for steel), bauxite ore (for aluminum), crude oil (for plastics), and wood (for paper). Although our business is also dependent on the facilities and equipment used in our production, new purchases in this category are relatively rare compared to the inputs mentioned above.

#### Our resource outflows

Karnell's significant resource flows consist of our sold products and the waste generated during our production. In general, the Group's products are characterized by relatively long service life and hardness. For example, our rainwater, culvert, drainage and cable protection products can last for decades, while our wheel loader and tractor attachments (e.g. attachments for snow removal and road maintenance) typically have a lifespan of around 20 years. In addition, a life cycle analysis of our paper-based board materials shows that the paper fibre used can be recycled up to 57 times before it becomes necessary to dispose of it.

Most of our products sold are designed to be recyclable, as they are composed of materials such as metal, plastic and paper, with packaging made of plastic and cardboard. An exception is our sold consumables (e.g. fillers, adhesives and sealants), for which the most common finishing methods are landfill and incineration, which means that they are not currently part of a circular system.



In our facilities, scrap metal makes up the largest part of our waste. We also generate wastewater, wood, cardboard, paper, energy recyclable waste and mixed waste. 4% of our total waste corresponds to hazardous waste, including oil, paint, cutting fluids, emulsions and aerosols. 2024 is the first year we collect waste data.

Waste generated in 2024*	Tons
Total amount of waste	2,098
Total amount of hazardous waste	84

\* Does not include Haco Tellus.

### The EU taxonomy

As of 2024, Karnell Group is subject to the EU Taxonomy Regulation. This is because we have more than 500 employees and have shares listed on a regulated market (Nasdaq Stockholm).

#### Taxonomy-eligible economic activities

We have identified our economic activities as eligible by reviewing the activities under the Taxonomy Regulation and its delegated acts. During this process, questions have been asked to all companies within the Group to confirm the operations.

Five economic activities have been identified for Karnell in relation to the Climate Change Mitigation (CCM) target:

- 4.1 Electricity production using photovoltaic technology
- 4.24. Production of heating/cooling from bioenergy
- 4.25. Production of heating/cooling using residual heat
- 6.6. Services relating to the carriage of goods by road
- 7.7 Acquisition and ownership of buildings

An economic activity has been identified for Karnell in relation to the Transition to a Circular Economy (CE) target:

- 4.1 Provision of data-driven IT and OT solutions

#### Taxonomy-aligned economic activities

The Taxonomy Regulation sets out criteria that an economic activity must meet in order to qualify as environmentally sustainable, i.e. be aligned with the taxonomy:

- Meet the Technical Review Criteria (TSC) for the environmental objectives by contributing substantially to one or more of the six environmental objectives and not causing significant harm (DNSH) to the other objectives.
- Comply with minimum requirements that include social and governance standards.

In order to assess the compatibility of the operations, all relevant companies were asked to answer questions in a questionnaire. The results show that none of Karnell's Taxonomy-eligible activities meet all technical screening criteria, in particular the requirement to carry out climate risk and vulnerability analyses in accordance with Appendix A of the delegated acts. Therefore, the group currently has no activities that are taxonomy-aligned. As we do not meet the TSC criteria for any economic activity, no further analysis has been carried out regarding the criteria for minimum safeguards.

#### KPIs

The financial information has been collected from each Group company's (and the parent company's) financial system and then compiled in the tables below.

The reported turnover from Taxonomy-eligible economic activities can essentially be derived from income from services sold and rental income. Capital expenditure (CapEx) during the financial year refers only to additions to right-of-use assets. Karnell has not drawn up a capital expenditure plan. Operating expenses (OpEx) during the financial year relate to repairs and maintenance of machinery and premises. No other expenses in addition to these operating expenses have been identified.

The denominator of the KPIs for the Taxonomy-eligible economic activities has been defined as:

- Total sales according to net sales in the Group's income statement on page 49.
- Total CapEx (investments) as shown in Note 10. Intangible assets, note 11. Property, plant and equipment and Note 12. Leasing in the consolidated financial statements. Investments related to goodwill and customer relationships are excluded.
- Total OpEx related to repair and maintenance of the Group's assets.



## Share of sales from products or services associated with Taxonomy-aligned economic activities

Fiscal year		2024		Criteria for substantial contribution						DNSH criteria (Do No Significant Harm)									
Economic activities (1)	Code (a) (2)	Net sales (3)	Share of net sales (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A 1) or eligible (A 2) net sales, 2023 (18)	Category of enabling activities (19)	Category transitional activity (20)
Text		SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
A.1. Environmentally sustainable (Taxonomy-aligned) activities																			
																	0%		
<b>Net sales of environmentally sustainable (taxonomy-aligned) activities (A.1)</b>		<b>0</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>0%</b>		
Of which enabling activities		0	0%	0%	0%	0%	0%	0%	0%								0%	E	
Of which transition activities			0%	0%													0%		T
A.2. Taxonomy-eligible activities that are not environmentally sustainable (non-Taxonomy-aligned)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity production using photovoltaic technology	CCM 4.1	421	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Production of heating/cooling from bioenergy	CCM 4.24	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Production of heating/cooling using residual heat	CCM 4.25	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Road freight transport services	CCM 6.6	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Acquisition and ownership of buildings	CCM 7.7	2,312,519	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Provision of data-driven IT and OT solutions	CE 4.1	34,868,210	2.5%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
<b>Net sales of Taxonomy-eligible activities that are not environmentally sustainable (non-Taxonomy-aligned) (A.2)</b>		<b>37,181,150</b>	<b>2.7%</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>2.5%</b>	<b>0.0%</b>								<b>0%</b>		
<b>A. Net sales of Taxonomy-eligible activities (A.1+A.2)</b>			<b>2.7%</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>2.5%</b>	<b>0.0%</b>								<b>0%</b>		
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																			
<b>Net sales of Taxonomy-non-eligible activities (B)</b>		<b>1,365,084,128</b>	<b>97%</b>																
<b>TOTALT (A+B)</b>		<b>1,402,265,278</b>	<b>100%</b>																
		<b>Net sales of Taxonomy-non-eligible activities (B)</b>																	
		Taxonomy compatibility per objective		Taxonomy-eligible targets															
		CCM	0%	0.2%															
		CCA	0%	0.0%															
		WTR	0%	0.0%															
		CE	0%	2.5%															
		PPC	0%	0.0%															
		BIO	0%	0.0%															



## Share of capital expenditure from products or services associated with Taxonomy-aligned economic activities

Fiscal year		2024		Criteria for substantial contribution						DNSH criteria (Do No Significant Harm)																																																																																																																																																																																													
Economic activities (1)	Code (a) (2)	CapEx (3)	Share of CapEx (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	"Water (13)"	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A 1) or eligible (A 2) CapEx, 2023 (18)	Category of enabling activities (19)	Category transitional activity (20)																																																																																																																																																																																				
Text		SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T																																																																																																																																																																																				
<b>A. VERKSAMHETER SOM OMFATTAS AV TAXONOMIN</b>																																																																																																																																																																																																							
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Acquisition and ownership of buildings	CCM 7.7	89,943,547	63.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%																																																																																																																																																																																						
Provision of data-driven IT and OT solutions	CE 4.1	0	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%																																																																																																																																																																																						
CapEx of Taxonomy-eligible activities that are not environmentally sustainable (non-Taxonomy-aligned) (A.2)		89,943,547	63.2%	63.2%	0.0%	0.0%	0.0%	2.5%	0.0%								0%																																																																																																																																																																																						
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## Share of operating expenditure from products or services associated with Taxonomy-aligned economic activities

Fiscal year		2024		Criteria for substantial contribution						DNSH criteria (Do No Significant Harm)																																	
Economic activities (1)	Code (a) (2)	OpEx (3)	Share of OpEx (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	"Water (13)"	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A 1) or eligible (A 2) OpEx, 2023 (18)	Category of enabling activities (19)	Category transitional activity (20)																								
Text		SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T																								
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Of which transition activities			0%	0%													0%		T																								
A.2. Taxonomy-eligible activities that are not environmentally sustainable (non-Taxonomy-aligned)																																											
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL																																		
Electricity production using photovoltaic technology		CCM 4.1	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL								0%																										
Production of heating/cooling from bioenergy		CCM 4.24	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL								0%																										
Production of heating/cooling using residual heat		CCM 4.25	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL								0%																										
Road freight transport services		CCM 6.6	113,498	0.4%	EL	N/EL	N/EL	N/EL	N/EL								0%																										
Acquisition and ownership of buildings		CCM 7.7	1,818,471	5.8%	EL	N/EL	N/EL	N/EL	N/EL								0%																										
Provision of data-driven IT and OT solutions		CE 4.1	0	0.0%	N/EL	N/EL	N/EL	N/EL	EL								0%																										
<b>OpEx of Taxonomy-eligible activities that are not environmentally sustainable (non-Taxonomy-aligned) (A.2)</b>			<b>1,931,969</b>	<b>6.1%</b>	<b>6.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>								<b>0%</b>																										
<b>A. OpEx of Taxonomy-eligible activities (A.1+A.2)</b>			<b>1,931,969</b>	<b>6.1%</b>	<b>6.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>								<b>0%</b>																										
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																																											
<b>OpEx of Taxonomy-non-eligible activities (B)</b>			<b>29,595,922</b>	<b>94%</b>																																							
<b>TOTAL (A+B)</b>			<b>31,527,891</b>	<b>100%</b>																																							
<table border="1"> <thead> <tr> <th colspan="3">Share of OpEx/total OpEx</th> </tr> <tr> <th></th> <th>Taxonomy compatibility per objective</th> <th>Taxonomy-eligible targets</th> </tr> </thead> <tbody> <tr> <td>CCM</td> <td></td> <td></td> </tr> <tr> <td>CCA</td> <td>0%</td> <td>0.0%</td> </tr> <tr> <td>WTR</td> <td>0%</td> <td>0.0%</td> </tr> <tr> <td>CE</td> <td>0%</td> <td>0.0%</td> </tr> <tr> <td>PPC</td> <td>0%</td> <td>0.0%</td> </tr> <tr> <td>BIO</td> <td>0%</td> <td>0.0%</td> </tr> </tbody> </table>																				Share of OpEx/total OpEx				Taxonomy compatibility per objective	Taxonomy-eligible targets	CCM			CCA	0%	0.0%	WTR	0%	0.0%	CE	0%	0.0%	PPC	0%	0.0%	BIO	0%	0.0%
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### Nuclear and fossil gas-related activities

As the table below shows, there are no economic activities in Karnell that relate to nuclear-related activities.

Nuclear energy related activities		YES/NO
1.	The Company conducts, finances or is exposed to the research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear energy processes with minimal waste from the fuel cycle.	NO
2.	The Company performs, finances or is exposed to the construction and safe operation of new nuclear installations for the production of electricity or process heat, including for district heating or industrial processes, such as hydrogen production, as well as for their safety upgrades, using the best available techniques.	NO
3.	The company performs, finances or is exposed to the safe operation of existing nuclear installations producing electricity or process heat, including for district heating or industrial processes, such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Fossil gas related activities		YES/NO
4.	The Company performs, finances or is exposed to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The Company performs, finances or is exposed to the construction, renovation and operation of plants for combined production of heating/cooling and electricity using fossil gaseous fuels.	NO
6.	The Company performs, finances or is exposed to the construction, renovation and operation of heat production plants that produce heating/cooling using fossil gaseous fuels.	NO

## SOCIAL

### Own labor force

#### Policy, measures and goals for the own workforce

Our employees are our most valuable resources, which means that the well-being of our employees is crucial for our development and long-term value creation. Risks associated with not ensuring a good work environment include:

- High employee turnover and absenteeism leading to higher recruitment and training costs
- Low productivity or strikes
- Bad reputation leading to negative effects on the brand
- Difficulty attracting talent

To mitigate these risks and steer us towards promoting employee well-being, the Group's ESG policy includes several key areas that our companies are expected to prioritize. These include promoting diversity and maintaining zero tolerance for discrimination, ensuring fair treatment of employees, complying with international human rights conventions, respecting employees' right to decent working conditions, and promoting a safe work environment to prevent work-related injuries and ill health.

During the year, our companies have taken several measures to promote a safe and healthy work environment. Examples include team-building activities, health screenings, and wellness allowances. The companies have also invested in protective equipment, conducted safety meetings and training, regular risk assessments and engaged external actors for work environment and ergonomics analysis.

Going forward, further investments are planned in protective equipment and safety systems, improved incident reporting procedures, development of recruitment processes and integration of safety aspects into investments and machine upgrades.

In relation to our commitment to protect employee rights and promote a safe, secure and sustainable work environment for all, we have set five goals to be maintained and achieved by 2030 at Group level, which all our companies are working towards:

- 98% attendance at work
- High employee satisfaction
  - Milestones:
    - » 70% response rate for employee surveys
    - » 90% of respondents rate their job satisfaction as high
- Zero serious injuries and deaths
- 100% of injuries must be reported and investigated
- When hiring managers, at least 30% of candidates should be women (in the contact phase)



### Karnell's employees

The majority of Karnell's employees are permanently employed. Only a small proportion of the workforce is temporary and on-demand employees. As last year, the group consists mostly of men.

Sex	Unit	2023	2024
Women	#	98	113
Men	#	437	552
<b>Total average number of employees (persons)</b>	<b>#</b>	<b>535</b>	<b>665</b>

Employee turnover	Unit	2023	2024
Employee turnover*	%	16%	10%**

\* Calculation method used in 2023: The number of employees who started and left as a percentage of the average number of employees during the reporting period. New method used in 2024: The number of employees who left as a percentage of the average number of employees during the reporting period.

\*\* Does not include Haco Tellus

The table below shows the total average number of employees broken down by country for the countries where Karnell has 50 or more employees, representing at least 10% of our total number of employees.

Employees in each country where Karnell has 50 or more employees, representing at least 10% of the group's total number of employees in 2024	
Sweden	Finland
201	382

Karnell has employees both in countries within the European Economic Area (EEA) – Sweden, Finland and Norway – as well as in non-EEA countries – the United Kingdom and China. The table below provides further information about our collective agreement coverage in relation to

these regions. Of all our employees, 80 percent are covered by collective agreements. Those who are not covered in Sweden and Finland are employed in senior positions, such as CEO and CFO. Employees in China and employees of one of our companies in the UK do not have collective agreements.

Collective agreement coverage 2024*		
Coverage	Employees in the EEA	Employees outside the EEA
0%-19%		China
20%-39%		
40%-59%		United Kingdom
60%-79%		
80%-100%	Sweden and Finland	

\* Norway is not included when the number of employees in the country does not amount to 50 and does not represent at least 10% of the Group's total number of employees. Data from Haco Tellus is not included.

All employees have, or have the opportunity to, social protection in the event of loss of income due to illness, occupational injuries, parental leave, pension or unemployment, either through their employer or through general programs such as unemployment insurance.

### Description of non-employees in Karnell's workforce

The majority of Karnell's workforce consists of its own employees. However, some group companies hire non-employees from temporary employment agencies and self-employed people. Non-employees are mainly brought in for temporary assignments and are covered by their respective companies' health and safety systems.

### Metrics related to own workforce

All tables below include data from the entire Group excluding Haco Tellus.

### Diversity and skills development

Employees at management level in all companies	Unit	2024
Women	#	5
Proportion of women at management level	%	9%
Men	#	49
Proportion of men at management level	%	91%
<b>Total number of employees at management level</b>	<b>#</b>	<b>54</b>

Skills development	Unit	2024
Percentage of employees who participated in regular performance and career development reviews	%	<b>50%</b>
Average number of training hours per employee	#	<b>10</b>

### Health and Safety

Employee health and safety	Unit	2023	2024
Number of deaths	#	0	0
Number of recordable work-related accidents	#	22	29
Frequency of reportable work-related accidents**	%	0.05	27.51
Number of days lost due to work-related injuries and deaths	#	*	282

\* Calculated for the first time in 2024.

\*\* Calculation method used in 2023: Accident rate per total hours worked. New method to be used in 2024: Accident rate per one million hours worked.



During the year, employees suffered some injuries, mainly to fingers, hands or limbs. There have also been incidents such as slips, trips, blows to the head, minor cuts and a fall where a particle ended up in the eye. Most injuries were minor and only required a few days of sick leave, while a few accidents required longer sick leave.

### Compensation

Pay gap	Unit	2024
Gender pay gap*	%	10%
Annual total remuneration rate**	%	574%

\* The CEO's salary for each company has not been included in the calculation.

\*\* The denominator in the calculation corresponds to the median of all companies' reported median values for all employees' total remuneration (excluding the highest paid individual).

### Incidents and reports

Incidents and reports of serious human rights impacts	Enhet	2024
Number of confirmed cases of discrimination	#	0
Total number of cases of discrimination, including harassment, reported during the reporting period	#	1
The number of confirmed serious human rights incidents related to the company's employees	#	0

### Workers in the value chain

Karnell's value chain includes workers involved in the extraction, processing, production and transportation of purchased goods (upstream value chain), as well as workers engaged in the transportation, distribution, use and final handling of our sold products (downstream value chain).

Certain groups within our value chain are considered to be more vulnerable to adverse effects due to specific characteristics or contexts. For us, these vulnerabilities are particularly linked to the extraction of crude oil which is included in plastic granules that we use in our products, which is happening in Qatar, Saudi Arabia and Yemen. Identified vulnerable groups include:

- **Migrant workers:** In Qatar, Saudi Arabia and Yemen, migrant workers often face limited legal protections, poor working conditions and limited access to support networks.
- **Trade union representatives:** In regions with limited labor rights and union activities, such as Qatar, Saudi Arabia, and Yemen, union representatives may face discrimination or retaliation for advocating for workers' rights.

### Policy, actions and targets for workers in the value chain

Karnell has a Code of Conduct through which we commit to promoting human rights, equal pay and a workplace free from discrimination, harassment, forced labor and child labor. We are committed to ensuring ethical relationships throughout the value chain and expect our business partners to share these commitments. That is why we have a Code of Conduct for Business Partners that covers the same areas. Furthermore, we encourage all our companies to implement a Supplier Code of Conduct that includes statements on social issues, such as workers' rights, as well as to regularly monitor suppliers' compliance with the Code.

During the reporting year, our companies have taken several measures to prevent or reduce negative impacts on workers in the value chain. These include supplier audits with ESG review and contract terms, implementation of the Code of Conduct in supplier dialogues, and collaboration with local suppliers to ensure compliance with local laws and regulations. Going forward, the companies plan to continue and expand the work with supplier audits.

This year, the Group initiated a detailed mapping of our value chain to identify areas where workers may be exposed to negative impacts (see information on identified vulnerable groups under the previous heading). Going forward, we plan to systematically monitor our related suppliers to effectively manage risks. In relation to this, we aim to:

- Develop and implement a process to ensure that suppliers of critical raw materials in high-risk sectors related to raw material extraction provide adequate information and measures to manage human rights-related risks.

## GOVERNANCE

### Responsible business

#### Responsibility and expertise regarding business ethics

At Karnell, responsibility for responsible business is shared between the Group's CEO, the Boards of Directors of each Group company and the CEO of each Group company. The Group CEO has the overall responsibility for maintaining good business practices and ensures that the Group works in line with the Group's sustainability and ethical goals. Each Group company's Board of Directors is responsible for implementing the Group's ESG policy and ensuring that companies comply with it. The CEO of each Group company is responsible for integrating ethical guidelines into the day-to-day operations and long-term strategy, as well as reporting on progress annually to the Group CEO. This structure ensures a consistent focus on responsible business conduct within the organization.

Karnell's Board members and Group Management contribute expertise that paves the way for good business conduct, which includes upholding ethical standards, corporate governance and compliance. Their experience covers areas such as private equity, industrial operations, and finance, with a particular focus on promoting responsible business practices. This allows the Group to operate with integrity, particularly in areas related to labor rights, social issues and compliance with relevant laws in both local and international markets.



### Business Conduct Policy and Corporate Culture

We promote good business practices and a culture of integrity. We maintain a zero-tolerance policy against all forms of corruption and bribery, whether they occur within our business or among our partners. Such unethical behavior would distort competition and damage fair business practices and our reputation. In addition, corruption incidents can lead to higher costs, lower returns, a loss of stakeholder trust, and undermine environmental and social performance, which would ultimately jeopardize the Group's long-term success.

We shape our corporate culture through different approaches. Firstly, we work in a decentralized manner, which makes it possible for each company to maintain its unique culture and way of working. Despite our decentralized approach, we have three core values that guide principles throughout the Group:

- **Sustainability:** Clear focus on sustainability, with ESG high on the agenda.
- **Professionalism:** Develop a culture where everyone's voices are heard and ideas big and small are valued.
- **Challenge and improve:** Flexibility combined with freedom with responsibility is the key to success.

In addition, our ESG policy sets out key business conduct priorities that apply to all entities within the Group. These include compliance with applicable laws and regulations, maintaining high business ethics and preventing corruption, developing targeted sustainability plans integrated into governance models, establishing clear corporate governance structures with effective control mechanisms (e.g. a whistleblower function), and integrating sustainability aspects into business planning and follow-up processes.

In addition to our ESG policy, the entire Group shall adhere to a Code of Conduct that promotes human rights, equal pay and a workplace free from discrimination, harassment, forced labor and child labor. According

to the Code, we must ensure safe working conditions and protect freedom of association, and have zero tolerance for corruption, tax crimes, money laundering, insider trading and conflicts of interest. Furthermore, we will comply with sanctions, export control laws and privacy legislation and ensure responsible and secure IT use. Karnell expects business partners to share these commitments and therefore has a Code of Conduct for Business Partners, which covers compliance with the law, human rights, business integrity, working conditions, safety and environmental responsibility. Each Group Company's CEO is responsible for ensuring that each employee is aware of the Code of Conduct. Karnell's CEO is responsible for implementing and ensuring compliance with the Code of Conduct, which is reviewed annually by the Board of Directors and updated as necessary.

### Management system

We strive for every company within the Group to implement a formal management system, such as ISO or a similar standard. This is because such systems ensure consistent quality, which strengthens customer trust and satisfaction, while supporting regulatory compliance, risk management and continuous improvement. In 2024, 9 of our group companies were ISO certified or preparing for certification. The management systems in question include ISO 9001, ISO 14001, ISO 45001, and ISO 27001.

### Our whistleblower system

To detect illegal behavior or actions that are contrary to our values and ESG policy, we have implemented a group-wide whistleblowing function. It offers employees and other stakeholders a platform to anonymously report suspicious incidents. The feature is managed by an external party and is available through our website, [www.karnell.se](http://www.karnell.se).

### Prevention and detection of corruption and bribery

Karnell actively collaborates with each Group company to implement robust internal control systems aimed at preventing money laundering and other unethical practices. Any suspected incidents of bribery, fraud,

corruption or other illegal activities should be immediately reported to Karnell, where we will undergo a thorough investigation, and appropriate measures will be taken to deal with the situation.

### Metrics related to business ethics

Corruption and bribery*	Unit	2023	2024
Number of confirmed cases of corruption and bribery	#	0	0
Number of confirmed cases where employees have been dismissed or disciplined for corruption or bribery-related incidents	#	0	0
Number of confirmed cases involving agreements with business partners that have been terminated or not renewed due to offences related to corruption and bribery	#	0	0
Number of convictions for violations of anti-corruption and bribery laws	#	0	0
Fines for violations of anti-corruption and bribery laws	SEK	N/A	N/A
Percentage of employees who have completed business ethics training	%	0%	16%

\* Does not include Haco Tellus.

With regard to training in business ethics, all employees in some companies have completed training during the year, while in other companies no training has been carried out at all. In the companies where only certain employees have been trained, these are white-collar employees, employees in sales, employees in managerial positions and employees in China. We do not have any group-wide training in business ethics, but we do require each company to take part in our Code of Conduct, which contains positions regarding business ethics.



## THE AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders of Karnell Group AB (publ), corporate identity number 559043-3214

### Engagement and responsibility

The Board of Directors is responsible for the statutory sustainability report for the year 2024 on pages 14-32, and that it is prepared in accordance with the Annual Accounts Act according to the prior wording that was in effect before 1 July 2024.

### The scope of the audit

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.

### Opinions

A statutory sustainability report has been prepared.

Gothenburg according to the date of electronic signature  
Ernst & Young AB

### Michaela Nilsson

Authorized Public Accountant

**Karnell Group AB (publ)**

Riddargatan 13 D  
SE-114 51 Stockholm  
Sweden

**Karnell.**

[www.karnell.se](http://www.karnell.se)