



To: Whom it may concern

Ovako's Declaration on Carbon Neutral Production

Ovako Group, with subsidiaries Ovako Sweden AB Hällefors and Hofors, Ovako Imatra Oy Ab, Ovako Bar AB Smedjebacken and Boxholm and Ovako Cromax AB (abbreviated as "Ovako") is a leading European producer of engineering steel for customers in the bearing, transportation and manufacturing industries. Its production is based on recycled steel and includes steel in the form of bars and pre-components.

Ovako's goal is to achieve zero-carbon emission steel with zero greenhouse gas¹ emissions in scope 1 and 2. Beginning in January 2022 and until the goal is met, the company will counterbalance the remaining greenhouse gas emissions in all its operations through carbon offsets. The use of offsets will gradually decrease as Ovako continues to invest in new technology and improve its processes. The purpose of the offsets is to reduce global carbon emissions, thereby contributing to the transition toward a sustainable society.

Subject to the qualifications and reservations set forth below, Ovako makes the following declaration about Climate Neutral Production:

- a) All emissions of greenhouse gases¹ in scope 1 and 2 are included, this includes all direct emissions from all production sites, sales units and other operations and from the use of energy.
- b) The emissions of greenhouse gases and purchases of carbon offsets will be verified yearly by third party auditor through the verification of the Sustainability report.
- c) Ovako will use carbon offsets for all emitted greenhouse gas emissions from scope 1 and 2. Only offsets certified by Gold Standard² and VCS³ will be used. The verified emissions of greenhouse gases will be counter-balanced by retiring the same amount of offsets.
- d) Ovako will publish a yearly Sustainability Report detailing the amount of verified greenhouse gas emissions and carbon offsets. The Sustainability report will be verified by third party auditor.

¹ Greenhouse gas emissions according to Greenhouse protocol and ISO14064. Greenhouse gases emitted from Ovako are Carbon dioxide and air-conditioning gases (Chlorofluorocarbons).

² Gold standard was established in 2003 by WWF and other international NGOs to ensure projects that reduced carbon emissions featured the highest levels of environmental integrity and also contributed to sustainable development. www.goldstandard.org

³ VCS Verified Carbon Standard was founded in 2007 by environmental and business leaders who saw the need for greater quality assurance in voluntary carbon markets. www.verra.org

The declaration above is subject to the following qualifications and reservations:

- i. The information is true, correct and up to date at the time this declaration was published. It will be updated if any changes occur and will remain valid until a new declaration is published on www.ovako.com
- ii. This declaration is made solely for information purposes and shall not, unless otherwise explicitly agreed to in writing, be part of any agreement between Ovako, or any of the Ovako entities separately, and any third party;

On behalf of OVAKO (as defined above)

This declaration has been updated, found true and correct as per 2022-02-16.



Nicholas Källsäter
Chief Financial Officer
Ovako Group