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# Ependion’s sustainability work in 2024

*In 2024, Ependion took momentous steps to consolidate its sustainability work and prepare for CSRD (the Corporate Sustainability Reporting Directive). With its first DMA (double materiality analysis), a new climate transition plan and more coordination across its sustainability initiatives at group level, the company is laying a stable foundation for the future.*

*Ependion also published its first EPD (Environmental Product Declaration) and initiated a new partnership on engineering projects in emerging economies. These are the year’s highlights, which together, send a clear signal about Ependion’s long-term commitment to sustainable development.*

### Big steps towards CSRD

Ependion intensified its work preparing for CSRD in 2024. By creating robust processes and with enhanced reporting tools, the group has laid a stable foundation to address the expectations facing Ependion for its next reporting year.

The group completed its first DMA, which identified financial and sustainability-related risks and opportunities, which sharpen Ependion’s strategic focus going forward. Read more on pages 38-39.

### The group’s first EPD

The group proudly published its first EPD on the Viper-112A switch, a major step in promoting transparency for customers and partners. Read more on page 45.

### Group-wide climate work

Ependion has a decentralized organization and operates through its two autonomous business entities, Westermo and Beijer Electronics. However, Ependion took a more integrated grasp of sustainability issues in the year, coordinating climate work on a group-wide basis.

Ependion has launched a new climate transition plan to accelerate progress towards its zero emission target. This plan consolidates Ependion’s climate-related activities and serves as a strategic action-plan for the organization. It illustrates the group’s commitment to getting to grips with climate change and increases the transparency of its work. The ambition of this plan is to accelerate emission reductions consistent with the Paris Agreement temperature goal of 1.5°C, and to achieve net zero emissions end to end in the value chain by 2050.

### Business entities partner with Engineers without Borders

Westermo and Beijer Electronics started partnering with Engineers without Borders in the year to support engineering projects in emerging economies. This partnership is part of the company’s strategy on social engagement and social sponsorship.





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# Sustainability as a business strategy and future focus

*Sustainability is a natural component of Ependion’s business strategy where work on climate issues, circular economy and corporate culture are a natural component of business development. In 2024, Ependion took major steps towards satisfying the standards of the Corporate Sustainability Reporting Directive (CSRD).*

### CSRD: collective efforts for the future

CSRD has been a momentous change journey for Ependion. It involved intensive work on a double materiality analysis (DMA), data collection and implementation of a new reporting system. Group Head of Sustainability Lena Westerholm describes the process as stimulating but demanding:

“We haven’t just focused on satisfying legal requirements, but have used the process to reinforce our sustainability work. The double materiality analysis has given us valuable insights on where we can make the biggest difference.”

Work on CSRD sets high standards on data collection and reporting, including mapping everything from climate impact to human rights in the value chain. CFO Joakim Laurén emphasizes the importance of collaboration:

“Satisfying CSRD standards really is true teamwork as we’ve needed everyone from production to management to help capture the right data and assure its quality. It’s a major effort, but also gives us a better understanding of our business.”

### From strategy to action

Simultaneous with Ependion’s intensive work on CSRD, the company continued to enhance its decentralized sustainability work by letting its business entities take responsibility for their own sustainability issues.

“The best place to manage risks and opportunities is where they occur. Our strategy is built on integrating sustainability into our core business and our various functions, from R&D to servicing and sales,” adds Lena.

This strategy also enabled concrete advances in the year. Ependion adopted new global climate targets, produced the group’s first EPD for one of its core products and quantified its Scope 3 emissions. These initiatives laid a foundation for forthcoming efforts.

“Upgrading sustainability reporting to a similar level as financial reporting is complex. But it helps identify areas of improvement and reinforces our work towards more sustainable business,” continues Lena.

### Going forward together

The executives reflect on what sustainability work means for Ependion—now and in the future:

“Seeing the commitment spread through our organization has been fantastic. This is just the beginning, but we’re creating something that’s sustainable and profitable. In the future, I believe and hope that investors will give sustainability far more attention when evaluating companies. That it becomes a natural part of how we’re measured and how we create value,” says Joakim.

“With sustainability work central to our strategy and day to-day work, Ependion will continue to navigate towards a future where financial success goes hand-in-hand with taking responsibility for the planet and society,” concludes Lena.



Joakim Laurén, Ependion’s CFO, and Lena Westerholm, Head of Sustainability at Ependion and Westermo

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# Global sustainability issues:

## Risks and opportunities

*Ependion is a group with global reach, which accordingly, is impacted by a series of exogenous factors and macro trends related to sustainability. Some of the sustainability issues that affect the group's work follow.*

### Climate change

The global effects of climate change such as extreme weather events, flooding and fires impact all companies through their own operations and supply chains. Meanwhile, the transition to a more sustainable society is driving demands for energy efficiency, reduced emissions and the transition to new regulations. This presents risks and opportunities for Ependion, for example through changed energy costs or carbon taxes. Meanwhile, the group's core business enables climate transition and migration to a more circular economy.

### Geopolitical tensions

The current geopolitical landscape is also affecting sustainability for many companies. With a range of uncertainties, not only on climate-related risk factors, building resilient organizations becomes more important. Being able to mitigate uncertainties and safeguard supply chains for core components and materials from secure sources becomes a business and sustainability opportunity. The group has well-established risk processes in this segment.

### Sustainability and responsibility in supply chains

Increased awareness of social and environmental standards in global supply chains is impacting how companies collaborate with business partners. Not contributing to human rights breaches, environmentally hazardous activities or deficient employee rights

in the value chain are critical. Ependion works close to its strategic suppliers to improve transparency and help the value chain develop positively.

### A healthy and responsible organization

Global organizations face risks and opportunities linked to organizational and social working environments. Creating a working environment that promotes productivity and good health for all staff is central to Ependion, and in its role as employer and business partner, the group is expected to take responsibility for the impact of its own business on individuals and the community. This also applies to ethical issues like corruption and bribery, for example, as well as transparency. With its positive corporate culture and committed coworkers, Ependion is sharpening the group's competitiveness.

### Digitalization and cybersecurity

The spread of digitalization is creating opportunities and challenges. Cybersecurity is critical to Ependion and the group's customers. Secure data is imperative for maintaining credibility and ensuring integrity. Any shortcomings can have significant consequences for Ependion's own business and its community. Ependion works on a broad footing in these environments, which are subject to a variety of standards, on information security and cybersecurity linked to its own business, and in the group's product offering.



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# Double materiality analysis

The Ependion group will be subject to the EU’s new CSRD effective 2025. The first statutory sustainability report pursuant to this new Directive needs to be prepared in spring 2026. To satisfy legal requirements and set an even clearer direction for the group’s sustainability work, Ependion conducted a group-wide DMA (double materiality analysis), which will serve as the compass for navigating its sustainability work and sustainability reporting going forward.

Work on executing the DMA took a lot of the group’s resources in 2024. The implementation team includes representatives from Ependion and both business entities, Beijer Electronics and Westermo. Functions like HR, Procurement, Production, Information Security, Finance and Sustainability contributed expertise in their affected areas of responsibility.

Inspired by EFRAG’s recommended process for conducting DMAs, Ependion identified the group’s most material issues from consequential, financial and double materiality perspectives.

**1. Identifying sustainability topics**  
A broad palette of sustainability topics captured from internal and external sources was the starting-point of the materiality process. After considering Ependion’s impact, risk and opportunities (IRO) end to end in the value chain for the different topics, Ependion decided to conduct its analysis of ESRS on sub-topic level, adding a selection of its own parameters. This work also factored in the group’s ongoing stakeholder engagement, as in the table to right. This generated an original total of 33 sustainability topics to be evaluated.

Stakeholder	How the engagement is organized	Purpose of the engagement	Example outcomes from the engagement
Employees	Health & safety committees, staff meetings, employee satisfaction surveys, personal development dialogues	Incorporating employee opinions and expectations. Building a sustainable and healthy corporate culture, workplace and working life	Improvement and action-plans for sustainability, occupational health & safety, corporate communication initiatives, internal policy updates, personal development plans
Customers	Continuous dialogues and periodic reviews, surveys/requests for information, due diligence for business partners	Support customers in achieving their sustainability ambitions. Deliver sustainable solutions, build relationships and share know-how and experiences	Product and service improvements, policy and guideline reviews, improvement and action-plans for sustainability, market strategy adjustments
Suppliers	Continuous dialogues and regular audits, due diligence for suppliers, introductions and site-based assessments	Collecting product/component information and data. Identify sustainable purchasing alternatives. Ensure the protection of human rights and labor law. Declare the supply chain and comply with Ependion’s Code of Conduct	Selection of suppliers with due diligence. Developing improvement plans. Decision-support data for the group’s internal procurement and pricing mechanisms. Product carbon footprint at component level
Investors and financial players	ESG ratings and surveys, investor dialogues, regular investor reports, capital markets days	Understanding expectations in sustainability. Attracting responsible investors. Enhancing transparency	Improvement and action-plans for sustainability, policy updates, ESG rating improvements
Local communities, civil society and non-government organizations (NGOs)	Collaboration on social projects, partnership/sponsorship	Being a responsible and attractive employer. Building trust and community support	Supporting social projects
Public authorities and academia	Participating in public consultations, university collaborations, research projects	Offering an industrial perspective on regulations and social development, for example. Strengthening relationships with academia	Closer dialogues with local regulators on environmental issues. Research projects, various initiatives with students
Trade and sector organizations	Workshops and skills sharing, input in strategic directions	Lessons from sector peers. Ensuring compliance with regulations helping formulate upcoming regulations that impact the company’s operations	Convergence in sustainability practice. Comparable methodologies for measurement and updates

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2. Prioritization

This phase involved conducting consequential and financial materiality assessments. The analysis proceeded from the selection of sustainability topics that emerged from the identification phase.

In the consequential materiality analysis, the scale of the impact Ependion has on the topic was assessed in the areas of scale, extent, irreversibility and likelihood.

Correspondingly, sub-topics were assessed from a financial perspective. This examines how a sub-topic may impact Ependion and its business entities’ potential to manage their business. The assessment proceeds from whether a risk or opportunity for the company is perceived in each sustainability segment, which is then rated.

**The Ependion group’s most material sustainability issues are:**

<b>Doubly material:</b>	<b>Consequentially material:</b>
» Climate change	» Circular economy
» Business conduct	» Pollution
	» Own workforce
	» Workers in the supply chain

3. Validation

The outcome of the two analyses were compiled, presented and approved by the Board of Directors and Management.

The first version of the double materiality analysis also assessed two other sustainability topics as material, which were then re-evaluated. The evaluations of these topics will be conducted in early-2025.

4. Mapping results

After the relevant governing bodies within Ependion and its business entities approve the materiality analysis, integration into the group’s strategy and reporting process commences. The outcome will dictate how the group works strategically on sustainability going forward, and determines which sustainability topics should be included in the group’s Sustainability Declaration. This analysis will be evaluated and calibrated at least yearly, under the management and supervision of the Group Head of Sustainability.

A more detailed presentation of implementation is in pages 51-76 of Ependion’s Sustainability Statement.

Ependion's strategy

Sustainability work should be fully integrated into the group’s business strategies and various business processes. This work is managed in close dialogue with customers and other stakeholders. Broad-based involvement of staff and integrating topics into Ependion’s different functions will enable work to generate concrete outcomes. Managing operations sustainably and responsibly is decisive to the group’s short and long-term success, simultaneous with a focus on profitability and long-term shareholdership.



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# Sustainability framework

Ependion identifies and manages its sustainability work through the three focus areas of ESG, which are also the foundation of the CSRD. These focus areas assist in prioritizing initiatives, setting relevant targets and ensuring that sustainability is an integrated component of the group’s operations. This framework serves as a guide to strategic development.





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ENVIRONMENTAL SUSTAINABILITY

Climate

Climate change and its consequences are one of the biggest challenges of our time. Ependion is committed to contribute by reducing its greenhouse gas emissions in line with the Paris Agreement.

In 2024, the group set its first collective targets on emission reduction in Scope 1 & 2, with absolute targets for 2030 and 2050. The targets have been formulated with the support of the SBTi (Science Based Targets initiative) open tools. In Scope 3, the business entities have set their own targets for delineated sections of their value chains. Group targets were set by the Board of Directors in January 2025 (page 60).

CO2 emissions, absolute terms (ton CO2e)

Activity	2021	2022	2023	2024
Scope 1	67	98	127	135
Scope 2	517	581	645	679
Total Scope 1&2	584	679	772	814
Scope 3	Not computed			167,609

A summary of Ependion's GHG emissions reveals an increase between 2021 and 2024. The increase in Scope 1 is due to improved data and the group increasing the number of company vehicles since 2021. The main cause of the increase in Scope 2 is expanded operations and larger premises in response to increased demand for production capacity. Adjusted emission factors also impacted outcomes in 2021-2024. Scope 3 was not computed at group level in previous years.

To achieve Ependion's goals, the group executed a range of activities in 2024. Strategically, they are divided according to the group's value chain: suppliers, Ependion's own operations, and customers & end-users.

Ependion collaborates closely with suppliers to continuously improve its climate footprint from the materials and components it purchases. This covers everything from supporting suppliers in their energy transition of production, or evaluating material selections that have equivalent performance but less climate impact. This is where Ependion works actively on bringing low carbon metals into production. For 2024, Westermo Sweden set the target of purchasing low-carbon zinc exclusively, a goal it also achieved.

The group's operations were eventful in the climate segment in 2024. As stated above, the first group-wide targets for reduced GHG emissions were set and the group has adopted a climate transition plan. A framework for internal carbon pricing was also implemented. This will enable more accurate valuation and assessment of CO2 emissions in different business decisions with the purpose of reducing climate impact. This pricing creates an internal incentive to reduce CO2 emissions.

In addition, Ependion updated the energy mapping of Westermo's and Beijer Electronics' Swedish operations to increase energy efficiency and reduce energy consumption. The group is working towards the transition to fossil-free energy sources for both business entities, and to reduce the group's climate impact by migrating to an electric vehicle fleet.

Continuous improvement of products is a critical instrument for reducing the group's carbon footprint, and here Ependion is working on analyzing product lifecycles and identifying improvement potential in material selection, production, transportation etc. - without compromising quality and performance. The group's work on continuously improving product energy performance is also enabling Ependion to help its customers realize their climate ambitions. An EPD is part of this. Read more about this work on page 45.



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ENVIRONMENTAL SUSTAINABILITY

# The right cybersecurity solutions can reduce climate impact

*As digitalization proliferates, the demand for sustainable and secure systems is growing. Westermo helps its customers to address these challenges by developing solutions that combine robustness and security. Work on cybersecurity protects critical infrastructure, reduces resource wastage and lays a stable foundation for future-proof solutions.*

The Viper-112A switch is an example of this kind of solution, which is designed to combine high security and low energy consumption. With average consumption as low as 9W, it has far less climate impact than many competing products, which can consume twice as much energy, or complex Intrusion Detection Systems (IDS), which can consume as much as all the other network components on board a train.

"We're seeing how many cybersecurity decisions on the market are fear driven, resulting in unnecessarily complex and energy-intensive solutions. By prioritizing threat modelling and needs analysis, we can help our customers choose the right security solution, which doesn't just protect them, but also minimizes climate impact," comments Niklas Mörth, CISO of Westermo, and continues:

"Embedding sustainable cybersecurity strategies is decisive at a time when climate challenges and cybersecurity are both priority issues. Our goal at Westermo is to contribute to positive change by delivering products that are energy efficient, stable and long lasting. Solutions that support a sustainable future without jeopardizing security, and help our customers take informed decisions on security and sustainability."

The Viper-112A is an excellent example of this. By reducing energy consumption and climate impact while making it easier for customers to make informed decisions about security and sustainability, this product assists customers and Westermo on their shared journey towards a sustainable future.



Niklas Mörth, CISO of Westermo



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ENVIRONMENTAL SUSTAINABILITY

Circular economy

Circular economy and promoting resource efficiency is one of the main topics of Ependion’s sustainability work. The group can make a big difference with long-life, energy-efficient solutions, supported by a broad service proposition that further extends the technical lifetime. Working more circularly is decisive to reduce the exhaustion of natural resources, mitigate environmental impact and create economic opportunities through reuse and recycling.

The transition to a fully circular economy will take time, but is necessary to limit climate change and reduce overconsumption of the Earth’s resources. Ependion’s efforts to play an active role in a more circular society are outlined in the model to right.





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# Circular economy



## Research and development

When developing and designing new products, the consistent focus is on ensuring they last as long as possible. The inherent nature of components mean that material selection and energy efficiency play a critical role in technical lifetime, and products are designed to enable recycling or reuse as early as the development phase. Continuous software updates improve product performance and enable lifecycle extension.



## Procurement

The group's procurement functions focus on selecting the right supplier, increasing the share of recycled materials for different components, and updating packaging materials to as sustainable alternatives as possible. All the group's products comply with prevailing product legislation regarding hazardous substances which ensures that no products contain prohibited compounds and comply with legislated threshold values.



## Production

To enable more sustainable production, resource-efficiency is a priority at the group's production facilities, both by minimizing material waste in production and cutting energy consumption.

In 2025, the Beijer Electronics business entity will also start introducing recycled aluminum in part of its product range, providing final test results are as desired. One of the major efforts in 2024 was product design to enable this.



## End of (first) use phase

At the end of the (first) use phase, the focus is on minimizing waste and maximizing reuse and recycling. Both business entities deploy a structured process for repairs, recovery and recycling.

Products are designed so moving parts can be swapped or repaired to extend product useful lives. Ependion offers repairs to customers through repair partners worldwide. To make correct recycling as easy as possible for customers, Ependion's business entities provide them with appropriate information for every specific product.



## Use & operational phase

In the use and operational phase, the focus is on long product useful lives by supplying robust components, upgrade capability and service level agreements (SLAs). SLAs with customers on technical support and updates are long term. Components are designed to cope with extremely harsh environments and consume the minimum energy.

If a product includes software, it is kept updated and continuously enhanced to satisfied functionality and performance standards. This extends product usability over time, reducing the cost of materials and energy.



## Transportation and logistics

To cut GHG emissions, Ependion continuously evaluates new means of product transport. At present, air, sea, rail and road are used to transport materials and components to operations, and finished goods to customers. Because the business entities' value chains differ in terms of the location of suppliers and customers, decisions on rationalizing transportation are decentralized.



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ENVIRONMENTAL SUSTAINABILITY

# The group's first EPD

*Westermo published its first EPD (environmental product declaration) for the Viper-112A switch in September 2024. An EPD is independently verified documentation generating data on product environmental impact through lifecycles. This enables Westermo to understand its Scope 3 emissions, and helps the business entity's customers to compare environmental impact, make sustainable choices and get access to data to satisfy regulatory standards.*

The outcome of the EPD demonstrates that the biggest climate impact occurs in the use phase when product energy consumption is the decisive factor, combined with energy source. This was as expected because the product has a long lifespan, and the share of fossil energy sources worldwide is still too high. Prioritizing low energy consumption, robust design and sustainable materials enables solutions that are energy-efficient, reliable and long lasting. It also offers Westermo's customers the opportunity to take well-founded decisions that reduce their climate impact. Because climate impact is largely governed by the combination of the energy source and product consumption, the product stands up well compared to the market's average climate impact.

"We work on complete product lifecycles—from raw materials to manufacture to use, recycling and final lifespan. Our expectation was that the results would indicate a greater climate impact linked to the extraction of raw materials. However, the opposite proved true: that our conscious selection of metals with low

carbon footprint, for example, was important—which feels really satisfying," comments Anders Hanberg, Westermo's Product Manager.

Additionally, Westermo's products are designed with repair and upgrade capability built in, which extends their useful lives and promotes a circular economy. However, there are major challenges in late phases, when collaboration is a must to go all the way, something Westermo wants to do work more on in future.

"We do a lot of work on sustainability, and we mean it. It's fun to work at Westermo because so many of my coworkers want to lead the way. We're also working proactively because every percentage point of efficiency has a big impact. Switches like the Viper-112A are often in use for 15-20 years—1% over those years is a lot in real terms."



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SOCIAL SUSTAINABILITY

Own workforce

*Work on social sustainability is a major part of Ependion’s business. By investing in coworkers’ development, providing a secure working environment and promoting diversity and inclusion, the group creates the potential for long-term success.*

Rapid progress in AI and digitalization left its mark on work in the year. To satisfy future needs and ensure coworkers are equipped for a changeable labor market, Westermo has launched training initiatives that introduce AI to its coworkers. This includes an AI program for Management, which was then rolled out throughout the organization. The implementation of Microsoft 365 Copilot in Sweden streamlined workflows and freed up time for strategic and creative tasks. One coworker also went on an exchange program in Silicon Valley organized by Combient Foundry, a three-month program to develop specialist AI skills, helping lift the group’s innovation capability.

Skills management is a cornerstone of a sustainable organization, because it gives coworkers the potential to grow simultaneous with the company remaining competitive. This is why Beijer Electronics and Westermo continued to consolidate training initiatives in various segments including training on presentation techniques, which are especially valuable to a globalized organization where there are no language requirements in recruitment. Beijer Electronics has developed an onboarding program offering new hirings a holistic understanding of the company and its business to help create a strong and cohesive

corporate culture. This has improved cohesion between our people globally.

Ependion partners actively with educational institutions to make its contribution to societal skills development and expand its recruitment base. A long-term partnership with Mälardalen University was intensified through a deal involving guest lectures, study visits and academic placements. Combining academic theory with practical experience in our companies helps students prepare to meet the challenges of the future and make their contribution to sustainable development.

Occupational health & safety

A safe and pleasant working environment is critical to coworker well-being and the company’s long-term success. Both business entities improved their working environments in the year by investing in premises, which improves job satisfaction and productivity. Beijer Electronics refurbished its office in Taiwan and started upgrading its office in Malmö to create a more flexible, contemporary working environment. Meanwhile, Westermo expanded its Västerås office in response to the company’s growth and provide a workplace that satisfies future needs.

Work on health and safety is another focus: Westermo implemented a global policy clarifying standards and guidelines to create consistent and proactive safety culture. Managers were offered training in risk management and RCA (root cause analysis) to prevent accidents and manage work-related risks. By consolidating its safety work, Ependion is ensuring that all coworkers are operating in a safe environment. Putting a sharp focus on coworker well-being has resulted in Westermo’s eNPS maintaining a positive trend with consistent results above 80, which is above the sector average. This indicator is central to understanding and improving occupational health & safety group wide.





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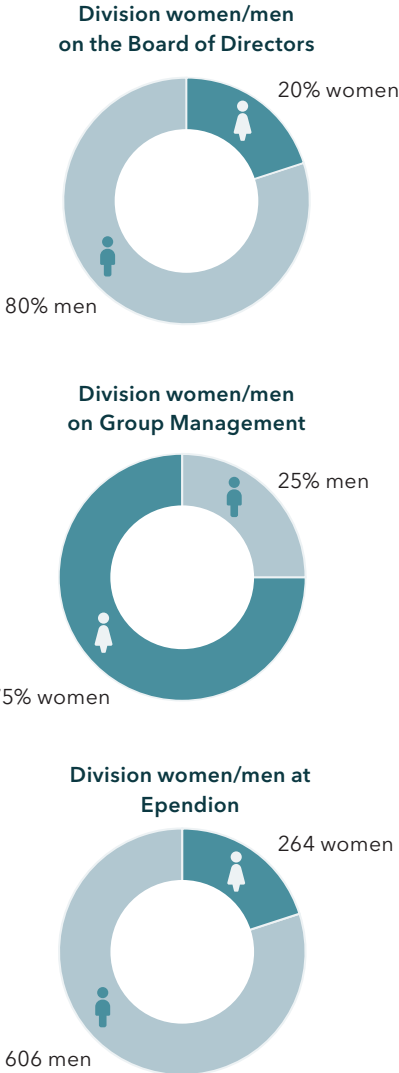
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Diversity and inclusion

Promoting diversity and inclusion is a topic of fairness and imperative for innovation and growth. Ependion pursued several initiatives in the year to increase representation in technology and create of more inclusive working environment. Westermo participated in an "Introduce a Girl to Engineering Day," and welcomed 20 senior high school students to a practical engineering workshop. The outcome was that interest in the engineering profession increased among 88% of participants, an important success in efforts to expand Ependion's recruitment base, and promote gender equality in a male-dominated sector.

In February, Beijer Electronics was recognized as Malmö's Company of the Year for 2024, with the jury citing its ability to integrate innovative technology with strong local engagement, and its contributions to the city's development. The award was donated to Pink Programming, an organization encouraging more women and non-binary people to explore programming. The donation was influenced by the UN's international observance theme: "Invest in Women: Accelerate Progress."

Work on achieving a more inclusive organization should also be reflected in the group's management positions. 75% of Members of Group Management are women and 25% men, on the Board of Directors, the gender balance is 20% women and 80% men.



3 quick questions for Johanna Jonsson, Beijer Electronics' new VP of HR

What made you apply for the role of VP of HR at Beijer Electronics?

"I saw an opportunity to participate in shaping HR work in an organization with an exciting journey ahead of it. Leadership, culture and coworker development will be decisive to achieving success, and I felt I could bring experience and perspective to take this work forward."

How has your first period at Beijer Electronics been?

"Unbelievably positive! The organization has a clear desire to evolve, and the strong culture permeating operations is clear. This meant I had a great chance to hit the ground running."

What lessons from previous experience have you brought?

"Experience of dealing with similar transformation journeys has been really valuable, although at the same time, every organization is unique, and you have to find solutions that are the right fit with Beijer Electronics."



Johanna Jonsson,  
VP of HR at Beijer Electronics



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# A responsible Ependion

*It is crucial for Ependion to be a responsible company. Operations are managed consistent with international guidelines like the UN Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises. The primary policy document for the group is Ependion’s Code of Conduct, which all coworkers and collaborative partners should understand and comply with. Another target is the continuous improvement of all coworkers’ skills in responsible and ethical business. Ependion’s efforts in this segment are monitored to achieve continuous improvement.*

Ependion adopts a decentralized perspective of sustainability management; the group sets few collective sustainability targets and formulates the corporate grouping’s Code of Conduct, which is a foundation for the business entities to work on in their individual operations. All the group’s coworkers take training on the Code of Conduct.

The Westermo and Beijer Electronics business entities set their own sustainability goals and focus areas where they have the greatest potential for influence. This may concern their particular sustainability issues or geographic coverage of their value chains, for example.

Under its business conduct umbrella, Ependion is pursuing intensive efforts linked to selecting suppliers, human rights, corruption and bribery, plus conflict minerals.

Selecting suppliers

Collaborating with the right partners is a key parameter for ensuring that Ependion is a responsible company. This is also business critical for the group, because procurement is closely linked to innovation and product development, and changing suppliers can present challenges.

The business entities require all suppliers to sign up to each company’s Supplier Social Compliance Policy or the Code of Conduct for Suppliers. In 2024, 100% of the group’s strategic suppliers had signed this document. New suppliers also need to sign a declaration on conflict minerals. Beijer Electronics’ and Westermo’s coworkers also go on site visits before starting collaborations to ensure potential suppliers are in an appropriate condition for a partnership built on consensus in business ethics and sustainability.

Ependion schedules regular site visits for those suppliers it collaborates systematically with, all of which are conducted by the business entity’s own coworkers. Henrik Ohm, a strategic purchaser, outlines how these visits are conducted on page 50.

If shortcomings are revealed in a site visit, a joint action-plan is formulated to remediate the situation. After actions are executed, Ependion conducts an assessment of whether the partnership can continue or whether more actions are necessary. When shortcomings persist, or a supplier is not sufficiently responsive, the collaboration may be terminated.

Human rights

Ependion has been a member of the UN Global Compact since 2018, and thus supports the UN Declaration on Human Rights. These issues are important strategic priorities for the group and Ependion expects its suppliers and collaborative partners to adopt the same perspective and satisfy the standards the group sets.

Ependion introduced a new global Human Rights Policy last year. Work on setting a group-wide due diligence framework will continue n 2025. Ependion will be participating in the Global Compact’s human rights program in 2025.



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Countering corruption and bribery

Work against corruption and bribery is vital to Ependion and based on the group's Code of Conduct, which the group's suppliers are also expected to comply with. Ependion has zero tolerance of corruption and bribery.

Ependion formulated a new Whistleblower Policy in the previous year, which was previously part of its Code of Conduct. An independent policy helps coworkers raise suspicions of activities conflicting with legislation and the group's policy documents. The whistleblower function is linked to topics on corruption, human rights, labor, the environment, health & safety. Ependion encourages coworkers to contact their first-line manager or the HR function. Otherwise, they should use the whistleblower function, where any cases are managed by an external and independent provider.

No cases of suspected or corruption or bribery were reported in 2024.

Conflict minerals

Ependion works to ensure the group's products do not contain conflict minerals extracted from mines that support or finance conflict or are contributors to any human rights breaches. Ependion should not contribute to human rights breaches during the extraction of minerals.

The group is part of a large and complex supply chain, with especially high risk of combining minerals of differing origins at smelting plants. The group formulated a new Conflict Minerals Policy in 2024, based on recommendations from the global Responsible Minerals Initiative. Pursuant to its policy, suppliers should comply with Ependion's Code of Conduct, and review their work on countering the incidence of conflict minerals and continuously investigate their supply chains. All affected suppliers must confirm this process yearly. In 2024, 88% of Ependion's suppliers had completed their CMRT (Conflict Minerals Reporting Template).





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# Supplier audits

*Henrik Ohm works as a strategic purchaser at Beijer Electronics, and has been employed by the company for 14 years. He is responsible for ensuring that Beijer Electronics partners with the right—and right number of—suppliers for direct material purchases. His role includes evaluating new and existing suppliers on everything from quality and financials to sustainability. Henrik has basically been working on procurement from Asian suppliers for his whole career, and is highly accustomed to performing this type of evaluation.*

“Most of Beijer Electronics’ suppliers are located in Asia. Our QA department does supplier audits including regular site visits with suppliers. How regular they are depends on how strategically important the supplier is to us,” he explains.

So how do supplier audits work? Henrik explains:

“We use a standard form with a selection of parameters that are the foundation of our audit. We send this to the supplier in advance so they can complete it. Some questions on the form are minimum standards that are mandatory.”

“The supplier’s responses on the form are then followed up by me or a colleague on site to ensure they’re consistent with the reality. The results are compiled in an audit report, which states whether they’ve been approved, and may even rate them bronze, silver or gold.”

If a report reveals an instance of non-compliance that can be rectified, we write an action-plan for the supplier. Once complete, we do another site visit to ensure that all actions have been implemented. If a supplier repeats breaches, then ultimately, we may fully terminate the relationship.

Henrik also points out that sustainability affects how Beijer Electronics works on selecting and auditing its suppliers.

We give more consideration to sustainability issues in our work, one example being that for a few years now, we’ve been looking at our suppliers’ CO2 emissions. We ask suppliers about their energy mix so we can understand how they impact our products’ climate footprints, and whether there’s any way they can be improved.”



Henrik Ohm, Strategic Purchaser at Beijer Electronics



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# General information on Ependion's sustainability work

GRI: 2-2-a, 2-3-a, 2-3-d, 2-4-a, 2-9-a, 2-22-a, 2-23-a, 2-26-a, 2-27-a, 2-29-a, 3-1, 3-2-a

## The basis of Ependion’s sustainability statement

Ependion’s Sustainability Statement has been prepared in accordance with the Swedish Annual Accounts Act. Sustainability reporting was amended and restructured in 2024 to become part of the group’s reporting pursuant to the EU CSRD (Corporate Sustainability Reporting Directive) and the applicable ESRS (European Sustainability Reporting Standards).

Although Ependion’s Sustainability Statement for 2024 was inspired by CSRD and ESRS, it makes no claims to be comprehensive. The purpose of this ambition and format is to learn and acquire knowledge for 2025 when Ependion will be subject to the new regulations and report pursuant to them. The Sustainability Statement for 2024 is also based on the GRI (Global Reporting Initiative), and where appropriate, references to it are stated in each reporting section. No issues are under negotiation.

Primarily, the Sustainability Statement reflects the same organizational Scope has the consolidated financial statements, and it has been prepared on a consolidated basis. The Sustainability Statement covers all the group’s units apart from:

- » Westermo’s new entity in India, which was incorporated in late-2024
- » Westermo’s small-scale offices in Denmark and Finland

Statistics on the total number of employees include all coworkers as of 31 December 2024, and includes coworkers at the above exceptions. In 2024, Westermo acquired 10% of Blu Wireless,

which is not covered, apart from an exemption for an allocation of its Scope 1 & 2 CO2 emissions in Scope 3, category 15 (Investments). Beijer Electronics previously held a stake in Jen Hsiang Electronics Co., which is not covered by the group’s data reporting.

Ependion’s Sustainability Statement 2024 has its starting-point in the group’s DMA. The first draft version of the DMA identified a few segments that needed further analysis to assess their materiality, which consequently, were excluded from the year’s Sustainability Statement.

The group’s reporting is conducted in a comprehensive digital system. In cases where there is phase-in disclosure that impacts the group, in most cases, this schedule will be complied with (for example data on non-employees, payroll and compensation indicators). Where available, further reporting may be possible. Omission of information due to intellectual property or confidentiality and sensitive information was not considered necessary.

When identifying and evaluating impact, risks and opportunities in the value chain, the focus centers on those links of the value chain where perceived impact is most likely to occur. Upstream this includes transportation, procurement of metals and electrical and electronic components. Downstream, the focus is on transportation and product use. Regarding impacts related to employees in the value chain (ESRS 2), the primary focus is on tier 1 suppliers, where Ependion has the most data from supplier audits it has conducted.

The Sustainability Statement is for 1 January 2024- 31 December 2024 and has been approved by the Board of Directors.

## Special circumstances applying to Ependion’s Sustainability Statement

Ependion will not be obliged to report pursuant to CSRD until 2026. As reviewed above, this Sustainability Statement has been prepared to satisfy the standards of the Swedish Annual Accounts Act, with the aim of migrating to complete reporting pursuant to CSRD. There has been further delineation, as reviewed below.

Unless otherwise stated, the basis of the time horizon for short term is 1 year (as for the financial statement), medium term 1-5 years and long term 5 years or longer. These time horizons were also used when preparing the DMA.

The upstream and downstream data for the value chain is largely based on estimates. Knowledge of customers’ direct impact from their operations is considered limited. The undergraduate project entitled “The Role of Supply Chain Mapping in Complying with ESRS” conducted by the group in spring 2024 provided key decision-support data for identifying impact, risks and opportunities in the supply chain.

Robust verification and validation processes are necessary to ensure that emissions data is accurate and complete, and this can be highly resource intensive. Effective 2024, Ependion will be reporting all data in an external system designed for ESRS. Computations largely use the emission factors that are embedded in the system when no precise data is available. This means that a high share of data is based on estimates.

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Eventually, the sustainability reporting process will be backed by corresponding processes to the group's financial reporting. Part of the implementation of CSRD will involve sustainability reporting being integrated into the group's internal control procedures. Data and computation methods are continuously updated by Ependion and the system vendor to offer a more precise view of actual impact. Given this background, data precision will improve going forward.

The basis of computation and presentation of sustainability metrics is reviewed in the notes for each segment. Measured values are captured by Ependion's operational units, which are based on local management systems and process data systems, metrics, computations and purchasing data. Internally, data is also collected from the IFS and Aaro (financial data) ERP systems. Because of the timing aspects of reporting and to enable consolidation and audit, some environmentally related data is based on a rolling 12-month period, with a maximum one quarter of data from the previous year (i.e. Q4 2023-Q3 2024).

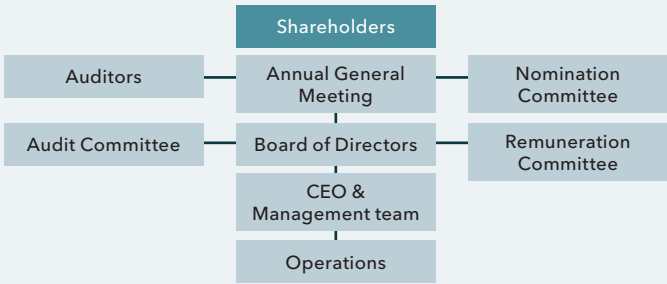
Ependion thinks the quality of reported monetary amounts and data for its own workforce is acceptable. Applying other quantitative metrics, there is a high level of uncertainty associated with environmentally related data where Ependion is dependent on another party. Uncertainty related to each segment is reviewed with the relevant datapoint.

The Sustainability Statement 2024 differs from the previous year against the background of the group's ambition to start its transition to reporting pursuant to CSRD and ESRS. Reporting for 2024 is substantially more extensive, and most metrics have no comparison from the previous year because the corresponding data was not reported.

Reporting also differs from the previous year in the significant use of an external system with embedded emission factors. In Ependion's opinion, this had a marginal impact on changes in outcomes from the previous years and no material misstatements in the sustainability data of the previous Annual Report have been identified.

Corporate governance

Ependion's management, governance and regulatory bodies are the company's Board of Directors, Management and Audit Committee. Collectively, these entities bear overarching responsibility for Ependion's sustainability governance. This is stipulated in Ependion's group-wide Corporate Governance Policy. The structure and communication pathways for the group's decision-making is stated in this structural map.



The Board of Directors has five members, one (1) being a woman (20%). None of the members are employee representatives. All members apart from one are considered independent of the company or major shareholders. All Board members have an in-depth background from Swedish manufacturing and bring a valuable perspective plus relevant know-how on sustainability issues based on their individual corporate governance assignments, where all work at present, or have worked in adjacent sectors with similar material impact, potential and risks as Ependion. Board members also receive training and education on sustainability issues from Ependion. Sustainability aspects are also considered by the Nomination Committee, which proposes suitable members for election to the Board, to ensure Board members have the right skills. The onus lies on each Board member to stay well informed and possess the necessary skills.

The Board of Directors is ultimately responsible for the company's organization and management, as well as for taking decisions

regarding the company's overarching goals and strategy. The Board of Directors' duties also include identifying how sustainability issues impact the company's risks and business opportunities.

Ependion's management is composed of four (4) people—the CFO, Group Head of Sustainability and two business entity CEOs (of which one is also the President and CEO of Ependion). Of these four, three (3) are women (75%). All members of Management have long-term sector experience. Management is the executive body that ensures that Ependion executes and realizes the group's strategy and objectives in the sustainability segment. Management is also responsible for dealing with day to-day sustainability work, responding to questions from internal and external stakeholders, and keeping the Board of Directors informed about the progress of its work consistent with the company's strategy and sustainability targets. If a topic requires special skills from functions like HR, Procurement or similar, key individuals from these functions can be co-opted to manage the issue. Ependion's Group Head of Sustainability bears ultimate responsibility for coordinating the group's sustainability work and reporting, whose skills are assured through internal and external training, and in potential recruitment processes.

The group's Audit Committee should be considered a specialist body for relevant operational and reporting issues. The Audit Committee consists of three Board members, of which one (1) is a woman (33%), this group also has supervisory responsibility for sustainability issues within the Ependion group. The Committee's area of responsibility is to serve as a specialist body, supporting the Board of Directors and Management, which are responsible for ensuring that topics are managed consistent with applicable legislation and regulations, and with the company's overarching strategy. Because Committee members are elected Board members whose sustainability skills were a parameter for election to the Board, these skills transfer to the Audit Committee.

All governing and regulatory bodies are entitled to appoint external expertise and consulting services when required.



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Managing sustainability issues

Ependion’s President and CEO is ultimately responsible for keeping the Board of Directors informed about sustainability work. Sustainability is a standing agenda item for management meetings and the Board of Directors is kept continuously informed on key events or strategic decision it needs to take a view on, primarily at its yearly strategy days. The preparation and assessment of Ependion’s impact, risks and opportunities in this segment are conducted by Management, and dealt with operationally by each business entity. Sustainability is a standing item on Board agendas. Correspondingly, sustainability issues are part of the screening process for major investments, transactions and acquisitions. Through its involvement in Ependion’s materiality analysis process, the group’s most material questions are also approved by the Board of Directors.

Sustainability-related incentive systems

Ependion operates a long-term incentive program (LTI) for its management and selected key individuals of the group. It is linked to a shareholding, where sustainability-related targets make up some of the parameters that must be satisfied to receive compensation from the program. This program operates with 10% variable compensation related to sustainability. The incentive program is adopted at the AGM. In-depth information on compensation is in the remuneration report in this Annual & Sustainability Report.

Due diligence

Due diligence processes are integrated into Ependion’s various functions. These processes may include an assessment of the compliance policies, procedures, impact and commitment to sustainability and business ethics of business partners and suppliers. Ependion acts on any warning signals that emerge during

these assessments. When risks are identified, they are dealt with on a case-by-case basis. Each functional manager is responsible for ensuring and integrating due diligence for sustainability in business processes. Thorough due diligence is conducted during the screening of new partnership and strategic investment opportunities by applying internal expertise as well as third-party expertise in law, finance, taxation, insurance and risk management, as required.

Managing risks related to the Sustainability Statement

The Head of Sustainability and company’s Accounting function, led by the CFO, are responsible for the preparation of Ependion’s Sustainability Statement. The Accounting function ensures that the Sustainability Statement complies with all legal requirements commensurably with the financial statements.

Data collection is on a digital platform and compiled by relevant functions within the organization, and with subcontractors. This work is led by the Head of Sustainability. There is no audit function in place for sustainability data at present.

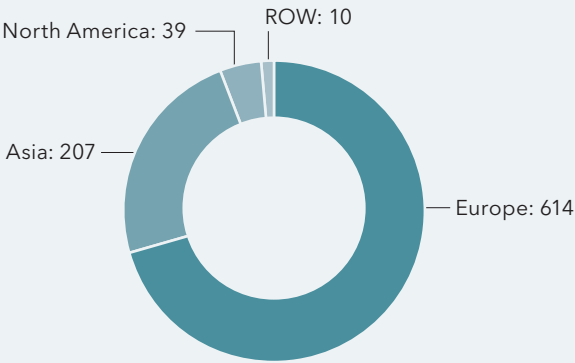
The risks associated with collecting and preparing Ependion’s Sustainability Statement are the reliability and availability of data, and ensuring that the company has the right skills to conduct internal controls and audits of its Sustainability Statement. The purpose and capability to place the Sustainability Statement with the Accounting function is that ultimately, Ependion sees a value in this function assuming overall responsibility for financial and sustainability reporting in terms of procedures and working methods. Work on increasing skills in this segment will be on an ongoing basis with transition to full CSRD-compliant reporting.

Ependion’s strategy, business model and value chain

Ependion is the group parent of two business entities, Beijer Electronics and Westermo. Both business entities produce technology components and applications for the power and energy, infrastructure and transportation segments. Ependion operates a decentralized governance model to manage sustainability work, with each business entity preparing its own strategy for achieving its own, and group-wide, sustainability targets. In 2023, Beijer Electronics launched an updated strategy, which it implemented in 2024. This strategy may have had an impact on this year’s reporting.

Ependion and its business entities have a global presence through procurement, production and sales. The group’s primary geographies for its value chain are Europe, Asia and North America. Beijer Electronics and Westermo manage their contacts in the value chain autonomously, with guidelines formulated by each business entity, with consultation from Ependion at group level.

Ependion’s most significant markets are Europe (66%), Asia (20%) and North America (14%). The group has employees in many locations worldwide. Their division by region is as follows:



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Ependion and its business entities create value by developing, manufacturing and selling products and services with high technology content in segments where hard and software for harsh environments are the common denominator. The business entities primarily target four main segments: train and rail, marine, energy & electrification, and manufacturing. The Ependion group's value proposition is in phase with current megatrends in electrification, the transition of the transportation sector and digitalization, which contribute to a more sustainable society and create value for the group's shareholders, coworkers, customers and suppliers. Accordingly, Ependion is also well positioned to manage the company's own impact on its surroundings, but also make a positive contribution to a sustainable society.

**Dialogue with Ependion's key stakeholders**

Ependion and its Westermo and Beijer Electronics business entities maintain continuous dialogue with relevant stakeholders to continuously develop and improve in several aspects including sustainability. Stakeholder opinions play a role in how Ependion formulates strategy, the evolution of the business entities' product offerings, and how the group deals with its coworkers, customers and suppliers. Stakeholder opinions are also factored in when formulating the group's DMA, which directs the sustainability issues the group works proactively on.

A summary of Ependion's main stakeholders, how engagement is conducted and the outcome their opinions had on different projects and initiatives follow:

Stakeholder	How the engagement is organized	Purpose of the engagement	Example outcomes from the engagement
Employees	Health and safety committees, staff meetings, employee satisfaction surveys, personal development dialogues	Incorporating employee opinions and expectations. Building a sustainable and healthy corporate culture, workplace and working life	Improvement and action-plans for sustainability, occupational health & safety, corporate communication initiatives, internal policy updates, personal development plans
Customers	Continuous dialogues and periodic reviews, surveys/requests for information, due diligence for business partners	Support customers in achieving their sustainability ambitions. Deliver sustainable solutions, build relationships and share know-how and experiences	Product and service improvements, policy and guideline reviews, improvement and action-plans for sustainability, market strategy adjustments
Suppliers	Continuous dialogues and regular audits, due diligence for suppliers, introductions and site-based assessments	Collecting product/component information and data. Identify sustainable purchasing alternatives. Ensure the protection of human rights and labor law. Declare the supply chain and comply with Ependion's Code of Conduct	Selection of suppliers with due diligence. Developing improvement plans. Decision-support data for the group's internal procurement and pricing mechanisms. Product carbon footprint at component level
Investors and financial players	ESG ratings and surveys, investor dialogues, regular investor reports, capital markets days	Understanding expectations in sustainability. Attracting responsible investors. Enhancing transparency	Improvement and action-plans for sustainability, policy updates, ESG rating improvements
Local communities, civil society and non-government organizations (NGOs)	Collaboration on social projects, partnership/sponsorship	Being a responsible and attractive employer. Building trust and social support	Support for social projects, stronger branding
Public authorities and academia	Participating in public consultations, university collaborations, research projects	Offering an industrial perspective on regulations and social development, for example. Strengthening relationships with academia	Closer dialogues with local regulators on environmental issues. Research projects, various initiatives with students
Trade and sector organizations	Workshops and skills sharing, input in strategic directions	Lessons from sector peers. Ensuring compliance with regulations helping formulate upcoming regulations that impact the company's operations	Convergence in sustainability practice. Comparable methodologies for measurement and updates

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Ependion's materiality analysis

Ependion conducted the group’s first DMA in 2024, consistent with the standards of CSRD and inspired by EFRAG’s recommended methodology for implementation. The analysis had four phases, reviewed in more detail below.

The analysis has not yet had any formal consequence for the company’s working methods, which is expected during upcoming reporting periods. Accordingly, there have been no amendments to the company’s strategy from the outcome of the materiality analysis until the present.

The Ependion group’s most material sustainability issues are:

Doubly material:

- » Climate change
- » Business conduct

Consequentially material:

- » Circular economy
- » Pollution
- » Own workforce
- » Workers in the value chain

Ependion’s reasoning on why a topic is material based on impact, risks and opportunities is reviewed in each sustainability topic. Because this is Ependion’s first DMA, no changes to material topics occurred for the reporting period.

Methodology for conducting the double materiality analysis

Identifying relevant topics

In the start-up phase of preparing the DMA, Ependion’s implementation team took a decision to conduct the materiality assessment on sub-topic level in its financial and sustainability reporting. Identifying relevant topics covered both actual and potential impact, and was based on a situation without any remedial actions being taken.

After a review of the proposed sector-specific standards, the group judged that none were relevant to operations at that time. The Group Head of Sustainability monitors their progress regularly.

One company-specific topic was added: cyber security as part of sustainability topic G1–Business Conduct, justified by this being an important topic primarily from a customer perspective, and a topic where there is a dedicated risk management process. Otherwise, the constituent topics were also consistent with that considered in the company’s ERM processes, and there was no gap evident with the issues in surveys from investors and customers for example, and nor compared to the group’s most recent stakeholder analysis (last published in the Annual Report for 2023).

On supply chain, a collective assessment of business entity purchasing organizations concluded that there were no significant differences, and that these are managed by representatives from both business entities participating in the analysis process. An undergraduate dissertation designed to assess the supply chain based on ESRS was run in tandem on start-up of the DMA, and lessons from it were progressively incorporated into the analysis and assessment work. When identifying and assessing impacts in tandem with being an employer in the supply chain (ESRS S2) the primary focus was on tier 1 suppliers, where Ependion has most supporting data from supplier audits it has conducted.

Analysis, assessment and priorities

The assessment procedure for the DMA was conducted in spring 2024. The Head of Sustainability was convener, and each meeting had participants from Beijer Electronics, Westermo and Ependion. Several functions were involved depending on the topic to be analyzed, such as HR, Procurement and Cybersecurity, with hirings by both the group’s business entities. Representatives of Finance and Sustainability participated in all reviews.

Supporting documentation for assessments:

- » Previous materiality analysis
- » Annual Report
- » Internal statistics
- » Surveys
- » Dialogue and questions from customers, investors and other stakeholders
- » Outcomes of employee satisfaction surveys
- » Risk assessments including ERM, surveys, continuous business intelligence
- » Questions and supporting data from trade organizations
- » Business entity strategies
- » Outcomes of supplier assessments
- » Outcomes from undergraduate dissertation work focusing on ESRS and the supply chain
- » Data and information from external bodies such as the IEA and IPCC

Due diligence is part of business governance as reflected in processes including those for supplier assessment and assessing risks linked to markets/customer segments.

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The group’s supply chain and geographical diversity are example factors that influence assessment of the company’s impacts, risks and opportunities. Evaluations of the supply chain are largely based on internal know-how.

In addition to Ependion’s operations, assessments of impact are mainly on those parts of the supply chain where impact is judged as most likely. Upstream, this includes transportation, procurement of metals, plus electrical and electronic components. Downstream, the focus was on transportation and product use. Knowledge of customers’ direct impact from their operations through emissions to air and water, for example, was concluded as limited.

Regarding future plans and potential impact, in actual terms, this involves a new location in India, whose impact is judged to correspond to the present: i.e. in terms of environmental impact, the emphasis is in the supply chain. Westermo’s intensified partnership with the company Blu, which it now owns 10% of, was not judged to constitute any change in impact of significance. Future plans are also considered from perspectives including the company’s strategies linked to market segments, as reflected in the assessment of how growth is impacted by the transition to a more fossil-free society.

*Consequential materiality analysis*

Then, to assess the materiality of topics, the following threshold values were applied. Each topic states if this has a positive or negative impact. If a topic is not considered relevant to evaluate, this is justified to enable reasoning and traceability. Unless otherwise stated, an overall assessment is conducted covering all time aspects if an impact is considered to exist in the short medium and long term. In cases where an impact is only judged to exist or has been analyzed over a limited time span, it is stated separately in the analysis.

Consequential materiality analysis			
Level of seriousness			Likelihood
Scale—how serious (negative) or how beneficial (positive) is the impact?  1. Very low 2. Low 3. Medium 4. High 5. Very high	Scope—how extensive is the impact?  Ependion’s own workforce: from a few individuals to global workforce  Supply chain/customers: from specific suppliers to global scale  Nature & environment: from an isolated location to global environmental impact	Reversibility—how challenging is it to reverse the effects of the impact?  1. Easily reversible 2. Reversible with material input/cost 3. High 4. Permanent	Likelihood—what is the likelihood that the impact will occur? Actual: 100% Potential: 1-99%

The assessment of the level of seriousness of each impact topic was largely based on research into planetary boundaries. The assessment of the company’s impact utilized a range of internal supporting data from sources including business management systems including earnings reports, audit outcomes, supplier assessments, risk assessments and safety data sheets. It was possible to draw a conclusion on the materiality of topics where there is scientific consensus on the seriousness of a specific type of environmental impact without in-depth analysis of the extent and level of seriousness.

When the assessment was completed, a quantitative value of a sustainability topic was computed. Ependion has decided to take a view on the threshold values embedded in the system that was used for the DMA and is designed for ESRS.

*Financial materiality analysis*

The analysis was conducted correspondingly to the consequential materiality analysis for each topic considered relevant and with the same time spans for short, medium and long term. Financial assessments were also conducted for most of the impact topics identified.

Each topic is declared as a risk or opportunity. The scales of level of seriousness and likelihood are in the table below. Reference values of seriousness assessment are based on the group’s EBIT in 2023. However, each risk or opportunity also states the primary financial impacts (such as increased revenue, increased expenses, new/lost business opportunities). Regarding scenarios use for assessing financial impact, the group has primarily proceeded from current business strategies. Ependion has reflected on market changes, climate-related risks, regulatory changes (including the EU Green Deal, which covers a variety of regulations), supply chain risks and reputational risks. For climate scenarios, the IEA’s World Energy Outlook and the IPCC Sixth Assessment Report (AR6) are the fundamental starting-points for assessments linked to financial risks and opportunities.



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Financial materiality analysis		
Identification (risk/opportunity)	Assessment	
Sustainability topics that generate risks or opportunities that can be considered to have, or could have, material impact on the company's progress, financial position, results of operations, cash flow, supply or cost of capital and financing in the short, medium and long term.	<b>Seriousness</b> —what is the expected degree of financial impact (monetary terms)  Reference value: percentage of EBIT* 5. Extensive 50-100% 4. Very high: 20-50% 3. High: 10-20% 2. Medium: 3-10% 1. Low: 1-3%	<b>Likelihood</b> —how likely financial impact is to occur  1. Unlikely (<10%) 2. Low (10-25%) 3. Possible (25-50%) 4. Likely (50-75%) 5. Almost certain (>75%)

\*Reasoning: EBIT is the main parameter Ependion’s management use to monitor the group and business entities. It is also a parameter linked to the materiality levels the group’s external auditors apply in their review of the financial statements.

*Validation and securing outcomes*  
The primary outcome of the DMA has been reviewed by the Board of Directors. The outcome was also validated by the Ependion group’s, Beijer Electronics’ and Westermo’s managements, and by a number of employee representatives. These presentations also clarified that new knowledge and opinions presented may result in outcomes being adjusted.

*Identifying ESRS-compliant reporting points*  
Reporting standards were compiled based on the outcome of the DMA.

Representatives of Ependion, Beijer Electronics and Westermo collectively allocated the reporting standards, which reporting standard should be used by who, to which function and at what level reporting should be executed within the group. Reporters took training in the year.

The initial assumption is that only mandatory reporting sections will be included initially. In cases where there phase-in disclosure impacts the group, this schedule will be complied with. The following sustainability topics are covered by this Sustainability Statement:

Topic	ESRS	Sub-topic
Climate change	E1	E1-1: Climate change limitation
Pollution	E2	E2-5: Substances of very high concern
Circular economy	E5	E5-4: Resource outflows E5-5: Resource inflows
Own workforce	S1	S1-1: Working conditions S1-2: Equal treatment and opportunities for all
Workers in the value chain	S2	S2-1: Working conditions S2-3: Other work-related rights
Business conduct	G1	G1-4: Corruption and bribery G1-6: Payment practices

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# ESRS E1 Climate

GRI: 302-1, 305-1, 305-2, 305-3

## Why these issues are important

Ependion regards climate change limitation as a material topic for Ependion from an impact perspective, and financially. This is because GHG emissions are a global problem with major direct and indirect effects on people in the environment within and outside Ependion’s operations and value chain.

Ependion’s operations and production processes including transportation depend on energy and material inputs that are associated with GHG emissions that contribute to climate change. These emissions are concentrated in Scope 3, where emissions are via purchased materials and related production and processes by Ependion’s suppliers, mainly in Asia and Europe, and through purchased material, as well as in the use phase by the group’s customers. The group’s Scope 1 and 2 emissions localized in Sweden are limited.

Lifecycle analysis of the group’s core products indicate that the use phase (Scope 3) is most important from a climate impact perspective. Apart from product energy efficiency performance and technical lifespan, the scale of these emissions also depend on the energy source used. These products contain metals like zinc and aluminum associated with emissions (Scope 3).

Work on climate change is an important strategic issue for Ependion. The group’s strategy implies a focus on markets where the climate issue is a strong driving force for transformation. Ependion’s value proposition supports customers and societies in their climate transition. This positioning reflects the group’s commitment to contributing to an economy with low CO2 emissions.

## Ependion's strategy and working method

Ependion has undertaken to reduce the group’s climate impact consistent with the 1.5° Paris goal, as stated in the group’s climate policy. Ependion takes a holistic perspective and its whole value chain is included in its reduction program. Ependion is endeavoring to grow in a way that separates economic growth and profitability from the consumption of finite natural resources and GHG emissions.

**Climate transition plan**

Ependion’s plan for climate transition consolidates all the group’s climate-related activities and functions as a strategic action-plan for the organization. It illustrates the group’s commitment to addressing climate change and increasing the transparency of this work. The ambition of the plan is to drive emission reductions that are in line with the Paris temperature goal of 1.5° C and achieving net zero emissions end to end in the group’s value chain by 2050.

This plan is consistent with Ependion’s overarching business strategy and financial planning. This integration ensures the group’s sustainability targets are ambitious, realistic and financially sound. This adaptation also helps reduce the risks associated with climate change, simultaneous with Ependion benefiting from current and new market opportunities. Ependion collaborates actively with the group’s stakeholders including customers, employees and investors, to ensure work reflects their expectations and contributes to the overall business strategy. The plan was approved by Ependion’s Group Management and was also on the Board of Directors’ agenda in 2024.

*Potential locked-in GHG emissions*

Ependion does not regard potential locked-in emissions from its facilities measured during their lifespan until 2050 as obstacles to the group’s emission reduction targets. Such emissions are limited, and Ependion has already made significant advances in reducing them. It does not regard manufacture as especially energy intensive. The group works on energy efficiency based on energy mapping, and Ependion and its business entities have transitioned to fossil-free electricity at most sites.

The climate impact from the group’s products through their useful lives is the source of most of Ependion’s Scope 3 emissions. Ependion has conducted CO2 calculations as part of lifecycle analyses of a number of core products. The EPD conducted in 2024 for the Viper-112A switch is based on an expected lifespan of 20 years and energy source plays a major role in impact during these years. Product energy efficiency is an important focus of the group’s R&D. This work helps reduce the risks of failing to achieve targets set and helps the business entities’ customers to realize their climate ambitions.

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Managing climate-related risks and opportunities

Ependion utilizes scenario analyses to back the risk management processes the group conducts in its business entities and to increase the company's resilience. Climate-related risks and opportunities are some of the most important issues facing Ependion. These climate scenarios used to evaluate risk and opportunities in 2024 are largely based on the IPCC Sixth Assessment Report (AR6) and the IEA's World Energy Outlook 2023. Ependion has proceeded from two main scenarios and analyzed impacts in the short term (1-5 years), medium term (5-10 years) and long term (10+ years).

1.

The Paris Agreement's adapted scenarios, which imply a rapid transition with the main risks in the short and medium term designed to limit the average global temperature increase to 1.5° C, imply extensive action in the form of regulation and global carbon taxes, for example.
2.

High emission scenario ("business as usual") meaning that GHG emissions continue to increase, resulting in a global temperature increase of 3-4° C by 2100. This will lead to more frequent and serious weather extremes, rising sea levels and other climate impacts in tandem with higher economic costs and social challenges. The regulatory landscape will be less extensive than in the Paris Agreement's scenario.

Climate-related transition risks

The use of fossil-free energy sources can cause higher energy costs because of potential gaps between supply and demand (price increases). Greater customer demand for technology with low carbon emissions and high energy efficiency may mean increased development costs. It may be more difficult to source low-carbon metals or recycled metals because demand for them may increase, and with them, costs. As the market for green transportation (air, sea and road) evolves, and with Ependion's ambition to make green choices, these costs will probably increase.

Taxes on GHG admissions or import duties and materials or components produced in one region but exported to another may affect total production expenses. This may have a range of effects depending on the pace of fossil fuel phase-outs in supply chains.

The group will need to climate compensate for the remaining emissions that Ependion cannot reduce itself (medium and long term). The pricing of technologies that involve permanent solutions (at least 1,000 years) is uncertain but may involve substantial costs for Scope 3 depending on how rapidly the supply chain, and the transition to fossil-free energy sources, progresses.

If Ependion's suppliers are located in regions more exposed to weather extremes, selecting alternatives may be necessary, which may result in increased costs.

Climate-related physical risks

Climate extremes involve risks that may disrupt facilities, production, infrastructure and cause accidents, causing delays in production and financial losses. It may also reduce access to materials and components. In the worst case, this will mean production and revenue is lost.

Ependion has one production facility in a climate-sensitive risk region: Taiwan (no serious incidents previously). The group also has suppliers in climate-sensitive regions, mainly Asia, but also many European suppliers of core components, several of them in Sweden. The climate-related physical risks are expected to become more serious in the long term in a high-emission scenario.

Risk reduction

Ependion formulates contingency plans and back-up solutions for production that covers its own operations and the supply chain.

The group has one production facility in Taiwan judged to be in a high-risk area for climate. Production has been started in Malmö, which means Ependion has a procedure for skills transfer and preparations for scale-up in place. The group is building resilience and know-how by starting up a new production facility in India. Its other production facilities are located in Europe: Germany, Sweden, Ireland and Switzerland, and from 2025 onwards, in India.

Ependion's risk management processes and continuity planning include climate-related risks. There are targets and plans in place for the transition to fossil-free energy supply and an electric vehicle fleet. Ependion follows up on progress yearly.

The group has processes in place for introducing new suppliers that cover sustainability and climate aspects, and audits are part of the business entities' monitoring processes. An internal carbon pricing framework includes sourcing some CO2-intensive materials and transportation.

Ecodesign and energy efficiency are part of the group's continuous improvement work in R&D and enable Ependion to work proactively on implementing new standards from legislation and stakeholders.

Ependion is consolidating its services offering, the group's business model for servicing to further extend the technical lifespan of its products, supporting the transition to circular economy and preparation for forthcoming regulations.

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*Climate-related opportunities*

Beijer Electronics' and Westermo's current business strategies primarily address those segments important to the transition to a more sustainable society: trains, energy, shipping and manufacturing. By continuing to enhance its value proposition in these segments, Ependion is aiming to achieve better financial performance. Additionally, these focus areas help the group remain an attractive employer and support Ependion's efforts to retain and attract the right skills.

Awareness of climate change will probably affect customer preferences, generating higher demand for products and services with high energy efficiency and low climate impact.

There is a relationship between sustainability, circularity, climate and service. Adding new service offerings to the group's business model may alleviate Ependion's climate impact and generate additional revenue streams that complement the traditional business model.

*Investments and financial resources for climate transition*

Ependion's strategy to support the group's plan for climate transition means that climate and other sustainability issues should be integrated into the business entities' functional segments and associated procedures rather than having substantial separate sustainability/climate budgets. This approach integrates sustainability into Ependion's organization and adapts financial planning to the group's climate ambitions. Major investments are covered by Ependion's internal carbon pricing framework. Substantial investments are being made in R&D (approximately 14% of sales), where continuous improvement in product performance is a vital part of this process. Researching new materials, procedures, processes and technology that can reduce emissions and improve sustainability is an integrated component of Ependion's R&D operations.

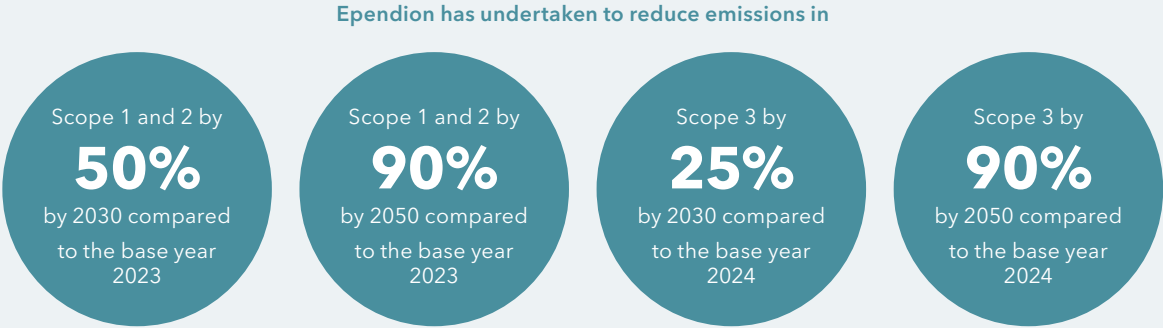
**Ependion's climate strategy and targets**

Ependion is convinced that the group's climate work is making it more competitive. A range of actions to reduce carbon emissions (remedial actions) have been identified, which are critical for Ependion achieving the climate targets and ambition it has set.

The group's strategy of a decentralized organizational structure with sustainability integrated into its various businesses means that sustainability-related targets are mainly set at business entity level. There are three overarching goals that the Board of Directors has approved for climate. The goals for Scope 3 were adopted in January 2025.

In 2024, the targets for Scope 3 were set at business entity level, and include a transition to low carbon footprint materials. The targets for Scope 1-3 for 2025 are also set by each business entity. All group targets are produced using the SBTi methodology.

These targets are consistent with the transition to a sustainable economy, limiting global warming to 1.5° C in line with the Paris Agreement, and with the goal of achieving climate neutrality by 2050.





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What the group is doing

Ependion is working constantly on reducing the group’s carbon emissions to achieve the targets the group has set. Concrete actions taken are reviewed below.

GHG emissions (Scope 1 and 2 and significant emission items in Scope 3)		2024
Scope 1 (tCO2e)	Emissions Scope 1 (gross)	135.3
Scope 2 (tCO2e)	Location-based emissions Scope 2 (gross)	678.6
	Market-based emissions Scope 2 (gross)	637.4
Scope 3 (tCO2e)	Total indirect emissions, Scope 3 (gross)	166,795.3
Significant emission items	Purchased goods and services	35,734.3
	Capital goods	636.4
	Fuel and energy-related activities (included in Scope 1 or 2)	196.2
	Upstream transportation and distribution	1,234.3
	Waste arising in production	1.4
	Business travel	1,097.0
	Coworker commuting	645.1
	Downstream transportation	1,427.1
	Use of sold products	125,787.1
	End of life processing of used sold products	36.5
	Investments	3.4
Total emissions	Location-based	167,609.3
	Market-based	167,568.0

Scope 3 represents 99% of the group’s CO2 emissions. The group’s climate transition plan includes all emissions. 2024 is the first year the group has measured and is able to present its results.

Actions to reduce emissions in Scope 1 and 2

Ependion’s work on reducing emissions in Scope 1 and 2 and achieving targets set has three main parts:

- » Transition to fossil-free electricity
- » Electrification of the vehicle fleet
- » Energy efficiency

The group is aiming for a 100% transition to fossil-free electricity. After 2024, the group had achieved 72%. Those units still using fossil fuel-sourced electricity are located in Taiwan, the USA and elsewhere. For some operations, energy supply is included in rent, so the potential to influence suppliers is more limited. The planned transition to fossil-free electricity is continuing in 2025 and beyond. After year-end 2024, the Westermo business entity had achieved 98.5% of its target of 100% fossil free electricity supply.

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Energy consumption	
MWh	2024
Total energy consumption	
Purchased electricity	3,001.8
Purchased heating	519.6
Purchased cooling	147.1
Company vehicles	627.1
Stationary combustion	0
Self-produced, non-fuel renewable, energy	0
Energy consumption from fossil sources	
Purchased electricity	838.2
Purchased heating	226.4
Purchased cooling	4.7
Company vehicles	567
Stationary combustion	0
Energy consumption from nuclear power	
Purchased electricity	114.3
Purchased heating	0.0
Purchased cooling	0.0
Company vehicles	3.2
Energy consumption from renewable sources	
Purchased electricity	2,049.3
Purchased heating	293.2
Purchased cooling	142.4
Company vehicles	56.1
Stationary combustion	0

There are no robust metrics for total energy consumption enabling comparisons with previous years due to factors including energy consumption data linked to the group's vehicles not previously being reported.

The whole vehicle fleet consisting of electric or electric hybrid vehicles is another target. This transition is ongoing and those vehicles remaining will be dealt with as current leases expire.

New energy mapping processes were conducted by Westermo and Beijer Electronics in 2024, with separate action-plans based on them.

A number of dependencies were identified linked to the group's targets to reduce emissions in Scope 1 and 2:

- » Access to fossil-free and cost-efficient energy and electricity.
- » Access to charging infrastructure driven by fossil-free electricity is decisive. Ependion is dependent on governments in the group's operational markets supporting the rapid introduction and scale-up of clean technology.
- » Continued validity of market-based mechanisms for renewable energy, including the validity of renewable energy certification globally.
- » Effective solutions to monitor and control energy consumption efficiently (e.g. AI and automation).

**Actions to reduce emissions in Scope 3**

Primarily, Ependion's activities to reduce emissions in Scope 3 are part of business entities' processes and management systems. Accordingly, how the entities work on their individual issues may differ across the group's operations. Example actions:

- » Ongoing work on continuous improvement of the energy efficiency of products and solutions.
- » Integrate circular economy principles throughout our business—from R&D to servicing.
- » Incorporate climate and sustainability standards into tendering processes and maintain an active dialogue with the group's suppliers.
- » Regularly review Ependion's business model and sharpen the group's value propositions (e.g. in servicing) from climate and circularity perspectives.
- » Communicate the importance of the transition to renewable energy sources to participants in the value chain.
- » Actively incorporate climate aspects in planning and transportation.
- » Apply internal carbon pricing.
- » Encourage remote meetings.

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- Example dependencies identified linked to the group’s work on reducing emissions in Scope 3:
- » Access to fossil-free and cost-efficient energy and electricity that impacts emissions from the use of sold products (customers’ emissions) and emissions from the group’ supply chain (purchased goods and services).
  - » Requirements of standards and methodologies for product carbon footprint data, which reduce administrative effort and facilitates comparison between products and organizations.
  - » Access to cost-efficient digital tools and technologies to monitor and manage emissions end to end in the value chain.
  - » Climate actions for suppliers and data transparency. Ependion is dependent on partnerships with suppliers that can deliver materials, products and components with low CO2 emissions that offer access to climate data.
  - » Faster phase-outs of fossil fuels in the transportation sector.
  - » Customer awareness and climate ambitions regarding environmental impact influence these choices. The extent the customer’s evaluation model includes climate and energy efficiency also plays a key role in how successful Ependion is in bringing carbon-efficient technology to market.

**Internal carbon pricing framework**

Ependion adopted global ICP (internal carbon pricing) across the group’s businesses in 2024. The aim is to help reduce the company’s climate impact, mainly Scope 3, by raising awareness of the climate issue and its consequences among the group’s coworkers. ICP includes selected parts of the group’s:

- » Processes for planning CapEx
- » Processes for selecting suppliers

The methodology is based on shadow pricing, which assigns a theoretical monetary value to CO2 emissions to evaluate the cost or benefit of various strategies or investments. Carbon pricing is set at €100 per tonne consistent with sector practice and the EU Emission Trading System. Ependion’s ambition has been to set a level that creates an incentive to reduce emissions, supports the company’s climate ambitions, helps realize the Paris Agreement, as well as reflecting sector practice and the market for emission costs. Pricing will be adjusted given major fluctuations in these parameters.

A steering committee for ICP led by the group’s CFO monitors how methodologies and work impact the company’s decision and progress over time, and regularly evaluates the framework to ensure that it remains relevant and effective.

Implementation of ICP in 2024 created a parameter corresponding to 10% of LTI 2024/2027 the group’s share-based incentive program.

**Reporting principles**

Emissions are characterized in Scopes 1-3 pursuant to the GHG Protocol Corporate Standard. CO2 is the only significant climate gas for direct emission from Ependion’s business.

Activity data is based on primary data where possible. If primary activity data is not available, estimates are applied. For Scope 3, all categories were included that cover the group's operations (i.e. 1-7, 9, 11, 12, 15).

A significant portion of emissions in Scope 1 are sourced from the group's service vehicles and company cars, and data is collected from the group's ERP systems. Data for Scope 2 is collected from supporting data from suppliers and total emissions are based partly on specific data on emission factors, and partly on estimates depending on locality, where emission factors are embedded into the reporting systems the group uses, and are formatted specifically for sustainability reporting

Data for Scope 3 is based on sources including lifecycle analysis of the group’s core products and is the foundation for applicable computations and estimates. Ependion’s Scope 3 emissions are largely estimates because they cover the whole value chain. The fact that the group is dependent on data from third parties and variations in reporting standards make this a challenge. Ensuring that emissions data is accurate and complete, robust verification and validation processes are necessary, which Ependion regards as highly resource intensive and not possible at present.

Ependion's energy consumption and emissions data in Scope 1-3 has not been verified by a third party.

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# ESRS E2 Pollution

## Why these issues are important

The manufacturing processes in Ependion’s operations imply limited risk of emissions to air, land and water from Ependion’s own operations. A significant portion of these processes consist of assembly apart from Westermo’s manufacture of PCBAs, but here too, there is only limited risk of emissions. Operations do not require permits or notifications. Accordingly, the risks of pollution in the form of emissions are more concentrated at the supplier level. Incidents that result in spillages, leakage or other non-compliance with chemicals regulations could potentially cause pollution.

Ependion’s products contain a number of substances of concern and/or very high concern (SVHC). Accordingly, Ependion judges this segment as material for the group from an impact perspective, and the total volume in the group’s products brought to market in 2024 was 21 kg. Ependion’s processing of chemicals is limited, although these substances are usually included in finished components, which means that risks are mainly in the supply chain. Lead is an SHVC included in certain products, which may have negative effects on the environment and health. Lead is in solder with certain components as high-temperature solder so components can be soldered onto PCBAs without breakage.

New and amended regulations for hazardous substances may imply new standards applying to the company’s products and work on substitution may be resource intensive. Regulations are not globally harmonized, and market standards may differ between countries. Appointing external expertise to manage these issues and external system support also means a financial impact, albeit not considered material.

## Ependion's strategy and working method

Ependion is endeavoring to minimize the health & safety risks associated with the use of hazardous substances in products and processes. Ependion views the phase-out of hazardous substances as highly significant to its work on contributing to a circular economy. Accordingly, the group is continuously evaluating and reducing the usage of chemicals in its business.

Ependion's policy for pollution is integrated into its current environmental policies, which are formulated at business entity level and are important components of the group’s management systems.

Ependion's business entities have differing product portfolios and technological circumstances. Accordingly, targets and action-plans for pollution and the management, processing and phase-out of hazardous substances are at business entity level: Ependion has no group-wide targets for this segment. Local solutions tailored to each operation’s specific needs, capacities and technologies mean more efficient and practical actions to phase out hazardous substances.

The management of product-related environmental legislation covers several functions in the group’s business and is based on partnerships, mainly between Product Management, R&D, Procurement and Operations.

## What the group is doing

Ependion's own usage of chemicals is largely concentrated on Westermo's business, where there are a digital solution and processes in place for chemical processing. This system is used for functions including documenting risk assessments, for example, which enable hazardous chemicals to be monitored and product legislation to be satisfied, such as REACH and RoHS. Staff training is a continuous process. For managing pollution risks from accidental emissions, leaks or other unplanned incidents, businesses should have conducted risk assessments and have processes in place to manage such risks, in the form of absorbents or other decontamination equipment, for example.

Systems and processes are in place for managing hazardous substances in components, which include logging them in component databases. In turn, these component databases are linked to other digital tools for the systematic satisfaction of various regulations such as REACH. This working method means that right from in the design phase of a new development project, Ependion always conducts verification that components are approved.

The related processes include new and existing components. Where Ependion does not possess the skills in-house, it appoints external partners. Westermo has regular distributors and components suppliers in place and maintains close dialogues that also deal with product legislation issues in the environmental segment designed to evaluate the potential to substitute with less hazardous alternatives. Ependion has processes in place in the group's purchasing functions to apply standards to, and monitor, the group's suppliers in terms of product-related legislation.



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Substances of very high concern

Hazard class	Amount used in production (kg)	Amount leaving the company's entities as emissions, through products or as part of products or services
Reproduction toxic	17.3	17.2
Reproduction toxic Hormone disrupting characteristics for human health	3.9	3.9
Characteristics that cause respiratory symptoms sensitization	0.1	0.1
Persistent, bio-accumulative and toxic or very persistent and very bio-accumulative	0.2	0
Carcinogenic Specific organ toxicity after repeated exposure	0.1	0.1
Total	21.6	21.4

Total volume of SVHCs used in production or have been procured: 21.6 kg. The main hazard classification class of these products is reproduction toxicity. The total volume of SVHC that leave the company's plants as emissions, as products or parts of products or services: 21.4 kg. Their main hazard class is reproduction toxicity.

Reporting principles

The data for reporting SVHCs is not third party validated, and sourced either from an external component database compiled from supplier material datasheets, or collected directly from suppliers. In isolated cases, Ependion does its own weighing and measuring. Information on RoHS and REACH at component level is sourced from the same component databases or suppliers. Westermo then transfers this information to its PLM (Product Lifecycle Management) system, which is the foundation of Westermo's product-related reporting. Beijer Electronics does not use an external system, but sources SVHC data direct from each supplier. Based on the concentration of each compound in the component, the total Scope of SVHCs is computed from unit sales and other components with SVHC in each product.

Data for SVHCs for chemicals used in the manufacturing process is sourced from Westermo's chemical processing system, which includes a dedicated module. Beijer Electronics' chemical usage is very limited, and there are no SVHCs in the chemicals used in its production. This conclusion is based on a review of safety data sheets for chemical where each CAS number is matched against the latest list of SVHCs.

The reporting of hazardous substances only includes those compounds that are classified as SVHCs, and Ependion is dependent on data from third parties, which means there are significant challenges in reporting precise data. Comprehensive tracking end to end in the supply chain is necessary to ensure complete and accurate reporting, which may be complex and time consuming. Additionally, accessing detailed information from suppliers regarding the SVHC content of products may be problematic. Chemicals may alter or be consumed during the manufacturing process, which further obstructs traceability and reporting precision. Correspondingly, reporting precise data on how much SVHC is present in the chemicals Ependion uses in various manufacturing processes is challenging, and accordingly, the data includes uncertainty. For compounds used in production, data relates partly to pure chemicals used in production and partly substances included in purchased components.

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# ESRS E5 Circular economy

GRI: 301-1, 301-2, 306-3, 306-4, 306-5

## Why these issues are important

The consumption of resources and circular economy are material topics for Ependion from an impact perspective. Effective and sustainable consumption of resources and implementation of circular economic principles are critical to reducing the company's environmental impact.

Non-renewable resources are part of Ependion's value chain, and metals such as zinc and aluminum are important elements of the company's products and resource flows. The usage of metals can cause significant environmental impact in the extraction and processing phase, in GHG emissions and other forms.

Ependion generates waste from the group's various production processes, as metals, plastics and chemicals. Its products may include components that cannot be fully recycled or reused at present. The potential for recycling and reuse also varies on Ependion's different markets. If not processed appropriately, waste can cause pollution and resource losses.

## Ependion's strategy and working method

Circular principles are well integrated into the group's various functions, from the design phase to customers' end of life product processing. Through growth in Ependion's market segments, which focus on renewable energy, manufacturing and sustainable transportation, the group's products and services support the transition to a circular economy.

Ependion's circular economy and resource management policies take an overall grasp including full product lifecycles and the groups complete value chain. The most significant resource

inflows linked to the group's products consist of metals, but also packaging materials. Ependion's business entities have formulated targets and action-plans to reduce their climate impact and increase the share of recycled and reused materials linked to metals. At present, there are no group-wide targets for circular economy.

Significant resource outflows are similar to the group's inflows. The EPD conducted on the Viper-112A switch in 2024 indicates that pure metals constitute over 80% of product weight. These metals can be recycled, as applies to most of Ependion's product packaging, which largely consists of board and plastic including some recycled materials.

The design phase has a significant impact on the circular characteristics of products and resource management. Ependion works to continuously enhance the integration of circular design principles into R&D where products' technical lifespans and energy efficiency are important components. Ependion also needs to sharpen its focus on materials characteristics to promote reuse and recycling aspects based on the group's ambition to comply with the Waste Hierarchy.

Electronics, metals, plastics, packaging and chemicals are examples of major waste categories. Compliant with the Waste Hierarchy, Ependion plans purchasing to reduce waste through avenues including avoiding materials becoming too old for reuse. Ependion maintains continuous dialogue with external parties to evaluate better methods for managing the group's waste. Ependion is covered by producer liability for electronic and electrical products, as well as batteries, which can be partially managed by external partners.

Targets for the consumption of resources and circularity are set at business entity level. Ependion works continuously on implementing circular principles in the group's various functions. Targets linked to resource inflows follow. These targets depend on the availability of recycled and low-carbon materials. Ependion's opinion is that at present, there are no obstacles to achieving its targets in 2025 against the background of such limits.

Beijer Electronics has the goal of 50% of the total materials weights in its proprietary manufactured HMIs to be sourced from recycled materials by 2025.

Westermo has the goal of reducing its carbon footprint expressed in CO2e by 50% for aluminum per kg of purchased metal by 2025, compared to 2023. Westermo also has the goal of reducing its carbon footprint expressed in CO2e by 80% for zinc per kg of purchased metal by 2025, compared to 2023.

In packaging, the business entity has the goal of 60% of material in its packaging to consist of recycled material by 2025.

Generally, these targets are followed up at least yearly, and set in a framework of Ependion's management systems, which means that each business entity management team decides on, and monitors, goals.

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What the group is doing

Offering products that have long lifespans and can be kept up-dated over time is a critical piece of the circular economy puzzle. Ependion’s product portfolio consists of robust products designed for long technical lifespans, backed by an extensive services proposition to further improve resource efficiency and extend product useful lives. This positions the group well for the transition to a circular economy, which enhances Ependion’s competitiveness and has positive economic effects.

Ependion works continuously to improve product energy efficiency, which helps the group’s customers realize significant savings over product lifecycles. The business entities partner actively with their suppliers, customers and other stakeholders to reduce emissions end to end in the value chain. Ependion endeavors to use materials responsibly, by increasing the usage of low-carbon and renewable resources, which aids the transition to a circular economy.

Westermo is purchasing a growing share of low-carbon zinc, while Beijer Electronics has goals and action-plans in place to grow the share of recycled aluminum and plastic. Going forward, there is a risk that the demand for recycled material is not fully met by supply, which could have an adverse impact on costs, but these are not considered significant to achieving goals.

By utilizing high-quality components and complying with strict test protocols, Ependion ensures that its products satisfy the highest standards on performance and lifespans. Ependion subsidiary Westermo Ireland is an example: many products have high MTBF (Mean Time Between Failures) with some models such as the Merlin 4400 achieving over 1,600,000 hours. This extreme reliability is a hallmark of product quality and sustainability.

Beijer Electronics has a goal of achieving 50% recycled materials in products by 2025 from the base year 2021, and was at 14.9% in 2024. Beijer Electronics has conducted research to identify which virgin materials could be converted to recycled. Based on its calculations of component weight and research by its R&D function, Beijer Electronics has been able to set the objective for 2025. To achieve this goal, its focus is on plastics and aluminum. The business entity is examining the supply of various materials that could be sourced as recycled, and ensure the quality of material by various types of tests.

Westermo's goals include reducing the CO2e of aluminum by 50% from 8 CO2e/kg to 4 CO2e/kg between 2023 and 2025. After 2024, the business entity achieved a 38% reduction. Westermo will also reduce CO2e/kg in zinc by 80% by 2025, going from 4.5 CO2e/kg in 2023 to 1 CO2e/kg zinc by 2025. After 2024, Westermo had achieved a 68% reduction.

Westermo also has a goal for packaging material, with 60% to be recycled material by 2025, and achieved 48% recycled material in packaging in 2024. Activities for Westermo's goals mainly concern close dialogue with a cluster of suppliers, coordinated by the business entity’s central purchasing organization.

Regarding the expected sustainability of the products the company releases to the market compared to the sector average, the group did not identify an appropriate source for a sector average in 2024.

The group's collective data is adjacent:

Resource inflows

Total weight of produced material (ton)	331.9
Total weight of reused or recycled materials (ton)	96.1
Share of reused or recycled materials (%)	28.9
Total weight of secondary intermediate products (ton)	33.3
Share of secondary intermediate products (%)	10.0
Total weight of secondary material (ton)	129.4
Share of secondary material (%)	38.9

Resource outflows

Share of recyclable material in the group’s products (%)	91.4
Share of recyclable material in the group’s packaging (%)	99.9

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Waste from Ependion's own operations	
Total waste generated (ton)	65.2
Total waste sent to recycling or reuse (ton)	57.7
- Reuse (ton)	0.1
- Recycling (ton)	55.8
- Other processing (ton)	1.8
Hazardous waste (ton)	3.7
Non-hazardous waste (ton)	54.0
Total waste disposed of (ton)	7.5
- Combustion (ton)	2.5
- Landfill (ton)	2.8
- Other processing (ton)	2.3
Hazardous waste (ton)	0
Non-hazardous waste (ton)	7.5
Share of non-recycled waste (%)	11.5
Total hazardous waste (ton)	3.7
Total radioactive waste (ton)	0

Reporting principles

Information and data on resource inflows cover the most significant materials and components. Metals constitute most of the group's resource inflows in terms of weight. By unit, PCBAs are high volume. The decision-support data for the most significant items is collated from sources including lifecycle analyses of Ependion's core products. Information on volumes is sourced from the group's procurement systems, and data on the share consisting of recycled materials is sourced from the group's suppliers. In certain cases, the emission factors in reporting are linked to the weight of a component or material, and in others, to procurement cost. In cases where the share of recycled material is absent, a zero is reported. Data on resource inflows has not been verified by a third party.

Data on products and materials for the group's resource outflows are based on Ependion's production and sales volumes in the year, sourced from information from suppliers for the share of recycled materials, for example. This data does not include the most significant materials and components. Data on recyclability is largely estimated based on information from different waste processing companies. The group's packaging consists of paper and plastics that are recyclable. Data on resource inflows have not been verified by a third party.

The group's products have high repairability. Servicing, maintenance, upgrade and update processes are well established, and Ependion has repair centers worldwide. Parts of operations have implemented risk classification systems for this assessment.

Data relating to waste from Ependion's own operations is sourced from contracted waste management partners. The lack of global standardized methodologies to manage, classify, measure and report waste is a source of measurement uncertainty and challenges in comparing consolidated data over time and between operations. Household waste has not been reported for some operations, which means under-reporting of waste for combustion for energy recycling. The reason is that waste management is included in rent, and there are no statistics on allocations to Ependion's operations. Ependion does not think this has a significant impact on the group's total emissions. For 2025, Ependion's ambition is to estimate this data based on other operations. Data on waste has not been verified by a third party.



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# ESRS S1 Own workforce

GRI: 2-7, 401-1, 406-1, 405-1a, 405-1b, 403-9

## Why these issues are important

As a global manufacturing company with several hundred employees across a variety of skills segments, the group exerts a substantial impact on coworker health and well-being. This segment is considered material from an impact perspective, and the group works continuously for this impact to be as positive as possible. Health and safety issues are always topical and require continuity. A safe, inclusive and sustainable working environment is also critical to ensure business continuity, risk minimization and compliance with regulatory standards.

Deficient occupational health & safety can cause increased sickness absence, production disruptions and difficulties in attracting and retaining skills. The supply of qualified labor is a challenge for the sector, where there is intense competition over technology expertise. Working actively on occupational health & safety and employment terms improve the organization's innovation capability and resilience.

The protection of human rights in Ependion's own workforce is another central aspect for Ependion. Poor working conditions or deficient compliance with labor law may damage trust from customers, investors and stakeholders, legal consequences and negative brand impact.

High occupational health & safety is also a contributor to achieving diversity and inclusion goals, which are critical for a resilient and adaptable organization. A diversified and healthy workforce improves productivity and efficiency, while also contributing to a more robust business.

## Ependion's strategy and working method

Nurturing the group's coworkers is self-evident to Ependion. Well-established health & safety processes, an inclusive workplace and potential for skills enhancement enable the group to promote all coworkers' well-being.

Ependion has implemented a Human Rights Policy for its whole workforce that backs the group's Code of Conduct. This policy is consistent with internationally recognized guidelines including the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises. Ependion's CEO bears overarching responsibility for the implementation of, and compliance with, these policies.

Questions of diversity and inclusion are a big part of Ependion's work for coworker well-being. This work is primarily implemented at business entity level and includes strategic initiatives in recruitment, leadership and compensation. Policies on occupational health and safety, diversity and inclusion at each business entity are designed to eliminate discrimination, promote equal opportunities and create an inclusive workplace culture. Ependion manages specific types of discrimination including those based on gender, age, ethnic origin, religion, functional impairment and sexual orientation.

Ependion deals with significant consequences for its workforce through clear goals, action-plans and management systems. Specific risks are identified and managed through coworker dialogue, safety patrols, health & safety committees, incident investigations and audits. These activities are the foundation of actions that enable preventative and remedial action.

Ependion allocates resources to manage risks and opportunities through strategic initiatives like training programs and hiring strategies to improve diversity and inclusion. Prioritizing work on risk assessments and improving working environments on site promote safety and good health, work that will continue in 2025. A global metric of employee satisfaction is planned groupwide after successful initiatives by Westermo.

Ependion's monitoring processes are mainly within the framework of management systems and include activities like audits, inspections and safety patrols. Action plans are produced for major actions, often with sub-sections adapted to complexity. The effectiveness of these efforts is evaluated continuously and discussed by management teams.

The group has procedures to alleviate and rectify negative consequences through local initiatives and management systems. These actions are assured through action-plans and follow-ups to verify their effectiveness. Where necessary, long-term plans with clear goals and resources are executed. Their duration depends on the complexity of actions.

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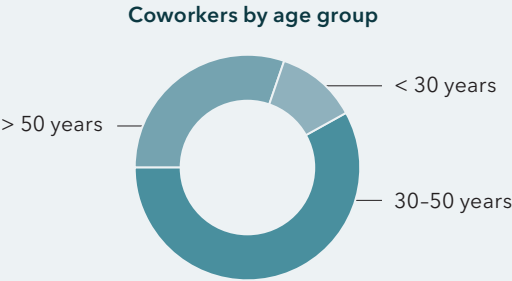
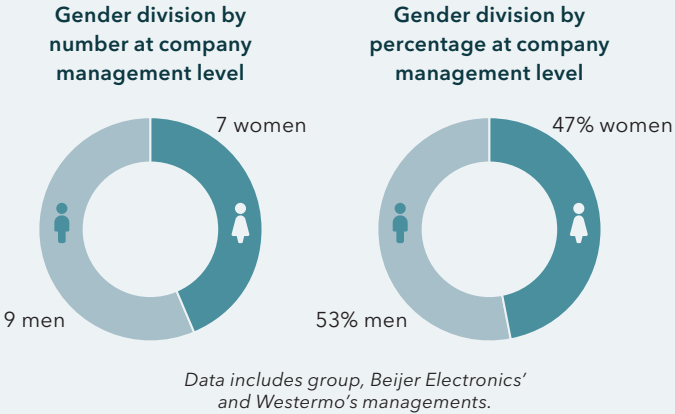
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What the group is doing

Ependion and its business entities work actively to promote good working conditions, equal opportunities and equal rights for all the group's coworkers. Ependion endeavors to maintain a balanced division between men and women, different age groups and different positions, and work towards inclusive recruitment of skills internally and externally.



Coworkers by country

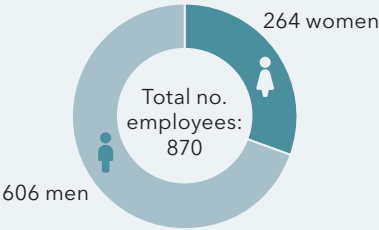
Country	Coworkers
Australia	10
Austria	2
China	35
Denmark	4
Finland	3
France	12
Germany	72
India	3
Ireland	55
Netherlands	4
Norway	12
Singapore	8
South Korea	5
Spain	4
Sweden	369
Switzerland	35
Taiwan	156
Turkey	20
UK	22
USA	39
Total	870

Data sourced from Ependion's ERP system (IFS). The table also includes 3 coworkers in India, other parts of the sustainability data exclude India.

Employment types

Country	Women	Men	Other	Undeclared	Total
No. of employees	264	606	0	0	870
No. of permanent employees	259	590	0	0	849
No. of part-time employees	1	13	0	0	14
No. of employees without guaranteed working hours	4	3	0	0	7

Workforce composition by gender



All countries where Ependion is active have social security.

Coworkers covered by collective bargaining agreements

No. employees covered by collective bargaining agreements	Share of coworkers covered by collective bargaining agreements
362	41.6%

Coverage of collective bargaining agreements and social dialogue by operational country

	Coverage of collective bargaining agreements	Social dialog
Share covered	Coworkers in EEA (for countries with over 50 employees representing more than 10% of the workforce)	Representation at workplace (EEA only, countries with over 50 employees that represent more than 10% of the workforce)
0-19%		
20-39%		
40-59%		
60-79%		
80-100%	Sweden	Sweden

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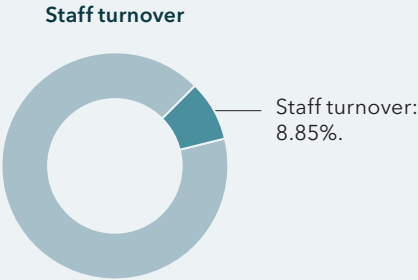
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Share of coworkers entitled to family leave		2024
Share of coworkers entitled to family leave		100%



Total number of coworkers leaving the company in 2024: 77

To support vulnerable groups, Ependion has implemented activities focused on training, leadership development and communication. Specific initiatives include trading programs and awareness of unconscious prejudice, prevention of harassment and strategies to promote fair working conditions. Additionally, the group works actively to grow the share of female coworkers through goal-oriented recruitment strategies.

A significant portion of the workforce participated in skills development activities in 2024.

Average number of training hours per coworker: 37.4

Team activities, keep fit and educational initiative designed to promote healthy and inclusive working environments are further examples of positive efforts. Risk assessments are conducted in major change processes to identify and alleviate negative consequences. The business entities contribute through specific initiatives that engage coworkers and improve their working conditions.

Share of coworkers participating in regular presentation and career development reviews (by gender)			
	Women	Men	Total
Share of coworkers participating in regular presentation and career development reviews (by gender)	95%	92%	93%

The group is continuing to work towards improved occupational health & safety with a special focus on risk assessments and safety training at workplaces. Ependion is endeavoring to continuously evaluate and improve its initiatives through follow-up and analysis of goals set to create a safe, inclusive and sustainable working environment. Ependion reported no serious workplace accidents in 2024, which is in line with the group's goal of zero serious accidents. However, one workplace accident did occur causing absence from work. No serious incidents or accidents during commuting were reported.

Health and safety of employed coworkers		2024
Share of employed coworkers in the workforce covered by the company's working environment management system based on legal standards and/or recognized standards or guidelines		100
Share of employed coworkers covered by working environment management systems based on legal requirements and/or recognized standards or guidelines that have been reviewed internally and/or reviewed or certified by an external party		0
Number of deaths resulting from work related injuries and work-related ill health		0
Number of accidents with absence (excluding death)		1
Frequency of accidents with absence (per 1 million hours worked)		0.63
Number of registered cases of work-related ill health		3
Number of lost work days due to work-related injuries, accidents, work related ill health and death due to ill health		164

Health and safety of non-employed workforce		2024
Share of non-employed coworkers covered by working environment management systems based on legal requirements and/or recognized standards or guidelines		0
Number of deaths due to work-related accidents and work-related ill health		0
Number of accidents with absence (excluding death)		0
Frequency of accidents with absence (per 1 million hours worked)		0
Number of registerable cases of work-related ill health		0
Number of lost work days due to work-related injuries, accidents, work-related ill health and deaths caused by ill health		0
Number of deaths due to work-related injuries and work-related ill health, other coworkers that work at the company's workplaces		0

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Incidents, reports and serious consequences related to human rights

Number of serious incidents related to human rights among the company's employed coworkers	Number of incidents no longer requiring processing:	Number of incidents related to harassment or discrimination considered	Number of incidents related to harassment and discrimination:	Number of complaints received through established channels by the company's employed coworkers:	Total fines, penalties or compensation for incidents caused:
0	0	0	0	0	0 EUR

Reporting principles

The number of employed coworkers has been compiled based on payroll data and information from local HR and management representatives, as well as the group's ERP systems. Reported numbers of the number of employees are for the end of the reporting period and are not an average for the full year.

For training, data is monitored by local HR functions or line managers in each country, and then reported to the Vice President of HR for compilation. This data is based on estimates.

Data for collective bargaining agreements and social dialogues has been collected by each business entity's HR Manager, who in turn, initiates a dialogue with local operational managers.

Data for accident numbers is based on a combination of various sources. Some parts of the group use a health & safety reporting system where each coworker reports any events. Other entities build reporting on manual processes, where line managers report to the HR function for compiling data.

Ependion is planning to implement a global health & safety reporting system in 2025, which will improve data quality going forward. Only accidents that have caused absence were included in reporting for 2024, due to factors including the definitions of different sub-categories of accidents and incidents not being collective to all operations so the data includes uncertainty.

Whistleblowing, discrimination and harassment data is based partly on internal documentation from the HR function of each business entity, and partly from data from the group's whistleblower system.

Data linked to Ependion's own workforce has not been validated by a third party.



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# ESRS S2 Workers in the value chain

GRI: 308-1, 414-1

## Why these issues are important

Ependion has an extensive global value chain that includes hundreds of suppliers and collaborative partners in various countries and sectors. The indirect impact on communities and the environment this chain exerts is significant and requires a responsible attitude. Accordingly, coworkers in the value chain are regarded as a material sustainability topic for Ependion.

A large proportion of electronic equipment is manufactured in Asia, where the potential to monitor health & safety and working conditions is limited, especially for tier 2 and 3 suppliers. The need for more transparency is an important aspect for ensuring compliance with human rights and working conditions end to end in the value chain.

## Ependion's strategy and working method

A responsible value chain is an important component of Ependion's strategy to achieve environmental and social sustainability. Ependion is endeavoring to make a positive impact setting high standards on suppliers in terms of working conditions, human rights and sustainable working processes.

To manage material consequences, risks and opportunities, the business entities have implemented systematic monitoring of each of their suppliers. This monitoring includes qualitative and quantitative indicators, with a special focus on the largest and most strategic suppliers. Smaller suppliers are also included in risk assessments, although their monitoring is to a lesser extent, and more as required, depending on assessed risk level.

Engaging and partnering with suppliers to improve their compliance with the group's Code of Conduct (CoC) and policies including human rights and conflict minerals is an important part of the company's strategy. This includes training and support for suppliers to ensure that health & safety and working conditions comply with the company's standards. Ependion works continuously on improving its monitoring and ensuring effective implementation of its CoC and policies right through its value chain.

Beijer Electronics systematically applies standards on suppliers complying with the Global Compact framework. Westermo has adopted a specific CoC for suppliers that regulates how coworkers in the value chain should be treated. The CoC focuses on ensuring that suppliers and their subcontractors comply with ethical guidelines in terms of working relationships, human rights and working conditions. This framework covers all coworkers in the value chain albeit with a special focus on strategic suppliers, which make up 80% of purchasing volumes.

Westermo applies a nearsourcing philosophy, meaning that many suppliers are based in the EU, which alleviates certain risks but does not completely eliminate them. Physical site visits and induction processes for suppliers also cover HSE (health, safety & environmental) standards. This helps manage physical and chemical risks to the environment and people.

Risk assessments are conducted continuously to identify and limit potential risks, especially for materials where alternatives are hard to source. Ependion judges that the biggest risks for its coworkers lie in more remote links of the value chain, especially for smaller

suppliers and those involved in processes with potentially higher risk, such as metals mining. This also applies if metals are largely sourced from known mines in northern Europe, which reduces the risk of human rights breaches.

There are no explicit goals for coworkers in the supply chain, although a goal of 100% signing up to the CoC for all key suppliers and for all new suppliers was set and satisfied in 2024. For tier 2 suppliers, mapping of country of origin was completed, which is an important step in managing risk.

## What the group is doing

Continuously improving Ependion's and the business entities' processes to ensure reasonable conditions in the group's value chain is work in continuous progress. Ensuring that suppliers sign and comply with the group's CoC is part of this process.

The group has developed and implemented specific policies to protect rights and improve working conditions for coworkers in its value chain. These policies cover segments like health & safety, fair pay and non-discrimination.

Improved processes for managing conflict minerals were also implemented in 2024. Experience from this process started to apply to other segments related to data collection and risk assessments.

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For contractors, an unusually large item in 2024, extensive HSE (health, safety & environment) standards were implemented in Westermo. They applied to work related to the refurbishment of the Swedish plant and starting up operations in India. No serious accidents or incidents in tandem with these processes were reported.

No serious human rights-related problems and incidents, earlier or later in the value chain were reported.

Established channels to detect and rectify problems in the supply chain are in place. All the group’s new and strategic suppliers were audited for social and environmental criteria in the year. A Supplier Quality Engineer was hired by Westermo in 2024 to improve its site visit capability, and offer additional supplier monitoring.

The main material for business entities’ operations are sourced and consist of electrical components from complex supply chains. This means that it is problematic to understand the content of each component and get a comprehensive view of the nature of the whole value chain. Obtaining information of SVHCs and other compounds that can present risks in components and products is problematic. Continuous dialogue is intended to progressively increase supplier understanding of these issues.

The group worked extensively to source a strategic EMS (Electronics Manufacturing Services) provider in 2024. Sustainability aspects were integrated and monitored continuously through the process, involving social and environmental aspects, which were also monitored in audits/site visits.

**Reporting principles**

In general, information and data linked to the value chain is based on the self-assessments suppliers conduct as part of the induction process, and on the supplier audits executed. The level of transparency is critical for data reliability.

To improve objectivity in the group's evaluations and assessments, several people are often involved. Ependion thinks the quality of conclusions and analyses is highest for the group's strategic suppliers. The supporting data for reporting is compiled by each business entity’s Procurement function. The business entities work continuously on improving the quality of data and documentation in relation to the supply chain.

Data and documentation in this segment have not been validated by a third party.

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# ESRS G1 Business conduct

GRI: 205-2, 2-26-a, 205-3a-d

## Why these issues are important

Being a responsible company is critical for Ependion and the group's subsidiaries to manage their business. Ependion concluded that consistent with the outcome of the group's DMA, managing business conduct was material from a double perspective—i.e. both for how Ependion influences its surroundings but also how its surroundings impact the group's potential to manage its business.

Ependion's business entities are links in a global value chain and have a direct impact on working conditions, the environment and business ethics through their supplier relationships and business decisions. Deficient management of these issues may cause risks such as human rights breaches among suppliers, non-compliance with environmental standards and exposure to corruption and bribery. Such risks may have legal and financial consequences for Ependion, damage trust among the group's investors and customers, and impact business continuity.

Meanwhile there is potential to increase competitiveness by ensuring high ethical standards, working actively on transparency and responsible supplier relationships as well as satisfying growing demands from customers and investors. A strong corporate culture and clear business ethics guidelines helps alleviate risks, strengthen Ependion's brand and create long-term sustainable business relationships.

## Ependion's strategy and working method

Ependion should be a responsible company towards its own coworkers, coworkers in the value chain and wider society. The group's strategy in this segment centers on the responsible management of suppliers, human rights and anti-corruption.

The main policy document for Ependion and its business entities is the group's CoC, which stipulates that Ependion's coworkers, suppliers and collaborative partners should conduct themselves responsibly. The CoC also highlights the group's corporate culture by promoting a commonsense view of how parties should conduct themselves, that laws should be complied with and that fair but reasonable standards should be applied to all coworkers, suppliers and collaborative partners.

Ependion's management is responsible for developing, implementing and compliance with the CoC throughout the group. The complete CoC is available on the group's website. The CoC is part of the induction process for new hirings, and means that all the group's coworkers worldwide acknowledge receipt of the CoC that they should read, understand and accept. The CoC is communicated continuously to coworkers in various ways on internal channels. The group's goal is that all coworkers should have been trained on, and signed, the CoC.

The CoC specifies Ependion's zero tolerance of corruption and bribery. The goal is for all managers of Westermo and Beijer Electronics to take anti-corruption training.

Reports should be made in instances of suspected breaches of Ependion's CoC, applicable legislation or similar. Ependion encourages its coworkers to make initial contact with their first-line manager or the HR function or report impropriety on the group's whistleblower system, which is available to internal and external parties. Cases received are documented and investigated by the relevant manager, who is appointed on a case-by-case basis. Any actions are also discussed and adopted on a case-by-case basis. Reports of suspected breaches are completely anonymous. Ependion's whistleblower system is managed by a third party which guarantees reporter anonymity.

The whistleblower policy has been independent of the group's CoC since 2023. An independent policy makes it easier for coworkers to report suspected activity that breaches legislation and the company's policy documents. The whistleblower function covers issues of corruption, human rights, labor law, the environment and health & safety.

Safeguarding sustainability in supply chains presents a range of challenges, and Ependion expects the group's suppliers to comply with its CoC. Suppliers play an important role in realizing the group's sustainability ambitions. Collaboration with suppliers is close, and sustainability criteria are well integrated in processes both in introducing new suppliers and ongoing engagement. One of the group's objectives is that all suppliers should sign the group's policy on conflict minerals, and that all new suppliers should undergo a social audit focused on working conditions and human rights.

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What the group is doing

Ependion is pursuing all companies on the group’s supply chain maintaining good relationships and terms, and it achieves this through yearly risk monitoring of the group’s strategic suppliers, plus a corresponding risk assessment when the group takes on new suppliers. Although primarily, the risk assessment deals with logistics and business risks, assessments also include sustainability and ethical aspects.

All suppliers should sign the group’s CoC or corresponding documentation produced by its business entities. Where possible, the group attempts to collaborate with suppliers in geographical proximity. The Westermo business entity’s primary suppliers are in Asia, while most of Westermo's suppliers are in Europe.

Suppliers are monitored continuously, with the relevant processes including an appraisal of supplier performance across a broad range of sustainability aspects. Our managers visit suppliers and inspect them. In instances of non-compliance, the business entity assist them in producing an action-plan to achieve a change and improve procedures. If the breach continues, the group can terminate its relationship. In 2024, all new strategic suppliers underwent a social audit.

One central focus of this work is to avoid conflict minerals. The group works to ensure that its products do not contain any minerals sourced from mines that contribute to conflicts or human rights breaches. The group produced a new policy on conflict minerals in 2023. To ensure responsible mineral extraction, suppliers must comply with Ependion's Code of Conduct and continuously examine their supply chains to identify the source of minerals pursuant to the Responsible Minerals Initiative, the group requires all suppliers to report how they deal with conflict minerals and social sustainability. In 2024, 88% of all affected suppliers had signed the declaration.

Ependion also regards the group honoring its agreements as important. This applies in contexts including the group's payment terms, which ensure that subcontractors get paid for the work they do for Ependion on time and as agreed. Generally, 60 days apply for payments, but for smaller enterprises, 15-30 day terms are applied in certain circumstances. Compliance with good payment practice is monitored in the business entities’ ERP systems.

Ependion and its business entities are links in a global value chain where there is a risk of the incidence of corruption and bribery. The group's procurement and sales functions run the highest risk of being exposed, or exposing other parties, to bribery or corruption. Ependion’s CoC clearly stipulates that no bribery or corruption may occur in any business relationship, either directly or indirectly. All coworkers are trained on the CoC during their induction with regular further training to disseminate knowledge to all coworkers. No specific efforts are targeted at high-risk roles, or to management, administrative or Board bodies. In 2024, 30 of 31 Beijer Electronics managers took corruption and bribery training. All Westermo’s managers (67) took training on the same topic. 100% of the group’s coworkers have signed the CoC.

On suspicion of the incidence of corruption or bribery, where appropriate, coworkers should report to first-line managers. Otherwise, the process follows the applicable procedure for reporting on the group’s whistleblower system. When cases are investigated, appropriate individuals are appointed to deal with the case. These individuals vary depending on case and place in Ependion's organization where the impropriety is suspected. The group documents the number of cases received, and confirmed cases of corruption and bribery. No reports of suspected corruption or bribery occurred in 2024.

Reporting principles

Data linked to corruption and bribery is collected from the group’s whistleblower system and from internal sources such as the Finance function of each business entity. Training activities are coordinated and reported by each business entity’s HR function.

Data on suppliers and payment practice is based on documentation on payment terms from the group's ERP system, which is reported by the Procurement or Accounting function of each business entity.

The conflict minerals topic is managed partly using external expertise, and partly system support. The Procurement function compiles conflict minerals management data in each business entity, which also follows up this process continuously.

Data for the business conduct segment has not been validated by a third party.



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# Taxonomy Regulation – sustainability reporting

Ependion’s EU Taxonomy Report has been prepared in accordance with the EU Taxonomy Regulation. The Taxonomy Regulation requires companies like Ependion to report on how sustainable financial operations are based on the Taxonomy Regulation through three key indicators: share of turnover, capital expenditure (CapEx) and operating expenditure (OpEx).

The EU taxonomy states which economic activities lie within the taxonomy framework (“eligible for the Taxonomy”), which of these activities satisfy the EU’s technical review criteria, and are thus classified as environmentally sustainable (“Taxonomy-aligned economic activities”). For the group’s products to be considered “aligned” with the review criteria, operations must comply with certain EU-specific standards (EU Regulation 2017/1369).

For 2024, activities eligible for the Taxonomy are presented divided between what is Taxonomy-aligned, and what is not Taxonomy aligned based on:

- a) the activity making a material contribution to one or more environmental goals.
- b) the activity doing no significant harm (DNSH) based on environmental goals.
- c) the activity being conducted in accordance with minimum safeguards.

The criteria of environmental goals 1-6 have also been mapped.

A significant proportion of Ependion’s products and solutions are used in applications and segments that can be considered sustainable and where the group contributes to a more sustainable world. Ependion welcomes the ambition of the EU’s Taxonomy Regulation, but also believes the group’s economic activities are only classified as economically sustainable to a limited extent under current versions of the Taxonomy documentation.

The results for 2024 imply an increase in the share of turnover that is Taxonomy eligible, from 34.6% for 2023 to 36.1% for 2024. The main reason for the increase is stability in Taxonomy-eligible activities, while the group’s overall turnover reduced between 2023 and 2024.

## Reporting principles

### A. Turnover

#### Taxonomy-eligible activities

As in the previous year, the basis for judging the parts of Ependion’s activities to be included this year are the technical review criteria specified in Annex I and Annex II of the European Parliament and Council Regulation (EU) 2020/852, as in the previous year. The new Act for 2024 with amendments and further criteria has also been considered.

The various descriptions in these documents have been closely studied, then mapped against the turnover of Ependion’s various activities in 2024, see note 2. The approach of the Taxonomy Regulation is binary, i.e. activities are considered either environmentally sustainable or not, and the basis of this is the description in these documents. Accordingly, reporting does not state how environmentally sustainable the activities of Ependion are, but rather the share of these activities eligible for the Taxonomy. Ependion has a centralized database containing details of all group companies at order level. All the group’s orders are coded in several dimensions, and this is the basis for mapping.

Based on Annex I and II as of 4 June 2021 and the Delegated Act of 27 June 2023 including Annex 1 and 2, Ependion has the following activities defined as sustainable pursuant to the Taxonomy Regulation:

- 3.19 Manufacture of rail constituents
- 3.20 Manufacture of electrical equipment for transmission and distribution
- 6.14 Infrastructure for rail transport
- 6.15. Infrastructure enabling low-carbon road and public transport
- 7.6. Installation, maintenance and repair of renewable energy technologies

Because there is some overlap between the different documentation, Ependion has ensured that no activities have been duplicated.

### Activities that are Taxonomy-aligned

Each of the activities identified as Taxonomy eligible have been closely evaluated pursuant to the criteria of the Regulation documentation, and the share considered environmentally sustainable has been determined according to:

- i) the activity significantly contributing to one or more environmental goals
- ii) the activity doing no significant harm (DNSH) based on environmental goals
- iii) the activity being conducted with minimum safeguards

### B. CapEx

The base is all the group’s investments excluding acquisitions, see notes 11-13. Accordingly, this includes capitalized research and development, other intangible investments and tangible investments, as well as leased investments pursuant to IFRS 16. Ependion then conducts a review and assessment of the share that relate to activities that are environmentally sustainable pursuant to the Taxonomy Regulation.

### C. OpEx

The Regulation offers an overall review of the OpEx items to be reported. From this review, Ependion has included the following: research and development expenses, estimated expenses for maintenance and repair, and other direct expenses necessary for the efficient daily operation of property, plant and equipment. Ependion then conducts a review and assessment of the share that relate to activities that are environmentally sustainable pursuant to the Taxonomy Regulation.



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1. Turnover

	2024			Criteria for significant contribution,%						Criteria for do no significant harm (DNSH)									
	Code	Turnover (MSEK)	% of turnover	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Minimum safeguards	% of turnover 2023	Category (Enabling activities)	Category (Alignment activities)
Economic activities																			
A. Taxonomy-eligible activities																			
A.1 Taxonomy-aligned activities																			
Manufacture of rail constituents	CCM 3.19	405	17.9	Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y	17.8	E	
Manufacture of electrical equipment for transmission and distribution	CCM 3.20	218	9.7	Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y	9.1	E	
Infrastructure for rail transport	CCM 6.14	169	7.5	Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y	7.0	E	
Infrastructure enabling low-carbon road and public transport	CCM 6.15	18	0.8	Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y	0.4	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	4	0.2	Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y	0.3	E	
Taxonomy-aligned (A.1), total		815	36.1	36.1													34.6		
Of which enabling activities		815	100														100	E	
Of which alignment activities		0	0														0		T
A.2 Not Taxonomy-aligned activities																			
Manufacture of rail constituents	CCM 3.19	45	2.0	NA			NA											2.0	
Infrastructure for rail transport	CCM 6.14	19	0.8	NA			NA											0.8	
Not Taxonomy-aligned (A.2), total		64	2.8	2.8														2.8	
Taxonomy-eligible activities, total (A.1+A.2)		879	38.9																37.4
B. Taxonomy non-eligible activities		1,379	61.1																
TOTAL (A+B)		2,258	100.0																



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2. CapEx

	2024			Criteria for significant contribution, %						Criteria for do no significant harm (DNSH)									
Economic activities	Code	CapEx (MSEK)	% of CapEx	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Minimum safeguards	% of CapEx 2023	Category (Enabling activities)	Category (Alignment activities)
A. Taxonomy-eligible activities																			
A.1 Taxonomy-aligned activities																			
Manufacture of rail constituents	CCM 3.19			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of electrical equipment for transmission and distribution	CCM 3.20			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Infrastructure for rail transport	CCM 6.14			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Infrastructure enabling low-carbon road and public transport	CCM 6.15			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E	
Taxonomy-aligned (A.1), total		92	28.9	28.9													27.2		
Of which enabling activities		92	100														100	E	
Of which alignment activities		0	0																T
A.2 Not Taxonomy-aligned activities																			
Manufacture of rail constituents	CCM 3.19			NA			NA												
Infrastructure for rail transport	CCM 6.14			NA			NA												
Not Taxonomy-aligned (A.2), total		7	2.3	2.3													2.9		
Taxonomy-eligible activities, total (A.1+A.2)		99	31.2														30.1		
B. Taxonomy non-eligible activities		218	68.8																
TOTAL (A+B)		317	100.0																



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3. OpEx

	2024			Criteria for significant contribution, %						Criteria for do no significant harm (DNSH)										
	Code	OpEx (MSEK)	% of OpEx	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Minimum safeguards	% of OpEx 2023	Category (Enabling activities)	Category (Alignment activities)	
Economic activities																				
A. Taxonomy-eligible activities																				
A.1 Taxonomy-aligned activities																				
Manufacture of rail constituents	CCM 3.19			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E		
Manufacture of electrical equipment for transmission and distribution	CCM 3.20			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E		
Infrastructure for rail transport	CCM 6.14			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E		
Infrastructure enabling low-carbon road and public transport	CCM 6.15			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6			Y	N/NA	N/NA	N	N/NA	N/NA	Y	Y	Y	Y	Y	Y	Y		E		
Taxonomy-aligned (A.1), total		71	48.0	48.0													43.5			
Of which enabling activities		71	100														100	E		
Of which alignment activities		0	0																T	
A.2 Not Taxonomy-aligned activities																				
Manufacture of rail constituents	CCM 3.19			NA			NA													
Infrastructure for rail transport	CCM 6.14			NA			NA													
Not Taxonomy-aligned (A.2), total		6	3.8	3.8												4.6				
Taxonomy-eligible activities, total (A.1+A.2)		77	51.8																	
B. Taxonomy non-eligible activities		72	48.2																	
TOTAL (A+B)		148	100.0																	



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Nuclear and fossil gas-related activities		
Row	Nuclear energy-related activities	
1.	The undertaking carries out, funds, or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds, or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds, or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Row	Fossil gas-related activities	
4.	The undertaking carries out, funds, or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds, or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds, or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO



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# United Nations Global Compact

Ependion joined the UN Global Compact in June 2018. Before joining, the Group was already using the Global Compact as its basis for systematic sustainability work. The group's Code of Conduct for suppliers is already based on the Global Compact's ten principles, which all suppliers must sign before any business relationship can commence.

The UN Global Compact is a voluntary initiative intended to promote sustainable development and responsible business. By joining, companies demonstrate their support for ten universal principles in the segments of human rights, labor, the environment and anti-corruption. With several thousand members from some 170 countries, the UN Global Compact has become a global initiative with a strong presence in the northern and southern hemispheres.



Read more about the UN Global Compact at:  
<https://unglobalcompact.org>

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# Auditor's opinion regarding the statutory sustainability report

*To the general meeting of the shareholders in Ependion AB (publ), corporate identity number 556025-1851*

**Engagement and responsibility**

It is the board of directors who is responsible for the sustainability report for the year 2024 on pages 33-81 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.

Malmö 27 March 2025  
KPMG AB

Jonas Nihlberg  
Authorized Public Accountant

