

## Annual Sustainability-Linked Finance Progress Report 2024 (SLB Progress Report)

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## 1 Introduction

We aim to become the first fossil-free steel company in the world. This puts our vision at the core of our entire operation. In everything we do, we strive to create a stronger, lighter and more sustainable world. Sustainability is a key business driver both for us and our customers. Consequently, we invest great effort into ensuring that we act ethically and environmentally soundly in all our operations and markets.

SSAB strives to integrate sustainability features in its funding. A Sustainability-Linked Finance Framework [1] has been developed in accordance with Sustainability-Linked Bond Principles (SLBP) 2020 [2]. Under this framework, SSAB can issue securities, including, but not limited to, bonds with a sustainability-linkage.

Sustainalytics has provided a Second Party Opinion [3] on this Sustainability-Linked Finance Framework which has been made publicly available on SSAB's website alongside the Framework itself. Sustainalytics is of the opinion that the SSAB Sustainability-Linked Finance Framework aligns with the Sustainability-Linked Bond Principles 2020.

## 2 Selected Key Performance Indicator (KPI)

The KPI that has been included for the purpose of this Sustainability-Linked Finance Framework is the reduction in greenhouse gas emissions, which reflects the key environmental sustainability challenge of the steel industry.

### 2.1 Greenhouse gas (GHG) emissions reduction – SBTi Verified

A reduction in absolute Scope 1 and 2 GHG emissions, which includes CO<sub>2</sub> and other GHG emissions as defined in the GHG Protocol.

GHG emissions need to be radically reduced in order to limit climate warming and meet the targets set in the Paris Agreement. The steel industry accounts for 7-9% of total CO<sub>2</sub> emissions globally. SSAB's environmental target for GHG emissions, which has been approved by the Science Based Targets initiative in 2020, stipulates a commitment to reduce our GHG emissions by 35% by 2032 (compared to 2018 and measured as CO<sub>2</sub>e). The 2032 target applies both to direct and indirect emissions (Scope 1 and 2 GHG emissions) and is in line with the Paris Agreement of keeping global warming well below 2°C above pre-industrial levels by 2100.

### 2.2 Calculation methodology

Scope 1 and 2 GHG emissions. Scope 1 are direct GHG emissions from SSAB's own operations, and Scope 2 are indirect GHG emissions from purchased electricity and heat used in our own operations. SSAB's definitions are aligned with the GHG Protocol. These emissions are modeled using the Absolute Contraction Approach [4] (ACA) Well Below 2°C (WB2) scenario. The appendix hereto provides further details on the SBTi commitment and calculation method.

### 2.3 Strategy to achieve the Sustainability Performance Target (SPT)

Our steelmaking processes have continuously advanced and improved over time and today we are among the most CO<sub>2</sub> efficient steelmakers in the world. We intend to achieve our 2032 target by developing a fossil-free steelmaking process for iron ore-based steelmaking based on HYBRIT technology and by melting steel scrap. We will also address other fuel related emissions, which will be reduced by either switching to electricity or biofuels. Where applicable, this also applies to transportation needs.

The SPT Trajectory illustrates the annual SPTs available for securities issued under the Sustainability-Linked Finance Framework.

Table 1: SPT Trajectory

Scope 1&2 emissions	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Absolute emissions target	11.8	11.3	11.3	11.3	10.6	10.0	10.0	10.0	10.0	8.7	7.8	7.7
CO <sub>2</sub> e change, million tonnes vs. base year	-0.0	-0.5	-0.5	-0.5	-1.2	-1.8	-1.8	-1.8	-1.8	-3.1	-4.0	-4.1
SBTi Target – reduction as a %	0%	4%	4%	4%	10%	15%	15%	15%	15%	26%	34%	35%

### 3 Reporting

In order to provide investors and other stakeholders with adequate information about SSAB's implementation of its sustainability strategy in general, SSAB will provide relevant reporting on the progress made in respect of the KPI, and (in relation to any Reference Years only) the achievement or not of the applicable SPT.

Such reporting will be made publicly available on an annual basis in a Sustainability-Linked Finance Progress Report (SLB Progress Report) and in any case for any date/period relevant for assessing the SPT performance leading to a potential adjustment of the financial and/or structural characteristics of securities issued hereunder. The SLB Progress Report will be published on SSAB's website no later than on the Reporting End Date after the end of the year under review.

SSAB's external auditors have performed a limited review of the Scope 1 and Scope 2 emissions presented in this SLB Progress Report, see page 9 for the assurance report.

#### 3.1 Scope of data

The following production sites are included in the progress reporting scope in 2023, which form the material scope for reporting:

- SSAB Special Steels: Oxelösund and Virsbo in Sweden, Mobile in Alabama, USA
- SSAB Europe: Luleå, Borlänge and Finspång in Sweden; Raahe, Hämeenlinna, Kankaanpää, Oulainen, Pulkila, Toijala in Finland
- SSAB Americas: Montpelier in Iowa, USA
- Ruukki Construction: Järnforsen in Sweden and Oborniki in Poland
- Tibnor: Köping in Sweden

These sites cover the following operations: all steel mills, all rolling mills, all coating lines and all tube mills as well cut-to-length (CTL) lines if located at the sites mentioned above.

#### 3.2 Performance of the KPI

The target level 2024 was exceeded by the end of 2024. The SPT Trajectory stated a 4% reduction in 2024 and the actual outcome is -9.2%. That is a 9.2% reduction, or a reduction of 1.1 million tonnes, in SSAB Group's greenhouse gas emissions (compared to 2018 and measured as CO<sub>2</sub>e).

The major improvement of relevance to reporting for 2024 is the increased use of non-emitting electricity (affecting Scope 2 emissions) at the SSAB steel mill in Iowa, USA, (100% non-emitting electricity for Iowa in 2024 reporting). However, we cannot ignore the fact that the production rate for SSAB in 2024 was lower than for the base year 2018. In addition to the improved electricity mix this is another factor that has significantly contributed to the 2024 results.

It should be clarified that SSAB's emissions will vary depending on the production rate. This can have a significant impact on the outcome, especially during the first part of the target period when the overall predicted emissions reduction is relatively modest.

Table 2: KPI Performance

		Production Crude steel	CO <sub>2</sub> e emissions		
			Scope 1	Scope 2	Scope 1&2
SSAB US steel mills	2018 baseline ktonnes	2534	765	1031	1796
	2023 actual ktonnes	2382	604	605	1209
	2024 actual ktonnes	2277	713	622	1335
	Change 2024 vs. 2018 ktonnes	-257	-52	-409	-461
	<b>Change 2024 vs. 2018 %</b>	<b>-10.1</b>	<b>-6.8</b>	<b>-39.7</b>	<b>-25.7</b>
SSAB Nordic steel mills	2018 baseline ktonnes	5494	9235	370	9604
	2023 actual ktonnes	5396	9030	432	9462
	2024 actual ktonnes	5072	8462	497	8959
	Change 2024 vs. 2018 ktonnes	-422	-772	+127	-645
	<b>Change 2024 vs. 2018 %</b>	<b>-7.7</b>	<b>-8.4</b>	<b>+34.4</b>	<b>-6.7</b>
Rest of SSAB	2018 baseline ktonnes	N/A	332	86	418
	2023 actual ktonnes	N/A	312	120	432
	2024 actual ktonnes	N/A	301	141	442
	Change 2024 vs. 2018 ktonnes	N/A	-31	+55	+24
	<b>Change 2024 vs. 2018 %</b>	<b>N/A</b>	<b>-9.4</b>	<b>+64.6</b>	<b>+5.8</b>
Total	2018 baseline ktonnes	8028	10332	1486	11818
	2023 actual ktonnes	7778	9947	1157	11103
	2024 actual ktonnes	7349	9476	1260	10737
	Change 2024 vs. 2018 ktonnes	-679	-856	-226	-1082
	<b>Change 2024 vs. 2018 %</b>	<b>-8.5</b>	<b>-8.3</b>	<b>-15.2</b>	<b>-9.2</b>

Regarding mergers and acquisitions, there is nothing to report that is expected to impact on the KPI and SPT(s). Ruukki Construction completed the divestment of its Building Systems business in Finland and Lithuania and also its business operations in Russia after 2018. However, the contributions from these businesses have been deducted from the 2018 baseline and have not been part of any follow-ups thereafter. Therefore, these activities are to be seen as neutral in the evolution of the performance on the KPI on an annual basis.

### 3.3 SSAB's target for CO<sub>2</sub>e emission reduction

At the time the financial framework in question was issued in 2020, SSAB's greenhouse gas emission reduction target had been approved by the Science Based Targets initiative (SBTi) and was aligned with a "well below 2°C" ambition level. The target covered Scope 1 and Scope 2 emissions and aimed for a 35% total reduction, with the target year of 2032.

Since then, SSAB has adopted new, more ambitious SBTi-approved targets, with formal approval received in 2024. This updated commitment includes Scope 1, Scope 2, and Scope 3 emissions, with the target year of 2033.

This clarification is provided to avoid any confusion when comparing with SSAB's current SBTi-approved targets. Specifically, the sustainability performance target (SPT) and the corresponding KPI reported in this document are based on SSAB's earlier SBTi target approved in 2020, and not the current targets approved in 2024.

## 4 References

- [1] SSAB Sustainability-Linked Finance Framework “With the Future in Mind”. SSAB, May 20, 2021.
- [2] The Sustainability Linked Bond Principles (SLBP) established by the International Capital Markets Association (ICMA) and published in June 2020.
- [3] Second-Party Opinion – SSAB Sustainability-Linked Finance Framework. Sustainalytics, May 28, 2021.
- [4] <https://sciencebasedtargets.org/news/understand-science-based-targets-methods-climate-action>





## Auditor's Limited Assurance Report on SSAB AB (publ)'s Sustainability-Linked Finance Progress Report

To SSAB AB (publ), corp id 556016-3429

### *Scope*

We have undertaken a limited assurance engagement of the Scope 1 and Scope 2 emissions presented on page 6 in SSAB AB (publ)'s Sustainability-Linked Finance Progress Report for 2024.

### *Management's responsibility*

SSAB AB (publ)'s management is responsible for the preparation of the disclosed information on Scope 1 and Scope 2 emissions in accordance with applicable criteria. The criteria consist of SSAB's Sustainability-Linked Finance Framework which is aligned with the GHG Protocol, available on SSAB's website, as described on page 2. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the information on Scope 1 and Scope 2 emissions, such that it is free from material misstatement, whether due to fraud or error. GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

### *Responsibilities of the Auditor*

Our responsibility is to express a conclusion on the Scope 1 and Scope 2 emissions presented in the Sustainability-Linked Finance Progress Report based on the limited assurance procedures we have performed. Our engagement is limited to 2024 historical information presented in this document and does therefore not include future oriented information.

We have conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3410, *Assurance Engagements of Greenhouse Gas Statements* ("ISAE 3410"). This standard requires that we plan and perform our engagement to obtain limited assurance about whether SSAB AB (publ)'s Scope 1 and Scope 2 emissions are, in all material respects, presented in accordance with the Sustainability-Linked Finance Framework, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

### *Auditor's Independence and Quality Control*

We have maintained our independence of SSAB AB (publ) in accordance with professional ethics for accountants in Sweden and confirm that we have complied with the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this limited assurance engagement.

The firm applies International Standard on Quality Management 1, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of SSAB AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

### *Description of procedures performed*

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially less than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The greenhouse gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

The limited assurance engagement consists of making inquiries, primarily of persons responsible for preparing the GHG reporting and related information and applying analytical and other relevant procedures.

Our procedures included:

- ▶ Conducting interviews with SSAB AB (publ)'s personnel to understand the business and the reporting process
- ▶ Controlling, on a sample basis, that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the criteria
- ▶ Undertaking analytical review procedures to support the reasonableness of the data
- ▶ Testing, on a sample basis, underlying source information to check the accuracy of the data

We also performed other such procedures as we considered necessary in the circumstances.

### *Conclusion*

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Scope 1 GHG emissions (kton CO<sub>2</sub>e) and Scope 2 GHG emissions (kton CO<sub>2</sub>e) for the year ended 31 December 2024 in order for it to be in accordance with the Criteria.

Stockholm, 6 May 2025

Ernst & Young AB

Rickard Andersson  
Authorized Public Accountant

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Specialist member in FAR

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## OUTI ELINA ALESTALO

Specialist member in FAR

På uppdrag av: Ernst & Young AB

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## RICKARD ANDERSSON

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