



GARO GROUP

Sustainability Policy

GARO Group AB and its affiliates (or the "Company") (Corp. Reg No. 556051-7772)

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1. INTRODUCTION

GARO defines Corporate Sustainability as providing Sustainable Products and Services to its customers and business partners in a way that provide long-term economic, social, and environmental value for its customers, its shareholders and society at large. This Policy is supplemented by GAROs Policies such as Social and Human Rights Policy, Anti-Corruption Policy, Tax Policy, Inclusion and Diversity Policy. GARO's way of working is also expressed in the Code of Conduct and through GARO's core behaviors.

GARO strive to maintain a responsible approach to sustainability wherever we operate.

2. PURPOSE

This Policy serves to establish the overarching structure for sustainability within GARO and serves as the guiding foundation for all business decisions related to sustainability.

3. SCOPE

This Policy is applicable across the entirety of GARO and must be implemented throughout all divisions of the Group, with consideration for relevant local regulations and requirements.

4. SUSTAINABILITY VISION AND KEY AREAS

"People Powered Sustainability" GARO's Sustainability Vision is centered around maximizing our impact in the transition to a fully electrified and sustainable transport and energy system. By expanding our production volumes, services, and geographic reach across Europe, we strive to contribute significantly to this transformative journey."

GARO Group strives to be a leader in every metric that is relevant to our vision, to contribute to the electrification of the transport and energy system in Europe, where resource efficiency, space efficiency and economy fit within [robust framework conditions for sustainability](#). To maximize GARO Group's contribution in the transition to a fully electrified and sustainable transport and energy system, we plan to continue to increase our production volumes and services and strengthen our availability in more countries in Europe. At the same time, we have set ambitious goals with dedicated action plans in each priority area. Because every product we manufacture and service we offer is systematically improved at every stage of its life cycle. From raw materials, manufacturing, logistics to end customers for recycling back to new Sustainable GARO products. We prioritize the following areas based on our materiality analysis:

- **Material**
- **Energy**
- **Products and services**
- **People, culture, and society**



5. CORPORATE SUSTAINABILITY STATEMENT

GARO recognizes that a prerequisite for a prosperous and sustainable society is an awareness of sustainability challenges and a willingness and ability to act. GARO is committed to support its customers in the transition towards a low carbon economy in line with the Paris Agreement.

Sustainable development is an important and integral part of the pursuit of value creation for customers, employees, shareholders, and society at large. GARO is convinced that companies that include sustainability in their operations and business decisions have the prerequisites to be more successful in the long term and hence preferred customers to GARO. The strive towards achieving the United Nations' Sustainable Development Goals (SDGs) including increased ambitions among policy makers will have significant implications on products and services.

GARO seeks to contribute to the SDGs by combining sustainability advisory expertise and sustainable products in the offerings to its customers, enabling them in their contribution to the realization of the SDGs. This will create value from an economic, social, and environmental perspective. GARO aims to minimize risks for any direct and indirect adverse impact on environment and climate, human rights, and labor rights as well as from issues relating to anti-corruption. In accordance with our Tax Policy GARO does not use nor facilitate tax evasion or tax avoidance arrangements.

6. CORPORATE SUSTAINABILITY MANAGEMENT

GARO is steadfast in its pursuit of being a prominent driver of the sustainability transition. To gauge our progress, we employ Key Performance Indicators (KPIs). Moreover, GARO Group has formulated a Sustainability Strategy encompassing targets for 2030, accompanied by action plans. This strategy aligns with the scientifically based framework for strategic sustainability development known as FSSD. Recognizing that embedding sustainability into every facet of our business is of paramount importance, GARO's ability to assist our customers hinges on continually enhancing our sustainability capabilities and knowledge throughout the Group. This effort is complemented by the establishment of supportive functions, metric targets, and incentives geared towards aligning with the evolving demands of our customers and stakeholders.

7. KEY SUSTAINABILITY DRIVERS

To fulfill our objective of leading the sustainability transition, GARO prioritizes the following pivotal factors, termed "Key Sustainability Drivers," in realizing our strategic ambitions:

- **Eco-Conscious Product Lifecycle:** We are resolutely committed to continually reducing the environmental footprint of our products throughout their lifecycle. This encompasses eco-design principles, material selection, manufacturing techniques and recyclability considerations.
- **Exemplary Product Quality and Standards:** We aspire to manufacture products of the utmost quality while adhering to rigorous environmental and social standards, thereby ensuring environmentally sustainable manufacturing practices.



- **Environmentally Informed Supply Chain:** We exercise care in evaluating the environmental aspects when selecting suppliers and logistics partners, aligning our choices with eco-conscious criteria.
- **Resource Efficiency and Biodiversity Conservation:** We actively minimize natural resource usage and mitigate negative impacts on biodiversity, waste generation, and emissions, championing a more sustainable future.
- **Continuous Environmental Management:** We maintain a relentless focus on continuous improvement and compliance with our environmental principles. This involves ongoing monitoring and review of environmental management systems across our operational locations. We specifically:
 - Identify, measure, evaluate, and address environmental impacts, always in strict compliance with relevant legislation.
 - Uphold circularity principles guiding actions in product design, material utilization, and waste reduction, all aimed at conserving resources and minimizing environmental footprints across air, soil, water, and land.
 - Thoroughly track, measure, and document emissions (air, water, soil, and noise), as well as waste streams. Our production sites proudly hold ISO 14001 certification.
 - Commit to enhanced energy efficiency, increased utilization of renewable energy, and reduced Greenhouse Gas emissions (Scopes 1, 2, and 3) as part of our long-term sustainability ambitions.
- **Safety and Responsible Chemical Management:** Our products prioritize safety for both people and the environment. We maintain a comprehensive list of Prohibited and Restricted Substances and request our suppliers to adhere to it, ensuring responsible chemical management throughout our value chain.
- **Life Cycle Analysis:** We aim for life cycle analysis of all our products to optimize material and transportation efficiency, enhance environmental consciousness, and maximize circularity in design and development.
- **Multi-Faceted Impact Consideration:** In our decision-making processes, we account for impacts on human health and safety, environmental protection, and animal welfare.
- **Conflict Minerals Responsibility:** We trace the origin of Conflict Minerals to ensure compliance with regulations and to prevent their use in funding armed conflict and human rights abuses.
- **Supplier Collaboration for Environmental Responsibility:** We collaborate with our suppliers to minimize negative environmental impacts. This includes development of self-assessment questionnaires and on-site audits of selected suppliers.
- **Employee Environmental Awareness:** We provide training to our employees to facilitate environmentally conscious decision-making in their daily work.

- **Biodiversity Protection:** We strictly refrain from conducting business in High Conservation Value Areas and pledge to uphold biodiversity protection.

8. STAKEHOLDER ENGAGEMENT

GARO's stakeholders play a pivotal role in shaping our sustainability endeavors. This group encompasses not only our owners and investors but also our valued customers, suppliers, and our resolute current and prospective employees. Their perspectives and selection criteria hold significant sway in our decision-making processes. Given GARO's prominent standing in society, coupled with the keen interest of our stakeholders, we have established a robust foundation for the formulation of our sustainability commitments and strategy. This framework extends to our Board of Directors Audit Committee, who hold an overarching role in guiding and overseeing our sustainability initiatives, its risks, compliance and ensuring alignment with the expectations and aspirations of our diverse stakeholders.

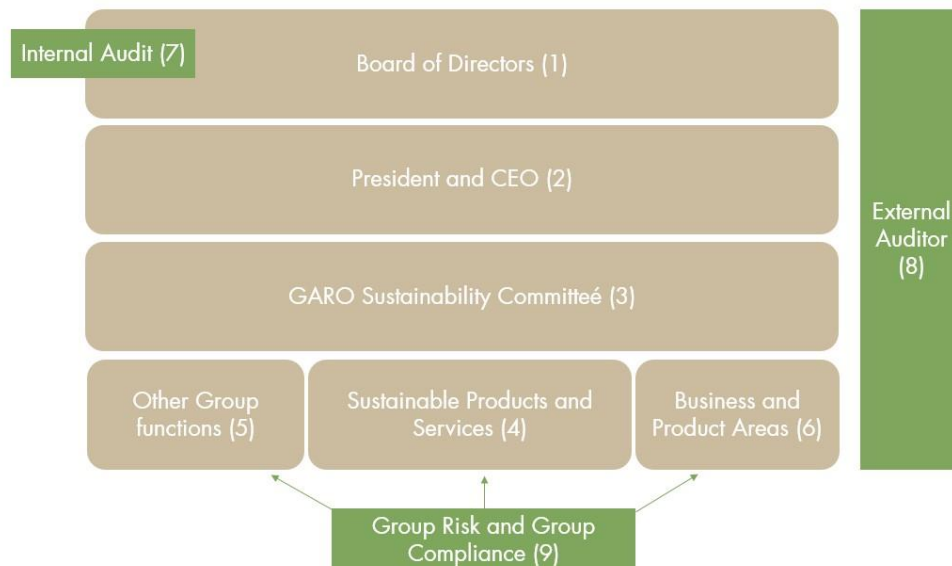
9. REPORTING AND TRANSPARENCY

GARO is committed to transparency in advancing the long-term sustainability of its operations. The company shall provide public disclosure of its sustainability performance, progress, and impact within the Annual Report. For other external reports arising from public commitments, GARO adheres to the reporting standards established by relevant international organizations.

10. GOVERNANCE AND OVERSIGHT

The governance model and operational structure are designed to support GARO's vision and purpose.

Organizational Chart for GARO Sustainability Governance



The illustration shows the sustainability governance structure. The brown-marked hierarchy is the governance structure, while the green-boxes are the monitoring and compliance functions.



1.1. Board of Directors

Sustainability is an integral component of GARO's long-term business strategy, and the Board of Directors bears the responsibility for shaping this strategy. The Board also holds ultimate governance responsibility for sustainability efforts and oversees GARO's commitment to responsible business practices. To support these initiatives, GARO's Board of Directors has established a resolute sustainability committee. The Board adopts policies and code of conduct, available on the GARO Group/sustainability webpage. These policies set the standard for GARO's sustainability work and ensure alignment with legal requirements. GARO AB's Board of Directors oversees the organization's affairs, including the development of a sustainability strategy and governance structure for sustainability.

The Board of Directors of GARO AB is responsible for the management of the affairs and the organization of the GARO Group. In respect of sustainability this includes the establishment of a strategy and governance structure for sustainability.

The Board fulfills its responsibilities by approving key documents and policies including:

- i. Business Plan
- ii. Sustainability Strategy and Action Plans
- iii. Sustainability Policies (e.g., Human Rights, Anti-Corruption, Offence and Anti-Harassment, Reuse Reduce and Recycling, Responsible Minerals Sourcing, Business Travels, Forced and Child Labour et cetera)
- iv. GARO Group's Code of Conduct and Supplier Code of Conduct
- v. Annual and Sustainability Report

1.2. President and CEO

The President and CEO of GARO is responsible for following GARO's strategic direction, which shows the way forward, where GARO is headed and what must be done to reach the goals that have been set. The President and CEO leads the work of the Group Executive Committee and makes decisions after consulting its members. The CEO is responsible for the Group's position statements as well as the instructions issued to support policy implementation.

1.3. GARO Sustainability Committeé

The Sustainability Committeé plays an active role in enhancing the operational coordination, efficient management, training, and comprehensive monitoring of GARO's sustainability initiatives and Key Performance Indicators (KPIs). This includes overseeing various actions and tasks related to sustainability efforts, which encompass references to ESG (Environmental, Social, Governance), SDGs (Sustainable Development Goals), EU Taxonomy, or other sustainability attributes. The sustainability committee is led by the Group Sustainability Manager reporting to the CEO and President.

1.4. Sustainable Products and Services

The Sustainable Products and Services group operates with a dedicated budget and functions as an executive body. Its primary objective is to steer GARO's Sustainability Action Plan for Sustainable Products and Services, which represents one of the four priority areas in our Sustainability Strategy. This involves the integration of sustainability principles into product and service strategies, as well as the establishment of associated goals,



plans, and monitoring mechanisms. The Group Sustainability Manager lead the sustainable Products and Services group.

1.5. Other Group Functions

Other Group Functions work collaboratively with the Group Sustainability team to efficiently integrate sustainability practices into their operations.

1.6. Business Areas and Product Areas

GARO's executive Business Areas bear the responsibility of aligning their business decisions and processes with GARO's Sustainability Strategy, Action Plans, Code of Conduct and Policies. They are also tasked with the continuous monitoring of implementation and compliance with these sustainability measures, which are established by the Sustainability Committee and the Sustainable Products and Services Group.

1.7. Internal Audit

Internal Audit is an independent control function whose head is appointed by and reports to the Board of Directors and therefore is independent of the CEO and the executive management. The purpose of Internal Audit's reviews is to create improvements in operations by independently evaluating GARO's corporate governance, risk management, and internal control processes.

1.8. External Auditor

External Auditor is an independent reviewer of GARO's sustainability work. This helps to assure of the bank's sustainability processes and contributes to further development. Eg. GARO:s Sustainability Reporting.

1.9. Group Risk and Group Compliance

Group Risk and Group Compliance are internal control functions, representing the second line of defense. These units monitor, control, and report the Group's risks and whether the Group follows internal and external sustainability regulations.

11. SUSTANABILITY RISKS AND MANAGEMENT

GARO Group consists of several companies operating in two business areas: E-mobility and Electrification, within the European market. These operations entail both business opportunities and various risks. GARO Group operates in markets with different strengths of economy and demand for the company's products and services is negatively affected by a general economic downturn or downturn in an individual country or business area. In addition, there are risks in the form of changed laws and regulations, disruptions in the financial systems, natural disasters, terrorism, pandemics and more. To counteract the effects of the company's various risks, GARO Group works proactively with risk minimization.



12. CLIMATE CHANGE AND ENVIRONMENTAL RISKS

Extreme weather events (e.g., hurricanes, floods, extreme temperatures) can damage property and harm the environment, leading to production interruptions and delivery capacity. Through our risk analyses, preventive measures, and preparedness in areas with an increased identified risk, damage can be reduced.

13. REGULATORY COMPLIANCE

Evolving regulations (environmental, labor, et cetera.) may result in fines or increased compliance costs. Mitigation involves proactive monitoring, compliance programs and legal expertise.

14. REPUTATION DAMAGE

Sustainability crises (unethical conduct, environmental violations) can tarnish the GARO brand, impacting customer trust and shareholder value. Preventive measures include fostering ethical behavior, employee training, audits, and rapid issue resolution.

15. SUPPLY CHAIN DISRUPTIONS AND TRANSPARENCY

Suppliers not adhering to international principles (human rights, environmental protection) may harm GARO's reputation. GARO evaluates suppliers based on international standards and quality criteria. We are emphasizing the importance of supply chain transparency. GARO proactively engage suppliers in sustainable practices, assess supply chain vulnerabilities, and diversify sourcing to reduce risks.

16. MANUFACTURING

To minimize the effect of the Group being affected by production stops due to external circumstances, the production facilities are continuously risk assessed and improved with ongoing maintenance and new investments. Good routines in the production process are sought in terms of quality, working environment and external environment as well as fire protection. We follow up on the compliance and status of policies and certifications in these areas through internal and external audits. A high degree of continuous improvement promotes the production process and safety.

17. ENVIRONMENT

Handling materials and chemicals entails environmental risks, mitigated through ISO 14001 certification and due diligence. GARO systematic environmental work and diligence in acquisitions help minimize risks.

18. WORK ENVIRONMENT

Poor work environments can lead to accidents and production interruptions. GARO maintains a zero-tolerance policy for drug/alcohol use and harassment, with risk analyses, whistleblower functions, and safety measures.



19. SKILLS

GARO Group's future success depends on its ability to recruit, retain, and develop qualified executives and other key employees. Lack of cutting-edge or leadership skills leads to poorer product and business development. We believe that strategic personnel work to recruit, retain and develop qualified executives and other key employees counteracts the risk and creates a head start in terms of ability for innovation, business development and growth.

20. DISTRIBUTION

Disruptions in distribution chains can impact customers and increase emissions. GARO continuously monitors distribution, implements follow-up procedures, and promotes efficient, eco-friendly transport.

21. CORRUPTION

Corruption within a company can result in costs, legal processes, and reduced trust. GARO conducts anti-corruption training, implements whistleblowing functions, and includes anti-corruption clauses in agreements.

22. HUMAN RIGHTS

Operating in diverse environments where human rights violations may occur necessitates vigilance. GARO works with partners, assesses business ethics, and conducts evaluations (Code of Conduct) to prevent risks.

23. ENERGY PRICE VOLATILITY

Relying on fossil fuels and energy price fluctuations can affect profitability and competitiveness. GARO advocates for suppliers to transition to fossil-free energy to mitigate this risk.

24. EMERGING RISKS

Regularly scan for emerging sustainability risks that might not be apparent today but could impact your industry or operations in the future. This includes issues like new environmental regulations, changing customer preferences, or emerging social concerns.

25. CIRCULAR ECONOMY

We evaluate opportunities and risks associated with transitioning to a more circular economy model, including product recycling, refurbishment, and waste reduction.

26. GEOPOLITICAL RISKS

Anticipating the influence of geopolitical events and trade tensions on our sustainability initiatives, including potential consequences such as supply chain disruptions and regulatory alterations, becomes increasingly crucial looking ahead.



27. SUSTAINABILITY REGULATIONS AND COMMITMENTS

GARRO's business is significantly influenced by the priorities of stakeholders, external laws and regulations, and the company's own commitment to contributing to the advancement of a sustainable society.

28. SUSTAINABLE PRODUCTS AND SERVICES RELATED REGULATIONS

The industrial sector is regulated by many different laws and regulations, including the sustainability area. On EU-level, the industrial sector has been recognized as having a key role in the EU-Green Deal¹ ensuring that EU meets the goals of the Paris Agreement² and the UN Sustainable Development Goals³. Several laws and regulations have therefore been developed or are being developed with the purpose to steer capital to sustainable products and services, include risks associated with sustainability in the sector's risk management and/or promote transparency and a long-term approach.

The industrial sector operates within a framework of various laws and regulations, including those pertaining to sustainability. At the European Union level, the industrial sector plays a pivotal role in realizing the objectives of the EU Green Deal, aligning with the goals of the Paris Agreement and the UN Sustainable Development Goals. Consequently, a multitude of laws and regulations have been formulated, and continue to be developed, with the aim of directing resources toward sustainable products and services, incorporating sustainability-related risks into sector-wide risk management, and fostering transparency and long-term perspectives.

GARRO acknowledges the significance of actively participating in and endorsing international commitments that empower businesses to operate in a more sustainable manner. GARRO lends its support to the following international agreements and frameworks:

- **UN Sustainable Development Goals:** These encompass seventeen globally agreed-upon objectives for 2030, collaboratively developed by governments, the private sector, and civil society, with the aim of achieving sustainable development for our planet.
- **The Paris Agreement:** An accord among governments to curb global warming to levels significantly below 2 degrees Celsius compared to pre-industrial levels.
- **The Universal Declaration of Human Rights:** An assertion by all United Nations governments of the rights and freedoms to which everyone is entitled.
- **The Eight ILO Core Conventions on Labour Standards:** These encompass eight principles and rights at work, regarded as fundamental within the world of work, and deserving prioritization in the incorporation into national laws.

¹ [A European Green Deal \(europa.eu\)](https://european-council.europa.eu/media/e300197c-326d-476a-992d-e360809d124c/en/attachment_data/file/432661/eu-green-deal-communication.pdf)

² [The Paris Agreement | UNFCCC](https://unfccc.int/paris-accord)

³ [THE 17 GOALS | Sustainable Development \(un.org\)](https://www.un.org/sustainabledevelopment/)



- **The UN Guiding Principles on Business and Human Rights:** A set of guidelines designed for states and companies to prevent, address, and remedy human rights violations that may arise during business operations.
- **The Children's Rights and Business Principles:** Principles that provide guidance to companies on actions they can take in the workplace, marketplace, and community to uphold and support children's rights.

29. REVIEW AND CONTACT INFORMATION

This document will be subject to an annual review conducted by the Sustainability Committee, which will ensure that it aligns with our sustainability initiatives, evolving regulations and best practices.

If you have any questions or comments about this document or the sustainability efforts of GARO Group, please don't hesitate to contact our Sustainability Manager, Andreas Olsson, at andreas.olsson@garo.se or call +46 370 332 800.