GARO®

Sustainability at GARO

GARO's sustainability work is based on well-established international principles including the UN Global Compact, the ILO Core Conventions and the UN Guiding Principles on Business and Human Rights.

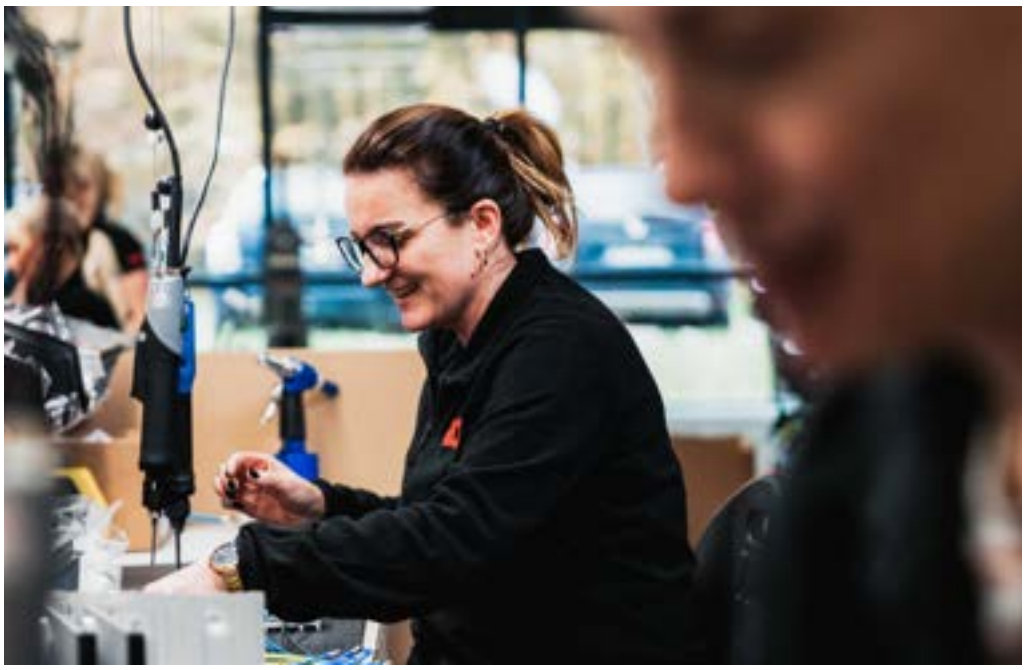
The reporting encompasses the entire Group, meaning all companies in which GARO has operational responsibility. These efforts are conducted in accordance with the Swedish Annual Accounts Act and the EU Taxonomy Regulation. For GARO, sustainability is not a separate focal area, but rather an integrated aspect of our business strategy. Combining business value with responsibility creates the prerequisites for long-term financial success. The Group's efforts are focused on both reducing environmental impact and positively contributing to society. A more resource-efficient and sustainable offering also strengthens competitiveness and creates opportunities in new markets.

In 2026, GARO will continue to build further on its long-term sustainability strategy for 2030, with a focus on the climate, circular economy and responsible business. The aim is to accelerate the transition to sustainable products and supply chains, enhancing both competitiveness and the ability for customers to achieve their own climate targets.

An important aspect of this work is to establish a portfolio of environmental product declarations (EPDs) for priority products. This makes GARO better equipped in public procurements that increasingly involve requirements for transparency regarding the climate impact of products, while providing customers with clear decision-making data.

The Group is also continuing to develop a supplier structure with a growing share of volumes produced using fossil-free energy. This not only contributes to reducing the carbon footprint but also provides long-term cost savings and more reliable access to sustainable materials.

In parallel, product traceability is enhanced, making it possible for both the Group and the customers to track the contents throughout



the value chain. This increases quality and safety while creating confidence in the market. Our collaboration with the academic world is being intensified through research and student projects. This will enable a more rapid development of sustainable products and circular business models – a force that creates value for GARO, our customers and society as a whole.

From strategy to action

Important steps were taken in 2025 to make the sustainability strategy more concrete and closely tied to the operations. Work primarily involved improving data collection, partnerships and compliance. The sustainability department played a central role in this by developing Group processes for a Declaration of Conformity (DoC) and commenced broad documentation of the supply chain in Byggvarubedömningen (BVB). More products have also been registered in the European Chemicals Agency (ECHA) and the SCIP database, which gathers information about goods containing substances of very high concern. This increases transparency concerning materials and substances with particular impacts. These initiatives improve our ability to meet customer requirements, provide increased clarity in the market and create a stable foundation for achieving the Group's targets for 2026.

Sustainability reporting is based on broad and reliable data. Data is collected from the entire Group through ERP, IT and financial systems and through external tools for monitoring energy, waste and water consumption. To provide an accurate overview of both impact and progress, this data is complemented with life cycle and climate analyses as well as internal investigations.

GARO's sustainability performance via EcoVadis

Since 2019, GARO has used EcoVadis as an important tool for measuring and developing the Group's sustainability performance. In 2025, we achieved a total score of 65/100, which resulted in a bronze medal. The results reflect our work in areas such as the environment, working conditions, ethics and sustainable purchasing.

During the year, EcoVadis insights were integrated into both supplier dialogs and the materiality assessment to more clearly identify areas for development and drive improvements. Combined with the internal action plan, this contributes to strengthening improvements over time. By using EcoVadis as guidance, the Group is able to not only improve its sustainability performance but also enhance its competitiveness and market relevance for customers with high sustainability requirements.

65/100
points by EcoVadis

CSRD and reporting

GARO will be subject to the EU requirements for sustainability reporting in accordance with the CSRD from 2028, which will include reporting for the 2027 fiscal year. During the year, the Group delivered complete Taxonomy reporting and developed processes to also include such areas as circularity and environmental product declarations (EPDs). The materiality assessment continues to provide guidance in our efforts in identifying new regulations and customer requirements, including PFAS and EPD in public procurement. This facilitates clear and relevant reporting that meets both regulatory and stakeholder expectations.

Double materiality for a balanced assessment

GARO continues to work with the double materiality process in line with previous years. At the same time, the work is updated to meet new regulatory requirements and market trends. The process is built on systematic identification and prioritization of material matters based on stakeholder dialog, internal analysis and external factors. This year's work was also strengthened with a clear focus on circularity and environmental product declarations, in line with the EU's increased emphasis on competitiveness and sustainability.

GARO combines two perspectives in its materiality assessment:

- Financial materiality – how sustainability factors impact the business operations. This includes new business opportunities through EPD-driven procurements, cost savings through fossil-free energy and risk minimization through increased traceability.
- Impact materiality – how the operations impact the environment and society. The effects of climate and energy, choices of materials and transparency in supply chains are continuously analyzed.

MATERIALITY PROCESS

GARO's materiality process follows a five-step model to identify and prioritize the sustainability matters that are most significant for operations and the Group's stakeholders:

1. Mapping	2. Prioritizing	3. Validation	4. Integration	5. Follow-up
Information is continually gathered from internal and external sources to provide a complete picture of the impact in the value chain.	The Group's sustainability matters are assessed based on environment, social and financial impacts as well as their importance for value creation.	The results are discussed with stakeholders and approved by the Board for strategical and legal anchoring.	Priority matters are implemented in the strategy and operational initiatives to create actual impact.	The assessments are revised annually to measure progress and adapt efforts to new trends and regulations.

Strategy, governance and setting targets

Strategic focus areas

For GARO, sustainability is an integrated part of the business. Sustainability efforts are based on three strategic areas: climate, circular economy and responsible business. The strategy aims to respond to the market's growing expectations throughout the value chain, which increases opportunities for growth. The strategy needs to address managing risks, a dynamic political environment and attractiveness as an employer.

Targets and ambitions

The Group's targets are to achieve climate neutrality by 2040 and gradually evolve into a circular company. Products and services are being improved to enable the transition to a sustainable society while safe work environments help retain and attract employees. These efforts are based on the UN SDGs and six areas have been selected to be prioritized to create the greatest value. Measures and resources are adjusted over time, while monitoring and reporting take place through broad collaboration and continual dialog.

Governance and responsibility

GARO's governance model for sustainability is set out in the Group's sustainability policy. The model enables systematic follow-ups of how sustainability goals are achieved and documentation of progress and results. By taking into account ecological, social and regulatory requirements as well as efficient use of resources, we ensure that measures and initiatives are aligned with the strategy. This structured and proactive method makes it possible for the Group to continually develop its sustainability efforts and adapt initiatives to changed conditions.

Currently, GARO does not have a specific incentive scheme linked to sustainability goals for the management team.

GOVERNANCE MODEL

The Board of Directors
Ultimate responsibility for the company's sustainability efforts.

Group Management
Overall responsibility for the company's sustainability efforts.

Head of Sustainability
Operational responsibility for the company's sustainability efforts on a Group level.

Operations
Operational responsibility for implementing action plans and monitoring KPIs in the area of responsibility.

Employees
Follow and work based on strategy, codes of conduct and policies.

Certifications

GARO has ISO 9001 and 14001 certification, which ensures that the management systems comply with regulations and are audited regularly. The allocation of responsibilities is based on specific areas for the implementation of operational sustainability efforts. Operations in Ireland and the UK are certified in accordance with ISO 9001 and undergo annual checks to ensure compliance with internal regulations.

Governing documents

Policies, guidelines and action plans are implemented into GARO's operations. The Group's sustainability policy, together with the following governing documents, forms that basis for the business decision and other commitments with the aim of guiding employees and partners.

- Sustainability policy
- GARO Code of Conduct
- Supplier Code of Conduct
- Anti-corruption policy
- Business travel policy
- Biodiversity Statement
- Modern Slavery Statement
- Anti-discrimination and harassment policy
- Policy and action plan combating child labor
- Policy for a circular economy
- Diversity and inclusion policy
- Policy and action plan combating forced labor
- Policy for human rights
- Sustainable procurement policy
- Policy for export control and sanction compliance
- Whistleblower policy

Climate

GARO aims to be climate neutral throughout the value chain by 2040. This is in accordance with the Paris Agreement whose goal is to limit global warming to 1.5°C.

TARGET:

- Emissions related to the operations in GARO's own premises are to only come from fossil-free sources for electricity and heating production by 2025.
- All electricity in the Group's facilities is to come from fossil-free sources by 2025.

OUTCOME 2025:

- 457 tons CO^2e emissions.
- 69% of electricity from fossil-free sources in own operations.

457 tons
GHG emissions[1]

4.3 tons
Emissions intensity[2]

69%
Fossil-free energy in own operations

KPIS

	Target	2025	2024	2023	2022	2021
CO_2eq emissions (tons).	Climate neutrality (Scope 1, 2, 3) by 2040	457[1]	858[3]	690	250	279
Percentage of electricity from fossil-free sources in own operations.	All electricity in the Group's facilities is to come from fossil-free sources by 2025.	69	75	81	92	-
Energy consumption electricity and heat (MWh)		3519	3649	3,777	3,140	3,321
Water consumption (m^3)		1706	5651	7,838	4,274	-
Emissions intensity[2] (tons CO_2/MUSD)		4.3[2]	7.95	5.4	1.92	2.3

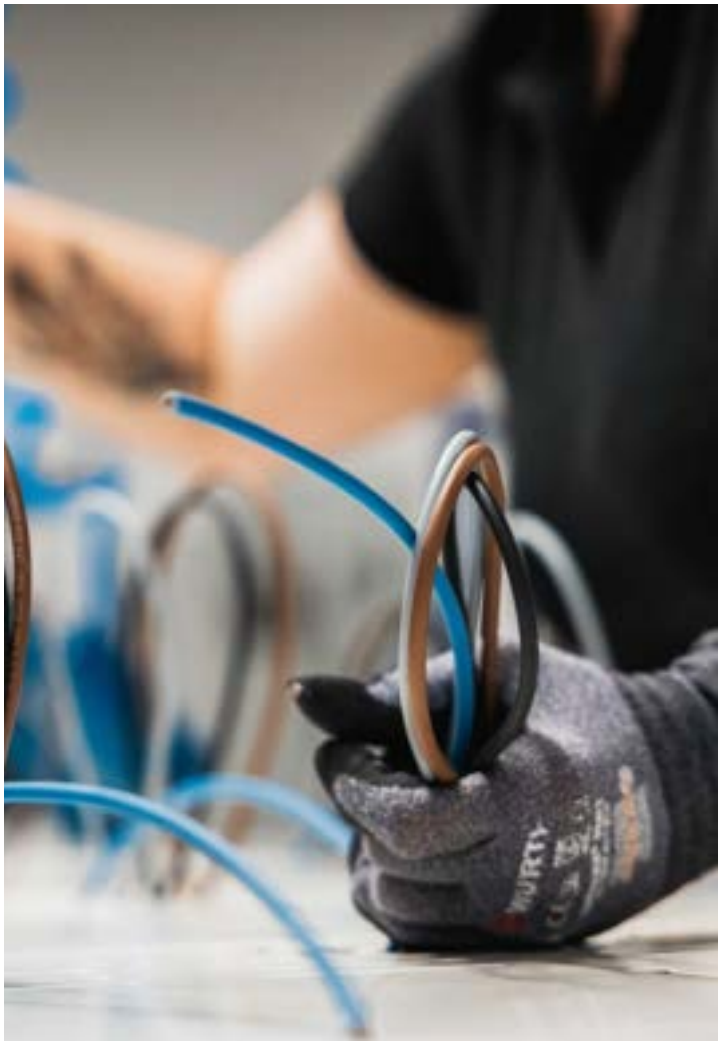
1. Scope 1 and 2 reporting The sharp decline compared with 2024 is due to the biogas agreement in Sweden for district heating and substantially reduced fuel volumes in the service car fleet. These changes are permanent in nature.

2. Emissions intensity is measured as a company's carbon dioxide equivalents (CO2eq) in relation to the portfolio company's revenue. The emissions intensity figures (annual CO2eq in tons/company's annual revenue in USD million) are primarily intended to allow for relevant comparisons regardless of the size of the companies

3. In 2024, natural gas was used for heating in Sweden due to a change in agreement, which is why emission levels were high compared with other years.

Climate-neutral value chain

Climate change is one of the most encompassing challenges of our time and requires global initiatives. GARO has a long-term target of achieve climate neutrality throughout the value chain by 2040. The Group wants to take an active role in the transition and contribute to the UN 2030 Agenda, the European Green Deal, Fit for 55 and the goals of the Paris Agreement. To achieve this, we need to continually develop technology and ways of working, and together with our suppliers and partners, GARO needs to drive the development of solutions that enable a climate-neutral future.



GARO's role in the energy system of the future

Through innovative and product development, GARO enables both individuals and companies to actively participate in the transition to a sustainable energy system. Companies providing electricity distribution solutions play a key role in this transition, which is outlined in the EU Taxonomy. Upgraded electrical infrastructure and new installations, increasingly based on solar and wind power, create the conditions for EV charging and electrified buildings and communities. The future is pointing to more integrated system solutions, where residential areas, industries, harbors and logistic hubs require increased electricity capacity both in the short and long term.

The drivers behind this development include:

- Climate transition – transition from fossil fuels to renewable energy, with battery storage for flexible power supply.
- Energy efficiency – increased use of heating and cooling systems such as pumps to reduce energy consumption.
- Population densification – growing electricity needs in densely populated areas.
- Electrification – comprehensive transition in the transport and energy sector, with the need for local electricity distribution.

Products, services and systems for sustainable energy and transportation systems

The Group's role has been strengthened in electrification, with guidance from financial performance measures. Innovation, product development and collaboration with customers and suppliers drives the development of a sustainable and decentralized energy and transport system.

GARO's solutions for low voltage distribution, EV charging and energy storage are in line with the CSRD, the EU Taxonomy and the UN framework that supports the electrification of society. The energy system of the future will prioritize flexibility and circularity, where renewable energy, batteries and digital governance systems will balance supply and demand, driven by

lower costs for renewable energy, improved batteries and the phase-out of fossil fuels.

KEY EVENTS IN 2025

- The GARO Entity platform has now been EPD verified, and the EPD for GARO Entity Pro is strengthening business opportunities with an increasing number of sustainability-driven customers.
- Continued progress toward a fossil-free supply chain. 22% of GARO's suppliers are now using fossil-free energy (18% in 2024), with the aim of achieving 100%.
- Completed follow ups of EPD preparations with over 20 suppliers to further integrate sustainability into product design and development processes.
- Established a plan for climate neutrality by 2040, which awaits Board approval in 2026.

Competitive advantage with fossil-free energy

GARO is actively working to ensure that all components and services are manufactured using fossil-free energy. This is key for reducing the carbon footprint, driving the transition in the value chain and meeting increased requirements from customers and society. With over 20 supplier dialogs completed in 2025, we have strengthened our competitiveness and taken important steps toward an entirely fossil-free value chain, a transition that is both sustainable and financial beneficial.

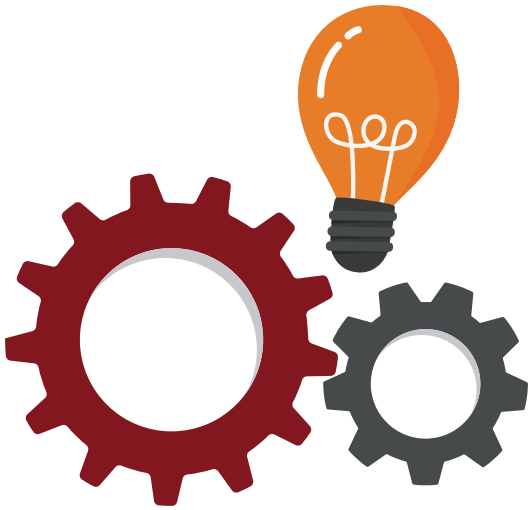
Collaboration as a driving force for innovation

Networking comprises a key component of GARO's innovation efforts. Through partnerships with universities, research networks and students, new knowledge and skills are being developed in areas such as sustainable value chains and electrification. These partnerships contribute to strengthening the Group's ability to drive sustainable development and the long-term transition.

PARTNERSHIPS IN 2025

During the year, GARO further developed its academic partnerships with a climate focus prioritizing on supplier monitoring in three areas: EPDs, digital product passports and fossil-free process energy. The following initiatives were also implemented:

- The ongoing research partnerships with Örebro University and Jönköping University are proceeding according to plan, with the aim of generating results and applications in 2026.
- Under the framework of the partnership with Jönköping University (JIBS, JTH) and Chalmers University of Technology, internships and degree projects have been carried out with a focus on fossil-free energy, EPD processes and supply chain screening.
- Over 50 international masters students presented their ideas for the design of GARO's business plan in 2026.



Circular economy

Within GARO, the transition is continuing toward a circular economy whereby resources are used more efficiently and sustainably. The awareness of circularity has increased throughout the organization and become a natural part of both product development and purchasing and production. These developments are both driven by changing market expectations and by new regulations such as the EU Taxonomy and the CSRD, which clarify the need for more specific measures and measurable results.

In 2025, GARO strengthened preparations for EPD-verified products, worked toward its target of achieving over 90% recycled materials in packaging in Sweden and introduced recycled plastic in enclosures for safety switches, which is aligned with the target adopted in 2024. These initiatives contribute to reducing the need for newly produced raw materials and gradually increasing the share of circular materials in the operations.

By combining the Group's overall corporate objectives with environmental responsibility, GARO is creating the prerequisites for long-term sustainability, a reduced climate impact and future-proof operations in line with our vision of a circular company.

TARGET:

- A recycling level of over 98% by 2025.

OUTCOME 2025:

- The recovery rate amounted to 85%.

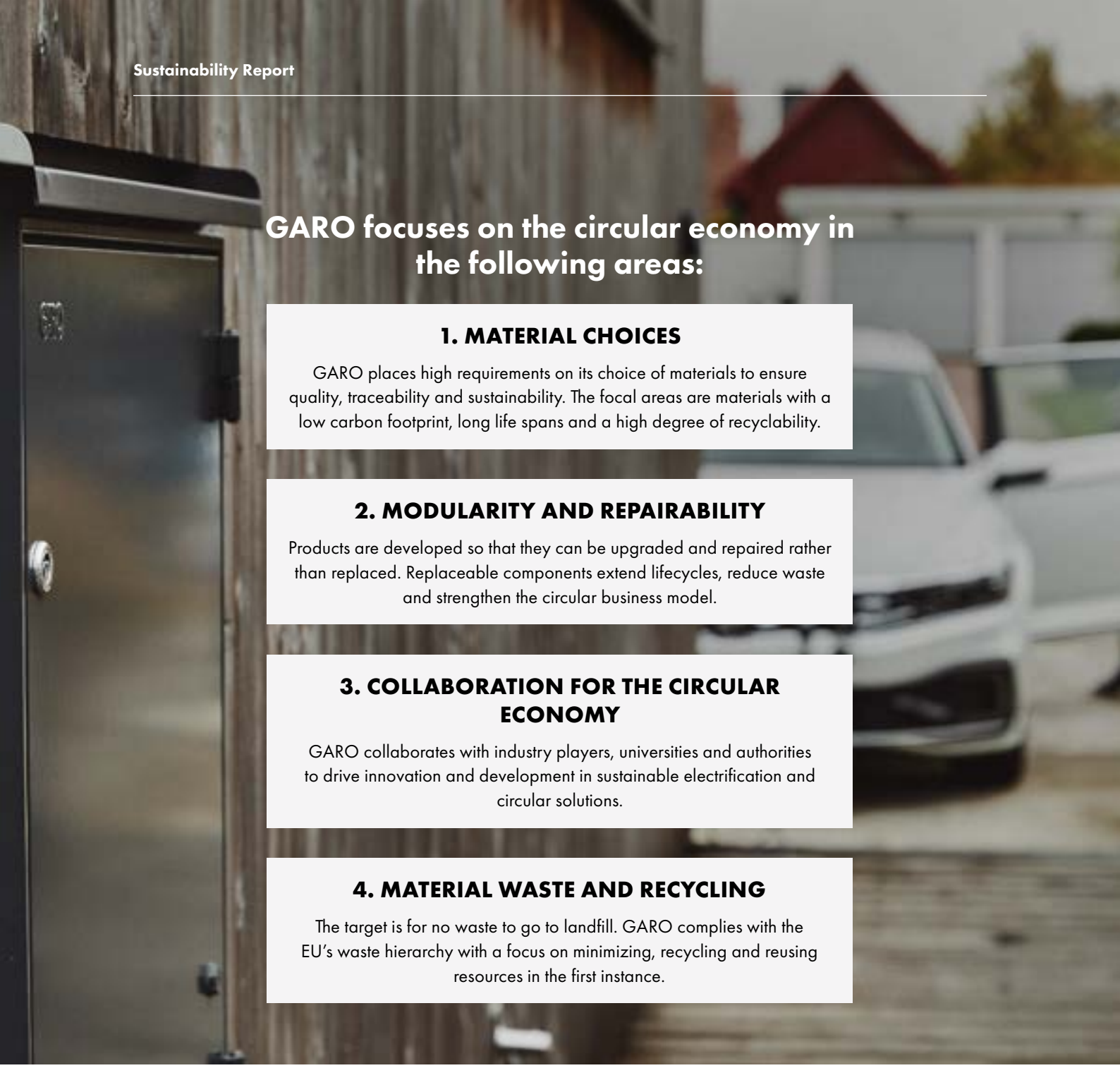
85%
Recycling level

15%
Landfill[1]

-1%
Decreased recycling level[1]

-40%
Waste reduction[1]

1. With 2019 as the base year



GARO focuses on the circular economy in the following areas:

1. MATERIAL CHOICES

GARO places high requirements on its choice of materials to ensure quality, traceability and sustainability. The focal areas are materials with a low carbon footprint, long life spans and a high degree of recyclability.

2. MODULARITY AND REPAIRABILITY

Products are developed so that they can be upgraded and repaired rather than replaced. Replaceable components extend lifecycles, reduce waste and strengthen the circular business model.

3. COLLABORATION FOR THE CIRCULAR ECONOMY

GARO collaborates with industry players, universities and authorities to drive innovation and development in sustainable electrification and circular solutions.

4. MATERIAL WASTE AND RECYCLING

The target is for no waste to go to landfill. GARO complies with the EU's waste hierarchy with a focus on minimizing, recycling and reusing resources in the first instance.

MARKET INSIGHTS

During the year, a clear shift was noted toward increased sustainability requirements in all markets. Major procurements in the UK are setting increasingly strict requirements for ethical sourcing, carbon reporting, EPD-verified products and transparency in the supply chain. In Sweden, interest for Byggvarubedömningen and EPDs have grown substantially, driven by general demand from both public and private players. This has further strengthened market demand for documented sustainability performance.

There has also been an increased focus from partners on sustainability-related self assessments, based on the key themes of circularity, climate targets and transparency in the supply chain. These developments confirm GARO's strategic focus on circular design, lifecycle documentation and climate adapted operations, factors that represent clear competitive advantages for the future.

At the same time, investor interest in GARO's sustainability performance has risen. Morningstar Sustainalytics, a global provider of ESG risk assessments and sustainability analyses, has reviewed the disclosures according to the EU Taxonomy during the year. This strengthens the credibility of reporting and increases visibility for progress among global sustainability analysts.

PRODUCTS

- The Life Cycle Assessment (LCA) of GARO Entity Pro has been verified according to the applicable ISO standards. The assessment encompasses the entire life cycle of the product, including end-of-life recyclability.
- The new cable cabinet for lighting and distribution has a casing with the metal coating Magnelis®, which reduces hazardous emissions from manufacturing by 80% compared with traditional zinc. The material has a self-healing surface and is C5-certified for the highest level of corrosion protection.
- The product enclosures for gray circuit breakers are manufactured by 100% recycled materials at the production plant in Gnosjö. This reduces the consumption of resources and contributes to a more circular product design.

SUPPLIERS

- External audits of strategic suppliers have taken place with a focus on EPD preparedness, the transition to fossil-free energy, material contents and purchases that meet GARO's key sustainability requirements.
- More products have been included in Byggvarubedömningen, strengthening GARO's position and sales in the Swedish market.

PACKAGING

- All cartons used in Sweden are now manufactured from 100% recycled material. The number of suppliers has been reduced and logistics optimized to further reduce environmental impact.

KEY EVENTS IN 2025

- Our efforts with sustainable purchases have developed in line with our sustainable purchases policy. The requirements linked to chemical and material legislation such as the REACH Regulation, the RoHS Directive, the POPs Regulation, the CMRT and the EMRT impose strict requirements on both GARO and the supply chain.
- In 2025, GARO encouraged suppliers to increase access to life cycle data, both for support in customer dialogs and in efforts with environmental product declarations. This work was also adapted to forthcoming EU regulations, including the Ecodesign for Sustainable Products Regulation, which introduces and establishes a framework for the digital product passport. The aim is to improve the sustainability of the products from a life cycle perspective, such as in terms of life span, recyclability, energy efficiency and material content.
- GARO has continued to develop internal ways of working to increase the traceability of products and materials. This is key for such aspects as the Declaration of Conformity, which is a project application for sustainable and transparent value chains that is taking place in partnership with Örebro University.

KPI WASTE

	Target	2025	2024	2023	2022	2021
Recycling level (%)	A recycling level of over 98% by 2025.	85	87	87	82	84
Recycling		152	133	139	229	250
Energy recovery		21	79	95	116	117
Landfill		31	32	95	50	46
Total amount		204	244	329	395	413

Responsible business

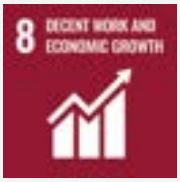
The aim is to be an employer recommended by residents, employees, customers and investors Acting responsibly and ethically is a fundamental prerequisite for long-term success and a natural element of daily work.

TARGET:

- 0 workplace accidents.
- To strive for equality in all occupational groups in the company.
- To strive for equality among senior executives.

OUTCOME 2025:

- 18 accidents and 87 incidents.
- The percentage of women during the year was 22%.
- The percentage of women in senior executive positions amounted to 27%.



Equality in senior positions

27% **Women**

73% **Men**

Equality total

22% **Women**

78% **Men**

Accidents and incidents

18 **Accidents**

87 **Incidents**

KPIS

	Target	2025	2024	2023	2022	2021
Number of employees		375	412	478	521	498
Number of workplace accidents	0 workplace accidents	18	20	24	26	18
Proportion of women in the organization (%)	To strive for equality in all occupational groups in the company.	22	39	41	42	-
Proportion of women in senior positions (%)*	To strive for equality among senior executives	27	25	19	16	-

*Senior positions include members of Group Management and the Board of Directors.

Developing and strengthening processes in governance, compliance and employee engagement continued in 2025. Particular emphasis was placed on creating a safe, healthy and attractive workplace where all employees feel included, respected and encouraged to contribute their ideas. This open culture promotes innovation, accountability and transparency, which enables a rapid adaption to changes while maintaining stable and sustainable development.

KEY EVENTS IN 2025

- During the year, policies were implemented for export checks and sanction compliance as well as a policy for internal corruption risks. Work that contributes to promoting ethical business conduct and strengthening internal checks.
- A shared set of core values for the Group was developed and launched.
- A People & Culture strategy has been designed to support and enable the implementation of GARO's overall business strategy.

SICK LEAVE 2025

TARGET: 2%

RESULT

- Short-term absence, production workers: 3.08% (3.31)
- Short-term absence, salaried employees: 1.15% (1.43)
- Long-term absence, production workers: 2.70% (2.93)
- Long-term absence, salaried employees: 2.20% (2.83)

Team GARO

GARO's new core values that form the basis of the company culture are engaged, proactive, reliable and creative. These values create clarity in decision-making and setting priorities, attract the right employees and customers and strengthen Group cohesion. By living by these values, we build confidence, promote long-term success and set the framework for both leadership and employeeship.

Inclusion and diversity

All employees are welcome at GARO, regardless of gender, ethnicity, sexual orientation or disability. A diversity of backgrounds, experience and perspectives, together with a balanced distribution of age and gender, leads to a successful and inclusive corporate culture. The Group works continually to achieve an equal workforce and increase the proportion of women in managerial roles.

Personal development and skills supply

For GARO, it is crucial to be able to make the right recruitments and retain the right skills. Clear career paths within the Group can attract new talent and further develop existing skills. The opportunity for employees to work in different units, business areas and countries provides us with valuable experience and new perspectives, which strengthens the operations and contributes to continual improvement and development.

Health, safety and wellbeing

GARO strives for safe and secure workplaces with zero tolerance towards harassment and discrimination and a sound balance between work and free time. The production environments are clean, light and free of noise, with a strong focus on the safety of employees. GARO offers regular health checkups for all employees, including CPR training, fire safety and ergonomics, as well as support for wellbeing through a fitness subsidy and occupational healthcare.

Stakeholder dialog

For GARO, stakeholder dialog is a key part of our sustainability efforts. Through regular contact, the company gains valuable insight into the matters that are most relevant and where the greatest positive impact can be created. Dialog takes place on a day-to-day basis through various channels and through more structured interviews with experts and players that are impacted by or have significant impact on operations. Stakeholder input form the foundation for the sustainability strategy and for how targets and results are communicated.

The table below presents the issues that stakeholders have highlighted as the most significant and how dialog is conducted around them.

Stakeholder	Dialog	Topics
Customers	Businesses Contracts	Product documentation Export control Environmental Product Declarations (EPD) Position against modern slavery
Employees	Employee dialog Surveys Crisis and preparedness	Work environment Safety Expertise Internal risk analysis against corruption
Suppliers	Surveys Business dialog Contracts Target follow-ups EPD and ESPR dialogs	Long-term approach Performance Minimizing risk Corruption Fossil-free process energy Code of Conduct
Investors/analysts	Financial statements Personnel meetings	Return Long-term approach Sustainability matters
Management	Sustainability strategy Product compliance	Management by objectives Focus areas Resources
Shareholders	Annual General Meeting Personnel meetings Management talks	Return Long-term approach Minimizing risk
Authorities	Surveys Visits	Law and legal compliance Skills supply Green transition
Universities and colleges	Research projects Degree project Internships and project work	Energy transition Electric systems Product development
Local community	Local cooperation Stakeholder group engagement	School collaborations Sponsorship

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of GARO AB (publ), corporate identity number 556051-7772

Engagement and responsibility

The Board of Directors is responsible for the statutory sustainability report for the year 2025 on pages 24-39 and 101-107, and that it is prepared in accordance with the Annual Accounts Act in accordance with the old version in force before 1 July 2024.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement 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 opinions.

Opinion

A statutory sustainability statement has been prepared.

Jönköping 14 April 2026
Ernst & Young AB

Carolina Timén
Authorized Public Accountant


GARO
Betala här
mastercard
GARO
GARO

EU Taxonomy Regulation

GARO's 2025 Taxonomy report encompasses all of the companies in the Group in which GARO AB has operational control, meaning where the Group has a majority holding.

The primary target audience for the reporting is investors, shareholders and other financial stakeholders. The report is also used as an internal governance and monitoring tool to ensure transparency and business strategy alignment with the EU Taxonomy Regulation and future CSRD and ESRS requirements.

The Taxonomy report has been structured to focus on the most relevant parts for GARO's operations and its stakeholders in order to provide a cohesive and comparable view of the Group's impact, strategies and work methods in the area of sustainability. The report encompasses both the ecological and social dimensions of GARO's impacts, including resource efficiency, energy consumption and long-term supply of expertise.

DATA COLLECTION AND QUALITY ASSURANCE

All data in the Taxonomy report has been collected from each company through BI reports, IT and financial systems and supplementary manual controls to ensure data quality, traceability and consistency over time. The Celsia support system was selected in 2025 to ensure compliance with the EU Taxonomy and ESRS requirements. Sustainability activities are to support GARO in managing the increasing material and energy needs, climate risks and skills supply. This is essential for the Group's long-term competitiveness. The Head of Sustainability has the overall responsibility for the quality assurance and preparation of the reporting, in close cooperation with the finance and business development functions.

BACKGROUND INFORMATION

The EU Taxonomy is a regulation on a classification system that was introduced in 2020 and is successively being applied from January 1, 2022. The regulations have since been gradually extended to cover all six defined environmental objectives as of 2023. The Taxonomy is a key element of the EU Action Plan on Sustainable Finance 2018 and the EU Green Deal, which aim to direct capital flows towards sustainable investments and increase transparency on companies' contribution to the green transition.

The Taxonomy requires companies to report the proportion of their turnover, capital expenditure (CapEx) and operating expenditure (OpEx) associated with economic activities that make a substantial contribution to one or more of the six environmental objectives, while doing no significant harm (DNSH) to any other objective.

The six EU environmental objectives under the taxonomy are:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

GARO'S TAXONOMY REPORTING 2025

Similar to last year, GARO's economic activities have been assessed in relation to all six environmental objectives according to the applicable delegated acts and technical screening criteria. The assessment is based on the extended reporting obligation that was introduced in 2023 and the methodology established in previous years' reports.

The Taxonomy category 3.20 – Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution – continued to be applied to a significant part of GARO's operations in 2025. This provides continuity and comparability over time and reflects the activity's actual contribution to sustainable electricity distribution systems.

The technical screening criteria (TSC) are set out in secondary legislation through Delegated Acts and are used to determine whether an activity meets the requirements for making a substantial contribution and determining DNSH.

GARO'S CONTRIBUTION TO SUSTAINABLE SOCIETY

GARO's operations are directly associated with several of the environmental objectives in the Taxonomy, primarily through products and solutions that enable electrification and energy efficiency. The Group develops and manufactures charging infrastructure for electric vehicles, energy-efficient distribution cabinets and electricity distribution systems and other products for the electrified society.

The application of taxonomy categories 3.20, 3.6 (Manufacture of other low carbon technologies) and 3.5 (Manufacture of energy efficiency equipment for building) provides a comprehensive and more accurate overview of GARO's contribution to the transition. At the same time, efforts were intensified to ensure that the entire value chain, from suppliers to end-customers, adheres to the EU Taxonomy's DNSH criteria and social minimum safeguards.

At the same time, GARO is intensifying its efforts to ensure that the entire value chain, from suppliers to end-customers, adheres to sustainable principles in line with the EU DNSH criteria and social responsibility requirements. This work is expected to be further enhanced in 2026, with a greater focus on life cycle assessments (LCA) and environmental product

declarations (EPD), which will be increasingly prominent in market and reporting requirements.

REPORTING PRINCIPLES

SCOPE AND KPIS

The Taxonomy reporting includes companies in which GARO has control. Non-financial undertakings are to report three KPIs under the EU Taxonomy: **turnover, capital expenditure (CapEx) and operating expenditure (OpEx).**

CLASSIFICATION AND ASSESSMENT

GARO's activities have been analyzed according to the EU classification methodology:

1. **Eligible** – Taxonomy-eligible economic activity.
2. **Aligned** – Activities meeting the technical screening criteria.

TURNOVER

Turnover includes Taxonomy-eligible product groups and services and is assessed at product group level. All companies report external turnover in order to avoid double counting. Turnover is determined according to the financial reporting (see Note G6).

CAPITAL EXPENDITURE (CAPEX)

CapEx includes investments in tangible and intangible assets directly associated with Taxonomy-eligible product (see Notes G10, 13, 14, 15). Other investments, such as office buildings and IT security, are excluded in accordance with the precautionary principle. Business combinations are assessed based on the purpose of the investment and the acquired companies' activities. Leases are classified based on the distribution of turnover.

OPERATING EXPENDITURE (OPEX)

OpEx includes non-capitalized costs that relate to research and development, building renovation measures, maintenance and repair, machinery and equipment. The classification follows the same principles as for fixed assets.

DEVELOPMENT AND FUTURE ADJUSTMENTS

GARO is pursuing a long-term aim to increase the proportion of Taxonomy-eligible and Taxonomy-aligned activities. The work is taking place in stages and with a focus on business value, data quality and regulatory compliance.

GARO ELECTRIFICATION

The majority of the products in the GARO Electrification business area are Taxonomy-eligible. Large parts of the activity are already classified under category 3.5 – Manufacture of energy efficiency equipment for buildings, including:

- Presence and daylight control systems for lighting systems, for example, KNX and astrour.
- Energy-efficient systems for property automation and equipment for operations such as energy meters and engine heaters with user, time and temperature controls.
- Zone thermostat and solutions for smart surveillance of electric loads and cooling requirements including consumer units, combination units and switchboards.

EXPANDED TAXONOMY CLASSIFICATION 2025

The application of Taxonomy category 3.20 continues to have a significant impact on GARO's Taxonomy figures and includes

- Electricity distribution: switchgears, consumer units, combination switchboards, meter boards and switchboards.
- Control and infrastructure: KNX control and cable cabinets.

This classification enhances transparency and clarifies GARO's contribution to energy-efficient electricity distribution in line with the EU's climate targets.

TAXONOMY-NON-ELIGIBLE ACTIVITIES IN GARO ELECTRIFICATION

Some activities in the business area are not eligible under the Taxonomy and are reported in **column B of Tables 1, 2 and 3**. These activities have the following NACE:

- **46.6** – Wholesale of other machinery, equipment and supplies
- **46.691** – Wholesale of measuring and precision instruments
- **46.434** – Wholesale of electrical equipment

GARO E-MOBILITY

GARO E-mobility applied Taxonomy category 3.20 in 2025. The classification reflects the Group's contribution to the electrification of the transportation sector through charging stations and related infrastructure and results in a higher proportion of Taxonomy-aligned activities compared with the previous application of categories 3.5 and 3.6.

KPIS

	Proportion of taxonomy-eligible economic activities		Proportion of not taxonomy-eligible economic activities	
	2025	2024	2025	2024
Turnover	82%	82%	18%	18%
CapEx	100%	100%	0%	0%
OpEx	98%	98%	2%	2%

TABLE 1: PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2025

	Year			Substantial Contribution Criteria**						DNSH criteria (Do No Significant Harm)**									
GARO GROUP	Code* (2)	Turnover (3)	Proportion of turnover, 2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2024 (18)	Category enabling activity (19)	Category transitional activity (20)
		MSEK	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	112	11%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	12%	E	
Manufacture of energy efficiency equipment for buildings	CCM 3.5, 3.6	534	51%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	34%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		647	62%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	**46%**	E	
Of which enabling		647	62%														46%		
Of which transitional		0	0%														0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	177	17%	N	N	N/EL	N/EL	N/EL	N/EL							Y	33%	E	
Manufacture of energy efficiency equipment for buildings	CCM 3.5, 3.6	2	0%														0%	E	
Construction of new buildings	CCM 7.1	35	3%	N	N	N/EL	N/EL	N/EL	N/EL							Y	3%	E	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		214	20%														36%		
Total (A.1+A.2)		**861**	**82%**														**82%**		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities (B)		184	18%														18%		
Total (A+B)		**1,045**	**100%**														**100%**		

82% of GARO Group is Taxonomy-eligible (A), of which the Taxonomy-aligned proportion is 62% (A1). Accordingly, GARO Group reported under both A.1 and A.2.

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	62%	62%+20%=82%
CCA		
WTR		
CE		
PPC		
BIO		

*The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e. CCM: Climate change mitigation

**Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

TABLE 2: PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2025

	Year			Substantial Contribution Criteria**						DNSH criteria (Do No Significant Harm)**									
GARO GROUP	Code* (2)	Turnover (3)	Proportion of turnover, 2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, 2024 (18)	Category enabling activity (19)	Category transitional activity (20)
		MSEK	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	0	0%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	51%	E	
Manufacture of other low carbon technologies	CCM 3.6, 3.5			Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	**9%**		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of other low carbon technologies	CCM 3.20	6	50%	N	N	N/EL	N/EL	N/EL	N/EL							Y	49%	E	
Manufacture of energy efficiency equipment for buildings	CCM 3.6 , 3.5			N	N	N/EL	N/EL	N/EL	N/EL							Y	0%	E	
Construction of new buildings	CCM 7.1	0	0.0%	N	N	N/EL	N/EL	N/EL	N/EL							Y	0%	E	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6	50%														49%		
Total (A.1+A.2)		**6**	**50%**														**58%**		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities (B)		6	50%														0%		
Total (A+B)		**12**	**100%**														**100%**		

50% of GARO Group's CapEx is Taxonomy-eligible (A), of which the Taxonomy-aligned proportion is 0% (A1). Accordingly, GARO Group reported under both A.1 and A.2.

	Proportion of CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	50%=50%
CCA		
WTR		
CE		
PPC		
BIO		

*The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.
CCM: Climate change mitigation
**Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

TABLE 3: PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING 2025

	Year			Substantial Contribution Criteria**						DNSH criteria (Do No Significant Harm)**									
GARO GROUP	Code* (2)	Turnover (3)	Proportion of turnover, 2025 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, 2024 (18)	Category enabling activity (19)	Category transitional activity (20)
		MSEK	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	23	41%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	21%	E	
Manufacture of other low carbon technologies	CCM 3.5, 3.6			Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		23	41%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	**21%**	E	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	25	43%	N	N	N/EL	N/EL	N/EL	N/EL							Y	73%	E	
Manufacture of other low carbon technologies	CCM 3.5, 3.6			N	N	N/EL	N/EL	N/EL	N/EL							Y		E	
Construction of new buildings	CCM 7.1	2	3%	N	N	N/EL	N/EL	N/EL	N/EL							Y	4%	E	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)) (A.2)		26	46%														77%		
Total (A.1+A.2)		**50**	**86%**														**98%**		
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities (B)		8	14%														2%		
Total (A+B)		**58**	**100%**														**100%**		

86% of GARO Group's OpEx is Taxonomy-eligible (A). Only a small proportion is Taxonomy-aligned, 41% (A.1). Accordingly, GARO Group reported under both A.1 and A.2.

	Proportion of OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	41%	41+46=86%
CCA		
WTR		
CE		
PPC		
BIO		

*The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.
CCM: Climate change mitigation
**Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

Climate change adaptation

Climate change is affecting an increasing number of industries, and GARO is faced with the need to progressively strengthen its understanding and ability to adapt to new conditions. This work is in its early stages, and our focus since 2022 has been to identify where climate change could have the most impact on the operations and what actions are commercially feasible to prioritize.

For the first time, an average global temperature increase of more than 1.5°C was measured in 2024. This development increases the likelihood of tougher regulatory measures since the market and society have not been successful in reducing emissions at the rate needed to achieve the goals of the Paris Agreement. This means that companies' ability to adapt to a more climate-regulated business landscape may become more important.

Making informed decisions requires a continuous analysis of risks and opportunities associated with climate change, based on four key areas:

1. Environmental – impact on availability of raw materials, production conditions and energy consumption.
2. Social – work environment, recruitment and supply of skills.
3. Economic – costs for materials, energy and logistics.
4. Political – increased regulatory requirements and instruments in sustainability.

The analyses are based on the production facilities in Sweden (Gnosjö, Hillerstorp) and Poland (Szczecin), but it will also be increasingly important to include the supply chain and product use.

TRANSITION RISKS AND REGULATORY REQUIREMENTS

The EU's sustainability regulatory framework is evolving rapidly, and affects both business models and investments. Going forward, we need to deepen our understanding of:

- CSRD and ESRS – increased requirements for climate reporting and collecting data.
- EU Taxonomy – impact on classification of activities and financial reporting.
- Material and energy efficiency requirements – requirements that could affect product development and supply chains.

Increased regulation presents both challenges and opportunities. It is probable that additional policy instruments will be introduced as climate targets become increasingly difficult to achieve, which may involve both increased demands on businesses and accelerated demand for sustainable products and solutions.

PRIORITY ACTIONS

Given limited resources, GARO must ensure that the right actions are prioritized. It primarily involves:

- Further developing products and solutions that contribute to energy efficiency and electrification.
- Mapping the conditions in production and the supply chain to identify potential vulnerabilities.
- Developing internal processes to follow regulatory changes and ensure we are ready for new requirements.

RELATION TO THE CSRD, EU TAXONOMY AND SWEDISH ANNUAL ACCOUNTS ACT

GARO is subject to transitional provisions in the Sweden Annual Accounts Act (SFS 1995:1554) regarding sustainability reporting in accordance with the EU Corporate Sustainability Reporting Directive (CSRD). Under the current provisions, the requirements apply for the first time for fiscal years starting on or after January 1, 2027, which for GARO means reporting for the 2027 fiscal year with publication in 2028.

The EU Taxonomy is a directly applicable EU Regulation that requires disclosures on the proportion of activities that are aligned with the Taxonomy criteria. For companies subject to the CSRD, these disclosures will be integrated into sustainability reporting in the future in accordance with the European Sustainability Reporting Standards (ESRS). In 2025, the European Commission presented a proposal called the Omnibus package to simplify the regulations on sustainability reporting. The proposal includes changes to the companies that are subject to the reporting requirements, with one criterion that the company must have more than 1,000 employees. GARO has fewer than 1,000 employees and therefore, depending on the final outcome of the legislative process, may be subject to a lesser extent or potentially even not at all, to parts of the future reporting requirements.

In light of this, GARO is following developments of the regulatory framework. For the 2025 fiscal year, EU Taxonomy-related disclosures are presented in the Board of Directors' Report in accordance with the applicable regulatory framework and in line with the company's previous reporting.

GARO AB SÖDERGATAN 26 335 22 GNOSJÖ +46,370 33 28 00 garogroup.se