



# Sustainability-Linked Financing Framework

July 2024



## Background and Rationale

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Access to metals and minerals is a prerequisite for modern society to function. Our customers in the mining and infrastructure industries are playing important roles in providing society with what is needed for a transition to a low-carbon economy. It is however, evident that operations must be sustainable. That means operations that provide a safe working environment in a productive and cost-effective way, and have minimal environmental impact, including the use low-carbon solutions. Through innovation – particularly within automation, digitalization and electrification - we are achieving measurable environmental and safety gains. We work in close collaboration with our customers and other stakeholders, such as suppliers and other industry leaders, to develop sustainable solutions. Epiroc participates in numerous collaborations to develop a more sustainable and efficient carbon-neutral mining operations and support the transformation towards a circular economy.

In the shift to a new, low-carbon economy where electrification, circularity, and development of new technologies, will play an important role, our products and services will be a key contributor for our customers success. Automation solutions, diesel-to-battery conversions, and remanufacturing of products and parts for a second life are a few examples of this.

Sustainability is integrated in everything we do, and our innovation agenda goes hand in hand with our customers' sustainability agenda.

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## Approach to Sustainability

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Sustainability is integrated in everything we do, and our innovation agenda goes hand in hand with our customers' sustainability agenda.

### **Our success is based on sustainability and a strong corporate culture**

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Since the creation of Epiroc, we have put a lot of work into further strengthening our corporate culture. Our vision, Dare to think new, guides us on what we want to achieve. We constantly challenge our way of working, thinking and acting to find new and sustainable solutions in a rapidly changing world.

Sustainability and corporate responsibility are truly integrated in Epiroc's customer offerings and our business processes. We believe this to be fundamental for building a company to be well equipped to tackle future challenges and to embrace possibilities in a rapidly changing world.

A major shift in the mining equipment industry is the trend towards automation, interoperability and digitalization, which enable a new way of working. We have solutions to help our customers synchronize their people, assets, processes and technology, which leads to smarter, safer, and more seamless operations. Automated and tele-remotely controlled operations significantly increase productivity and improve safety and the work environment at the same time.

We have policies and processes in place to guide our work with sustainability issues. Targets and key performance indicators have been set and are continuously followed up. As in the past, we continue to measure progress through short-term (1-year) targets and long-term (2030) goals. The results are reported quarterly to the Board of Directors and Group Management. Our KPIs and 2030 sustainability goals help us ensure that our performance improves, and that the organization is aligned to tackle important challenges and opportunities head on.

It is important for Epiroc to safeguard its reputation as a reliable and trustworthy company, and the company believes in creating value for all stakeholders. Being a trustworthy company also encompasses a strong commitment to respecting human rights and taking a clear stance against corruption.

Epiroc is a signatory to the UN Global Compact, and we incorporate its ten principles on human and labor rights, environment and anti-corruption in our policies and way of operating. We commit to address and integrate human rights in accordance with the UN Guiding Principles for Business and Human Rights. Our Code of Conduct (CoC) forms the basis for everything we do and it has been approved by the Epiroc's Board. All Epiroc employees, as well as our business partners, are expected to adhere to the CoC.

To safeguard our innovation leadership, we emphasize collaboration with customers, suppliers and other industry leaders. Epiroc participates in numerous collaborations to develop more sustainable and efficient carbon-neutral mining operations and support the transformation towards a circular economy. Epiroc is one of the leadership members of the Global Mining Guidelines Group (GMG group), which purpose is to enhance the safety, innovation, and sustainability of the global mining community by facilitating and accelerating collaboration among industry stakeholders. Another example is the EU Project, NEXGEN SIMS, coordinated by Epiroc, which brings together mining companies, equipment and

system suppliers and universities. It supports new technologies, methods and processes that will enable a more sustainable and efficient carbon-neutral mining operation.

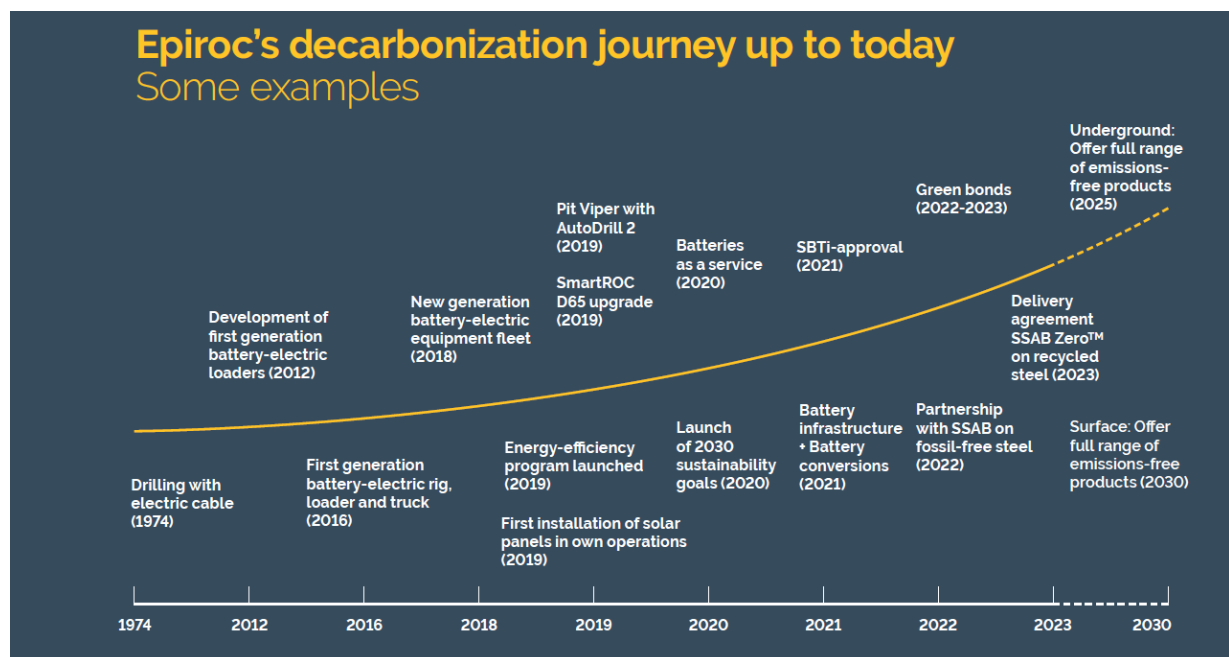
Our vision Dare to think new, guides us on what we want to achieve. We constantly challenge our way of working, thinking and acting to find new and sustainable solutions in a rapidly changing world. We promote a creative environment where colleagues are encouraged to be entrepreneurial and collaborate across borders, both inside and outside the company. We strive to attract and retain the best talent, regardless of gender, ethnicity, religion, disability, sexual orientation or age as we are convinced that inclusive and diverse teams create better results.

The four areas that we see as prioritized to achieve long term success and that bring together the most significant material topics are:

- We use resources responsibly and efficiently
- We invest in safety & health
- We grow together with passionate people and courageous leaders
- We live by the highest ethical standards

## Climate change and SBTi, the Science Based Targets initiative

Epiroc plays an important role in the transition to a low-carbon society. Examples of our decarbonization journey are illustrated below.



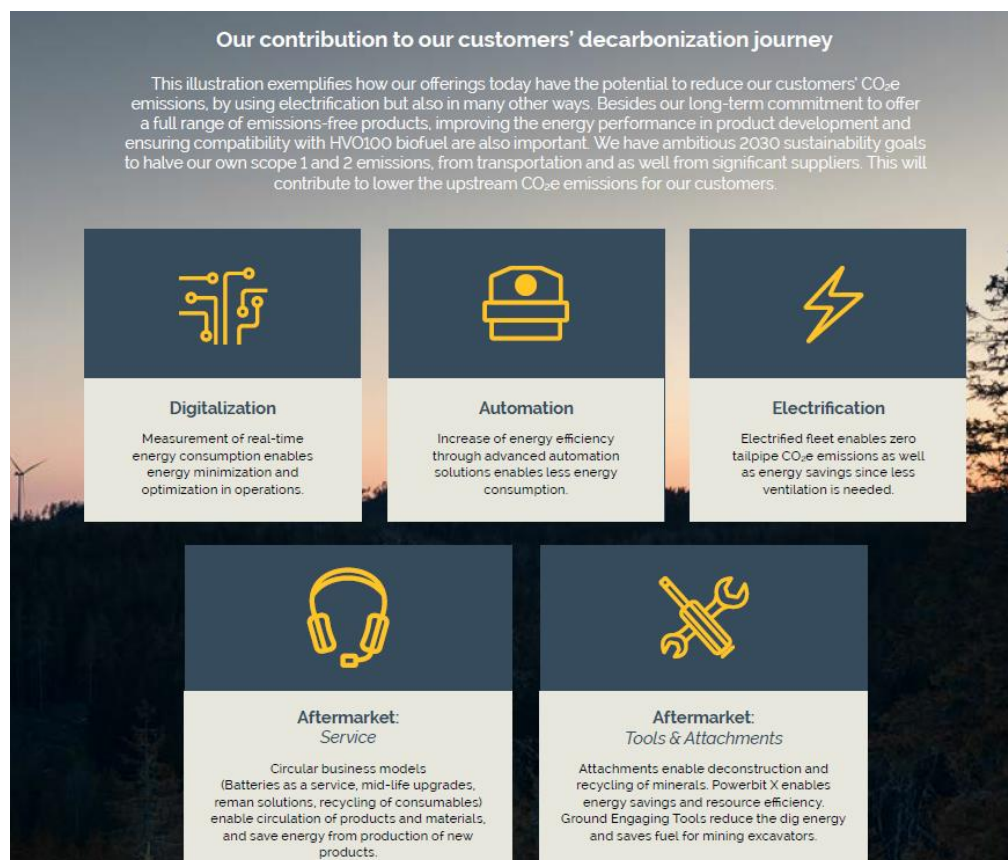
In 2021, we performed a CO<sub>2</sub>e emissions value-chain analysis for our base year 2019, which concluded that more than 80% of our total CO<sub>2</sub>e emissions come from the use of our sold products. In November 2021, not only did we commit to but we also received the validation from the Science Based Target initiative (SBTi) for our goals:

- To reduce absolute Scope 1 and Scope 2 GHG emissions 50% by 2030 from a 2019 base year.
- To reduce absolute Scope 3 GHG emissions from use of sold products by 50% over the same timeframe.



These goals are well above SBTi's minimum requirements. In 2023, we continued to work with our climate-related targets to be in line with keeping global warming at a maximum of 1.5°C, consistent with the scientific assessments provided by the International Panel for Climate Change (IPCC) and the goal of the Paris Climate Agreement.

We have a clear ambition to help our customers by providing multiple solutions to support them in their efforts to achieve their CO<sub>2</sub>e emissions targets. Our offerings today have the potential to reduce our customers' emissions, by using electrification but also in many other ways.



Our offerings today have the potential to reduce our customers' CO<sub>2</sub>e emissions, by using electrification but also in many other ways. Besides our long-term commitment to offer a full range of emissions-free products, improving the energy performance in product development

and ensuring compatibility with HVO100 biofuel are also important. One important milestone during 2023 was the deepened partnership with the Swedish steelmaker SSAB on fossil-free steel for mining equipment. We further expanded the partnership to secure fossil-free steel for use in the production of Epiroc's mining equipment as well as exploring the possibilities to use fossil-free steel when manufacturing spare parts and components with additive technology.

Although our carbon footprint in operations represents less than 1% of our CO<sub>2</sub>e emissions, reducing CO<sub>2</sub>e emissions from operations is important as we are the only ones who can do it. Our energy-efficiency program, launched in 2019, continued during 2023. We are increasing the share of renewable energy in our operations through investments in facility structures and alternative energy sources. A challenge is the unavailability of grids providing renewable electricity in certain geographies, which influences our ability to meet our goals. We meet this challenge by, e.g., installing solar panels.

In addition to our SBTi validated goals described above, we also have set ambitious 2030 sustainability goals to halve our CO<sub>2</sub>e emissions, from transportation and as well from significant suppliers. This will contribute to lower the upstream CO<sub>2</sub>e emissions for our customers.

Our approach and the SBTi-validated climate goals enable a long-term ambition of net-zero emissions by 2050 and go hand in hand with the EU's goal of a climate-neutral economy in 2050.

## UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) are an important UN milestone that sets the scene for ending extreme poverty, fighting inequality and injustice and protecting the environment. It is a 17-point plan that charts society's response to 2030. Epiroc has a role to play in the effort to reach the SDGs by reducing negative impacts on people and the planet and by maximizing the value we deliver through our products and core business operations. We can make the greatest difference in nine of the SDG goals and their sub targets through our 2030 goals.



4. We aim to contribute to ending all forms of discrimination against women. We strive to increase the proportion of women employees and managers and have set a target for 2030 to double the number of women in operational roles. The Inclusion and Diversity Board is one example of actions.



1-2. We aim to strengthen local communities in improving water and sanitation management through our support of 'Water for All', an initiative founded by our employees. We also reduce water consumption in operations, particularly in water-stressed areas. Water-well drill rigs are part of our product offering.



2-3. We aim to increase the share of renewable energy and limit the use of energy overall in our operations. We launched an energy-efficiency program to increase the share. We are developing more efficient products and battery-electric equipment that support low-carbon alternatives.



2, 5, 7-8. We aim to contribute to higher levels of economic productivity and decent job creation. By providing safe and decent working conditions, a core component of our Code of Conduct, we have the best opportunity to be a company contributing to sustainable growth.



4-5. We aim to contribute to upgrading infrastructure and retrofitting industries to make them more sustainable, growing the market for clean and environmentally sound technologies with high-productivity products and services.



2, 4-6. We use natural resources efficiently and we aim to generate less waste through elimination, reduction, recycling and reuse in our operations. We reduce the use of fossil fuels and increase renewable energy in operations. We provide tools for deconstruction and recycling.



2. We aim to halve our CO<sub>2</sub>e emissions in operations, transport, for relevant suppliers and in the use phase of our products to help tackle climate change. Our energy efficient and low-emissions solutions support our customers in their efforts to achieve their CO<sub>2</sub>e emissions targets and meet climate change.



2-3, 5. We aim to contribute to reducing corruption in all forms and our Code of Conduct (CoC) and Business Partner Code of Conduct state zero tolerance and we do not allow any form of modern slavery. Internal mandatory CoC trainings and a responsible sales assessment process are in place.



16-17. We collaborate in different industry networks, partnerships and alliances. By mobilizing and sharing our knowledge, expertise, technology and resources we support the achievement of the Sustainable Development Goals in countries where we operate.



## Materiality

Epiroc uses a materiality process to identify the sustainability areas where we can make the greatest difference, and where our impacts are the greatest. With this clarity, we are able to more effectively manage, monitor and communicate our approach to sustainability. The process was first conducted in 2018. In 2020, we developed and launched our long-term sustainability goals for 2030 and an update of our materiality assessment took place and the material topics below were identified.

In 2023, as a response to upcoming CSRD-regulation, a double materiality assessment according to CSRD-requirements was performed. To find material topics, we investigated negative and positive impacts, financial risks and opportunities based on the activities and dependencies in our value chain. During 2024, we will continue working with CSRD based on the result of the materiality assessment. More about this process and the result of material topics will be disclosed next year.



Note: The numbers indicate the order of materiality from 1-13 (1 being most material). No KPIs at Group level established for the topics lifecycle perspective, crisis management, employee care and empowerment, or cyber risks, but management approach, activities and information is provided within this report.

## Governance

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Epiroc's governance system is the foundation for how we work. With a global presence also comes a global responsibility. In a decentralized organization, good business ethics and governance are central to success. Sustainability is integrated into the daily work within the Group. Responsibility is clearly delegated within Epiroc's organization. The strategy, including issues related to sustainability, corporate responsibility and compliance, is rooted at the highest management level, i.e., at the Board. We continue to measure progress through short-term (1-year) targets and long-term (2030) goals. The goals also reflect our contribution to the UN Sustainable Development Goals (SDGs) and our commitment to help accelerate the implementation of Agenda 2030 and the Paris Agreement. Progress on 2030 goals and short-term three-year targets are reported to the Board quarterly and Group Management.

Our Code of Conduct (CoC), our Sustainability Policy and our core values guide our employees and our actions for a sustainable and responsible business.

The Epiroc Way is our single most important management tool, available to all employees. It includes policies, guidelines, processes and instructions, covering legal, compliance, sustainability and corporate responsibility topics, such as: governance, management, purchasing, safety, health, environment, quality, trade compliance, taxes, anti-corruption, data privacy, anti-money laundering, anti-trust and human rights. This ensures that our entities follow legal requirements, sustainability and corporate responsibility into every aspect of how we conduct business.

## Sustainability-Linked Financing Framework

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This Sustainability-Linked Financing Framework has been developed in accordance with the Sustainability-Linked Bond Principles (SLBP), established by the International Capital Markets Association (ICMA) in June 2024, as well as the Sustainability-Linked Loan Principles (SLLP), established by the Loan Market Association (LMA), the Asian Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA) in February 2023.

The Sustainability-Linked Financing Framework has been developed to be aligned with the core components of the SLBPs:

1. Selection of Key Performance Indicators (KPIs)
2. Calibration of Sustainability Performance Targets (SPTs)
3. Financial Instrument Characteristics
4. Reporting
5. Verification

Sustainalytics will provide a Second Party Opinion on this Sustainability-Linked Financing Framework, which will be made publicly available at Epiroc's website, [www.epiroc.se](http://www.epiroc.se).

### Selection of Key Performance Indicators (KPIs)

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The world is facing great challenges because of climate change and non-responsible use of natural resources. To fight climate change, facilitate recycling and reduce waste, it is important to act now. We are part of the solution with our productive, safe, and low-carbon products and services.

We are convinced that the future of mining and infrastructure can be autonomous, digitalized and CO<sub>2</sub>e emissions-free. Our long-term 2030 sustainability goals are setting the direction.

The following KPIs refer to the United Nations Sustainable Development Goal 13, "Climate action" and to the EU environmental objective "Climate Change Mitigation" (described in Regulation (EU) 2020/852).

### KPI 1 – Absolute Scope 1&2 GHG emissions

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KPI 1 is dedicated to reducing Epiroc's Scope 1 & 2 greenhouse gas (GHG) emissions, in alignment with SBTi methodology. Scope 1 GHG emissions represent the direct GHG emissions from the Epiroc's own operations, and Scope 2 GHG emissions represent indirect GHG emissions from the consumption of purchased electricity, heat and/or steam, each as defined in the GHG Protocol<sup>1</sup>.

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<sup>1</sup> The "GHG Protocol" refers to the document entitled "The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition)" published by the World Business Council for Sustainable Development and the World Resources Institute (as amended and updated from time to time).

### *Calculation methodology*

Epiroc calculates Scope 1 & 2 GHG emissions in accordance with the GHG Protocol. Scope 2 emissions are calculated using a market-based method. Targets for these emissions are approved by the SBTi and are set towards a near term below 1.5-degree scenario. Recalculation of base year (2019) emissions is performed for significant structural changes, improvements in calculation methodology or data accuracy. The annual performance is reported in the Annual and Sustainability Report.

## **KPI 2 – Absolute Scope 3 GHG emissions**

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KPI 2 is dedicated to reducing Epiroc's Scope 3 GHG emissions, in alignment with SBTi methodology. "Scope 3 GHG Emissions" means in tCO<sub>2</sub>e, Scope 3 greenhouse gas emissions from the use of Sold Products only, in alignment with SBTi methodology, and calculated in accordance with, the GHG Protocol Standard; "Sold Products" means only products sold by the Group which carry their own energy source on-board (including diesel engines, electrical motors and compressors).

### *Calculation methodology*

Epiroc calculates Scope 3 GHG emissions in accordance with the GHG Protocol. Targets for these emissions are approved by the SBTi, and are set towards a near term below 1.5-degree scenario. Recalculation of base year (2019) emissions is performed for significant structural changes, improvements in calculation methodology or data accuracy. The annual performance is reported in the Annual and Sustainability Report.

## **KPI 3 – Emission-free product offering for the full product range**

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KPI3 is dedicated to increasing the emission-free products range to offer electric or otherwise emission free product options for each of Epiroc's product. Emission-free products include solutions that do not emit exhaust gas or other pollutions from the onboard source of power, also referred to as zero tailpipe-emissions. For the avoidance of doubt, emission-free products could be battery, hydrogen or electric powered resulting in zero tailpipe-emissions excluding biofuel and hybrid products.

The definition of zero tailpipe emissions derives from the zero direct tailpipe definition in the technical screening criteria set out in the delegated acts for Climate change mitigation. part of the Taxonomy Regulation.

### *Calculation methodology*

The KPI is calculated as the percentage (%) of products in the product portfolio that have an emission free product option.



## Calibration of Sustainability Performance Targets (SPTs)

The Target Trajectory consists of annual targets (per December 31st of each year) of which one or several could be designated as SPTs in the legal documentation relating to a financial instrument issued under this Framework. An SPT is defined as a target linked to a KPI that if not reached will result in a Trigger Event (as further described in section *Financial Instrument Characteristics*).

### **SPT 1 – Reduce absolute Scope 1&2 GHG emissions by 50% from the 2019 baseline and maintain the level through increased volumes and acquisitions [in alignment with the SBTi]**

#### *Target Trajectory*

	2019	2020	2021	2022	2023	2028	2029	2030
Outcome: CO <sub>2</sub> e in relation to the restated base year (% reduction)	0%	-19%	-24%	-42%	-49%			
Target: CO <sub>2</sub> e in relation to the restated base year (% reduction)						-50%	-50%	-50%

#### *Strategy to achieve SPT 1*

Although our carbon footprint in direct and indirect operations represents less than 1% of our GHG emissions, reducing GHG emissions from operations is important as we are the only ones who can do it. Therefore, our energy-efficiency program, launched in 2019, has continued. We are increasing the level of renewable energy in our operations through investments in facility structures and alternative energy sources.

A challenge is that renewable electricity is not available in some markets, which influences our ability to meet our goals. We meet this challenge by, e.g., installing solar panels. This is also a way for us to contribute to the increasing need of renewable electricity. In 2019, our product companies in India became the first in Epiroc to install solar panels on their facilities, showing the rest of the Epiroc Group that these types of investments are not only possible, but also represent sustainable business practice. Since then, our facilities in Australia, China, South Africa, Sweden and USA have also installed solar panels. Today we have 7 facilities with solar panels. For comparable units, excluding the newly acquired companies, CO<sub>2</sub>e emissions from our operations have decreased 26% between 2022 and 2023. This reduction is explained by the shifts to renewable energy, energy efficiency initiatives, and increased own production solar power. Energy initiatives completed during 2023 will generate additional CO<sub>2</sub>e reductions in coming years.

However, by including the newly acquired companies, CO<sub>2</sub>e emissions from our operations have increased by 8% (2023), mainly explained by one operation with high energy-intensive operations. Thus, although the hard work to decrease emissions in our own operations has led to us a 49% reduction of CO<sub>2</sub>e in relation to the restated base year for Scope 1-2 emission, maintaining this level while growing both organically and through acquisitions, will remain an ambitious target. All acquired companies will be included in our energy-efficiency program and activities will be put in place to ensure we will reach our long-term targets. We expect acquisitions in countries where renewable energy might not be easily available, and to companies, which we can positively influence through our ambitious approach to Scope 1-2 emissions. We will also start to report CO<sub>2</sub>e emissions for company vehicles in this category which previously has not been included since it was

considered immaterial in the first screening but has now been reassessed as material enough to be included.

#### *Level of ambition*

In line with SBTi sector guidelines, Epiroc commits to halve its absolute GHG emissions in its own operations – so called Scope 1 and Scope 2 – by 2030, against 2019 as base year and to maintain the 50% emission reduction from 2019 through growing volumes. The target is approved by the SBTi to be aligned with the near term 1.5-degree scenario.

### **SPT 2 – Reduce absolute Scope 3 GHG emissions from the use of sold products by 50% from the 2019 baseline by 2030 in alignment with the SBTi**

#### *Target Trajectory*

	2019	2020	2021	2022	2023	2028	2029	2030
Outcome: CO <sub>2</sub> e in relation to the restated base year (% reduction)	0%	-20%	-9%	-3%	1%			
Target: CO <sub>2</sub> e in relation to the restated base year (% reduction)						-20%	-36%	-50%

#### *Strategy to achieve SPT 2*

##### Use of sold products

The majority of our CO<sub>2</sub>e emissions occur in the use phase of our sold products, and here we can make the largest impact. These emissions are both our and our customers' responsibility, and our innovation agenda goes hand in hand with our customers' sustainability agenda.

In 2023, however, the CO<sub>2</sub>e emissions from the use of our products increased 9% compared to 2022, mainly due to increased delivery of number of machines. The fossil-fuel dependency is likely to continue in our sector for some time. The turnaround is expected in the coming years, when the majority of the electrified offerings will be available on the market. Other examples of lowering CO<sub>2</sub>e emissions for our products are biofuel adaptation and other energy efficiency improvements such as more efficient engines and cable-connected machines. For example, in 2023 we launched the new version of Minetruck MT65 S with 5% less diesel fuel consumed with the new update compared to the previous diesel version. This is done without compromising on productivity, which actually has increased by up to 18% compared to the previous model.

We have a clear ambition to help our customers by providing multiple solutions to support them in their efforts to achieve their CO<sub>2</sub>e emissions targets and combat climate change. Our goal is to offer a complete range of emissions-free equipment by 2030. Underground, we aim even higher; as soon as in 2025, we will offer all equipment with an emissions-free alternative. Emission-free products include solutions that do not emit exhaust gas or other pollutions from the onboard source of power, also referred to as zero tailpipe-emissions. As we strive to increase our emission-free product offering to help our customers make more sustainable choices through our products, we are aware that the decision to transition to emission-free equipment is in the hand of our clients. Thus, in addition to increasing the offering of emission-free solutions, we commit to decreasing Scope 3 emissions from the use of sold products. Thus we are not only offering the emission-free solutions to our clients, but also supporting our clients in making it possible for them to transition to these products.

### Level of ambition

More than 99% of Epiroc's total CO<sub>2</sub>e emissions are other indirect emissions, with about 83% of the total coming from when customers use the products. Therefore, Epiroc has committed to halve the absolute CO<sub>2</sub>e emissions from Scope 3 use of sold products by 2030. This is industry leading and well above SBTi's minimum requirements. The transition from diesel-powered to battery-electric machines will make a significant impact.

## SPT 3 – Emission-free product offering for the full product range

### Target Trajectory

	2021	2022	2023	2028	2029	2030
Outcome: Share of product offering with an emission free option	35%	39%	42%			
Target: Share of product offering with an emission free option (%)				72%	86%	100%

### Strategy to achieve SPT 3

We will offer a full range of emissions-free products by 2025 for underground and by 2030 for surface operations. This includes mainly electrification solutions. Emission-free products include solutions that do not emit exhaust gas or other pollutions from the onboard source of power, also referred to as zero tailpipe-emissions.

The demand and desire to transfer to electrified solutions are continuously high in the market and is expected to increase further in the years to come. Our products and solutions within electrification enable our customers to step by step reduce their carbon footprint from operations. Battery technology and cable-connected equipment are two important areas which enable zero-emissions operations, provided renewable energy is available for charging. We offer the widest range of battery-electric underground drill rigs, loaders, and trucks in the market. All our underground drill rigs are powered by electricity during drilling operations. For surface operations, our range of electric and energy-efficient drill rigs significantly reduces CO<sub>2</sub>e emissions and fuel consumption. Today, 42% (39%) of our product fleet is available as electrified solutions.

One option to achieve the zero-emissions benefits of battery electrification today without the lead time or cost of new underground battery-electric vehicles, is battery conversion - from diesel to electric. The potential for converting underground equipment is large worldwide. Battery conversion kits are available for several machine types. During 2023, we released the Scooptram ST18 SG, the most powerful loader yet in our product offering that utilizes battery-electric drive train. Featuring market-leading battery autonomy and complete battery safety system, our customers can now go the extra mile when it comes to safety, sustainability and productivity in the 18-tonne loader segment. In addition, in 2023, we increased our offering within battery conversion kits with Boomer M2 C and Boomer E2 C.

Battery versions of underground loading and haulage equipment as well as drill rigs are now in customer operations on all continents except Antarctica, and the first battery-electric surface drill rig, SmartROC T35E, is also in operation. The benefits of battery electrification are significant, including eliminating emissions in operations, reducing noise pollution, vibration and heat. This brings lower costs and energy use by lessening the need for ventilation and cooling; this is especially important as underground mines keep getting deeper.

*Level of ambition*

More than 99% of Epiroc's total CO<sub>2</sub>e emissions are other indirect emissions, with about 83% of the total coming from when customers use the products. Epiroc already offers the widest range of battery-electric underground drill rigs, loaders, and trucks in the market, and our ambition is to ensure that by 2030, all of our clients have the opportunity to choose more sustainable and emission-free equipment to support them in their transition.



## Financial Instrument Characteristics

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The financial and structural characteristics of any financial instrument issued under this Framework will be specified in the legal documentation relating to the relevant financial instrument, including the potential changes to the financial and/or structural characteristics resulting from a Trigger Event.

### Trigger events

The occurrence of any of the following events (the Trigger Events) will trigger a change in the financial and/or structural characteristics of the relevant financial instrument as described below in *Changes to the Financial Instrument Characteristics*:

- the performance of Epiroc's KPIs does not meet the relevant SPTs for the relevant Target Observation Date(s) as reported on or before the Reporting End Date following the applicable Reference Year,
- Epiroc's reporting does not meet the requirements set out in section Reporting of this Framework for any year up to and including the Target Observation Date relating to the Reference Year of the relevant financial instrument, or
- the verification of the KPI performance that the relevant legal documentation defines as applicable for the relevant Target Observation Date(s) in accordance with section Verification of this Framework has not been provided and, where applicable, made public by the Reporting End Date for any year up to and including the Target Observation Date relating to the Reference Year of the relevant financial instrument.

The **Target Observation Date** is defined as any date on which KPI performance is to be observed and if applicable measured against a relevant target or an SPT.

The **Reporting End Date** for any given year shall be the date falling 120 days after the 31st of December of that year.

The **Reference Year** means the twelve-month period ending on the Target Observation Date in relation to which the relevant SPT must be achieved.

### Changes to the Financial Instrument Characteristics

The occurrence of a Trigger Event will result in a change to the financial characteristics of the relevant Sustainability-Linked financial instrument as described in the applicable legal documentation. The size and nature of the change in the financial characteristics will be specified in the documentation applicable to each financial instrument issued under this Framework.

Changes to the financial instrument characteristics of bonds issued under this Framework will take the form of (i) a step-up in the coupon payable under the bonds and/or (ii) a premium payable on the redemption price.

Changes to the financial characteristics of any Sustainability-Linked Financial Instruments in the form of loans obtained under this Framework can also take the form of (iii) a margin ratchet relating to the interest payable in respect of the Sustainability-Linked Financial Instrument.

No more than one step-up margin shall be applied over the life of a given Sustainability-Linked Financial Instrument and the changes to the financial characteristics of any

Sustainability-Linked Financial Instrument will be described in the applicable legal documentation.

For the avoidance of doubt, if in respect of any Sustainability-Linked financial instrument issued under this framework, Epiroc has achieved the relevant SPTs for the Reference Year, and reporting and verification for the KPIs and SPTs has been provided and made public in accordance with the reporting and verification sections of this Framework, the financial characteristics of the relevant Sustainability-Linked financial instrument issued by Epiroc under this Framework shall remain unchanged.

### **Fallback mechanisms and exceptional events**

The baselines, KPI(s) and/or SPT(s) referred to above may be recalculated by Epiroc to reflect any significant<sup>2</sup> change in:

- recalculation of base year (2019) emissions is performed for significant structural changes, improvements in calculation methodology or data accuracy,
- the calculation methodology of the KPIs,
- a regulation that is relevant to the determination of the KPIs,
- the data due to better data accessibility or discovery of data errors, or
- the perimeter of the Group as a result of any acquisition, amalgamation, demerger, merger, corporate reconstruction, divestiture, or disposal.

The threshold value for a material change is a change that impacts the SPT(s), individually or in aggregate, by 5 percent or more. Any recalculation shall be performed in good faith, provided that an External Verifier has independently confirmed that the proposed revision:

- (i) is consistent with the Issuer's sustainable strategy; and
- (ii) is in line with, or greater than, the initial level of ambition and materiality of the Sustainability Performance Target(s),

all as described in the specific documentation of each Sustainability-Linked Financial Instrument and in this Framework. Any such change will be communicated as soon as reasonably feasible by Epiroc in accordance with the conditions outlined in the specific documentation of each Sustainability-Linked Financial Instrument. The KPIs and SPTs set out in this Framework will remain applicable regardless of any changes to Epiroc's sustainability strategy and ambitions. This includes any changes relating to the company's general sustainability targets and ambitions or changes in applicable benchmarks or industry standards. Any new or updated Sustainability-Linked Financing Framework, in relation to any subsequent Sustainability-Linked Financing Instrument, shall not have any implications on the Sustainability-Linked Financing Instruments issued under this Framework.

### **Reporting**

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In order to provide investors and other stakeholders with adequate information about Epiroc's implementation of its sustainability strategy, Epiroc will provide relevant reporting on the progress made with respect to the KPIs, and (in relation to any Reference Year) the performance of the KPIs in relation to the achievement or not of the SPTs set out in the documentation relating to the relevant financial instrument. Such reporting shall be made publicly available on an annual basis in a Sustainability-Linked Progress Report (Progress Report) for the previous calendar year and in any case for any date/period relevant for

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<sup>2</sup> The threshold value for significant change is made in accordance with Epiroc's internal principles for baseline adjustments as reported in the Sustainability-Linked Progress Report.

assessing the KPI performance leading to a potential adjustment of the financial and/or structural characteristics of financial instruments issued hereunder. The Progress Report shall be published on Epiroc's website no later than the Reporting End Date after the end of the year being reported on up to and including the Reference Year. The first report, covering the period from January 1st 2024 to December 31st 2024, will be published in 2025.

The Progress Report will form the basis for evaluating the impact on the characteristics of any financial instruments issued under this Framework, as outlined in section *Financial Instrument Characteristics*.

If a change to the financial and/or structural characteristics of the financial instrument is triggered due to failure to report, the change will only occur after the Reporting End Date, for the relating Reference Year, regardless of when a failure to provide the verification occurs.

The Progress Report will contain all the relevant information needed to assess the progress towards the SPTs as at the applicable Target Observation Date, including but not limited to:

- the performance of the KPIs, as per the relevant reporting period and when applicable, as per the Target Observation Date including the calculation methodology and baselines where relevant;
- information about recalculations, if any, of the KPI levels as set out in *Fallback Mechanisms and exceptional events*;
- a verification report relating to the KPI performance, outlining the performance against the SPTs and the related impact, and timing of such impact, on the financial instrument characteristics; and
- information on relevant updates to Epiroc's emission reduction strategy and governance with an impact on the KPIs and the target trajectory.

Where feasible and possible the Progress Report will also include:

- Qualitative and/or quantitative explanations of the contribution of the main factors, including M&A activities and changes to the organisation, behind the evolution of the performance on the KPIs on an annual basis;
- Illustration of the positive sustainability impacts of the performance improvement;
- Updates on new or proposed regulations from regulatory bodies, such as but not limited to the EU or Nordics, relevant to the KPIs and the Target Trajectory.

The Progress Report referred to above shall be verified by qualified external reviewer(s) with relevant expertise as described in section *Verification*.

## Verification

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In order to provide transparency to investors, lenders and other stakeholders, and in alignment with the Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles, Epiroc will ensure an external and independent verification by one or more qualified external reviewers with relevant expertise, as outlined in the ICMA's Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, of its actual KPI performance level against the targets. The verification shall be conducted with limited assurance by the external reviewer(s). Epiroc has the discretion to change the external reviewer subject to fulfilling the requirements set out herein.

The verification shall be made public together with Epiroc's annual Progress Report on Epiroc's webpage no later than the Reporting End Date [and in any case for an SPT related Trigger Event], as outlined in section *Financial Instrument Characteristics*.

In relation to any SPT, the verification, together with the Progress Report, will form the basis for evaluating whether a Trigger Event has occurred with respect to any financial instrument issued under this Framework as described in section *Financial Instrument Characteristics* above.

If a change to the financial and/or structural characteristics of the financial instrument is triggered due to failure to provide verification, the change will only occur after the Reporting End Date relating the Reference Year, regardless of when a failure to provide the verification occurs.

## **Second Party Opinion**

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Epiroc will engage Sustainalytics as an external reviewer to provide, in accordance with the Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews developed by the Green and Social Bond Principles, an independent, ex-ante Second Party Opinion on Epiroc's Sustainability-Linked Financing Framework. The Second Party Opinion will be made publicly available on Epiroc's website.