EFRAG CONNECTIVITY PROJECT

17 CONNECTIVITY ILLUSTRATIONS

6 November 2025 EFRAG FRB and EFRAG FR TEG meeting

Agenda Paper 04-04

EFRAG
Financial reporting

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ILLUSTRATION #1: COHERENCE BETWEEN WATER POLLUTION INCIDENT & REMEDIATION (SR) AND CONTINGENT LIABILITY (FS)

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

Sector/industry

Paper and wood industry, producing paper and hygiene products

Geographic footprint

Has operations spanning from Lithuania, European countries to other countries

- Employs 860 people

Company's definition of time horizon

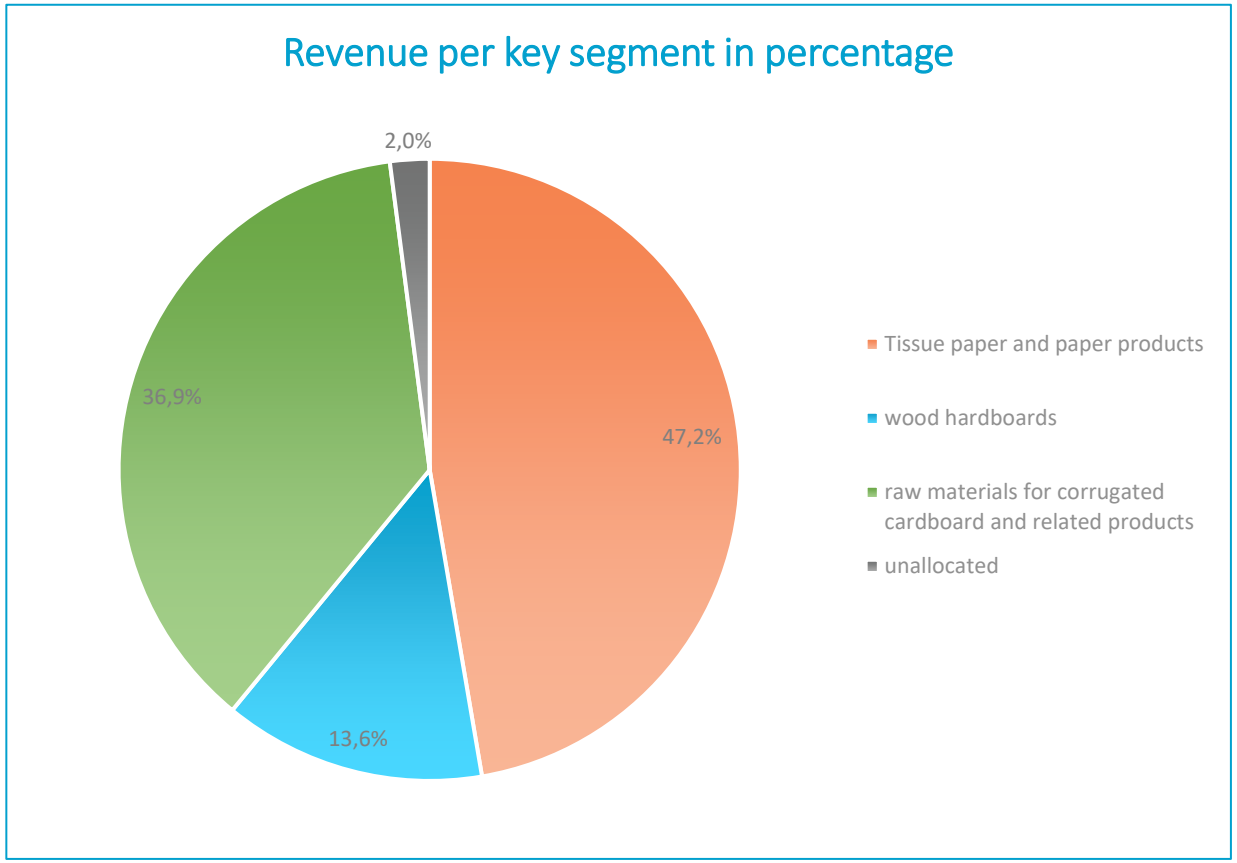
- Short-term (the reporting period),
- Medium-term (from the end of the reporting period up to 5 years),
- Long-term (more than five years)

10 Material topics

- Climate Change
- Pollution
- Water and marine resources
- Biodiversity and ecosystems
- Circular economy
- Own workforce
- Workers in the value chain*
- Affected communities
- Consumers and end- users
- Business conduct

Not evaluated

KEY SEGMENTS



IDENTIFIED POLLUTION-RELATED MATERIAL TOPICS

Material pollution-related topics

Subtopic	Impact materiality	Financial materiality
Pollution of air	Important	Significant
Pollution of water	Critical	Critical

Water pollution - Progress against target

Environmental

Target	Unit of measurement	Base year 2021	Interim result in 2023	Change	Target for 2026
Effluent reduction	m^3/ton of production	7.1	6.4	-9.9%	-17.0%

IDENTIFIED POLLUTION-RELATED IMPACTS, ACTIONS AND GOVERNANCE

Impact: Emissions to water, pollution by operating site in tonnes

Pollutant, t	Grigiškės*		Klaipėda**	
	2023	2022	2023	2022
BOD_7	307.9	606.8	2 704.4	2,404.8
Nitrogen (N)	-	-	35.2	21.4
Phosphorus (P)	-	-	3.3	3.0
Suspended solids (SS)	193.6	260.4	262.0	199.0
Total	**501.5**	**867.2**	**3 005.0**	**2 628.3**

Actions

- Invested in a wastewater evaporator which reduces contamination and reuses organic matter in production.
- Plans to invest EUR 1.2 million in electrostatic precipitators to further reduce particulate emissions and improve air quality.
- Monitors progress on targets via a platform.

Governance

- Sustainability-related impacts, risks and opportunities managed by the CFO.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION

Anchor points	Water pollution incident disclosures and Contingent liability disclosures

Type of connectivity (Coherence):

The details on the incident and the company's past and ongoing remediation actions in the sustainability statement contextualise the disclosure of a related contingent liability in the financial statements.

ESRS requirements

Voluntary preparation of sustainability statement under ESRS.

ESRS E2-4, specifically paragraph 26 that requires that an undertaking should disclose the pollutants that it emits through its own operations.

ESRS 1 section 9.2 whereby an entity should describe the relationships between different pieces of information.

IFRS Accounting requirements

IAS 37 requires an entity to disclose information for each class of contingent liability– a brief description of the nature of the contingent liability and where practicable, financial effect estimate, indication of uncertainties and possibility of reimbursement.

Basis of preparation

Same scope of consolidation in the sustainability statement and the financial statements.

Assurance

No external assurance of the sustainability statement.

WATER POLLUTION DISPUTE

Fact patterns disclosed in the notes to the financial statements

- Suspected water pollution by subsidiary from 2012-2020; trial began in Sept 2022.
- Allegations of office abuse, document forgery, and violation of legal acts to avoid at least EUR 37.8 million pollution tax and this caused significant environmental damage.
- Environmental Protection Department (EPD) filed a civil claim for EUR 48.3 million in environmental damage compensation.
- Subsidiary does not deny legal liability for the water pollution and discloses it in both financial statements and sustainability report.
- Environmental restoration plan (PERM) submitted but awaiting EPD approval.
- Company claims EPD failed to comply with legal acts required for restoring environmental baseline conditions.

CONNECTIVITY ILLUSTRATION (1/2)

Sustainability statement

Grigeo Klaipėda AB environmental incident in 2020

The environmental incident occurred in 2020, when it was announced that Grigeo Klaipėda AB released partially biologically treated wastewater into the Curonian Lagoon through the treated wastewater collector of municipal company Klaipėdos vanduo AB.

Grigeo Klaipėda AB assumed legal responsibility for this incident, carried out internal inspections and commissioned international expert investigations to establish, through scientific research, the fact and extent of possible environmental damage. It also started implementing environmental remedial measures on its own initiative to remove the pollutants discharged with its wastewater from the natural environment.

Pollutants released into the natural environment with the wastewater of Grigeo Klaipėda AB that was only partially biologically treated were nitrogen and phosphorus (i.e., water-soluble nutrients of organic origin that are necessary for every living organism) and BOD_7 (biochemical oxygen demand per 7 days). Pollutants contained in the biologically untreated wastewater of Grigeo Klaipėda AB are attributable to non-hazardous pollutants that have not had a significant negative impact on (significant damage to) the water state, biota, and ecosystem of the Curonian Lagoon.

Grigeo Klaipėda AB seeks to cooperate with state authorities in implementing wastewater management solutions and environmental remedial measures that would remove the allegedly released pollutants from the natural environment, implement environmental remedial measures (improvement of the state of water of the Curonian Lagoon), restore lost public confidence, and ensure business resilience in the long run. It is very important to the management of Grigeo Klaipėda AB that this incident not only becomes a painful lesson for the company, but also prevents the recurrence of such cases in the future in all economic activities of the country.

Explanation of water pollution incident and initial company follow-up actions. The company further cut and removed reed biomass from the affected lake, and modernised the wastewater treatment facilities of its subsidiary.

CONNECTIVITY ILLUSTRATION (2/2)

Financial statements

No provision recognised due to measurement uncertainty.
Contingent liability disclosed but unclear what the amount is.

Conclusion

The Subsidiary is not denying its legal liability and is prepared to compensate for objectively calculated damage. The Subsidiary's management, following the scientific research performed by the independent TIG Environmental experts, estimates that the potential costs of offsetting ecological impact from the releases of biologically untreated wastewater are limited. On the upper limit of the range the assessment of the EPD, the claim filed amounts to EUR 48,257,676.57 which is uncertain in the following areas:

- The claim amount is based on the mathematical formula specified in the Methodology with the key components of the formula – quantities and biochemical composition of sewage – being uncertain. The management thus far does not possess objective information to reliably estimate quantity of the pollutants (BOD_7, nitrogen, phosphorus or any other elements) in the biologically partially untreated wastewater released.

- The management considers that the claim is not in line with the methods entrenched in the above-mentioned local legal acts and the Directives.

International Accounting Standard 37 requires measuring the provision in the amount of the best estimate of the expenditure required to settle the present obligation. As there is a wide range of estimates depending on the source of information and significant uncertainties relating to them, as described above, it is difficult to estimate probability of any outcome as well as to assess the amount of expenditure required to settle this obligation. Having no objective information on the quantities and biochemical composition of the sewage discharged to the collector of municipal company Klaipėdos Vanduo AB, the management could not reliably estimate the amount of provision and the provision was not recognised in the financial statements, but instead is disclosed as a contingent liability. At the date of this report, the trial that started in 2022 did not change the management's estimations over the general situation and the outcome of the case. The management remains to hold an opinion that any compensation for the potential damage should be scientifically based and estimated following the legal acts and in accordance with the legal framework of the Republic of Lithuania and the European Union.

ILLUSTRATION #2: COHERENCE BETWEEN DISCLOSURE OF ENERGY OPTIMISATION (SR) AND PPAs (FS)

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

Sector/industry

Dairy

Geographic Footprint

Supply products worldwide, reaching 164 countries around the globe. Head office in Denmark

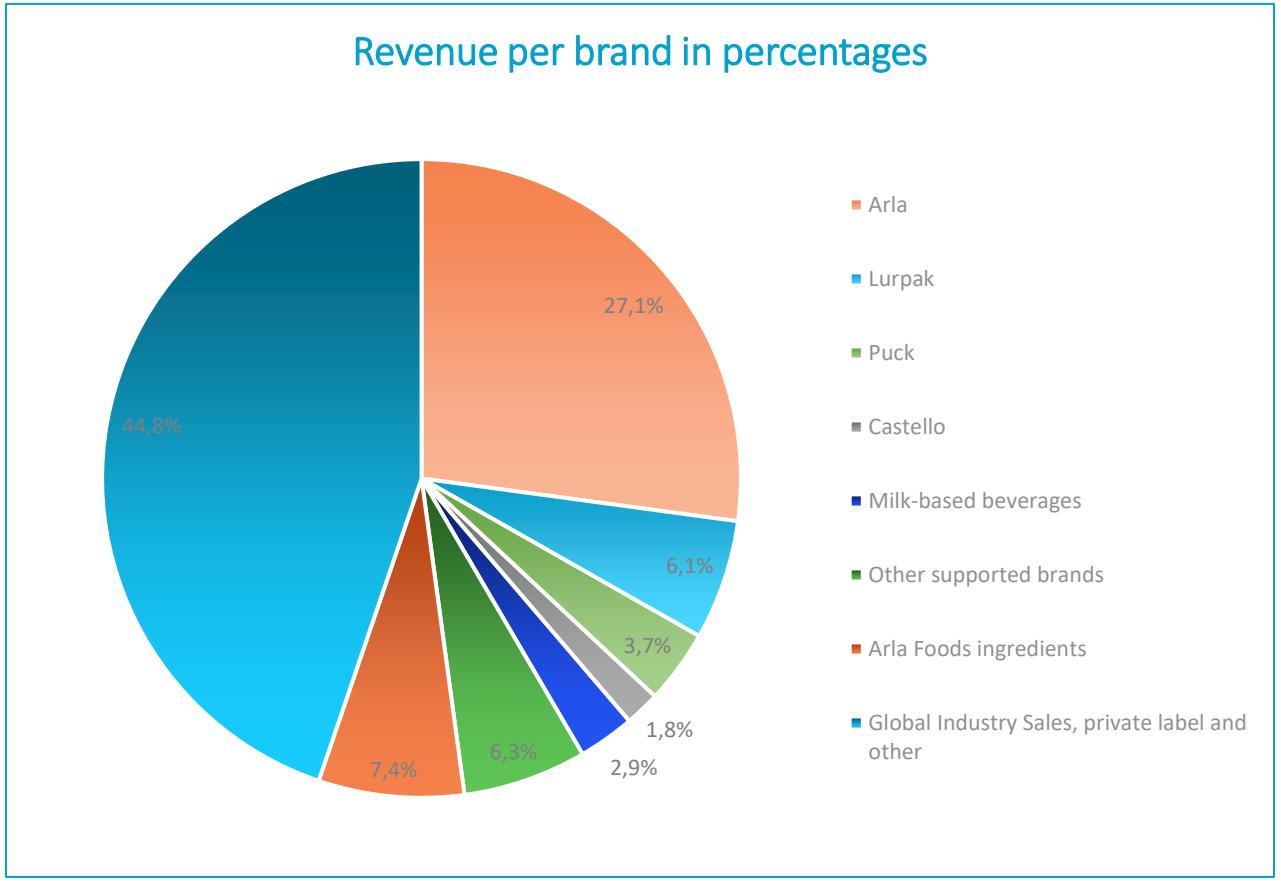
Company's definition of time horizon

- Short (less than a year),
- Medium (one to five years),
- Long-term (more than five years)

8 Material topics

- Animal Welfare
- Climate change
- Biodiversity and ecosystems
- Resource use and circular economy
- Own workforce
- Workers in the value chain
- Consumers and end-users
- Business conduct

KEY SEGMENTS



IDENTIFIED CLIMATE-RELATED RISKS, OPPORTUNITIES AND TARGETS

Risks

- Regulation requiring the reduction of emissions in the dairy sector
- Brand value decline if consumers turn away from dairy due to climate-related impacts

Opportunity

- Leveraging climate data to access financing

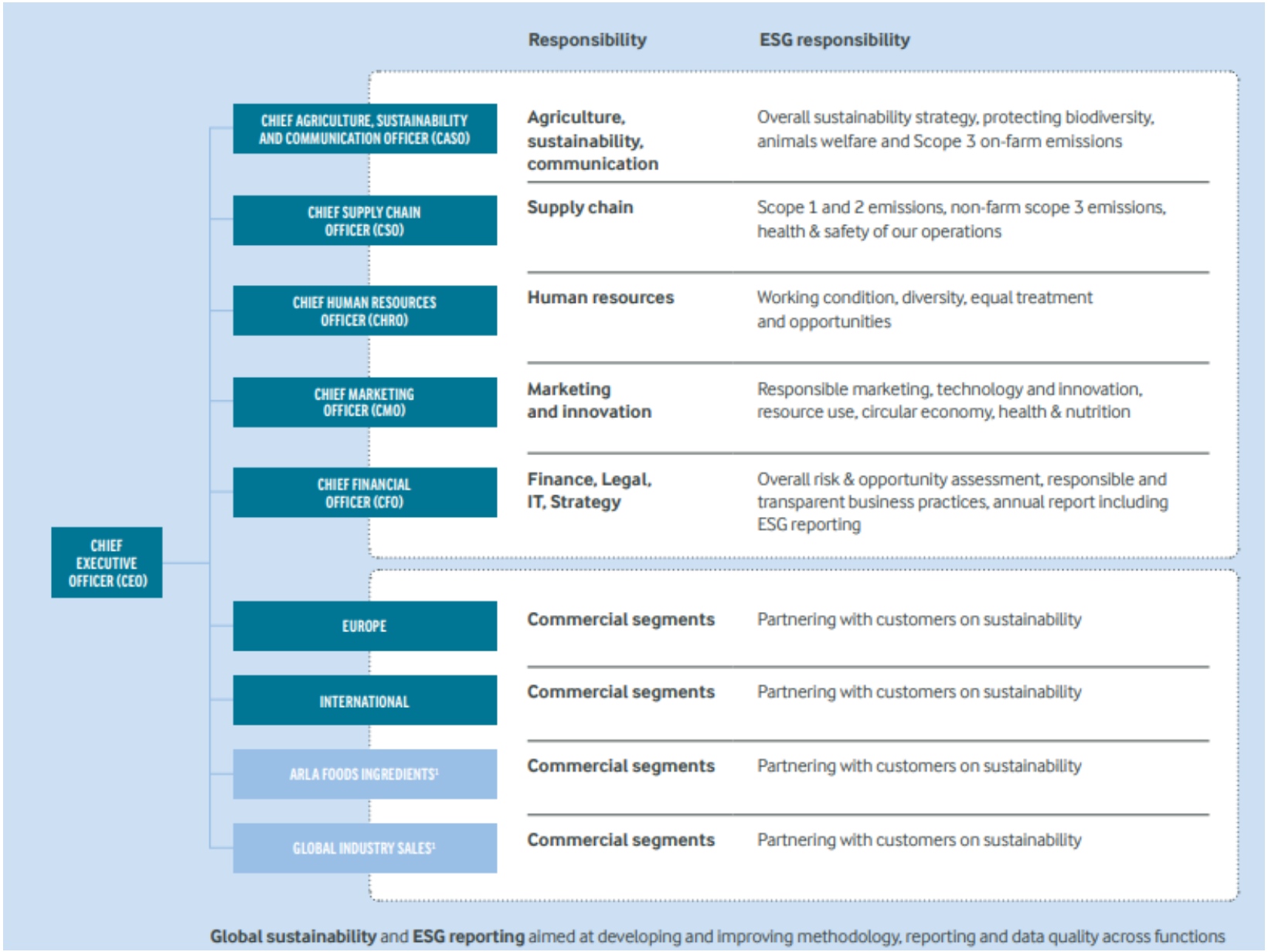
CO_2 Reduction Journey & 2030 Targets

- 63% reduction in scope 1 & 2 emissions (absolute terms) by 2030
- 30% reduction in scope 3 emissions

Information on energy mix related to PPAs

- Expected contribution of Power Purchase Agreements (PPAs) to electricity consumption in Europe:
  - 10% of total yearly electricity consumption
  - 14% of yearly consumption from renewable sources
- Green electricity certificates are included in PPAs agreements, which are held for own use.

SUSTAINABILITY GOVERNANCE



Information on the ESG responsibility of each governance officer

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (1/2)

Anchor points	Energy optimisation strategy (SR) and power purchase agreements (PPAs) disclosures (FS)

<u>Type of connectivity (Coherence):</u>

The disclosures about the entity's energy optimisation strategy in the sustainability statement (i.e. the proportion of energy consumption originating from renewable sources) contextualise the disclosures about the energy contracted, the location and the contractual commitments of PPAs in the financial statements.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (2/2)

ESRS requirements

The entity is progressing towards aligning with ESRS and CSRD, with full adoption planned by 2025.
E1-5 Energy consumption and mix, whereby an entity should provide information on its energy consumption and mix in absolute value, improvement in energy efficiency, exposure to coal, oil and gas-related activities, and the share of renewable energy in its overall energy mix.
ESRS 1 section 9.2 whereby an entity should describe the relationships between different pieces of information

IFRS Accounting requirements

Following the 2024 amendments to IFRS 9, physical Power Purchase Agreements apply the 'own-use exemption' under IFRS 9 with related disclosure requirements in IFRS 7.

Basis of preparation

Same scope of consolidation in the sustainability statement and the financial statements, except for some specific sustainability KPIs.

Assurance on Sustainability Reporting

Reasonable assurance over key sustainability metrics: energy and climate-related metrics, food safety, animal welfare, accidents and certain employee-related metrics
Limited assurance over the remaining disclosures of the sustainability statement.

CONNECTIVITY ILLUSTRATION (1/2)

Sustainability statement

More renewable electricity

Renewable electricity is a vital component in achieving our emission reduction targets. In 2024, 75% of our electricity consumption in Europe originated from renewable sources. From the end of 2025 and beyond, we will exclusively rely on electricity generated from renewable sources in Europe. For more detailed information, please refer to pages 49-50.

To secure more renewable electricity, we are actively supporting the development of new solar and wind farms as a buyer of that electricity. In addition to ten already signed power purchase agreements in Denmark, Sweden, the UK and Germany, we successfully signed five more in the UK, Denmark and Germany in 2024, demonstrating our commitment to reducing our carbon footprint and transitioning to a more sustainable energy future.

Energy efficiency

To reduce our dependency on fossil-based energy sources, we are taking different actions, such as UV water treatment. At Rødkærsbro Dairy in Denmark, a UV-treatment solution has replaced the previous natural gas heating method to decontaminate the

Financial statements

Table 4.1.4.a Contracted power purchase agreements

Country	Annual MWh of energy contracted	Price terms	Average duration	Operating	Objective	Classification
2024						
Denmark	323,400	Fixed	10 years	2023 - 2027	Own use	Executory contracts
Sweden	90,000	Fixed	10 years	2025	Own use	Executory contracts
Germany	91,703	Fixed	12 years	2024 - 2025	Own use	Executory contracts
UK	43,727	Fixed	16 years	2024 - 2026	Own use	Executory contracts
Total	**548,830**					

Type of energy	
Solar	289,524
Wind	259,306
Total	**548,830**

Country	Annual MWh of energy contracted	Price terms	Average duration	Operating	Objective	Classification
2023						
Denmark	276,630	Fixed	10 years	2023 - 2025	Own use	Executory contracts
Sweden	100,000	Fixed	10 years	2025	Own use	Executory contracts
Germany	49,207	Fixed	12 years	2024 - 2025	Own use	Executory contracts
UK	19,732	Fixed	15 years	2024	Own use	Executory contracts
Total	**445,569**					

Type of energy	
Solar	286,754
Wind	158,815
Total	**445,569**

Regarding Scope 2 emissions in the sustainability statement, there is information that 46% of Arla's renewable electricity, heat, steam and cooling comes from bundled renewable energy instruments such as power purchase agreements.

CONNECTIVITY ILLUSTRATION (2/2)

Financial statements

Table 5.5 Contractual commitments*

(EUR million)	0-1 year	1-5 years	5+ years	Total
2024				
IT contracts	52	64	-	116
Short-term and low value leases	46	-	-	46
Power purchase agreements	34	157	217	408
Property, plant and equipment investment commitments	219	80	-	299
Total	**351**	**301**	**217**	**869**
2023				
IT contracts	34	31	-	65
Short-term and low value leases	27	-	-	27
Power purchase agreements	11	120	177	308
Property, plant and equipment investment commitments	187	27	-	214
Total	**259**	**178**	**177**	**614**

** Other contractual commitments not disclosed in the table include mortgaged property provided as security for mortgage loans and financial surety and guarantee obligations.*

The company discloses elsewhere that its PPAs were signed in Denmark, Germany, and the UK.

IILUSTRATION #3: COHERENCE - CURRENT FINANCIAL EFFECTS (DISCLOSURE OF QUALITATIVELY MATERIAL INFORMATION ABOUT EXPOSURES RELATED TO OWN WORKFORCE AND HUMAN RIGHTS

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

Sector/industry

Forest assets, Packaging Solutions, Wood Products

Geographic footprint

Present in the EU and internationally in Asia, South America and the USA

Employs around 19,000 people

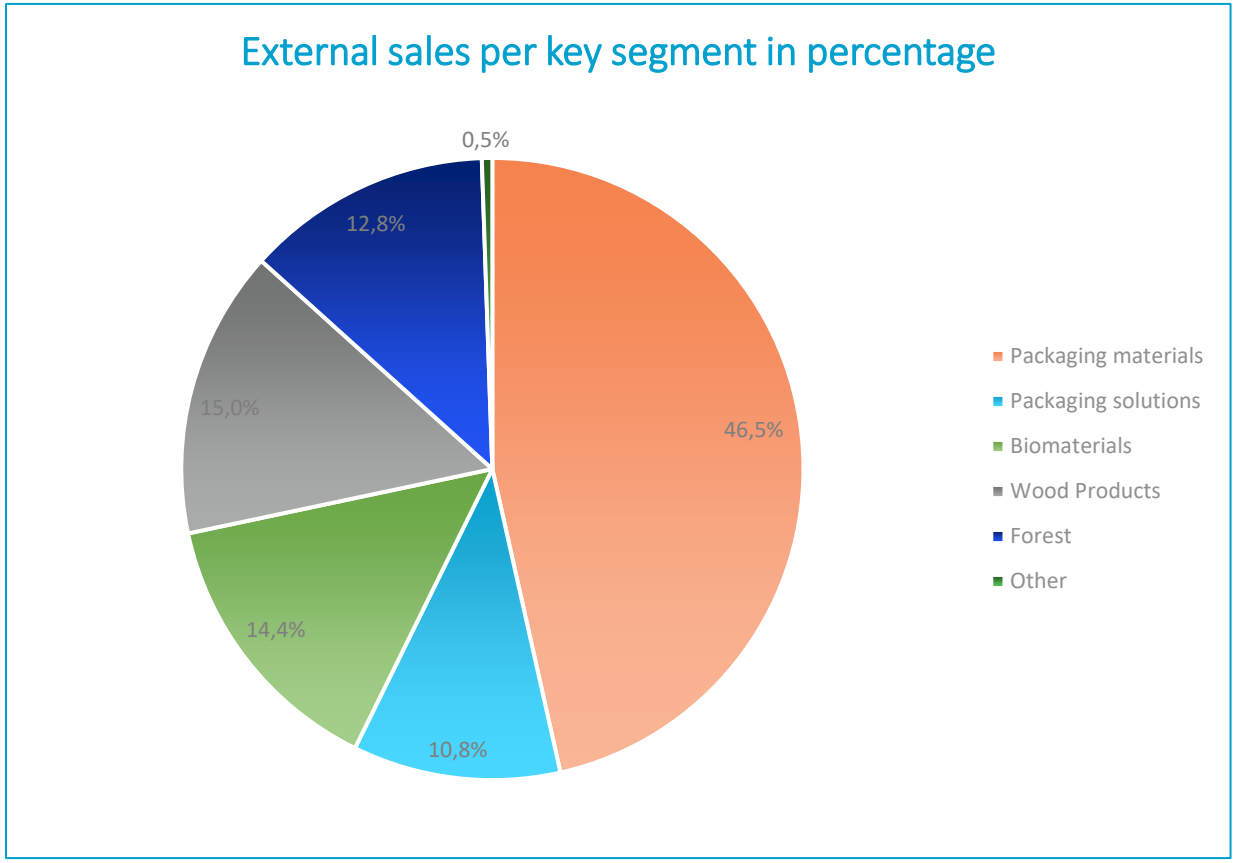
Company's definition of time horizon

- Short-term (up to one year)
- Medium-term (two to ten years)
- Long-term (ten years or more)

9 Material topics

- Climate change
- Pollution
- Water and marine resources
- Biodiversity and ecosystems
- Resource use and circular economy
- Own workforce
- Workers in the value chain
- Affected communities
- Business conduct

KEY SEGMENTS



IDENTIFIED OWN WORKFORCE-RELATED RISKS, OPPORTUNITIES AND TARGETS

Impacts:

- Discrimination, bullying, or harassment might occur despite zero tolerance.

- Profit improvement programme launched in February 2024, resulting in redundancies across operations.

Risks: Serious or fatal injuries to employees, contractors, or third parties

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION

Anchor point	Disclosure of qualitatively material information about exposures regarding human rights and own workforce-related incidents in SR

Type of connectivity (Coherence):

Information in the sustainability statement clarifying that, since the company's own workforce is a material sustainability-related topic, but no significant human rights issues, work-related incidents, fines, or penalties occurred, there is no need for reconciliation with the financial statements.

ESRS requirements

Sustainability statement prepared under ESRS.
ESRS S1-1 – Policies related to own workforce
ESRS S1-17 – Incidents, complaints and severe human rights impacts

Basis of preparation

Same scope of consolidation in the sustainability statement and the financial statements, excluding joint operations for which it does not have operational control.

Assurance

Limited assurance of the sustainability statement.

CONNECTIVITY ILLUSTRATION

Board of Directors Report - Sustainability statement

Incidents, complaints and severe human rights impacts (S1-17)

✔ Accounting principles

Stora Enso's potential non-compliance cases encompass all issues documented through its grievance and other reporting channels. The reporting on proven cases covers the items closed during the year, and therefore the recording of such incident may have occurred during the current or previous financial year. The metrics related to incidents and complaints cover work-related incidents of discrimination and other complaints related to the Group's own workforce. In 2024, there were no significant human rights issues or incidents, nor fines or penalties related to reported incidents. Therefore, reconciliation to Financial Statements is not presented. The figures exclude incidents investigated by the joint operations due to the lack of full authority over contractual arrangements between the workers and the Group.

Metrics related to incidents and complaints	2024
Number of incidents of discrimination	25
Number of complaints filed through channels for people in own workforce to raise concerns	15

Disclosure of qualitatively material information about exposures:
As per the IASB's near-final staff draft *Disclosures about Uncertainties in the Financial Statements Illustrated using Climate-related Examples*, Example 1 illustrates how an entity applies paragraph 31 of IAS *1 Presentation of Financial Statements* (paragraph 20 of IFRS 18 *Presentation and Disclosure in Financial Statements*) and makes materiality judgements in the context of financial statements.

Example 1 of the IASB's project illustrates two scenarios:

- one scenario in which these judgements lead to additional disclosures beyond those specifically required by IFRS Accounting Standards (disclosure of qualitatively material information about exposures) and
- a second scenario in which there are no additional disclosures

ILLUSTRATION #4: COHERENCE BETWEEN DISCLOSURES OF GHG MITIGATION (SR) AND ETS (FS)

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

- Information on the Business Model and Key segments is the same as illustration #3 (i.e. excerpt from the same company)

9 Material topics

- Climate change
- Pollution
- Water and marine resources
- Biodiversity and ecosystems
- Resource use and circular economy
- Own workforce
- Workers in the value chain
- Affected communities
- Business conduct

IDENTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES

- Direct (own operations) and indirect impact on climate change due to greenhouse gas emissions emitted by production sites as well as upstream and downstream value chain.
- Energy-intensive production process
- Uncertainty in achieving net zero for Scope 1 and 2 by 2040 without key investments and technology. Limited control over value chain emissions may hinder Scope 3 reductions.
- Long-term climate risks, including rising temperatures, which threaten forests, operations, and wood assets. Milder winters may affect harvesting costs, while frequent extreme weather increases disruptions in production, logistics, and raw material supply.
- Investments in low-carbon and energy-efficient solutions, focusing on reducing fossil fuel use

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (1/2)

Anchor points	GHG emissions and mitigation (SR) and ETS (FS)

Types of connectivity (Coherence, direct connectivity):

Coherence between the greenhouse gas emissions disclosures in the sustainability statement, as the company reports the share of its emissions covered by regulated emissions trading schemes and the emissions rights presented in the financial statements. Specifically, the financial statements detail the accounting treatment and use of emissions rights, including those under the European Union Emissions Trading Scheme (EU ETS).

Direct connectivity: There is a cross-reference within the sustainability statement, which has quantitative information on GHG emissions covered by regulated emissions trading schemes, to a financial statements note on emission rights.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (2/2)

ESRS requirements

Sustainability statement prepared under ESRS.

ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

ESRS E1-6 par. 48(b) The disclosure on gross scope 1 GHG emissions shall include the percentage of Scope 1 GHG emissions from regulated emission trading schemes

Similar to ESRS E1-4 requirements on Targets related to climate change mitigation and adaptation

Similar to ESRS E1-7 requirements on GHG removals and carbon credits (paragraph 56)

IFRS Accounting requirements

Currently, there are no specific requirements in IFRS Accounting Standards dedicated to carbon credits and are accounted for depending on their nature and use.

Basis of preparation: Same scope of consolidation in the sustainability statement and the financial statements, excluding joint operations for which it does not have operational control.

Assurance: Limited assurance of the sustainability statement.

CONNECTIVITY ILLUSTRATION

Board of Directors Report – Sustainability statement

Total GHG emissions disaggregated	Retrospective: Base year 2019	Retrospective: 2023	Retrospective: 2024	Retrospective: Change, %	Milestones and target years: 2025	2030	(2050)	Annual % Target / base year
Scope 1 GHG Emissions								
Gross Scope 1 GHG emissions (CO_2-eq, million tonnes)	2.27		1.17	n/a		1.13		-4.5%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	72%		60%	n/a				

In 2024, 60% of Stora Enso's Scope 1 emissions were from regulated emission trading schemes. For more information on emissions covered by trading schemes, see Financial Statements, note 4.5 Emission rights and other non-current assets. In 2024, the biogenic emissions related to Scope 1 amounted to 9.14 (million tCO_2eq). When including joint operations, the biogenic emissions related to Scope 1 were 11.86 (million tCO_2eq).

Disclosures in the financial statements provide complementary information to the sustainability statement and adds more context with respect to the measurement, accounting and the amounts recognised in the financial statements of the emission allowances.

Financial statements

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4.5 Emission rights and other non-current assets

✔ Accounting principles

The Group participates in the European Emissions Trading Scheme, with the aim of reducing greenhouse gas emissions. The Group has been allocated allowances to emit a fixed tonnage of carbon dioxide (CO_2) over a fixed period of time, which are recognised as intangible assets, government grants and as liabilities for the obligation to deliver allowances equal to those emissions that have been made during the compliance period.

Intangible assets related to emission allowances are measured at level 1 fair value at the date of initial recognition. The liabilities to deliver allowances are recognised based on actual emissions and are settled using allowances on hand and measured at the carrying amount of those allowances. At the reporting date, if the market value for the emission allowances is less than the carrying amount, any surplus allowances that are not required to cover emissions made are impaired to the market value.

The Group expenses emissions made at the grant date fair value, under materials and services, together with purchased emission rights at their purchase price. Such costs will be offset under other operating income by the income from the original rights used at their grant date fair value. The consolidated income statement will, thus, be neutral in respect to all the rights consumed that were within the original grant of rights. Sales of excess emission allowances are recognised as income on the delivery date. Any net effect represents the costs of purchasing additional rights to cover excess emissions, or the sale of unused rights in case that the realised emissions are below the allowances received free of charge or the impairment of allowances that are not required for own use.

Emission rights

EUR million	2024	2023
Value at 1 January	**108**	**123**
Emission allowances allocated	110	146
Sales	-65	-64
Settlement with the government	-80	-98
Disposals and classification as held for sale	—	0
Value at 31 December	**73**	**108**

The liability to deliver allowances is presented in the consolidated statement of financial position in line other operative liabilities. As of 31 December 2024, the liability to deliver allowances amounted to EUR 56 (79) million as presented in note 4.8 Operative liabilities. The excess emission rights held at the year end were valued at EUR 17 (28) million.

ILLUSTRATION #5: COHERENCE BETWEEN SUSTAINABILITY LINKED METRICS (GOVERNANCE REPORT) AND SHARE-BASED PAYMENT DISCLOSURES (FS)

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

Sector/industry

Information technology (IT) services and consulting

Geographic footprint

- Europe / Africa / Americas / Asias Pacific / Middle East
- Employs around 340 000 People in more than 50 countries

Company's definition of time horizon

- Short-term (the reporting period of the financial statements);
- Medium-term (from the end of the short-term reporting period up to 5 years); and
- Long-term (more than 5 years)

Sustainability-related offerings to clients

Sustainability Strategy & Governance, Sustainable Products, Sustainable Operations, Manufacturing & Supply Chain, Sustainable Technology and ESG Management & Reporting

15 Material topics

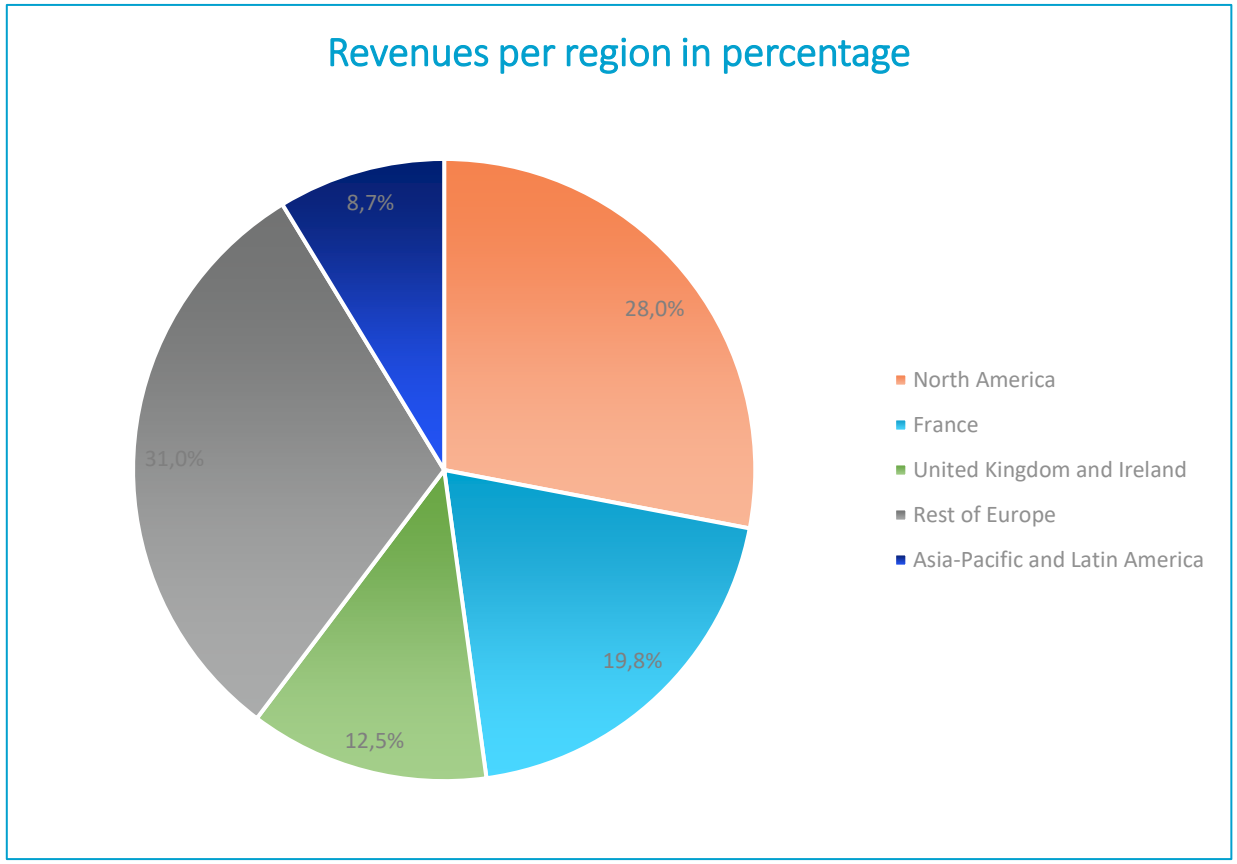
Negative impacts or risks

- Climate change mitigation
- Human rights in the supply chain
- Diverse and inclusive environment
- Human rights in the supply chain
- Social dialogue and collective bargaining
- Ethical use of technology and AI
- Cybersecurity
- Data privacy
- Health and safety
- Talent attraction, retention and development
- Corruption and bribery
- Trade controls
- Anti-competitive practices

Positive impacts or opportunities

- Digital inclusion and socio-economic development
- Helping clients achieve their sustainability objectives

KEY SEGMENTS



Services are provided for following sectors

- Consumer Goods, Retail and distribution
- Energy & Utilities
- Financial Services (banking, capital markets & insurance)
- Manufacturing
- Telecommunications, Media & Technology
- Public Sector
- Services

IDENTIFIED SUSTAINABILITY-RELATED IMPACTS, OPPORTUNITIES AND TARGETS

ESRS	Sustainability matters (titles)	Material risks/ opportunities [1]	Material impacts [2]
E1: Climate change	**Climate change mitigation**	n/a	• Contribution of Capgemini's direct and indirect GHG emissions to climate change (upstream and operational) • Indirect energy consumption and GHG emissions related to external data centers, cloud services and AI development
	Helping clients achieve their sustainability objectives	• Opportunity: helping clients achieve their sustainability objectives	• Positive impact: contribution to reducing our clients' GHG emissions through service offers
S1: Own Workforce	**Diverse and inclusive environment**	n/a	• Employees' exposure to unequal treatment, non-inclusive behaviours and lack of diversity • Employees' exposure to harassment in the workplace

Targets

- Environment: To reduce greenhouse gas emissions and air pollutants from business travel and employee commuting, aiming for a 55% reduction per employee by 2030 and 90% by 2040.
- Diversity/Gender Equality: Reach and maintain 40% of women in the workforce and 35% in Executive leadership positions by 2030.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (1/2)

Anchor points	ESG performance targets in governance report and share based payments information in FS

Type of connectivity (Coherence):

The company's governance report refers to a Corporate Social Responsibility (CSR) performance condition (the proportion of women as executive leaders and the reduction of carbon footprint per employee) for its share-based payment plans, which is explained in the notes to the financial statements.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (2/2)

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ESRS requirements

Sustainability statement prepared in accordance with ESRS.
Similar to ESRS S1 Appendix A.1 on the disclosure of the % of women in top management
Similar to ESRS 2 GOV-3 requirements on the integration of sustainability-related performance in incentive schemes
Similar to ESRS 2.80 on the disclosure of targets on material sustainability matters it has set to assess progress.
ESRS 1 section 9.2 whereby an entity should describe the relationships between different pieces of information, and specifically ESRS 1.123 on connecting narrative information and effects of strategy on the financial statements.

IFRS Accounting requirements

IFRS 2.44 and 45(a) on the disclosure of information that enables investors to understand the nature and extent of share-based payment arrangements that existed during the period, and the general conditions of such arrangements.

Basis of preparation

Same scope of consolidation in the sustainability statement and the financial statements.

Assurance

Limited assurance of the sustainability statement.

CONNECTIVITY ILLUSTRATION (1/2)

Governance report within the Annual Report

Capgemini share-based incentive policy procedures

The Group stopped granting stock options in 2009 and since then grants performance shares in accordance with the following principles:

- subject to performance and presence conditions: performance shares granted to Executive Corporate Officers **are subject to performance and presence conditions and are under the same conditions of performance as applicable to other Group beneficiaries**;
- the **performance conditions** include internal (comprising since 2018 CSR conditions) and external performance conditions in accordance with the AMF recommendation, and are calculated over a 3-year period to ensure sustainable performance and to align Executive Corporate Officer, shareholders and stakeholders' interests in the long run;

Financial statements

Summary of performance conditions applicable to beneficiaries of the 2024 plan

Performance conditions	Weighting applied	Percentage of the grant determined by each performance condition (1)
CSR condition comprising two objectives:		
Diversity: Proportion of women as executive leaders at the end of 2026	10%	— 0% if the % of women in the Executive Leaders population is < 29.5% — 50% if equal to 29.5% — 100% if equal to 31% — 110% if at least equal to 32.5%
Carbon footprint reduction/employee in 2026 compared with 2019 (excluding commuting to and from work)	10%	— 0% if the reduction in GHG emissions/employee in 2026 compared with the reference period < 70% — 50% if equal to 70% — 100% if equal to 75% — 110% if at least equal to 77.5%

CSR conditions applying to performance share-based payment plans referred to in the governance report are further elaborated on in the related FS note, including the respective weightings applied.

CONNECTIVITY ILLUSTRATION (2/2)

Governance report

The **non-financial quantifiable objectives** concerned the deployment of the CSR strategy focusing on externally audited data on diversity and on the growth of our portfolio of sustainable offerings. The diversity objective was measured based on the % of women in Executive leadership positions, with a 2 points annual improvement objective from 2020 to 2025. This ambitious objective was attained and even slightly exceeded with a 2.8 points improvement over last year ending 1% higher than the set objective of 28% for 2024. With regards to the growth of sustainability offerings, the objective was a 25% growth of the sales vs. the previous year which has been reached. On this basis, **the Board confirmed that the overall attainment rate for the quantifiable non-financial objectives had been exceeded and has been set at 112.5%.**

Calculation of attainment rate of CSR objectives.

ILLUSTRATION #6: COHERENCE BETWEEN EXPLAINING WHY POTENTIAL ASSET IMPAIRMENT (MANAGEMENT REPORT) AND ASSET IMPAIRMENT (FS) DIFFER

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS (1/2)

Sector/Industry

Oil & gas company

Geographic Footprint

Global footprint, with offices in more than 20 countries and around 25,000 employees, and key operations in Norway, the North Sea, the U.S., Brazil, and other international markets (headquarters in Norway).

3 Material topics

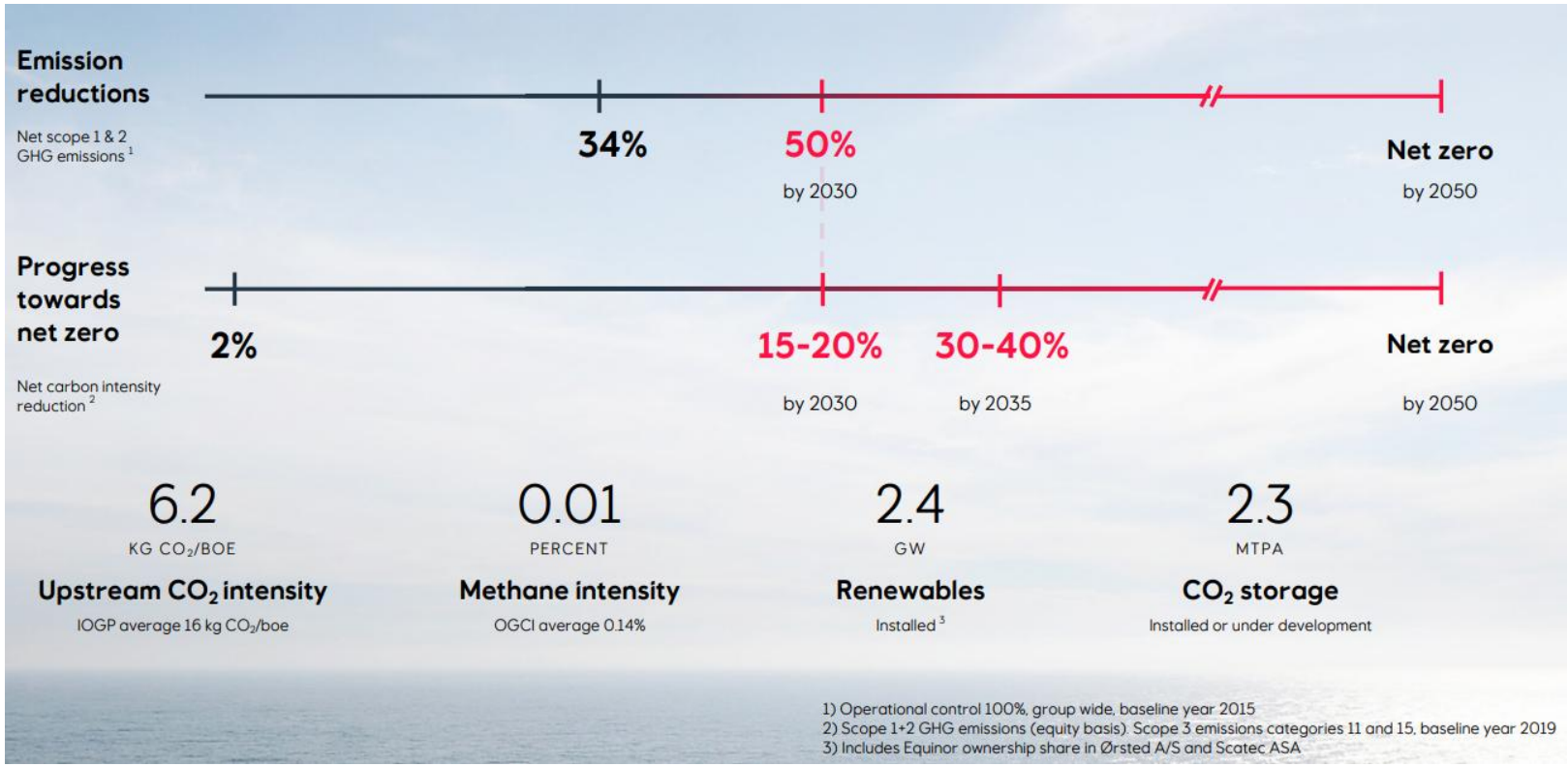
- Climate change
- Own workforce
- Health and safety

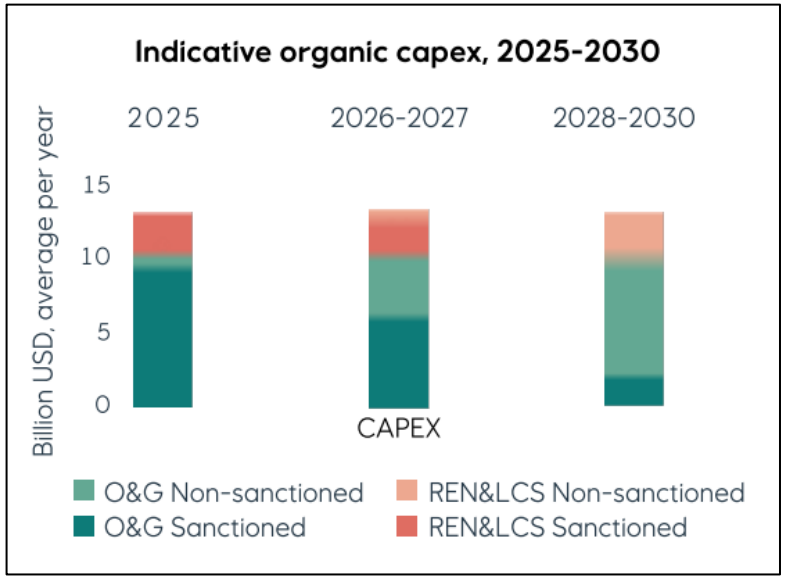
Climate transition risks

- Climate change and transition to a lower carbon economy, access to renewable and low-carbon opportunities, workforce capabilities, and health and safety are identified amongst the company's strategic and commercial risks.

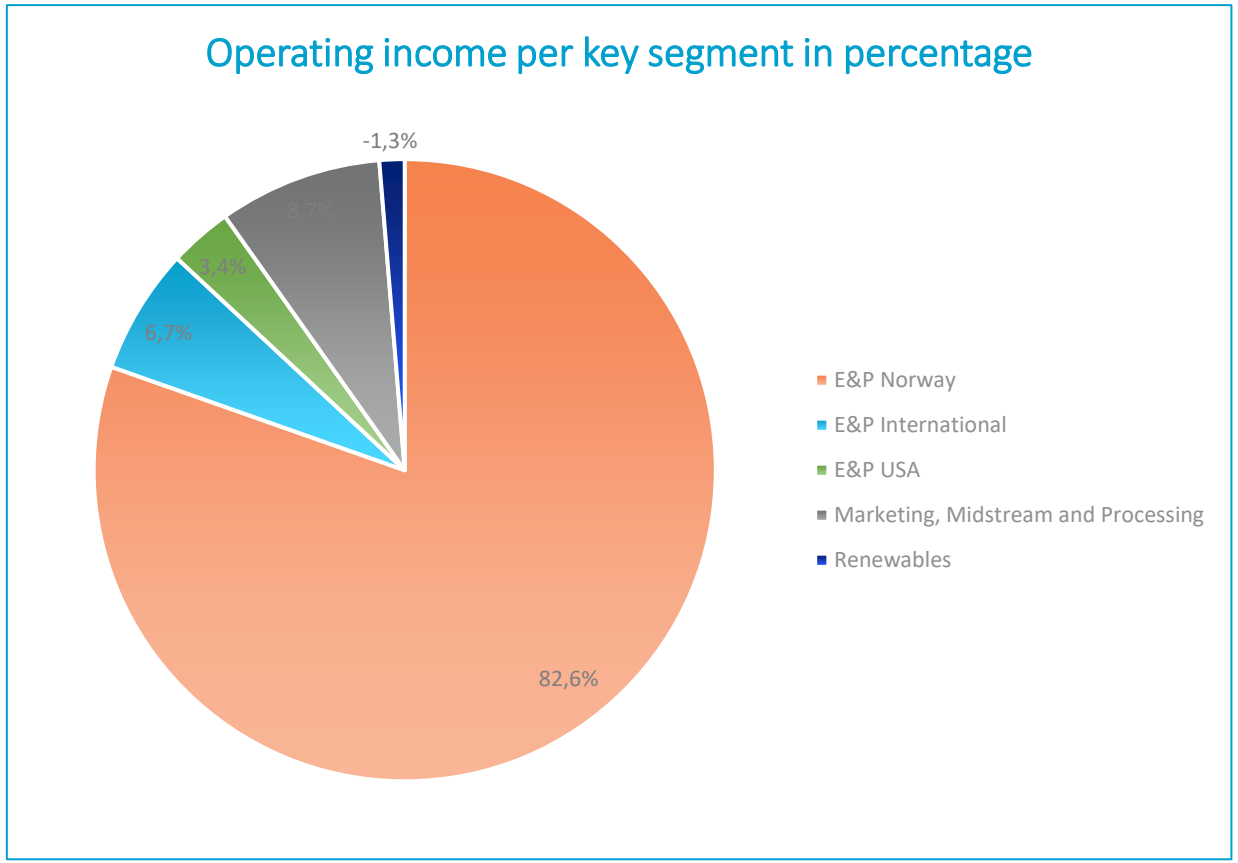
BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS (2/2)

Norwegian Oil & Gas Company - Articulation of strategic goals





Key segments



IDENTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES

Material impact, risk or opportunity	Category	Up-stream	Own Ops	Down-stream	Short term	Medium term	Long term
Greenhouse gas emissions	Negative actual impact	x	x	x	x	x	x
Methane emissions	Negative actual impact		x	x	x	x	x
Development of renewable energy	Positive actual impact	x	x	x		x	x
Development of carbon capture and storage	Positive potential impact	x		x		x	x
Energy production	Positive actual impact	x	x	x	x	x	x
Market effects related to actions to mitigate climate change impact the value of our oil and gas business	Financial Risk		x				x
	Financial Opportunity		x				x
Higher carbon prices	Financial Risk		x			x	x
Failure to secure climate-related social licence to operate impacts portfolio value	Financial Risk		x			x	
Value related to renewable and low carbon value chains	Financial Risk		x				x
	Financial Opportunity		x				x

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION

Anchor points	Potential impairment of non-financial assets derived from scenario analysis (SR) and asset impairment in the FS

Type of connectivity (Coherence):

Coherence via explaining significant differences in assumptions in the management report and the financial statements. Specifically, explaining why the potential asset impairment disclosed in the management report, which is based on "worst-case"/net-zero goals are met decarbonisation scenarios, differs from the asset impairment recognised in the financial statements, which is based on realistic-expectation scenarios.

ESRS requirements

ESRS 1.89 on the use of reasonable assumptions and estimates, including scenario or sensitivity analysis

ESRS 1 section 9.2 whereby an entity should describe the relationships between different pieces of information (and specifically ESRS 1.126 on the explanation of the consistency of assumptions and qualitative information with the corresponding ones in the financial statements)

ISSB Standards requirements: IFRS S1.79 on the assumptions about possible future events with uncertain outcomes

IFRS Accounting requirements

IAS 36.132 on the disclosure of assumptions used to determine the recoverable amount of assets/ cash generating units.

Basis of preparation

Same scope of consolidation in the sustainability statement and the financial statements.

Assurance

Limited Assurance for sustainability statement

CONNECTIVITY ILLUSTRATION (1/2)

The impact on impairment in the management report relates to commodity price assumptions, EU Emissions Trading System (ETS) and Title Transfer Facility (TTF)

Management report

Sensitivity table

The table below presents some relevant prices and variables from two scenarios in IEA's WEO 2024 compared to management's price assumptions, and an estimated potential impairment effect given these scenarios. The IEA prices are adjusted for inflation and presented in 2024 real terms. Refer to section 3.2 E1 Climate change in the Annual Report 2024 for more details about the scenarios.

An increase in systematic climate risk may result in a higher discount rate applied for impairment testing purposes. Please refer to note 14 Impairments for further information on discount rate sensitivity.

The IEA scenarios primarily stress oil and gas prices, not reflecting the potential impact on trading and refinery margins in MMP, or Equinor's renewable assets and low carbon projects. For most MMP assets,

	Management's price assumptions[1]		Net Zero Emissions (NZE) by 2050 Scenario[4]		Announced Pledges Scenario (APS)[5]	
Brent blend, 2030	80	USD/bbl	42	USD/bbl	73	USD/bbl
Brent blend, 2040	75	USD/bbl	30	USD/bbl	64	USD/bbl
Brent blend, 2050	70	USD/bbl	25	USD/bbl	59	USD/bbl
TTF, 2030	8.3	USD/MMBtu	4.5	USD/MMBtu	6.2	USD/MMBtu
TTF, 2040	9.5	USD/MMBtu	4.2	USD/MMBtu	5.4	USD/MMBtu
TTF, 2050	9.5	USD/MMBtu	4.1	USD/MMBtu	5.4	USD/MMBtu
EU ETS[2), 3)], 2030	116	USD/tCO_2	144	USD/tCO_2	139	USD/tCO_2
EU ETS[2), 3)], 2040	156	USD/tCO_2	211	USD/tCO_2	180	USD/tCO_2
EU ETS[2), 3)], 2050	190	USD/tCO_2	258	USD/tCO_2	206	USD/tCO_2
Illustrative potential impairment (USD)			~4	billion	<0.5	billion

1) Management's future commodity price assumptions applied when estimating value in use, see note 14 Impairments.
2) Scenarios: Price of CO_2 quotas in advanced economies with net zero pledges, not including any other CO_2 taxes.
3) EU ETS price assumptions have been translated from EUR to USD using Equinor's assumptions for currency rates, EUR/USD = 1.15
4) A scenario where the world moves on a potential path towards limiting global warming to 1.5 °C relative to pre-industrial levels.
5) A scenario where all national energy and climate targets made by governments are met on time and in full. Using this scenario, the world is expected to reach a 1.7°C increase in the year 2100.

CONNECTIVITY ILLUSTRATION (2/2)

Financial statements

The illustrative impairment sensitivities above are based on a simplified method, which assumes no changes to other input factors. However, Equinor notes that a price reduction of 30% or those representing Net Zero Emission scenario and Announced Pledges Scenario would likely impact business plans and other factors used in estimating an asset's recoverable amount. The correlated changes reduce the stand-alone impact of the price sensitivities. Changes in such input factors would likely include a reduction in the cost level in the oil and gas industry and offsetting foreign currency effects, which has historically occurred following significant changes in commodity prices.

Commodity price scenarios are illustrative as they do not incorporate other factors that would mitigate the effect on asset impairment in each scenario.

ILLUSTRATION #7: CONSISTENCY IN AMOUNTS AND NARRATIVE RELATED TO DECARBONISATION BETWEEN MANAGEMENT REPORT & FS

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

Sector/industry

Steel and mining

Geographic Footprint

- Steel-making operations in 15 countries. In 2024, 38% of crude steel was produced in the Americas, 53% in Europe and 9% in other countries, such as South Africa and Ukraine
- ArcelorMittal had approximately 125,000 employees.

Company’s definition of time horizon

- Short-term (up to one year – 2025)
- Medium-term (from one up to five years – 2030)
- Long-term (from 15 years up to 25 years –2050).

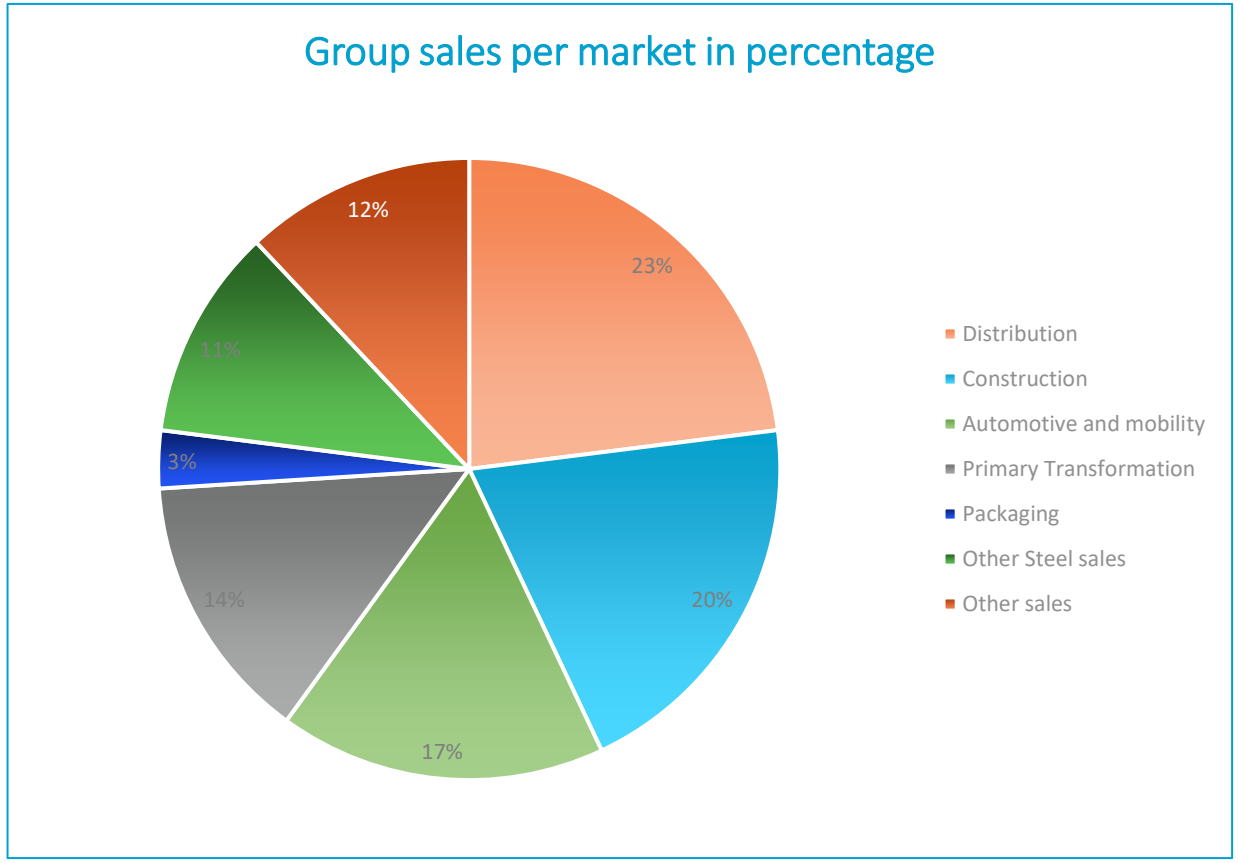
Governance

Climate risk management is overseen by the Climate Change Panel and Board-level Sustainability Committee

7 Material topics

- Safety
- Climate
- People (including equal opportunities and nondiscrimination)
- Air, water, land, biodiversity and ecosystems
- Communities
- Value chains that the Company's stakeholders trust
- Business conduct

KEY SEGMENTS



IDENTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES

- Stricter laws and regulations limiting greenhouse gas emissions could lead to higher capital and operational expenditure.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION

Anchor points	Narrative on strategy and actions in management report and FS notes

Type of connectivity (Consistency):

The first excerpt shows consistency in the amounts and qualitative disclosures regarding reported investments in decarbonisation, related to the construction of electric arc furnaces, in the management report and the financial statements.

In addition, the second excerpt shows a description of strategy and actions on the decarbonisation investments in the management report indicating delayed investments, which is consistent with the financial statements notes indicating no depreciation.

Sustainability reporting requirements

Adheres to the requirements of the EU Non-Financial Reporting Directive (NFRD). It also reflects the guiding principles of international organisations and frameworks such as IFRS, GRI, Sustainability Accounting Standards Board (SASB), the United Nations Global Compact (UNGC), and the United Nations Sustainable Development Goals (UN SDGs)

Company publishes a separate Sustainability Report

IFRS Accounting Requirements

IAS 16: Recognition (paragraph 16.7); Subsequent Costs (16.12–13); Derecognition (IAS 16.67–72)

Basis of preparation

Same scope of consolidation in the separate sustainability report as in the financial statements, unless indicated differently in the outcome and Key Performance Indicator boundary

Assurance

Limited assurance of the separate sustainability report.

CONNECTIVITY ILLUSTRATION (1/2)

Management Report

ArcelorMittal's strategic growth, maintenance and decarbonization projects are subject to financing, execution and completion risks.

The Company has announced a number of strategic growth and decarbonization projects, which are capital intensive, and also regularly invests in significant maintenance capital expenditures. See "Properties and capital expenditures—Property, plant and equipment—Investments in joint ventures" and "Properties and capital expenditures—Capital expenditures". The cost or time to

The Company has three announced EAF projects that are already progressing in Gijón (Spain) (see "Intro Sustainable developments highlights"), Sestao (Spain) and at its joint venture AMNS Calvert (USA), the latter which is now commissioning. Overall, ArcelorMittal has invested $1 billion decarbonization capital expenditures since 2018, mainly in EAF investments, DRI/EAF engineering studies and CCUS pilots.

ArcelorMittal's previously announced decarbonization investments in Europe are progressing at a slower pace than initially envisioned. The previously announced intention to

Financial Statements

The residual values and useful lives of property, plant and equipment are reviewed at each reporting date and adjusted if expectations differ from previous estimates. Depreciation methods applied to property, plant and equipment are reviewed at each reporting date and changed if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset. In the context of the 2021 annual review of useful lives and considering the expected date of retirement of certain assets in particular BF and BOF, sinter plants and coke plants following the implementation of the Company's decarbonization strategy involving the construction of DRI - EAF facilities, the Company decreased estimates of residual useful lives of such items of property, plant and equipment for its flat carbon operations in the EU and in Canada. The Company's announcements regarding decarbonization plans in Europe in November 2024 are not expected to significantly impact depreciation going forward.

The Management report provides information on the decarbonisation projects and indicates that it is progressing at a slower pace. The financial statements disclosures indicate that implementing the decarbonization strategy, there is no expected impact on depreciation going forward.

*DRI: Direct reduced iron, EAF: Electric Arc Furnace

CONNECTIVITY ILLUSTRATION (2/2)

Management Report CAPEX Expenditure

In addition, in 2024, the Company approved 17 multi-year projects with identified environmental benefits and involving capital expenditures of $219 million and 32 multi-year projects with identified energy benefits and involving capital expenditure of $326 million. The latter also includes 11 multi-year projects specifically targeted to decarbonization involving capital expenditures of $146 million. Capital expenditures related to decarbonization initiatives amounted to $0.3 billion for the year ended December 31, 2024 and are expected to remain stable between $0.3 to $0.4 billion in 2025, with main spend focusing on continuation of engineering studies on DRI-EAF facilities in

Financial statements

Capital expenditures relating to decarbonization
In 2024, capital expenditures relating to decarbonization projects amounted to 0.3 billion and related mainly to the Europe reportable segment. In 2023, they amounted to 0.2 billion mainly with respect to the ArcelorMittal Dofasco (Canada) DRI/EAF project.

Consistent amounts of the investments are in the management report and financial statements

ILLUSTRATION #8: INDIRECT CONNECTIVITY (RECONCILIATION) OF EU TAXONOMY CAPEX (SR) TO NON-FINANCIAL ASSETS (FS); IMPLICATIONS OF BOUNDARY DIFFERENCES DISCLOSED

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

- Information on the Business Model, Key segments and IROs same as illustration #6 (i.e. The excerpt is from the same company)

3 Material topics

- Climate change
- Own workforce
- Health and safety

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (1/2)

Anchor points	EU Taxonomy investments in Management report and PPE in the financial statement

Type of connectivity (Indirect connectivity):

Indirect connectivity is demonstrated through a reconciliation of EU Taxonomy capital expenditure (Capex) reported in the management report with the non-financial assets disclosed in the financial statements.

Additionally, the illustration highlights the implications of differing reporting boundaries between the financial and sustainability statements, particularly in relation to the calculation of the Capex key performance indicator ('KPI'). The voluntary KPI includes Capex related to equity-accounted investees, whereas this is excluded from the mandatory Capex KPI reported in the sustainability statement.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (2/2)

ESRS requirements

- ESRS 2.48 on the disclosure of current financial effects
- IFRS S1.34-35 on the disclosure of current financial effects' disclosures
- ESRS 1.125 which links quantitative information by including a reference to the line item and/or to the relevant paragraphs of its financial statements and a reconciliation, where appropriate.

EU Taxonomy Regulation

- Article 8.2: Disclosure of proportion of CAPEX associated with economic activities that qualify as environmentally sustainable
- Paragraph 1.1.2.1 of the Disclosures Delegated Act on costs that should be included in the CAPEX denominator as per IFRS Accounting Standards

IFRS Accounting requirements

IAS 28.10 Investments in Associates and Joint Ventures whereby under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

Basis of preparation

Same scope of consolidation in the sustainability statement and the financial statements.

Assurance on Sustainability Reporting

Limited assurance

CONNECTIVITY ILLUSTRATION

Sustainability statement

Proportion of taxonomy - eligible economic activities:	2024 Mandatory Capex KPI	2024 Voluntary Capex KPI including equity accounted investments
Aligned Eligible Activity		
Electricity generation from wind power	10.1 %	14.8 %
Electricity generation using solar photovoltaic technology	0.1 %	0.1 %
Underground permanent geological storage of CO_2	0.0 %	0.2 %
Transport of CO_2[1)]	0.0 %	0.1 %
Total Aligned Eligible Activity	**10.2 %**	**15.1 %**
Eligible and not Aligned activity		
Electricity generation from wind power	0.2 %	0.7 %
Electricity generation using solar photovoltaic technology	0.3 %	0.3 %
Underground permanent geological storage of CO_2	0.0 %	0.4 %
Storage of electricity[1)]	0.5 %	0.4 %
Electricity generation from fossil gaseous fuels	0.0 %	0.2 %
Total Eligible and not Aligned activity	0.9 %	2.1 %
Total	**11.1 %**	**17.2 %**

1) Enabling economic activities

Additional annual report information section

Appendix 2: Reconciliation to Share of gross capex to REN and LCS

The difference between the mandatory 11.1% capex KPI as defined within the EU Taxonomy and the 16% REN/LCS Gross capex* is mainly related to eligible activity in equity accounted investments which is included within the voluntary capex KPI including equity accounted investments. In addition, additions to right-of-use asset (leasing) are excluded and additions to goodwill and are included in the REN/LCS Gross capex* which differs in treatment to the EU taxonomy KPI. CCGT (Triton) is EUT eligible but not included in Equinor REN/LCS gross capex before CCS is installed. Please see section 2.2. Financial performance for details about Equinor's gross capex*.

(in USD million)	Note	2024	2023
Additions to PP&E, intangibles and equity accounted investments	5	**16,695**	14,500
Less:			
Additions to Equity accounted investments	13	**(573)**	(926)
Goodwill additions through business acquisition	13	**(71)**	(348)
Goodwill additions	13	**(29)**	(9)
Capex denominator as defined by the EU Taxonomy		**16,022**	13,217

The financial statements' additional assets include equity accounted investments and goodwill but the EU Taxonomy Capex KPI does not, indicating different reporting boundaries . The company also discloses a non-GAAP measure (Voluntary Capex KPI) aligned with the financial statements Capex information.

ILLUSTRATION #9: CONSISTENCY-DISCLOSURE OUTLINING REPORTING BOUNDARY DIFFERENCES IN INFORMATION USED TO CALCULATE GHG INTENSITY METRIC

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

Sector/industry

Hospitality industry, operating and leasing hotel properties.

Geographic footprint

- 161 hotel properties in 11 European countries, the bulk are lease agreements, including branded and unbranded hotels
- Hotels in Sweden, Germany, the UK and other European countries, over 1400 employees

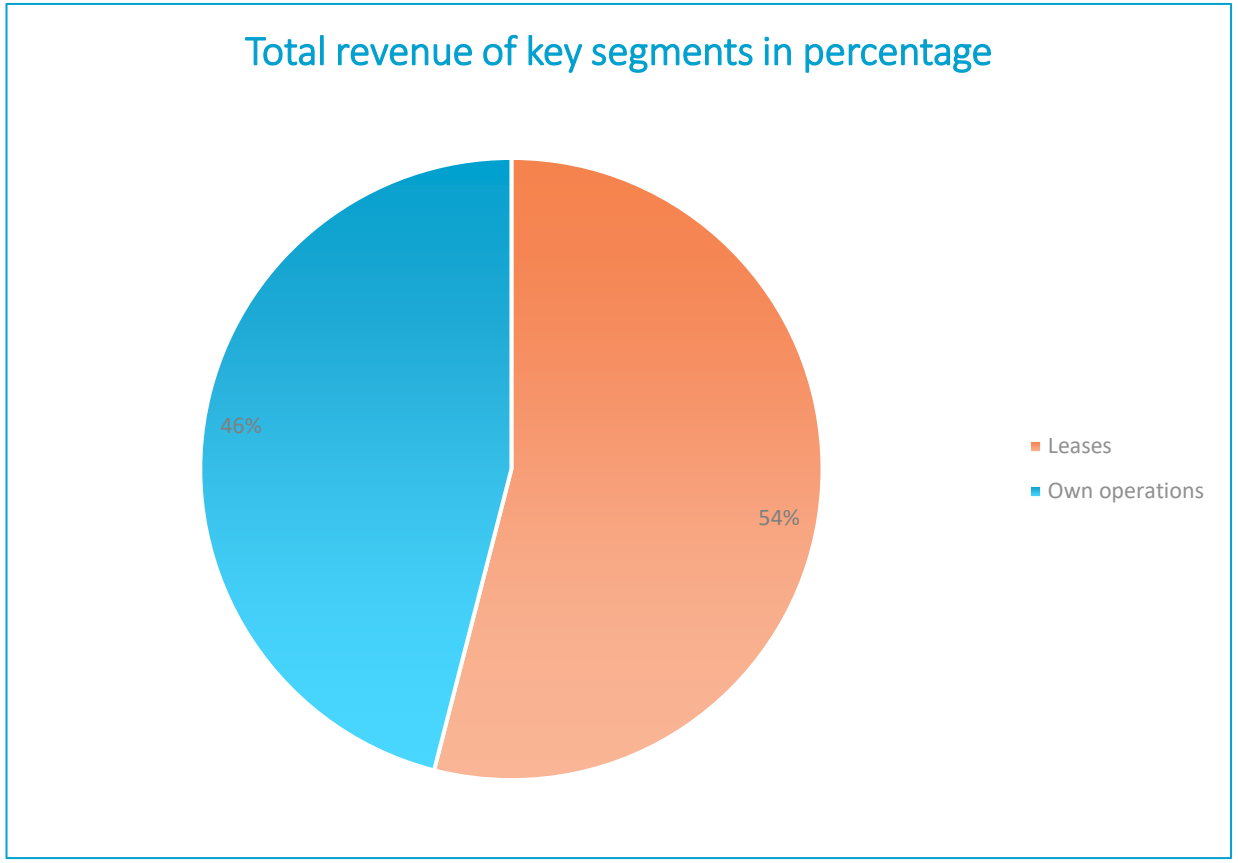
Company's definition of time horizon

- Short-term (up to five years – 2030)
- Medium-term (from five years up to 15 years – 2040)
- Long-term up to 2050 (from 15 years up to 25 years –2050)

9 Material topics

- Climate Change
- Pollution
- Water and marine resources
- Circular economy
- Own workforce
- Workers in the value chain
- Consumers and end- users
- Business conduct
- Cybersecurity

Key segments



IDENTIFIED CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

Impacts

- The entity is dependent on energy-intensive suppliers within the construction and renovation industries
- Many hotels' heating systems use natural gas, contributing to high GHG emissions

Risks

- Future costs from emission taxes and energy-efficiency investments
- Investment in climate change adaptation, specifically increased costs to transform older assets with low energy standards

Opportunities

- Sustainable building certification making properties more attractive, and cost savings by investing in more energy-efficient buildings

IDENTIFIED CLIMATE-RELATED TARGETS, ACTIONS AND GOVERNANCE

Actions/targets

- Has obtained the BREEAM certification of assets (80% of own operated hotels) and aims to certify all own operated hotels and leased out properties;
- Aims to reduce 42% of Scope 1 and 2 GHG emissions (in own operations) and 25% of Scope 3 (in leased hotels);
- Aims to reduce electricity consumption by 25%, gas by 20%, and water by 20% by 2030;
- Has 45% of sustainability-linked loans; and
- 63.1% of CAPEX is taxonomy-aligned.

Governance

Director of Sustainable Business has overall responsibility for sustainability reporting. A primary risk in sustainability reporting is that data may be reported inaccurately or not consolidated correctly.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (1/2)

Anchor points

Outlining reporting boundary differences between FS/SR and other frameworks

Type of connectivity (Consistency):

Consistency of data: The company reports on its GHG intensity per net revenue, with the revenue denominator being the same as revenue reported in the financial statements.

There is a disclosure of differences in reporting boundaries. The sustainability statement is prepared on a consolidated basis, aligned with the scope of the financial statements. The company also discloses supplementary outcomes for ESRS E1, E2, and E5 to meet the specific calculation and reporting requirements of the European Public Real Estate Association (EPRA) and science-based targets (SBT) in order to calculate the GHG emission intensity metric.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (2/2)

ESRS requirements

ESRS E1-6.53-55 on GHG intensity based on net revenue

Similar to IFRS S2.33 requirements on the disclosure of intensity climate-related targets

ESRS 1 section 9.2 whereby an entity should describe the relationships between different pieces of information (and specifically ESRS 1.126 on consistency of data)

IFRS Accounting requirements

IFRS 15.9-16 on the recognition of revenue

IAS 16 par.67-72 on the derecognition of assets

Basis of preparation

Same scope of consolidation in the sustainability report/statement and the financial statements, but some supplementary outcomes also reported in the sustainability report/statement.

Assurance

Limited assurance of the sustainability report/statement.

CONNECTIVITY ILLUSTRATION

Sustainability statement

Net revenue denominator the same as reported in the financial statements under total revenues.

Consolidated outcome: scope is aligned between FS and SR

Consolidated outcome like-for-like: Reflects supplementary outcomes to meet calculation and reporting requirements of the European Public Real Estate Association (EPRA) and science-based targets

	Consolidated outcome like-for-like				Consolidated outcome (aligned with financial report)			
	Science-based targets and 2024 outcome							
Total GHG emissions								
Total GHG emissions (location-based) (tCO_2eq)	99,136	106,681	−7%	102,187	100,154	107,173	−7%	
Total GHG emissions (market-based) (tCO_2eq)	96,159	103,809	−7%	97,722	97,760	105,382	−7%	
	2024	**2023**	**Δ%**		**2024**	**2023**	**Δ%**	
GHG intensity based on net revenue								
Total GHG emissions (location-based) per net revenue (tCO_2eq/MSEK)	14	16	−13%		14	16	−12%	
Total GHG emissions (market-based) per net revenue (tCO_2eq/MSEK)	13	15	−13%		14	15	−7%	
	2024	**2023**	**Δ%**		**2024**	**2023**	**Δ%**	
GHG intensity per sq m								
Total GHG emissions (location-based) per sq m (tCO_2eq/sq m)	49	52	−6%		49	52	−6%	
Total GHG emissions (market-based) per sq m (tCO_2eq/sq m)	47	50	−6%		48	51	−7%	

Financial statements

MSEK	Note	2024	2023
Revenue Leases			
Rental income	C1, C2, E1	3,728	3,548
Other property revenue	C1, C2, E1	137	142
Revenue Own Operations	C1	3,271	3,159
Total revenues		**7,136**	**6,849**

ILLUSTRATION #10: CONSISTENCY OF SEGMENT INFORMATION IN STRATEGIC REPORT AND FS; OUTLINING REPORTING BOUNDARY DIFFERENCES

BUSINESS MODEL AND MATERIAL SUSTAINABILITY-RELATED TOPICS

Sector/industry

Energy and petrochemical

Geographic Footprint

- Employs around 96,000 people across more than 70 countries, headquartered in the UK

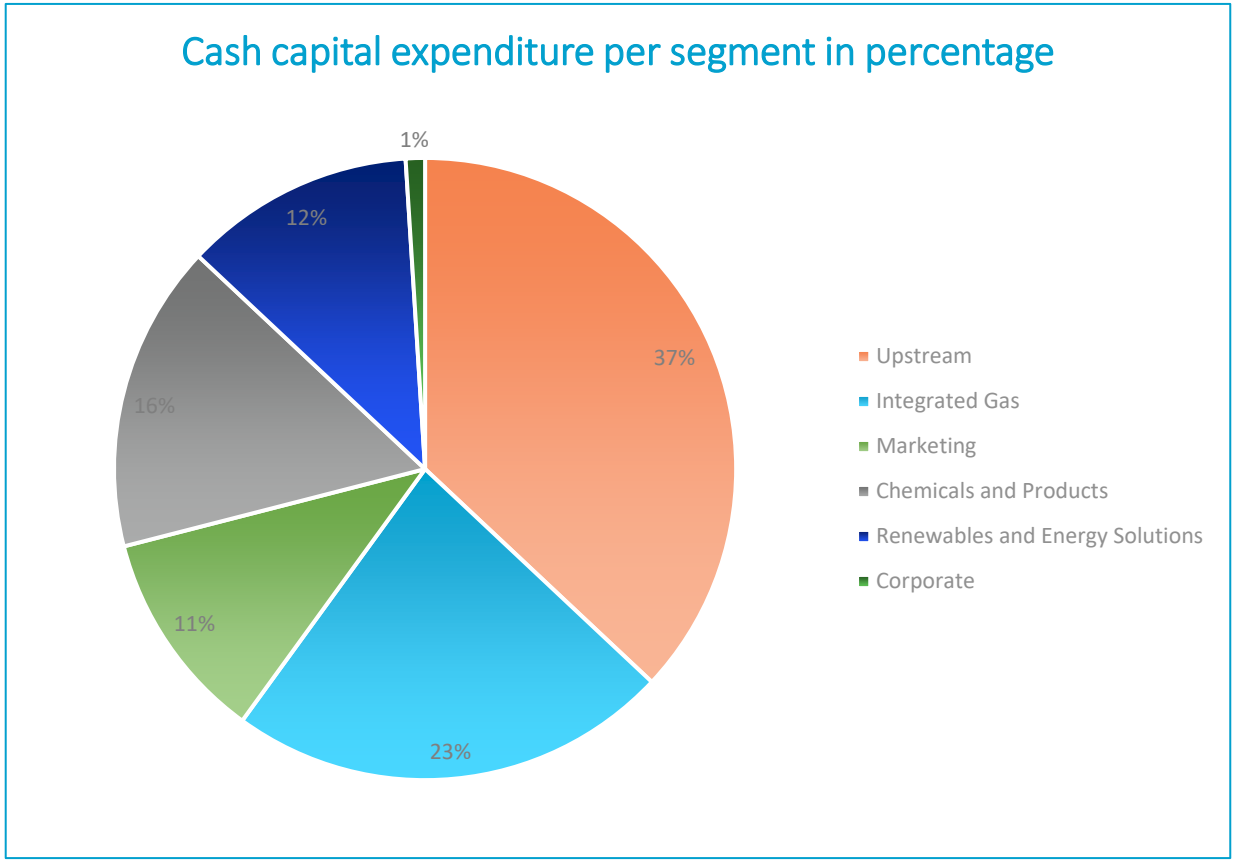
Company's definition of time horizon

- Short-term (up to three years)
- Medium-term (generally three to ten years)
- Long-term (generally beyond ten years)

9 Material topics

- Climate change
- Pollution
- Water
- Biodiversity
- Circularity
- Own Workforce
- Workers in the value chain
- Affected communities
- Governance

Key segments



CLIMATE-RELATED RISKS AND OPPORTUNITIES

- Over short to medium term, actively managed physical risks such as hurricanes in the US Gulf Coast, heat in the Middle East, water scarcity in Europe/Asia.
- Long-term risks remain uncertain; no immediate need for adaptation investments.
- Transition-related opportunities: Customer networks, advanced technology, innovation, and trading expertise to deliver affordable, low-carbon solutions. Research and development to drive progress toward net-zero emissions across all segments.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (1/2)

Anchor points	Business segments disaggregation in strategic report and FS

Type of connectivity (Consistency):

Consistency in the use of segment categories across both the financial statements and the strategic report in relation to assets exposed to climate risk, as well as operating expenses and capital expenditure linked to the energy transition.

The second excerpt shows a table included in the sustainability statement explaining the reporting boundary differences between reporting based on operational control versus financial control, including how these are treated under the ESRS framework.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (2/2)

ESRS requirements

Voluntary preparation of sustainability statement under ESRS.
ESRS 1 BP-1 on whether the sustainability statement has been prepared on a consolidated basis.
ESRS 1 section 9.2 whereby an entity should describe the relationships between different pieces of information (and specifically ESRS 1.126 on the explanation of the consistency of assumptions and qualitative information with the corresponding ones in the financial statements)

IFRS Accounting requirements

IFRS 8: Entities must disclose information that helps users assess the financial effects of their business activities and operating environments.

Basis of preparation

Same scope of consolidation in the sustainability statement and financial statements, except for operational control relating to joint ventures and associates and joint operations.

Assurance

Limited assurance of information in the sustainability statement.

CONNECTIVITY ILLUSTRATION (1/3)

Strategic Report

Our strategy and national net-zero commitments

We seek to translate our energy transition plans into specific targets and plans at a business segment level. We also seek to take capital deployment and portfolio decisions in the context of the integrated nature of our global operations. However, we continue to recognise the importance of engagement and collaboration in delivering the fundamental changes to the energy system that are required. This includes supporting and advocating for policies that aim to reduce carbon emissions and working with governments and other stakeholders in the development of policies that support the transition to a low-carbon energy system. As national transition plans develop, consideration will be given to the impact on our operations and the associated implications for our energy transition plans.

CONNECTIVITY ILLUSTRATION (2/3)

Strategic Report

Energy transition: Total operating expenses* by segment

$ billion

Classification [1]	Segment	2024		2023		2022	
Non-energy products [A]	Marketing	3.9	7.4	4.1	8.1	3.9	7.5
	Chemicals and Products	3.5		4.0		3.6	
Low-carbon energy solutions [B]	Marketing	0.7	1.9	0.9	2.2	0.5	1.5
	Renewables and Energy Solutions	1.2		1.3		1.0	
LNG, gas and power marketing and trading [C]	Integrated Gas	3.7	5.4	4.0	6.5	4.4	6.9
	Renewables and Energy Solutions	1.7		2.5		2.5	
Oil, oil products and other [D]	Integrated Gas	0.8	22.2	0.8	23.2	0.8	23.6
	Upstream	9.8		9.8		10.3	
	Marketing	6.0		6.2		5.8	
	Chemicals and Products	4.9		5.6		6.0	
	Renewables and Energy Solutions	0.0		0.0		0.0	
	Corporate	0.7		0.8		0.7	
Total		36.9	36.9	40.0	40.0	39.5	39.5

[1] See the footnotes under the table "Energy transition: Total operating expenses" on page 88 for more details.
* Non-GAAP measure (see page 445).

Financial statements

Goodwill, other intangible assets, property, plant and equipment, and joint ventures and associates
The carrying value of goodwill, other intangible assets, property plant and equipment, and joint ventures and associates by segment as at December 31 was as follows:

2024

$ billion

	Goodwill	Other intangible assets	Property, plant and equipment	Joint ventures and associates	Total
Integrated Gas	4.9	2.6	60.0	6.4	73.9
Upstream	5.3	0.1	63.4	8.0	76.8
Chemicals and Products	0.3	1.0	32.6	4.0	37.9
Marketing	4.3	4.6	21.4	3.9	34.2
Renewables and Energy Solutions	1.2	1.2	5.7	1.0	9.1
Corporate	–	–	2.1	0.1	2.2
Total	16.0	9.5	185.2	23.4	234.1

CONNECTIVITY ILLUSTRATION (3/3)

Sustainability statement

Understanding differences in reporting boundaries [A]

Boundary	Accounting treatment	Operated venture	Non-operated venture
Operational control	Subsidiaries	100%	0%
	Joint operations	100%	0%
	JVs and associates	100%	0%
Financial control	Subsidiaries	100%	100%
	Joint operations	Shell share	Shell share
	JVs and associates	0%	0%
ESRS	Subsidiaries	100%	100%
	Joint operations	100%	Shell share
	JVs and associates	100%	0%

[A] Shell reports Scope 3 emissions using an equity boundary. Under this approach, we report the Shell share of emissions from energy products sold, including those sourced from third parties.

Differences between reporting under operational control, financial control and ESRS basis

ILLUSTRATION #11: INTERTEMPORAL CONNECTIVITY (ANTICIPATED FINANCIAL EFFECTS DISCLOSURES); COHERENCE & CONSISTENCY OF RISKS BETWEEN TCFD REPORT AND PRINCIPAL RISKS SECTION

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

EFRAG

Sector/industry

Packaging and paper

Geographic Footprint

- Global company, headquartered in the UK, employs 22,000 people across 100 production sites in more than 30 countries, with key operations located in Europe, North America and Africa.
- Diversified operations reduce risk exposure to regional disruptions.

Company's definition of time horizon

- Short- (up to three years),
- Medium- (three to seven years), and
- Long-term (more than seven years)

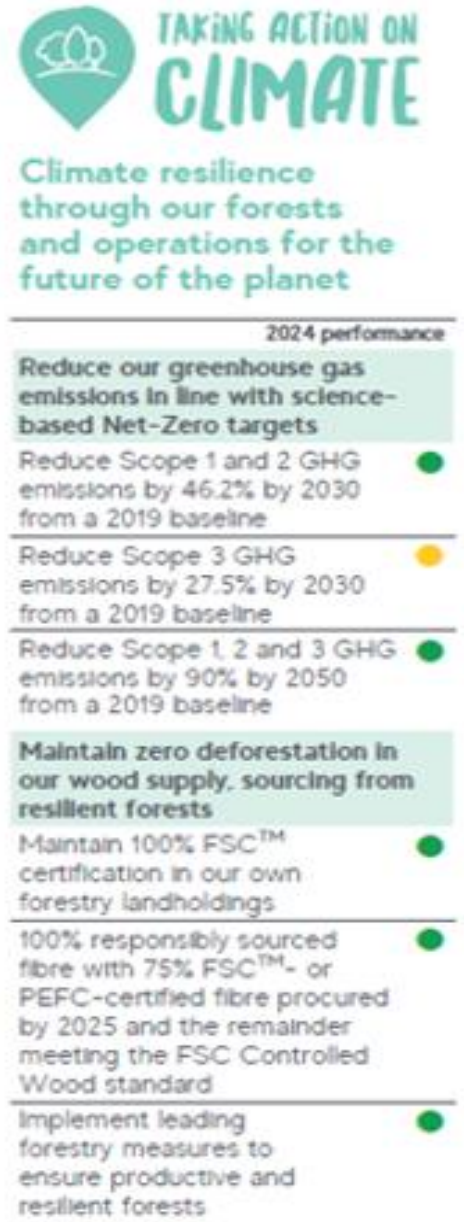
Governance: Environment-related risks are owned by the Group Head of Sustainable development

10 Material topics

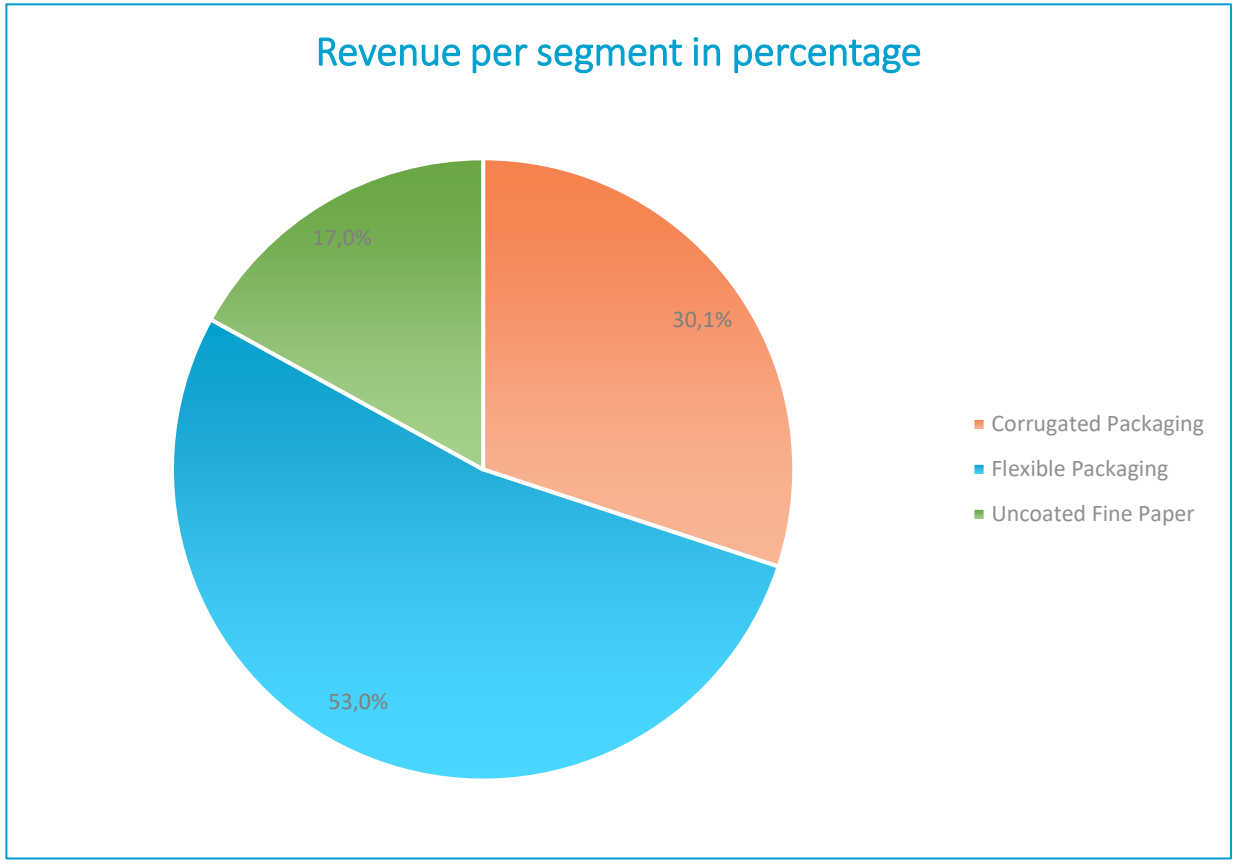
MAP2030 areas	Material topics
CIRCULAR DRIVEN SOLUTIONS	Circular economy
	Product quality and safety[1]
CREATED BY EMPOWERED PEOPLE	Diversity, equity and inclusion[1]
	Working conditions and human rights[1]
TAKING ACTION ON CLIMATE	Biodiversity and fibre sourcing
	Climate change adaptation[2]
	Climate change mitigation
	Energy
	Water
RESPONSIBLE BUSINESS PRACTICES	Business conduct[2]

1 Only material from an impact perspective.
2 Only financially material.

Company published a separate Sustainable Development report which is in the Annual Report by cross-reference, to explain the double materiality analysis.



KEY SEGMENTS



IDENTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES IN SR (1/2)

Company identifies and describes its six categories of **climate-related risks** (i.e. **Physical risks** and **Transition risks**) and two categories of **Climate change-related opportunities**. For each category of these categories, the company notes the applicable time horizon.

Physical risk

1. Higher wood procurement costs Annual estimated Financial impact (75-140 €m) Long-term	• Large-scale forest damage due to temperature increase, changes in rainfall patterns and windstorms. • A reduction in the cutting capacity of saw mills could lead to a change in the mix of available pulpwood and sawmill chips. • Increasing competition for wood.
2. Risk of flooding Annual estimated Financial impact (15-85 €m) Long-term	• Surface water flooding (eg after extreme rainfall) as the mills are close to rivers • Mill downtime due to wider infrastructure damage due to significant flooding
3. South African plantation yield loss Annual estimated Financial impact (15-20 €m) Medium-term	• Disruptions and decreased harvesting capacity due to extreme weather conditions, e.g, fire when there is drought and increased vulnerability of trees to pests and diseases when higher temperatures.

IDENTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES IN SR (2/2)

Transition risks

4. Energy supply costs

Annual estimated Financial impact (60-110 €m)

Medium-term

- Increase in medium term by up to 10-20% due to increasing regulation on fossil-based energy sources, increased demand for renewable energy and the shifting energy supply mix
- Medium to long-term: Wind and solar energy supply can be inconsistent due to weather patterns leading to reliance on fossil fuels during the energy transition period.

5. GHG emissions regulatory changes (net impact)

Annual estimated Financial impact (40-80 €m)

Short to medium-term

- Impact of 9 out of 13 pulp and paper mills under the EU Emissions Trading Scheme. E.g, 5 may face a deficit of the EU ETS allowances in the short to medium term, resulting in a potential Group net deficit position.
- South African carbon tax on emissions from fossil fuel combustion

6. Asset impairment risk

Annual estimated Financial impact (10-30 €m)

Long-term

- Risk of impairment if regulations require fossil-based energy plants to be decommissioned by a certain date.

Climate change-related opportunities

1. Changing customer behaviour

Annual estimated Financial impact (120-240 €m)

Short to long-term

- An opportunity to meet the demand for more sustainable products based in leading corrugated packaging and flexible packaging footprint and increasing the focus on recyclability and the amount of recycled content used within our solutions.
- 1-2% per annum revenue growth in the packaging businesses in the long term

2. Reduced operating costs through energy efficiency

Annual estimated Financial impact (15-25 €m)

Medium-term

- Cost savings by improving the efficiency of their energy plants and manufacturing operations.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (1/2)

Anchor point	Anticipated financial effects disclosures

<u>Types of connectivity (Intertemporal connectivity-connectivity over reporting periods, coherence, consistency):</u>
The first excerpt shows the quantitative and qualitative disclosure (in TCFD report) of possible annual estimated financial impacts of climate change-related risks and opportunities in the sustainability report over the short, medium and long-term horizon.

The second excerpt shows that there is consistency of assumptions between the entity's Principal Risks section, and its IROs in the sustainability section of the strategic report, as climate change is identified both as a principal risk and as a material topic. The information in the sustainability section explains how climate change risks are linked to the strategy in driving performance along the value chain and highlights that operational risks factor in environmental risks.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (2/2)

EFRAG

ESRS requirements

Sustainability statement in accordance with ESRS

ESRS 2.48 and E1-9 (IFRS S2.9, IFRS S2.13-15) requires entities to provide information on anticipated financial effects.

ESRS 1 section 9.2 whereby an entity should connect narrative information on governance, strategy and risk management to related metrics and targets, including linking this to anticipated financial effects.

TCFD Recommendations

Climate-Related Risks, Opportunities, and Financial Impacts

Scenario Analysis and Climate-Related issues

Reference to TCFD for information on ESRS E1-9 on Anticipated financial effects

Basis of preparation

Same scope of consolidation in the sustainability statement and the financial statements.

Assurance on Sustainability information

Reasonable Assurance: Scope 1 and 2 GHG emissions

Limited Assurance: Other selected sustainability information and KPIs

CONNECTIVITY ILLUSTRATION

TCFD recommendations disclosures

Climate change-related risks and opportunities

Climate change-related risks		Annual estimated financial impact (€m)	Timeframe			Scenario sensitivity		
			Short	Medium	Long	1.5°C	2°C	BAU
Physical risks	1. Higher wood procurement costs	75-140			●	●●	●●●	●●●●
	2. Risk of flooding	15-85			●	●	●●	●●●●
	3. South African plantation yield loss	15-20			●	●	●●	●●●
Transition risks	4. Energy supply costs	60-110			●	●●●●●	●●●●	●●
	5. GHG emissions regulatory changes (net impact)	40-80				●●●●●	●●●●	●●●
	6. Asset impairment risk[1]	10-30			●	●●●●	●●●	●
Total climate change-related risks		215-465						
Climate change-related opportunities								
1. Changing customer behaviour		120-240			●	●●●●●	●●●●	●●
2. Reduced operating costs through energy efficiency		15-25			●	●●●●●	●●●●	●●
Total climate change-related opportunities		135-265						

Anticipated onset of risk or opportunity

Estimated full impact of risk or opportunity

●●●●● ●●●● ●●● ●● ● High likelihood / Low likelihood

1 The asset impairment risk is a one-off write-down and not annually recurring.

There is connectivity of reported information as the disclosures on anticipated financial effects in the sustainability statement/disclosures reflect possible financial statement effects which may materialise in the future.

COHERENCE & CONSISTENCY ACROSS STRATEGIC/MANAGEMENT REPORT (MR)- LINKAGE OF SR IROs TO PRINCIPAL RISKS & STRATEGY DESCRIPTION IN REST OF MR- 1/2

EFRAG

Our principal risks

		Delegated risk owner	Link to strategy
Strategic	1 Industry productive capacity	Executive Committee	● ●
	2 Product substitution		● ●
	3 Fluctuations and variability in selling prices or gross margins		● ● ●
	4 Country risk		●
	5 Climate change risks	Group Head of Sustainable Development	● ● ●
Financial	6 Capital structure	Group CFO	● ●
	7 Currency risk	Group Treasurer	● ●
	8 Tax risk	Group Head of Tax	● ●
Operational	9 Cost and availability of raw materials	Chief Procurement Officer	●
	10 Energy security and related input costs	Group Head of Operations	● ●
	11 Technical integrity of our operating assets		● ●
	12 Environmental impact	Group Head of Sustainable Development	●
	13 Employment and contractor health and safety	Group Head of Safety & Health	●
	14 Attraction and retention of key skills and talent	Chief People Officer	●
	15 Cyber security risk	Chief Information Officer	● ● ● ●
Compliance	16 Reputational risk	Executive Committee	● ● ●

There is connectivity between information in the SR disclosure and Principal risks section, i.e., Climate change risks are amongst the identified 15 principal risks (and are among the five strategic risks). Climate change risks are linked to strategy in driving performance along the value chain, investing in quality assets, and partnerships with customers.

5 Climate change risks

Description

- Climate change risks will likely impact our business in the future.
- Greenhouse gas (GHG) emissions are regulated in many countries and regions where we operate, with increasing regulation and climate change-related transition risks potentially impacting our costs. The energy we require to manufacture our products results in Scope 1 and Scope 2 GHG emissions. Our value chain emissions contribute to our Scope 3 emissions.
- Climate change is creating both physical and transition risks which impact forests, and which pose a threat to our access to sustainable fibre, the main raw material for our paper products.
- Customers and consumers are concerned about the consequences of climate change and are looking for solutions produced from renewable materials and reduced carbon footprints. Investors consider the climate impact of their portfolios.
- Our climate change risks include transition and physical risks. Transition risks include regulatory risks, for example GHG emission-related regulatory changes and energy supply cost volatility due to changes in future energy supply mix. Physical risks include the impact of changing precipitation patterns and increased costs driven by a shortage of wood supply in the long term due to physical impacts such as droughts, pests and diseases.

COHERENCE & CONSISTENCY ACROSS STRATEGIC/MANAGEMENT REPORT (MR)- LINKAGE OF SR IROs TO PRINCIPAL RISKS & STRATEGY DESCRIPTION IN REST OF MR- 2/2

9 Cost and availability of raw materi

Description

- We use significant amounts of wood, pulp, paper for recycling, polymers and chemicals in our production processes, meaning access to these raw materials is essential to our operations.
- The prices for many raw material inputs fluctuate in correlation with global commodity cycles.
- Wood prices and availability may be adversely affected by reduced quantities of available suitable wood supply due to increased frequency of severe weather events, changes in rainfall, increased pest and disease outbreaks, increased use of wood as biofuel, alternative use of wood for heating and changes in demand for wood as a building material.
- Climate change will create long-term structural changes to the pricing and availability of wood, with temperature and precipitation changes resulting in a geographic shift of optimal forest growth areas, and an impact from forest-related legislative policies, particularly in the EU.
- Force majeure events can influence raw material supply and pricing, directly affecting the market production and supply balance.

10 Energy security and related input co

Description

- Availability of sufficient and reliable energy supply is a key focus area; as the transition to cleaner energy sources accelerates, accompanied by increased regulation, the energy supply portfolio is undergoing long-term changes, such as an increase in demand for renewable energy and an increase in carbon taxes, which increases the risk of more volatile pricing as well as potential for severe energy interruptions.
- Security of supply of gas is subject to political pressures and could be intermittent, while renewable energy sources, such as wind and solar, are subject to unpredictable physical weather patterns. Competition for sources of renewable energy, such as biomass, causes cost and availability pressures.
- Rapid increases in fuel and energy costs represent higher direct costs to the Group as well as for our suppliers, which in turn may seek to increase prices which may be difficult to pass on to customers and could cause a contraction of gross margins.
- Income from the sale of renewable energy, either from sales of certificates, subsidies or sales of renewable energy to the grid, represents a source of income for various pulp and paper mills and is subject to both volatility in price and regulatory changes.
- Availability of sufficient and reliable electricity supply in South Africa remains a concern and above inflationary increases are virtually certain.

12 Environmental impact

Description

- Our operations require water and energy and generate emissions to air, water and land. We are subject to a wide range of environmental laws and regulations, as well as the requirements of our customers and expectations of our broader stakeholders. Costs to meet compliance requirements, and increasing costs from the effects of emissions could have an adverse impact on our profitability.
- The availability of water in water scarce and stressed areas could pose a risk to continuing to operate our production facilities to their full potential.
- As we purchase significant amounts of wood and fibre on the market and manage plantation forestry landholdings in South Africa, a decline in ecosystem functions and loss of biodiversity could impact the natural resources that we rely on.

13 Employee and contractor health an

Description

- Accidents, incidents and exposure to occupational health hazards, such as noise and stress, may cause injury or harm to employees and contractors, property damage, lost production time, and/or harm to our reputation.
- Risks include fatalities, serious injuries, occupational diseases, substance abuse and instances of violent crime in some jurisdictions.

Operational risks (cost and availability of raw materials, energy security and related input costs, environmental impacts) factor in environmental risks and are linked to strategy in driving performance along the value chain. Employee and contractor HS linked to strategy in managing people - These principal risks align with the material topics identified in line with ESRS

ILLUSTRATION #12: INTERTEMPORAL CONNECTIVITY (CONNECTIVITY OVER REPORTING PERIODS)- ANTICIPATED FINANCIAL EFFECTS DISCLOSURES)

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

Sector/industry

Mining and energy

Geographic footprint

Americas / Asias Pacific / Southwest Asia / Africa / Europe

- Employs approximately 64,000 people

Company's definition of time horizon

- Short-term (one year)
- Medium-term (from one to five years)
- Long-term (from six to 30 years)

Governance

The Sustainability Committee advises the Board on integrating sustainability into Vale's strategic planning. It ensures alignment of policies, promotes discussion of critical ESG issues, and evaluates sustainability-related investments.

6 Material topics

Negative climate impacts or risks

Transition risks

- GHG emissions
- Carbon taxes
- Reputational risk regarding failing the 2030 carbon target

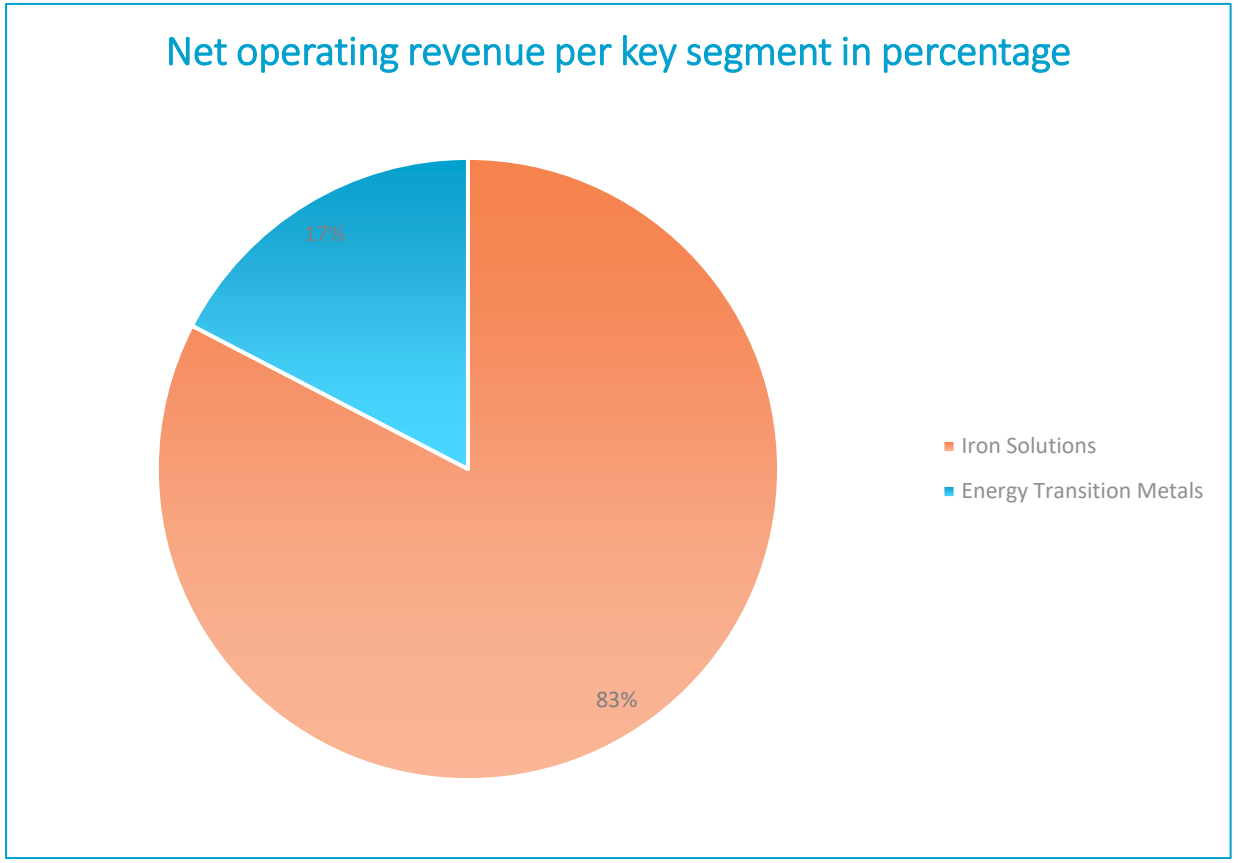
Physical risk

- Extreme weather

Positive climate opportunities

- Increased demand for high-quality products
- Increased demand for nickel, copper and other energy transition metals

KEY SEGMENTS



IDENTIFIED CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

Risks

Transition risks

- Exposure to regulations related to GHG emissions, potentially resulting in reduced market share and increased operational costs.
- Increased shipping costs due to the carbon tax imposed by the International Maritime organization (IMO)
- Failure to meet the 2030 carbon target for Scopes 1 and 2

Physical risks

- Intensification of extreme weather conditions, impacting operating sites, the production chain and communities.

Opportunities

- Increased demand for high-quality and more efficient products and agglomerates with the potential to reduce GHG emissions.
- Growing demand for nickel, copper and other energy transition metals, which will have an impact on the operating revenue, costs of goods and services sold and property, plant and equipment.

IDENTIFIED CLIMATE-RELATED TARGETS

Target related to

33% reduction in absolute Scopes 1 and 2 (market-based) GHG emissions

- To reduce the carbon intensity of international maritime transportation by at least 40% by 2030 (compared to 2008 levels)
- By 2030, at least 5% of energy used in maritime transport to come from zero- or near-zero-emission sources, with an ambition to reach 10%
- Achieved progression: 26.9% reduction as of 2024 in relation to the 2017 base year

15% reduction in net Scope 3 GHG emissions

- Obtain 100% renewable electricity globally by 2030
- Improve the global energy efficiency indicator by 5% by 2030, compared to 2017.
- Achieved progression: 13.2% reduction as of 2024 in relation to the 2018 base year

Ongoing projects supporting climate goals include

- In 2023, the company launched Iron Ore Briquette production to support the steel industry's decarbonization by utilizing high-quality ores. As of December 31, 2024, related property, plant, and equipment (PP&E) was valued at US$257 million.
- The Gelado Project involves producing pellet feed from old iron ore tailings using electric dredges, contributing to emission reduction. PP&E for this project was US$308 million in 2024.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION

Anchor points	Anticipated financial effect disclosures related to identified transition and physical risks

Type of connectivity (Intertemporal connectivity):

This illustration highlights the company's quantitative and qualitative disclosures of possible **anticipated financial statements effects** of climate change-related risks — both transition and physical — for the short, medium and long-term (e.g. costs incurred due to carbon pricing mechanisms).

ISSB Standards requirements

Entity applies IFRS S1 and S2

IFRS S1:

Addresses general requirements for disclosing sustainability-related financial information.

Paragraph 29.b. Disclosure of current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain.

Paragraph 34-40 Disclosure of quantitative and qualitative information on anticipated financial effects over the time horizon given its strategy.

IFRS S2:

Paragraph 13 Disclosure for users to understand the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain

Assurance on Sustainability Reporting Limited assurance regarding IFRS S2

Basis for preparation

Same scope of consolidation in the sustainability statement and the financial statements

CONNECTIVITY ILLUSTRATION (1/2)

Sustainability-Related Financial Information report

Illustration A

The Company estimates that it may incur costs arising from carbon pricing mechanisms from US$1 billion to US$3.5 billion, measured at present value. These costs may impact the Company's income statement and cash flows substantially from 2030 onwards, therefore, over the long-term horizon as defined in section 4. The amount and timing of disbursements will depend on the achievement of Vale's emissions targets and the significant uncertainties described in section 9. For more details on the Company's targets, please refer to section 10.

In the steel industry, the Company invests in its own technologies and partnerships for the transition from blast furnaces and has developed iron ore briquettes. These investments are estimated at up to US$1 billion (present value) and are substantially linked to the construction and development of Mega Hubs. Disbursements will occur in the short (4%), medium (74%) and long term (22%), and will be recognized on the balance sheet as property, plant and equipment or investments in associates and joint ventures. In addition, Vale estimates research and development expenses of up to US$250 (present value), which disbursements will occur in the short (44%) and medium (56%) term.

Illustration B

Potential impacts include increased expenses due to equipment damage and loss, rendering production unfeasible, operational interruptions, loss of productivity and increased maintenance costs due to unscheduled downtime. Based on the current stage of analysis related to physical risks and the level of uncertainty involved in measuring potential effects, the Company concluded that any quantitative estimate would not be relevant information.

Property, plant and equipment related to the Iron Ore Solutions and Energy Transition Metals segments have a higher degree of exposure to physical risks arising from climate change. The carrying amount of these assets as of December 31, 2024 were US$24,367 and US$13,309, respectively. Due to the nature of Vale's operations, in which investments in capacity replacement are constantly needed, the carrying amount of the assets is deemed a reasonable proxy to their replacement costs.

The extreme weather events may result in operational shutdowns, impacting the Company's production volume and, consequently, decreasing the operating revenue and the associated variable costs. For reference, a 5% reduction in the volumes sold of Iron Ore Solutions and Energy Transition Metals products would have an impact of US$1,234 or 8.3% in relation to Vale's adjusted EBITDA for the year ended December 31, 2024, which totaled US$14,840 (Note 5a to the Financial Statements).

The company discloses potential future financial effects related to both transition and physical climate risks. These examples demonstrate prospective impacts that could materialise. No impact is currently reflected in the FS, as there is no present effect; however, this may materialise in future FS fillings.

- **Illustration A** provides a quantitative estimate of future investments in the short, medium and long-term, linked to transition risks, to be recognised on the future Balance Sheet
- **Illustration B** presents a qualitative assessment of possible physical risks from extreme weather events. Quantitative data is not included for physical risks, as entity indicates that estimates are not meaningful due to high uncertainty. Nonetheless, the company includes sensitivity analysis to show the potential financial effect of reduced iron ore sales.

CONNECTIVITY ILLUSTRATION (2/2)

Sustainability-Related Financial Information report

Illustration C

Carbon pricing: In April 2025 (subsequent event), the IMO's Marine Environment Protection Committee approved a set of regulatory measures establishing a maritime fuel standard and GHG emissions pricing mechanism for international shipping, which will be effective as of 2027.

Based on the recent approval of these measures, the Company will re-assess the scenarios and financial impacts anticipated in the medium and long term during its strategic planning review, and it expects that the GHG emissions pricing mechanism will result in an increase in freight costs. For reference, Vale's shipping costs totaled, US$4,749* in 2024 (see Note 6a to the Financial Statements).

Mitigation of GHG emissions related to international shipping: As part of the Ecoshipping program, the Company intends to invest in solutions aimed at decarbonizing the fleet of vessels serving the Company. These investments will be recognized as research and development expenses in the income statement and will represent payments in Vale's statement of cash flows. The projections consider an impact of approximately US$19* at present value, with 39% in the short term and 61% in the medium term.

* Expressed in millions

Carbon pricing: The sustainability reporting disclosure provides qualitative information on the anticipated financial impact on freight costs which results from regulatory measures on the GHG emisisons pricing mechanism. It also makes reference to the current shipping costs linked to the financial statement line item.

Mitigation of GHG emissions: The disclosure provides a projection split between short- and medium-term financial impacts (US$ 19 million at present value, with 39% in short and 61% in long term). The statement provides clarity on how this will be reflected in the financial statement (research and development expenses in the income statement).

For all three illustrations, there is connectivity of reported information as the disclosures on anticipated financial effects in the sustainability statement/disclosures reflect possible financial statement effects which may materialise in the future.

ILLUSTRATION #13: CONSISTENCY OF SUSTAINABILITY-LINKED LOANS BETWEEN MANAGEMENT REPORT AND FS

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

Sector/industry

Real estate property

Geographic footprint

Central and eastern Europe

- Employs approximately 650 people

Company's definition of time horizon

- Short-term (till 2030)
- Medium-term (till 2040)
- Long-term (till 2050)

Governance

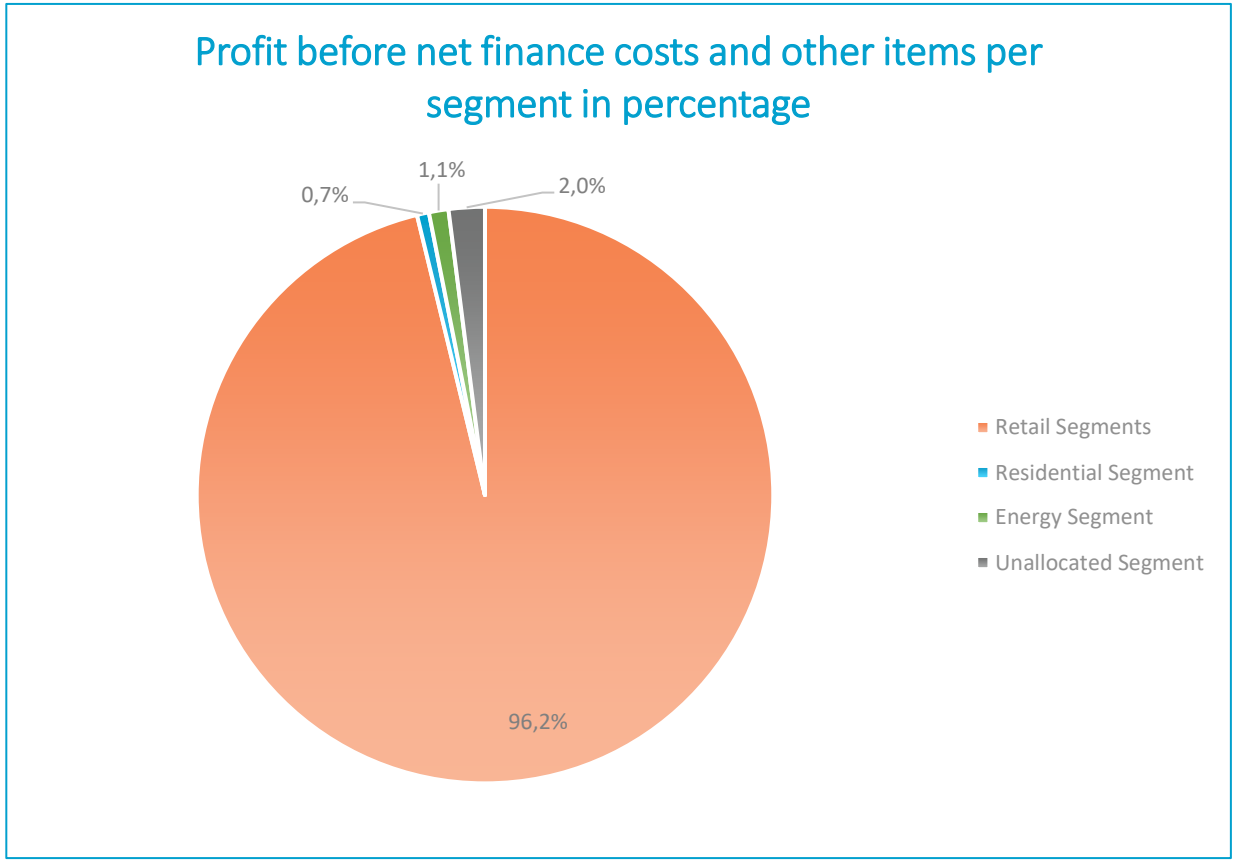
The Group Head of Sustainability plays an active role in risk reviews and ESG oversight.

Key sustainability risks are reported quarterly to the Risk and Compliance Committee.

13 Material topics

- Climate change mitigation
- Energy
- Water
- Resources inflows, including resource use
- Resource outflows related to products and services
- Waste
- Working conditions
- Equal treatment and opportunities for all
- Corporate culture
- Protection of whistleblowers
- Political engagement and lobbying activities
- Mangement of relationships with suppliers including payment practices
- Corruption and bribery

KEY SEGMENTS



IDENTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES

IRO Category (OO/VC)	Material IRO	Description	Time Horizon
E1 Climate Change			
Climate Change Mitigation			
Negative Impact (OO)	Generation of Scope 1 and 2 greenhouse gas (GHG) emissions stemming from own operations	Negative impacts on climate associated with GHG emissions generated as a result of NEPI Rockcastle's own operations, such as its shopping centres and its corporate offices	Short
Negative Impact (VC – U/D)	Generation of Scope 3 GHG emissions stemming from the value chain	Negative impacts on climate associated with GHG emissions generated as a result of NEPI Rockcastle's value chain, including construction materials and downstream leased assets	Short
Risk (OO/VC – U/D)	Transition to lower emission technology	Increased costs associated with investing in new technologies, required to transition to a green economy, stemming from legislative pressures (such as those associated with the EU's Green New Deal)	Short
Opportunity (OO)	Use of sustainable technologies	Cost reductions associated with the implementation of lower emission technology such as solar panels, which can save on energy costs	Short
Positive Impact (VC - U/D)	Actions taken to reduce Scope 3 (categories 3 and 13) GHG Emissions	The implementation of actions to reduce Scope 3 GHG Emissions (categories 3 and 13). Reducing Scope 3 emissions helps mitigate climate change by lowering tenants' greenhouse gas emissions, enhancing energy efficiency, and fostering a more sustainable environment.	Short
Risk (VC – U/D)	Requirement to reduce GHG emissions in value chain	Increased costs associated with the implementation of climate mitigation and adaptation measures aimed at reducing GHG emissions during the construction process	Short

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION

Anchor point	Sustainability-linked financing information in the FS and management report

Types of connectivity (Consistency, coherence):

Consistency between the amount of sustainability-linked financing the company has received, including green loans with sustainability-linked features and green bonds, reported in the management report and the financial statements.

Moreover, further narrative context on the green loan facilities is provided in the management report, by explaining that they are aimed at reducing the entity's GHG emissions and improving its energy efficiency. In addition, the notes to the financial statements also provide further narrative context on the green bonds, by explaining that the proceeds are aimed at allocating resources to environmentally sustainable buildings.

ESRS requirements

Sustainability statement prepared in accordance with ESRS

ESRS E1-1 Transition plan for climate change mitigation

ESRS 1 section 9.2 whereby an entity should describe the relationships between different pieces of information

IFRS Accounting requirements

IFRS 7.7–7.10 requires disclosure of key terms. The green loan and green bonds include sustainability-linked features, assessed as closely related under IFRS 9.

IFRS 9: Instruments are measured at amortised cost, as cash flows represent principal and interest.

Assurance

Limited assurance of the Sustainability Report

Basis for preparation

Same scope of consolidation in the sustainability statement and the financial statements, except for one recently acquired property not included in the sustainability statement.

CONNECTIVITY ILLUSTRATION

Management report

In December 2023, NEPI Rockcastle secured a €387 million green financing agreement with IFC, structured as a green loan with sustainability-linked features. The facility, aimed at reducing greenhouse gas emissions and increasing energy efficiency across the Group's property portfolio, was disbursed in mid-February 2024 and matures in January 2029. Subsequently, in August 2024, an additional €58 million was drawn under this facility, increasing the total to €445 million. The financing was put in place to facilitate the repayment of the bond maturing in November 2024.

Further reinforcing its position as a leader in sustainable finance, NEPI Rockcastle successfully issued its third green unsecured Eurobond in October 2024. The €500 million bond carries a 4.25% fixed coupon, has a 7-year tenor, and matures in January 2032. The net proceeds will be allocated to finance and/or refinance eligible green projects within the Group's portfolio, in line with the updated Green Finance Framework. With this recent green Eurobond issuance, the total green bonds issued under the Green Finance Framework has reached €1.5 billion.

As of 31 December 2024, 80% of the Group's total funding incorporates green or sustainability-linked features, underscoring NEPI Rockcastle's continued leadership in sustainable financing in the CEE region.

Financial statements

Also in 2024, NEPI Rockcastle disbursed in two tranches a €445 million IFC green loan with sustainability-linked features, concluded in December 2023.

Under the existing Green Finance Framework, NEPI Rockcastle has issued €1.5 billion green bonds, including the one issued in October 2024. The Group has committed to use proceeds from green bonds to finance or refinance existing and future projects which improve the environmental performance of the Group's property portfolio, which translate into allocating all resources to environmentally sustainable assets (buildings certified as BREEAM "excellent" or "very good"). Going forward, both newly issued and currently outstanding bonds will be governed under the updated framework, with allocation to a single portfolio of assets, in alignment with the more rigorous eligibility criteria in the framework.

Consistency is seen as the amounts of sustainability-linked loans can be reconciled between the financial statements and the management report. Further context is provided in the management report on the use of the loan, ie, that the proceeds from both issuances will be used to improve the environmental performance (e.g. energy efficiency) of the group's property portfolio.

4 ILLUSTRATIONS FROM FINANCIAL INSTITUTIONS

ILLUSTRATION #14: CONSISTENCY BETWEEN ASSETS AT RISK IN SR AND FS; COHERENCE OF EXPOSURE SENSITIVITY BETWEEN SR AND FS INFORMATION

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

Sector/industry

Banking and Financial Services

Geographic footprint

- ABN AMRO serves clients primarily in the Netherlands and Northwest Europe.
- Offices Outside Europe: global Clearing business in Asia Pacific and the Americas.
- Employs around 21,000 people

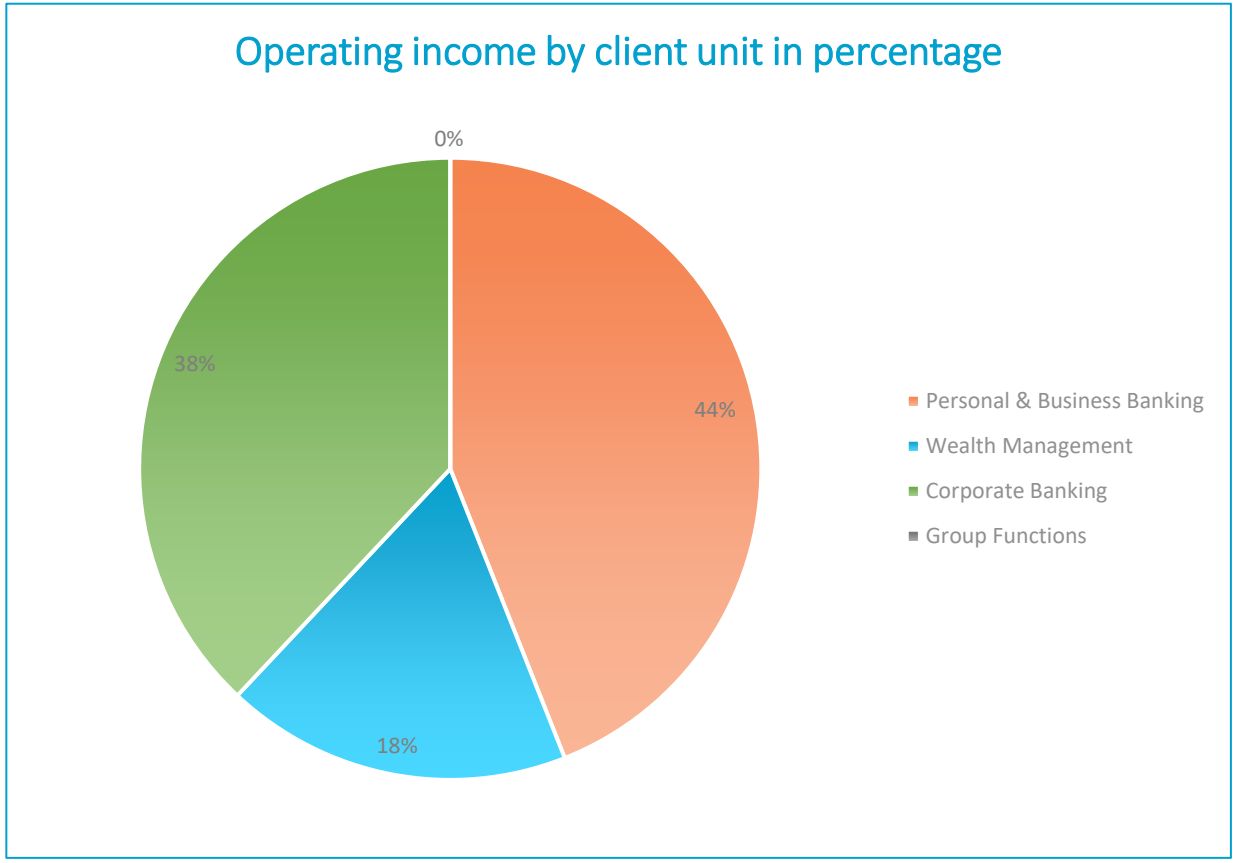
Company's definition of time horizon

- Short-term (one year),
- Medium-term (between one and five years) and
- Long-term (more than five years to 30 years)

8 Material topics

- Climate change
- Pollution
- Biodiversity & Ecosystem
- Resource use and circular economy
- Own Workforce
- Workers in the value chain
- Consumers and end Users
- Business conduct

KEY SEGMENTS



IDENTIFIED CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

CER Materiality assessment

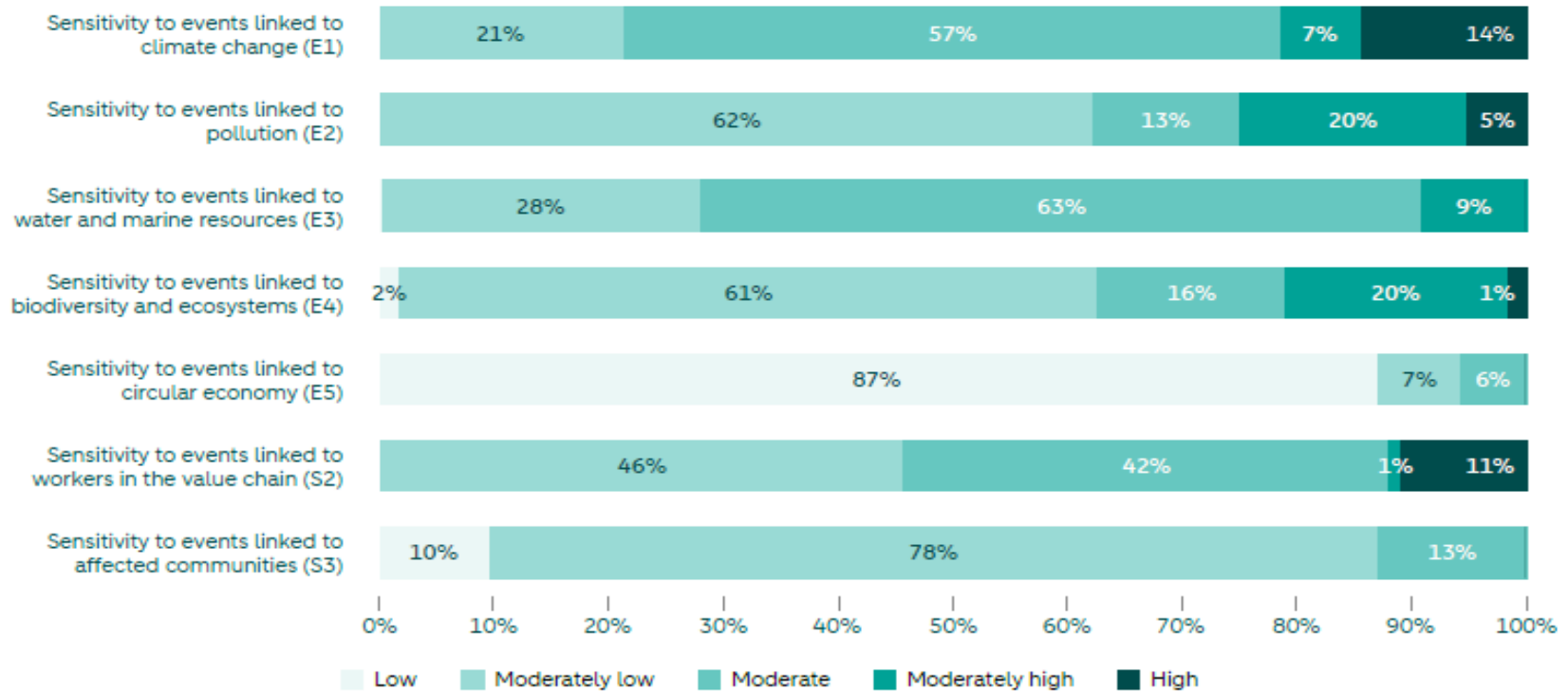
Showed that credit risk is material in short, medium and long term. Climate risk is also material for credit risk, but on a longer term.

	Climate risk						Environmental risk					
	Physical risk			Transition risk			Physical risk			Transition risk		
Credit risk	ST	MT	LT	ST	MT	LT	ST	MT	LT	ST	MT	LT
	○	○	●	○	○	●	●	●	●	●	●	●

○ not material ● material

The table illustrates the degree of corporate loans' exposure to environmental and social risks, using the ESRS classification. For example, 9% of corporate loans are highly exposed to water and marine resources-related events.

Overview of environmental and social risk heatmaps for corporate loans[1,2]



ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (1/2)

Anchor points	Assets at risk in SR and assets on balance sheet in FS

Types of connectivity (Coherence, consistency):

The sustainability statement contextualises the disclosures on the notes to the financial statement on corporate loans, by disclosing the sensitivity of corporate loans to physical and transition risk for each sub-sector, including the extent of negative impact. Further, the risk management section indicates that the entity adequately provisioned for climate risks in its credit risk assessment.

Also, the corporate loan amount in the financial statements is *consistent* with the assets (corporate loans) at risks amount disclosed in the sustainability statement.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (2/2)

EFRAG

ESRS requirements

Sustainability statement in accordance with ESRS

ESRS E1-9, paragraph 66 Exposure of the benchmark portfolio to climate-related physical risks; paragraph 66 (a) and (c) Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk

ESRS 1 section 9.2 whereby an entity should connect narrative information on governance, strategy and risk management to related metrics and targets, including linking this to anticipated financial effects is partially covered

IFRS Accounting requirements

IFRS 9 requires that impairment losses on financial assets accounted for at amortised cost and debt instruments accounted for at fair value through OCI, as well as some other instruments, be evaluated by using the Expected Credit Loss (ECL) model.

Basis of preparation

Same scope of consolidation in the sustainability statement and the financial statements.

Assurance

Limited assurance on sustainability statement

EDTF Recommendations

Enhanced Disclosure Task Force (EDTF) principles and recommendations

CONNECTIVITY ILLUSTRATION (1/2)

Sustainability Statement

31 December 2024			
Sensitivity to physical risk	Sensitivity to transition risk	Of which negative impact	Gross carrying amount[3] (EUR million)
MH	MH	MH	9
M	MH	MH	303
MH	L	L	300
M	MH	H	2
MH	M	M	1,471
MH	MH	MH	503
MH	ML	L	386
M	MH	MH	208
MH	ML	L	216
M	MH	H	582
ML	MH	H	674
M	MH	M	538
MH	MH	H	3,049
MH	MH	MH	594
M	MH	H	5,612
M	MH	H	1,094
MH	MH	M	47
			68,240
			83,827

Disclosure that physical risk assessment covers corporate loans, residential mortgages and commercial real estate portfolios and constitutes 96% of their loan book collateralised by physical assets.

Financial Statements

Accounting policy for loans and advances customers

The accounting policy for loans and advances customers is included in Note 20 - Loans and advances banks. Please refer to Note 1 - Accounting policies in the Consolidated Annual Financial Statements and to the Credit risk management section of the Risk, funding & capital chapter (Accounting policy for measuring allowances for credit losses).

(in millions)	31 December 2024	31 December 2023
Residential mortgages (excluding fair value adjustment)	156,209	151,078
Fair value adjustment from hedge accounting on residential mortgages	-4,686	-6,005
Residential mortgages, gross	**151,523**	**145,073**
Less: loan impairment allowances - residential mortgage loans	133	198
Residential mortgages	**151,390**	**144,875**
Consumer loans at amortised cost, gross	**7,575**	**8,380**
Less: loan impairment allowances - consumer loans	130	147
Consumer loans at amortised cost	**7,445**	**8,233**
Consumer loans at fair value through P&L	**600**	**648**
Corporate loans (excluding fair value adjustment)	76,679	78,387
Fair value adjustment from hedge accounting on corporate loans	102	96
Financial lease receivables	3,822	4,169
Factoring	3,326	4,227
Corporate loans at amortised cost, gross	**83,929**	**86,880**
Less: loan impairment allowances - corporate loans	1,100	1,254
Corporate loans at amortised cost	**82,829**	**85,626**
Corporate loans at fair value through P&L	**30**	**59**
Government and official institutions	298	455
Other loans	6,191	6,043
Other loans and advances customers, gross	**6,489**	**6,497**
Less: loan impairment allowances - other	2	3
Other loans and advances customers	**6,487**	**6,494**
Total loans and advances customers	**248,782**	**245,935**

* The slight discrepancy between the amounts stems from fair value adjustments from hedge accounting excluded from the sustainability statement

CONNECTIVITY ILLUSTRATION (2/2)

Sustainability Statement

Physical risk by industry

(in millions)	Exposure located in areas sensitive to impact from chronic climate change effects[3]	Exposure located in areas sensitive to impact from acute climate change effects[3]	Exposure located in areas sensitive to impact both from chronic and acute climate change effects[3]	Exposure located in areas not sensitive to climate change events	Total gross carrying amount[4]
	31 December 2024				
Agriculture, forestry and fishing	3,333	363	450	2,512	6,659
Mining and quarrying	4	350	66	1,156	1,576
Manufacturing	851	748	613	4,353	6,565
Electricity, gas, steam and air conditioning supply	86	515	328	1,312	2,241
Water supply; sewerage, waste management and remediation activities	270	3	50	342	664
Construction	216	356	53	2,327	2,952
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,110	1,379	299	5,186	7,975
Transport and storage	632	787	591	6,738	8,749
Real estate activities	1,035	1,551	198	8,267	11,052
Corporate loans in sectors highly contributing to climate change	**7,539**	**6,053**	**2,648**	**32,194**	**48,433**
Other sectors[1]	2,195	4,168	1,718	27,313	35,394
Corporate loans[2]	**9,734**	**10,221**	**4,366**	**59,507**	**83,827**

1. Includes exposures to all other NACE sectors.
2. Excluding loans at fair value through P&L.
3. Chronic events are sea-level rise, water stress and heat stress, and acute events are flooding, wild fires, hurricanes and typhoons.
4. Gross carrying amount excludes fair value adjustments from hedge accounting.

The information is complementary to FS and to the rest of the management report. It shows that 71% of portfolio is not affected by climate physical risk while 29%* is affected.

In the risk management report, it is noted that the bank adequately provisioned for climate risks in its credit risk assessment.

Risk management

capital add-on for climate transition risk. Given the combination of macroeconomic scenarios and these management overlays, we consider the bank adequately provisioned for climate and environmental risks.

* (9,734+10,221+4,366)/83,827

ILLUSTRATION #15: CONSISTENCY OF DISCLOSURES ON AMOUNTS OF GREEN INVESTMENTS IN FS AND SR; COHERENCE OF INFORMATION ON TARGETS BETWEEN SR AND FS

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

Sector/industry

Insurance

Geographic footprint

- Present in Europe, Asia-Pacific, Africa, Middle-East, Americas, US - headquarters in France

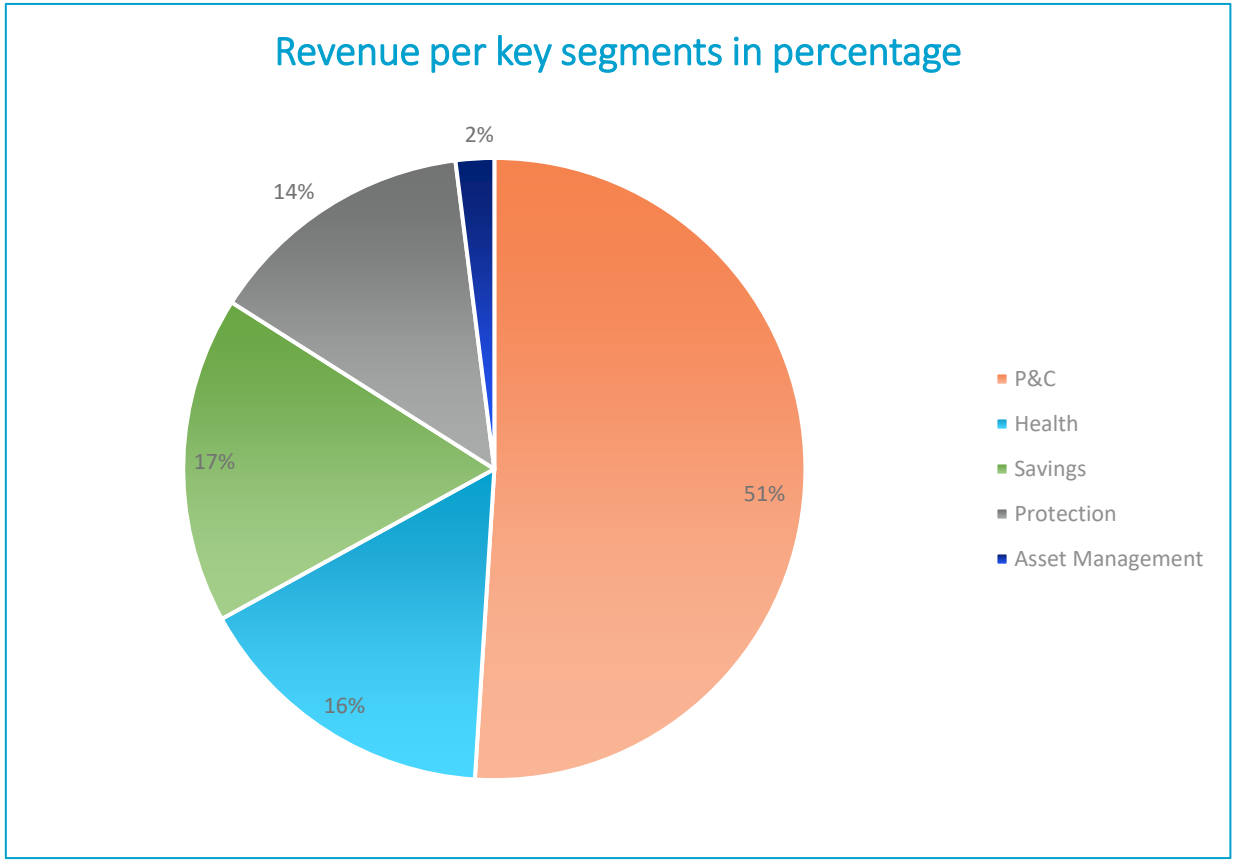
Company's definition of time horizon

- Short-term (equal to or less than one year)
- Medium-term (between one and five years)
- Long-term (over five years)

6 Material topics

- Climate change
- Pollution
- Water
- Biodiversity and ecosystems
- Resources and circular economy
- Governance

KEY SEGMENTS



IDENTIFIED CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

Impacts, risks and opportunities		As an investor
ENVIRONMENTAL		
Climate change mitigation	Significant GHG emissions from our investment activity	I-
	Use of environmental criteria related to climate change in our investment decisions	I+
	Enabling companies to achieve their climate transition objectives	I+
	Support of the transition through investments, including in the development of the renewable energy sector	I+
	Engagement with investee companies to encourage them to adopt ambitious climate strategies	I+
Climate change adaptation	Risk of unrealized loss in the value of our invested assets as a result of climate change (1)	R

Impacts, risks and opportunities		As an Insurer
ENVIRONMENTAL		
Climate change mitigation	Significant GHG emissions from insurance activities	I-
	Development of innovative insurance solutions supporting climate transition	O
Climate change adaptation	Protection of our insurance clients against climate-related risks	I+
	Higher frequency and intensity of climate-related perils impacting our business model (1)	R
	Development of risk prevention services and solutions increasing resilience to the effects of climate change	O

I- Negative impacts I+ Positive impacts O Opportunities R Risks

In the third column, the entity indicated if the climate change mitigation and adaption is a positive or negative impact and whether it represents a risk or opportunity.

The entity shows both its investor and insurer perspectives.

IDENTIFIED CLIMATE-RELATED ACTIONS AND TARGETS

Targets: Commitment to Net-Zero

- Committed to aligning its investment portfolio with net-zero greenhouse gas emissions by 2050. This is supported by a series of five-year intermediate targets.
- A new target to reduce the carbon intensity of its General Account portfolio by 50% by 2030 compared to 2019 levels.

Key Levers and actions

Climate Change Mitigation

- Limit exposure to the fossil fuel sector in both investment and insurance activities.
- Apply climate-related criteria in investment decisions.

Supporting the Transition

- Allocate €5 billion annually to finance the climate transition.
- Engage with investee companies to drive the adoption of robust climate strategies.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION

Anchor points	Climate transition financing in SR and green assets information in FS

Types of connectivity (Consistency, coherence):

The first excerpt shows consistency of amounts and narrative information of its green investments, which include the entity's investments aimed at the development of the renewable energy sector, between the sustainability statement and the financial statements.

The second excerpt shows coherence, as the entity is measuring the carbon intensity of its assets under management, in alignment with its strategy to have a net-zero GHG emissions investment portfolio by 2050.

ESRS requirements

Sustainability statement prepared in accordance with ESRS

ESRS 1 section 9.2 whereby an entity should describe the relationships between different pieces of information

ESRS 2 SBM-3, Material impacts, risks and opportunities and their interaction with strategy and business model

IFRS Accounting requirements

IFRS 9 sets out the classification and measurement of financial instruments based on business model and cash flow characteristics. Financial Assets are classified into amortised cost, FVOCI, or FVTPL based on their purpose and cash flow characteristics.

Basis for preparation

Sustainability statement includes all entities in Group's consolidated Financial Statements and in addition, all controlled entities excluded from the financial consolidation scope which are material from the sustainability-related standpoint

CONNECTIVITY ILLUSTRATION (1/2)

Sustainability statements

In 2024, AXA made the following progress towards its target: €7.0 billion was invested in transition financing, primarily through sovereign and corporate green bonds, but also with transitional Real Estate equity capex and Private Equity investments.

(in Euro billion)	2024	Target	Timeline
Climate transition financing (“*AXA For Progress Index*”)	7.0	5.0	Annually

In addition to the transition financing objective, AXA monitors its green assets within its portfolio, totaling €37.1 billion as of December 2024, without setting a specific target. This includes AXA's investment in green infrastructure projects aimed at supporting and fostering investments in the development of the renewable energy sector.

Financial Statements

Furthermore, as an investor supporting the transition, AXA actively monitors green assets (please refer to Section 4.5.2.1) held within its portfolio; these investments represented €37.1 billion as of December 31, 2024 compared to €29.9 billion as of December 31, 2023.

CONNECTIVITY ILLUSTRATION (2/2)

Sustainability statements

Target setting and monitoring

Transitioning investment portfolio to net-zero GHG emissions by 2050

To support its net-zero target, AXA is measuring the carbon intensity within its General Account, allowing the Group to track the GHG emissions arising from its investment activities. The initial focus was on investments in listed corporate debts and equities, as well as real estate equities. In 2024, AXA continued to expand its GHG measurement scope to include direct infrastructure and indirect infrastructure equity, alternative credit, CLOs [1], indirect real estate debt and indirect private debt investments. As of December 31, 2024, 72% of the General Account's asset classes were covered by a GHG emissions measurement methodology. The majority of unaccounted assets are sub-sovereign debt, mortgages, cash, and private equity. This is primarily due to missing data from AXA's asset manager, with whom the Group is currently engaging, or the absence of a mutually agreed methodological approach. AXA is aiming to be in a position to measure the carbon intensity of its entire General Account by 2030, assuming the PCAF [2] and NZAOA standards are available. For more details about AXA's carbon intensity methodologies, please refer to Section 4.5.2.1 - Environmental methodologies.

	Asset Under Management (2024) *(in Euro billion)*	% Asset Under Management covered by a GHG measurement methodology (2024)	Asset Under Management (2023) *(in Euro billion)*	% Asset Under Management covered by a GHG measurement methodology (2023)
AXA's General Account	465	72%	454	68%

Coherent with its strategy to align its investment portfolio with net-zero GHG emissions by 2050, it is measuring the carbon intensity of its investments and has done so for 72% of assets under management

Financial Statements

ties			Total		
lue	% of total investments		Fair value	Carrying value	% of total investments
30	15.3%		39,875	32,001	5.8%
5	0.0%		14,247	15,180	2.7%
30	22.9%		300,395	300,395	54.0%
-	0.0%		1,061	1,061	0.2%
27	0.7%		14,659	14,659	2.6%
61	23.6%		330,362	331,295	59.6%
98	7.0%		14,183	14,183	2.6%
0	0.0%		15,976	15,976	2.9%
98	7.0%		30,159	30,159	5.4%
04	0.6%		17,159	17,159	3.1%
844	4.6%	844	27,307	27,307	4.9%
6,608	35.8%	6,608	404,987	405,920	73.0%
9,037	48.9%	9,037	24,502	24,425	4.4%
-	0.0%	-	3,476	3,476	0.6%
-	0.0%	-	19	19	0.0%
9,037	48.9%	9,037	27,997	27,920	5.0%
15,645	84.7%	15,645	432,984	433,840	78.0%
-	0.0%	-	90,141	90,095	16.2%
18,500	100.0%	18,476	562,999	555,936	100.0%
18,500	100.0%	18,476	472,859	465,841	83.8%

ILLUSTRATION #16: CONSISTENCY OF SUSTAINABILITY-LINKED LOANS' AMOUNTS IN SR AND FS

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

Sector/industry

Financial Services

Geographic footprint

Operating in Northern Europe and internationally (Denmark, Finland, Norway, Sweden, London, New York and Shanghai)

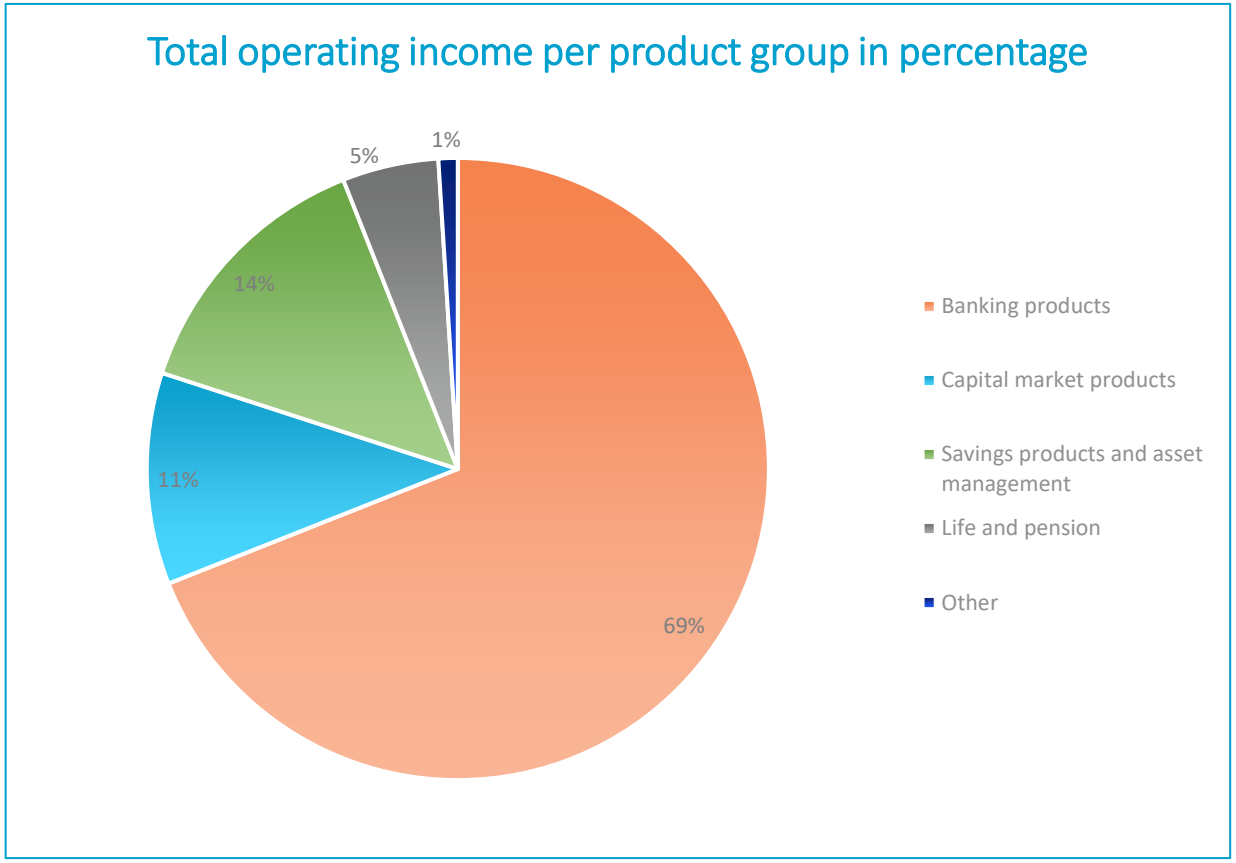
Company's definition of time horizon

- Short-term (up to one year)
- Medium-term (one to five years)
- Long-term (five to 10 years)
- Very long-term (10 to 30 years)

5 Material topics

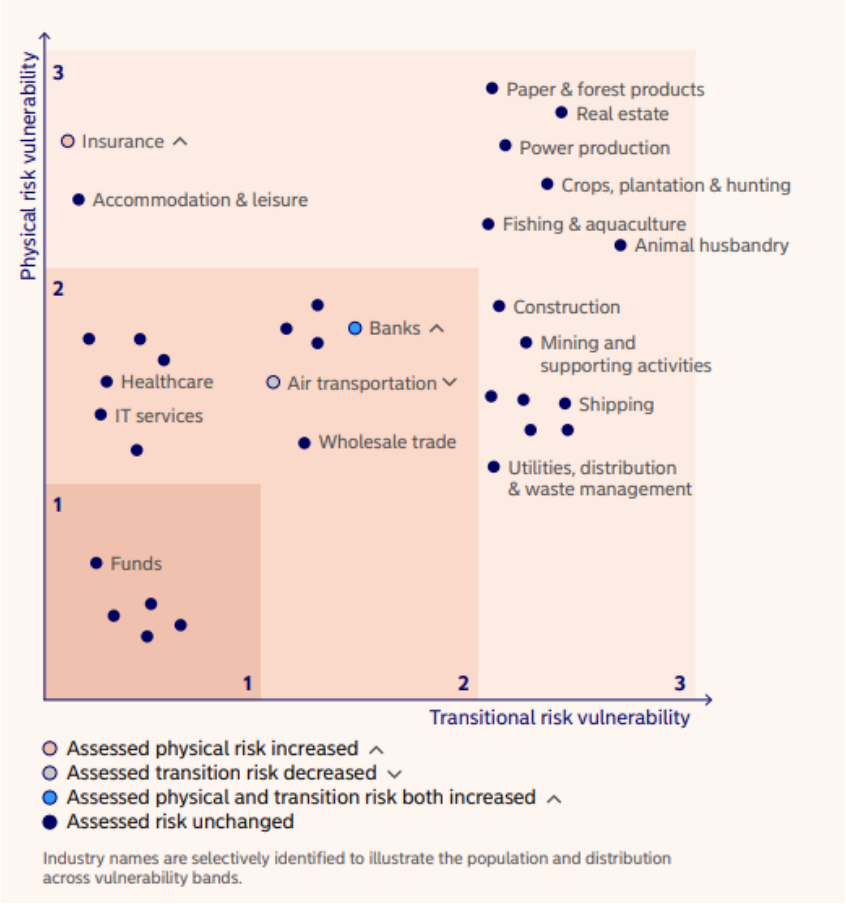
- Climate change
- Biodiversity and ecosystems
- Own workforce
- Consumers and end-users
- Business conduct

KEY SEGMENTS



IDENTIFIED CLIMATE-RELATED IMPACTS, RISKS, OPPORTUNITIES AND TARGETS

Board of Director's Report



Climate-related transitional risks shown above, on the X-axis, indicate the assessed direct industry vulnerability, based on emissions intensity of production and other factors. On the Y-axis, the same assessment for the climate-related physical risks is based on direct industry vulnerability to physical hazards expected in the Nordic region until 2040

Identified sustainability-related risks and opportunities

- Risk: Exposure to counterparties and sectors with potentially high climate-related transition risks
- Negative impact: GHG emissions generated from lending portfolio, investments and own operations
- Opportunity: Revenue generation through financing and investments related to climate change mitigation and adaptation

Governance

The Chief of Staff is accountable for overseeing and facilitating the Group-wide integration of ESG factors into the Risk Management Framework and business processes

Management oversees integrating the strategic sustainability priorities through the existing processes for decision-making, risk management and control.

Understanding and managing environmental, social and governance risks and opportunities is crucial to maintaining Nordea's financial strength and strong capital position.

2023–2025 targets	Status
Facilitate more than EUR 200bn in sustainable financing during the period 2022-25.	EUR 185bn
Grow gross inflows from the Nordea Sustainable Selection universe to account for 33% of total fund gross inflows by the end of 2025.	23%

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (1/2)

Anchor points	Information on sustainability-linked loans in SR and FS

Type of connectivity (Consistency):

Consistency in the reported amounts of sustainability-linked loans, including off-balance sheet commitments, between the sustainability statement and financial statements. These loans are linked to transition-related KPIs, which, if not met, affect the interest rate charged.

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION (2/2)

ESRS requirements

ESRS 2.48 on the disclosure of current financial effects

ESRS 1 section 9.2 whereby an entity should describe the relationships between different pieces of information

ISSB Standards requirements

IFRS S1.34 on the disclosure of current financial effects

IFRS Accounting requirements

IFRS 9 sets out the classification and measurement of financial instruments based on business model and cash flow characteristics. Financial Assets are classified into amortised cost, FVOCI, or FVTPL.

IFRS 7.8 on the disclosure of the carrying amounts of financial assets

Basis of preparation

Sustainability Statement has been prepared on the same consolidated basis as the financial statements

Assurance

Limited assurance of the Sustainability Report

CONNECTIVITY ILLUSTRATION

Sustainability statement

Sustainable financing	Corporate	Household	Public entities and Financials	2024
Green loans, EURm[1]				
Loans in green categories[2]	10,860	21	240	11,121
- of which green buildings	8,845	17	1	8,863
- of which renewable energy	1,184	2	–	1,186
- of which pollution prevention	423	–	191	613
- of which sustainable management	166	–	–	166
- of which energy efficiency	117	0	47	165
- of which clean transportation	126	1	0	127
Green mortgages[3]		1,988		1,988
- of which Sweden	–	1,785	–	1,785
- of which Norway	–	197	–	197
- other	-	5	-	5
Total	10,860	2,009	240	13,109
Sustainability-linked loans, EURm[4]				
- of which drawn loans	9,264	–	–	9,264
- of which undrawn commitments	8,589	–	–	8,589
Total	17,853	–	–	17,853

1) Loans sold as green fulfilling the Nordea green funding framework criteria. Excluding loans reclassified as green by Nordea as well as off balance volumes for exposures. 2023 and 2022 figures have been restated from the previous reporting period due to improved data availability.
2) Household loans sold as green from Nordea mortgage entities (i.e. green mortgages) have been excluded from the household part.
3) Includes household loans sold as green from Nordea's mortgage entities.
4) Ancillary products excluded from 2024, 2023 and 2022 figures.

Financial statements

Some loan contracts at Nordea, measured at amortised cost on the balance sheet, include terms linking contractual cash flows to the customers' achievement of environmental, social and governance (ESG) goals (sustainability-linked loans). The ESG goals are entity specific and the most common goals for these sustainability linked loans are of an environmental nature, such as the reduction of CO2 equivalents (C02e). At the end of the year the gross carrying amount of the sustainability-linked loans recognised on the balance sheet amounted to EUR 9,264 (EUR 8,600m). These loans are presented in the balance sheet item "Loans to the public". The total exposure to sustainability-linked loans, including off-balance sheet commitments, was EUR 17,853m (EUR 19,261m) at the end of the year. 98.1% (63.3%) of the gross carrying amount is linked to KPIs related to climate transition risk, meaning risk associated with the transition to a net zero society. The most common transition risk KPI is the customers' ability to reduce CO2e. The effect on the annual interest rate if the KPIs for the sustainability-linked loans are met or not met is a decrease or increase of 2.5–10bp (2.5–10bp), which Nordea considers to be a de minimis effect on the contractual cash flows of these loans. The average contractual term of these loans is 3 years (3 years). For more information about the risk associated with these loans, see section 2.1 "ESG-related credit risk" in Note G11 "Risk and liquidity management".

Consistency in the amount of sustainability-linked loans reported across the financial statements and the sustainability statement. Further explanations provided in the financial statements about how not meeting the KPIs affects the interest rate charged.

ILLUSTRATION #17: DIRECT CONNECTIVITY – EXPECTED CREDIT LOSS DISCLOSURE IN SR, CROSS-REFERENCE TO NOTES IN FS

BUSINESS MODEL AND MATERIAL SUSTAINABILITY TOPICS

Sector/industry

Banking and financial services

Geographic Footprint

- Covers 58 countries and territories, headquartered in the UK
- HSBC employs 211,000 employees

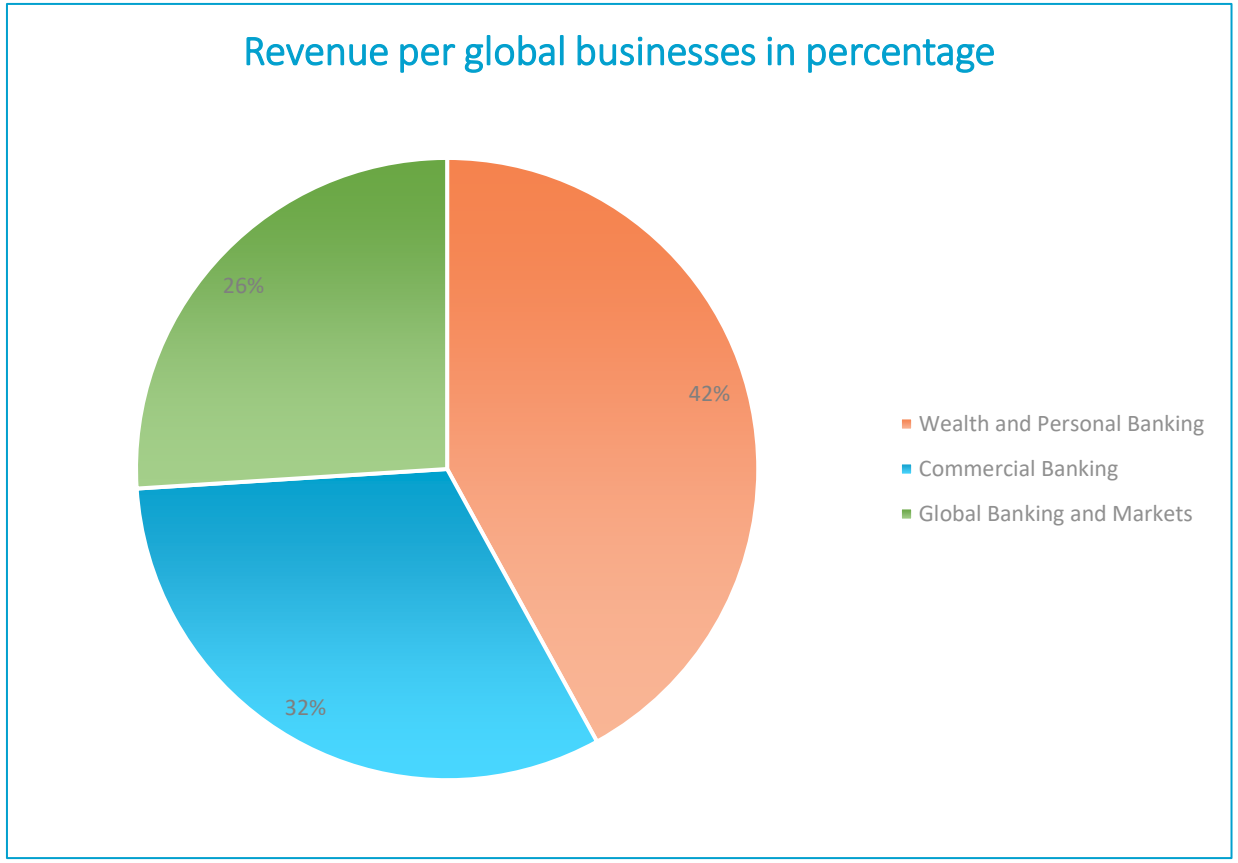
Company's definition of time horizon

- Short-term (up to 2026)
- Medium-term (2027-2035)
- Long-term (2036-2050)

15 Material topics

- Customer advocacy
- Cybersecurity
- Employee training
- Inclusion
- Employee engagement
- Supporting our customers – financed emissions
- Embedding net zero into the way we operate
- Sustainability risk policies, including thermal coal phase-out policy and energy policy
- Net zero transition plan
- Financial inclusion and community investment
- Climate risk
- Anti-bribery and corruption
- Conduct and product responsibility
- Supply chain management
- Human rights

KEY SEGMENTS



IDENTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES (1/2)

Identified Climate-Related Transition and Physical Risks over the time horizon short to long term

- Decreased real estate values or stranded assets
- Decreased household income and wealth
- Increased costs of legal and compliance
- Lower asset performance

Climate risk drivers	Credit risk	Traded risk	Reputational risk[1]	Regulatory compliance risk[1]	Resilience risk	Other financial and non-financial risk types
Physical risk	◆	◆			◆	◆
Transition risk	◆	◆	◆	◆	◆	◆

1 Our climate risk approach identifies thematic issues such as net zero alignment risk and the risk of greenwashing, which are most likely to materialise in the form of reputational, regulatory compliance and litigation risks.

Target

Net zero across operations, travel, and supply chain by 2050. Around 40% emissions reduction expected by 2030

IDENTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES (2/2)

Governance - Risk review

Risk type	Risk owner
Regulatory risk	Head of Regulatory Compliance
Resilience risk	Enterprise Risk management & Non-Financial Risk management board
Model risk	Model risk governance committees at the Group include senior leaders from the global businesses and the Group Risk and Compliance function
Financial reporting risk	Head of Financial Crime and Group Money Laundering Reporting Officer
Reputational risk	The Group Reputational Risk Committee

Risk type	Risk owner
Wholesale credit risk	The Global Insurance Risk Management Meeting oversees the control framework globally The monitoring of the risks within their insurance operations is carried out by Insurance Risk teams and is supported by the group's risk stewardship functions Credit risk specific: HSBC has a group-wide credit risk management: Regional management review and approve impairment results Global business impairment committee for final approval.
Retail credit risk	
Treasury risk	
Traded risk	

ASPECTS OF CONNECTIVITY UNDERPINNING THE ILLUSTRATION

Anchor points	Climate-related disclosure in ESG review section and Expected Credit Loss (ECL) note in FS

Type of connectivity (Direct connectivity):

The disclosure in the ESG review section cross-references the note in the financial statements stating that there is no material impact on ECL. The risk review section discloses a scenario analysis about the impact on the wholesale lending portfolios of increases in ECL, according to different climate scenarios.

TCFD requirements

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term
Describe management's role in assessing and managing climate-related risks and opportunities

Company incorporates a separate ESG Datapack 2024 which provides further disaggregated information.

IFRS Accounting Requirements

IFRS 9 requires that impairment losses on financial assets accounted for at amortised cost and debt instruments accounted for at fair value through OCI, as well as some other instruments, be evaluated by using the Expected Credit Loss (ECL) model.

Basis of preparation

Same scope of consolidation in the sustainability statement and the financial statements.

Assurance

Limited assurance on ESG metrics

CONNECTIVITY ILLUSTRATION (1/2)

ESG review

Impact on our reporting and financial statements

We have assessed the impact of climate risk on our balance sheet and have concluded that no incremental adjustments were needed to capture climate impacts in our financial statements for the year ended 31 December 2024. The effects of climate change are a source of uncertainty. We capture known and observable potential impacts of climate-related risks in our asset valuations and balance sheet calculations. These are considered in relevant areas of our balance sheet, including expected credit losses, classification and measurement of financial instruments, goodwill and other intangible assets; and in making the long-term viability and going concern assessment. As part of assessing the impact on our financial statements we conducted scenario analysis to understand the impact of climate risk on our business (see pages 60 and 223). For further details of how management considered the impact of climate-related risks on its financial position and performance, see 'Critical estimates and judgements' on page 354.

Financial statements

Note 1.1 Basis of préparation

(f) Critical estimates and judgements

The preparation of financial information requires the use of estimates and judgements about future conditions. In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of items, highlighted as the 'critical estimates and judgements' in section 1.2 below, it is possible that the outcomes in the next financial year could differ from those on which management's estimates are based. This could result in materially different estimates and judgements from those reached by management for the purposes of these financial statements. Management's selection of HSBC's accounting policies that contain critical estimates and judgements reflects the materiality of the items to which the policies are applied and the high degree of judgement and estimation uncertainty involved.

Management has considered the impact of climate-related risks on HSBC's financial position and performance. While the effects of climate change are a source of uncertainty, as at 31 December 2024 management did not consider there to be a material impact on our critical judgements and estimates from the physical, transition and other climate-related risks in the short to medium term. In particular, management has considered the known and observable potential impacts of climate-related risks of associated judgements and estimates in our value in use calculations.

Measurement of ECL

The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted, and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money and considers other factors such as climate-related risks.

In general, HSBC calculates ECL using three main components: a probability of default ('PD'), a loss given default ('LGD') and the exposure at default ('EAD').

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

There is disclosure of qualitatively material information about exposures in the FS

CONNECTIVITY ILLUSTRATION (2/2)

Risk review

Impact on wholesale lending portfolios

Wholesale sectors	Exposure at default (EAD)[3]	ECL increase [1, 2]			
		Climate Scenarios			
		Current Commitments	Below 2 Degrees		
		Peak [4]	Short term	Medium term	Long term
Conglomerates and industrials					
Chemicals					
Construction, contracting and building materials					
Power and utilities					
Oil and gas					
Automotive					
Land transport and logistics					
Agriculture & soft commodities					
Metals and mining					
Aviation					
Marine					

1 Increase in cumulative ECL compared with counterfactual over short-, medium- and long-term time horizons, expressed as a multiple.
2 Values in the key represent the multiplier of increase in ECL, i.e. <1.1 equates to less than 10% increase over the counterfactual (or equivalent proxy which is most representative of baseline for the sector).
3 The size of the bubbles is a visual representation of the portfolios, in terms of EAD, relative to one another.
4 The peak multiplier reflects the maximum increase in ECL for the Current Commitments scenario over the forecasted scenario time horizon.

Lower Impact <1.1x <1.25x <1.5x <1.75x <2.25x <2.75x **Higher Impact**

Under the Current Commitments scenario, our modelled outputs predict that ECL will not be more than 25% higher than the counterfactual scenario for any of the assessed sectors. The highest impacts are seen in the chemicals, construction and building materials, power and utilities and agriculture and soft commodities sectors. Greater climate risks would crystallise in the Below 2 Degrees scenario with its gradually increasing transition to net zero, driven by pockets of customers in higher-emitting sectors that are continuously exposed to larger climate-related losses.

For example, the sector 'Conglomerates and industrials' has the largest exposure at default compared to the other wholesale sectors and applying the current commitments scenario, the entity expects less than 10% increase in ECL