

# Redegjørelse – Åpenhetsloven

## Ponsse AS



Ponsse AS, an industrial enterprise located in Kongsvinger, is a subsidiary of Ponsse Plc. We specialize in sales, delivery, and maintenance of PONSSE forestry machinery. Our customer segment includes the forestry industry and schools. Our organization is structured into four departments: administration, service, sales, and spare parts warehouse. Each of these departments has tailored guidelines designed to maintain safety and quality within their respective areas of responsibility. We have dedicated safety representatives in the Ponsse Group for ensuring that rights and safety standards are upheld.

We are 100 % owned by a corporate group called Ponsse Plc. Through Ponsse Plc, we have established guidelines, where we have set our Code of Conduct. The Ponsse Group is committed to conducting business sustainably and responsibly. These Code of Conduct is strongly supported by our core values: We truly care, We work for our customers, We are honest and We are open for renewal. The Code of Conduct applies to all Ponsse employees and external individuals, companies, and communities closely associated with Ponsse. All Ponsse employees must act in accordance with this ethical guideline.

We expect that parties outside Ponsse also adhere to these principles, where relevant, when conducting business with Ponsse or on behalf of Ponsse. External parties include Ponsse's business partners, suppliers, and customers, as well as the PONSSE network.

The Code of Conduct contains guidelines regarding obligations towards Ponsse's business environment, employees, business partners, and society. The Code of Conduct is supplemented by other Ponsse principles and guidelines, which are available on Ponsse's external or internal websites, or included in agreements.

In addition, we have internal guidelines to maintain safety and good working conditions and environment. We have, among other things, developed an HSE handbook where our guidelines are defined. We have clear job descriptions where it is clearly described what the tasks entail, how these should be carried out in the best possible way, and what requirements and guidelines apply to maintain worker safety and understanding.

We commit to respecting internationally recognized human rights, as enshrined in fundamental international human rights documents and the ILO Declaration on Fundamental Principles and Rights at Work. Ponsse is committed to adhering to the UN Guiding Principles on Business and Human Rights.

We do not accept child labor or any other forms of forced labor under any circumstances.

We acknowledge and support the principles of freedom of association and respect the individual's right to organize in trade unions. In our company, our employees have full freedom to choose whether to become members or not of a trade union, and they also have the right to participate in collective bargaining.

We do not discriminate against our employees or job applicants based on age, origin, nationality, language, religion, beliefs, political activities, union membership, family relationships, health, disability, sexual orientation, or other personal reasons.

We strive to build a workplace that is desirable for all our employees, where they are treated with equal respect and dignity. We also work to promote a culture characterized by equal opportunities and diversity. We do not tolerate any form of disrespectful behavior, harassment, or bullying in the workplace.

Ponsse has implemented an ethical reporting system. This system is designed to provide our employees and external stakeholders with a safe channel to report any concerns or violations of our ethical guidelines. By incorporating this reporting system into our Code of Conduct, we emphasize our commitment to maintaining the highest standards of ethics and integrity in all aspects of our business. This ensures that everyone has the opportunity to contribute to a culture characterized by accountability and adherence to our shared values.

Ponsse's business operation in Russia have been terminated since 2 March 2022 due to the ongoing warfare in Ukraine. This decision aligns with our commitment to act responsibly and in accordance with international laws and human rights. Ponsse announced its intention to divest its operations in Russia on 15 June 2022 and that it has signed a deed of sale regarding all shares in OOO Ponsse on 28 June 2022. The sale was completed on 18 September 2023.

### **We know our partners**

We are committed to carrying out business sustainably and responsibly. We expect that parties outside Ponsse also follow the principles of our Code of Conduct, where applicable, when they do business with Ponsse or on behalf of Ponsse. External parties include Ponsse's business partners, suppliers and customers, as well as the Ponsse service network. We require all our suppliers to commit to the Supplier Code of Conduct. Of our direct suppliers, 98.2 (90) per cent have approved our Code of Conduct either by signing Ponsse's Supplier Code of Conduct (82 per cent) or by committing to their own similar guidelines (17 per cent). In addition, our procurement policy and guidelines steer our suppliers towards sustainable ways of working.

The management of supplier relationships is based on systematic contact, with which we seek to develop our suppliers' performance in the long term and thereby enable the continuous development of competitiveness throughout the supply chain. Supplier quality is assessed not only in terms of technological or manufacturing capabilities but also through cost efficiency, quality criteria, audit results and delivery reliability. New suppliers are also assessed against ESG criteria. Ponsse uses a service that enables us to check our partners' backgrounds based on risks as part of our business processes.

In 2023, Ponsse prepared a procurement policy, which also addresses our sustainability goals. In addition, the company automated the supplier background check process and developed risk assessments for new suppliers. The assessments cover our suppliers' financial standing, background and ownership, future outlook based on risk metrics, and their sustainability and reputation in general.

### **Key human rights themes at Ponsse**

Ponsse's human rights due diligence (HRDD) process was conducted and described at the end of 2023, assisted by external human rights specialists. The process was started by conducting a human rights impact assessment (HRIA) to assess the human rights impact and risks of Ponsse's operations and specify the most significant

human rights themes and standards. As a result of the HRIA, we specified internal processes, monitoring and communication of Ponsse's responsibility for human rights. We also assessed our development areas considering the four key groups of people related to it:

- 1) our working community;
- 2) customers and end users;
- 3) employees in procurement chains;
- 4) people in local areas and communities

#### **1 Our working community**

In accordance with our HRIA, we must pay special attention to the fulfilment of our responsibility for human rights in our working community. We need to ensure the management of our human rights impact in our processes and practices. We will focus especially on protecting the safety and health of our employees, including young employees and trainees.

#### **2 Our customers and the end users**

For our customers and the end users of our products, we need to pay special attention to the safe use and maintenance of our products.

### 3 Employees in procurement chains

Ponsse is committed to ensuring and developing its responsibility for human rights regarding employees in procurement chains. Our goal is to prevent any decreases in human rights in our value chain, while following the due diligence obligation. In procurement activities, we need to focus partly on human rights not applicable to our own operations, including the prevention of forced and child labour. We have also identified sectors with high human rights risks related to our procurement activities (including the mining, textile and cleaning sectors) and high-risk raw materials related to our products (including certain minerals). We ensure the fulfilment of our responsibility for human rights, including responsible procurement and product safety, also regarding Ponsse Collection products.

### 4 People in local areas and communities

Ponsse's operations have an impact on people in local areas and communities especially through traffic around our production facilities and other locations, as well as their environmental impact. Our goal is to minimise our negative human rights impact and risks. We will continue to develop the HRDD process to monitor the human rights impact and risks of our operations, prevent any negative impact and intervene in any diminishment of human rights.

## Management Systems

The company's management systems steer the implementation of Ponsse's sustainable development principles and responsible leadership. The goal of the systems is to standardise the Group's operations and ensure the company's continuous development. The recertification conducted every three years was last carried out at Ponsse in 2022.

Ponsse Plc and its subsidiaries comply with the following management systems:

ISO 9001 quality management standard: Ponsse Plc, Epec Oy, Ponsse Chile S.p.A., Ponsse Latin America Ltda, Ponsse Uruguay S.A.

ISO 14001 environmental management standard: Ponsse Plc, Epec Oy

ISO 45001 occupational health and safety management standard: Ponsse Plc, Ponsse Chile S.p.A., Ponsse Uruguay S.A., Epec Oy

ISO 27001 information security management system standard: Epec Oy.

## Risk management

The risk management policy approved by the Board of Directors guides risk management as part of the company's management system. Ponsse's management actively monitors the development of the business environment, and responsibility risks and opportunities affecting our business are also considered in the annual risk assessment. Within them, aspects related to climate change, biodiversity and resource efficiency together with digitalisation and technological development, are emphasised.

Human rights theme	Prioritised risk	Control measures and activities
<p>Protection of life and health, as well as young employees</p>	<ul style="list-style-type: none"> <li>• Safety in production processes and maintenance</li> <li>• Safe use and transport of products</li> <li>• Tasks, working hours and supervision of employees and trainees aged under 18 years, without placing their development and health at risk</li> </ul>	<ul style="list-style-type: none"> <li>• Development of the occupational safety culture</li> <li>• Monitoring, intervention and engagement throughout the organisation in accordance with the strategic role of occupational safety and health, as well as the management's example to develop the safety culture</li> <li>• Preparing global guidelines for occupational safety and health</li> <li>• Already addressing safe maintenance measures in the product design phase</li> <li>• Protecting employees aged under 18 years from tasks that place their development and health at risk</li> </ul>
<p>Equality and non-discrimination, opportunity to show one's own identity</p>	<ul style="list-style-type: none"> <li>• Equal and respectful treatment in the working community</li> <li>• Opportunities of diverse target groups to use machinery and equipment safely and appropriately</li> <li>• Diversity and acceptance in the working community, understanding of different perspectives and backgrounds</li> <li>• Gender-biased tasks and communication</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening diversity and inclusion</li> <li>• Addressing diversity in machine and equipment design while engaging stakeholders</li> </ul>
<p>Responsible procurement</p>	<ul style="list-style-type: none"> <li>• The planned and systematic management of responsibility in the procurement chain, while addressing high-risk human rights industries, raw materials and countries</li> </ul>	<ul style="list-style-type: none"> <li>• Development of a responsibility programme for procurement</li> <li>• Identification of country- and industry-specific human rights risks for Tier 1 suppliers, including suppliers inside and outside the EU</li> <li>• Concrete and strengthened human rights perspectives in the Supplier Code of Conduct</li> <li>• An action plan for the responsible procurement of high-risk raw materials</li> </ul>

## Climate risks

Transition risks	Impact	Control measures	Opportunities
Regulation	<ul style="list-style-type: none"> <li>Impact of regulation and taxation on competitiveness and financial performance</li> <li>Additional costs from reporting and the monitoring of legislation</li> <li>An increase in raw material and transport costs. For example, the impact of the discontinuation of free emission allowances on the steel industry, the energy sector and sea and road transport.</li> <li>Regulation to mitigate climate change and nature loss may also have an impact on the processing of commercial forests.</li> </ul>	<ul style="list-style-type: none"> <li>The monitoring of legislation and reporting capabilities, including the development of systems and competence, and resourcing</li> <li>Emissions reduction, carbon neutrality and material efficiency goals</li> <li>Systematic development of the environmental programme</li> <li>Resource efficiency, long-term procurement agreements and alternative procurement channels</li> <li>The suitability of PONSSE forest machines for different forest management methods</li> </ul>	<ul style="list-style-type: none"> <li>Compliance and responsible operations enable the long-term success and vitality of business operations.</li> <li>Regulation on corporate responsibility harmonises companies' sustainability data and allows stakeholders to compare different companies.</li> <li>Regulation on corporate responsibility facilitates the identification of any adverse impact on business operations.</li> <li>New business opportunities</li> </ul>
Reputation and markets	<ul style="list-style-type: none"> <li>Negative changes in stakeholders' attitudes and mindsets regarding the use of forests</li> <li>A negative impact on our reputation if we are unable to respond to our stakeholders' expectations of responsible business</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability as part of the business strategy</li> <li>RSD activities that enable continuously more ecological harvesting</li> <li>Open and transparent stakeholder communication and active interaction</li> <li>Flexibility in operations and sensitivity to changes help adapt to changes in the operating environment.</li> <li>The large market area evens out any risks of economic fluctuations.</li> <li>Our confidential stakeholder relations and advanced product and service range enable growth and development.</li> </ul>	<ul style="list-style-type: none"> <li>Producing value in society through responsible solutions</li> <li>New business opportunities through sustainable innovation</li> <li>Opportunities offered by green funding to constantly develop sustainable products with lower emissions and reduce the environmental impact of operations.</li> </ul>
Products and technological solutions	<ul style="list-style-type: none"> <li>Changes in operating models and competence needs</li> <li>Any failure or incorrect timing in the development of new low-emission technologies, development costs or high product prices</li> </ul>	<ul style="list-style-type: none"> <li>The world's first electric forwarder concept</li> <li>Development of forest machine automation, safety, ergonomics, digitalisation, and technologies related to biodiversity and forest resilience</li> <li>Close cooperation with our customers and stakeholders ensures technological development that advances in the correct direction and meets the future needs of forestry.</li> <li>Cooperation with higher education institutions, universities and research organisations</li> <li>Focus on the cut-to-length method and reducing the environmental impact of products</li> <li>Circular economy solutions to extend the lifecycle of used machines and spare parts</li> </ul>	<ul style="list-style-type: none"> <li>Responsibly made and innovative products that reduce the environmental impact of harvesting and promote the efficient use of renewable raw materials</li> <li>Technologies related to biodiversity and improving forest resilience in forest management and education</li> <li>New technological solutions that enable zero-emission harvesting</li> <li>New business opportunities in the circular economy</li> <li>Improving the efficiency of operations and transport</li> <li>New low-emission energy sources and technologies</li> </ul>

Physical risks	Impact	Control measures	Opportunities
Acute	<ul style="list-style-type: none"> <li>• Extreme weather causes interruptions in production, deliveries or the availability of energy, and makes field maintenance more difficult.</li> <li>• An increase in insurance premiums and the repair of damage generate costs.</li> <li>• Increasing wildfires have a local impact on harvesting.</li> </ul>	<ul style="list-style-type: none"> <li>• The availability of electricity in our production facilities has been secured, and they are located in areas where extreme weather is rare.</li> <li>• Raw materials and components are mainly procured from areas where extreme weather is uncommon.</li> <li>• We invest in supplier relationships and develop cooperation while addressing the environment.</li> </ul>	<ul style="list-style-type: none"> <li>• New technologies applicable to changed conditions</li> <li>• PONSSE firefighting equipment to help adapt to increasing wildfires</li> </ul>
Chronic	<ul style="list-style-type: none"> <li>• Changes in average temperatures and weather models change forest growth seasons and locations, as well as the distribution of species. Impact on market areas and forest use methods.</li> <li>• Wildfire risks and more difficult working conditions in harvesting operations.</li> <li>• Damage caused by tree diseases and pests, invasive species, and changes in the distribution of species. Deteriorated forest health and recovery ability reduce tree growth.</li> <li>• A shorter frost period has a negative impact on harvesting conditions and wood transport and shortens the harvesting season.</li> </ul>	<ul style="list-style-type: none"> <li>• Science-based emissions reduction measures</li> <li>• Solutions that support sustainable forestry and the preservation of nature</li> <li>• CTL forest machines enable different forest use methods and harvesting in various harvesting conditions.</li> <li>• Extensive experience in different harvesting conditions and market areas</li> <li>• Cooperation and development with various parties in the value chain</li> <li>• Use of the Ponsse training network in disseminating and collecting information</li> </ul>	<ul style="list-style-type: none"> <li>• Longer growth seasons in the northern hemisphere</li> <li>• Closer cooperation in terms of technological development in the value chain</li> <li>• Business opportunities offered by new technologies, including in the assessment of commercial forest regeneration, harvesting quality and diversity and in the monitoring of forest resources</li> </ul>

Kongsvinger \_\_\_\_\_-2024

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