



KĀDANT

2024 CORPORATE SUSTAINABILITY REPORT

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Safe Harbor Statement

The following constitutes a “Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995. This report contains forward-looking statements that involve a number of risks and uncertainties, including forward-looking statements about our future financial and operating performance, demand for our products, and economic and industry outlook. These forward-looking statements represent our expectations as of the date of this report. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. These forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results to differ materially from these forward-looking statements as a result of various important factors, including those set forth under the heading “Risk Factors” in Kadant’s Annual Report on Form 10-K for the fiscal year ended December 28, 2024, and subsequent filings with the Securities and Exchange Commission. These include risks and uncertainties relating to adverse changes in global and local economic conditions; the variability and difficulty in accurately predicting revenues from large capital equipment and systems projects; our acquisition strategy; levels of residential construction activity; reductions by our wood processing customers of their capital spending or production of oriented strand board; changes to the global timber supply; development and use of digital media; cyclical economic conditions affecting the global mining industry; demand for coal, including economic and environmental risks associated with coal; failure of our information systems or breaches of data security and cybersecurity incidents; implementation of our internal growth strategy; competition; our ability to successfully manage our manufacturing operations; supply chain constraints, inflationary pressure, price increases or shortages in raw materials; loss of key personnel and effective succession planning; future restructurings; protection of intellectual property; changes to tax laws and regulations; climate change; adequacy of our insurance coverage; global operations; policies of the Chinese government; the variability and uncertainties in sales of capital equipment in China; currency fluctuations; changes to government regulations and policies around the world; compliance with government regulations and policies and compliance with laws; environmental laws and regulations; environmental, health and safety laws and regulations impacting the mining industry; our debt obligations; restrictions in our credit agreement and note purchase agreement; soundness of financial institutions; fluctuations in our share price; and anti-takeover provisions.



A Message from the CEO

Kadant’s sustainability journey has been one defined by innovation and a steadfast commitment to excellence.



As we reflect on our achievements and look toward the future, I want to take a moment to acknowledge the dedication, hard work, and collaboration that have shaped our success.

At Kadant, we have long embraced a vision that goes beyond business as usual. We are committed to Sustainable Industrial Processing®, a philosophy that drives everything we do—from

the way we manufacture our products to how we engage with our employees, customers, and stakeholders. Our goal is not just to meet expectations but to set new standards for enhanced productivity, responsible resource management, and technological innovation that drives factories of the future.

In 2024, we achieved record-setting performance across several key financial metrics while reaching milestones that reinforce our commitment to sustainability and operational excellence. We successfully sourced 100% of our electricity from renewable sources, demonstrating our leadership in environmental stewardship. We continued investing in research and development to create innovative solutions that help our customers optimize their processes while reducing their environmental impact. We also strengthened relationships across our supply chain, reinforcing sustainability as a shared priority throughout our operations.

Our success, however, is not solely measured by our financial performance or milestones—it is measured by the impact we make on the industries we serve, the communities in which we operate, and our people who make it happen.

Our employees are the heart of Kadant, and I am proud of the culture we have built—one that values safety, collaboration, and continuous learning. **By fostering an environment where innovation thrives, we empower our teams to push boundaries and drive meaningful change.**

As we move forward, we remain focused on delivering value in an ever-evolving industrial landscape. Our commitment to sustainability, automation, and innovation will continue to guide our strategic decisions, ensuring we stay at the forefront of Sustainable Industrial Processing. We recognize that the challenges ahead require bold thinking and collective effort, and we are ready to meet them head-on.

I want to express my gratitude to our employees, customers, investors, and other stakeholders for their support and trust. Together, we will continue to build a future where industrial progress and environmental responsibility go hand in hand.

Thank you for being a part of our journey.

A handwritten signature in black ink, appearing to read 'Jeffrey L. Powell'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Jeffrey L. Powell
President and Chief Executive Officer

About Kadant

Kadant Inc. (Kadant) is a global supplier of technologies and engineered systems that drive Sustainable Industrial Processing®. Our products and services play an integral role in enhancing efficiency, optimizing energy utilization, and maximizing productivity in process industries while helping our customers advance their sustainability initiatives.

Kadant is based in Westford, Massachusetts, with approximately 3,500 employees in 20 countries worldwide. Our business strategy is centered around innovation, automation, and sustainability, which drives both our success and that of our customers.

Highlights from 2024

KEY METRICS

EMPLOYEE
COUNT¹

3,500

EXPERIENCE
MODIFICATION RATE

0.96

MANUFACTURING
LOCATIONS¹

30

ELECTRICITY SOURCED
FROM RENEWABLES

100%

AWARDS²

**America's
Most
Responsible
Companies**

**America's
Greenest
Companies**

**America's
Greatest
Workplaces
for Parents
and Families**

1. Approximation

2. Source: *Newsweek*

INNOVATION

We innovate to exceed customer expectation and advance the industry.

A hallmark of Kadant innovation processes is creating products that have long life cycles and drive efficiencies for our customers. Our innovation strategy is linked with our efforts to make our operations and our customers' operations more sustainable. Read more about our approach to innovation [here](#).

INNOVATION HIGHLIGHT

Our **Andover, Minnesota, U.S.** location has created a new integrated technology for use at the end of a robotic arm tool. The new technology, a rotary union with an electrical slip ring, is an integrated solution that allows the robotic arm to easily retrieve and maneuver packages in large scale fulfillment centers. Simultaneously, the new technology scans the product and shipment information which is critical for accurate sorting.



AUTOMATION

We leverage automation to create safe, effective, and productive operations.

In today's increasingly connected world, we believe building a data-driven culture with automation is key to the successful evolution of a business. Our customers will be able to do just that by using our illumine.X digital platform. illumine.X is a comprehensive framework for industrial digitalization that combines products, data, and analytics to enhance plant safety and productivity, improve efficiencies, and optimize operational performance.

AUTOMATION HIGHLIGHT

Our **Saltillo, Mississippi, U.S.** location has automated the asset performance monitoring task with a 24/7 wireless sensor system called Syntelligence. Syntelligence allows users to collect and analyze condition, usage, and operating data to predict maintenance and provide alerts for operational anomalies. The device wirelessly monitors machine health in real-time and has customizable limits that allow the system to alert users via email or text of potential failures. This new way to monitor equipment allows for increased production and decreased unplanned downtime.



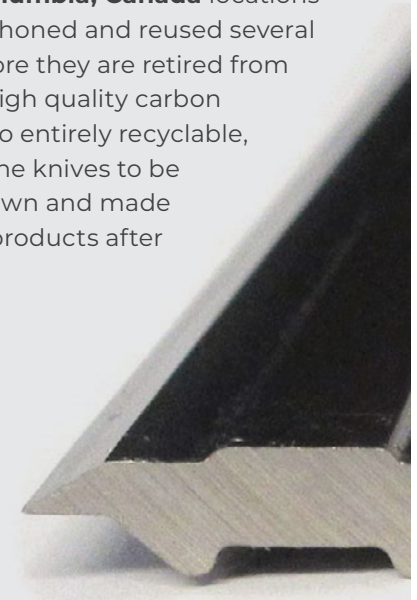
SUSTAINABILITY

Our business activities are influenced by our commitment to sustainability.

Our focus lies with investing in our people and communities, managing the efficiencies of our products and our internal manufacturing processes, and facilitating the productive and efficient use of renewable resources and materials through our Sustainable Industrial Processing initiatives.

SUSTAINABILITY HIGHLIGHT

Disposable knives sold by our **Tualatin, Oregon, U.S.** and **Surrey, British Columbia, Canada** locations can be re-honed and reused several times before they are retired from use. The high quality carbon steel is also entirely recyclable, allowing the knives to be melted down and made into new products after final use.



Update on 2024 Goals



Having submitted our Science Based Targets initiative (SBTi) letter of commitment in December 2023, we are on track to submit our formal targets to SBTi by December 2025. We continue to enhance our data collection processes, assess the areas of our operations and value chain that could reduce our overall emissions, and implement emission reduction plans.



In 2024, we continued to source 100% of our electricity from renewable sources through the purchase of renewable energy certificates for all our non-renewable electricity usage. Throughout 2024, we continued to explore options for onsite renewable energy generation.



We engaged with our largest suppliers on their greenhouse gas emissions, while also encouraging them to set paths to reduce their own emissions.

Goals for 2025



By December 2025, we will submit our formal targets to SBTi for approval. In the interim, we will assess areas of our operations that could reduce our overall emissions and implement emission reduction plans.



We will continue to refine our Scope 3 data, including our data collection processes and calculation methodologies, to be able to create and submit our emissions reduction targets to SBTi in December 2025 and prepare for compliance with the Corporate Sustainability Reporting Directive (CSRD).



We will continue to source 100% of our electricity from renewable sources through the purchase of renewable energy certificates for all our non-renewable electricity usage and continue to explore options for onsite renewable energy generation.

Stakeholder Engagement

As a company with operations in over 20 countries across the globe, Kadant's stakeholders are widespread, both in location and focus.

Our stakeholders include employees, customers, investors, local communities, and industry groups, among others. We value our engagement with them as a leading measure of company success. We work hard to gain a better understanding of the issues that are important to them and how Kadant can continuously make a positive impact. Each stakeholder is unique in their needs, and we strive to support them with our diverse portfolio of products, processes, business solutions, financial metrics, and employee and community engagement programs.

EMPLOYEES

Our employees are essential to the success of Kadant. Their engagement and collaboration are important to deliver outcomes that matter most. Avenues for employee engagement include job rotation and cross-training, multi-rater feedback surveys, leadership development programs, annual performance reviews, and career development programs and opportunities. Annually, we hold strategy meetings in which Kadant employees from all over the globe meet to identify strategic growth opportunities at each division.

INVESTORS

Our stockholders support Kadant in continuing to grow in a sustainable and responsible manner. To maintain these valuable relationships, we directly interact with investors to understand their perspectives on sustainability issues. We interact through a variety of means, including individual meetings with shareholders, hosting "Investor Days" at financial and industry conferences, and meetings with investment firms.

CUSTOMERS

Close collaboration with our customers is critical to developing new and innovative solutions and products that meet the ever-changing demands of a competitive market. Our close partnership with customers enables us to meet their requirements and expectations for enhancing product efficiency while also reducing their environmental footprint.

LOCAL COMMUNITIES

We are committed to supporting the communities where our employees live and work. Our businesses engage with their local communities by funding academic positions and scholarships, collaborating with local governmental and non-governmental organizations, hosting charitable events, and volunteering.

INDUSTRY GROUPS

By actively participating in and taking leadership roles in industry groups and global organizations, we can represent the interests of our stakeholders while gaining valuable insights to share with them.



Materiality

In 2023, we revisited our material environmental, social, and governance (ESG) related topics to monitor and reassess those most important to Kadant and our stakeholders. The result of this materiality assessment guides our ESG initiatives, but we also prioritize and sustain efforts that relate to a wider array of sustainability topics.

As Kadant prepares to report in accordance with CSRD, we plan to revisit our material topics. This assessment is to be guided by the double materiality assessment requirements listed in the European Sustainability Reporting Standards (ESRS).

MATERIAL TOPICS

CORPORATE GOVERNANCE

- Financial Performance
- Ethics and Compliance
- Supply Chain Sustainability

EMPLOYEES

- Health, Safety, and Wellness
- Recruitment, Retention, and Development

INNOVATION

- Research and Development
- Delivering Value to Customers

ENVIRONMENT

- Energy, Emissions, and Climate Change
- Effluents, Waste, and Recycling
- Environmental Compliance



Corporate Governance

At Kadant, we are committed to strong corporate governance practices that enable long-term benefits to all our stakeholders.

We remain steadfast in our values of integrity, safety, continuous learning, employee development, customer focus, collaboration, and ethical conduct and fair dealing with our employees, customers, suppliers, and investors. These values are fundamental to our ability to create and maintain long-term value.

Our Corporate Governance Guidelines require that the majority of the Board of Directors (Board) be comprised of independent directors. Our Board consists of six members, including two women, and five directors who qualify as independent according to the U.S. Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE).



For further information on Board Governance, please see our [2023 Corporate Sustainability Report](#).

The Board and its four standing committees—Audit, Compensation, Nominating and Corporate Governance, and Risk Oversight and Sustainability— meet throughout the year and engage with management to ensure that governance best practices and risk management are reflected in our ongoing operations and strategy.

Audit Committee

Compensation Committee

Nominating and Corporate Governance Committee

Risk Oversight and Sustainability Committee



The Board committees' charters are publicly available at [Kadant.com](https://www.kadant.com).

Ethics and Compliance


Our company's Code of Business Conduct and Ethics applies to all our employees, officers, and directors. Employees are encouraged to utilize our Ethics and Compliance Hotline if they have any concerns regarding fraud or misconduct in the areas of accounting or auditing matters, internal accounting controls and financial reporting, bribery or other criminal activity, or insider trading. We do not discipline, discriminate, or retaliate against any employee who reports a concern, or who cooperates in any investigation or inquiry regarding such report, in good faith.

Supply Chain Sustainability

Kadant is a global supplier of technologies and engineered systems that drive Sustainable Industrial Processing. Ensuring our processes are ethical, sustainable, and environmentally responsible throughout our value chain involves close collaboration with our suppliers. Our Global Supplier Code of Conduct outlines the expectations for all our suppliers and subcontractors to conduct business in an ethical, legal, and environmentally responsible manner. The Global Supplier Code of Conduct is communicated to both employees and suppliers involved in the procurement and supply of products and services to Kadant.

Each year, our management conducts a review and certifies compliance with key policies, including:

- Code of Business Conduct and Ethics
- Foreign Corrupt Practices Act Policy
- Global Export Compliance Policy
- Insider Trading Policy
- Anti-Harassment Policy

 For a full list of Kadant's public policies, please visit our [website](#).

SUPPLY CHAIN SUSTAINABILITY IN ACTION



In 2024, our **Georgsmarienhütte, Germany** manufacturing location identified suppliers with whom they

can reuse packaging material for parts shipments. This effort contributes to the circular economy by reusing suppliers' packaging and capitalizing on the opportunity to reduce use of raw materials in packaging and shipments.



Financial Performance

Kadant experienced another record year in 2024.


The fourth quarter was a good finish to a record-setting year. Overall, we delivered solid performance across our key financial metrics. Revenue increased ten percent to a record \$1.053 billion, and gross profit margin increased to 44.3 percent from 43.5 percent in 2023. Net income was \$111.6 million, decreasing four percent from 2023. Our GAAP¹ diluted EPS decreased four percent to \$9.48 compared to \$9.90 in 2023, while our adjusted diluted EPS increased two percent to a record \$10.28 compared to \$10.04 in 2023. Adjusted EBITDA increased 14 percent to a record \$229.7 million, representing a record 21.8 percent of revenue, and our operating cash flow decreased six percent to \$155.3 million.

Despite continued economic challenges in many regions, industrial activity was relatively stable year over year. Excellent execution by our businesses led to solid margin performance and healthy cash flows.

In 2024, over

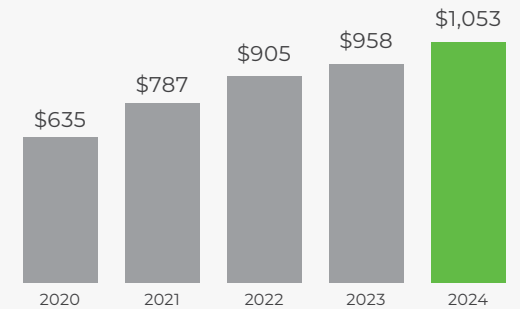
90%

of our revenue related to the UNGC goals

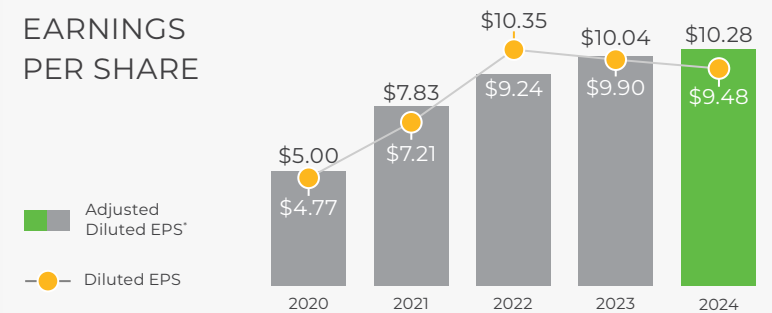
 Additional financial data for fiscal year 2024 can be found in our [Annual Report](#).

1. Defined as generally accepted accounting principles.

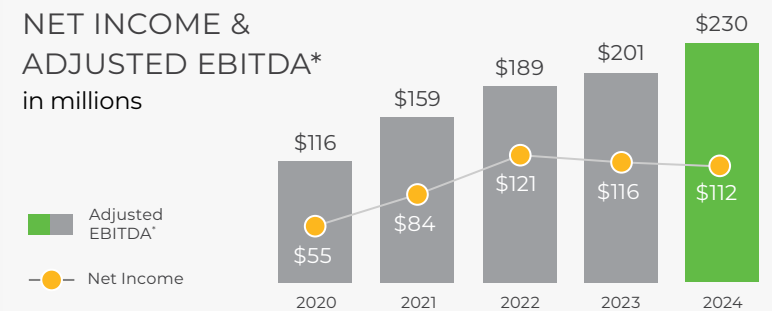
REVENUE
in millions



EARNINGS
PER SHARE



NET INCOME &
ADJUSTED EBITDA*
in millions



*Adjusted diluted EPS (adjusted diluted earnings per share), adjusted EBITDA (adjusted earnings before interest, taxes, depreciation, and amortization), and adjusted EBITDA margin are non-GAAP financial measures that exclude certain items. A reconciliation of these financial measures to the most directly comparable GAAP numbers follows.

 Additional financial data for fiscal year 2024 can be found in our [Annual Report](#).

ADJUSTED DILUTED EPS* RECONCILIATION

	2020	2021	2022	2023	2024
Diluted EPS, as reported	\$ 4.77	\$ 7.21	\$ 10.35	\$ 9.90	\$ 9.48
Adjustments, net of tax					
Gain on Sale of Buildings and Other (Income) Costs, Net	–	(0.03)	(1.30)	(0.05)	0.06
Restructuring and Impairment Costs	0.19	0.08	0.11	0.04	–
Acquisition Costs	0.03	0.26	0.04	0.10	0.20
Amortization of Acquired Profit in Inventory and Backlog	0.04	0.34	0.03	–	0.54
Discrete tax items	(0.03)	(0.04)	–	–	–
Adjusted Diluted EPS*	\$ 5.00	\$ 7.83	\$ 9.24	\$ 10.04	\$ 10.28

ADJUSTED EBITDA* RECONCILIATION in millions

	2020	2021	2022	2023	2024
Net Income Attributable to Kadant	\$ 55.2	\$ 84.0	\$ 120.9	\$ 116.1	\$ 111.6
Net Income Attributable to Noncontrolling Interests	0.5	0.8	0.8	0.7	1.0
Provision for Income Taxes	17.9	27.2	43.9	42.2	40.5
Interest Expense, net	7.2	4.6	5.6	6.7	18.1
Other Expense, net	0.3	0.1	0.1	0.1	0.1
Operating Income	\$ 81.1	\$ 116.7	\$ 171.3	\$ 165.8	\$ 171.3
Gain on Sale of Buildings and Other (Income) Costs, Net	–	(0.5)	(20.2)	(0.1)	0.7
Indemnification Asset Reversals	–	–	1.3	0.1	0.1
Restructuring and Impairment Costs	3.0	1.0	1.3	0.8	–
Acquisition Costs	0.5	3.6	0.7	1.4	2.9
Acquired Profit in Inventory and Backlog Amortization	0.5	5.6	0.5	–	8.4
Adjusted Operating Income*	\$ 85.1	\$ 126.4	\$ 154.9	\$ 168.0	\$ 183.4
Depreciation and Amortization	30.8	33.0	34.2	33.3	46.3
Adjusted EBITDA*	\$ 115.9	\$ 159.4	\$ 189.1	\$ 201.3	\$ 229.7
Revenue	635.0	786.6	904.7	957.7	1,053.4
Adjusted EBITDA Margin*	18.3%	20.3%	20.9%	21.0%	21.8%

*Represents a non-GAAP financial measure. In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we use certain non-GAAP financial measures, including adjusted operating income, adjusted diluted EPS, adjusted EBITDA and adjusted EBITDA margin. We believe these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provides meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our core business, operating results, or future outlook. We believe that the inclusion of such measures helps investors gain an understanding of our underlying operating performance and future prospects, consistent with how management measures and forecasts our performance, especially when comparing such results to previous periods or forecasts and to the performance of our competitors. Such measures are also used by us in our financial and operating decision-making and for compensation purposes. We also believe this information is responsive to investors' requests and gives them additional measures of our performance. The non-GAAP financial measures included in this report are not meant to be considered superior to or a substitute for the results of operations or cash flows prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this report have limitations associated with their use as compared to the most directly comparable GAAP measures, in that they may be different from, and therefore not comparable to, similar measures used by other companies.



Our People

At Kadant, our employees are the driving force behind our products and solutions. We prioritize and value their physical and mental health, well-being, and development both in and out of the workplace.

We are proud to be recognized as a leader in safety, with robust health and safety programs that are designed to promote a safe workplace environment and prevent workplace injuries. We are committed to building a workforce where every employee feels welcome and valued. Additionally, we are dedicated to improving our employees' skills and knowledge to meet Kadant's and customers' needs while helping them advance in their careers. We also know the importance of providing resources to surrounding communities and fueling local partnerships.

HEALTH AND SAFETY IN ACTION



In 2024, our **Bury, Lancashire, United Kingdom** manufacturing location was awarded accreditation from Alcumus SafeContractor for achieving excellence in health and safety in the workplace. This top safety accreditation award exemplifies our ongoing success in providing employees with healthy and safe working conditions.



Health, Safety, and Wellness

We pay particular attention to employees and workplace conditions on the manufacturing floor due to the inherently heightened risks. Safety training is one way we continue to maintain and improve incident rates. This training is introduced to new employees as soon as they join the team and emphasizes the importance of a zero-tolerance safety culture throughout Kadant.

Recruitment, Retention, and Development

Recruiting, training, and developing our workforce is essential to our success.

To ensure our employees are engaged, we provide continuous skill development opportunities to meet the needs of the company and our customers. Each division is responsible for employee training and development programs for their employees. These programs often include sector- and job-specific training, technical training, and leadership and career development opportunities.



Our **Green Bay, Wisconsin, U.S.** manufacturing location was identified by *Insight on Business* magazine as one of the top 10 places in Wisconsin to work in manufacturing.



In 2024, our **Three Rivers, Michigan, U.S.** manufacturing location formed an engagement team to meet quarterly to provide the Human Resources department with feedback from cross functional areas of the organization. Through this team, the Three Rivers location improved employee engagement.

SAFETY, EFFICIENCY AND SUSTAINABILITY IN ACTION



Our location in **Jönköping, Sweden** recently moved to a new facility. The new leased facility was built so that semi-trucks can operate inside of the building for loading and unloading with a building-installed crane. Allowing the trucks to drive into the facility and use a building-installed crane reduces the need for workers to manually conduct the loading and unloading processes, ultimately reducing potential incidents. In addition to enabling us to focus on health and safety improvements, the building is more energy efficient, requiring 56% less heat and 35% less electricity per square meter than the previous location. The new facility also uses a “Green Lease,” a lease contract in which the landlord and tenant collaborate for an environmentally sustainable tenancy relationship. Both parties are meant to take the initiative to implement measures and activities that could reduce the environmental impact of the tenancy.



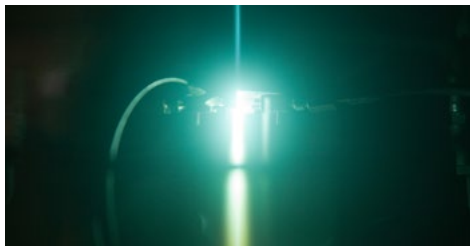
Innovation

Kadant continues to operate as a leader in our industry by maintaining a focus on research and development (R&D) and delivering products of the highest value to our customers.

We view innovation as the creation, development, and implementation of new products, processes, or services that improve efficiency, effectiveness, or competitive advantage. Our goal is to not only meet but exceed our customers' expectations.

Research and Development

Our R&D strategy enhances process efficiency, maximizes productivity, and directly addresses the needs of our customers. Sustainable Industrial Processing is key to this and includes products that are manufactured with renewable, less impactful materials, and are designed to be reused or recycled. Operational and energy efficiency is also a crucial component of Sustainable Industrial Processing.



The team at our **Moers, Germany** manufacturing location developed a new, innovative plasma burner. This advanced, low-maintenance burner technology for coating systems enables significant savings in energy and raw materials while increasing the efficiency of blade production. This technology is expected to reduce hydrogen consumption by approximately two-thirds. Additionally, this process has the potential to decrease noise pollution typically associated with blade production.

INNOVATION IN ACTION



In 2024, our **Crown Point, Indiana, U.S.** manufacturing location was inducted into the Indiana Manufacturing Hall of Fame as an acknowledgement of the entity's commitment to engineering excellence, quality, manufacturing, and innovation.



Delivering Value to Customers

In addition to developing new products, we work with our customers to evaluate the efficiency of their current systems and recommend improvements that increase output, reduce system footprint, and lead to cost savings. Additionally, our product offerings include automation features which enhance customer safety, productivity, efficiency, and optimizes operational performance.



Our **Lebanon, Ohio, U.S.** facility acquired the Tornado® pulper product line. This economical, low-maintenance compact pulper system handles materials that are exceptionally difficult to recycle, including carpet, denim, cotton, and other long-source fibers. This capability supports paper and molded fiber customers and provides solutions for the global textile and carpet recycling industries.



INNOVATION IN ACTION



In 2024, our **Three Rivers, Michigan, U.S.** manufacturing location was selected to rebuild the steam and condensate system on a packaging machine located in the Northwest U.S. The modernization project is expected to provide a significant improvement in machine reliability and reduce natural gas consumption by roughly 50% and electricity consumption by 20% for the customer.





Our **Bury, Lancashire, United Kingdom** and **Auburn, Massachusetts, U.S.**, locations each received HACCP (Hazard Analysis Critical Control Point) International food safety certification for the fifth consecutive year. HACCP International certifies products, materials, and services that meet food safety practices.

INNOVATION IN ACTION



In 2024, our **Auburn, Massachusetts, U.S.**

manufacturing location

launched the X-Tek™ Roll Cleaning Blade.

This cleaning blade is designed to reduce manufacturing downtime and maintenance costs, contributing to more sustainable production processes. The use of polymeric and carbon fibers in the blade ensures effective cleaning for customers without damaging roll surfaces, promoting longer equipment life and reducing overall waste.



In 2024, our **Green Bay, Wisconsin, U.S.**

location was able to divert approximately 150,000 tons of landfill-bound paper sludge

from our customers' paper production processes by converting the sludge into biodegradable products such as absorbent granules.



Environment

At Kadant, our value proposition and focus is to support our customers' sustainability efforts through innovative processes and products that enable them to limit waste and energy use, use resources more efficiently, and create more value with fewer inputs.

Kadant participates in the circular economy—the closed-loop economic system that promotes the reuse of raw materials and products over scrapping them and extracting new resources—through solutions that allow increased recyclability and the ability to use alternative inputs in our products.

SUSTAINABILITY IN ACTION



Our **Tualatin, Oregon, U.S.**

manufacturing location was recognized as a Green Business Leader for its outstanding commitment to making Washington County a more sustainable community.



Energy, Emissions, and Climate Change

To evolve our corporate sustainability program and align with our commitment to submitting to SBTi by the end of 2025 and future reporting under CSRD, we conducted an expanded data collection approach and calculation process for all environmental data in 2024. This enhanced methodology includes increased data availability from all Kadant manufacturing locations and offices, setting a new benchmark for our reporting. While this change limits direct comparisons to previous years, it establishes a robust foundation for future reporting.

By expanding our data scope, we are better equipped to set environmental targets, engage with stakeholders throughout the value chain, and improve transparency in future data and progress reporting. Moving forward, we will use 2024 data and emissions submitted to SBTi as our baseline for tracking progress.

Scope 1 & 2

SCOPE	SOURCE	ENERGY (MWh)	EMISSIONS (MTCO ₂ e)
Scope 1	Natural Gas	127,631	28,848
	Diesel (non-vehicle)	82	22
	Refrigerants	–	0.5
	Propane	1,717	391
	Heating/Fuel Oil	231	57
	Liquid Petroleum Gas (LPG)	513	116
	Vehicles (diesel and gasoline)	2,893	738
	Other ¹	861	210
Scope 2	Electricity	44,395	–
	Purchased Heat and Steam	7,488	1,598
<i>% of consumed energy from the grid</i>		24%	
SCOPE 1 TOTAL		133,977	30,384
SCOPE 2 TOTAL		51,884	1,598

1. Other sources include gasoline, propylene, and CO₂ for manufacturing and welding purposes.

SUSTAINABILITY IN ACTION



With a new factory extension at our **Lohja, Finland** manufacturing location in 2024, the location continues to maximize opportunities for energy efficiencies.

For example, heat created by machinery in the original part of the factory is circulated to heat the factory extension space, decreasing the overall energy usage needed to heat the location.



Scope 3

As part of our preparation for Kadant's SBTi submission in late 2025, we are actively enhancing our data collection systems and collaborating with our businesses to include more comprehensive Scope 3 metrics.

Therefore, Scope 3 emissions are currently not included in this 2024 Corporate Sustainability Report, and we are actively working on data collection and calculations of all relevant Scope 3 data from 2024. After we finalize our 2024 Scope 3 emissions, we will use this data as Kadant's baseline year to set SBTi-aligned targets by the end of 2025, and implement processes to replicate and track year-over-year progress.

At Kadant, we are committed to environmental and data transparency throughout our operations and value chain.

Water

Water is a critical resource. We are committed to responsible water management, reducing our environmental impact, and promoting sustainable practices. Many of our products are designed in a way that helps customers conserve water and enhance operational efficiency.

WATER (Megaliters)

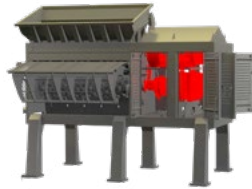
Water Consumption	10
Water Withdrawal	119
Water Discharge	73

Our **Auburn, Massachusetts, U.S.** location has developed technologies for water conservation including proprietary single head traversing cleaning and conditioning equipment. Compared to traditional cleaning and conditioning equipment, which uses water as a key process input, **Kadant's technology can reduce total water consumption by 26 billion gallons per year**, along with the associated energy needed to process those 26 billion gallons. Replacing traditional equipment with Kadant's proprietary equipment allows for significant water and energy savings.

Effluents, Waste and Recycling

One of Kadant's most important value propositions is that our products enable customers to operate more efficiently, requiring less input material and producing less waste. Accordingly, we monitor and seek to reduce the total waste production across our locations. Hazardous waste is not a material issue for Kadant, and any waste that is generated is handled by qualified vendors in accordance with applicable rules and regulations. We reduce our waste through a recycle and reuse strategy, specifically targeting the metal, wood, paper, and cardboard scraps that we accumulate, rather than sending to landfill.

SUSTAINABILITY IN ACTION



Our Upcycling technology provides solutions for transforming waste into valuable resources. We have recently implemented systems in several European paper mills. These systems are designed to treat pulper waste and pulper rope, enabling the resale of metals and the recovery of plastics, diverting waste from landfills. One noteworthy example is our collaboration with a small-capacity paper mill. Through our advanced shredding technology, they have recovered more than 1,000 tons of metal wire within a year. This recovered metal can be reused in the steel industry. Additionally, the plastic waste is sent to a plastic-to-energy recovery facility. This initiative has contributed to reducing landfill waste by over 3,000 tons in a single year.



In 2024, our **Pero (Milan), Italy** location achieved 100% recyclable packaging materials in its products' packaging, supporting sustainable materials and packaging.

ENVIRONMENTAL COMPLIANCE

We are committed to full compliance with applicable environmental rules and regulations in our operations, and each of our businesses is responsible for ensuring it has implemented programs and protocols accordingly. In 2024, there were no significant violations regarding our compliance with any of these rules or regulations.



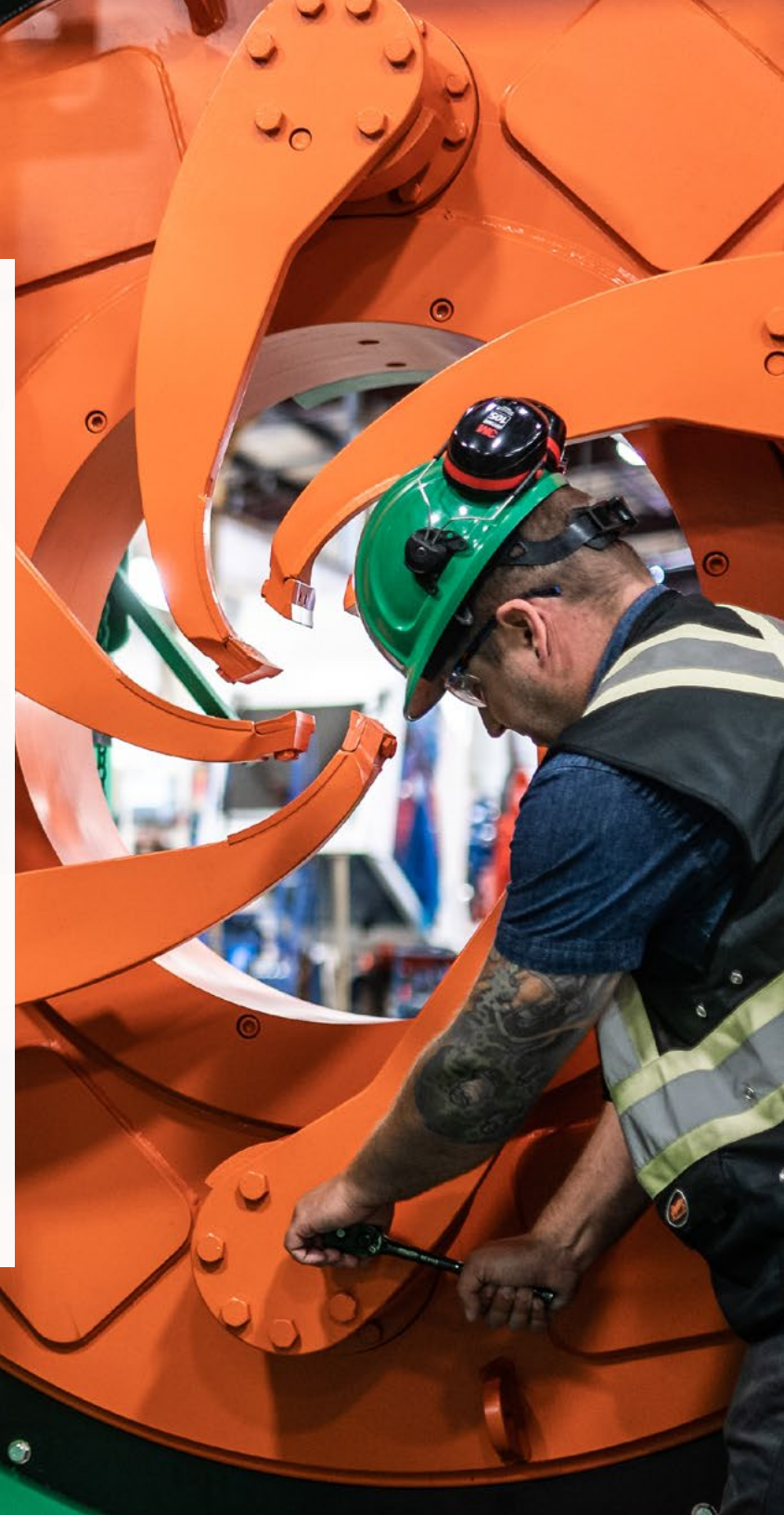
About This Report

Kadant's 2024 Corporate Sustainability Report provides an updated overview of our ESG efforts and serves as a bridge from our last full report for 2023 to our next full report for 2025.

All information and data in this report are for the fiscal year ended December 28, 2024 (2024 fiscal year) and convey not only the Kadant corporate perspective but highlights the sustainability efforts of Kadant's manufacturing locations around the globe.

Our report is aligned with the Sustainability Accounting Standards Board (SASB) Industrial Machinery and Product Standards disclosures as recommended per the IFRS Foundation's International Sustainability Standards Board (ISSB). This report also includes our Task Force on Climate-related Financial Disclosures (TCFD) Report, which was first reported in the 2022 Corporate Sustainability Report. The full TCFD report can be found in the appendix to this report.

Kadant also reports in accordance with the GRI Standards for the period December 31, 2023–December 28, 2024. After becoming a participant of the UN Global Compact (UNGC) in 2021, this report serves as a demonstration of our actions to support the UNGC Ten Principles in the areas of human rights, labor, environment, and anti-corruption. Greenhouse gas emissions were calculated according to the Greenhouse Gas (GHG) Protocol Corporate Standard. We continue to track the evolving global voluntary and regulatory reporting standards as they pertain to the frameworks and standards to which we align and disclose our ESG-related information.





GRI Content Index

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. Data in the report represents the majority of our wholly owned Kadant operations able to provide data for any topic.

Statement of use	Kadant has reported in accordance with the GRI Standards for the period December 31, 2023 – December 28, 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

General Disclosures		
GRI Standard/Other Source		Information / Location in Report
GRI 2: General Disclosures 2021	2-1 Organizational details	<p>Kadant Inc.: One Technology Park Drive Westford, Massachusetts 01886, United States</p> <p>Kadant Facilities Worldwide: Kadant's operations are located in approximately 20 countries worldwide. A full list of our manufacturing locations is available at: https://www.kadant.com/en/our-businesses.</p> <p>Kadant Inc. is listed on the New York Stock Exchange (NYSE: KAI)</p>
	2-2 Entities included in the organization's sustainability reporting	This report covers Kadant Inc. and its subsidiaries.
	2-3 Reporting period, frequency and contact point	<p>Reporting period: December 31, 2023 – December 28, 2024</p> <p>Frequency: Annual</p> <p>Contact point: Stacy Krause, Senior Vice President, General Counsel, and Secretary: Stacy.Krause@kadant.com</p>
	2-4 Restatements of information	There were no restatements of information during the reporting period.
	2-5 External assurance	At this time, Kadant has decided to not seek external assurance for the report. Kadant will investigate this for future years.
	2-6 Activities, value chain, and other business relationships	Kadant is a global supplier of technologies and engineered systems that drive Sustainable Industrial Processing. Our products and services play an integral role in enhancing efficiency, optimizing energy utilization, and maximizing productivity in process industries. Kadant brand products and services are sold to industries through our subsidiaries located in North America, South America, Europe, and Asia. For a list of industries served, visit: https://www.kadant.com/en/our-businesses . Kadant is headquartered in Westford, Massachusetts, with approximately 30 locations worldwide and approximately 3,500 employees. Kadant generated \$1.05 billion in revenue in 2024. For more information on Kadant's value chain, see Supply Chain Sustainability, page 10 . Kadant's supply chain consists of thousands of upstream suppliers, approximately 500 of whom account for 80% of Kadant's 2023 supply chain spend. Kadant suppliers primarily provide raw materials such as steel, stainless steel, ductile iron, brass, bronze, aluminum, elastomers, and by-products from the production of paper.

GRI Standard/Other Source	Information / Location in Report
2-7 Employees	Kadant is headquartered in Westford, Massachusetts, with operations in approximately 30 locations worldwide and approximately 3,500 employees. At our corporate headquarters, our employees are 56% male and 44% female. See Our People, page 13 for more information.
2-8 Workers who are not employees	Not applicable: Information on workers who are not employees is not applicable since this data is immaterial to our business in the reporting period.
2-9 Governance structure and composition	Kadant's Corporate Governance Guidelines and the Committee Charters of the Board of Directors are available online at https://investor.kadant.com/corporate-governance/highlights .
2-10 Nomination and selection of the highest governance body	Information about the nomination and selection of the highest governance body is available online at https://investor.kadant.com/corporate-governance/highlights .
2-11 Chair of the highest governance body	Kadant's Chair of the highest governance body can be found online at https://investor.kadant.com/corporate-governance/directors-officers .
2-12 Role of the highest governance body in overseeing the management of impacts	See Management Approaches, page 30 .
2-13 Delegation of responsibility for managing impacts	See Management Approaches, page 30 .
2-14 Role of the highest governance body in sustainability reporting	The Board provides oversight of our approach to sustainability, corporate citizenship and social value creation, including our approach to corporate responsibility reporting. Please see pages 15 - 18 in our 2024 Proxy for more information. Kadant's 2025 Proxy will be released after the publication of the 2024 Sustainability Report. When published, please find the 2025 Proxy online at https://www.sec.gov/edgar/browse/?CIK=886346&owner=exclude .
2-15 Conflicts of interest	In 2024, Kadant had no conflicts of interest.
2-16 Communication of critical concerns	The Board has established a process to facilitate communication between shareholders and other interested parties with the Company's independent directors. In general, any shareholder communication delivered to us for forwarding to the Board or specified directors will be forwarded in accordance with the shareholder's instructions. Our Ethics and Compliance Hotline enables anonymous reporting directly to the most senior levels of management.
2-17 Collective knowledge of the highest governance body	A discussion of each director's experience and skills can be found in our 2024 Proxy Statement on pages 3 - 6 . Kadant's 2025 Proxy will be released after the publication of the 2024 Sustainability Report. When published, please find the 2025 Proxy online at https://www.sec.gov/edgar/browse/?CIK=886346&owner=exclude .
2-18 Evaluation of the performance of the highest governance body	A comprehensive discussion of the evaluation of the performance of the highest governance body can be found in our 2024 Proxy Statement on pages 15 - 19 . Kadant's 2025 Proxy will be released after the publication of the 2024 Sustainability Report. When published, please find the 2025 Proxy online at https://www.sec.gov/edgar/browse/?CIK=886346&owner=exclude .

GRI Standard/Other Source	Information / Location in Report
2-19 Remuneration policies	A comprehensive discussion of director and executive compensation can be found in our 2024 Proxy Statement on pages 24 - 47 . Kadant's 2025 Proxy will be released after the publication of the 2024 Sustainability Report. When published, please find the 2025 Proxy online at https://www.sec.gov/edgar/browse/?CIK=886346&owner=exclude .
2-20 Process to determine remuneration	A comprehensive discussion of non-employee director and executive compensation can be found in our 2024 Proxy Statement on pages 24 - 47 . Kadant's 2025 Proxy will be released after the publication of the 2024 Sustainability Report. When published, please find the 2025 Proxy online at https://www.sec.gov/edgar/browse/?CIK=886346&owner=exclude .
2-21 Annual total compensation ratio	See our 2024 Proxy Statement, page 38 . Kadant's 2025 Proxy will be released after the publication of the 2024 Sustainability Report. When published, please find the 2025 Proxy online at https://www.sec.gov/edgar/browse/?CIK=886346&owner=exclude .
2-22 Statement on sustainable development strategy	See A Message from the CEO, page 3 .
2-23 Policy commitments	Kadant's Code of Business Conduct and Ethics and other corporate governance documents are available online at https://investor.kadant.com/corporate-governance/highlights .
2-24 Embedding policy commitments	Kadant's Board of Directors, primarily through its Risk Oversight and Sustainability Committee, provides oversight of Kadant's approach to sustainability and corporate social responsibility. The integration of specific ESG policy commitments into Kadant's strategies and operational procedures is overseen by various cross functional teams. For more information, please see Management Approaches, page 30 .
2-25 Processes to remediate negative impacts	Our Ethics and Compliance Hotline enables anonymous reporting directly to the most senior levels of management.
2-26 Mechanisms for seeking advice and raising concerns	Our Ethics and Compliance Hotline enables anonymous reporting directly to the most senior levels of management.
2-27 Compliance with laws and regulations	In 2024, no Kadant businesses were subjected to significant fines or sanctions for noncompliance with environmental laws or regulations.
2-28 Membership associations	Engineered Wood Technology Association (EWTA), Technical Association of the Pulp and Paper Industry (TAPPI), the Conveyor Equipment Manufacturers Association (CEMA), Fluid Sealing Association, National Association of Manufacturers, and Manufacturers Alliance for Productivity and Innovation.
2-29 Approach to stakeholder engagement	Ongoing engagement with various stakeholder groups is essential to advance our management of and progress on sustainability. We engage with investors, customers, employees, and local communities to understand the issues that are important to them and how Kadant can impact them positively. Each of our stakeholders has unique needs that we seek to fulfill through our products, processes, business solutions, financial metrics, and employee and community engagement programs. See page 7 for more information.
2-30 Collective bargaining agreements	25% of our employees are covered by a works council or collective bargaining agreement.

Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	See Stakeholder Engagement and Materiality, pages 7 - 8 .
GRI 3: Material Topics 2021	3-2 List of material topics	See Stakeholder Engagement and Materiality, pages 7 - 8 .
Financial Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 30 .
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	See Financial Performance, pages 11 - 12 .
Ethics and Compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 30 .
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Kadant's Corporate Governance Guidelines and the Committee Charters of the Board of Directors are available at https://investor.kadant.com/corporate-governance/highlights . Also see General Disclosure 2-9 for more information.
GRI 205: Anticorruption 2016	205-2 Communication and training about anticorruption policies and procedures	Kadant has an annual recertification of the Anti-Corruption/FCPA Policy. Please see Management Approaches, page 30 , for more information.
	205-3 Confirmed incidents of corruption and actions taken	In 2024, there were no confirmed incidents of corruption at Kadant.
Research and Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 31 .
Kadant Own Disclosure: Research and Development	R&D Expenses as percentage of revenue	R&D expenses represented 1% of our revenue in fiscal year 2024.

Delivering Value to Customers

GRI 3: Material Topics 2021 3-3 Management of material topics See Management Approaches, [page 30](#).

Kadant Own Disclosure: Delivering Value to Customers Product innovation See Innovation, [pages 15 - 17](#).

Health, Safety, and Wellness

GRI 3: Material Topics 2021 3-3 Management of material topics See Management Approaches, [page 31](#).

GRI 403: Occupational Health and Safety 2018 403-1 Occupational health and safety management system See Our People, [page 13](#).

403-2 Hazard identification, risk assessment and incident investigation Each business is responsible for assessing health and safety-related risks and developing action plans to mitigate those risks.

403-3 Occupational health services See Our People, [page 13](#).

403-4 Worker participation, consultation, and communication on occupational health and safety See Our People, [page 13](#).

403-5 Worker training on occupational health and safety See Our People, [page 13](#).

403-6 Promotion of worker health See Our People, [page 13](#).

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships See Our People, [page 13](#).

403-8 Workers covered by an occupational health and safety management system See Our People, [page 13](#).

403-9 Work-related injuries Total U.S. Reportable Injury (TRIR) Rate = 3.50. Our overall TRIR increased in 2024 due primarily to the acquisition and integration of several new businesses into our portfolio. We have already implemented measures to bring their safety systems and performance into line with Kadant's high expectations, and expect to see this reflected in future reporting. See Our People, [page 13](#).

403-10 Work-related ill-health See Our People, [page 13](#).

Recruitment, Retention, and Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, pages 31 - 32 .
GRI 404: Training and Education 2016	404-3 Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period	It is Kadant's practice that full-time employees receive annual performance reviews.
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	At the end of 2024, Kadant's board of directors ("Board") was comprised of 6 directors: 2 women and 4 men.
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2024, there were no judgements of discrimination at any of our businesses.
Energy, Emissions, and Climate Change		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 32 .
GRI 302: Energy 2016	302-1 Energy consumption within the organization	See Environmental Data, page 19 .
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	See Environmental Data, page 19 .
	305-2 Energy indirect (Scope 2) GHG emissions	See Environmental Data, page 19 .
	305-3 Other indirect (Scope 3) GHG emissions	<p>As part of our preparation for Kadant's SBTi submission in late 2025, we are actively enhancing our data collection systems and collaborating with our businesses to include more comprehensive Scope 3 metrics.</p> <p>Therefore, Scope 3 emissions are currently not included in this 2024 Update Corporate Sustainability Report, and we are actively working on data collection and calculations of all relevant Scope 3 data from 2024. After we finalize our 2024 Scope 3 emissions, we will use this data as Kadant's baseline year to set SBTi-aligned targets by the end of 2025, and implement processes to replicate and track year-over-year progress.</p>

Effluents, Waste, and Recycling

GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 32 .
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Our businesses use a variety of materials in our manufacturing processes. In past years, steel and steel-related materials were the most impactful in our Scope 3 emissions. As we are actively working on Scope 3 calculations, we will identify the most impactful materials in 2024.
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	See Water, page 20 .
	303-4 Water discharge	See Water, page 20 .
	303-5 Water consumption	See Water, page 20 .
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	See Effluents, Waste, and Recycling, page 21 .
	306-2 Management of significant waste-related impacts	See Management Approaches, page 32 .
	306-3 Waste generated	Not available: Scope 3 emissions are currently not included in this 2024 Update Corporate Sustainability Report, and we are actively working on data collection and calculations of all relevant Scope 3 data from 2024. As waste information is a part of these Scope 3 calculations, information for waste generated is currently not available.
	306-4 Waste diverted from disposal	Not available: Scope 3 emissions are currently not included in this 2024 Update Corporate Sustainability Report, and we are actively working on data collection and calculations of all relevant Scope 3 data from 2024. As waste information is a part of these Scope 3 calculations, information for waste diverted from disposal is currently not available.
	306-5 Waste directed to disposal	Not available: Scope 3 emissions are currently not included in this 2024 Update Corporate Sustainability Report, and we are actively working on data collection and calculations of all relevant Scope 3 data from 2024. As waste information is a part of these Scope 3 calculations, information for waste directed to disposal is currently not available.

Supply Chain Sustainability and Environmental Compliance

GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 30 and page 32 .
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	See Management Approaches, page 30 .
	308-2 Negative environmental impacts in the supply chain and actions taken	See Supply Chain Sustainability, page 10 and pages 20 - 21 .

Management Approaches

Governance and Policies

As a public company and steward of our stockholders' financial assets, ethical behavior, fair dealing, and compliance with our policies and applicable laws are important at Kadant. Compliance is managed by the corporate legal department in cooperation with our locations' management teams. Our management team at corporate and our locations are annually required to review and certify compliance with the Code of Business Conduct and Ethics, Insider Trading Policy, Anti-Harassment Policy, Foreign Corrupt Practices Act (FCPA) Policy, and Global Export Compliance Policy. Kadant's corporate legal department performs regular training on key policies and procedures in conjunction with pivotal events and acquisitions. As part of our commitment to continually improve training on ethics and compliance, we implemented an online compliance training platform that allows each location to assign and track short, interactive training videos to managers and employees on a range of topics. Over the past several years, we also required management at each location to complete an interactive training on code of conduct, anti-bribery, anti-corruption, and insider trading. The corporate legal department provides an annual compliance report to the Board of Directors and ongoing updates to its Audit and Risk Oversight and Sustainability Committees. The Risk Oversight and Sustainability Committee provides additional oversight of our key strategic and operational risks as well as our sustainability efforts. In the reporting year, our management approach proved effective and required no additional adjustments.

Supply Chain Sustainability

As a multi-national company that sources from thousands of suppliers around the world, we recognize the need for our suppliers to abide by and exceed various environmental, social, and economic regulations and standards from both an international and country-specific perspective, depending on where our suppliers operate. We manage these risks and regulatory issues in our supply chain primarily through our Global Supplier

Code of Conduct, which is complemented by other relevant policies, such as the Kadant Code of Business Conduct and Ethics, Kadant Human Rights Policy, and Kadant Environmental, Health and Safety Policy. The Global Supplier Code of Conduct is managed by our locations across the globe. To assess and identify areas for improvement, we conducted a robust analysis of approximately 400 suppliers, which accounted for 80% of our supply chain spend in 2021, to gain insight into how they manage sustainability and ethics. In addition, each location manages its own suppliers through targeted audits and feedback processes. In 2024, we followed up with suppliers to encourage them to implement climate goals and set science-based targets. This initiative would help in reducing our Scope 3 emissions, while also encouraging our supply chain to make sustainable improvements throughout their operations.

Financial Performance

Kadant's financial performance and management, including strategy and risk management, are the responsibility of the senior executive team and are overseen by our Board of Directors. As a public company, our financial disclosures are subject to the rules of the U.S. Securities and Exchange Commission and the New York Stock Exchange. The Board of Directors, through its committees, reviews and approves annual targets for key financial performance metrics, as proposed by management. Performance against these targets is monitored throughout the year. The executive compensation program emphasizes compensation linked to objective performance measures, which we believe are related to the creation of stockholder value. In addition, our non-employee directors receive an annual equity award for their service. The Compensation Committee adopted a compensation framework that ties the size of the equity award to the company's financial performance. Additional assessments occur during our quarterly review processes, annual performance reviews, and as part of our annual strategic planning. When deviations from projections and goals are encountered, a variety of remedies are considered, including cost-saving measures, enhanced revenue generation, and other measures as deemed appropriate.

Research & Development / Delivering Value to Customers

Innovation and continuous improvement are central to our organization. They keep us agile, ensure we are aligned with our customers' needs, and are vital to our continued success. This is relevant throughout our business, particularly at the locations that house our research and development centers. Research and development is managed by our various businesses. Most have a dedicated research and development department and director, who is responsible for the oversight of our innovation programs. Engineering, manufacturing, and several other departments are also heavily involved. Technical steering committees meet regularly, and innovation is discussed during regular senior leadership meetings. Success in innovation is reviewed by multi-departmental leadership and tracked against internal targets.

Training and Education

The training and education of our employees across our organization is crucial for our continued success. In our manufacturing facilities, safety training and training for operating advanced machinery are of particular importance and as many of our locations operate in niche markets, specialized training is essential. To continue to be an employer of choice, we need to keep our employees engaged, motivated, and invested to maximize job satisfaction and performance. This focus leads to superior products and services, which in turn benefits our customers and all stakeholders. Training and education is managed by our locations individually. Responsibility lies with their senior management teams, and in particular, with their human resource departments, and the departments under which the respective training occurs. Programs used include business-wide training plans, tuition reimbursement policies, paid certifications and training, and regular performance reviews. The effectiveness of our training programs is assessed through our safety records, feedback we collect from participants, and the capabilities that our employees possess and demonstrate to the organization. If gaps are identified, training programs are adjusted.

Health, Safety, and Wellness

Health, safety, and wellness are important throughout the organization, but primarily affect our employees on the manufacturing floor. Our employees are our most important asset, and a strong safety record translates into better performance, fewer production delays, and better morale. It also increases our attractiveness as an employer of choice, ultimately making us more competitive. Moreover, it is a prerequisite for many of our customers to do business with us. Health and safety requirements are managed by the senior management of our various locations and are adapted to their specific and regional requirements. Managers are supported by safety committees with representation from different departments. Our locations follow an occupational health and safety management system that ensures employees receive all appropriate and necessary safety training to protect their own health and safety as well as the people, equipment and environment around them. Safety policies are accessible to our employees. External advisors often review and make suggestions to augment our procedures, and several of our locations have a variety of safety certifications. Our locations use different approaches to ensure management of health and safety is effective, including tracking all relevant incidents, industry benchmarking, employee surveys, mock OSHA audits, or engagement of external reviewers, and react swiftly when needs for improvement are identified.

Equal Opportunity and Non-Discrimination

Equal opportunity and non-discrimination are managed by our various locations, usually by their respective human resource departments, which are bound by equal employment opportunity policies in their employee handbooks. The attraction, retention, and development of exceptional employees are critical to our continued success. As part of these efforts, we offer a competitive compensation and benefits program and foster a safe work environment where everyone feels respected, valued, and empowered to do their best work. We embrace the diversity of our employees, including their unique backgrounds, experiences, and talents. Everyone is valued and appreciated for their distinct contributions to the

growth and sustainability of our business. We strive to cultivate a culture that supports and enhances our ability to recruit, develop, and retain talent at every level. Our management team places significant focus and attention on matters concerning our employees, particularly capability development and succession planning. Accordingly, we regularly review talent development and succession plans for each of our functions and operating segments to identify and develop a pipeline of talent to maintain business operations. We have numerous programs to attract and retain our talent, including leadership and executive development programs as well as technical and other training. We partner with vocational schools, community colleges, universities, and associations to promote future careers in manufacturing through training and apprenticeship programs. We also have a well-established performance management and talent development process in which managers provide regular feedback and coaching to develop employees.

Environment

Environmental stewardship is central to Kadant's commitment to corporate responsibility. Environmental strategies, policies, compliance, and management systems are overseen at each location by the local leadership team, with oversight by our corporate management team and the Board. The material issues included in environmental performance are:

- Environmental compliance: This is relevant to Kadant as non-compliance can impact operations, permitting for new facilities, and other aspects of the business. Kadant is committed to adhering to applicable environmental regulations everywhere it operates.
- Energy, emissions, and climate change: As a significant expense for the company and the source of the majority of its greenhouse gas emissions, monitoring energy usage is critical. To manage energy and emissions, we collect consumption data and set relevant goals that aim to reduce our footprint.
- Effluents, waste, and recycling: This topic is managed locally at each location by the leadership team. Goals and targets are set depending on local conditions, options for waste diversion, and cost factors.

UNGC Index

Ten Principles of the UN Global Compact		2024 Response
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	Our approach to human rights is consistent with the principles of the UN Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.
Principle 2	Make sure they are not complicit in human rights abuses	We require all members of our value chain to comply with all applicable rules and regulations.
Labor		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	See page 25 .
Principle 4	The elimination of all forms of forced and compulsory labor	See pages 30 - 31 .
Principle 5	The effective abolition of child labor	See pages 30 - 31 .
Principle 6	The elimination of discrimination in respect of employment and occupation	See page 27 and page 31 .
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges	Our environmental management processes are based on regulations and best available data and are proactive and precautionary in nature.
Principle 8	Undertake initiatives to promote greater environmental responsibility	See page 10 and pages 18 - 21 .
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	See page 15 .
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	See page 26 and page 30 .

SASB Index

SASB Industrial Machinery and Products Standard			
Energy Management			
Accounting Metric(s)	Code	Unit	2024 Response or Location in Report
(1) Total energy consumed; (2) percentage grid Electricity; (3) percentage renewable	RT-IG-130a.1	Gigajoules (GJ), Percentage (%)	See page 19 .
Workforce Health & Safety			
(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	RT-IG-320a.1	Rate	See page 27 .
Fuel Economy and Emissions Use-phase			
Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	RT-IG-410a.1	Litres per 100 tonnekilometres	Given this data is not relevant to our business performance nor readily available, we chose not to disclose this data at this time.
Sales-weighted fuel efficiency for nonroad equipment	RT-IG-410a.2	Litres per hour	Given this data is not relevant to our business performance nor readily available, we chose not to disclose this data at this time.
Sales-weighted fuel efficiency for stationary generators	RT-IG-410a.3	Kilojoules per litre	Given this data is not relevant to our business performance nor readily available, we chose not to disclose this data at this time.
Sales-weighted emissions of (1) nitrogen oxides (NO _x) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines and (d) other non-road diesel engines	RT-IG-410a.4	Grammes per kilojoule	Given this data is not relevant to our business performance nor readily available, we chose not to disclose this data at this time.
Materials Sourcing			
Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	n/a	Each Kadant subsidiary has individual management approaches to risks associated with the sourcing and use of critical materials.
Remanufacturing Design and Services			
Revenue from remanufacturing services	RT-IG440b.1	Reporting currency	Kadant generates a small percentage of its total revenue from remanufactured products and services. Our offerings include refurbished products as well as repair and enhancement services, supporting product longevity and resource efficiency.
Activity Metrics			
Number of units produced by product category	RT-IG-000.A	Number	Please see our Annual Report on Form 10-K for the fiscal year ended December 28, 2024.
Number of employees	RT-IG-000.B	Number	In 2024, we had approximately 3,500 employees

Task Force on Climate-Related Financial Disclosures (TCFD) Report

As climate change advances, so do the related short- and long-term risks. We have long been focused on addressing manufacturing sustainability and identifying our impact on climate change.

To build on our existing climate risk mitigation efforts and to evaluate short- and long-term risks and opportunities, we assessed the types of climate change-related risks that we may be exposed to now and in the future. Through research and internal and external stakeholder engagement, we considered different climate scenarios and potential outcomes and assessed the associated effects of these risks and opportunities across our operations. This assessment, conducted in alignment with the guidance of the Task Force on Climate-Related Financial Disclosures (TCFD), will inform the adoption of climate-related targets and goals and our strategy to mitigate risks. It also supports the resiliency of our business against the identified risks while taking advantage of potential opportunities.

We are proud to share our TCFD report, which complements our SASB and GRI disclosures. We are confident that this report will enhance our transparency on climate-related issues and help guide our efforts to reduce our impact on climate change.

Our report follows relevant reporting guidance as outlined by TCFD and addresses the topics of Governance, Strategy, Risk Management, and Metrics and Targets. For each of the four topics, we highlight the specific process taken to evaluate our climate-related risks and opportunities, the associated outcomes, and our overall climate change management.

ESG Governance at Kadant

Environmental, social and governance (ESG) factors, including those related to climate change, represent potential risks and opportunities. Therefore, incorporating ESG risks into our decision-making process is necessary to position ourselves for long-term viability. We are committed to actively managing the ESG issues most material to our ability to create long-term value for our stakeholders and ensuring we operate in a sustainable, transparent, and ethical manner.

Board Oversight of ESG and the ESG Committee

Our Board of Directors (the Board) has oversight over ESG topics, including climate-related risks and opportunities. We address business decisions with an ESG lens when appropriate. The development and implementation of ESG policies and related programs is a company-wide effort overseen by our corporate leadership team and the heads of our business units. This group is responsible for defining and leading our ESG strategy, in partnership with senior management, the Risk Oversight and Sustainability Committee, and the Board. Our General Counsel regularly reports to the Board on ESG topics and the Board reviews our ESG reports prior to publication.

Task Force on Climate-Related Financial Disclosures (TCFD)

The TCFD process is overseen by our General Counsel. This reporting framework assesses our operations under various climate change scenarios to identify the relevant risks and opportunities.

Risk Management

Identifying Key Climate Risks

Our senior leadership oversees an enterprise risk management (ERM) process each year. ERM supports us in achieving our strategic priorities and considering and mitigating risks to the business. We are a global supplier of technologies and engineered systems that enable Sustainable Industrial Processing. As part of this process, we consider various risks, including those related to ESG and climate, and assess the likelihood of occurrence, significance, and potential impact and mitigation strategies. This allows us to prioritize the risks that pose the most material impact to our business and identify risk management actions needed to mitigate them.

Climate Scenarios

The senior management teams for each of our businesses reviewed quantitative and qualitative information related to the medium- and long-term impacts of climate change using publicly available information and considered the risks and opportunities related to two scenarios. The first is a “Business as Usual” scenario, where greenhouse gases continue to be emitted in a relatively unabated manner. The assumption is that this scenario will result in substantial warming of the climate, where this warming is manifested as increased sea level rise, increased frequency and intensity of storms, droughts, changes to agricultural productivity and other outcomes. Our assumption is that this scenario will result in a variety of physical risks and opportunities that need to be evaluated in the context of our business, including our operations and value chain.

The other scenario we considered corresponds to the International Energy Agency’s 1.5°C Degree Sustainable Development Scenario, a “Strong Mitigation” scenario, where the world has made the necessary regulatory, technological, and policy shifts to abate emissions and prevent the world from warming more than 1.5°C. In this scenario, most physical risks may be avoided, but the actions necessary to achieve this scenario may present a variety of transitional risks and opportunities that need to be evaluated in the context of our business, including our operations and value chain.

Risk Areas Classified as Priorities

Using these scenarios as a guide, our leadership teams were asked to identify specific risks and opportunities for their businesses that need to be considered in the context of climate change. The following are the results of that effort.

The following physical risks were identified as the most likely and/or impactful in the context of the “Business as Usual” scenario as they could result in physical damage to our businesses or decrease our value.

- Lack of input material availability
- Excessive energy demand
- Increase in adverse weather events
- Increase in the frequency of forest fires and degradation

Transition risks to our business

The primary transition risks to our business include:

- Investor ESG priorities
- Increase in customer focus on sustainable services and products
- Increase in investment costs

Each of these risks could require increased expenditures on our part to mitigate them, including lowering our emissions.

Active Risk Management

To manage risks, our dedicated team oversees comprehensive processes and procedures. We use a variety of tools to proactively monitor, analyze, and respond to risks. For example, we regularly conduct assessments to identify key areas of exposure and opportunities. For weather-related climate risks, we have crisis response and business continuity plans that we periodically reevaluate and update and our divisional leadership teams periodically review the performance of their businesses for financial and climate resilience.

Through risk management, our goal is to be a nimble and resilient organization that can adapt to the effects of climate change and contribute to the mitigation of additional climate-related impacts.

Climate Strategy

Through our differentiated business model and key strategic priorities related to ESG, we deliver benefits to our stakeholders.

We remain intentional about continuous improvement by conducting assessments of ESG best practices, setting and achieving meaningful goals, and evaluating our approach to ESG leadership. Fundamental to our ESG and business strategy is our focus on innovation, customer service, cost control, and targeted acquisitions. Our strategy is potentially impacted directly or indirectly by climate change-related issues, and this exercise is intended to highlight those connections.

Our strategy for addressing climate change has three main components: efficiency, renewable energy, and engagement.

Each of our business units is asked to assess their operations for opportunities to use energy resources more efficiently. Through the targeted use of energy audits and through the institutional knowledge of team members, we look for opportunities to reduce our energy usage, which would reduce costs and lower our greenhouse gas emissions.

For the past three years, we have purchased renewable energy certificates which represents the amount of electricity our operating divisions use in a given year not already supplied from renewable sources. In 2024, we purchased approximately 41,504 MWh of renewable energy certificates. Each division is also seeking economically and technically viable opportunities to deploy renewable technologies onsite. This is primarily focused on solar energy generation and will include other renewable options as technologies become viable.

Lastly, we seek to engage with actors in our value chain, both upstream and downstream, to identify opportunities to reduce our greenhouse gas footprint, particularly those related to Scope 3 emissions. As part of our preparation for Kadant's SBTi submission in late 2025, we are actively enhancing our data collection systems and collaborating with our businesses to include more comprehensive Scope 3 metrics.

Scope 3 emissions are currently not included in this 2024 Update Corporate Sustainability Report, and we are actively working on data collection and calculations of all relevant Scope 3 data from 2024. After we finalize our 2024 Scope 3 emissions, we will use this data as Kadant's baseline year to set SBTi-aligned targets by the end of 2025, and implement processes to replicate and track year-over-year progress.

We will use this data to strategically identify opportunities to partner with suppliers and customers to address emissions associated with our relationships.

Climate-Related Physical Risks

Our analysis of a “Business as Usual” scenario identified the following short- and long-term physical risks, for which we determined an appropriate mitigation action plan.

Physical Risk	Potential Impact	Management Approach
Lack of Input Material Availability	Climate change may drive significant change in input material availability (i.e., steel, lumber, etc.) and thus adversely affect production costs and schedules throughout the industry	As part of our regular risk management efforts, our businesses assess which materials are most at risk for supply interruptions, climate-related or otherwise. Based on findings, we assess customers’ demands based on material availability, bulk, pre-order, and store materials with longer lead times and work to anticipate potential sourcing challenges. To further mitigate this risk over the long term, we may seek to diversify our sources for materials and increase sourcing from local vendors.
Excessive Energy Demand	Climate change may increase electricity demand for cooling in the summer and decrease electricity, natural gas, heating oil, and wood demand for heating in the winter. If there are energy shortages, our plants will be significantly impacted.	To improve energy efficiency, our businesses have been asked to assess opportunities to implement energy efficiency measures such as smart controls, LED lighting, insulation, and other measures in their properties.
Increase in Adverse Weather Events	More frequent storms could disrupt energy production and delivery by damaging electricity infrastructure, fuel delivery infrastructure, and equipment, power plants or storage facilities.	To better understand current risk exposure of our properties, we will monitor changing weather patterns over the medium and longer-term in highly susceptible areas and where appropriate, assess storm response systems, and implement updates to infrastructure as needed.
Increase in the Frequency of Forest Fires and Degradation	Forests face a potential increase in the number and intensity of fires, pests, and pathogens related to climate change which would primarily impact our customer operations due to limiting the availability of timber resources in some regions.	We will continue to innovate technologies that allow our customers to maximize recovery of fiber from recycled paper (rather than primary timber resources), efficiently utilize lower-quality fibers, and feedstock and develop markets for alternative fiber sources.

Climate-related Transition Risks

From our analysis of a “Strong Mitigation” scenario, we have identified the following short- and long-term transition risks and determined appropriate mitigation plans. We excluded fluctuation in power pricing, because while renewable energy may increase in price, the risk would not represent an existential threat to our business.

Transition Risk	Potential Impact	Management Approach
Investor ESG Priorities	Investors are focused on aspects of sustainability which they see as not only beneficial for the environment, but also to manage risk in their portfolio companies. Loss of investor interest can result in loss of capital.	As part of our existing ESG strategy, we will continue to evaluate industry ESG expectations and implement measures to exceed those expectations.
Increased Customer Focus on Sustainable Services and Products	Customers are becoming more conscientious and focused on energy efficiency and reducing costs via sustainable products. Our customers may show a preference for products with a lower carbon footprint.	We plan to expand communications with customers to better understand customer needs, improve our collection and communication of environmental data, and implement new sustainability measures in alignment with customer expectations.

Climate-related Opportunities

Resulting from our analysis of both scenarios, we identified the following short- and long-term climate-related opportunities and determined a plan of action to realize these potential benefits.

Opportunities	Potential Impact	Management Approach
Resource Efficiency	The demand for energy, raw materials, and water-efficient solutions may grow in the near future.	We will continue our strategy of innovating new technologies that maximize resource utilization, minimize energy and water consumption, and that can utilize new feedstocks that may emerge in a climate-impacted world.
Talent Acquisition	Talent is increasingly interested in working for companies that serve a broader mission and operate sustainably. Talent of certain geographic locations and demographics may be more focused on working for companies whose mission and values align with their own.	To attract and retain top talent, we will promote our sustainability efforts internally and externally to current and prospective employees.
Cost Savings	Updating facilities and utilizing more efficient manufacturing equipment not only helps the environment but also lowers operating costs. This opportunity could be attractive to our customers and our employees.	To maximize ESG impacts and long-term cost savings, we will continue to review standards and technologies that can be introduced to increase efficiencies both for our own operations and for our customers.
Expanded Customer Base	Low-carbon technological innovation and/or raw materials may appeal to new customers and broaden our market opportunities. As energy efficient products increase, our customers who produce such technology may also increase their efficiency.	To expand our customer base, we intend to continue external ESG marketing communications. This will showcase ESG benefits to potential customers and increase transparency.

Metrics and Targets

After completing our TCFD process and identifying risks and opportunities, we are focused on setting targets and tracking metrics that allow us to reduce our environmental impact. Our role in addressing climate change starts with tracking our energy and emissions. We closely monitor our Scope 1 and 2 emissions.

By tracking emissions and energy usage, we can make decisions and set targets that take advantage of available opportunities while mitigating risks to our operations.

We are developing a climate action plan that aligns with SBTi criteria and with the Paris Agreement's recommended 1.5°C threshold and will set targets for relevant Scope 1, Scope 2, and Scope 3 emissions through SBTi. After submitting our Official Letter of Commitment in December 2023, we have 24 months to present our target to SBTi for official validation. Our current efforts to enhance our Scope 3 emissions data collection and calculations will allow us to set a baseline for our SBTi submittal in December 2025. These goals will align with our strategic focus to support the decarbonization of the technology and engineered systems industry and further our commitment to sourcing renewable energy where possible and reducing emissions across our value chain.

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