KĀDANT

2025 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 January 3, 2026, 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

At Kadant, we believe sustainability is both our responsibility and an opportunity to create lasting value for our customers and the world.

Our commitment to Sustainable Industrial Processing® is foundational as we develop engineered products and technologies that enable our customers to maximize yield, reduce waste, and improve operational safety and reliability.

Our shared sense of purpose shapes our approach to sustainability—not as a standalone effort but as an integral part of how we design, manufacture, and innovate products for process industries. Our teams embed sustainability into daily operations and advance it through focused initiatives. Much of our success is the result of our highly collaborative business model designed to share operational expertise across our divisions to improve efficiency, operate safely, and deliver long term value to our customers.

In 2025, our businesses achieved outcomes that reflect disciplined execution and sustained investment in our people and technologies. We sourced 100% of our electricity from renewable sources, through the purchase of Renewable Energy Certificates (RECs), refined our Scope 3 data to prepare for regulatory compliance, and submitted our formal targets to SBTi for approval. In early 2026, SBTi formally validated Kadant's near-term Scope 1, 2, and 3 targets. We are also pleased to report that for the sixth consecutive year Kadant was named one of America's Most Responsible Companies by Newsweek Magazine.

As we look ahead, we remain committed to providing greater resource efficiency to our customers to support their sustainability goals and shape an industrial future that is smarter and more sustainable.

Thank you to our employees, customers, and stakeholders. Your trust, collaboration, and shared commitment to sustainability make our progress possible.

Jeffrey L. Powell
President and Chief Executive Officer

ABOUT KADANT

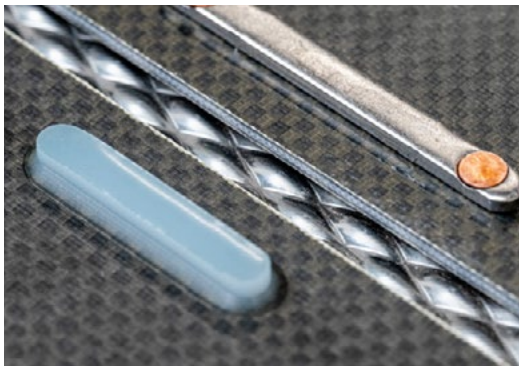
Kadant Inc. (Kadant) is a global supplier of technologies and engineered systems that drive Sustainable Industrial Processing®. Our products and services play an integral role in enhancing efficiency, optimizing energy utilization, and maximizing productivity in process industries while helping our customers advance their sustainability initiatives. Kadant is based in Westford, Massachusetts, with approximately 3,900 employees in 22 countries worldwide. Our business strategy is centered around innovation, automation, and sustainability, which drives both our success and that of our customers.

INNOVATION

We innovate to exceed customer expectations 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.

Our **Hückeswagen, Germany** location developed resin rivets for fastening doctor blades, replacing traditional metal rivets. This innovative technology reduces energy use during production and disposal, simplifies recycling, and lowers future disposal costs.



Comprehensive testing of these resin rivets confirms their durability and reliability, ensuring performance while supporting sustainability goals.

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 illumen.X digital platform. illumen.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.

Our **Anderson, South Carolina, U.S.** location invested in automation technology to manufacture expansion joints domestically with improved structural uniformity and reduced waste. The HyperFlex™ K-1000 delivers consistent performance while supporting more efficient, resource-conscious operations and lowered transportation related impacts.

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.

Our **Wuxi, Jiangsu, China** location implemented a solar power system in 2025 to reduce reliance on grid electricity and lower energy costs. The project began in May and started supplying power to the facility in August.

The installation includes panels, transformers, and inverters positioned strategically around the facility. All mounting structures use clamp-type aluminum materials with stainless steel bolts, eliminating the need for drilling.

This initiative supports Kadant's commitment to renewable energy and operational efficiency, reducing carbon emissions while delivering measurable cost savings at our facility.

HIGHLIGHTS FROM 2025

AWARDS*

"America's Greatest Companies"

"America's Most Responsible Companies"

"America's Greenest Companies"

KEY METRICS

3,900
Employees**

Experience Modification Rate
0.91

32
Manufacturing Locations

100%
electricity usage sourced from renewables***

*Source: Newsweek

**Approximation

***Includes RECs

SPOTLIGHT

Our Bury, Lancashire, U.K. location achieved ISO 14001:2015 certification in October 2025.

This certification validates the site's environmental management system and its commitment to sustainable practices.

The scope of certification covers the design, manufacture, and servicing of ancillary equipment for manufacturing machinery. By meeting rigorous international standards, this location demonstrates Kadant's dedication to environmental stewardship and continuous improvement.

UPDATE ON 2025 GOALS

Kadant submitted our formal near-term company-wide emissions reduction targets to SBTi in December 2025. In early 2026, SBTi formally validated Kadant's near-term Scope 1, 2, and 3 targets.

We continued to refine our Scope 3 data, including our data collection and calculation processes, to align our methodologies with SBTi and prepare for compliance with the Corporate Sustainability Reporting Directive (CSRD).

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 and continue to explore options for onsite renewable energy generation.

GOALS FOR 2026

In 2026, we plan to develop a detailed climate action plan that outlines the steps to align with our SBTi approved goals.

In 2026, we will continue to monitor our climate-related risks and opportunities published in our TCFD report, in addition to track potential new risks and opportunities.

We plan to 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 22 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," and participate in financial and industry conferences.

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 helping advance their sustainability initiatives.

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 2024, we revisited our material environmental, social, and governance (ESG) related topics to monitor and reassess those most important to Kadant and our stakeholders. This assessment was guided by the double materiality assessment requirements listed in the European Sustainability Reporting Standards (ESRS). The results of this materiality assessment help inform our ESG initiatives, while we also prioritize and sustain efforts that relate to a wider array of sustainability topics.

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
- Biodiversity

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.

BOARD GOVERNANCE

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).

Audit Committee	Compensation Committee
Nominating and Corporate Governance Committee	Risk Oversight and Sustainability Committee

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.

RISK MANAGEMENT

Our executive leadership team is responsible for the day-to-day management of the risks that our company faces, while the Board, acting as a whole and through its committees, is responsible for the oversight of risk management. The Risk Oversight and Sustainability Committee assists the Board in identifying, evaluating, managing, monitoring and mitigating our company's critical enterprise risks, including major strategic, operational, reputational, and sustainability-related risks inherent in our business. The Board and the Audit Committee regularly discuss with management and our independent auditors our major risk exposures, their potential financial impact on our company, and the steps we take to manage these risks, including those related to climate change, cybersecurity, and other ESG issues.

SUSTAINABILITY IN ACTION

Babbini and G.P.S. Acquisition

Kadant Upcycling technology provides solutions for transforming waste into valuable resources. To advance this effort, in 2025 Kadant completed the acquisition of Babbini S.p.A. and G.P.S. Engineering S.r.l., two Italy-based companies specializing in industrial dewatering and engineered power transmission solutions.

Babbini is a recognized leader in screw press technology and dewatering applications for multiple industrial sectors. GPS enhances Babbini's capabilities with system integration expertise and custom gearboxes for demanding industrial applications.

Babbini and GPS have collaborated with Kadant since 2019, providing innovative dewatering technologies for Kadant's upcycling solutions. The two businesses provide solutions for resource efficiency, supporting our dedication to Sustainable Industrial Processing.

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.

POLICIES AND GUIDELINES

We require that all employees read and adhere to the Code of Business Conduct and Ethics, seek guidance from supervisors and geographic-level business management, and report concerns of unethical or illegal conduct. Our Ethics and Compliance Hotline enables anonymous reporting directly to the most senior levels of management. Anyone who has a concern that activity may be in violation of our policy can contact our Whistleblower Hotline.

Human Rights

Kadant's Human Rights and Environmental, Health, and Safety policies formalize our approach to protecting the human rights, environment, health and safety of our employees, customers, and the communities in which we operate.

We require all of our management team members to annually review and certify compliance with the following policies:

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

To view our policies, please visit our Sustainability page.

In 2025,

over 90%

of our revenue related to the UN Global Compact (UNGC) goals.

FINANCIAL PERFORMANCE

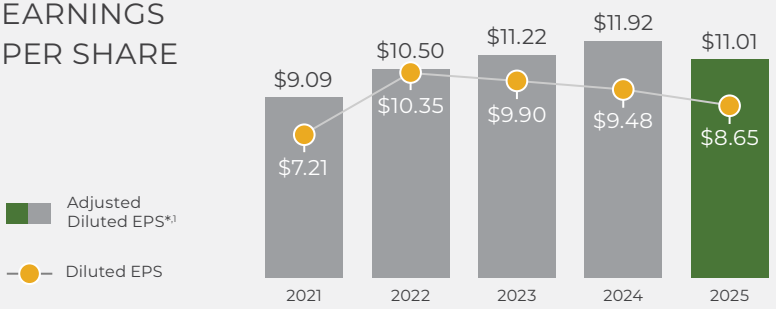
Kadant experienced another successful year in 2025.

Good execution by our businesses combined with our recent acquisitions led to a solid finish to the year despite a challenging economic environment. Our key financial metrics for the year follow: Revenue was $1.052 billion in 2025, and gross profit margin increased to 45.2 percent from 44.3 percent in 2024. Net income was $102.0 million, decreasing nine percent from 2024. Our GAAP diluted EPS decreased nine percent to $8.65 compared to $9.48 in 2024, while our adjusted diluted EPS*,[1] decreased eight percent to $11.01 compared to $11.92 in 2024. Adjusted EBITDA* decreased six percent to $216.3 million, representing 20.6 percent of revenue, and our operating cash flow increased ten percent to a record $171.3 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.

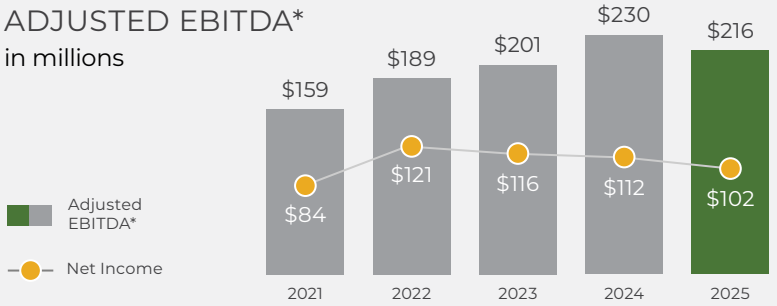
Additional financial data for fiscal year 2025 can be found in our Annual Report.

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.

[1] Adjusted diluted EPS for all periods presented reflects new methodology announced on February 19, 2026 to add back intangible asset amortization expense to this non-GAAP financial measure.

Adjusted Diluted EPS* Reconciliation

Additional financial data for fiscal year 2025 can be found in our Annual Report.

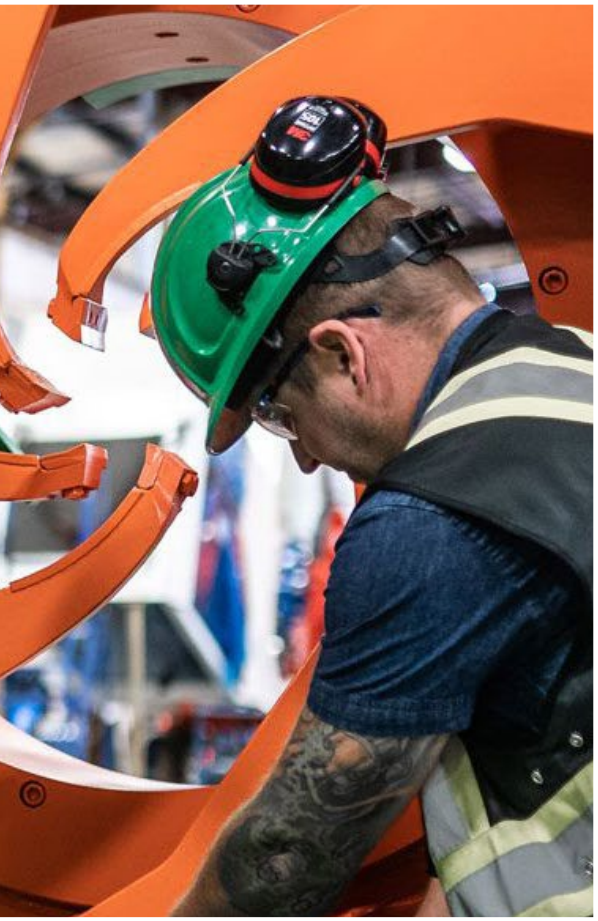
	2021	2022	2023	2024	2025
GAAP EPS, as reported	$ 7.21	$ 10.35	$ 9.90	$ 9.48	$ 8.65
Acquired Intangible Asset Amortization, net of tax	1.26	1.27	1.18	1.65	1.75
Acquired Profit in Inventory and Backlog Amortization, net of tax	0.34	0.03	–	0.54	0.15
Acquisition Costs, net of tax	0.26	0.04	0.10	0.20	0.38
Gain on Sale of Buildings and Other (Income) Costs, net of tax	(0.03)	(1.30)	–	0.06	0.06
Restructuring and Impairment Costs, net of tax	0.08	0.11	0.04	–	0.02
Discrete Tax Items	(0.04)	–	–	–	–
Adjusted Diluted EPS*[1]	$ 9.09	$ 10.50	$ 11.22	$ 11.92	$ 11.01

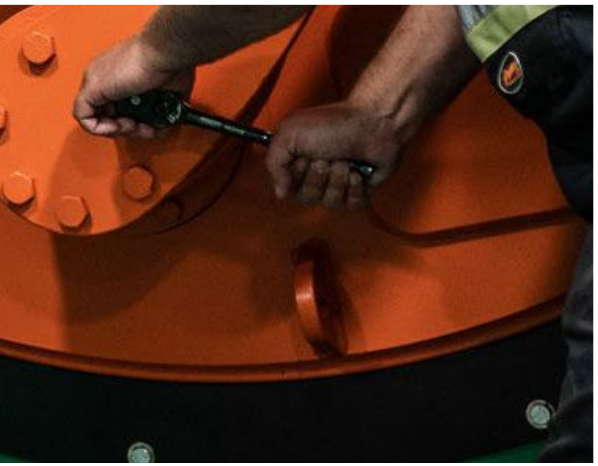
Adjusted EBITDA* Reconciliation in millions

	2021	2022	2023	2024	2025
Net Income Attributable to Kadant	$ 84.0	$ 120.9	$ 116.1	$ 111.6	$ 102.0
Net Income Attributable to Noncontrolling Interests	0.8	0.8	0.7	1.0	1.7
Provision for Income Taxes	27.2	43.9	42.2	40.5	39.9
Interest Expense, Net	4.6	5.6	6.7	18.1	13.6
Other Expense, Net	0.1	0.1	0.1	0.1	0.1
Operating Income	$ 116.7	$ 171.3	$ 165.8	$ 171.3	$ 157.3
Acquired Intangible Asset Amortization	19.6	19.8	18.5	25.8	27.4
Acquired Profit in Inventory and Backlog Amortization	5.6	0.5	–	8.4	2.4
Acquisition Costs	3.6	0.7	1.4	2.9	4.4
Gain on Sale of Buildings and Other (Income) Costs, Net	(0.5)	(20.2)	(0.1)	0.7	0.9
Indemnification Asset Reversals	–	1.3	0.1	0.1	0.6
Restructuring and Impairment Costs	1.0	1.3	0.8	–	0.4
Adjusted Operating Income*[1]	$ 146.0	$ 174.7	$ 186.5	$ 209.2	$ 193.4
Depreciation Expense	13.4	14.4	14.8	20.5	22.9
Adjusted EBITDA*	$ 159.4	$ 189.1	$ 201.3	$ 229.7	$ 216.3
Revenue	786.6	904.7	957.7	1,053.4	1,052.2
Adjusted EBITDA Margin*	20.3%	20.9%	21.0%	21.8%	20.6%

*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 net income, and adjusted diluted EPS. These non-GAAP financial measures exclude amortization expense related to acquired intangible assets, profit in inventory, and backlog (collectively, purchase accounting expenses); acquisition costs; restructuring and impairment costs; and other income or expense, as indicated. We exclude acquisition-related purchase accounting expenses to provide a more meaningful and consistent comparison of our operating results over time and with peer companies. While we have a history of acquisition activity, such transactions do not occur on a predictable cycle, and the size and nature of these transactions will vary. We believe it is important for investors to understand that these intangible assets were recorded as part of purchase accounting and that they contribute to revenue generation. We also exclude other items as they are not indicative of our core operating results and are not comparable to other periods, which have differing levels of incremental costs, expenditures or income, or none at all. We believe these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide 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 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.

[1]Adjusted diluted EPS and adjusted operating income for all periods presented reflect new methodology announced on February 19, 2026 to add back intangible asset amortization expense to these non-GAAP financial measures.





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.

Our commitment to employees' health, safety, and wellness includes prioritizing mental health through accessible, high-quality support resources. We provide an employee assistance program with a user-friendly portal and expanded offerings, as well as a wellness program to encourage employee well-being. These programs make it easier for employees and their families to access confidential counseling, mental health resources, and proactive well-being tools.

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 reduce incident rates. This training is provided to new employees as soon as they join the team and emphasizes the importance of a zero-tolerance safety culture throughout Kadant.

Health and Safety in Action

Our **Andover, Minnesota, U.S.** location held their annual Health, Safety, and Environment Promotion Initiative intended to educate employees on improved safety practices and share practical tips for living safely and sustainably. Special events included a Safety Carnival and Eye Safety Awareness training.

Safety Metrics

Safety data is a strong indicator of a successful health, safety, and wellness program. In 2025, we had no fatalities, a total recordable injury rate (TRIR) of 2.39 in the United States, and lost time injury (LTIR) of 0.80.

Kadant's Experience Modification Rate

0.91

effective September 1, 2025.

Our 2025 TRIR is 11% lower than our average TRIR of 2.68 over the past three years (2023-2025), even with a 9.4% increase in work hours over the same three-year average. We ensure that all incidents that occur at our locations are investigated and addressed to prevent future incidents.

RECRUITMENT, RETENTION, AND DEVELOPMENT

Recruiting, training, and developing our workforce are all essential to our success as a company. 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.

EQUAL OPPORTUNITY AND NON-DISCRIMINATION

As a leader in the industry, we embrace our responsibility to promote diversity and inclusion in the workforce. A diverse workforce is essential to grow as a company, thus we seek to hire individuals from all backgrounds and experiences to add diverse perspectives and talents to our product lines and processes, and to our company as a whole.

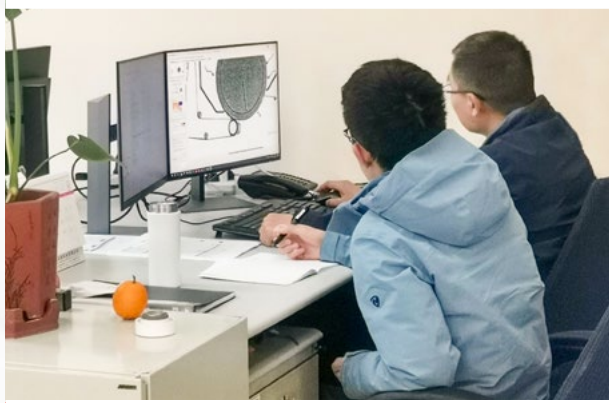
We have developed management processes and systems that enable all our employees to be treated fairly and without discrimination and foster a safe and inclusive workforce at all our locations. Our employee handbook and Code of Business Conduct and Ethics reinforce our compliance with all applicable laws when hiring new employees and in maintaining our current workforce.

Mentorship Driving Innovation

Our **Wuxi, Jiangsu, China** location implemented the Evergreen & Sapling Mentorship Program to strengthen technical expertise and foster professional growth. This program pairs our experienced engineers and technicians with new team members to share knowledge and accelerate development.

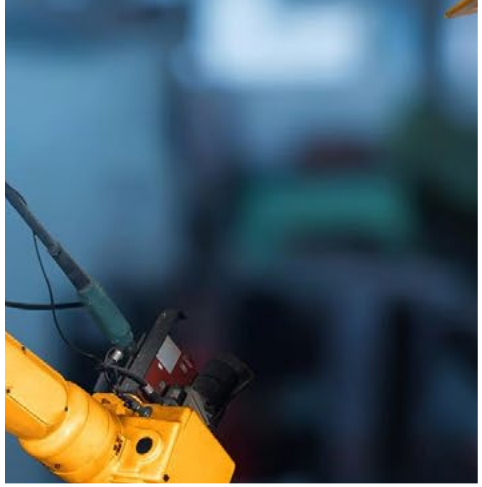
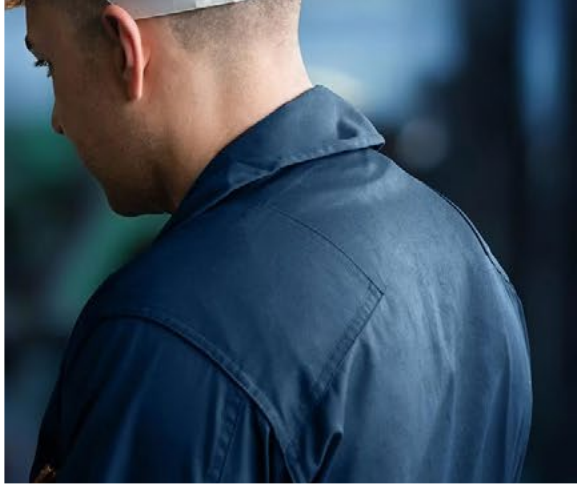
Through collaborative projects and hands-on learning, participants gain skills in equipment selection, 3D modeling, and advanced digital manufacturing techniques. The program has contributed to operational excellence, including achieving a near-zero annual scrap rate for machined parts, while preparing our employees to meet evolving customer needs.

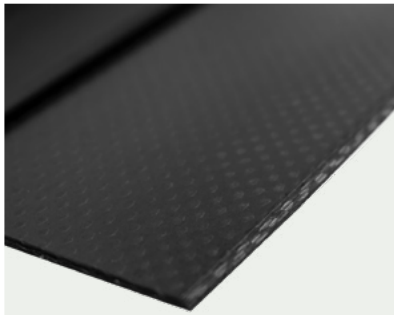
By investing in local mentorship, this location ensures continuity of Kadant's technical knowledge and supports a culture of innovation that prepares employees to meet evolving customer needs.



CORPORATE-COMMUNITY PARTNERSHIPS

Our **Bury, Lancashire, U.K.** division welcomed local students to its facility as part of its annual apprenticeship program. The students were able to engage in activities including machine auditing and servicing and learn specialized technical support. The apprenticeship program encourages the development of trade skills and allows students to experience working in the field.



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.

INNOVATION IN ACTION

Graphene-Enhanced Performance

Our **Bury, Lancashire, U.K.** division introduced a new generation of enhanced, sustainable doctor blades designed to elevate performance and reduce environmental impact. Using advanced fourth-generation graphene nanotechnology, the team engineered blades that deliver significantly longer lifespan, lower frictional drag, improved drying efficiency, and superior wear resistance.

The division transformed cutting-edge materials science into practical solutions that support customers' operational goals. The improved durability and efficiency of the graphene-enhanced blades ultimately results in a more sustainable, long-lasting product that reduces waste and supports responsible resource use.

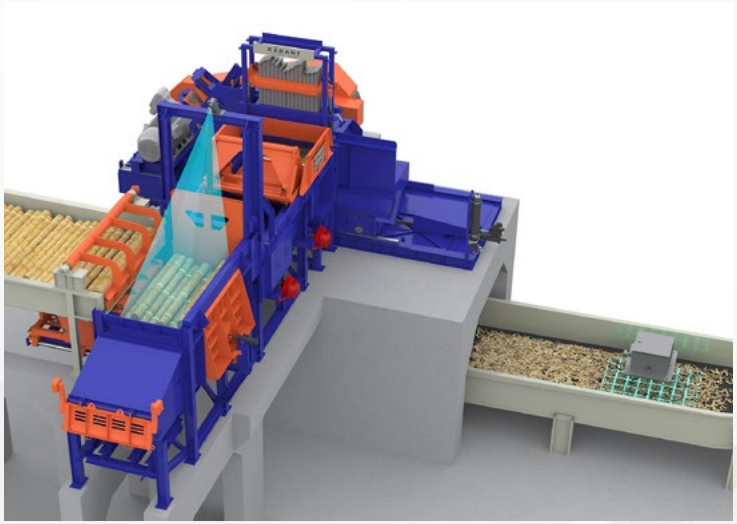
DELIVERING VALUE TO CUSTOMERS

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.

INNOVATION IN ACTION

Artificial Intelligence in Stranding Systems

Our **Surrey, British Columbia, Canada** location announced a strategic partnership to incorporate artificial intelligence technology into its stranding equipment used in the manufacturing of engineered wood products. This collaboration focuses on developing innovative solutions that improve performance, reduce environmental impact, and support sustainable manufacturing practices.



By combining the division's expertise in stranding systems with Hexion Inc.'s leadership in autonomous manufacturing solutions, the partnership aims to deliver next-generation technologies that enhance efficiency and resource utilization. This initiative reflects Kadant's commitment to innovation and sustainability in the wood products industry.

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 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

Clyde Industries Acquisition

In 2025, Kadant acquired Clyde Industries Inc., a globally recognized provider of advanced boiler efficiency and cleaning technologies. Headquartered in **Atlanta, Georgia, U.S.,** Clyde Industries brings innovations such as its Smart Clean™ platform and intelligent sootblowing system, which activates cleaning only where and when needed. This targeted approach helps customers save $1–2 million annually through increased boiler throughput, reduced steam energy consumption, and the prevention of sootblower-induced tube erosion.

Clyde Industries' highly engineered systems are trusted across energy, pulp and paper, and other critical industrial markets for their ability to enhance performance while lowering operating costs and environmental impact. By integrating these technologies into its portfolio, Kadant reinforces its mission to support customers achieve greater efficiency and sustainability.

ENERGY, EMISSIONS, AND CLIMATE CHANGE

In 2025, we continued to advance our approach to emissions reporting and management by continuing to collect robust data from both our direct operations and our broader value chain. Our ongoing efforts help advance Kadant's corporate sustainability program and allow us to consistently measure our progress toward our science-based emissions reduction targets.

Our efforts over the past years through close coordination with all our manufacturing sites and offices, and active engagement with our value chain partners, enabled us to establish our 2024 baseline and ensure meaningful year-over-year emissions comparisons. With our enhanced data methodology, we are well equipped to evaluate our progress and refine our near-term emissions strategy.

We are also pleased to expand our reporting this year to include detailed 2024 and 2025 Scope 3 emissions. These emissions provide additional visibility into key opportunities across our value chain where Kadant can focus its efforts beyond direct operations to further reduce our environmental impact.

Scope 1 and 2 Energy and Emissions

		2024*		2025***	
SCOPE	SOURCE	ENERGY (MWh)	EMISSIONS ($MTCO_2e$)	ENERGY (MWh)	EMISSIONS ($MTCO_2e$)
Scope 1	Natural Gas	128,039	23,208	151,383	27,439
	Gasoline	4,078	865	8,658	2,033
	Diesel	3,813	913	7,129	1,925
	Refrigerants	–	0.5	–	37
	Propane	2,149	183	4,607	1,004
	Heating/Fuel Oil	231	57	311	79
	Other	861	210	592	148
Scope 2	Electricity	44,827	–	44,685	–
	Purchased Heat and Steam	7,488	1,598	2,242	508
% of consumed energy from the grid		*23%*		*20%*	
	Scope 1 Total	**139,170**	**25,437**	**172,680**	**32,665**
	Scope 2 Total	**52,315**	**1,598****	**46,926**	**508****

*The 2024 energy and Scope 1 and 2 total figures have been updated based on revised data, and therefore, differs from the value reported previously.

**Kadant purchased renewable energy certificates, representing electricity generated from renewable resources, covering all non-renewable electricity usage across all our businesses.

***Includes Scope 1 and 2 energy and emissions for 2025 acquisitions.

Scope 3 Emissions*

	2024	2025**
CATEGORY	EMISSIONS ($MTCO_2e$)	EMISSIONS ($MTCO_2e$)
Category 1: Purchased Goods and Services	84,662	135,694
Category 2: Capital Goods	3,851	1,363
Category 3: Fuel and Energy-Related Activities	8,437	9,564
Category 4: Upstream Transportation and Distribution	36,762	20,661
Category 5: Waste Generated in Operations	5,622	5,014
Category 6: Business Travel	5,486	4,772
Category 7: Employee Commuting	8,558	11,602
Category 9: Downstream Transportation and Distribution	22,888	31,519
Category 11: Use of Sold Products	1,256,968	1,834,644
Category 12: End of Life Treatment of Sold Products	16,544	18,849
Category 13: Downstream Leased Assets	5	1
Category 15: Investments	37	53
Total Scope 3 Emissions	**1,449,820**	**2,073,719**

*Categories determined most relevant to Kadant and its operations.

**Includes Scope 3 emissions for 2025 acquisitions.

The year-over-year increase in Scope 1, 2, and 3 greenhouse gas emissions in 2025 was driven primarily by the acquisition of three new businesses, enhanced data coverage across operations and the value chain as we continue with our Scope 3 program, and increased product output to meet higher customer demand.

SUSTAINABILITY IN ACTION

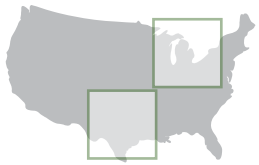
Engineering for Lower-Carbon Performance

In 2025, our **Georgsmarienhütte, Germany** location began implementing modifications across its baler range to ensure full compatibility with recycled and recyclable plastic wire as an alternative to traditional steel wire.

Plastic wire offers significant environmental and operational advantages. In addition to being made from 100% recycled plastic, it reduces carbon emissions associated with production and transport compared to steel wire. Modern plastic wire matches the strength and elongation properties of black annealed steel wire, ensuring secure bales in high-pressure horizontal balers.

SUSTAINABILITY IN ACTION

Our Value Chain: Agricultural Waste Renewables Project



Our **Burleson, Texas, U.S.** and **Three Rivers, Michigan, U.S.** locations collaborated on a project to advance sustainable resource recovery. The project combines specialized components manufactured at both facilities to convert agricultural waste into renewable energy.

The Burleson division engineered hollow flight screw thermal processors that preheat the waste before drying it, significantly reducing natural gas consumption. The Three Rivers division supplied rotary joints that attach to the end of the machine to deliver heating media efficiently. Together, they are able to create a unit to process agricultural waste and generate renewable energy with beneficial byproducts like biochar fertilizer.

Water

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

WATER (megaliters)	
Water Consumption	21
Water Withdrawal	121
Water Discharge	100

SUSTAINABILITY IN ACTION: WATER

Smarter Press Felt Cleaning

Our **Jönköping, Sweden** location developed the M-clean™ Press Felt Cleaner, which builds on proven earlier technology and will be commissioned in 2026.

The traversing cleaner uses fewer, smaller-diameter nozzles than conventional oscillating shower pipes. By optimizing water pressure, it maintains required cleaning efficiency while significantly reducing water consumption. Lower water usage also reduces energy demand for pumping, filtration, and heating, delivering both environmental and substantial customer cost benefits.

Customer Resource Savings

Our products enable our customers to maximize resource usage and play a major role in processing cellulose fiber for recycling—an invaluable element of the circular economy. As part of the paper and forestry industry, it is crucial that our products minimize the use of natural resources.

Science-Based Greenhouse Gas Reduction Targets Initiative

In 2025, we submitted our science-based near-term company-wide targets for formal validation by SBTi. We used Kadant's 2024 Scope 1, 2, and 3 emissions as our baseline to reduce future emissions. These targets align with our 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 entire value chain.

Kadant commits to reduce absolute Scope 1 and 2 GHG emissions 63.0% by FY2035 from a FY2024 base year.* Kadant also commits to reduce Scope 3 GHG emissions from use of sold products 66.33% per USD value added based on gross profit within the same timeframe.*

In early 2026, our near-term targets were validated by the SBTi.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

*The target boundary includes land-related emissions and removals from biogenic feedstocks.

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.

WASTE	Approximate Waste Generated in 2025 (MT)
Hazardous Waste	767
Non-Hazardous Waste	10,437
Total Waste	**11,204**

SUSTAINABILITY IN ACTION: WASTE

Advancing Circular Manufacturing

Our **Lohja, Finland,** location implemented a new recycling system for metal chips in its manufacturing process to reduce waste and recover valuable resources.

Metal chips from two machining centers are collected and transported automatically via a 40-meter-long underfloor harpoon conveyor to a chip crusher. Chips from other areas are collected manually, and cutting fluid is recovered during processing. After crushing, the chips are pressed into briquettes. These briquettes are sold to a recycling partner and used as raw material in the steel industry and other metalworks.

Our machines have recycled approximately

1 billion tons of paper

in the last ten years.

Kadant diverts approximately **150,000 tons of sludge** from our customers' paper production process from landfill disposal every year. In 2025, the diverted sludge consisted of approximately 60% water which equates to approximately **60,000 dry tons of material.**

~21,600 tons of metals

used in our products

~3,000 tons of metal,

including steel, recycled

In 2025, Kadant withdrew roughly **121 megaliters of water** globally

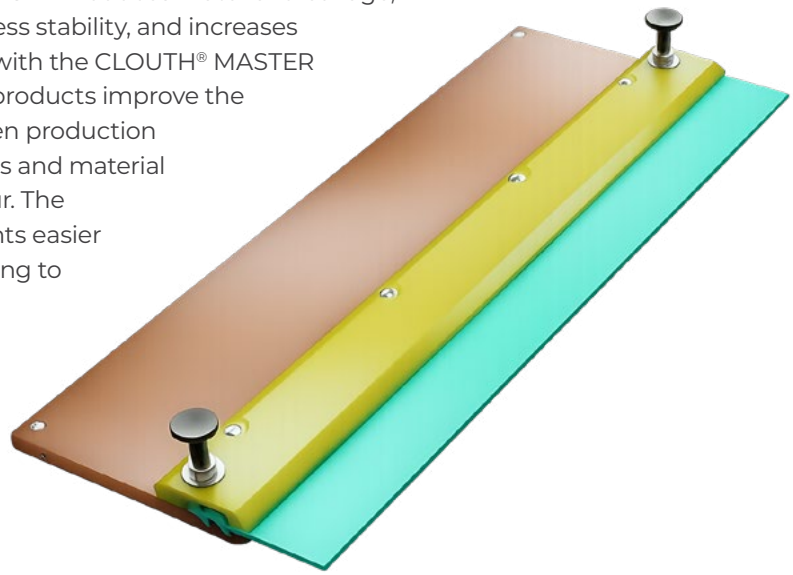
MATERIALS USED

Our manufacturing operations are distributed geographically across the world and each location is responsible for procuring the materials, including metals, chemicals, and rubber compounds, to make our products. As part of our efforts to quantify our Scope 3 greenhouse gas emissions and reduce the quantity of materials used in operations and products while still ensuring durability, we compiled data about material usage globally.

SUSTAINABILITY IN ACTION: MATERIALS USED

Next-Generation Composite Blade

Our **Hückeswagen, Germany,** location engineered a solution that utilizes practical geometry and durable materials to help manufacturing operations run more smoothly and with less waste. The CLOUTH® SEAL reduces material breakage, ensures process stability, and increases efficiency. Used together with the CLOUTH® MASTER SEAL SOLO holder, these products improve the way materials flow between production stages, where interruptions and material loss are most likely to occur. The solution makes components easier and faster to replace, helping to minimize downtime and extend service life, while fitting easily into existing equipment.

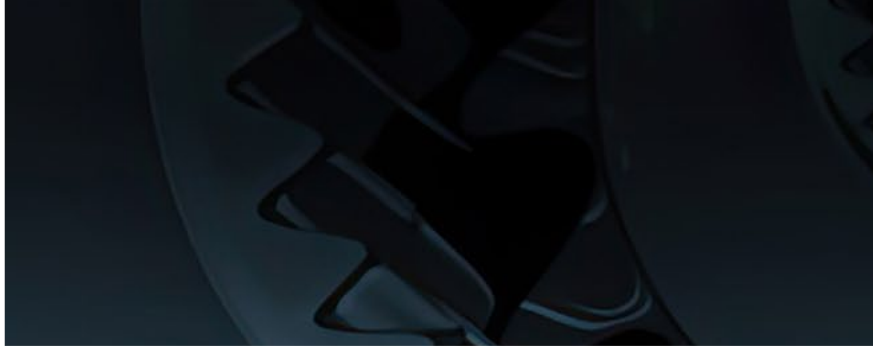


BIODIVERSITY

Healthy living and sustainable development depend on intact ecosystems. We are committed to protecting, conserving and restoring biodiversity through efforts to conserve natural resources, increase material efficiency and reduce waste in the supply chain. Each location also reduces environmental impacts and promotes responsible land and material use across facilities.

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 2025, there were no significant violations regarding our compliance with any of these rules or regulations.



ABOUT THIS REPORT

Kadant's 2025 Corporate Sustainability Report provides an overview of our ESG efforts. All information and data in this report are for the fiscal year ended January 3, 2026 (2025 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. 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 29, 2024–January 3, 2026. 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

GRI CONTENT INDEX ESSENTIALS SERVICE 2026

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 29 December 2024 to 3 January 2026.
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 Organization details	**Kadant Inc.:** One Technology Park Drive Westford, Massachusetts 01886, United States **Kadant Facilities Worldwide:** Kadant's facilities are located in approximately 22 countries worldwide. A full list of our manufacturing locations is available at: https://www.kadant.com/en/our-businesses. Kadant Inc. is listed on the New York Stock Exchange (NYSE: KAI)
	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	**Reporting period:** 29 December 2024 – 3 January 2026 **Frequency:** Annual **Contact point:** Stacy Krause, Senior Vice President, General Counsel, and Secretary: Stacy.Krause@kadant.com
	2-4 Restatements of information	The 2024 energy usage and Scope 1 and total figures have been updated based on revised data, and therefore, differs from the value reported previously in Kadant's 2024 Corporate Sustainability Report
	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 in 150 countries 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 22 locations worldwide and approximately 3,900 employees. Kadant generated $1.05 billion in revenue in 2025. For more information on Kadant's value chain, see Supply Chain Sustainability, page 11. 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 22 locations worldwide and approximately 3,900 employees. At our corporate headquarters, our employees are 57% male and 43% female. See Our People, page 14 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 32.
2-13 Delegation of responsibility for managing impacts	See Management Approaches, page 32.
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 9–15 in our 2025 Proxy for more information. Kadant's 2026 Proxy will be released after the publication of the 2025 Sustainability Report. When published, please find the 2026 Proxy online at https://www.sec.gov/edgar/ browse/?CIK=886346&owner=exclude.
2-15 Conflicts of interest	In 2025, 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 2025 Proxy Statement on pages 3–6. Kadant's 2026 Proxy will be released after the publication of the 2025 Sustainability Report. When published, please find the 2026 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 2025 Proxy Statement on page 9–13. Kadant's 2026 Proxy will be released after the publication of the 2025 Sustainability Report. When published, please find the 2026 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 2025 Proxy Statement on pages 18–39. Kadant's 2026 Proxy will be released after the publication of the 2025 Sustainability Report. When published, please find the 2026 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 2025 Proxy Statement on pages 18–38. Kadant's 2026 Proxy will be released after the publication of the 2025 Sustainability Report. When published, please find the 2026 Proxy online at https://www.sec.gov/edgar/ browse/?CIK=886346&owner=exclude.
2-21 Annual total compensation ratio	See our 2025 Proxy Statement, page 30. Kadant's 2026 Proxy will be released after the publication of the 2025 Sustainability Report. When published, please find the 2026 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 32.
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 2025, 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 8 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 8–9.
GRI 3: Material Topics 2021	3-2 List of material topics	See Stakeholder Engagement and Materiality, pages 8–9.
Financial Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 32.
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	See Financial Performance, pages 12–13.
Ethics and Compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 32.
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: Anti-corruption 2016	205-2 Communication and training about anticorruption policies and procedures	This year, we required management at each location to complete an interactive training on Anti-Corruption. Kadant also has an annual recertification of the Anti-Corruption/FCPA Policy. Please see Management Approaches, page 32 for more information.
	205-3 Confirmed incidents of corruption and actions taken	In 2025, 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 33.
Kadant Own Disclosure: Research and Development	R&D Expenses as percentage of revenue	R&D expenses represented 1.45% of our revenue in fiscal year 2025.
Delivering Value to Customers		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 33.
Kadant Own Disclosure: Delivering Value to Customers	Product innovation	See Innovation, pages 16–17.

Health, Safety, and Wellness		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 33.
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	See Our People, page 14.
	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 14.
	403-4 Worker participation, consultation, and communication on occupational health and safety	See Our People, page 14.
	403-5 Worker training on occupational health and safety	See Our People, page 14.
	403-6 Promotion of worker health	See Our People, page 14.
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	See Our People, page 14.
	403-8 Workers covered by an occupational health and safety management system	See Our People, page 14.
	403-9 Work-related injuries	Total U.S. Reportable Injury (TRIR) Rate = 2.39. See Our People, page 14.
	403-10 Work-related ill-health	See Our People, page 14.

Recruitment, Retention, and Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 33.
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 2025, 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 2025, 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 34.
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	See Environmental Data, page 20.

Effluents, Waste, and Recycling		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 34.
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Our businesses use a variety of materials in our manufacturing processes. Similar to previous years, steel and steel-related materials were the most impactful within our Scope 3 emissions.
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	See Water, page 21.
	303-4 Water discharge	See Water, page 21.
	303-5 Water consumption	See Water, page 21.
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	See Effluents, Waste, and Recycling, page 22.
	306-2 Management of significant waste-related impacts	See Management Approaches, page 34.
	306-3 Waste generated	See Effluents, Waste, and Recycling, page 22.
	306-4 Waste diverted from disposal	See Effluents, Waste, and Recycling, page 22.
	306-5 Waste directed to disposal	See Effluents, Waste, and Recycling, page 22.
Supply Chain Sustainability and Environmental Compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 32 and page 34.
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	See Supply Chain Sustainability, page 11.
	308-2 Negative environmental impacts in the supply chain and actions taken	See Supply Chain Sustainability, page 11.
Biodiversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	See Management Approaches, page 34.
GRI 101: Biodiversity 2024	101-2 Management of biodiversity impacts	See Management Approaches, page 34.

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 noncompliance 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.
- Biodiversity: This topic is relevant to Kadant as the company depends on healthy, resilient ecosystems to support our business. It is managed locally at each location by reducing our environmental impacts, conserving natural resources, and promoting responsible land and material use across our facilities and supply chain.

UNGC INDEX

Ten Principles of the UN Global Compact		2025 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 27.
Principle 4	The elimination of all forms of forced and compulsory labor	See pages 32–33.
Principle 5	The effective abolition of child labor	See pages 32–33.
Principle 6	The elimination of discrimination in respect of employment and occupation	See page 30 and page 33.
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 11 and pages 18–23.
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	See page 16.
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	See page 28.

SASB INDEX

SASB Industrial Machinery and Products Standard			
Accounting Metric(s)	**Code**	**Unit**	**2025 Response or Location in Report**
Energy Management			
(1) Total energy consumed; (2) percentage grid electricity and; (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 14.
Fuel Economy & Emissions in 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 & Services			
Revenue from remanufactured products and remanufacturing services	RT-IG-440b.1	Reporting currency	Approximately $40 million.
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 January 3, 2026.
Number of employees	RT-IG-000.B	Number	In 2025, we had approximately 3,900 employees.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT

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.

This report enhances our transparency on climate-related issues and helps guide our efforts to reduce our impact on climate change. In 2026, we will develop estimates of how these risks and opportunities may impact us and include that information in future disclosures.

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 and we consider business decisions through 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. This process supports us in achieving our strategic priorities and considering and mitigating risks to the business. 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. Warming beyond the projections associated with the "Business as Usual" scenario are assumed to only exacerbate the projected impacts we identify here.

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 few years, we have purchased renewable energy certificates which represent the amount of electricity our operating divisions use in a given year not already supplied from renewable sources. In 2025, we purchased just over 42,900MWh 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. Kadant committed to set near-term company-wide emission reductions in line with climate science with the Science Based Targets initiative (SBTi). In early 2026, Kadant's near-term targets were validated by the SBTi.

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	Time Frame	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	Medium to long term	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.	Short to long term	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.	Short to long term	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.	Short to long term	We will continue to innovate technologies that allow our customers to maximize recovery of fiber from recycled paper and 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.

Physical Risk	Potential Impact	Time Frame	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.	Short to long term	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.	Short to long term	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	Time Frame	Management Approach
Resource Efficiency	The demand for energy, raw materials, and water-efficient solutions may grow in the near future.	Short to long term	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.	Short to long term	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.	Short to long term	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.	Short to long term	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, 2 and 3 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. Our 2025 GHG emissions, including those for Scopes 1, 2 and 3 emissions can be found in our latest sustainability report.

We are also developing a climate action plan that aligns with our SBTi-validated goals. These goals 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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