



ENGINEERING EFFICIENCY FOR SUSTAINABLE IMPACT



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I. ADDRESS BY THE GENERAL MANAGER

ISKRA ISD boasts a 75-year tradition in metal and plastics processing, aluminium casting, and electroplating protection. On a single manufacturing site, we develop and produce multi-material hybrid solutions and single-material precision components under the brand TechnoFusion, utilising nine distinct production technologies. Today, we co-create industrial progress to serve the needs of the automotive sector, trucks, white goods, the electrical industry, construction, and various other industries. Success is no longer measured solely by financial indicators, but also by the footprint we leave on the environment, society, and the value chains in which we participate. Accordingly, we understand sustainability as the capacity to manage the impacts, risks, and opportunities related to environmental, social, and governance (ESG) factors by effectively leveraging our engineering expertise and innovative approaches.

Global trends are increasingly driving the integration of sustainability principles into all aspects of business operations. To support this transition, we have established a Sustainability Committee responsible for coordinating and leading the key activities of our sustainability transformation. The transition to a low-carbon economy and the growing expectations regarding the responsible use of resources are no longer temporary challenges but are becoming the new norm of modern business. Accordingly, in 2025 we continued to implement projects aimed at improving energy efficiency. During the year, we completed our first carbon footprint assessment, which was successfully verified, and obtained ISO 13485 certification for medical devices. These achievements further strengthen our commitment to the highest standards of quality, safety, and corporate social responsibility.

Our solutions contribute to the green transition by developing products with reduced mass and more efficient material use, achieved by replacing metal parts with plastics that maintain functional properties, and by developing advanced hybrid solutions. As a development supplier integrating multiple technologies at one location, we generate a tangible sustainable impact for our customers.

This Report demonstrates how we link technical excellence with the responsible management of impacts – from material efficiency, waste management, and the circular utilisation of raw materials to employee safety and ethical business conduct. I invite you to explore our efforts in sustainability in the following pages, which present both our progress and areas where we continue to learn and improve.

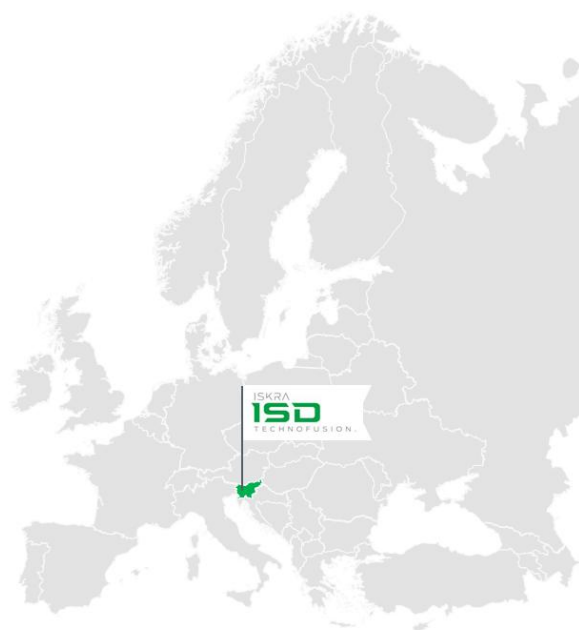
We firmly believe that combining top-tier engineering knowledge with responsible operational practices is fundamental to building a more sustainable and resilient future.

Igor Hafnar, General Manager



II. In Focus

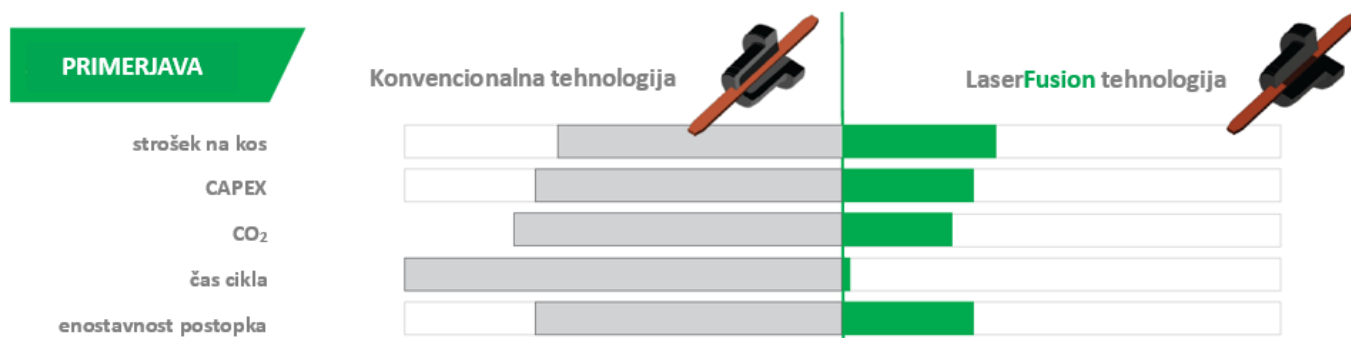
ISKRA ISD d.o.o., headquartered in Kranj, has a long-established tradition of innovation in the automotive, electronics, medical, and household appliance industries. Our long-standing tradition of excellence is underpinned by outstanding engineering expertise and a strong capacity to adapt to evolving market demands. Our partners value our ability to provide multiple advanced technologies consolidated in a single source thus serving as a one-stop-shop for them and delivering enhanced sustainability outcomes, long-term added value, reduced carbon emissions, lower logistics costs, and time savings.



- ⚙️ With more than **seven decades of accumulated experience** operating in highly demanding industrial sectors, complemented by the integration of state-of-the-art technological innovations.
- ⚙️ We develop and implement **turnkey solutions** tailored to meet the requirements of our international clientele.
- ⚙️ Our commitment to **quality and sustainability** drives the continuous improvement of production and business processes, aligned with the principles of sustainable development.
- ⚙️ Active investment in **sustainable manufacturing processes**, such as the **LaserFusion** technology that enables the joining of metals and polymers without the use of adhesives or other chemical agents, thereby substantially reducing the environmental footprint of selected processes.
- ⚙️ Our global presence, coupled with **adaptability to local markets and needs**.
- ⚙️ Our reliability and commitment to **long-term developmental partnerships**.
- ⚙️ **Focus on digitisation** and electronic data exchange with customers and suppliers.

Up to Fourfold Reduction in Carbon Footprint By Leveraging Advanced Production Technologies

Within the scope of sustainable development, we invest intensively in the development of ecologically advanced production technologies, such as our proprietary LaserFusion technology. LaserFusion enables the joining of materials without the use of adhesives, solvents, or other chemicals. This significantly reduces hazardous waste volume and the carbon footprint – achieving up to a fourfold reduction in CO₂ emissions compared to conventional bonding techniques. In parallel, we are developing SonoFusion technology, an



energy-efficient alternative to traditional torsional and laser welding. Preliminary assessments indicate that SonoFusion can achieve up to a twofold reduction in carbon footprint, primarily due to reduced energy consumption and rationalisation of process steps.

Employee Suggestion System

At ISKRA ISD, the redesigned Employee Suggestion System has been successfully operating for several years and has become an integral part of our culture of continuous improvement. The system encourages employees to actively contribute ideas that enhance operational efficiency, product quality, workplace safety, and environmental performance. The number of implemented employee improvement suggestions in 2025 declined marginally compared to the record-high level achieved in the previous year, resulting in an 8% year-on-year decrease. Despite this reduction, the culture of continuous improvement remained strong, with employees submitting an average of 1.49 improvement suggestions per employee during the reporting period.

82.2 % of All Waste Generated Directed Towards Reuse, Material Recovery or Energy Recovery

A significant contribution to our sustainability efforts is achieved through responsible waste management. As much as 82.2% of all waste generated is directed towards reuse, material recovery, or energy recovery, demonstrating our commitment to circular economy principles and the efficient use of resources.

Young Talents Developing the Future of Aluminium: CastQC Hackathon

In December 2024, ISKRA ISD, in collaboration with the University of Ljubljana – Faculty of Natural Sciences and Engineering, Institute 404, and the Ljubljana University Incubator (LUI), successfully organised the CastQC hackathon.

The event united students from diverse disciplines with the shared objective of developing innovative solutions for the application of a new aluminium alloy, **QCalloy**.

This advanced alloy incorporates a quasicrystalline phase, which delivers up to 30% improved mechanical properties compared to conventional aluminium alloys. Participants explored the alloy's potential uses across various industries, including electric vehicles, construction, electronics, and aerospace. Alongside technical investigations, they developed business models and strategies aimed at entering global markets.

Guided by expert mentors, the students tested materials, built prototypes, and searched for solutions that contribute to product weight reduction, improved energy efficiency, and lowered CO₂ emissions. The hackathon exemplifies effective collaboration between industry and academia, fostering sustainable innovation within the new generation of professionals. ISKRA ISD actively supports initiatives that strengthen the knowledge ecosystem and lay the foundation for a sustainable future.

III. B1 & C1 – BASIS FOR PREPARATION AND BUSINESS STRATEGY

1. Basis for Preparation [B1]

Sustainability Statement for the 2025 Financial Year has been prepared by ISKRA ISD d.o.o. as a standalone report. This is the company's second sustainability report and is intended to provide stakeholders with an overview of the company's progress and performance across various Environmental, Social, and Governance (ESG) sustainability dimensions.

The company responsibly initiated preparations for sustainability reporting at the end of 2024 in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), which were mandatory for the 2024 reporting year, as transposed into Slovenian legislation through the amendment to the Companies Act (ZGD-1M). In early 2025, a comprehensive double materiality assessment methodology was developed. Through the active engagement of key stakeholders, the company identified and assessed its most significant sustainability-related impacts, risks, and opportunities. During 2025, this methodological framework was further refined and served as the foundation for ongoing monitoring, management, and sustainability reporting activities.

The first Omnibus legislative package (the so-called “Stop-the-Clock” Directive), together with the anticipated amendments to national legislation, provides ISKRA ISD with a two-year postponement of its mandatory CSRD reporting obligations. Nevertheless, the company recognizes the importance of transparent and comparable communication of sustainability performance within global value chains. Consequently, management has decided to continue sustainability reporting in 2025 on a voluntary basis, reaffirming its commitment to responsible business practices, stakeholder transparency, and the systematic management of sustainability-related impacts, risks, and opportunities.

The report has been prepared in accordance with the Voluntary Sustainability Reporting Standard for SMEs (VSME) published by EFRAG in November 2024 and proposed by the European Union, within the framework of the Omnibus Directive proposals, as an appropriate reporting framework for companies with fewer than 1,000 employees.

Both qualitative and quantitative sustainability disclosures have been prepared in accordance with the more advanced Comprehensive Module (Module C) of the VSME Standard, with certain sections of the report going beyond the standard's requirements. The disclosures also include information on the double materiality assessment methodology, the processes used to identify and evaluate sustainability impacts, risks and opportunities, and the company's approach to stakeholder engagement.

Sustainability reporting for 2025 covers the company's own operations and is supported by the continued internal assessment of the value chain. This assessment represents an enhancement of the initial analyses conducted in the previous year and provides a foundation for the future development of sustainability monitoring across the supply chain.

The second Sustainability Report further expands the scope and depth of sustainability-related disclosures and strengthens the foundations of a comprehensive sustainability management framework. In 2025, partial

year-on-year comparability of data has already been achieved for those indicators where appropriate data collection systems had been established in the previous reporting period. Short-, medium-, and long-term time horizons have been applied in accordance with the recommendations of the European Sustainability Reporting Standards (ESRS).

ISKRA ISD has not omitted any specific information relating to intellectual property, know-how, innovation outcomes, or matters subject to ongoing negotiations.

ISKRA ISD operates within the industrial zone at Savska Loka 4, Kranj, where the company's headquarters, production facilities, warehouses, and administrative offices are located. The facility located in the Hrastje business zone was sold during 2025.

Table 1: Key Data for ISKRA ISD

LEGAL ENTITY	ADDRESS	NACE CODE	ANNUAL TURNOVER (FY 2025 in EUR)	TOTAL ASSETS (AS AT 31 DECEMBER 2025 in EUR)	NO. OF EMPLOYEES (AS AT 31 DECEMBER 2025)	GEOLOCATION
ISKRA d.o.o. ISD	Savska loka 4, 4000 KRANJ, Slovenia	C25.620	48,627,683	50,854,768	458	Industrial Park at location: Savska loka 4, Kranj: E:450062 N:121902

Quality Certifications Incorporating Sustainability Aspects

Quality certifications play a critical role in demonstrating high international standards and compliance in managing environmental, social, and governance (ESG) aspects, including:

- ISO 9001:2015 (Quality Management System):** Supports responsible management founded on evidence-based decision-making and stakeholder engagement, reinforcing sustainable corporate governance (G – Governance). It also indirectly influences social responsibility by requiring risk management and customer satisfaction management (S – Social).
- ISO 14001:2015 (Environmental Management System):** Directly addresses environmental aspects (E – Environment), including requirements for controlling environmental impacts, pollution prevention, and continuous improvement. It simultaneously strengthens governance processes through legislative compliance and strategic planning (G – Governance).
- IATF 16949:2016 (Quality Management System for the Automotive Industry):** Supports social aspects by requiring responsible employee relations, product safety, and defect prevention (S – Social). It also mandates stringent supply chain management and legal compliance, reinforcing governance of ESG risks (G – Governance).

4. **ISO 13485:2016 (Quality Management System for Medical Devices):** This standard strengthens the social dimension (S – Social) of sustainability by ensuring the safety, quality, and effectiveness of medical devices, with a strong focus on protecting patients and end users. It also requires rigorous risk management, product traceability, and compliance with applicable regulatory requirements, thereby making a significant contribution to reliable and responsible governance (G – Governance). In addition, the standard indirectly supports the environmental dimension (E – Environment) through effective process control, efficient use of resources, and the reduction of non-conforming products and associated waste.

Table 2: Quality certifications

CERTIFICATE	DATE OF ISSUE	ISSUER	RESULT/NO. OF CERTIFICATE	VALIDITY OF CERTIFICATE
ISO 9001:2015	19 February 2024	TÜV SÜD Management Service GmbH	12 100 67094 TMS	18 February 2027
 ISO 14001:2015 ISO 14001:2015 Environmental Management System.	27 January 2025	TÜV SÜD Management Service GmbH	12 104 67094 TMS	26 January 2028
 IATF 16949:2016 IATF 16949 Quality Management System.	19 February 2024	TÜV SÜD Management Service GmbH	0501192	18 February 2027
 ISO 13485:2016	20 June 2025	SIQ – Slovenian Institute of Quality and Metrology, Ljubljana, Slovenia	M-0259	June 2028

2. Double Materiality Analysis [DMA]

2.1 Process for Identifying and Assessing Material Impacts, Risks, and Opportunities

The assessment of material impacts, risks, and opportunities at ISKRA ISD has been designed as a comprehensive 12-step process, defined by clear objectives and key outcomes (see Figure 1). This process involves the identification, evaluation, and analysis of double materiality based on rigorous due diligence procedures. It is carefully documented to ensure transparency and reproducibility, while remaining open for future refinements reflecting emerging insights and best practices.

Identification of material impacts, risks, and opportunities draws on analyses of documentation, including internal analyses, scientific external data, research findings, and a due diligence of the value chain. The broad range of identified impacts, risks, and opportunities was assessed by incorporating the interests and

viewpoints of stakeholders through consultations. Using evaluation scales and materiality thresholds, the final analysis of material sustainability topics was prepared, the result being the list of material topics.

Figure 1: 12 steps of the double materiality analysis conducted in 2025



2.2 Double Materiality Assessment and Scope

The methodology at ISKRA ISD was developed taking into account the requirements of ESRS standards and prescribed parameters for assessing impacts, risks, and opportunities, as well as EFRAG group guidelines and with the assistance of external specialists. The experience from the first double materiality assessment will help to further improve and upgrade the governance model in the coming years, along with broader use of quantitative data.

2.3 Establishment of the Sustainable Development Team and Sustainability Governance Model

The executive leadership at ISKRA ISD comprises the company General Manager and managing directors of the business divisions: Foundry, Plastics, Electroplating, and CNC Turning. The extended leadership team also includes department heads who are members of the management college. In the first quarter of 2024, this leadership team established a project group dedicated to developing the sustainability governance model and reporting framework. The sustainability development team, led by **Tjaša Frelih**, Finance and Accounting Specialist, consists of 11 members covering key divisions and business functions as illustrated in Chart 1.

Chart 1: Business functions in the Sustainable Development Team



The extended executive leadership (see Table 19), which includes the General Manager, managing directors of division, and department heads, actively participates in establishing the sustainability governance model. This encompasses defining strategies, methodologies for identifying and assessing double materiality, key performance indicators, metrics, and targets. Among the critical information endorsed by management are the double materiality methodology, identification of material topics, results from the multi-stakeholder survey, ESG policies, and guidelines for preparing the decarbonisation plan.

The leadership team represents all necessary areas and expertise required to execute the organisation's activities, bringing high professional competence and many years of experience. Members of both the extended executive leadership and the Sustainable Development Team received training throughout 2024 on the CSRD Directive, ESRS standards, and the EU Taxonomy.

2.4 Integration of Sustainability Performance into Incentive Systems

Currently, ISKRA ISD has no incentive schemes in place for the leadership team to specifically target sustainability or ESG performance. The integration of sustainability performance metrics into leadership incentive systems is planned to be implemented following the formal adoption of the company's sustainability strategy.

For several years, ISKRA ISD has successfully operated a redesigned Employee Suggestion Scheme, which has become an integral part of the company's culture of continuous improvement. The scheme also enables members of the extended management team to actively participate in the generation and implementation of improvement initiatives. The innovation and suggestion system continues to gain momentum year after year, as reflected in its consistently strong results. In 2025, a slight decline was recorded in both the number of submitted and implemented suggestions compared to 2024; however, overall performance remained at a high level. During the reporting year, a total of 721 employee suggestions were submitted, of which 579 were successfully implemented, representing only an 8% decrease in implemented suggestions compared to the previous year. Despite this modest decline, the company continues to maintain a strong culture of continuous improvement and active employee engagement. The long-term trend remains positive, demonstrating sustained growth in employee participation and highlighting the significant contribution of employee suggestions to process optimisation, operational excellence, and overall organisational development.

Table 3: Useful proposals of the improvement and innovation system

	2024	2025	TREND
Collected useful proposals	872	721	0,83
Implemented proposals	632	579	0,92
Number of collected proposals per employee	1,71	1,49	0,87

The greatest economic impact has been achieved through proposals focused on reducing production times, enhancing productivity, lowering material consumption, and similar efficiency gains. Each year, ISKRA ISD recognises outstanding contributors through the Innovator of the Year award, granted to the individual whose proposal(-s) generated the highest economic benefit during the year. Additionally, at the ISD Group level, the most innovative team is selected based on the highest number of implemented proposals per team member. To further motivate innovation, ISKRA ISD awards practical rewards to innovators every three months.

2.5 Sustainability Performance Management

Within ISKRA ISD's sustainability governance framework, we are committed to using due diligence to identify, assess, and manage impacts on sustainability. Due diligence is an ongoing process and continuous practice that encompasses stakeholder engagement and communication, impact, risk and opportunity assessments, implementation of corrective measures, and monitoring of effectiveness. Operational responsibility for these activities' rests with the Sustainable Development Team, while the Management Board College oversees and approves them.

2.6 Risk Management and Internal Controls for Reporting

ISKRA ISD manages risks and opportunities within the scope of various quality standard certifications, including ISO 9001, ISO 14001, IATF 16949, ISO 17025 and ISO 13485), overseen by quality management experts. Risks and opportunities are identified based on business processes. Appropriate mitigation measures are implemented according to their assessments. Through the development of the double materiality methodology, described in a separate chapter, ISKRA ISD has embedded the assessment of impacts, risks, and opportunities into a broader governance model, which also includes risks related to physical climate events and transition risks. These activities have established the foundation for a comprehensive risk register and its management at the company level. The company's first carbon footprint assessment for the 2024 reporting year was independently verified by the certification body SIQ – the Slovenian Institute of Quality and Metrology. In parallel, we are continuously strengthening our internal reporting controls and processes to ensure the accuracy, reliability, and credibility of ESG-related disclosures and sustainability performance data.

2.7 Sustainability Context Analysis

To deepen the company's understanding of its positioning within the sustainability context, we analysed internal documentation and relevant regulations applicable to ISKRA ISD. We have identified key stakeholders and the value chain, which are detailed in the following chapters.

2.8 Stakeholder Involvement in the Strategy

Involvement of key stakeholders is a vital activity and integral part of ISKRA ISD's responsible business conduct. The aim is to foster innovation, quality, and adaptability of solutions. Our business model and sustainability initiatives also reflect the expectations of these key stakeholders. The Sustainable Development Team has identified key stakeholder as those groups with significant influence and interest in the company's operations, involving them through multi-stakeholder consultations.

Table 4: Stakeholders' map

STAKEHOLDERS	HOW WE ENGAGE AND COMMUNICATE WITH STAKEHOLDERS?	INTEREST REGARDING SUSTAINABILITY TOPICS
EMPLOYEES employees, students	Various communication channels, including e-mail, notice boards, the company newsletter Informator, and through their line managers	Employees - working conditions, pollution, equal treatment and opportunities, robotisation.
OWNER	Monthly, quarterly and annual reporting, e-mail, Teams meetings, telephone, visits	Climate change, pollution, water resources, use of circular resources and circular economy, own employees; workers in the value chain, affected communities, consumers and end-users; risk and opportunity management, business conduct. Development of innovative products with reduced environmental impacts, adaptation to changed customer needs in the market, energy saving and efficiency.
CUSTOMER	E-mail, Teams meetings, telephone, visits, platforms, fairs	Energy saving and energy efficiency, successful sustainable business, own employees – working conditions, climate change.
SUPPLIER	E-mail, Teams meetings, telephone, visits, fairs	Own employees – working conditions, circular economy, energy, energy saving and efficiency, pollution, climate change.
FINANCIAL ORGANISATIONS Banks, insurance companies	Phone, email, annual reporting, visits	Climate change, pollution, own employees; workers in the value chain, affected communities, consumers and end-users; risk and opportunity management, business conduct, robotisation and automation.
LOCAL COMMUNITY Municipality, neighbours, civil initiatives	E-mail, Teams meetings, questionnaires	Pollution
GOVERNMENT INSTITUTIONS Ministry of Environment, Statistical Office, Tax Administration (FURS)	E-mail, surveys, official gazettes, monitoring of publications on websites, Statistical Office of the Republic of Slovenia (SURS)	Pollution, business conduct.
EDUCATIONAL INSTITUTIONS Faculties, schools, institutes, companies	E-mail, phone, visits, Teams meetings	Pollution, development of innovative products, student/pupil development, employment.

In 2024 131 representatives of key stakeholders participated in the impact assessment via an online questionnaire. They were selected based on influence and interest from the entire stakeholder pool (Table 4):

1. **Employees**
2. **Suppliers**
3. **Customers**
4. **Financial organisations**

Chart 2: Overall stakeholder ratings



Overall stakeholder ratings show the highest scores for the standard topics of Own workforce and Pollution. Comparison of ratings among stakeholder groups reveals distinct differences in sustainability topics. Among customers, innovation, climate change and energy efficiency, circular economy, business conduct, and pollution are more emphasised. The most important topics among suppliers are employees' working conditions, pollution, and circular economy.

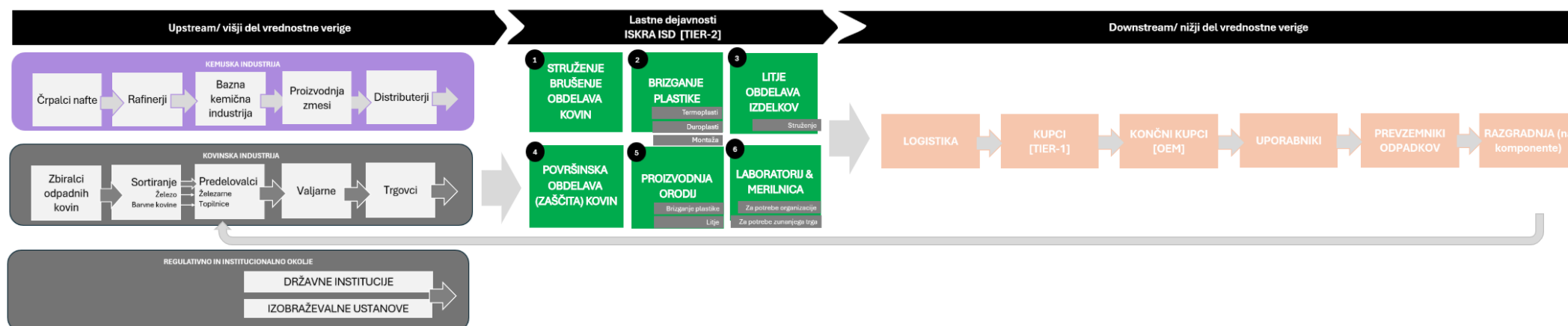
2.9 Value Chain Analysis

ISKRA ISD's value chain operates in the upstream segment of the chain including integrating chemical and metal industry branches upstream through distributors and traders, flowing into ISKRA ISD's own core activities. The company's internal operations include six core activities:

1. CNC turning, grinding, metal processing
2. Plastic injection moulding
3. Aluminium product casting and processing
4. Surface treatment (protection) of metals
5. Tool production
6. Laboratory and metrology

The downstream segment of the value chain comprises logistics, tier-1 customers, end customers (OEMs), users, waste collectors, and waste dismantling. The greatest sustainability impacts occur within the supplier chain (upstream), while sustainability requirements are conveyed via customer demands, limiting impacts in the downstream part mainly to logistics processes.

Figure 3: Presentation of the value chain of ISKRA ISD



The Sustainable Development Team conducted a workshop to compile and map (see Figure 3) the key components and actors of the value chain. This value chain comprises the upstream segment (supplier chain), the company's own activities, and the downstream segment (user chain). All components and actors within the value chain were analysed across 12 categories, providing a detailed insight into the process of added value creation.

Utilising the SASB Materiality Finder tool (now integrated into IFRS standards), we identified the most frequently mentioned material topics in the value chain subject to industry, which are presented in Chart 3. This tool provided valuable insight into the more significant topics throughout the entire value chain, which we translated into a broad set of impacts, risks, and opportunities for the purposes of double materiality assessment.

Chart 3: Material topics in the value chain



2.10 Identification of Relevant Topics

The impacts, risks, and opportunities were identified during joint workshops which included the company's management. We assessed impacts, risks, and opportunities within our own activities, as well as in the upstream and downstream segments of the value chain. The assessment relied on available internal data, analyses, internal expert knowledge, and stakeholder experience. We defined process steps to perform impact materiality and financial materiality assessments. Our starting point was the list from ESRS 1 AR16 (Annex B of the VSME standards), which contains a set of 92 sustainability topics. We added two organisation-specific topics: cybersecurity and employee innovation. From this broad list of topics, we first evaluated relevant topics, incorporated organisation-specific topics, and assessed corresponding impacts, risks, and opportunities. To assess risks, we also conducted evaluations of physical and transition risks, integrating them into the full set of risks and opportunities.

2.11 Materiality of Impact

The Sustainable Development Team classified impacts during the materiality assessment based on the following criteria:

- whether the impacts are (actual/potential) negative or (actual/potential) positive;
- where in the value chain the impacts occur;
- whether there is a serious impact on human rights;
- the relevant time horizon (short-, medium-, or long-term), inferred from the probability assessment (probability scale).

Assessment Parameters

The team evaluated impacts in workshops according to prescribed parameters: magnitude, scope, and irremediable character (for negative impacts), as well as probability. Impacts were rated on a scale from 1 (lowest) to 5 (highest), and the impact value was calculated using the equation: $\text{Impact} = \text{Severity} \times \text{Probability}$, where the highest (maximum) severity score was taken into account.

If an impact was identified as a serious human rights impact, severity took precedence over probability (in line with ESRS 1, paragraph 50, and the UN Guiding Principles, Principle 24). In such cases where the answer was YES, a factor of 1.5 was applied to the severity score, giving it greater weight relative to the probability, thereby increasing the final impact score.

Stakeholder Involvement

Key stakeholder groups essential to understanding ISKRA ISD's impacts were identified. The chosen involvement or engagement method was an online questionnaire conducted between June and July 2024.

The survey, using a 1 (lowest) to 10 (highest) scale, collected 131 responses from the following key stakeholder groups:

- Employees (n=99)
- Suppliers (domestic and foreign; n=18)
- Customers (domestic and foreign; n=13)
- Banks (n=1)

A stakeholder weighting factor of 0.4 (40%) was applied by the expert judgement of the team in the double materiality assessment process. This represents best practice in balancing and considering both external and internal perspectives on sustainability issues.

Impact Materiality Threshold

The maximum possible numerical impact materiality score calculated as the product of severity (5) and probability (5) is 25. The team set the impact materiality threshold at a score of 10, corresponding to 40% of the maximum score. This threshold focuses the company on truly important issues aligned with strategic priorities. Based on this, material negative and

positive impacts were identified in the standard topics of: Climate change, Pollution and Own workforce.

2.12 Financial Materiality – Risks and Opportunities

Half of the highest-rated positive and negative impacts were carried forward into the assessment of risks and opportunities, which were then verified to determine whether they are also financially material. The other half of the broad set of risks and opportunities emerged from a risk mapping workshop during which the team reviewed:

- Risk and opportunity list (internal documentation)
- ECOVADIS assessment and identified risks, exploring related opportunities
- Physical climate risks, selecting the top three most significant
- Transition risks, selecting the top three most material ones
- The global WEF² risk survey, focusing on social risks

Risk/Opportunity Assessment Parameters

Through these activities, the team compiled a wide range of risks and opportunities, which were assessed subject to the location of occurrence within the value chain, using the following parameters:

- Magnitude of financial impact
- Probability (likelihood)

Risk/Opportunity Materiality Threshold

A rating scale from 1 (lowest) to 5 (highest) was applied, and the risk or opportunity score was calculated using the formula: Risk/Opportunity=Magnitude of Financial Impact × Probability. The maximum numerical risk or opportunity score is 25. The team set the financial materiality threshold at 12, corresponding to 48% of the maximum score. This threshold orientation was informed by the existing Risk and Opportunity List (version 2 dated 17 June 2024), where risk levels reach or exceed a score of 8. Through this evaluation process, material risks were identified within the standards topics of: Climate change, Own workforce, and Business conduct.

2.13 List of Material Impacts, Risks, and Opportunities and Their Connection to Strategy and Business Model

ISKRA ISD examined 92 potential sustainability topics from the ESRS 1 AR16 table (Annex B of the SME standard) and an additional 2 organisation-specific sustainability topics (G1: Cybersecurity, S1: Employee innovation), identifying a broad list of impacts, risks, and opportunities. Following the assessment and application of the materiality threshold, 16 material impacts, risks, and opportunities were recognised, consisting of: 9 impacts and 7 risks. These relate, in the medium term, to both the company's own operations and the broader

value chain. A resilience analysis was conducted, identifying both physical and transition climate risks and assessing their materiality through a double materiality approach.

Table 5: Presentation of ISKRA ISD's material impacts, risks, and opportunities

ESRS/VSME	ESRS TOPIC	SUB-TOPIC	IRO	IRO TYPE	WHERE IN THE VALUE CHAIN	HORISONS
S1/B9	Own workforce	Working conditions Health and safety	Care for health and safety in the workplace	Potentially neg.	Own activities	Medium-term
S1/B8, C5	Own workforce	Working conditions Job security	Care for the creation of secure employment	Potentially pos.	Own activities	Medium-term
S1/B8, C5	Own workforce	Working conditions Working time	Care for the respect of working time and the right to disconnect	Potentially pos.	Own activities	Medium-term
S1/B8, C5	Own workforce	Equal treatment and opportunities for all: Training and skill development	Development of employee knowledge and competences	Potentially pos.	Own activities	Medium-term
S1/B8, C5	Own workforce	Equal treatment and opportunities for all: Measures against violence and harassment in the workplace	Care for the equal treatment of employees and prevention of discrimination and violence	Potentially pos.	Own activities	Medium-term
E1/B3	Climate change	Energy (energy efficiency)	Effect on energy efficiency in the downstream segment of the value chain (VC)	Actual pos.	Downstream chain	Medium-term
S1/B8, C5	Own workforce	Working conditions Decent wages (represented by the minimum wage in Slovenia)	Care to ensure employees receive a decent wage	Potentially pos.	Own activities	Medium-term
E2/B6	Pollution	Water pollution	Water pollution resulting from operations	Actual neg.	Own activities	Medium-term
E1/B3	Climate change	Energy (energy efficiency)	Energy consumption from operations	Actual neg.	Own activities	Medium-term
E1/C4	Climate change	Climate change mitigation	Higher raw material costs risk	Risk	Supply chain	Medium-term
S1/B8, C5	Own workforce	Training	Risk of worker shortage and lack of knowledge	Risk	Own activities	Medium-term
G1	Business conduct	Cybersecurity	Cybersecurity risk	Risk	Own activities	Medium-term
G1/C4	Business conduct	Economic recession	Economic recession risk	Risk	Own activities	Medium-term
G1	Business conduct		Business objectives not being attained	Risk	Own activities	Medium-term
S1 /B8, C5	Own workforce		Risk of elevated sick leave absences (absenteeism)	Risk	Own activities	Medium-term
S1 /B8, C5	Own workforce		Risk of insufficient employee competences	Risk	Own activities	Medium-term

*Organisation-specific topics are presented in [blue](#).

2.14 Double Materiality Matrix

In the double materiality matrix (Chart 4), we present all the material sustainability topics at the sub-topic level (except for topics below the materiality threshold, which are shown at the topic level), which are classified into three groups: those that are financially material, those that are material in terms of impact, and those that are double material. The results of the double materiality assessment were presented to and approved by the executive management. Material topics in the light green fields are ranked from top to bottom by their materiality rating.

Chart 4: Double materiality matrix



3. Strategy: Business Model and Sustainability Initiatives [C1]

ISKRA ISD boasts a 75-year tradition in metal and plastics processing, aluminium casting, and electroplating protection. ISKRA ISD is a globally oriented company specialising in the development and manufacturing of multi-material components that combine various production technologies.

The company's business model focuses on the production and sale of semi-finished products for diverse industries, especially the automotive sector, as well as the provision of metal surface treatment services to various customers.

3.1 Product and Service Groups

The core activity of ISKRA ISD is defined as mechanical metal processing. The company is structured into four divisions (D), each dedicated to different activities, and supported by joint services:



1. ELECTROPLATING D: Metallic coating of metals (C25.611): surface protection technology for various metal parts against environmental influences. The metal coating is applied by electrolysis.



2. FOUNDRY D: Casting of light metals (C24.530): technology for the pressure casting of aluminium alloys and subsequent finishing of castings by deburring, grinding, and drilling.



3. PLASTICS D: Manufacture of other plastic products (C22.290): technologies for injection moulding of thermoplastics, moulding of duroplastics, and further printing of products.



4. CNC TURNING D: Mechanical metal processing (C25.620) – turning, grinding, drilling, and degreasing technologies. Production of metal products made of steel, brass, and aluminium.

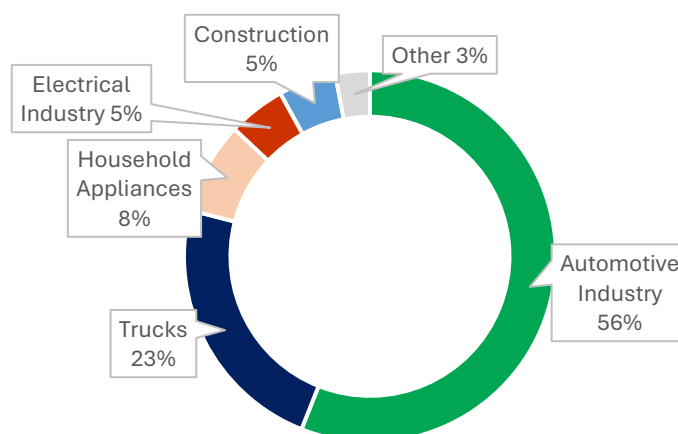
The business model is based on the concept and brand "**TechnoFusion**", which means synergistically combining various production processes such as plastic injection moulding, metal pressure casting, electroplating, laser technology, and automated assembly. This ensures innovative and technically advanced solutions tailored to the needs of customers in the automotive, industrial, medical, and other high-tech sectors.

The company offers its customers comprehensive support at all product stages – from development and prototyping to mass production and final assembly. With continuous investments in automation and digitisation of production processes, high product quality is achieved while optimising costs and shortening delivery times.

3.2 Key Markets and Customer Relationships

ISKRA ISD operates as a **TIER 2 supplier**, delivering innovative and technically complex solutions to **TIER 1 customers** in the automotive, electrical, household appliance, and commercial vehicle manufacturing sectors. Our key strengths lie in comprehensive development support, the capability to manage complex multi-material products (foundry, plastics, CNC turning, electroplating), and high-level adaptability to customer and market needs.

Chart 5: Key Sectors and Revenue Shares

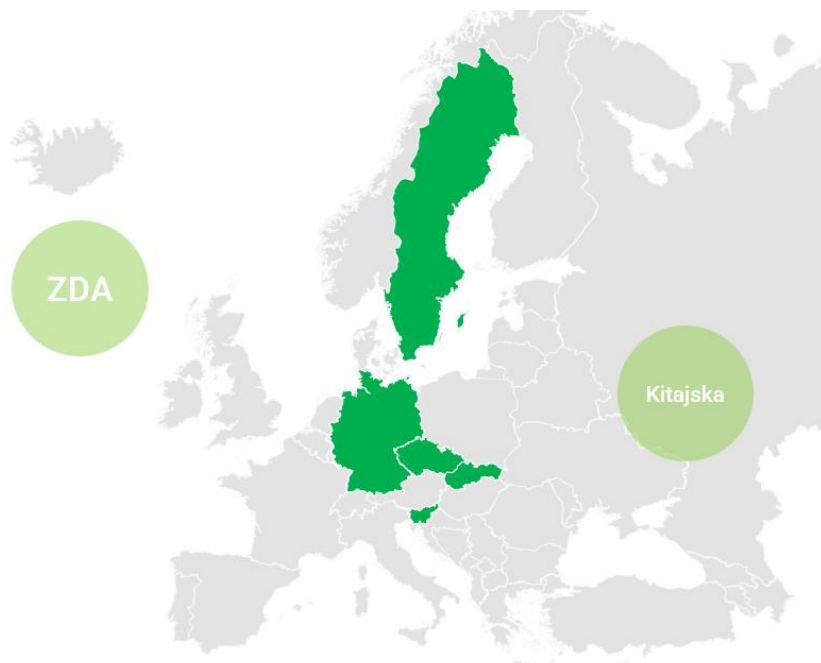


Our main customers (TIER 1 suppliers) include reputable companies such as **Alfdex, Hidria, ContiTech, Schaeffler, BorgWarner, Kolektor, Litens, and Mubea**. We collaborate with them on multi-year projects within the automotive value chain. These TIER 1 customers supply directly to the largest original equipment manufacturers (OEMs) including Scania, Volvo, Volkswagen, Stellantis, among others. Our role involves the development and manufacture of technical components for their products, such as water pumps, belt tensioners, electric motors, oil separators, and others.

Geographic Areas of Sales

The principal sales markets include:

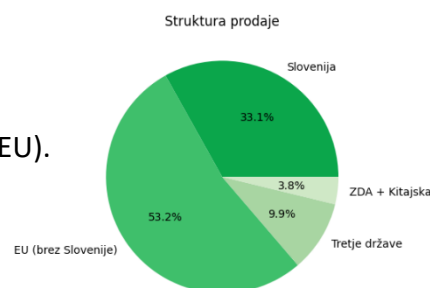
- Germany
- Sweden
- Czech Republic
- Slovakia
- China
- Austria
- Slovenia.



International Export Orientation

53 % of revenue is generated through exports to European Union countries and 10% to third countries (non-EU).

Through selected projects, the company is also expanding its presence in China and the United States, which together already account for nearly 4% of annual revenue.



ISKRA ISD establishes and maintains long-term, development-oriented business relationships with customers based on trust, technical competence, and reliability of supply. Our key customers are TIER 1 suppliers in the automotive and truck industries that require not only manufacturing capacity but also co-development of products during the development phase.

Characteristics of the B2B Business Model with TIER 1 Customers:

- **Early involvement in product development (R&D phase):** We participate in product design and technical optimisation before supplier nomination.
- **Multi-year contractual relationships (5–7 years):** For most customers, we have agreements for long-term serial supplies aligned with the Start of Production (SOP).
- **Regular communication and cooperation:** We work closely with development, purchasing, and quality departments of our clients, including participation in data-sharing portals such as IMDS and EDI.
- **Orders based on framework agreements (call-off system):** Orders are fulfilled weekly or monthly, according to customer forecasts.
- **Annual or project-based negotiations:** Price, material, and ESG requirements negotiations are conducted with emphasis on carbon footprint reduction, use of recycled raw materials, and sustainable packaging.

3.3 Business Relations with Suppliers

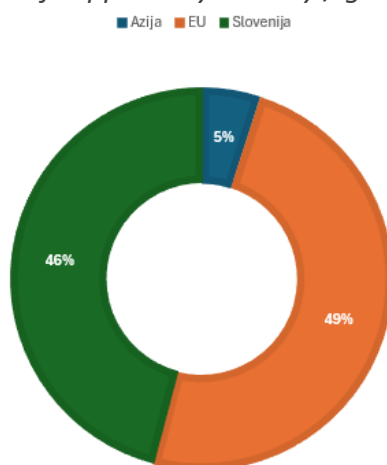
ISKRA ISD manages supplier relationships based on open communication, teamwork, and a shared commitment to high quality and product safety. The quality of input materials is crucial to the success of our solutions, which ensure vehicle reliability and safety. At ISKRA ISD, we operate a supplier management system that expects partners to uphold the same high standards of quality and safety as we do. Accordingly, we include only reliable suppliers certified to ISO 9001:2015 within our supply chain, whilst for critical components we aim to meet the requirements of IATF 16949:2016. Product safety represents our highest priority, and safety management must be an integral part of the supplier's approach. Our environmental activities are based on a whole life-cycle perspective. Therefore, we work with our suppliers to promote pollution prevention, compliance with environmental legislation, and continuous improvement. The goal of every collaboration is 100% delivery reliability and zero tolerance for defects.

Table 6: Suppliers of materials by number and geographic areas

SUPPLIERS BY INDUSTRY	NO. OF SUPPLIERS	GEOGRAPHICAL AREAS/COUNTRIES
C20 – Manufacture of chemicals and chemical products	25	Slovenia, Europe
C24 – Manufacture of metals	34	Slovenia, Europe, Asia, Turkey
C32 – Other miscellaneous manufacturing activities	73	Slovenia, Europe, Asia
C17 – Manufacture of articles of paper and paperboard	6	Slovenia, Europe
G46 – Trade	18	Slovenia, Europe
TOTAL	156	

46% of our suppliers of materials, chemicals, and components come from Slovenia, 49 % from European Union countries and 5 % from Asia and other non-European countries.

Chart 6: Shares of suppliers by country / geographic area



3.4 Strategy

ISKRA ISD's strategy is based on three key pillars:

1. Innovation and Technological Excellence

- Continuous investment in research and development (R&D) to improve materials and production processes.
- Development of advanced multi-material solutions by combining metallic and plastic components.
- Use of automation and artificial intelligence for production optimisation.

2. Sustainability and Environmental Responsibility

- Use of environmentally friendly materials and processes to reduce carbon footprint.
- Optimisation of production to reduce energy consumption and waste.
- Development of lightweight components that contribute to the energy efficiency of finished products.

3. Flexibility and Adaptability to Market Demands

- Tailoring solutions and requirements to individual customers.
- Rapid response to market changes through agile production processes.
- Expansion of production capacity and presence in global markets.

Values

When making decisions and performing tasks, employees are guided by our key values:

- COLLABORATION:** We are Iskra ISD, one team. We encourage open communication aimed at finding solutions. We share knowledge and good practices. We strengthen partnerships with other organisations.
- INNOVATION:** More knowledge for development. We encourage the collecting of ideas and suggestions from all employees. We regularly introduce new technologies and new working methods. We look for inspiration in new trends, at trade shows and with partnerships.
- SATISFIED CUSTOMERS:** We do our absolute best. We respect agreements with customers and consistently realise them. We build partnerships and long-term relationships with our customers. We are responsive and deliver up-to-date feedback.
- ENTREPRENEURSHIP:** we bravely take on new challenges. We are constantly looking for new business opportunities in all areas. We set our goals boldly and ambitiously and strive to realise them. We are not afraid of changes and turn them into opportunities.

ISKRA ISD, guided by its vision that integrates technological excellence, sustainability, and adaptability, remains a significant player in the global multi-material components industry. The company follows the strategic sustainability guidelines of its owner, KJK Group, progressively embedding these principles into its processes and operations (see Figure 4).

Figure 4: The six fundamental pillars of the KJK Group's sustainability strategy

Circular Innovations	Development of Human Capital	Sustainable Production and Supply Chain	Sustainable Leadership, Corporate Governance, and Culture	Sustainable Customer and Consumer Journey	Corporate Social Responsibility
Strategies and Goals					
Current Status					
Short-term Objectives and Measures					
Medium-term Objectives and Measures					
Long-term Objectives and Measures					

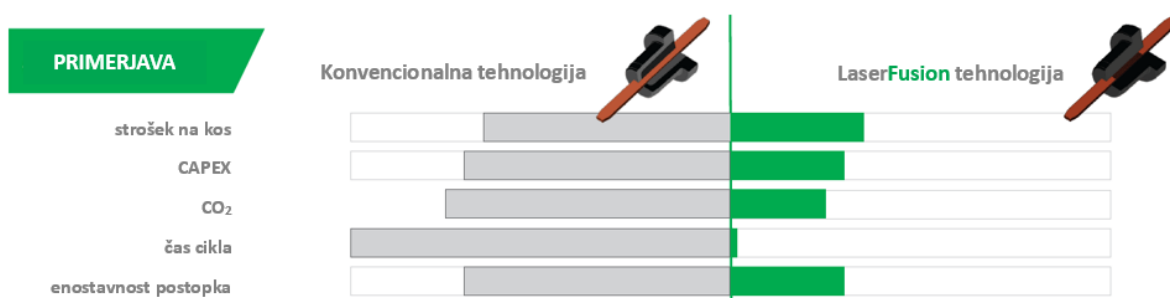
IV. B2 & C2 – PRACTICES, POLICIES, AND FUTURE INITIATIVES

1. Future Sustainability Orientations [B2]

As part of its long-term business strategy, ISKRA ISD systematically strives to strengthen sustainable development at all levels of operation. Over the coming years, the company will continue investing in areas that contribute to reducing environmental impact, enhancing the circular economy, improving energy efficiency, and advancing social responsibility. Key future orientations include:

- Further Development of Ecologically Advanced Manufacturing Technologies** A central initiative is the expansion of the proprietary **LaserFusion** technology, which enables the bonding of materials without the use of chemicals, adhesives, or solvents. This innovation significantly reduces hazardous waste and the carbon footprint of production processes. **Compared with traditional bonding methods, LaserFusion technology achieves up to a fourfold reduction in CO₂ emissions**, representing a key advantage aligned with current EU developmental guidelines.

Figure 5: Comparison of conventional and LaserFusion technologies



In addition to existing approaches, we are developing SonoFusion technology, which represents an energy-efficient alternative to traditional methods such as torsional and laser welding. Based on preliminary analyses, we estimate that the **use of SonoFusion technology could achieve up to a twofold reduction in carbon footprint**. This improvement mainly results from energy-optimised production processes and a reduced number of processing steps required to achieve the product's desired functionality.

- Enhancing Energy Efficiency in Production:** As part of our digitisation and automation initiatives, we plan to further optimise electricity consumption and reduce greenhouse gas emissions. A practical example is the acquisition of a modern dosing furnace for liquid aluminium dosing, which allowed us to lower the furnace temperature maintained with electric heaters from the original 710 °C to the current 660 °C. This contributed significantly to reducing electricity consumption.
- Sustainable Development of Products:** We will continue developing products and production processes with higher energy efficiency and reduced environmental impact

during use and recycling phases. Sustainability criteria have become an integral part of our development processes. We specifically aim to maximise the utilisation of input raw materials and reduce the likelihood of production scrap by introducing simpler and more reliable manufacturing approaches. In this context, we employ digital twins to enable advanced simulation of final production states, which reliably predict the success of achieving targeted objectives.

- **Strengthening the Circular Economy and Waste Reduction:** Special emphasis is placed on the reuse of materials to reduce production waste. Within the company, we carry out numerous initiatives and development projects, including those focusing on the reuse of duroplast waste, which – due to its permanent cross-linking – cannot be recycled in the same way as thermoplastic materials. To this end, we have internally tested various grinding methods that mechanically process waste material into a very fine powder structure, which can then be added to the base (virgin) polymer matrix.

2. Sustainable Practices to Reduce Environmental Impact [C2]

Technological development at ISKRA ISD is a key driver of the sustainability transition. In recent years, we have introduced targeted practices that contribute to reducing environmental impact, improving operational efficiency, and fostering innovation within the company. Below are some of the most important practices:

1. Investments in New Sustainable Technologies

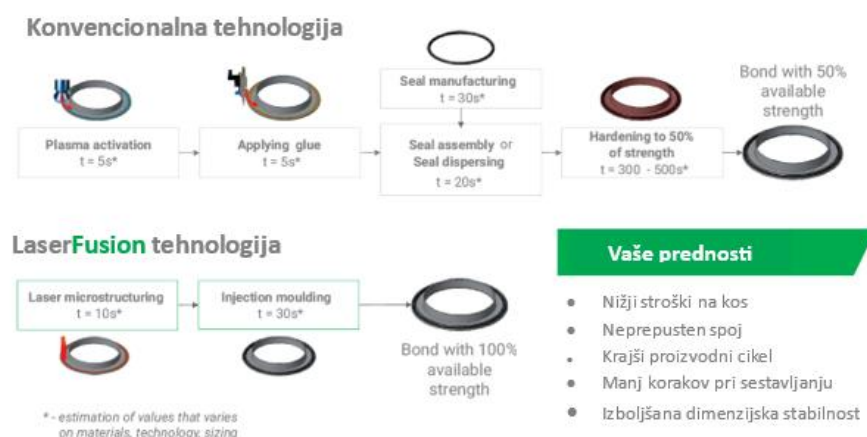
We plan to continue investing in equipment with the highest energy efficiency and the development of new sustainable technologies, such as **SonoFusion**, which also enables a lower carbon footprint in production. Due to its fundamentally different conceptual design compared to competing solutions (e.g. Friction Stir Welding (FSW) and laser welding), SonoFusion technology achieves up to a twofold reduction in CO₂ emissions as a result of substantially higher energy efficiency. This is achieved by using materials (polymers) that require significantly lower processing energy compared to metals (approximately 300 °C instead of 700 °C for aluminium), while simultaneously drastically reducing the number of processing steps necessary to achieve equivalent functionality. An example of energy optimisation is the investment by the Plastics Department, where traditional hydraulic machines were replaced by servo-hydraulic injection moulding machines. This change enabled up to a 30% reduction in electricity consumption due to lower connected load and higher process efficiency.

2. Development of Proprietary Environmentally Friendly Technologies

ISKRA ISD develops its own advanced technological solutions in materials joining, with the LaserFusion technology standing out as an innovative method for joining metals and polymers without the use of adhesives, solvents, or other chemical agents. This approach significantly reduces the use of environmentally harmful substances, improves recyclability of finished products, and contributes to a lower environmental footprint. LaserFusion technology enables up to a **fourfold reduction in CO₂ emissions**, stemming from the elimination of chemicals, activators, and adhesives, as well as optimisation of the production process. Additional

advantages include lower cost per piece, impermeable joints, shorter production cycles, fewer assembly steps, and improved dimensional stability. Similarly to SonoFusion technology, the desired functionality is achieved with a shorter processing procedure.

Figure 6: Advantages of LaserFusion technology



3. Our initiatives for the technological modernisation of production include:

- **Replacement of hydraulic plastic injection moulding machines** with electric or hybrid models, enabling significantly lower energy consumption and quieter operation.
- **Introduction of more energy-efficient foundry machinery**, which allows better raw material utilisation and reduced thermal losses.
- **Use of advanced monitoring systems** to track energy consumption and perform equipment diagnostics, facilitating timely maintenance and preventing energy waste.

4. Internal System to Promote Employee Innovation and Sustainability Proposals

A structured mechanism has been established to collect, evaluate, and implement employee proposals in the areas of energy efficiency, loss reduction, quality improvement, and environmentally friendly processes. This system fosters greater employee engagement and supports a culture of continuous improvement.

These measures represent a significant step towards decarbonising production, strengthening the company's environmental responsibility, while simultaneously contributing to long-term cost efficiency and improved process reliability.

ISKRA ISD actively manages its sustainability performance through defined metrics and performance targets that are directly linked to the material topics identified through the Double Materiality Assessment. Table 7 provides a brief overview of the action plans for each material sustainability sub-topic, together with 2025 performance data, 2030 metrics and targets, and the related internal documents available within the organization. Each sub-topic is also classified according to whether it represents an **impact, risk, or opportunity**, illustrated by the corresponding icons.

Table 7: Sustainability performance indicators for material impacts, risks and opportunities

[E] Sustainability topic			Action measures	Metric	Result in 2025	2030 target	Document title
Climate change	Energy (energy efficiency in the value chain)	+	Optimisation of logistics	1: Transport costs / sales value (%)	1.63%	1.30%	/
Climate change	Energy (energy efficiency)	–	Own production of compressed air. Use of energy-efficient machinery Reduction of scrap/waste.	Consumption of energy products (electricity, gas, heat, fuel), compressed air, and borehole water: absolute values (all ISKRA ISD divisions combined) and	Total consumption for all energy products (absolute): 16,496 MWh	Reduction of absolute of all energy products combined by 5% (17,004 MWh).	Quality and Environment Policy
Climate change	Climate change mitigation	!	Reduction of scrap/waste.	SSC scrap indicators:	1.77% of sales	1.2 % of sales	Overview of production process
Climate change	Energy: Energy efficiency	💡	Own solar power plant Own transformer and electrical supply bypassing ESV (electricity supply company) Own production of compressed air. Own heat Use of gas instead of heat energy at the Electroplating Division	1: Consumption of energy products (electricity, gas, heat, fuel), compressed air 2: Solar electricity produced	1: <u>Consumption (absolute)</u> : electricity: 10,197 MWh; gas: 4,113 MWh; heat: 1,999 MWh; fuel for company vehicles: 187 MWh; compressed air: 10,499,318 m ³ ; 2: 417 MWh (3,93 % coverage of electricity needs)	1: Own transformer and metering point, independent gas connection, own compressed air source 2: 10% coverage of electricity needs	1. Investment plan
Pollution	Water pollution	–	Operation of a monitoring system compliant with environmental permit (OVD). Construction and operation of wastewater treatment plant at the Foundry Division.	1: The Report on the Operational Monitoring of Wastewater confirms compliance with the requirements of the environmental permit and legislation. 2: Number of incidents per year (Sava River pollution incidents)	1: COMPLIANT 2: 0	1: COMPLIANT 2: 0	1. Monitoring Plan 2. Industrial wastewater treatment plant operation log 3. Environmental permit (OVD) 4. Applicable legislation
[S] Sustainability topic			Action measures	Metric	Result in 2025	2030 target	Document title
Own workforce	Working conditions: Health and safety	–	Preventive workshops on health and safety at work Employee training Appropriate work equipment Periodic medical examinations.	1: Number of workplace injuries 2: Absenteeism rate (%) 3: Training hours on health and safety at work:	1: 8 2: 6.96% 3: 654.25 h/369 employees = 1.77 h/empl.	1: less than 5 2: 5.50% 3: 2.5 h/empl.	1. Workplace Health Promotion Programme 2. Rules on Training 3. Legislation

Own workforce	Working conditions: <i>Job security</i>		Employment contracts for an indefinite period with probation and mentorship	Percentage of indefinite period and fixed-term contracts	5.9%	6%	1. Health and safety at work legislation 2. Annual plan confirmed by the owners
Own workforce	Working conditions: <i>Working time</i>		Notification of employees on compliance with the rules on working hours policy and right to disconnect	Percentage of employees paid for overtime:	48.6%	40%	1. Rules on Working Time 2. Agreement on measures to ensure the right to disconnect
Own workforce	<i>Training and skills development</i>		Annual performance interview Delivery of relevant individual training programmes	Training hours per employee by gender:	10.80 h/empl.	23 h/empl.	1. Rules on Training
Own workforce	<i>Measures against violence and harassment in the workplace</i>		Activity: informing employees on measures to prevent discrimination and violence	Number of violations reported to HR	zero reports	zero reports	1. Rules on the setup of an internal channel for reporting and the appointment of a representative
Own workforce	Working conditions: <i>Decent wages</i>		Introduction and implementation of management by objectives Achievement of company plans Conduct of annual performance interviews	1: Average wage of employee/average wage in Slovenia 2: Share of employees receiving minimum wage:	1: 88.88% 2: 28.42%	1: 100% 2: 30%	1. Business Plan 2. Rules on Remuneration
Own workforce	Training		Employer brand development Collaboration with educational institutions Employee engagement improvement Increasing salaries Improving working conditions	Training hours per employee:	10.80 h/empl.	23 h/empl.	1. Rules on Training
Own workforce	Working conditions: <i>Health and safety</i>		Workplace health promotion Training in health and safety at work Improving working conditions Improving workplace climate	Absenteeism rate (%)	6.96%	5,50%	1. Workplace Health Promotion Programme
Own workforce	<i>Training and skills development</i>		Targeted training to acquire required employee competencies Targeted hiring of competent personnel	Training hours per employee:	10.80 h/empl.	23 h/empl.	1. Rules on Training
Own workforce	Innovativeness		Attendance at relevant trade fairs Activation of agent for the DACH region	Medical sector sales (in EUR)	EUR 2,587	1% of ISKRA ISD's total sales generated in the medical sector.	1. Business Plan

Own workforce	Employer recognisability		ISD sign on company roof Cooperation with external institutions Participation in events Stronger community engagement	1: Sponsorships and donations as % of sales: 2: Number of events attended (careers fairs, public visits at the company) 3: Employee engagement indices (Health index = The ratio between actively disengaged and engaged employees in the workforce and eNPS (Employee Net Promoter Score))	1: 0.02% 2: 6 3: Health index = 0.67 eNPS = -33%	1: 0.03% 2: 7 3: Health index = 0.70 eNPS = -25%	1. Business Plan 2. HR Report
[G] Sustainability topic			Action measures	Metric	Result in 2025	2030 target	Document title
Business conduct	Cybersecurity		Optimisation of security settings Education and training Leasing of security solution licences	1: Number of recognised system intrusion attempts 2: Number of successful intrusions 3: Number of attack simulations conducted	1: 3 attempts 2: 0 intrusions 3: 2 attempts	1: 10 attempts 2: 0 intrusions 3: 6 attempts	/
Business conduct	Economic recession		Diversification of sectors in which we operate as a supplier	Percentage of sales by sector	Automotive Industry - 57%; Trucks - 20%; Household appliances - 7%; Electrical Industry - 2%; Energy - 3%; E-Mobility - 2%; Motorcycle Industry - 1%; General Industry - 3%; Other - 5%	Automotive Industry - 55%; Trucks - 20%; Medical Industry - 5%; Micromobility - 5%; Other - 15%	Business Plan
Business conduct			Increase in productivity and optimisation of business processes Reduction of costs of inadequate quality Adjustment in the number of employees Searching for operational cost savings	1: Share of costs of inadequate quality in total sales (%) 2: Productivity indicator 3: Value added per employee	1: 2.84% of sales 2: 72% 3: EUR 60,126.45	1: 1.5 % of sales 2: 77% 3: EUR 66,000.00	Business Plan

Legenda

Pozitiven vpliv



Negativen vpliv



Tveganje



Priložnost



V. B3, C3 & C4 – ENERGY, GREENHOUSE GAS EMISSIONS AND TRANSITION PLAN

1. Energy Consumption [B3]

In 2025, ISKRA ISD consumed 14,726 MWh of energy in its operations, of which 80% originated from non-renewable sources and 20% from renewable sources. Renewable energy sources supplying the company with electricity include the on-site solar power plant, which covers approximately 4% of the total electricity consumption. Renewable energy is also accounted for through the share of renewable primary energy sources in the electricity mix provided by the company's electricity supplier¹.

Table 8: Total energy consumption in MWh

	RENEWABLE SOURCES	NON-RENEWABLE SOURCES	TOTAL
Electricity (based on invoices)	2,979	7,635	10,614
Fuels (natural gas)	0	4,112	4,112
TOTAL	2,979 (20%)	11,747 (80%)	14,726 (100 %)

2. Greenhouse Gas Emissions (GHG) [B3]

In 2024, ISKRA ISD conducted its first Scope 1 and Scope 2 carbon footprint assessment, applying the GHG Protocol Corporate Standard (2004 version) and defining the organizational boundaries in accordance with ISKRA ISD's operational scope. The calculation was independently verified in 2025 by the certification body SIQ. Using the same methodology, ISKRA ISD also prepared its carbon footprint assessment for 2025, ensuring consistency and comparability of results across reporting periods.

Table 9: Gross Greenhouse Gas Emissions in tonnes of CO₂ equivalent (tCO₂eq)

SCOPE		CARBON FOOTPRINT ² [t CO ₂ eq] FY 2025	CARBON FOOTPRINT ³ [t CO ₂ eq] FY 2024
Scope 1	- Aluminium melting - Company vehicles - Fugitive Emissions from air conditioning	855.69	1,005.05

¹ Source: <https://www.ece.si/za-dom/elektrika/struktura-proizvodnih-virov/>

² Emission factors used:

- <https://www.gov.si/assets/ministrstva/MOPE/Podnebje/Za-ARSO/Znacilne-neto-kaloricne-vrednosti-in-emisijski-faktorji-za-let-2024.pdf>
- <https://ceu.ijs.si/izpusti-co2-tgp-na-enoto-elektricne-energije/>

³ Emission factors used:

- <https://www.gov.si/assets/ministrstva/MOPE/Podnebje/Za-ARSO/Znacilne-neto-kaloricne-vrednosti-in-emisijski-faktorji-za-let-2024.pdf>
- <https://ceu.ijs.si/izpusti-co2-tgp-na-enoto-elektricne-energije/>

Scope 2 (Location-Based Method)	○ Purchased electricity		
	○ Heat / Cooling	4,733.46	5,052.62
	○ Compressed air		
TOTAL (Scopes 1 and 2)		5,589.14	6,057.67

The emissions intensity, calculated as the total Scope 1 and Scope 2 greenhouse gas emissions relative to revenue, amounted to **114.94 tonnes of CO₂ equivalent per EUR million of revenue in 2025**.

3. Climate Transition and GHG Emission Reduction Targets [C3]

ISKRA ISD operates within the Manufacturing sector classified under NACE codes C.22, C.24, and C.25, recognised as sectors with a high climate impact. Reducing greenhouse gas (GHG) emissions represents both a challenge and an opportunity for the company as it requires changes in strategic management, adaptation of the business model, and reassessment of financial priorities – especially amidst increased uncertainty in key markets.

Although the company has not yet adopted a comprehensive climate transition plan with absolute emission reduction targets, we are firmly committed to gradually decreasing the carbon footprint (Scopes 1 and 2) and integrating carbon footprint measurement into selected development projects by 2027. We act simultaneously on multiple fronts – via technical improvements, internal process optimisation, and collaborative development efforts with customers.

We recognise that GHG emissions are a key aspect of corporate sustainability and an increasingly important competitiveness criterion – particularly within supply chains, where larger customers already require emission disclosures in the pre-nomination phase or as prerequisites for participation in development projects. In 2024, we intensified our efforts to incorporate environmental indicators (e.g., CO₂e/kg of product) into sales offers and documentation.

Our sustainability efforts were evaluated by the EcoVadis platform, which provided valuable feedback for further improvements. Over the past three years, we have observed a significant increase in customer expectations regarding emissions reporting, particularly concerning the inclusion of Scope 3 emissions that cover supplier-related carbon footprints of products. We are responding to these requirements by establishing a systematic data collection process, setting internal targets, and engaging in close development collaboration with customers to reduce the carbon footprint.

The year 2024 serves as ISKRA ISD's baseline year, as it was the first year in which the company quantified its own greenhouse gas (GHG) emissions for Scope 1 and Scope 2. In 2025, these emissions were recalculated using the same methodology, enabling improved data comparability, trend monitoring, and the further development of the company's carbon footprint management system. Although a Scope 3 carbon footprint assessment had not yet been conducted in the baseline year, ISKRA ISD had already initiated the identification of relevant Scope 3 categories and the collection of the necessary input data. These activities were further expanded and refined during 2025, providing a solid foundation for the gradual calculation and reporting of Scope 3 emissions in the coming years. This stepwise approach supports the company's commitment to enhancing the completeness, accuracy, and transparency of its greenhouse gas reporting and sustainability management practices.

Key levers for carbon footprint reduction:

- increasing the share of green electricity from 2025 onwards;
- installation of an additional solar power plant, expected to cover 5% of total energy consumption;
- lightweight aluminium components for hybrid electric vehicle (HEV) projects, reducing vehicle mass and thus CO₂ emissions;
- transition to recycled plastic granulates in agreement with selected customers, recognising lower emissions in life-cycle assessments;
- active collaboration with customers in testing packaging solutions with a lower environmental footprint.

4. Climate Risks [C4]

The company has conducted a comprehensive risk analysis encompassing physical climate risks, transition risks, and social risks. The Sustainable Development Team identified several climate- and transition-related threats posing risks to ISKRA ISD. The analysis focused on the highest-rated risks, including:

- heatwaves, particularly affecting production workers;
- increased raw material and emission costs.

To determine which parts of ISKRA ISD are most exposed to climate risks, and to assess the timing of the impact on operational efficiency, costs, and revenues, an analysis was conducted based on two climate scenarios: Net Zero 2050, which envisages an ambitious transition to a carbon-neutral economy, and Hot House World scenario which entails strong physical risks arising from weak policies and regulation.

Table 10: Scenario analysis⁴

	NET ZERO 2050 (1.5 °C SCENARIO)	HOT HOUSE WORLD (+3 °C SCENARIO)
DESCRIPTION OF RISKS	Risks of higher raw material prices Risks of higher GHG emission allowances / CBAM charges	Extreme weather (number of days with extreme temperatures) and consequent reduced productivity
	Revenues: Higher raw material costs, emission allowances or CBAM charges, and transition to	Revenues: Costs due to adjustments or production reductions caused by extreme temperatures.

⁴ Scientific sources that serve as the basis for the two scenarios:

Number of hot days in the Gorenjska region: <https://meteo.arso.gov.si/uploads/probase/www/climate/OPS21/Priloge-app/#/izbor>

Lower productivity due to number of hot days: <https://climate-impact-explorer.climateanalytics.org/>

Emission allowance (coupon) price growth forecasts: <https://www.reuters.com/markets/europe/analysts-expect-eu-carbon-prices-soar-by-2027-2024-10-18/>

Raw material prices: <https://www.rawmaterialoutlook.org;> <https://www.reuters.com/markets/europe/analysts-expect-eu-carbon-prices-soar-by-2027-2024-10-18/>

AFFECTED PARTS OF THE COMPANY	renewable energy sources may reduce profitability. Infrastructure: Costs associated with adapting production (energy efficiency improvements, alternative materials). Buildings: Costs related to energy-efficient refurbishment of buildings. Capital: Need for investments in low-carbon technologies and energy efficiency.	Infrastructure: Possible costs for adapting production (e.g., additional cooling of premises). Increased cooling costs and greater wear and tear on equipment. Buildings: Potential costs for energy-efficient refurbishment of buildings. Employees: To mitigate negative effects, it is advisable to implement measures (with associated adjustment costs), such as adjusting working hours, providing appropriate breaks, hydration, and cooled rest areas for workers.
PROBABILITY (LIKELIHOOD)	Medium (3/5): Carbon regulation and market pressures indicate an upward trend in emission allowance and raw material prices. Climate legislation and CBAM are in force. Administrative relief and legislative simplifications (Omnibus) are forecasted to enhance European economic competitiveness.	High (4/5): Forecasts indicate a significant increase in the number of hot days in the region. The impact is already evident today and will intensify in the future.
TIME HORIZON K<1 YEAR S>1>5 YEARS D>5 YEARS	Short-term (<1 year): Mild impacts (beginning of CBAM reporting, impact on prices) Medium-term (1–5 years): Increase in costs for emission allowances / CBAM levies and raw materials Long-term (>5 years): Significant financial burden unless the business model is adapted.	Short-term (<1 year): Individual heatwaves, increased energy consumption for cooling. Medium-term (1–5 years): Rising costs due to more frequent hot days. Long-term (>5 years): Substantial impact on working conditions, energy costs, and maintenance expenses.
BUSINESS MODEL ADAPTATION	- Optimisation of energy consumption (energy-efficient machinery, peak electricity consumption reduction, shortening production cycles, efficient production planning). - Transition to renewable energy sources. - Use of alternative materials (shift to recycled raw materials, less carbon-intensive raw materials). - Shift towards purchasing energy-intensive raw materials within the EU (currently sourced from third countries).	Measures to increase resilience to climate change: - Diversification of energy sources. - Optimisation of energy consumption and improvement of energy efficiency (energy-efficient machines, peak load reduction in electricity consumption, shorter production cycles, efficient production planning). - Development of sustainable products.
% OF REVENUES	Without adaptation, impacts could range from 3% to 5% of EBITDA by 2030.	Without adaptation, impacts could range from 2% to 7% of EBITDA by 2030.

The 1.5 °C scenario (Net Zero 2050) and the +3 °C scenario (Hot House World) highlight various risks for the company that may affect revenues, energy costs, infrastructural exposure, employees, and investment decisions. Potential negative effects of these risks on financial performance across short-, medium-, and long-term time horizons, alongside risk severity, include:

- Short-term (<1 year): Due to higher energy prices that cannot be passed on to sales prices, there is a medium risk of margin reduction.
- Medium-term (1–5 years): Rising energy and raw material costs may affect profitability, with the risk assessed as low.
- Long-term (>5 years): Due to uncompetitive sales prices resulting from higher production costs, there is a low risk of loss of business if customers relocate production to regions with lower costs.

VI. B4, B5, B6, B7 – POLLUTION, BIODIVERSITY, WATER, AND RESOURCE USE

1. Air, Water, and Soil Pollution [B4]

ISKRA ISD complies fully with applicable environmental legislation and operates under an environmental permit that mandates regular monitoring of environmental parameters and submission of results to relevant authorities. Monitoring is conducted by authorised institutions that also prepare the corresponding reports.

The following types of monitoring are performed: emissions into water, emissions into air, noise emissions, and ionising radiation, while monitoring of soil conditions is not prescribed for the company. Frequency of mandatory measurements differs, i.e. for water it is three times per year at the discharge outlet of the industrial wastewater treatment plant; for air it is once every three years at each emission outlet; for noise it is once every three years on company premises, and for ionising radiation is performed annually for each source (e.g., X-ray equipment).

In 2025, the following measurements and monitoring activities were conducted, and reports prepared, which are available at the company headquarters:

1. Air

- An Assessment of Annual Emissions into Air (covering Electroplating, Foundry, and CNC Turning divisions) was prepared for 2024 (in compliance with the legislation).
- Air emission measurements were carried out within the Electroplating and Foundry business areas.

2. Water

- As part of the operational monitoring of industrial wastewater within the Electroplating operations, three sampling and wastewater analyses were conducted in 2025 at discharge point V1 of the industrial wastewater treatment plant. The analytical results confirmed compliance with all applicable regulatory requirements, with all measured wastewater parameters remaining within the prescribed limit values. These results demonstrate the effectiveness of the wastewater treatment process and the company's commitment to responsible environmental management.

3. Noise

- In 2025, no environmental noise monitoring was carried out at the Savska Loka 4 site. The most recent noise monitoring assessment at this location was conducted in 2023 and confirmed compliance with the applicable legal requirements. In accordance with the prescribed monitoring schedule, the next noise monitoring assessment is planned for 2026.

4. Ionising Radiation

- ISKRA ISD has five active sources of ionising radiation, all of which were inspected in 2025. Inspection reports confirm that all safety and warning systems function flawlessly.

2. Biodiversity [B5]

Biodiversity has not been identified as a material topic for ISKRA ISD. Nonetheless, disclosures have been included in the Report to ensure greater transparency.

ISKRA ISD owns land at the Savska Loka 4 site in Kranj (industrial park) with a total area of 37,730 m². This site hosts all production and administrative facilities for four business divisions – Electroplating, Plastics, CNC Turning, and Foundry – as well as the company's management building. Location is situated a few kilometres from a biodiversity-important area designated under Natura 2000.

Table 11: Biodiversity

SITE	Area (ha)	BIODIVERSITY-SENSITIVE AREA	SPECIFICATION
Slovenia – Savska loka 4, 4000 Kranj	3.1	1.5 km (straight line) from Natura 2000 area: Kranj – Škofja Loka forest	Area: 1,943.75 ha; protected since April 2004; 5 species protected at EU level

Vir: <https://natura2000.eea.europa.eu/>

Overview of Protected Species in the Natura 2000 Area (Kranj – Škofja Loka Forest)

The Kranj – Škofja Loka Forest Natura 2000 area is significant due to the presence of many rare and endangered species protected under European nature conservation legislation. The area supports various animal and plant species whose preservation is vital for maintaining biodiversity and ecosystem services. The images below illustrate some of the protected species included in Annex II or IV of the Habitats Directive and recognised as protected species in Slovenia:

Figure 7: Protected species in the Kranj – Škofja Loka Forest area

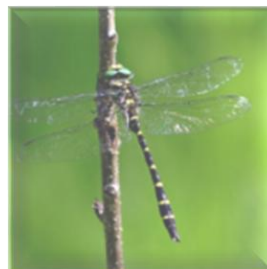
Frog: Yellow-bellied Toad (*Bombina variegata*)



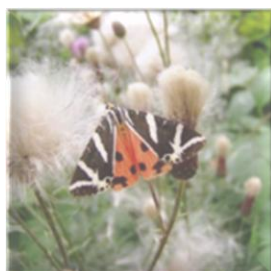
Freshwater Crayfish: Stone Crayfish (*Austropotamobium torrentium*)



Dragonfly: Golden-ringed Dragonfly (*Cordulegaster heros*)



Butterfly: Jersey Tiger (*Euplagia quadripunctaria*)



Plant: Carniolan Spike-rush (*Eleocharis carniolica*)



ISKRA ISD's activities are not conducted in areas with habitat types or populations of protected species and do not affect their conservation status, as the company operates outside environmentally protected areas.

Table 12: Land use - Savska loka 4, Kranj⁵

TYPE OF LAND USE	AREA (M ²)	PREVIOUS YEAR (2024)	REPORTING YEAR (2025)	% OF CHANGE
Total sealed area	36,330	29,861	36,330	+17.8%
Total nature-designated area on site	1,400	1,300	1,400	+7.7%
Total nature-designated area outside the site	0	0	0	-
Total land use	37,730	31,161	37,730	+17.4%

Table 13: Land use – Hrastje business park, Kranj

TYPE OF LAND USE	AREA (M ²)	PREVIOUS YEAR (2024)	REPORTING YEAR (2025)	% OF CHANGE
Skupna zatesnjena površina	0	0	0	-
Skupna naravi namenjena površina na lokaciji	0	28,139	0	-100%
Skupna naravi namenjena površina izven lokacije	0	0	0	-
Skupna raba zemljišč	0	28,139	0	-100%

The Hrastje Business Zone site was sold in 2025 and is therefore no longer part of ISKRA ISD's operational locations.

3. Water [B6]

Water was not identified as a material topic for ISKRA ISD. Nonetheless, disclosures have been included in the Report to ensure greater transparency.

ISKRA ISD is located in Slovenia at the Savska Loka 4 site in Kranj. Slovenia is not classified among countries affected by drought or water scarcity. The Water Exploitation Index Plus ⁶(WEI+) for Slovenia is 1.0%⁷.

ISKRA ISD sources process water primarily from its own borehole, for which it holds a water permit. Additional water is obtained from a borehole owned by another company on the same industrial site. Water for sanitary use is sourced from the public water supply.

⁵ Source: EU Commission Regulation 2018/2026

⁶ Source: Water scarcity conditions in Europe (Water exploitation index plus) | European Environment Agency's home page (europa.eu)

⁷ Note: WEI+ values above 20% indicate stressed water resources with prevailing water scarcity conditions; values above 40% indicate severe water stress and potentially unsustainable freshwater consumption.

Table 14: Water abstracted and supplied at ISKRA ISD

WATER ABSTRACTED AND SUPPLIED (in 1000 M ³)	PREVIOUS YEAR (2024)	REPORTING YEAR (2025)	% OF CHANGE
From own borehole	312	253	-19%
Received from third-party boreholes	41	130	+317%
From the public water supply system	3	3	0%
TOTAL	356	386	+8%

Process water is used for cooling, heating and in the electroplating technological process. The company has no production processes that use significant amounts of water; all process water is returned to the environment.

Table 15: Water used at ISKRA ISD

WATER USED (in 1000 M ³)	PREVIOUS YEAR (2024)	REPORTING YEAR (2025)	% OF CHANGE
Process – for production	31	35	+12%
Process – for cooling	261	298	+14%
Process – for heating	61	50	-19%
Sanitary - from the public water distribution system	3	3	0%
TOTAL	356	386	+8%

Process water used for production is treated in an internal industrial wastewater treatment plant before discharge into the Sava River.

Process water used for heating and cooling is infiltrated into an infiltration borehole. Since the physicochemical properties of this water (with the exception of temperature) remain unchanged, it is not treated prior to infiltration.

Sanitary wastewater is discharged via the public sewer system to the Kranj municipal wastewater treatment plant.

4. Resource Use, Circular Economy, and Waste Management [B7]

ISKRA ISD implements circular economy principles at multiple levels throughout its production and development processes, successfully adapting to customer requirements:

- 🌱 **Use of recycled materials:** The company prioritises recycled materials in its raw material cycles, particularly in plastics, aluminium alloys, steel, brass, and copper segments.

- ✿ **Collaboration within supply chains that can demonstrate their circularity:** ISKRA ISD partners with businesses that actively apply circular economy principles in practice.
- ✿ **Product lightweighting:** The optimisation of product design reduces weight and consequently lowers the carbon footprint (CO₂) throughout the life cycle (LCA).
- ✿ **Designing products for minimal harmful emissions and waste:** During development and sales phases, the company accommodates customers by reducing material scrap rates, lowering production emissions, and introducing more energy-efficient technological solutions. ISKRA ISD engages in discussions on material optimisation, especially for products made from combined materials (plastic, metal, surface protection), where design adjustments enable reductions in production waste volumes. In some cases, customers make supplier selection conditional on expert design-for-manufacturing analyses focusing on sustainable efficiency. Using high-reliability digital twin simulations, the production process flow can be predicted in advance. This allows timely determination of necessary adjustments already in the design and planning stages of production steps, significantly reducing scrap and inadequate quality.
- ✿ **Product Design for Longer Lifespan, Repairability, and Recyclability:** Products are increasingly being designed for extended service life, reparability, reuse, and recycling, in line with customer requirements. Although product specifications are typically set by the client, as a development supplier we participate in projects that promote the use of serviceable design (design-for-repair) principles, especially for electromechanical components in electrified vehicles (HEV, BEV) and industrial valves. Within this context, we collaborate on technical feasibility assessments to enable easier material separation at the end of the product lifecycle. This trend is particularly apparent in tenders related to sustainable mobility and industrial automation.
- ✿ **Returnable packaging systems:** We employ reusable transport systems (e.g., pallets, crates, blister packs), which are partially co-financed by customers.
- ✿ **Digitisation and traceability:** Increased digitisation enables improved tracking of materials and supports material and recycling flows.
- ✿ **Waste minimisation:** Waste is reduced from the design stage onward, favouring processes with lower emissions and less energy-intensive technologies.
- ✿ **Use of renewables:** A solar power plant installed on the company roof contributes green energy to the production processes.

Mass Flows of Key Raw Materials

ISKRA ISD is a predominantly manufacturing-oriented company, utilising numerous metal and plastic raw materials. The annual mass flows of key raw materials are presented in the table below:

Table 16: Major raw material mass flow

RAW MATERIALS	MASS FLOW (IN TONNES) FY 2024	MASS FLOW (IN TONNES) FY 2025
Plastic materials	1,400	1,200

Aluminium alloys	1,400	1,000
Metals (steel and non-ferrous metals in rods)	972	784
TOTAL	3,772	2,984

Manufacturing processes generate waste streams that are consistently separated at source and handed over to authorised collectors for recycling and energy recovery. Waste is classified according to the requirements of the European Waste Catalogue (EWC). In 2025 the company generated 902 tonnes of non-hazardous waste and 242 tonnes of hazardous waste (see Table 17). ISKRA ISD does not generate radioactive waste.

All metal waste, the majority of plastic waste, and certain categories of waste packaging are recycled (materially recovered). Some waste streams are subject to energy recovery (co-incineration in industrial furnaces). Waste that cannot be recovered either materially or energetically is safely disposed of (e.g., construction waste).

Table 17: Waste streams managed within ISKRA ISD's circular economy in 2024

WASTE TYPE (IN TONNES, *ESTIMATES)	TOTAL WASTE GENERATED	WASTE CHANNELLED TO REUSE, EITHER MATERIAL OR ENERGY	WASTE CHANNELLED TO DISPOSAL
Non-hazardous waste	983.5	978.9	4.6
07 02 13 - Waste plastic	32.7	30.7	2
11 05 99 – Other similar waste (e.g., anodes)	0.1	0.1	
12 01 01 – Iron filings and turnings	350.9	350.9	
12 01 02 – Iron dust and particles	123.2	123.2	
12 01 03 – Non-ferrous metal turnings (copper, brass)	166.2	166.2	
12 01 04 – Non-ferrous metal dust and particles (copper, brass)	147.2	147.2	
12 01 05 – Plastic shavings	90.2	90.2	
15 01 01 – Paper and cardboard packaging	51.7	51.7	
15 01 02 – Plastic packaging	1.5	1.5	
15 01 04 – Metal packaging	0.2	0.2	
15 01 06 – Mixed packaging	3	3	
16 02 14 – Discarded equipment	0.3	0.2	0.1
17 02 01 – Wood s construction waste	6.8	5	1.8
17 02 02 – Glass as construction waste	0.7		0.7
17 04 11 – Cables as construction waste	0.2	0.2	
20 01 01 – Paper and cardboard as municipal waste	1.4	1.4	
20 01 08 – Biodegradable waste	2.5	2.5	

20 03 01 – Mixed municipal waste	4	4	
20 01 36 – Discarded electrical and electronic equipment as municipal waste	0.7	0.7	
Hazardous waste	260.7	70.0	190.7
11 01 07* - Lyes from pickling	2.7		2.7
11 01 09* - Sludges and filter cakes containing hazardous substances	70.8	40.6	30.2
12 01 09* - Machine emulsions and solutions free of halogens	31.5		31.5
12 01 14* - Machine sludges containing hazardous substances	2.7		2.7
12 01 16* - Blasting waste containing hazardous substances	2.6	2.6	
12 01 18* - Metal grinding sludges containing oils or emulsions	2.6	2.6	
12 03 01* - Aqueous washing liquids	27.0		27.0
13 01 10* - Mineral non-chlorinated hydraulic oils	0.1		0.1
13 02 05* - Mineral non-chlorinated motor oils	7.2		7.2
13 05 02* - Sludges from oil/water separators	3.5		3.5
13 05 07* - Oil-contaminated water from oil/water separators	12.4		12.4
14 06 03* - Solvents and solvent mixtures	0.1		0.1
15 01 10* - Packaging contaminated with hazardous substances	0.5		0.5
15 02 02* - Absorbents and filter materials	6.5		6.5
16 01 07* - Oil filters	0.01	0.01	
16 03 03* - Inorganic wastes containing hazardous substances	45.1		45.1
16 03 05* - Organic wastes containing hazardous substances	0.1		0.1
19 02 05* - Sludges from physico/chemical treatment containing hazardous substances	45.1	24	21.1
20 01 33* - Batteries and accumulators classified as municipal waste	0.01	0.01	
20 01 35* - Discarded electrical and electronic equipment containing hazardous substances classified as municipal waste	0.2	0.2	
TOTAL (in tonnes)	1244.2	1048.9	195.3

*Opomba: količine odpadkov, usmerjene v ponovno uporabo, snovno in energetska izrabo oz. v odstranjevanje so ocenjene (na osnovi pridobljenih dovoljenj predelovalcev oz. odstranjevalcev odpadkov ter uveljavljenih praks ravnanja s posameznimi vrstami odpadkov).

Table 17a: Waste streams managed within ISKRA ISD's circular economy in 2025

WASTE TYPE (IN TONNES, *ESTIMATES)	TOTAL WASTE GENERATED	WASTE CHANELLED TO REUSE, EITHER MATERIAL OR ENERGY	WASTE CHANELLED TO DISPOSAL
Non-hazardous waste	902.2	884.2	18
07 02 13 – Waste plastic	97.9	91.9	6
08 03 18 – Waste printing toner cartridges	0.02	0.02	
11 05 99 – Other similar waste (e.g., anodes)	0	0	
12 01 01 – Iron filings and turnings	286.5	286.5	
12 01 02 – Iron dust and particles	98.2	98.2	
12 01 03 – non-ferrous metal turnings (copper, brass)	148.2	148.2	
12 01 04 – non-ferrous metal dust and particles (copper, brass)	120.1	120.1	
12 01 05 – Plastic shavings	0	0	
12 01 17 – Waste blasting materials (dry blasting)	1.4	1.4	
12 01 17 – Waste blasting materials (wet blasting)	0.5	0.5	
15 01 01 – Paper and cardboard packaging	68.2	68.2	
15 01 02 – Plastic packaging	4	4	
15 01 03 – Wood packaging	1.4	1.4	
15 01 04 – Metal packaging	1.7	1.7	
15 01 06 – Mixed packaging	17.7	17.7	
16 02 14 – Discarded equipment	0.2	0.1	0.1
17 02 01 – Wood s construction waste	5.4	4.0	1.4
17 02 02 – Glass as construction waste	0	0	
17 02 03 – Plastic	1.8	1.8	
17 04 11 – Cables as construction waste	0.2	0.2	
17 09 04 – Mixed construction waste	10.5	0	10.5
20 01 01 – Paper and cardboard as municipal waste	0	0	
20 01 08 – Biodegradable waste	14.7	14.7	
20 03 01 – Mixed municipal waste	23.6	23.6	
20 01 36 – Discarded electrical and electronic equipment as municipal waste	0	0	
Nevarni odpadki	242.3	56.73	185.57
06 02 05* - Other alkalis	0		
07 06 04* - Other organic solvents	0		

08 01 11* - Waste paint and varnish	0.05	0.03	0.02
11 01 07* - Lyes from pickling	5.2		5.2
11 01 09* - Sludges and filter cakes containing hazardous substances	87.1	49.9	37.2
12 01 09* - Machine emulsions and solutions free of halogens	27		27
12 01 14* - Machine sludges containing hazardous substances	1.6		1.6
12 01 16* - Blasting waste containing hazardous substances	0.6	0.6	
12 01 18* - Metal grinding sludges containing oils or emulsions	5	5	
12 03 01* - Aqueous washing liquids	33.5		33.5
13 01 10* - Mineral non-chlorinated hydraulic oils	0		
13 02 05* - Mineral non-chlorinated motor oils	9		9
13 05 02* - Sludges from oil/water separators	4.5		4.5
13 05 07* - Oil-contaminated water from oil/water separators	8.6		8.6
14 06 03* - Solvents and solvent mixtures	0.05		0.05
15 01 10* - Packaging contaminated with hazardous substances	0.7		0.7
15 02 02* - Absorbents and filter materials	6.4		6.4
16 01 07* - Oil filters	0.2	0.2	
16 03 03* - Inorganic wastes containing hazardous substances	50.1		50.1
16 03 05* - Organic wastes containing hazardous substances	1.7		1.7
16 06 01* - Lead-acid batteries	1.0	1	
19 02 05* - Sludges from physico/chemical treatment containing hazardous substances	0		
20 01 33* - Batteries and accumulators classified as municipal waste	0		
20 01 35* - Discarded electrical and electronic equipment containing hazardous substances classified as municipal waste	0		
TOTAL (in tonnes)	1,144.5	940.9	203.6

*Note: Quantities of waste directed to reuse, material or energy recovery, and disposal are estimated based on permits obtained from waste processors or disposers and established waste management practices for individual waste types.

In 2025, ISKRA ISD generated a total of 1,144.5 tonnes of waste, of which 82.2% was diverted to reuse, material recovery, or energy recovery. Waste directed to disposal accounted for the remaining 17.8% of total waste generated.

ISKRA ISD is committed to further improving the quality and transparency of its waste reporting. In the coming years, the company will seek to obtain more detailed information from waste management contractors regarding the final treatment and recovery routes of waste generated within its operations. This will enable more accurate and comprehensive reporting on waste management performance and support the company's circular economy objectives.

VII. B8 & C5 – GENERAL CHARACTERISTICS OF THE WORKFORCE

1. Workforce – General Characteristics [B8]

As of 31 December 2025, ISKRA ISD, operating in Slovenia, employed 458 employees (31 December 2024: 475 employees). Of the total workforce, 94.4% were employed on permanent contracts (2024: 91.8%) and 5.6% on fixed-term contracts (2024: 8.2%). The workforce consisted of 31.9% women (2024: 33.5%) and 68.1% men (2024: 66.5%). Employee turnover during the reporting period was 16.7% (2024: 23.0%).

Table 18: Own workforce in 2024

YEAR	GENDER	AS AT 31 DECEMBER 2024	AVERAGE NO. OF EMPLOYEES	TYPE OF EMPLOYMENT		TURNOVER RATE
2024				Indefinite period (in %)	Fixed term (in %)	
ISKRA ISD	W	159 (33.5%)	162	29.3	4.21	7 %
	M	316 (66.5%)	330	62.5	4	16 %
	TOTAL	475 (100%)	493	436 (91.8 %)	39 (8.2%)	23 %

Table 18a: Own workforce in 2025

YEAR	GENDER	AS AT 31 DECEMBER 2025	AVERAGE NO. OF EMPLOYEES	TYPE OF EMPLOYMENT		TURNOVER RATE
2025				Indefinite period (in %)	Fixed term (in %)	
ISKRA ISD	W	146 (31.9%)	140	29.2	2.6	4%
	M	312 (68.1%)	320	96.8	3.2	12%
	TOTAL	458 (100%)	460	431 (93.7%)	27 (6.6%)	17%

2. Additional (General) Workforce Characteristics [C5]

In 2025, ISKRA ISD did not hire temporary workers through employment agencies, nor did it engage self-employed individuals who worked exclusively for the company and generated more than 80% of turnover, as this could imply an employment relationship contrary to Slovenian Employment Relationships Act (ZDR-1).

The in-house workforce includes 140 foreign nationals (30 %) from seven countries: Bulgaria, Bosnia and Herzegovina, Croatia, Kosovo, North Macedonia, Philippines and Serbia. These employees work under equal conditions, rights, and obligations as other employees.

The gender ratio in the extended management team is approximately 1 woman to 1.4 men. See Table 19 for more information.

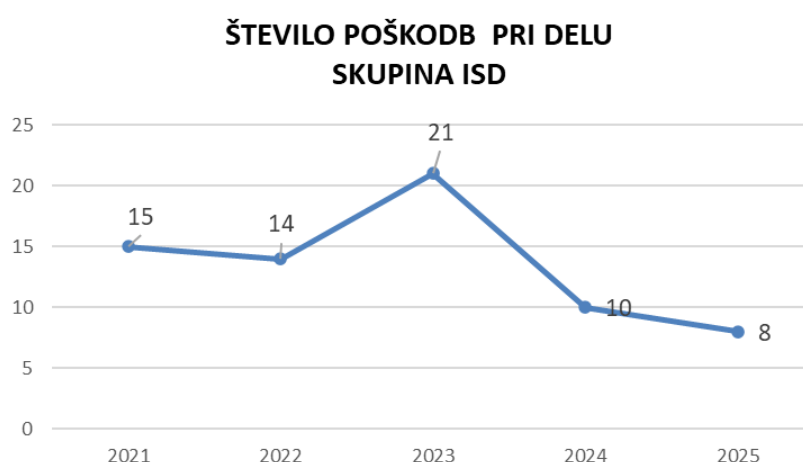
VIII. B9 & B10 – HEALTH, SAFETY, AND OTHER WORKFORCE INFORMATION

1. Workforce Health and Safety [B9]

ISKRA ISD recognises health and safety at work as a priority, reflected by having a dedicated employee responsible for safety and health at work. The company has adopted and published a Policy on Health and Safety at Work, accessible to all employees (on notice boards and Cyclone). The Safety Statement with Risk Assessment is regularly reviewed and updated. The Risk Assessment covers physical, mechanical, psychosocial risks, and potential occupational diseases.

In 2025, there were 8 recorded workplace accidents, all classified as minor injuries. This represents the lowest number of accidents in the past five years, indicating an improvement in workplace safety and the effectiveness of preventive measures.

Chart 7: Number of workplace injuries in the last 5 years



The injury frequency rate is calculated as 2.17 injuries per 200,000 hours worked (based on 8 injuries at work * 200.000h / 736,051h = 2.17). There were no fatal workplace accidents or occupational diseases recorded in 2025.

2. Payments, Collective Bargaining, and Training [B10]

Employee Remuneration

All employees receive remuneration that is at least equal to or higher than the applicable minimum wage, in accordance with national labour legislation and the collective agreement for the metal industry. The company consistently adheres to all legal regulations and provisions of the collective agreement that govern wages, working conditions, and other rights and obligations arising from the employment relationship.

Training

In 2025, the average number of training hours per employee was 10.8 hours. This figure includes all internal and external training activities, as well as mentoring programmes. Based on the workforce composition, approximately 70% of employees were male and 30% were female. The company is committed to supporting the continuous professional development of all employees by providing learning and development opportunities that enhance knowledge, skills, and competencies across the organisation.

Gender Pay Gap

As of 31 December 2025, the average gender pay gap stood at 20.6 %. The pay gap is defined as the difference between the average gross hourly wage of female and male employees, expressed as a percentage of the average gross hourly wage of male employees.

Collective Agreement Coverage

90.2 % of all employees are covered by collective agreements, thereby accessing rights established by sectoral agreements. All employees are subject to the rights and obligations stipulated by the Employment Relationships Act (ZDR-1) and the sectoral collective agreement for the metal industry.

IX. C6 & C7 – HUMAN RIGHTS

1. Additional Information on Own Workforce – Policies and Procedures Regarding Human Rights [C6]

Code of Conduct and Human Rights Policy for Own Workforce

The company has put in place Rules on Employee Protection in the Workplace that address key areas of human rights, including prevention of discrimination, sexual and other harassment. Furthermore, Code of Conduct and Code of Ethics are published in the organisational environment (Cyclone, notice boards). The two documents set expected standards for ethical and professional behaviour by employees. Employees have the possibility to report misconduct through a specifically established email address: dostojanstvo@iskra-isd.si.

Code of Conduct for Business Partners

ISKRA ISD has implemented a Code of Conduct for Business Partners, available on the company website at: [ESG Code of Conduct for business partners EN ver.01-20.5.2025.pdf](#)

The Code of Conduct for Business Partners defines:

- Expectations regarding environmental protection and sustainable operation.
- Respect for human rights, ensuring decent work and equal opportunities.
- Fair, lawful, and transparent business conduct without corruption or abuse.
- Responsibility for product safety, data protection, and compliance with regulations.

Within this framework, suppliers are expected to act according to high environmental, social, and ethical standards. They must ensure traceability of material origins, respect human rights, and cascade these Code requirements down to their subcontractors. By agreeing to and accepting the Code, suppliers also undertake to promptly report any detected or confirmed breaches of legislation to competent authorities or responsible persons.

ISKRA ISD strives for open communication with stakeholders and promotes responsible business conduct and long-term sustainable success through ongoing dialogue.

Grievance Mechanism for Own Workforce

In accordance with the Whistleblower Protection Act – ZZPri (Official Gazette of the Republic of Slovenia, No. 16/23), the company has introduced Rules on the Establishment of an Internal Whistleblowing Procedure and appointed a confidential trustee responsible for the independent handling of employee reports. The reporting channel operates via the email address zaupno@iskra-isd.si, which is managed by the trustee.

The mechanism includes the possibility to address complaints related to the following areas: child labour, forced labour, discrimination, sexual and other harassment, health and safety at work (accident prevention), and ensuring fair working conditions and remuneration.

The objective of the mechanism is to provide a trustworthy and secure environment where employees can raise concerns without fear of retaliation.

2. Serious Negative Cases of Human Rights Violations [C7]

In 2025, no confirmed cases of serious human rights violations were identified in the company's own workforce or value chain. There were also no recorded cases related to child labour, forced labour, human trafficking, discrimination, or other forms of systemic human rights violations.

Grievance mechanisms have been put in place for the company's own workforce so that they can report violations and carry out internal verification procedures, enabling early detection of potential risks.

X. B11, C8 & C9 – GOVERNANCE-RELATED DISCLOSURES

1. Convictions and Fines for Corruption and Bribery [B11]

During the reporting period, the company was neither subject to any judicial convictions nor has had any fines imposed for breaches of legislation concerning the prevention of corruption and bribery. No confirmed incidents of conduct suspected as constituting such breaches were detected during this period.

2. Revenues from Certain Sectors and Exclusions from EU Reference Indicators [C8]

Inclusion in EU Reference Indices Aligned with the Paris Agreement

In accordance with Commission Delegated Regulation (EU) 2020/1818, ISKRA ISD is not excluded from EU reference indices aligned with the Paris Agreement.

Revenues from Controversial Sectors

The company does not operate in sectors associated with controversial types of weapons, tobacco products, fossil fuels (coal, oil, natural gas), or chemicals such as pesticides and other agrochemicals. The company does not generate revenues from these activities.

3. Gender Ratio in the Management Body [C9]

At ISKRA ISD, the gender representation ratio in the management body, including extended management, is approximately **1** woman to **1,4** men. The company monitors and promotes balanced gender representation in leadership positions as part of its commitment to an inclusive organisational culture.

Table 19: Management composition and diversity of the extended management

MANAGEMENT BODIES	TOTAL	M (No./%)	F (No./%)
General Manager	1	1 (100%)	/
Managing directors of divisions	3	2 (67%)	1 (33%)
Department heads (sales, purchasing, finance and accounting, controlling, HR, IT, development and laboratory and metrology departments)	8	4 (63%)	4 (37%)
Total extended management	12	7 (58%)	5 (42%)

Implementation: July 2026

Content Preparation: ISKRA ISD Sustainability Team

Images and Graphic Elements: ISKRA ISD internal archive and other sources.