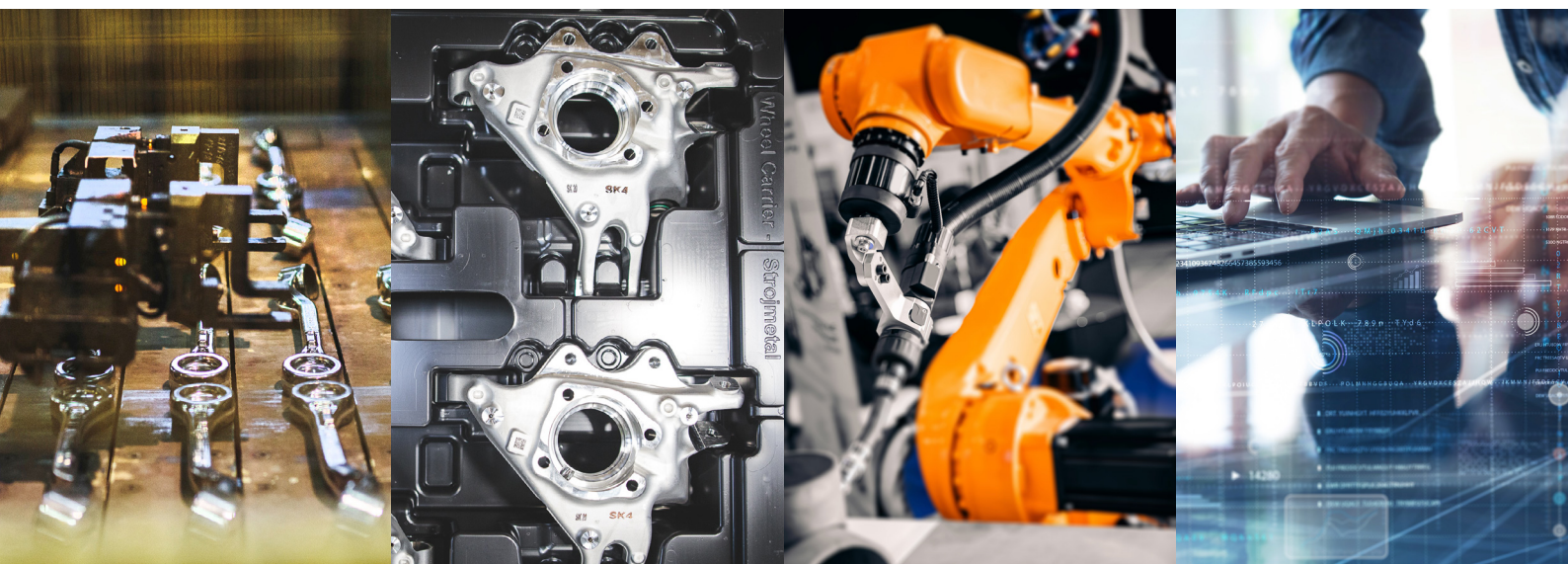


STROJMETAL ALUMINIUM FORGING



2022

ESG Report



2022

ESG Report

Table of Contents:

1 Introduction	4
1.1 Message from the Chairman of the Executive Committee	4
Business ethics	3
1.2 Company profile	5
1.2.1 Company details	5
1.2.2 Overview of Strojmetal's business	6
1.2.3 Geographic location	6
1.2.4 Organisational structure of Strojmetal Aluminium Forging	7
1.2.5 History at a Glance	8
1.3 Economic performance	9
1.3.1 Key economic figures	9
1.4 About the report	10
1.5 Materiality analysis	10
1.5.1 Material topics	11
1.5.2 Stakeholders	12
1.5.3 Sustainable development objectives	14
1.5.4 ESG-related risks and opportunities	16
1.6 ESG strategy	16
2 Environment	19
2.1 General - environmental management system, environmental compliance, employee environmental education, substances of concern, substances of very high concern	19
2.2 Employee environmental education	19
2.3 Carbon footprint and emissions	20
2.3.1 GHG emissions from own operations	21
2.4 Energy & fuel	26
2.5 Waste management and the circular economy	28
2.6 Product design and lifecycle management	29
2.7 Water management	30
2.8 Air pollution	31
2.9 Product carbon footprint	31
3 Social	34
3.1 Employee care	34
3.1.1 Key workforce statistics	34
3.1.2 Availability of skilled workforce	35
3.1.3 Performance evaluation and feedback	36
3.1.4 Diversity, non-discrimination and human rights	36
3.1.5 Education and training	38

3.1.6 Corporate culture	38
3.1.7 Work-life balance and well-being	40
3.1.8 Health and safety	41
3.2 Charities, non-profit and local communities	42
3.3 Consumers and end-users	43
4 Governance	44
4.1 Highest governance body, governance structure and composition	44
4.1.1 Board of directors	44
4.1.2 Supervisory board	45
4.1.3 Executive management	46
4.1.4 Other governance bodies	46
4.1.5 Conflict of interest	46
4.1.6 Evaluation of the performance of the highest governance body and remuneration	46
4.1.7 Communication of critical concerns	47
4.2 ESG Governance	47
4.3 Anti-corruption, business ethics, compliance with laws and regulations, and protection of whistleblowers	48
4.3.1 Policy commitments within business ethics – Code of Conduct	48
4.3.2 Compliance with laws and regulations	48
4.3.3 Mechanisms to remediate negative impacts, seeking advice and raising concerns	48
4.3.4 Collective bargaining agreements	49
4.3.5 Anti-corruption, money laundering and anti-competitive behaviour	49
4.3.6 Political engagement and lobbying activities, public policy	50
4.3.7 Animal welfare	50
4.3.8 Product quality and safety	50
4.4 Customer privacy (GDPR), data security and management	50
4.4.1 Role of the chief information security officer	51
4.4.2 TISAX certification	51
4.4.3 Data security	51
4.4.4 Data management	51
4.4.5 Privacy and GDPR compliance	52
4.4.6 Supplier data protection	52
4.4.7 Employee training and awareness	52
4.5 Supply chain responsibility	52
4.5.1 Strojmetal's value chain	53
4.5.2 Supplier selection	53
4.5.3 Materials sourcing	54
4.5.4 Supplier environmental assessment	54
4.5.5 Supplier social assessment, including human rights	55
4.5.6 Management of relationships with suppliers, including payment practices	55
4.6 Innovation, sustainable technologies and adaptability of new business models	56
4.7 Memberships, associations	57
5 Attachments	58
6 List of abbreviations	68

1 Introduction

1.1 Message from the Chairman of the Executive Committee

In 2020, Strojmetal's new management defined its corporate values, which we intend to continue to develop. These values are based on three pillars: accountability, transparency and people.

Sustainability remains at the forefront of our business agenda

An environmentally friendly operation and a low carbon footprint are key to our business. We respond to the requirements of legislation, our customers, and our stakeholders. Environmental protection is perceived as an important pillar of our business, with a focus on its sustainable development. As a member of the MTX group, we understand that respect for the environment and an emphasis on greening our operations are inseparable parts of our business and corporate culture. We are continuously optimising management processes in aluminium processing and other areas, implementing recycling cycles at our units, looking for new ways to reduce emissions, and optimising our transportation and logistics. We have established a circular product cycle and communicate the sustainability of our business with the municipalities where we operate.

Business ethics are non-negotiable in our partnerships and operations

Among Strojmetal's business partners are suppliers from the Czech Republic, the European Union and other countries. Our employees are representatives of a sophisticated business environment and actively adhere to the principles of compliance in doing business. Our representatives always act in accordance with legal regulations, internal policies, and our code of ethics.

In the Czech Republic, we cooperate with selected universities and schools to improve technical education. In places where we do business, we establish and develop relationships with municipalities. We collaborate on how the locations will develop and what role our business activities will play in this. We are a good neighbour and contribute to developing the places where we do business.

People are the heartbeat of Strojmetal

Every quality company is defined by its employees. Our employees are the most valuable asset we have, whether they work in manufacturing roles or in office positions. The occupational health and safety of our employees, especially in our operations, is a priority for us. Our people always have at their disposal the most modern tools for their constant development. We choose our teammates carefully; we only want the best. Nevertheless, we know that lifelong learning and retraining is the key to professional development in today's dynamic times. For this purpose, we communicate with all our employees, hold regular annual interviews with individual employees, and have an effective training system in place. As at 31 December 2022, the Company had a total of 549 employees, 71% of them in blue-collar positions.

I am very pleased to say that Strojmetal Aluminium Forging a.s. continues to have a stable position on the market as one of the leading manufacturers of aluminium chassis parts. Our company's success is primarily based on the professional know-how and managerial and sales skills of our employees, as well as good relations to our customers. We strive to create the best working conditions for our people and show appreciation their work results.

After years of being affected by the COVID-19 pandemic, we have had a year marked by increasing energy prices and accelerated geopolitical instability in Eastern Europe. At the same time, this year brought high demand for most of our products, resulting in increased sales and labour productivity.

Despite the dynamics of the automotive market in Europe still being slow, we managed to generate the necessary financial resources to expand and improve the technologies we use. Our focus is on creating long-term value and building strong, positive relationships with our business partners.

A significant event in 2022 was the creation of new production capacities in Bruntál, where we built a new automated forging line to produce Front Upper Control Arms (FUCA). We started the trial operation successfully as planned, and our activities were certified in a customer audit. We are now planning to expand production further by building additional forging lines. The investment is funded by both equity and liabilities.

Strojmetal's strategy for the future remains knowing the market and flexibly adapting to its environment, ensuring supply reliability for the world's largest automotive producers. We are implementing and fulfilling our long-term strategic plan: to achieve full automation of the production of forging chassis and other automotive parts. We will continuously invest in modernising and increasing the production capacity at the Kamenice plant and at the Bruntál industrial zone.

Our priority is to increase production efficiency as well as to stabilise production processes, with the goal of ensuring that Strojmetal is ready for further increases in volumes in the coming years and able to defend its position in domestic and foreign markets.

I would also like to use this opportunity to thank all our business partners, financing banks, and above all our co-workers for their active support, cooperation, patience, and loyalty in securing the company's business and economic objectives over the past year. I trust that they will also stay with us in the current year.

1.2 Company profile

1.2.1 Company details

Legal name: Strojmetal Aluminium Forging a.s., hereinafter referred to as 'Strojmetal'.

Nature of ownership: Company is fully owned by MTX Group a.s., registered in the Czech Republic

Location of headquarters: Ringhofferova 66, 251 68 Kamenice, Czech Republic

1.2.2 Overview of Strojmetal's business

Strojmetal is one of the most important companies in Czech industry. Strojmetal focuses on the processing of aluminium alloys. The company's main activity is the production of die-forging shapes of aluminium alloys, the production of forming tools, and CNC machining of forgings of its own production. Strojmetal's customers are mainly from the automotive sector. We also supply parts for industrial applications, as well as components for aircraft engines. The company produces and supplies die-forged shapes made of aluminium alloys for global customers, mainly from Europe. The exports into North America and Asia has a volume of 16% on sales revenues.

1.2.3 Geographic location

Strojmetal's main production plant is located in Kamenice, the Czech Republic, in the Central Bohemia region near the capital city of Prague. The second production plant in Bruntál was newly opened at the end of 2022, and there is a plan to boost production until 2025.

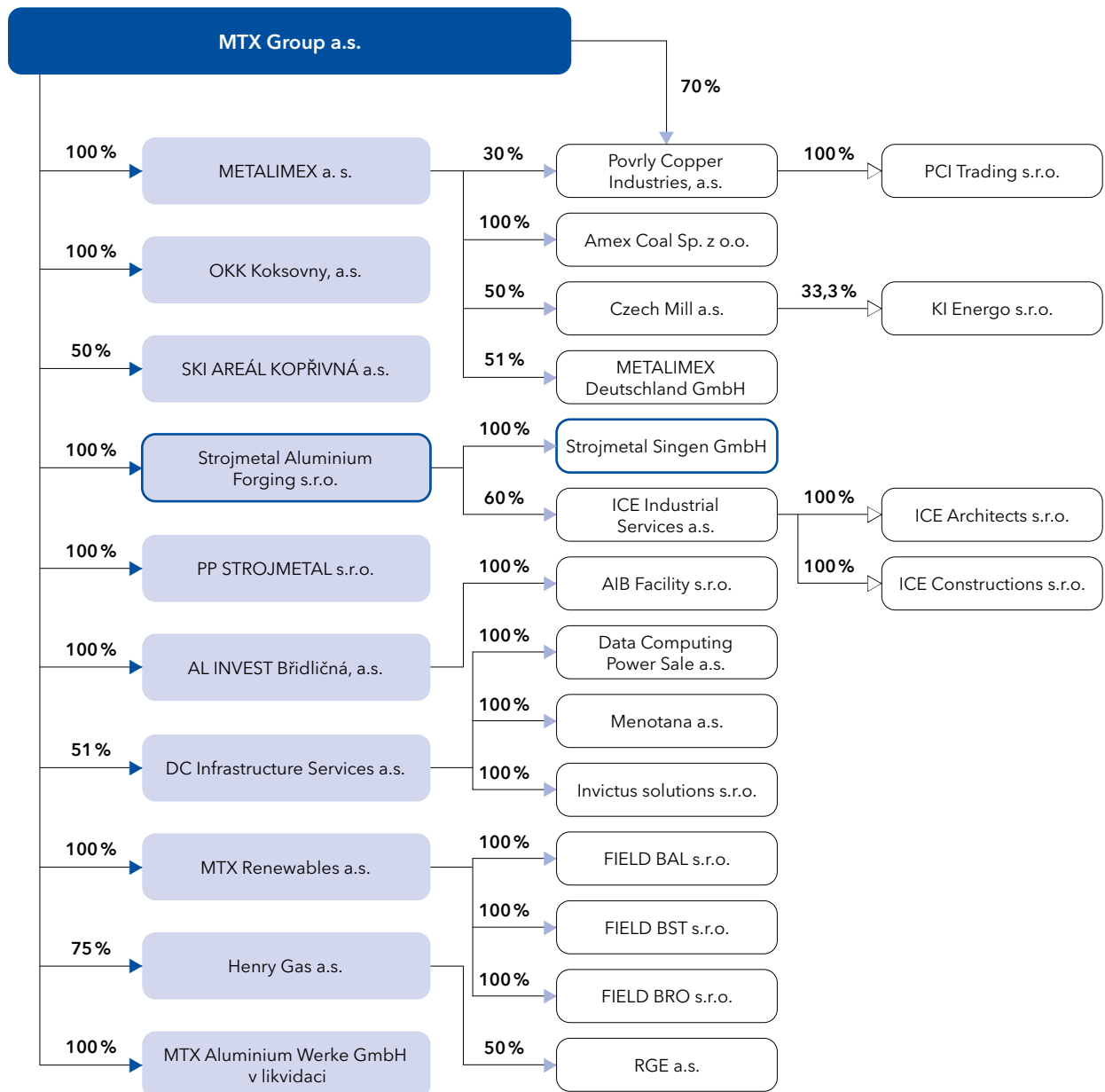
Strategically located in Singen, Germany, our sales entity serves as a vital bridge to European markets, facilitating marketing and sales, technical support, and product development.

This revised report aims to capture the essence of our corporate values, strategic objectives, and operational prowess, underscoring our commitment to sustainable growth, ethical conduct, and stakeholder engagement.



1.2.4 Organisational structure of Strojmetal Aluminium Forging

Strojmetal's sole shareholder is MTX Group a.s. Strojmetal owns a 100% stake in the trading company Strojmetal Singen GmbH. This Company carries out business activities in relation to both current and potential customers.



1.2.5 History at a Glance

Strojmetal Aluminium Forging a.s. continues the long tradition of processing aluminium alloys in Kamenice.

- **1824** - Copper smelting works founded by Josef Ringhoffer in Kamenice
- **1928** - Forge production started with copper and brass alloys
- **1940** - Production extended to forging aluminium alloys
- **1945** - Company taken into state ownership
- **1968** - The company's name changed to Strojmetal Kamenice
- **1996** - Cooperation began with Alusuisse Singen GmbH (today Constellium Singen GmbH)
- **1998** - Privatisation of the state-owned company to become the public limited company, Strojmetal Kamenice a.s.
- **2001** - A consortium with Alcan Singen GmbH (formerly Alusuisse) was set up for pure aluminium forging
- **2002** - Commissioning of the new forging production hall for automotive products and the fully automatic high bay warehouse for forging stock
- **2002-2004** - Forging production moved from Alcan Singen GmbH to Strojmetal Kamenice
- **2006-2012** - Installation of four fully automatic forging lines with different preform aggregates for the automotive industry
- **2012** - Joint Ventures Alcan Strojmetal Aluminium Forging s.r.o. founded
- **2013** - Alcan Strojmetal Aluminium Forging s.r.o. bought the Constellium Singen GmbH shares of the JV and is now the 100% owner of the forging activities
- **2013** - Commissioning of the fifth fully automatic line dedicated to control arms
- **2014** - The company name changed to Strojmetal Aluminium Forging Afaafa
- **2018** - MTX Group a.s., enters the parent company, SPOLEČNÝ PODNIK STROJMETAL, s. r. o.
- **2020** - Industrial holding MTX Group a.s., becomes the sole owner of the company. Production plant in Bruntál is built.

1.3 Economic performance

The Company produces and supplies die-forged shapes made of aluminium alloys for domestic and, especially, global customers, mostly from EU countries. The share of exports in the total volume supplied exceeds 89%, with the main sales territory being European markets.

1.3.1 Key economic figures

The key economic indicators are captured in the following tables. More detailed information regarding financial results is available in Strojmetal's 2022 Annual Report.

thousands of CZK	Jan-Dec 2022	Jan-Dec 2021
Revenue from goods, products and services	3 600 620	2 559 399
Cost of goods sold	(3 029 714)	(2 058 382)
Personnel expenses	390 931	359 734

Balance sheet

thousands of CZK	Jan-Dec 2022	Jan-Dec 2021
Total assets	5 148 284	4 060 064
Fixed assets	3 063 478	2 806 318
Current assets	2 068 061	1 247 679
Deferrals	16 745	6 067
Total liabilities and equity	5 148 284	4 060 064
Equity	2 727 602	2 340 874
Liabilities	2 420 356	1 719 190
Accruals	326	0

1.4 About the report

Strojmetal Aluminium Forging a.s. is issuing non-financial information in this 2022 ESG Report with reference to GRI Standards (2021), covering the reporting period from 1 January 2022 to 31 December 2022. As this is Strojmetal's first ESG report, no comparative historical data has been included.

No restatements have been made as this is the first ESG report.

Strojmetal hereby issues this ESG report covering the non-financial data of Strojmetal Aluminium Forging a.s. (the plants in Kamenice and Bruntál) and Strojmetal Singen GmbH. The consolidation of the quantitative indicators was performed for all entities unless otherwise specified at the particular indicator. ICE Industrial Services a.s. has not been consolidated as it operates within a different sector and drives its own ESG agenda.

The report has not been subject to external assurance.

The frequency of disclosures of non-financial information is established on an annual basis.

Please send any questions about the content of this report to sustainability@strojmetal.cz.

1.5 Materiality analysis

The materiality analysis was performed by taking the following steps:

1. Based on GRI Standards, a proposed draft of ESRS standards, the SASB and benchmarks from selected peers, we compiled an initial list of ESG topics relevant to the sector.
2. We held a workshop with the participation of management representatives from all roles and areas related to the ESG to evaluate and prioritise ESG topics. As we used a simplified approach reflecting double-materiality perspectives at a high level, the participants decided whether the topics were material from the perspectives of impact and finance.
3. The topics evaluated were then subjected to a detailed, one-by-one assessment in which the final groups of topics based on priority were defined.
4. Finally, the results were discussed, refined and validated by the board of directors.

1.5.1 Material topics

Basic requirement

intended to be disclosed based on requirement of stakeholder(s) or topic governed by law (part of due diligence)

- Waste
- Environmental Compliance
- Water
- Substances of concern, Substances of very high concern
- Pollution of soil
- Human rights
- Other work-related rights
- Personal safety of consumers and/or end-users
- Socioeconomic Compliance
- Information-related impacts for consumers and/or end-users
- Public Policy
- Communities' civil and political rights
- Social inclusion of consumers and/or end-users
- Particular rights of indigenous communities
- Compliance with laws and regulations
- Protection of whistleblowers
- Products Quality & Safety
- Labour Practices

Second-level priority

intended to be disclosed as part of non-financial reporting

- Climate change adaptation
- Climate change mitigation
- Managing risk and opportunities due to climate change
- Equal treatment and opportunities for all
- Employee Engagement
- Security Practices
- Local communities
- Labour relations in the value chain and respect for human rights
- Stakeholder dialogue
- Ethical business conduct
- Political engagement and lobbying activities
- Corruption and bribery
- Animal welfare

Top Priority

intended to be integrated into group strategy

- ● ● Supply chain responsibility
- Product Design & Lifecycle Management
- Carbon footprint
- Employee care
- Sustainable technologies and adaptability of new business models
- Data protection

Topic areas: ● Environmental ● Social ● Governance ● Sector-specific

1.5.2 Stakeholders

Stakeholders' priorities are crucial not only to our successful sustainable development but also to our business as such. That is why we strive to regularly engage with various stakeholders to help us identify material issues that need to be properly addressed to continuously improve our ESG performance. Over the past few years, we have seen significantly increased interest in ESG topics from our stakeholders, particularly our customers and financing banks.




Stakeholder	Topic	Form of communication	Frequency	Owner
Customers	Product design and lifecycle management Renewable energy sources Carbon footprint Personal safety of consumers and/or end-users Responsible supply chain Human rights and working conditions Product quality & safety Data protection	Questionnaires, online platforms, contracts, proposals	As needed - frequently	ESG department
Employees	Employee care, wellbeing Equal treatment and opportunities for all Employee engagement Adequate wages Work-life balance Employee education and development Working conditions Human rights Other work-related rights Labour Practices	Questionnaires, communication with HR and supervisor, Company newsletter, regular evaluation, meeting with employees, grievance mailbox (anonymous)	Regular, per need	HR, supervisors, management
Local Communities - local citizens and groups	Company impact - noise, water, traffic Sponsorship Communities' economic, social and cultural rights - culture and events Local communities Particular rights of indigenous communities	Face-to-face meetings, email, townhall meetings	Regular or per need	Top management

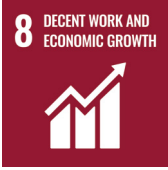
Stakeholder	Topic	Form of communication	Frequency	Owner
Suppliers	Supply chain responsibility Ethical business conduct + topics from customers	Questionnaires, email, calls, personal meetings	Questionnaires regularly, others as needed	Purchasing, logistic departments
Academia, research, education	Collaboration with universities, high schools, research institutions - product design, technical development and innovation, recruitment of talents Support of schools	Education fairs, communication with schools and institutions, apprenticeship, thesis, LinkedIn	Per need/regular	HR R&D department
Shareholders MTX	Financial topics, ESG issues, IT, HR, renewable energy, ethical business conduct	Face-to-face meetings, calls, emails	As needed - frequently	Finance department, ESG
Financial institutions, banks	Topics similar to customers	Questionnaires, personal meetings	Once per year	Finance department, ESG

1.5.3 Sustainable development objectives

A collection of 17 interlinked global goals called Sustainable Development Goals (SDGs) were set up in 2015 by the United Nations General Assembly to be a „blueprint to achieve a better and more sustainable future for all“ by the year 2030.

Strojmetal identified the following SDGs as potential areas where the group can positively contribute to the global efforts.

SDGs	Goal	Target	Name	Strojmetal Material - Top Priority Topics
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.1	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	
		6.3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	
	Ensure availability and sustainable management of water and sanitation for all	6.4	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	
		7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	Company sustainability performance - carbon footprint measurement
	Ensure access to affordable, reliable, sustainable and modern energy for all	7.3	By 2030, double the global rate of improvement in energy efficiency	Sustainable technologies and adaptability of new business models

SDGs	Goal	Target	Name	Strojmetal Material - Top Priority Topics
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors	Sustainable technologies and adaptability of new business models
		8.4	Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead	Product Design & Lifecycle Management
		8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	
		8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Employee carew
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.4	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	Company sustainability performance - carbon footprint measurement/ Sustainable technologies and adaptability of new business models
		9.5	Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	Product Design & Lifecycle Management

SDGs	Goal	Target	Name	Strojmetal Material - Top Priority Topics
	Ensure sustainable consumption and production patterns	12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	
		12.6	Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Supply chain responsibility
		12.7	Promote public procurement practices that are sustainable, in accordance with national policies and priorities	

1.5.4 ESG-related risks and opportunities

As ESG and climate-related risks and opportunities affect our business, we understand the importance of identifying them and engaging in proactive management. We plan to focus on identifying and assessing our risks and opportunities in more detail in near future.

1.6 ESG strategy

Strojmetal is committed to addressing environmental, social, and governance (ESG) issues strategically, aiming to play a pivotal role in fostering a sustainable future for our society. Strojmetal has adopted a comprehensive ESG strategy that includes six strategic areas: supply chain responsibility, employee care, data protection, company sustainability performance - carbon footprint measurement, product design & lifecycle management, and sustainable technologies and adaptability of new business models.

The strategic themes we've identified have been assigned objectives that the company wants to achieve. These aims are followed by evaluation KPIs with defined goals for the time period up to 2025 and 2030, and in the case of the strategic area of carbon neutrality, up to 2050. Monitoring and evaluation is carried out on a quarterly basis using individual KPIs.

The defined strategic areas, including the aims set-out, evaluation KPIs and goals, are summarised in the following table.

Key strategic area	Aim	Areas included	KPI	Goal
Supply chain responsibility	<ul style="list-style-type: none"> Responsible suppliers in an ESG relationship 	<ul style="list-style-type: none"> Supplier self-assessment requirement on ESG disclosures Supplier evaluation in compliance with the German Supply Chain Act Implementation of a supplier sustainability policy Design of a new supplier portal 	<ul style="list-style-type: none"> Basic supplier questionnaire General supplier questionnaire Audit of suppliers Commitment letter 	<ul style="list-style-type: none"> 2030 (all suppliers evaluated by Strojmetal) 2030 (audit of suppliers for selected groups). 2025* (95% of suppliers in Group 1, 90% in Group 2) 2030 (100% in Group 1 and 2 - major suppliers), (80% Group 3 and 4 - other suppliers)
Employee care	<ul style="list-style-type: none"> Improvement of working conditions - employee retention Reduction of employee absences Employee training and development 	<ul style="list-style-type: none"> Working environment of blue-collar workers Benefits system Analysis and use of results of regular employee satisfaction surveys Motivation system for low absence Development of training activities 	<ul style="list-style-type: none"> Employee turnover rate Employee absence rate Average number of training hours per employee per year Amount invested for training per employee 	<ul style="list-style-type: none"> 2025: 19% 2030: 16% 2025: 5% 2030: 5% 2025: 5.04 hours, ** 2030: 5.40 hours, ** 2025: 2 814 CZK, 2030: 3 011 CZK
Data protection	<ul style="list-style-type: none"> Increase employees' knowledge of data protection Successful data protection audits and zero penetration 	<ul style="list-style-type: none"> Employee data protection training Data protection certification 	<ul style="list-style-type: none"> Data protection training per employee Holder of TISAX certification 	<ul style="list-style-type: none"> 2025: 100% of employees covered 2030: 100% of employees covered 2023: TISAX certification 2025: TISAX PROTOTYPE certification process 2027: TISAX PROTOTYPE certificate

Key strategic area	Aim	Areas included	KPI	Goal
Company sustainability performance - carbon footprint measurement	<ul style="list-style-type: none"> Reducing company carbon footprint Reducing product carbon footprint 	<ul style="list-style-type: none"> Low-emission aluminium Supply chain carbon footprint Energy savings Own production of renewable energy Guarantees of origin Power Purchase Agreement 	<ul style="list-style-type: none"> Company CFP - Scope 1, 2 Company CFP - Scope 3 upstream 	<ul style="list-style-type: none"> 2030: 40% reduction of CFP compared to 2022 2030: 30% reduction of CFP compared to 2022 2050: climate neutrality
Product Design & Lifecycle Management	<ul style="list-style-type: none"> Reduction of aluminium consumption at the product input Increasing the share of low-emission aluminium 	<ul style="list-style-type: none"> Expansion of the development centre Redesign of selected products Build to Spec*** Cooperation with research companies and universities Low-emission aluminium 	<ul style="list-style-type: none"> Reduction in the input weight of selected products Share of low-emission aluminium in production 	<ul style="list-style-type: none"> 2025: 5% 2030: 5% 2025: 5% 2030: 20%
Sustainable technologies and adaptability of new business models	<ul style="list-style-type: none"> Increased production efficiency 	<ul style="list-style-type: none"> Innovation of production lines Optimisation of production steps on production lines Transferring development to the virtual lab 	<ul style="list-style-type: none"> OEE**** Energy intensity Half-year check Reduction of development on production lines 	<ul style="list-style-type: none"> 2025: 77% 2030: 82% 2025: 3.58 MWh/t 2030: 3.02 MWh/t 2025: 4 production lines 2030: all production lines 2025: 20%***** 2030: 100%*****

* For evaluation purposes, suppliers are divided into 4 groups according to their importance (Group 1: production material; Group 2: supporting material for production; Group 3: services; Group 4: other material).

** External training only

***Build to Spec - an approach where the manufacturer designs the product itself based on the customer's technical requirements

**** OEE - Overall equipment effectiveness

***** Transferring initial phase of process development to the virtual lab before starting physical development on production line

2 Environment

Environmentally friendly operations and a low carbon footprint are essential to our company and business. Even as a major industrial company, we understand the need to consider the environment.

As our main input material is aluminium alloys, we try to pay great attention to selecting suppliers who focus on sustainability. At our production sites (the Bruntál plant from 2023), we strive to optimise production and thus reduce the amount of electricity and fuel we use. We are investing in the renewal of production lines as well as in the expansion of our development centre. Great attention is paid to waste reduction and recycling. We return aluminium scrap to our aluminium alloy suppliers so that it can be reused. We are always looking for new ways to make our business as sustainable as possible.

2.1 General - environmental management system, environmental compliance, employee environmental education, substances of concern, substances of very high concern

Our environmental management system is guided by internal directives (for waste, water and air) and legislation requirements. In addition to that, our Kamenice plant is certified according to the ISO 14001 standard. Compliance with legislation and other requirements related to environmental protection is ensured through controls, audits and reporting to company management. Substances of very high concern do not occur at Strojmetal.

Employees undergo training on environmental topics, such as waste, chemicals and emergency plans on a regular basis.

2.2 Employee environmental education

Employee environmental training is periodic and set up by the employer. Training is provided on waste, chemicals and emergency plans.

2.3 Carbon footprint and emissions

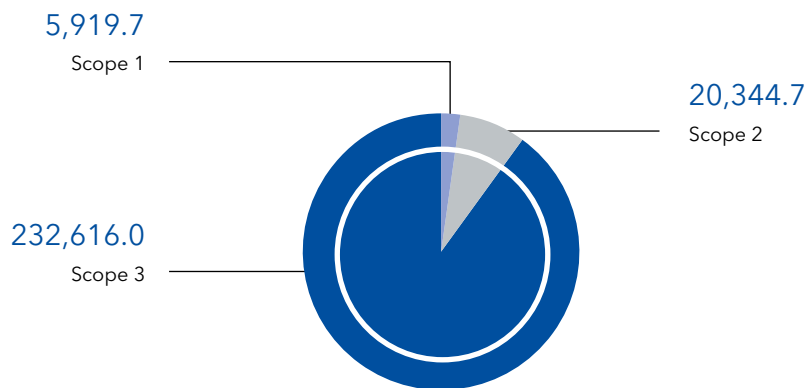
We present Strojmetal's carbon footprint in three categories (Scope 1, 2 and 3) according to the internationally recognised GHG Protocol methodology. The calculation of the carbon footprint for 2022 will be considered as the base year against which the Strojmetal's decarbonisation targets will be measured in the future.

Emission scope	Type of data	Unit	Year 2022
Scope 1	CO ₂ e	t	5,919.7
	Emissions intensity	tCO ₂ e/per Tonnes of production	0.33
Scope 2*	CO ₂ e	t	20,344.7
	Emissions intensity	tCO ₂ e/per Tonnes of production	1.13
Scope 3	CO ₂ e	t	232,616.0
	Emissions intensity	tCO ₂ e/per Tonnes of production	12.90
Total**	CO₂e	t	258,880.40
	Emissions intensity	tCO₂e/per Tonnes of production	14.35

* Scope 2 emissions are calculated according to the market-based methodology

**The calculation does not include all emissions of Strojmetal Singen (Only Scope 3 emissions are included: business travel, upstream leased assets, and fuel- and energy-related activities) – the unaccounted-for emissions represent less than 1% of the total emissions.

Source of emissions in tCO₂e



2.3.1 GHG emissions from own operations

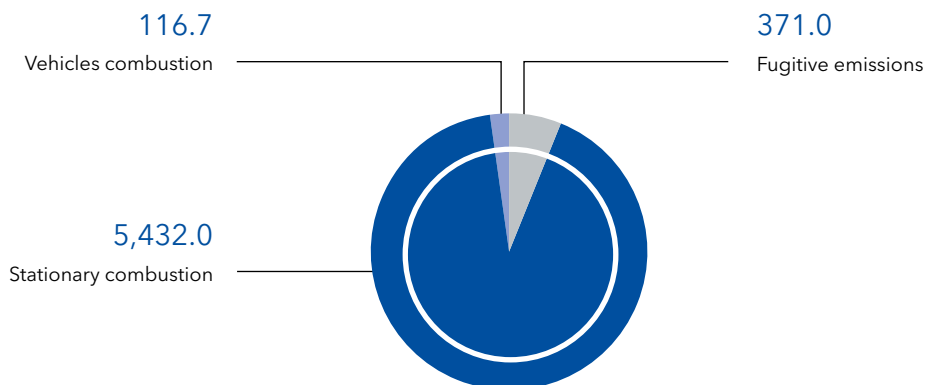
2.3.1.1 Direct emissions (Scope 1)

The 2022 carbon footprint calculation includes direct emissions (Scope 1) from our fleet operations and gas consumption for production and heating. In addition, we include non-carbon-dioxide greenhouse gas emissions, known as fugitive emissions, in this category. Strojmetal had a leakage of 178 kg of R410A gas in 2022, which is used in air conditioners in production. The company had no other fugitive gas leaks.

Scope 1			
Category of emission	Type of data	Unit	Year 2022
Fugitive emissions	CO2e	t	371.0
	Consumption	t	0.2
Stationary combustion	CO2e	t	5,432.0
	Consumption	GJ	107,155.1
Vehicles combustion (company fleet)	CO2e	t	116.7
	Consumption	l	48,262.3

More than 91% of Scope 1 emissions are attributable to the combustion of gas because gas is used in the production lines in the processing of aluminium alloys, which is energy intensive.

Scope 1 (tCO2e)



2.3.1.2 Indirect emissions from purchased energy (Scope 2)

Energy indirect emissions (Scope 2) include the purchase of electricity. The Company does not purchase steam, heating or cooling for its own use.

Scope 2

Category of emission	Type of data	Unit	Year 2022
Purchased electricity*	CO ₂ e	t	20,344.7
	Consumption	GJ	111,115.3

* Emissions are calculated according to the market-based methodology

Most of the electricity purchased is consumed in production activities. Over 90% of electricity consumption is attributable to production and related processes. Indirect energy emissions (Scope 2) represent approximately 8% of Strojmetal's total emissions.

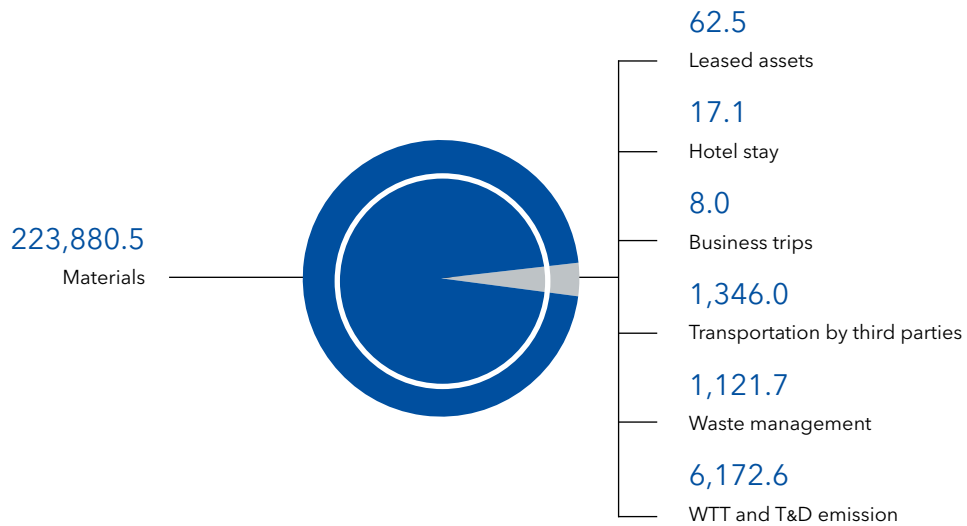
2.3.1.3 GHG emissions (Scope 3)

For Scope 3, we calculated emissions from seven categories for 2022 (business travel, upstream leased assets, purchased goods, upstream transportation and distribution, downstream transportation and distribution, waste generated from operations, and fuel- and energy-related activities). Emissions from other categories have not been calculated as we approach Scope 3 progressively and we will focus on the rest of the categories in upcoming years. The emissions included in Scope 3 represent more than 92% of Strojmetal's emissions. A summary of the calculated emissions by category in Scope 3 is given in the following table.

Scope 3

Category of emission	Type of data	Unit	Year 2022
Category 6: Business travel	CO ₂ e	t	8.0
	Consumption	km	53,232.0
Category 6: Business travel - hotel stays	CO ₂ e	t	17.1
	Consumption	number of nights	553.0
Category 8: Upstream leased assets	CO ₂ e	t	62.5
Category 1: Purchased goods - materials	CO ₂ e	t	223,888.1
	Consumption	t	32,288.7
	Consumption	m ³	50,388.0
Category 4, 9: Upstream/ downstream transportation and distribution	CO ₂ e	t	1,346.0
	Consumption	tkm	9,303,418.1
Category 5: Waste generated from operations	CO ₂ e	t	1,121.7
	Consumption	t	12,695.7
Category 8: Fuel- and energy -related activities	CO ₂ e	t	6,172.6
Not included in Scope 1 or Scope 2			
Total	CO₂e	t	232,616.0
	Emissions intensity	tCO₂e/per Tonnes of production	12.9

* 'Fuel- and energy-related activities' are also reported as 'WTT and T&D emissions', Not included in Scope 1 or Scope 2

Scope 3 emissions (tCO₂e)

Scope 3 - Category 1: Purchased goods

More than 92% of Strojmetal's emissions are in Scope 3. The largest share of Scope 3 emissions come from Category 1 - Purchased Goods, which represents more than 88% of the company's emissions. An overview of the emissions in Category 1 - Purchased goods is shown in the following table.

Purchased goods - materials	Type of data	Unit	Year 2022
Silentblock	CO ₂ e	t	681.4
	Consumption	t	132.6
Metal	CO ₂ e	t	221,831.9
	Consumption	t	30,551.5
Oils and lubricants	CO ₂ e	t	475.2
	Consumption	t	152.0
Others	CO ₂ e	t	399.7
	Consumption	t	351.2
Paper and cardboard	CO ₂ e	t	257.3
	Consumption	t	351.6
Plastic	CO ₂ e	t	0.8
	Consumption	t	0.3
Wood	CO ₂ e	t	234.3
	Consumption	t	749.6
Water services	CO ₂ e	t	7.5
	Consumption	m	50,388.0
Total	CO₂e	t	223,880.5

Emissions in Scope 3 come mainly from the consumption of materials used in the production of aluminium alloy products. The largest emissions come from purchased metal, in particular from purchased aluminium bars (made from various aluminium alloys), which are the main production input.

Metal emissions account for more than 99% of Scope 3 emissions. Significant emissions also arise from tool steel used by the company in the production of tools for the processing of aluminium alloys. Significant emissions also arise from the silentblocks used in selected aluminium products.

Category 3: Fuel- and energy-related activities

Well-to-Tank emissions (WTT) are the average of all greenhouse gas emissions released into the atmosphere during the production, processing and delivery of fuel or energy. Transmission and distribution (T&D) emissions are emissions associated with transmission and distribution losses.

WTT and T&D emissions	2022 tCO ₂ e
Business travel	2.1
Upstream leased assets	38.1
Energy indirect (purchased electricity)	4,890.1
Energy direct (stationary combustion)	925.4
Transportation and distribution	287.5
Energy direct (vehicles combustion)	29.5
Total	6,172.6

Category 4 and Category 9: Upstream/downstream transportation and distribution

Category 4 represents upstream transport and distribution, and Category 9 represents downstream transport and distribution. Categories 4 and 9 cover the transport of materials and products that is carried out by third parties. An overview of the different types of transport, including emissions, is shown in the following table.

	Type of transport	Type of data	Unit	2022 Year	
Downstream*	HGV Articulated (>3.5-33t)	Transported	tkm	1,306,087.3	
		CO ₂ e	t	183.0	
	Long-haul flight	Transported	tkm	47,600.05	
		CO ₂ e	t	48.5	
	Subtotal		Transported	tkm	1,353,687.3
			CO ₂ e	t	231.5
Upstream	HGV Articulated (>3.5-33t)	Transported	tkm	7,943,205.8	
		CO ₂ e	t	1,113.1	
	HGV Average Rigid	Transported	tkm	6,525.0	
		CO ₂ e	t	1.4	
	Subtotal		Transported	tkm	7,949,730.8
			CO ₂ e	t	1,114.5
Total		Transported	tkm	9,303,418.1	
		CO₂e	t	1,346.0	

*Only traffic for which the company had data was included in the emissions calculations. Data for downstream transport emissions calculations were particularly incomplete.

Category 5: Waste generated from operations

Waste generated from operations is the focus of a later part of this report.

Category 6: Business travel

Business travel included transport by air, car, train, bus. Hotel stays were also included, which accounted for the majority of emissions in Category 6. An overview of the different types of transport and accommodation is presented in the table below.

Category of emission	Subcategory of emission	Type of data	Unit	2022 Year
Air	short haul	CO2e	t	0.8
	short haul	Consumption	km	5,166.0
Car	Diesel	CO2e	t	1.4
	Diesel	Consumption	km	8,144.0
	Petrol	CO2e	t	5.4
	Petrol	Consumption	km	31,783.0
Train or bus	local bus	CO2e	t	0.1
	local bus	Consumption	km	1,168.0
	national train	CO2e	t	0.2
	national train	Consumption	km	6,971.0
Hotel stay		CO2e	t	17.1
		Consumption	number of nights	553.0
Total		CO2e	t	25.1

Category 8: Upstream leased assets

The Company uses 13 cars on operating leases, one of which is a plug-in hybrid. The emissions from the leased assets are shown in the table below.

Category of emission	Subcategory of emission	Type of data	Unit	2022 Year
Leased assets	Passenger fleet	CO2e	t	57.2
	Plug-in hybrids	CO2e	t	5.3
Total		CO2e	t	62.5

2.4 Energy & fuel

In 2022, Strojmetal used only the energy mix of the Czech Republic, where renewables represent 4%.

The energy sources used are electricity and natural gas with a total consumption of 218,270.4 GJ in 2022. At Strojmetal, we monitor energy consumption and process the available data into reports for further use. We look for energy-saving opportunities in both production and administrative areas.

In the design and subsequent implementation of all buildings, we always strive to minimise energy consumption, for example by using waste heat sources. A specific example is in the use of waste heat from compressors.

The key performance indicators (KPIs) for energy consumption and performance (existing) are energy consumption (kW) and price (CZK)/kg of processed material. The results are influenced by current input prices, product type and production mode (development, testing, mass production, etc.).

The majority of our fleet consists of vehicles on operating lease (13 vehicles), which are replaced according to their level of use and mileage. The same rules are followed for vehicles owned by Strojmetal (8 vehicles).

We have a total of 59 forklifts, of which 15 are internal combustion (2 rental) and 44 electric (16 rental). We have had an external company draw up a plan for the renewal of the forklifts up to 2028 and whereby replacement is staggered. Replacements are either from internal combustion to electric or from electric with lead batteries to electric with lithium batteries. For business trips, we mainly use company cars.

Energy: purchased electricity

The largest consumption of electricity is for production. The following table shows electricity consumption according to both location-based and market-based methodologies, including non-renewable sources, renewable sources, emissions and emission intensity.

Category of emission	Method	Type of data	Unit	2022 Year
Purchased electricity	Location based	Electricity consumption	GJ	111,115.3
		Emissions	CO2e	14,228.9
Purchased electricity	Market based	Non-renewable source	GJ	105,048.4
		Renewable source*	GJ	6,066.9
		Electricity consumption	GJ	111,115.3
			tCO2e/per Tonnes	
		Emissions intensity	of production	1.128
		Emissions	tCO2e	20,344.7
		Energy intensity	GJ/per Tonnes of production	6.160

* Purchased energy from renewable sources based solely on the proportion of renewable energy in the energy mix of the Czech Republic.

Fuel: Stationary combustion

The only source for stationary combustion is natural gas, which is mainly used in the processing of aluminium alloys. Consumption, emissions and emission intensity are shown in the following table.

Category of emission	Type of emission/data	Unit	2022 Year
Stationary combustion	Natural Gas	GJ	107,155.1
		tCO ₂ e/per Tonnes	
	Emissions intensity	of production	0.301
	Emissions	tCO ₂ e	5,432.0
	Energy intensity	GJ/per Tonnes of production	5.941

Fuel: Vehicle combustion (delivery vehicles and passenger fleet)

The fuels consumed by vehicle combustion were diesel, petrol and electricity. Consumption of each fuel type and the energy, emissions and emission intensity by category are shown in the following tables.

Category of emission	Subcategory of emission	Type of emission/data	Unit	2022 Year
Fleet	Delivery vehicles	Diesel	l	24,352.0
Fleet	Delivery vehicles	Petrol	l	12,563.0
			tCO ₂ e/per Tonnes	
Total	Delivery vehicles	Emissions intensity	of production	0.005
		Emissions	tCO ₂ e	89.49
Fleet	Passenger fleet	Diesel	l	6,772.4
Fleet	Passenger fleet	Petrol	l	4,575.0
			tCO ₂ e/per Tonnes	
Total	Passenger fleet	Emissions intensity	of production	0.002
		Emissions	tCO ₂ e	27.2
Total Fleet		Energy intensity	GJ/per Tonnes of production	0.098

Category of emission	Subcategory of emission	Type of emission/data	Unit	2022 Year
Leased assets	Passenger fleet	Diesel	l	9,250.7
Leased assets	Passenger fleet	Petrol	l	15,510.0
Leased assets	Passenger fleet	Plug-in-Hybrid Electric	km	64,706.0
			tCO ₂ e/per Tonnes	
Total leased assets	Passenger fleet	Emissions intensity	of production	0.004
		Emissions	tCO ₂ e	62.5
		Energy intensity	GJ/per Tonnes of production	0.049

* Energy intensity does not include Plug-in-Hybrid consumption

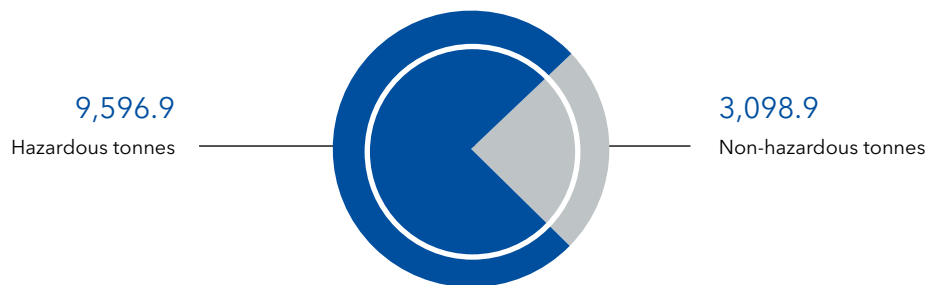
2.5 Waste management and the circular economy

At Strojmetal, our mission is to produce in a responsible, sustainable, and efficient manner. Embracing the principles of the circular economy, we strive to maximise the efficient use of recycled resources in our manufacturing processes. We believe in the potential of recycling to transform industries and pave the way for a more sustainable future. By incorporating a significant proportion of recycled materials, particularly aluminium, into our manufacturing processes, we reduce our environmental footprint and contribute to a circular economy.

The following tables and charts show the breakdown of waste and information on how it is managed.

Waste category	Type of data	2022 Year
Hazardous	t	3,098.9
Non-hazardous	t	9,596.9
Total	t	12,695.7

Waste category (in tonnes)



Hazardous waste accounts for 25% of the company's total waste and non-hazardous waste represents 75%. In total, the company generated 12,695.7 tonnes of waste in 2022. More detailed information on waste management is given in the following tables.

Waste category	Waste type	Unit	2022 Year
Hazardous	Organic waste	t	0.5
		%	0.0
	Other waste	t	3,098.4
		%	24.4
Non-hazardous	Metal	t	8,957.2
		%	70.6
	Other waste	t	638.7
		%	5.0
	Paper and board	t	0.7
		%	0.0
	Plastics	t	0.2
		%	0.0
Total		t	12,695.7

The largest proportion of waste is metal waste, which consists mainly of aluminium scrap generated during production. Another metal waste is tool steel. Metal is diverted from disposal (recycled) in 100% of cases, and overall waste is diverted from disposal in 85% of cases. The rest of the waste is directed to disposal (incineration or collection yard for further use). Strojmetal disposes of waste in accordance with applicable Czech legislation - all waste is transported by a certified waste disposal company.

2.6 Product design and lifecycle management

Strojmetal aims to reduce material consumption in production by introducing a precise bar length and more suitable diameter for each individual product (the Strojmetal standard). Further reduction of consumption is only influenced by the modification of the technology we use. The proportion of recyclate in production is determined by suppliers' technology.

Production material is supplied in wooden packaging using metal and plastic strips or stretch film. Spare parts are supplied in disposable cardboard packaging on disposable wooden pallets. Here, recycling is not worthwhile due to the additional transport requirements. The wood is disposed of at a collection yard nearby the production site in Kamenice.

2.7 Water management

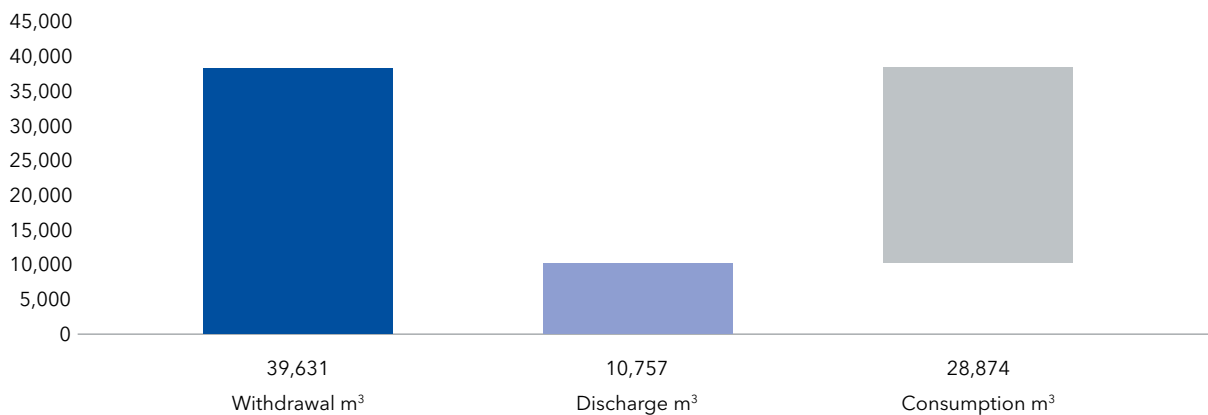
The company draws drinking water and water for production from its groundwater sources (wells) and a surface source (a stream). Occasionally, when there is a shortage of water in its own sources, the company draws water from the municipality's water supply system.

Water in production is used for cooling of technological units. We are fully aware of how precious a resource water is. Strojmetal is trying to reduce its consumption of water by using new water treatment technologies and reusing water. Sewage water is treated in local wastewater treatment plants. The processed water is then reused after treatment, and the excess is discharged.

Interaction	Type Of Data	Unit	2022 Year
Withdrawal*	Groundwater	m ³	14,721.0
	Surface water	m ³	24,910.0
	Total	m ³	39,631.0
Discharge		m ³	10,757.0
Consumption		m ³	28,874.0

* Figures do not include water pumped from the municipal water supply system.

Water management (in m³)



In 2022, we performed an assessment of water stress levels. We used the methodology according to the website <https://www.wri.org/aqueduct> in the areas where our production plants are located:

Country	Location	Water stress level
Czech Republic	Kamenice	Low-medium
Czech Republic	Bruntál	Medium-high

2.8 Air pollution

Our approach to eliminating air pollutants is to periodically monitor operations and to review and comply with legal requirements and limits.

Pollutant name	Unit	Year 2022
NOx	kg	1,426.3
Other*	kg	1,625.5
Volatile organic compounds (VOC)	kg	56.0

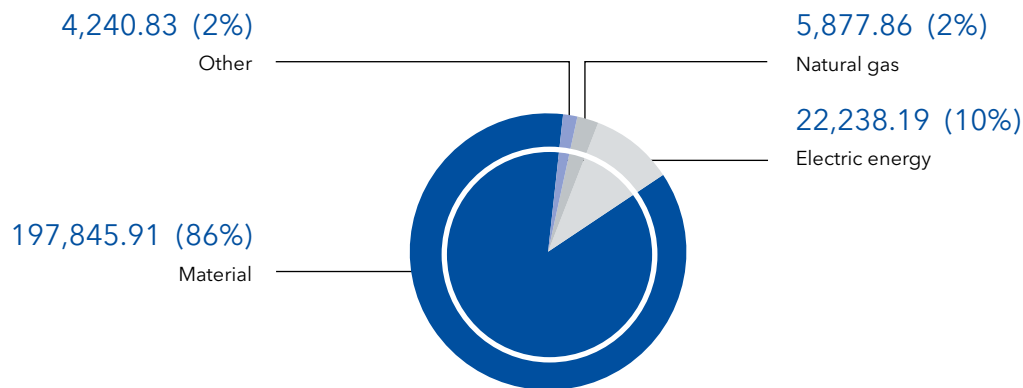
*Carbon monoxide, particulate matter

2.9 Product carbon footprint

The calculation of the carbon footprint is done on a Cradle-to-Gate scale, i.e. the calculation of the carbon footprint of the product in the part of the product life cycle from the extraction of raw materials to the moment when the product leaves the gates of the Strojmetal plant. The calculation of the carbon footprint of the product was carried out in accordance with the GHG Protocol methodology. The calculation was carried out for the period from 1 January to 31 December 2022. Only the Kamenice plant was included in the calculation of the product carbon footprint, as the Bruntál plant was still in the process of being prepared for production.

The summary results of the calculated carbon footprint of the product are shown in the following table. More details are provided in the separate document called Inventory report, which is not publicly available as it contains confidential production information.

Category of emission	Unit	2022
Natural gas	tCO ₂ e	5,877.86
Electric energy	tCO ₂ e	22,238.19
Material	tCO ₂ e	197,845.91
Other	tCO ₂ e	4,240.83
Total	tCO₂e	230,202.79
	tCO₂e/Tonnes	
Total Emissions intensity	of production	12.80

Product Carbon footprint (in tCO₂e)

The calculated carbon footprint of the product was 230,202.79 tCO₂e, with more than 85% of this carbon footprint attributable to the input material. This is mainly aluminium alloys (aluminium bars), which Strojmetal purchases from its suppliers.

In addition to aluminium alloys, the main input material also includes components that are used to assemble selected manufactured aluminium products. However, more than 99.5% of the carbon footprint is accounted for by aluminium alloys. The emission intensity of the main input material exceeds 11 tCO₂e/Tonnes of production. Recognizing the high impact of the main material on the carbon footprint of the product, Strojmetal plans to pay close attention to this emission intensive source in the coming years. It plans to focus on purchasing aluminium alloys with a higher recycled content as well as low-emission aluminium. Similarly, Strojmetal wants to pay attention to product design in cooperation with customers.

Category of emission	Type of data	Unit	2022
Material	Emissions	tCO ₂ e	197,845.91
	Emissions intensity	tCO ₂ e/Tonnes of production	11.00

The main energy inputs for production are natural gas and electricity. Information on their consumption, carbon footprint, emissions and energy intensity is shown in the following tables.

Category of emission	Type of data	Unit	2022
Natural gas*	Emissions	tCO ₂ e	5,877.86
	Emissions intensity	tCO ₂ e/Tonnes of production	0.33

*Includes Scope 1 and Scope 3 (WTT) emissions

Category of emission	Type of data	Unit	2022
Electric energy*	Emissions	tCO ₂ e	22,238.19
	Emissions intensity	tCO ₂ e/Tonnes of production	1.24

*Includes Scope 2 and Scope 3 (WTT and T&D) emissions

The following table captures carbon footprint information from the 'other' category.

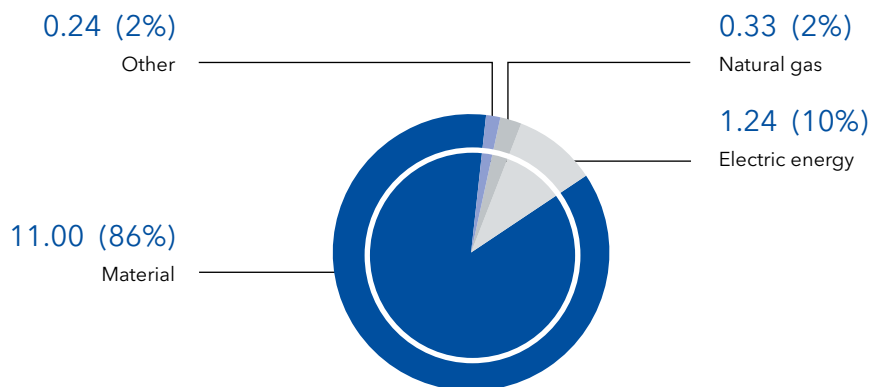
Category of emission	Type of data	Unit	2022
Other	Emissions	tCO ₂ e	4,240.83
	Emissions intensity	tCO ₂ e/Tonnes of production	0.24

The emissions from inputs/outputs associated with production have been included in this category. These included upstream material transport, fuel consumption for internal logistics, waste, refrigerants and other auxiliary materials (chemicals, oils and lubricants, packaging material, etc.).

In this category, waste accounts for almost 34% of emissions. Although Strojmetal pays attention to this area and tries to recycle metal waste as much as possible, it wants to focus on the circular economy even more.

The following graph shows the emission intensities. The average emission intensity of the products in 2022 was 12.80 tCO₂e/Tonnes of production, with more than 85% attributable to the main input material i.e. aluminium alloys.

Emission intensity (tCO₂e/t)



3 Social

On the social side of ESG, we aim to maximise the positive impact not only on our employees and other workers, but also on local communities by supporting them through charitable initiatives, organising various cultural events and promoting technical education.

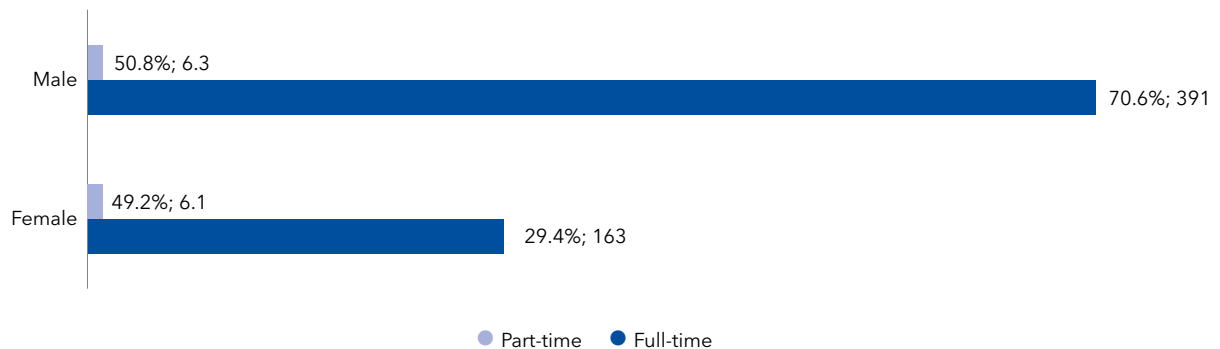
3.1 Employee care

Our employees contribute significantly to the success of the company, so employee care is an essential topic of focus. As we strive to be one of the most attractive employers in the region, transparent communication is crucial. We regularly engage with our employees through meetings with company management to discuss results, plans and any new developments concerning the company, and we also regularly issue a company newsletter. Communication, employee development and employee well-being are the focal points of our human resources programme.

3.1.1 Key workforce statistics

The total number of employees as of 31 December 2022 was 566.4 FTE.

Employee structure - Grouped by type of contract (full/part time) and gender



Note: FTE at the end of reporting period. Numbers do not cover agency workers.

3.1.2 Availability of skilled workforce

3.1.2.1 Recruitment process

Recruitment is an essential part of our internal processes because our people are critical to our success. As the Kamenice plant is located in the Central Bohemian region, where the unemployment rate is very low, we make great efforts to attract new applicants. As part of this effort, we monitor wage benchmarks in our region to ensure that our wages are competitive, and we also provide accommodation to workers from outside the region.

Last but not least, we focus on hiring graduates through cooperation with secondary schools and universities by organising site tours to our plants and providing opportunities for apprenticeships, internships and trainee programs.

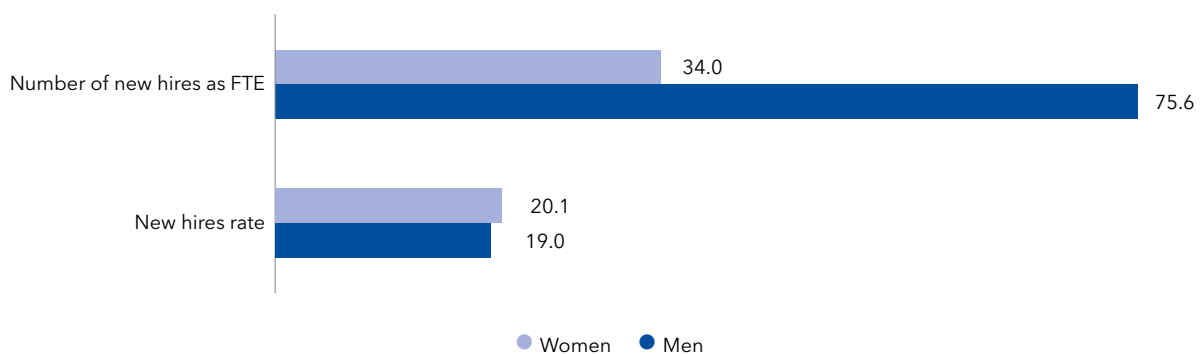
We also utilise agency workers to cover the peaks in our workload and focus on transferring agency workers to core staff when possible to ensure their stabilisation.

A potential Strojmetal employee should be manually skilled, meticulous, responsible and consistent, willing to work shifts and in good health.

We attract new potential talent by working with primary and secondary schools and universities. We also run field trips for pupils and students and offer the opportunity to join our Trainee Programme.

The onboarding process is done first by the candidate's response to job advertisements, or sometimes candidates call our HR team directly because they have seen an advertisement in the newspaper, on the web, or have been contacted by our employees. This is followed by a telephone pre-screening, a face-to-face meeting (interview, site tour, selection of the most suitable job), the sending of a job offer, and finally the subsequent acceptance of the position.

Employee recruitment - Grouped by gender



Note: FTE at the end of reporting period. Numbers do not cover agency workers

3.1.2.1 Recruitment process

In order to reduce turnover, we seek all possible ways of keeping our employees satisfied. We are proud to say that our employee satisfaction has been verified by a satisfaction survey. The primary goal of the employee satisfaction survey was to assess the overall wellbeing, engagement, and satisfaction of our workforce. The survey was conducted online, ensuring convenience and anonymity for employees working in administration, but the survey was also conducted on paper for other, blue-collar positions. The data was entered manually and analysed. The results have been taken into consideration and incorporated into a long-term plan for the company's commitment to creating a positive work environment.

Besides transparent communication and opportunities for development, we keep our employees motivated through a system of benefits. Employee benefits include company meals, bus transport for shift work, parking on site, pension contributions, rewards for work and personal anniversaries, extra annual leave, annual bonuses if criteria are met, contribution to children's recreation, and use of the on-site gym.

3.1.3 Performance evaluation and feedback

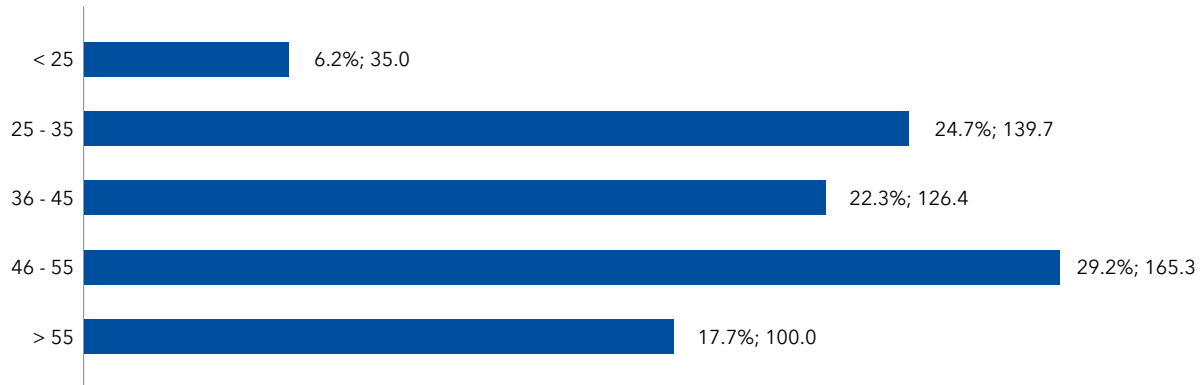
We evaluate our employees on an annual basis and set further development and targets for the next period. We consider our employees' perspectives as part of the evaluation, where employees are provided an opportunity to share their ambitions for further development. Based on an employee's evaluation and after consultation with the employee's manager, the HR team suggests further development opportunities, including specific training.

So far, we have focused predominantly on evaluating technical-economical employees; however, we plan to extend our system of performance evaluation and feedback to cover all employees in future.

3.1.4 Diversity, non-discrimination and human rights

Strojmetal Aluminium Forging a.s., as a member of MTX Group a.s., proudly affirms and adopts the values and moral standards of the MTX Group as our own. These values and standards are described in the MTX Group Corporate Code of Conduct.

We are committed to promoting all kinds of diversity and not discriminating at any level. The MTX Group Corporate Code of Conduct ensures fair and equitable treatment to all in accordance with ILO Convention no. 111 on Discrimination. When selecting employees and in the course of work, the company does not discriminate on grounds such as race, skin colour, religion, gender, age, physical ability, nationality, sexual orientation, membership of political parties, membership of trade unions, medical tests, or marital status.

Employee structure - Grouped by age group

Note: FTE at the end of reporting period. Numbers do not cover agency workers.

Our adherence to the MTX Group Corporate Code of Conduct further ensures that our company has no negative impact on our workers' other human rights. Amongst others, the document governs:

- Moral behaviour - we refrain from any form of coercion, bullying, mobbing, or sexual harassment.
- Employee privacy - the company is committed to protecting the privacy of its employees in accordance with applicable laws and regulations.
- Conditions of employment and the minimum age of employees - in accordance with ILO conventions, any type of forced labour is prohibited, as well as employment of children under the age of 15.
- Employee associations - employees have the right to associate in accordance with applicable regulations.

If an employee is concerned that the conduct of another employee violates the Code of Conduct, wishes to report a breach of the Code of Conduct, or wishes to file a complaint, such notification may be made in writing to their line manager, HR staff or management. A special marked box can be used for anonymous notifications. The company's management has a duty to discuss and investigate such matters and, if necessary, take corrective action.

3.1.4.1 Security practises

Security services are outsourced to an external company that has all the necessary certifications and clearances. All security workers are trained internally by the security company and also by our company. They are not allowed to use any weapons, and they are guided by the 'Guarding Rules' that are available at the Head of Security, together with other relevant documentation. The Guarding Rules precisely define security worker activities, including emergency events for which emergency services must be contacted. On a daily basis, security workers submit a report detailing all incidents to our management.

3.1.5 Education and training

Employees are one of the main building blocks of the company's success, which is why a great deal of attention is paid to their development. In recent years, the company has built a completely new training centre. Currently, the HR department has several educational programmes and activities which are constantly being developed. As an illustrative example, we can list:

- The onboarding programme
- Our Academy Programme - aimed at senior staff to develop their management skills
- Employee training - develops work skills, like programming skills for CNC machines, language skills and management skills
- Regular employee training

Training statistics:

Total hours of training	hours	13,364
Average hour per FTE	hours	23.6
% of FTE participating	%	84.9

Note: Numbers do not cover agency workers

Training programmes are delivered both internally and externally. In 2022, the average amount of training per FTE was 23.6 hours, while external training averaged 4.8 hours per FTE, at a cost of CZK 2,680 per FTE. The company also emphasises cooperation with schools, universities, and research and scientific institutes.

The company has established a dedicated training centre where employees can, for example, learn to program robots and CNC machines or develop their management and language skills.

3.1.6 Corporate culture

Our set of values serves as the guiding force that shapes our company culture and empowers us to fulfil our purpose. We firmly believe that a strong foundation of core principles enables us to deliver with unwavering commitment and excellence. Our greatest strength is our people, whose diversity, energy and creativity are crucial to our success.

We strive to encourage our employees to work conscientiously with enthusiasm in a safe workspace, to learn, and to be inspired and eager to help the company achieve its core values.

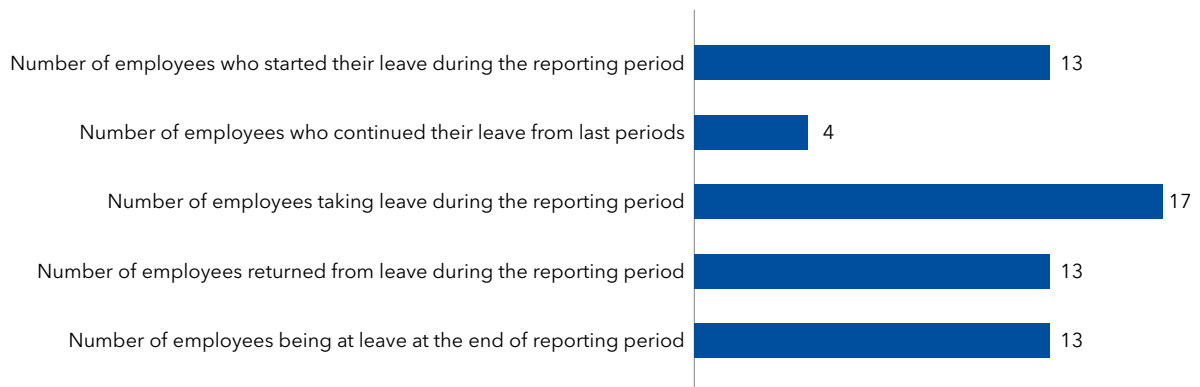
PROFITABILITY
SUSTAINABILITY
INNOVATION
FOCUS
TEAMWORK
SAFETY



3.1.7 Work-life balance and well-being

Strojmetal emphasises a positive work-life balance and strives to respond to the individual needs of its employees. Where possible, the company offers part-time work, which gives employees more time for family or their interests. We also try to accommodate employees on parental leave and offer them flexible working conditions. It is important to us that our employees return home feeling that their work is meaningful and that they know they are an important part of our business.

Parental leave - Employees on leave



Note: FTE at the end of the reporting period. Currently, only women are on parental leave. Numbers do not cover agency workers.

Our Code of Conduct defines the working conditions that must be provided to all of our workers. In accordance with applicable laws, the company ensures a safe and healthy working environment. Every employee must have access to drinking water and social and sanitary facilities (kitchens, toilets, changing rooms, washrooms).

We encourage our employees to maintain a healthy lifestyle and keep a balance between work and personal life. Our employees can use the gym on the premises of the Kamenice plant free of charge. They also can select one light meal from the menu in the plant canteen and are provided with vitamin packages, ionic drinks, or even ice cream on warm days.

We also focus on bringing positive value to the families of our workers. In 2022 we organised a suburban camp for twenty children of our colleagues. The children aged 6–15 years spent a week in nature enjoying the pool, archery, tricycles and other activities. For the first time ever, the camp was for free.

3.1.8 Health and safety

We recognise that ensuring the health of our people is one of our most important values, and we are committed to protecting their health to the fullest extent possible. Our health and safety management system covers our employees, agency workers and any external personnel located in our premises, based on legal requirements.

3.1.8.1 Health and safety certification

We have a certified occupational health and safety management system according to ISO 45001 in place that covers the Kamenice plant. Our locations in Bruntál and Singen are covered by an occupational health and safety management system that is based on legal requirements.

3.1.8.2 Risks identification and assessment, incidents

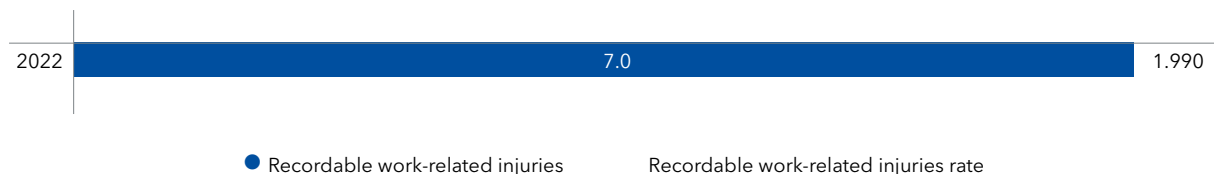
We have instituted formalised processes for risk identification that are covered in our risk assessment guideline. We actively work with risk registers where all relevant activities are listed. Risks are continuously searched for and related measures are taken as part of management (and other) meetings. We have appointed dedicated employees with the duty to search for risks and eliminate them as part of their job descriptions. If any employee identifies any new risk, they are obliged to report the risk either in oral form to their supervisor or to a dedicated anonymous box. All reported risks are evaluated, and subsequent corrective actions are implemented.

There is a mechanism in place for refusal of risky work that is described during the health and safety training and that allows workers to remove themselves from work situations that they believe could cause injury or ill health. In such situations, a health and safety officer is summoned that defines the conditions under which the task can be done, for instance by utilising protective equipment or using employees with adequate training.

All injuries are reported and recorded in the injury record book. The root cause of the injury is then investigated and corrective measures set up. Incidents are reported at the weekly management meeting and the labour inspectorate is informed according to government regulation.

Employees, managers and trade unions are all involved in risk identification and assessment. We utilise the Kaizen concept, whereby the health and safety officer convenes teams on an ad hoc basis depending on the area concerned. Annual checks are made according to the representatives of the trade union and a company physician.

Work related injuries - Number and rate of injuries per 200 thousand hours worked



Note: No occupational illnesses were recorded in 2022. Numbers do not cover agency workers.

3.1.8.3 Occupational health services

A contracted doctor is used for occupational health services and provides all preventive medical examinations (initial, periodic, emergency and exit). All medical examinations are carried out with regard to the technical equipment that the worker operates and to the activities the worker performs. The contracted physician also cooperates in workplace inspections, risk assessments and categorisation of work. The categorisation of work is based on the requirement of Act No. 258/2000 Coll. on the protection of public health, as amended. Work is classified into four categories according to the degree of likelihood of factors that may affect employees' health and the risk presented to employees' health.

3.1.8.4 Health and safety training

All newcomers undergo mandatory initial occupational health and safety training that is subsequently followed by periodic training at a frequency required by legislation. We also organise training sessions that cover health and safety aspects related to specific types of work, such as driver training, working at heights, electric qualification, gas and pressure equipment operation, welding training, and more.

3.1.8.5 Health and safety of external personnel

The provisions of our health and safety management system apply to all persons who are present on the company's premises with the employer's knowledge.

Employees who carry out certain work with workers from external companies shall ensure that such workers are properly trained and familiarised with workplace health and safety policies and documents. Training materials for external workers are provided electronically. The occupational hazards that an external company brings to the workplace when carrying out its activities are obtained from the representative of the external company for the purposes of mutual training and information.

3.2 Charities, non-profit and local communities

Through initiatives that uplift communities, support education and address pressing issues, we strive to be a responsible corporate citizen, contributing to a more sustainable and compassionate world. Our dedication to corporate social activities reflects our belief that businesses play a crucial role in shaping a better future for all. By integrating community engagement into Strojmetal's culture and operations, we not only contribute to the well-being of the community but also build a positive reputation and foster employee satisfaction and loyalty. It's a win-win situation that creates shared value for all.

In 2022, Strojmetal supported the following projects:

- a donation for a Kamenice Primary School for teaching aids for children from Ukraine
- a donation for a Kamenice Sports Club - support for local football club
- support for the Kamenice summer cinema
- support for the Kamenice Majorettes sports club
- support for exhibition panels/banners in the village of Kamenice
- support for an organised Orienteering run race in the village of Všedobrovice
- support for a music festival in the village - 'Masna fest'

Strojmetal supported various events in 2022 in the total amount of CZK 267 340.

Our employees organise a fundraiser every year before Christmas to support children in need. The collected money is used for Christmas presents for 'Klokánek Štěřboholý' and a financial donation for the children's home 'Ráček'. Employee fundraising amounted to approximately CZK 30 000.

Strojmetal organises various cultural events for both employees and local community residents, like children's day, a football tournament, an advent concert in the church, a company ball, and more.

We also focus on communication and proactive engagement with local community representatives and mitigation of our negative impacts. For instance, we have long met hygienic noise standards, but we try to go even further and look for other solutions beyond the scope of legal obligations.

We also like to give young people the opportunity to learn, develop their working skills and gain experience. Strojmetal cooperates with high schools and universities, whose students complete internships at the company. Also, if any school is interested in seeing how we work on our premises, we are open to allowing an excursion through our factory.

3.3 Consumers and end-users

Despite the fact we do not supply directly to consumers and end users, we care about their personal safety by ensuring the highest quality of our products.

Our quality policy supports a strategy for maximum quality and sets the scope for our quality objectives.

We endeavour to combine business success with responsible behaviour towards our stakeholders. We are committed to the continuous development of our process-oriented quality management system, and we require continuous improvement of our processes, products and services.

Our business principles demand that we do the following:

- The measure of our work is to meet the requirements of our customers. Customer satisfaction is a prerequisite for lasting and sustainable business success. Compliance with legal and other requirements is also a prerequisite.
- We cooperate with reliable suppliers, whose products and services meet our quality requirements.
- We promote the competence of our employees and thereby deepen their awareness of quality.
- We strive to prevent errors as much as possible in all processes in our company. We follow regulations based on risk prevention.
- The success of our management system is the result of the combined efforts of all employees in our company.

4 Governance

As governance is an integral part not only of our ESG agenda but our whole business model, we have committed ourselves to always act in accordance with legal regulations, internal policies, and our Code of Conduct.

4.1 Highest governance body, governance structure and composition

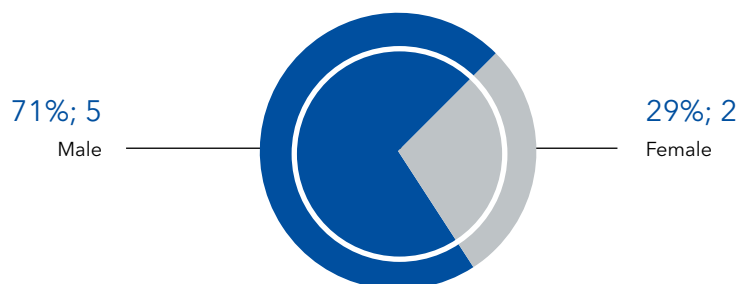
4.1.1 Board of directors

The board of directors is the company's statutory body and the company's own governing body. It manages Strojmetal's activities and is responsible for its business management. The board of directors makes all business decisions and bears full responsibility for the capital entrusted to it. This entails the ultimate responsibility for the efficient use of capital and for the growth of the company's value, in particular for the long-term development of both technology and productivity and innovation in production and products.

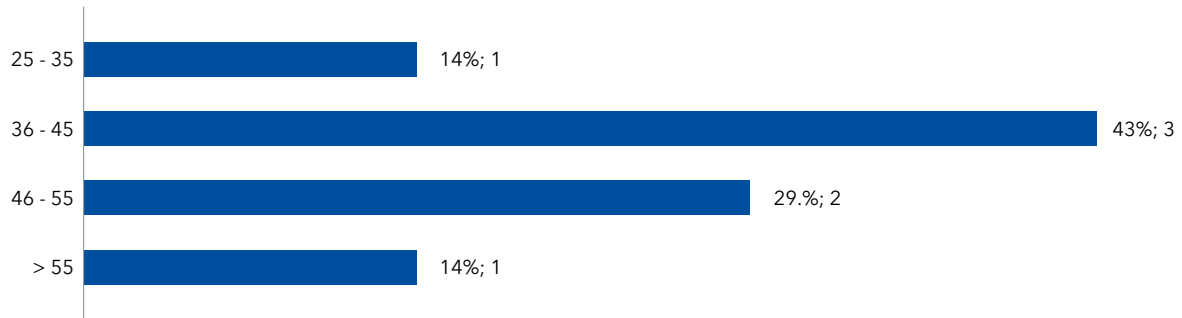
The board of directors has three members. Members of the board of directors may only be persons who meet the conditions stipulated by law. Members of the board of directors are elected and dismissed by the supervisory board. The tenure of each member of the management board is three years and re-election of a member is possible. The board of directors meets regularly, at least four times a year.

Ing. Miroslav Záhorec holds the post of chairman of the board. There are measures in place to prevent conflicts of interest that may arise from this dual role.

Governance bodies - Grouped by gender



Governance bodies - Grouped by age group



4.1.2 Supervisory board

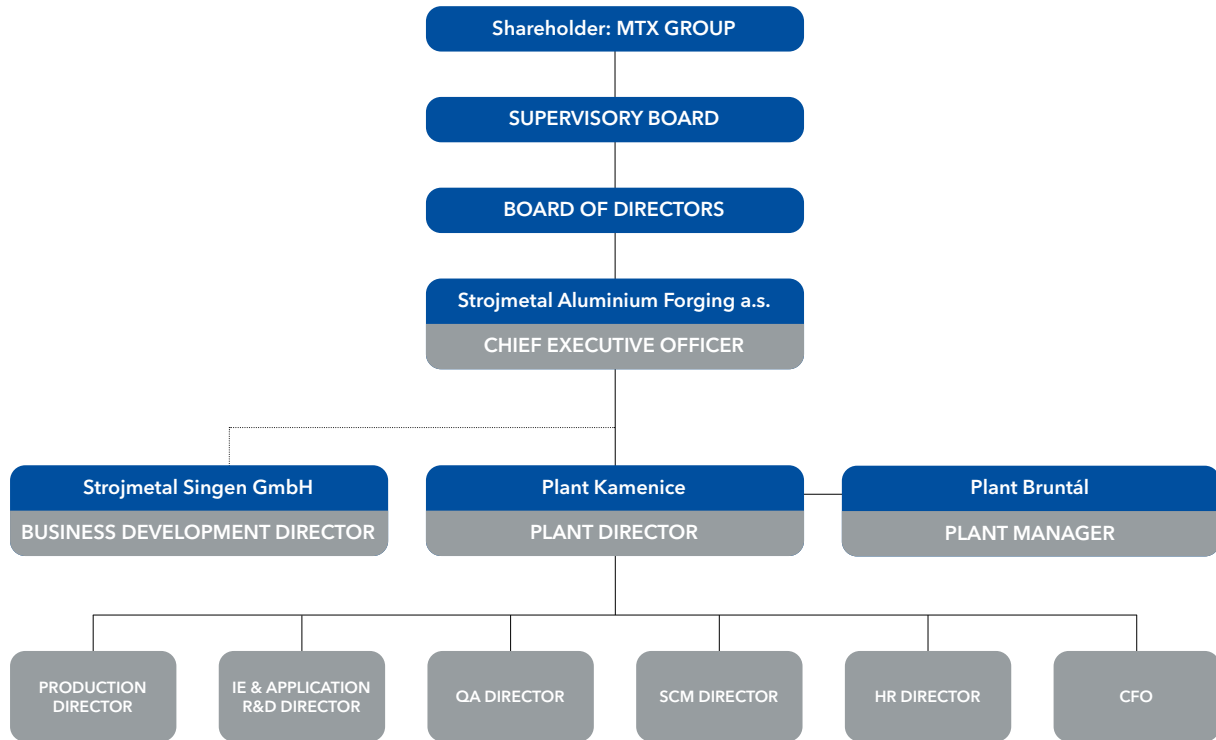
The supervisory board is the controlling and approving body of the company. It supervises the performance of the powers of the board of directors and the implementation of the company's business activities.

The supervisory board supervises the management of the company. In the event of the discovery of serious breaches of duties by members of the board of directors or serious deficiencies in the company's management, for example, the supervisory board shall convene the general meeting and shall be entitled to propose necessary measures.

The supervisory board elects and dismisses members of the board of directors and is also authorised to control the conclusions and recommendations of the board of directors and whether they will be submitted to the general meeting.

The supervisory board has three members, and members are only persons who meet the conditions stipulated by law. A member of the supervisory board may not be a member of the board of directors at the same time. Two members of the supervisory board are elected and dismissed by the general meeting, and one member is elected and dismissed by the employees. The right to elect and dismiss a member of the supervisory board elected by the employees shall be restricted to the employees who are in an employment relationship with the company. The tenure is three years, and re-election of a member is possible. The supervisory board normally meets once per calendar quarter.

4.1.3 Executive management



4.1.4 Other governance bodies

MTX Group a.s. is the sole shareholder of Strojmetal Aluminium Forging a.s.

4.1.5 Conflict of interest

The members of the board of directors and supervisory board are obliged to comply with the rules on conflict of interest, pursuant to the provisions of Section 54 et seq. of the Business Corporations Act.

4.1.6 Evaluation of the performance of the highest governance body and remuneration

In the reward framework, the emphasis is on criteria that will bring a reduction in Scope 1, 2, 3.

The development of the evaluation criteria is done annually and is also evaluated annually. These are criteria that are based on the business plan developed for the period based on customer requirements.

4.1.7 Communication of critical concerns

All critical concerns are communicated to the board of directors. That includes complaints from the whistleblowing mechanism, business risk reports, customers and suppliers, development, etc.

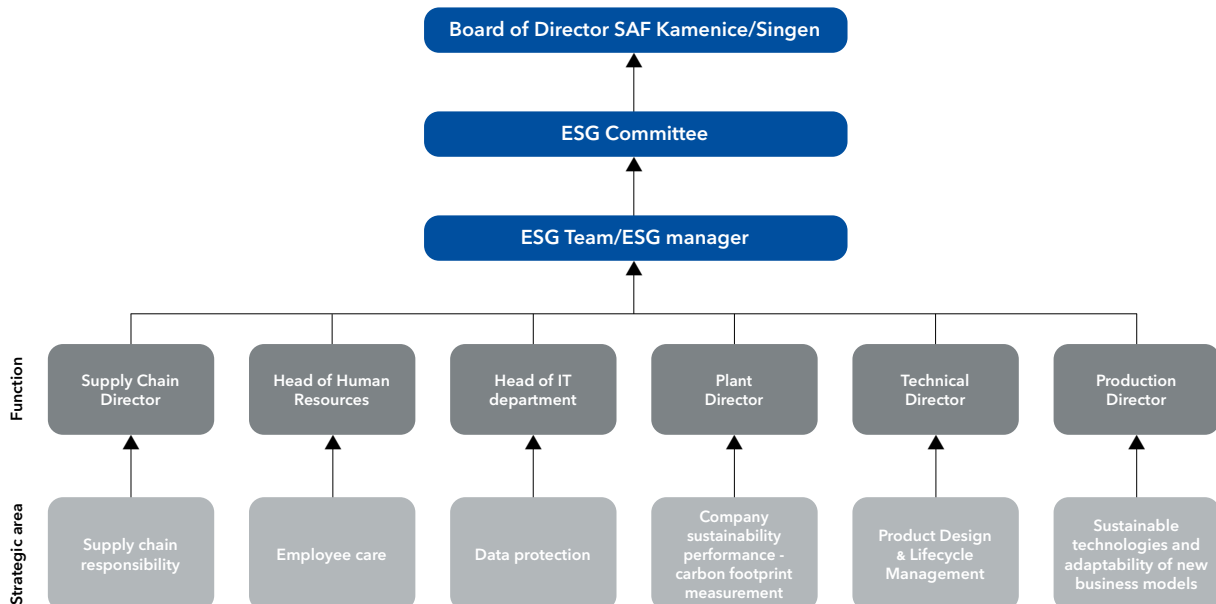
4.2 ESG Governance

The board of directors oversees Strojmetal's overall ESG strategy as well as the due diligence process to identify and manage the company's impacts on the economy, environment and people. The board of directors is responsible for approving ESG reports, material topics, ESG strategic priorities and the company's overall ESG strategy.

The board of directors appointed Sylva Kotišová (ESG specialist) to manage the company's day-to-day ESG agenda, and at the executive management level, Iveta Ondruchová (CFO) has been assigned to ESG matters as well. The board of directors is updated about progress on a regular basis.

The board of directors, executive management, CFO and ESG specialist are provided with relevant information from external and internal resources to attain the adequate knowledge, skills, and the experience needed to manage the company's ESG agenda.

Strojmetal's ESG governance structure is shown in the following scheme.



4.3 Anti-corruption, business ethics, compliance with laws and regulations, and protection of whistleblowers

Our compliance programme has been put in place to ensure that we comply with all applicable laws and regulations and conduct our daily business in an ethical manner.

4.3.1 Policy commitments within business ethics - Code of Conduct

The decisions and activities of Strojmetal are based on a commitment to respect the Universal Declaration of Human Rights, the principles of the United Nations Global Compact and internationally recognised social, labour and environmental standards.

In terms of policy commitments stipulating fair business values, moral standards and respect for human rights in our activities and all our business relationships, we have adopted the MTX Group Corporate Code of Conduct. The board of directors officially declared that the Code of Conduct has been adopted. All employees are familiarised with Code of Conduct as part of their regular, mandatory training. The Code of Conduct covers, among other things, the following issues:

- Customer approach
- Moral behaviour
- Money laundering and anti-corruption activities
- Entertainment, gifts, tips and rewards
- Compliance with delegated powers
- Protection and handling of information
- Competition law
- Conflict of interest
- Public engagements
- Conditions of employment and the minimum age of employees
- Employee associations
- Fair and equitable treatment
- Employees' working environment and working conditions
- Reporting of harmful behaviour, complaints and consultations

4.3.2 Compliance with laws and regulations

Strojmetal did not record any incidents in 2022.

4.3.3 Mechanisms to remediate negative impacts, seeking advice and raising concerns

If an employee is concerned that the conduct of another employee is in violation of the Code of Conduct, wishes to report a breach of the Code of Conduct, or wishes to file a complaint, such notification may be made in writing to their line manager, HR staff or management. The employee may request confidential or

anonymous resolution of the matter, and such resolution shall be complied with to the maximum extent possible within the bounds of the law. A written notification can also be made via a special marked box, into which any written complaint can be submitted. The company's management has a duty to discuss and investigate such matters and, if necessary, take corrective action. Another option is to send suggestions to the group's e-mail address at etickykodex@mtxgroup.cz. Any suggestions received in this way will be directed to the management of the MTX Group. No employee will be discriminated against for a suggestion submitted in good faith.

Our whistleblowing process is compliant with current legislation. We are committed to protecting all whistleblowers. No notifications were registered in 2022.

4.3.4 Collective bargaining agreements

A collective agreement has been signed with the union which describes the functioning of the union within the company. There is regular communication between the company and the union in accordance with the Labour Code. If necessary, personal meetings are also held. The collective agreement also specifies the benefits for employees, which are subsequently elaborated in the company's internal regulations.

4.3.5 Anti-corruption, money laundering and anti-competitive behaviour

Our anti-corruption policy is part of the Code of Conduct and is presented as part of our Code-of-Conduct training which all employees and highest governance body members must undergo.

In 2022, we did not record any cases of corruption.

Employees are required to properly evaluate and work consistently with client information so as to prevent the misuse of the employer for money-laundering purposes.

Employees must not offer or promise any personal, financial or non-standard advantage, either directly or through intermediaries, with the objective of obtaining or maintaining a financial, commercial or other benefit for themselves or for the company (accepting or offering bribes in any form is prohibited). Therefore, the company's employees do not accept or give any gifts, rewards or entertainment offers that could affect the employee or the customer. Small gifts or hospitality, however, are common in business relationships. These forms of remuneration, if of low value, are acceptable after careful consideration, but only if they do not adversely affect the outcome of a business transaction.

In the course of their activities, and in particular in contact with employees and representatives of other institutions in the same field of activity, employees must comply with competition law and ensure that the company is not associated with any breach thereof.

In 2022, there were no legal actions regarding anti-competitive behaviour or violations of antitrust and monopoly legislation in which the company was identified as a participant.

4.3.6 Political engagement and lobbying activities, public policy

In 2022, the company did not engage in any lobbying activities and did not directly or indirectly support any political party or organisation through either monetary or in-kind contributions.

4.3.7 Animal welfare

There is no impact of our activities on animal welfare as we do not manufacture any leather parts.

4.3.8 Product quality and safety

All products and services must meet contractual criteria for quality as well as for active and passive safety upon delivery. All products must be used safely in line with their intended purpose.

4.4 Customer privacy (GDPR), data security and management

Strojmetal pays great attention to security and data management. The company did not experience any data leaks in 2022. The importance of this issue for Strojmetal is evidenced by the fact that Data Protection has been included in the company's strategy for the coming years.

Strojmetal approach to data protection involves several key aspects related to data security, management, and privacy, especially in the context of customer and supplier data, as well as compliance with regulations like the General Data Protection Regulation (GDPR). Here's a breakdown of the key components:

- Data Security: Access Control, Encryption, Firewalls and Intrusion Detection, Regular Security Updates, Data Backup and Recovery
- Data Management: Data Classification, Data Inventory, Data Retention Policies, Data Quality and Accuracy, Data Minimization
- Privacy and GDPR Compliance: Consent Management, Right to Access and Erasure, Data Protection Officer (DPO)
- Vendor Management: Supplier Data, Data Processing Agreements
- Employee Training and Awareness: Provide training to employees about data protection principles, best practices, and their role in ensuring data security and privacy

Strojmetal approach to the data protection involves a combination of technical, organizational, and legal measures to ensure the security, privacy, and responsible management of customer and supplier data while complying with applicable regulations like GDPR.

4.4.1 Role of the chief information security officer

In 2022, the role of chief information security officer (CISO) was established as a senior executive responsible for overseeing the information security strategy, policies, and practices within a company. The CISO plays a critical role in ensuring the confidentiality, integrity and availability of the organisation's information assets and technology systems. The CISO is further responsible for safeguarding the company's information assets, data, and technology infrastructure from a wide range of cyber threats, as well as providing leadership, strategic direction, and technical expertise to ensure that our digital environment remains secure, compliant, and resilient.

4.4.2 TISAX certification

We obtained TISAX certification in 2023. TISAX stands for 'Trusted Information Security Assessment Exchange' and is a standardised assessment and certification framework specifically designed for the automotive industry to evaluate and ensure the information security of companies and organisations within the supply chain. TISAX was established by the German Association of the Automotive Industry (VDA) and is recognised by many automotive manufacturers and suppliers globally.

The primary purpose of the TISAX framework is to establish a consistent and standardised approach for assessing and verifying the information security measures and practices of companies that handle sensitive information and data in the automotive industry. This is crucial because the automotive sector involves complex supply chains with various organisations sharing sensitive data, including personal data, intellectual property, and confidential business information.

4.4.3 Data security

We have implemented strong authentication mechanisms, role-based access control, and data segregation to ensure that only authorised individuals can access sensitive data. Data is encrypted in transit to prevent unauthorised access or interception. FortiGate firewalls and intrusion detection systems have been established to monitor and protect against unauthorised network access and attacks. We perform security updates on a regular basis to address known vulnerabilities we regularly back up data and set up data recovery to minimise data loss in case of an incident.

4.4.4 Data management

We classify data based on its sensitivity and criticality, and we take appropriate security measures according to the classification. We have created an inventory of all data assets to have a clear understanding of what data is being collected and processed. We have clear data-retention policies based on legal, operational and business requirements which also cover data disposal. In terms of data quality, we ensure that data is accurate, up to date, and relevant by implementing data validation processes. We follow the principle of data minimisation by collecting and retaining only the minimum necessary data for its intended purpose.

4.4.5 Privacy and GDPR compliance

We always obtain explicit and informed consent from individuals before collecting and processing their personal data, and individuals can ask to withdraw their consent easily. We ensure that individuals can access their personal data upon request and have the right to have their data deleted ('right to be forgotten'). We have appointed a data protection officer responsible for overseeing data protection efforts and ensuring compliance.

4.4.6 Supplier data protection

We apply similar data protection measures to supplier data as we do to customer data, especially if supplier data contains personal information. We also establish clear contracts and data processing agreements with suppliers that outline data protection responsibilities and compliance with relevant regulations.

4.4.7 Employee training and awareness

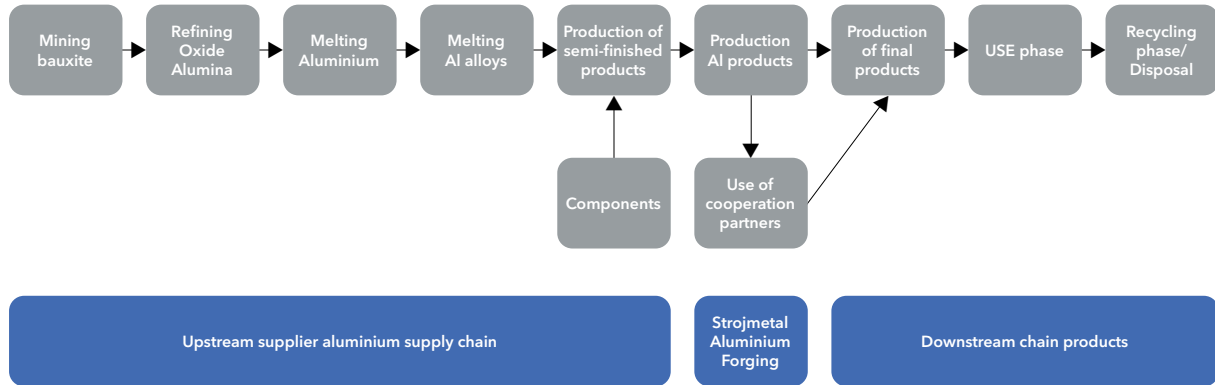
Employees are provided training about data protection principles, best practices, and their roles in ensuring data security and privacy. We also strive to raise awareness about the importance of protecting customer and supplier data to foster a culture of data protection.

4.5 Supply chain responsibility

An important aspect of our sustainable performance is responsible purchasing. As our suppliers represent a crucial part of our value chain, we have developed a supplier sustainability policy to implement sustainable development practices together with our business partners.

The supplier sustainability policy applies the same guidelines and standards in terms of business ethics, labour conditions, environmental protection, and health and safety as is implemented by our principles of social responsibility, our Code of Conduct and our EHS management systems. Our suppliers are expected to communicate these requirements to their employees as well as to their own supply chains. Furthermore, we expect suppliers to observe all relevant legislation and regulations and to ensure compliance. Our suppliers are required to contractually pass on all sustainability requirements to those business partners (especially suppliers) that affect the contractual relationship with Strojmetal and to ensure, to the extent possible and reasonable, that sustainability requirements are passed on to their business partners in the supply chain. Our business partners establish appropriate control measures to verify compliance with the sustainability requirements of their own business partners.

4.5.1 Strojmetal's value chain



At Strojmetal, we supply die-forged shapes made of aluminium alloys for domestic and, especially, foreign customers, mostly from EU countries. In terms of use, the main production volumes are products for car chassis parts. We use Strojmetal Singen GmbH as the exclusive dealer for the German market.

Our suppliers are predominantly companies producing aluminium alloy ingots and producers of other components. Our customers are predominantly premium car manufacturers.

4.5.2 Supplier selection

Upon request, the purchasing team arranges for the selection of a suitable supplier through a request for the proposal process. The preferred method of selecting suppliers is the e-inquiry or, alternatively, an email. The selection shall be made from a minimum of 2-3 suppliers (unless the possibility of selecting a supplier is restricted in justified cases, e.g., technically or operationally).

The selection of the new supplier is carried out by the logistics officer in charge. The supplier or manufacturer of production and tooling materials must be third-party registered, i.e., certified by an accredited body according to ISO 9001. If uncertified, the following criteria must be followed with the customer's consent: demand-defined requirements for Strojmetal-manufactured products, references, flexibility of supply, price level and insurance of transported goods (only valid for the transport of goods). The following table shows Strojmetal's most important suppliers (2 groups out of 4).

Category of supplier	Number of suppliers
Production material	21
Supporting material for production	45

Table: Supplier information grouped by category of supplier

Suppliers are evaluated on the basis of two criteria, namely quality and delivery terms. However, the company recognises the importance of evaluating suppliers also with regard to sustainability. In 2022, Strojmetal started preparing a basic self-assessment questionnaire for suppliers. With this questionnaire, we will gain more information regarding our suppliers' ESG performance. The information received will be used to set evaluation criteria for our suppliers.

4.5.3 Materials sourcing

As stated in our supplier sustainability policy, we expect our supply chain to procure minerals and materials responsibly and to avoid sources that would directly or indirectly fund conflict. We request that these policies be applied throughout our supply chain, including by making suppliers, contractors, and subcontractors aware of our policy and their responsibility to comply with it. Suppliers, contractors, and subcontractors should also promote these standards throughout their supply chains.

We expect our suppliers to exclude smelters or refiners for raw materials that do not have an adequate and audited due diligence process. On an ad hoc basis, we require our suppliers to provide us with information about their supply chains for these materials, as well as other critical raw materials where applicable, including information about the origin of the material, for instance via the Responsible Minerals Assurance Process (RMAP) of the Responsible Minerals Initiative (RMI). In addition to '3TG' (tin, tantalum, tungsten and gold), our due diligence procedures are also focused on the following raw materials / processing materials with identified risks to the environment and human rights in their extraction and processing:

Aluminium	Leather	Nickel
Chromium	Lithium	Platinum group metals
Graphite	Manganese	Rare earth
Cobalt	Mica	Steel / iron
Copper	Natural rubber	Zinc

We also expect our suppliers, where they use critical raw materials or process materials to produce their goods (or components), to implement special due diligence processes and activities in order to identify, prevent, minimise, or eliminate these risks. The suppliers should obtain raw materials from audited sources. We expect suppliers to obtain certification by an independent third party, such as the Standard for Responsible Mining from the Initiative for Responsible Mining Assurance (IRMA).

4.5.4 Supplier environmental assessment

Strojmetal has not yet implemented a Supplier Environmental Assessment. However, the company has developed a Supplier Sustainability Policy. Strojmetal requires its suppliers to commit to a Supplier Sustainability Policy. This policy contains, among other things, the following points:

- Environmental responsibility - Suppliers must follow precautionary principles and take initiative to solve environmental issues and to support environmental responsibility as well as the development, the implementation and the transfer of environmentally friendly technologies.

- Environmentally friendly production - During every phase of production optimum environmental protection must be guaranteed. This includes a proactive approach to preventing and minimizing the risk and impact of accidents that may harm the environment. Essential in this context are the application and continuous development of technologies for conserving energy, water and other natural resources and strategies for reduction of emissions and the reuse and recycling of materials.
- Environmentally friendly products - All products manufactured along the supply chain must meet the environmental standards of their market segments. This refers to the entire product life cycle and to all materials used. Chemicals and other substances which are potentially harmful if released into the environment have to be identified. A management system for hazardous materials must be established to enable safe handling, transport, storage, reuse, recycling and disposal of such materials.

Beyond this policy, Strojmetal requests product carbon footprint information from major aluminium alloy suppliers. Strojmetal also emphasises the circular economy - we return aluminium and steel scrap to our aluminium alloy and tool steel suppliers. As a result, our aluminium alloy and steel data suppliers are able to supply input material with a higher recycling rate.

4.5.5 Supplier social assessment, including human rights

Suppliers are obligated to respect and to promote adherence to internationally recognised human rights. Within our sphere of influence, suppliers shall make every effort to ensure that they, their business partners and their suppliers do not violate any human rights or become involved in any such violations.

Child labour is generally not allowed in any department or at any stage of production or processing. Forced or compulsory labour is generally prohibited. Employees must have the freedom to terminate their employment, provided they give reasonable notice.

Suppliers shall prevent any kind of discrimination, and they shall preserve freedom of association. Working hours, pay and social benefits must conform with applicable laws, industry standards or relevant ILO conventions, whichever are strictest. The assessment of suppliers in this area has not yet been carried out. However, Strojmetal is aware of the importance of this issue and plans to pay more attention to it, including supplier social assessment, in the coming years.

4.5.6 Management of relationships with suppliers, including payment practices

Supplier must prepare financial statements in accordance with generally accepted accounting principles and keep proper and accurate records of all business transactions.

Strojmetal highly values its suppliers and strives to build long-term business relationships with them. The main material suppliers have 90-day payment terms. For other suppliers, payment terms are usually between 30 and 45 days, occasionally 60 days. Negotiated payment terms are always set so as not to have a negative impact on our suppliers. Strojmetal never uses coercion or other negative business practices when dealing with suppliers. Due to the fact that the evaluation of suppliers has not yet been addressed from an ESG perspective, Strojmetal is not in a position to assess whether any of its suppliers belong to 'vulnerable suppliers'. However, Strojmetal plans to pay more attention to this topic in the future.

4.6 Innovation, sustainable technologies and adaptability of new business models

Strojmetal is one of the leading manufacturers of aluminium chassis parts and applications in the powertrain and battery housing sectors. Our product range has greatly expanded in recent years from applications with a component weight of less than 200 g to 8 kg. Lightweight construction in vehicle technology is becoming increasingly crucial, especially for alternative powertrains.

Our goals in the areas of product and process design, life cycle management and innovations are:

- Maximisation of material recovery to minimise end-product CO2 footprints;
- Minimisation of product weight while maintaining performance characteristics;
- Product and process development with a focus on usage of standardised supplier-input-material diameters which allows higher production effectiveness and less energy consumption by suppliers;
- Improvement of production equipment OEE (Overall equipment effectiveness) , minimisation of cycle time, reduction of scheduled and unscheduled down times, and reduction of production scrap;
- Reduction of energy consumption through product and process optimisation;
- Increased competency and testing capability of our internal laboratory to minimise pre-serial logistics.

The above shall be achieved mainly, but not only, through research and innovation efforts in the fields of product and process development and life cycle management.

We are in close cooperation with the academic and industrial sectors to pursue modern trends in the areas of product and process development and innovations. We invest our efforts into developing new forming processes to improve material recovery through both internal research as well as external cooperation.

Strojmetal's goal is to increase its share of 'build-to-specification' projects to be able to minimise part weights and optimise part designs for the best possible material recovery and economical manufacturability by employing such methods as FEA/FEM and topological optimisation.

We have reversed the approach in our process development; we no longer reach optimal input diameter to produce parts, but instead we search for an optimal production process to allow usage of standard diameters from our suppliers' portfolios. This shall increase efficiency in our as well as in our supplies process.

A wide range of activities represent our ongoing effort to maximise our OEE (overall equipment effectiveness). The idea is simple; the more parts we produce in a shorter time, the lower our CO2 footprint per kg of processed material will be. There are many contributors to effective production. We list a few of them below:

- reduction of cycle time by using lean six sigma methods to eliminate waste, state-of-the-art production technology and methods, and modern virtual tools to improve part and process design;
- reduction of scheduled downtimes by using sophisticated production and logistic planning tools to maximise production batches and to reduce non-productive changeovers, and increasing virtual product and process development using Industry-4.0 and smart-factory tools to reduce physical development on production equipment;

- reduction of unscheduled down times by using TPM (total productive maintenance) methods; and
- reduction of production scrap.

Since 2014, every production line designed and launched at our plants has an integrated, in-process heat treatment process, which is the optimal solution in terms of energy consumption.

We work closely with our customers from early development phases to achieve optimal heat treatment process (preferring the CO₂-favourable T5 process) while maintaining required mechanical properties and part performance.

Off-line heat treatment processes are being optimised by using tools for heat treatments simulation to reduce 'time in furnace' and energy consumption.

In our virtual diagnostic test centre (virtual lab), we continuously and steadily increase our competency to cover the complete range of testing required in the development phase and later during serial production. Our goal is to offer full service in terms of testing to our customers, leading to the reduction of pre-serial logistics.

4.7 Memberships, associations

Lightweight and infinitely recyclable aluminium is key to the modern automotive industry. We are all the more pleased that we are now one of the 140 members of the Czech Association of the Automotive Industry (AutoSAP). We are also a member of the Association of Forges.

5 Attachments

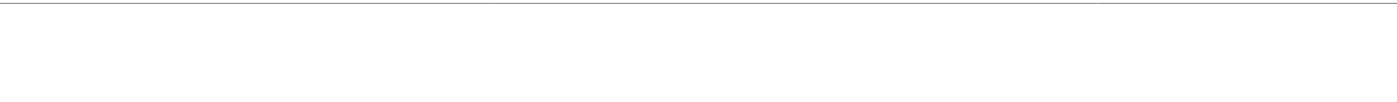
GRI Content Index

Statement of use	Strojmetal has reported the information cited in this GRI content index for the period 1 January - 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure Number	Disclosure Name Individual requirements ('a', 'b', 'c', etc.) are not listed here	Location of Disclosure
General Disclosures			
GRI 2: General Disclosures 2021	2-1	Organizational details	Company profile, About the report
GRI 2: General Disclosures 2021	2-2	Entities included in the organization's sustainability reporting	About the report
GRI 2: General Disclosures 2021	2-3	Reporting period, frequency and contact point	About the report
GRI 2: General Disclosures 2021	2-4	Restatements of information	About the report
GRI 2: General Disclosures 2021	2-5	External assurance	About the report
GRI 2: General Disclosures 2021	2-6	Activities, value chain, and other business relationships	Company profile Economic performance Supply chain responsibility Stakeholders
GRI 2: General Disclosures 2021	2-7	Employees	Employee care
GRI 2: General Disclosures 2021	2-8	Workers who are not employees	Key workforce statistics
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	High governance body, Governance structure and composition, ESG Governance
GRI 2: General Disclosures 2021	2-10	Nomination and selection of the highest governance body	High governance body, Governance structure and composition
GRI 2: General Disclosures 2021	2-11	Chair of the highest governance body	High governance body, Governance structure and composition



Omissions			
Note	Requirement(s) omitted	Reason	Explanation



Not relevant - first report.
The report has not been subject to external assurance

2-6d

Not applicable

Not relevant - first report.

Partially covered

Information incomplete

Management approach described without quantitative indicators

Partially covered

Information incomplete

Partially covered

Information incomplete



GRI Standard	Disclosure Number	Disclosure Name Individual requirements (,a', ,b', ,c', etc.) are not listed here	Location of Disclosure
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts	ESG Governance
GRI 2: General Disclosures 2021	2-13	Delegation of responsibility for managing impacts	ESG Governance
GRI 2: General Disclosures 2021	2-14	Role of the highest governance body in sustainability reporting	ESG Governance, Materiality Analysis
GRI 2: General Disclosures 2021	2-15	Conflicts of interest	High governance body, Governance structure and composition
GRI 2: General Disclosures 2021	2-16	Communication of critical concerns	Communication of critical concerns
GRI 2: General Disclosures 2021	2-17	Collective knowledge of the highest governance body	ESG Governance
GRI 2: General Disclosures 2021	2-18	Evaluation of the performance of the highest governance body	Highest governance body, Governance structure and composition
GRI 2: General Disclosures 2021	2-19	Remuneration policies	Highest governance body, Governance structure and composition
GRI 2: General Disclosures 2021	2-20	Process to determine remuneration	Highest governance body, Governance structure and composition
GRI 2: General Disclosures 2021	2-21	Annual total compensation ratio	
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Message from Chairman of the Executive Committee
GRI 2: General Disclosures 2021	2-23	Policy commitments	Anti-corruption, Business ethics, Compliance with laws and regulations, Protection of whistleblowers
GRI 2: General Disclosures 2021	2-24	Embedding policy commitments	Anti-corruption, Business ethics, Compliance with laws and regulations, Protection of whistleblowers
GRI 2: General Disclosures 2021	2-25	Processes to remediate negative impacts	Mechanisms to remediate negative impacts, seeking advice and raising concerns
GRI 2: General Disclosures 2021	2-26	Mechanisms for seeking advice and raising concerns	Mechanisms to remediate negative impacts, seeking advice and raising concerns
GRI 2: General Disclosures 2021	2-27	Compliance with laws and regulations	Anti-corruption, Business ethics, Compliance with laws and regulations, Protection of whistleblowers

Omissions

Note	Requirement(s) omitted	Reason	Explanation
Partially covered		Information incomplete	
Partially covered	2-15b	Information incomplete	
Partially covered	2-16b	Information incomplete	
X	X	Confidentiality constraints	Information is not available to public
No non-compliance			

GRI Standard	Disclosure Number	Disclosure Name Individual requirements (,a', ,b', ,c', etc.) are not listed here	Location of Disclosure
GRI 2: General Disclosures 2021	2-28	Membership associations	Membership, associations
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Stakeholders
GRI 2: General Disclosures 2021	2-30	Collective bargaining agreements	Collective bargaining agreements
Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Analysis
GRI 3: Material Topics 2021	3-2	List of material topics	Materiality Analysis
GRI 3: Material Topics 2021	3-3	Management of material topics	
Economic			
GRI 201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	Economic performance
GRI 201: Economic Performance (2016)	201-2	Financial implications and other risks and opportunities due to climate change	ESG-related risks and opportunities
GRI 203: Indirect Economic Impacts (2016)	203-2	Significant indirect economic impacts	Charities, non-profit and local communities
GRI 205: Anti-corruption (2016)	205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption, Business ethics, Compliance with laws and regulations, Protection of whistleblowers
GRI 205: Anti-corruption (2016)	205-3	Confirmed incidents of corruption and actions taken	Anti-corruption, Business ethics, Compliance with laws and regulations, Protection of whistleblowers
GRI 206: Anti-competitive Behavior (2016)	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-corruption, Business ethics, Compliance with laws and regulations, Protection of whistleblowers
Environmental			
GRI 301: Materials (2016)	301-1	Materials used by weight or volume	Waste management and circular economy
GRI 301: Materials (2016)	301-2	Recycled input materials used	Waste management and circular economy
GRI 302: Energy (2016)	302-1	Energy consumption within the organization	Energy and fuel
GRI 302: Energy (2016)	302-3	Energy intensity	Energy and fuel

Omissions

Note

Requirement(s) omitted

Reason

Explanation

Management approach described without quantitative indicators

Information incomplete

Disclosed only 3-1a

Disclosed only 3-2a. 3-2 b (not relevant - first report.

Captured within particular section

Partially covered

Information incomplete

Management approach described - ambition to focus on this topic more in future.

Information unavailable / incomplete

Partially covered

Information incomplete

No incidents

No legal actions

Total fuel consumed by fleet reported in litres. Total energy consumption is reported in GJ.

GRI Standard	Disclosure Number	Disclosure Name Individual requirements (,a', ,b', ,c', etc.) are not listed here	Location of Disclosure
GRI 302: Energy (2016)	302-4	Reduction of energy consumption	Energy and fuel
GRI 303: Water and Effluents (2018)	303-1	Interactions with water as a shared resource	Water management
GRI 303: Water and Effluents (2018)	303-3	Water withdrawal	Water management
GRI 303: Water and Effluents (2018)	303-4	Water discharge	Water management
GRI 303: Water and Effluents (2018)	303-5	Water consumption	Water management
GRI 305: Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	Carbon footprint and emissions
GRI 305: Emissions (2016)	305-2	Energy indirect (Scope 2) GHG emissions	Carbon footprint and emissions
GRI 305: Emissions (2016)	305-3	Other indirect (Scope 3) GHG emissions	Carbon footprint and emissions
GRI 305: Emissions (2016)	305-4	GHG emissions intensity	Carbon footprint and emissions
GRI 305: Emissions (2016)	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Pollution
GRI 306: Waste (2020)	306-3	Waste generated	Waste management
GRI 306: Waste (2020)	306-4	Waste diverted from disposal	Waste management
GRI 306: Waste (2020)	306-5	Waste directed to disposal	Waste management
GRI 308: Supplier Environmental Assessment (2016)	308-1	New suppliers that were screened using environmental criteria	Supply chain responsibility
Social			
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	Availability of skilled workforce
GRI 401: Employment (2016)	401-3	Parental leave	Work-life balance and well-being
GRI 403: Occupational Health and Safety (2018)	403-1	Occupational health and safety management system	Health and safety
GRI 403: Occupational Health and Safety (2018)	403-2	Hazard identification, risk assessment, and incident investigation	Health and safety
GRI 403: Occupational Health and Safety (2018)	403-3	Occupational health services	Health and safety
GRI 403: Occupational Health and Safety (2018)	403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety
GRI 403: Occupational Health and Safety (2018)	403-5	Worker training on occupational health and safety	Health and safety

GRI Standard	Disclosure Number	Disclosure Name Individual requirements (,a', ,b', ,c', etc.) are not listed here	Location of Disclosure
GRI 403: Occupational Health and Safety (2018)	403-6	Promotion of worker health	Health and safety Work-life balance and well-being
GRI 403: Occupational Health and Safety (2018)	403-8	Workers covered by an occupational health and safety management system	Health and safety
GRI 403: Occupational Health and Safety (2018)	403-9	Work-related injuries	Health and safety
GRI 404: Training and Education (2016)	404-1	Average hours of training per year per employee	Education and training
GRI 404: Training and Education (2016)	404-2	Programs for upgrading employee skills and transition assistance programs	Education and training
GRI 404: Training and Education (2016)	404-3	Percentage of employees receiving regular performance and career development reviews	Performance evaluation and feedback
GRI 405: Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	Highest governance body, Governance structure and composition Diversity, Non-discrimination and human rights
GRI 406: Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	Diversity and Non-discrimination
GRI 410: Security Practices (2016)	410-1	Security personnel trained in human rights policies or procedures	Diversity, Non-discrimination and human rights
GRI 413: Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	Charities, non-profit and local communities
GRI 414: Supplier Social Assessment (2016)	414-1	New suppliers that were screened using social criteria	Supply chain responsibility
GRI 415: Public Policy (2016)	415-1	Political contributions	Political engagement and lobbying activities, public policy
GRI 418: Customer Privacy (2016)	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer privacy (GDPR), Data security and management

Omissions

Note

Requirement(s) omitted

Reason

Explanation

Management approach described without quantitative indicators.

Partially covered

Partially covered

Partially covered

Management approach described without quantitative indicators.

Information unavailable / incomplete

Partially covered

Information incomplete

No incidents

Management approach described without quantitative indicators.

Information unavailable / incomplete

Management approach described without quantitative indicators.

Information unavailable / incomplete

Management approach described without quantitative indicators.

Information unavailable / incomplete

6 List of abbreviations

CFP	Carbon footprint
CNC	Computer numerical control
ESG	Environmental, Social, Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
FEA/FEM	Finite Element Analysis / Finite Element Method
FTE	Full-time equivalent
FUCA	Front upper control arm
GHG	Greenhouse gas
GRI	Global Reporting Initiative
HGV	Heavy goods vehicle
HR	Human resources
ILO	International Labour Organization
KPI	Key performance indicators
OEE	Overall equipment effectiveness
SASB	Sustainability Accounting Standards Board
EHS	Environment, Health and Safety