

**HRASTNIK1860**  
MEMBER OF **VAIDER** GROUP

SUSTAINABILITY  
**REPORT**  
**2023**



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## EXCERPT

The sustainability report provides an overview of key activities, objectives and strategies relating to the sustainable development of Steklarna Hrastnik and includes operational, social and environmental aspect of sustainable operation.

In the past year, a lot of important things happened for Steklarna Hrastnik, and most of the things that happened to us, most of the events that marked our business, contributed to the growth of not only our company, but now the Group as well.

We carried out several breakthrough projects, investments and products, all of which is presented in this sustainability report. The sustainability stance remains the commitment of Steklarna Hrastnik for the future as well.



IN YEAR  
**2023**

WE HIGHLIGHT:

Glass:  
**100%**  
recyclable  
material

Number of hours  
of training per  
employee:  
**80**

Share of own  
green energy:  
**1,22%**

Number of employees:  
**557**

*Steklarna Hrastnik has been manufacturing products from **one of the clearest glasses in the world since 1860.***

*Great emphasis is given to our environmental orientation, higher quality of life and social responsibility in all forms. For a better tomorrow of future generations.*

Net sales  
revenue:  
**89,9  
mio €**

Energy consumption  
per tonne of melted  
glass:  
**12%**  
**lower**

in the last  
five-year period

The total reduction  
in GHG emissions,  
from 2020 in the  
range 1-3, is  
**33%**

Daily production  
capacity:  
**290  
ton**

Recipient of the **EcoVadis platinum medal**  
for sustainable development

## DID YOU KNOW?

Over **500 employees** passionately and proudly participate in the development and manufacturing process. Over 117 of them have been a part of Steklarna Hrastnik for more than 10 years, while more than 131 of our colleagues have been with us for more than 20, 30 or even 40 years. This represents over 44% of our employees. At Steklarna Hrastnik, our loyalty and love of glass are visible at every turn.

In the first half of 2023, the production of high-quality liquid glass in the new glass furnace in the Special business unit started, in which the share of electricity as an input energy source is already over 40%. Through innovative process improvements, we have established glass production according to the so-called hybrid process, which enables the production of glass from renewable and green energy sources with a significant reduction in greenhouse gases. The capacity of the furnace is 170 tonnes per day. The total value of the entire furnace overhaul project exceeded EUR 26 million, most of which is provided by Steklarna Hrastnik from the generated positive cash flow, and less than a tenth of the value is covered by the EU Innovation Fund. In 2023, we invested a total of EUR 2.3 million, representing 2.4% of the annual turnover, in the R&D activity oriented toward circular economy and sustainable development.

In particular, we would like to highlight our breakthrough project of bottle production, where hydrogen is used as the main energy source. We have succeeded in the industrial production of premium segment bottles using hydrogen as an energy source, which is the first such commercial use of hydrogen in the packaging glass production industry. With more than 60% of the hydrogen used to melt glass, Steklarna Hrastnik reduced its direct carbon footprint by more than 30% compared to standard procedures. With successful industrial use and production with hydrogen, we have consolidated our position as a leading European manufacturer of high-quality glass packaging and a pioneer in the field of green transformation in the glass-making industry.



## SUSTAINABILITY GOALS

AREA	INDICATOR	TARGET 2022	IMPLEMENTATION PERFORMANCE OF GOAL SET IN 2023	GOAL 2024
<b>SAFETY AT WORK</b>	Number of injuries at work	≤ 10 injuries at work	Goal not achieved. (14 injuries at work)	≤ 10 injuries at work
<b>HEALTH AT WORK</b>	Sick leave	≤ 5,50 %	Goal was achieved. 5,50 %	≤ 5,50 %
<b>SOCIAL RESPONSIBILITY</b>	Sponsorship and donation funds (percentage from the net sales revenue)	0,24 %	Goal was achieved. 0,27%	0,23 %
<b>QUALITY</b>	Complaints (value of complaint costs / net sales revenue)	≤ 0,30 %	Goal was achieved (0,26 %)	≤ 0,30 %
<b>ENVIRONMENT</b>	Waste from cleaning flue gases	Use of waste in production	Goal not achieved, no continuous use of waste in regular production	Continuation of activities
	Use of foreign waste glass	≥ 1 % in manufactured glass	Goal not achieved, no continuous use of waste in regular production	≥ 1% in produced glass
	Share of own green energy	≥ 2 %	Goal not achieved, the achieved proportion is 1.22%	≥ 2 %
	Installation of a glass furnace, construction of a regenerative hybrid furnace with up to 40% of the use of renewable electricity; reduction of CO2 emissions	Furnace construction	Goal was achieved	Continuation of the BEAR project

## ADDRESS BY THE GENERAL MANAGER

Sustainable development is becoming an increasingly fundamental value of modern companies that want to act responsibly towards the environment, society and the development of humanity. In this context, Steklarna Hrastnik, with more than 160 years of tradition in glass production, is an example of a company that successfully combines innovation, sustainable practices and business excellence. Especially in the last few years, the Hrastnik glass factory has paid great attention to the exceptional emphasis on environmental protection, and at the same time increased responsibility towards employees and the wider community. All this is reflected in our constantly evolving approach to sustainable business

### STRATEGIC ORIENTATION TOWARDS SUSTAINABILITY

Steklarna Hrastnik is aware of its role in the local and global environment, which is why sustainability is included in all aspects of our operations. We are committed to reducing our environmental footprint in the long term, which includes continuous improvement of production processes, reducing greenhouse gas emissions and increasing the use of renewable energy sources. Our sustainability goals are aligned with the goals of the United Nations for sustainable development until 2030 and with the development strategies of Slovenia until 2030.

An important step in this process was the successful integration of hydrogen as an energy source for the production of bottles in the premium segment. With this project, we have become pioneers in the use of renewable energy sources in industry, which represents a major and pioneering turning point in our sustainable development. In addition, we have launched a new hybrid furnace that enables greater energy efficiency and reduces CO<sub>2</sub> emissions, all in accordance with our goal of sustainable business.

We are more than aware that development, innovation and progress are based on partnership with employees. We as people are key to achieving our sustainability goals and objectives. That is why we invest a lot

of energy in the knowledge, development and well-being of our employees. Training, mentoring and departmental rotation programmes enable employees to better understand the company and develop skills that contribute to greater innovation and productivity. We strive to create a work environment that encourages continuous learning and development, which in turn strengthens our competitive advantage in the market. Since the production of glass products is associated with a demanding manufacturing process, we are very systematically committed to improving working conditions and promoting a culture of safety.

All our efforts are supported by various certificates and awards, which prove our commitment to excellence in all areas – from human development, environmental protection to breakthrough solutions in the glass industry.

The emphasis on employee development, while investing in exceptional technological and sustainable progress, is not only a business strategy, but also a moral commitment to creating quality jobs, which are the foundation of the company's sustainable growth

### ENVIRONMENTAL RESPONSIBILITY

For many years, Steklarna Hrastnik has been actively reducing its impact on the environment, which includes reducing energy consumption, optimising the use of raw materials and reducing emissions of harmful substances. Our glass is still known as one of the cleanest in the world and is of course 100% recyclable.

Our clients respect the manufacture of technically demanding products from one of the clearest glasses in the world and the offer of the entire service package, including the design, development and manufacture of high-quality glass products. At the same time, we also offer bottle decoration, packaging and logistics solutions. All available at one location. All of the above is supported by numerous research and development

projects in the direction of sustainability and efficiency. By continuously upgrading our ability to meet the most demanding needs and sustainability goals of global partners.

The Hrastnik1860 brand remains synonymous with technical knowledge, quality and durability in the glass packaging industry.

Our efforts and activities, and above all the results of our commitment to sustainable development, were awarded the highest possible, i.e. the EcoVadis 2023 platinum medal for sustainable development. The sustainability orientation of our glass factory has been rated as advanced, and EcoVadis analyses and verifies the company's benchmarks for environmental, social and ethical practices in more than 200 industries and more than 160 countries.

In addition to careful management of internal resources, Steklarna Hrastnik is aware of the importance of cooperation with all external stakeholders, including suppliers, customers and the local community. All our relationships are based on transparency, reliability and mutual trust. This creates value for all parties involved, while promoting accountability and sustainable practices throughout the supply chain.

In 2023, we paid special attention to sustainable procurement, where we established new standards for the selection of suppliers, which include ecological and social criteria. In doing so, we want to ensure that our partners also act in accordance with sustainable principles, which in the long run contributes to the overall goal of reducing the environmental footprint.

In the glass industry, development steps are measured in periods of 8 to 10 years. This is the life of a furnace, when during a prolonged shutdown and replacement, we can introduce radical changes in technology. In the meantime, within the scope of the possibility of interfering with the process of operation, we are optimising production and introducing innovations in support processes in production. We devote time to digitisation and automation, of the production process as well as control and transport.

However, just a glimpse into the near future, which we are already building today, shows that the glass from Hrastnik will be based on the use of green energy from various sources, and employees will work in harmony with the new technology, as it will greatly facilitate the production process itself.

In doing so, we firmly follow the principle that digitalisation does not equal less authentic human relationships – it merely gives us more time for them. All planned new technologies will be tools and help in making decisions, which will still be based on in-depth knowledge, rational thinking and many years of experience. The technology will always progress, but the human factor remains the key component at all levels of operation, considering the complexity of our processes and the production method.

The goals of our development and sustainability-oriented projects, in addition to the development of products, services and industries, are also a mental leap and responsibility to raise awareness about the use of glass products and packaging. All this is the foundation for the glass packaging from the oak glass factory to remain the best, cleanest, highest quality, and, above all, more sustainable special packaging in the world every year.

The sustainability report for 2023 is thus not just an overview of achievements, but a demonstration of Steklarna Hrastnik's strategic commitment to sustainable development. Our efforts to innovate, reduce environmental impact, and invest in employees and the community are proof that business performance can be combined with sustainability principles. With its operations, Steklarna Hrastnik sets high standards in the field of sustainability and is an example to companies in Slovenia and beyond.

*General Manager*  
**Peter Čas, M.Sc.**



## ABOUT THE COMPANY

**Company name:** Steklarna Hrastnik, družba za proizvodnjo steklenih izdelkov, d.o.o.

**Short company name:** Steklarna Hrastnik d.o.o.

**Head office:** Cesta 1. maja 14, 1430 Hrastnik

**Country:** Slovenija

**Tax ID number:** 30242215

**Registration number:** 5254132

**Activity code:** 23.130 - Manufacture of hollow glass

**Ownership structure as of 31/ 12/ 2023:** Vaider Group AG 100 %

### VISION

We are the most innovative, inspiring and sustainable company for the production of luxurious glass packaging from one of the purest glasses in the world.

### MISSION

With unique solutions in the field of packaging glass we guarantee priceless experiences. Proudly, passionately and energetically.

## VALUES



### PURITY

trust, openness,  
entrepreneurship



### PASSION

innovation, cooperation,  
excellence



### HEART

respect, sustainable  
orientation, commitment

**HRASTNIK 1860**



### **CLEAR GLASS**

The products are manufactured from one of the clearest glasses in the world, which does not contain heavy metals.



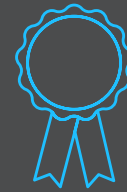
### **RELIABILITY**

We are a trustworthy business partners that respects the agreed commitments.



### **INNOVATION**

We develop new products and solutions, seek new procedures and processes, and raise the quality of glass and products.



### **EXCELLENCE**

The quality of products, glass-making tradition and advanced solutions and processes.



### **FLEXIBILITY**

We provide customers with a wide range of various volumes and the production of smaller batches, both in glass production as well as in decoration activities.



### **KNOWLEDGE**

Rich technical and professional knowledge that follows the progress in technology and industry development with which may introduce new solution into the market.



### **PARTNERSHIP**

We offer a comprehensive approach and support (Full service solution) - from the idea, design and development, to production and delivery.

## ACTIVITY

The principal activity of Steklarna Hrastnik d.o.o. is the manufacture of hollow glass. Steklarna Hrastnik's products are made of one of the clearest glasses in the world. Its gloss is on par with crystal, but does not contain heavy metals. We offer a package of services, including counselling, development, manufacture of top glass products, decoration, packing, completion, commissioning and other all in one place. With a comprehensive, fast and efficient service for our partners and we are building a permanent competitive advantage of our products and services.

The packaging glass programme is the company's leading sales programme. It is divided into bottles and tumblers, products for perfumes and other cosmetics, glass stoppers, mass consumpt

## MANAGEMENT

Steklarna Hrastnik has a single-tier management system. The founder and the management are specified as the company's management bodies.

The founder independently decides about all matters for which the law requires that must be decided on by shareholders. The founder has taken over and carries out also the function of supervising the company's business operations. The decisions made by the founder - shareholder are entered into a special decisions ledger.

The management may have one or two directors, that is, the General Manager and, after the decision of the founder, the Executive Manager.

In 2023, the company had a management consisting of a General Manager ( Peter Čas, M.Sc.) and an Executive Director (Matevž Fazarinc, PhD). In accordance with the provisions of the Memorandum of Association, they managed the company at their own risk and represented it within the limits of the Memorandum of Association.

The General Manager decides on all issues regarding the organisation and management of the company, particularly he shall:

accept and submit the annual report to the founder for consideration and confirmation

adopt the annual business plan

report to the founder about the company's operations

carry out the founder's decisions

adopt decisions on the business operations of the company, decide on the disposal of assets of the company within his powers

define the internal organisation and job planning and assign tasks to employees and oversee the performance of these tasks

adopt general acts and organisational regulations and carry out other tasks in accordance with the law, statute and other general acts of the company

The tasks and tasks of the Executive Director are determined by the General Manager by a decision, but he cannot delegate to him the powers and responsibilities of the General Manager in relation to the founder, which are (i) the preparation of a proposal for a decision on the use of the distributable profit; (ii) the preparation of measures within the competence of the founder; (iii) the execution of decisions adopted by the founder.

The General Manager and the Executive Director are obliged to obtain the founder's prior consent to the Act of Establishment of a certain business.

**Peter Čas, M.Sc.**

*Vaider Group, CEO Steklarna Hrastnik in SFS, General Manager.*

He graduated and passed his Master's at the Faculty of Mechanical Engineering, University of Ljubljana. In his career he continued with various education sessions in the technical and managerial fields, among which were also sessions at the IEDC-Bled business school.

Before deciding on continuing his business career in Steklarna Hrastnik in May 2017, he gained invaluable experience in the technical field in production companies such as Gorenje and SIJ, while at the same time establishing himself as a respected leader.

His key strategic objectives are to achieve operational excellence while setting new standards to transform companies from traditional to modern – all on a solid foundation of both social and environmental responsibilities. Under his leadership, Steklarna Hrastnik significantly increased investments in the latest and cleanest technologies in the glass industry. With this approach, the company has further strengthened its position in the niche segment of the highest quality glass packaging.

In 2023, he supplemented his existing functions and operations at the level of production companies of Steklarna Hrastnik in Slovenia and SPS Paraćin in Serbia, as CEO (General Manager) of the Vaider Group.

As a leader, he believes in open communication and clean relationships. In leadership, he also gives great importance to operational excellence, flexibility and customer orientation and care for employees and the environment. Above all, he is aware of the importance and responsibility to the people and the environment that coexist with the company that he manages



Peter Čas, M.Sc.

**Matevž Fazarinc, PhD**

Matevž Fazarinc is an experienced expert with extensive experience in production and operational management, which he acquired through various management functions.

He graduated and received his PhD degree from the Faculty of Natural Sciences and Engineering of the University of Ljubljana, where he acquired basic knowledge that enabled him to develop his career. He was head of production and operations at several leading Slovenian companies, where he gained valuable experience in the field of optimisation of production processes, introduction of innovative technologies and management of large teams. He also held important managerial positions in various companies - acting as Director of Production and as Operations Director, assuming most of the responsibility for the introduction of new production technologies and improving operational efficiency.

In his career he continued with various education sessions in the technical and managerial fields, among which were also sessions at the IEDC-Bled business school.

His work focuses on the optimisation of production processes, the introduction of sustainable practices and the development of business strategies that increase the competitiveness of the company. With his vision and strategic approach he has successfully brought different companies through many challenges, while setting new standards in the area of sustainability and business excellence in the industry. His expertise also includes mastering complex production systems, introducing innovative technologies and human resources development.

In 2022, he joined the Steklarna Hrastnik team, first as Deputy General Manager, then as Executive Director, and since mid-2024, he has held the position of CEO (General Manager) at Steklarna Hrastnik.



Matevž Fazarinc, PhD

## ORGANISATION OF THE COMPANY

Steklarna Hrastnik has been operating as a limited liability company since September 2012. Steklarna Hrastnik is the only owner of Glashuta d.o.o., which operates as an independent legal entity at the same location as its parent company, as well as the owner of 100% share of the company Sunex 2 s.r.l. (Italy).

The company carries out its activities at two locations, namely at the registered office of the company, which is the location of Vitrum, and at its dislocate unit, at the location of Special, at Podkraj 70b, Hrastnik.

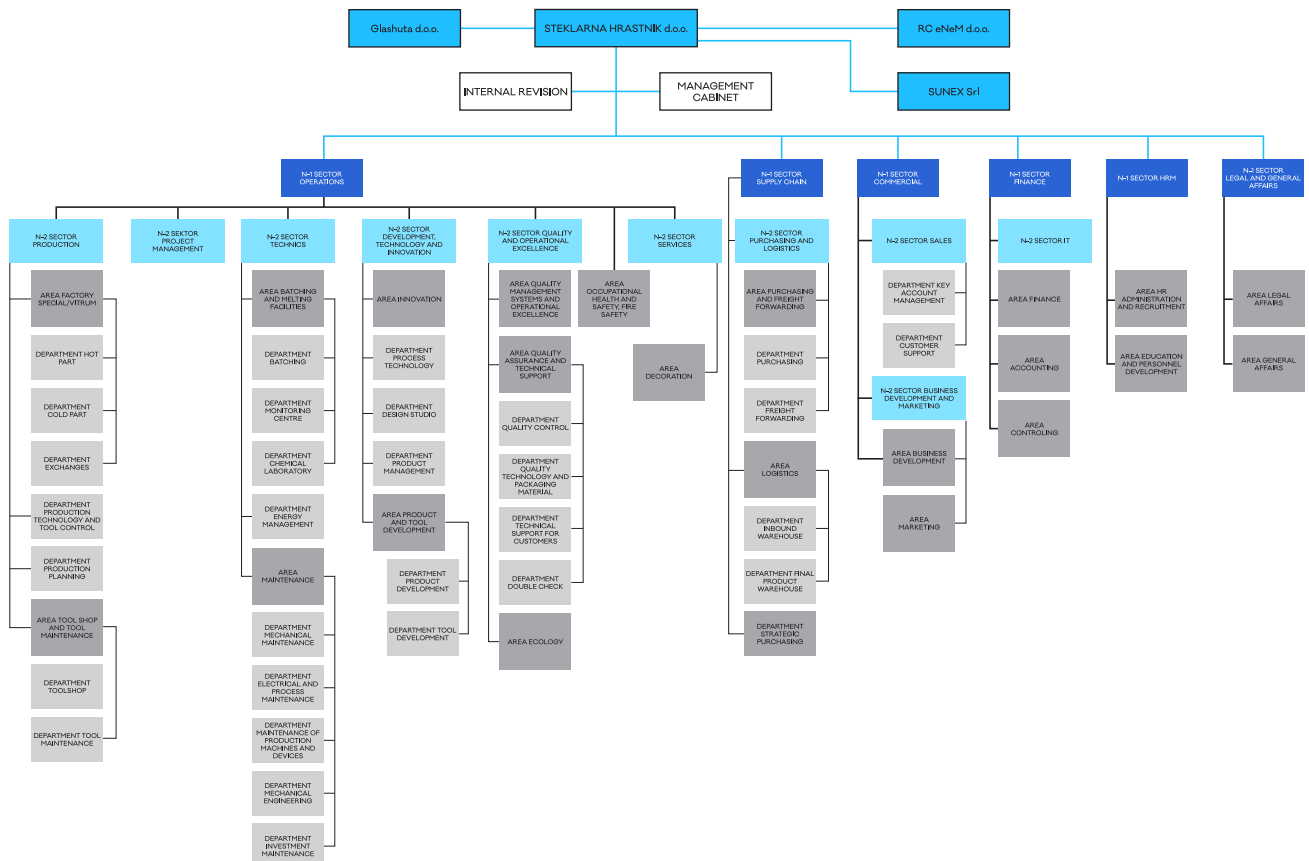
The key section Operations combines the Special and Vitrum production units with the Decor unit and key areas/departments that ensure production support. Other sectors are Supply Chain, Sales and Marketing, Finance and Information Technology, HR, and Legal and General Affairs.

Organisation is divided into the following 4 levels of management: General Manager and Executive Director as the management, sections, divisions and departments.

In 2023, organisational changes were implemented in November, which were based on changed circumstances, the need for flexibility and operational leanness, as well as a better and more meaningful connection of individual organisational units.

The services provided by Glashuta to Steklarna Hrastnik in 2023 include re-inspection and packaging, projects and investments, maintenance works and transportation services. Glashuta is included in the scope of the sustainability report. SUNEX 2 s.r.l. is also part of the consolidated annual report for 2023, which is excluded from the scope of the sustainability report.

The Mezzo organisation of Steklarna Hrastnik (organisation up to the department level) at the end of 2023 was as follows:



## SALES MARKETS

Steklarna Hrastnik is globally-oriented. It markets its products and services in the following geographical segments:

### TARGET STRATEGIC MARKETS:

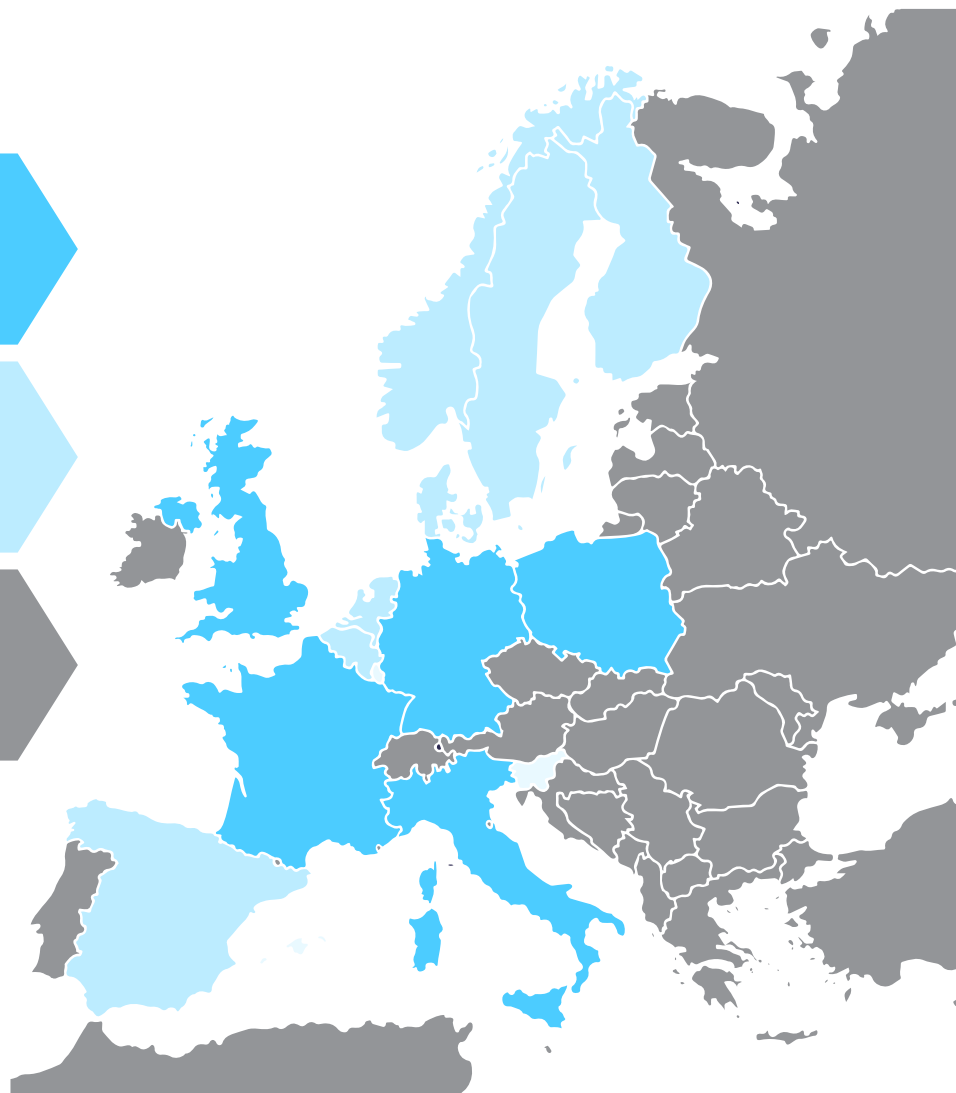
Germany, France, Italy, Poland, United Kingdom

### IMPORTANT MARKETS:

Slovenia, Spain, Scandinavia, Benelux

### NEW MARKETS:

USA, Middle East and others



## ECONOMIC INDICATORS OF OPERATION

Steklarna Hrastnik d.o.o.	2017	2018	2019	2020	2021	2022	2023	Change 23/22
<b>Net revenues of sales in EUR 000</b>	57.652	59.400	64.878	56.337	77.138	99.509	89.914	<b>-10%</b>
<b>Added value per employee</b>	45	52	58	56	72	96	101	<b>5%</b>

In 2023, the company recorded a 10% drop in sales compared to the previous year, and the added value per employee amounted to EUR 101 thousand, which is a 5% increase compared to the previous year.

## QUALITY

Since 2000 a quality system has established in the company according to the ISO 9001 standard. The above standard is focused mainly on the efficiency of the quality management system and specifies the requirements for the operation of the management, for managing resources, carrying out the basic activity (manufacturing products), control and orientation toward customers. In short, it encompasses all business processes and management levels in the company and is based on managing, improving, engaging, building relationships, but mainly on optimising processes so that they can run without any major deviations and with the greatest possible added value.



## MEMBERSHIP IN CHAMBERS

With its experts Steklarna Hrastnik is active in several chambers and other organisations, and professional associations, namely:

FEVE - European  
Glass Container  
Federation

Chamber of  
Commerce and  
Industry of Slovenia

British Institute of  
Interior Design

British-Slovenian  
Chamber of  
Commerce

American Chamber of  
Commerce

Slovenian-German  
Chamber of  
Commerce

Chamber of  
Commerce and  
Industry of the  
Štajerska region

Business Financiers  
Society

HR Activity  
Association

Slovenian Society for  
Quality

Toolmaking  
Development Centre



In 2023, we launched as many as 3 new bottles of our own Hrastnik1860 brand. Together with these new products, the Steklarna Hrastnik collection now consists of 35 products in the Spirit segment.



In particular, we would like to highlight our breakthrough project of bottle production, where hydrogen is used as the main energy source. We have succeeded in the industrial production of premium segment bottles using hydrogen as an energy source, which is the first such commercial use of hydrogen in the packaging glass production industry. With more than 60% of the hydrogen used to melt glass, Steklarna Hrastnik reduced its direct carbon footprint by more than 30% compared to standard procedures. With successful industrial use and production with hydrogen, we have consolidated our position as a leading European manufacturer of high-quality glass packaging and a pioneer in the field of green transformation in the glass-making industry. The achievement represents an important technological and innovation milestone, as there were concerns that glass production of such quality would not be possible and economically viable using high proportions of hydrogen as an energy source. With our own development, we have refuted this claim and thus confirmed that the replacement of natural gas, which is a traditional energy source in the production process, is possible and completely within the existing quality requirements. In particular, it is of key importance that hydrogen did not have a significant impact on the clarification and discolouration of glass and that we were able to ensure the quality of products within the existing technological limits.

2023 was also marked by many other important milestones and achievements for our company. Among the most important highlights of this year, I can briefly highlight the implementation of a number of important projects, including CEDIT, BEAR, H2GLASS, NAHV, MES, and the transition to SAP, about which you can read more later in the report.

We were awarded the EcoVadis 2023 platinum medal for sustainable development for our activities. The sustainability orientation of our glass factory has been rated as advanced, and EcoVadis analyses and verifies the company's benchmarks for environmental, social and ethical practices in more than 200 industries and more than 160 countries.

The past year was also the year when we received a really large number of awards and recognitions, including the JRE Award, RED DOT Award, Exporter of the Year as selected by the newspaper Finance, Innovators of the Chamber of Commerce and Industry of Slovenia, ECO VADIS Platinum Award, German Design Award and others.

At the same time, we are in the process of introducing a new organisational structure called VAIDER GROUP, which will enable better coordination and efficiency of operations.

## SUSTAINABLE DEVELOPMENT AS A STRATEGIC ORIENTATION

Sustainable development is at the centre of Steklarna Hrastnik's strategic vision and operation. We are committed to glass of the highest quality and purity. This strategic decision is opening up new possibilities for us to constantly raise our own sustainability objectives and contribute to achieving the sustainability objectives of the wider social community.

Packaging glass complies with the strict requirements of the food, cosmetics and other industries. For some time we have placed considerable emphasis on thinner thickness of the walls and bottom, since lower weight of products also affects the reduction of transport costs and the improvement of the carbon footprint. We strive toward increasing the service life of the products using innovative decoration technologies. The use of décor increases the value of the primary product, which at the same time influences the perception of the product by individuals and consequently their purchase decision.



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## ACHIEVING STRATEGIC SUSTAINABILITY GOALS

At Steklarna Hrastnik we are aware that we are part of the local and global community. With our mission, actions and responsibility we wish to constantly decrease our own negative impacts and strategically contribute on a long term to realising the sustainability objectives of the United Nations and policies defined by the Republic of Slovenia in the Slovenian Development Strategy 2030.

Sustainability policies of Steklarne Hrastnik	Objectives of the United Nations for sustainable development 2030	Development Policy of the Republic of Slovenia 2030
<ul style="list-style-type: none"> <li>A healthy and active life of employees and wider community</li> <li>Contributing to an inclusive labour market (school grants, work placements, persons with disabilities) and ensuring quality job posts</li> <li>Conducting business operations in accordance with the legislation and high ethical standards</li> <li>Ensuring safety</li> <li>Caring for the environment</li> </ul>		 <p>Inclusive, healthy, safe and responsible society</p>
<ul style="list-style-type: none"> <li>Providing competitive services with advanced business models, technologies and materials</li> <li>Achieving successful operating results</li> <li>Achieving favourable indirect impacts on the economy</li> <li>Ensuring safe and quality job posts</li> </ul>		 <p>Highly productive economy that creates added value for all</p>
<ul style="list-style-type: none"> <li>Educating and training employees</li> <li>Enabling study placements and connecting educational institutions with the economy</li> <li>Passing on new scientific and research breakthroughs to the economic environment</li> <li>Encouraging the lifelong education of the general public</li> </ul>		 <p>Learning for and through life</p>
<ul style="list-style-type: none"> <li>Promoting employee health</li> <li>Low-carbon circular economy</li> <li>Replacing fossil fuels with renewable energy sources</li> <li>Sustainable natural resource management</li> <li>Sustainable development of the wider community</li> </ul>		 <p>Well-preserved natural environment</p>
<ul style="list-style-type: none"> <li>Multi-stakeholder dialogues and cooperation</li> <li>Socially responsible projects and partnerships</li> <li>Operating transparency and efficiency</li> </ul>		 <p>High level of cooperation, competence and governance efficiency</p>

## SUSTAINABILITY RISKS

The business operations of Steklarna Hrastnik must be resistant to complex risks, which are represented by various predictable or completely unpredictable challenges, externally as well as internally. Comprehensive risk management is an important part of our corporate management and includes the entire organisational structure of the company. The aim of risk management is the timely identification of potential risks, appropriate response to them and the preparation of relevant measures to hedge against identified risks, eliminate them and reduce the exposure to them.

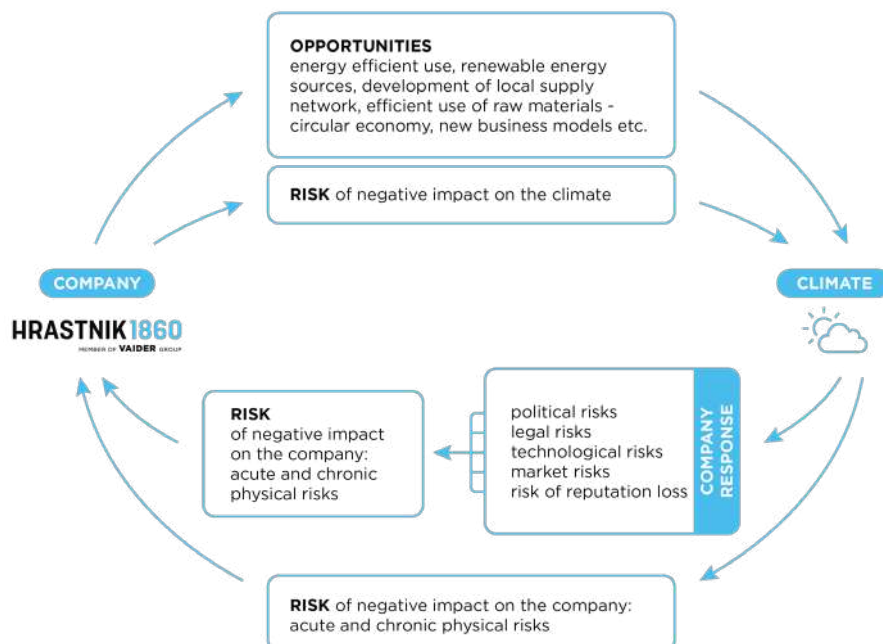
Steklarna Hrastnik divides risks in the following groups: business, financial and operating. Steklarna Hrastnik is also monitoring risks in the area of IT and environmental/climate and health risks due to increasing global and sectoral changes. In managing risks we take into consideration the aspects of the risks we cause with our activities and aspects of risks from the broader environment, which impact our operations. In all these aspects we try to identify negative risks as well as the opportunities to develop our business.

Risk	Risk management	Classification of risk assesment - exposure
Energy source – shortage	The energy system lies at the contact point of two loops, enabling switchover in case of either one failing.	Moderate
Loss of environmental permit	Constant monitoring of regulations and directives as well as legal bases. Monitoring of discharges and waste. Keeping records. Inspections.	Moderate
Critical product warranty complaints	Automated and individual controls. Statistical sampling of series. Other inspections. Product recall procedure. Implementation of internal improvements.	Moderate
Presence of exclusive suppliers	Search for alternatives, engagement of and collaboration with new suppliers in the development of products.	Low
Emergence of new competitors in India and China	More intensive self-promotion, marketing activities, knowledge about competitors.	Moderate
Changes in macroeconomic operating conditions in key markets	Proactive efforts in sales, monitoring of economic trends and active adaptation of the offer to new conditions	Moderate
Regulatory obligations in key markets	Active cooperation in procedures for the performance of the market analysis prior to the imposition of measures and warning about eventual irregularities, monitoring of the regulator's measures, monitoring of market development and conditions in other EU markets	Moderate
Introduction of new products	Monitoring of key market trends, motivation of employees for innovations and improvements, timely response to customers' needs, shortening the time from the idea to realisation.	Moderate
Ensuring adequate staffing in the context of operations and supply assurance	Timely detection of needs and immediate reaction to plan changes.	Moderate

<b>Risk</b>	<b>Risk management</b>	<b>Classification of risk assessment - exposure</b>
Electric power outage	Diesel generators, stability of the electricity grid at the company, energy efficiency.	High
Discharge of molten glass mass from the furnace or the feeding hopper	Regular daily checks of furnaces by operators; a more detailed inspection every 14 days with the entire team. Hydrants installed by the melting area only for stopping a possible glass breakthrough. Training of teams is carried out.	Moderate
Discharge of oil into groundwater	Installed oil traps. Attention paid during preventive maintenance.	Moderate
Sudden injuries at work / investments	Education for safe and healthy work. Promotion of health and safety at work.	Moderate
Fire	Fire safety rules. Organisation of fire watch duties. Training of firemen and their presence during shifts, automated fire alarm system.	High
Employee age structure	Reassignment to other positions of employment when possible, targeted rejuvenation of the labour force in line with the scholarship plan and revitalisation project.	Moderate
Sick leaves	Partial reassignments, hiring new workers through agencies, overtime work, preventive healthcare activities.	High
Legal risks (lawsuits, legislation)	Efforts for out-of-court dispute resolution, consulting with internal and external legal experts so as to avoid further claims.	Moderate
Investment risk	Supervision of the implementation, the consumption of resources and the quality of project results, timely detection of projects facing difficulties and the preparation of suitable measures for their elimination.	High
Dependence on a single supplier	Application of the 2 suppliers strategy wherever possible. Increasing emergency stocks at suppliers.	Moderate
Market recall	Performed risk analysis. Managing critical items and implementation of controlling measures for the risk occurrence prevention. Training of employees	High
Necessity for unplanned furnace renovation.	Suitable prevention and planning of any furnace interventions. Stock of suitable FR materials that have longer delivery times. Implementation of periscope examinations on furnaces. Cooperation with external furnace experts.	Moderate
Ensuring the operation of the critical information systems (ERP, MIK, Špica, VRS, O365, BI)	Redundancy of the IT infrastructure and internet access, concluded maintenance contracts with outsourcers, automatic notifications when information systems fail	Moderate

Risk	Risk management	Classification of risk assessment - exposure
Loss or corrupted data	Frequent backup copies (usage of advanced technologies - snapshot in a virtualised environment), backup copies in the TS data centre.	Moderate
Ensuring an on-going operation of the data centre	Redundant A/C, alarm system, systems of active fire protection.	Moderate
Hack into the information system	Performance of IT security checks by professionals, information security. Implementation of activities based on recommendations.	Moderate
Biological risks: epidemics	Training/educating people about hygiene, clean environment and safety and health at work. Emergency reserves of face masks, gloves and disinfectants. Appropriate ventilation in place, regular maintenance of water supply systems, disinfection. Adopting additional specific measures by way of orders	Moderate
Extreme rainfall, floods, erosion and landslides.	A hydrological and hydraulics study was conducted; adopting all measures defined in the study.	Moderate
Extreme temperatures, draught, fires.	Additional cooling of the premises, system of active and passive fire protection, additional drinking water for employees. Use of appropriate materials in investments for additional heat-insulation of buildings.	Moderate
Winter weather and ice (frost)	Additional heating of the premises. Use of appropriate materials in investments for additional heat-insulation of buildings.	Moderate
Strong wind gusts, extreme storms.	Use of suitable materials for the roofing, replacement of the old roofing.	Moderate

Figure: Identifying climate risks and opportunities



## RELATIONSHIPS WITH STRATEGIC STAKEHOLDERS

Discussions with strategic stakeholders must be held in order to implement sustainable management. With different types of dialogue via customised communication tools we identify the expectations and needs of shareholders, enabling us to define the key goals of our relationships together. With all stakeholders we develop relations in accordance with high ethical standards. As a responsible and reliable company, which is compliant with the legislation also in the area of human rights, we respect our employees, business partners, the environment and social community.

Table: Overview of expectations and needs of strategic stakeholders

Strategic stakeholders	Expectations and needs	Objective of the dialogue	Communication tool / type of dialogue
Employees	<ul style="list-style-type: none"> <li>• safe and healthy working environment</li> <li>• education, career development</li> <li>• satisfaction, motivation</li> <li>• corporate collective agreement</li> <li>• high organisational culture, good interpersonal relationships</li> <li>• quality harmonisation of the working and family life</li> </ul>	<ul style="list-style-type: none"> <li>• raising employee satisfaction and motivation</li> <li>• establishing an organisational culture which encourages regular and open communication, takes into consideration the opinion of the employees and includes them in the decision-making process</li> <li>• improving relationships between colleagues</li> <li>• successful business operations</li> </ul>	<ul style="list-style-type: none"> <li>• intranet</li> <li>• Steklar internal magazine</li> <li>• bulletin</li> <li>• information screens</li> <li>• mailboxes</li> <li>• e-mail</li> <li>• open door of the general manager</li> <li>• Connected Mondays</li> <li>• regular meetings with employees in individual sectors</li> <li>• individual discussions</li> <li>• annual discussion, setting goals</li> <li>• meetings of workers and trade union</li> <li>• satisfaction and commitment survey</li> <li>• regular meetings, coordinating and negotiating</li> <li>• other communication channels (e.g. social networks, formal and non-formal socialising of employees)</li> </ul>
Owner	<ul style="list-style-type: none"> <li>• protection against risks and events that could impact profit, property, goodwill</li> <li>• achieving strategic business goals</li> <li>• long-term development of the company</li> </ul>	<ul style="list-style-type: none"> <li>• achieving business goals and long-term development of the company</li> <li>• compliance of business operations</li> </ul>	<ul style="list-style-type: none"> <li>• meetings with the owner - founder</li> <li>• individual discussions</li> <li>• reports on operation</li> <li>• website</li> <li>• e-mail</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• understanding the customers' requirements</li> <li>• high degree of trust</li> <li>• quality and competitiveness of products and services</li> <li>• innovative comprehensive solutions</li> <li>• compliance with the legislation</li> <li>• minimum environmental impact even after the end of the life cycle</li> <li>• encouraging shifts toward sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• achieving common sustainability objectives and reinforcing good business relationships</li> <li>• environmental awareness is also an important aspect</li> </ul>	<ul style="list-style-type: none"> <li>• website</li> <li>• digital messages</li> <li>• social networks</li> <li>• individual discussions</li> <li>• satisfaction surveys</li> <li>• fairs, expert meetings, networking and business relationship strengthening events</li> <li>• webinars</li> </ul>

Strategic stakeholders	Expectations and needs	Objective of the dialogue	Communication tool / type of dialogue
Suppliers	<ul style="list-style-type: none"> <li>• quality of goods and services</li> <li>• compliance with the legislation and standards (also from the point of view of sustainable development)</li> <li>• good purchase conditions</li> <li>• reliability of supply</li> <li>• encouraging shifts toward sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• ensuring competitive services and products that achieve sustainability objectives</li> <li>• reinforcing good business relationships</li> </ul>	<ul style="list-style-type: none"> <li>• individual discussions and meetings</li> <li>• website</li> <li>• e-mail</li> </ul>
Local community/ neighbours	<ul style="list-style-type: none"> <li>• environmentally and socially acceptable behaviour</li> <li>• sincerity</li> <li>• regularly informing on the important activities of Steklarna Hrastnik with the aim of developing the social environment and social responsibility</li> <li>• integrity</li> <li>• sponsorships, donations and other form of stimulating the growth of the social environment</li> </ul>	<ul style="list-style-type: none"> <li>• raising awareness and educating the local community about events related to environmental protection and other important activities carried out by Steklarna Hrastnik with the intention of developing the social environment and social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• website</li> <li>• social networks</li> <li>• round tables and other meetings</li> <li>• expert workshops</li> <li>• annual report</li> <li>• sustainability report</li> </ul>
State/ government agencies	<ul style="list-style-type: none"> <li>• informing in time</li> <li>• up-to-date exchange of information</li> <li>• finding common solutions for open issues</li> </ul>	<ul style="list-style-type: none"> <li>• ensuring compliance</li> </ul>	<ul style="list-style-type: none"> <li>• mutual informing and reporting</li> <li>• website</li> <li>• e-mail</li> </ul>
Media, business community, professional public, non-governmental organisations	<ul style="list-style-type: none"> <li>• timely and authoritative information about the company's business operations</li> <li>• high relationship integrity</li> <li>• professional and development cooperation, networking</li> <li>• achieving environmental goals</li> </ul>	<ul style="list-style-type: none"> <li>• providing authoritative information about the company's activities</li> </ul>	<ul style="list-style-type: none"> <li>• regular communication, personal meetings</li> <li>• press conferences</li> <li>• interviews</li> <li>• press releases and other communication tools</li> <li>• website, social networks</li> <li>• round tables</li> <li>• focus groups</li> <li>• expert workshops</li> <li>• annual report</li> <li>• sustainability report</li> </ul>



## OPEN COMMUNICATION - FOUNDATION FOR GOOD RELATIONS

### Internal communications

One of the key pillars of Steklarna Hrastnik's operations are our employees. Like any company, our glassworks communicates with different public groups, but the most important of all is the internal public - our employees. We believe that it is important that employees are informed about all events and plans, since in this way they can feel valued, motivated and involved in the success of the company.

We take internal communication seriously, and this is confirmed by our extensive internal communication network. In other words, employees at Steklarna Hrastnik have many opportunities to obtain the necessary information and at the same time express their opinions.

In addition to the open doors of the General Manager and Executive Director, once a week the company also publishes the Steklar info newsletter (published on average twice a month with new news), online assemblies of employees "Zbor expres" (if necessary according to events), information screens (there are currently seven at different locations in the company), an internal portal (where all regular publications and announcements of the company are available, and much more), regular meetings of sectors and departments, personal meetings of small groups of employees (sectors and departments) with management and workers' assemblies (in 2023, we held 8 workers' assemblies at both locations, which means 16 personal meetings of a wide range of employees with company management).

And we must not forget the Steklarna Hrastnik union, weekly colleges, the website, social networks, and formal and informal meetings between employees. Employees also have the opportunity to ask questions anonymously via the internal portal, where a special button is available for submitting questions, suggestions and comments anonymously.



## External communications

We have strengthened communications on the global and local levels in order for Steklarna Hrastnik to become the carrier of process and sustainable innovations in the glass-making industry. We are proof that transition to sustainable operations can be carried out even in areas which require much energy, and the results of our efforts in the area of carbon balances were eagerly shared with others.

In the first half of the year, the production of high-quality liquid glass in the new glass furnace in the Special business unit started, in which the share of electricity as an input energy source is already over 40%. Through innovative process improvements, we have established glass production according to the so-called **hybrid process**, which enables the production of glass from renewable and green energy sources with a significant reduction in greenhouse gases. The capacity of the furnace is 170 tonnes per day. The total value of the entire furnace overhaul project exceeded EUR 26 million, most of which is provided by Steklarna Hrastnik from the generated positive cash flow, and less than a tenth of the value is covered by the EU Innovation Fund. Less than 65 days have passed since the commissioning in March to the first drop in May, which is a record short time in our glassworks to carry out such a demanding investment, which has further strengthened our operational capacity.

In particular, we highlighted our breakthrough project of bottle production, where hydrogen is used as the main energy source. We have succeeded in the industrial production of premium segment bottles using hydrogen as an energy source, which is the first such commercial use of hydrogen in the packaging glass production industry. With more than 60% of the hydrogen used to melt glass, Steklarna Hrastnik reduced its direct carbon footprint by more than 30% compared to standard procedures. With successful industrial use and production with hydrogen, we have consolidated our position as a leading European manufacturer of high-quality glass packaging and a pioneer in the field of green transformation in the glass-making industry.

The achievement represents an important technological and innovation milestone, as there were concerns that glass production of such quality would not be possible and economically viable using high proportions of hydrogen as an energy source. With our own development, we have refuted this claim and thus confirmed that the replacement of natural gas, which is a traditional energy source in the production process, is possible and completely within the existing quality requirements. In particular, it is of key importance that hydrogen did not have a significant impact on the clarification and discolouration of glass and that we were able to ensure the quality of products within the existing technological limits.

Steklarna Hrastnik has long seen an increased interest of end customers in sustainable products, especially if they effectively complement the exceptional quality and aesthetic appearance of bottles. This trend is also recognised by strategic partners and owners of the most prestigious brands, which confirms that the ability to continuously innovate in the direction of decarbonising production will become one of the key competitive advantages in the glass-making industry.

The past year was also the year when we received a really large number of awards and recognitions, including the **JRE Award, RED DOT Award, Exporter of the Year as selected by the newspaper Finance, Innovators of the Chamber of Commerce and Industry of Slovenia, ECO VADIS Platinum Award, German Design Award** and others.

Social responsibility and integration into the local environment are an important part of activities in our glass-making company, which is why we allocated part of our funds in 2023 for sponsorships and donations which were targeted into individuals, associations and other organisations with which we share values, objectives and ambitions. Market activities were focused on the above items, and specific activities were determined in the annual marketing plan by programmes and segments.

## MATERIALITY MATRIX

In 2023, Steklarna Hrastnik updated the materiality matrix, which it prepared in cooperation with external and internal stakeholders. The importance assessment process was led by the Steklarna Hrastnik project team and was carried out in the following steps: identification of important sustainable topics and determination of their actual and potential impacts, assessment of the importance of impacts, implementation of research on the importance of impacts based on the identification of interests among key stakeholders, and analysis and outline of the importance matrix. In 2024, we plan to produce a dual relevance matrix that will comply with European Sustainability Reporting Standards (ESRs).

We identified important sustainability topics in relation to the areas of environment, society and management (ESG) based on an overview of the company's activities, business model, business relationships (customer visits, activities at fairs, conferences, cooperation with suppliers, results of analyses and research) and adopted internal documents (policies, strategies, codes, policies, action plans, etc.). On the basis of this, we have determined the actual and potential impacts that the company has on the environment, people and the economy for certain important sustainable topics, which are both negative and positive. The impacts were assessed by importance according to the requirements of GRI standards, using a scale from 1 (low importance) to 5 (high importance).

We have identified the following key stakeholder groups: employees, suppliers, customers, local community (municipalities, local communities, schools, institutions), social partners-union, owner, media, business, professional public and non-governmental organisations, financial institutions (banks) and state/government agencies. For the plotting of the significance matrix, the average of the assessments of all stakeholders is taken into account in the importance for stakeholders, while the average of the assessments determined by the project group is taken into account in the importance for Steklarna Hrastnik. The materiality limit was set at an assessment greater than or equal to 3.0.

The importance matrix in the upper right quadrant clearly shows that the most important topics, both for the company and the stakeholders, are the carbon footprint, health and safety at work, energy use, waste, quality and innovation. We monitor and manage these topics at the glassworks, adopt a strategy for reducing the CO2 footprint, implement occupational health and safety measures, monitor energy use and implement measures for its efficient use.

According to preliminary reporting, the following changes occurred in the reporting of essential content in 2023:

- In 2023, 3 essential topics were assessed higher than in the previous reporting period (2018-2022): waste, carbon footprint and energy use.



ESG Theme	GRI Theme	Theme number
<b>ENVIRONMENT</b>	Carbon footprint	<b>1</b>
	Energy consumption	<b>2</b>
	Air pollution	<b>3</b>
	Water and sewage	<b>4</b>
	Responsible use of resources	<b>5</b>
	Waste	<b>6</b>
<b>COMPANY</b>	Working hours	<b>7</b>
	Work-life balance	<b>8</b>
	Health and safety	<b>9</b>
	Equal treatment and equal opportunities for all	<b>10</b>
	Training and development of knowledge and skills of employees	<b>11</b>
	Measures against violence and harassment at the workplace	<b>12</b>
	Human rights	<b>13</b>

ESG Theme	GRI Theme	Theme number
<b>MANAGEMENT</b>	Cooperation with the local community	<b>14</b>
	Information-related impacts on consumers and/or end-users	<b>15</b>
	Personal safety of consumers and/or end users	<b>16</b>
	Corporate culture	<b>17</b>
	Protection of whistleblowers	<b>18</b>
	Managing relations with suppliers	<b>19</b>
	Corruption and bribery	<b>20</b>
	Innovation	<b>21</b>
	Digitalisation and automation	<b>22</b>
	Quality	<b>23</b>



## CORRUPTION PREVENTION

At Steklarna Hrastnik, we have zero tolerance for corruption, which we recognise as any breach of duty with the aim of obtaining a benefit for oneself or another. Corrupt acts, which involve the abuse of power or position, the omission of a duty or doing something one should not do, are, in addition to the giving and receiving of bribes, regardless of the form, nepotism (giving preference to relatives or friends), and the conduct of an individual who, contrary to his/her powers and responsibilities, may or may not seek to obtain an advantage or benefit for himself/herself or for someone else.

The company has not detected or received any reporting on suspicion of corruption or any corrupt act.

In 2023, even in the previous year, we did not receive any report of suspicion of corruption or report of other irregularities through the established internal system for reporting irregularities.

## PRIVACY PROTECTION AND DATA CONFIDENTIALITY

At Steklarna Hrastnik, we treat personal data relating to our employees, business partners and other stakeholders in our business process with care and respect their privacy.

We collect, store or process personal data only for specified, explicit and legally permissible purposes and to the extent strictly necessary.

We allow access to personal data exclusively to authorised individuals and authorities, in accordance with applicable law.

We only collect and store personal data that is necessary to carry out our work and to fulfil our responsibilities and legal obligations.

We only hold personal data for as long as is necessary to achieve the legally permissible processing of the data.



## REPORTING ON SUSTAINABLE DEVELOPMENT

Steklarna Hrastnik is reporting on sustainable development for the fifth year in a row. The reports are available to the general public in the company's website.

Our reporting is transparent and contains data with which we currently dispose of at Steklarna Hrastnik. When selecting the content the following attributes are of key importance: materiality, involvement of stakeholders and sustainability context. In delivering the content we strived for data accuracy, balance, comparability, accuracy, clarity and reliability.

The responsible person for reporting on sustainable development is the environmental protection administrator, Lucija Senčar. Her contact is [lucija.sencar@hrastnik1860.com](mailto:lucija.sencar@hrastnik1860.com).

The sustainability report for 2023, as well as the financial report for 2023, covers the period from 1 January to 31 December 2023.

The report for 2023 is prepared with reference to GRI standards and is verified by the external institution SiQ Ljubljana, which was selected based on the offer and references, and approved by the management. SiQ Ljubljana issues a verification report with a statement on the verification of the sustainability report. The statement is part of this report.

The sustainability report will be published at the end of October 2024 on the Steklarna Hrastnik website. SiQ Ljubljana is verifying the report on greenhouse gas emissions in Steklarna Hrastnik d.o.o.



## PARTNERSHIP WITH EMPLOYEES

At Steklarna Hrastnik we are aware that an efficient strategy of HR management is what makes an organisation that is flourishing different from an organisation that is failing or stagnating. There is no glassworks without employees. The excellence of our products cannot exist without their knowledge, heart and passion for glass, motivation, desire for growth and development of innovation. That is why development and care for employees is and remains at the top of the priorities. We place the greatest emphasis on knowledge. For new employees, we have prepared training programmes and department rotations, which enable employees to get to know the company as well as possible. Upon arrival, employees receive a specific mentor who guides them through work procedures and trains them to work independently, and the so-called buddy ensures the employee's integration as quickly as possible. We encourage education and training throughout the employment relationship, as we are aware that educated and trained employees bring added value and will recoup the investment in their education in the long term. They will enable the company to progress by transferring their knowledge to their work processes and to others. Employees will be more engaged and productive, and there will be less turnover. New knowledge and positive energy will improve relations between employees.

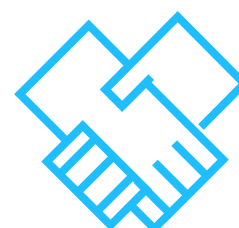
### HR POLICY

The role of the HR department is extremely important at Steklarna Hrastnik, which is why it is involved in the adoption of key strategic directions, and the management of the glass factory is also involved in the adoption of key decisions at the personnel level. We are aware of how important systematic work with personnel is to achieve future goals - which means employees who are already part of our team and all those who will join us in the future.

The processes of automation, digitisation and robotisation, which (co)shape the glass factory of the future, dictate the upgrade of employees' knowledge and open jobs to new profiles. Because we want to attract the best personnel and thereby present the company externally as a reputable employer with a long-standing tradition, we strengthened development activities and professionally and strategically set up an attractive employer branding system (i.e. employer branding), because we want to retain staff and at the same time present ourselves as an interesting, high-tech company that, despite specific, process production, offers a dynamic employment that is full of challenges.

### **In 2023, we set ourselves the following projects, among many others, in the area of human resources development:**

- digitalisation of learning content and of the learning process
- Raising the competence of employees with the development mentorship programme (OJT),
- use and upgrade of the knowledge academy,
- employer branding in the company and in the environment,
- transformation management - strengthening management competences at all levels and
- career path development.





## HIRING EMPLOYEES

The majority of employment in 2023 was realised with a focus on acquiring insufficient personnel in technical areas and strengthening teams due to the requirements of work processes both in the context of technical production and professional services.

The company appreciates the recommendations of employees of its acquaintances and colleagues, so we include them in a well-established recruitment system called "Bring a co-worker", where we give monetary incentives to our employees if they bring in appropriate deficit people. The biggest interest for work in production came from candidates from Bosnia and Herzegovina and Serbia, which is why we prepared a training programme for them in their own language.

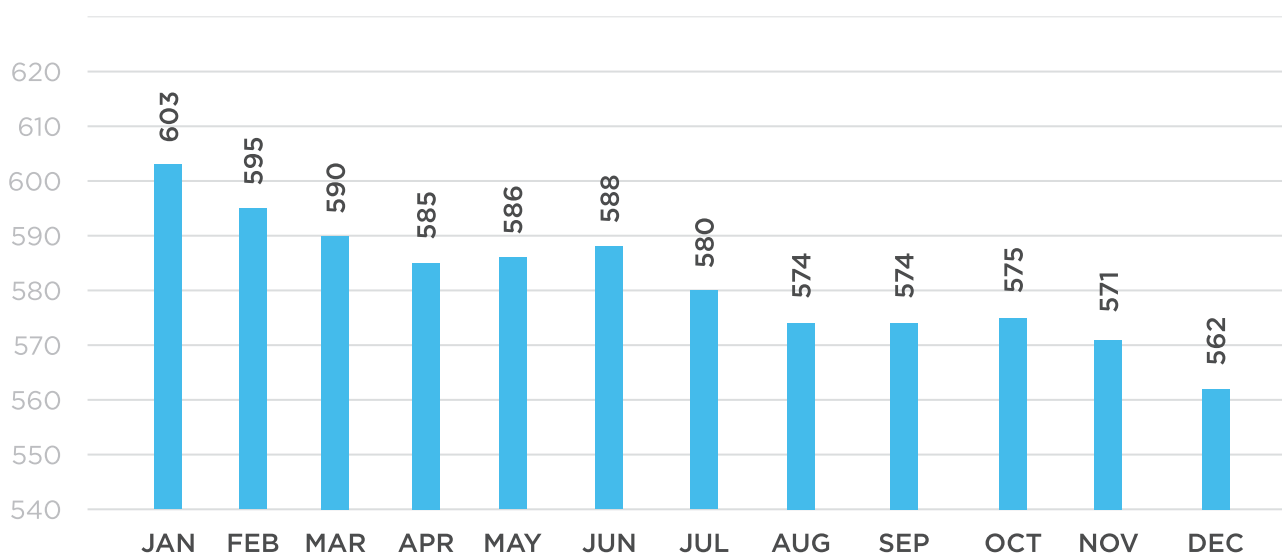
We cooperated with high school students and students of mechatronics, electrical engineering and mechanical engineering in the domestic environment, with which we started building the basis for employing young people in the coming years. The renewed scholarship policy has enabled us to be even more attractive to young prospective personnel.

We included all of the new workers in the on-boarding programme, we gave them mentors and so-called buddies and ensured their inclusion in our company was as quick as possible and in which they felt good.

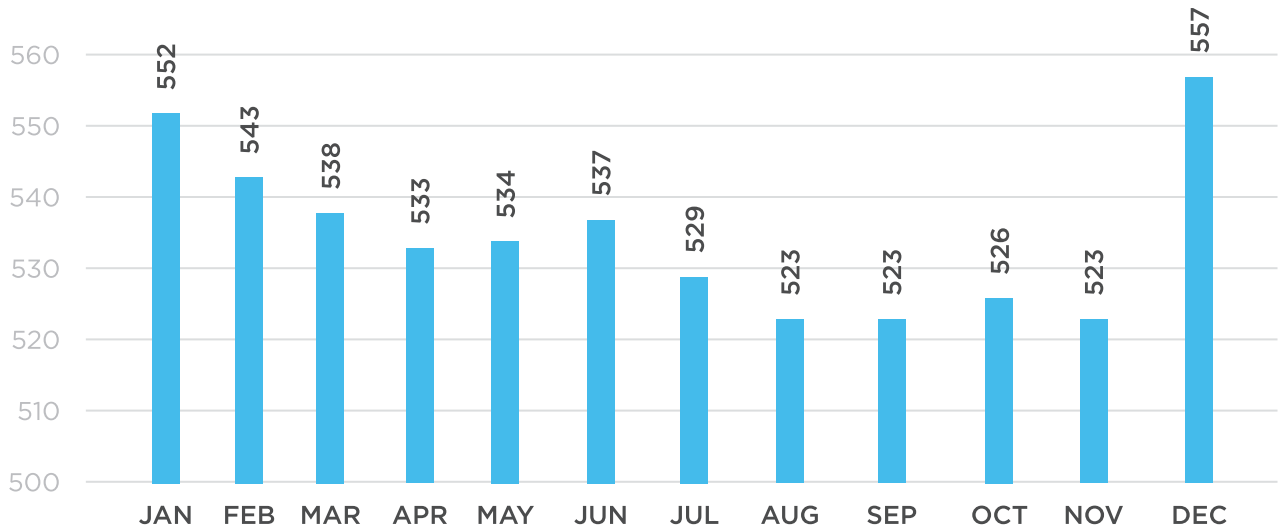
Table: Number of employees at Steklarna Hrastnik d.o.o.

Year	2019	2020	2021	2022	2023
Average number of employees SH	500	465	482	531	535
Number of employees as of 31/12	496	435	513	549	557

Graph: Trend in the number of employees by months in 2023



NUMBER OF EMPLOYEES AS OF 2023 STEKLARNA HRASTNIK AND GLASHUTA

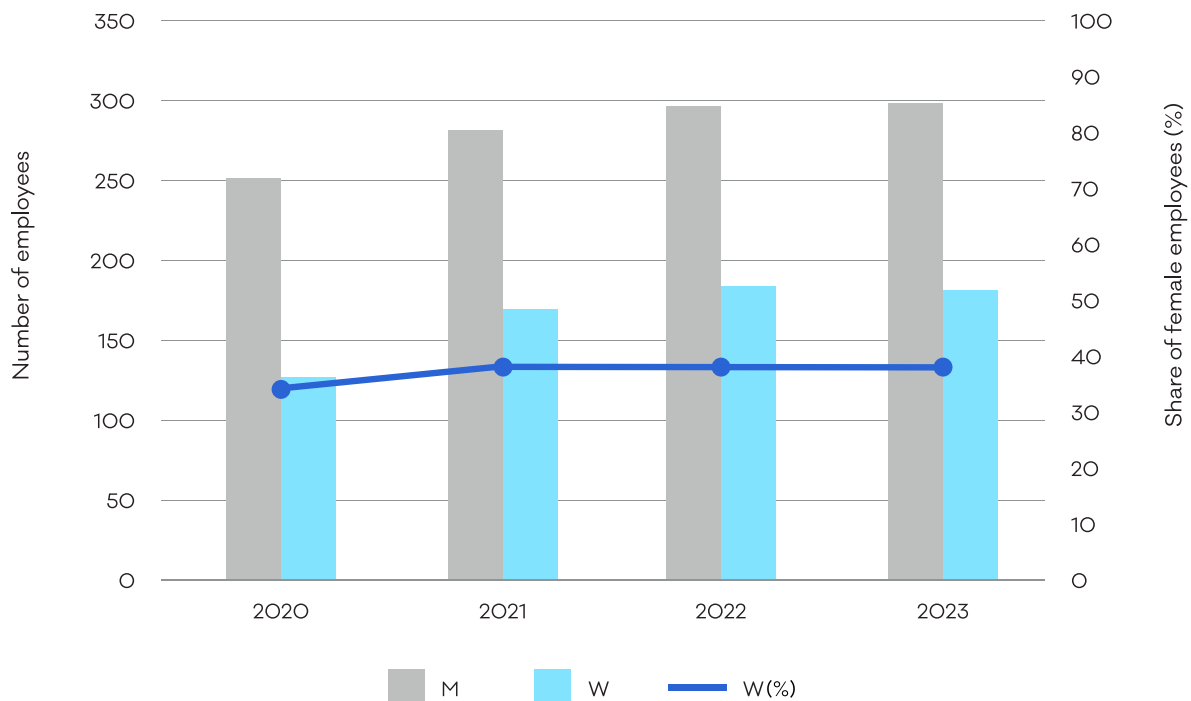


NUMBER OF EMPLOYEES AS OF 2023 STEKLARNA HRASTNIK

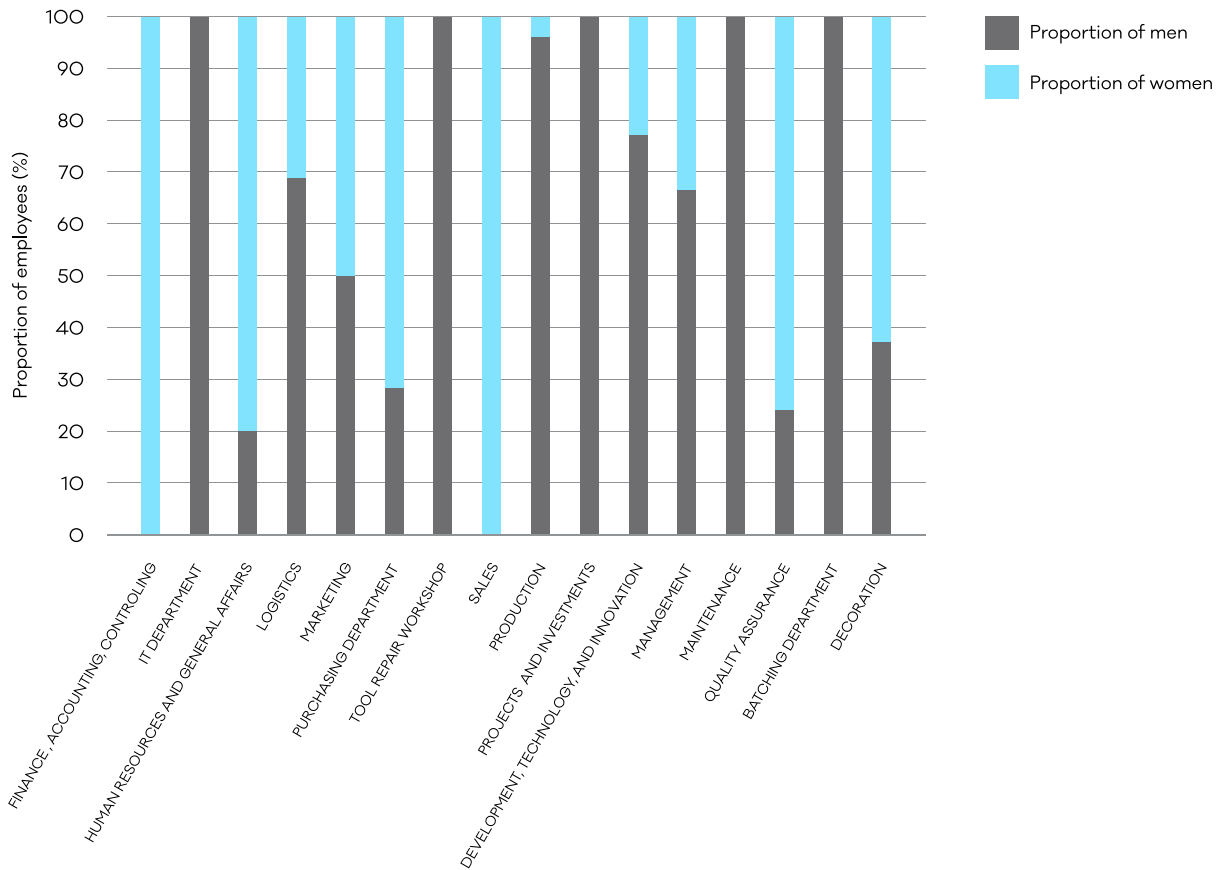
In 2023, Steklarna Hrastnik adopted the Gender Equality Action Plan, the purpose of which is to promote gender equality and create an inclusive working environment. This plan serves as a strategic framework to address gender gaps and create fair and equal jobs for all employees. The main purpose of the prepared action plan is to promote and continuously improve equal opportunities, representation and position of both genders in all areas of operation of Steklarna Hrastnik.

In Steklarna Hrastnik, the representation of women is close to balance and amounts to 41%. Given the nature of work in the glass industry, which does not allow equal representation of both genders in all workplaces, the aforementioned share is satisfactory, also after comparing with statistics on the production of glass and glass products, we achieve an above-average representation of women.

Graph: Employee gender representation at Steklarna Hrastnik for four consecutive years

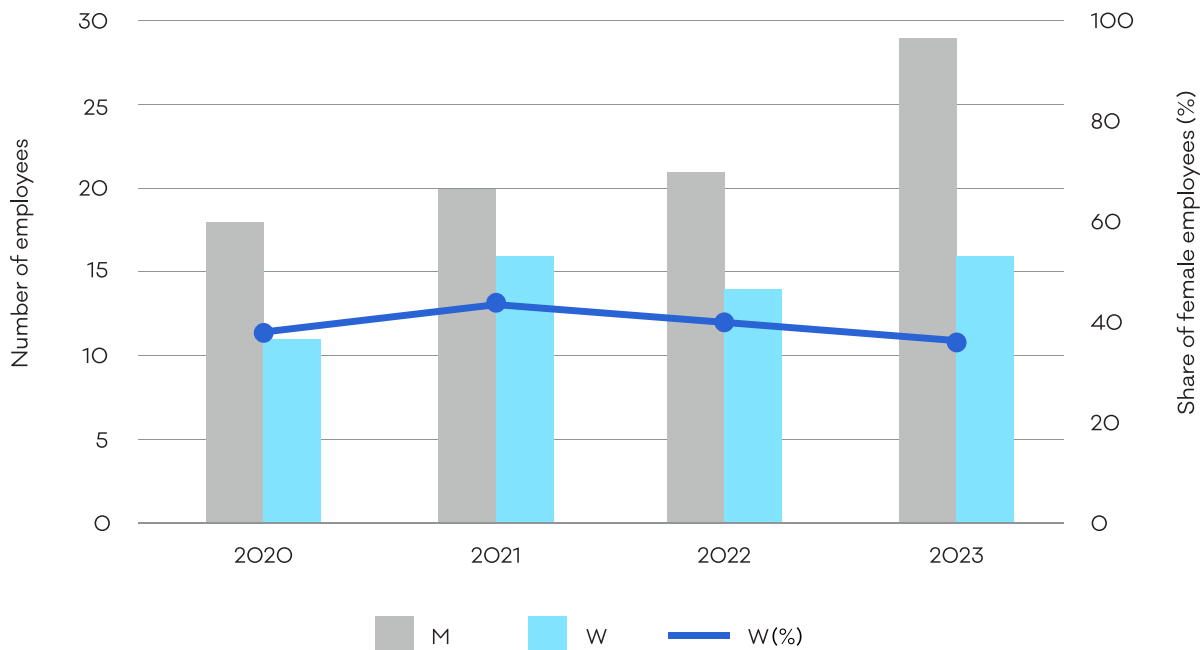


Graph: Representation of employees in Steklarna Hrastnik according to work areas for 2023.



In managerial and managerial positions, which represent 8.1% of all employees of Steklarna Hrastnik, the current representation of women is 35.6% and is above the EU average. A more detailed representation of employees in terms of gender in the last 4 years is presented in more detail in the graph below. Average age of managers and executives as of 31/12/2023 to 43 years.

Graph: Representation of employees by gender in managerial and managerial positions for four consecutive years.



The age structure of the employees of Steklarna Hrastnik is presented in more detail in Table 3. The average age among Steklarna Hrastnik employees was 43.1 years at the end of 2023. The largest age group was represented by employees aged between 30 and 50, of which 46.1%. This was followed by employees over the age of 50, who were 37.2%, while the smallest age group was under the age of 30, i.e. 16.7%. Of all age groups, the share of men is predominant, only in the age group over 50 there is a noticeable equal representation between the genders.

Table: Representation of employees in Steklarna Hrastnik by age for 2023.

Age	Men		Women		Total	
	Number	Proportion (%)	Number	Proportion (%)	Number	Total proportion (%)
Up to 30 years	68	12,2	25	4,5	93	16,7
30 to 50 years	153	27,5	104	18,7	257	46,1
Over 50 years	105	18,9	102	18,3	207	37,2

In the area of the educational structure, which is presented in more detail in the table, we notice that most employees have a level IV education (26.9%), followed by employees with a level V education, which was 24.4%. A significant proportion of employees, who mostly perform the work of a reviewer for whom no special education is required, have a level I education. These amounted to 13.6%.

Table: Representation of employees in Steklarna Hrastnik by level of education (level of education according to the Regulation) for 2023

Education level	Men		Women		Total	
	Number	Proportion (%)	Number	Proportion (%)	Number	Total proportion (%)
I.	29	5,2	47	8,4	76	13,6
II.	16	2,9	23	4,1	39	7,0
III.	22	3,9	12	2,2	34	6,1
IV.	114	20,5	36	6,5	150	26,9
V.	84	15,1	52	9,3	136	24,4
VI/1	21	3,8	16	2,9	37	6,6
VI/2	15	2,7	19	3,4	34	6,1
VII.	19	3,4	22	3,9	41	7,4
VIII.	4	0,7	2	0,4	6	1,1
VIII.2	2	0,4	1	0,2	3	0,5

Table: Number of newly employed persons in 2023 by gender

	Entries into service	%
Women	44	41
Men	62	59
<b>Total</b>	<b>106</b>	<b>100</b>

Table: Number of newly employed persons in 2023 by age

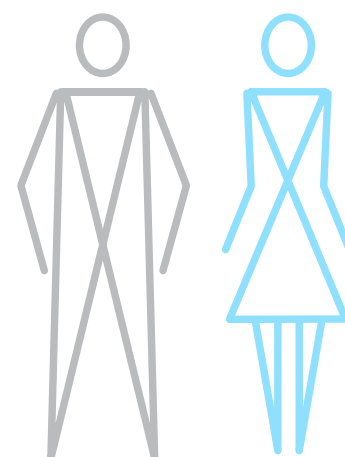
	Entries into service	%
Up to 30 years	21	20
21 to 50 years	45	42
Over 51 years	40	38
<b>Total</b>	<b>106</b>	<b>100</b>

In 2023, the average monthly fluctuation was 1.8%, of which the proportion of men was 52.9% and women 47.1%. The fluctuation rate among the age group up to 30 years is 33%, from 31 to 50 years it is 40%, over 51 years it is 27%.

Regionally, the highest number of terminations of employees residing in the Zasavje region (90%), followed by the Central Slovenia region (4.2%), the Celje region (2.5%) and others (3.3%).

Table: Number of employees by gender, eligible for parental leave in 2023 (and which was used)

	Parental leave
Women	6
Men	18
<b>Total</b>	<b>24</b>



## CAREER DEVELOPMENT

Human resources development is of strategic importance for Steklarna Hrastnik, as we are aware that investing in employees is an investment for the company's long-term business performance and not a short-term cost. With the introduction of automation and digitisation, the process and the way of working are also changing, so we continue with the transformation and development of personnel, as part of which, with planned and targeted training, we ensure an increase in the competence of employees, both in the field of professional, managerial and personal competencies.

Our desire is long-term development and the selection of suitable personnel, which is why in 2023 we actively approached the implementation of the PXT testing methodology, with the help of which we measure key performance factors in the company, identify talents among employees, and ensure that individuals match the jobs for which they were recruited, as well as identify areas for their development and advancement. Objective and in-depth interpretations and consultations in the company are carried out by certified employees.

We develop the professional knowledge of our employees through a mentoring system, which we have successfully upgraded with developmental mentoring. The goal of the project is a systematic approach to the transfer of knowledge through the system of learning younger employees from older, experienced colleagues. We want to sensibly cover key competencies that will be passed on to employees in various forms. In this way, key knowledge, which in no case must be tied to only one employee, will be passed on to other employees, who will thus become more competent and able to perform other jobs as well.

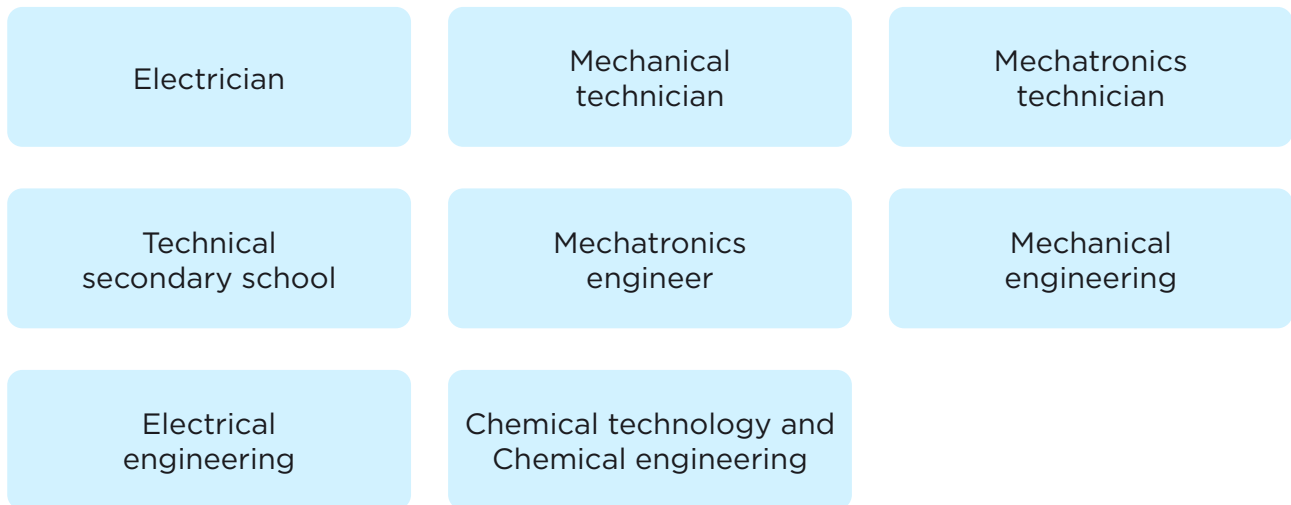
We want to ensure a modern, structured and digitised educational process, which is why we started introducing e-learning in 2022, which we upgraded in 2023. We first transferred compulsory trainings into the digital education system. Digitisation of repeated trainings brings a faster possibility of organisation and implementation of education and faster integration of new employees (VPD, fire safety, information security).

At the same time, however, we strive to build a culture of learning, which is why we encourage self-initiative learning. For this purpose, we have provided our employees with the possibility of access to 200 e-courses. Our long-term goal is digital literacy. E-learning allows employees to save time and make it easier to coordinate presence and the ability to learn anywhere and at any time. In addition, digital education allows for its own pace of learning, according to the time and will of the individual.

In accordance with our sustainable development strategy, our commitment is also to the development of young people. In the local area, we offer and establish a learning environment for young people that supports their growth. For example, we have set up an outdoor classroom for elementary school students, and we help them organise technical days and career orientation, and in this way we already connect them and get to know our company.

We are one of the few companies that advertises really excellent conditions for scholarships. Young people usually embark on their career path with dreams and expectations of what the future will bring. We are the employers who can enable them to transfer their ideas and energy to a real environment as soon as possible. In the academic year 2023/24, we awarded 18 staff scholarships for students, of which 8 in the field of technical and general secondary education and 10 scholarship holders in the field of higher education and master's degree.

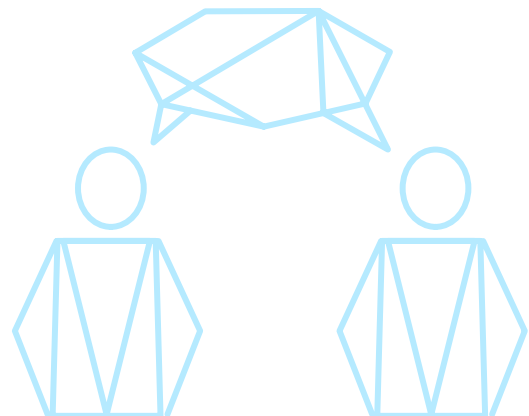
In the academic year 2023, we awarded scholarships for students for the following profiles:



We offer the following to all our scholarship recipients:

- Competitive scholarship amounts (the amount can greatly facilitate education and help to spend quality free time);
- Mandatory practical training and gaining work experience already during schooling;
- Mentoring in the preparation of term papers, undergraduate theses, master's theses;
- Participation in various projects (Idejatlon, education, networking, excursions, etc.);
- employment after completing schooling according to the knowledge of the scholarship holder and the needs of work processes.

Children of parents employed in our company have priority in being awarded scholarship. The goal of the scholarship is employment after completing schooling.



## EMPLOYEE KNOWLEDGE STRUCTURE

Steklarna Hrastnik is becoming a highly automated and leading company in its niche for the production of top-quality specialised packaging. Due to automation, the knowledge structure of our employees is already changing. Employees having many specialised skills are an important link in introducing new technologies, since they understand the importance of automation, robotisation and digitalisation. With new technology we want to reduce routine, difficult and repetitive tasks. In this manner we will relieve the experts so that they may completely focus on their job.

Table: Average number of hours of training per employee - internally, externally

Year	2019	2020	2021	2022	2023
Average no. of hours per employee - internally	61	41	41	61	71
Average no. of hours per employee - externally	7	13	13	11	9
<b>Total average number of hours of training per employee</b>	<b>68</b>	<b>54</b>	<b>54</b>	<b>75</b>	<b>80</b>

## PARTNERSHIP RELATIONS AND CARE FOR EMPLOYEES

Care for employees and activities aimed at building partnership relations with employees that are based on safe work, open and respectful communication, honesty and focus on the future as well as the respect for legal norms and an ethical attitude towards employees and the environment guided our operations in 2023 as well.

As the world and our competition are changing, we must change as well. This applies not only to the development of the company, but also to our essence - which is who we all are and the feeling we create together as a team. If we want to change as a company, it is impossible to stay in place as individuals and together as a team.

For this reason, we are committed to building a culture that will be based on a constructive style of behaviour and attitude of employees. Constructive styles positively promote superior quality, service development, mutual cooperation and respect, and business excellence. Excellence should be the aspiration of each individual and the entire company towards balanced development, towards exceeding the average, towards creativity, innovation and teamwork.



## PROMOTING EMPLOYEE HEALTH

We are aware at Steklarna Hrastnik where the majority of the production is performed 365 days of the year that the only guarantee of successful operation are highly motivated employees equipped with relevant knowledge and a vision. By investing in the upgrading of processes, we aim to lower the amount of night and shift work and set up a friendly and most of all a safer work environment. We continued implementing the project for the ergonomic arrangement of positions of employment and additional awareness-building for workers regarding the importance of the use of means of protection and the observation of instructions on safe work.

In order to improve the employees' healthy life style and well-being, we carried out numerous activities within the scope of the sports society and provided them with the opportunity to engage, different sporting events, we organised Nordic walking, recreation, biotherapy, tennis, basketball, and we also offered kinesiology exercises, swimming in pools and gym classes. We continued to implement four-day preventative programmes that have been received well by employees. In 2023, we referred a total 20 of our employees to a standard preventive training programme.

## FAMILY-FRIENDLY COMPANY - THE JOB AND THE FAMILY GO HAND IN HAND

Steklarna Hrastnik holds the full Family-Friendly Company blue certificate. For the 13th year in a row, we have been following a long-term system that represents a sweeping change in the work, way of thinking about, and coordinating the employees' professional and family life.

We will continue to successfully implement activities under the 19 adopted measures aimed at improved coordination of professional and family life and which were already embraced by our employees. The measures were selected so as to provide the option of using them to the maximum possible number of employees. They contribute to a good atmosphere in the company, more dedicated and efficient work, loyal employees, and the attainment of the ambitious goals of the company.



In 2023, numerous well-received activities were carried out - e.g. tickets for various activities and occasions, giving Christmas gifts to children, having a children's football camp, hikes, holiday activities, etc. The diversified communication network shows that we take internal communication seriously and that employees are not an empty piece of paper where we enter the company's opinion. In other words - employees at Steklarna Hrastnik have many opportunities to obtain all the necessary information and for their voices to be heard. In order to obtain information about Steklarna Hrastnik, they can consult our internal newspapers, our newsletter, regular meetings, open doors of the CEO, letterboxes, employee meetings, Steklarna Hrastnik trade union, weekly and monthly colleges, social networks, as well as formal and informal employee gatherings.

## EMPLOYER BRANDING

When recruiting new staff members, Steklarna Hrastnik is presented with a new challenge arising from an unfavourable demographic picture, geographic location and consequently poor visibility or even prejudices about the hard and unattractive work in the glassworks. This made it harder to attract quality personnel from all over Slovenia, for this reason we will continue implementing the project of building the Steklarna Hrastnik brand as a desirable employer and present ourselves to the local environment more actively. At the same time, we will strive to improve the experience of all key groups:

- current employees;
- job seekers; and
- cooperation with schools and young people.

Activities in the Employer Branding area coincide with accelerated automation, digitalisation and robotisation of our production. On one hand we are therefore updating our production - Industry 4.0, which requires new talent. This is personnel with specific skills, which we have a shortage of in the entire company. We need to offer an attractive employment package to such personnel, before doing so, however, we have to send out the message that Steklarna Hrastnik is an attractive employer for them also. This is why we continued to actively build the reputation of the employer in 2023.

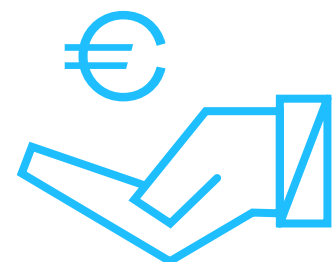
## FAIR PAYMENT AND REMUNERATION POLICY

In the company, we are aware that despite the fact that money is not the main motivator, it represents one of the fundamental bases for workers' satisfaction. At Steklarna Hrastnik, we pay a lot of attention to fair pay, which allows workers and their families at least a decent life. We pay the minimum wages required by national minimum wage legislation or industry standards agreed in collective agreements, whichever is more favourable.

Wages are paid on time, regularly and in full in the legal tender - money. The amount of the wage reflects the complexity of the work, acquired knowledge and skills as well as the education of the workers and the worker's contribution to the work performed.

The salary policy is agreed with the social partner - trade union at the company level. From 1 1 2019, a salary model is being applied, which was integrated in the corporate collective agreement. We have established a rewarding system stimulating employees to achieve good work results and improve themselves. The stimulation is for most employees associated to the successfulness of production, whereas sales personnel is tied to the success of the achieved volume of performed sales. Employees who show above-average results may also receive a special stimulation as a personal reward.

Employees are also rewarded for good collective work and the achievement of the company's planned business results with the payment of an award for business performance.



## MOBBING PREVENTION

Respect and tolerance in the way employees treat each other are indispensable elements of cooperation and a good working atmosphere.

At Steklarna Hrastnik, we do not discriminate against, exclude or give preference to persons on the grounds of sex, age, religion, race, caste, birth, social background, disability, ethnic or national origin, citizenship, membership of trade unions or other lawful organisations, political affiliation or identification, sexual orientation, family responsibilities, marital status, illness or any other condition likely to give rise to discrimination and, in particular, we do not harass or discipline employees for any of the above reasons.

At Steklarna Hrastnik, we do not tolerate any form of mobbing. A collaborative corporate culture, based on mutual trust and respect and the protection of the integrity and personal dignity of all participants in the work process, is the basis for a positive working climate in society and is an important prerequisite for job satisfaction and the quality of employees' working lives, and thus for the economic success of society.

The company has a Mobbing Prevention Policy in place and appointed an authorised person for mobbing prevention.

In 2023, we received one mobbing report. The procedure was conducted by a designated authorised person. In the light of a peaceful solution, the disagreement between the workers was resolved before the conclusion of the procedure and the procedure was terminated.

## RESPONSIBILITY TO THE DISABLED: A DISABLED-FRIENDLY COMPANY

There were 46 disabled employees in the Steklarna Hrastnik Group at the end of 2023, of which 3 were employed in the sheltered workshop Glashuta. From 1 December 2023, 22 disabled persons were transferred from Glashuta to Steklarna Hrastnik, who mostly perform the work of packaging and reviewing glass products. Other disabled persons are included in different working environments where they work in accordance with their remaining working capacity. The table below shows the number of employees as of 31/12/2023, in an individual company by gender, who have the status of a disabled person. In total, persons with disabilities account for 8.1% of all employees, of which women predominate, with a share of 60.9%.

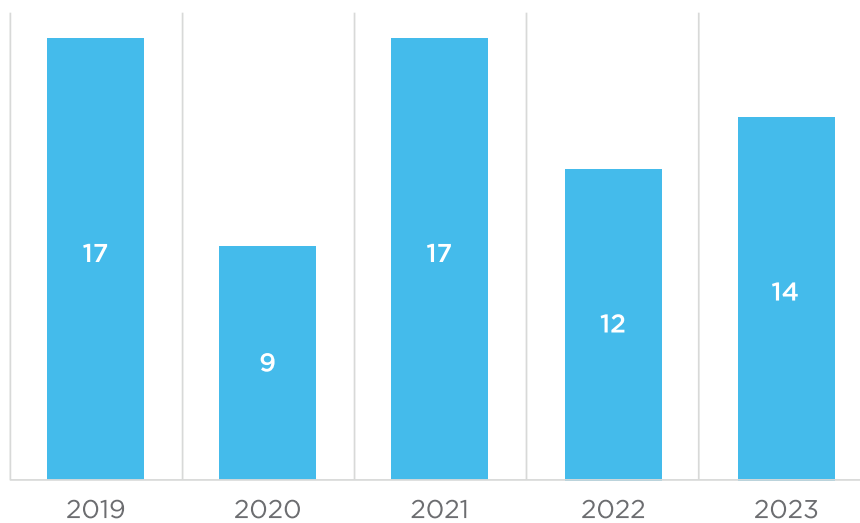
Table: Data on employees in an individual company by gender, who have the status of a disabled person, as of 31/12/2023.

	No. of men	No. of women
Steklarna Hrastnik d.o.o.	15	28
Glashuta d.o.o.	3	0
<b>Total entries</b>	<b>18</b>	<b>28</b>

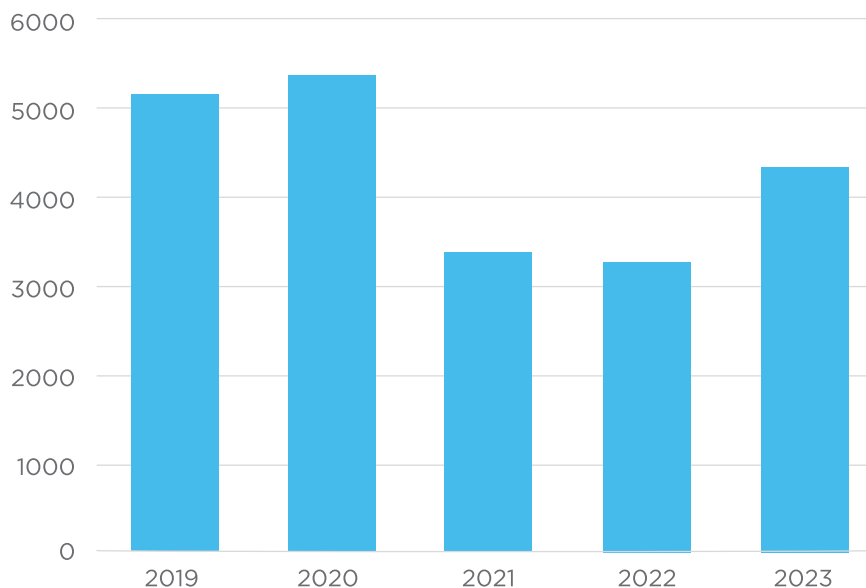
## SAFETY AND HEALTH AT WORK

In accordance with the Health and Safety Act, Steklarna Hrastnik, as an employer, ensures the safety and health of all workers who perform work on any legal basis, including posted workers by the employer who performs the activity of providing workers' work to another user. In 2023, the number of injuries with sick leave was 14 and the resulting number of working hours was 4342, compared to 2022, we recorded 2 more injuries. The higher number of lost working hours was also affected by the absence of some injuries from 2022. For each of the injuries at work, we conducted a survey and proposed measures to prevent the occurrence of injuries and tasked a person to study/implement the measure.

Graph: Number of accidents at SH d.o.o. by year



Graph: Number of lost hours at SH d.o.o. by year



**KPI factors related to employee health and safety for 2023 related to occupational injuries**

Frequent injury rate due to loss of working hours (LTI) for direct workforce:

total number of injury events due to lost working hours x 1.000.000/ total hours worked

$$14 \times 1.000.000 / 915.358 = 15,29$$

Injury severity rate due to loss of working hours (LTI) for direct workforce: number of days lost due to injuries x 1.000/total hours worked

$$543 \times 1.000 / 915.358 = 0,59$$

We began monitoring KPIs related to occupational injuries in 2023.

In 2023, Steklarna Hrastnik referred 153 workers to targeted periodic preventive medical examinations. The scope and content of inspections are defined on the basis of estimated workloads and job requirements in the safety statement with risk assessment.

Based on the analysis of the results, a Report on targeted periodic medical examinations of workers was prepared by the occupational health provider.

The report shows that the most common risk factors are overweight, lack of recreational physical activity, smoking, increased blood pressure, increased blood fats and increased blood sugar.

Related to risk factors, they are consequently among the identified diseases and disorders of endocrine health, nutritional and metabolic diseases, followed by eye and adnexal disorders (visual impairments), ear and mastoid disorders (hearing impairments), and musculoskeletal disorders. No cases of occupational diseases were identified in 2023.

Most of the examined workers meet the specific health requirements for their work without restrictions. Depending on the stress and harmfulness and the requirements of the workplaces, the identified diseases and health defects in the inspected workers, in order to maintain and improve the state of health and work ability, recommendations are given: implementation of health promotion, consistent use of personal hearing protection equipment, possibility of occasional sitting during standing work, rotation of workers, etc.

In 2023, 273 workers were trained in the field of safety and health at work.

The goal of theoretical and practical training for safe and healthy work is to familiarise workers with appropriate safety measures to prevent risks and their obligations to ensure their own safety and the safety of other workers at the workplace on the basis of the prepared Safety Statement with risk assessment.

Participants in the training acquire the appropriate knowledge they need for safe and healthy work and that they have sufficient knowledge of the hazards, are aware of the risks, have sufficient knowledge of good working practices and risk management measures and know how to properly use personal protective equipment.

Steklarna Hrastnik, as an employer, is obliged to ensure the safety and health of workers in relation to work. To this end, we will continue to implement measures necessary to ensure the safety and health of workers, including the prevention of occupational hazards, information and training of workers, with appropriate organisation and necessary material resources.

## ETHICAL CONDUCT CODE

Steklarna Hrastnik has a high level of ethical operation and respect for moral norms. The company operates according to the strict standards of ethical norms written in the Ethical Conduct Code, which includes all conducts referring to the fundamental rights of the workers employed at Steklarna Hrastnik or workers carrying out work at Steklarna Hrastnik regardless of their inclusion into the work system. We also do not allow and in practice do not have any forms of discrimination or exclusion on the basis of gender, age, religion, race, social background, disability, ethnicity and national origin, nationality, membership in trade unions, political affiliation or opinion, sexual orientation, family responsibility, marital status, illness or any other condition that could cause discrimination. We have a zero tolerance in place at Steklarna Hrastnik for all these forms of unhealthy and discriminatory behaviour.

We at the company respect the core commitments concerning ethical behaviour in employment and work, which includes and is not limited to the prohibition of child labour, the prohibition of organising work for minors in special conditions, such as the 4-shift labour which includes night work and the performance of which could harm their health. In the framework of these restrictions, we allow children and minors to work only within the framework of apprenticeship or due to mandatory work placements by educational institutions.

The same level of commitment and respect of the aforementioned core commitments is also expected and demanded from our business partners.

## THE CHANNELS FOR REPORTING NON-ETHICAL ACTIONS

Steklarna Hrastnik established a system for (anonymous) reporting of non-ethical actions already in 2021 titled "POVEJ", the so-called communication channels which play a key role in identifying frauds. These are anonymous and confidential internal channels which are not meant only to our employees, but also to external stakeholders and business partners through which they may expose irregularities that occur in the company. The reporting channels include incident types, such as: fraud, theft, bribery, violations of policies and procedures, extortion at the workplace, discrimination (gender, age, religion, race, etc), etc.

Since the establishment of the irregularity reporting system, and even in 2023, we have not received any reports of unethical behaviour related to the Steklarna Hrastnik Group.

# HRASTNIK1860



## THE RIGHT TO FREEDOM OF ASSOCIATION, COLLECTIVE BARGAINING AND COOPERATION WITH TRADE UNIONS

The company has one trade union, namely the Trade Union of Steklarna Hrastnik, which belongs to the framework of the Association of Free Trade Unions of Slovenia.

Cooperation between the management and the EB of the Steklarna Hrastnik union is on a high level. Both partners are cooperating well in all the important areas relating to the enforcement of worker rights.

Steklarna Hrastnik is committed to the use of the Collective Agreement for the Extraction and Processing of Non-Metallic Minerals Industry, which defines the rights and obligations of workers and the employer and the manner of cooperation between the trade union and the employer, which are not regulated by the Labour Relations Act or its provisions refer to regulation in the collective agreements.

At the state level, the corporate trade union, which represents approx. 55% of employees (approx. 300 members) at Steklarna Hrastnik, falls within the chemical, non-metallic and rubber industry of Slovenia. It is involved in dialogues and activities regarding the rights of employees, their earnings and the so called social standard.

The union is provided with proposals of amendments to internal acts with explanations in advance as stipulated in the applicable labour legislation. We pay special attention to adequate communication and notification of the trade union about changes in the internal organisation and systematisation of jobs, as well as planned changes in the personal benefits of employees.

We regularly inform the trade union about important areas of operation as well as performance results.

Management and the trade union hold regular meetings, during which the trade union is informed about the de facto situation of the company.

Three corporate collective agreements are in effect, of which the first one regulates the general content (basic employment relationship rights, leaves, working hours and similar), the second one regulates salaries and the third one rewarding for performance.



## BUYERS AT THE CENTRE

The first half of 2023 was relatively aligned with the expected sales plans for Steklarna Hrastnik from a sales point of view, while in the second half of 2023 saturation began to appear in the entire supply chain of spirit drinks. We responded to the pressure from the sales point of view by further strengthening our relationships with key customers and with an accelerated focus on finding new customers in the segment.

In 2023, we also carried out a hydrogen campaign with concrete traceability on sustainability projects and, as the first in the industry, carried out several concrete projects with the industrial use of hydrogen and proved that high-end premium bottles can also be produced with a lower carbon footprint than regularly produced ones. With an emphasis on sustainable production, we have also stimulated interest in other customers and are planning additional campaigns in this area in the future.

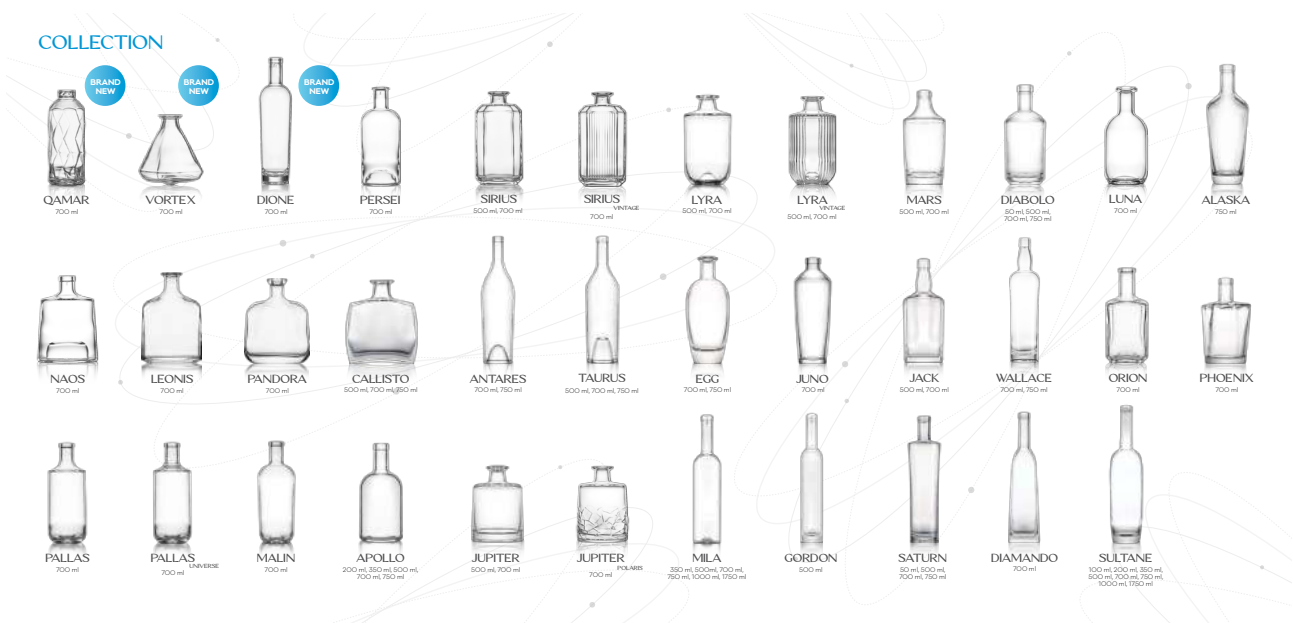
### PACKAGING GLASS / DRINKS

In regards to the production programme of glass packaging for drinks, Steklarna Hrastnik, with its premium quality glass and the ability to produce the most complex shapes of products, was able to, as is tradition, differentiate itself from alternative suppliers, especially in the spirits segment.

### NEW PRODUCT DEVELOPMENT

In the spirits packaging programme, we launched 3 new bottles of our own brand in 2023, and additionally developed some new volumes of the existing collection with new products, the Steklarna Hrastnik collection now consists of 35 products in the spirits segment. When developing its own collection, Steklarna Hrastnik takes into account both market trends and customer needs.

At the same time, we shifted additional activities to developing concept shapes of bottles and preparing a catalogue for them. We have also upgraded the activities directed toward a targeted approach to brand owners and have prepared numerous proposals of new and customised shapes for their needs.



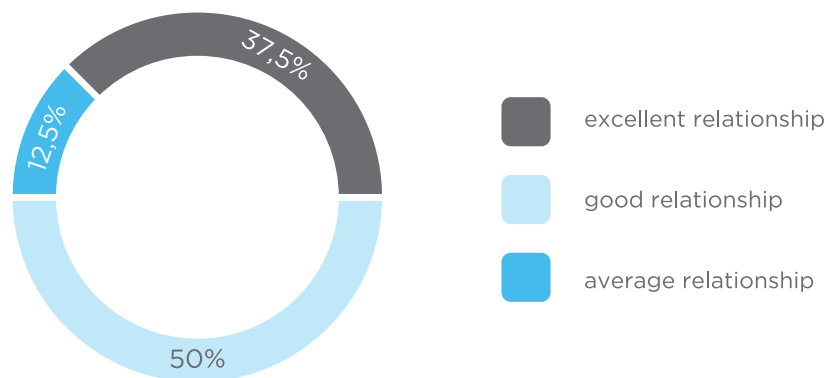


## CUSTOMER SATISFACTION

The desire to improve the satisfaction of buyers is of key importance for every responsible company in the business world. Through the know-your-customer principle, Steklarna Hrastnik wishes to identify the needs, desires and expectations of its customers to the highest extent possible. For this purpose we have been conducting a customer satisfaction survey for several consecutive years now.

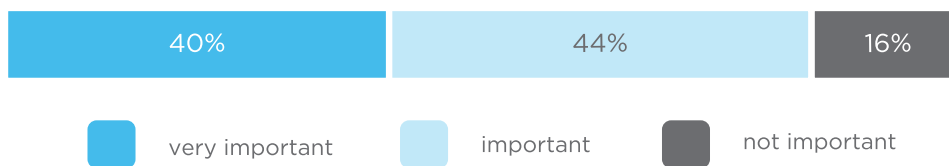
### BUSINESS RELATIONSHIP RATING

In 2023, 37.5% of the respondents estimated that they have an excellent relationship with Steklarna Hrastnik, 50.0% rate the relationship as good. 12.5% of respondents rated the relationship as average, none of them defined it as poor, while 2.6% of customers in 2022 rated our relationship as very poor.



### IMPORTANCE OF POST-CONSUMER MATERIAL RECYCLING FOR CUSTOMERS:

The awareness on recycling and re-using materials among end consumers of products is very high, particularly among younger generations who are aware that rational consumption and use of primary raw materials is absolutely essential in order to preserve the environment and life in nature. Steklarna Hrastnik as a manufacturer of glass products is well aware of this and sees a future in taking action in this direction. Below we list the results of a study relating to the PCR issue (post-consumer recycled content) for 2023.



40.0% of the respondents consider post-consumer material recycling as very important for the development of future business opportunities, 44.0% as important, whereas 16.00% of the respondents consider it unimportant. The % of importance is increasing from year to year, which indicates the fact that customers are increasingly aware and want a product that is sustainable.

## COMPLAINTS

High customer satisfaction is also ensured with a consistent complaints system. Each complaint is processed with utmost care, since it is part of our process of constant quality improvement.

Table: Complaints by number and type in 2017 - 2022

	Quality	Quantity	HACCP
2019	69	9	2
2020	66	9	1
2021	118	11	0
2022	136	5	4
2023	122	5	4

Table: Complaints by value (share / net sales revenue)

Year	Share / net sales revenue (%)
2019	0,12
2020	0,21
2021	0,32
2022	0,46
2023	0,26

## LABELLING AND TRACEABILITY

Each production batch has its own traceability label - work order with which we can monitor the following data: raw material used to prepare the mixture, production parameters, records of laboratory controls and data on inspection and packing. The traceability label is visible on the pallet sheet marking every pallet unit of finished products. Upon agreement with clients we also use standard codes that enable further traceability. We regularly conduct random traceability tests for specific periods.

We also offer our clients laser marking of each individual product. The marking may contain the date and time when the product is loaded on the packing unit - by production or consecutive day in the year and the year in which the product was manufactured.

## SUSTAINABLE PURCHASING AND RELATIONSHIPS WITH SUPPLIERS

In 2023, the purchasing and logistics sector continued to pay a lot of attention to sustainable purchasing by adapting processes and introducing procedures according to the guidelines of the ISO 20400 sustainable purchasing system. The essence of sustainability is not only the setting of goals within the company, but the care that the directions and goals in the field of the environment, development of the company/economy and social responsibility. It is essential, however, that the goals are also properly presented and transferred throughout the supply chain. The new document Principles and Framework Guidelines of Business Cooperation with Suppliers and Service Providers of Steklarna Hrastnik, where we presented the areas that are important to us today and for the development of the company in the future, was well accepted among suppliers. In addition to the basic commercial conditions and contracts and general requirements, the document also touches on the concern for ensuring safety and health at work, cost and quality management, compliance with legal provisions and laws, human rights and social responsibility. We also prepared the document Code of Conduct for Suppliers, which relates in more detail to the area of social responsibility. Of course, together with our suppliers - as far as sustainability is concerned - we can only be successful with open and frank communication based on long-term relationships and clearly set goals.

### RATING SUPPLIERS

New strategically important suppliers are rated using standardised questionnaires which help us obtain basic information on business operations, capacities, references and suitability. Their financial condition or past business operations are also checked.

We try to avoid suppliers with a bad reputation and which fail to pay their sub-suppliers or employees.

We rate our strategic suppliers and service providers once a year according to the following criteria: quality, punctuality of supplies and responsiveness (service), price (TCO), status of obtained ISO 9001 and 14001 standards and risks.

With this model of rating and selecting suppliers, in the case of the same commercial conditions, preference is given to those suppliers that have a higher level of service quality, responsiveness and an environmental management system in place and/or an obtained certificate of an international standard for quality management. Suppliers are aware of our rating method and in case of poorer ratings are informed about the results and progression/regression based on the previous assessment period. In cases of poor estimates or trend change, it is necessary to agree corrective measures for improvement together with the supplier. Depending on the category of deviation, the supplier may be scheduled for more detailed inspections and control - auditing. If no improvements are noticed, the process of finding and approving alternative sources is then initiated. In 2024, we intend to revise the evaluation system, as we note that certain suppliers are less rated due to missing certificates, but on the other hand, an even better quality or environmental care system is in place than those who have certificates.

## ACTIVITIES IN THE FIELD OF REDUCING ENVIRONMENTAL IMPACTS

In 2023, we completed investments in a new furnace and the renovation of production in the Special business unit. With the new hybrid furnace, up to 40% of electricity can now be used, which means a potential of approximately over 25% less CO2 footprint than the previous furnace. In order to use such a high percentage as an alternative to gas, of course, economic conditions must be provided - cost savings. It means a lower market price of electricity against the price of gas and CO2 allowance, which is currently economically unjustified due to the market situation.

Sources close to us have priority, as do carriers using a higher number of EU engines, because we know that this helps to reduce our CO2 footprint and sustainability objectives.

According to the value of purchases, approximately 60% are local, i.e. from Slovenia, other purchases are mainly from EU (mostly neighbouring countries) and southern Balkan: (Serbia, BiH, etc.).

We strive toward packaging reuse. Thus, we sell unsuitable wooden packaging - pallets - to manufacturers of wooden packaging. We also sell film scraps to sheet producers. In the case of foils, due to the suspicion of a lower load capacity of the thinner foil, we switched to a uniform thickness. A higher percentage of external waste glass must be provided in 2024.

## LOGISTICS

As part of the inbound and internal logistics, our orientation or rather aspiration for suppliers to organise transport with which we will be able to indirectly reduce the environmental impact (in most cases suppliers carry out joint deliveries to several clients at once). In addition, we continue with the gradual replacement of gas forklifts with electric ones. Next year, we plan to invest in RF terminals with which we will optimise acceptance and shipping procedures.

In the outbound logistics area we introduced the rationalisation of transport with the intention of achieving the full utilisation of our capacities or truck occupancy, which in turn contributes to reducing costs and decreasing our carbon footprint. Optimum utilisation of transport to our customers is implemented already at the time of defining the packaging scheme, which takes into account height limits and maximum truck loads.



## ENVIRONMENTAL RESPONSIBILITY

Glass, our production material, has numerous excellent sustainable properties. One of its more important properties is that it can be recycled infinitely, which means zero waste and full circulation of materials. The manufacture of glass products is subject to certain rules, for this reason our environmental responsibility is of key importance for a sustainable operation of our company.

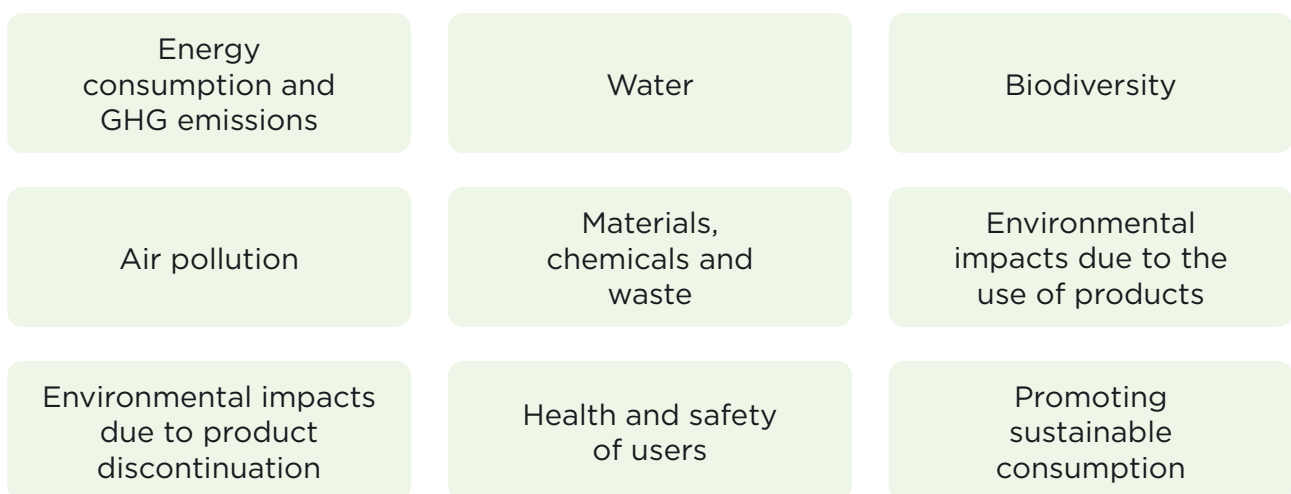
In 2023, we continued implementing projects in the environmental protection area. It is even more important to note that these are just the initial steps in the series of our future long-term ambitions for achieving carbon neutrality.

All adopted measures belong to the concept of sustainable management of sources or the circular economy concept, which is part of Steklarna Hrastnik's operating strategy. This is achieved by synergically connecting environmental protection, caring for our employees and local community, and at the same time increasing economic efficiency.

### ENVIRONMENTAL POLICY

Our environmental policy is one of the foundations of the business operations of Steklarna Hrastnik, with which we committed to achieve our environmental protection objectives, to constantly improve our processes and conduct in accordance with the best available technologies, thus decreasing our environmental impact to the lowest possible level.

The environmental management policy addresses the following areas:



and is accessible to all interested parties on our website: [www.hrastnik1860.com](http://www.hrastnik1860.com).

### GREEN INVESTMENTS

Every year, we demonstrate our environmental responsibility also with "green" investments. In 2023, the share of these investments in total revenue amounted to 21.2 percent.

## MATERIAL MANAGEMENT

We are aware that natural resources are essential for our survival and prosperity, however, their utilisation in the global society is rapidly increasing, for this reason Steklarna Hrastnik has committed to use these resources responsibly. Primary raw material for making glass, which we use the most (sand, calcite, feldspar, dolomite), are natural resources that are abundant in nature, consequently we do not excessively impact biodiversity loss with their use.

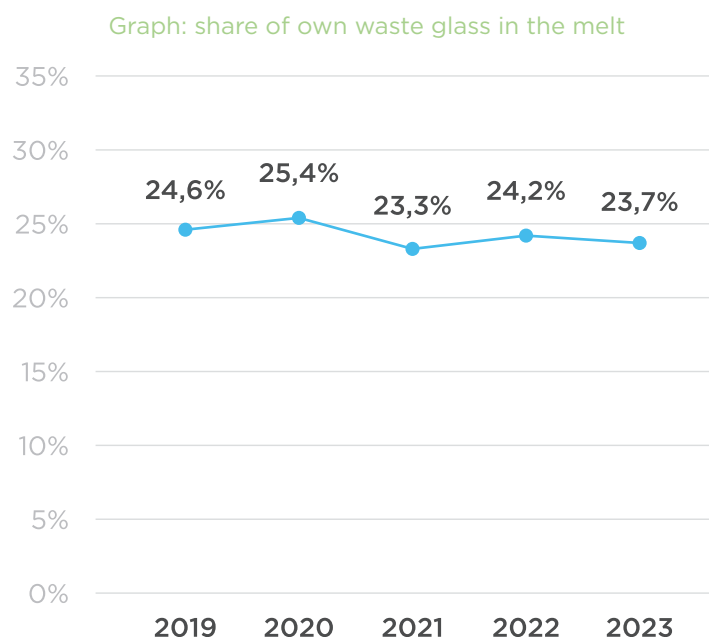
Graph: Main raw materials for the production of glass by proportion in 2023



Due to the high purity of our glass, which is our competitive advantage, we can add only waste glass of our own production in the primary raw material. Despite high quality requirements, we are aware of the importance and advantages of recycling, that is why we are looking for waste glass on the market, which we could add to our production without compromising quality. We were not able to obtain foreign waste shards in 2023, but agreements have been concluded with the bidders, so production is planned with the addition of foreign shards in 2024. In 2023, the share of own waste glass accounted for 23% of all melted glass.

Table: Weight of own waste glass returned to processing

	Own waste glass (t)	Melted glass (t)
2019	20.934	85.045
2020	17.979	70.877
2021	21.065	90.742
2022	23.140	95.505
2023	20.205	85.351



## EFFICIENT USE OF WATER

Drinking water is a right granted by the Constitution of the Republic of Slovenia. Everybody is entitled to it, and it is necessary for our survival and there is not alternative for it, that is why it is the responsibility of all of us to protect it.

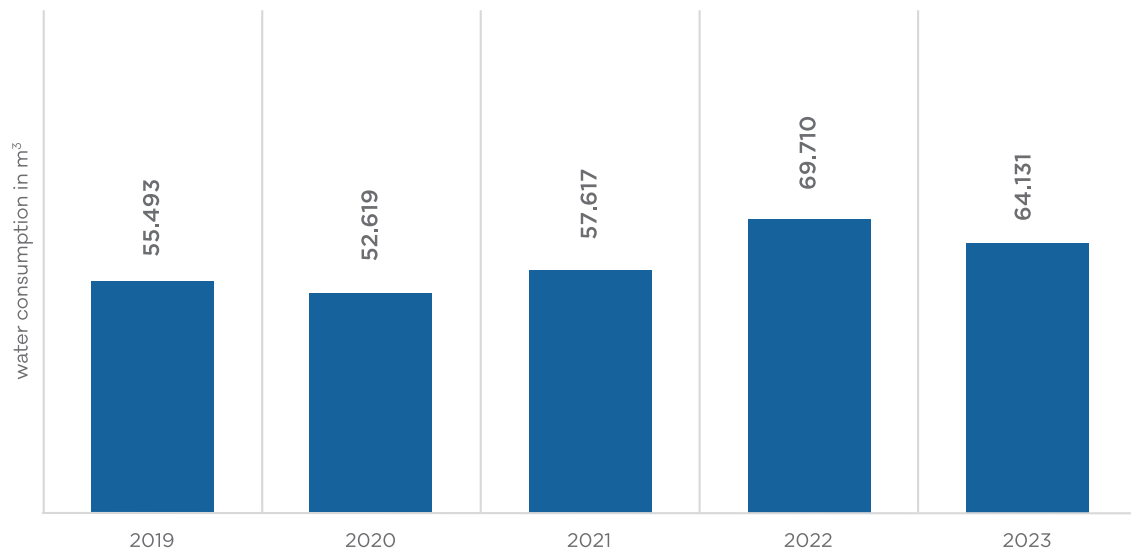
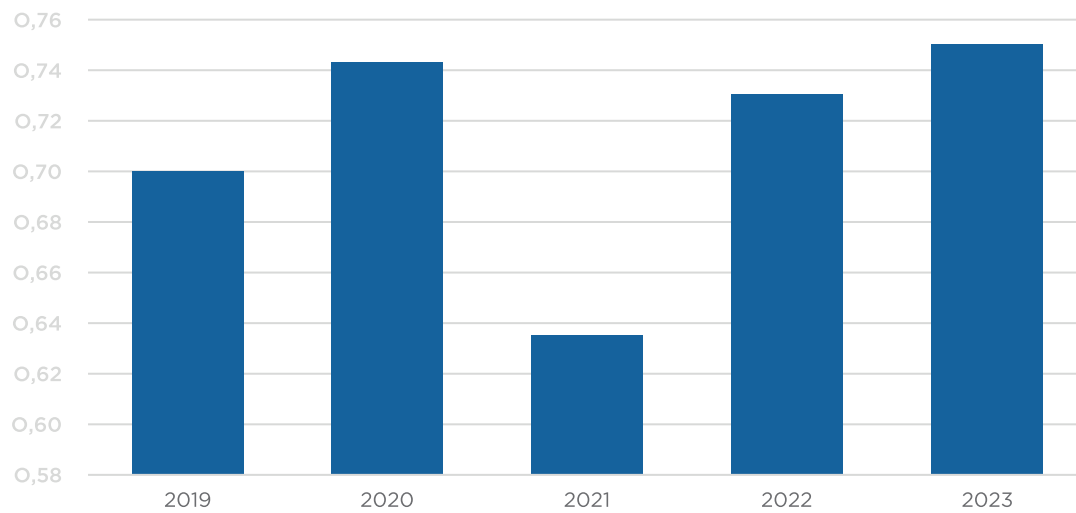
Water for technological purposes as well as sanitary water is taken from a public water supply. We are therefore constantly striving to improve its efficient use.

Separately, the use of water for sanitary purposes and the use of water for the needs of technology are monitored. The consumption is monitored through the Gema Logic and Scada computer systems. In the case of major deviations, the cause of the deviation can be quickly found and corrective measures can be taken. Very high temperatures occur during the glass-making process, for this reason the cooling of important parts of the furnace and glass-shaping machines is essential. We use almost closed water circuits, only excess water is discharged.

In the last ten years, we have reduced water consumption per tonne of melted glass by 63%, and in the last five years we have maintained water consumption per tonne of glass within, for us, acceptable limits.

Table: Abstracting water from the public water distribution network in 2019-2023

Consumption of water in m <sup>3</sup>	
2019	55.493
2020	52.619
2021	57.617
2022	69.710
2023	64.131

Graph: abstraction of municipal water in m<sup>3</sup> in 2019-2023Graph: Consumption of water in m<sup>3</sup> per tonne of melted glass in 2019-2023



## IMPACT ON BIODIVERSITY

The production facilities of Steklarna Hrastnik are located in an industrial zone where there are no protected habitat types or protected plant species. Our commitment to protect the environment is evidenced by our consistent compliance with statutory requirements and proactive measures taken as part of the environmental management. We are thereby reducing possible impacts on the quality of the environment and biodiversity in our community.

## EMISSIONS TO AIR

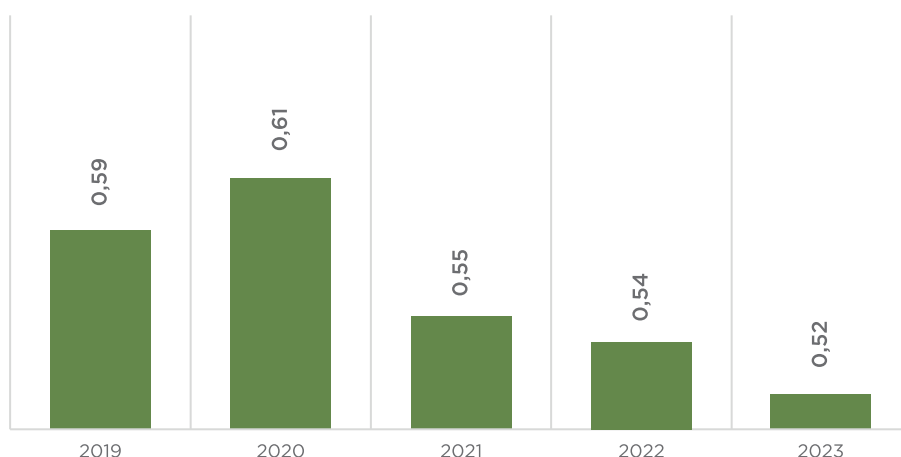
### Management of greenhouse gas (GHG) emissions

Greenhouse gas (CO<sub>2</sub>) emissions from fuel consumption and process emissions are calculated in accordance with the CO<sub>2</sub> monitoring plan included in the greenhouse gas emission permit. For 2023, typical net calorific values were used in the calculation of CO<sub>2</sub> emissions and the emission factors for the year 2023 were published on the website leto-2023.pdf (gov.si)

Table: Direct CO<sub>2</sub> emissions and efficiency indicator in 2019- 2023 for scope 1

	CO <sub>2</sub> emissions (t)	Efficiency indicator t CO <sub>2</sub> /t of melted glass
2019	50.394	0,59
2020	43.105	0,61
2021	49.819	0,55
2022	51.970	0,54
2023	44.066	0,52

Graph: Direct CO<sub>2</sub> emissions t/t of melted glass in 2019- 2023 for scope 1



In addition, we calculate GHG emissions in the scope 1-3 up to the level of the factory door (Cradle-2- Gate) according to the GHG protocol methodology according to the tonne of glass produced. For scope 1, the above-mentioned data are used, scope 2 is calculated according to the electricity consumption and the supplier’s statement, and for scope 3 (purchasing activities only), we use the data on the main raw materials obtained from the LCA analysis of our

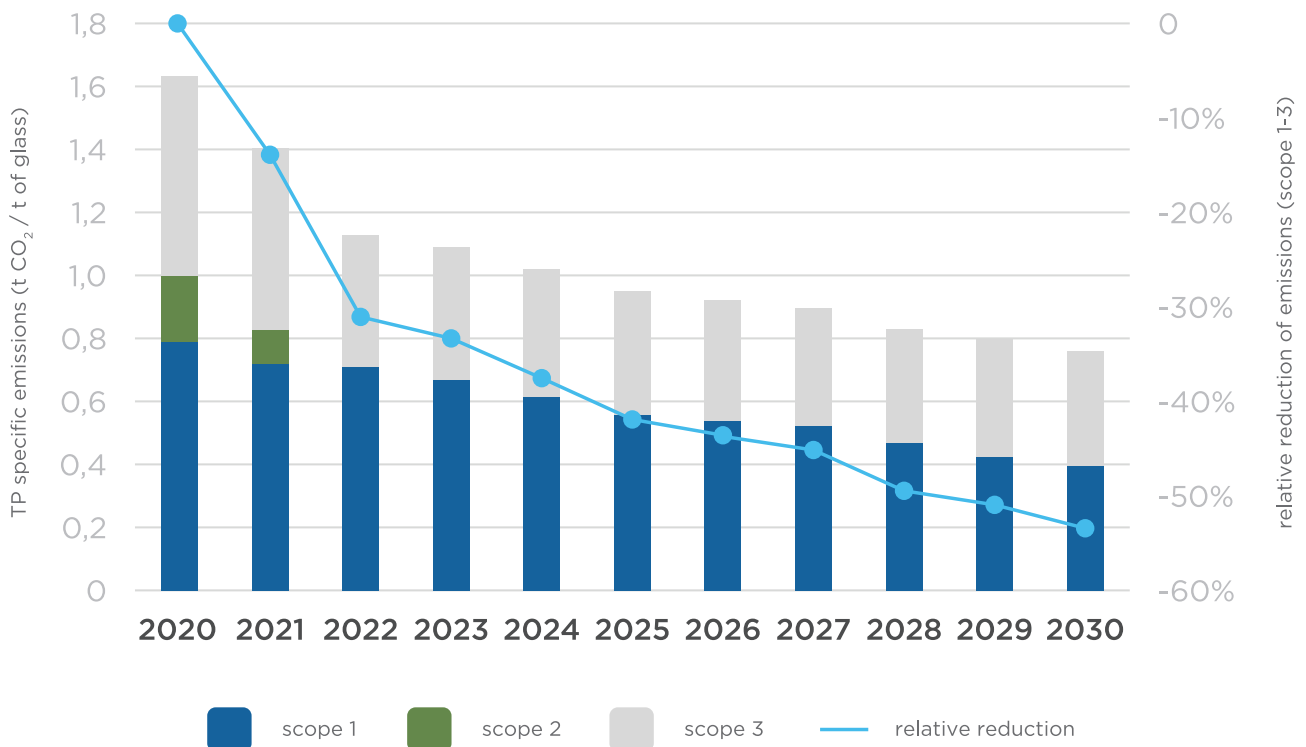
suppliers (made in accordance with the requirements of ISO 14040 and ISO 14044 standards and EU guidelines on the implementation of the LCA method) and on energy products (natural gas, diesel fuel, butane propane, hydrogen, oxygen) according to the European averages of the EcolInvent databases. Since 2020, we have managed to reduce GHG emissions in scope 1 by 15%, mainly due to the construction of new more efficient glass furnaces. In scope 2, we reduced GHG emissions by 100%, as we completely switched to clean electricity. In scope 3, we reduced GHG emissions by 34%, mainly due to the construction of our own oxygen plant. The total reduction of emissions in the scope 1-3 from 2020 is 33%. 2020 was chosen as the reference year due to the abolition of the desktop programme and the complete transition to the packaging programme.

Our **strategy to reduce GHG emissions until 2030** in the scope 1-3 is presented in the diagram below. Our commitment to future development is the implementation of projects to decarbonise glass production and thus reduce the carbon footprint by at least 50% by 2030 compared to 2020. We also have a commitment to achieve carbon neutrality by 2050.

Location: **Steklarna Hrastnik, Hrastnik, Slovenia**

Glass furnace: **hybrid regenerative furnace B and oxygen furnace G**

Capacity: **290 tonnes / day**



For each business unit, our measures to mitigate climate change and reduce GHG emissions are presented separately in the tables below for the business units Vitrum and Special.

Table: Climate change mitigation measures in the Special business unit

GHG Emission scope		Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Scope 1 - Specific emission*</b>		<b>t CO<sub>2</sub>/t glass</b>	<b>0,697</b>	<b>0,666</b>	<b>0,675</b>	<b>0,636</b>	<b>0,597</b>	<b>0,481</b>	<b>0,455</b>	<b>0,419</b>	<b>0,391</b>	<b>0,370</b>	<b>0,334</b>
Scope 1 (Reduction)		%	0%	-4%	-3%	-9%	-14%	-31%	-35%	-40%	-44%	-47%	-52%
Scope 1 (target)		%	Ref					-25%					-40%
Action plan	Reduction	Scope	Yearly impact (1-5)										
2021 PCR use (occasional)	0,12%	Raw material		1	1	1	1						
2023 End-port Hybrid melting	40,00%	Technology		0	0	2	3	4	5	5	5	5	5
2025 Hydrogen use	2,38%	Technology		0	0	0	0	2	2	2	2	2	2
2024 PCR use (regular)	14,84%	Raw material		0	0	0	2	3	4	4	4	4	5
2030-2050 Various actions	48,12%	Mixed											
<b>Scope 2 - Specific emission*</b>		<b>t CO<sub>2</sub>/t glass</b>	<b>0,180</b>	<b>0,178</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Scope 2 (Reduction)		%	0%	-1%	-100%	-100%	-100%	-100%	-100%	-100%	-100%	-100%	-100%
Scope 2 (target)		%	Ref					-80%					-85%
Action plan	Reduction	Scope	Yearly impact (1-5)										
2021 RES 521 kwp Solar power plant	0,15%	RES		1	1	1	1	1	1	1	1	1	1
2022 Low carbon electricity supply	91,38%	Purchase		0	5	5	5	5	5	5	5	5	5
2030-2050 Various actions	7,37%	Mixed											
<b>Scope 3 - Specific emission*</b>		<b>t CO<sub>2</sub>/t glass</b>	<b>0,384</b>	<b>0,378</b>	<b>0,376</b>	<b>0,374</b>	<b>0,365</b>	<b>0,352</b>	<b>0,340</b>	<b>0,327</b>	<b>0,318</b>	<b>0,313</b>	<b>0,296</b>
Scope 3 (Reduction)		%	0%	-2%	-2%	-3%	-5%	-8%	-12%	-15%	-17%	-18%	-23%
Scope 3 (target)		%	Ref					-10%					-25%
Action plan	Reduction	Scope	Yearly impact (1-5)										
2021 PCR use (occasional)	0,21%	Raw material		1	1	1	1	0	0	0	0	0	0
2025 PCR use (regular)	22,88%	Raw material		0	0	0	0	1	2	2	2	2	3
2024 Green procurement of raw materials	3,90%	Purchase		0	0	0	1	2	2	3	3	3	4
2030-2050 Various actions	72,48%	Mixed											
<b>TOTAL - Specific emission*</b>		<b>t CO<sub>2</sub>/t glass</b>	<b>1,261</b>	<b>1,222</b>	<b>1,057</b>	<b>1,017</b>	<b>0,971</b>	<b>0,845</b>	<b>0,807</b>	<b>0,759</b>	<b>0,721</b>	<b>0,696</b>	<b>0,643</b>
<b>TOTAL (Reduction)</b>		<b>%</b>	<b>0%</b>	<b>-3%</b>	<b>-16%</b>	<b>-19%</b>	<b>-23%</b>	<b>-33%</b>	<b>-36%</b>	<b>-40%</b>	<b>-43%</b>	<b>-45%</b>	<b>-49%</b>
<b>TOTAL (target)</b>		<b>%</b>	<b>Ref.</b>					<b>-30%</b>					<b>-50%</b>

\*specific emission per tonne of packaged glass

Table: Climate change mitigation measures in the Vitrum business unit

GHG Emission scope		Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>SCOPE 1 - Specific emission*</b>		<b>t CO<sub>2</sub>/t glass</b>	<b>1,078</b>	<b>0,818</b>	<b>0,772</b>	<b>0,724</b>	<b>0,756</b>	<b>0,753</b>	<b>0,757</b>	<b>0,756</b>	<b>0,719</b>	<b>0,548</b>	<b>0,502</b>
Scope 1 (Reduction)		%	0%	-24%	-28%	-33%	-30%	-30%	-30%	-30%	-33%	-49%	-53%
Scope 1 (target)		%	Ref					-25%					-40%
Action plan	Reduction	Scope	Yearly impact (1-5)										
2020 UNP reduction	4,44%	Alternative fuel	3	4									
2020 New oxyfuel furnace	25,38%	Furnace design		5	5	5	5	5	5	5	5		
2023 Hydrogen use	5,55%	Technology				1	2	2	2	2	3	3	3
2024 PCR (regular)	1,50%	Raw material					1	1	1	1	1	2	2
2029 Oxyfuel Hybrid melting	19,81%	Technology									4	5	5
2030-2050 Various actions	46,13%	Mixed											
<b>SCOPE 2 - Specific emission*</b>		<b>t CO<sub>2</sub>/t glass</b>	<b>0,299</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Scope 2 (Reduction)		%	0%	-100%	-100%	-100%	-100%	-100%	-100%	-100%	-100%	-100%	-100%
Scope 2 (target)		%	Ref					-80%					-85%
Action plan	Reduction	Scope	Yearly impact (1-5)										
2018 RES 184kWp Solar power plant	0,05%	RES	1	1	1	1	1	1	1	1	1	1	1
2021 Renewable energy certificates	100,00%	Purchase	0	5									
2022 Low carbon electricity supply	96,57%	Purchase			5	5	5	5	5	5	5	5	5
2023 RES 780 kWp Solar power plant	0,19%	RES						2	2	2	2	2	2
2025 RES 2,7 MWp Solat power plant PPA	0,67%	RES						2	2	2	2	2	2
2030-2050 Various actions	5,10%	Mixed											
<b>SCOPE 3 - Specific emission*</b>		<b>t CO<sub>2</sub>/t glass</b>	<b>1,370</b>	<b>0,886</b>	<b>0,470</b>	<b>0,463</b>	<b>0,473</b>	<b>0,468</b>	<b>0,464</b>	<b>0,461</b>	<b>0,460</b>	<b>0,451</b>	<b>0,449</b>
Scope 3 (Reduction)		%	0%	-35%	-66%	-66%	-65%	-66%	-66%	-66%	-66%	-67%	-67%
Scope 3 (target)		%	Ref					-50%					-60%
Action plan	Reduction	Scope	Yearly impact (1-5)										
2020 UNP reduction	0,42%	Alternative fuel	1	1	1	1	1	1	1	1	1	1	1
2021 On-site oxygen generation	59,25%	Raw material	5	5	5	5	5	5	5	5	5	5	5
2024 PCR (regular)	0,96%	Raw material					1	1	1	1	1	2	2
2024 Green purchase of raw materials	1,72%	Purchase				0	1	2	2	3	3	3	3
2030-2050 Various actions	32,61%	Mixed											
<b>TOTAL - Specific emission*</b>		<b>t CO<sub>2</sub>/t glass</b>	<b>2,747</b>	<b>1,701</b>	<b>1,253</b>	<b>1,197</b>	<b>1,239</b>	<b>1,230</b>	<b>1,229</b>	<b>1,226</b>	<b>1,190</b>	<b>1,014</b>	<b>0,966</b>
<b>TOTAL (Reduction)</b>		<b>%</b>	<b>0%</b>	<b>-38%</b>	<b>-54%</b>	<b>-56%</b>	<b>-55%</b>	<b>-55%</b>	<b>-55%</b>	<b>-55%</b>	<b>-57%</b>	<b>-63%</b>	<b>-65%</b>
<b>TOTAL (target)</b>		<b>%</b>	<b>Ref.</b>					<b>-40%</b>					<b>-60%</b>

\*specific emission per tonne of packaged glass

### EMISSIONS OF OTHER SUBSTANCES INTO THE AIR

Emissions into the air are generated mainly during burning in melting furnaces (glass production) and to a smaller degree in combustion plants.

To reduce emissions into the air, we take care of regular maintenance of wastewater treatment plants installed on discharges from melting furnaces. Emission monitoring is carried out twice a year by an authorised external organisation, in accordance with the issued IED permit, for all melting furnaces and once a year for small combustions plants.

Emission data are derived from the annual estimated emissions of substances into the air for the current year, which is provided to the Environment Agency of the Republic of Slovenia by an authorised external organisation. The results of the measurements comply with the requirements of the issued environmental permits.

Table: Emissions of substances into the air in tonnes

	Dust (t)	NOx (t)	SOx (t)
2019	1,612	126,882	36,744
2020	1,099	101,197	24,591
2021	2,652	127,624	30,118
2022	3,184	116,717	29,226
2023	1,466	84,001	33,614

Graph: emissions of substances into the air in t

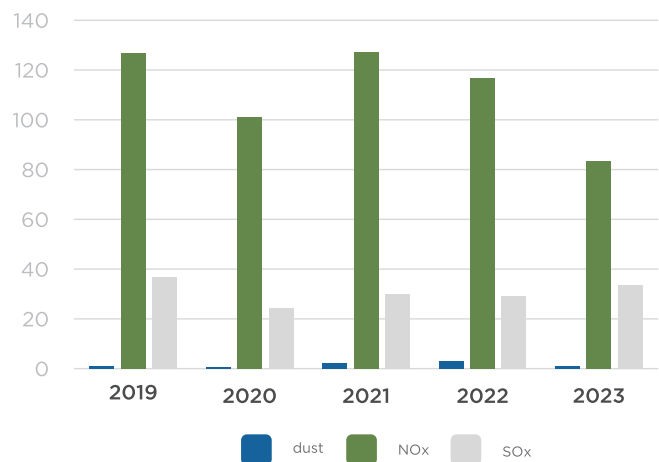
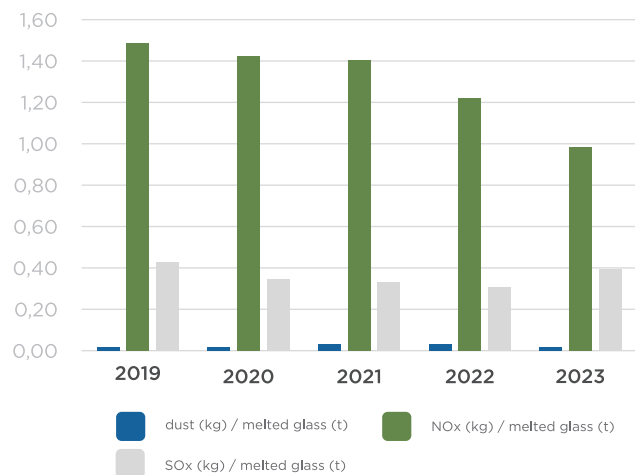


Table: Efficiency indicator of air emissions in kg / t of melted glass

	Dust	NOx	SOx
2019	0,019	1,49	0,43
2020	0,016	1,43	0,35
2021	0,029	1,41	0,33
2022	0,033	1,22	0,31
2023	0,017	0,98	0,39

Graph: Efficiency indicator of total emissions into the air kg/t of melted glass in 2019- 2023



## WASTE WATER MANAGEMENT

Waste water generated during production at Steklarna Hrastnik is so called cooling water. Coolant lines are almost closed, excess is draining from the system. This waste water is treated in internal industrial waste water treatment plants. The waste water from the Vitrum unit, treated at an industrial treatment plant, is discharged to a public sewerage system terminating at the Hrastnik Central Treatment Plant. From the Special unit, industrial waste water, treated at an industrial treatment plant, is discharged into the Sava watercourse.

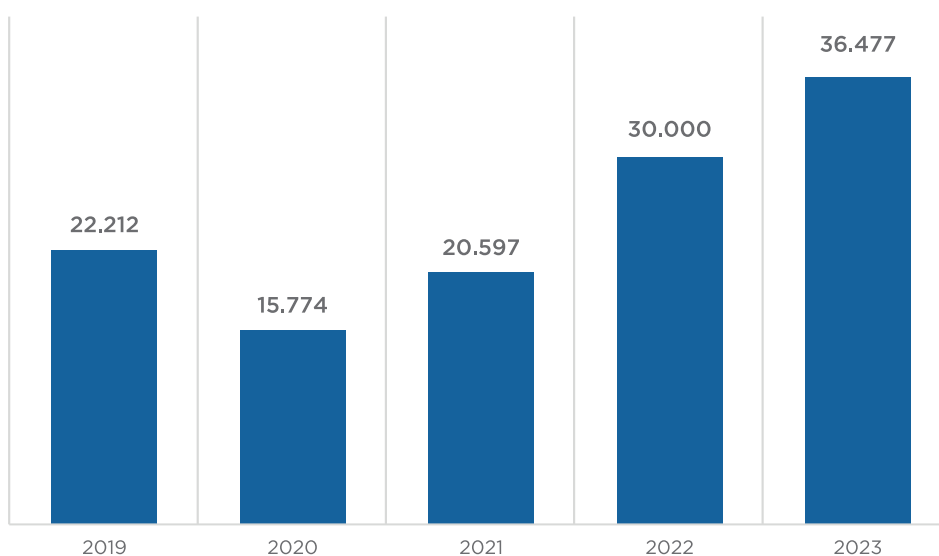
Storm waste water running down the roofs of the buildings is discharged indirectly or directly into the waters.

The amounts of waste water discharged from the device are monitored and recorded. The parameters that the waste water must meet and the permitted quantities of discharged water are specified in the obtained IED permit. Measurements and content of individual parameters are carried out by an authorised external organisation within the framework of regular waste water monitoring. The results of the measurements are collected and also regularly reported annually to the competent institutions (Environmental Agency of the Republic of Slovenia).

Table: Indicator of the quantity of waste water from the Vitrum unit m<sup>3</sup>/t of melted glass in 2019-2023, which is discharged to a public sewerage system, treatment via treatment plant

	Quantity in m <sup>3</sup>	m <sup>3</sup> /t of melted glass
2019	22.212	0,77
2020	15.774	0,86
2021	20.597	0,57
2022	30.000	0,74
2023	36.477	0,96

Graph: Quantity of waste water from the Vitrum unit in m<sup>3</sup>/ per year during 2019-2023, which is discharged to a public sewerage system, treatment via treatment plant



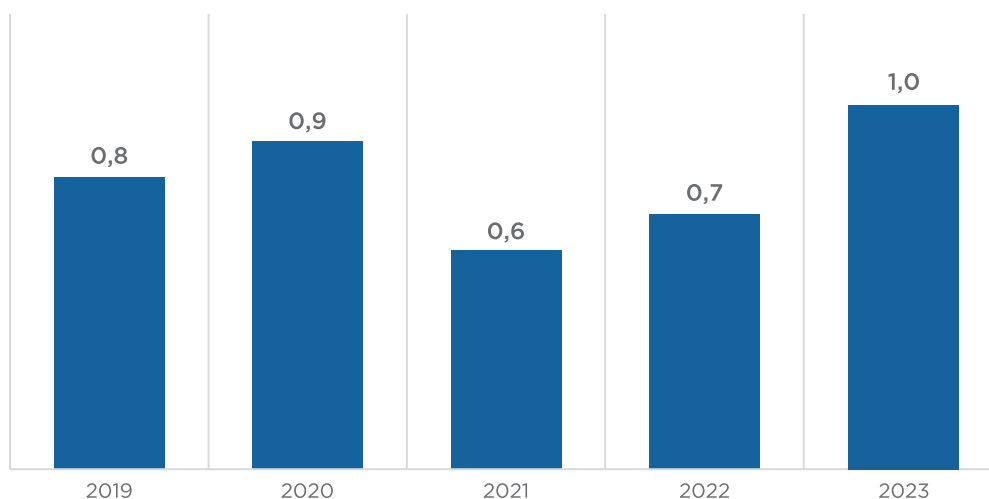
Graph: Indicator of the quantity of waste water from the Vitrum unit in m<sup>3</sup>/t of melted glass in 2019–2023

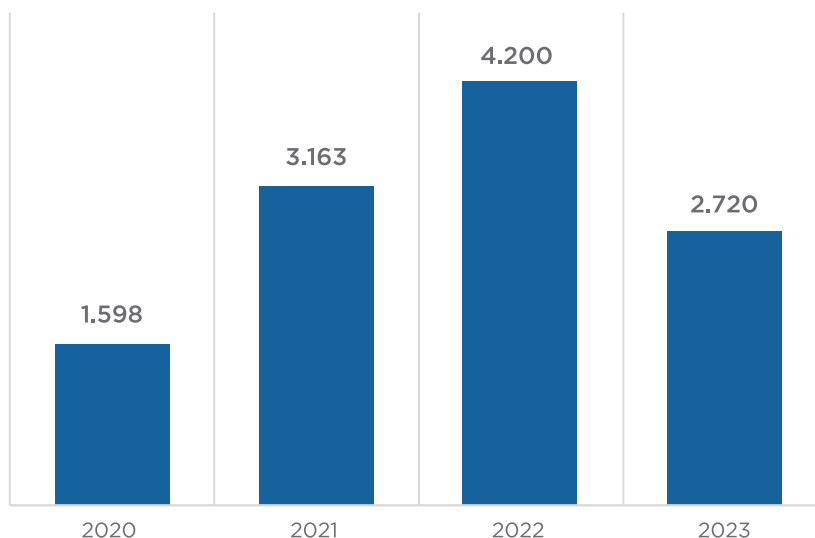
Table: Parameters of waste water in the Vitrum unit in 2019–2023

	MV from IED permission	2019	2020	2021	2022	2023
Pb (mg/l)	0,3	0,007	0,007	0,0065	0,007	0,007
KPK (mg/l)	/	91	62	82	19	4
EO <sub>N</sub> (cleaning effect)		2,2	5,1	5,95	0,4	0

Table: Indicator of the quantity of waste water from the and Special unit in m<sup>3</sup>/ of melted glass in 2020–2023, which is discharged into the watercourse

	Quantity in m <sup>3</sup>	m <sup>3</sup> /t of melted glass
2020	1.598	0,030
2021	3.163	0,058
2022	4.200	0,076
2023	2.720	0,057

Graph: Quantity of waste water from the Special unit in m<sup>3</sup>/year during 2020-2023, which is discharged into the watercourse



Graph: Indicator of the quantity of waste water from the Special unit in m<sup>3</sup>/t of melted glass in 2020-2023

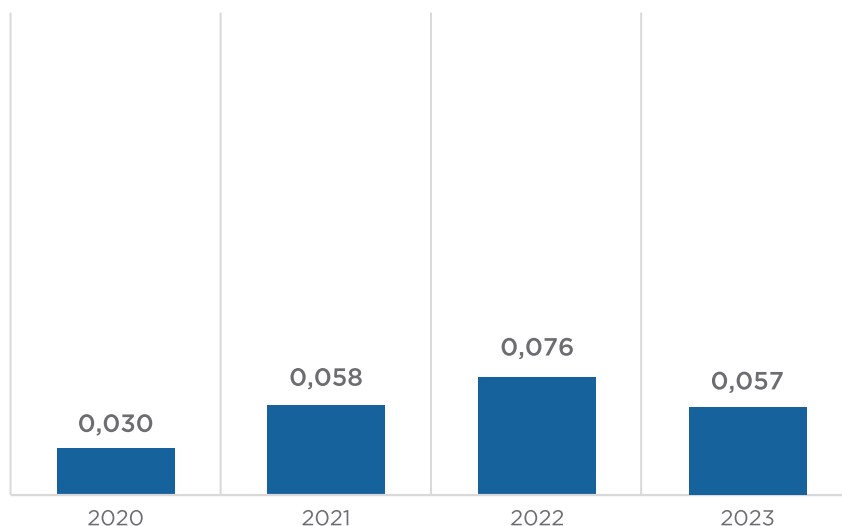


Table: Parameters of waste water in the Special unit in 2020-2023

	MV from IED permission	2020	2021	2022	2023
Pb (mg/l)	0,3	0,006	0,006	0,006	0,006
KPK (mg/l)	130	86	23	80	4
EO <sub>N</sub> (cleaning effect)		2,7	0	6,7	0



## WASTE MANAGEMENT

When managing waste, we follow the requirements of the waste management hierarchy. We collect waste separately already at the place of their origin. The bulk of the waste generated in production is represented by our own waste glass, which is largely recycled in our own plant, for which we have obtained an environmental permit from the Ministry of the Environment for the recovery of waste according to the R3 procedure.

The bulk of the waste generated in production is represented by glass which is recycled in the manufacturing process by more than 99 percent. Only waste glass from our own production is used in the process due to high quality requirements of our products. We are aware of the importance of replacing natural sources and raw materials with waste glass, for this reason we are intensively looking for glass of relevant quality on the market, which could be recycled in the production process without the negative impact on the quality requirements.

Graph: waste generation in tonnes

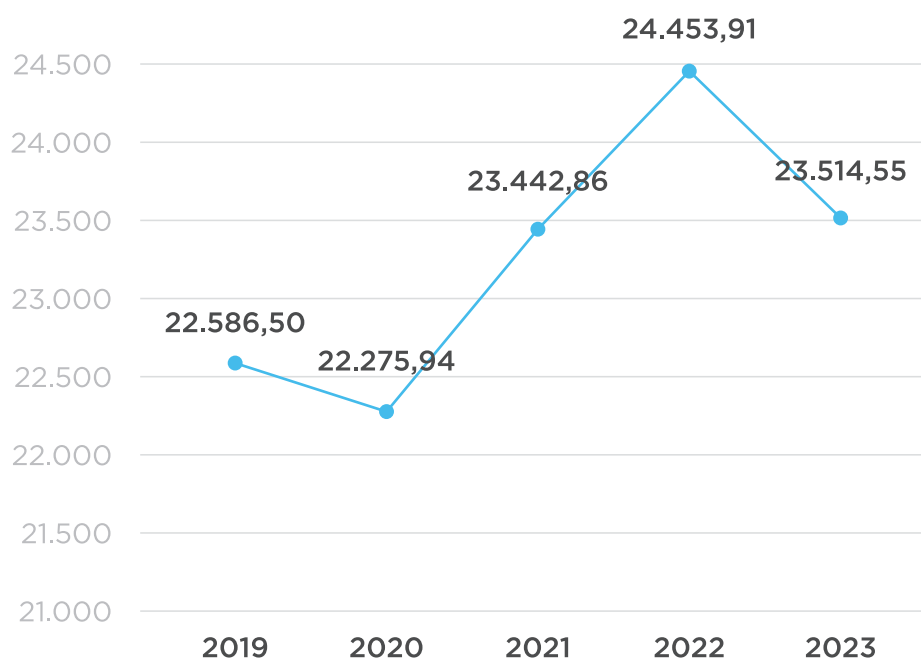


Table: waste generation by years in tonnes

	2019	2020	2021	2022	2023
waste generated	22586,50	22275,94	23442,86	24453,91	23514,55
non-hazardous waste	22449,94	21952,33	23316,50	24308,97	23348,51
of which own waste glass, which is returned to processing	20934	17979	21161	23140	20205
hazardous waste	136,56	323,61	126,36	144,94	166,04

Graph: Waste generated in 2023, hazardous/non-hazardous in tonnes

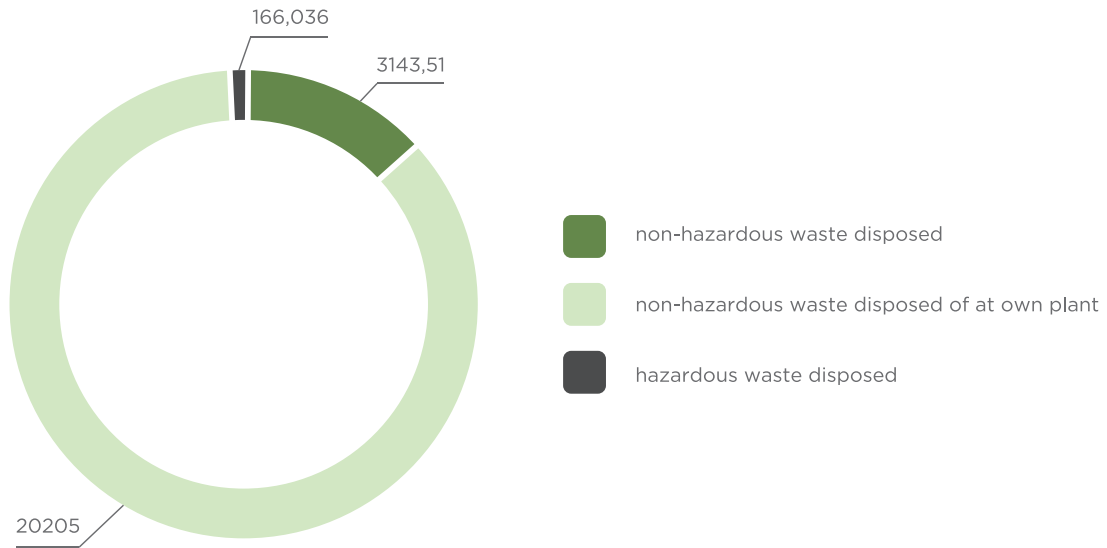
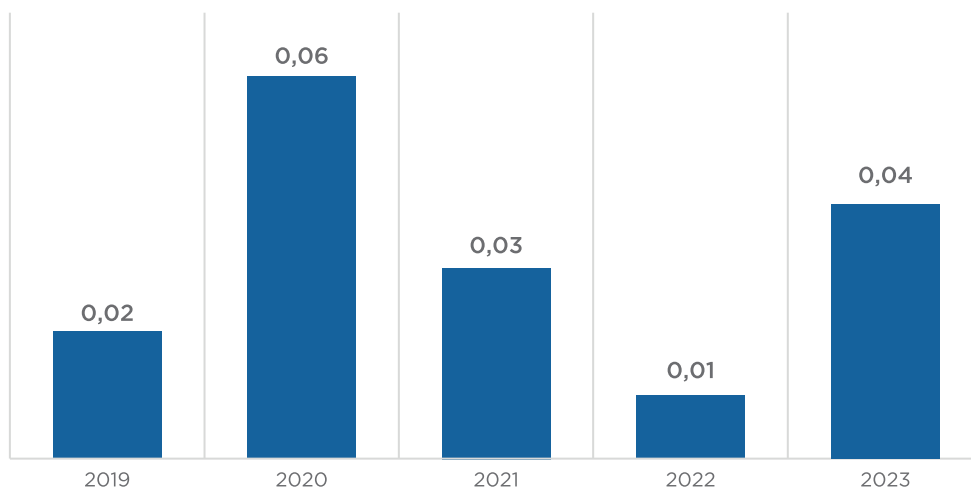


Table: Waste efficiency indicator t/t of melted glass in 2019-2023

Efficiency indicator kg/t of melted glass	
2019	0,02
2020	0,06
2021	0,03
2022	0,01
2023	0,04

Graph: Waste efficiency indicator t/t of melted glass in 2019-2023



As the original generator of waste, we must report the generated waste to the national waste management information system, the "IS-Odpadki" application. We are also obliged to submit an annual report on the generated waste.

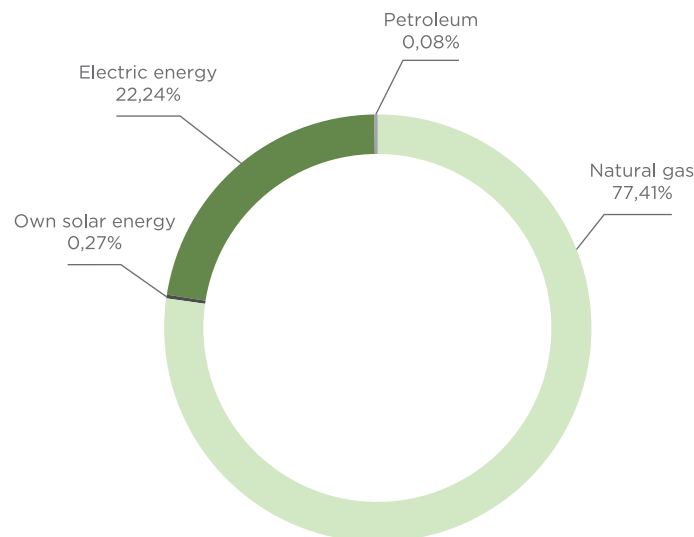
In 2023, the amount of waste generated was higher than in 2022, mainly due to the overhaul on the B furnace (increased amount of construction waste).

In the company, we try to reduce the amount of waste generated and look for opportunities for recovery, ideally within our own activity. Thus, within the framework of the RRI project SEKUMAT, we have carried out activities in the past years with the aim of developing a model for the characterisation of waste dust from flue gas cleaning (SFP, glass filter dust). This makes it possible to return SFP to the production process, thus partially replacing one of the raw materials. In 2023, we also submitted an application for our innovation in accordance with the Chamber of Commerce Act (ZGZ).

## ENERGY CONSUMPTION

Glass-making is an energy intensive process, since melting is carried out at high temperature around 1.500 °C. At increased production capacities is therefore important to select the most advanced technology and constantly ensure efficient and sensible use of energy products, while at the same time numerous improvements in this area, which are also based on our own know-how, are being continuously introduced. Our most important energy products are natural gas and electric energy, which is increasing (a third of all energy products).

Graph: Energy consumption by type of energy product in 2023



In 2023, we used a total of 738,023 GJ of energy (natural gas, electricity, own power plant and petroleum). In the last five-year period, we successfully managed to achieve a 9% reduction of energy consumption per tonne of melted glass. All investments are aiming at additionally reduce energy consumption. As part of the overhaul, we replaced worn-out lamps with LED lights at the Special location, it is planned to replace the old heating devices in the boiler room with new ones, and additional utilisation of waste heat for heating purposes is planned.

Table: Total energy consumption in GJ in 2018-2022

Year	Natural gas in TJ	Electric energy in TJ	Own power plant in TJ	Petroleum in TJ	Total TJ
2019	678,285	142,547		14,672	835,504
2020	591,800	118,182		7,530	717,512
2021	670,022	163,247	0,723	0,149	833,419
2022	687,383	180,064	2,396	0,393	867,840
2023	571,767	164,178	2,002	0,076	738,023

In the calculation, the Znacilne-neto-kaloricne-vrednosti-in-emisijski-faktorji- za-letno-2023. pdf (gov.si) and the conversion factor for electricity 1kWh = 3600 kJ were used.

Graph: Energy consumption by years in TJ

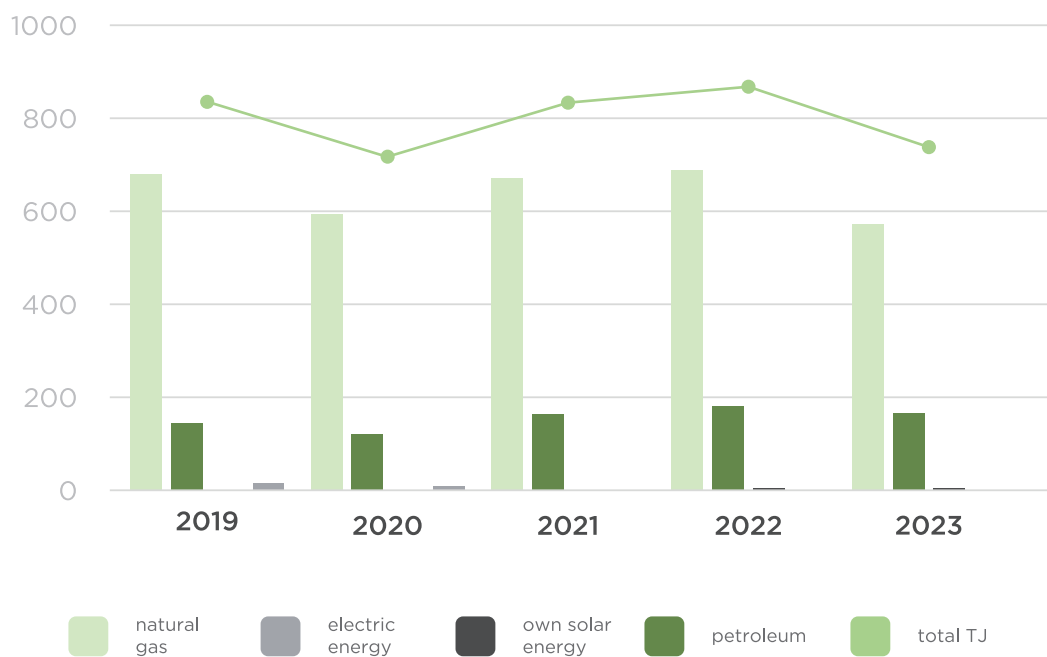
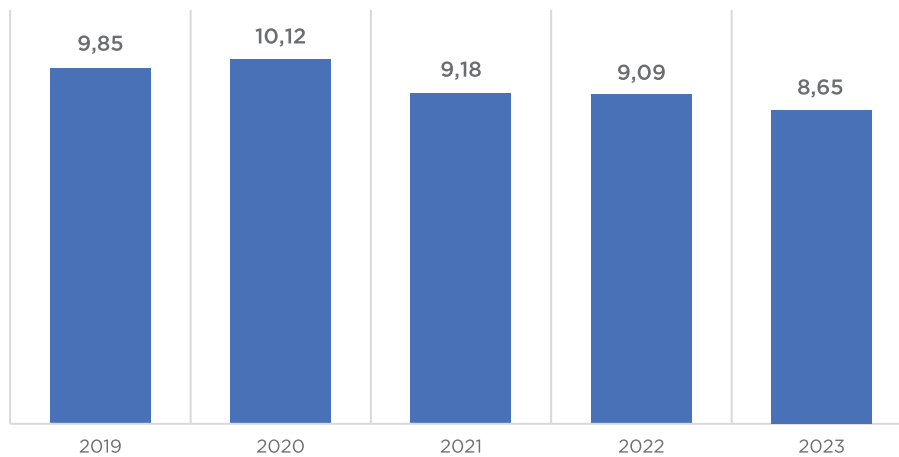


Table: Energy consumption in GJ per tonne of melted glass in 2018-2022

Year	GJ/t
2019	9,85
2020	10,12
2021	9,18
2022	9,09
2023	8,65

Graph: Energy consumption in GJ per tonne of melted glass in 2019-2023



The electricity we bought on the market in 2023 (45,605 MWh) is 100% nuclear energy (carbon-free). A smaller share of green energy is obtained from our own solar power plants. In 2023, we thus generated and consumed 556.148 MWh of own green energy. In the current year, we have also started a third solar power plant on the roof of the Vitrum unit with a capacity of 780 kWp, thus increasing the share of our own renewable energy.

We have an energy management system in place in the company - GemaLogic - which includes approximately 85% of consumers of electric energy and 90% of consumers of natural gas. Data are captured in minute intervals. Employees may monitor consumption, characteristic indicators, warnings and the analysis of historic data in real time. In this way, we can quickly adapt and take action. Regular energy audits are also carried out by external associates.

**GREEN INNOVATIONS AND INVESTMENTS**



In 2023, Steklarna Hrastnik was active in research and development activities and pilot-demonstration projects directed toward sustainable development.

In 2023, we concluded implementing the DEKORA pilot-demonstration project: “Smart Decoration and Functionalisation of Packaging Glass in an Innovative Industrial Environment”. In the scope of the project we also worked on sustainability issues, specifically we developed bio-based colours for screen printing on the basis of bio-renewable materials, obtained from natural sources (wood, bacteria). In 2023, we developed formulations of UV paints with the addition of tannic acid, which is obtained from tree biomass (oak of the species “Quercus infectoria”) and successfully achieved up to 20% carbon replacement from renewable sources.

We also worked on the development of high-tech digital solutions for optimising the material and energy efficiency. A platform for material and energy efficiency was developed and implemented in the decoration department, based on the GemmaLogic system for energy management.

Figure: Decoration design for screen printing with bio-based colors

In 2023, we continued implementing one of the largest sustainable projects in Slovenia, the BEAR project: “Hybrid regenerative glass furnace», which was approved for co-financing from the European Innovation Fund. In April 2023, we completed the construction of a hybrid regenerative glass furnace, and tested the basic operation of the furnace during the year. As part of the project, the use (up to 40% of electricity for smelting) will reduce the use of natural gas by as much as 50% and save about 100,000 tCO<sub>2</sub>e of emissions over the life of the project, which will significantly contribute to reducing the carbon footprint of the Steklarna Hrastnik in the Special business unit. We will start hybrid smelting in 2025, and the project will be completed in August 2027.

More about the project: <https://hrastnik1860.com/bear/>

Figure: Official leaflet of the BEAR project

**INNOVATION FUND**  
Driving clean innovative technologies towards the market

**BEAR: Hybrid regenerative glass furnace**

The Innovation Fund is 100% funded by the EU Emissions Trading System

<b>COORDINATOR</b>	Steklarna Hrastnik d.o.o.
<b>BENEFICIARY</b>	Kemjski inštitut (NIC)
<b>LOCATION</b>	Hrastnik, Slovenia
<b>SECTOR</b>	Glass, ceramics and construction material
<b>GHG EMISSION AVOIDANCE</b>	0.1 Mt CO <sub>2</sub> e/eq
<b>AMOUNT OF INNOVATION FUND GRANT</b>	EUR 2 338 000
<b>RELEVANT COSTS</b>	EUR 3 720 000
<b>STARTING DATE</b>	1 September 2022
<b>PLANNED DATE OF ENTRY INTO OPERATION</b>	Q1 2025

**Project Summary**

The BEAR project will demonstrate a first-of-a-kind hybrid end-fired regenerative furnace with a more than 40% electrical melting share and throughput capacity of 170 tons of glass per day. The furnace will be implemented in Steklarna Hrastnik's (SH) existing production site in Hrastnik, Slovenia. The hybrid furnace will replace the existing end-fired regenerative furnace for extra-white first glass production, thereby resulting in a more than 50% reduction of natural gas consumption and up to 33% of greenhouse gas (GHG) emissions avoidance over the first ten years of operation.

**Država Active**

Moreover, in 2023 we continued implementing the CEDIT.SI project: "Comprehensive digital transformation of the glass industry", which was approved by the Republic of Slovenia and the European Union from the Recovery and Resilience Plan. In 2023, the phase of technological strengthening and implementation of solutions took place, where as the leading consortium partner, in cooperation with the other members of the project consortium, we implemented project activities, the goal of which is a comprehensive digital transformation in the value chains of the life cycles of glass packaging. The sustainable part of this project refers to the sustainable cycle of packaging, which is one of the four cycles addressed by the project. As part of the project, we thus address the challenge of the impact of packaging on the environment throughout its life cycle with two activities: LCA analysis and digitisation and tracking of glass products (IoT and Blockchain technology will be used). As part of the project, 8 advanced digital technologies will be introduced and 14 business functions will be transformed at a total of 10 consortium partners. The project will end in March 2024.

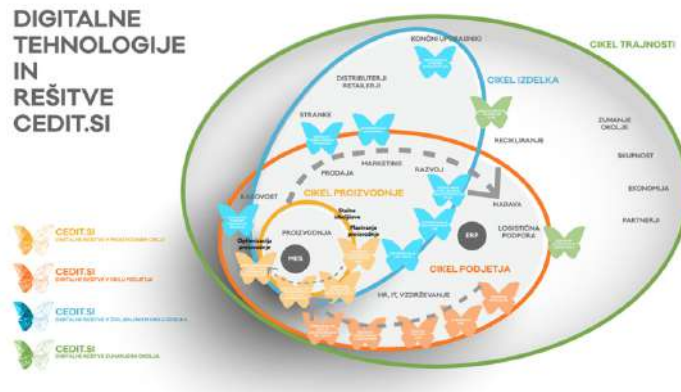


Figure: Digital technologies and solutions of the CEDIT.SI project

In 2023, in the field of sustainable energy, we launched the international H2GLASS project "advancing Hydrogen (H2) technologies and smart production systems TO decarbonise the GLass and Aluminium SectorS", within the Horizon Europe programme. The purpose of the project is the decarbonisation of the glass industry through the development and implementation of hydrogen technologies on an industrial level. Steklarna Hrastnik's role in the project is to coordinate a series of activities dedicated to the implementation of hydrogen technologies, and at the same time to act as the largest demonstrator in the consortium. As part of the project, we will demonstrate the use of green hydrogen produced by electrolysis on a 120-tonne oxygen furnace, namely in the proportion of 100% replacement with fossil fuel. The aim of the demonstration is to reduce GHG emissions by up to 65%. At the end of 2023, as part of the project, we carried out the first commercial production with 60% hydrogen, as a fuel on a glass furnace, and reduced the direct carbon footprint by as much as 30%



Figure: Supply of hydrogen for the glass furnace

In 2023, we also launched the international NAHV project, "North Adriatic Hydrogen Valley", which represents one of the first transnational hydrogen valleys in the EU. The project involves cross-border integration of production, distribution and consumption of hydrogen and the exchange of annual hydrogen production within the project, which amounts to more than 5,000 tonnes of hydrogen. As part of the project, 18 demonstrations and their associated ecosystems will be activated, which will be grouped into 3 main pillars - energy, transport and industry. As part of the project, Steklarna Hrastnik will be demonstrating the use of hydrogen on an industrial furnace in an energy-efficient way, where, in addition to hydrogen, we will also use oxygen produced by electrolysis, as well as closing the water circuits associated with the use of hydrogen in industry. The demonstration is scheduled to begin in 2026, and the project will be completed in 2028.

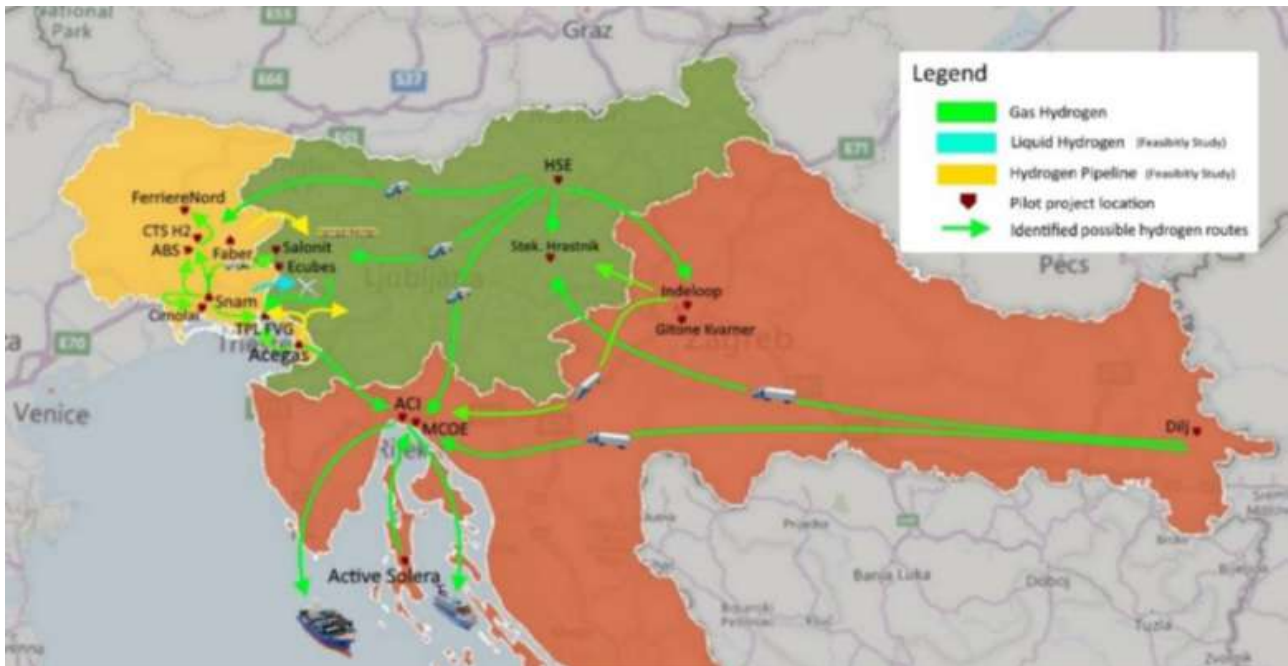


Figure: Hydrogen routes within the North Adriatic Hydrogen Valley

In the field of sustainable energy and energy storage, in 2023 we started the i-STENTORE project "Innovative Energy Storage Technologies Towards Increased Renewables Integration and Efficient Operation", where we are undertaking to study the integration of various energy storage solutions and their combinations. The aim of the project is to optimise the cooperation between innovative storage systems and integrated energy sources, paying special attention to reliability, energy quality, cost-effective operation and maximising the lifetime of the systems. i-STENTORE will introduce a comprehensive framework that will showcase stand-alone and hybrid storage solutions, highlighting the multi-purpose use of storage, not only as an energy buffer, but also as an active grid component, capable of providing services and contributing to the resilience, stability and efficient operation of the power grid. Steklarna Hrastnik is involved in the project with an industrial demonstration of the thermal storage of renewable energy in the form of glass melt. The latter will significantly contribute to the local utilization of energy from renewable energy sources. The demonstration is scheduled for 2025, and the project will be completed at the end of 2025.



In the field of research and development, in 2023 we started with the implementation of the international PHOTOSINT project - "PHOTOelectrocatalytic systems for Solar fuels energy INTegration into the industry with local resources". Within the framework of the PHOTOSINT project, sustainable processes for the production of hydrogen and methanol as energy vectors will be developed, using only solar energy as an energy source and waste water and CO<sub>2</sub> as raw materials, which will enable greater industry autonomy. The energy conversion will be based on solar-driven artificial photosynthesis and aims to develop new catalytic materials from natural sources. Various catalysts will be studied in order to integrate solar energy into industry, where the best of them will be implemented in prototypes. The obtained results will be used for transfer to pilot devices with tandem photoelectrochemical cells. Methanol (MeOH) and hydrogen (H<sub>2</sub>) will be tested in engines, while hydrogen will also be tested in industrial burners. Steklarna Hrastnik will carry out a pilot demonstration and ensure the integration of the use of hydrogen produced by artificial photosynthesis into the glass production process. The demonstration is scheduled for 2026, and the project will last until 2027.

In 2023, we started the UVGLASS project, "Development of a smart self-cleaning water bottle", where we tackle the challenge of replacing the use of water bottles due to the inadequate quality of drinking water. As part of the project, we are developing a smart self-cleaning water bottle with UV-C disinfection of micro-organisms and a photocatalytic coating for the decomposition of organic impurities. The product, which will be intended for repeated use, will also offer protection against limescale, an above-average longevity, and less need to clean the bottle. The project will conclude at the end of 2024.

In the RES area, Steklarna Hrastnik implemented the project for the construction of a third solar power plant "SE Steklarna Hrastnik 3" in 2023 with 780 kWp in order to increase the supply of renewable energy sources. The power plant was put into operation as of October 2023.

In 2023, we invested a total of EUR 2.3 million, representing 2.4% of the annual turnover, in the R&D activity oriented toward circular economy and sustainable development.



## ENVIRONMENTAL COMMUNICATION

Environmental communication is also part of environmental protection. In communicating, in relation to environmental topics, we have focused mainly on communicating with the internal public, local community and broader social community. For us, part of the environmental responsibility of environmental protection is also environmental communication, since high environmental awareness and responsibility can be cultivated by spreading awareness and educating. We regularly informed about protecting the environment (developments, advice, general information, etc.) through various internal communication channels.

### INTERNAL COMMUNICATION -CARING FOR THE ENVIRONMENT

By raising awareness and educating we cultivate high environmental conscience and responsibility of all employees.

We regularly inform about protecting the environment (developments, advice, general information, etc.) through various channels of internal communication.

All new employees also get all the necessary information in a special Guide for new employees.

A special brochure about protecting health and the environment, which includes important information on environmental protection, is also available.

### EXTERNAL COMMUNICATION

We select and create topics with care, which we then communicate to the media and thus co-create media stories, an essential part of which are the environmental aspects of our operations:

media publications;

at various consultations, seminars and round tables; we are actively involved in the preparation of an environmental legislation;

we cooperate with professional, scientific and educational organisations;

during various visits (government, professional organisations, etc.) we emphasis the importance of protecting the environment and our sustainable practice;

publications on LinkedIn and Facebook social networks.

### LOCAL COMMUNITY

raising awareness and educating local communities about all the measures related to environmental protection and the activities of Steklarna Hrastnik through our communication channels, which are also accessible to the local public;

with the Municipality of Hrastnik we seek common solutions with regard to challenges that we face, such as statutory requirements and natural laws of the environment where SH operates);

clear, transparent and open communication is a prerequisite for excellent cooperation - we at Hrastnik have been proving this for years.

Our attitude toward the importance of protecting the environment also affects the strategically thought-out selection of projects and organisations, which we support with donations or sponsorships.

Strategic communication is increasingly becoming a key aspect in all organisations. Environmental protection is an integral part of the management policy of Steklarna Hrastnik, that is why all guidelines in the area of communication are also reflected in topics relating to the environment.

## SOCIAL ENVIRONMENT RESPONSIBILITY

Social responsibility and integration into the local environment are an important part of activities in our glass-making company, which is why we allocated part of our funds in 2023 for sponsorships and donations which were targeted into individuals, associations and other organisations with which we share values, objectives and ambitions. Among other things, we also provided donations to those affected by the summer floods in 2023.

Table: Sponsorships and donations made by Steklarna Hrastnik in 2023

Sponsorships	EUR 150,948
Donations	EUR 88,184
Donations of material (products)	EUR 1,061
<b>Total value of donations and sponsorships</b>	<b>240.193 EUR</b>

## COMPLIANCE WITH THE LEGISLATION

The operation of both units of Steklarna Hrastnik is based on observing all statutory and other requirements. Steklarna Hrastnik d.o.o. has obtained an IED permit for the Vitrum location and an IED permit for the Special location. Both locations also hold a permit for greenhouse gas emissions. The permits are publicly available at <https://www.gov.si/zbirke/seznami/register-upravljavcev-in-izdanih-ied-okoljevarstvenih-dovoljenj/>. In 2023, there was no environmental inspection at the locations of the business units. Regular monitoring of emissions, as prescribed in the environmental permit, was carried out by authorised external contractors. The results of the measurements were in accordance with the prescribed limit values,

In 2023, internal audits of the ISO 14001 environmental management system and the ISO 9001 quality management system were carried out in accordance with the plan. No inconsistencies were found by the internal auditors. Also, audits of the environmental management system according to ISO 14001, the quality management system ISO 9001, and the HACCP system were carried out by external auditors (Bureau Veritas). Given the fact that there were no inconsistencies here as well, we can conclude that the systems are well managed.

## PERSONS RESPONSIBLE FOR REPORTING

NAME AND SURNAME	WORK POSITION	AREA OF REPORTING	E-MAIL
Lucija Senčar	environmental protection administrator	environment (air, noise, water, waste, greenhouse gases, energy products, sustainable operations, environmental reporting)	lucija.sencar@hrastnik1860.com
Urška Plavčak	Strategical Marketing Director	marketing Information & Design	urska.plavcak@vaider.ch
Klemen Resman	Sales and Marketing Director	communications in the scope of the sales area	klemen.resman@vaider.ch
Mojca Lavrič	public relations	corporate and internal communications	mojca.lavric@hrastnik1860.com
Tatjana Vajdič	Head of OHS and FP	Safety and health at work	tatjana.vajdic@hrastnik1860.com
Gregor Trupi	Purchasing and Logistics Director		gregor.trupi@hrastnik1860.com
Manja Ocepek	Quality and Operational Excellence Director	quality, process and risk management	manja.ocepek@hrastnik1860.com
Ksenija Jakopič	head of legal matters	GDPR, business compliance, mobbing	ksenija.jakopic@hrastnik1860.com
Vesna Kemper	Human Resources Director	Partnership with employees	vesna.kemper@hrastnik1860.com
Leana Sivac	Training and HR Development Manager	Education, employee development, family friendly company	leana.sivac@hrastnik1860.com
Petra Jonke	head of controlling	Financial and other information	petra.jonke@hrastnik1860.com

## GRI INDEX

Statement of use:	Steklarna Hrastnik d.o.o. prepared a sustainability report for the period from 1 January 2023 to 31 December 2023, which refers to GRI standards
GRI 1 in use:	GRI 1: basis for 2021

### GENERAL DISCLOSURES

GRI standard	Disclosure	Page
<b>ORGANISATION AND REPORTING METHODS</b>		
2-1	Information about the organisation	9 Consolidated Annual Report for 2023, chapter 1
2-2	Entities included in the organisation's sustainability report	14
2-3	Reporting period, frequency and contact person	31
2-5	External verification of reporting	31, 80
<b>ACTIVITIES AND EMPLOYEES</b>		
2-6	Activities, supply chain and other business relationships	9-12 Consolidated Annual Report for 2023, chapter 1.3 Group's activity
<b>MANAGEMENT</b>		
2-9	Organisational structure and composition	14 Consolidated Annual Report for 2023, chapter 1.4 Organisation groups, chapter 2.14 Internal audit
2-10	Appointment and selection of the highest management and governance body	11-13 Consolidated Annual Report, chapter 2.19 Statement on the Management of the Company for 2023
<b>STRATEGIES, POLICIES AND PRACTICES</b>		
2-22	Statement on sustainable development strategy	7, 8, 18
2-27	Compliance with laws and regulations	75
2-28	Membership in organisations	16

GRI standard	Disclosure	Page
<b>INVOLVEMENT OF STAKEHOLDERS</b>		
2-29	Approach in involving stakeholders	23, 24
<b>IMPORTANT TOPICS</b>		
3-1	Procedure for determining important topics	27, 28
3-2	List of important topics	28, 29
3-3	Management of essential topics	6, 20-22, 70-73 (not fully covered, as part of the preparations for the ESRs reporting, it is planned to disclose management approaches)
<b>ENVIRONMENTAL IMPACTS</b>		
<b>GRI 301: materials 2016</b>		
3-3	Management of important topics	6, 54-55
301-2	Use of recycled raw materials	54, 55
<b>GRI 302: energy 2016</b>		
3-3	Managing important topics	6, 52, 67-69
302-1	Energy consumption in the organisation	67-69
302-3	Energy intensity	67-69
<b>GRI 303: water and sewage 2018</b>		
3-3	Managing important topics	55, 62
303-1	Attitude towards water as a common resource	55, 56
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<b>GRI 305: emissions 2016</b>		
3-3	Managing important topics	6, 52, 57-61
305-1	Direct greenhouse gas emissions	57
305-4	Intensity of greenhouse gas emissions	57-60
305-5	Reduction of greenhouse gas emissions	58-60
305-7	NOx, SOx and other significant emissions into the air	61

GRI standard	Disclosure	Page
<b>GRI 306: waste 2020</b>		
3-3	Managing important topics	6, 52, 65
306-3	Amount of generated waste	65-67
<b>GRI 308: environmental supplier assessment 2016</b>		
3-3	Management of important topics	51-52
308-1	New suppliers that have been screened using environmental criteria	51, 52
<b>SOCIAL IMPACTS</b>		
<b>GRI 401: recruitment 2016</b>		
3-3	Management of important topics	33, 34
401-1	New hires and fluctuation	37
401-3	Parental leave	37
<b>GRI 403: health and safety at work 2018</b>		
3-3	Managing important topics	6, 41, 44
403-1	System for ensuring safety and health at work	44, 45
403-6	Promoting employee health	41
403-9	Number and severity of injuries at work	44, 45
<b>GRI 404: training 2016</b>		
3-3	Management of important topics	38
404-1	Average hours of training per year per employee	40
<b>GRI 405: Diversity and equal opportunities 2016</b>		
3-3	Management of important topics	34
405-1	Diversity in management bodies and employees	34-36
<b>GRI 406: non-discrimination 2016</b>		
3-3	Management of important topics	46
406-1	Number of discrimination cases and measures for their elimination	46



## Verification Statement of Sustainability Report

### Objective and scope of verification

Upon request from Steklarna Hrastnik d.o.o., SIQ Ljubljana (SIQ) conducted an independent verification of the sustainability report "Steklarna Hrastnik, Trajnostno poročilo 2023" (sustainability report), based on the GRI Sustainability Reporting Standards. The objective was to assure interested parties of Steklarna Hrastnik d.o.o., that the presented sustainability report accurately, reliably, and comprehensively reflects the reported information on sustainable development. The scope was limited to assessing the performance and quality of the information included in the sustainability report for the reporting period of the calendar year 2023, with reference to the GRI standards (Consolidated Reporting Standards on Sustainable Development, including all applicable versions for reports published in 2024).

### Limitations

The sustainability report was prepared with reference to the GRI standards, meaning that the organization disclose selected GRI standards and prepare the report as required by GEI guidelines (GRI1 Foundation 2021, 3. Reporting in accordance with GRI standards). The report focuses on Steklarna Hrastnik, within the defined scope and boundaries, as outlined in the chapter About the Company, Group Organization, and specific disclosures. The sustainability report covers Steklarna Hrastnik d.o.o. and Glashuta d.o.o., excluding Sunex 2 s.r.l.

As the graphic design of the sustainability report was still being finalized during verification process, we assured the accuracy of GRI references to various chapters and pages of the sustainability report in force at the time of the verification (version 5, 22 October 2024).

### Methodology

Stakeholders were not involved in the verification process. The verification process entailed reviewing the sustainability report, conducting interviews with the responsible representatives, sampling documentation and other company data, and comparing with GRI standards requirements. The obtained evidence was sufficient and appropriate as a basis for the preparation of this verification statement, which references the GRI standards and is included in the report.

### Responsibilities and Independence

The management of Steklarna Hrastnik d.o.o. is responsible for the accuracy if the information presented in the sustainability report. It is also responsible for collecting, classifying, and certifying data, and for reporting. They are further responsible for ensuring that the applied processes, policies, and documents comply with relevant standards and laws, and that the data are accurately and fairly presented as required by the selected GRI standards.

SIQ and its representatives were not involved in processing and presentation of the sustainability report. The SIQ representatives are responsible for the independent verification of the sustainability report compliance with the GRI Standards and the actual state. SIQ applied a high level of reliability throughout the process, focusing on areas considered most important for the company and its stakeholders.

### Conclusions

The verifier assessed the compliance with GRI standards and reporting principles, including GRI 1 (Foundation 2021), GRI 2 (General Disclosures 2021), and GRI 3 (Material Topics 2021). Steklarna Hrastnik defined relevant sustainability topics through materiality analysis and disclosed those topics across 11 specific areas (6 environmental and 5 social impacts). The disclosed management approaches and indicator results confirm the commitment of Steklarna Hrastnik d.o.o. to sustainability.

All significant errors found during the verification were corrected by the company during the verification process. Considering the above limitations and verification methodology, we conclude that the "Steklarna Hrastnik, Trajnostno poročilo 2023" follows the GRI standards' reporting framework. By opting for independent external verification of the sustainability report, the management of Steklarna Hrastnik d.o.o. underscores the significance of sustainable development and contributes to promoting internationally comparable best practices in sustainability reporting.

### Recommendations

The review of the sustainability report demonstrates the Steklarna Hrastnik d.o.o. transparency and commitment to sustainable development. Recommendations for improving performance and reporting in future are included in the Verification Report OSV 01356/2024.

Ljubljana, 23 October 2024

Ana Margetič  
Management Systems Assessment, SIQ



Gregor Schoss  
Director SIQ Ljubljana



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**HRASTNIK 1860**