

# SUSTAINABILITY REPORT 2023



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## Statement of the CEO

GRI 2-22

I extend my appreciation to all our shareholders, partners, employees, and other stakeholders for their interest and support in OTELINOX's activities.

The current global business environment is marked by unprecedented uncertainties, including concerns about economic recession, escalating geopolitical risks, and the restructuring of global supply chains. This scenario will increasingly differentiate between sustainable and unsustainable companies, emphasizing the profound importance of ESG (Environmental, Social, and Governance) management.

In response to these challenges, OTELINOX SA has formulated an ESG Strategy to establish a management system, focusing on identifying business opportunities for sustainable growth and robust risk management through effective ESG practices. Our inaugural Sustainability Report prepared with reference to the European and international Standards for sustainability reporting for financial year 2023 outlines the strategies, key activities, and future implementation plans that our company deems significant.

First, OTELINOX has designed a specific plan to improve greenhouse gas emission performance and we are dedicated to diligently executing this plan. Our efforts are directed towards fostering the shift to renewable energy sources and identifying and implementing measures to enhance energy efficiency.

Second, we are unwavering in our commitment to eliminating work related accidents in the Company. Upholding the principle that safety is paramount in our activities, we operate a proactive, prevention-focused health and safety management system.

Additionally, we intend to consistently enhance our management of non-financial information to effectively address the evolving landscape of mandatory national and European Union ESG disclosure requirements. OTELINOX is committed to generating environmental and societal value through responsible governance. Consequently, we sincerely appreciate your warm interest and support for these ongoing efforts towards our future reporting improved quality.

Thank you,

Yong Deok KIM  
CEO, OTELINOX SA

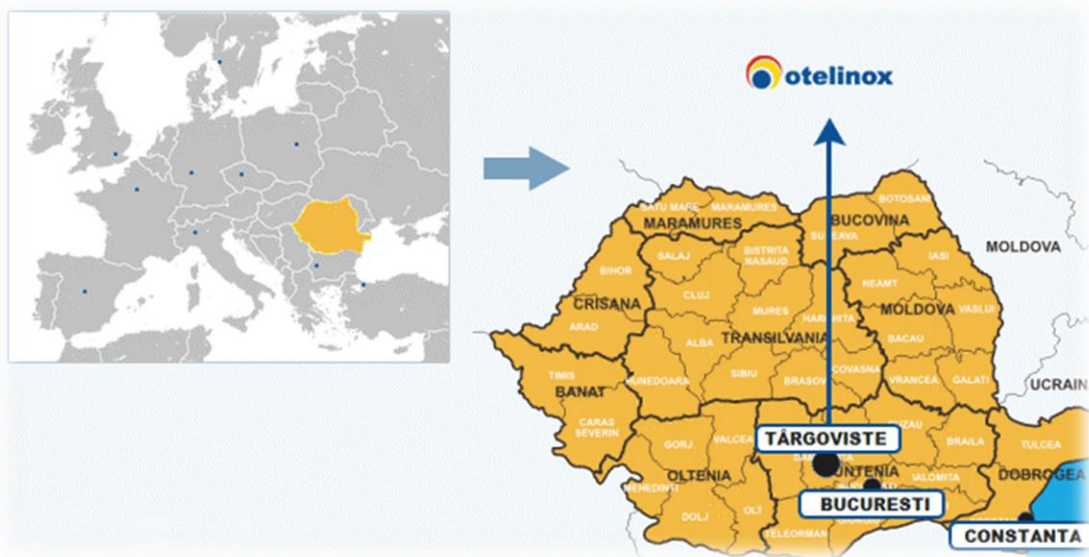
# 1 About OTELINOX



OTELINOX has as its main activity the production of ferrous metals in primary forms and ferroalloys. The applied technologies are specific to the stainless-steel processing industry.

The base machines are continuously working in three shifts, including Saturdays and Sundays according to the monthly working schedule.

The company is located in the city of Târgoviște, 80 km from Bucharest, on the national road DN71 connecting the municipality of Târgoviște to the capital city.



OTELINOX SA (OTELINOX) was established on **June 1, 1974**, following an international tender for the supply of technologies and equipment, won by the Japanese companies Nisshin Steel Co Ltd. for the manufacture of cold-rolled stainless-steel plates and strips and Daido Steel Co for the manufacture of small sheets and wire hot rolled.

In November 1979, the stainless-steel sheet and strip department was commissioned. The know-how was provided by the Japanese companies Hitachi, Mitsubishi, and Nisshin Steel. OTELINOX is the only manufacturer of cold-rolled stainless-steel strips in Romania and Eastern Europe. The products made are exported mainly to Europe, but also to Asia and North America, etc.

In February 1981, the hot rolling mill for wire and small products was commissioned. Currently, this plant no longer exists.

In October 1997, the majority stake of OTELINOX (51%) was acquired by SAMSUNG DEUTSCHLAND GmbH – a subsidiary of SAMSUNG C&T. Samsung C&T Deutschland GmbH currently owns 99.91% of the share capital of OTELINOX.

Starting from 1998, SAMSUNG has been engaged in the reconstruction and development of OTELINOX, so that soon it will occupy an important role in the Romanian economy, as well as within SAMSUNG C&T. A vast investment program was carried out, which targeted both modernization of equipment, automation, and new investments. For the future, OTELINOX aims to create products with added value, develop the market, being concerned with the fulfilment of its vision of being a world leader in the production of high-precision stainless steel strip.

## 1.1 Our principles

To fulfil our values, we respect these five principles:

### 1. We respect laws and ethical standards

We respect the dignity and diversity of individuals.

We compete in accordance with laws and ethical business principles.

We are transparent about our financial results and accurately record all transactions.

We do not get involved in politics and maintain our neutrality.

We maintain the confidentiality of company, employee, and business partner data.

### 2. We maintain a pure and healthy organizational culture

We make a clear distinction between service tasks and private life.

We protect and respect the intellectual property of the company and others.

We create an organizational environment based on mutual respect and collaboration.

We take care of the image of OTELINOX outside the company as well.

### 3. We respect our customers, shareholders, and employees

We have the satisfaction of our customers as our management priority.

We act to deliver shareholder value.

### 4. We protect the environment, health, and safety

We act for the protection of the environment.

We are concerned about people's health and safety.

### 5. We are socially responsible citizens

We fulfil our social responsibilities with sincerity.

We respect local social and cultural values.

## 1.2 Mission and vision of OTELINOX

The OTELINOX philosophy is based on the dedication to talent and technology to create superior products and services that contribute to a better world.

At OTELINOX, the core of values and principles is the centre of every decision which we take.

### People



In fact, people are the company. We create an open culture where employees are encouraged to make decisions and act effectively, with a sense of responsibility and mutual trust. We are dedicated to offering our employees a multitude of opportunities to reach their maximum potential. We look for talents and give them the necessary resources to be the best in their field.

### Excellence



Everything we do at OTELINOX is driven by a passion for excellence and a firm commitment to develop the best products and services on the market, to be the best in everything we do.

### Change



In a dynamic world economy, change is always necessary, and innovation and creativity are decisive for the company's survival. So, we focus on the future, anticipating the needs and demands of the market so that we can lead the company to long-term success.

### Integrity



We act according to ethical principles, and this is the foundation of our business. Everything we do is guided by a moral compass that ensures fairness, respect for all interested parties and transparency.

### Co-prosperity



A business can only be successful if it creates prosperity and opportunities for others. We are socially and ecologically responsible citizens in the community where we operate.

## 1.3 Our activities

GRI 2-6



The main activity is based on the production of ferrous metals in primary forms and ferroalloys. The main processing operations of cold-rolled stainless-steel strips are heating treatment, sandblasting, pickling, cold rolling, planning, and straightening, slitting, packaging, quality control, etc.

The properties of stainless steel are represented by good resistance to corrosion, heat, with good resistance to oxidation and the effects of hot gases and combustible products at temperatures higher than 550° C.

Products are classified by surface area:

**Precision products “2R” or “2H”**  
**Standard “2B” products**

And according to the final product, it is classified into:

**Coils**  
**Spooled strips**  
**Trimmed strips**



OTELINOX products are tested and verified in our own laboratories, equipped with the most modern instruments for determining:

- Chemical composition with optical emission spectrometer
- Mechanical properties (tensile test, hardness, bending, roughness, reflectivity, deep embossing)
- Corrosion resistance
- Microstructure analyses with performant optical microscopes
- The level of emissions

Stainless steel strips are thin, or ultra-thin, narrow or ultra-narrow materials made in precise dimensional tolerances, value-added material, widely used in automotive components, construction, electronics, and other major industries.



## 1.4 Our results in 2023

1. **Energy Efficiency and Environmental Impact Reduction:** OTELINOX implemented initiatives leading to significant energy savings and a reduction in environmental impact. These efforts resulted in an **annual reduction of over 1,400 MWh in energy consumption**.
2. **Greenhouse Gas Emissions Reduction:** OTELINOX achieved a **100% reduction in Scope 2 GHG emissions** by sourcing electricity entirely from renewable energy sources, significantly lowering our carbon footprint. According to the contract concluded between the Company and the electricity supplier, for each contractual month the supplied energy is certified by the supplier as being 100% from renewable sources, through guarantees of origin received from the producers and transmitted for use to the consumer monthly.
3. **Air Quality Control:** OTELINOX **fulfilled legal requirements** for controlling non-GHG air pollutants, emphasizing the importance of maintaining high air quality standards in our operations.
4. **Employee Diversity and Inclusion:** The company maintained a focus on diversity and inclusion, with policies to promote equal opportunities and prevent discrimination. We included in our workforce **people with disabilities**, and we had **no discrimination cases** during the reporting period.
5. **Legal Compliance:** OTELINOX had **no confirmed incidents of corruption**, nor were there any public cases of corruption brought against the organization or its employees, maintaining the integrity and trustworthiness of their business operations.
6. **Anti-Corruption Communication and Training:** **100% of the workforce at OTELINOX, including directors and managers, received communication and training on anti-corruption policies**, ensuring organization-wide awareness and adherence to anti-corruption laws and regulations.
7. **Training Hours by Employee Category:** The average training hours per employee at OTELINOX were as follows: **Women - 12.3 hours, Men - 15.19 hours, Workers & Foremen - 14.59 hours**, and **TESA & Managers - 15.2 hours**.

## 1.5 About the Report

GRI 2-3, 2-4, 2-5

This document serves as OTELINOX S.A. (hereinafter referred to as OTELINOX or the Company) annual non-financial report, encompassing the timeframe from January 1st, 2023, to December 31st, 2023. Its aim is to provide a thorough examination of our sustainability endeavours and accomplishments within Romania. The report also outlines our ongoing directions and outlines strategic objectives for the future.

This report presents an in-depth analysis of our Company's sustainability initiatives and achievements across various areas, such as ethical business practices, human rights compliance, employee welfare, environmental aspects, and active community engagement. It also highlights our concerted efforts to integrate sustainable practices throughout our operational and supply chain processes.

Sustainability holds a central position in OTELINOX's business strategy. We are committed to progressing sustainable practices and continually improving our performance in this domain. This report underscores Company's commitment to transparency and accountability in our sustainability endeavours, serving as a benchmark for ongoing enhancements. We acknowledge the significance of these initiatives and pledge to deliver comprehensive annual reports, ensuring our stakeholders remain informed and engaged in our pursuit of a more sustainable and responsible future.

The Report also includes disclosures required under the EU Taxonomy Regulation.

Material topics are also mapped against the upcoming European Sustainability Reporting Standards (ESRS), namely the correspondent ESRS topic or sub-topic.

The Report's content has not been externally audited through an assurance process by a third party.

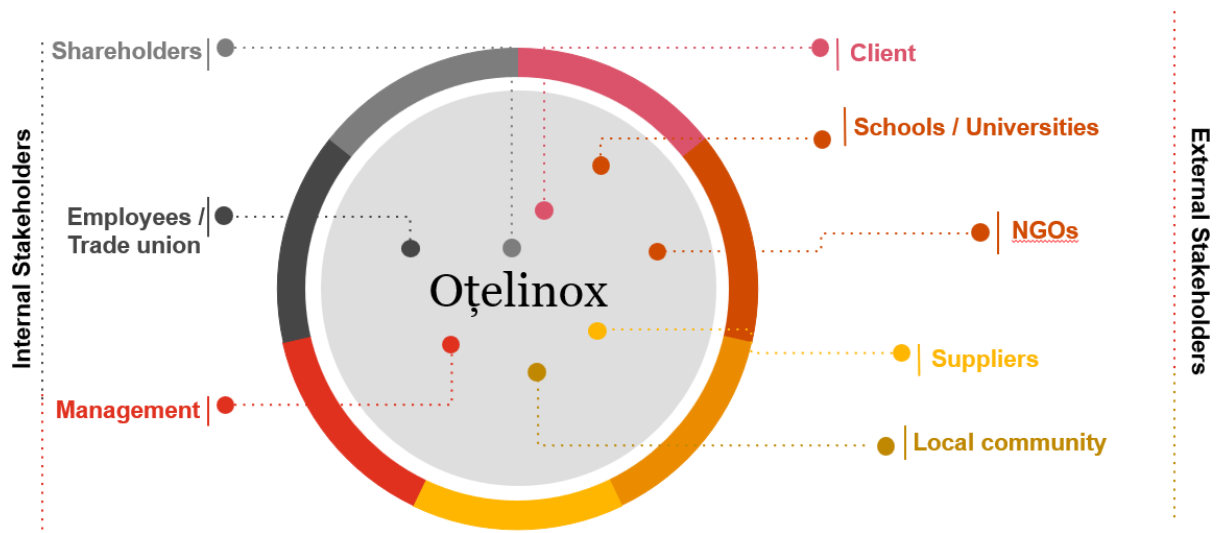
## 2 Materiality

### 2.1 Stakeholder mapping

Stakeholders are legal or natural persons who may be significantly affected by the reporting organization's activities, products or services, or whose actions may affect the organization's ability to implement its strategies or achieve its goals. These include, but are not limited to, legal or natural persons with a certain influence or interest in OTELINOX. They may or may not always have a direct relationship with OTELINOX. The general categories of stakeholders are partners, employees and other workers, authorities, local communities, non-governmental organizations, shareholders, suppliers, etc. Not all stakeholders will be affected by all the Company's activities (e.g. "relevant stakeholders").

For the reporting period, OTELINOX conducted a **stakeholder identification and prioritization process**. Thus, the Company identified several stakeholder groups with whom they are constantly engaging through tailored communication channels. Each stakeholder group was graded (on a scale from 1 to 10). For each stakeholder group, 'Interest in the organization' and their 'Influence on the organization' was evaluated. Based on the internal consultation scores, a final average score was calculated, and a priority scale of the stakeholders was obtained.

The Company considers all the stakeholder groups analysed are relevant and it uses the result of the stakeholder mapping exercise to prioritize communication with the stakeholder groups and the preferred manner of communication. OTELINOX stakeholders map is presented below.



## 2.2 Stakeholder engagement process

GRI 2-29

We maintained our dedication to showing respect for all our stakeholders, fostering transparent communication and open dialogue to establish mutually beneficial relationships. We conduct social assessments for our projects and actively support and engage in discussions with local communities in the areas where we operate. Concerns regarding Environmental, Social, and Governance (ESG) issues (financial, reputational risks, greenwashing, etc.) are attentively addressed through individual meetings, group discussions, participation in external events, and active involvement in key stakeholder events, working groups, and collaborative discussions.

The management at OTELINOX acknowledges its essential responsibility to represent and advance the interests of stakeholders. Also, the management recognizes accountability for the company's performance and activities by engaging in dialogue tailored to the characteristics of each stakeholder category.

We place a high priority on continuous interaction with our employees. In 2023, a series of meetings were arranged between the management and different employee groups.

Maintaining the social equilibrium of our company involves essential dialogue with the representative trade union. Accordingly, we persist in our efforts to collaborate constructively with employee representatives, striving for mutually satisfactory solutions. Our ongoing dialogue with the representative trade union remains integral to the decision-making process, emphasizing the importance of finding common approaches.

## 2.3 Reporting on Materiality

GRI 3-1, 3-2

In sustainability reporting, materiality is the principle that determines which topics are most relevant for stakeholders to report on. Not all material topics are equally important and the approach in the report will reflect this. To prepare for sustainability reporting in accordance with GRI standards and move towards compliance with upcoming ESRS standards, OTELINOX applies the specific principles of Double Materiality analysis. The material topics are those that will be prioritized in the preparation of the sustainability report, both for the financial year 2023 and for future sustainability reporting exercises.

The significance assessment process has been designed to identify all significant impacts, risks, and opportunities and, accordingly, to exclude those that are not significant. In order to prepare to meet the ESRS requirements, OTELINOX has chosen to go through the following steps to determine the significance level of each topic:

1. Conduct a workshop with the employees involved in sustainability matters to identify potentially relevant ESG topics (potentially relevant topics are listed following a review of company strategic documents, sustainability reports and publications of companies operating in the same industry, expert opinion, or global trends, including ESRS recommendations specific to the sector in which we operate), held on December 2022.
2. Validate the list of relevant topics with the Company's management.
3. Overview of the potential financial effects of the topics on the Company, during the workshop.

4. Consultation with external stakeholders on the impact of OTELINOX actions on ESG topics.
5. Processing the results and establishing the final list of material topics to be presented in the Sustainability Report.

A set of **potentially relevant topics** was developed and assigned to one of the three areas: **Environment** (Energy, GHG emissions, Air quality, Management and water quality, Resources, Waste management), **Social** (Employee diversity, Employee growth and development, Grievance mechanism for employees, Health and Safety, Community involvement, Customer satisfaction) **and Corporate Governance** (Ethics, Conformity, Compliance with laws and regulations in the social and economic field).

After management validation of the set, a questionnaire was created for **the consultation of external stakeholders** (impact materiality) and a workshop was conducted for **the consultation of internal stakeholders** (financial materiality) at the end of 2022. The results of the consultation were analysed based on the final scoring of each material topic.

In preparation of the ESRS Double Materiality process, the scoring was adjusted to reflect the impact materiality and the financial materiality of each topic. The materiality threshold for the impact is +3 or -3 - associated with a moderately positive or negative impact (absolute value above 3). The financial materiality threshold is 3 - associated with a positive or negative effect over 0.7% of Turnover.

According to the Double Materiality principle applied in the analysis, a sustainability matter is material either when it has an actual or potential positive or negative impact on people or the environment, or if it triggers material financial effects on the undertaking, or both cases at the same time. Thus, after processing the results, we concluded that **all topics included in the consultation are considered material and the performance on each topic and sub-topic is disclosed within this Report.**

Material topic categories of major importance for stakeholders and OTELINOX are presented in the table below together with the correspondent ESRS topic or sub-topic (ESRS – upcoming EU reporting standards). The OTELINOX management reviewed and acknowledged the list of OTELINOX material topics.

ESRS Topic	ESRS Sub-topic	OTELINOX Material Topic
ESRS E1 - Climate change	Energy	Energy
ESRS E1 - Climate change	Climate change mitigation	GHG emissions
ESRS E2 - Pollution	Pollution of air	Air quality
ESRS E3 - Water and marine resources	Water	Water management and quality
ESRS E5 - Resource use and circular economy	Resources inflows and outflows	Resources
ESRS E5 - Resource use and circular economy	Waste	Waste management
ESRS S1 - Own workforce	Equal treatment and opportunities for all	Employee diversity
ESRS S1 - Own workforce	Working conditions	Employee growth and development
ESRS S1 - Own workforce	Working conditions	Grievance mechanism for employees

ESRS Topic	ESRS Sub-topic	OTELINOX Material Topic
ESRS S1 - Own workforce	Working conditions	Health and Safety
ESRS S3 - Affected communities	Communities' economic, social, and cultural rights	Community involvement
ESRS S4 - Consumers and end-users	Information-related impacts	Customer satisfaction
ESRS G1 - Business conduct	Corporate culture	Business ethics
ESRS G1 - Business conduct	Protection of whistle blowers	Conformity
ESRS G1 - Business conduct	Corruption and bribery	Compliance with laws and regulations in the social and economic field

### 3 OTELINOX Sustainability Strategy

GRI 2-22

In an era where global challenges necessitate an unwavering commitment to sustainability, OTELINOX developed its Environmental, Social, and Governance (ESG) Policy. The document encapsulates our dedication to navigating the complexities of the sustainability agenda, shaping our operations in alignment with the principles of responsible corporate citizenship.

In this endeavour, we remain firm in our commitment to addressing the key ESG pillars. Our sustainable strategy is not merely an aspiration but an integral part of our business ethos, embedded at every level of our operations.

OTELINOX's vision is to become a global leader in high-precision stainless steel strip production. In an industry characterized by significant resources and energy consumption, OTELINOX is dedicated to optimizing efficiency and reducing environmental impact. Our sustained commitment to environmental improvement involves the ongoing development of innovative operational methods and the refinement of existing processes, reflecting years of dedicated effort.

As a part of the Samsung C&T, OTELINOX is structured to ensure the secure execution of its operations. The current ESG role encompasses reporting activities and information collection for ESG reporting, distributed across the organization. We aim to leverage our ESG strategy as a competitive advantage, with the ESG function specifically defined to support this overarching goal.

The regulatory and legislative environment that guides our sustainability strategy elaboration and targets set is represented by **Directive 2003/87/EC** (establishes a scheme for greenhouse gas emission allowance trading within the European Community and amends Council Directive 96/61/EC), the **Directive (EU) 2023/959** of the European Parliament and of the Council of 10 May 2023 (amending Directive 2003/87/EC establishes a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system) and the **Corporate Sustainability Reporting Directive (CSRD)** (with the **European Sustainability Reporting Standards (ESRS)** associated).

In January 2024, **MF Order 85/2024** transposed the European Directive CSRD (No. 2464/2022) into Romanian legislation with the aim to enhance reporting on social and environmental information provided by entities. OTELINOX will have to report under the new ESRS starting with the financial year 2025.

Starting in 2026 for financial year 2025 activity, the sustainability performance of OTELINOX has to be reported according to ESRS and audited according to CSRD. The two major legal requirements related to carbon management at OTELINOX are **European Union Emissions Trading System (EU ETS)** and **Carbon Border Adjustment Mechanism (CBAM)**.

Following the Materiality Assessment conducted in the reporting period, OTELINOX established for each material topic objectives and targets for multiple time horizons, up to 2050.

The following table presents targets for each material topic. Depending on the materiality and adapted to the socio-economic context at the time, these targets will be periodically analysed and adjusted as necessary.

ESRS Topic	ESRS Sub-topic	OTELINOX Material Topic	Targets	Timeline
			Continue to source 100% green electricity certified through guarantees of origin.	Every year
ESRS E1 - Climate change	Energy	Energy	Respecting investment plan by implementing the following projects: <ul style="list-style-type: none"> <li>Hot water &amp; Heat Recovery</li> <li>Installation of Heat Pumps</li> <li>Upgrading Boilers</li> <li>Metallurgical Equipment Upgrades</li> </ul>	2024 2029 2039 2044
			Reduce the levels of <b>Scope 1</b> GHG emissions from the reference year 2023 values of 27,978 tons CO2 to 11,175 tons in 2045 <sup>1</sup> . After 2045 we intend to reach carbon neutral, depending on new technologies such as Carbon Capture and Storage.	2045
ESRS E1 - Climate change	Climate change mitigation	GHG emissions	<b>Scope 2</b> emissions to remain <b>zero</b> until 2050.	Every year
			<b>Scope 3</b> emissions are not currently communicated by the value chain of OTELINOX. OTELINOX'S target for 2050 for the suppliers within the value chain is for these emissions to be measured and communicated.	2050
ESRS E2 - Pollution	Pollution of air	Air quality	Carefully monitor non-GHG emissions and ensure the values are kept below the IEA allowance.	Every year

1

	UM	Reference year 2023	Target for 2030	Target for 2035	Target for 2040	Target for 2045	Target for 2050
Absolute value of GHG emissions reduction - Scope 1	Tonnes of CO2	27,978	24,278	24,038	18,004	11,175	carbon neutral
Percentage reduction of GHG emissions - Scope 1 from emissions in a reference year	Percentage	N/A	13%	14%	36%	60%	carbon neutral

ESRS Topic	ESRS Sub-topic	OTELINOX Material Topic	Targets	Timeline
ESRS E3 - Water and marine resources	Water	Management and water quality	Monitoring the quality of wastewater and ensuring that the results are kept below the limits stipulated in the Integrated Environmental Authorization.	Every year
ESRS E5 - Resource use and circular economy	Resources inflows and outflows (steel)	Resources	Receive information from the owner of all raw materials regarding recycled content.	Every year
			Maintain recycled materials percentage in the raw material to a value of minimum 88%.	Every year
ESRS E5 - Resource use and circular economy	Waste	Waste management	100% waste diverted from disposal in 2030 - through recycling, energy recovery and reuse of packaging waste, except for those waste categories that don't have a technical solution available for recycling, recovery, or reuse.	2030
			Development of a procedure for the management of electrical and electronic equipment as well as their disposal according to the best waste management practices.	2025
			Development and communication of an internal paperless policy, anchored in the following key principles: encouraging recycling and reuse, transitioning from paper copies to electronic format storage, utilizing digital apps, installing a visitor management system, adopting e-signature software, migrating financial processes to digital e-invoicing.	2025
ESRS S1 - Own workforce	Equal treatment and opportunities for all	Employee diversity  <i>Workforce composition</i>  <i>Diversity, inclusion, and discrimination incidents</i>	Maintain a number of <b>zero</b> cases of discrimination throughout every year.	Every year
			Establish a diversity and inclusion training program for team leaders and directors.	2025
			Integrate diversity and inclusion metrics (training hours) into performance evaluations for top management <sup>2</sup> .	2027

<sup>2</sup> Integrating diversity and inclusion metrics into performance assessments by 2027 involves commitment and leadership in promoting these values, defining goals and strategies, allocating appropriate resources, monitoring, and reporting progress. It is essential that top management is actively involved and supportive of the implementation and maintenance of diversity and inclusion initiatives in the organization.

ESRS Topic	ESRS Sub-topic	OTELINOX Material Topic	Targets	Timeline
			Develop the diversity policy.	2024
ESRS S1 - Own workforce	Working conditions	Employee growth and development	Keep employee turnover rate at maximum 3% over the next two fiscal years.	2025
		<i>Recruitment, Employment policy and Employee turnover</i>	Reviewing the recruitment and hiring procedure to keep it efficient and meaningful in line with ESG requirements.	2025
		<i>Professional Training and Evaluation</i>	Increase average number of annual learning hours to a minimum <b>17</b> hours per employee by 2025.	2025
			Implementing a leadership additional to the currently existing training program.	2027
ESRS S1 - Own workforce	Working conditions	Grievance mechanism for employees	Develop a <b>monitoring and reporting annual system</b> of grievances number received from employees directly or through union and solve them in a transparent and efficient way.	2026
			<b>Analyse 100%</b> of employee grievances <b>within 30 days</b> .	Every year
ESRS S1 - Own workforce	Working conditions	Health and Safety	<b>Zero</b> fatal work accidents or occupational diseases.	Every year
			Conduct regular health and safety training for all employees and <b>maintain 100% participation</b> .	Every year
ESRS S3 - Affected communities	Communities' economic, social and cultural rights	Community involvement	<b>Reviewing and updating</b> the Corporate Social Responsibility (CSR) procedure to keep it effective and meaningful.	2025
			<b>Annually update</b> the OTELINOX's materiality based on engaging in communication with the stakeholders from the local community and from these derived actions.	Every year

ESRS Topic	ESRS Sub-topic	OTELINOX Material Topic	Targets	Timeline
ESRS S4 - Consumers and end-users	Information-related impacts	Customer satisfaction	<b>Zero</b> cases of non-compliance regarding product labelling.	Every year
ESRS G1 - Business conduct	Corporate culture	Business Ethics	Annual business ethics training for managers and achieve <b>100%</b> participation.	2025
		<i>Dedicated training and awareness in connection with business ethics, anti-bribery, anti-corruption, and conflict of interests</i>	Maintain <b>zero</b> cases of legal challenges regarding anti-competitive behaviour or violations of antitrust and monopoly laws.	Every year
		<i>Nominate ESG team</i>	Maintain <b>zero</b> cases of lawsuits (pending or completed) related to corruption matters and internal fraud.	Every year
ESRS G1 - Business conduct	Protection of whistle blowers	Conformity	Ensuring the investigation and resolution of <b>100%</b> of whistle blowers' reported cases within the legal timeframes <sup>3</sup> .	Every year
ESRS G1 - Business conduct	Corruption and bribery	Compliance with laws and regulations in the social and economic field	<p>Maintaining a number of <b>zero</b> violation of the legislation and internal rules in the field of prevention of corruption acts cases through:</p> <ul style="list-style-type: none"> <li>Organizing training sessions for employees to inform them about their responsibilities and obligations applicable to them in terms of preventing acts of corruption, as well as updates on relevant legislative regulations.</li> </ul>	Every year

<sup>3</sup> According to law no. 361/2022 on the protection of whistle-blowers in the public interest, there is an obligation to inform the whistle-blower in the public interest about the status of subsequent actions, within no more than 3 months from the date of confirmation of receipt of the request.

## 4 Environment

At OTELINOX, our dedication to environmental stewardship is deeply rooted in every aspect of our operations. Guided by our **Integrated Management System (IMS) Policy**, which encompasses quality, environment, health, and safety, the Senior Management placed a high priority on protecting the environment. This commitment goes beyond fulfilling legal obligations; it is a part of our corporate ethos and a reflection of our responsibility towards sustainable operations.

Our approach to environmental management is holistic, addressing factors such as energy, emissions, water and air quality. We strive to minimize the negative impacts on these essential elements through optimized processes and innovative technologies.

The IMS Policy is a testament to our management's resolve in prioritizing environmental protection and taking necessary steps to contribute to cost reduction and sustainable activities. This includes reducing the consumption of raw materials, technological and packaging materials, and utilities such as electricity.

### 4.1 GHG Emissions

#### 4.1.1 GHG Emissions

GRI 3-3, 305-1, 305-2, 305-4, 305-5

In an era where climate change is at the forefront of global concerns, addressing greenhouse gas (GHG) emissions is a key aspect of OTELINOX's commitment to sustainable practices. As a leading manufacturer in the stainless-steel sector, we are aware of the industry's environmental challenges and our responsibility to mitigate our carbon footprint.

The Company is committed to transparency and accountability in our GHG reporting. We continuously monitor and report our emissions, ensuring that our stakeholders, including the national authorities, are informed of our progress and challenges.

	Unit	2023
Scope 1	t CO <sub>2</sub> eq	27,978 <sup>4</sup>
Scope 2	t CO <sub>2</sub> eq	0
Total CO <sub>2</sub> emissions (Scope 1,2)	t CO <sub>2</sub> eq	27,978

**The total direct GHG emissions (Scope 1)** for 2023 amounted to **27,978 tons of CO<sub>2</sub>eq**. This figure, averaging 27,875 tons of CO<sub>2</sub> over the last three years, categorizes us as a type A installation under Regulation 2066/2018, with emissions below 50,000 tons of CO<sub>2</sub>eq. The

<sup>4</sup> The emission factor (55.59 kg/GJ) and net calorific value (36.56 MJ/Nm<sup>3</sup>) used in these calculations were derived from the *List of national values of emission factors and net calorific values, specific to each fuel type and activity category* provided by the National Environmental Protection Agency.

calculation of our Scope 1 emissions considered various sources within our operations, including multiple ovens and boilers used in different stages of production.

In alignment with our sustainability goals, OTELINOX made significant steps in reducing our Scope 2 emissions. We achieved a **100% reduction in GHG emissions for Scope 2** by exclusively sourcing our electricity from renewable energy sources, certified with Guarantees of Origin issued by the National Regulatory Authority in the Energy Field ("ANRE"). According to the contract concluded between the Company and the electricity supplier, for each contractual month the supplied energy is certified by the supplier as being 100% from renewable sources, through guarantees of origin received from the producers and transmitted for use to the consumer monthly. This initiative effectively reduced **the total indirect GHG emissions (Scope 2)** for 2023 to **0 tons of CO<sub>2</sub>eq.**

In the reporting period, for the compensation of emissions from the electricity price calculated in 2022, OTELINOX received a state aid amounting to **5,142,996.18 RON** (1,042,887 EUR). The exchange rate used was the average rate for 2022. Additionally, we benefited from an 85% discount on Green Certificates as per Government Decision (HG) 495/2014.

#### 4.1.2 Energy

GRI 3-3, 302-1, 302-4

OTELINOX, operating in the stainless-steel strip manufacturing sector, recognizes the significant resource and energy demands of this industry. In response, the company has dedicated itself to the continuous improvement of its operations, with a focus on enhancing efficiency and reducing environmental impact. This commitment is reflected in our approach to energy management, which is both systematic and data driven.

In our pursuit of sustainable practices, OTELINOX's approach to energy management is closely aligned with the industry's evolving focus on environmental sustainability. Key responsibilities of our energy management team include:

- continuous monitoring and detailed reporting of energy consumption to identify efficiency opportunities.
- developing and implementing strategic plans for energy efficiency across company operations.
- conducting comprehensive energy audits every four years to assess and enhance our energy utilization practices.
- proposing and adopting innovative, energy-efficient solutions to further reduce our energy consumption and environmental impact.

OTELINOX employs a strategic approach to energy utilization, focusing on the use of electricity from **100% green sources**. According to the contract concluded between the Company and the electricity supplier, for each contractual month the supplied energy is certified by the supplier as being 100% from renewable sources, through **guarantees of origin** received from the producers and transmitted for use to the consumer monthly. By sourcing electricity generated from green sources, we ensure that our energy consumption contributes less to environmental impact while upholding our production standards.

OTELINOX is committed to enhancing energy efficiency within our operations, and **our Energy Efficiency Plan for the year 2023-2024** is designed to significantly reduce energy consumption through a series of targeted activities. Our plan includes various measures such as insulation and thermal sealing and the installation of equipment for the automatic control of steam consumption.

Our completed projects at OTELINOX already delivered substantial results, with our recent projects significantly reduce our energy usage. During reporting period, **the total amount of energy saved from implementing these projects was 950 MWh**. Among the initiatives we mention improved sealing and thermal insulation and heat recovery systems, optimization of the heat recovery process from air compressors and replacement of pumping systems with more energy efficient ones.

Looking forward, the potential savings from our insulation upgrades are estimated to cut down our gas usage by another 134 MWh annually. The insulation work we already completed, along with new steam control systems, is contributing to ongoing reductions in energy consumption.

Collectively, these initiatives represent a substantial step forward in our environmental stewardship, with completed activities predicting an **annual reduction in energy consumption** amounting to over **1,400 MWh**. The financial implications are equally impressive, with an estimated **cost reduction of over 100,000 EUR annually**.

OTELINOX allocated considerable financial resources to these initiatives, with investments that enhance both our environmental and economic performance. The estimated budget for completed and ongoing projects is **around 250,000 EUR**, with substantial funds directed towards reducing energy consumption and optimizing our production processes for long-term sustainability.

This energy efficiency plan is a testament to OTELINOX's dedication to sustainable practices, reducing our environmental footprint while improving our operational efficiency.

### Energy consumption

	Unit	2023
<b>Total fuel consumption from non-renewable sources</b>		
Gas consumption	Sm <sup>3</sup>	14,522,995
Diesel consumption	litre	54,122
Gasoline consumption	litre	392
<b>Total electricity consumption</b> (supplier – from renewable sources)	MWh	42,986
<b>Total gas consumption for thermal energy production</b>		
Gas consumption <sup>5</sup> (DG1, CT, Logistics, steam)	Sm <sup>3</sup>	3,543,000

In 2023, OTELINOX undertook several energy efficiency initiatives, resulting in a notable reduction of our overall energy consumption. Our efforts were multifaceted, including:

- Enhanced sealing of storage tanks to prevent energy loss.

<sup>5</sup>In the calculation of gas consumption for OTELINOX are included the emissions associated with the heating processes and the production of steam used for the washing and degreasing technological processes.

- Installation of new heat recovery to increase the heat input to combustion air and to reduce gas consumption.
- Heat recovery from air compressors for heating the water used in the degreasing process.
- Upgraded spray pumps to more energy-efficient models.
- Redesign of the Air Preheating System to optimize energy use.
- Thermal insulation of steam systems, heat exchangers, hot water, and those for preheating combustion air, for better thermal management.
- Steam controls for more efficient boiler operation.

## 4.2 Air quality

GRI 3-3, 305-7

OTELINOX places a significant emphasis on maintaining air quality, recognizing the importance of controlling non-greenhouse gas (non-GHG) air pollutants that are by-products of our operations. Emissions such as sulphur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), and carbon monoxide (CO) are inherent to the stainless-steel manufacturing process.

In OTELINOX's commitment to environmental stewardship, a key focus is on maintaining air quality and ensuring compliance with legal requirements regarding atmospheric emissions. Our approach is governed by the **Integrated Environmental Authorization (IEA)** and **European Regulation of Pollutants Emitted and Transferred (E-PRTR)** which sets forth the limits imposed by authorities for atmospheric emissions. Our target is not just to meet these limits but to fall well within them.

Annually, OTELINOX develops a **Plan for Monitoring Environmental Factors**. This plan includes a program for monitoring atmospheric emissions that involves taking measurements with a higher frequency than the one imposed by the IEA. Our objective is to rigorously comply with this monitoring program, specifically for emission sources on our site.

Our Integrated Management System (IMS) Policy underscores a strong commitment to environmental protection, including air quality. This policy reflects our dedication to minimizing the negative impact on air and other environmental factors. To support this commitment, we implemented the annual **Plan for Monitoring Environmental Factors**. This plan serves as a strategic tool, guiding our efforts in diligently monitoring and managing our environmental impact. It ensures that our operations comply with the environmental standards established by authorities.

Non-GHG emissions <sup>6</sup>	Unit	2023
nitrogen oxides (NO <sub>x</sub> )	t	85.60
sulphur oxides (SO <sub>x</sub> )	t	5.10
carbon monoxide (CO)	t	9.10

<sup>6</sup> The following sources are included in the calculation of non-GHG emissions: the ovens as APC, APH, BA1, BA2 ; Boilers DG1, CT1, CT2, CT3, CT4, CT5; Acid gas treatment tower. The acronyms are in accordance with the Environmental Authorization and describe the actual location of ovens and boilers on the platform.

**Note:** these figures we measure according with European Regulation of Pollutants Emitted and Transferred (E-PRTR).

For the measurement and analysis of non-GHG emissions, we use the **Multilyzer NG** flue gas analyser. This instrument is equipped with electrochemical cells, making it highly effective for precise emission analysis. The Multilyzer NG flue gas analyser is certified according to SR EN 50379-2, which attests to its reliability and adherence to recognized industry standards. Additionally, our methodology aligns with SR ISO 10396/2008. This standard provides a framework for the sampling of gases and offers guidelines that are essential for accurate and consistent emission calculations.

## 4.3 Resources management

### 4.3.1 Water management and quality

GRI 3-3, 303-2, 303-3, 303-4, 303-5

At OTELINOX, our approach to water management and quality is a reflection of our deep commitment to environmental stewardship and sustainable practices. Recognizing the critical importance of water as a resource, we integrated water management strategies into our operations, guided by our IMS Policy.

Our water management strategy is designed to achieve a balance between the demands of our manufacturing processes and the imperative to conserve water resources.

Central to our water management framework is the annual **Plan for Monitoring Environmental Factors**. This plan includes a program for monitoring emissions in water that involves carrying out measurements with a higher frequency than the one provided by the IEA. This closely monitoring of all emissions to water sources on our site ensures that we maintain compliance with regulatory standards and demonstrates our proactive approach to preserving water quality.

To mitigate any potential negative impacts on water resources, we developed two key plans: **the Accidental Pollution Prevention and Combat Plan** and the **Contingency Plan**.

- The **Accidental Pollution Prevention and Combat Plan** is part of our Water Management Authorization documentation and outlines strategies to prevent and address accidental pollution incidents.
- The **Contingency Plan** that details preventive measures and emergency actions for various potential scenarios, including accidental water pollution. This plan assigns specific responsibilities to designated personnel, ensuring readiness and effective response to any contingency situation.

In line with our commitment to uphold high environmental standards, OTELINOX strictly adheres to the limit values associated with the application of **Best Available Techniques (BAT)** as mandated by the Integrated Environmental Authorization. This compliance underscores our dedication to maintaining the highest standards of environmental care, particularly in water resource management.

Our approach to **wastewater management** involves the responsible treatment and disposal of technological wastewater. After treatment at our Neutralization Station, wastewater is collected in

one of our caissons and then mixed with domestic water. This mixed wastewater is responsibly evacuated into the public sewerage network and processed at the Târgoviște Sud Treatment Plant. This process ensures that our wastewater meets all environmental and regulatory standards.

In a recent initiative to enhance the environmental conditions at OTELINOX, we conducted substantial repair works at some of our water tanks. These works were aimed at eliminating risks associated with untreated water leaks, addressing issues such as damages at water tank structure, reduction reserves, and the emergence of cracks and infiltrations in tank walls. This proactive measure significantly contributes to mitigating the risk of wastewater infiltration into the ground and potential leaks.

Also, during the reporting period, we initiated a project to reduce the level of sulphates in the water at the wastewater neutralization station and reuse 96% of it. Following the implementation of this project, 59% of the water consumed can be reused at OTELINOX.

An integral part of understanding the effectiveness of our water management strategies at OTELINOX is analysing the quantitative data related to water usage. The table below provides a comprehensive summary of our annual water usage and discharge for year 2023.

Annual Water Usage and Discharge Summary	Unit	2023
<b>Total amount of water withdrawn</b>	m <sup>3</sup>	<b>547,030</b>
<b>Total amount of wastewater discharged</b>	m <sup>3</sup>	<b>468,356</b>
<b>Total water consumed</b>	m <sup>3</sup>	<b>547,030</b>

Through rigorous monitoring, adherence to strict regulatory standards, and proactive planning, we ensure that our impact on water resources is minimized.

### 4.3.2 Resources

GRI 3-3, 301-1

Resources are the lifeblood of any company engaged in the production of ferrous metals in primary forms and ferroalloys. These resources encompass a wide range of inputs, including raw materials, energy sources, human capital, and technological infrastructure. The importance of these resources cannot be overstated, as they directly influence the efficiency, profitability, and sustainability of a company.

This chapter of our Sustainability Report will focus on our main resource, stainless steel, as a raw material provided by our unique customer Samsung C&T Deutschland GmbH (SDG). The customer acts as the owner of the raw material, OTELINOX carrying out only processing activities of the received stainless steel. None of the other resources used by OTELINOX in the production process (packaging, etc.) is considered material.

The quality, availability, and cost of the input resources significantly impact the company's production capacity and cost structure. Working with SDG ensures us a strategic sourcing and efficient management of resources, aspects that are essential to ensure uninterrupted production.

The over 25 years of reliability and stability of the supply chain have a positive direct impact on production continuity. Our customer is providing us detailed information about the materials sent

ensuring OTELINOX that sustainable sourcing practices are included in our strategy, in order to minimize environmental impacts and meet regulatory requirements.

Even if we are not directly involved in the first stages of steel manufacturing (mining, steel making, etc.) together with our customer we give special interest in selecting and working with suppliers that apply and promote sustainability practices in their activity. Thus, our suppliers provide to our customer the technical details that ensure us the materials we use have over 88% recycled content.

For the reporting period, OTELINOX received 67,154 tons of raw material, from Europe and Asia, the majority (87%) being from Europe.

### 4.3.3 Waste management

GRI 3-3, 306-1, 306-2, 306-3, 306-5

At OTELINOX, our approach to waste management is characterized by separate collection and temporary storage under appropriate conditions. Our focus is on the efficient handling of waste materials, ensuring they are delivered to authorized collectors for recycling, recovery, or disposal. This approach aligns with the responsibilities stipulated in Emergency Ordinance no 92/2021 on waste management.

In 2023, OTELINOX fulfilled annual recovery and recycling targets individually, according to Law no 249/2015 regarding packaging and waste packaging, to Emergency Ordinance no 196/2005 regarding environmental fund and to Order no 578/2005 for the approval of the Methodology for calculating the contributions and taxes owed to the Environmental Fund.

We maintained compliance with environmental regulations, including the preparation and submission of monthly statements to the Environmental Fund. OTELINOX ensured timely payment of fees to the Environmental Fund Administration (EFA), reflecting our commitment to environmental responsibility and regulatory compliance.

In 2023, OTELINOX diligently monitored and pursued specific **Key Performance Indicators** (KPIs) in our waste management strategies, focusing on enhancing our recycling and recovery efforts. These KPIs served as benchmarks for our performance and guided our operational decisions throughout the year:

- 1. Compliance in Packaging Waste Recovery**

Our goal is to successfully meet the packaging waste recovery targets set by the law without incurring any fines.

- 2. Meeting recovery and incineration objectives**

Our goal is to achieve the stipulated minimum objectives for both the recycling of waste and incineration of waste in facilities equipped with energy recovery systems. This target involves managing waste effectively through recycling, addressing both global standards and specific types of packaging materials.

- 3. Achievement of 100% recycling target**

A significant internal goal set was the achievement of our own targets for the recycling of packaging waste, with a recycling target of 100%.

To support these KPIs, OTELINOX maintains a **Register on Waste Management**, highlighting the disposal of recovered waste by authorized companies. This register helps us tracking and managing our waste disposal activities, while monitoring our progress towards the KPIs.

Type of waste	Unit	2023
Paper	tons	404.03
Paper packaging	tons	29.92
Plastic waste	tons	193.25
Plastic packaging	tons	28.71
Sawdust and wood	tons	20.35
Wooden packaging	tons	74.30
Metallic packaging	tons	126.36
Iron and steel	tons	242.36
Ferrous metal filings and turnings	tons	13.32
Mill scales	tons	337.24
Sludges from wastewater treatment	tons	1,946.66
Mineral-based machining oils free of halogen	tons	62.03
Absorbents, filter materials	tons	43.26
Packaging containing residues of or contaminated by hazardous substances	tons	21.52
Other wastes containing dangerous substances	tons	8.40
Materials unsuitable for consumption or processing	tons	18.30
Other*	tons	14.24
<b>Total</b>	<b>tons</b>	<b>3,584.25</b>

\*Other category includes various smaller waste types: cables, aluminium, copper, bronze, brass, welding wastes, lead batteries, electrical and electronic equipment, fluorescent tubes, plastic, equipment, tiles and ceramics.

At OTELINOX, an aspect of our waste management strategy is the careful handling of hazardous and non-hazardous waste. This approach is essential for ensuring environmental safety and compliance with regulatory standards. The table below provides a comparative analysis of the quantities of hazardous and non-hazardous waste managed in 2023:

Type of waste	Unit	2023
Non-hazardous waste	tons	<b>3,430.74</b>
Hazardous waste	tons	153.51
<b>Total</b>	<b>tons</b>	<b>3,584.25</b>

In addition to industrial waste, OTELINOX managed **687.50 m<sup>3</sup> of household waste**, ensuring its proper disposal in line with environmental standards.

The year 2023 marked a significant phase in OTELINOX's journey towards enhanced waste management. Our efforts in selective collection, recycling, and adherence to environmental regulations underscore our commitment to sustainable practices. By effectively managing both hazardous and non-hazardous waste, and maintaining rigorous records, OTELINOX continues to demonstrate responsible environmental stewardship and operational excellence in waste management.

## 5 Our team

Our team at OTELINOX is not just a workforce; it's a community built on the pillars of respect, integrity, and continuous growth. Through our comprehensive policies and practices, we aim to cultivate a work environment that values every member, encourages professional development, and upholds the highest standards of safety and wellbeing.

Our approach to employee management is comprehensive and encompasses key aspects such as diversity and inclusion, employee development, grievance mechanisms, and health and safety. This approach results from the **Internal Regulation**, which guides all our HR practices. The Internal Regulation outlines the principles governing both employer and employee conduct within OTELINOX. It covers areas such as:

- **General Provisions:** Setting the standards for workplace conduct, ensuring that every action aligns with our organizational ethos.
- **Employer and Employee Rights and Obligations:** Detailing the mutual responsibilities that foster a balanced and fair workplace dynamic.
- **Workplace Health, Hygiene, and Safety:** Emphasizing the importance of maintaining a safe and healthy work environment.
- **Non-Discrimination and Dignity at Work:** Reinforcing our unwavering commitment to an inclusive workplace where every individual is treated with respect and dignity.
- **Labour Discipline:** Establishing clear expectations and consequences for violations, ensuring a disciplined and productive work environment.
- **Organization of Work and Rest Time:** Establishing policies around scheduling and leaves, promoting a healthy work-life balance.
- **Procedures for Individual Petitions or Complaints:** Providing structured channels for employees to voice feedback and grievances, underscoring our emphasis on open communication and continuous improvement.

This regulation reflects our dedication to creating a workplace that is fair, respectful, and inclusive, where every employee has the opportunity to thrive.

### 5.1 Employee diversity

GRI 3-3, 2-7, 2-8, 2-19, 2-20, 2-30, 202-2, 401-1, 401-3, 405-1, 405-2, 406-1

#### Diversity and inclusion

At OTELINOX, our commitment to **diversity** and **inclusion** is integrated in our company culture and operational ethos. We recognize the value of creating an equitable and inclusive work environment that respects and embraces diversity in all its forms, including gender, age, ethnicity, race, disability, religion, and other characteristics. To actualize this commitment, we implemented a range of policies and initiatives aimed at promoting equal opportunities and preventing any form of discrimination within our organization.

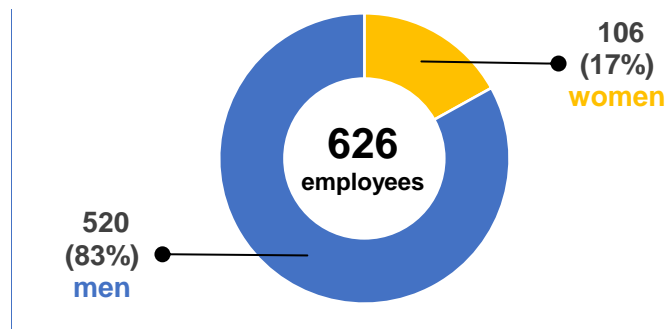
The **Internal Regulation of OTELINOX** encapsulates our commitment to an organized workplace, serving as the foundation of our organizational policies. This Regulation specifically includes provisions on **Non-Discrimination and Dignity at Work**, underscoring our **zero-tolerance policy towards any kind of discrimination**.

Furthermore, we are in the process of developing an **EDI (Equality, Diversity, Inclusion)**. This policy will further strengthen our commitment to fostering a diverse and inclusive work environment, aligning with our broader objectives of social responsibility.

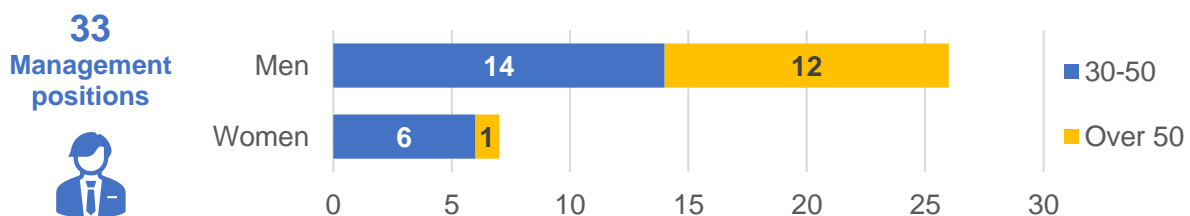
There were **no cases of discrimination** reported during the reporting period at OTELINOX in 2023.

### Workforce Composition and Diversity

In terms of gender diversity, the nature of our work has led to a workforce that is predominantly male. However, we recognize the importance of gender diversity and are committed to promoting inclusion and equal opportunities for all employees, regardless of gender. In 2023, we had a total of **626 employees**, of which **106 women** and **520 men**.



In our management structure, **93.93%** of our managers are hired from Romania. We have a diverse group of employees in management positions, with a balanced representation of men and women across different age groups.



Our management team at OTELINOX is overseen by a board of directors, which is composed entirely of men. This team includes seven directors, with two of them in the 30–50 year age range and five who are over 50 years old. Additionally, OTELINOX’s Administrator, which has the General Director role too, also a man, falls within the over 50 year age bracket.

Our team is predominantly composed of employees over the age of 50, reflecting the wealth of experience within our workforce. The second largest age group is those aged between 30-50, followed by the smallest group, those under 30. This age distribution reflects our commitment to

valuing both the wisdom of experience and the fresh perspectives brought by younger employees. Adding to our diverse workforce, we are proud to have **employees with disabilities** on our team.

In terms of geographical distribution, the majority of our employees, numbering 623, are from Dâmbovița, complemented by 2 from Bucharest and 1 from Prahova.

Gender & Age	Under 30	30 - 50	Over 50	Total
Women	3	26	77	106
Men	35	265	220	520
<b>Total</b>	<b>38</b>	<b>291</b>	<b>297</b>	<b>626</b>

Most of our workforce consists of workers, predominantly men aged between 30-50 years old. Foremen, mostly men over 50, along with TESA personnel, comprising a balanced mix of men and women across all age groups, are integral to our operations.

Role/Position	Women			Men			Total
	< 30	30 - 50	> 50	< 30	30 - 50	> 50	
General Director <sup>7</sup>	-	-	-	-	-	1	1
Director	-	-	-	-	2	5	7
Department Manager	-	-	-	-	1	-	1
Team Leaders and Deputy Team Leader	-	6	1	-	11	7	25
Workers	1	5	54	26	190	164	440
Foreman	-	-	4	-	16	34	54
TESA (technicians/accountants)	2	15	18	9	45	10	99

### Workforce structure and contracts

Our workforce consists of employees with indefinite term contracts and a few with fixed term contract. Most of our employees work full-time, except for one woman who works part-time. In addition, **all our employees are covered by the collective labour agreement**, negotiated with the representative union.

Type of contracts	Women	Men	Total (2023)
Indefinite	106	518	624
Fixed	-	2	2
Part time	1	-	1
Full-time	105	520	625

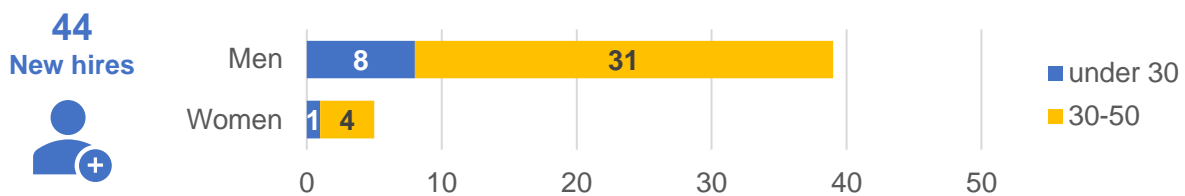
In addition to our direct workforce, OTELINOX collaborates with 42 staff members through Service Contract. These workers are providing support services, complementing our in-house team.

<sup>7</sup> General Director is not included in the total number of 626 employees, since he is not employed and acts as Administrator.

## Talent attraction

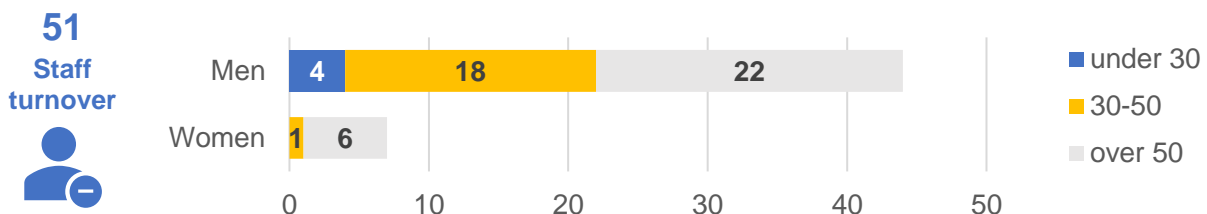
In our pursuit of continual growth and innovation, OTELINOX places significant emphasis on attracting and integrating new talent into our team. Our recruitment process begins with a detailed personnel request followed by a thorough professional adaptation period. This process, which includes a series of interviews, evaluations, and a professional adaptation period, ensures that each new hire is well-suited to their position and can contribute effectively to our team. This approach is part of our **Recruitment and Adaptation Procedure** for new employees and ensures a seamless integration of new employees into the company, aligning with OTELINOX's standards.

In terms of **new hires** in 2023, we had a diverse group of new employees, with a balance of men and women across different age groups. The diversity, coupled with our recruitment and adaptation protocol, further enhances our ability to innovate and adapt in our industry.



## Employee turnover

**Employee turnover** is a key metric for OTELINOX, reflecting our workforce dynamics and organizational health. Our recruitment process, from personnel request to professional adaptation, ensures we attract and integrate the right talent. Our goal is to keep our turnover rate at a minimum, making OTELINOX a great place to work where every employee feels valued. We are committed to building a dynamic and diverse team that drives our business forward.



## Remuneration and Performance Evaluation

At OTELINOX, we believe in the principle of **equal pay for equal work**. This is why, when it comes to compensation, we ensure that there is no disparity based on gender. Both women and men receive equal base pay, reflecting our commitment to fairness and equality.

Employee performance is a key aspect that influences remuneration at OTELINOX. Our **procedure for individual performance**, which includes setting annual objectives, monthly progress reports, and self-evaluations, plays a significant role in shaping remuneration. This process ensures that remuneration is fair and closely aligned with individual performance and contribution to the team.

## Parental leave

We support our employees' family responsibilities, reflected in our parental leave policies. In 2023, 15 employees were entitled to parental leave, with 13 men availing this benefit. Two women returned to work after completing their parental leave.

Parental leave	Women	Men	Total (2023)
Employees entitled to parental leave	2	13	15
Employees who took parental leave	2	13	15
Employees who returned to work after parental leave	2	11	13

## 5.2 Employee growth and development

GRI 3-3, 404-1, 404-2, 404-3

We firmly believe in the continuous growth and development of our employees at OTELINOX. We understand that the success of the company is linked to the professional and personal advancement of our team members. This commitment is reflected in various guiding documents and practices that form the foundation of our approach to employee development.

We strictly adhere to the provisions of the **Internal Regulations** ensuring our practices are in alignment with the laws of Romania and the European Union. This adherence guarantees that our employee development initiatives are effective and compliant with the highest legal standards.

The Internal Regulations serve as a key resource for our employees, offering a wealth of information on company policies, employee responsibilities, benefits, and workplace culture. It is an essential tool for guiding employees through their journey at OTELINOX and for fostering their growth within the company.

The **Collective Labour Agreement** and Internal Regulations provide a structural framework for employee development, detailing the rights and obligations of both employees and the employer, creating a supportive environment for professional growth. This is further complemented by our structured training procedure, designed to keep our workforce continually learning and advancing in their skills, staying abreast of industry trends and standards.

Each employee has the right and opportunity to develop professionally by participating in specialized training. Periodically, training sessions are organized in various fields such as: environmental and waste management, training for electricians, procurement, production and maintenance, etc.

In 2023, we demonstrated our commitment to employee development by providing a substantial number of training hours to our employees, tailored to their specific roles. The training programs we offered were designed to enhance the skills of our workforce, contributing to both their personal growth and the overall success of our organization.

The distribution of **training hours** across different categories of employees reflects our dedication to fostering an inclusive and equitable learning environment.

**14.59**  
hours/employee  
**Workers &  
Foremen**



**15.2**  
hours/employee  
**TESA & Managers**



**Training in human rights** is offered to **all employees** as part of the company's policies and procedures. The Collective Labour Agreement includes availability for various programs to improve the skills of our employees, such as courses, funding for external educational programs, and unpaid leave for studies. These programs can be followed upon request by our employees.

The training and awareness of personnel based on training needs is determined by job requirements and competency levels, as stipulated in our **Competence Training and Awareness** internal **Procedure**. It defines key terms such as 'competence', 'training', and 'awareness', and emphasizes the significance of awareness about the importance, necessity, and utility of one's activity and how it contributes to the organization's objectives, including quality improvement and understanding customer requirements.

**100%**  
of employees  
benefited from  
performance  
evaluations



We evaluate the performance of our employees, ensuring a comprehensive and fair assessment for all. The percentage of total employees, by gender and employee category, who benefited from performance evaluations in 2023 is 100%. The performance evaluation process is described in the **Evaluation Procedure**. The procedure establishes criteria for promotions and benefits, provides essential feedback on individual performances, identifies training needs, and suggests improvements for enhancing employee performance.

Our employees enjoy several benefits, including partial settlement of rest and treatment tickets, increases to the basic salary for longevity in work, difficult, dangerous, harmful conditions, night hours, weekend hours, and overtime hours, according to applicable Collective Labour Agreement. They are entitled to paid leave for raising a child, and they can participate in professional training programs.

### 5.3 Grievance mechanism for employees

GRI 3-3, 2-25, 2-26

At OTELINOX, we have established a comprehensive grievance mechanism for our employees, essential for maintaining an open, transparent, and fair work environment. This mechanism is integral in identifying, addressing, and resolving any grievances our employees might encounter.

Our approach to handling employee grievances is anchored in open communication and transparency. We are committed to resolving issues promptly and fairly, ensuring that every employee's voice is heard and valued. This process is governed by the provisions set out in the **Internal Regulations** and is supported by the use of **Suggestion Box**, which are strategically placed to encourage employees to share their concerns and feedback anonymously.

Additionally we implemented the **Whistleblowing Policy**, aligned with Law No. 361/2022 on the protection of whistle-blowers in the public interest. This policy ensures that employees can report legal violations or potential violations securely and confidently. We established clear procedures for managing these reports, from their reception to resolution, while maintaining confidentiality and impartiality throughout the process.

At OTELINOX, we understand the importance of keeping our employees informed about the company's policies and practices. Employees can **request information** regarding the implementation of various policies, and they can direct these requests to the union. Our aim is to ensure that employees have a comprehensive understanding of our policies and practices, enabling them to voice informed concerns or suggestions.

An intranet network is also available at the Company level. It facilitates communication to employees by posting messages of general interest.

Nevertheless, during Health and Safety meetings, aspects related to employee grievance are communicated.

## 5.4 Health and safety

GRI 3-3, 403-1, 403-2, 403-5, 403-9

OTELINOX's approach, practices, and policies in health and safety are fully aligned with the **ISO 45001 standard**. This international standard provides a rigorous framework for occupational health and safety management that is intended to improve the safety and health of both employees and contractors, with an emphasis on the prevention of occupational accidents and diseases in the workplace.

In line with our commitment to health and safety, OTELINOX has in place an **IMS Policy** that aligns with ISO 45001 standards. Thus, through our processes and procedures we ensure that we comply with legal requirements and promote an organizational culture that prioritizes the health and safety of our employees.

At OTELINOX, our highest level of management is deeply committed to the ongoing enhancement of our **Integrated Management System (IMS)**. This commitment is a fundamental part of our corporate ethos, ensuring that our operations adhere to the highest international standards.

Our **IMS Policy** is rooted in globally recognized standards, including **ISO 9001** for quality management, **IATF 16949** for the quality management in the automotive industry, **ISO 14001** for environmental management, and **ISO 45001** for occupational health and safety. This comprehensive policy framework guarantees a robust approach, encompassing quality control, environmental stewardship, and the well-being of our employees.

To maintain our high standards and continual improvement, our **Integrated Management System** undergoes regular audits and certifications. This process ensures that our practices not only comply with current standards but also align with the evolving best practices in our industry.

At OTELINOX, our commitment to health and safety is paramount, and this is reflected through a series of policies, procedures and initiatives that guide our approach to workplace safety and risk management.

- The **Risk Evaluation Procedure** outlines the methods and criteria for assessing various workplace risks. This systematic approach ensures that all potential hazards are identified, evaluated, and effectively managed.
- **The risks for each job** are identified, communicated to the workers who may have an impact upon, the latter being aware of them, including of the associated preventive measures.
- We implemented a **job position evaluation form**, which focuses on assessing the specific risks associated with each job role. This form helps in identifying the necessary safety measures tailored to each position, ensuring that our employees are well-protected against job-specific risks.
- **The INCDPM method**, a specialized approach for evaluating and managing ergonomic risks, is an integral part of our health and safety protocol. This method aids in the assessment and mitigation of ergonomic risks in the workplace, contributing to the overall well-being of our employees.
- We developed a strategic plan (**Proposed Measures for Risk Mitigation**) that suggests measures for risk mitigation and outlines actionable steps to mitigate identified risks.
- The cornerstone of our health and safety approach is our **Prevention and Protection Plan**. This plan encompasses various aspects of workplace safety and aligns with health and safety regulations. It ensures that all employees are aware of and adhere to safety protocols, thereby maintaining a high standard of health and safety at our facilities.

In addition, we have in place a **Safety Index** that monitors various criteria, such as work accidents, work incidents, unreported (or late reported) safety incidents, alcohol in the breath delayed periodic medical check-up of employees, presentation of safety ideas and resolution of safety issues, implementation of safety measures.

This **Safety Index** monitors the performance of production and maintenance teams, such as rolling, heat treatment, finishing, packaging, maintenance (mechanical, electrical and automation), and auxiliar teams such as NT plant, acquisitions, logistics, general affairs, quality control, laboratory. This safety index is also valid for Safety, HR, Customer Support, IT, Financial, Legal, Investment, and Environmental Protection Teams.

Also, OTELINOX employees benefit annually from a set of free medical tests. In addition, within the Company there is an in-house medical practice that provides easy access to preventive and early diagnostic medical services, thus contributing to maintaining the health of our employees.

## Accidents

In the year **2023**, we had **2 work related injuries and 2 minor accidents**.

The company regularly instructs and educates employees about health and safety at work and emergency situations, respecting the standards, laws, and regulations in force, as well as internal regulations and procedures related to health and safety.

Also, after every incident, there are measures established in order to raise awareness and prevent future similar events.

## Health and Safety Training

At OTELINOX, our health and safety training is planned and conducted regularly to ensure the highest standards of workplace safety.

Employees across various categories engage in regular training sessions, each designed to address the specific requirements of their roles:

- TESA Office: Every 12 months.
- TESA Plant: Every 6 months.
- Foremen: Every 3 months.
- Workers: Every month.

Each of these training sessions, lasting **one hour for Health and Safety** and **two hours for Emergency Situations** delve into critical aspects of workplace safety, from standard protocols to emergency response tactics, ensuring our team is prepared to act effectively in emergency situations.

Alongside training, we also conduct regular **testing** to check the understanding and retention of the information provided during the training sessions. This helps in ensuring that all employees are well-versed in health and safety standards and procedures.

Training is **tailored to the specific needs** of various employee categories, such as office staff, technical staff, foremen, and workers, ensuring that each group receives the relevant information and training according to their job-related risks, roles and responsibilities.

## 6 Community and clients

### 6.1 Community involvement

GRI 3-3, 413-1

At OTELINOX, community involvement is an integral part of our identity. Our approach to community engagement addresses the needs of the local community. This approach is primarily actualized through Corporate Social Responsibility (CSR) actions, efficient utilization of profit tax redirections, and targeted sponsorships.

Our strategies for community involvement are steered by OTELINOX's policies, our Code of Conduct, and the external context, including the expectations of our stakeholders. We aim to balance the diverse needs of community with our organizational goals, aligning our actions with the highest standards of corporate behaviour.

To ensure our community involvement is effective and meaningful, we implemented a detailed **CSR procedure**. This procedure aids us in identifying key stakeholders and shaping our CSR initiatives in alignment with the community's needs and our strategic objectives. CSR activities span across various domains, including environmental initiatives, support for educational institutions, assistance to centres for children with disabilities, and involvement in community activities.

In 2023, OTELINOX allocated a significant budget for CSR programs. The funds were utilized for various causes such as donations to centres for children with disabilities, sponsorship of educational institutions, redirecting profit tax, and community activities. The CSR funds were directed towards various domains including education, environment, social causes, and sports.

Each CSR action at OTELINOX begins with a thorough assessment and approval process. We ensure that any partner organization meets legal requirements before initiating any action. Communication plays a critical role in our CSR activities, involving stakeholders such as educational units, regulatory institutions, and the local community.

At the end of each CSR action, information is compiled and sent to our top management. In January, we conduct a comprehensive analysis of the CSR actions carried out in the previous year. This analysis report is then sent to the General Director for approval, ensuring accountability and transparency in our CSR engagements.

## 6.2 Client satisfaction

### GRI 3-3

Our company places a high value on client satisfaction and continually strives to exceed our client's expectations. We believe that a satisfied client is the best business strategy of all.

At OTELINOX, our dedication to client satisfaction is ingrained in every aspect of our operations. While our **IMS** primarily focuses on ensuring a safe and healthy workplace, the principles embedded within this policy indirectly contribute to our overarching goal of achieving and maintaining the highest levels of client satisfaction.

By prioritizing health and safety, we ensure that our processes are not only compliant with the highest standards but also efficient and effective. This operational rigor is reflective in the **quality of products** and services we provide, thereby enhancing client satisfaction.

The principle of **continuous improvement**, a key component of our Integrated Management System (IMS), extends to the client interactions. We believe in constantly evolving and adapting our processes to better meet the dynamic needs of our client. By fostering a culture of ongoing development, we ensure that our business solutions remain relevant, innovative, and client focused.

**Transparency and open communication** are critical in building and maintaining trust with the client. We strive to engage in clear, honest, and regular communication, ensuring that our client is always informed, and their feedback is valued. This open dialogue allows us to understand our clients' needs more deeply and respond effectively.

We anticipate client needs and challenges, ensuring swift and efficient responses. By being responsive and attentive to our client's requirements, we demonstrate our commitment to its satisfaction and success.

We actively **seek and incorporate client feedback** into our operational strategies, continually refining our services to enhance client experiences.

### 6.2.1 Product Safety for our Client and End-users

Stainless steel is widely used for many applications, such as medical devices, as well as equipment and tools in the food industry. Some stainless-steel grades are confirmed that are suitable as a food contact material. Therefore, the aspects that affect health and safety are very important for OTELINOX. It is not only the manufacturing process of stainless-steel, but also when our customers process the material, when the stainless-steel product is used for many applications.

OTELINOX's processes stainless steel grades that are standardized and proven to be safe for their recommended use. Our products are tested and verified in our own laboratory, accredited in accordance with ISO/IEC 17025:2017. The laboratory is equipped with instruments for determination of chemical composition, mechanical characteristics (tensile, hardness, bend, roughness, reflectivity, deep drawing, penetration), inter-granular corrosion, as well as other metallographic analyses. Periodically, we participate in inter-laboratory comparison schemes to demonstrate the technical competence of the laboratory and ensure the validity of the results.

The Safety Data sheet contains information on substances contained in our final products and precautions for safety measures when handling stainless steel. According with REACH Regulations, safety information is provided to enable the safe use and disposal of the goods, and it also contain detailed information on the chemical and technical properties of individual types of stainless steel.

OTELINOX products delivered are not radioactive contaminated and they do not contain in their composition Tantalum (Ta), Tin (Sn), Gold (Au) or Tungsten (W).

Therefore, OTELINOX undertakes all efforts in order to ensure that its products are in full compliance with:

- Council Directive 2013/59/EURATOM
- Regulation (EC) no 1907/2006 (REACH regulation)
- Regulation (EC) no 1935/2004
- Regulation (EC) no 2023/2006
- Global Automotive Declarable Substances List (GADSL)
- Directive 2015/863/EU (RoHS III)
- Directive 2000/53/EC (ELV)
- Directive 2012/19/EU (WEEE)
- Directive 2014/68/EU

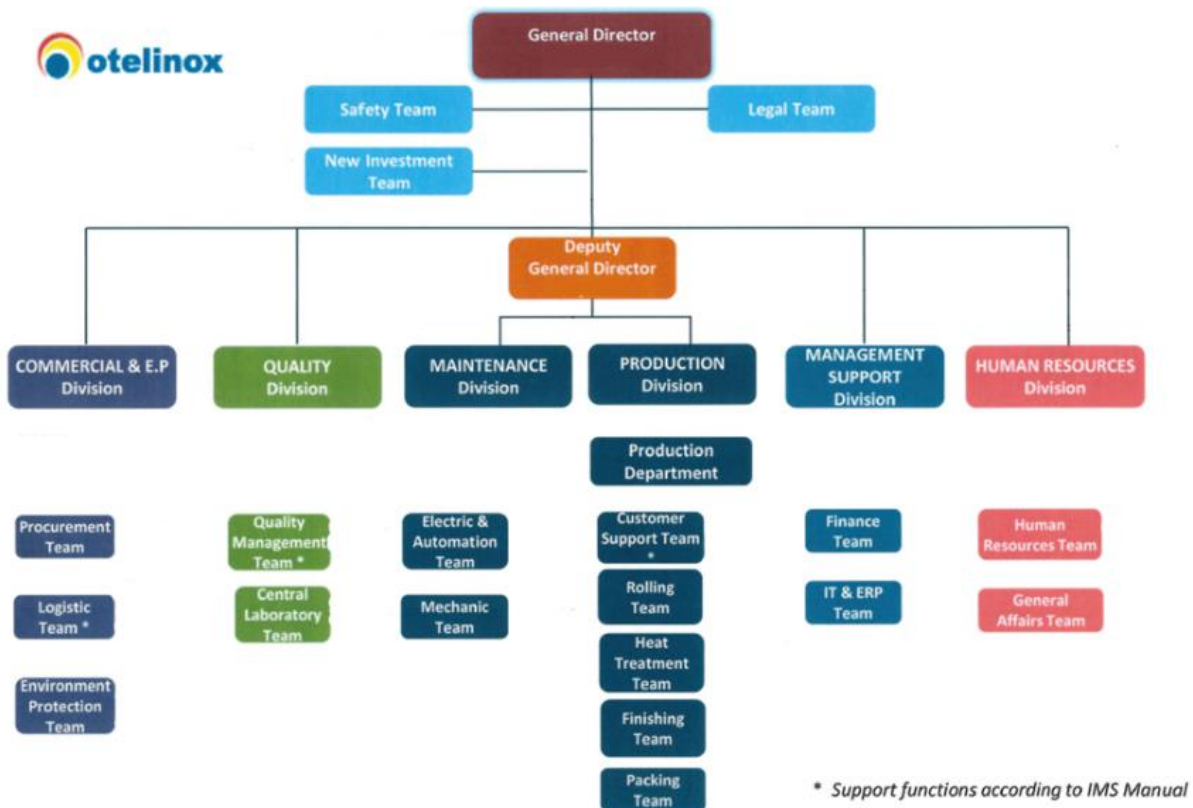
## 7 Corporate governance

Corporate governance is critical to maintaining investor confidence, increasing shareholder value and ensuring the sustainable development of our company. Implementing solid corporate governance practices helps strengthen the company's reputation and avoid risks associated with misconduct or irregularities.

### 7.1 Management and organization of OTELINOX

GRI 2-1, 2-2, 2-9, 2-10, 2-11, 2-12

OTELINOX is a Closed Joint Stock Company, strategically located at 16 Găești Road in Târgoviște. The company is organized in such a way as to respond to the purpose for which it was established and to ensure the safe operation of the activities carried out.



**The General Meeting of Shareholders is the highest governing body of the company**, which decides on its activity and ensures its economic and commercial policy. General Shareholders' Meetings are ordinary and extraordinary.

**The company is administered by a Board of Directors consisting of 3 members, elected by the General Shareholders' Meeting for a maximum period of 4 years, with the possibility of being re-elected, who may have also the quality of shareholders.** The choice of administrators is made from among the persons appointed by the shareholders.

When a vacancy is created in the Board of Directors, the General Meeting of Shareholders elects a new administrator to fill the vacancy. The General Meeting of Shareholders will elect as a new administrator a person indicated by the same shareholder who appointed his predecessor. The term for which the new administrator is elected to fill the vacancy shall be equal to the period remaining until the expiration of the mandate of his predecessor.

Persons who, according to the law, have been convicted for fraudulent management, abuse of trust, forgery, fraud, embezzlement, perjury, giving or taking bribes, as well as for other crimes regarding commercial companies are incompatible to the Board of Directors member status.

The composition of the Board of Directors and the designation of its members is established by the General Meeting of Shareholders. The Board of Directors is led by a president. The Board of Directors elects from among its members a chairman of the board and a vice-chairman. The President of the Board of Directors is also the general director of the company.

## 7.2 Business Ethics

GRI 3-3, 201-4, 205-2, 205-3, 206-1, 2-15, 2-23

At OTELINOX, we uphold a strong commitment to ethical practices and integrity in all our interactions, both internally with our employees and externally with our partners. This commitment is embedded in our **Internal Regulation** and **Code of Conduct**, which serve as guiding frameworks for our operations.

Our Code of Conduct and Internal Regulation include specific provisions that emphasize the fight against corruption, endorsing anti-corruption behaviour and outlining policies regarding our neutrality and political contributions. Additionally, we established a Regulation on Business Gifts, ensuring transparency and integrity in our operations.

Our company places a strong emphasis on managing **conflicts of interest**. As outlined in the Company's Code of Conduct, employees are expected to avoid any actions that could lead to a conflict of interest with the company. This directive is actively overseen by the management body, ensuring accountability and adherence to our ethical standards at all levels.

OTELINOX competes fairly and impartially in the market, adhering strictly to national and international standards and laws. We strictly prohibit discussions on sensitive competitive issues with our competitors and any practices that violate laws and ethical principles.

We are committed to respecting the confidentiality of trade secrets and other sensitive information, ensuring that we neither obtain nor use such information unlawfully. Our approach to business transactions is free from coercion, and we do not seek undue advantages at the expense of our clients or partners.

OTELINOX's **human rights policies** are influenced by the Universal Declaration of Human Rights adopted by the UN, the European Convention on Human Rights developed by the Council of Europe, labour legislation and applicable laws in force.

A key focus of our human rights policy is the fight against human trafficking and illegal substance trafficking. We require all associated transport companies to adhere to strict rules, including legal employment contracts, prevention of involvement in illicit activities to uphold our reputation.

Drivers must conduct thorough checks and report any irregularities. We enforce these rules stringently, with penalties for non-compliance including financial sanctions, based on the frequency and severity of incidents. Each driver is required to sign a **Statement on the situation of illegal trafficking in persons and illegal trafficking of prohibited substances** acknowledging these rules and ensuring full awareness and compliance.

At OTELINOX, the dissemination of our ethical policies to employees is a component of our approach. This is achieved through training programs, filling in a Declaration of Conformity, and our internal Intranet platform. These communication channels ensure that employees are well-informed and aligned with our ethical standards.

Across different regions – Bucharest, Prahova, and Dâmbovița – a total of 626 employees, representing **100% of our workforce, including directors and managers**, received **communication and training on anti-corruption policies** in the reporting period.

The table below provides a detailed overview of the number of employees, categorized by their roles, who were informed and trained on anti-corruption policies:

Employee category	Bucharest	Dâmbovița	Prahova	Total	Percentage
General Director <sup>8</sup>	1	-	-	1	100%
Director	2	5	-	7	100%
Department Manager	-	1	-	-	100%
Team Leader and Deputy Team Leader	-	25	-	25	100%
TESA	-	98	1	99	100%
Foremen	-	54	-	54	100%
Worker	-	440	-	440	100%
Total	2	623	1	626	100%

During the reporting period, OTELINOX had **no confirmed incidents of corruption**, nor were there any public legal cases of corruption brought against the organization or its employees.

OTELINOX faced **no legal challenges** regarding anticompetitive behaviour or violations of antitrust and monopoly laws during the reporting period. The total number of lawsuits (pending or completed) related to these matters was **zero**.

At OTELINOX, we believe that a strong ethical foundation is essential for business's success while contributing positively to the broader community in which we operate. As we move forward, we remain committed to continually strengthening our ethical practices, ensuring they evolve in alignment with our values and the changing landscape of business and society.

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<sup>8</sup> General Director is not included in the total number of 626 employees, since he is not employed and acts as Administrator.

## 7.3 Conformity

GRI 3-3, 2-16, 2-25, 2-26

OTELINOX rigorously complies with local legislation and international ISO standards. The company implemented an Integrated Management System for quality, environment, and occupational health and safety. This system aligns with the requirements of ISO 9001:2015, IATF 16949:2016, ISO 14001:2015, and ISO 45001:2018. The purpose of this system is to present a cohesive image of our practices and to ensure continuous improvement and adherence to these standards. Our compliance is regularly validated through external audits by third parties.

Part of our conformity engagement is our **Whistleblowing Policy**, structured in accordance with Law No. 361/2022 on the protection of whistle-blowers in the public interest. This policy facilitates the secure and confident reporting of legal violations or potential violations by all individuals associated with OTELINOX, including employees, contractors, and shareholders. It describes the procedures for handling such reports, from receipt to resolution, while ensuring confidentiality and impartiality in the process.

Our approach to compliance also involves the **Legal Requirements internal procedure**. This procedure encompasses the identification and assimilation of legal and other applicable requirements, involving regular updates and dissemination of information to relevant sectors. This procedure plays a pivotal role in communicating critical aspects, such as changes in national legislation and customer requirements, to the management. By ensuring that top-level management is informed of these vital updates, we maintain organizational alignment with current legal requirements and industry best practices.

The **petition procedure**, as part of the **Internal Regulation**, outlines how employees and other individuals can address petitions, complaints, or requests. This procedure ensures that all petitions are thoroughly reviewed and responded to in a timely and organized manner.

OTELINOX provides several channels for inquiries regarding the implementation of our policies and practices on responsible business conduct:

- For **Employees**: Inquiries can be made through the union and the Suggestion Box.
- For **Business Partners**: Information requests are managed through questionnaires.
- For **External Stakeholders**: Concerns about our business conduct can be expressed through petitions and as public interest whistle-blowers.

Through our integrated management system, whistleblowing policy, internal procedures, and various communication mechanisms, we ensure that our operations comply with stringent standards and embody our dedication to responsible and ethical business conduct. These practices are integral to maintaining OTELINOX's reputation as a trustworthy and compliant company.

## 7.4 Compliance with laws and regulations in the social and economic field

GRI 3-3, 2-27

At OTELINOX, we recognize the importance of compliance with laws and regulations in the social and economic fields as fundamental to our operations, reputation, and the trust we build with our stakeholders. Our adherence to these laws and regulations is enhanced through active collaboration with local authorities, ensuring that we are aligned with legal standards and best practices in social and economic fields. Our commitment in this area involves a proactive approach to understanding and implementing these laws and regulations in every aspect of our operations.

At OTELINOX, we are committed to upholding the highest standards of **data protection and privacy** as mandated by the **General Data Protection Regulation (GDPR)**. Recognizing the critical importance of these responsibilities, we instituted comprehensive policies that govern the processing of personal data. These policies ensure that every facet of our data handling - from collection to storage, use, and protection - is conducted with the utmost respect for privacy rights and in strict adherence to GDPR guidelines.

- OTELINOX ensures strict compliance with GDPR through our **Policy on Processing Staff Data**. This policy outlines our comprehensive approach to managing employees' personal data with utmost care and in accordance with legal requirements. It details the types of data collected, processing purposes, and measures taken to protect this data, thereby upholding the privacy and rights of our employees.
- Our **IT GDPR Policy** addresses the specific needs of data protection within our IT and ERP department. This policy guides how we collect, store, use, and protect personal data, ensuring all activities are in full compliance with GDPR standards. It reflects our commitment to maintaining the highest level of data security and integrity in our IT operations.
- The **Policy on Processing Data of Clients and Third Parties** is an integral part of our GDPR compliance approach. It lays out the procedures and principles for handling such data, covering aspects like data collection, processing, protection measures, and the rights of data subjects. This policy exemplifies our commitment to transparent and secure handling of personal data.
- The **Data Security Incident Notification and Intervention Plan** is essential for our data protection framework. This plan defines the protocols to follow in the event of a data breach. It includes procedures for immediate reporting, response team formation, risk evaluation, and necessary actions to mitigate any vulnerabilities. The plan is designed to ensure swift and effective handling of data security incidents, maintaining the trust of our stakeholders.
- Nevertheless, OTELINOX is periodically organizing **GDPR training** for employees and also has **external DPO**.

## 7.5 Physical impact and risk management of climate change

In an era marked by significant environmental shifts, understanding and managing the physical impacts of climate change is crucial for sustainable business operations. At OTELINOX, we recognize that climate change poses substantial risks, not only to the environment but also to our operational resilience, supply chain stability, and overall business continuity. Our approach is to identify, assess, and manage the physical impacts of climate change.

Our approach begins with a thorough assessment of how climate change can physically impact our operations. This includes evaluating risks related to extreme weather events, such as floods, droughts, and storms, and their potential effects on our facilities, supply chains, and workforce. We also consider slower onset impacts, such as rising temperatures and changing precipitation patterns, which can affect resource availability and operational efficiency.

## 8 GRI Index

<b>Statement of use</b>	OTELINOX has reported with reference to GRI Standards for the period January 1 <sup>st</sup> to December 31 <sup>st</sup> , 2023.
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	N/A

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Reference</b>
<b>GRI 2 General disclosures</b>		
GRI 2-1	Organizational details	Ch. 7.1
GRI 2-2	Entities included in the organization's sustainability reporting	Ch. 7.1
GRI 2-3	Reporting period, frequency and contact point	Ch. 1.5
GRI 2-4	Restatements of information	Ch. 1.5
GRI 2-5	External assurance  The report is not audited.	Ch. 1.5
GRI 2-6	Activities, value chain and other business relationships	Ch. 1.3
GRI 2-7	Employees	Ch. 5.1
GRI 2-9	Governance structure and composition	Ch. 7.1
GRI 2-10	Nomination and selection of the highest governance body	Ch. 7.1
GRI 2-11	Chair of the highest governance body	Ch. 7.1
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Ch. 7.1
GRI 2-15	Conflict of interests	Ch. 7.2
GRI 2-16	Communication of critical concerns	Ch. 7.3
GRI 2-19	Remuneration policies	Ch. 5.1
GRI 2-20	Process to determine remuneration	Ch. 5.1
GRI 2-22	Statement on sustainable development strategy	Statement of the CEO  Ch. 3
GRI 2-23	Policy commitments	Ch. 7.2
GRI 2-25	Process to remediate negative impacts	Ch. 7.3
GRI 2-26	Mechanisms for seeking advice and raising concerns	Ch. 7.3

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Reference</b>
GRI 2-27	Compliance with laws and regulations	Ch. 7.4
GRI 2-29	Approach to stakeholder engagement	Ch. 2.2
GRI 2-30	Collective bargaining agreements	Ch. 5.1
<b>GRI 3 Material topics</b>		
GRI 3-1	Process to determine material topics	Ch. 2
GRI 3-2	List of material topics	Ch. 2
<b>Energy</b>		
GRI 3-3	Management Approach	Ch. 4.1
GRI 302-1	Energy consumption within the organization	Ch. 4.1
GRI 302-4	Reduction of energy consumption	Ch. 4.1
<b>GHG emissions</b>		
GRI 3-3	Management Approach	Ch. 4.1
GRI 305-1	Direct (Scope 1) GHG emissions	Ch. 4.1
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Ch. 4.1
GRI 305-4	GHG emissions intensity	Ch. 4.1
<b>Air quality</b>		
GRI 3-3	Management Approach	Ch. 4.2
GRI 305-7	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions	Ch. 4.2
<b>Management and water quality</b>		
GRI 3-3	Management Approach	Ch. 4.3
GRI 303-2	Management of water discharge-related impacts	Ch. 4.3
GRI 303-3	Water withdrawal	Ch. 4.3
GRI 303-4	Water discharge	Ch. 4.3
GRI 303-5	Water consumption	Ch. 4.3
<b>Resources</b>		
GRI 3-3	Management Approach	Ch. 4.3
GRI 301-1	Materials used by weight or volume	Ch. 4.3
<b>Waste management</b>		

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Reference</b>
GRI 3-3	Management Approach	Ch. 4.3
GRI 306-1	Waste generation and significant waste-related impacts	Ch. 4.3
GRI 306-2	Management of significant waste-related impacts	Ch. 4.3
GRI 306-3	Waste generated	Ch. 4.3
GRI 306-5	Waste directed to disposal	Ch. 4.3
<b>Employee diversity</b>		
GRI 3-3	Management Approach	Ch. 5.1
GRI 202-2	Proportion of senior management hired from the local community	Ch. 5.1
GRI 401-1	New employee hires and employee turnover	Ch. 5.1
GRI 401-3	Parental leave	Ch. 5.1
GRI 405-1	Diversity of governance bodies and employees	Ch. 5.1
GRI 405-2	Ratio of basic salary and remuneration of women to men	Ch. 5.1
GRI 406-1	Incidents of discrimination and corrective actions taken	Ch. 5.1
<b>Employee growth and development</b>		
GRI 3-3	Management Approach	Ch. 5.2
GRI 404-1	Average hours of training per year per employee	Ch. 5.2
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Ch. 5.2
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Ch.5.2
<b>Grievance mechanism for employees</b>		
GRI 3-3	Management Approach	Ch. 5.3
GRI 2-25	Process to remediate negative impacts	Ch. 5.3
GRI 2-26	Mechanisms for seeking advice and raising concerns	Ch. 5.3
<b>Health and safety</b>		
GRI 3-3	Management Approach	Ch. 5.4
GRI 403-1	Occupational health and safety management system focus on Occupational Safety	Ch. 5.4
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Ch. 5.4

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Reference</b>
GRI 403-5	Worker training on occupational health and safety	Ch. 5.4
GRI 403-9	Work-related injuries	Ch. 5.4
<b>Community involvement</b>		
GRI 3-3	Management Approach	Ch. 6.1
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Ch. 6.1
<b>Customer satisfaction</b>		
GRI 3-3	Management Approach	Ch. 6.2
<b>Ethics</b>		
GRI 3-3	Management Approach	Ch. 7.2
GRI 205-2	Communication and training about anti-corruption policies and procedures	Ch. 7.2
GRI 205-3	Confirmed incidents of corruption and actions taken	Ch. 7.2
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Ch. 7.2
GRI 201-4	Financial assistance received from government	Ch. 7.2
<b>Conformity</b>		
GRI 3-3	Management Approach	Ch. 7.3
GRI 2-16	Communication of critical concerns	Ch. 7.3
GRI 2-25	Process to remediate negative impacts	Ch. 7.3
GRI 2-26	Mechanisms for seeking advice and raising concerns	Ch. 7.3
<b>Compliance with laws and regulations in the social and economic field</b>		
GRI 3-3	Management Approach	Ch. 7.4
GRI 2-27	Compliance with laws and regulations	Ch. 7.4