

**2023**



# Sustainability Report

**We support the global transition towards a sustainable future based on electric energy**



# Cuprins

## 1. Introduction

- The Basis for preparing the sustainability report.....2
- Thanks.....4
- CEO Message.....5
- About Electromontaj.....6
- Mission and vision.....13

## 2. Sustainability and economic development

- Economic Development.....15
- Report regarding EU Taxonomy.....20
- Compliance Declaration.....22
- Eligibility analysis for Electromontaj activities to the EU Taxonomy.....23
- Alignment analysis to the EU Taxonomy.....24
  - Construction of Overhead Power Lines
  - Relocation of Overhead Power Lines
  - Rehabilitation of Overhead Power Lines
  - Maintaining current Overhead Power Lines
  - Wind Farm and Photovoltaic Park
  - Connection of irrigation systems
- EU Taxonomy Key performance indicators.....29
- Climate Risk Assessment..... 33
- Vulnerability criteria matrix.....41
- Double Materiality Analysis.....44
- General presentation of the value chain.....50
- Sustainability Strategy.....54

## 3. Environment

- Adaptation and Mitigation of Climate Change.....55
- Carbon Footprint Analysis.....55
- Control and prevention of pollution.....71
- Electromontaj SA – Lattice Steel Towers Factory.....73
- Electromontaj SA - Clamps and Reinforcements Factory.....76
- Compliance with environmental protection legislation, responsibility, protection, and prevention (CRPP).....78

## 4. Social

- People, development and engagement.....82
- Demographics.....82
- Conclusions.....86
- Talent Attraction Electromontaj SA .....87
- Our Strategy in talent attraction and retention .....87
- Recruitment events and collaboration with academia.....89
- Employee events.....90
- Social Responsibility initiatives.....91
- Employee wellbeing.....92
- ProELM school.....93

## 5. Governance

- Transparency and communication.....94
- Organizational culture.....94
- The governance approach regarding procedures, policies, and programs.....95
- Digitalization for governance.....98
  - Digitalization of the production workflow in the Lattice Steel Towers Factory
  - Digitalization of labour workflows in branches
  - Digitalization of the monitoring processes for inventory and hardware equipment
  - Digitalization in the engineering design department

# Basis for preparation of the sustainability report

Electromontaj presents its 2023 sustainability report prepared with reference to the European Sustainability Reporting Standards (ESRS).

The current report covers the period January 1, 2023 - December 31, 2023, and reflects the company's ongoing commitment to sustainable development, social responsibility, and corporate governance. This report has also been prepared on an individual basis.

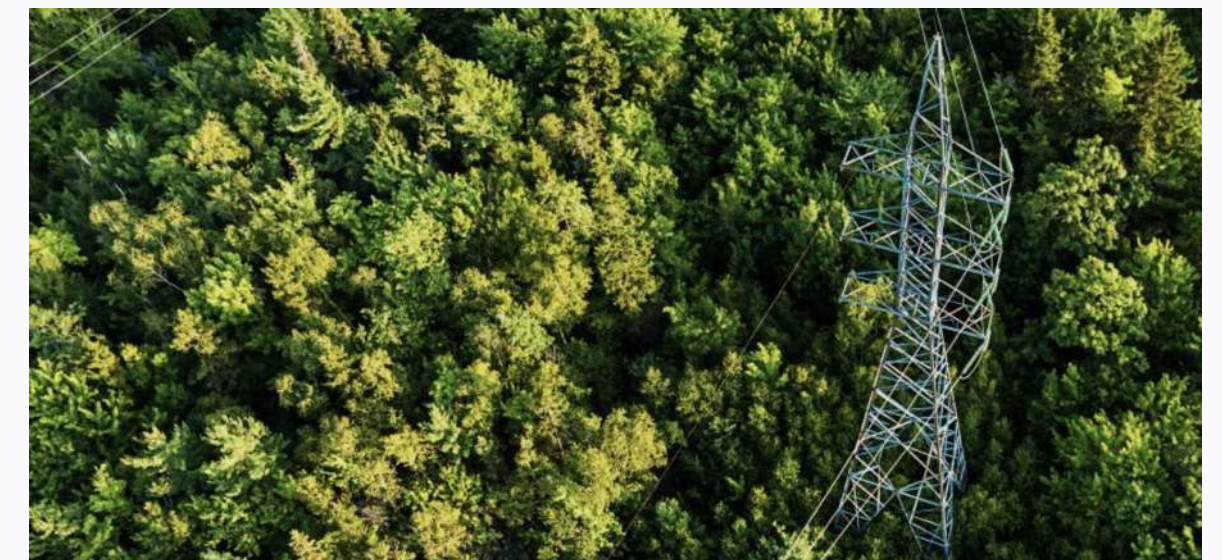
The current Sustainability Report considers the impacts, risks and opportunities arising both at the level of the company's operations and across the value chain: both upstream and downstream.

## European Sustainability Reporting Standards

The ESR Standards is a complex reporting framework introduced through the EU Corporate Sustainability Reporting Directive (CSRD). These standards facilitate transparency and inter-company benchmarking in areas related to the environment, social responsibility and governance (ESG). As of 2023, Electromontaj has adapted its internal processes to comply with these standards, while improving the quality and relevance of information presented to stakeholders.

This year, the company made important progress in analyzing and assessing its environmental impact. In order to be able to analyze its environmental impact, Electromontaj has carried out a CO2 footprint calculation for the first time. This detailed calculation allowed the company to better understand its environmental impact, paving the way for future strategic actions to reduce emissions.

In terms of the overall sustainability strategy, following a due diligence process, Electromontaj has reviewed and strengthened its approach based on the 12 ESRS standards. This analysis, carried out with the active involvement of employees, helped to shape the dual materiality analysis and therefore the themes determined as material. These indicators reflect both the company's impact on the environment and society as well as sustainability risks and opportunities that may influence Electromontaj's financial and non-financial performance.



<sup>1</sup>ANNEX I to Commission Delegated Regulation (EU) 2023/2772 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards, published in the Official Journal of the European Union on 22 December 2023 and including the corrigendum published on 18 April 2024, accessed at: [ESRS Set 1](#)

<sup>2</sup>Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (Text with EEA relevance) PE/35/2022/REV/1

# Basis for preparation of the sustainability report

In accordance with the methodological provisions of ESRS 1, double materiality is a key concept in sustainability reporting. Electromontaj has applied it to determine both the company's impact on the environment and people, including their rights, and external influences that may affect the company economically and operationally. This analysis process, carried out in line with ESRS requirements, has enabled a better understanding of the links between environmental and social responsibility and the company's long-term success. Indicators include issues such as climate change, impacts on biodiversity and resource use, as well as human rights and working conditions in the value chain.

In terms of carbon footprint, this detailed calculation carried out in 2023 included the monitoring of direct and indirect emissions both in the company and across all company branches. This provides a clear overview of the CO<sub>2</sub> emissions generated by Electromontaj, allowing the company to prepare a strategy to effectively reduce its emissions in the coming years.

From a social perspective, Electromontaj continued to emphasize investing in the development of its employees and supporting the local communities in which it operates. In 2023, numerous training sessions and professional development programs were carried out, aimed at supporting employees' careers and improving the skills needed to adapt to new technological and sustainability requirements. In addition, community engagement remained a key focus of the social responsibility strategy, with initiatives concentrated in areas such as education and community infrastructure.

Compliance with the European Sustainability Reporting Standards has provided the company with a solid and effective framework to more deeply integrate sustainability into all its operations. At the same time, the reporting process has highlighted the need for continuous improvement in ESG performance data collection and management. Thus, in 2023, Electromontaj started to optimize its internal data collection processes with the aim of improving the transparency and quality of future reporting.

# Basis for preparation of the sustainability report

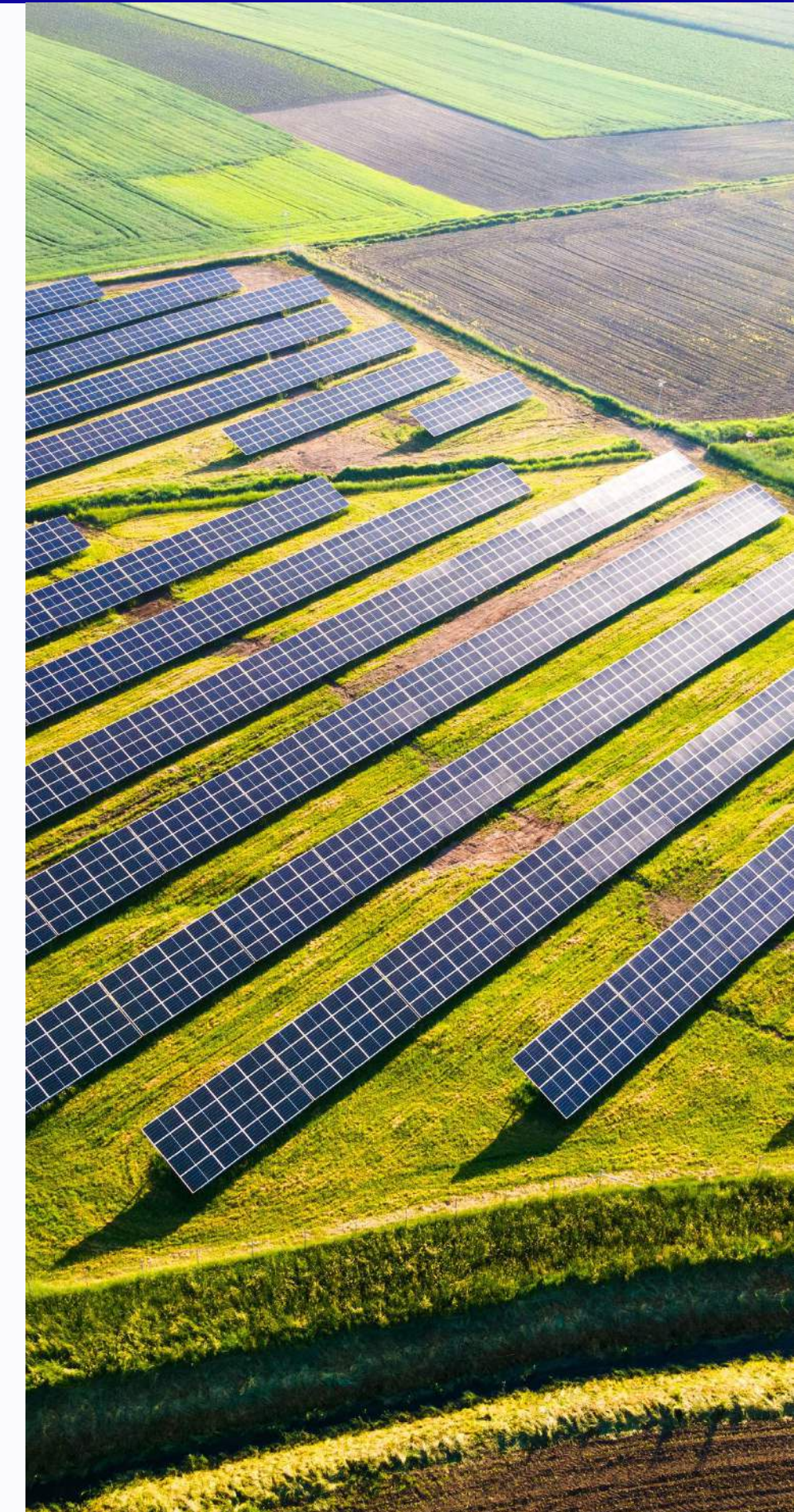
**In conclusion,** 2023 was an important step in Electromontaj's journey towards a sustainable and responsible business. The company reaffirms its commitment to ESRS compliance and to minimizing its negative environmental and social impacts and maximizing its positive impacts on them by preparing to implement concrete measures to reduce its carbon footprint and increase responsibility in its value chain in the coming years.

## Thank you

The Electromontaj management team would like to express its deep gratitude to all those who have contributed to the achievement of the company's sustainability goals. Every effort put in, every innovative idea and every action taken has been crucial to our success in achieving these ambitious goals. We are honored to work alongside a dedicated and professional team, who demonstrate daily their commitment to our shared values.

Special thanks to our employees for their continued commitment and dedication, and to our partners for their valuable support and open collaboration. Without the support and collaboration of each and every one of you, the realization of this report and the progress we have made in the area of sustainability would not have been possible.

This report reflects not only the hard work and dedication of everyone involved, but also our shared commitment to building a more sustainable, responsible and environmentally friendly future. Thank you all for your valuable partnership and trust in making these important projects a reality.



# CEO Message

**Dear colleagues, partners and dear readers,**

2023 has been a special one for our company, a year in which we have been able to strengthen our position in the energy construction industry through dedication, innovation and commitment to our core values.

At the center of all our achievements is constant care for our employees. We recognize that people are our most valuable asset, and their safety and well-being are our top priority.

Despite the major challenges and uncertainties in the business environment, Electromontaj has managed to maintain a steady pace of development and successfully advance the realization of its projects. Throughout 2023, the company has demonstrated a remarkable resilience, reflecting its strong commitment to excellence, innovation and sustainable performance.

Moreover, we are already active in international markets, with major projects in Finland, the Netherlands, Poland, Moldova Republic and Jordan.

These international initiatives underline our ability to operate to global standards and respond to the diverse requirements of customers around the world. Following this favorable trajectory, we are confident that we will continue to grow and expand.

For us, innovation is the engine that drives progress and adaptability in an ever-changing industry. We constantly invest in advanced technological solutions to improve the efficiency and performance of our operations. By adopting innovative solutions, we aim to optimize processes and achieve significant improvements in our day-to-day business.

In light of the increasingly complex sustainability requirements and regulations, we have launched several internal initiatives to enhance performance and effectively communicate these efforts to our stakeholders. Our aim is to respond promptly and to the highest standards to the changes in this area.

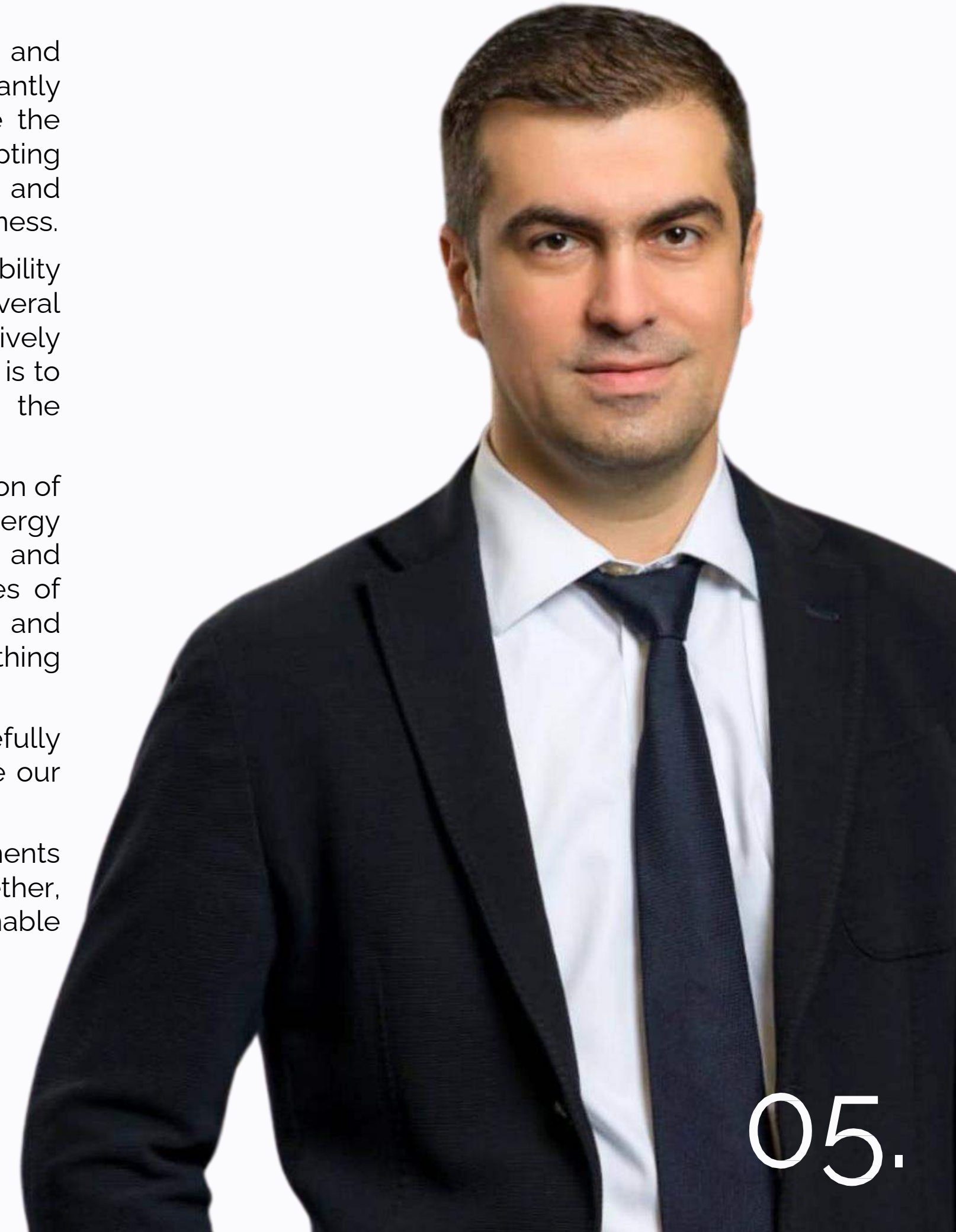
Looking to the future, we remain committed to our mission of providing the essential infrastructure for a sustainable energy future. We will continue our drive for innovation and continuous improvement, ensuring that our core values of innovation, safety, quality, integrity, customer focus and financial responsibility remain the cornerstones of everything we do.

I encourage you to read the sustainability report carefully and to continue to work together to constantly improve our performance and impact.

Thank you to everyone who contributed to our achievements this year - employees, partners and collaborators. Together, we will continue to build a better and more sustainable world.

Ionuț Adrian Tănăsoaica

CEO Electromontaj



## About us

Electromontaj is a joint-stock company headquartered in Bucharest, Romania, and operates as a main contractor for integrated projects in the field of electricity transmission and distribution. Since its founding in 1949, the company's main objective has been to constantly improve the quality of the services offered, ensuring customer satisfaction and expanding its activity by increasing the volume of work and diversifying the projects carried out.

Electromontaj is a fully privatized company with a complex structure that includes 3 divisions, 6 national branches (of which two factories) and 7 international branches.

As the majority shareholder in several companies, including PAPER INVEST S.A., EMFOR MONTAJ S.A. and IPROEB S.A. (the largest Romanian manufacturer of medium and high voltage conductors and cables), Electromontaj has strengthened its market position and expanded its portfolio through strategic acquisitions.

In 2022, the company acquired the majority stake in Hidroconstrucția S.A. and Electrotehnica Echipamente Electrice S.A., leaders in the fields of hydropower construction and electrical equipment.

It also acquired a minority stake in ABC Asigurare Reasigurare S.A. and participated in its capital increase.

# 3

divisions

# 6

national  
branches

# 7

international  
branches

# 2

factories



# History of Electromontaj

## 1949

Establishment

## 1953

Reorganization as Electromontaj Trust

## 1958

Electromontaj Trust merged with Energoconstrucția Trust, forming the Trust Construcții Montaje Energetice (TCME)

## 1990

Transition from Electromontaj Trust (state-owned company) to Electromontaj Joint Stock Company; Expansion into foreign markets

## 1993

Establishment of Lattice Steel Towers Factory

## 2014

Towers Testing Station Established

## 2020

Reorganization following the acquisition of the majority stake by H4L Development SA

## 2022

Acquisition of majority stakes in Electrotehnica Echipamente Electrice S.A. and Hidroconstrucția S.A

## 2023

Continued expansion and development on foreign markets

# History of Electromontaj

*Building Romania's energy infrastructure since 1949*

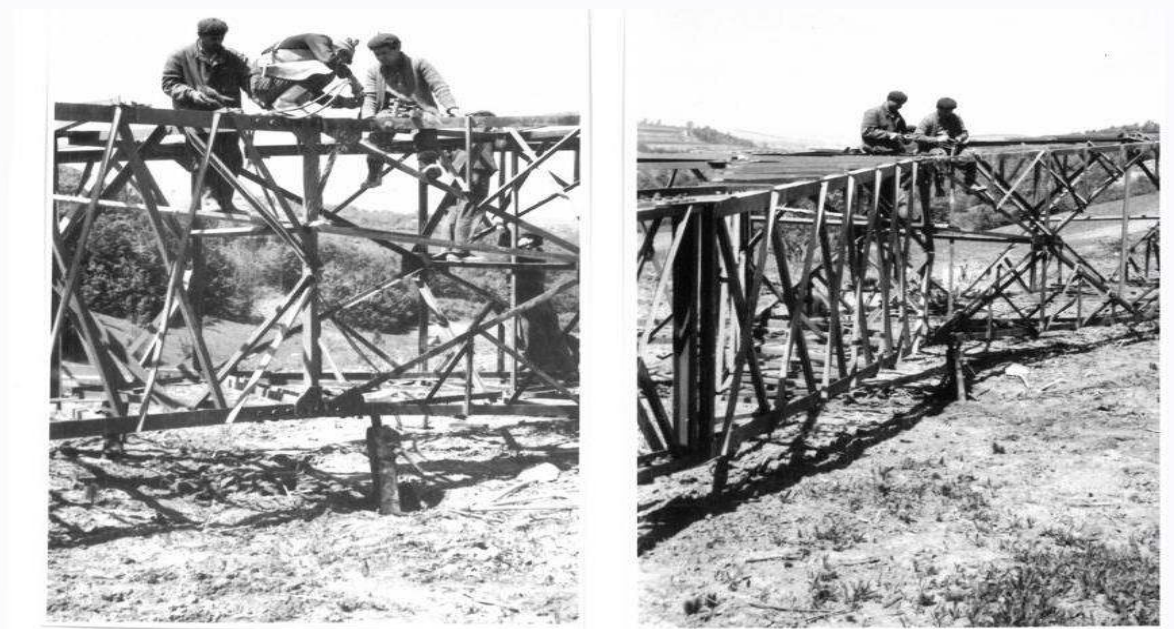


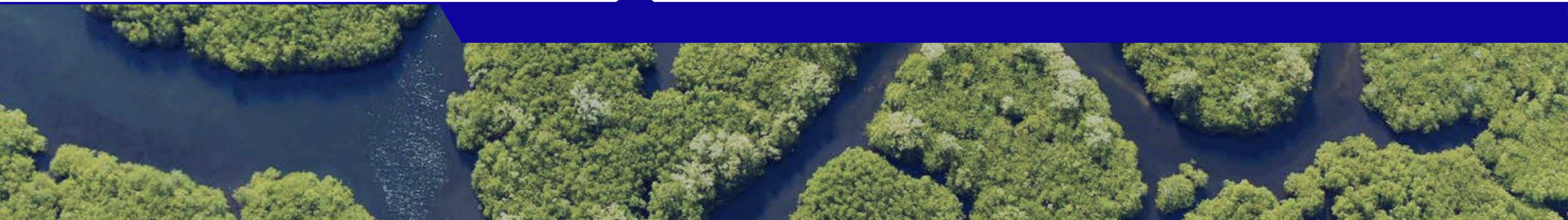
Electromontaj was established in 1949, in the context of a booming energy sector, with the main purpose of realizing the necessary infrastructure for the transmission and distribution of electricity in Romania. On July 1, 1949, by Council of Ministers Decision no. 702, the "Electromontaj State Industrial Enterprise" was established in Bucharest, with the task of building power stations, overhead and underground power lines and various electrical equipment.

In 1953, following a significant increase in the volume of work, the company was reorganized and became the Electromontaj Trust, a more complex entity that consolidated the expertise and resources needed to meet the demands of the energy sector. This reorganization was an important step, as the volume of work tripled compared to the previous year, highlighting the company's ability to adapt quickly to the demands of the national economy.

Over the decades, Electromontaj underwent several organizational transformations to align with the economic policies of the time.

In 1958, the Electromontaj Trust merged with the Energoconstruction Trust, forming the Energy Construction and Mounting Trust (TCME). This collaboration allowed the company to expand its capabilities and improve the standards of work execution.





## Electromontaj development

*Continuous evolution in the energy field*

After 1990, Electromontaj underwent a significant privatization, transforming it from a state-owned enterprise into a joint-stock company. During this period, Electromontaj started to develop its activity on foreign markets, having a significant impact in the field of energy infrastructure construction not only in Romania but also in other countries.

In 1993, the company opened the Lattice Steel Towers factory, which has become a benchmark in Eastern Europe to produce equipment for electrical networks. Also in 1996, Electromontaj obtained ISO 9001 certification, a sign of its commitment to quality and innovation in project execution.

In 2014, the Towers Testing Station was completed, which can perform design and physical testing of lattice, self-supporting and anchored metal lattice, self-supporting and anchored metal towers for both internal and external customers. It has the capability to perform design tests for towers up to 90 meters high and up to 180 tons in mass.

Another milestone in Electromontaj's history was in 2020, when H4L Development S.A. became the majority shareholder, having a significant impact on the reorganization and modernization of the company. This led to a rapid adaptation of internal structures and process optimization in order to respond more efficiently to market needs.

In 2022, Electromontaj made strategic acquisitions by acquiring majority stakes in renowned companies such as Electrotehnica Echipamente Electrice S.A. and Hidroconstrucția S.A., which further strengthened its position on the Romanian and regional electricity market.

These moves were part of a broader strategy to diversify activities and strengthen partnership relations, thus ensuring long-term economic stability.

# Recent developments

Throughout 2023, Electromontaj continued to strengthen its business relationships and form strategic partnerships to secure the materials needed throughout the supply chain in a dynamic and challenging economic environment. The company remained committed to maintaining its status as a regional and global leader in the energy construction industry with a focus on innovation, sustainability and long-term growth.

In 2023, Electromontaj continued its expansion and strategic development, completing projects of national and international importance. Completed projects include:

## Finalized projects in 2023

- 400 kV OHL Porțile de Fier –Anina – Reșița, a major energy infrastructure project.
- 400 kV Medgidia connections, supporting the capacity of the electricity transmission grid.
- Project H2O Tismana, a key initiative for hydropower development.
- Urban transport electrical infrastructure modernisation: tram line power station in Craiova
- Upgrade of the 220 kV Ocolna power station, ensuring network efficiency and security.
- Wind farm Ruginoasa, supporting the transition to green energy.

Electromontaj was also successful in winning important tenders in 2023, strengthening its presence on international markets and diversifying its project portfolio:

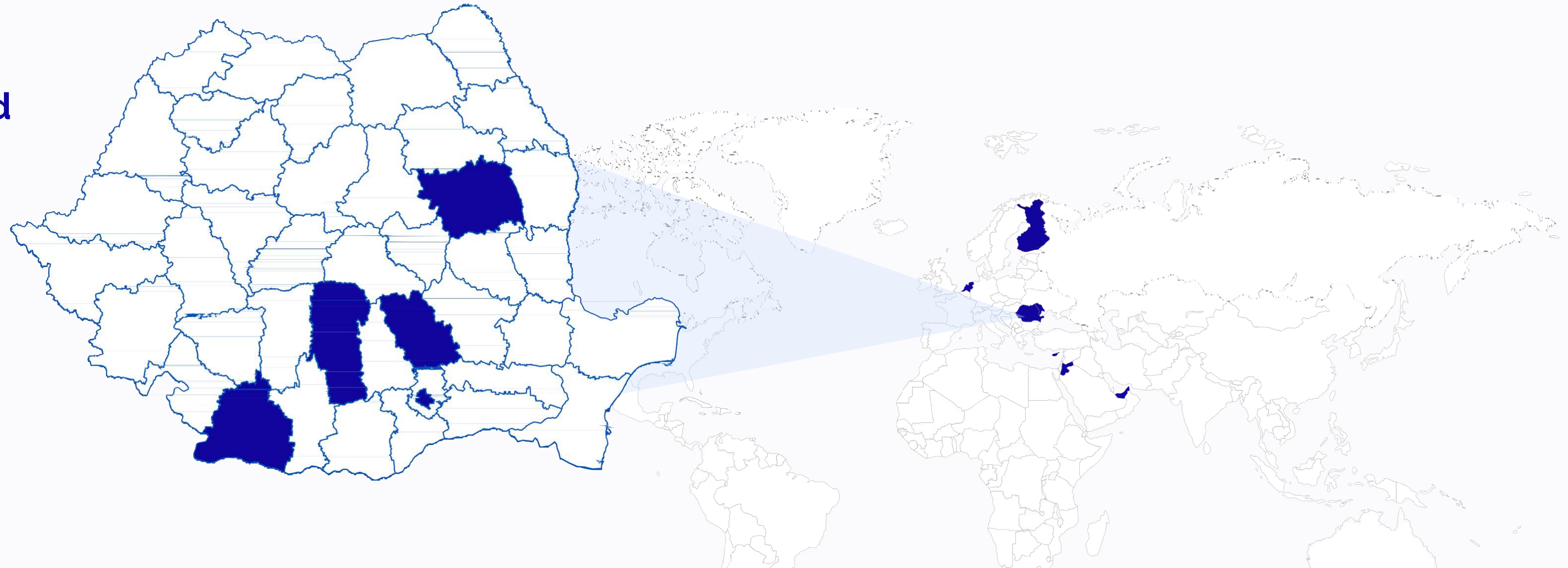
## New tenders awarded

- OHL 400 kV Mintia-Arad relocations, a crucial extension of the national transport network.
- OHL 400 kV and 110 kV Huitinnen – Forssa, Finland, first major project in the Nordic region.
- OHL 380 Kv Maasbracht – Eindhoven, an important step in expanding into the Western European market.
- Smârdan and Brazi Vest power stations, key to improving Romania's electricity grid.
- High voltage infrastructure project in Cyprus, part of the Mediterranean expansion strategy.
- București Sud Statcom Sibiu power stations, two projects aimed at increasing the stability and performance of the Romanian electricity transmission grid.
- Vifor wind farm, helping to increase the country's renewable energy capacity.
- Modernisation of the irrigation infrastructure: ANIF Crivina and ANIF Sadova

## Where do we operate?

**Next to our client,  
wherever we are needed**

Electromontaj continued its expansion and strategic development, finalizing projects of national and international importance



### Geographic region Romania

#### Bacau

Bacau branch

#### Campina

Clamps and  
Reinforcements  
Factory

#### Pitesti

Pitesti branch

#### Craiova

Craiova branch

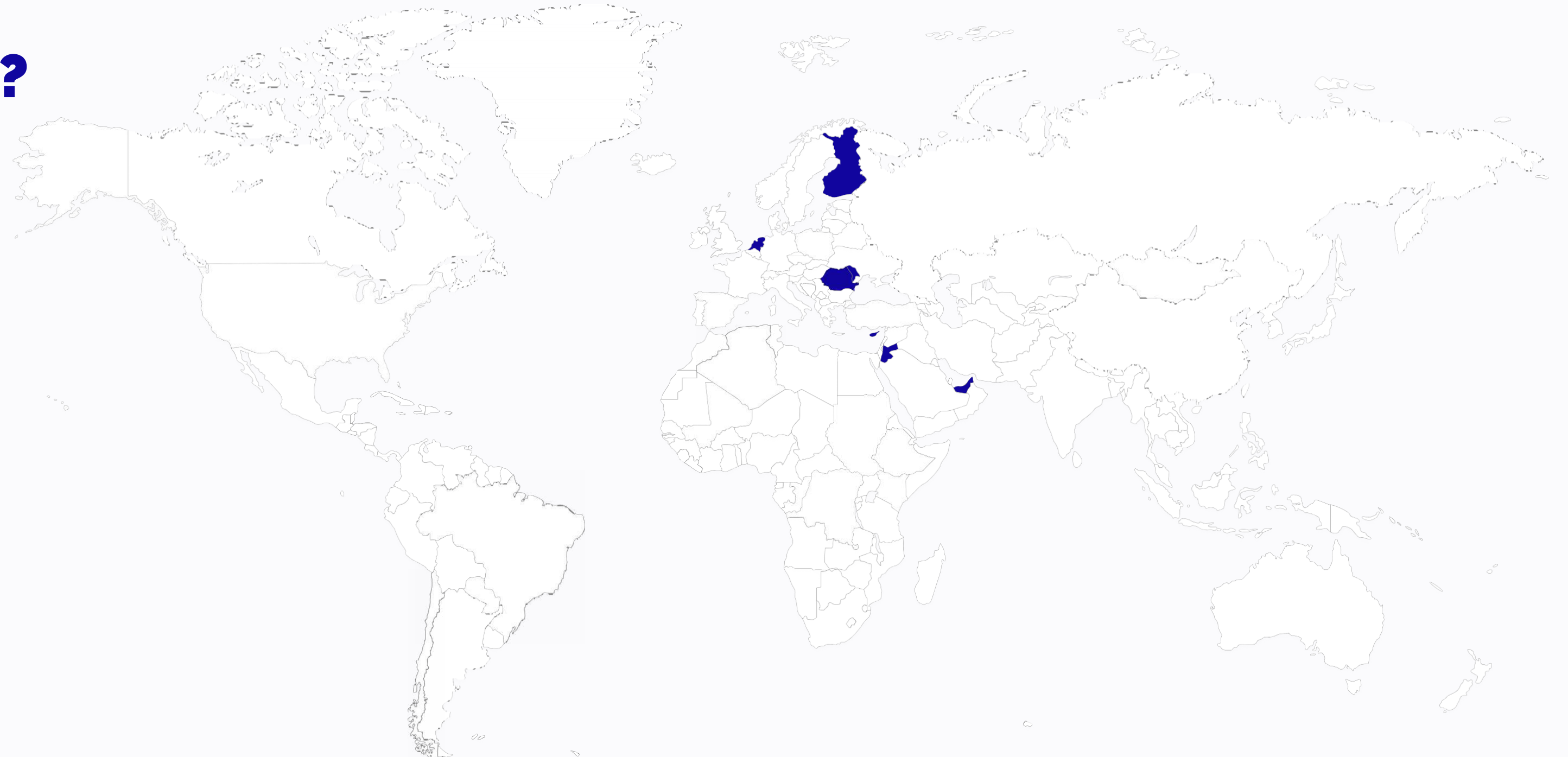
#### Bucuresti

Lattice Steel Towers  
Factory  
Towers Testing Station  
Bucharest Branch

# Where do we operate?

Next to our client,  
wherever we are needed

Electromontaj continued its expansion and strategic development, finalizing projects of national and international importance



## International

### Europe

The Netherlands

Finland

Republic of Moldova

Cyprus

### Asia

Jordan

United Arab Emirates

# Mission and Vision

Our Mission and Vision define us and inspire us to constantly evolve.

They give direction and meaning to our activities and our lives.

## Mission

To build the best infrastructure for the global transition to sustainable energy

## Vision

To become one of the industry's leading players in sustainability, ensuring good governance, employee well-being, customers and partners, and environmental protection.

## Values

Values are what motivate and fulfill us. They give meaning to our lives and our work.

People are at the core of our company's set of values.

INTEGRITY is the foundation of all our values that guide us to act with EFFICIENCY and makes us GROW, EXCEL in everything we do, so all that we leave behind improves the QUALITY OF LIFE.

**We believe in People, value and respect every contribution and discover the opportunities that different people bring.**

We respect the opinions of others, always support our decisions with valid arguments and ask questions to better understand.

We communicate transparently, listen actively, give feedback, demonstrate correct understanding of the message.

We have a constructive attitude, whatever the situation we face.

We see failures as learning opportunities.

# Values

**We strongly believe in INTEGRITY, mutual respect, trust and keeping promises.**

We act honestly and consistently in everything we do.

We take responsibility for our actions.

We keep our word and honor our commitment.

We do what we promise, even when no one is there to see us.

We are objective and impartial in our decision-making.

**We believe in EFFICIENCY THROUGH INNOVATION, always looking for new technologies, new ways to progress and inefficiencies to deliver to the highest standards.**

We create opportunities.

We engage and act effectively.

We are confident, curious, innovative and test new solutions.

We continuously improve our work processes, products and services.

We believe in each other's creativity and contribution.

**We believe in EXCELLENCE IN PERFORMANCE with over 70 years of experience in the industry we operate in and we have the ambition to push our limits.**

We have a desire for continuous learning.

We contribute ideas and seek solutions to improve our work.

We share knowledge and experiences with colleagues to produce continuous value.

We are professionals in the workplace.

We deliver quality and sustainability.

**We support the global transition to a sustainable, electricity-based future, stimulating economic growth, improving and sustaining QUALITY OF LIFE.**

We act on professional standards.

We put the safety of ourselves and others first.

We act with respect towards colleagues and partners.

We seek to make a positive impact in the community.

We encourage colleagues to be responsible and set an example of "so YES" to others.

# Economic Development

In 2023, the company's economic performance was at its highest level in the last 5 years, reflecting continuous and solid development and at the same time a substantial contribution to sustainability objectives. The economic impact analysis shows a clear evolution of the turnover and a sustainable development capacity of the company.

## Turnover Evolution (2019 – 2023)

The company has seen a steady growth in turnover over the last five years, demonstrating solid and sustained expansion:

2019: RON 239 million

2020: RON 280 million (+17.2% compared to the previous year)

2021: RON 356 million (+27.1% compared to the previous year)

2022: RON 442 million (+24.2% compared to the previous year)

2023: RON 673 million (+52.3% compared to the previous year)

This significant development highlights the company's ability to expand its operations and meet the increasing demands in the energy construction sector. The 52.3% growth in turnover in 2023 compared to 2022 is particularly remarkable and indicates an acceleration in growth due to the increase in the number, scale, and diversity of projects carried out.

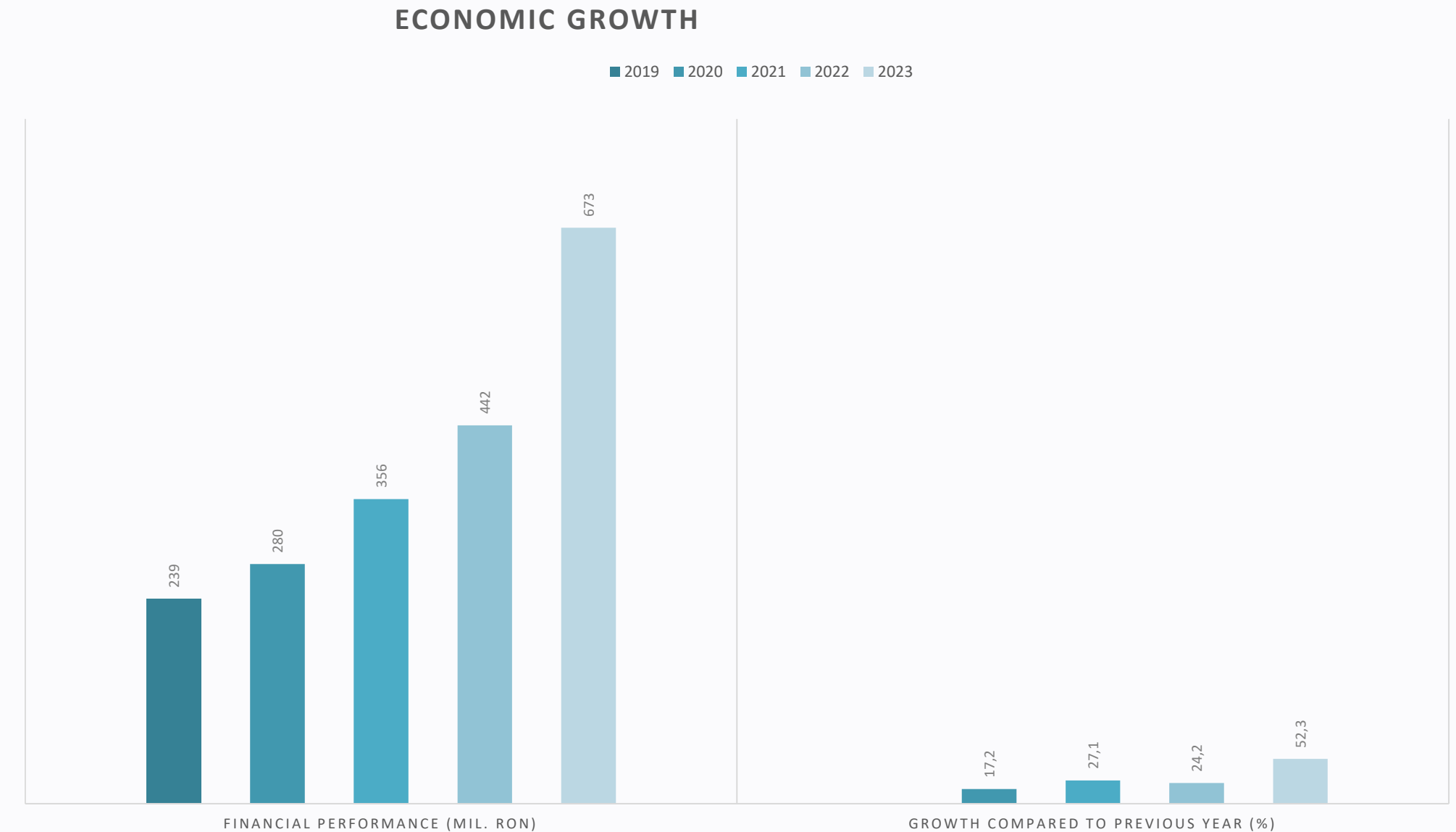


Figure 1. Economic growth of Electromontaj SA for 2019-2023

# Financial performance and contribution to the national economy (GDP)

In 2023, the realized turnover was RON 672.67 million, significantly exceeding the target of RON 511.37 million, 31.5% ahead of projections. This substantial growth reflects efficiency in project execution and increased demand for the solutions offered by the company.

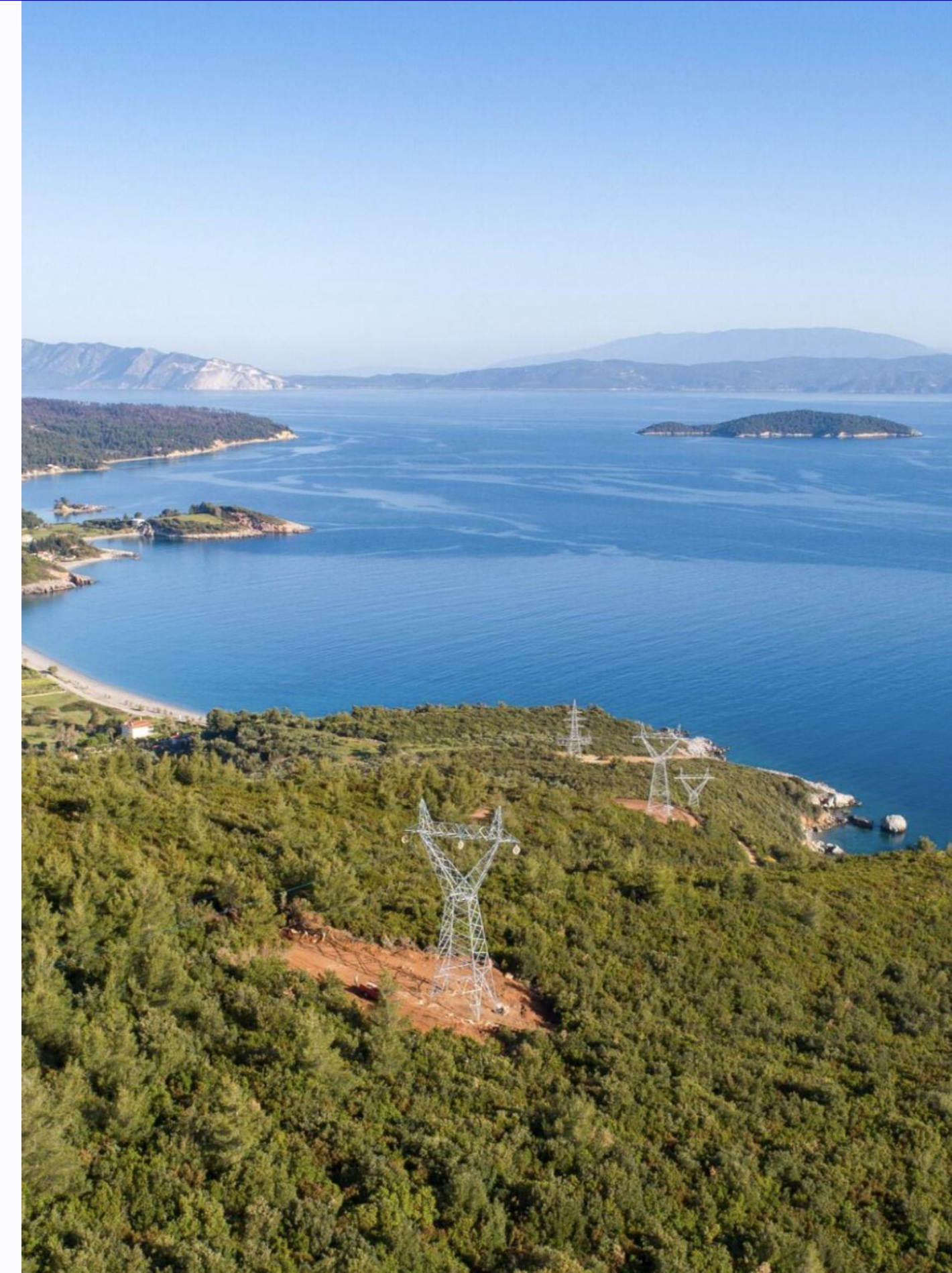
The operating result amounted to RON 38.49 million, compared to the target of RON 35.29 million, representing an increase of 9.07% compared to the estimates. This indicates cost optimization and efficient management of resources, even in a variable economic context.

In addition, the company recorded a gross result of RON 44.25 million, which highlights a healthy business model with a performing activity that can support new investments with a major impact on efficiency, development and innovation.

## Contribution to the labor market

In 2023 the company had a direct impact on local communities through job creation. The number of 1,211 employees demonstrates the company's commitment to contributing to the development of human capital in the energy construction sector, a vital area for the energy transition.

Sustainability disclosures are enhanced by creating clear and specific links to financial information, including financial statements



# Basis of preparation of the financial statements for 2023

The financial statements for the year 2023 have been prepared in accordance with the applicable regulations, complying with the rules imposed by Accounting Law no. 82/1991 (republished), with all subsequent amendments and additions. They also comply with the provisions of the Order of the Minister of Public Finance No. 1802/2014, as amended and supplemented ("OMFP 1802/2014"). This legislative framework underpins all accounting and financial-administrative processes applied by the Company in the management of its financial resources.

## Accounting policies and reporting principles

To prepare and present its financial statements accurately and transparently, the company applies a set of rigorous accounting policies, which are in full compliance with the accounting principles stipulated by OMFP 1802/2014. These policies have been consistently maintained and complied with, with no significant changes in calculation or reporting methodologies.



# Accounting fundamentals applied in 2023

**1. Business continuity principle:** The financial statements have been prepared on the assumption that the company will continue in business for the foreseeable future, without major risks of interruption.

**2. Permanence of methods principle:** The accounting methods used have remained constant from one financial year to another, ensuring the comparability of financial data over time.

**3. Prudence principle:** Financial assessments and estimates have been made with caution, taking into account only income and assets achieved or certain, as well as expenses and probable liabilities.

**4. Accrual accounting principle:** All income and expenses have been recorded in the period in which they were generated, regardless of the actual moment of their collection or payment.

**5. Intangibility principle:** The opening balances of each financial year correspond entirely to the closing balances of the previous year, without unjustified interventions or adjustments.

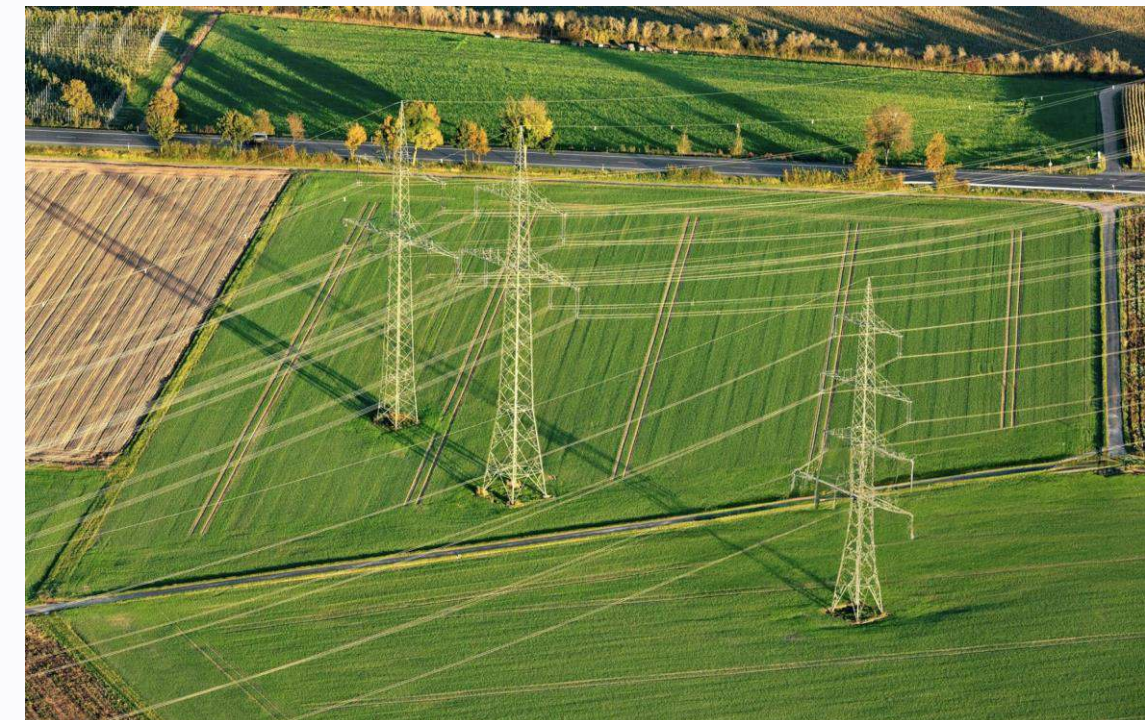
**6. The principle of separate valuation of assets and liabilities:** Each asset and liability element was valued individually, ensuring the accuracy and correctness of the information presented.

**7. The principle of non-offsetting:** No offsetting was made between assets and liabilities or between income and expenses, thus ensuring a true and fair presentation of the financial position.

**8. Accounting and presentation of elements based on economic substance:** All transactions and commitments were reflected in the financial statements according to economic reality and not only based on their legal form.

**9. The principle of valuation at acquisition cost or production cost:** Assets were valued at acquisition cost or, as the case may be, at production cost, in order to ensure a fair representation of their accounting value.

**10. The principle of materiality:** Only elements that have a significant significance on the financial statements were taken into account, so that they provide a fair and complete picture of the company's financial performance.



# Compliance with tax and regulations

The company calculates and pays its taxes and duties in accordance with the applicable tax legislation and the tax profile established by the competent authorities.

In order to participate in tenders or other activities that require obtaining a tax certificate, the company ensures that all tax obligations are met on time, without delays, thus guaranteeing the absence of debts to the state.

Strict adherence to payment deadlines and continuous tax compliance remains a priority for the company, supporting a solid and transparent financial image.

# EU Taxonomy Report

The current chapter presents the key performance indicators outlined in Article 8 of the EU Taxonomy, in accordance with the EU Regulation 2020/852, and associated delegated regulations.

As part of the European Commission's Action Plan for Sustainable Growth Financing, Regulation (EU) 2020/852 established a European Union classification system for environmentally sustainable economic activities, known as the EU Taxonomy, which came into force in 2020.

The regulation establishes a framework for classifying economic activities that make a significant contribution to environmental objectives, including those related to climate change. The main purpose of this regulation is to identify and promote sustainable investments, thus helping to achieve the EU's climate and environmental goals.

Through this regulation, the aim is to provide investors, companies, and citizens with clear and transparent information regarding the environmental impact of their activities. Thus, clear criteria are established to determine whether a particular economic activity can be considered "sustainable" according to the European Taxonomy.

These requirements are designed to ensure that economic activities deemed aligned with Taxonomy are truly sustainable and contribute to achieving the European Union's sustainable development goals.

<sup>3</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Text with EEA relevance), PE/20/2020/INIT

<sup>4</sup> "Renewed sustainable finance strategy and implementation of the action plan on financing sustainable growth" accessed at: [Renewed sustainable finance strategy and implementation of the action plan on financing sustainable growth - European Commission](#)

# EU Taxonomy Report

The sustainability objectives of the European Union are encompassed in the European Green Deal.

This is a comprehensive set of initiatives launched by the European Commission with the aim of making the European Union (EU) climate-neutral by 2050.

The European Green Deal seeks to transform the EU into a resource-efficient and competitive economy, while ensuring a fair and inclusive transition for all.

Therefore, some of the objectives pursued through this are:

- 1. Reducing greenhouse gas emissions:** The main objective is to limit the rise in global temperature to below 2 degrees Celsius, ideally below 1.5 degrees Celsius, compared to pre-industrial levels. This involves adopting policies and measures to reduce CO2 emissions and other greenhouse gases.
- 2. Renewable energy and energy efficiency:** Promoting renewable energy sources, such as solar, wind, hydro power, and biofuels, and improving energy efficiency across all sectors of the economy.
- 3. Conservation of natural resources:** Reducing the excessive consumption of natural resources and promoting their sustainable use to avoid resource depletion and protect biodiversity.
- 4. Circular economy:** Promoting a circular economy where resources are used efficiently, and products are designed to be recycled, reused, and regenerated.
- 5. Biodiversity protection:** Conserving and protecting biological diversity and natural habitats, as well as restoring degraded ecosystems.
- 6. Climate change adaptation:** Developing and implementing measures to address the effects of climate change and protect communities and the environment from its impacts.
- 7. Reducing pollution and environmental impact:** Reducing air, water, and soil pollution, as well as other forms of pollution and environmental degradation.

<sup>5</sup>The European Green Deal: Striving to be the first climate-neutral continent, accessed at: "[https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en)"

# Compliance Declaration

The EU Taxonomy Regulation (EU Regulation 2020/852) is part of the European Green Deal and the sustainable development financing plan. It aims to redirect capital flows toward sustainable investments.

In June 2021, the European Commission adopted the Delegated Act on Climate, which, along with Annexes I and II, establishes the technical selection criteria for the substantial contribution to the first of the six objectives of the Taxonomy.

The six objectives of Taxonomy are:

- Mitigation of climate change
- Adaptation to climate change
- Sustainable use of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

In order to determine if an activity is sustainable, the following three cumulative conditions must be met:

- Significant contribution to at least one of the six environmental objectives;
- Conducting the "Do no Significant Harm" (DNSH) analysis to determine that the economic activity does not cause any harm to the achievement of the other Taxonomy objectives;
- Verification of the existence of Minimum Social Safeguards (MSS).

In evaluating the financial situation for 2023, Electromontaj consulted the current documents and regulations of the European Union regarding the taxonomy, along with additional guidelines provided by the European Commission to determine the environmentally sustainable economic activities (aligned), activities eligible for the Taxonomy but not aligned with it, and those not eligible for the Taxonomy in terms of turnover, capital expenditures, and operational costs.

When interpretation was required, the company conducted its own analysis, adopting a rigorous and transparent approach.

It is important to highlight that the EU Taxonomy is subject to periodic reviews, and its interpretation and criteria may evolve over time, which could lead to changes in eligibility and alignment with the EU Taxonomy in future reporting.



# Analysis of Electromontaj's Activities: Eligibility to the European Taxonomy

To assess whether Electromontaj's activities are eligible for the EU Taxonomy, we compared the descriptions of Electromontaj SA's activities with the activities in the Taxonomy that help combat climate change and adapt to it, according to the definitions in the Delegated Acts of the Taxonomy Regulation. We also considered the relevant NACE codes and the criteria for a significant contribution.

To assess the compliance of the company's activities with Delegated Act 2021/2139, descriptions from the "4. Energy" category as well as those from the "6. Transport" category of the mentioned regulation was used. After careful analysis of the activities carried out, the following activities were identified as relevant:

- 4.3 Electricity generation from wind energy – NACE Codes D35.11, F42.22
- 4.5 Electricity generation from hydro energy – NACE Codes D35.11, F42.22
- 4.9 Transmission and distribution of electricity – NACE Codes D35.12, D35.13
- 6.15 Infrastructure enabling low-carbon road transport and public transport – NACE Codes F42.11, F42.13, M71.12, M71.20

Comparing the description of Electromontaj's activity carried out in 2023 with that in the regulation, it was found that the company's main activity aligns with the description in the Delegated Act regarding "The construction or operation of electricity generation facilities that produce electricity from wind energy" and "The construction and operation of transmission systems that transport electricity in interconnected high-voltage and medium-voltage networks, as well as in high, medium, and low-voltage distribution networks."

Considering that one of Electromontaj's main objectives is the diversification of its project portfolio, in 2023, projects were carried out that align with the description in the Delegated Act regarding "The construction or operation of electricity generation facilities that produce electricity from hydro energy" and "The construction, modernization, maintenance, and operation of infrastructure necessary for the zero-emission operation of CO<sub>2</sub> at the exhaust pipe of zero-emission road transport vehicles, as well as the infrastructure dedicated to transshipment and the infrastructure required for providing urban transport services."

# Alignment Analysis: Description of Activities

Within the company, an analysis was carried out in which the projects were classified into several types of work for a better understanding of them from the sustainability perspective. These are described below:

## Construction of Overhead Power Lines

The construction of overhead power lines contributes to reducing carbon emissions and to the transition towards a low-carbon economy by facilitating the efficient transport and distribution of electricity generated from renewable sources, such as solar and wind energy. This is essential for integrating these clean energy sources into distribution networks and for reducing dependence on fossil fuels.

Through the infrastructure of overhead power lines, energy produced from renewable sources can be delivered to consumers quickly and efficiently, with minimal energy losses. This contributes to optimizing the use of renewable resources and increasing their share in the energy mix of a region or country.

Overhead power lines have a high transport capacity, allowing the transmission of large amounts of electricity over long distances. This makes them ideal for interconnecting regions and for transporting electricity from production sources to consumption centers

Using renewable energy instead of fossil fuels for electricity production reduces carbon emissions and other associated pollutants. The construction of overhead power lines facilitates the integration of this clean energy into distribution networks, thereby contributing to the reduction of the carbon footprint of the energy system.

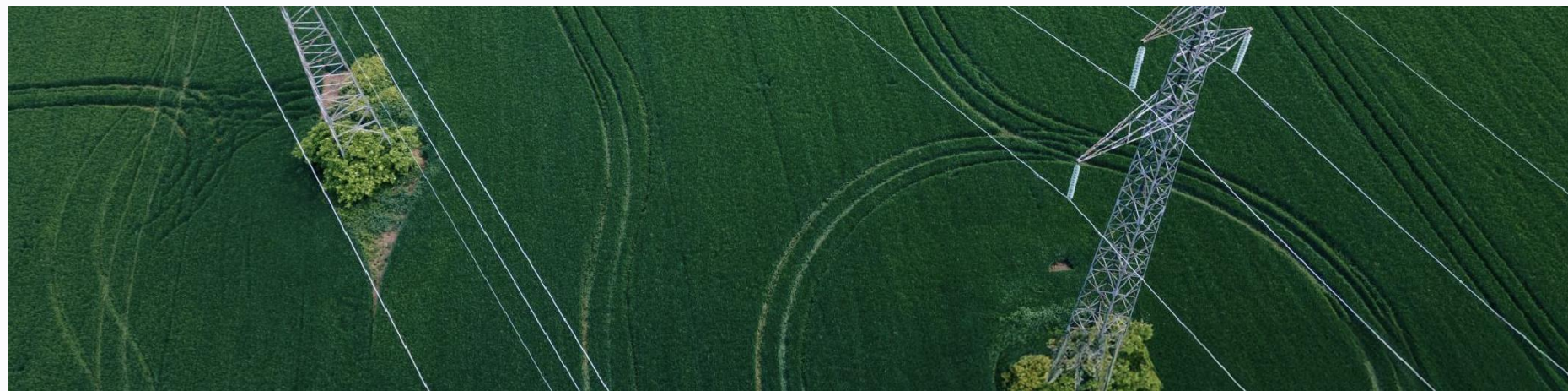
Overhead power lines have a significant impact on the energy structure in several beneficial ways, including facilitating efficient transport and distribution of electricity. Compared to other electricity distribution technologies, one of the major advantages of overhead power lines is that they have relatively low transmission losses. Another advantage is that in the areas beneath the overhead power lines, vegetation can be influenced by the presence of the infrastructure. This can lead to the emergence of different habitats compared to those in neighboring areas, which may contribute to increasing local biodiversity.

The transition to clean energy, supported by the infrastructure of overhead power lines, contributes to creating a more sustainable and resilient energy system in the face of climate change and other threats. It ensures the security and stability of long-term energy supply, protecting the environment and the energy system.

# Alignment Analysis: Description of Activities

## Relocation of Overhead Power Lines

The relocation of overhead power lines is driven by the need for the construction of highways or express roads, contributing to the promotion of sustainable mobility and efficient transport, reducing travel time and associated carbon emissions from road transport. Relocating overhead power lines to facilitate highway construction can be justified by improving access to transport infrastructure and reducing road congestion and pollution emissions in urban and rural areas. By relocating existing overhead power lines or constructing new overhead power lines, the continuity of electricity transport and distribution can be ensured in a reliable and sustainable manner, which allows for the optimization of energy infrastructure and the efficient distribution of electricity to areas where it is needed.



## Maintenance of Overhead Power Lines

Regular and proper maintenance of overhead power lines contributes to maintaining energy efficiency and reducing losses in distribution networks. By conducting periodic inspections and repairs of the equipment, optimal system performance can be ensured, and any potential faults that could lead to energy losses can be identified and addressed.

Proper maintenance of overhead power lines is essential for ensuring the safety and reliability of the energy system. Periodic inspection and maintenance of the poles, active and protective conductors, insulator chains, and fastening elements help prevent accidents and power supply interruptions.

The maintenance of overhead power lines is carried out in accordance with environmental protection and biodiversity principles. The use of sustainable practices and technologies during maintenance work helps reduce the impact on natural habitats and vulnerable species, protecting biodiversity and promoting responsible management of natural resources.

Within the company, projects worth 248,369,167 RON related to the construction of overhead power lines, relocations, and current and capital repairs have been identified, of which only 65% is aligned with Taxonomy.

# Alignment Analysis: Description of Activities

## Recommissioning of Electrical Substation

The modernization of electrical substations facilitates the integration of renewable energy into the electrical grids. These substations enable the connection and distribution of energy produced from renewable sources, such as solar and wind energy, into distribution and transmission networks, thereby reducing dependence on fossil fuels and increasing the share of clean energy in the energy mix.

The modernization of electrical substations can be accompanied by the implementation of clean and energy-efficient technologies, such as equipment for primary circuits with reduced losses or energy consumption monitoring and control systems. These technologies contribute to reducing the carbon footprint of the electrical infrastructure and enhancing its efficiency and sustainability.

Following an internal analysis, projects worth 60,753,666 RON have been identified, of which only 78% are aligned with Taxonomy.



## Wind Farms and Photovoltaic Park

The construction of photovoltaic and wind parks contributes to the promotion of renewable energy, which is considered a sustainable activity. These parks generate electricity using inexhaustible natural resources, such as sunlight and wind, thereby helping to reduce dependence on fossil fuels and decrease the carbon emissions associated with energy production.

The construction of photovoltaic and wind parks can bring significant benefits to the environment and biodiversity. Compared to other energy sources, such as thermal or hydroelectric power plants, renewable parks have a lower impact on natural habitats and local ecosystems, thus contributing to the conservation of biodiversity and the protection of the surrounding environment.

The construction of photovoltaic and wind parks stimulates innovation and the use of clean technologies in renewable energy. By implementing advanced technological solutions and efficient operating and maintenance practices, these parks can maximize the efficiency and sustainability of electricity production and contribute to the development of a modern and sustainable energy infrastructure. The construction of photovoltaic and wind parks can bring significant benefits to the environment and biodiversity.

Within the company, projects related to the construction of wind and photovoltaic parks amounting to 104,405,202 RON have been identified, of which 100% have been considered aligned with Taxonomy.

# Alignment Analysis: Description of Activities

## Connection of irrigation systems

The connection of irrigation systems contributes to increasing the efficiency of water resource use in agriculture. By using efficient irrigation technologies and practices, such as localized irrigation or humidity control systems, water consumption can be minimized, and crop yields maximized. This helps conserve water resources and reduce pressure on aquatic ecosystems.

The connection of irrigation systems must consider the impact on the surrounding environment and biodiversity. The use of sustainable irrigation practices and technologies for soil and water conservation helps minimize soil erosion, reduce groundwater pollution, and protect biodiversity within agricultural areas.

# Alignment Analysis: Description of Activities

In 2023, Electromontaj recorded revenues of 30,007,740 from irrigation system connection projects. These types of works could not be aligned with Taxonomy, as there is no activity in the Delegated Act under which they could be classified. However, these projects certainly contribute to the efficient use of water resources in agriculture.

A. The share of taxonomy-aligned economic activities, eligible for taxonomy but not aligned with taxonomy, and activities not eligible for taxonomy.

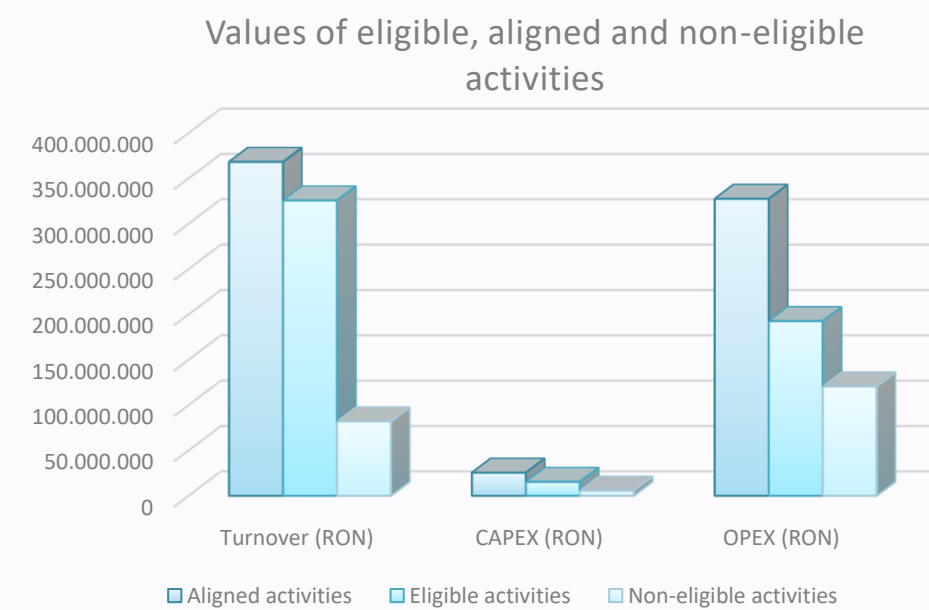


Figure 2. Graphical representation of the values of the indicators for aligned, eligible, and non-eligible activities.

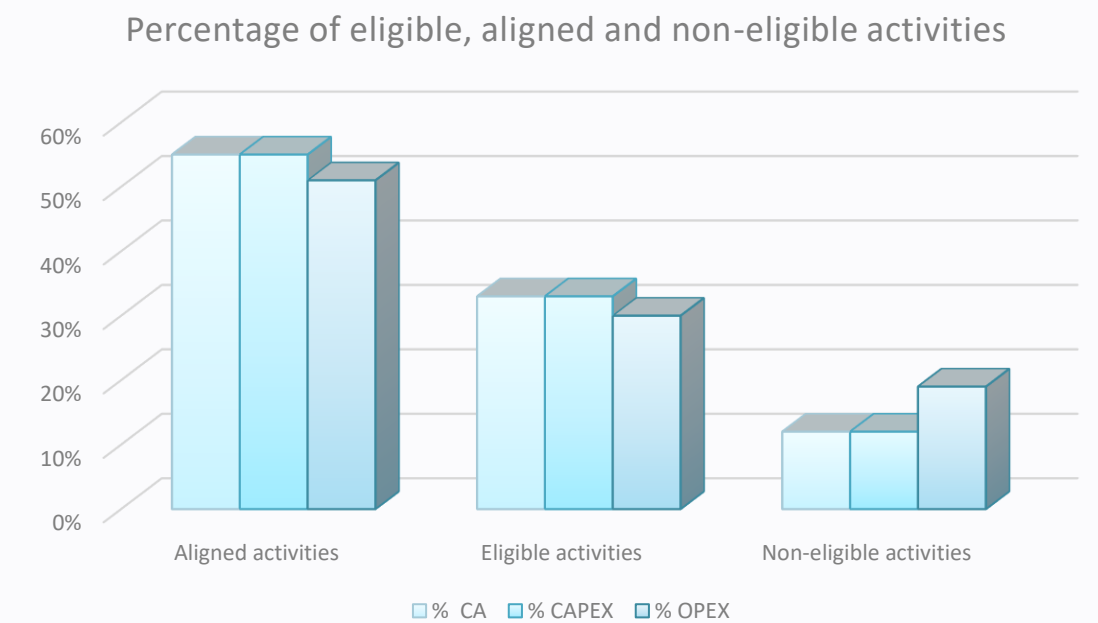


Figure 3. Graphical representation of the weights of the indicators for aligned, eligible, and non-eligible activities.

	Turnover	CAPEX	OPEX
Aligned activities	368.147.627 RON	25.452.610 RON	327.421.945 RON
% alignment	55%	55%	51%
Eligible activities	325,668,726	15,385,862	192,599,740
% eligibility	33%	33%	30%
Non-eligible activities	81,978,545	5,667,748	120,572,130
% non-eligible	12%	12%	19%
Total	672.667.937 RON	46.506.221 RON	640.593.815 RON

Therefore, from the perspective of European Taxonomy, the results for 2023 are as follows:

# Key performance indicators (KPIs) regarding the EU Taxonomy

## Turnover

The turnover, in the context of the European Taxonomy, refers to the proportion of a company's revenue derived from products or services that meet the criteria established by the Regulation, reflecting the company's involvement in sustainable activities.

The turnover indicator refers to the proportion of turnover aligned with the taxonomy, calculated as the ratio of turnover from taxonomy-aligned economic activities (numerator) to total turnover (denominator).

Electromontaj operates in the field of electric line construction, including the design, manufacturing, and installation of these lines, with over 88% of total revenue coming from these activities.

For the financial year ending in December 2023, Electromontaj's total turnover amounted to 672,667,937 RON. Of this amount, 55% is classified as taxonomy-aligned, 33% as eligible, and 12% as non-eligible.



# Key performance indicators (KPIs) regarding the EU Taxonomy

## Capital Expenditure (CapEx)

The main investment activity of Electromontaj revolves around the production of transmission towers and construction of power lines.

With regards to the production of transmission towers, the company invests in research and development to create more sustainable and environmentally friendly materials, tailored to the specific requirements of projects. The team of engineers and technicians works closely with clients to design the most technically and economically optimal poles, considering factors such as environmental conditions, corrosion resistance, and lifespan.

In terms of power line construction, Electromontaj has a team of qualified and experienced specialists in the energy field. They manage projects from start to finish, ensuring the efficient implementation of electrical infrastructure according to current standards and regulations. Electromontaj also offers maintenance and overhaul services to ensure the optimal functioning and long-term durability of systems.

In addition to its core activities, Electromontaj is also involved in research and development projects in the field of renewable energy and energy efficiency, aiming to provide innovative and sustainable solutions for the future needs of the energy industry.

Given that Electromontaj recorded relevant activities in terms of Taxonomy alignment within its revenue, CAPEX expenditures related to power line construction, including design, manufacturing, and installation, were also identified.

From the total of these expenditures for the year 2023, amounting to 46,506,221 RON, 55% is aligned with Taxonomy, 33% is eligible for Taxonomy, and 12% is non-eligible, based on the projects identified in the previous sections.



# Key performance indicators (KPIs) regarding the EU Taxonomy

## Operational expenditures (OpEx)

According to the definition in the EU Taxonomy, operational expenses (OpEx) are primarily associated with research and development, building renovations, short-term leasing, maintenance and repairs, as well as other direct expenses related to the day-to-day management of real estate assets and equipment.

In line with the eligible proportion of capital expenditures (CapEx), and applying the same logic, it was found that 81% of the OpEx expenses are considered eligible, with 51% aligned, 30% eligible, and 19% non-eligible.



# Key performance indicators (KPIs) regarding the EU Taxonomy

Economic Activities	Code (codes)	Absolute Turnover	Proportion of turnover	Absolute CapEx	Proportion of CapEx	Absolute OpEx	Proportion of OpEx
		RON	%	RON	%	RON	%
<b>A. Eligible Activities to the Taxonomy</b>							
A.1 Sustainable activities from an environmental perspective (aligned with the Taxonomy).							
Electricity generation from wind energy.	4.3	103,610,153	15%	7,163,292	15%	84,492,740	13%
The value of sustainable activities from an environmental perspective (aligned with the Taxonomy) (A.1).		103,610,153	15%	7,163,292	15%	84,492,740	13%
Electricity generation from hydro energy.	4.5	12,602,355	2%	871,289	2%	15,365,403	2%
The value of sustainable activities from an environmental perspective (aligned with the Taxonomy) (A.1).		12,602,355	2%	871,289	2%	15,365,403	2%
Transportation and distribution of electricity.	4.9	196,591,570	29%	13,591,745	29%	180,763,519	28%
The value of sustainable activities from an environmental perspective (aligned with the Taxonomy) (A.1).		196,591,570	29%	13,591,745	29%	180,763,519	28%
Infrastructure that enables road transport and public transport with low carbon dioxide emissions.	6.15	55,343,549	8%	3,826,285	8%	46,800,283	7%
The value of sustainable activities from an environmental perspective (aligned with the Taxonomy) (A.1).		55,343,549	8%	3,826,285	8%	46,800,283	7%
The transportation and distribution of electricity.	4.9	325,668,726	33%	15,385,863	33%	192,599,740	30%
The value of activities eligible under Taxonomy, but which are not sustainable from an environmental perspective (not aligned with the Taxonomy) (A.2).		325,668,726	33%	15,385,862	33%	192,599,740	30%
Total (A.1 + A.2)		-	88%	40,838,473	88%	520,021,685	81%
<b>B. Activities not eligible from the perspective of the Taxonomy.</b>							
The value of activities <u>not</u> eligible from the perspective of the Taxonomy (B).		81,978,545	12%	5,667,748	12%	120,572,130	19%
<b>Total (A + B)</b>		<b>672,667,937</b>	<b>100%</b>	<b>46,506,221</b>	<b>100%</b>	<b>640,593,815</b>	<b>100%</b>

# Climate Risk Analysis

The climate risk analysis within the context of the EU Taxonomy involves assessing and identifying the risks and vulnerabilities associated with climate change for economic activities and investments in various sectors. The main goal of this analysis is to determine how climate change may impact the activities and financial outcomes of a company or project and to identify appropriate measures to manage these risks. Here are some key elements of a climate risk analysis within the EU Taxonomy framework:

- 1. Climate Impact Assessment:** Current and future climate phenomena that could affect economic activities are identified and evaluated, including extreme temperatures, changes in precipitation patterns, extreme weather events, etc.
- 2. Vulnerability Identification:** The infrastructure, resources, and operations of a company or project are analyzed to identify areas vulnerable to the identified climate risks, such as flooding, drought, wildfires, etc.
- 3. Exposure Assessment:** The degree of exposure of activities and investments to the identified climate risks is evaluated, including the potential financial impact of these risks.

- 4. Risk Management:** Strategies and measures for managing climate risks are developed and implemented to minimize their impact on activities and financial outcomes. These measures may include adapting infrastructure, diversifying water or energy sources, insurance, developing business continuity plans, etc.
- 5. Reporting and Transparency:** Companies and projects are encouraged to report the results of the climate risk analysis and risk management measures in accordance with the reporting requirements set by the EU Taxonomy to ensure transparency and comparability between entities.

In the context of accelerating climate change, understanding and addressing these challenges have become critical. Therefore, Electromontaj, a leader in its field in Romania, recognizes the importance of proactively managing climate risk.

With operations in Romania and contractual commitments in countries such as the Netherlands, Jordan, Cyprus, etc., we believe that protecting our business against potential climate threats is not only a regulatory requirement but also a moral obligation.

# Climate Risk Analysis

To address climate risks, both in terms of new constructions and operational strategies, the team focuses on integrating adaptation measures from the very beginning of the projects.

These measures include:

1. Implementing a permanent control system for fixed assets, with a focus on preventing their deterioration due to climate change.
2. Inspecting and, where necessary, restoring the waterproofing of buildings to prevent water infiltration.
3. Investing in rainwater harvesting and collection systems.
4. Improving the thermal resilience of buildings and office spaces.
5. Increasing the capacity for storing raw materials to compensate for potential delivery delays.
6. Enhancing water resource management.
7. Implementing remote monitoring systems using sensors to detect fires or temperature increases.
8. Conducting geological studies before installing poles to avoid areas prone to landslides.
9. Using wind sensors to monitor wind behavior and anticipate potential threats.

The company's high-voltage overhead line construction activities are fully compliant with environmental protection, health, and safety standards, as established by the International Finance Corporation (IFC), while also adhering to electromagnetic radiation regulations both within the EU and outside of it, according to the International Commission on Non-Ionizing Radiation Protection (ICNIRP). It is also confirmed that these activities do not involve the use of polychlorinated biphenyls (PCBs).



# Climate Risk Analysis

Electromontaj is committed to managing climate risks by assessing them not only for business continuity but also to contribute to global efforts to combat climate change. As the climate context evolves, we adapt and develop our strategies to remain prepared for future challenges.

As a result of the analysis conducted in this Taxonomy report on energy construction, it is evident that there is a considerable diversity of technologies, materials, and practices used in this sector. By classifying and categorizing them according to the established criteria, we have been able to identify trends and important aspects that may influence the evolution and efficiency of this field in the future.

One of the essential aspects highlighted is the increasing focus on sustainable and energy-efficient solutions. More and more energy constructions are being designed and built with considerations such as energy efficiency, the use of renewable sources, and the reduction of carbon emissions. This reflects the growing concern for protecting the environment and for responsible management of resources.

We have also observed a significant convergence between traditional and emerging technologies in the field of energy construction. Innovations in construction materials, thermal insulation systems, energy generation and storage equipment have significantly improved the performance and durability of buildings, contributing to increased energy efficiency and reducing reliance on traditional energy sources.

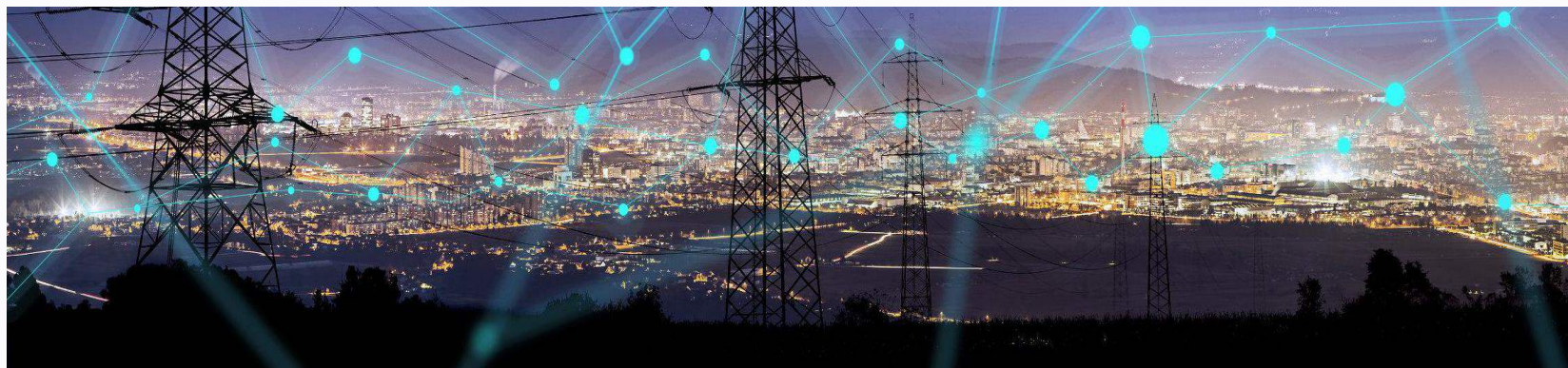
At the same time, it is important to emphasize the need for an integrated and collaborative approach in the development of energy constructions. Coordination among various stakeholders, including governments, research organizations, the private sector, and local communities, is crucial for promoting innovation and implementing energy-efficient solutions.



# Climate Risk Analysis

This report highlights the immense potential of energy construction in terms of reducing carbon emissions, improving quality of life, and promoting sustainable development. However, to fully capitalize on these opportunities, continuous and coordinated engagement from all stakeholders involved in this field is required.

Climate change will affect regions of the world differently: while some will suffer from intense heat and drought, others will face extreme weather events, with analyses showing an intensification of these phenomena in the coming decades. According to the European Commission, Europe will experience frequent heatwaves, wildfires, and droughts, which will result in high costs for society and the economy due to the depletion of natural resources, damage to properties and infrastructure, as well as the negative impact on human health and economic sectors.



In addition, the legislative framework created by the European Green Deal and the new directives and regulations, adopted or in the process of adoption, will have a major impact on large organizations. This impact will be reflected in a significant increase in sustainability requirements from each company's value chain.

It is worth mentioning that EU Directive 2022/2464, which regulates sustainability reporting and applies from January 1, 2024, mandates the mandatory reporting of the carbon footprint for SCOPE 1 and 2 in the first reporting year, with data for SCOPE 3 to be reported starting from the second year.

Although organizations will focus on their own activities in the first year, starting from the second year, they will also request carbon footprint information from their business partners.

Electromontaj faces significant risks related to climate change. The company is involved in complex projects, including the construction and maintenance of electrical transmission networks, having a significant impact on the environment through its greenhouse gas emissions. In this context, a climate risk assessment is necessary to understand how climate change affects the company's operations and future.

# Climate Risk Analysis

This analysis starts with data on the company's carbon footprint for the year 2023, which indicates the main sources of emissions, and includes an assessment of climate risks (both physical and transition-related), sensitivities, and vulnerabilities associated with Electromontaj's activities, as well as recommendations for managing these risks.

## Context of the Activity:

Electromontaj specializes in the construction and maintenance of electrical networks and electricity transmission infrastructure. The company's main activities include:

- Designing and construction of the energy infrastructure to increase electric power transmission and production capacity.
- Designing, manufacturing, and installing the necessary equipment for energy constructions.
- Construction of water channels and pumping stations for the development of irrigation systems for agricultural land.
- Designing and construction of electrical infrastructure for the development of public transportation (trams, trolleybuses, trains).

The company carries out these activities both nationally and internationally, across the continents of Asia, Africa, and Europe.



# Climate Risk Analysis

## The main sources of emissions.

According to the 2023 Carbon Footprint Report, the main sources of greenhouse gas (GHG) emissions are:

- Direct emissions (Scope 1): The burning of fossil fuels in industrial processes and for transportation, which contributes a significant proportion to the total emissions.
- Indirect emissions from purchased energy (Scope 2): The electricity consumption in the company's factories accounts for 75% of the company's emissions.
- Indirect emissions from the value chain (Scope 3): The transportation of materials and equipment, including subcontractors, represents an important proportion of the total emissions.

## Analysis of 2°C and 3°C Climate Scenarios

Climate change represents one of the biggest challenges faced by global energy infrastructure, and its impact will vary significantly depending on the region and the projected global warming scenarios.

To prepare for the future, industries involved in the construction and maintenance of high-voltage electricity grids must understand how different climate scenarios, with global warming of 2°C and 3°C, will affect operating and design conditions by 2050.

This analysis focuses on the impact of these changes in the regions of Africa, Europe, and Asia, as well as specifically for Romania, considering the climatic conditions, challenges for infrastructure, and the necessary adaptation to ensure the resilience and efficiency of electricity networks in the future.



# România

## *2°C Global Warming Scenario*

If global warming is limited to 2°C by 2050, Romania will face moderate but still significant climate changes. In particular, the southern and eastern regions of the country will experience longer periods of drought and increasingly frequent heatwaves.

These conditions could affect the soil, potentially creating issues for the stability of high-voltage transmission poles in the electricity distribution networks. While droughts will impact agriculture and water resources, the energy infrastructure will require adaptations, such as the use of materials more resistant to heat and the adaptation of pole designs to withstand faster wear.

In the mountainous areas of Romania, such as the Carpathians, an increase in precipitation is expected, which could lead to landslides and erosion, threatening the energy infrastructure in these regions. Additionally, in the plain areas, particularly in the Danube Plain and Dobrogea, there is an increased risk of drought and partial desertification, which will require advanced technologies for infrastructure protection.

Regarding energy demand, it will increase during the summer due to the higher need for cooling buildings, which could require the expansion of electrical networks

## *3°C Global Warming Scenario*

If global warming reaches 3°C, Romania will experience much more severe climatic effects. In this scenario, droughts in the southern and eastern parts of the country will become much more frequent and intense, which will affect the soil and increase the risk of degradation of energy infrastructure.

This will require a significant adaptation of the materials used for constructing electrical networks, especially in areas most exposed to extreme heat. Additionally, the rising temperatures will accelerate equipment wear and necessitate a faster pace of maintenance and infrastructure replacement. In the mountainous area, the risks associated with landslides and extreme weather events will increase, causing the destruction of infrastructure in certain regions. Moreover, storms and torrential rains will more frequently affect the electrical infrastructure, requiring additional reinforcements.

In the plain areas, especially in agricultural regions such as Oltenia, Moldova, and Dobrogea, desertification could advance, directly affecting the ability to build and maintain sustainable electrical networks.

The demand for electricity will increase significantly, especially during the summer, due to the higher use of air conditioning, which will require the rapid expansion of electrical transmission and production infrastructure. These trends highlight the importance of quickly adapting the infrastructure strategy and planning investments.

# Climate Risk Analysis

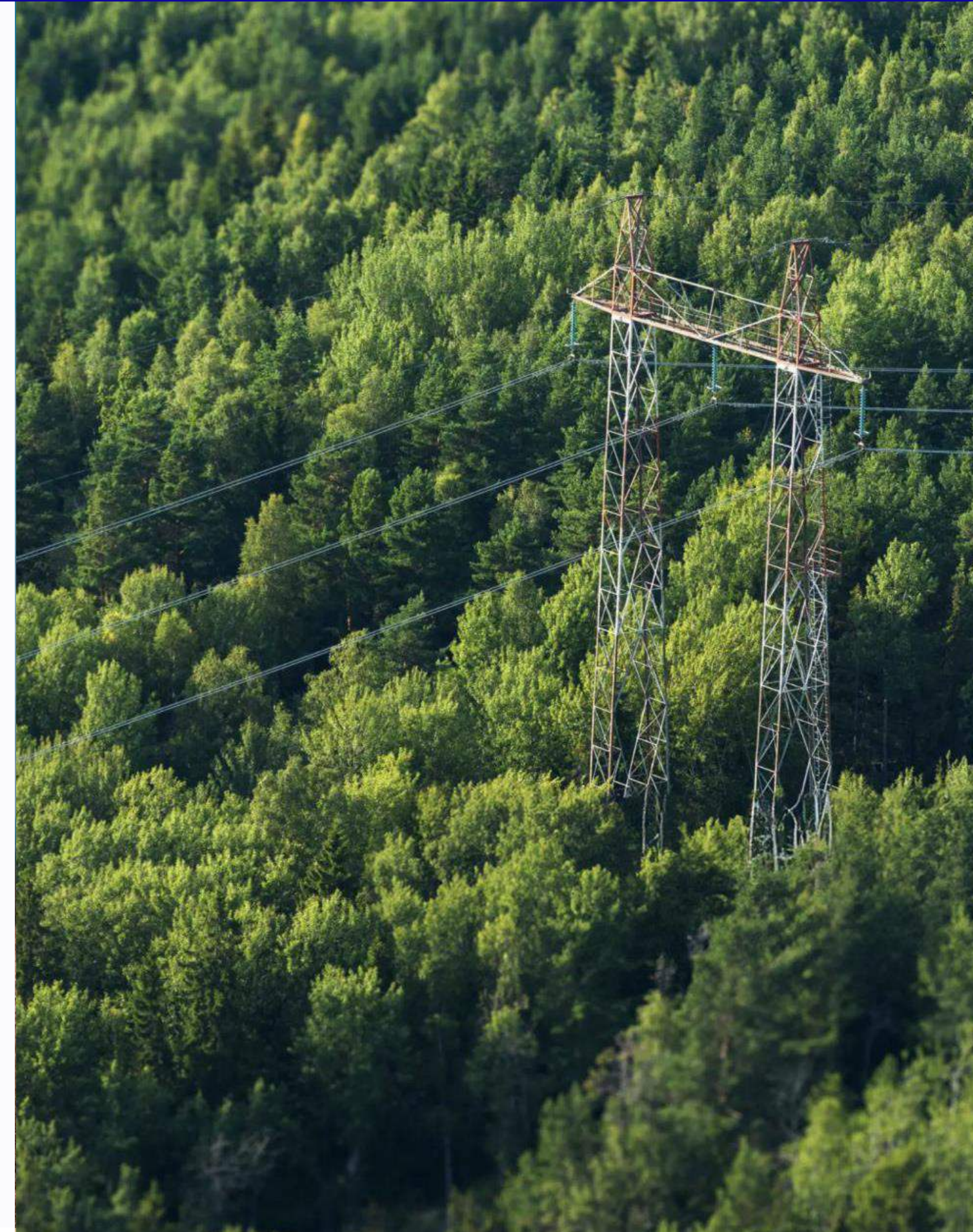
## Recommendations for Managing Climate Risks

- 1. Impact Assessment and Adaptation Planning:** Electromontaj should conduct a detailed assessment of the impact of climate change on its operations, including existing and future infrastructure.
- 2. Innovation and Technology:** Investments in technology to enhance the resilience of electrical infrastructure, including the use of innovative materials that can withstand extreme climate conditions.
- 3. Cross-Sector Collaboration:** Collaboration with local authorities, communities, and other organizations to develop sustainable solutions at the regional level, considering the interdependencies between infrastructure, the environment, and the community

- 4. Continuous Monitoring of Climate Changes:** Implement systems for monitoring and assessing climate risks, allowing the company to respond quickly to extreme events and environmental changes.
- 5. Training and Awareness:** Educating employees and business partners about climate risks and adaptation methods to create an organizational culture focused on sustainability.

By addressing these recommendations, Electromontaj will be better equipped to adapt to the challenges posed by climate change and contribute to the development of sustainable energy infrastructure both in Romania and abroad.

The necessary investments in green technologies and the transition to cleaner energy will involve significant initial costs



# Vulnerability Criteria Matrix

Electromontaj presents a series of vulnerabilities to climate risks, which can be assessed through a risk matrix based on the probability and impact of these risks.

## Risk Evaluation Criteria

The risks have been classified according to the following categories:

- Chronic physical risks: risks caused by rising temperatures and long-term climate changes.
- Acute physical risks: risks caused by extreme weather events, such as storms and floods.
- Transition risks: risks generated by legislative, economic, and technological changes, including strict emissions regulations and increasing costs for traditional energy.

## Impact and probability

An assessment of impact and probability shows that acute physical risks (storms, floods) have a high likelihood but can be managed through adaptation measures, such as increasing material resilience. At the same time, transition risks, such as rising energy prices and stricter regulations, have a moderate to high financial impact and a higher likelihood over the medium and long term



# Detailing the Risks

RISC TYPE	PROBABILITY	IMPACT	DETAILS
Acute Physical Risks	Big	High	Extreme storms, floods, and other extreme phenomena with the potential to destroy energy infrastructure.
Chronic Physical Risks	Medium	Medium	Long-term temperature increases can affect the durability of infrastructure and operational efficiency.
Transitional Risks	Medium-Big	Medium-High	Legislative and economic changes can lead to higher costs for traditional energy and CO2 emissions.
Capital and Financial Risks	Medium	High	The need for significant investments in adaptation technologies and green infrastructure to remain competitive.

## 1. Chronic physical risks:

Probability: Medium

In the long term, the rise in global temperatures may lead to changes in climate patterns, affecting Electromontaj's operations.

Impact: Medium

Since higher temperatures affect the durability of materials and the performance of equipment, there is a need to evaluate and adapt the processes and materials used. However, the impact can be managed with preventive measures.

## 2. Acute physical risks:

Probability: Big

The risk of extreme weather events, such as storms and floods, is high. These directly impact the energy infrastructure, with the potential for significant disruptions and damage.

Impact: High

The successful completion of construction works is exposed to risks, and direct damage may require high repair costs and impact the continuity of operations. However, adaptation measures, such as reinforcing the infrastructure, can reduce the long-term impact.

# Detailing the Risks

## 3. Transitional risks:

Probability: Big-High

As legislation and regulations regarding emissions become stricter, and eco-friendly technologies gradually replace traditional energy, the probability of Electromontaj being financially affected is high in the medium and long term.

At the European level, to decarbonize and limit warming to 1.5°C, governments are implementing measures to reduce CO2 emissions. A key mechanism used is the application of carbon prices (EU-ETS and CBAM systems). This price increases the cost of emissions to discourage companies from carbon-intensive activities by raising operational costs, and, implicitly, by increasing the costs of goods sold to customers. The energy sector is one of the most exposed to this risk and given Electromontaj's energy needs and the fact that its activities involve partnerships in the energy sector, the company will be indirectly affected by this risk.

Impact: Medium-High

The rise in energy prices, stricter regulations on emissions, and adaptation to new technologies will bring financial challenges. These risks may affect the company's profitability, but they also present opportunities for innovation and investments in renewable energy.

## 4. Financial and Capital Risks:

Probability: Medium

Adapting to new climate and energy requirements involves significant investments in infrastructure and new technologies. High transition costs can affect cash flow and profitability in the short and medium term.

Impact: High

The company may face difficulties in obtaining the necessary funding to meet the infrastructure modernization requirements and implement green technologies. Additionally, potential extra taxes on carbon emissions could increase operational costs.

# Double Materiality Analysis

The double materiality analysis, according to the European Sustainability Reporting Standards (ESRS), specifically ESRS 1, represents a crucial analysis for simultaneously evaluating the company's impact on the environment and society, as well as how external changes influence its financial stability. This approach combines two main dimensions:

**1. Impact Materiality:** Focuses on assessing how the company's activities affect the environment and society (people, including their rights). To quantify this impact, the company distributed questionnaires to internal stakeholders (employees, management, shareholders, etc.), obtaining an evaluation of the impact on critical areas such as climate change, natural resources, human rights, and local communities. The collected responses reflect the perceptions and priorities of these stakeholders regarding the company's social and environmental responsibility.

**2. Financial Materiality:** Aims to identify how external economic, regulatory, or environmental changes influence the company's financial performance. Based on feedback from internal stakeholders and an analysis of the external environment, the company assesses the financial risks and opportunities that factors such as strict environmental regulations, technological changes, or market developments may bring.

According to ESRS, a double materiality analysis is essential for determining sustainability aspects relevant to the company. On one hand, it helps to understand the impact the company has on the environment and society (based on the responses obtained from internal stakeholders), and on the other hand, it aids in evaluating how these aspects may affect the company's financial and operational stability.

As an essential element of the work done to be prepared for reporting under the CSRD, a double materiality assessment (DMA) was carried out. To do this, the two dimensions of materiality evaluation were addressed: (1) "importance for stakeholders," which represented the impacts on our environment, and (2) "strategic importance," which represented the external impacts on business.

The first DMA analysis was carried out this year to capture lessons that will help us improve our methodology next year. We applied the limited guide available from EFRAG, combined with our own interpretation of the standards, and developed a step-by-step process, an evaluation matrix, and a model for aggregation and prioritization.

Given that the ESRS principles on double materiality and evaluation requirements are extensive, it was decided to limit the number and groups of stakeholders involved in assessing sustainability-related impacts and risks to internal stakeholders

# Double Materiality Analysis

## 1. Environmental aspects (ESRS E1-E5)

### 1.1. Climate change (ESRS E1)

Importance of managing greenhouse gas emissions:  
Score 4/5

Impact of climate change on financial stability:  
Score 4/5

Although managing greenhouse gas emissions is considered of medium-high importance, the financial impact indicates that climate change could become a medium-term risk factor. Electromontaj will conduct a deeper assessment of climate risks and develop mitigation strategies to limit future financial exposure.

### 1.2. Pollution (ESRS E2)

Importance of pollution reduction: Score 3/5  
Financial impact of managing pollution: Score 3/5

The reduction in pollution and its financial impact are moderate. Electromontaj will implement technologies that will limit pollution and improve operational efficiency, thereby reducing costs associated with environmental penalties.

### 1.3. Water and Marine Resources (ESRS E3)

Importance of managing water resources: Score 2/5  
Financial impact of managing water resources: Score 2/5

Sustainable water resource management is not considered essential for the company, and the financial impact is minimal. However, climate change and future regulations could increase the importance of this aspect, and constant monitoring of water usage will be conducted.

# Double Materiality Analysis

## 1.4. Biodiversity and protection of ecosystems (ESRS E4)

Importance of protection of biodiversity: Score 2/5  
 Financial impact of protection of biodiversity: Score 2/5

The impact on biodiversity is perceived as low both strategically and financially. However, investments in ecosystem protection projects could generate reputational benefits and ensure compliance with future strict biodiversity regulations.

## 1.5. Resources and Circular Economy (ESRS E5)

Importance of using sustainable resources: Score 3/5  
 Financial impact of the transition to circular economy: Score 3/5

Electromontaj recognizes the importance of efficient resource use and the circular economy, but the financial impact is still moderate. Implementing stronger circular measures could lead to greater efficiency and long-term cost reduction, but this will be incorporated into future strategies.

## 2. Social aspects (ESRS S1-S4)

### 2.1. Own Workforce (ESRS S1)

Importance of managing own workforce: Score 5/5  
 Financial impact of managing own workforce: Score 5/5

Labor force management is of critical importance to Electromontaj. Investments in working conditions, training, and employee retention have a significant financial impact, directly influencing operational performance and long-term success.

# Double Materiality Analysis

## 2.2. Workers in the value chain (ESRS S2)

Importance of working conditions in the value chain: Score 5/5

Financial impact of managing working conditions: Score 5/5

Working conditions in the supply chain are essential for Electromontaj, and their financial impact is significant. As transparency and ethics in the supply chain become increasingly important criteria for investors and consumers, effective management of these aspects is crucial for the continuity of the business.

## 2.3. Affected communities (ESRS S3)

Importance of impact over communities: Score 5/5

Financial impact over communities: Score 5/5

Electromontaj recognizes the importance of supporting affected communities, with a significant financial impact. Strong collaboration with local communities can bring reputational benefits and better integration of the business into the social ecosystem.

## 2.4. Consumers and Final users (ESRS S4)

Importance of consumer satisfaction: Score 5/5

Financial impact of consumer satisfaction: Score 5/5

Consumer satisfaction is essential, and its financial impact is significant. Ensuring high-quality products and services that meet consumer needs has a direct effect on revenue and long-term growth.

## 3. Business Conduct (ESRS G1)

### 3.1. Business Conduct

Importance of ethical and responsible conduct: Score 5/5

Financial impact of ethical conduct: Score 5/5

Business conduct is crucial, with a significant financial impact. Adopting high ethical standards helps avoid legal and reputational risks, serving as a key pillar for the stability and growth of the business.

# Double Materiality Analysis

## 4. Economic Aspects

### 4.1. Financial performance and economic growth

Importance of financial performance: Score 5/5

Performance influence over long-term growth: Score 5/5

The company considers financial performance vital for its stability and long-term economic growth, investing in solid growth and development strategies.

### 4.2. Innovation and development

Importance of innovation: Score 5/5

Commitment to research and development: Score 5/5

Innovation is essential for long-term success, and the commitment to research and development is excellent, reflecting the company's desire to remain competitive in a constantly changing environment.

### 4.3. Financial risk management

Importance of managing financial risk: Score 4/5

Efficiency of mechanisms of risk management: Score 4/5

Financial risk management is important for the sustainability of the business, and the implemented mechanisms are effective. Improving them could reduce the company's vulnerability to market fluctuations.

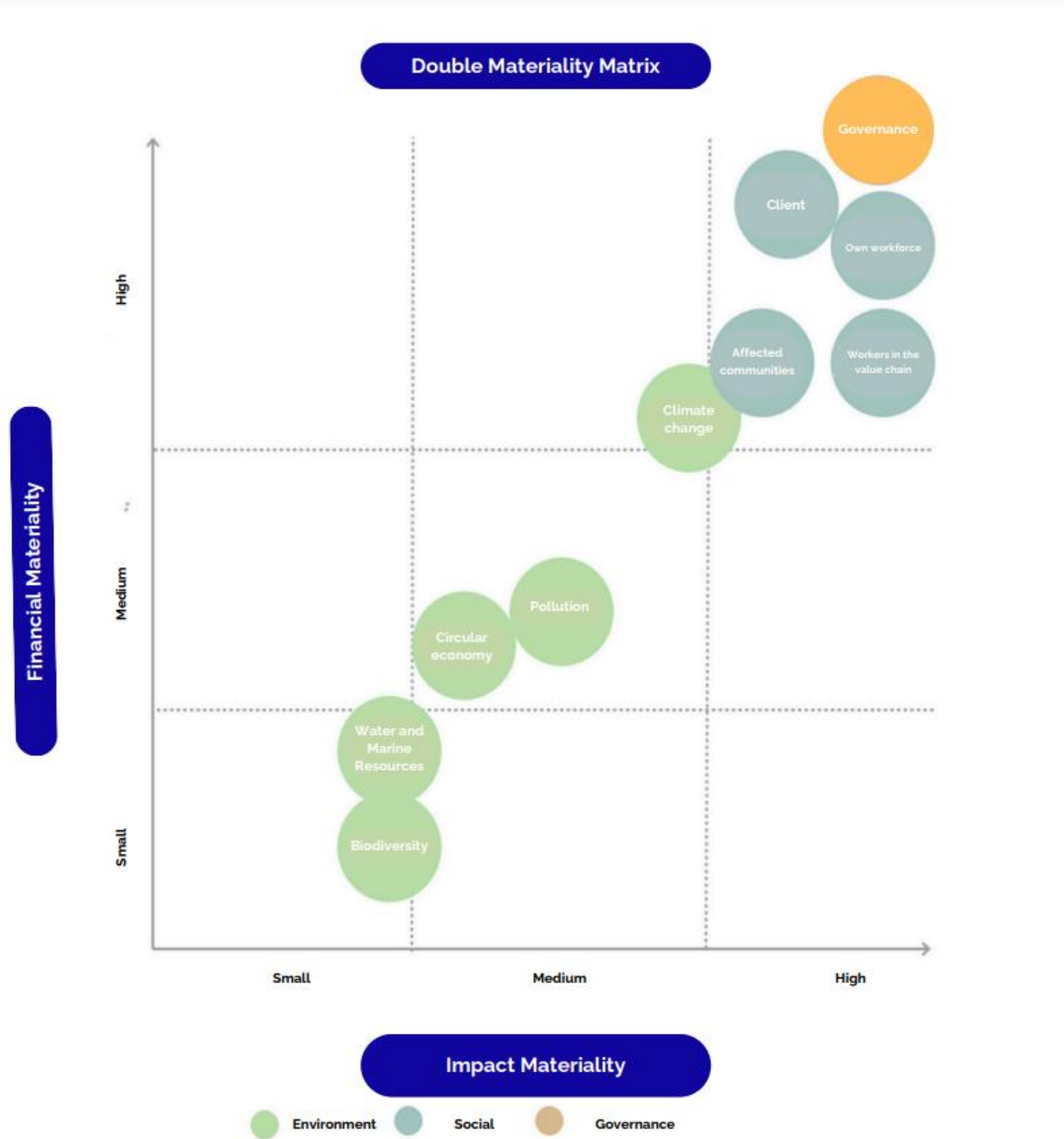
### 4.4. Operational efficiency

Importance of operational efficiency: Score 4/5

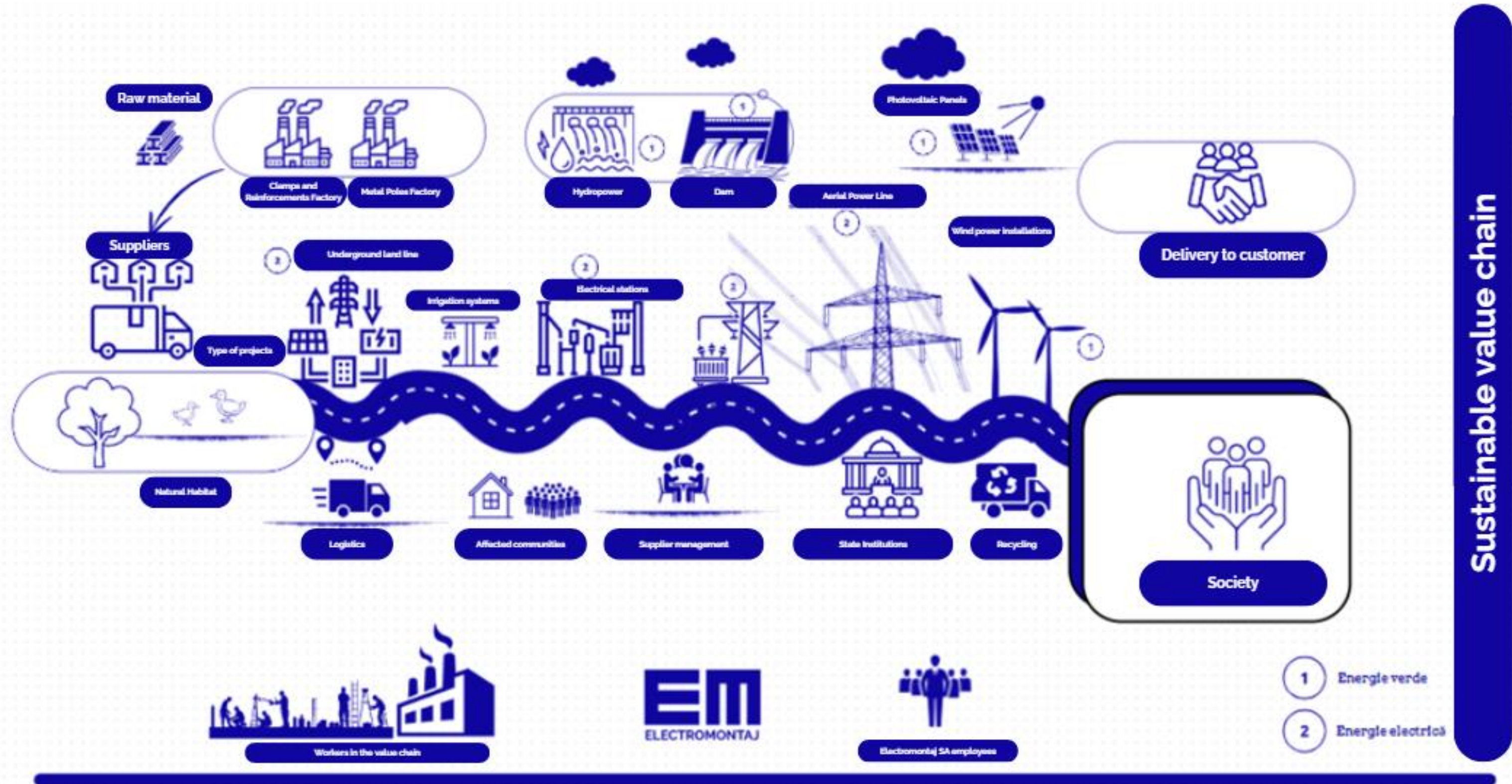
Efficiency of resource usage: Score 4/5

Operational efficiency is critical for the company's overall performance, and resource utilization is considered effective. Increasing efficiency could lead to substantial long-term savings.

# Double Materiality Analysis



# General Presentation of the Supply Chain



# General Presentation of the Supply Chain

The supply chain is a fundamental strategic concept for any company, including Electromontaj. The supply chain refers to the process through which a company adds value at each step of its activities, from the acquisition of raw materials to the delivery of the final product or service to the customer. In a company like Electromontaj, which operates in the energy sector, the supply chain is essential for optimizing efficiency, reducing costs, and increasing competitiveness.

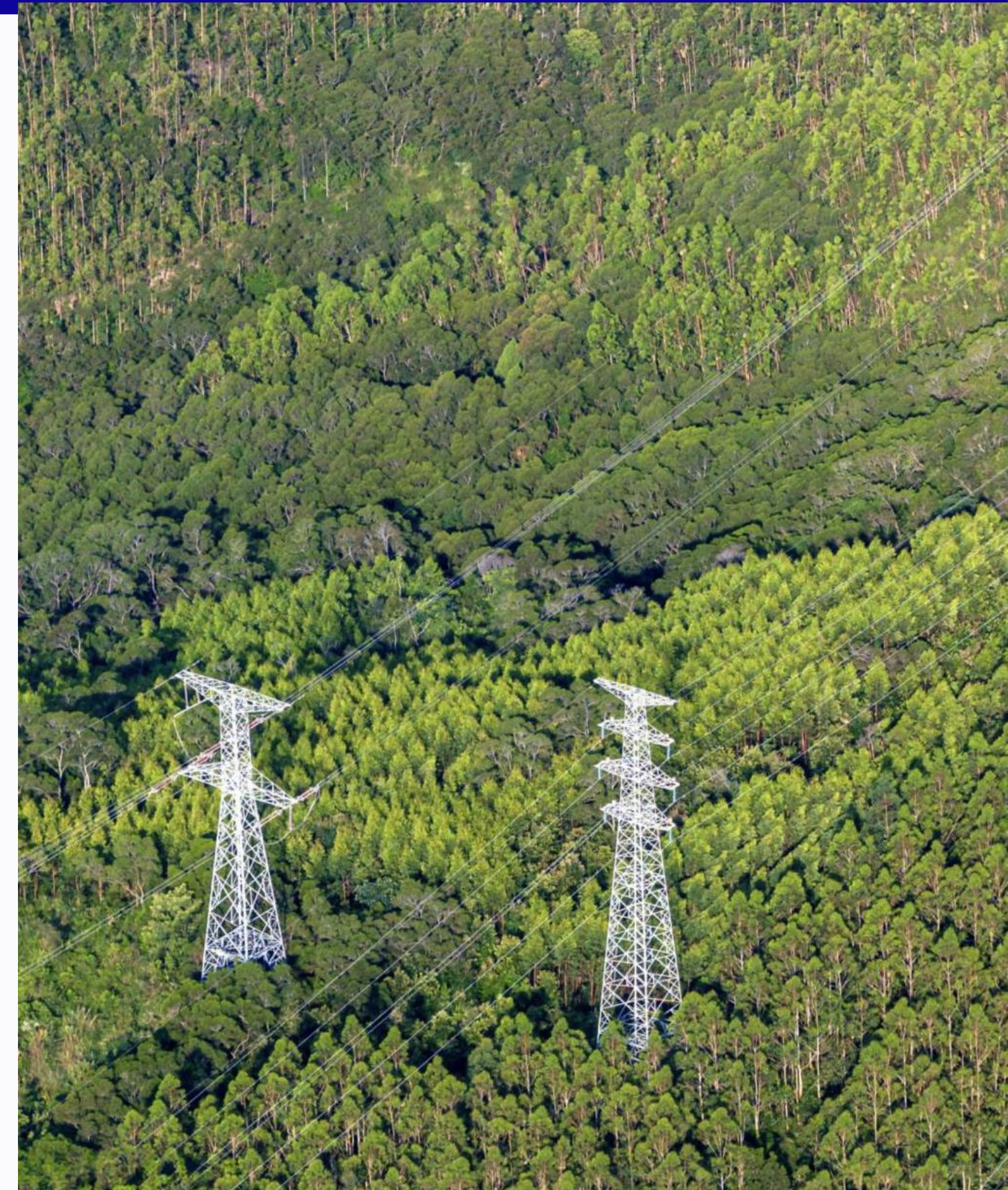
## Importance of supply chain in Electromontaj:

### 1. Acquisition of equipment and raw material:

Electromontaj relies on the supply of high-quality equipment, such as electrical components and specialized construction materials. A well-organized supply chain ensures the selection of reliable suppliers and the optimization of supply costs, which is crucial for the success of energy construction projects.

### 2. Design and Engineering:

In the design phase, Electromontaj creates innovative solutions for energy infrastructure, such as high-voltage lines, substations, or distribution systems. A strong supply chain at this stage ensures the integration of new technologies and sustainable solutions, thereby increasing the value provided to customers and improving operational efficiency.



# General Presentation of the Supply Chain

## 3. Construction and Installation:

This is one of the most critical parts of the value chain for Electromontaj. The installation activities for energy infrastructure are complex, requiring specialized equipment and skilled workers. A well-managed value chain helps the company optimize these activities, avoid delays, and meet quality and safety standards in the industry.

## 4. Logistics and Transport:

The distribution of equipment and materials to construction sites is an important logistical aspect. An efficient value chain at this stage helps minimize transportation and storage costs, while ensuring the timely delivery of the materials needed for construction.

## 5. Maintenance and After-Sales:

After the completion of a project, maintenance is essential to keep energy systems functional and efficient. Electromontaj, as part of the value chain, can provide maintenance services and technical support to ensure long-term customer satisfaction and the sustainability of investments.

## 6. Coordination and Integration of Activities:

In energy construction, integrating different processes is essential. A well-coordinated value chain enables better communication between the design, execution, and maintenance departments, leading to increased productivity and a reduction in the risk of errors.

## 7. Customer Satisfaction and Reputation

An optimized value chain ensures adherence to deadlines and technical specifications, contributing to customer satisfaction. In our industry, reputation is a key factor for attracting new projects, and Electromontaj can build trust through flawless execution of every stage in the value chain.



# General Presentation of the Supply Chain

## Benefits for Electromontaj:

**Cost reduction:** Efficient management of the supply chain reduces losses and optimizes resources.

**Quality improvement:** Each step in the chain is carefully monitored and controlled, leading to excellent results.

**Increased competitiveness:** The ability to deliver complex projects on time and at reduced costs is a major advantage in the energy construction market.

**Flexibility and adaptability:** A well-structured supply chain allows the company to quickly adapt to changing market demands or new regulations.



# Sustainability Strategy

## Environment

Name action/measure	Objectives	Time Horizon	SDG
<b>EO1. Efficient waste management and responsible resource use, with prioritization of recycling, reuse, and reduction of consumption in all company activities by 2030</b>			
Setting up spaces for selective waste collection in all company office buildings	100% of office buildings are equipped with spaces for selective waste collection	2025-2027	12. Responsible consumption and production
Setting up spaces for selective waste collection in all buildings associated with the company's factories	100% of factories equipped with spaces for selective waste collection	2024	12. Responsible consumption and production
Setting up spaces for selective waste collection on construction sites related to the company's projects.	100% of construction sites are equipped with spaces for selective waste collection	2025-2027	12. Responsible consumption and production
Organizing awareness sessions/training on the importance of selective waste collection and recycling	100% of employees trained	2025	12. Responsible consumption and production
Organizing volunteer activities - Encouraging employees to participate in environmental protection-related volunteer projects, such as tree planting, cleaning green areas, and building eco-friendly homes for underserved communities.	-	2024-2030	11. Sustainable cities and communities
<b>EO2. Energy efficiency and reduction of energy consumption in all company-managed locations by 2030.</b>			
Equipping all company buildings with LED bulbs	100% of the company's buildings	2024-2030	7. Clean and affordable energy
Equipping all company buildings with light activation sensors	100% of the company's/administrative buildings	2024-2030	7. Clean and affordable energy
The development of an internal policy for sustainable procurement.	-	2025-2026	9. Industry, Innovation, and Infrastructure
Developing an internal procedure for evaluating purchases in relation to the sustainable procurement policy	-	2026-2025	9. Industry, Innovation, and Infrastructure
Developing an internal procedure for evaluating suppliers in relation to the sustainable procurement policy	-	2026-2025	9. Industry, Innovation, and Infrastructure
Periodic training of all employees on sustainable procurement through specific (internal) training sessions	100% of employees trained	2025-2030	9. Industry, Innovation, and Infrastructure

# Sustainability Strategy

## Social

Name action/measure	Objectives	Time Horizon	SDG
<b>SO1. Ensuring a high level of well-being for all employees, as well as optimal working conditions for them by 2030</b>			
Analyzing the benefits and salary package offered to employees and updating it according to the current needs and country context (e.g., inflation rate, rising food or utility prices, tax increases, etc.)	Annually	2025-2030	8. Decent work and economic growth
Organizing workshops aimed at maintaining employee satisfaction and well-being (e.g., time management, conflict resolution, stress management and burnout prevention, mental health)	Annually - Periodically (depending on availability)	2025-2030	8. Decent work and economic growth
Providing more training and qualification opportunities for employees (establishing a dedicated budget for courses and qualification programs)	-	2025-2030	8. Decent work and economic growth
Providing learning materials for employees (various helpful guides for employees' work, access to online platforms dedicated to development and learning, useful e-learning resources for employees)	-	2027-2030	8. Decent work and economic growth
<b>SO3. Significant contribution to the development of the national workforce training and qualification system by 2030.</b>			
Developing partnerships with specialized schools or those relevant to the company's field and providing scholarships for students to attract a young and qualified workforce.	-	2025-2030	4. Quality education
<b>SO4. Continuous encouragement of responsible behavior regarding anti-discrimination, diversity, inclusion, and equality among all company employees.</b>			
Sustainability Strategy for Sponsorships: Integrating Social and Environmental Responsibility into Sponsorship Partnerships Developing a Framework Contract for Sponsorship Implementation	-	2025-2030	17. Partnerships for the Goals
Implementing an Internal Platform for Disseminating Available Volunteer Actions for Employees	-	2025-2030	17. Partnerships for the Goals

# Sustainability Strategy

## Governance

Name action/measure	Objectives	Time Horizon	SDG
<b>GO1. Accelerated digitalization of internal and external processes at all company departments by 2030</b>			
Development of an online training platform for employees.	-	2025-2030	8. Decent work and economic growth
Establishment of a process automation program in factories.	-	2025-2030	9. Industry, Innovation, and Infrastructure
Transposing all workflows into digital format through a dedicated software application (including electronic archiving).	-	2025-2026	9. Industry, Innovation, and Infrastructure
<b>GO2. Strong promotion of anti-corruption and business ethics both internally and externally.</b>			
Periodic training for all employees on anti-corruption and business ethics through specific (internal) training sessions.	100% of employees trained	2025-2030	16. Peace, Justice, and Strong Institutions
Developing an Anti-corruption policy	-	2025	16. Peace, Justice, and Strong Institutions
Continuous updating the Ethics and Professional Conduct	Annually	2025-2030	16. Peace, Justice, and Strong Institutions
<b>GO3. Improving the personal data protection system in accordance with the applicable regulations.</b>			
Periodic training for all employees regarding information security and GDPR through specific training sessions (internal and/or external).	100% of employees trained	2025-2030	16. Peace, Justice, and Strong Institutions
Establishing the position of DPO (Data Protection Officer) in the company's organizational structure and hiring qualified personnel for this position.	-	2025	16. Peace, Justice, and Strong Institutions
Developing an internal procedure for evaluating all existing/potential risks of the company.	-	2025-2030	13. Climate Action; 9. Industry, Innovation, and Infrastructure

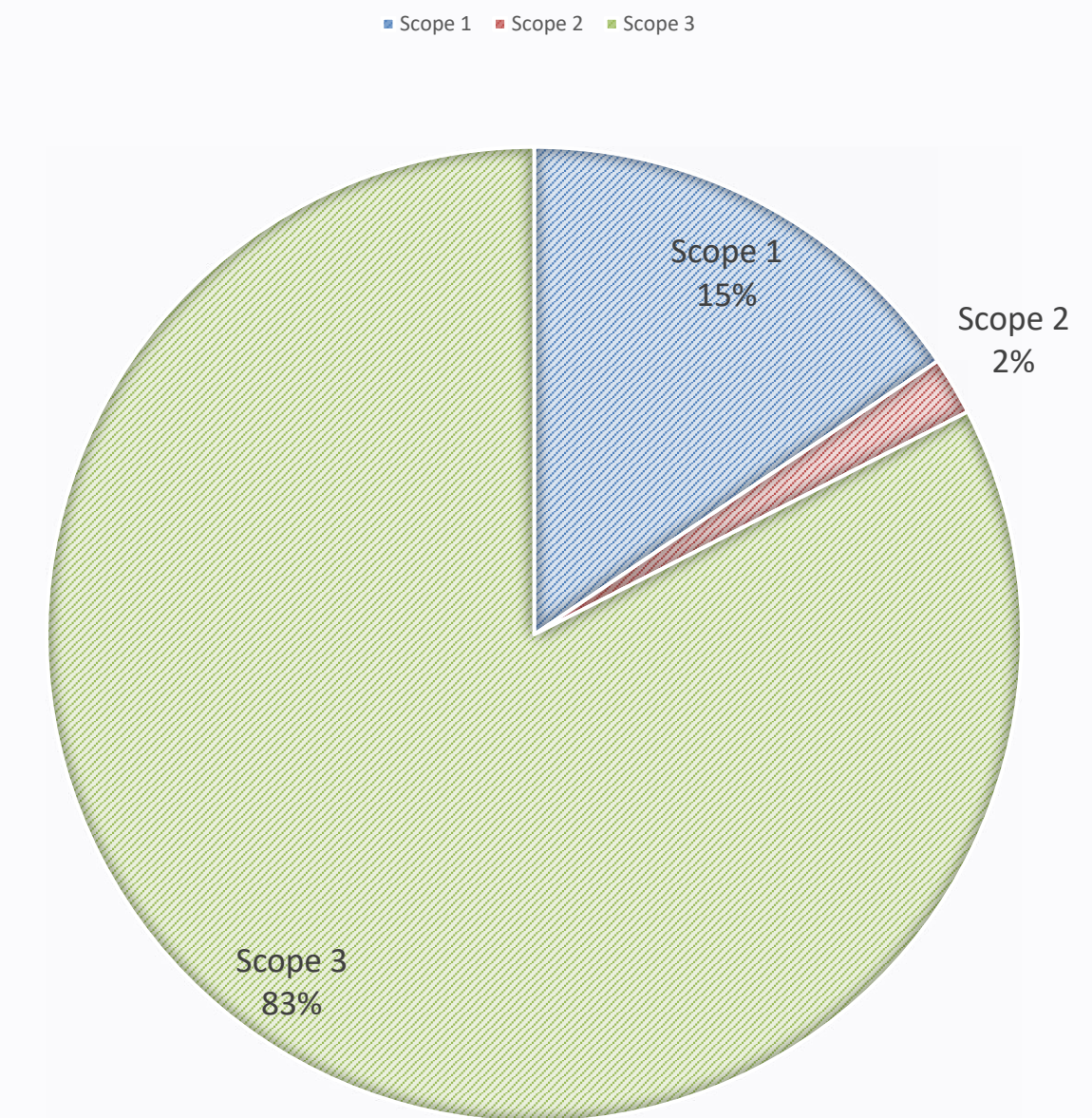
# Environment: Climate Change Adaptation and Mitigation

## Carbon Footprint Analysis

In the global context of climate change and corporate social responsibility, Electromontaj takes a proactive and responsible approach to its environmental impact. In 2024, a project was launched to assess the carbon footprint for the year 2023 in accordance with the GHG Protocol methodology, marking a strong commitment to sustainability.

This initiative represents a significant step in Electromontaj's efforts to understand and quantify the impact of its activities on climate change. The present report provides an in-depth look at the methodologies used, the data collected, and the results obtained from the analysis of the carbon footprint for the year 2023, across all three SCOPE areas.

Below is a percentage distribution of emissions by scopes, aimed at highlighting the activities with the greatest impact. We can observe that activities categorized under SCOPE 3 account for 83% of the total emissions generated.



**Figure 1 Carbon Footprint for Financial Year 2023**

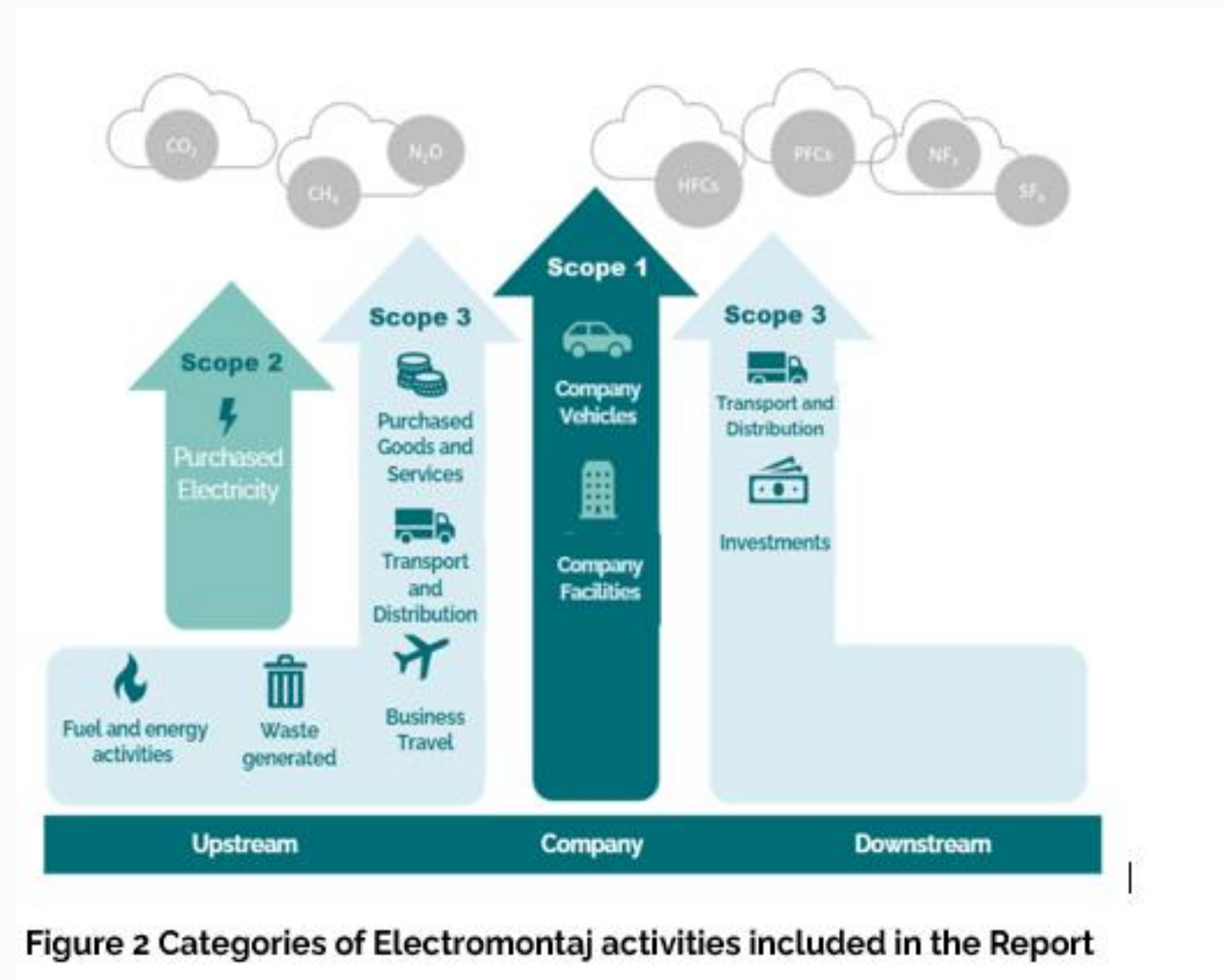
# Environment: Climate Change Adaptation and Mitigation

The global emissions situation is also presented in absolute values, providing a benchmark for future calculation exercises aimed at reducing these quantities. It is important to note that the breakdown of emissions across the three Scope categories (1, 2, and 3) allows for a more precise identification of the major emission sources, thus facilitating the prioritization of reduction measures where the impact is most significant. This will support the efficiency of the carbon footprint reduction strategy and enable systematic long-term progress monitoring.

**Table 1 Results of the evaluation**

SCOPE 1, tCO <sub>2</sub> e	SCOPE 2, tCO <sub>2</sub> e	SCOPE 3, tCO <sub>2</sub> e	TOTAL, tCO <sub>2</sub> e
2,127.61	<b>263.86</b>	<b>11,317.34</b>	<b>13,708.81</b>

The company's activities and their categorization into Scope categories were carried out in accordance with the technical guidelines provided by the GHG Protocol. The final mapping of these activities is presented below.



**Figure 2 Categories of Electromontaj activities included in the Report**

## Environment: Climate Change Adaptation and Mitigation

The presentation is organized according to the companies within the group and the subsidiaries of the company. For more efficient and targeted control, the emissions have also been distributed across the affiliated companies, thus facilitating the decision-making process in establishing the reduction strategy at the subsidiary level.

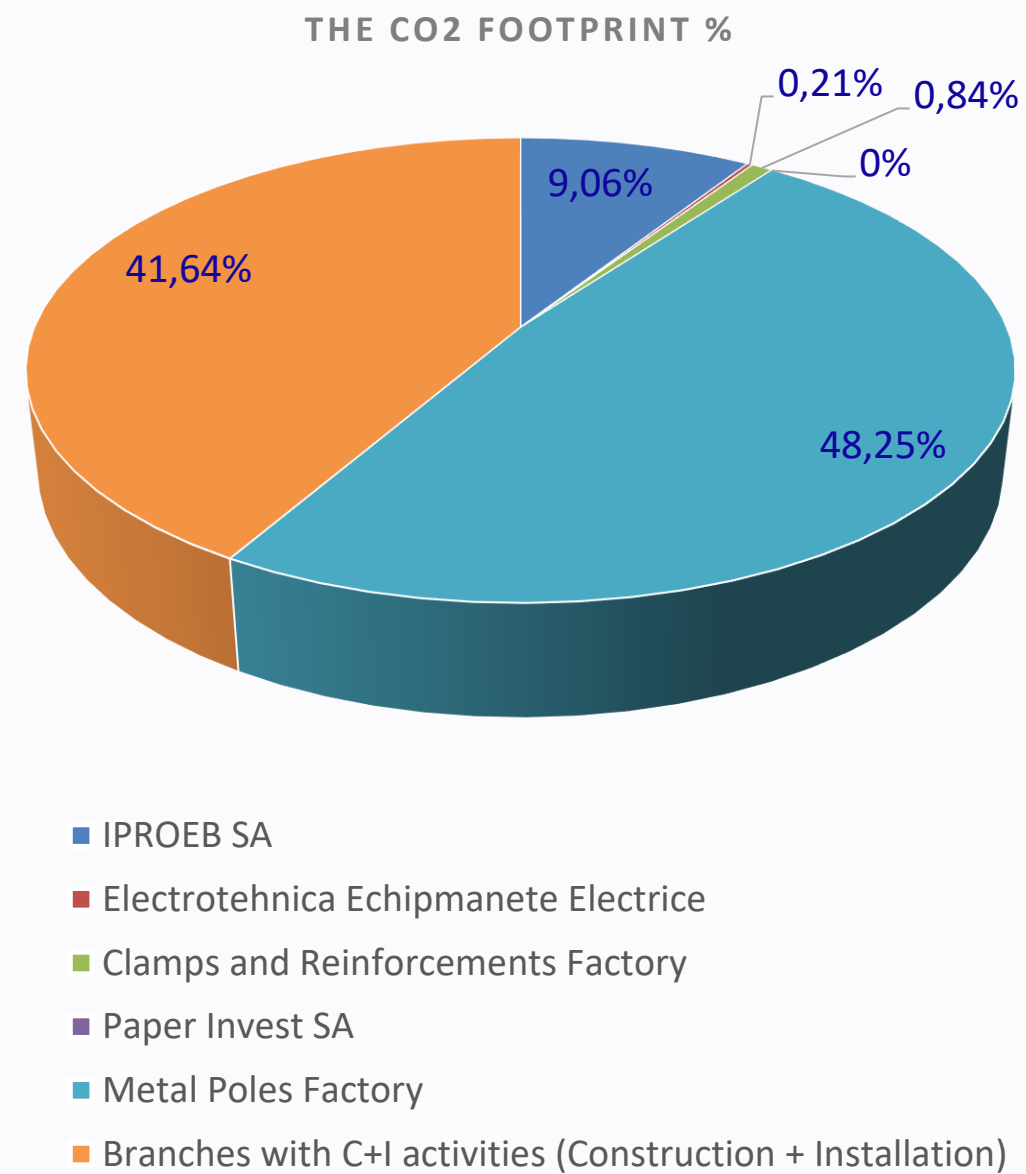
From the analysis of the results, it is evident that the Lattice Steel Towers Factory generates the highest number of emissions, with a total of 6,614.6 tCO<sub>2</sub>e, representing a significant proportion of the total footprint.

This category will require special attention in future reduction plans, as it is the largest source of emissions and presents considerable potential for improvement.

*Table 2 Results of the calculation for each category, working points and affiliated company*

Location/ Entity	CO2 Footprint, [tCO <sub>2</sub> e]
Electrotehnica Echipamente Electrice SA	28.91
Clamps and Reinforcements Factory	115.29
Metal Poles Factory	6,614.60
I PROEB SA	1,241.34
Branches with Construction and Installation Activities	5,708.53
Paper Invest SA	0.15
<b>Total</b>	<b>13,708.81</b>

# Environment: Climate Change Adaptation and Mitigation



After distributing the emissions by each entity, the Lattice Steel Towers Factory accounts for approximately 48% of the company's total CO<sub>2</sub> emissions, with the largest contribution to the carbon footprint.

The Branches with Construction and Installation Activities occupy the second position, with a share of 42%, while the other entities contribute in smaller proportions to the total emissions.

# Environment: Climate Change Adaptation and Mitigation

## The presentation was distributed according to SCOPE.

Regarding the impact of the company's consumption across the SCOPE calculation domains, it is observed that indirect emissions from SCOPE 3 represent the largest portion of the carbon footprint. These emissions mainly stem from the company's expenditures, such as the purchase of goods, waste management, and vehicles. The largest category of emissions in SCOPE 3 comes from the consumption of raw materials used in production, namely zinc and sheets.

Although the company does not directly control these sources, it can influence their reduction by implementing sustainability criteria in supplier selection and encouraging the use of renewable energy within the supply chain. Additionally, improving the management of domestic waste, one of the most significant sources of emissions, can substantially reduce the results in SCOPE 3. Of course, controlling and reducing these emissions requires close collaboration with external partners and continuous monitoring of their environmental impact.

The next category is represented by indirect emissions from SCOPE 1, specifically fossil fuel consumption for company vehicle travel and heating. These are emissions over which the company has direct control, and their reduction can be achieved by optimizing the fleet, transitioning to electric or hybrid vehicles where possible, as well as reducing fossil fuel usage in operations through measures such as improving building energy efficiency or replacing equipment with more efficient ones and continuous monitoring of their environmental impact.

# Environment: Climate Change Adaptation and Mitigation

The least impact in terms of CO<sub>2</sub> emissions comes from activities within SCOPE 2, namely the consumption of purchased electricity from the national grid and thermal energy used in various production processes, factory operations, and heating, where no other heating equipment, such as thermal power plants, is available.

These emissions, although indirect, can be controlled by improving energy efficiency, using energy-efficient equipment, and transitioning to renewable energy sources such as photovoltaic panels.

This section provides a detailed analysis of the carbon footprint for the activities carried out by Electromontaj SA, including categories such as electricity consumption, fuel use, waste management, and the impact of investments.

Considering the interviews conducted to understand the organization's context and the list of available information at the start of the calculation process, the carbon emissions determined for the company's activities fall into 10 specific categories for carbon emissions calculation. These are presented in the figure below, along with the CO<sub>2</sub> emission results, expressed in tons of CO<sub>2</sub> equivalent.

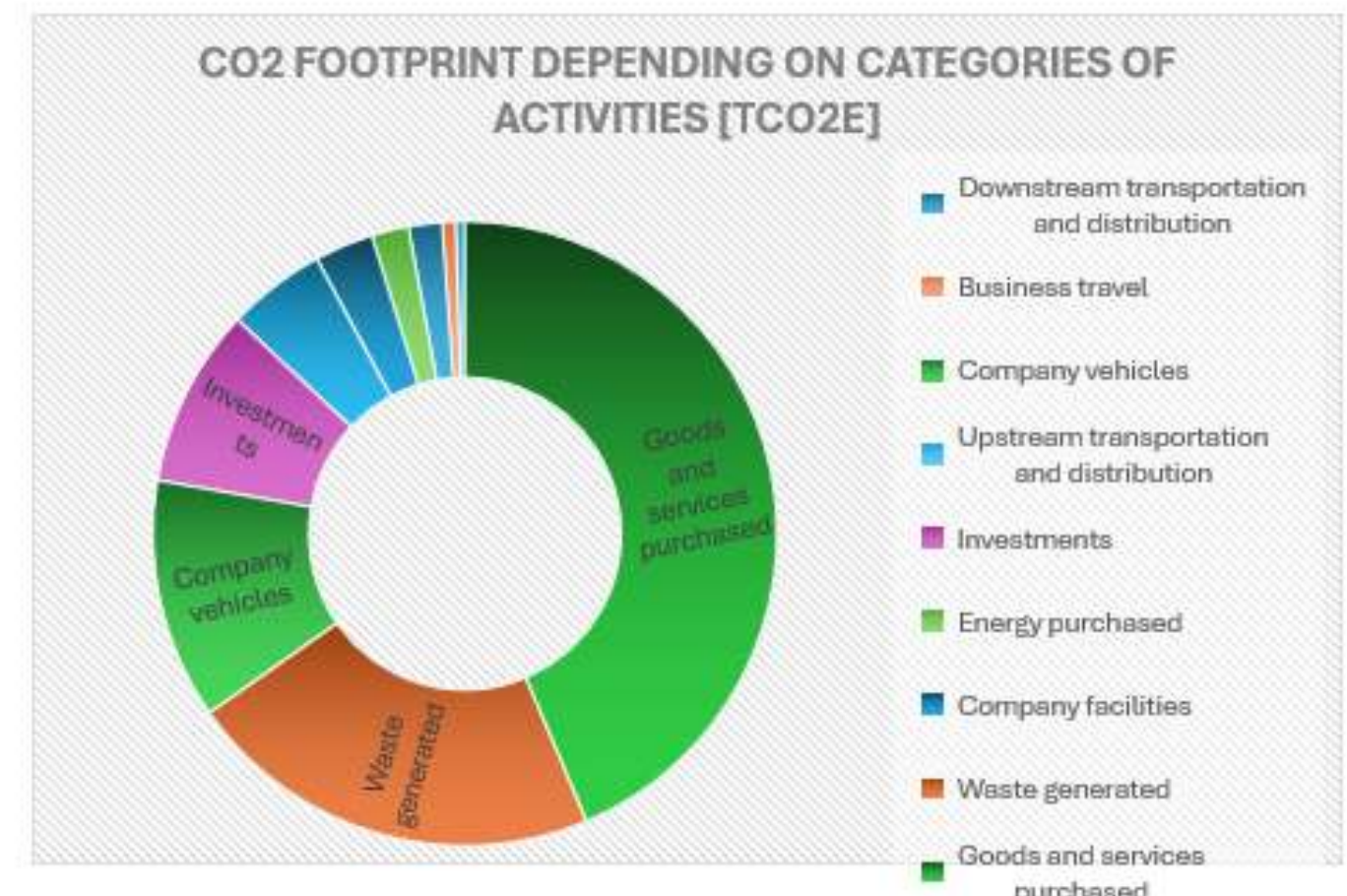
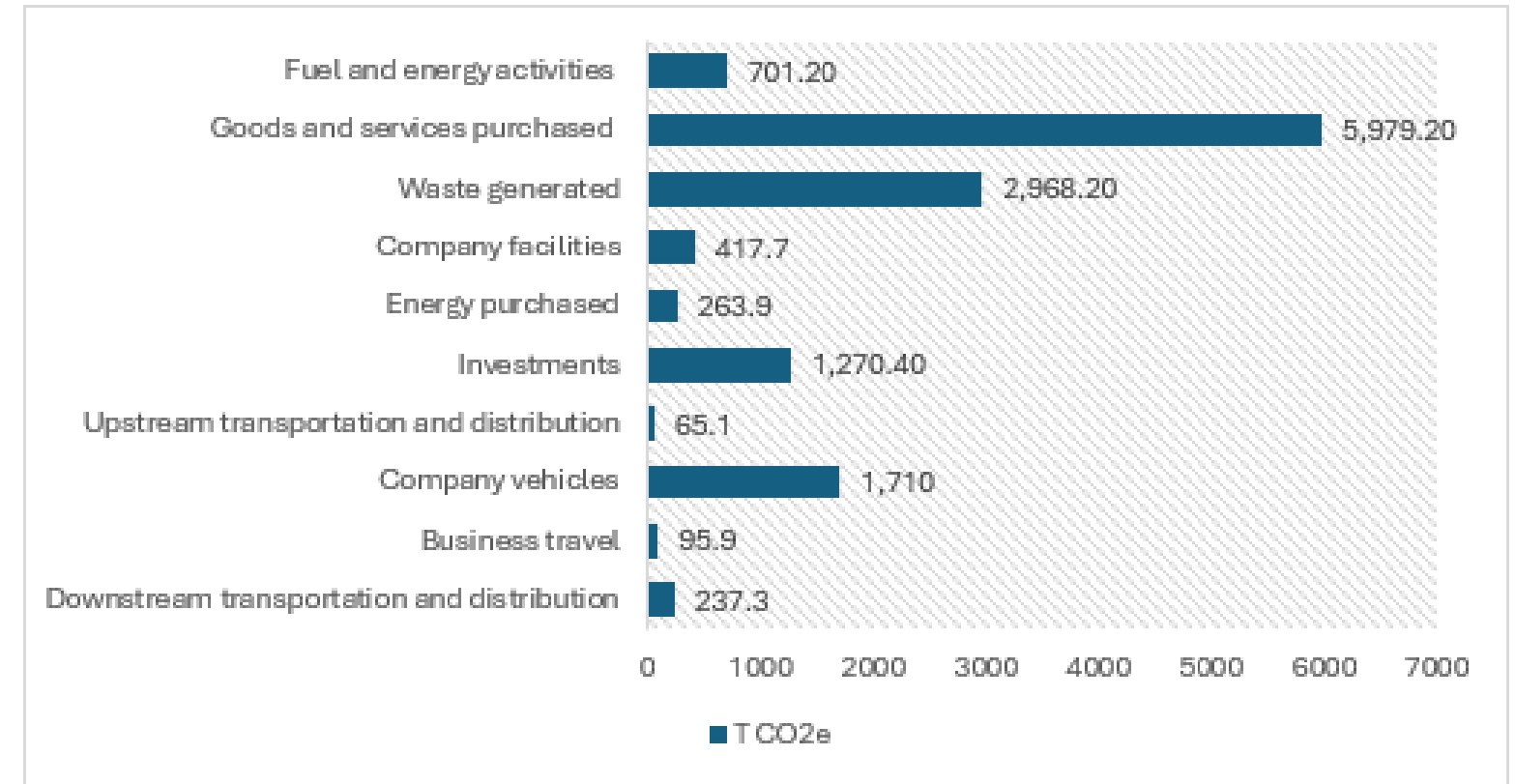
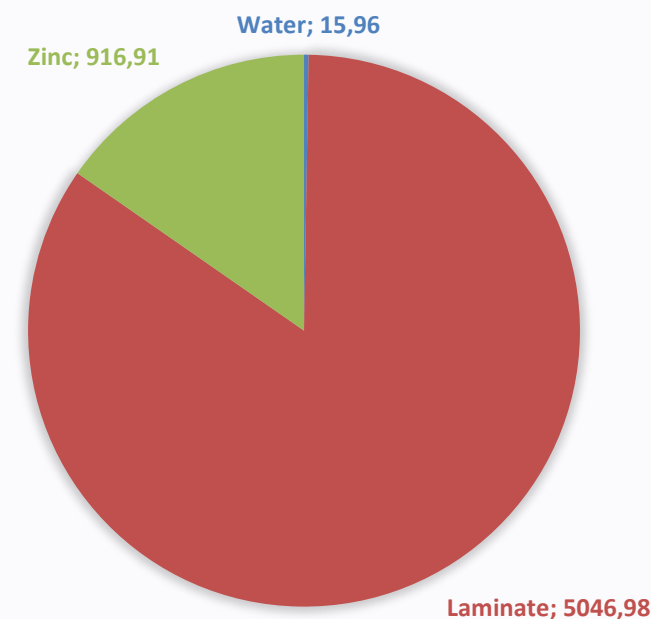


Figure 3: Carbon Emissions Results by Activity Categories, [tCO<sub>2</sub>e]

## Environment: Climate Change Adaptation and Mitigation

Among the activities carried out by Electromontaj, the largest impact on its emissions comes from purchased goods, contributing 43.62% to the total emissions. This is mainly due to the consumption of utilities and raw materials in the production process. The Lattice Steel Towers Factory is the primary location contributing to emissions in the "Purchased Goods and Services" category, generating 5,965.64 tonnes of CO<sub>2</sub>e, mainly from the consumption of laminates.



**Figure 4: Carbon emissions result by types of goods purchased by the company, [tCO<sub>2</sub>e]**

The activity category "purchased goods and services" generates emissions exclusively within SCOPE 3, as they arise from processes external to the company, such as the production of materials by suppliers. This category contributes approximately 5,979.15 tCO<sub>2</sub>e, with no impact on SCOPE 1 and SCOPE 2.

Opportunities for reducing emissions in this category include collaborating with suppliers to identify sources of raw materials with a lower carbon footprint, as well as selecting suppliers who use renewable energy. Implementing sustainability criteria in the procurement process can significantly reduce SCOPE 3 emissions.

The carbon footprint from this source, however, contains only a small portion of the actual emissions, mainly because emission factors for all the raw materials supplied by the beneficiary could not be identified. In this case, it is necessary to collect data from raw material suppliers to determine all the emissions.

## Environment: Climate Change Adaptation and Mitigation

The waste generated by the company's work sites accounts for 21.65% and represents the second most important source of emissions. Of these emissions, 99.55% come from waste that is disposed of (final disposal, incineration, treatment, etc.).

Of the waste that is disposed of, domestic waste constitutes the most significant source of emissions, accounting for 99.51% of the emissions associated with waste disposal. This value highlights the importance of adopting more rigorous measures to reduce and manage municipal waste, such as increasing recycling rates and implementing waste reduction programs at the source. Reducing the volume of municipal waste sent for final disposal could have a significant impact on the company's carbon footprint.

Table 3 details the types of waste disposed of and the emissions associated with them, highlighting the fact that municipal waste has the greatest impact on the carbon footprint.

*Table 3: Types of Waste Disposed and Emissions Associated with Disposal*

Type of Waste Disposed	CO2 Footprint, Elimination, [tCO2e]
DEEE - mix	0.0001
Domestic Waste	2,935.42
Construction - Others	0.0192
Construction - Insulation Materials	0.0010
Industrial and Commercial Waste	1.2046
Textile Waste (Clothing)	0.0497
<b>Total</b>	<b>2,936.69</b>

## Environment: Climate Change Adaptation and Mitigation

Industrial and commercial waste contributed 1.20 tons of CO<sub>2</sub>e to the company's carbon footprint, highlighting the need for more efficient management of these waste streams. Additionally, textile waste generated approximately 0.05 tons of CO<sub>2</sub>e, suggesting a significant impact relative to the relatively small volume of waste.

Recycled waste represents a very small portion of the emissions associated with this category of activity, accounting for only 0.45% of the total. This is mainly because the emissions factors associated with recycling are lower compared to those associated with waste disposal.

*Table 4 Types of recycled waste and emissions associated to recycling*

Type of recycled waste	CO <sub>2</sub> Footprint, Recycling, [tCO <sub>2</sub> e]
<b>Construction - Tires</b>	0.0217
Construction- Metals	0.5502
DEEE - mix	0.0016
Commercial and Industrial Waste	12.2930
Metal scrap	0.2779
Glass	0.1260
Plastic Waste	0.0106
Paper and Cardboard waste	0.0252
Textile waste (clothing)	0.0013
<b>Total</b>	<b>13.3074</b>

## Environment: Climate Change Adaptation and Mitigation

Additionally, in this "Generated Waste" category, we find emissions related to the discharged wastewater, totaling 18.18 tons of CO<sub>2</sub>e, representing 0.61% of the total emissions in this category. Implementing widespread recycling practices at all company locations could significantly reduce SCOPE 3 emissions. Currently, recycled waste contributes only 0.45% of the emissions generated in this category, but more stringent waste stream management could lead to a reduction in the proportion of waste sent for disposal and an increase in recycled waste.

**Investments** represent a relatively small category within the company's total carbon footprint, contributing 1,270.4 tons of CO<sub>2</sub>e to SCOPE 3 (or 9.27% of total emissions). These emissions stem from activities related to the acquisition of equipment and infrastructure, as well as the use of energy resources and fuels in investment projects. For example, at the IPROEB SA and Electrotehnica Echipamente Electrice SA locations, emissions were primarily generated from the consumption of fossil fuels and energy for the production and use of industrial equipment.

Although the impact of this category is smaller compared to other sources, such as purchased goods and services, there are opportunities to optimize procurement processes and implement sustainability criteria in future investments, such as purchasing energy-efficient equipment or integrating low-carbon emission technologies. These measures could contribute to a further reduction in SCOPE 3 emissions from this category

**The emissions** associated with the company's vehicles are classified under SCOPE 1, being direct emissions resulting from the consumption of fossil fuels (diesel and gasoline) for internal transportation. In total, the vehicles generated 1,709.95 tons of CO<sub>2</sub>e at the SCOPE 1 level, highlighting the importance of optimizing the company's fleet.

The diesel consumption of the company's vehicles generated 1,654.56 tons of CO<sub>2</sub>e, representing most emissions in this category, while gasoline consumption added 68.98 tons of CO<sub>2</sub>e. Reducing the use of fossil fuels can be achieved by using vehicles with higher efficiency or implementing fleet management systems to minimize consumption.

Opportunities for reducing emissions in this category include transitioning to a fleet of electric or hybrid vehicles, as well as optimizing routes and reducing fuel consumption. Investments already made in the acquisition of vehicles with EURO 5 and EURO 6 pollution standards, as well as hybrid vehicles, represent an important step towards reducing carbon emissions

# Environment: Climate Change Adaptation and Mitigation

The electricity purchased from the national grid for factories, headquarters, and work sites represents 1.92% of total emissions. The electricity is generated using fossil fuels. Changing the supplier to one that provides energy solely from renewable sources or generating electricity through photovoltaic panels would have a significant impact on these results in the short and medium term.

The emissions associated with purchased energy fall under SCOPE 2, as they are indirect emissions produced by the generation of electricity outside the company. In total, the company generated 263.9 tons of CO<sub>2</sub>e from the consumption of purchased electricity, highlighting the significant impact of this consumption on the overall carbon footprint

Opportunities to reduce emissions in this category include switching to energy-efficient equipment, as well as optimizing energy consumption through the implementation of monitoring systems and automated energy control. Additionally, using energy-efficient technologies in production processes can significantly reduce electricity demand and, consequently, CO<sub>2</sub> emissions.

Another important aspect in reducing emissions from purchased energy is the creation of awareness programs for employees to encourage responsible energy consumption at all levels of the organization. This may include simple measures, such as turning off equipment that is not in use and optimizing energy resource usage based on actual needs—actions that the company considers in its sustainability strategy.

# Environment: Climate Change Adaptation and Mitigation

Activities related to fuels and energy account for 5.12% of the total. This category of emission calculation is directly proportional to the Purchased Energy category, as the input data is the same; however, the calculated emission categories are different:

- The Purchased Energy category determines the emissions associated with the combustion of fuels for energy production.
- The "Fuel and Energy Activities" category determines the emissions associated with the extraction, refining, and transportation of fuels used for electricity generation, as well as the transportation and distribution (including network losses) of natural gas, gasoline, diesel, and purchased electricity.

Reducing electricity and fossil fuel consumption automatically impacts this category as well.

Table 18 presents information regarding the carbon footprint associated with the company's purchase of fossil fuels and electricity from the grid, in accordance with GHG Protocol requirements..

Indicator Activities linked to fuels and energy	CO2 associated emissions, [tCO2e]
Natural Gas consumption	404.07
Emissions associated with losses experienced in the network related to the transportation of electricity from the producer to the consumer.	16.95
Emissions from purchased electricity.	263.9
Emissions are associated with the extraction, refining, and upstream transportation of fuels for electricity generation.	196.01
Transport and distribution of gasoline.	19.11
Transport and distribution of natural gas	66.72
Transport and distribution of diesel	402.44
Gasoline consumption	68.98
Diesel Consumption	1,654.56
<b>Total</b>	<b>3,092.71</b>

# Environment: Climate Change Adaptation and Mitigation

The other sources of emissions, accounting for 5.95% of the total, come from:

- Company equipment (3.05%): gasoline and diesel consumption associated with internal machinery.
- Downstream transport and distribution (organized by Electromontaj) (1.73%): transport related to poles and materials required for project execution.
- Business travel (0.70%): air travel and hotel stay for trips abroad.
- Upstream transport and distribution (organized by suppliers) (0.48%): transport of raw/secondary materials by truck, van, and ship.

These sources are less significant compared to those detailed earlier, indicating that more attention should be given to purchased goods, waste, electricity consumption, and consumption within owned companies.

Indicator Activities linked to fuels and energy	CO2 associated emissions, [tCO2e]
Natural Gas consumption	404.07
Emissions associated with losses experienced in the network related to the transportation of electricity from the producer to the consumer.	16.95
Emissions from purchased electricity.	263.9
Emissions are associated with the extraction, refining, and upstream transportation of fuels for electricity generation.	196.01
Transport and distribution of gasoline.	19.11
Transport and distribution of natural gas	66.72
Transport and distribution of diesel	402.44
Gasoline consumption	68.98
Diesel Consumption	1,654.56
<b>Total</b>	<b>3,092.71</b>

# Environment: Climate Change Adaptation and Mitigation

## Avoided Emissions

To reduce emissions, the company has installed photovoltaic panels at the Lattice Steel Towers Factory and at the affiliated company, IPROEB SA.

Since photovoltaic panels represent a renewable energy source with zero emissions, according to the GHG Protocol, Table 19 presents the emissions avoided by Electromontaj through the implementation of this technology. It is important to note that these avoided emissions are reported separately from the results included in SCOPE 1-3, in line with the reporting requirements.

Additionally, to reduce and optimize the consumption of fossil fuels, the company invested in transportation means throughout 2023 by purchasing 34 vehicles with EURO 5 and EURO 6 emission standards, as well as 5 hybrid vehicles. Furthermore, 15 transport and material handling machines using fossil fuels were purchased, featuring EURO 5, EURO 6, or STAGE V (for off-road engine machines) emission standards.

**Table 6: Carbon emissions avoided through the use of photovoltaic panels.**

Indicator	Quantity, [kWh]	MU emission factor	Value emission factor	Avoided emissions, [tCO <sub>2</sub> e]
Electricity produced by panels, IPROEB SA	1,314	kg CO <sub>2</sub> /kWh	0.2256078	0.296448649
Electricity produced by panels, Fabrica de Stâlpi Metalici	75,750	kg CO <sub>2</sub> /kWh	0.2256078	17.08979085

# Conclusions

According to the detailed analysis of the carbon footprint of Electromontaj SA's activities, the company's emissions are divided into several activity categories, each contributing significantly to the total CO<sub>2</sub> equivalent emissions.

Among these, the category "Purchased Goods and Services" had the greatest impact on total emissions, falling exclusively within Scope 3, because of external processes, such as material production by suppliers. This category highlights the importance of collaborating with suppliers who implement measures to reduce their own footprint, such as using green energy and optimizing internal consumption.

A second major source of emissions is the waste generated, which contributes 21.65% of the total. Among these, municipal waste is the most important source, accounting for 99.51% of the emissions associated with waste disposal. Adopting more stringent recycling measures and reducing the amount of waste sent to final disposal could significantly reduce these emissions. Therefore, it is recommended to implement more efficient waste management across all company locations.

Investments represent another category of emissions, totaling 1,270.4 tons of CO<sub>2</sub>e in Scope 3, arising from the consumption of fuels, energy, and refrigerants by the companies. Although the impact is lower compared to other sources, measures can be implemented to optimize electricity and natural gas consumption for heating, as well as adopting low-emission technologies. These could contribute to reducing emissions associated with this category, such as heat pumps and photovoltaic panels

Emissions generated by the consumption of purchased energy contribute 1.92% to the total Scope 2 emissions. The main locations generating the highest emissions from this category are the Metal Pole Factory, due to energy-intensive processes, as well as the total consumption associated with non-production work sites. Opportunities to reduce these emissions include switching to green energy suppliers and implementing more energy-efficient technologies.

Additionally, recent investments in hybrid vehicles and energy-efficient equipment, which have led to the avoidance of 17.3 tons of CO<sub>2</sub>e, demonstrate the company's commitment to reducing its carbon footprint.

In the long term, emission reduction measures, such as the use of photovoltaic panels installed at various locations, transitioning to more efficient vehicles, and actively involving suppliers in the reduction process, are among the most important ways to reduce emissions. These initiatives, combined with rigorous management, will contribute to achieving the company's sustainability goals



## Conclusions

This is a presentation of the results of the CO<sub>2</sub> footprint assessment carried out by a third-party company, which analyzed the environmental impact of ELECTROMONTAJ's activities. The assessment was conducted according to international standards, ensuring an accurate estimate of greenhouse gas (GHG) emissions.

For the uncertainty assessment, the GHG Protocol Guide on uncertainty evaluation in GHG inventories and the calculation of the statistical parameter, as mentioned in Chapter 4.3, was used.

Given that CO<sub>2</sub> emissions were calculated using consumption data and emission factors, the accuracy evaluation was carried out using the method specific to indirect measurement.

**The aggregated accuracy of the data and emission factors, in the case of the carbon footprint assessment for ELECTROMONTAJ, is: 3.4% – Very good.**



## Prevention and control of pollution

Electromontaj is committed to environmental goals aimed at minimizing negative environmental impacts, such as preventing and controlling pollution. Below, you will find information regarding emissions per pollutant, as well as hazardous substances.

Pollutants and hazardous substances are emitted during the production process. Therefore, this section will capture the pollution impacts from the activities of ELECTROMONTAJ SA – LATTICE STEEL TOWERS FACTORY BRANCH and ELECTROMONTAJ SA – CLAMPS AND REINFORCEMENTS FACTORY CAMPINA BRANCH.

According to the Integrated Environmental Authorization no. 7/16.12.2010 (revised on 01.02.2022), the following sources and types of air pollutants are present:

Nr. Crt.	Source of Pollutant	Type of air pollutant
1	Zinc Coating section	HCl Powders Cr and its compounds NH <sub>3</sub>
2	Thermal Power plant	Powders CO Nox SOx



## Prevention and control of pollution

Regarding water emissions, the technological wastewater from the Zinc Coating Section, which cannot be reused in the technological flow, as well as the resulting sludge, are handed over as waste to authorized companies for their disposal.

Additionally, Electromontaj takes all precautionary measures to prevent and minimize water emissions, particularly through underground structures.

The indicators considered in determining the quality of technological wastewater are:

- Temperature
- pH
- Suspended solids
- Extractable substances with organic solvents
- Biodegradable synthetic surfactants
- Chemical oxygen demand (COD-Cr)
- Biochemical oxygen demand over 5 days (BOD<sub>5</sub>)
- Ammoniacal nitrogen (NH<sub>3</sub>-N)
- Total phosphorus (P)
- Zinc (Zn)
- Nickel (Ni)
- Lead (Pb)
- Copper (Cu)
- Total chromium (Cr)
- Phenols volatile with water vapor
- Di(2-ethylhexyl)phthalate (DEHP)
- Other indicators in accordance with Government Decision no. 352/2005

Thus, Electromontaj complies with the emission limit values for all the indicators listed earlier. Apart from those mentioned, there are no significant emissions to water that would impact the environment.

Regarding soil emissions, these arise from the processes carried out in the neutralization station. The resulting pollutants, namely Lead (Pb), Zinc (Zn), Manganese (Mn), Total Chromium (Cr), and Sulfates, are present but do not exceed the alert threshold for soils with less sensitive usage.

# Monitoring activities in LATTICE STEEL TOWERS FACTORY

The company is responsible for monitoring gaseous emissions from direct sources at the galvanizing section and the thermal power plant on a quarterly basis. During the measurements of gaseous effluent emissions, mass flow rates, moisture content, gas velocity, and temperature were also determined. Additionally, Electromontaj monitors air quality by analyzing the following three parameters: Hydrochloric acid, Ammonia, and Chromium from four representative points at the property boundary on the four sides of the site, semi-annually.

For the monitoring of wastewater quality, the quality indicators are monitored monthly. On the other hand, for soil emissions, monitoring is carried out annually.

## Hazardous substances and mixtures used in the production process:

- Acetylene
- Hydrochloric acid
- Ammonia
- Hydrogen peroxide
- Ammonium chloride
- Zinc chloride
- Sodium hydroxide
- Sulfuric acid
- Oxygen
- Chromium trioxide
- Sodium dichromate
- Corrosion inhibitor
- Degreasing agent
- Potassium permanganate
- Silver nitrate

## Chemicals and mixtures used in the laboratory:

- Potassium permanganate
- Silver nitrate
- Ammonia
- Ammonium chloride
- Sodium hydroxide
- Sulfuric acid

## Monitoring activities at the LATTICE STEEL TOWERS FACTORY

At the Lattice Steel Towers Factory, there is a Facility for Metal Surface Treatment. Within the processes carried out, there are emissions into the air, water, and soil, as well as the use of hazardous substances.

### The hazardous substances used are:

- Acetylene
- Hydrogen peroxide
- Ammonium chloride
- Zinc chloride
- Sulfuric acid
- Sodium hydroxide
- Oxygen
- Chromium trioxide
- Sodium dichromate
- Corrosion inhibitor
- Degreasing agent
- Ammonia solution (24%)
- Potassium permanganate
- Silver nitrate

Nr. Crt.	Pollutant in air/water/soil	Pollutant Source	Pollutant Type
1	Air	Dispersion stack	HCl Powders Cr and its compounds NH <sub>3</sub>
2	Air	Dispersion stack	Powders CO NO <sub>x</sub> SO <sub>x</sub>
3	Water	-	Hydrogen ion concentration (pH) Temperature Suspended solids CCO-Cr CBO <sub>5</sub> Extractable substances with organic solvent Biodegradable synthetic detergents Ammoniacal nitrogen Total phosphorus Zn <sup>2+</sup> Nickel Pb Copper Total chromium Phenol index DEHP
4	Soil	- Neutralization station	Pb Zinc Manganese Total Sulfates Chromium

# Monitoring activities at the METAL POLE FACTORY BRANCH

In the installation, during the period 2020-2023, according to the 2023 Environmental Annual Report (RAM), no environmental complaints were recorded:

Environmental complaints	2020	2021	2022	2023
Complaints Requiring Corrective Action	0	0	0	0
Complaints Received	0	0	0	0
Categories of Complaints				
Odor	0	0	0	0
Noise	0	0	0	0
Water	0	0	0	0
Air	0	0	0	0
Procedural	0	0	0	0
Others	0	0	0	0



# ELECTROMONTAJ SA CLAMPS AND REINFORCEMENTS FACTORY

In accordance with the Environmental Authorization No. PH-16g from May 18, 2020, revised on February 9, 2024, considering the factory's activity, the sources of gaseous pollutants, which come exclusively from technological processes, as well as the pollutants, are:

No.	Pollutant Source	Type of air pollutant
1	Forging workshop	NOx SOx
2	Baths (tanks) for metal surface preparation	Cl

In the case of wastewater, there are pollutant mass flows within the allowed limits, specifically wastewater flows with a pH between 6.5 and 8.5, extractable substances, detergents, residual chlorine, and zinc.



# Monitoring the activity in CLAMPS AND REINFORCEMENT FACTORY

For monitoring the quality of wastewater, quarterly analyses are conducted on the water used in the technological processes before it is discharged into the local sewage system.

The analysis focuses on the following indicators: pH, extractable substances, detergents, residual chlorine, and zinc.

For monitoring gaseous emissions, semi-annual analyses are performed on emissions in the atmosphere at the exhaust stack of the forging workshop and the exhaust system of the baths used for surface metal preparation.

## **Hazardous substances and mixtures used/transported:**

- Sodium hydroxide
- Zinc chloride
- Ammonium chloride
- Degreaser
- Hydrochloric acid
- Nitric acid
- Sulfuric acid (analytical grade)
- Potassium chromate (analytical grade)
- Potassium permanganate (analytical grade)
- Ammonia (analytical grade)
- Potassium chloride
- Machrom Azure
- Gloss additive
- Oxygen
- Acetylene

From an environmental protection perspective, the company has implemented an integrated environmental management system aimed at identifying and managing associated risks. The main objective is to achieve zero cases of accidental pollution.

The company's activities are carried out in compliance with environmental legislation, and the environmental impact is monitored and reduced through specific measures, such as improving exhaust systems at factories and replacing old equipment with hybrid or electric machinery.

Reports from the Environmental Protection Agency (APM) demonstrate effective resource management, including energy and water, as well as waste management.

## Compliance with environmental protection legislation, responsibility, protection, and prevention (CRPP)

The safety and health of employees are major priorities for Electromontaj, as reflected in its strict health, safety, and environmental protection (HSE) policies. The safety policy is complemented by the requirements of Law 319 and Government Decision 1425, which regulate incident reporting procedures. Employees receive regular safety training, and emergency evacuation plans are implemented and tested regularly.

Risk assessment at the workplace is carried out according to a well-structured plan established by Government Decision 1425. These assessments, which consider the specifics of each job, are discussed within the Occupational Health and Safety Committee (CSSM). Preventive and protective measures are implemented through organizational and technical solutions.

Health and safety training programs are held monthly, semi-annually, or whenever necessary, including when new technologies are introduced, or job positions change. The effectiveness of these programs is evaluated by testing employees' knowledge at the end of each training cycle.

The communication of safety policies to employees is done through the communication department and informative sessions at the workplace. Employees are encouraged to engage in safety processes and provide feedback through the Occupational Health and Safety Committee (CSSM). Internal and external audits are conducted periodically, including by certification bodies, and corrective action plans are implemented because of these audits

## Compliance with environmental protection legislation, responsibility, protection, and prevention (CRPP)

The most important measure adopted in terms of Health and Safety at Work (SSM) is the introduction of the ZERO accidents objective in the Key Performance Indicators (KPIs), which has led to the continuous implementation of measures to prevent workplace accidents.

In 2023, no sanctions or fines were recorded for non-compliance with environmental regulations. Electromontaj has implemented effective strategies for the use of natural resources, including the installation of photovoltaic panels and automated systems for water and energy conservation.

Recycling practices are well-developed, with an active partnership with REMAT for the management of recyclable waste.

In addition to its internal commitments, Electromontaj participates in international environmental protection initiatives and collaborates with non-governmental organizations to implement local ecological projects. The ISO 14001 and IQ Limited SA 8000 certifications reflect the company's dedication to sustainability. At the same time, the company continues to invest in the education and training of its employees, providing them with introductory and periodic training on the best environmental practices



## Compliance with environmental protection legislation, responsibility, protection, and prevention (CRPP)

Investments in green technologies are a priority for Electromontaj. In 2023, the company invested in modernizing its factories and completed the installation of photovoltaic panels at the Metal Pole Factory to reduce its environmental impact. These ecological initiatives contribute to the company's long-term sustainability goals.

In its efforts to protect the environment and implement sustainable solutions in its activities, Electromontaj has adopted innovative technologies that minimize its impact on nature. A remarkable example in this regard is the use of drone technology for conductors pulling in major energy infrastructure projects. This method significantly reduces the need for deforestation, a major concern in traditional electrical line construction

For the recent project, such as the electrical line 400 kV Porțile de Fier - Anina, Connections in the Medgidia Sud Station, and electrical line 400 kV Gutinaș-Smârdan, the use of drones has allowed the company to install conductors without disturbing local vegetation and habitats. This approach not only supports biodiversity conservation but also streamlines construction processes, reducing the time and costs associated with land preparation.

The implementation of this technology underscores Electromontaj's commitment to environmentally responsible practices and technological innovation, aligning the company with the latest standards in natural resource conservation and environmental protection. Through these initiatives, Electromontaj not only meets its sustainability objectives but also sets the best practice model for the entire industry. These projects represent a step forward in adopting solutions that minimize the ecological footprint of energy infrastructure development activities

# Compliance with environmental protection legislation, responsibility, protection, and prevention (CRPP)

Throughout 2023, Electromontaj achieved ISO 27001 certification, reflecting efforts in digitalization and efficient data management. This brings added efficiency to the company's operations and supports the achievement of sustainability goals.

In 2023, Electromontaj made significant progress in employee health and safety, environmental protection, and digitalization.



# SOCIAL: PEOPLE, DEVELOPMENT AND MOTIVATION

## Demographics

The company Electromontaj presents a diverse demographic structure, with a total of 1,244 employees. The gender distribution shows a male predominance, with 1,076 men and 168 women in the team.

## Contractual Structure

Regarding the types of contracts, there is a clear preference for long-term employment:

Women: 165 have permanent contracts, while only 3 are employed on fixed-term contracts.

Men: 944 have permanent contracts, while 132 have fixed-term contracts.



# SOCIAL: PEOPLE, DEVELOPMENT AND MOTIVATION

## Geographic distribution and work schedule

Electromontaj operates in multiple work locations across the country, each with a unique workforce structure:

### Bucharest

676 total employees

- 118 women (102 full-time, 16 part-time)
- 558 men (534 full-time, 24 part-time)

### Pitești:

176 total employees

- 9 women (full-time)
- 167 men (164 full-time, 3 part-time)

### Craiova:

164 total employees

- 14 women (12 full-time, 2 part-time)
- 150 men (147 full-time, 3 part-time)

### Bacău:

157 total employees

- 11 women (8 full-time, 3 part-time)
- 146 men (143 full-time, 3 part-time)

### Câmpina:

71 total employees

- 16 women (all full-time)
- 55 men (all full-time)

This distribution reflects the company's adaptability to the specific needs of each location, as well as its commitment to diversity and flexibility in working hours.

Electromontaj stands out through its diverse workforce, both in terms of nationality, as well as age structure and distribution across hierarchical levels.

# SOCIAL: PEOPLE, DEVELOPMENT AND MOTIVATION

## Diversity by country

Out of the 1.244 employees, 1.123 are Romanian citizens.

The company showcased openness towards international talent hiring 121 from other countries, mostly non-EU:

- Nigeria: 89 employees
- Vietnam: 10 employees
- Pakistan: 9 employees
- Sri Lanka: 7 employees
- Bangladesh: 5 employees
- Republic of Moldova: 1 employee

## Diversity by Age and Gender

The workforce of Electromontaj presents a balanced distribution across age categories:

- Over 50 years of age: 551 employees (61 women, 490 men)
- Between 30 and 50 years of age: 484 employees (73 women, 411 men)
- Under 30 years of age: 209 employees (34 women, 175 men)

This structure reflects a beneficial combination of the experience of senior employees and the energy of the younger ones.



# SOCIAL: PEOPLE, DEVELOPMENT AND MOTIVATION

## Hierarchical levels and gender representation.

The distribution across hierarchical levels highlights both the organizational structure and gender representation in various roles:

- Superior Management: 4 people (1 woman, 3 men)
- Medium Management: 37 people (8 women, 29 men)
- Administrative personnel: 342 people (149 women, 193 men)
- Technical/Operational personnel: 860 people (10 women, 850 men)

Electromontaj presents a diversified workforce structure in terms of employee seniority, retirement status, and the composition of the Board of Directors.

## Employee seniority

The distribution of employees based on their seniority within the company reflects a balanced mix between those with long-term experience and those at the beginning of their careers:

- Under 1 year: 325 employees (43 women, 282 men)
- Between 1 and 3 years: 391 employees (59 women, 332 men)
- Over 10 years: 244 employees (36 women, 208 men)
- Between 4 and 7 years: 199 employees (22 women, 177 men)
- Between 8 and 10 years: 85 employees (8 women, 77 men)

This structure shows a benefic combination between employee loyalty with a big experience and the upbringing of new talent essential for innovation and adaptability.

## Retirement Status

Out of a total of 1.244 employees:

- 115 are active retired employees
- 1.129 are non-retired employees

The presence of a significant number of active retirees highlights the value of their accumulated experience and knowledge, as well as the company's inclusive policy towards senior employees.

## The Board of Directors

The executive leadership of Electromontaj is provided by a compact and dynamic Board of Directors:

- 4 members in total
- Gender distribution: 1 woman and 3 men
- Age categories: all members are between 30 and 50 years old

This structure of the Board of Directors reflects a balance between gender diversity and a focus on an age group that combines experience with the dynamism needed to lead a company in the energy sector.

## Conclusions

The demographic analysis of Electromontaj reveals a mature and diverse company in the Romanian energy sector. With a workforce of 1,244 employees, the organization demonstrates a balance between stability and innovation, highlighted by predominantly long-term contracts, a balanced age distribution, and a significant presence of international talent.

Although there is a male predominance, especially in technical roles, the company shows progress in gender diversity at the administrative and management levels. The extensive geographical structure, combined with a well-defined hierarchy and diverse leadership, positions Electromontaj favorably for adaptability and continuous growth.

The main challenges include improving gender representation in technical roles and efficiently managing a multi-generational and multicultural workforce.



# SOCIAL: PEOPLE, DEVELOPMENT AND MOTIVATION

## Attraction and development of talent at Electromontaj

At Electromontaj, we understand that our long-term success is closely tied to our ability to attract, develop, and retain exceptional talent. We are committed to creating a work environment that not only attracts top professionals but also inspires them to contribute to our mission of providing innovative solutions for the energy infrastructure of the future.

## Aligning with company values

Our recruitment process places accent on the identification of candidates who share the vision and values of Electromontaj. We search for professionals who not only excel in their fields but are also passionate about innovation and excellence in the energy sector.



# SOCIAL: PEOPLE, DEVELOPMENT AND MOTIVATION

## Development Program

The company has implemented a series of courses and training programs covering a wide range of skills, from management and leadership to industry-specific technical certifications. These initiatives reflect Electromontaj's commitment to enhancing the competencies of its team, ensuring that employees are well-prepared to tackle challenges in the energy sector and contribute to the company's ongoing success.

Thus, to strengthen leadership and strategic management skills, employees have participated in the "*Management 360*" and "*Leadership 360*" programs, designed to provide a comprehensive perspective on modern managerial challenges and to develop the competencies necessary for effective leadership in the energy industry.

Electromontaj has accentuated the development of technical competencies specific for the industry.

As a result, some employees have earned the EUR ING certification, recognized at the European level, while others have completed the 'Electrical Safety' course, enhancing their expertise in electrical safety.

The Company invested also in the development of communication abilities through employee participation in courses for Process Communication Model (PCM).

Additionally, some employees obtained certifications specializing in working with explosives and construction safety.

These training initiatives demonstrate Electromontaj's commitment to the continuous development of its employees, ensuring that the team possesses the necessary skills to support growth and innovation in the energy sector

# SOCIAL: PEOPLE, DEVELOPMENT AND MOTIVATION

## Inclusive and diverse culture

We recognize that diversity of perspectives is essential for innovation. We actively promote an inclusive work environment where every voice is heard and valued, regardless of background or experience.

## Growth opportunities and impact

We provide our employees with the opportunity to work on meaningful projects that shape the future of energy in Romania and beyond. Our employees are at the forefront of innovation in the energy sector, working on the implementation of advanced technologies and infrastructure solutions.

## Presence at job fairs and recruitment events

In 2023, Electromontaj adopted a proactive strategy for attracting talent, focusing on participating in job fairs and recruitment events. These initiatives expanded the company's database of potential candidates and strengthened its image as a top employer in the energy construction sector.

## Recruitment events and collaboration with the academic environment

### *Energy Fest (9-11 March 2023)*

At this event organized by the Association of Energy Engineers and Electricians in collaboration with the Polytechnic University, we interacted with students and professionals in the field. The Electromontaj booth was lively, featuring a special contest, and the presentation in the main hall gave us the opportunity to showcase our values, projects, and career opportunities.

### *Construct Fest (24-28 April 2023).*

At the University of Civil Engineering Bucharest, Electromontaj met with students and graduates interested in a career in construction. Our booth and detailed presentation highlighted our commitment to innovation, sustainability, and professional development, strengthening the company's connection with the academic environment.

### *Forum Energetic (8-12 May 2023)*

Similar to the Energy Fest, the Energy Forum was another opportunity for us to showcase our career development offerings and attract talent in the energy sector. The Electromontaj booth and the dedicated competition for participants helped create a dynamic interaction space and engagement.

# SOCIAL: PEOPLE, DEVELOPMENT AND MOTIVATION

## Job Fair (Bacău)

Participation in this regional event aimed to attract talent from areas less covered by recruitment events. It was an opportunity to expand Electromontaj's presence in regions with high recruitment potential.

## Presentations in technical High schools (Fetești and Bucharest)

To attract talented young individuals from the high school level, Electromontaj organized presentations at technical high schools. These meetings aimed to inspire students to pursue a technical career and provide them with information about the opportunities available within the company.

## Internship Program „Arhitect Electric”, 2nd edition (June – September 2023)

Electromontaj successfully continued the "Electric Architect" internship program, now in its second edition, offering 28 students the opportunity to work in real teams for three months. Out of these, 23 were later hired as junior engineers, confirming the program's success in attracting and retaining top talent.

## Events for employees

### Corporate Football Championship 2023

Electromontaj participated in both editions of the championship, promoting team spirit and a healthy lifestyle among employees. These competitions strengthened the bonds between colleagues in a relaxed and recreational setting.

### Energy Worker Day (20 July 2023)

The Energy Worker Day was celebrated with festive meals at all company locations, and employees received promotional gifts as a sign of appreciation for their continued contribution.

### 2023 Christmas Party

The event was a festive celebration of collective achievements, complemented by recreational activities and a special moment of gratitude where the management thanked the employees for their hard work and dedication.

# SOCIAL: PEOPLE, DEVELOPMENT AND MOTIVATION

## Initiatives for social responsibility

### Aid for refugees from Ukraine

Since March 2022, Electromontaj has provided temporary shelter for 25 adults and 21 Ukrainian refugee children, offering optimal accommodation conditions and emergency support.

### The "Christmas for Grandparents" Campaign

Electromontaj contributed the amount of 10,000 euros to this campaign, bringing holiday joy into the lives of needy seniors.

### Legal Half Marathon

Electromontaj sponsored the EOS D'ART Association with the amount of 3,000 euros for this charitable event and covered the participation costs for employees who wished to attend, encouraging social involvement and support for noble causes.



# SOCIAL: PEOPLE, DEVELOPMENT AND MOTIVATION

## Employee wellbeing

In 2023, Electromontaj continued to invest in the well-being and development of its employees by offering a comprehensive package of benefits and opportunities. Our company places particular emphasis on creating a work environment that supports both professional performance and the personal balance of each team member. Our benefits package includes:

- Extended medical insurance, providing access to high-quality healthcare services
- Life insurance, offering 24/7 protection for our employees
- Professional training and development program, including courses through PRO ELM School
- Mentoring and coaching opportunities for career development
- Integration activities and social events to strengthen team spirit
- On site library, encouraging continuous education
- Flexible schedule, including "Short Friday" at the headquarters
- Encouragement of a healthy lifestyle, such as "Fruit Wednesdays"

Additionally, we have implemented initiatives to support employees in the context of current economic challenges, such as a bonus to partially cover electricity costs.

These benefits reflect our commitment to creating a work environment that inspires, motivates, and supports each member of the Electromontaj team in reaching their full potential, both professionally and personally.

Through these initiatives, Electromontaj reaffirms its commitment to being a top employer in the energy sector, offering development opportunities and a career full of challenges, as well as satisfaction for professionals in the field.

# SOCIAL: PEOPLE, DEVELOPMENT AND MOTIVATION

## PRO ELM School

The PRO ELM School is a key initiative of Electromontaj, dedicated to the professional training of adults in the field of electrical work, specializing in the complex installation and maintenance of high-voltage overhead and underground power lines.

The program is exclusively for Electromontaj employees and offers participants theoretical courses and practical training in a specially designed environment. The project is aligned with ISCO 08 standards and is recognized by the Ministry of Education and Research and the Ministry of Labor and Social Protection.

Graduates receive certifications in compliance with national and European standards, facilitating their integration into the labor market and contributing to sustainable economic development. Since the launch of the project in 2011, approximately 200 individuals have graduated, building solid careers in the energy sector

The implementation of the program complies with national legislation regarding professional training and is supported by significant partnerships with institutions such as the Social House of Builders and the Trades House, ensuring alignment with European standards in the field.

In 2023, 28 individuals graduated from the courses, successfully building solid careers in the energy sector



# GOVERNANCE

## Governance

Corporate governance represents a set of rules, practices, and processes through which Electromontaj is managed and controlled. It plays a crucial role not only in ensuring compliance with legislation and regulations but also in building trust with shareholders, partners, and clients. In a global context where social responsibility and sustainability are becoming increasingly important, effective governance proves to be a fundamental pillar of our development strategy.

## Transparency and Communication

The company is committed to maintaining a high level of transparency in communication with all stakeholders, believing that the publication of relevant financial and non-financial information is crucial for building and maintaining trust. The Board of Directors, together with management, is responsible for implementing sustainability policies and monitoring performance against established objectives, ensuring that all actions are carried out in the best interests of all shareholders and that decisions are based on informed analysis, thereby promoting a positive impact on the community and the environment.

## Organizational culture

Electromontaj's organizational culture is based on ethics and integrity, with our code of ethics guiding the behaviors of employees and management, ensuring alignment with the company's values. We also recognize the importance of involving all stakeholders in the decision-making process. Consulting with employees, customers, suppliers, and local communities helps us better understand their needs and expectations, contributing to the development of sustainable solutions.

The impact of solid governance on sustainability is significant. On the one hand, effective governance leads to improved financial performance, reducing risks and increasing operational efficiency. By setting clear objectives and monitoring them, Electromontaj can optimize its resources and encourage innovation. On the other hand, by adopting sustainable governance practices, the company plays an active role in the community, investing in education, the environment, and local economic development, contributing to a fairer and more sustainable society. Moreover, good corporate governance enhances the company's reputation in the market, as clients and partners prefer to collaborate with organizations that demonstrate responsibility and integrity, which can lead to more sustainable business relationships.

# GOVERNANCE

## **The governance approach regarding procedures, policies, and programs**

Electromontaj adopts a comprehensive approach to governance and sustainability, implementing policies that support both employee well-being and social responsibility.

The meal voucher procedure contributes to the health and well-being of employees by providing access to balanced meals. This not only improves employee satisfaction but also reduces absenteeism, having a positive impact on productivity.

The telecommuting procedure provides flexibility for employees, allowing them to work from home under well-defined conditions. This measure not only supports work-life balance but also reduces carbon emissions associated with commuting, thus contributing to the organization's sustainability initiatives.

The "Recommend a Friend" program encourages team diversification by attracting new talent. This policy helps create an inclusive and diverse organizational culture, which is essential for innovation and creativity.

Through the project bonus, Electromontaj encourages employees to develop and implement sustainable projects. This approach promotes innovation and ensures alignment between individual goals and the organization's strategic objectives.

The timekeeping procedure ensures transparency and accountability in managing working hours, contributing to a performance-driven culture. It allows for a fair evaluation of employees' activities, thereby facilitating better organization and efficiency.

# GOVERNANCE

The reimbursement of early education expenses is a measure that promotes the professional development of employees. This policy encourages investment in education, thereby helping to improve employees' skills and performance.

Performance management is an essential procedure that improves organizational efficiency. Through clear evaluations and constant feedback, employees are encouraged to improve their performance and contribute to the organization's goals.

Data processing policies, both for website and social media, ensure compliance with data protection legislation. These measures demonstrate a commitment to transparency and business ethics, which are essential for maintaining the trust of customers and employees.

Personal data protection is a priority, and the organization is committed to respecting individual rights, thus strengthening trust-based relationships with all stakeholders.

The policy regarding access control to IT resources ensures the protection of sensitive information and minimizes cybersecurity risks. Through the electronic information backup policy, Electromontaj guarantees business continuity in the event of security incidents, thereby protecting the organization's assets.

The antivirus policy protects the IT infrastructure, preventing data loss and cyberattacks, while the information transfer policy ensures a secure flow of information, contributing to the efficiency of operations.

The password usage policy protects against unauthorized access to the organization's systems, while the usage and control policy for cryptographic methods ensures the security of information through encryption.

# GOVERNANCE

The Code of Ethics and Professional Conduct sets high ethical standards for employees, fostering an organizational culture based on integrity and respect.

The Diversity and Inclusion policy promotes a fair and diverse work environment, contributing to innovation by leveraging a variety of perspectives. In this context, the social responsibility policy supports community initiatives and environmental protection, demonstrating the organization's commitment to sustainability.

By implementing the Integrated Management System (IMS), Electromontaj integrates quality, environmental, and occupational health and safety aspects, facilitating a holistic approach to sustainability.

The vacation leave procedure ensures employee recovery and mental health, contributing to a positive organizational culture. At the same time, the flexible time and teleworking policy provides employees with the freedom to manage their time, reducing stress and increasing job satisfaction.

The workplace attendance management procedure monitors employee efficiency, contributing to an organized and productive work environment, while the recruitment procedure ensures the attraction of the best candidates, strengthening the team and the organization's competencies.



# GOVERNANCE

## Digitalization for governance

### Digitalization of the production tracking process at the Lattice Steel Towers Factory.

Electromontaj has implemented an internal digital solution to optimize the production tracking and planning process at the Lattice Steel Towers Factory. Through this initiative, the company demonstrates its commitment to enhancing operational efficiency and contributing to sustainability and efficiency in the production sector. This digital transformation is a key step in Electromontaj's sustainable development strategy and highlights the company's ability to develop customized solutions that improve day-to-day activities while minimizing environmental impact.

### Production efficiency

Through a digital tracking solution, production flows are monitored in real-time, allowing teams to adjust resource planning and prioritize tasks to meet deadlines with greater accuracy.

### Reduction of waste and resource consumption.

The monitoring and automated management of inventory and materials contributes to reducing unnecessary resource consumption and minimizing industrial waste.

### Increasing transparency and visibility in production

Teams have real-time access to production data, which enables better communication between departments and a clearer understanding of the process stages, thus helping to eliminate errors and downtime.

### Monitoring in real time

The solution allows for visualizing each stage of the production process, providing data on the progress of orders and the exact status of each component throughout the production chain.

### Automated planning

Using internal algorithms, the system adjusts the production schedule based on requirements and available resources, improving the utilization of the factory's capacities.

### Intelligent management of stocks

The solution allows for precise tracking of raw materials and finished goods inventory, thus optimizing purchases and stock levels to reduce both storage costs and excessive material consumption.

# GOVERNANCE

## Reduction of carbon footprint

By optimizing material consumption and energy usage in the production process, the solution directly contributes to reducing the factory's carbon emissions.

## Reduction of industrial waste

Constant monitoring and data accuracy minimize material and product losses, contributing to a more responsible use of resources.

## Energy optimization

The scheduling algorithms help reduce equipment downtime, leading to significant energy savings.



# GOVERNANCE

## Digitalization of working fluxes in branches

As part of its strategy to modernize and optimize operational processes, Electromontaj has developed a digital solution dedicated to improving workflow between branches and the central office. This documentation digitization initiative aims to increase the speed and accuracy of document transfer and archiving processes.

Through this solution, documents generated at each branch are electronically transferred to the central office, eliminating the need for physical document transport. Once in the central system, the documents are automatically archived, being instantly available to all departments and authorized personnel.

This not only reduces response time and increases administrative efficiency but also contributes to better data security and minimizes environmental impact by eliminating the physical transport of documents.

## Digitization of inventory and hardware equipment monitoring processes.

As part of its digitalization and sustainability initiatives, Electromontaj has developed and implemented a modern solution for monitoring and inventorying hardware equipment.

This project is part of the company's commitment to improving operational efficiency and reducing resource waste, contributing to sustainability and environmental performance.

Through the implementation of this solution, Electromontaj has significantly improved operational sustainability:

- Optimization of equipment lifecycle has contributed to reducing frequent purchases, promoting the responsible use of resources.
- Reduction of electronic waste – Preventive monitoring allowed for faster intervention and reuse of equipment, thus reducing the amount of equipment sent for recycling or disposal.
- Increase in energy efficiency – Monitoring hardware consumption led to the identification of energy-inefficient equipment, facilitating energy optimization measures across the entire equipment fleet.

# GOVERNANCE

## Digitalization in the engineering design department

As part of its digitalization initiative, Electromontaj has implemented advanced automation solutions in the AutoCAD program, used by the design department, with the aim of optimizing processes and reducing project execution time. The design team has developed custom functionalities to automate repetitive tasks and efficiently integrate complex projects into existing workflows.

Some of the main advantages of this initiative are:

1. Reduction of necessary time for routine activities: The automation of routine processes, such as generating and inserting standardized elements, has significantly reduced project execution time, allowing the team to focus more on innovative and strategic activities.
2. Increase in the quality and consistency of projects: Standardizing templates and processes in AutoCAD have brought greater uniformity and accuracy in project execution, thus contributing to a higher level of quality and consistency.
3. Error minimization: The introduced automations have reduced the risk of human errors in design processes, ensuring greater precision in the execution of each project. This minimization of errors contributes to reducing delays and the need for revisions, optimizing costs and improving delivery.
4. Resource consumption reduction: The optimization of working hours and increased productivity have reduced resource consumption (energy, materials needed for prototyping), supporting the company's sustainability objectives.
5. Perfecting collaboration between departments: The automations and developments implemented in AutoCAD have facilitated data integration between departments, ensuring transparency and quick access to updated design information.



EM

ELECTROMONTAJ