

2023 Sustainability Report

Sustainability is an ongoing journey. We've made exceptional efforts to analyze, verify, adapt, and set goals for our future path. These goals serve as signals guiding us through these waters.

However, we are also aware that it is a journey.

We anticipate that over time, we will discover new information, embrace new technologies, or confront new external challenges that may either ease or complicate our journey. We're prepared for that, as well as for careful navigation.

But above all, we're mindful of the flexibility, rationality, and responsibility we'll need to demonstrate in the years ahead. We truly hope to achieve our objectives, but even if we don't entirely succeed, we believe in the journey and where it leads us.





Table of contents



Klimaoprema at glance

Letter from the CEO	8
Klimaoprema at a glance.....	10
Our numbers.....	12
Timeline.....	14
Our presence in the world	16
Klimaoprema’s business: Heating, ventilation & air conditioning.....	18
Klimaoprema’s business: Cleanroom technology... ..	20
We offer one stop-shop solutions for projects	22
Our value creation model HVAC solutions.....	24
Our value creation model Cleanroom solutions	25
Environmental Product Declarations	26
Integrated Management System	28
Support to our customers.....	30
Our supply chain.....	31
Business model and advancements in 2023	32
CFD simulation	34
How we communicate and deliver value to our stakeholders.....	36
Partnering for progress	38
Our sustainability approach.....	40
Materiality assessment	41
Materiality matrix	42
Our sustainability approach.....	43
Our Sustainability goals by 2030	44
Contributing to the UN’s SDGs	45

Environment & Climate

Climate change and environmental protection.....	48
Energy consumption	50
Carbon emissions.....	52
Harnessing the Sun - powering sustainability with solar energy.....	54
Materials	56
Waste.....	58



People

People	64
Health and safety	66
Training & education.....	70
Benefits for our employees	77
Workforce breakdown	80

Governance

Governance	84
Concern line	86
EcoVadis – measure of sustainability	87
Numbers.....	88
Sustainability governance	89
Formal figures and data.....	90
GRI content index	92
About the report	96



Klimaoprema at glance

Letter from the CEO	8
Klimaoprema at a glance.....	10
Our numbers.....	12
Timeline.....	14
Our presence in the world	16
Klimaoprema's business: Heating, ventilation & air conditioning.....	18
Klimaoprema's business: Cleanroom technology...	20
We offer one stop-shop solutions for projects	22
Our value creation model HVAC solutions.....	24
Our value creation model Cleanroom solutions	25
Environmental Product Declarations	26
Integrated Management System	28
Support to our customers.....	30
Our supply chain.....	31
Business model and advancements in 2023	32
CFD simulation	34
How we communicate and deliver value to our stakeholders.....	36
Partnering for progress	38
Our sustainability approach.....	40
Materiality assessment	41
Materiality matrix	42
Our sustainability approach.....	43
Our Sustainability goals by 2030	44
Contributing to the UN's SDGs	45



Letter from the CEO

Welcome to our 2nd annual Sustainability report. This report details our programs, actions, and practices through which we aim to enhance environmental stewardship, create a safe, inclusive, and engaging workplace, and uphold ethical business practices. By doing so, we are confident in our ability to generate enduring value for our shareholders, customers, and employees.

Our global customers are increasingly prioritizing a sustainable and reliable value chain, highlighting the importance of renewable energy sources (RES), strong governance, and a focus on workforce empowerment and ethical practices.

In 2023, we achieved significant milestones:

We joined the UN Global Compact, committing to align our strategies with universal principles on human rights, labour, environment, and anti-corruption.

We published our first Sustainability Report (2022), transparently reflecting our efforts in waste management, energy, carbon issues, safety and well-being of our people.

We solicited feedback from our shareholders on our ESG efforts, conducted analyses of our impacts on society and the environment, and delved into EU trends and policies that will shape our future.

We defined our ESG goals till 2030, focusing on areas where we can have meaningful positive impacts. Our sustainability strategy is supported by four pillars – decarbonization, sustainable production, our people and responsible governance – as a strong foundation building on our commitment to contribute to a more sustainable future.

We engaged with EcoVadis, a globally recognized sustainability assessment platform, to evaluate our operations, actions, and policies against industry best practices. While the rating score will be part of our next Sustainability report in 2024, we are proud to have been awarded the EcoVadis Medal for our environmental impact, labour and human rights standards, ethics, and procurement practices.

As part of our commitment to ESG, we closely monitored EU legislative changes, ensuring compliance with existing regulations and proactively adapting our practices to meet emerging standards.

Our sustainability journey began in 2023 with the establishment of a dedicated Sustainability department.

To support the decarbonization targets of our stakeholders—and because it aligns with our commitment to doing what's right - we are advancing our strategies on emissions reduction and the integration of renewable energy sources to continually improve our facilities and manufacturing processes. In 2023, we completed an investment cycle that began with an EU-funded project for constructing a solar power plant at our Nova Gradiška production facility.

Further advances toward decarbonization were made through a project funded by the Modernization fund, aimed at building a photovoltaic power plant at Samobor production facility. Our objective is to ensure reliable and efficient operations, while also reducing our carbon footprint.

We have initiated discussions on aligning our supply chain with environmental, social, and governance standards outlined in our Supplier Code of Conduct, and we are committed to ongoing efforts in this area.

All in all, it was an intense year in terms of sustainability for Klimaoprema. I am very happy and proud of the work that has been done in this part, and I am optimistic about our further engagement in contributing to a positive impact on the world.

We remain committed to delivering top-quality products and services, driving innovation, meeting customer needs, and conducting sustainable business practices—all aimed at achieving excellence through the values we continuously uphold.

President of the Board

A handwritten signature in blue ink, appearing to read 'Sergio Galošić', with a stylized flourish at the end.

Sergio Galošić



Klimaoprema at a glance

Our locations

Technology is at the heart of our company. For the last four decades, we have been constantly investing in our modern production facilities and highly automated machinery, which has made us one of the global leaders in HVAC and cleanroom technology.

Our driving force is our people's knowledge, enthusiasm, and creativity. Some of our most innovative HVAC and cleanroom solutions are the result of our engineers' urge to create technology that will push the industry forward and impact people's lives.

We are a group of brave and good-hearted people. Ever since our founding in 1975, we have been determined to create a stronger future by investing in the knowledge, safety, and well-being of our employees and making a positive impact in the community.

We believe we have a responsibility to contribute to the ongoing growth and expansion of innovative solutions while being mindful of environmental and social responsibilities.



HQ/Production
Gradna/Samobor



Production
Nova Gradiška



Engineering

Sveta Nedelja



Design office

Zagreb



Design office

Split

Our numbers

1975

Company foundation

765

No. of employees

100%

Family-owned; joint stock company

45

Countries on the reference list (2023)

22

Types of product portfolios

16% / 84%

Ratio women/men

Certificates

ISO 9001 | ISO 45001 | ISO 14001 | ISO 50001 | ISO 13485

all company locations:
Nova Gradiška; Gradna/Samobor; Sveta Nedelja

2

Production sites:
Nova Gradiška & Samobor, Croatia

Membership

UN Global Compact | Croatia Green Building Council
Croatian AI Association | Croatian Chamber of Economy
Centre for Digital Built Croatia | Croatian Employers' Association
Croatian Chamber of Electrical Engineers
Croatian Chamber Of Mechanical Engineers
Croatian Chamber Of Civil Engineers



Awards



Most innovative exporter 2022
Sergio Galošić - Manager of the year 2022
Best large company 2022
Sergio Galošić - Manager of the year 2021
Best business results 2022
Croatian Best business results - 2018

Locations

Headquarters:

Gradna 78A, 10430 Samobor - Croatia

Companies:

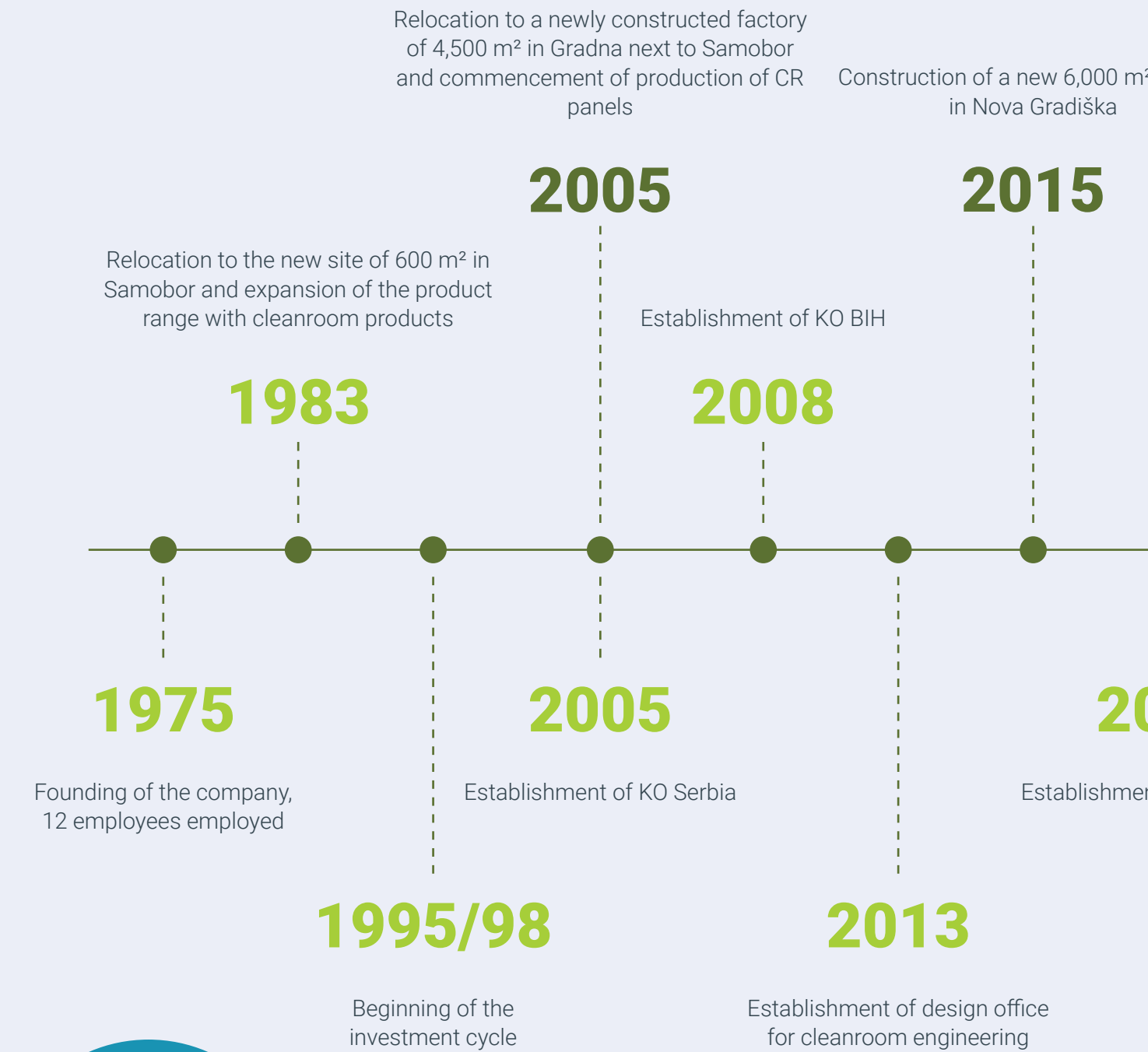
Klimaoprema d.d. Croatia
Klima oprema d.o.o. Serbia
Klimaoprema d.o.o. Bosnia and Herzegovina
Klimaoprema d.o.o. Slovenia
LLC Klimaoprema Russia
Klimaoprema Hungary Kft
Klimaoprema AD
Republic of North Macedonia

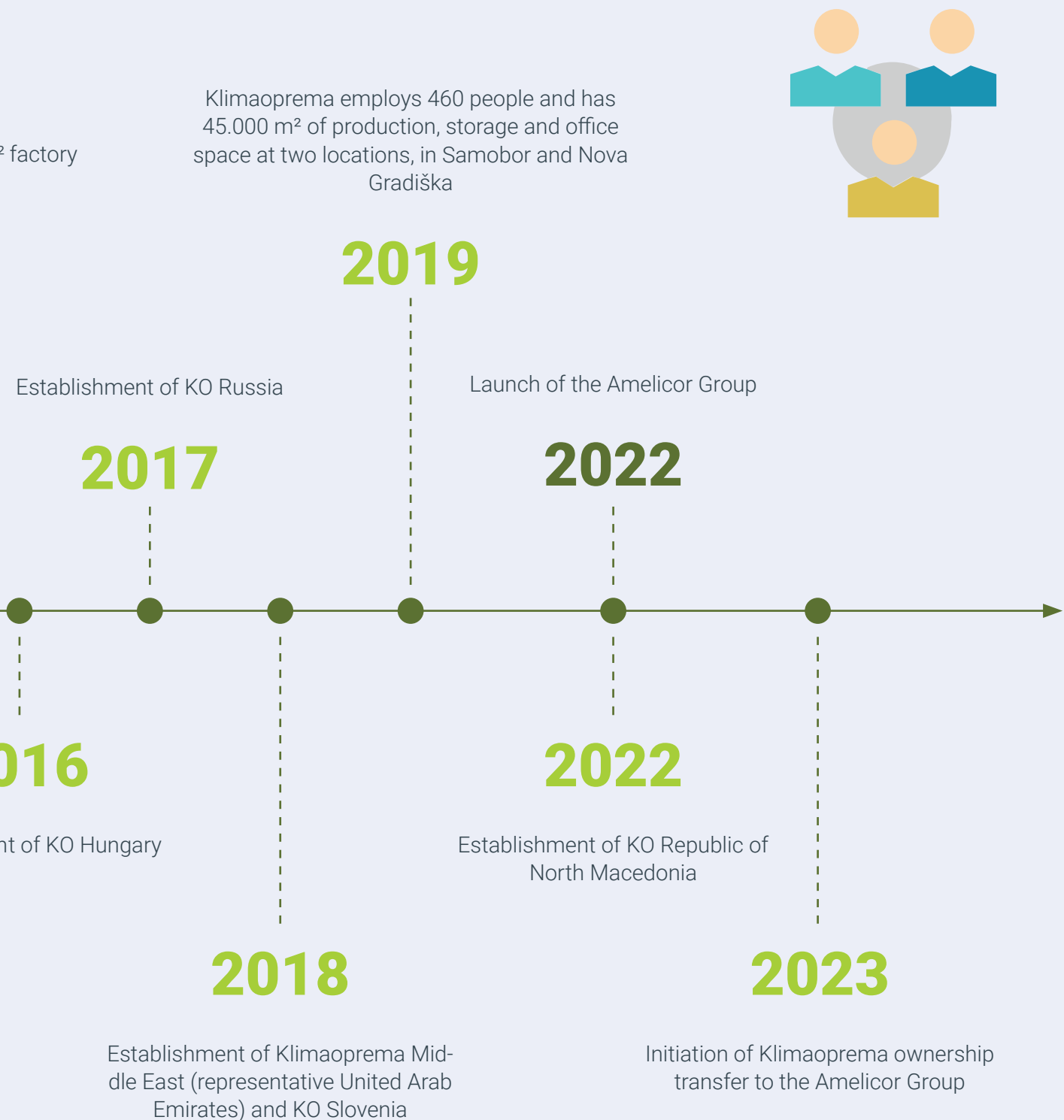
Branch office:

Klimaoprema United Arab Emirates



Timeline



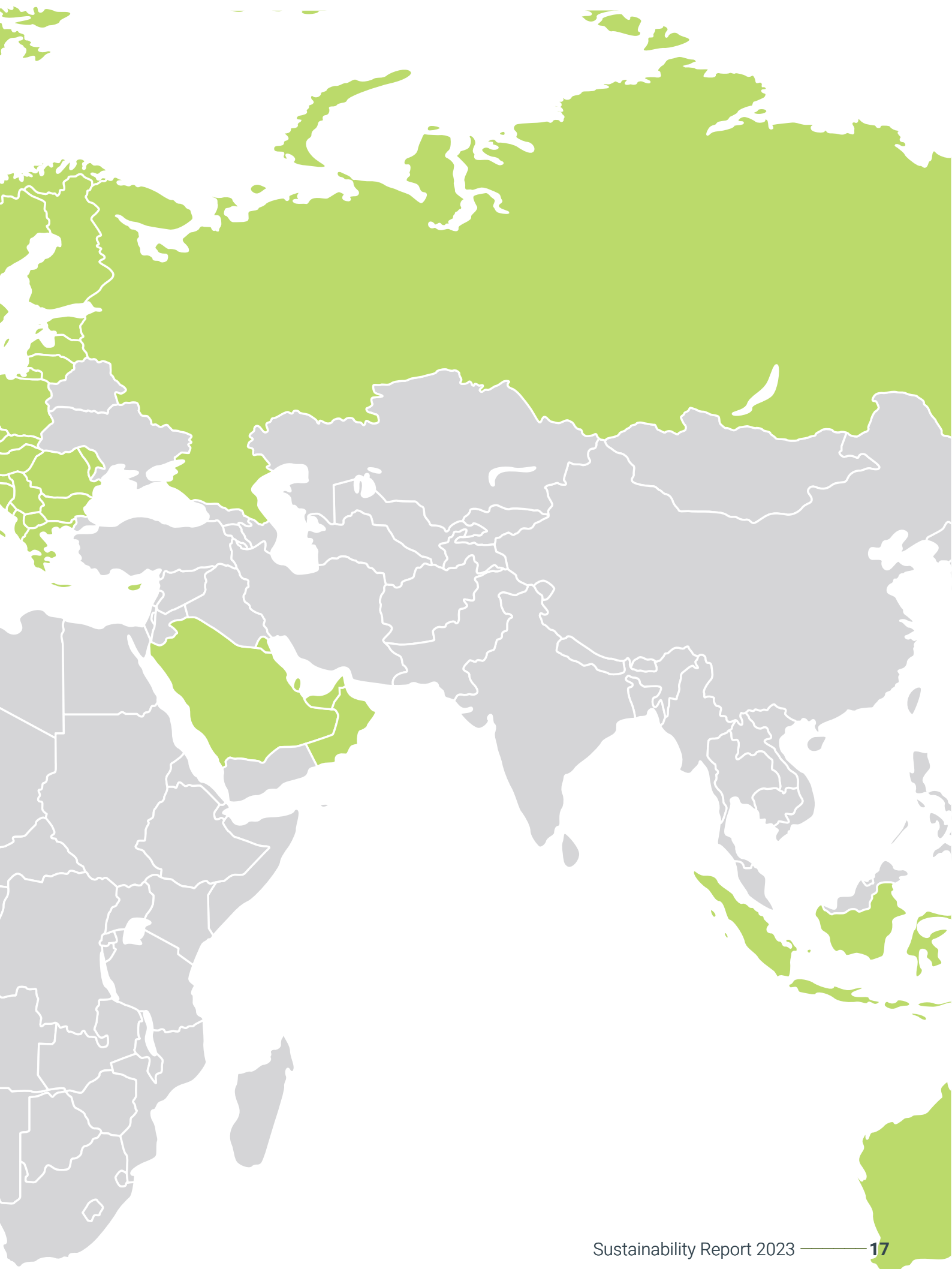


A stylized world map where landmasses are shown in grey and specific regions are highlighted in green. The green regions include North America, Iceland, Western and Northern Europe, and parts of Asia and Africa. The map is centered on the Atlantic Ocean.

Our presence in the world

Our company operates on a global scale, offering products and services to a diverse range of markets. Western Europe represents our largest customer base, accounting for approximately 82% of our business. In addition to our strong presence in Western Europe, we are also active in Eastern and Northern Europe. Beyond the European continent, we have successfully expanded into key international markets such as Indonesia, Qatar, Saudi Arabia, UAE, the United States, Australia, Kuwait, and other countries. Through this global network, we ensure our solutions meet the unique demands of various industries, maintaining a strong international presence.

Some of our key business partners include renowned companies such as Novartis, Lonza, JGL, Pliva, Belupo, Bionorica, Pfizer, GSK, Braun, Bosch, Sandoz, Teva, Hamapharm, Lonstroff, Takeda, Northvolt, France Air, Sanofi, Gedeon Richter, Yassenka, Dechra, AirTrust, Micro Matic, and RRT Cleanrooms. These partnerships highlight our commitment to quality and innovation, fostering long-term collaborations across the globe.



Klimaoprema's business

Heating, ventilation & air conditioning

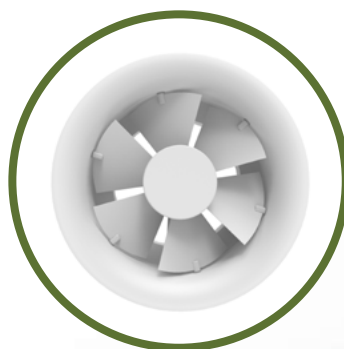
Heat recuperation units

A heat recovery unit composed of a fan, exhauster and a heat exchanger, all perfectly assembled and joined inside a thermal and noise insulated structure. The internal extraction air circuit pass by the exchanger without mixing with the circuit of the external driven air.



Air distribution

Various designs of air diffusers, grilles and plenum boxes for both supply and exhaust fitted for every room type and air duct.



Air treatment

Wide range of floor convectors, air curtains and radiators for both cooling and heating and BACNet communication

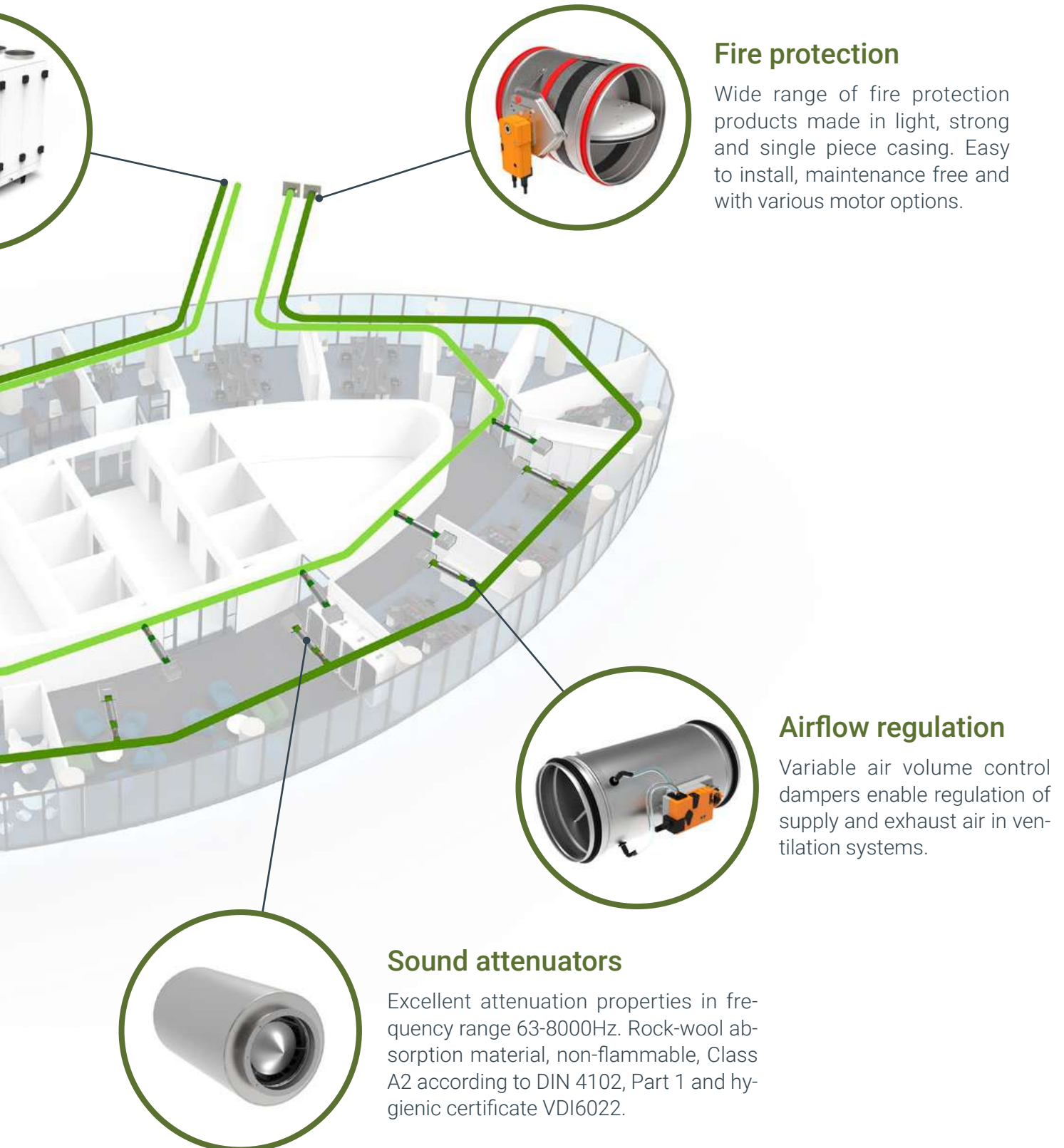


Kitchen ventilation

Professional kitchen hoods made out of stainless steel for air exhaust with optional UV-C cleaning lamp.



Design, production and service of Ventilation, Air-Conditioning and Cleanroom equipment



Fire protection

Wide range of fire protection products made in light, strong and single piece casing. Easy to install, maintenance free and with various motor options.

Airflow regulation

Variable air volume control dampers enable regulation of supply and exhaust air in ventilation systems.

Sound attenuators

Excellent attenuation properties in frequency range 63-8000Hz. Rock-wool absorption material, non-flammable, Class A2 according to DIN 4102, Part 1 and hygienic certificate VDI6022.

Klimaoprema's business

Cleanroom technology

Ceiling grid

Cleanroom grid ceiling is used in high class cleanrooms according to DIN EN ISO 14644-1 as well as in Class D according to EC Guide

Stainless steel furniture

Furniture elements are made of out of stainless-steel sheet welded tightly and processed to prevent the possibility of collecting bacteria



Weighing booths

The fans direct air to the HEPA absolute filters. In a vertical laminar flow the air enters the workspace. Part of the filtered air quantity is exhausted into the room through the front grille.



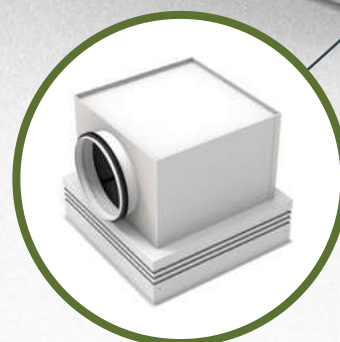
Doors

Cleanroom swing doors are made according to the EU GMP and ISO 14644 requirements. Door frame is made out of aluminium profile. The door represent one solid element flush with wall panels.



Cleanroom filtration

Products for providing clean and sterile air in cleanroom zone classified according to ISO 14644-1 (purity classes 1-8), U.S.F.S. 209 E and EU GMP standards (purity classes A, B, C, D).



Engineering, project management, procurement, design, production and assembly in Cleanrooms

Classes of cleanrooms, as well as class: A, B, C or (GMP).



Pass-through boxes and showers

A passive or active transit chamber is intended for safe transfer of material from one room to room with different classes of cleanliness.



Panel system

Complete panel system and accessories are made according to EU GMP and ISO 14644 requirements and provide air purity, air flow, temperature, humidity, etc.



Microbiological safety cabinets

Microbiological safety cabinets also have laminar air flow into the workspace and provides absolutely clean work zone. Both exhaust and contaminated air pass through main and outer HEPA filters. Compatible with 1, 2, 3 bio-contamination levels.



Laminar flow devices

Laminar flow devices are integral part of every laboratory and pharmaceutical production facility for protecting the operator, work object and working environment.

We offer one stop-shop solutions for projects



Design

Cleanroom Design and Engineering in pharmaceutical, medical, electronic and other industries



Procurement

Procurement management and contracting



Production

Production, assembly and packaging



We design and manufacture high-quality HVAC equipment and CLEAN rooms for advanced industries in the world – from pharmaceutical and medical to electronics and food processing.

We create safe and controlled spaces where the world's most demanding processes can thrive.



Construction

Design, quality control and
commissioning



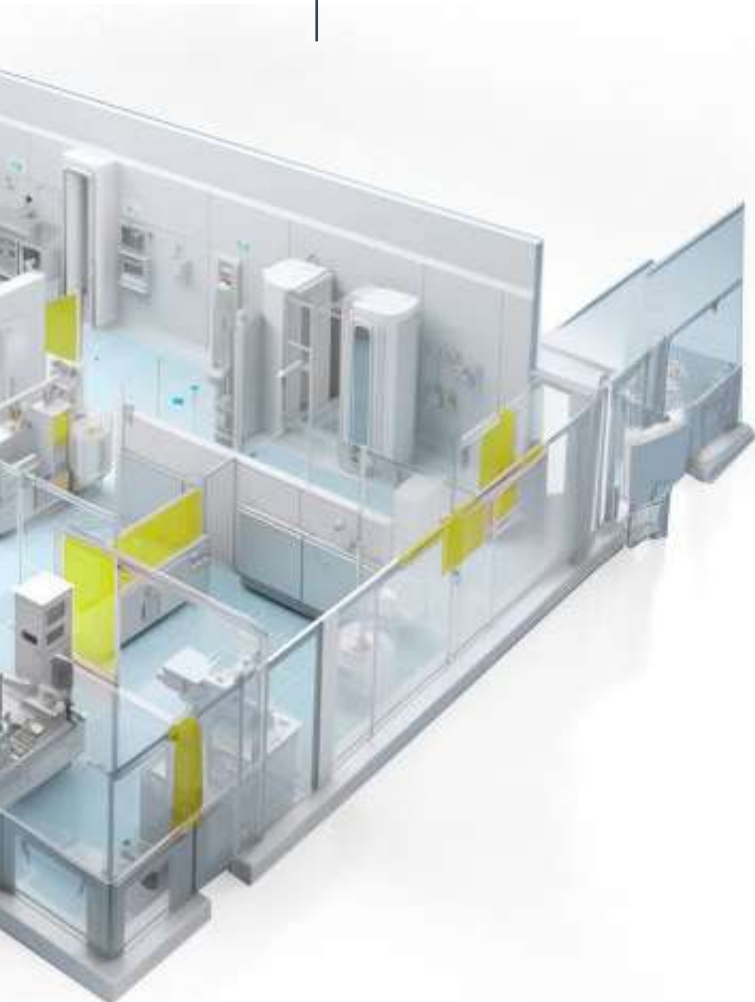
Installation & EHS

Infrastructure installation and EHS
Management



Validation

Commissioning, qualification and
validation



ROOM technology and provide turnkey projects for some of the most
health industry to microelectronics and automobile industry.

l's brightest and most needed inventions come to life.

Our value creation model

HVAC solutions

At Klimaoprema, our value creation model for HVAC solutions is centered on delivering superior, innovative products and services that meet the evolving needs of our customers.

By integrating latest technology and sustainable practices, we design and manufacture HVAC systems that are not only energy-efficient but also enhance the environmental comfort of spaces. Our approach involves continuous research and development, ensuring that we stay at the forefront of industry advancements and regulatory standards. This leads to the creation of HVAC solutions that offer optimal performance, reliability, and cost-effectiveness for our clients.

Through strategic partnerships and rigorous quality control, we maintain a competitive edge in the market, contributing to robust economic performance and

long-term customer satisfaction. This model not only supports our business growth but also ensures that we make a positive impact on the environment and society by improving energy consumption patterns and reducing carbon footprints across various sectors.

By implementing lean manufacturing techniques and continually seeking process improvements, we deliver higher quality products at reduced costs, thereby gaining a significant competitive advantage.

Lean management at Klimaoprema enables a systematically organized production process and enhanced workplace efficiency by relentlessly eliminating activities that do not add value from the customer's perspective.

Excess inventory

Avoiding problems associated with excess inventory, such as identifying defective products late or increased lead time in production

Unnecessary transportation

Optimizing factory layouts to eliminate unnecessary movement of employees, tools, materials, or equipment

Unnecessary motion

Optimizing motion of people, equipment, or machinery during the production process through scientific management techniques

Waiting

(Idle workers or idle equipment)
Minimizing downtime caused by waiting for materials, equipment, or maintenance

Overproduction

Implementing just-in-time production to produce only what is demanded by customers, avoiding excess inventory

Over-processing

Avoiding the addition of unnecessary components or features to products that are not required by customers

Defects

Reducing defective products to enhance customer satisfaction and reduce costs associated with rework or replacement

Lean management



Our value creation model

Cleanroom solutions

Our value creation model for cleanroom solutions at Klimaoprema is intricately designed to support the specialized needs of industries that require controlled environments, such as pharmaceuticals, healthcare, and microelectronics. We leverage our extensive expertise in cleanroom design and engineering to provide bespoke solutions that meet the strictest standards for contamination control.

Our process starts with a thorough understanding of our clients' specific requirements, followed by the deployment of advanced technologies to construct cleanrooms that optimize cleanliness and minimize particulate contamination. We design to allow for scalability and flexibility, ensuring that our cleanrooms can evolve with our clients' changing needs.

By ensuring compliance with international standards and delivering ongoing support and maintenance, we help our clients maintain operational excellence and achieve their business objectives, thereby creating lasting value through our cleanroom solutions.

Our approach is deeply rooted in our core values which include constant learning and evolvment, and foreseeing changes to adjust our business strategy accordingly. We focus on development based on professional knowledge.

By applying the latest technologies, maintaining financial stability, and controlling risks, we recognize and address challenges with innovative solutions. Our competitive edge is sustained by our drive for innovation, product competitiveness, and expansion into new markets. These values guide our every action, ensuring that we deliver not just clean environment, but comprehensive, future-ready cleanroom solutions that align with our clients' long-term goals.

Design

Cleanroom Design and Engineering in pharmaceutical, medical, electronic and other industries

Procurement

Procurement management and contracting

Validation

Commissioning, qualification and validation

Production

Production, assembly, quality control and packaging

Installation & EHS

Infrastructure installation and EHS Management



Environmental Product Declarations - our commitment to sustainable products and transparent reporting

Environmental Product Declaration (EPD) signifies our commitment to not only measuring but also reducing the environmental impact of our products, presented in a remarkably transparent manner. Through Environmental Product Declaration, we accurately describe the environmental performance of our products from a comprehensive life cycle perspective, achieved by conducting a thorough life cycle assessment (LCA) verified by an approved independent verifier.

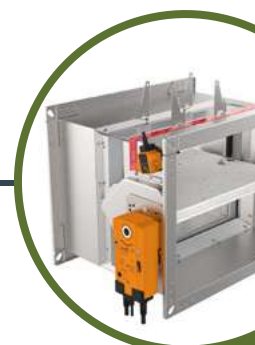
In 2023, we published 5 Environmental Product Declarations for FDC Fire damper, FD Fire damper, RVP-P Variable air volume damper, RVP-C Variable air volume damper and W60 cleanroom panel, proving our focus on sustainability across our product portfolio. These EPDs provide a wealth of information on our commitment to transparency and environmental responsibility, particularly in the realm of science-based information.

Each Environmental Product Declaration encapsulates vital details concerning the environmental performance of the product, meticulously obtained through the rigorous application of life cycle assessment methodology. This assessment delves into a comprehensive list of indicators across every stage of product construction, starting from the sourcing and supply of raw materials and extending to the product's end-of-life phase, in strict adherence to European standards such as EN 15804, ISO 14025, and ISO 21930.

Cleanroom panel
product, where
thermal insula
Cleanroom env
as well as resis

FD - Fire damper

Fire dampers FD are used for prevention of fire spread through the ventilation ducts and between fire sections. Fire damper is always tested in standardized support frames in accordance with EN 1366-2:2015.



FDC - Fire damper

Fire dampers FDC are used for prevention of fire spread through the ventilation ducts and between fire sections. Fire damper is always tested in standardized support frames in accordance with EN 1366-2:2015.



An excellent example of this commitment is our W60 cleanroom panel EPD, which comprehensively covers 90% of cleanroom panels sold worldwide. This EPD meticulously details the life cycle stages from the sourcing and transportation of raw materials to product manufacturing and end-of-life options, providing valuable insights into our sustainability efforts across the entire product life cycle.

Env
In accorda

W60 - Cleanroom panel

Panel is a high quality, versatile and environmentally friendly construction that meets the highest demands of the cleanlines, hygienic, sound reduction and durability are required. With his flat surface makes it excellent for use in environments that comply with ISO 3-9 (according to ISO 14644-1:2015), resistance to humidity, cleaning, process and disinfection reagents.



RVP-P - VAV damper

RVP-C or VAV rectangular damper is used to control a variable or constant airflow volume in duct ventilation systems. All VAV dampers are equipped with compact VAV actuator, which has in-built pressure differential sensor and PID logic control.

EPD
ERIFIED



RVP-C - VAV damper

RVP-C or VAV cylindrical damper is used to control a variable or constant airflow volume in duct ventilation systems. All VAV dampers are equipped with compact VAV actuator, which has in-built pressure differential sensor and PID logic control.

Environmental Product Declaration

Compliance with **EN 15804+A2 & ISO 14025 / ISO 21930**



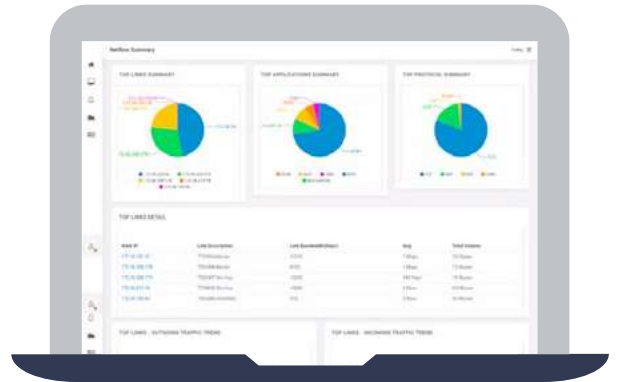
Integrated Management System - our continuous improvement process

To effectively address the diverse needs of our stakeholders amidst heightened competition, we rely on our Integrated Management System (IMS). This system places significant emphasis on various components, including Quality Management Systems, Environmental Management Systems, Energy Management System and Occupational Health and Safety Management Systems.

At Klimaoprema, we uphold the principles of our Integrated Management System (ISO 9001, 14001, 50001, 45001, and 13485) through annual inspections conducted by certified bodies and internal audits. These audits are aimed at ensuring conformity with standards and verifying legal compliance.

In 2023, we successfully completed certification audits for ISO 50001, alongside our regular annual audits for ISO 9001, ISO 14001, and ISO 45001. Additionally, we effectively completed external buyer audits and underwent yearly audits, including factory inspections, in accordance with the EN 12469 standard.

To facilitate transparency and accountability for IMS, we have implemented internal web-based systems for reporting non-conformities. Each employee has the opportunity to report any identified non-conformity through this system. Additionally, all findings from internal audits, as well as recommendations from external certified bodies, are documented and uploaded within the system.



Regular monitoring of this system is carried out by designated individuals (responsible persons) within Klimaoprema, including Heads of departments or divisions, with the overall oversight by the Board. Any open non-conformities are diligently tracked and addressed as part of our continuous improvement efforts.

We have integrated the culture of continuous improvement process that encourages people to deliver small changes to their workplace



**9001**

Quality management
systems

13485

Medical devices: QMS,
requirements for regulatory
purposes

45001

Occupational health and
safety management
systems

14001

Environmental management
systems

17025

Testing and calibration
laboratories management
system

50001

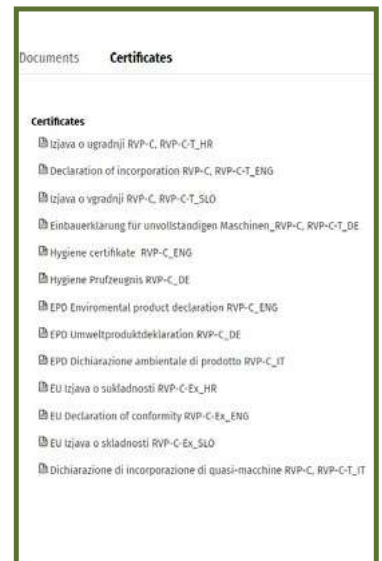
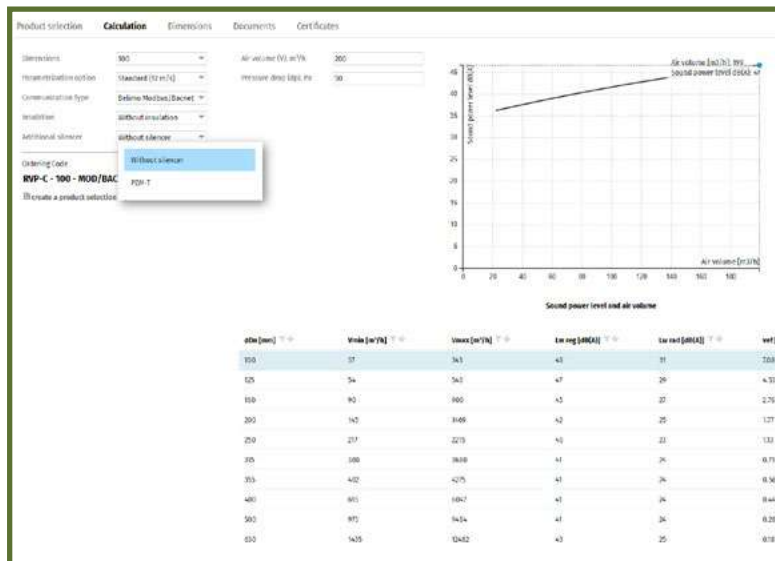
Energy management
systems

Support to our customers

Product selection

Documentation & 3D models

Certificates



We aim to provide our customers with a seamless experience by offering comprehensive information about our products on our online platform. Our website features sophisticated software for product selection, accessible through a user zone. This user zone allows designers to create and monitor projects, receive updates on changes and news, and more.

Our supply chain

Our supply chain for HVAC predominantly involves suppliers who provide the necessary materials for manufacturing. These materials are essential for the production of high-quality, durable, and efficient HVAC systems that meet both our standards and customer expectations.

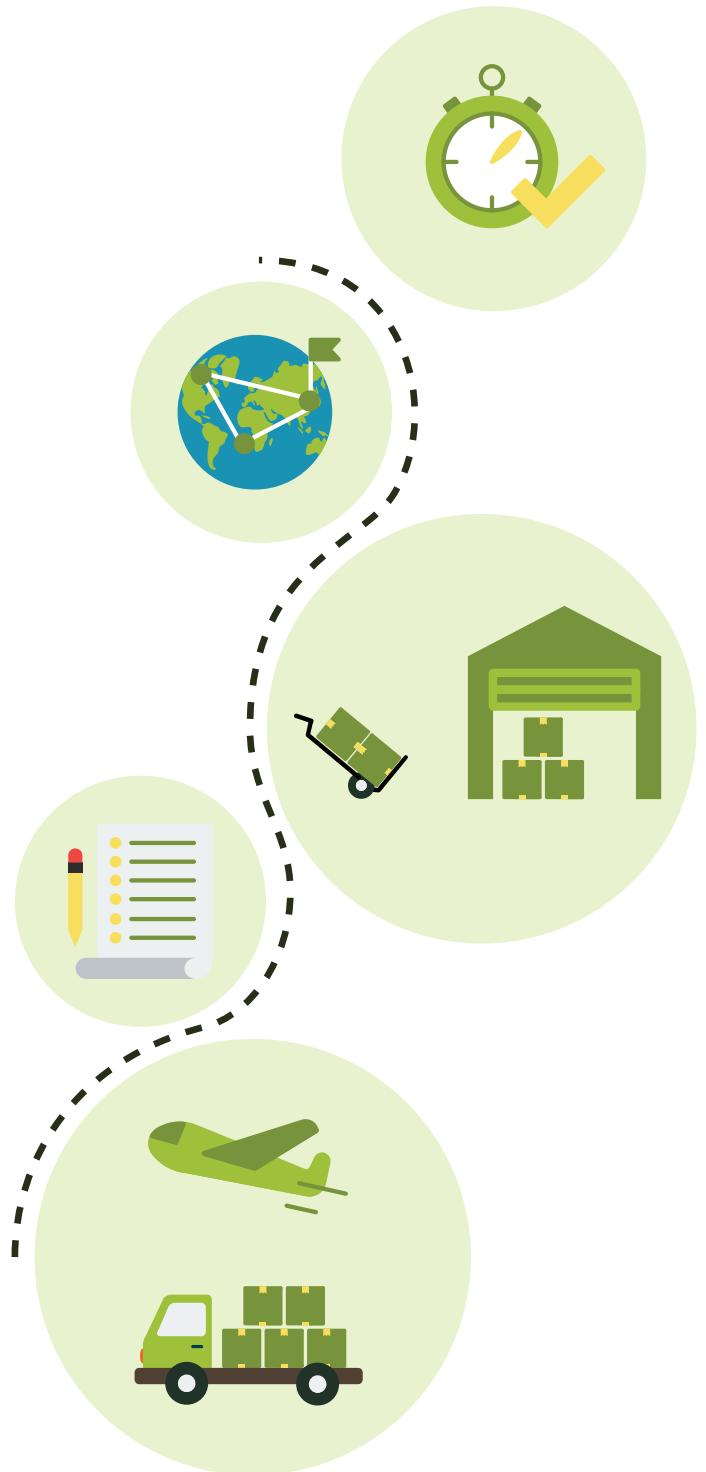
In our cleanroom project delivery process, we maintain close collaboration with both our clients and supply chain partners, facilitating the development of comprehensive turnkey solutions while ensuring optimal value for our clients. In doing so, we view our suppliers as essential partners in our shared pursuit of delivering the highest standards of quality across our products and services.

For our cleanroom projects, the supply chain is more varied and project-specific, involving contractors who contribute to the bespoke design and construction aspects of each project. This necessitates a dynamic approach to supplier engagement and management to ensure that each project's unique requirements are met with precision and efficiency.

Overall, our supply chain network comprises over 2,500 suppliers, which adds a layer of complexity and requires meticulous management to maintain efficiency and adherence to our sustainability standards.

In 2023, we developed a **Supplier Code of Conduct** rooted in the principles of the UN Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work, the ILO Basic Terms and Conditions of Employment, and the UN Guiding Principles for Business and Human Rights. We have integrated this document into our corporate governance, making it mandatory for all our suppliers.

Despite the complexity of our supply chain, we benefit from a geographically cohesive supply base, as vast majority of our suppliers are located within the European Union or the European Economic Area. This proximity aligns with our commitment to sustainability, reducing the environmental impact associated with long-distance transportation and ensuring compliance with stringent EU and EEA regulations on environmental and social governance, including the human rights.



Business model and advancements in 2023

Our success is built on consistent investment in products and services that focus on our customers, which helps us expand into new markets and strengthen our cash flow. We're also growing by making strategic improvements to how we operate and organize our business, with a strong focus on increasing profits through strategic pricing and better efficiency.

In 2023, our revenue was largely driven by the design, manufacture, sale, and servicing of a wide array of cleanroom projects and HVAC products, including specialized cleanroom panels and devices tailored to the unique demands of clean environments.

During the year, we expanded our engineering work on cleanroom projects, particularly in "turnkey" solutions for leading global pharmaceutical companies. The positive trend continued in 2023, as we maintained our work in hospital, microelectronics and battery sectors.

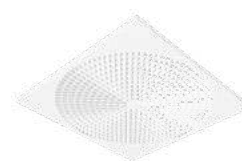
Throughout the year, we introduced **several new products** to our HVAC range, enhancing our offerings to meet the evolving needs of our customers. These additions include:



**Fire damper
FDC-DD**



**Modular plenum boxes
MPB**



**Ceiling diffusers
DFW-Q, DOR i DVF**



Ceiling filter units CFU



**Constant air volume dampers
RKP-C/P**



**TAD displacement
diffusers**



**OAC grille for FSD
smoke dampers**

We made **significant improvements** to our existing products to keep them at the forefront of industry standards.



Fire damper

Conducted new tests and expanded installation options for standard fire dampers, including installation in partition walls.



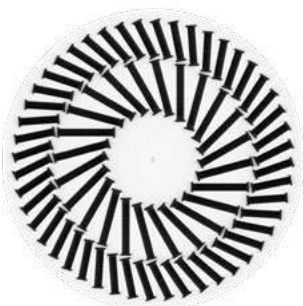
FSD Smoke Exhaust Damper

Introduced new tests and installation options, including HOT and MA certifications, vertical and horizontal duct installation, and an expanded dimension range up to 1200x2000.



Rectangular Regulation Blinds (RL-A and RL-R)

Improved with a new range of dimensions and up-graded air tightness class.



Flow Elements on Distributors (DEV/DEK/DEU and DOS)

Enhanced for improved efficiency.



RD-A Dampers

Expanded the sales range up to dimension d630 to meet diverse project requirements.



Robot Arc Welding

implemented in the production process, improving technological processes and weld quality, and reducing welding processing time by 30%. Additionally, introduced a gripper on the console lifter for handling non-standard dimension glasses.



Standard Connection Boxes (PBQ/PBR)

Modified and improved to optimize performance.



DVV-T Distributor

Optimized with a thermosensitive drive for enhanced functionality.

CFD simulation

Computational fluid dynamics for cleanroom

Maintaining a controlled environment with minimal pollutants is critical for operations in sectors like microelectronics manufacturing, pharmaceuticals, and scientific research. The contamination level in a cleanroom is quantified by the number of particles per cubic meter at specified sizes.

To enhance the design and efficiency of cleanrooms, Klimaoprema has integrated Computational Fluid Dynamics (CFD) simulations into our service offerings. Utilizing Ansys Fluent, a leading fluid simulation software known for its accuracy and advanced modelling capabilities, allows us to create detailed models of particle flow within cleanroom environments.

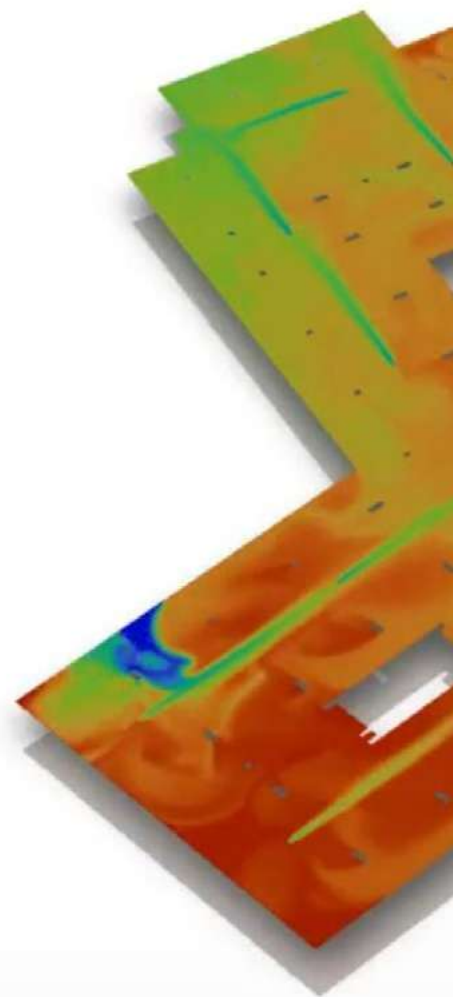
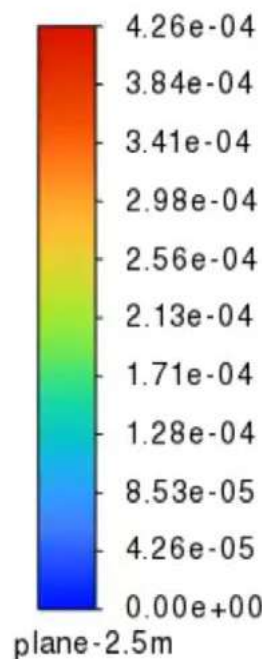
In line with ISO 14644 standards, which recommend assessing the efficiency of air distribution systems during the design phase, our CFD simulations provide additional insights.

Our primary objective is to develop sophisticated models that help reduce the operational costs of cleanrooms while maintaining safety and sustainability. The benefits of our CFD simulation services include:

- Enhanced cleanroom design through precise particle flow modelling.
- Improved air distribution efficiency.
- Reduced contamination risks.
- Development of safe, sustainable, and environmentally friendly cleanroom systems.

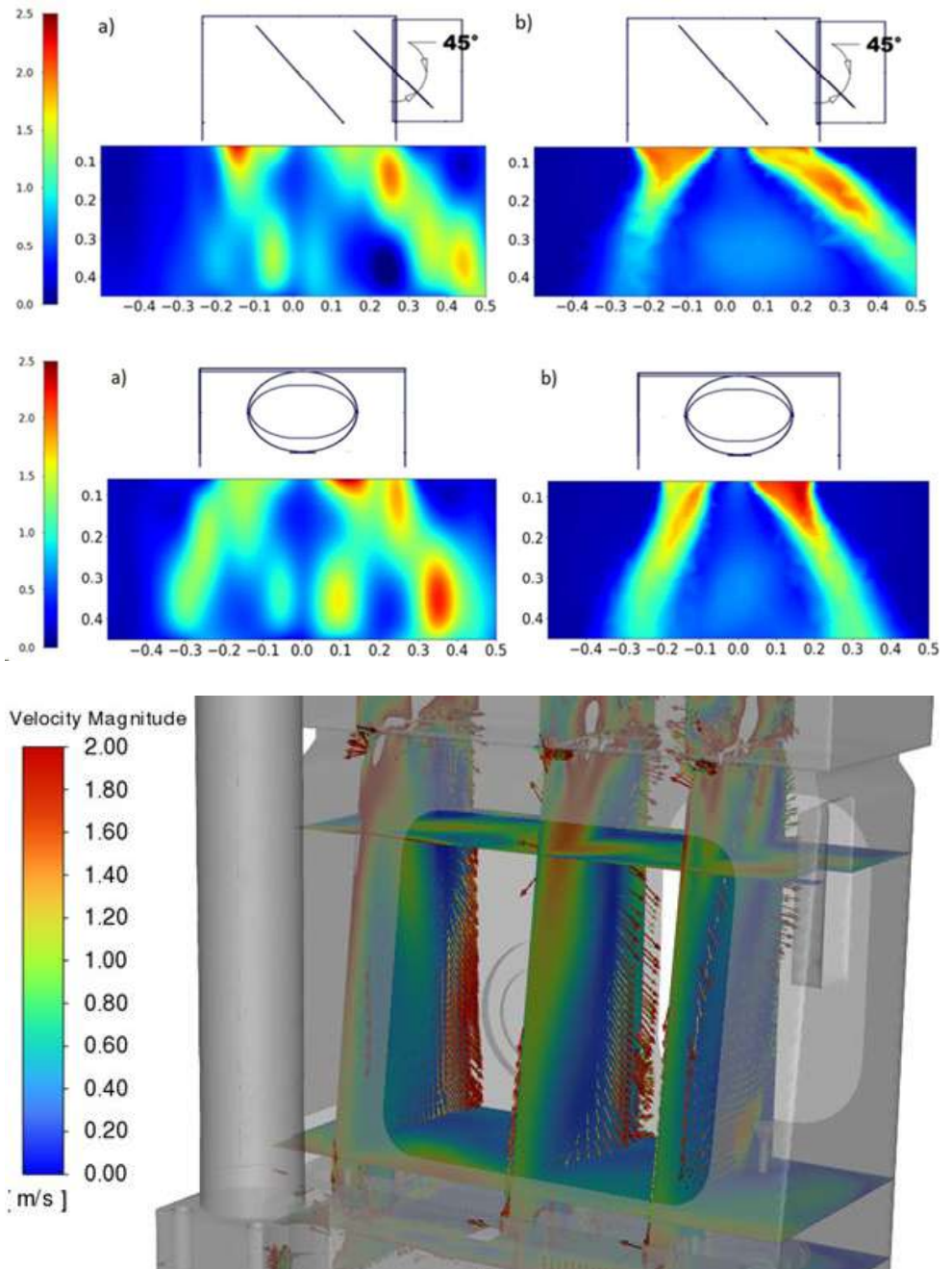
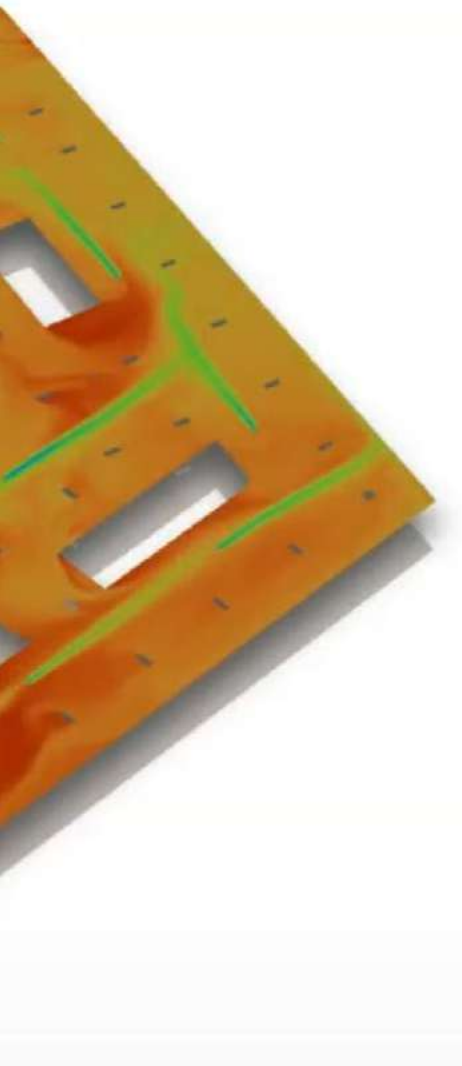
While CFD simulations are a valuable tool, they are supplementary to our primary methods. We primarily test all of our equipment experimentally and conduct thorough validation once the project is completed.

Mass fraction of co



Looking ahead, we approach upcoming years with optimism and anticipate further growth. Our commitment to innovation and a strategic focus on consolidating our presence in existing markets also amplifies our market share, positioning us for

Form design optimization



Further growth and favourable outcomes. This outlook is supported by our clear while also venturing into new ones. This dual approach not only mitigates risk but sustained success in a dynamic global landscape.

How we communicate and deliver value to our stakeholders

At Klimaoprema, we recognize the importance of our relationship with business partners and understand that our positive impact is dependent on these strong connections.

Our engagement with stakeholders is structured and adaptable, encompassing face-to-face meetings, social media interactions, internal surveys, and various feedback mechanisms. These avenues provide us with valuable insights and feedback on our products and projects, enabling us to understand their impact and make informed decisions for improvement.

Exploring the crucial role of client relationships is integral to the success of operations in both HVAC and cleanroom projects divisions.

In the realm of cleanroom engineering, our primary clients are leading global entities in the pharmaceutical, healthcare, and microchip industries. These partnerships demand high standards and precision, attributes that are central to our delivery of tailored cleanroom solutions that meet stringent industry-specific requirements.

For our HVAC division, our clientele mainly consists of global wholesalers and traders. This segment is pivotal in distributing our high-quality, durable, and efficient HVAC systems worldwide. These systems are crafted to meet our rigorous standards and to satisfy the diverse needs of our customers across different markets.

Overall, our network of clients enhances our operational complexity but also enriches our capacity to meet diverse market demands. This diverse client base requires us to employ a nuanced approach to client engagement and service management, ensuring that we meet each client's unique needs with precision and efficiency. Located mainly within the European Union or the European Economic Area, our clients benefit from our sustainability-driven practices, which include min-

imizing environmental impacts and adhering to strict EU and EEA regulations on environmental and social governance. This strategic alignment underscores our commitment to sustainability and excellence in all aspects of our operations.

Our commitment is to create financial value for our shareholders by growing revenue and maintaining profitability.

For our people, we create value through training and career development in a positive and creative working environment. We offer a fair reward to our employees.

In the communities where we operate, we prioritize employing local labor and take measures to minimize any environmental impact.



	Our initiatives	Engagement approach	Stakeholders expectation
Clients	• Development of new products (R&D) • Continuous efforts towards developing sustainable and environmentally friendly solutions • Investment in new technologies & software's • Regular review/feedback analyses from clients • (Further) work on cyber security and data privacy protection	• Engagement surveys • B2B meetings • Fairs • Contract Agreements • Clinet audits • Joint cooperation on specific projects • Social media	• Transparent & ethical business practices • Sustainable operations & supply chain • Product quality • Service quality • Value for money • One-stop-shop for CR technologies • Data protection and privacy
Suppliers	• Development of Supplier Code of Conduct • Further work on partnership approach with main suppliers • Effective corporate governance policies	• Business meetings • Visits • Social media	• Long term cooperation • Partnership approach • Ethical & fair business practices • Sustainable supply chain approach
Employees	• Human resources policies and procedures that support employees expectations • Promotion of good corporate culture & team spirit • Competitive salary and benefits • Development of career & talent management • Enhance internal communication & feedback culture • Provide channels for employees to safely voice their concerns • Perform annual employee engagement surveys and performance assessments	• Internal surveys • Communication activities through internal social network and newspaper • Daily, weekly and monthly meetings • Team buildings and similar events	• Well-being & Work-life balance • Fair remuneration (compensation and Benefits) • Corporate culture & appreciation • Empowerment & Development of employees • Clear communication channels with management
Educational institutions	• Sharing best practices and research • Participating in joint projects • Scholarships and apprentices for • Students	• Conferences • Meetings • Joint projects/knowledge transfer • Educational fairs	• Employment/mentoring of students • R&D projects between research and Industry • Promotion of new technologies • Joint cooperation on labor market needs (technical curriculum)
Community	• Participation in local events • Local employment initiatives	• One-to-one meeting with local • Stakeholders • Regular meetings with Major(s)	• Philanthropy • Employment from community

Partnering for progress

Klimaoprema believes in collaboration with customers, peers, educational and scientific institutions, and other industry leaders to drive technological and educational progress.

EU projects

In 2023, we actively participated in three R&D projects in partnership with academia and industry leaders:

- Nova Gradiška Competence Center for Advanced Engineering
- Regional Competence Centre Ruđer Bošković
- Competence Center for Advanced Mobility

These initiatives focused on leveraging Advanced Engineering, Automation and Robotics, New Materials as Key Enabling Technologies (KET), and ICT to address topics related to sustainable transportation, environmental protection, and educational enhancement. Our goal was to develop targeted knowledge and skills to address labor market challenges effectively.

Internship

During the year, we provided internship opportunities for 10 students from the Faculty of Mechanical Engineering and Naval Architecture, engaging them in R&D and Operational Development projects. As of 2024, five of these interns have continued their journey with us, either through employment contracts after graduation or as ongoing student interns.

Additionally, we offered internship opportunities to high school students from Nova Gradiška, with an average of 11 students per month completing an average of 30 to 40 hours per student. Many of these students have transitioned to employment in our factory after completing high school.

Innovation and Creativity

Every year, Klimaoprema recognizes and rewards innovation and creativity by inviting regular students from the Faculty of Mechanical Engineering and Naval Architecture to propose innovative solutions to production challenges, either independently or in teams. This year's content was related to the solution for automatic tracking of assembly of cylindrical regulator products.

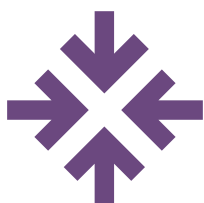
United Nations Global Compact

In 2023, we joined the UN Global Compact and committed ourselves to complying with its ten principles on human rights, labor practices, environmental protection and anticorruption. We regularly provide our Communication on Progress (CoP)

WE SUPPORT



HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION

Our sustainability approach



Our sustainability approach

For nearly five decades, we've been a company deeply rooted in our local communities while making a global impact. Our commitment to local production and employment reflects our genuine concern for our employees and the communities we serve. Until recently, many of our employees were known to us personally, allowing for a more subjective understanding of their needs and aspirations, thus increasing our awareness of the impact of our operations on their everyday lives.

Being a family-owned company, sustainability has always been fundamental to our values. Our operating procedures entail segregating 27 types of waste, prioritizing safety in our production facilities, complying with legal frameworks in all areas, adhering to legal minimum wages, employing only those above the legal age, and providing permissible benefits to our workforce.

We comply with ISO standards for environmental protection, health and safety, and energy management, showcasing our continuous dedication to responsible practices. Throughout our operations, we have never incurred fines for environmental damage, hazardous operations, or labor-related disputes.

While sustainability has always been ingrained in our company culture, we formally recognized the newly positioned importance of Environmental, Social, and Governance (ESG) factors by establishing a dedicated Sustainability department in 2023. This marked a shift in our approach, moving beyond traditional metrics to address broader environmental, social, and governance issues.

Therefore, energy management is no longer solely monitored based on consumption and effectiveness; instead, it is now measured in terms of carbon emissions. Waste separation has progressed to emphasize the principles of reuse, reduction, and recycling. Ethical governance has transitioned from addressing employee Code of Conduct to encompass broader issues such as modern slavery and child labor, alongside other advancements.

Incorporating our core values into our business strategy has been a pivotal step forward. By prioritizing initiatives such as workplace safety, employee well-being, decarbonization and other ESG projects, we've aligned our actions with our beliefs. This holistic approach not only ensures our continued success but also strengthens our connection to our communities and stakeholders. Looking ahead, we are integrating sustainability goals into our overarching business objectives, setting clear targets for where we aim to be by 2030 and how we envision achieving those milestones.

As we embrace this evolution, we remain committed to our founding principles while adapting to the changing needs of our world.



Materiality assessment

Klimaoprema actively seeks input from its stakeholders to assess the impacts of its operations and their importance. In the Sustainability Report 2022, we identified key topics based on feedback from our stakeholders, including primary investors, customers, suppliers, and employees. However, in 2023, we conducted a comprehensive materiality assessment to pinpoint our most significant sustainability topics, aligned with GRI requirements and the CSRD double materiality approach.

To assess and determine our E-S-G material themes, we considered our purpose, mission statements, business model, strategies, as well as company values. We observed common industry standards (like SASB, MSCI ESG Ratings), policy and legislative changes (EU Green Deal and related sectoral policies), done the deep dive through peer analysis and considered other reporting standards.

The analysis was performed in several stages: working session on methodology for double materiality assessment, review of policy framework (both the corporate as well as industry specific), review of the peers' strategy to identify relevant sustainability issues, and evaluation of most significant industry standards.

As a result, we identified 24 potentially relevant topics, which were further used for the stakeholder dialogue – through the internal and external survey and discussion with various industry experts.

Questionnaire on Klimaoprema's sustainability issues was distributed to broad range of stakeholders – employees, business partners, suppliers, educational and scientific institutions, industry associations, local government, media, credit and financial institutions.

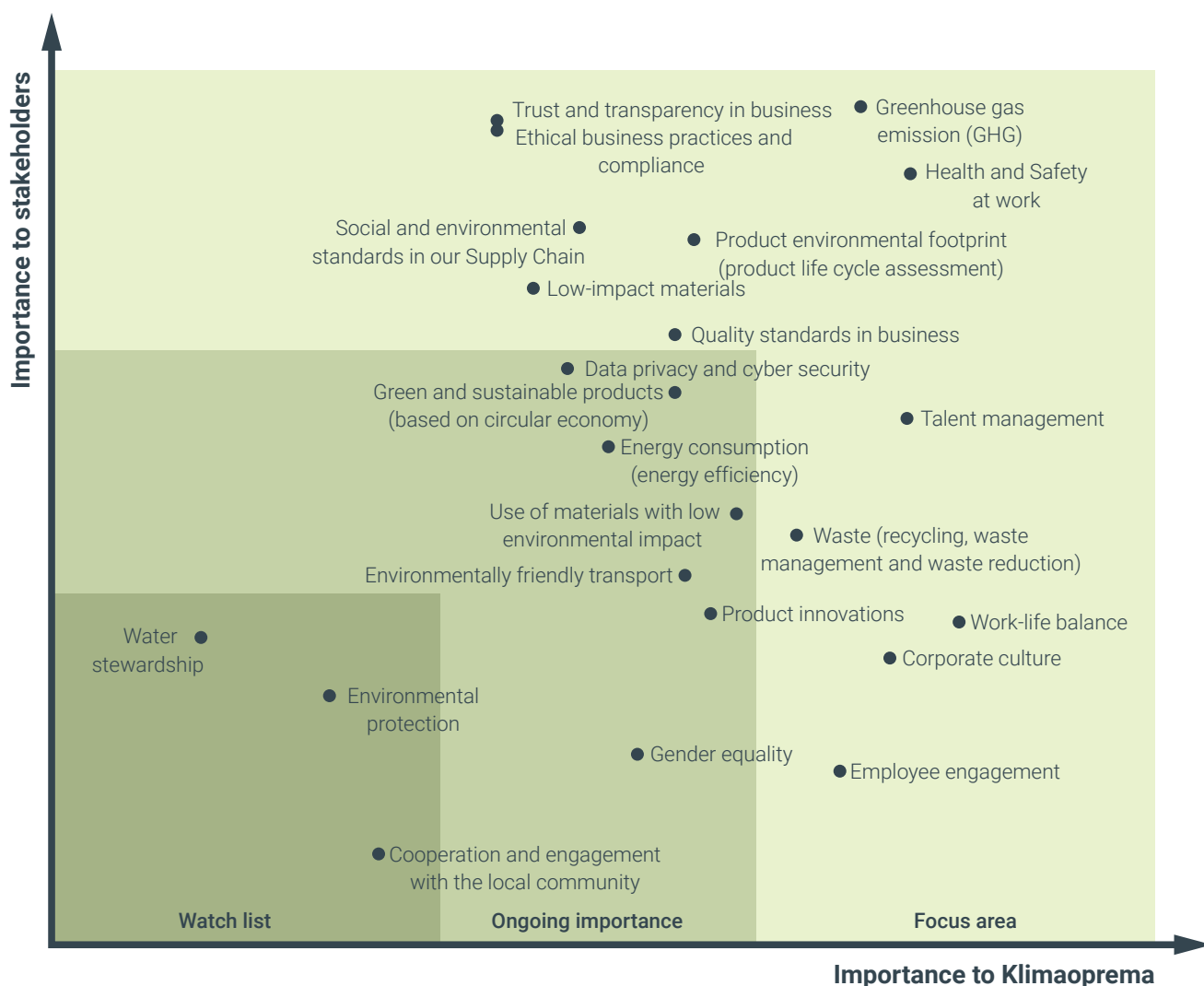
Respondents were asked to rank (Klimaoprema) sustainability issues that they thought bear most significant impact on people and the environment in both directions (inside out and outside in), but also to assess what ESG themes are most important for them.

Finally, all results were assessed by top management and Board during ESG Committee meeting. The materiality assessment with the resulting matrix (GRI approach) was validated by the CEO and the executive management team of Klimaoprema.

Sustainability Strategy Klimaoprema - workshop



Materiality matrix



These core issues were given due importance while formulating the sustainability strategy. Although other topics are equally relevant, they will not be the primary focus of further development initially, but they will be closely monitored.

Of all topics validated by internal and external stakeholders, 15 topics were considered material for Klimaoprema and form the core of our Sustainability strategy.

Material themes such as the use of low-impact materials, product environmental footprint (life cycle assessment), and green and sustainable products (based on circular economy principles) all fall under the umbrella of **Sustainable Production**.

Ethical business practices and compliance, trust and transparency in business, data privacy and cybersecurity, and social and environmental standards in our supply chain are grouped under **Responsible Governance**.

Corporate culture and talent management, employee engagement, work-life balance, and health and safety at work are gathered under **Our People – Our Responsibility**.

Finally, **Decarbonization** is the topic that most concerns Klimaoprema for future endeavors. Energy consumption, greenhouse gas (GHG) emissions, and environmentally friendly transport will be the focus of our decarbonization efforts.

We must emphasize that certain topics are not included in the ESG matrix as they are integral to Klimaoprema's business approach. Quality standards in business, environmental protection (in broader sense) and product innovations are embedded within our overarching corporate strategy and standards we implement.

Our sustainability approach

Materiality matrix

ESG topics that represent a risk or opportunity for our business leadership

ESG topics that are important when assessing the overall impact of Klimaoprema on the environment and society

Business model & strategy

Key aspects of our business model requiring enhancement to achieve sustainability

Main pillars of the sustainability and adjustment of the strategy

Management & organization

Governance adjustments required to align with our sustainability goals

Adapting our internal organization to meet changing needs

Implementation

Action plan for policies, activities, plans and goals to bring our ESG strategy to life

Resources identification

Performance measurement

Measurement of progress (KPI's)

Processes and systems for measuring, monitoring and reporting

Our efforts are best summarized in 4 key pillars/clusters that guide the organization of sustainability topics for our organization. These clusters reflect the focus areas where we believe Klimaoprema can have the greatest impact in building a more responsible business and have a positive impact on the industry at large, while protecting the interests of our company, stockholders, and other stakeholders.



Production



Responsible
Governance



Our People
Our Responsibility



Decarbonization

Our Sustainability goals by 2030

Decarbonized operations



- **Reduce Scope 1 and 2 GHG Emissions by 42% by 2030:** align reduction targets with the SBTi modelling to significantly cut greenhouse gas emissions from our direct operations and energy consumption.
- **Decrease Transport Emissions:** transition our vehicle fleet to electric and hybrid models to lower carbon emissions associated with transportation.
- **Deploy Renewable Energy Sources:** implement renewable energy solutions at our manufacturing sites to reduce reliance on fossil fuels and decrease overall carbon footprint.
- **Adopt Low-Carbon Production Technologies:** invest in and transition to production technologies that produce fewer carbon emissions, ensuring more sustainable manufacturing processes.

Sustainable production



- **Integrate Life Cycle Assessment (LCA) into Product Documentation:** ensure product documentation includes comprehensive LCA data to assess and minimize environmental impact.
- **Reduce waste and achieve Zero Waste to Landfill by 2030:** implement strategies and practices to eliminate waste from production activities.
- **Minimize Environmental Impact of Products:** utilize sustainable materials and optimized production processes to reduce the negative environmental footprint of our products.

Our People – Our Responsibility



- **Vision of Zero Injuries:** commit to creation off a completely safe workplace by implementing stringent safety protocols and fostering a culture of health and safety, with the ultimate goal of eliminating all workplace injuries.
- **Become an Employer of Choice:** strive to be recognized as an ideal workplace by offering competitive benefits, promoting a positive work-life balance, providing opportunities for career growth, and maintaining a supportive and inclusive work environment.

Responsible governance



- **Responsible Supply Chain:** commit to ethical sourcing and responsible practices throughout our supply chain, ensuring that all partners adhere to our high standards for environmental and social responsibility.
- **Ethical and Transparent Business Practices:** uphold the highest standards of integrity and transparency in all business operations, ensuring compliance with legal and ethical guidelines.
- **Data Security:** enforce data protection measures to safeguard sensitive information, ensuring the privacy and security of our stakeholders' data.

Contributing to the UN's SDGs

In September 2015, representatives from 193 member states of the United Nations came together to endorse Agenda 2030, demonstrating their collective dedication to fostering a better present and future for our planet and its inhabitants. This comprehensive initiative outlines 17 Sustainable Development Goals (SDGs), each grounded in five fundamental principles: (1) People – (2) Prosperity – (3) Peace – (4) Partnership – (5) Planet.

Comprising 169 specific targets, these global goals constitute a comprehensive framework that embraces an inclusive approach.

We have identified **seven Sustainable Development Goals (SDGs)** that align closely with our purpose and strategy, representing key areas where we can make the most significant positive impact.

These goals are: **SDG 3** (Good Health and Well-being), which emphasizes ensuring healthy lives and promoting well-being for all at all ages; **SDG 4** (Quality Edu-

cation), focusing on inclusive and equitable quality education and promoting lifelong learning opportunities; **SDG 7** (Affordable and Clean Energy), aimed at ensuring access to affordable, reliable, sustainable, and modern energy for all; **SDG 8** (Decent Work and Economic Growth), promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all; **SDG 9** (Industry, Innovation, and Infrastructure), which seeks to build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation; **SDG 12** (Responsible Consumption and Production), aiming at ensuring sustainable consumption and production patterns; and **SDG 13** (Climate Action), which calls for urgent action to combat climate change and its impacts.

We will focus our efforts and report on our progress in these areas, engaging our employees throughout the process to drive meaningful change.





Environment & Climate

Climate change and environmental protection.....	48
Energy consumption	50
Carbon emissions.....	52
Harnessing the Sun - powering sustainability with solar energy	54
Materials	56
Waste.....	58



Climate change and environmental protection

Climate change and environmental degradation pose significant challenges to industries worldwide, including the HVAC and cleanroom engineering sector.

Our manufacturing processes require significant energy and raw material inputs, which can lead to resource depletion and environmental pollution. Emissions from our facilities and value chain and waste disposal practices can affect air and water quality, impacting global ecosystems and communities.

On the other hand, environmental risks such as natural disasters or resource scarcity can disrupt our supply chain, leading to production delays and increased costs. Extreme heat waves, severe wind and heavy precipitation can tarnish our infrastructure and change the working patterns.

The stringent green regulations outlined in the EU Green Deal will bring about significant changes in industry operations, necessitating the adoption of greener and more sustainable products. Also, green transition will require significant investments in infrastructure and compliance measures, impacting our operational costs.

As a manufacturing company operating in this industry, we recognize the critical importance of addressing these issues proactively.

Investing in sustainable practices and technologies, we can drive innovation and position our company among market leaders in environmentally friendly HVAC and cleanroom solutions. Anticipating and adapting to evolving environmental regulations ensures compliance and mitigates regulatory risks, fostering long-term business continuity.

Integrating renewable energy sources into our production facilities offers a dual benefit. Firstly, it reduces our reliance on the traditional electrical grid, thereby decreasing our environmental footprint and enhancing our sustainability efforts. Secondly, it aligns with our commitment to producing greener products. By harnessing renewable energy within our operations, we are reducing our carbon footprint and advancing towards a more environmentally friendly and sustainable production model.

As consumer preferences increasingly favour sustainable products, the demand for traditional HVAC and cleanroom solutions is expected to decline.

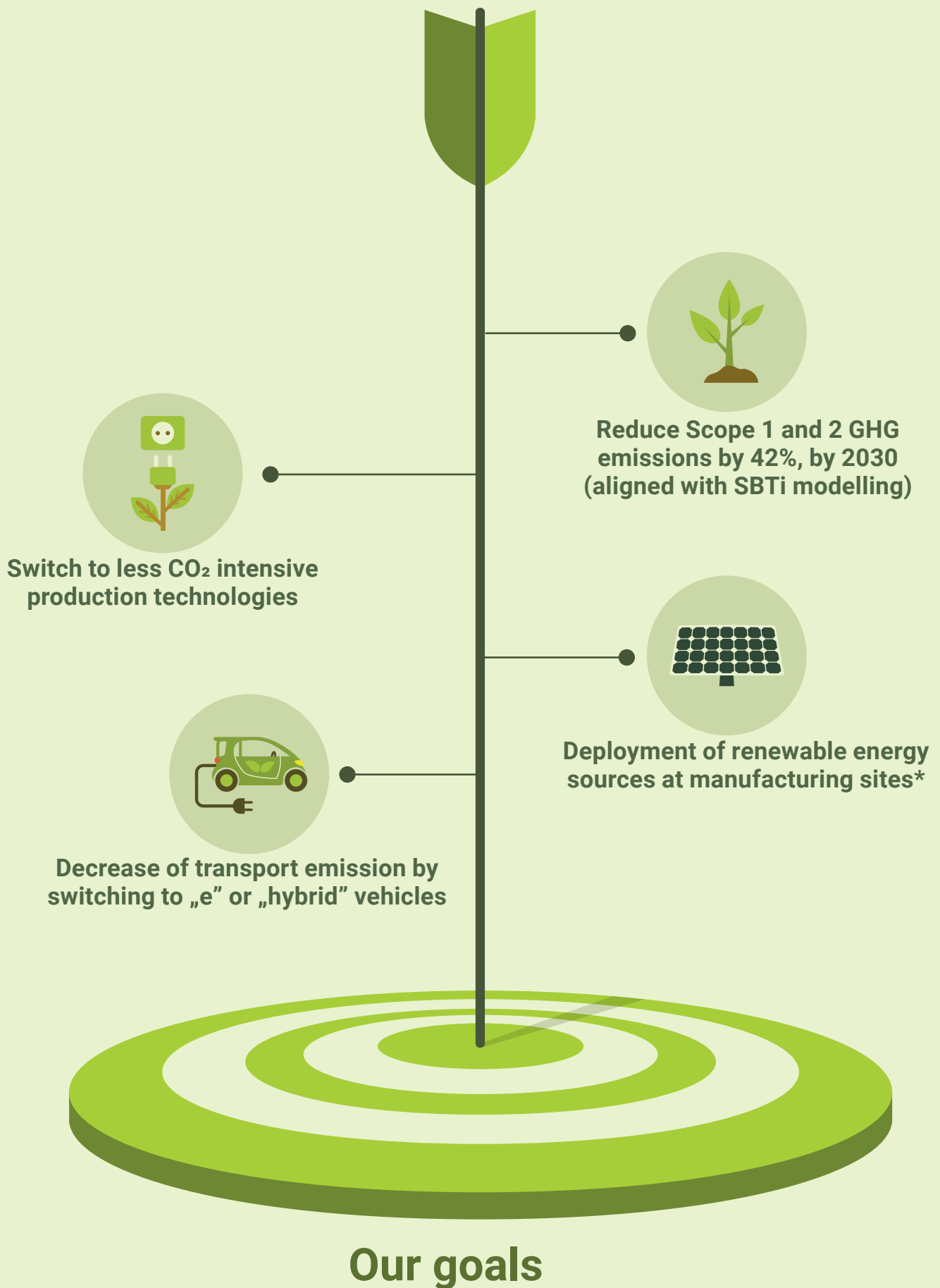
In response, we aim to lead the way in offering a sustainable product portfolio. Over the coming years, we will focus on developing this portfolio, guided by transparent life-cycle analyses.

Additionally, we anticipate implementing changes in our logistics department to support environmentally friendly packaging, including the elimination of styro-foam and virgin materials from our packaging processes.

Not less important, we will prioritize more environmentally friendly transport within our fleet management.

Climate change and environmental protection are material issues for our company, presenting both opportunities for innovation and market leadership, as well as risks to our business practices. By embracing sustainability as a core business principle and addressing double materiality considerations, we can enhance our resilience, competitiveness, and long-term value creation in the HVAC and cleanroom engineering industry.





*installation of onsite capacity, establishing virtual power purchase agreements (VPPAs), and purchasing renewable energy certificates from renewable energy projects

Energy consumption

We have made climate-related issues a central pillar of our company strategy, encompassing not only energy consumption but also the associated greenhouse gas emissions. Our energy usage impacts our bottom line but also contributes to environmental concerns and resource depletion, making it a cornerstone of our sustainability efforts.

Moreover, energy availability and reliability can significantly influence our production processes and supply chain operations, directly impacting our productivity and competitiveness. With the global shift towards renewable energy sources and the regulatory changes outlined in the EU Green Deal, we recognize the imperative to proactively manage and reduce our energy consumption and carbon footprint. This commitment to sustainability permeates every level of our organization, including the Board, which provides oversight and guidance on all our business plans and operations.

All our operational sites (Samobor/Gradna & Nova Gradiška – production plants; Sveta Nedelja – administrative building) are certified according to the ISO 50001 & ISO 14001. This framework ensures continual improvement in energy efficiency and forms the backbone of our operations –from operational procedures to employee engagement and innovation.

From 2021 we have Energy Performance Indicators (based on electricity, gas, water and fuel / per different indicators of production capacities) which we regularly monitor. We diligently report our energy usage monthly using a centralized data tool, which is then analysed by our Energy manager. This data serves as the foundation for setting improvement goals and planning investment projects aimed at achieving enhancements in energy efficiency and other relevant areas.

Apart from monitoring energy related data for all our locations, we have specific monitoring software for effective management of our energy consumption in production. We track compressed air consumption, nitrogen consumption and the entire HVAC system. Also, in 2023 we implemented new heating and cooling management system at the main production location, and the result was reduced natural gas consumption by 5%.

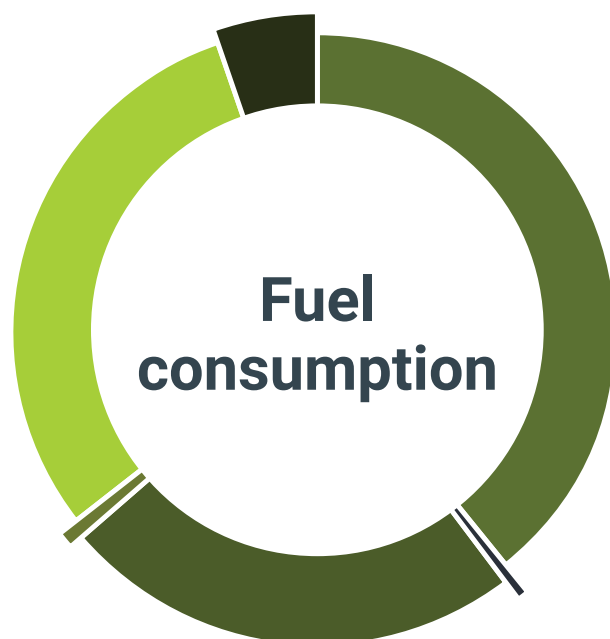
Energy Sources and Consumption Overview

In our operations within Croatia, our main energy sources comprise natural gas, electricity, and transport fuel (forklifts & vehicles).

Natural gas serves as a key component in the production processes at both factories. Additionally, it serves as the primary energy source for heating the office spaces in Samobor, Nova Gradiška, and Sveta Nedelja. Diesel and LPG fuels are utilized for operating forklifts. In 2023, our corporate vehicle fleet predominantly relied on gasoline as its primary fuel source.

Our overall energy usage during the reporting period totaled 7,613,130 kWh ². This energy was obtained from multiple sources, including electricity generated by our solar plant located at the Nova Gradiška facility.

²Energy consumption figures exclude branch offices located outside Croatia. These offices operate within leased premises, where electricity usage is negligible, as the costs are typically incorporated into the monthly lease payments. Additionally, no production operations occur outside Croatia.



Employee Engagement and Cultural Integration

Understanding that sustainability begins with people, we place great emphasis on employee involvement in our energy conservation efforts. We conduct awareness activities which are designed to embed energy and resource conservation into the daily habits of our employees. Additionally, we encourage creative solutions through an annual competition that rewards the best energy-saving ideas proposed by our employees. This not only fosters a sense of ownership among staff but also promotes a culture of creativity and continuous improvement.



Fuel consumption (per fuel type used)	kWh
Natural gas	2.989.364
Diesel	43.840
Gasoline (transport)	1.829.821
LPG	45.056
Electricity from the grid (non-renewable)	2.315.188
Renewable electricity (production on site)	389.861
Total energy consumption	7.613.130



Carbon emissions

Due to company growth, our Scope 1 GHG emissions have **slightly increased by 1.86%**. However, we are starting to see the positive impacts of using renewable energy, as our Scope 2 emissions (i.e. electricity) have slightly decreased despite higher production volumes in our facilities.

Methodology: To calculate GHG emissions, we use the globally recognized Greenhouse Gas (GHG) Protocol standard and guidance. Following GHG Protocol Guidance, leased assets that fall outside of the Klimaoprema’s organizational boundary are not presented in the data (only wholly owned assets and financial lease are shown in the figures below).

Scope 2 is reported against location-based approach. Emission factors used are provided by Ministry of Economy and Sustainable Development of Republic of Croatia, available at: <https://mingor.gov.hr/UserDocsImages/KLIMA/Vodic%20o%20metodologiji.pdf>

Fuel heat values and densities have been acquired from Agency for Environmental Protection of Republic of Croatia and INA, European oil company.



Reducing our carbon footprint and switching to sustainable energy sources

In 2023, we outlined our sustainability objectives, setting a primary goal of reducing emissions from scopes 1 and 2 by 42% compared to the baseline. Reduction target is in line with the Paris agreement (aligned with the SBTi modelling for Scope 1 and 2).



Our primary source of greenhouse gases (GHG) comes from the gas used in our production processes, necessitating a shift in technology at our Nova Gradiška plant. Transitioning from gas to a less CO₂-intensive energy source poses challenges, both in terms of infrastructure deployment and cost. Our aim is to transition to electricity, predominantly sourced from renewable energy. However, limitations in the local infrastructure for further widening of solar power plant mean that decoupling growth from GHG emissions will require a substantial and phased efforts until 2030.

Another significant emission source is our vehicle fleet, primarily fueled by gasoline. Over the coming years, we plan to transition to hybrid or fully electric vehicles. Some of our fuel usage falls under Scope 1 or Scope 3, depending on operational or financial leasing arrangements, and our objective is to gradually incorporate more electric vehicles as charging infrastructure expands in urban areas. Priority will be given to further introduction of e-vehicles commuting between our two factories, significantly impacting greenhouse gases.

Recognizing the amount of GHG coming from our vehicle fleet, we initiated an optimization project to manage these emissions (Fleet Management).

In 2022, we introduced our first electric vehicles for daily commuting needs between our two factories, covering 73,828 km annually. In 2023, we revised our standard operating procedures for internal transport services to optimize logistics and reduce the number of internal transport trips.

As part of our preparation for the decarbonization of our vehicle fleet, we conducted study and projections on the availability and utilization of electric and hybrid vehicles. This research included analyse of the current infrastructure, such as the location and accessibility of charging stations, and assessment of the practicalities of incorporating these vehicles into our operations. Currently, many charging stations are located off the highway, with only a few available at filling stations. Charging times vary depending on infrastructure and traffic, ranging from 40 minutes to several hours, especially during the spring and summer seasons. In urban areas, e-charging stations are still insufficient to ensure a smooth transition to an electric fleet.

These insights have informed our phased approach to fleet decarbonization, starting with the integration of hybrid vehicles and gradually transitioning to electric vehicles as infrastructure improve.

Harnessing the Sun - powering sustainability with solar energy

The photovoltaic plant for internal power consumption in Nova Gradiška became fully operational in April 2023, generating a total of 567.046 kWh over nine months. While the plant was originally designed to fulfil 73% of annual energy needs, the full impact of solar power will become evident by the end of 2024. Expansion of solar capacity will require significant investment in local infrastructure and will therefore be progressively developed over the next few years.

Moreover, in 2023, we commenced with the installation of photovoltaics at Samobor production plant. Project "Construction of a photovoltaic power plant at the production plant in Gradna, Samobor" was supported with external grant from Modernization fund, EU. However, due to constraints in the public local infrastructure, our solar plant could be designed only to generate a quarter (25%) of total electricity needs of production plant.

Currently, various management teams are responsible for overseeing transport, energy, and environmental matters, encompassing risk assessment, opportunities, action plans, and daily operations. All data is accurately converted to tCO₂eq using our internally developed calculation tool tailored to our requirements. This data is then reported to the Sustainability Manager, who in collaboration with the Board members, defines further strategies.

Acknowledging the external limitations on expanding our solar capacity, we plan to replace our traditional power mix with renewable power enhanced through a Virtual Power Purchase Agreement (vPPA) and renewable energy certificates (Guarantees of Origin).

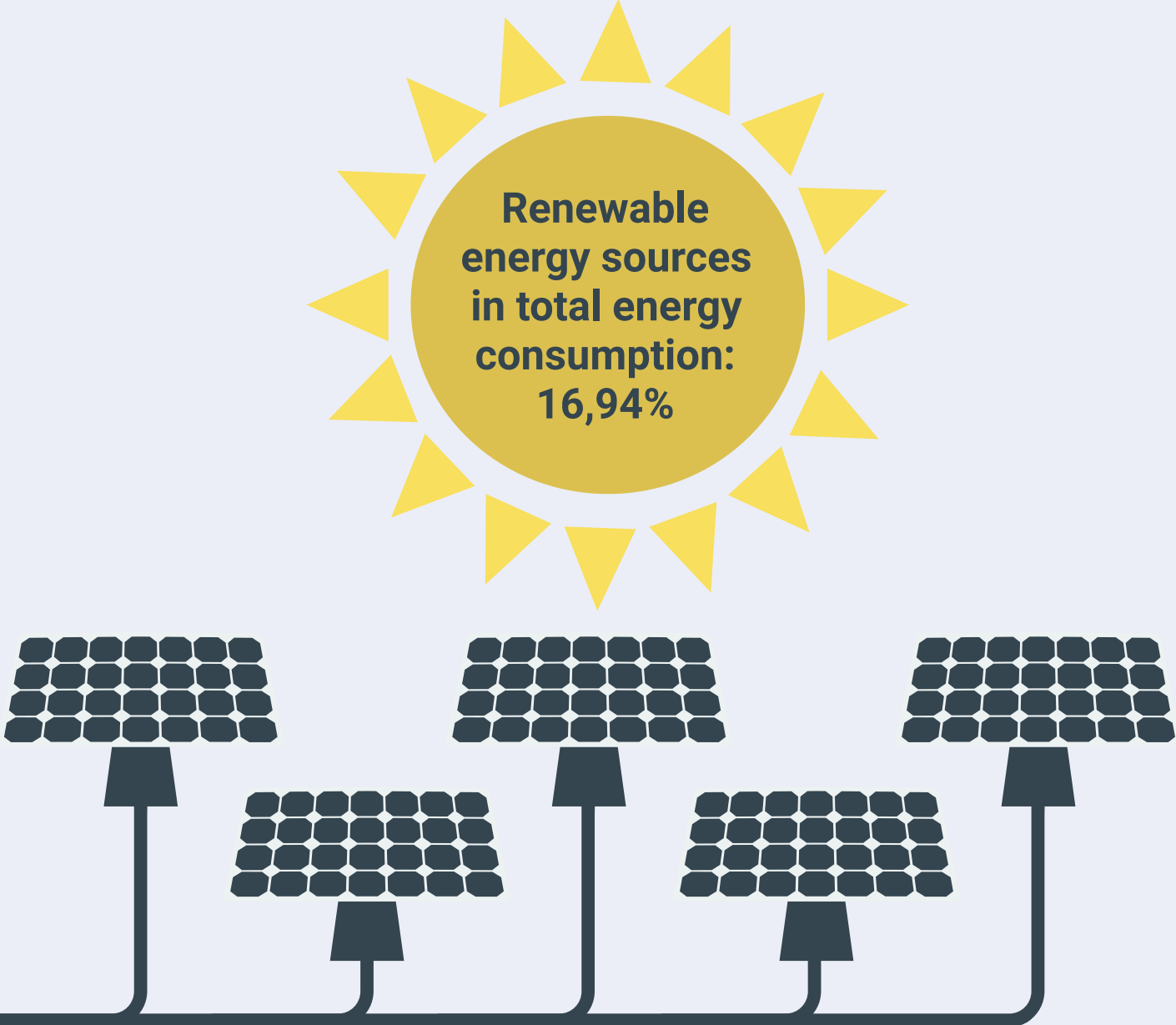


Gross and net energy consumption	kWh
Total energy production from on-site system	567.046
On-site energy consumption from on-site system	389.861
Energy exported from the on-site system to the grid	177.185
Energy imported from the grid (all locations ³)	1.911.759
Total energy consumption ⁴	2.301.620
Net grid consumption ⁵	1.734.574

³ Locations Samobor, Nova Gradiška & Sveta Nedjelja

⁴ Consumed from the on-site system + imported from the grid

⁵ Imported from the grid – exported from the on-site system to the grid



**Renewable
energy sources
in total energy
consumption:
16,94%**

Materials

As a manufacturing company, our material selection process is significantly influenced by industry standards and the requirements of our production process. We aim to utilize materials that align with the best industry standards and diminish use of hazardous substances.

The production process at Klimaoprema begins with detailed initial planning, encompassing design and engineering, followed by meticulous material selection. We choose all materials for their durability, performance, and adherence to industry standards. The next phase is sheet metal fabrication, where machines precisely cut, bend, and shape sheet metal to create the various components needed for each unit.

This leads to the component assembly stage, where individual parts such as fans, filters, dampers, and sound attenuators are put together. At this process stage, precision is key point for ensuring functionality and performance.

Certain components require welding or adhesives to create airtight and secure joints, which is especially important in fire safety and kitchen ventilation systems. Following assembly, surfaces may undergo powder coating process, in order to prevent corrosion, enhance fire resistance and assure cleanliness in cleanroom environment. This is being followed by assembly process.

Before shipping, final inspections are conducted to confirm that all products meet rigorous quality and safety standards. For fire-related products, we conduct extensive performance and safety testing to ensure they

comply with required airflow characteristics, fire safety regulations, and contamination standards.

In order to assure products quality, prevent damages and ensure resilience during transportation process, products are packed using various cardboard, plastic foil and styrofoam, following placing on wood pallets. The finished products are then dispatched to installation sites or stored in warehouses for distribution.

Aligned with ISO 9001 standards, we have established internal procedures governing materials and their usage. These procedures, coupled with the technological specifications of our products, ensure stringent quality control throughout the manufacturing process.

Metal, including sheet metal and aluminum, comprises the most significant portion of our materials inventory, with a focus on full recyclability. **Any surplus metal generated during production is systematically sold to specialized companies for recycling.**

The supply chain for the materials in question spans imports from 12 countries, with 9 of them being EU members. Our priority is sourcing materials locally, a goal we are successfully achieving.

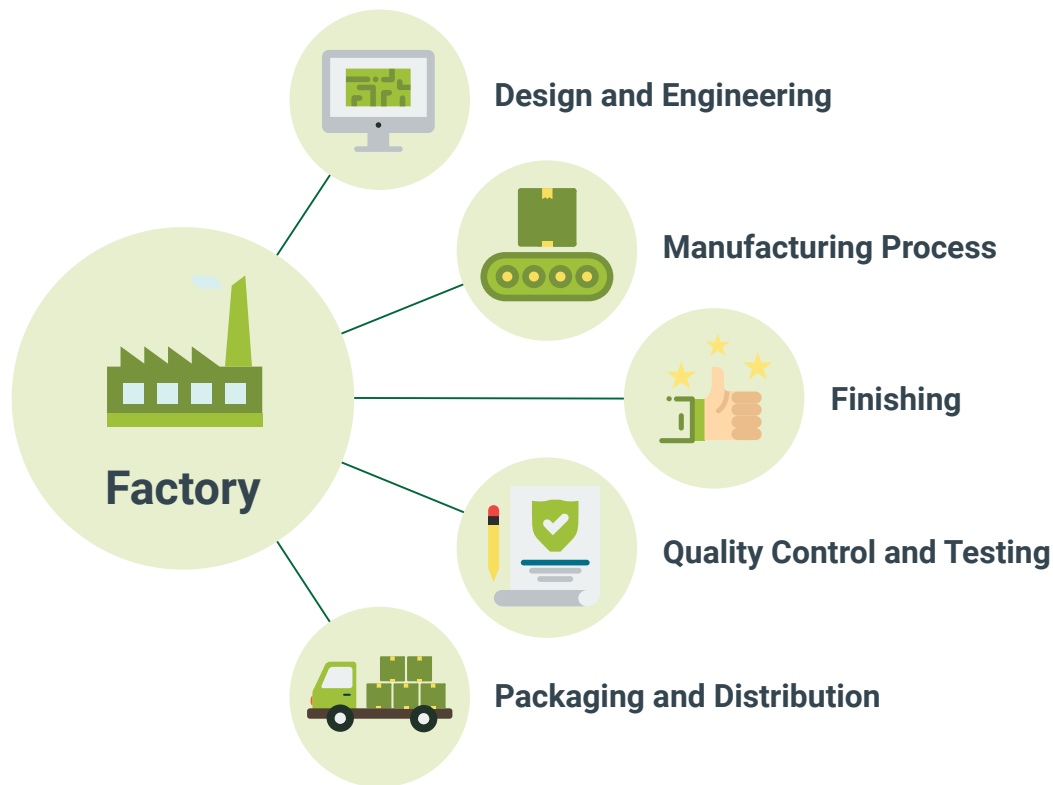


Sustainability goal by 2030:

Our goal is to transition to sustainable product manufacturing by 2030. We aim to implement Life Cycle Assessment (LCA) methodology for our products, that will provide us with a comprehensive understanding of their environmental footprint.

In the coming years we will work on the introduction of sustainable (green or recycled) materials and focus on the reduction of scrap and waste within the production process.

Additionally, we will prioritize the substitution of raw materials with recycled alternatives, not only in manufacturing but also in packaging. Our goal is to phase out polystyrene and gradual introduce recycled packaging materials.



Materials used in production

Metal sheets	3.804.419 kg
Aluminum	271.517 kg
Silicate board	325.183 kg
Mineral stone wool	36.424 kg
Powder for powder coating	14.058 kg

Semi-manufactured goods/parts that are part of the final product

HEPA filters	1.689 pcs
Seals	950.616 m
Laminar devices	366 pcs
Actuators	66.424 pcs

Packaging materials

Plastic	80.407 kg
Cardboard	25.134 kg
Wood pallets (equivalent to 5.300 pcs)	27.607 pcs
Styrofoam	960 kg

Associated process materials

Grease oil	676 l
Nitrogen	155.746 kg

Regarding the Conflict Minerals Regulation, upon evaluation, it has been concluded that this regulation does not apply to Klimaooprema. We do not import any of the four minerals – tin, tantalum, tungsten, and gold (3TG). While there is a possibility that traces of these materials may be present in certain metal-based materials we purchase, we have not identified any instances thus far.



Waste

Managing waste in an environmentally sound manner and making use of the secondary materials they contain are key elements of the current EU's environmental policy. The European Green Deal aims to promote growth by transitioning to a modern, resource-efficient and competitive economy. As part of this transition, several EU waste laws will be reviewed.

Collection and management of waste is done by the authorized third-party providers (companies possessing a permit for waste management) with whom we have contractual arrangements. During each waste collection, the quantities are recorded and signed by both

parties before being entered into the register. We utilize an online application that allows for real-time measurement of waste disposed from our premises. We track and report data on our waste output from operations to national Agency for Environmental Protection (Environmental Pollution Register) yearly.

Klimaoprema currently separates 27 types of waste, in line with legislative obligations. From total of 1.5 tons of waste generated during the year, **only 3.19% of waste is categorized as hazardous waste**, whereas main bulk of wastage are nonthreatening materials and residues.



**of our current waste is sold for
recycling and further use**

Metal waste is sold to specialized metal-using companies. In the case of paper and cardboard, our expenses are limited to the take-away service, with no additional charges based on material weight.

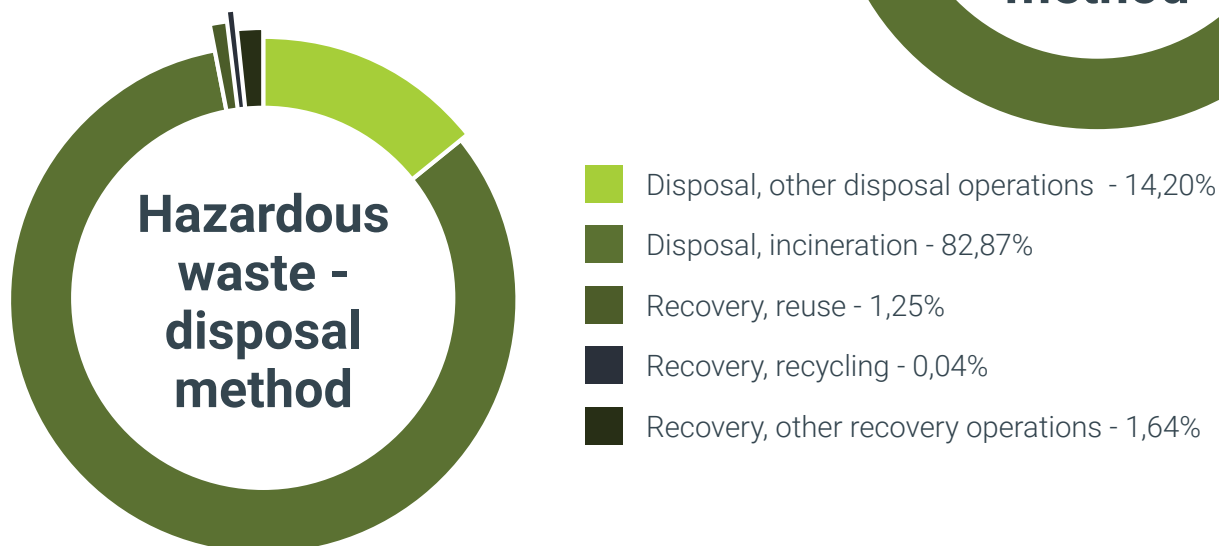
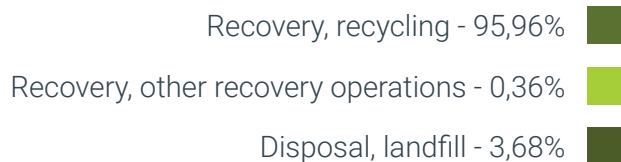
Waste management and annual improvements are responsibility of our Environment, Health and Safety Department. Waste categorization starts at Klimaoprema, and involves identifying the nature, origin, and composition. It also involves classifying waste into groups, sub-groups, and types according to the Waste Catalog and collected by the authorized waste companies.

Each year we provide additional efforts in managing waste responsibly, in line with the national regulations, striving to improve our systems.



In comparison to 2022, in 2023 we produced 7,7% less waste.

Head of EHS reports (weekly) directly to Chief Executive Officer, who is ultimately responsible for environment operations of Klimaoprema.



Waste type

Type	Kg
Electrical and electronic waste	1.138
Glass for recycling	1.386
Household deposited	53.760
Oil for recycling	587
Other types of toxic waste	45.189
Other types of waste	244.230
Paper and cardboard for recycling	103.287
Plastic waste for recycling	18.729
Waste metal for recycling	1.051.744
Wood waste for recycling	5.920
Grand Total	1.525.970



**Sold to specialized
metal-using companies**

Waste management methods

Management method	kg
Disposal - landfill	54.396
Disposal - other disposal operations	6.662
Recovery - other recovery operations	6.150
Disposal - incineration	38.877
Recovery - recycling	1.419.298
Recovery - reuse	587
Grand Total	1.525.970

Zero Waste to Landfill

At present, 3.56% of our waste is d

**Our ambitious goal for 2030 is to a
reflecting our commitment to environ**

**This commitment underscores our
contributing to a cleaner, more sus**

Water resources

Klimaoprema does not engage in water-intensive activities in production. Although water resources are not considered material for Klimaoprema, we do publicly report our water consumption.

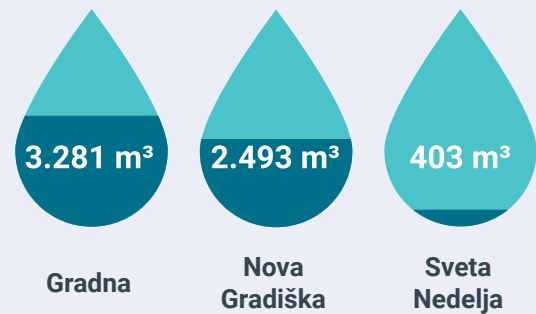
Our total water consumption in production is negligible and primarily used for sanitary and drinking purposes. Process water is only used in a small part of the plastification production line. This process water circulates in a closed loop and is supplemented with fresh water as needed. It is used continuously in the plastification process until fully consumed. Any residue from cleaning the water tanks is classified as hazardous waste and collected by authorized waste disposal companies.

Our production locations are not located in areas of high biological diversity outside protected areas or nearby.



Public water supply

Total water consumption 6.177m³



Directed to landfill sites.

Achieve zero waste to landfill from production process, environmental sustainability and responsible waste management.

Dedication to minimizing our environmental footprint and sustainable future.





People

People	64
Health and safety	66
Training & education.....	70
Benefits for our employees	77
Workforce breakdown	80



People

In a VUCA (volatile, uncertain, complex, ambiguous) world, the business landscape is undergoing rapid transformation, demanding agility and adaptability for success. At Klimaoprema, we embrace this dynamic environment, understanding that merely pursuing profits and growth is no longer sufficient. Our value chain seeks partners that are not only financially sound but also socially responsible and ethically driven. They expect us to champion causes that matter and stand as advocates for positive change.

Central to our commitment to a more equitable world are our people – our invaluable employees, who serve as the face and voice of our brand. Their energy, creativity, and innovative spirit propel us forward, enabling us to navigate the complexities of today's world with confidence and purpose.

In our pursuit of these goals, we place well-being and development of our employees in our focus. We strive to provide them with a sense of purpose and fulfilment, investing in their professional growth and supporting their health and safety.

Our goal and vision is to become Employer of Choice - organisation whose culture, work environment, benefits and leadership naturally attracts talents.

By striving to become top employer, we not only enhance our ability to attract and retain top talent, but we also position ourselves as a leader in our industry and a preferred partner for customers, suppliers, and other stakeholders.





Health and safety

ZERO INJURY VISION

Implementing safety programs throughout Klimaoprema internal policy guidelines to establish a culture of safety excellence. Our aim is zero injury.



Ensuring the safety and well-being of our workforce is paramount for Klimaoprema, as we recognize the extreme impact accidents can have on individuals and their families. Our commitment to occupational health and safety is integrated in our company culture. We adhere to the Plan-Do-Check-Act approach, continually identifying hazards and assessing risks to maintain a safe working environment.

The Klimaoprema Quality, Environment, Health and Safety Policy was first adopted in 2017, reflecting our commitment to ensuring appropriate working conditions that safeguard the health and safety of all employees. This policy includes actions to improve motivation, promote team harmony, and build a dedicated, winning team. It also involves recognizing health and safety risks for our employees and adopting necessary protective measures such as workplace safety training, use of protective equipment, and changes in technological processes.

Operating under the internationally recognized standard ISO 45001:2018 (all Klimaoprema's operational sites), we have established a robust management system for safety and health protection at work.

Within our manufacturing process, we utilize a limited amount of chemicals, each appropriately labelled and stored within our production facilities. The Risk Assessment document identifies hazardous chemicals for all

roles, with employees who handle such substances undergoing specific training and certification, provided by the Croatian Public Institute – Division for Toxicology. Our internal procedures, outlined in the "Safety Handling with Chemicals" work instructions, detail protocols for labelling, storing, handling, and transporting hazardous substances. Hazardous waste is disposed of properly within specially labelled bins and sent to authorized companies for further processing.

Regular inspections are conducted on all machinery to mitigate potential hazards, ensuring employee health and safety. Equipment safety inspections or audits are conducted regularly to verify the safety of our equipment. Our production sites undergo examination every three years to assess working conditions, including microclimatic conditions, illumination, and noise levels. All workers are equipped with appropriate protective equipment.

To minimize occupational safety risks, we conduct detailed risk assessments tailored to our manufacturing infrastructure. Health and safety risk assessments systematically identify and evaluate potential risks, including hazard analyses. These assessments include descriptions of identified hazards or risk factors, determination of risk significance, and the formulation of preventive and corrective action plans.

3,32

LTIF, No of injured workers for every million hours worked

1.205.221

Total man-hours worked in 2023

ISO 45 001

Locations: Samobor, Nova Gradiška and Sveta Nedelja

In the event of an accident, procedures outlined in the Emergency Evacuation Plan are followed. All employees receive training specific to their roles, as mandated by our Worker Training Programme. Additional professional training is provided by the HSE department as needed.

We ensure periodic occupational health check-ups for all employees, with a particular focus on those regularly exposed to risk factors such as chemicals, potentially dangerous machines, noise, or other potential hazards. Yearly physical ability check-ups are mandatory for roles with special working conditions.

Klimaoprema has Joint Management-Worker Health and Safety Committee, as a collaborative advisory body comprised of key stakeholders including a Human Resources Expert, Head of Integrated Management System, Occupational Safety Expert, Workers' Representative, and Occupational Medicine Specialist. This committee convenes at least twice a year and is dedicated to enhancing health and safety conditions within our organization.

Acting as a proactive problem-solving group, the Committee works collectively to identify and mitigate hazards and concerns, fostering a safe and healthy work environment for all employees. Additionally, it serves as a platform for resolving safety and health issues

promptly and effectively, ensuring the well-being of our workforce remains a top priority.

The issue of work safety and accident prevention remains a priority, featuring prominently on the agenda of CEO meetings with the Head of the Environment, Health, and Safety (HSE) Department. HSE Department is in charge for the everyday management and continuous improvements of our safety protocols and work instructions, including the compliance with the new safety regulations. The department is led by the occupational health and safety professional who holds master's degree in Safety and Protection Engineering. He is also a certified ISO 45001 Lead Auditor.

Together with our Head of EHS, we have around 40 employees in management positions authorized to organize and implement occupational safety, all of them professionally trained for OHS.

Health and Safety (H&S) is the joint responsibility of management and workers. Management is accountable in case of non-compliance. In addition to internal audits, occupational safety is continually checked and evaluated at yearly audits within the ISO 45001 reviews.

Klimaoprema has never recorded a fatality situation.

Y	Total man hours worked	Total No of reportable accidents	Total No of lost days	LTIF / Frequency index**	LTCR (Lost Time Case Rate)	No of Statutory / Enforcement notices received from the Regulatory Authority
2023	1.205.221	4	151	3,32	0,66	0

** LTIF/ frequency index - the number of injured workers for every million hours worked

In 2023, we had 4 injuries, all categorized as minor. 2 incidents happened in production, 1 on the construction site and 1 during traveling (car accident). Additionally, one incident happened during the commuting to work, and is not included in the a.m. statistic.

These numbers demonstrate progress in our health and safety (H&S) initiatives compared to the previous year.



Despite an increase of 60,362 workable hours, we successfully reduced the number of workplace accidents. While our safety performance surpasses industry averages, our ultimate vision is to achieve zero injuries.

In pursuit of this goal, in 2023 we convened a cross-functional team within the Sustainability Committee to conduct a comprehensive review of our health and safety practices against global benchmarks. Under the **Zero Injury Vision**, we have identified key actions to elevate our health and safety practices to new heights in 2024.

Additionally, in pursuit of timely implementation of HS best practices, we have established Health and Safety Supervisory Committee, consisting of members from the Board, Sustainability Manager, Head of EHS Division, Managing Director of CR Division, Managing Director of SCM, and external EHS professionals. This committee commenced its work in 2023, with a commitment to discussing roadmap to zero injury plan and progress.

2023 Progress:

In 2023, we invested in 5 automatic external defibrillators (AED). These life-saving devices are invaluable

additions to our safety infrastructure, providing immediate assistance in the event of cardiac emergencies.

The introduction of defibrillators underscores our proactive approach to ensuring a safe and secure environment for all members of our team. By investing in these critical resources, we aim to not only mitigate potential risks but also empower our employees with the tools and knowledge necessary to respond effectively to emergencies. The deployment of defibrillators aligns with our broader ethos of fostering a culture of care and support within our organization. We believe that every individual deserves access to prompt and effective medical intervention, and these devices serve as a vital component of our comprehensive health and safety strategy.

Strategically located across all Klimaoprema's facilities, our defibrillators have integrated us into a network of private and public emergency services. This ensures that we are equipped to swiftly respond to cardiac emergencies, potentially saving lives in critical situations.

To complement the acquisition of these life-saving devices, we organized comprehensive resuscitation courses at all our locations. Sixty-six of our team members have undergone training on how to effectively operate the defibrillators. These sessions, facilitated by external professionals from the Red Cross Samobor, were conducted in an interactive manner, ensuring that participants were well-prepared to handle emergency situations.

While we fervently hope that we never have to utilize these devices within our organization, we recognize the importance of being prepared for any eventuality.



Behind each of our products are dedicated employees, whose efforts significantly enhance the value of the final product—value that is both visible and tangible to everyone. However, the entire production process, largely invisible to the end customer, must prioritize absolute safety without compromise. We are committed to providing our employees with safe working conditions, which necessitates the continuous development of workplace safety awareness.



At our Nova Gradiška plant, we conducted a Safety Awareness workshop led by our Managing Director of Supply Chain Management, alongside external Health and Safety consultants. At the same time, we carried out an internal survey among our shop floor employees to identify safety challenges. This survey provides us with an additional layer of insight into Health, Safety, and Environmental issues and informs how we can enhance our safety performance. During the workshop, we reviewed the results from the previous month's survey, exchanged best practices from other industries, and drew concrete conclusions to improve the safety and ergonomic conditions at our facility.

To enhance the safety of our production personnel, we made improvements to our production machinery in 2023.

For our FDC/FD production line, we introduced new machinery that allows for safer and more efficient manipulation of products, significantly reducing the risk of injury. For more secure handling procedures for glass doors and windows we implement gripper on the cantilever crane that provide more secure manipulation of glass surfaces and better ergonomic conditions for our workers.



Training & education

Leadership and people empowerment is a core element in our journey to achieve operational excellence. We need trustful and vital workplace where people can voice their opinions, challenge the status quo, share their ideas, and can work on those. At Klimaoprema, we are aware that creating and sustaining a vital and high-performance workplace starts at the top.

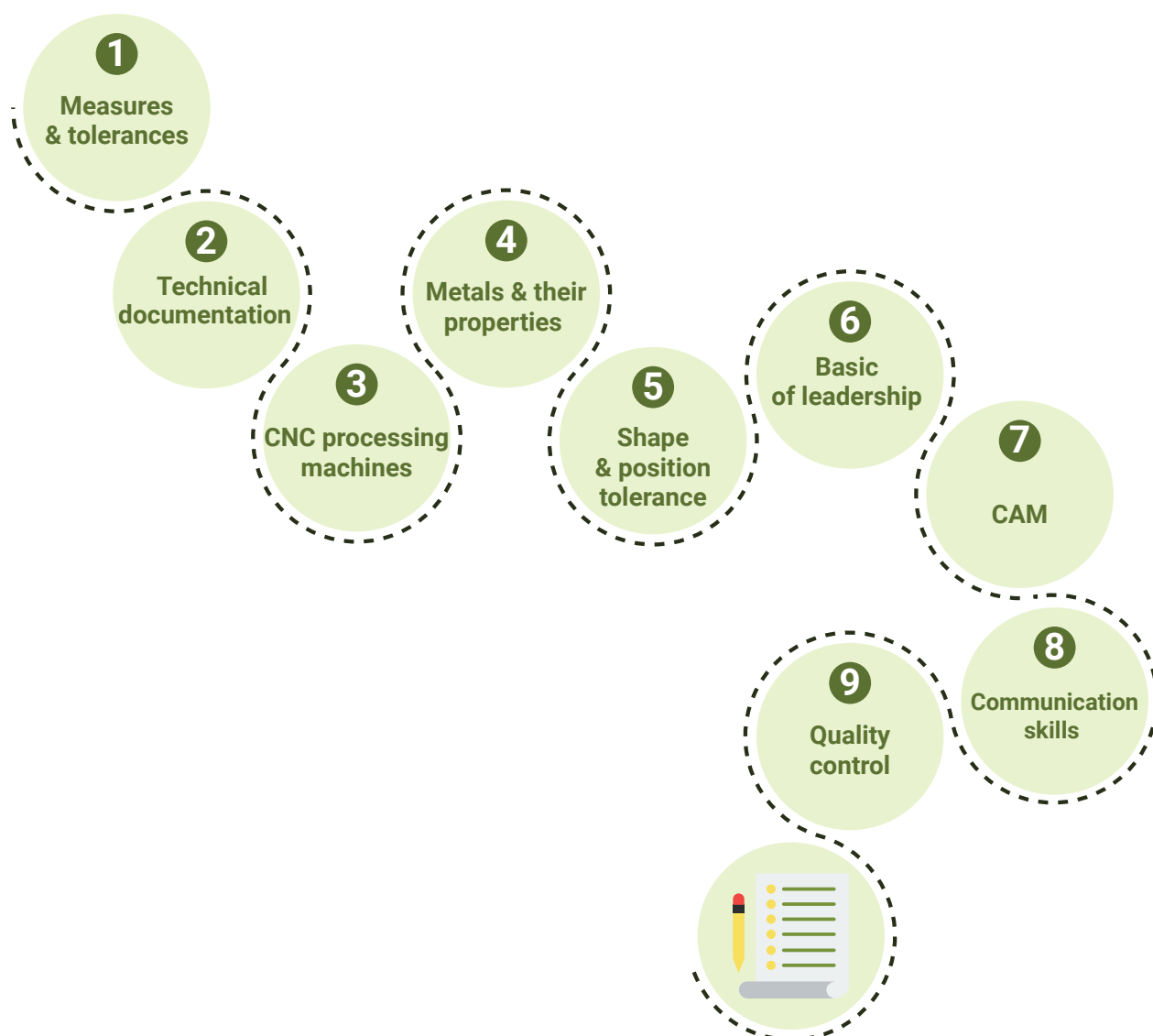
That is why, in 2023, we launched our Leadership Academy – "Ameliorated Leaders." The inaugural group, comprised of 30 representatives of top management, participated in workshops led by external trainer. The first three modules were delivered within the year, with the aim of completing the first group's training by 2024 and welcoming another cohort. Ultimately, the program will benefit 50 leaders from various departments and functions, nurturing them into "**Ameliorated Leaders**".

The Leadership Academy is designed to enhance our leaders' self-awareness and develop their skills in people management, change management, strategy, organizational culture, and teamwork. Each module delves deeper into topics such as motivation, organizational culture, and the challenge of selecting and developing talent to maximize their potential.

In 2023, we launched "**KO Rise**", a specialized educational program designed for both managers and production employees, which we will continue to implement throughout 2024. 154 employees in Nova Gradiška participated in total off 898 hours of training sessions, encompassing various technical modules and soft skills like leadership.

The training sessions were delivered by our (highly professional) employees and external professor from the Faculty of Mechanical Engineering and Naval Architecture.

KO Rise - Training





We invest in the continuous learning and development of our employees through training programs and mentorship opportunities. Klimaoprema also supports qualified employees who wish to pursue additional third-party certifications or higher education through tuition sponsorship.

Each year, top management in consultation with the Board members, dedicates part of the budget to educational and training activities – according to the work requirements and preferences of individuals. Educational activities cover different learning objectives – from management skills, legislation and compliance to the technical skills.

In addition to formal education, we prioritize informal training through mentoring and on-the-job development. New hires in production undergo on-the-job

training for a minimum of one month before working on production lines, while engineering colleagues have mentors for their first six months at Klimaoprema.

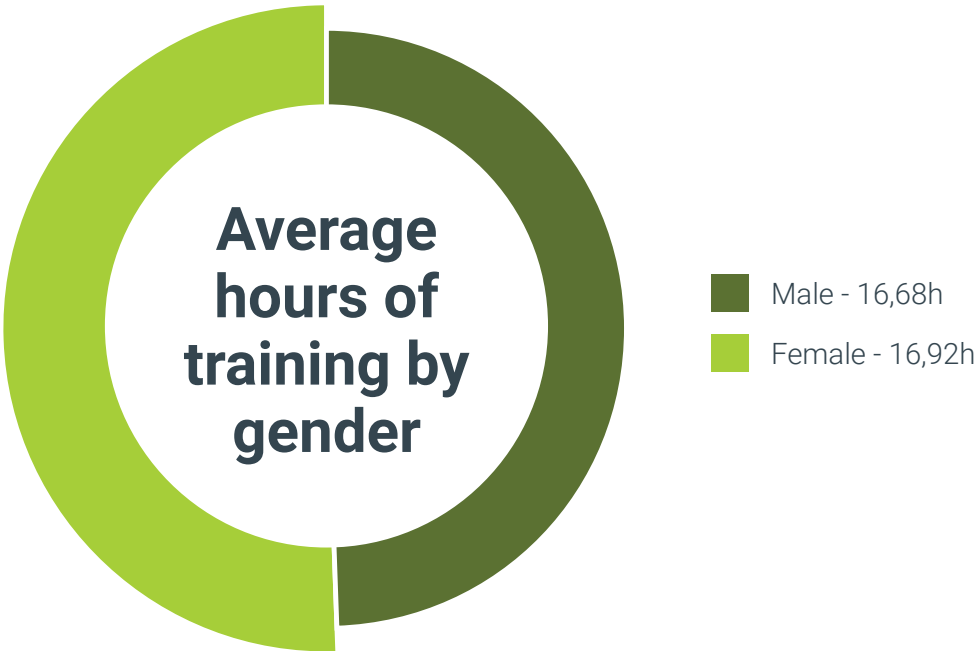
In 2023, our commitment to employee development risen, significantly surpassing the educational initiatives of the previous year.

Compared to 2022, where we averaged 7.01 hours of training per employee, our efforts more than doubled, with an impressive average of 17.20 hours of training per employee in 2023.

This substantial increase underscores our dedication to empower our employees with the skills and knowledge they need to thrive in their roles and contribute to the overall success of our organization.



In 2023, Klimaoprema employees underwent approximately 12,368 hours of general and position-specific training and competence development. Additionally, we dedicated 477 hours to internal education on SOPs.



Also, in response to our rapid expansion and the dislocation of offices across several locations, we conducted **internal "get-to-know" sessions** in 2023 focusing on the functions of three different departments:

- Technical Development, Cleanroom Division
- Project Office Department, Cleanroom Division
- Sustainability Department



General employment statistics

Klimaoprema is in a progressive phase, following the growth in sales, increased business activities, and consequently, an increase in the number of employees compared to 2022

At the end of 2023, the headcount totaled 765 employees on the Group level, out of whom 94% (719 persons) are employed at Klimaoprema d.d. (Croatia).

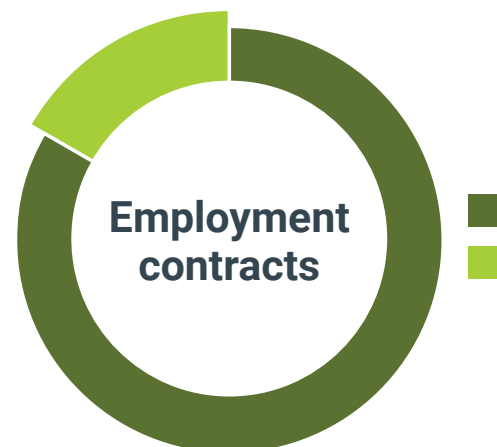
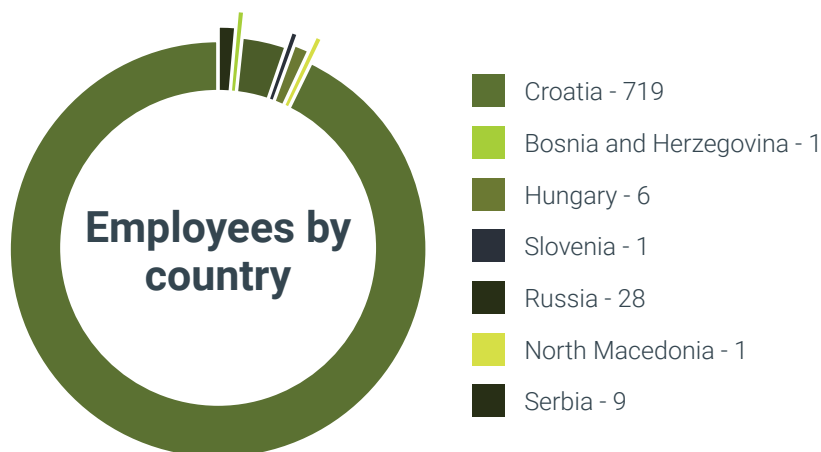
In the mentioned period, there were 20 instances of paternity leave, with fathers taking 10 days of leave when their child was born. Additionally, 17 fathers took parental leave, each entitled to 2 months of leave before their child turns 8 years old. Meanwhile, 9 women utilized a combination of maternity and parental leave.

As a company, we are committed to nurturing family rights by ensuring that both parents have the flexibility and support they need to balance their professional and personal lives. We believe that empowering our employees to take the time they need for their families leads to a healthier and more productive workplace.

While the current composition of Klimaoprema's workforce reflects a higher proportion of male employees compared to female employees, we highly value diversity as an integral pillar of our corporate culture.

We promote inclusion and equal opportunities with respect to hiring, terms of employment, mobility, training, compensation, and occupational health without discrimination.

Our Code of Ethics explicitly prohibits any form of harassment related to personal diversity. Every member of our team, along with our suppliers and partners who align with the Code of Conduct, is entrusted with promoting and nurturing an environment of mutual respect. By honoring the perspectives and sensitivities of each individual, we cultivate a culture of inclusivity and empowerment that propels us forward on our journey of success.



Fluctuation

Over the past few years, including 2023, our human resources department faced significant challenges in terms of people management and organizational policy. As Klimaoprema expanded and diversified its services, shareholders initiated the establishment of a new holding corporation – Amelicor Group. This group will oversee several interconnected companies, under which some of Klimaoprema's services will be provided.

Consequently, during 2023, some Klimaoprema employees were reassigned to newly established companies within the same shareholder structure. However, these structural changes impacted the statistical fluctuation rate on paper. In 2023, the formal fluctuation rate increased slightly above 17% due to these reallocations. Nonetheless, the **actual fluctuation rate** decreased from the previous year, to **10,66%**.

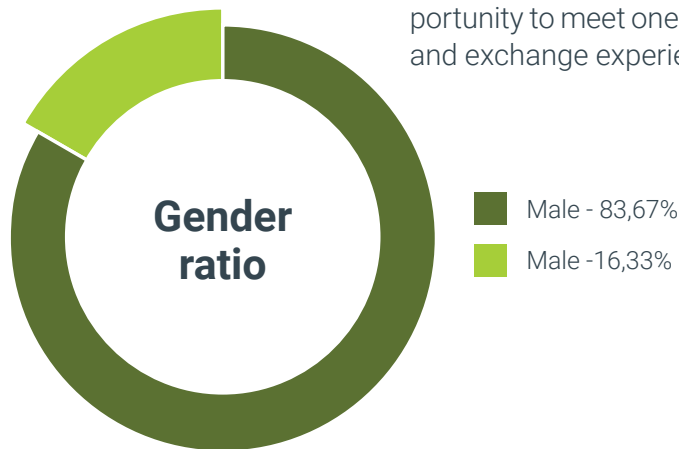
Governance of human resources

The Human Resources Department plays a pivotal role in our goal of being a top employer, handling essential functions such as recruitment, coordination of developmental programs with various departments, managing benefits, and overseeing general communication and administrative tasks. Department is divided to two core functions – workplace relations and development of people. This ensures we maintain a vibrant and responsive workplace environment.

All HR topics are communicated directly to the CEO, ensuring that employee-related topics receive the highest level of attention during their weekly meetings. This direct line of communication underscores our commitment to addressing and prioritizing employee needs swiftly and effectively.

As our workforce continues to rapidly expand (with an average of 6-7 new vacancies posted per month), we ensure that every new member of the Klimaoprema team participates in our special event for newcomers – the **OnBONDing day**. In 2023 we held 2 such events, where all recently on-boarded employees have the opportunity to meet one another, share their backgrounds, and exchange experiences.

Permanent - 84,42%
Temporary - 15,50%



Corporate culture

To ensure heightened awareness and facilitate transparent communication with our employees during our growth, we utilize a range of communication channels. From our internal magazine - Ljupko, to email notifications, teams groups and our internal social network, Amelicor Community, we endeavour to keep our workforce informed and engaged.

Our corporate culture is fundamental to our identity. We prioritize open communication, continuous learning, and mutual respect among all employees.

Annually, our team members have the opportunity to nominate their colleagues for the **Best Employee Award**. This recognition, accompanied by a financial bonus, is bestowed by our management during our end-of-year celebration dinners. Additionally, we honor our long-serving employees with Jubilee Awards, celebrating their dedication and commitment to our company over the years.



Our social network Yammer serves as a platform for raising awareness activities, where we regularly remind our employees about significant dates:

- **Movember:** in November we aimed to spark discussion on men's health, including prostate cancer, testicular cancer, mental health, and suicide prevention.
- **Pink October:** dedicated to breast cancer awareness, our female colleagues across all locations actively participate in promoting breast self-examination and early detection.
- **International Student Day:** we take pride in hosting over 10 interns this year, providing opportunities for growth and learning.
- **World Sleep Day:** emphasizing the crucial role of sleep in our daily lives.
- **Down Syndrome Day:** in March, we wore mismatched socks to raise awareness and show support to uniqueness of individuals with Down syndrome
- **National Pet Day:** celebrating the joy and companionship our furry friends bring to our lives.
- **Earth Day:** day to reflect on the importance of scarcity of natural resources and importance of preservation activities
- **Wings for Life:** in May, as Klimaoprema team we ran for those who can't!

Daily interactions among colleagues, between employees and managers, and across different teams are integral to our corporate ethos. While our growth may occasionally present challenges in transparent and timely communication, we are committed to overcoming them by introducing new models of information sharing and feedback channels. For the third consecutive year, we conduct **employee surveys** to tangibly measure progress across various areas and gather inside view on our culture, management practices, and overall satisfaction within the company. The results provided valuable insights into areas for improvement and helped us understand employee perspectives better.



Istraživanje za zaposlenike Klimaopreme

Poštovani,

hvala Vam što ste odlučili učiniti Klimaopremu još boljim mjestom za rad!
Ovim upitnikom koji će trajati 10-15 minuta, želimo saznati koliko ste motivirani svojim poslom, kakva je Klimaoprema kao poslodavac i što vam se sviđa, a što ne na Vašem radnom mjestu.
Istraživanje je potpuno anonimno, zato budite potpuno iskreni.
Rezultati ankete biti će predstavljeni svim zaposlenicima.

Koliko je vjerovatno da biste preporučili rad u Klimaopremi svojim prijateljima i rodbini?
(označite broj)

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

Pitanja o angažmanu i motivaciji

Because We Care

Benefits for our employees

At Klimaoprema, we prioritize the holistic well-being of our employees, recognizing that a fulfilling work experience encompasses not only professional growth but also personal enrichment and balance. Central to our commitment is a comprehensive benefits package designed to support the diverse needs and aspirations of our workforce.

Multisport card & Health days as a reminder on the importance of physical activity

We understand the importance of maintaining a healthy lifestyle, and thus, we provide all our employees with access to the Multisport card. This useful benefit empowers our team members to choose from a wide range of fitness and recreational activities, promoting physical fitness and mental well-being. Whether it's hitting the gym, practicing yoga, or engaging in team sports, the Multisport card encourages our employees to prioritize their health and vitality.

3rd year in a row, we organized Health day for our employees in Samobor. We started the day with exercise, continued with the analysis of body composition using the Tanita scale and ended with a lecture by a nutritionist who reminded us what we should pay attention to when thinking about what and when we will eat.

Easter, Christmas and Summer bonus

In fostering a culture of appreciation and unity, Klimaoprema extends Easter and Christmas bonuses to our devoted employees. By providing this additional financial support during these celebratory times, we aim to uplift the spirits of our employees and their families, reaffirming our commitment to their happiness and overall well-being.

Moreover, we take the opportunity to express our appreciation additionally with a summer bonus. Summer bonus is our token of gratitude for their hard work and commitment throughout the year, enabling them to fully embrace the vibrant season ahead. Whether it's utilized for a well-deserved vacation, new experiences, or simply to unwind and recharge, the summer bonus underscores our dedication to supporting our employees' happiness and fulfilment during this lively time of the year.

Kids Gift

We recognize the importance of family and cherish the role that our employees' children play in their lives. As

a gesture of appreciation for their unwavering support and understanding, we provide special gifts and money support for the children of our workforce on significant occasions such as St. Nicolas Day. These gestures of affection not only bring joy to the little ones but also strengthen the bonds within our Klimaoprema family, fostering a culture of inclusivity and warmth.

Jubilee Award

Celebrating loyalty, dedication, and milestones in our employees' careers is fundamental to our culture at Klimaoprema. As a symbol of our appreciation for long-term commitment, we present jubilee awards to deserving employees during our traditional Christmas dinner. This cherished tradition not only honors their tenure with us but also reinforces the sense of belonging and pride within our Klimaoprema family.

Free Voluntary Health Insurance

We prioritize the health and well-being of our employees by offering free voluntary health insurance coverage. This benefit provides peace of mind and access to quality healthcare services, ensuring that our employees and their families receive the support they need to stay healthy and thriving.

Voluntary Pension Scheme

Recognizing the importance of financial planning and security for our employees' future, we offer a voluntary pension scheme as part of our benefits package. Through this scheme, known as Pillar 3 of the national Pension System, employees can capitalize on individual savings with incentives from the state. Contributions are conveniently deducted from employees' gross incomes, providing them with a pathway to build a nest egg for retirement with peace of mind.

Enhanced duty of care

Despite the best precautions, accidents and injuries happen – at home and at work - and often with devastating impact on individuals and their families. Employers feel the fallout too in terms of the cost and impact of employees being unable to return to work. That's why Klimaoprema added Group Personal Accident insurance to our employee benefits package, to offer protection for our employees during the working hours (including driving to and from the job). It enhances our Duty of Care, saying to current and prospective new employees that you go above and beyond statutory requirements.

Flexible working time and remote working

We understand that traditional eight-to-four schedules may not suit everyone's lifestyle or productivity patterns. Therefore, we offer flexible working time arrangements that allow our employees to tailor their work schedules according to their individual needs and preferences. Whether it's adjusting start and end times, or working from home - when possible and when suitable, we empower our team members to find a rhythm that optimizes their productivity and well-being.

Reimbursement of Employee commutin costs

Understanding the impact of commuting expenses on our employees, we reimburse commuting costs incurred during their daily travels to and from work. By alleviating this financial burden, we aim to enhance the financial well-being of our team members.

Family separation allowance

Acknowledging the sacrifices made by employees who need to work away from their permanent residences, we provide a family separation allowance. This compensation serves to alleviate the challenges of being away from loved ones, ensuring that our employees receive financial compensation for the away work done.

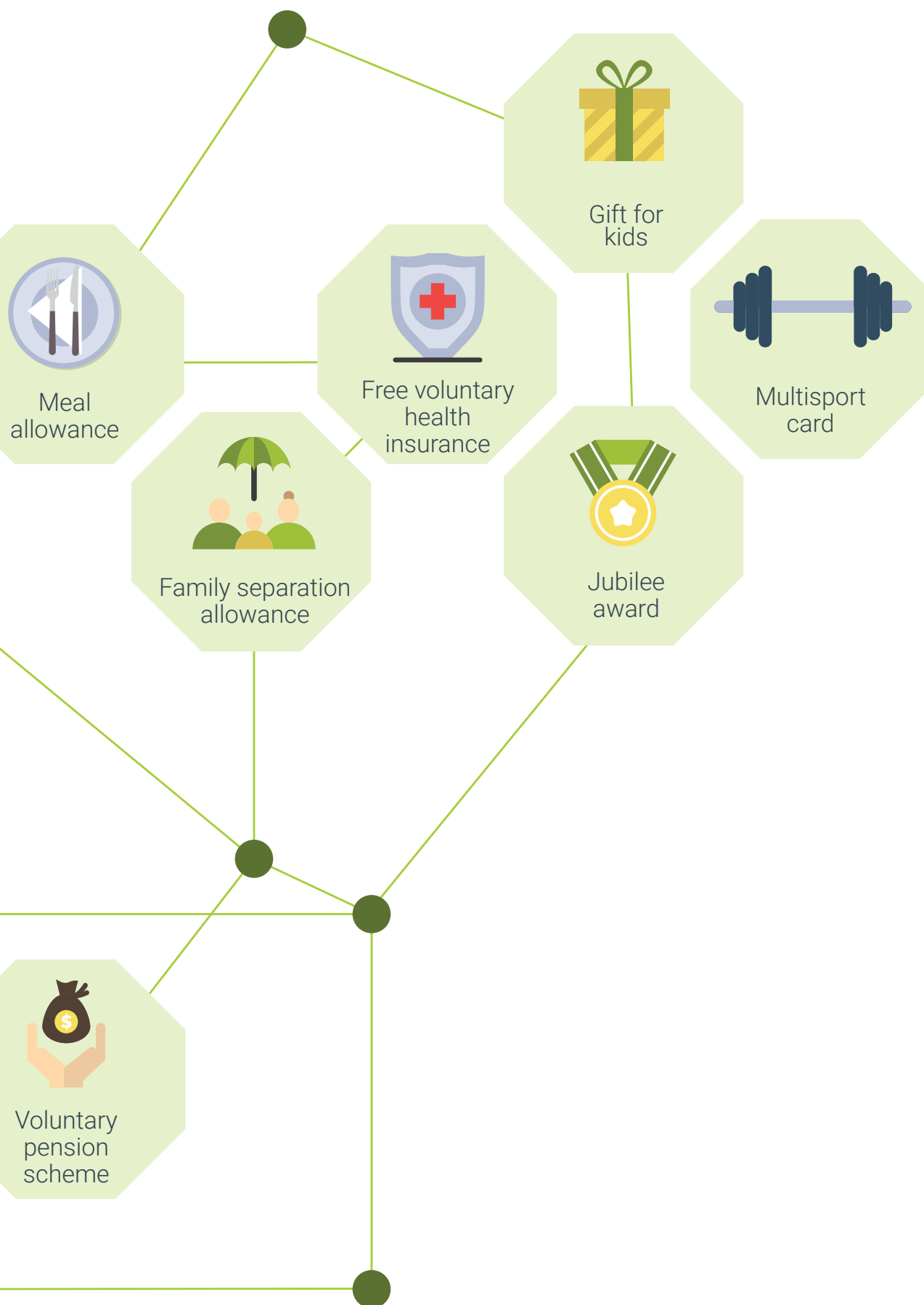
Educational support

We understand the importance of continuous learning and skill enhancement in today's rapidly evolving business landscape. Therefore, we offer educational programs that enable our employees to pursue further education, training, and certifications relevant to their roles and career aspirations. Whether it's attending workshops, seminars, or online courses, we encourage our team members to invest in their professional development, empowering them to stay ahead of industry trends and excel in their respective fields.

Team building

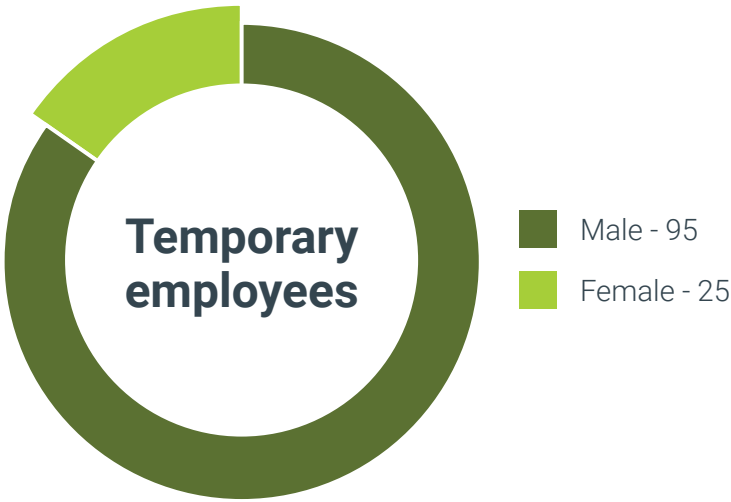
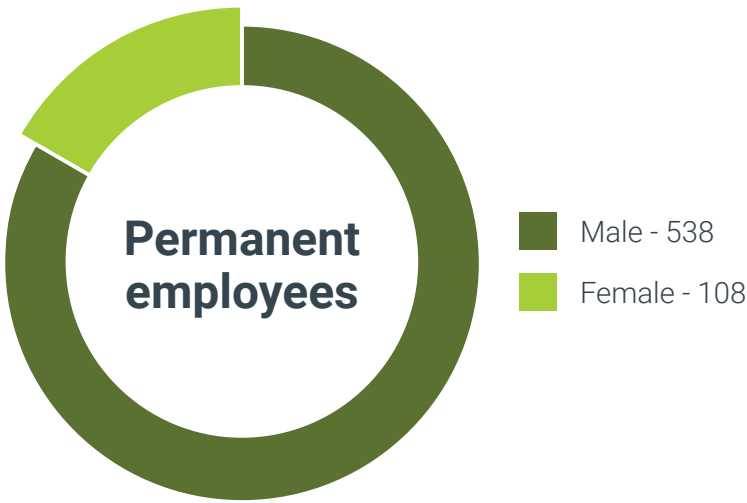
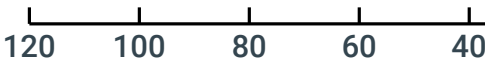
At Klimaoprema, we believe that strong teams are built on trust, collaboration, and shared experiences. Therefore, we place a strong emphasis on team-building activities that foster camaraderie, communication, and cohesion among our employees. Whether it is off-site retreats or team-building workshops, we provide opportunities for our teams to come together, bond, and recharge. These activities not only strengthen relationships and boost morale but also promote a sense of belonging and unity within our Klimaoprema family.



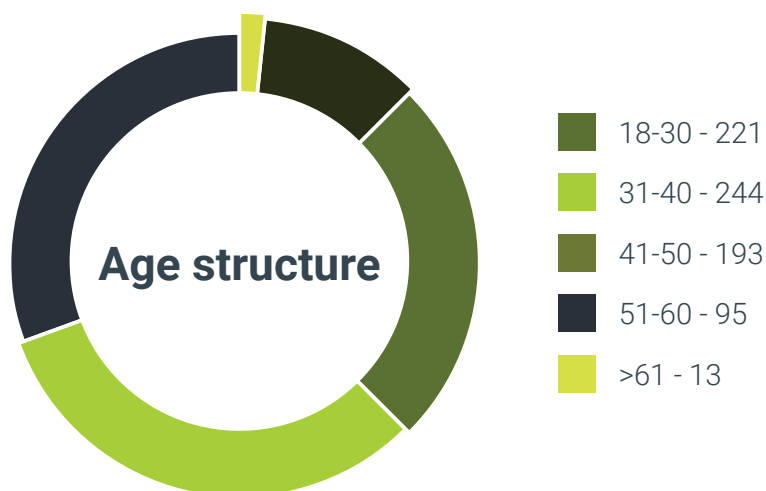
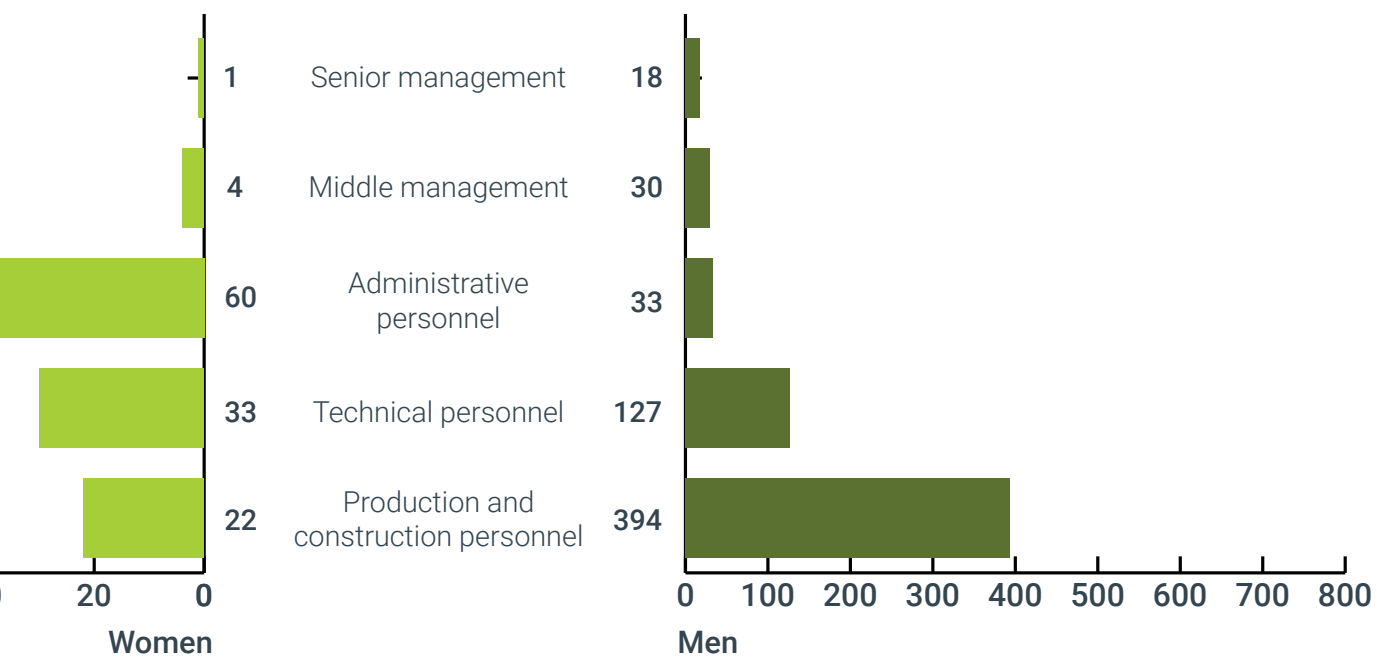


Workforce breakdown

For the purpose of this part of the Report, we defined “senior management” as those persons who are either members of the highest governing body or executives of specific operational business divisions. Middle management are operatives one line bellow with lower management functions, whereas technical personnel relate to engineers and other professional expertise members within the core business functions. Production personnel relates to the production and construction workers and administrative employees are workers in the shared services and supportive business functions.



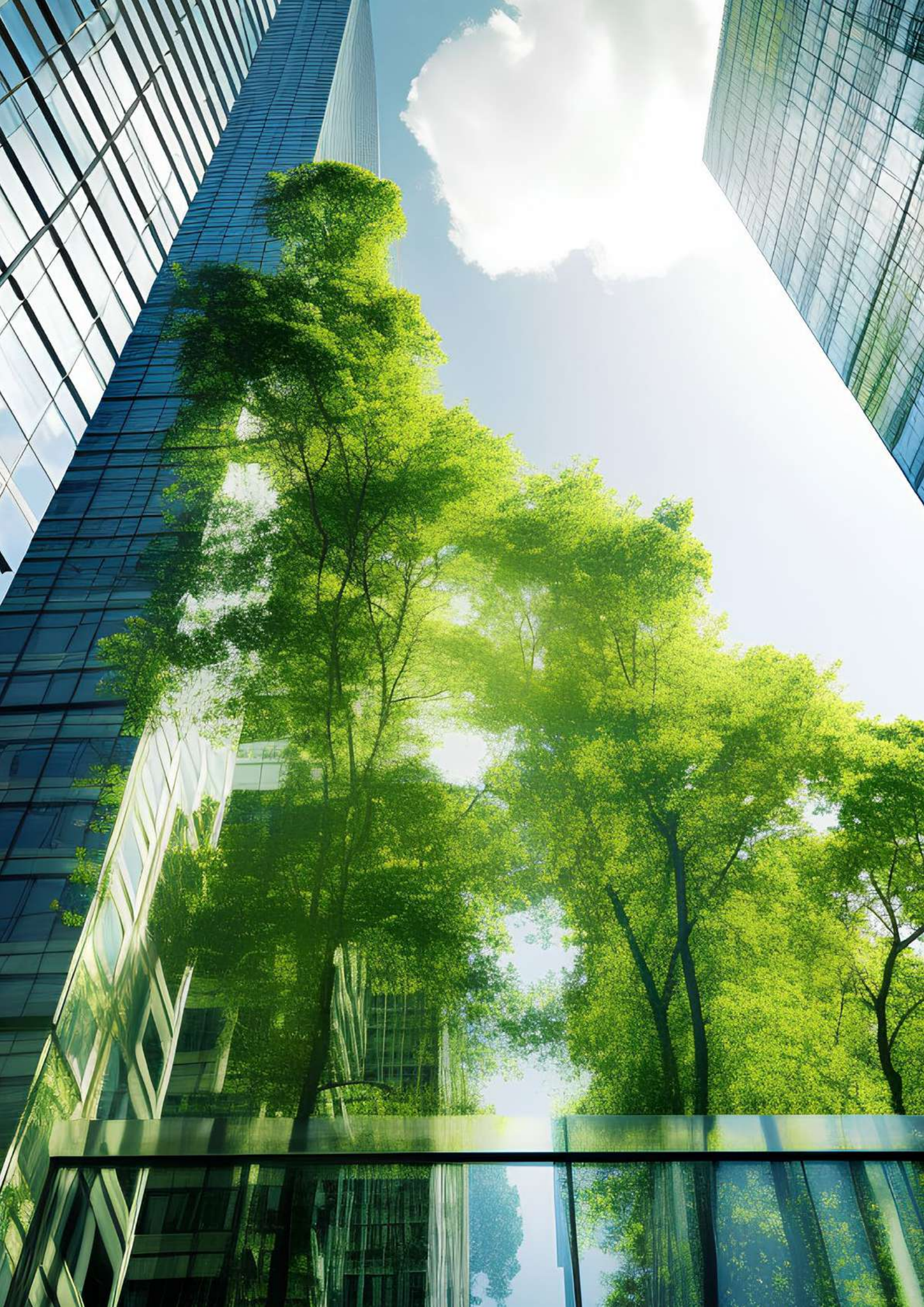
Workforce balance across gender





Governance

Governance	84
Concern line	86
EcoVadis – measure of sustainability	87
Numbers.....	88
Sustainability governance	89
Formal figures and data.....	90
GRI content index	92
About the report	96



Governance

Klimaoprema's governance structure aims to ensure an appropriate management and control framework as well as efficient, ethical and sustainable business operations. Excellence in business operations, together with the transparency and ethics are essential values of our governance, and key elements to build up and maintain trust relationships with all our stakeholders.

Responsible corporate governance and commitment to comply with applicable human rights standards and environmental protection for fairer and more sustainable economy is embedded in our organisation and formalised through different policies that apply to all organization activities. All of them, including Code of Conduct have been approved by the Board and available at our web page www.klimaoprema.com.

Further work on Responsible governance

Our commitment to responsible governance is anchored in three core pillars: maintaining a responsible supply chain, upholding ethical and transparent business practices, and prioritizing data security.

By 2030, we aim to foster a supply chain that prioritizes sustainability and ethical sourcing, aligning with our environmental and social values. In the upcoming period we will establish internal governance policies aligned with the UN Global Compact priorities. These measures will ensure that our operations reflect our commitment to human rights, labor standards, environmental sustainability, and anti-corruption efforts.



Fair, responsible and ethical governance

Klimaoprema is committed to providing its employees with a fair, responsible, transparent, and ethical work environment that upholds the basic principles of business conduct.

To ensure such an environment, we have implemented a **Rulebook on whistleblowing**, which governs the procedure for reporting irregularities and outlines the rights and obligations of both employees and whistleblowers. This Rulebook defines what constitutes irregularities and specifies the designated individuals (male/female) to whom reports should be made, as well as the procedures followed by Klimaoprema authorities upon receiving such reports.

An employee who reports potential misconduct in accordance with the Rulebook is guaranteed confidentiality of all data and the content of the report. Additionally, any employee who observes or becomes aware of misconduct during their work has the option to submit an anonymous report about potential misconduct through our Concern line, without disclosing their identity.

Code of Conduct

In our ongoing commitment to ethical conduct and responsible business practices, Klimaoprema maintains a Code of Conduct that serves as a cornerstone of our organizational culture. Our Code of Conduct emphasize integrity, professionalism, and respect in all our dealings. We uphold principles of fair and transparent

customer and supplier relations, prioritizing trust, collaboration, and mutual benefit.

Furthermore, our Code underscores the importance of information disclosure, safeguarding sensitive data, and demonstrating our commitment to protecting our assets and resources. We adhere to the highest standards of corporate governance.

Anti-bribery and Corruption Policy

In 2023, Klimaoprema reaffirmed its unwavering commitment to integrity and ethical business practices with the revision of our Anti-bribery and Corruption Policy. As part of our ongoing efforts to uphold the highest standards of corporate governance and compliance, we conducted a thorough review and updated our anti-bribery measures to reflect evolving industry best practices.

Our revised policy reinforces our zero-tolerance stance against bribery and corruption in all forms, whether involving public officials, business partners, or any other stakeholders. It emphasizes the importance of conducting business with honesty, fairness, and transparency, and outlines a no-retaliation approach. Detrimental treatment refers to dismissal, disciplinary action, threats, or unfavourable treatment in relation to the concerns raised by individuals.

To mitigate concerns raised by both external and internal stakeholders, we have established a **Concern line**, accessible through the Klimaoprema website.

By strengthening our anti-bribery policy, we demonstrate our steadfast commitment to ethical conduct, risk mitigation, and sustainability, and reaffirm our dedication to fostering a culture of integrity and trust within our organization and across our global operations.

Sustainable supply chain

Compliance along the supply chain as well as acceptance and observance of the fundamental principles conveyed in our corporate values and the Code of Conduct is an indispensable prerequisite for a business relationship. Thus, in 2023 we declared and published Supplier Code of Conduct addressing the following topics:

- Human rights
- Compliance with applicable international, national, state and local laws
- Forced or compulsory labor, human trafficking, and modern slavery
- Child labor
- Equity, diversity, and inclusion
- Wages and working hours
- Freedom of association
- Health and safety
- Confidentiality and intellectual property
- Anti-corruption and gifts
- Conflicts of interest
- Environmental protection standards
- Management system

The Supplier Code of Conduct is based on the principles of UN Global Compact, ILO Declaration on Fundamental Principles and Rights at Work, ILO Basic Terms and Conditions of Employment, UN Guiding Principles for Business and Human Rights.

To ensure compliance with these principles, all suppliers are mandated to sign the Klimaoprema Supplier Code of Conduct (CoC) or confirm that their respective companies adhere to a Code of Conduct aligned with the principles outlined in the Klimaoprema Suppliers CoC.

Supplier Code of Conduct highlights what we stand for and sets clear expectations for our supply chain partners on how to fulfil our vision.



Concern line

Klimaoprema operates with a steadfast commitment to ethical practices, upholding integrity and transparency in all aspects of our operations. In 2023, along our continuous work on strengthening corporate governance and high standards, we published Concern line for all interested stakeholders, including our suppliers.

Through proactive communication, we empower our suppliers to raise any concerns they may have regarding potential deviations from our ethical standards or legal compliance. Our suppliers are encouraged to utilize the Concern line, a web-based ethics concerns reporting system accessible through www.klimaoprema.com/Concernline, to report any known or suspected instances of improper behaviour in their dealings with our company, employees, or agents.

This platform is voluntary, confidential, and allows anonymity if required, ensuring that person using the concern line feel empowered to voice their concerns without fear of reprisal. By providing this avenue for communication and collaboration, we aim to strengthen our partnerships with suppliers, promote a culture of transparency and integrity, and collectively work towards sustainable and responsible business practices across our supply chain.

In the coming period, we are focused on upgrading our data security measures to safeguard the sensitive information of our stakeholders.

To achieve this, we will implement comprehensive Employee Training and Awareness Programs, ensuring that every team member understands the importance of data protection, recognizes phishing attempts, and is equipped to respond to cybersecurity threats. These programs will focus on educating employees about best practices and how to safeguard against the most common and emerging risks.

Additionally, we will enhance our data access controls, cybersecurity measures and refresh internal policies on data protection regulations.



EcoVadis – measure of sustainability

At the end of 2023, Klimaoprema took a proactive step towards enhancing our sustainability efforts by engaging with EcoVadis, a leading provider of sustainability ratings and assessments. Recognizing the importance of measuring and improving our environmental and social performance, we opted to undergo a rigorous sustainability assessment conducted by EcoVadis. This assessment provided us with valuable insights into our sustainability practices, allowing us to identify strengths, areas for improvement, and opportunities for innovation.

While the rating score will be part of our next Sustainability report in 2024, we are proud to have been awarded the EcoVadis Medal for our environmental impact, labour and human rights standards, ethics, and procurement practices.

ecovadis



Environment



Labor & Human Rights



Ethics



Sustainable Procurement

In 2023, we engaged with EcoVadis, and demonstrated our commitment to transparency, accountability, and continuous improvement in sustainability performance. The assessment process not only enabled us to benchmark our performance against industry standards but also provided a roadmap for advancing our sustainability initiatives across our operations and supply chain.

Numbers

Anti corruption

0

Number of confirmed corruption incidents

0

Number of received concerns by internal or external stakeholders

Anti competitive behaviour and complaints

0

Considerable monetary fines due to the non-compliance with laws and/or regulations in the social and economic area

0

Legal proceedings due to anti-competitive conduct and breaches of cartel and monopoly law

0

Environmental compliance, monetary fines due to non-compliance with environmental laws and regulations

0

Non-monetary sanctions due to non-compliance with environmental laws and regulations

1

Complaint regarding interpersonal relations

0

Non-monetary sanctions due to the non-compliance with laws and/or regulations in the social and economic area

0

Number of incidents related to data protection breaches

0

Complaints from regulatory bodies

0

Complaints on child / involuntary labour

Sustainability governance

In 2023, we took significant steps towards strengthening our governance efforts by establishing the Environmental, Social, and Governance (ESG) Committee. Comprising of the members of the Board and top management across all key business sectors, this Committee commenced its operations in May 2023 with a clear mission: to identify our material issues following the double materiality principle, conduct thorough analyses of risks and opportunities, formulate sustainability strategy, and determine relevant Key Performance Indicators (KPIs) for the upcoming period.

The ESG Committee serves as a dynamic coalition of cross-functional leaders tasked with spearheading our ESG performance. It meets approximately every 4 months, ensuring regular progress data, transparency and accountability. The composition of this Committee reflects the diverse facets of our operations, encompassing production, engineering, research and development, environment and health and safety, finance, human resources, marketing, and supply chain.

Furthermore, our commitment to sustainability is featured by the active involvement of Board members in the ESG Committee. This ensures that ESG proposals undergo rigorous scrutiny and that all conclusions drawn by the Committee receive the Board's seal of approval, thereby solidifying our dedication to sustainable practices at every level of governance.

At the forefront of our sustainability endeavors is our dedicated Sustainability Manager, who plays a pivotal role in orchestrating, coordinating, and overseeing various sustainability initiatives. Acting as a liaison between different organizational units, she offers comprehensive guidance and support to Directors with the regular progress reports to the President of the Board (CEO).

At Klimaoprema, we operate under a centralized management structure to ensure consistency, efficiency, and alignment with our strategic objectives. Our leadership team provides clear direction and guidance to all employees, fostering a unified vision and coordinated efforts across the organization.

Decisions are made with careful consideration of the broader organizational goals, and communication channels are established to facilitate the dissemination of information and feedback from employees at all levels. This centralized approach enables us to maintain strong governance, effectively manage resources, and adapt to changing market conditions while upholding our commitment to accountability and performance excellence.



Formal figures and data

Board of Directors:

highest governance body responsible for the overall management and development strategy of Klimaoprema.

Board Members

Sergio Galošić, President of the Board and Chief Executive Officer (M)

Other functions:

- Amelcor Engineering A.G., Board member
- Amelcor Group d.o.o., Board member
- president of the Metal Industry Association at Croatian Employer's Association
- Member of Economic Council at Faculty of Mechanical Engineering and Naval Architecture
- Member of the Supervisory Board, Center for Technology Transfer
- Member of the Management Board, Croatian Manager's & Entrepreneur's Association

Nikola Mustapić, member of the Board (M)

Board of Directors were appointed based on their professional qualifications, appropriate personal qualities, their vision, ethics and their compatibility with the values of the company. Their performance is evaluated yearly by the Board of Advisors, based on the number of factors, such as company performance & culture, employee satisfaction and overall contribution to the company.

The authority, duties, and responsibilities of a Board of Directors are determined by corporate law and by-laws and the organization's own policies. Management contracts contain provisions on the prohibition of competition during and after the termination of the employment relationship in the company, as well as the obligation to business secret.

Following our Code of Conduct, Board Members are not allowed to make decisions based on their personal interests, i.e. must refrain from situations where their personal interest is confronted between the requirements of their function and their other personal or professional interests or responsibilities. Members of Board of Directors are appointed on a 4-year term of office.

Board of Advisors

- 5 members representing the shareholders
- convenes a minimum of four times annually with the primary purpose of overseeing and advising the Board of Directors
- review of annual accounts and business reports

General Assembly

- convened at least once a year, to review the previous year's financial report and determine the allocation of profits.

Collective knowledge of the highest governance body

Annual knowledge exchange sessions are organized for the BoD members with the goal of advancing the collective knowledge, skills and experience in sustainable development.

In 2023, the following topics were presented and discussed with Board Members:

- Understanding the ongoing sustainability trends from a market, clients' requirements and compliance point of view
- Deep dive into the GHG results: emissions from Scope 1 & 2
- Planned sustainability activities to respond to these trends
- Review of the sustainability strategy

The Board of Directors plays a pivotal role in shaping and supervising our sustainability endeavours, fostering a culture of ongoing leadership among experts within our organization. Board oversees various sustainability-related aspects, including the company's environmental initiatives, compliance with regulations, health and safety policies, procedures, programs, and compensation, among others.

Formal risk assessment and oversight of internal and external factors (including political, technological, economic, environmental and social risks) is done regularly under Environment Management System.

In addition, all departments/business areas are required to regularly monitor new laws and regulations and comply business processes in line with the enforcement of law and additional standards/norms/GMP, as case might be. Review of regulatory framework is checked at minimum twice a year.

Issues of special concern are regularly communicated with the management, regardless of the topic. Employees (from administrative, production, technical level to middle management) can express their concerns through various communication channels, and the senior executives of business divisions to which the concerns relate are obliged to consider, process and analyze them and do follow up activities if deem necessary.

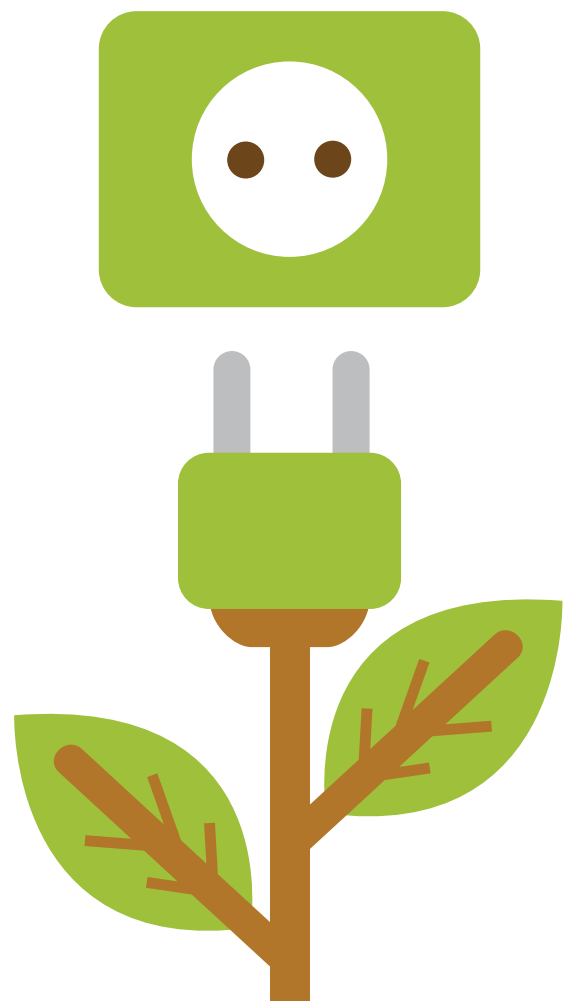
Internal supervision is carried out by the controlling and internal audits, with the full disclosure on the findings to Board. The findings and recommendations from internal supervision aim to improve processes, proactively act on risks or reduce them to an acceptable level.

Remuneration policy in Klimaoprema is based on the industry trends and rates. For top management, remuneration system incorporates bonuses tied to key performance indicators (KPIs) as well as factors like personal dedication to upholding the highest standards in daily operations.

Given that our annual performance indicators are rooted in a diverse range of business metrics, sustainability factors play a role in our performance evaluations. The annual KPIs, which are derived from the company's yearly performance, are collaboratively agreed upon and approved by our Board members.

Workers Union - open social dialogue within the Klimaoprema

Klimaoprema's workers union goes back to 2000, with 112 employees being current members of the worker union. No collective agreement is signed, but we established and maintain the regular meetings between our Board and Worker Union (minimum twice a year). Employee representatives were regularly informed and involved in making important social decisions and material rights.



GRI content index

"Statement of use"	Klimaoprema has reported with reference to GRI Standards for the period 1st of January 2023 to 31st of December 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI standard / Other source	Disclosure	Location (page)
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	13
	2-2 Entities included in the organization's sustainability reporting	98
	2-3 Reporting period, frequency and contact point	98
	2-4 Restatements of information	n/a
	2-5 External assurance	98
	2-6 Activities, value chain and other business relationships	16-25
	2-7 Employees	80-81
	2-8 Workers who are not employees	-
	2-9 Governance structure and composition	90-91
	2-10 Nomination and selection of the highest governance body	90-91
	2-11 Chair of the highest governance body	90-91
	2-12 Role of the highest governance body in overseeing the management of impacts	89-91
	2-13 Delegation of responsibility for managing impacts	89-91
	2-14 Role of the highest governance body in sustainability reporting	89
	2-15 Conflicts of interest	84-86, 90
	2-16 Communication of critical concerns	84-86, 90
	2-17 Collective knowledge of the highest governance body	90-91
	2-18 Evaluation of the performance of the highest governance body	90
	2-19 Remuneration policies	-
	2-20 Process to determine remuneration	-

[illegible]

GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	-
	2-22 Statement on sustainable development strategy	8
	2-23 Policy commitments	84-85
	2-24 Embedding policy commitments	84-85
	2-25 Processes to remediate negative impacts	-
	2-26 Mechanisms for seeking advice and raising concerns	84-86
	2-27 Compliance with laws and regulations	90-91
	2-28 Membership associations	12
	2-29 Approach to stakeholder engagement	36-37
	2-30 Collective bargaining agreements	91
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	40-43
	3-2 List of material topics	44
Materials		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	56-57
Energy		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	50-51,55
Water		
GRI 303: Water 2018	303-5 Water consumption	61
Emissions		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	52-54
	305-2 Energy indirect (Scope 2) GHG emissions	52-54
Waste		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	58-60
	306-2 Management of significant waste-related impacts	58-60
	306-3 Waste generated	58-60
	306-4 Waste diverted from disposal	58-60
	306-5 Waste directed to disposal	58-60

Sustainability Report 2023 — 95

Employment		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	74-75
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	77-79
	401-3 Parental leave	74
Occupational health and safety		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	66-69
	403-4 Worker participation, consultation, and communication on occupational health and safety	66-69
	403-6 Promotion of worker health	77
	403-9 Work-related injuries	66-69
Training and education		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	70-73

Data presented for
Klimaoprema d.d.

Information
unavailable/
incomplete

The data collection process needs to be
enhanced

Data presented for
Klimaoprema d.d.

Information
unavailable/
incomplete

The data collection process needs to be
enhanced

Data presented for
Klimaoprema d.d.

Information
unavailable/
incomplete

The data collection process needs to be
enhanced

Data on work-related
injuries for non-
employees

Information
unavailable/
incomplete

Data not available. Klimaoprema needs to
implement methods for measurement.

About the report

This report is the 2nd Sustainability report published by Klimaoprema. The reporting period is fiscal year 01/01/2023– 31/12/2023. Sustainability Report 2023 was reviewed and approved by the Klimaoprema Board. This report was not externally assured.

Klimaoprema reported with reference to GRI Standards, Core option. The present report covers the entire Klimaoprema Group organisation and matches the scope of consolidation used for financial information. Companies included are Klimaoprema d.d. Croatia, Klimaoprema d.o.o. Serbia, Klimaoprema d.o.o. Bosnia and Herzegovina, Klimaoprema d.o.o. Slovenia, OOO Klimaoprema Russia, Klimaoprema Hungary Kft., and branch offices Klimaoprema United Arab Emirates, Klimaoprema Republic of North Macedonia.

For all questions regarding the Klimaoprema Sustainability Report 2023 and our on-going efforts in this area, please contact our Director of Business processes and corporate sustainability, Jelena Festini at jelena.festini@klimaoprema.com

September 2024

Design and visual concepts done by Matija Sviben, Brand manager Klimaoprema