

**SUSTAINABILITY REPORT IN LINE
WITH GRI FOR 2021 AND 2022**

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STATEMENT FROM SENIOR DECISION MAKER

Dear Shareholders, Clients, Business Partners and other Stakeholders

Today, the business landscape is increasingly shaped by challenges related to climate change, loss of natural land and biodiversity, social issues and changing corporate role requirements. Sustainability and promoting this mindset among employees, incorporating sustainable practices and the ESG agenda into the organisation becomes an integral part of business and investment strategies, without which further growth is impossible.

The post-Covid 19 global situation and the war in Ukraine had an additional negative impact on the economies - increased uncertainty, difficulties in trade, supply chain and logistics, inflated prices of raw materials and services. With this background, the topic of sustainability comes more vividly onto the agenda.

As a first response to the situation, looking for diverse energy sourcing and reaching the sustainability targets, our company executed a project for the installation of LPG capabilities and initiated a PV investment. In addition, Alcomet has the opportunity to operate with the metal of the future. Aluminium is a light but strong metal that is 100% recyclable. This gives us a significant advantage when creating sustainable value that encompasses the broad needs of people and our planet.

Products and Company Practices

Our company continually builds a sustainable business for its employees, customers, investors and local communities. To achieve this, we take advantage of aluminium's innate resilience efficiently. Using aluminium not only increases a structure's energy efficiency regarding weight reduction, but it also permits limitless recyclability while maintaining its essential properties. Therefore, the company has adopted circular economical principals, practices and processes as core competencies in the short and medium terms.

A large part of revenue comes from aluminium foil. We continuously adapt our solutions to meet customer demands, while also following sustainability goals, standards and controls. A significant focus is aluminium for the automotive industry. We actively support the automotive industry's efforts in producing lighter, safer and more fuel-efficient vehicles. These two priority areas for the company are part of an overall 10-year investment program.

Future Focus

We recognise that climate change is one of the greatest environmental, social and economic challenges that the world faces. The organisation is aware of human impact on climate and the need to reduce greenhouse gas emissions. As a continuously growing business, our company makes choices about its own activities and, inevitably, this involves decisions about resource consumption and management.

The ongoing commitment involves work towards efficiency and improved use of natural resources - including energy. The company maintains efforts to reduce the intensity of greenhouse gas emissions associated with the supply chain by increasing the percentage of recycled aluminium in our products and encouraging suppliers to produce a more low-carbon source aluminium. To further reduce carbon emissions, we initiated a contract at the end of 2022 for construction of two solar installations with a total capacity of 2.1 MW.

Value for local communities, safe and secure work environment for Alcomet employees

Our goal is to establish a valued, well-balanced business through the utilisation of strategies that focus on diversity and equal opportunities for all. Among the leading priorities for our management is the well-being of employees and communities, social dialogue, safety and freedom of expression, fostering an inclusive environment where everyone feels valued and respected.

We recognise the importance of creating a positive impact on the communities in which we operate. Our numerous charities and philanthropic

efforts are recognised by the local community and every year our company is given an award by the Mayor of Shumen Municipality for being one of the biggest charitable contributors. In addition, because of the new investments in buildings, machines and facilities we have made over recent years, seventy new jobs were created by the end of 2022.

We strive to create a sense of belonging in each of our employees. We value diversity as a major strength and therefore we promote an inclusive work environment where people of different backgrounds, gender, religion and beliefs can make their individual impact and contribution towards creating shared sustainable and long-term values.

In conclusion, I would like to take this opportunity to express my gratitude to all our stakeholders for their enthusiastic cooperation and support over the years and to thank our employees for their significant contribution and efforts in presenting our commitments, goals, achieved results and future developments in our report.



HUSEYIN INCE

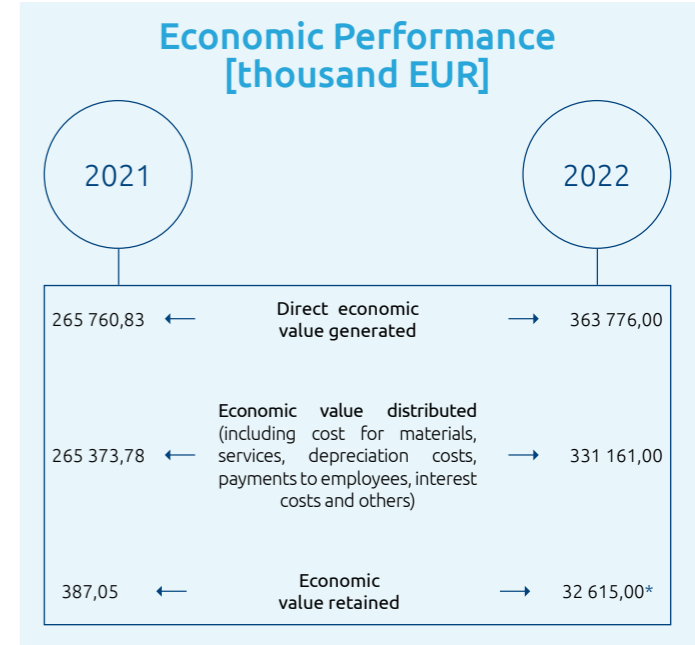
Executive Member of the Management Board

Please enjoy reading!

A close-up photograph of a CNC machine tool cutting a metal part. The tool is positioned above the workpiece, and a large diagonal graphic overlay is present. The scene is dimly lit, with a blueish tint. The text "THE ALCOMET WAY" is overlaid in white, bold, sans-serif font.

THE ALCOMET WAY

THE ALCOMET WAY



Alcomet AD is one of the leading manufacturers of rolled and extruded aluminium products in the Balkans and the only one of its kind in Bulgaria to house the production of both types of products.

Benefitting from more than 40 years of experience in the field of nonferrous metallurgy, today we offer a large variety of foils, sheets, strips and profiles, with a turnover exceeding EUR 630m for the years 2021 and 2022 in total.

Alcomet's position remains stable and established in the aluminium market. We continually go through a process of improving the quality of our products and we believe that this will guarantee us market leadership in a dynamic and competitive environment.

The plant incorporates the entire downstream production cycle from billet and coil-casting through extrusion and cold-rolling to prefabricated components on a single manufacturing site with a total area of 370 000 square metres in Shumen, Bulgaria. Its production facilities equipped with high-end technological solutions have a total capacity of 100 thousand tons per year.

GRI (2-1) (201-1)

* The increase is due to the increased revenue from sales and the reduced costs per unit of production as a result of our investment program in new equipment and modernisation.

For the last 22 years, Alcomet has invested over EUR 155m in equipment modernisation, sustainable manufacturing processes, focusing on the reduction of carbon emissions and improved recycling rates. We managed to finalise our automotive project in 2021 and we started sample and pre-series production in 2022.

One of the most extensive investment programs was completed in 2020 and involved major capacity expansion in both main production divisions through the acquisition of a new 25 MN SMS extrusion press and SMS cold-rolling mill. We took steps to develop high-quality aluminium alloys for customers. Activities in the new casting line and rolling mill are mainly focused on new alloys, which have not been in Alcomet's product portfolio before. These activities have not had a significant effect on total sales in years 2021 and 2022, but they are a solid foundation for our future development and allowed us to enter new markets.

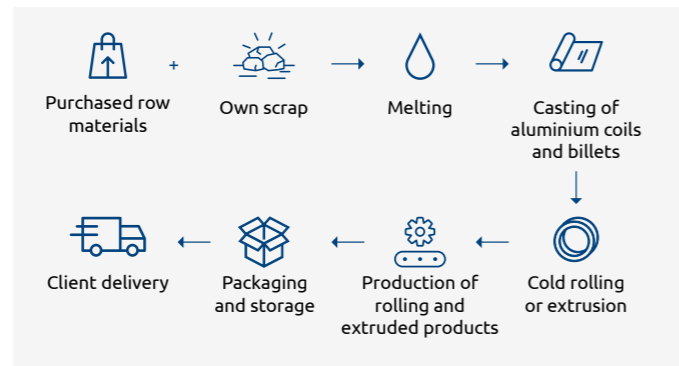
In the beginning of 2021, the company launched its new workshop, dedicated to the mechanical processing of aluminium profiles into finished products for the automotive industry. Our investments in 2021 reached EUR 5m, enabling the creation of 30 new jobs in 2021 and another 40 in 2022. In 2022, we continued with the implementation of our investment plan, and the value of the investments made for this year reached EUR 9m, thanks to which we achieved an increased product mix.

With the new 2500t extrusion press we are able to produce a bigger variety of drawing profiles which was one of our main goals. In year 2020 the total volume of drawing profiles was 4.713 MT and it increased to 6.782 MT in 2021 and 9.418 MT in 2022.

THE ALCOMET WAY

OUR VALUE CHAIN

Alcomet's core activity is the production and sale of rolled and extruded aluminium products and aluminium alloys used in mechanical engineering, construction, food and other industries.








UPSTREAM VALUE CHAIN

Products and services purchased by us are divided into two main groups: Group 1 is related to critical materials and services - including raw materials, spare parts, consumables, services etc., affecting finished product quality and timely delivery to customers. Group 2 includes all other materials and services.

During the last three years Alcomet has persisted in increasing the percentage of used aluminium scrap and remelted secondary ingot

Figure 1. Quantity purchased in % for Group 1 – Raw materials

	 Raw material	 Primary ingot	 Secondary ingot and scrap	 Billets	 Coils
2020		72.3%	10.8%	16.9%	0
2021		70.2%	10.9%	16.9%	1.9%
2022		67%	12.10%	14.5%	6.4%

in production, driven by the global initiative to reach a higher level of recycling. This is also evident in our annual public reports for the last three years, when Alcomet increased its scrap and RSI usage by nearly 2% and has reciprocally decreased the usage of primary materials.

As per the internal procedure in place for purchasing goods and services, all suppliers are divided into 2 groups, depending on the criticality of the products they deliver. Suppliers that deliver products without which the production might stop and which could affect the delivery schedule to clients are considered critical or Group 1. All the rest are in Group 2.

Our Purchasing Department evaluates its new and already established suppliers from Group 1 through the Supplier's Self-assessment Questionnaire (SSAQ), developed to assess the level of implementation of quality, safety and environmental practices, policies, and standards on their side.

Alcomet's Suppliers' Code of Conduct is available on our webpage ([suppliers-code-of-conduct.pdf \(alcomet.eu\)](#)) and suppliers from Group 1 are obliged to know and follow the social and environmental policies and rules stipulated in it. In the period 2019-2021 the SCC was focused on key subjects like: human rights, non-discrimination, labour – freedom of association, collective bargaining, non-admission of child and forced labour, environmental protection, anti-corruption. In 2022, due to the development of Alcomet's policies, the SCC was reviewed, and new subjects were added in order to reflect the changing world: ethical recruiting, women's rights, disclosure of information, intellectual property rights, export controls and economic sanctions. Alcomet's SSAQ is developed in accordance with the Suppliers' Code of Conduct and suppliers are encouraged to receive the best possible score or to improve their score in the event of a lower result.

The suppliers from Group 2 do not supply critical raw materials, materials for production, spare parts and automotive components and, as such, are not evaluated using these criteria. Their evaluation includes only commercial, quality and performance parameters.

Supply chain strategic goals:

Permanent goals

- ✓ Delivery of quality goods and services at competitive prices; Timely delivery of goods and services in order to ensure continuity of the production process;
- ✓ Delivery planning and forecasting; long-term planning for goods with long delivery times;
- ✓ Selection of new suppliers to ensure increased competition in the supply chain

Specific goals for 2021 - Covid-19

- ✓ Active monitoring of risks of the shortage of goods on the market, transportation limitations, border crossing limitations, company closures, which could result in delays of deliveries or non-deliverie

Specific goals for 2022 – War in Ukraine

- ✓ Active monitoring of markets, energy and fuel prices reflecting on the prices of the goods and their availability on the market
- ✓ Research into differentiated sources for goods originating from or dependent on the war region to avoid interruption of supplies and increased prices

Our long history and presence on the market would not have survived without our long-term suppliers. We rely on our long-term suppliers to ensure the stability and predictability of the delivered products' quality and the uninterrupted procurement of our continuous production process over the years on the best possible terms.

Figure 2. % of top 40 suppliers with more than 10 years of business relationship:

	2020	2021	2022
	58%	63%	50%

THE ALCOMET WAY

During 2021 and 2022 the percentage of new suppliers with a partnership of less than 5 years increased relatively rapidly due to Alcomet's increasing interest in and ongoing effort to develop new sources of aluminium scrap and secondary ingot. Main raw-materials, packaging and consumables suppliers remain unchanged for more than 10 years and traditionally form more than 50% of our supplier database. Our main types of suppliers are manufacturers, trading companies and service providers.

For 2021 the total number of Alcomet AD's suppliers was 630. The top 50 suppliers by turnover represent 93% of the total turnover for purchases, which for 2021 was EUR 309m.

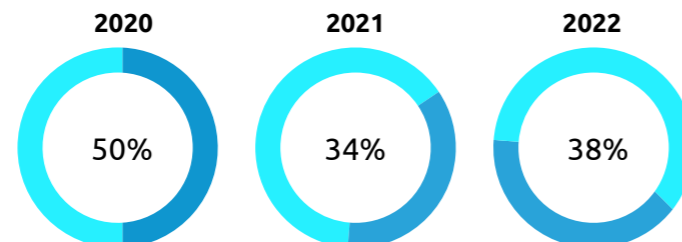
The number of suppliers with a registered turnover in 2022 was approximately 650. The top 50 suppliers by turnover represent approximately 92% of the total turnover of the company. The turnover of all purchases in 2022 was EUR 352m.

The increase in number of suppliers in 2022 in comparison with 2021 is due to the effort made by Alcomet to keep a close eye on the market, stimulate competition among suppliers and control the upward trend in prices as much as possible.

The difference in the turnover of suppliers is due to high inflation in 2022, the increase in the price of raw materials, energy costs and transportation costs. In terms of the supply chain, we work with at least one alternative supplier for every critical material or service. We maintain active relationships with suppliers located near to Alcomet and this gives us the opportunity to react quickly on deliveries in critical situations, thus enabling a smooth procurement and uninterrupted production process.

Due to the high-quality requirements for our raw materials and due to the fact that such raw material cannot be assured by local suppliers, the primary ingots and billets have to be ordered from suppliers outside Bulgaria. From the local market we purchase mainly packaging materials, spare parts, consumables and services.

Figure 3. Share of local suppliers based on the entire turnover of Alcomet



By excluding primary ingots and billets, the share of local suppliers for the years 2021 and 2022 was 64%.

GRI (2-6) (3-3) (204-1)

Figure 4. Group 1 Suppliers geographic location

2021	Count of Country	2022	Count of Country
ALUMINIUM SCRAP TOTAL	16	ALUMINIUM SCRAP TOTAL	19
BG	14	BG	11
RO	2	EL	1
SECONDARY ALUMINIUM TOTAL	20	GB	1
AL	1	IL	1
BG	13	IT	1
CH	1	MK	1
DE	1	RO	2
PL	1	TR	1
TR	3	SECONDARY ALUMINIUM TOTAL	12
ALUMINIUM BILLETS TOTAL	35	AL	1
BG	6	BG	4
CA	1	GB	1
CH	7	PL	1
GB	3	RO	1
IN	3	TR	3
TR	11	UA	1
UAE	4	ALUMINIUM BILLETS TOTAL	12
PRIMARY ALUMINIUM TOTAL	20	BG	1
BG	5	CA	1
CH	11	CH	2
LU	1	IN	1
NL	1	TR	4
UA	1	UA	1
UAE	1	UAE	1
Grand Total	91	UK	1
		PRIMARY ALUMINIUM TOTAL	9
		BG	2
		CH	2
		GB	1
		LU	1
		TR	1
		UA	1
		UAE	1
		Grand Total	52

THE ALCOMET WAY

OUR PRODUCTS

Our plant is unique in Bulgaria. It incorporates a complete production cycle with modern technological equipment in its three main workshops - the casting, rolling and extrusion shops. A wide range of rolled and extruded products is produced with technical and quality indicators corresponding to the international standards ISO 9001:2015, EN 15088:2005, IATF 16949:2016, End of Waste for Scrap Metals Regulation (EU) 333/2011 and Construction Products Regulation (EU) 305/2011, Kosher certificate of Chief Rabbi in Bulgaria.

Figure 5. Our current product mix



Rolled Products

- Household foil
- Container foil
- Converter foil
- Technical foil
- Finstock
- Sheets and strips



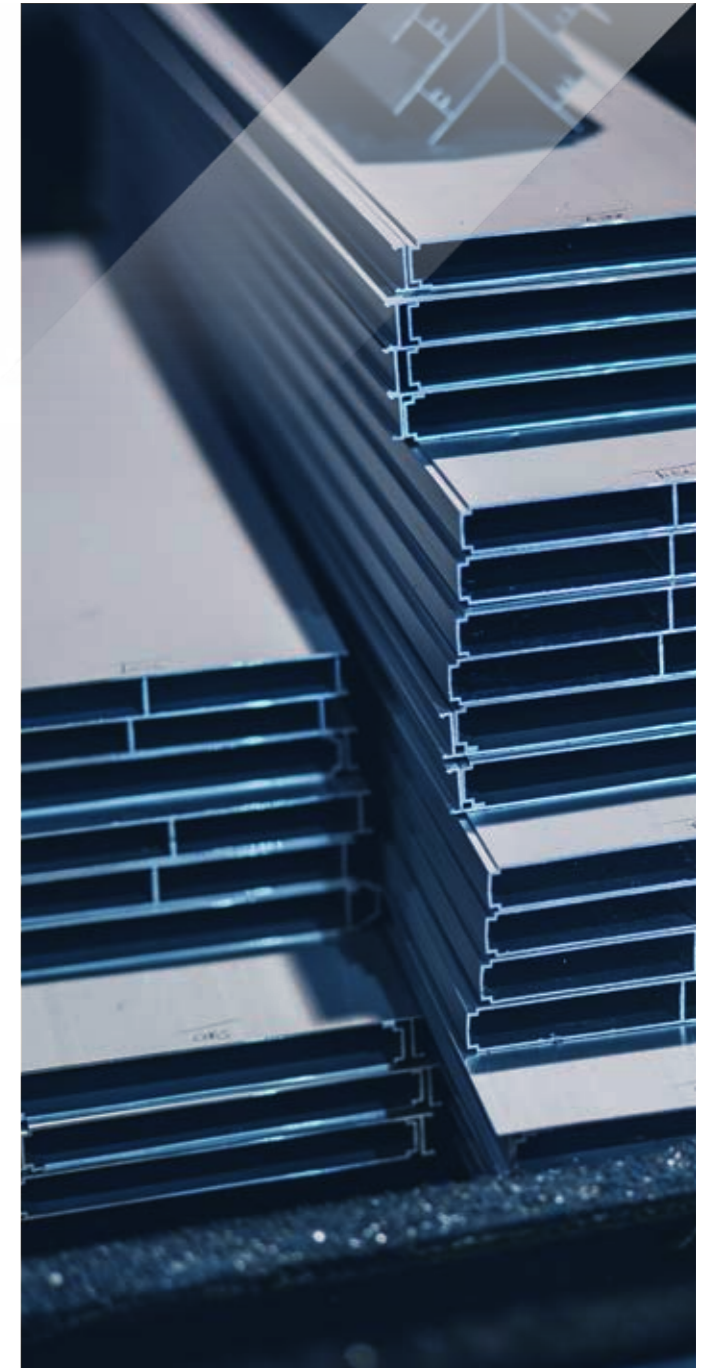
Extruded Products

- Profiles for building and architecture
- Profiles for automotive and transportation
- Profiles for distribution
- Industrial profiles

DOWNSTREAM VALUE CHAIN

We mainly export production for metal distribution companies and sectors such as packaging, building and construction, heating, ventilation, air conditioning and refrigeration (HVACR), automotive, transportation, connection and communication.

With regard to rolled products, Germany, Poland, Italy and Spain have traditionally been strong markets for us. The trend remains the same for the reporting period. The most significant difference observed during the reporting period is related to the share increase in the USA market, which according to our development plans reached to 14.92% in 2022.



THE ALCOMET WAY



GRI (2-6)

Figure 6. Market served for rolled products in % from the turnover

Country	2020	2021	2022
Germany	13.32%	11.34%	12.19%
Poland	14.78%	13.40%	10.29%
France	4.91%	2.82%	8.70%
Italy	21.59%	22.24%	20.96%
Denmark	3.16%	3.18%	2.34%
Austria	2.56%		
Bulgaria	7.38%	6.05%	5.76%
Hungary		2.42%	1.99%
Spain	16.91%	12.92%	11.90%
USA	2.52%	11.79%	14.92%
Portugal			2.33%
Romania	2.47%	2.11%	
Other	10.4%	11.73%	8.62%

As usual Germany remains the strongest market for our extruded products and no significant deviations are observed for the reporting period in this regard.

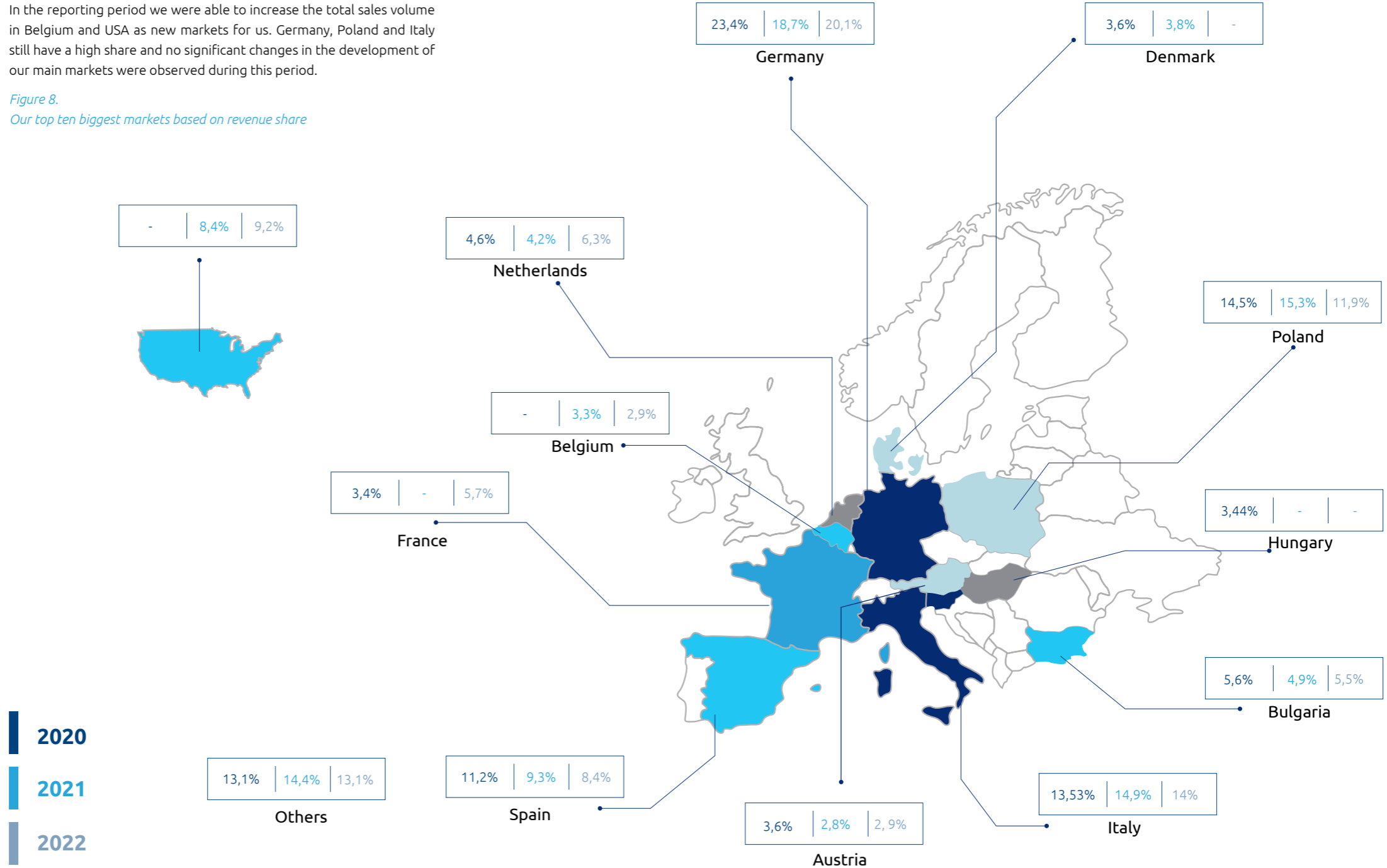
Figure 7. Market served for rolled products in % from the turnover

Country	2020	2021	2022
Germany	40.40%	34.48%	35.33%
Poland	11.24%	18.60%	14.10%
Netherlands	13.37%	12.61%	17.16%
Denmark	3.98%	4.39%	2.67%
Bulgaria	3.80%	3.63%	4.80%
Belgium	7.59%	8.04%	7.32%
Hungary	4.87%	2.80%	3.93%
Spain	1.91%	2.58%	2.03%
Austria	4.57%	3.89%	4.44%
Czech Republic		2.18%	
Lithuania	2.80%		2.16%
Other	5.47%	6.80%	6.06%

THE ALCOMET WAY

In the reporting period we were able to increase the total sales volume in Belgium and USA as new markets for us. Germany, Poland and Italy still have a high share and no significant changes in the development of our main markets were observed during this period.

Figure 8.
Our top ten biggest markets based on revenue share



- 2020
- 2021
- 2022

THE ALCOMET WAY

We are flexible in our identification of and approach to new clients. For example, we evaluate our clients based on their financial stability and volume-related indicators, acquired via different platforms, while our suppliers are subject to a formal assessment process. The financial situation of all our new clients is verified with our insurers.

Our principle way of staying up to date with our clients' needs and expectations now is continuous communication and the development of strong and sincere business relationships. To achieve this, we maintain a highly professional and motivated team of sales experts, each responsible for a different geographical region according to languages spoken.

Customer satisfaction is monitored through continuous evaluation of internal and external performance indicators to ensure compliance with product and process specifications and other customer requirements. The key indicators determined are registered in a special application in Alcomet's electronic portal and are monitored on a monthly basis.

Customer satisfaction monitoring also includes a review of performance data from customers, including information in online customer portals and ratings of Alcomet's performance as a supplier received from customers.

Internal indicators of customer satisfaction are determined by the Sales Department and provide a comprehensive assessment of customer loyalty to our products and service provided.

The main indicators that are assessed are:

Repeat orders - the presence of subsequent orders from existing customers indicates high satisfaction and a high degree of customer retention. We have set ourselves the goal for this indicator at over 75%, and the results are as follows:

2020	2021	2022
87%	85%	86%

Share of value-added products in total sales - a priority goal of the senior management is to increase sales of this type of products. The main investments in new production lines in recent years have been directed towards this. We have set ourselves the goal for this indicator

2020	2021	2022
50%	55%	68%

at over 45%. For the last 3 years, the results are as follows:

Dedicated indicators of customer satisfaction are monitored and analysed. The results are presented to the senior management for decision-making regarding opportunities for improvement, the need for changes in the quality management system and resource needs.

Long-term customer relationships - the fact that a customer has worked with us for 10 years or more is particularly indicative of their satisfaction. We have set ourselves the goal that at least 60% of the company's top 40 clients will be those with long-term relationships in

2020	2021	2022
58%	65%	70%

the order of 10 years or more. The results for 2021 and 2022 are as follows:

Our procedure for handling customer complaints provides for the registration of complaints or signals received in an electronic complaint management system. Based on the case specifics, the units related to the delivered product are documented, stating established reasons and identifying measures to address the issues.

Our Quality Directorate prepares periodic reports (quarterly, annual) on the complaints received from customers which are presented to the senior management.



A close-up photograph of a hand moving a white chess king piece on a chessboard. The scene is overlaid with a blue gradient and diagonal stripes. The word "GOVERNANCE" is centered in white, bold, uppercase letters.

GOVERNANCE

GOVERNANCE

OWNERSHIP STRUCTURE

Alcomet AD is a public joint-stock company listed on the Bulgarian stock exchange.

The share capital for 2021 and 2022 amounts to EUR 9 179 202

Figure 9. Distribution of share capital in legal entities and individuals for the period 2020-2022

		Legal entities	Individuals
2020	Nº	51	2519
	%	98.6	1.4
2021	Nº	48	2510
	%	98.7	1.3
2022	Nº	52	2509
	%	98.8	1.2

Figure 10. Shareholders with more than 5 % Alcomet`s share capital

73.25% Alumetal Pl.C.

16.86% FAF Metal Sanayj Ve Ticaret AS, Turkey

GOVERNANCE STRUCTURE AND COMPOSITION

The highest governing body of Alcomet is the [General Meeting of Shareholders](#) through which the shareholders exercise their decision making powers. The general meeting is held once a year. Matters within the decision-making power of the General Meeting of Shareholders include remuneration and the appointment of Supervisory and Management Board members and registered auditors, adoption of the company's financial statements, distribution of assets, discharge from liability of the executives, amendments to the articles of association and decisions relating to the company's shares or share capital.

A court decision by the Shumen District Court (SDC) of 26.06.2007 introduced the two-tier system consisting of a Management Board and a Supervisory Board. The Management Board is solely responsible for managing and representing the company, while the Supervisory Board has a monitoring and advisory function.

The [Management Board](#) consists of 5 members – 2 executive and 3 non-executive, elected for a term of five years by the Supervisory Board. The Management Board has extensive general competence, which covers all matters that are not within the powers of the General Meeting of Shareholders. It is the duty of Management Board members to ensure that the company is duly organised. They are kept up to date with the development of the company's circumstances and financial situation. They are also responsible for the appropriate arrangement of the control of the company's accounts and finances. The Management Board reports to the Supervisory Board on its activities at least once every three months or at any time and on any topic concerning the company upon request by the Supervisory Board. Its members are collectively responsible for managing the company and two chairpersons coordinate its tasks.

The [Supervisory Board](#) consists of 7 members (2 executive and 5 non-executive), elected for a term of five years. The Supervisory Board is directly involved in decisions of essential importance to the company. Both Supervisory and the Management Board members have equal rights, regardless of the internal functions distributed between them.

Detailed information about the Supervisory and Management Boards' responsibilities are included in the Corporate Governance Declaration as part of our publicly available and audited financial statements for the years 2021 and 2022.



GOVERNANCE

Supervisory Board

FIKRET INCE
Istanbul Technical University (Metallurgy Engineer)

FIKRET KUZUCU
Middle east Technical University (Metallurgy Engineer)

SEMIH KORAY
Bosphorus University (Physics)

BEKIR YUCEL
Ankara University (Faculty of Law)

OSMAN KEREM KUZUCU
Freiburg University (Sociology)

BRANIMIR MLADENOV MLADENOV
Sofia University (Faculty of Law)

IVAN HRISTOV PAPZOV
Sofia University of Chemical Technology and Metallurgy (Engineer - Metallurgy)

Managing Board

HUSEYIN YORUCU
B. Sc., M.Sc. & Ph.D. University of Manchester, UK

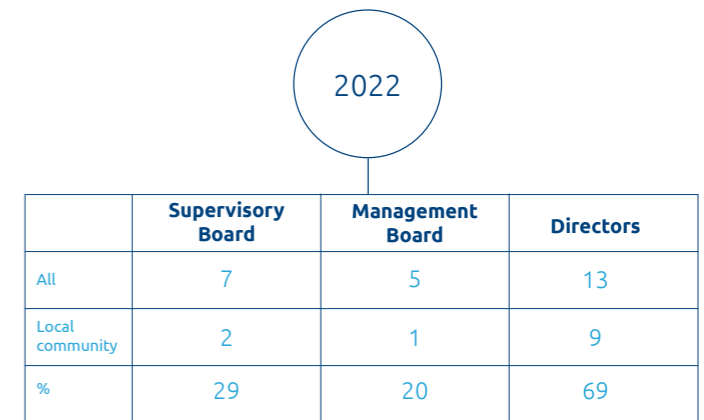
HUSEYIN UMUT INCE
Istanbul University (Faculty of law)

SEMIH BATURAY
The Middle East Public Administration (Management)

NELI KANCHEVA TONCHEVA
Sofia University of Chemical Technology and Metallurgy (Engineer - Metallurgy)

MEHMET EMRAH SAZAK
Tufts University, Fletcher School, Master of Arts in Law and Diplomacy

Figure 13. Proportion of senior management (members of the Supervisory Board, the Management Board and Directors) hired from Bulgaria.



The General Meeting of Shareholders elects the Audit Committee members at Alcomet and their mandate. The Audit Committee is responsible for supervising financial reporting and independent financial audit processes, internal controls and risk management systems effectiveness, and for reviewing the company's independent registered auditor in accordance with the relevant law and the Code of Ethics for professional accountants. The Audit Committee reports its activity to the General Meeting of Shareholders once a year together with the acceptance of the annual financial report.

GOVERNANCE

COLLECTIVE KNOWLEDGE OF THE HIGHEST GOVERNANCE BODY

Alcomet has an established practice that information relating to changes in legislation, the economic situation, marketing trends, clients expectations, suppliers performance etc. shall be made available to the management at the discretion of each head of a structural unit for their information and further action, if necessary.

As members of different professional associations at national and international level, our management constantly participates in various decisions related to ESG topics and the impact of the Green Deal on industry business activities. This requires significant preliminary preparation in order to develop a relevant position in such discussions. Such industry specific meetings also allow us to share our experience and challenges with participants – our clients and competitors. Information is also received directly from EU bodies and via consultancy companies' websites. During the reporting period, our management participated in a number of workshops and webinars relating to climate change, decarbonisation, taxonomy, ESRS and others. We follow all the information made available and any warnings of changes in legislation as they are disclosed.

We are fully aware on the upcoming ESRS requirements relating to governance and, bearing in mind the level of detail required for disclosing information, we acknowledge that a more structured and systematic approach should be taken in order to advance the collective knowledge of our Management and Supervisory Boards. In this regard, we are planning to develop relevant ESG training mechanisms and programs, not only for the Boards members, but also for our employees, over the forthcoming two years when the mandatory ESRS reporting will apply to our company.

OUR REMUNERATION POLICY AND PROCESS

For the highest governance body and senior executive positions, Alcomet applies a remuneration policy designed to maintain motivation and respond to shareholders' expectations for sustainable and socially responsible development by creating a modern and globally competitive company. The remuneration policy is compliant with the Labour Code and aims to attract and retain competent professionals, avoid conflicts of interest and prevent any form of discrimination. The Remuneration Policy was adopted by the General Assembly of Alcomet's resolution of 21.06.2013. The Remuneration Policy was amended and supplemented by the General Assembly's resolution of 19.08.2020 and came into force from the beginning of the 2021 financial year. The remuneration of the highest governance body is specified in the contractual agreements of each member.

As part of the Annual Financial report, we also publish a report on the results of Remuneration Policy implementation with regard to Supervisory Board, Management Board and Audit Committee members. For more details please see our Financial reports - [годишен-финансов-отчет-2021.pdf \(alcomet.bg\)](https://alcomet.bg)

At least once a year, we perform a general review and update of all salaries, taking into account the company results and profits achieved. We also regularly review and update employees' salaries according to individual results achieved or changes in wage levels on the labour market.

The key principles on which Alcomet's remuneration policy is based are:

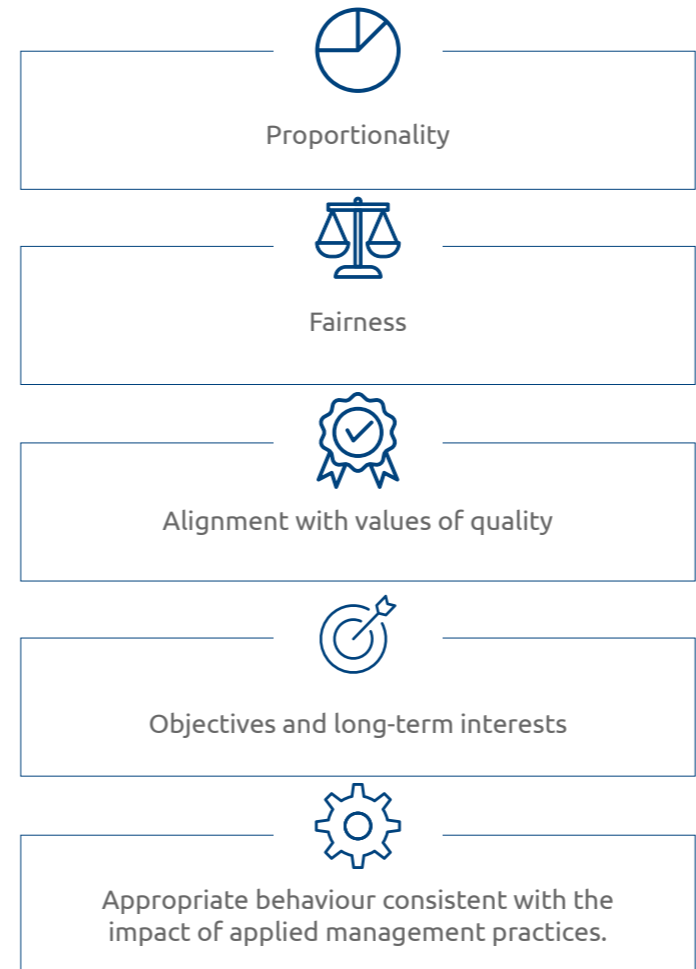


Figure 12. Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)

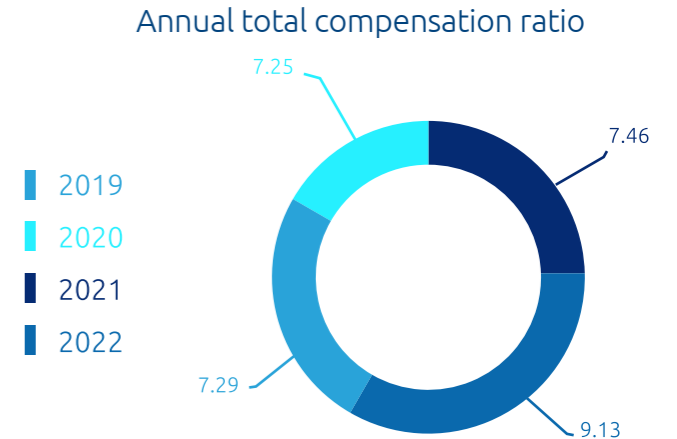


Figure 12. Ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)

Change in the annual total compensation ratio			
	2020	2021	2022
Percentage increase in annual total compensation for the organisation's highest-paid individual	6,84%	0,44%	52,94%
Median percentage increase in annual total compensation for all of the organisation's employees excluding the highest-paid individual	7,40%	-2,37%	25,02%
Ratio	0,92%	-0,19	2,12%



SUSTAINABILITY IMPACTS AND MATERIAL TOPICS MANAGEMENT

SUSTAINABILITY IMPACTS AND MATERIAL TOPICS MANAGEMENT

STAKEHOLDER ENGAGEMENT

Identification of relevant stakeholders and the impact of their requirements, needs and expectations on Alcomet's business strategy

The collaboration between Alcomet stakeholders and high governing bodies concerning economic, environmental and social issues is achieved through maintaining active dialogue and receiving relevant feedback. An essential part of our Integrated Risk Management system is the identification of our stakeholders and the assessment of their requirements, needs and expectations. The assessment is fundamental in terms of strategic planning and decision making. Their needs and expectations are taken into account during our risk, impacts and opportunities identification and assessment process. For this purpose, our company identifies the relevant stakeholders and their impact on the management of quality, environment, health and safety, by determining:

- the external and internal factors that are relevant to the goals and strategic direction, and that may impact on the organisation's ability to achieve desired results by the implementation of Risk Managements systems for quality (QRMS), environment (ERMS) and health and safety (H&S RMS)
- the stakeholders related to our established management systems and their requirements
- the stakeholders other than employees, who are relevant to the EMS
- the relevant needs and expectations of identified stakeholders, including our employees
- stakeholders' requirements, needs and expectations compared to the existing legal framework
- the risks linked to the stakeholders' requirements, needs and expectations and their materiality in terms of severity and likelihood
- the relevant actions to mitigate identified risks

In 2021 and 2022, the following stakeholder groups have been identified as key to Alcomet. The requirements, needs and expectations of each stakeholder group with regard to our operations and cooperation were assessed.



- Employees
- Shareholders
- Local community
- Governmental organisations and Regulators
- Clients
- Suppliers
- Third parties, incl. other service providers
- Associations and unions
- Financial institutions – banks and insurers
- Other local manufacturing companies
- Certification organisations

Stakeholders' requirements, expectations and needs in terms of the environment and health and safety are analysed and assessed in respect of their impacts on our business operations and strategies. As per our ERMS and H&S RMS, this process should be performed on a yearly basis and in any new circumstances that need to be considered when its results should be integrated into the risk identification and assessment process.

Essential for this process are for the risks and negative impacts to economy, environment and people identified to be duly evaluated for likelihood and severity. For all significant risks, preventive, detective and corrective measures are determined. Some of the measures performed lead to positive impacts that we identify as well. The positive impacts are evaluated based on likelihood and scale of impact.

The results of risk and impacts identification are presented for Management Board decision and reflection in the investment plan if needed. Some of the measures performed lead to positive impacts that we identify as well.

Financial implications and other risks and opportunities due to climate change

Climate change presents risks and opportunities to organisations, investors and other stakeholders. As governments move to regulate activities that contribute to climate change, organisations such as Alcomet that are directly or indirectly responsible for emissions face regulatory risks and opportunities. Those risks can include increased costs or other factors impacting on competitiveness. However, limits on GHG emissions can also create opportunities for organisations as new technologies and markets are created. This is especially the case for organisations that can use or produce energy and energy-efficient products more effectively. In that respect, Alcomet has already initiated a number of activities.

Several risks and opportunities related to climate change that may have potential to generate substantive changes in operations, revenue or expenditure have been identified as valid for the activities of Alcomet. Those risks and opportunities are presented in more detail with the respective descriptions in the report's [Appendix 2- Financial Implications and other Risks](#). They are also included in our organisation's Risk Register. For most risks or opportunities we were not able to calculate the financial implications. In this regard we identify the need to develop a common methodology that will allow us to calculate the financial effects for the next 2 years.

It should be noted that most of the risks and opportunities identified are related to physical climate risks, although Alcomet is aware that some EU regulations will pose regulatory risks as well due to the strong ambition for climate neutrality and mobilisation of sustainable finance approaches.

Based on the adequate process for risk management and active engagement with stakeholders established, we may conclude that none of the significant risks occurred during the reporting period and we managed to implement effective measures to address them respectively.

SUSTAINABILITY IMPACTS AND MATERIAL TOPICS MANAGEMENT

PROCESS TO DETERMINE MATERIAL TOPICS

The Integrated Risk Management system implementation limited the identified risks and impacts to two main groups of material topics – occupational health and safety; waste and waste water management and emissions.

In this regard we took further action to align these material topics and subtopics with our stakeholders' commitments and expectations. A benchmarking review of sustainability reports of our clients and companies in similar industries and sectors, as well as those with similar production specifics was performed. In addition, we analysed in detail the self-assessment questionnaires requested by our customers, associations and financial institutions. Moreover, a survey was performed where we received responses from two main group of stakeholders – clients and financial institutions. As a result, we were able to define material topics and subtopics for Alcomet.

The results were presented to Management Board members and following discussion with them we were able to finalise the list of material topics and subtopics as follows:

Figure 14. List of material topics



Economy

- Business code of conduct
- Supply chain management
- Customer relation management
- Anti-corruption and anti-competitive behaviour



Environment

- Waste management
- Energy efficiency
- Waste water and effluents
- Emissions



Social

- Occupational health and safety
- Training and education
- Human rights
- Local communities

OUR APPROACH TO MANAGING THE SIGNIFICANT IMPACTS AND MATERIAL TOPICS

The management of significant impacts and material topics determined for the 2021 and 2022 reporting period requires a multi-disciplinary approach where the involvement of experts and senior executives is crucial.

By implementing our Integrated Risk Management system, we have assigned risk owners and responsible employees to implement the mitigation measures determined. There is also a clear reporting line

where the involvement of Management Board members is important in terms of final strategic decision making.

Aside from the fact that the management and monitoring of different impacts linked to specific material topics are included in the job descriptions of all senior executives, we also have the corporate culture of working together in working groups and on dedicated committees. Each of the senior executives responsible for managing and monitoring these impacts and topics has a seat at the table.

Our Sustainability Director is not only responsible for developing and keeping the sustainability policy up to date, but also has the authority to raise ESG issues which may have impacts on our business strategy and model for discussion and to request a resolution from the executive members of the Management and Supervisory Boards.

The Human Resources Department is also actively involved in managing and monitoring most social topics and has direct access to the executive members of the Management and Supervisory Boards in order to raise issues and ask for support and immediate action.

We have also a [Health and Safety Committee](#). The committee was established in 1997 and consists of 10 members: 5 representatives of the workers elected at the General Assembly of the company and 5 representatives of the employer appointed by order. The main obligations of the committee are compliance monitoring regarding all relevant legislation and policy requirements, risk assessment and monitoring, complaints review and action plan development.

Representatives of the two employee unions play an important role in managing our social topics. The collaboration between Alcomet stakeholders concerning economic, environmental and social issues is achieved through maintaining active dialogue and receiving relevant feedback. It is very important for us to maintain an intensive dialogue with the local community as well. This gives us the opportunity to coordinate joint actions aimed at preventing and solving different challenges.

The Management Board is fully responsible for managing and monitoring company risks and impacts. In this regard delegation is undertaken only on a task basis, meaning that responsibilities cannot be delegated. Based on a set of relevant and appropriate mechanisms for management, monitoring and communication of risk, impacts and opportunities, the Management Board is able to assess the effectiveness of measures taken and steer strategic decisions.



**OUR GLOBAL
SUSTAINABILITY CONTRIBUTION**

OUR GLOBAL SUSTAINABILITY CONTRIBUTION



Ensure healthy lives and promote well-being for all at all ages

We are actively supporting and promoting different initiatives aiming to achieve higher living standards and equal access to quality health services for our employees and local communities. The importance of our business operation with regard to the environment is taken into account and we are striving to detect and mitigate potential negative impacts on nature and the local community respectively by developing a goal-oriented investment program as one of the major instruments to achieve better results for all stakeholders.



Quality Education

We will continue to educate and train our employees as they are the most important asset and the key drivers for our success. In addition, the initiatives supported by us and our actions taken over the years are striving to achieve higher quality education, improved safety and a comfortable educational environment.



Achieve gender equality and empower all women and girls / Reduce inequality within and between countries

Our company promotes equality and will absolutely not accept any form of discrimination, clearly stating this position in its Business Code of Conduct, Suppliers Code of Conduct and establishing relevant monitoring mechanisms in its internal rules and procedures.

We also have a set of objective criteria for defining the salaries of our employees and evaluating their performance regardless of their gender, ethnicity, religion and/or beliefs.

In addition, by supporting a local organisation for the protection and assistance of victims of physical and mental violence and covering all costs for the maintenance of its hotline, we emphatically state that we oppose violence against women and children.



Ensure access to water and sanitation for all

We are aiming to improve our waste water quality by investing in a new waste water treatment plant which will commence in 2023.



Promote inclusive and sustainable economic growth, employment and decent work for all

Investing in new generation machinery allowed us to enter new markets, to increase our production capacity, provide high quality products to our customers and create new job positions. We are focused on the development of a new investment program aiming to make us even more competitive on the sustainable market and leading to the economic growth of our region.



Ensure sustainable consumption and production patterns

All our products are 100% recyclable. We have already implemented energy optimisation activities that have given positive results over the past 2 years. We are focused on improving the management of energy too.

Over the years we have constantly increased the % of scrap as a raw material. In addition, we continuously promote reuse and recycling.



Take urgent action to combat climate change and its impacts

We are looking at every feasible and viable solution that minimises our GHG footprint as we share responsibility for achieving the long-term ambition of keeping global warming to 1.5C according to the Paris Agreement. We are committed to establishing a structured approach to support the achievement of this goal while in the short term setting our targets and KPIs and defining relevant measures.

We performed a life cycle assessment on the two main product lines. The assessment helped us to identify the key emission sources affecting our product's footprint and to identify the areas where we should be focused in order to reduce it accordingly.



A group of people are seated around a long wooden table in a meeting room. The scene is dimly lit with a blue color cast. In the foreground, a person's hands are visible, holding a pen and writing in a yellow notepad. Other people are visible in the background, some looking towards the center of the table. The word "TRANSPARENCY" is overlaid in large, white, bold, sans-serif capital letters across the middle of the image. There are diagonal light-colored stripes in the top-left and bottom-right corners of the image.

TRANSPARENCY

TRANSPARENCY

STRATEGIES, POLICIES AND PRACTICES

At Alcomet, we believe in stability and long-term business with our partners, suppliers and employees based on legal standards and sustainable business processes, environmental protection, respect for human rights, safety in the workplace, law-based labour conditions, anti-corruption and fair competition that guarantees our mutual economic interests and long-term cooperation.

We are committed to complying with the highest ethical standards in the way we communicate with our employees, customers, shareholders, suppliers and other entities associated with the organisation. Alcomet's reputation as a company is based on achieving and maintaining these standards.

In achieving and maintaining the highest ethical standards of conduct, the following key values are followed:

- Loyalty to all business partners;
- Responsibility in relation to the environment and society;
- Adaptability to the dynamically changing environment;
- Transparency in all activities, respecting the highest standards of honesty and professionalism.

Creating [Regulations for Business conduct and Ethics](#) in Alcomet is part of the responsibility we take to provide jobs while respecting the highest standards of business conduct in all our activities. The principles set out in our Code of Business Conduct fully follow the main values adopted by the company and the United Nations Global Contract and United Nations Global Compact principles. The Code of conduct is publicly available on https://www.alcomet.eu/static/files/Regulations_for_business_conduct_and_ethics.pdf

This document reflects Alcomet's commitment to set standards of conduct that are common to all our employees, including those who

hold senior positions, and to all our partners, customers and suppliers. The principles are further developed in more detail in the company's internal policies and procedures. Each employee is made aware of these policies and is required to confirm that they are familiar with them by signing them.

Alcomet's mission, vision and goals, including relevant policies, are part of the introductory training of each newcomer. When introducing new policies/revising existing ones, the Human Resources Department, together with direct managers, informs/brings them to the attention of all employees, according to the [Personnel Training](#) procedure, either through internal training or by disseminating the necessary information in the internal information exchange system. In addition, everyone newly hired is given introductory training according to a pre-approved program and is familiarised with the company's mission, goals, vision and policies as an integral part of that.

Our commitments to provide for or cooperate with the remediation of negative impacts are included in our [Regulations for Business Conduct and Ethics](#) and procedures are further developed in our [Complaint Management Policy](#). There is a detailed process for people wishing to send a written or verbal alert, request or complaint to the company. In any such case, the complaint or request is duly registered, a personal hearing is provided, data and evidence are collected, a qualified lawyer works on the file and is obligated to present all the circumstances of the case to the Commission, which examines the case and issues a dedicated answer. The person who submitted his the under this procedure must receive the Commission's decision on that appeal.

In addition, as per the job description and the Internal Work Regulations and Information Sharing Procedure as per the Integrated Management System, every employee must report different types of violations to the management hierarchy. Heads of structural units are obliged by the established internal procedure to report to the Executive Director. At the discretion of the Executive Director, matters may be raised for discussion at Supervisory Board level.

Any person who is unsatisfied with the way in which his/her concerns are addressed has the right to turn to the judicial authorities.

Our whistleblowing process is open, transparent and accessible to any interested party. A report can be made in writing or verbally. The person is expected to identify themselves and assist in clarifying the circumstances of the case. The whistle-blower can remain anonymous by providing enough data and circumstances for Alcomet to conduct an internal investigation. The whistleblowing commission must collect evidence and issue an opinion within 21 working days of the submission of the claim.

Customers and other stakeholders have the right to direct contact with the company via electronic addresses by submitting complaints or to a meeting with a member of the Management Board. Employees of Alcomet have periodic meetings with the Executive Directors, who personally visit the relevant department or production unit, where they may address possible complaints, needs or requirements arising from the company's activities. The Human Resources Department organises team building to solve typical situations that arise in the workplace and guarantee the rights of internal stakeholders. Any stakeholder can identify the need for corrective behaviour by direct or indirect superiors or colleagues via a direct manager or directly to an Executive Director's email. They may also request professional advice or assistance to resolve a situation and request training or participation in other forms of professional development. The communication process is two-way and is guaranteed by the [Internal Labour](#) regulation.

During the years 2021 and 2022 our company did not register any substantial or significant complaints for causing damage or for any adverse impact that the company had on the rights and interests of interested parties, customers or authorities exercising controlling powers through its activities.

TRANSPARENCY

COMPLIANCE WITH LAWS AND REGULATIONS

For the calendar years 2021 and 2022 there were no significant instances of non-compliance with laws and regulations.

In the year 2021 the company received two penalty notices for transboundary waste shipments with penalties for failure to notify the regional competent authority. The penalties amount to a total of EUR 2,045. We informed the competent authorities as soon as possible after receiving the necessary information as this was received after working hours.

ANTI-COMPETITIVE BEHAVIOR

We believe that fair competition is of paramount importance for the development of free economic initiative and economic growth. The company is committed to applying these principles strictly in all markets in which it operates and to basing its success on the use of fair legal means and the quality of its products.

For the reporting period there were no legal actions against our company for anti-competitive behaviour, anti-trust or monopoly practices.

CONFLICTS OF INTEREST

All employees could find themselves in a situation where their personal interests, the interests of a natural or legal person associated with them or the interests of a close family member could be contrary to the interests of the company. In accordance with our [Anti-Bribery and Corruption policy](#), all Alcomet employees should avoid entering such situations. Employees should be aware of these situations and should act with caution when they occur. In addition, to avoid any situation that could lead to a conflict of interest, all employees must inform their managers if they find themselves in a situation involving an actual or potential conflict of interest. Line managers who are not sure whether to approve such cases should contact the executive members of the Management Board.

Under the Commercial Law and the Securities Act, all members of the Management and Supervisory Board are required to disclose information regarding conflicts of interest and to declare changes in circumstances by completing a Conflict of Interest Declaration. This information is publicly available to all interested parties in the National Trade Register.

ANTI-CORRUPTION

Our Anti-Bribery and Corruption Policy applies to all employees and third parties of Alcomet AD. It covers all form of operation. Workers, employees and third parties are required to know the applicable laws in each jurisdiction in which they operate on behalf of Alcomet AD.

As per the procedure it is prohibited to:

- pay or to receive bribes, gifts or luxuries in respect of any person, including foreign officials
- participate in any form of bribery or corruption
- make facilitating payments

Alcomet AD may be held liable for "indirect" payments made by a third party (such as a supplier, agent or contractor) on its behalf. When working with third parties, caution should be exercised, and due diligence carried out by the third party to assess all possible risks of bribery and corruption.

We are constantly monitoring the red flags in our business relationships with third parties as part of our procurement practices. Some of them are:

- a foreign official recommends that Alcomet AD hire a particular third party
- the proposed third-party compensation hired by Alcomet AD is unreasonably high compared to the market value without a reasonable explanation;
- bad reputation
- geographical location of the transactions to be made;
- poor qualifications and missing credentials

Our Anti-Bribery and Corruption Policy applies to all employees. We expect equivalent standards of conduct from everybody, including partners and suppliers. All employees are required to familiarise

themselves with those policies and ensure that they are aware of and are able to recognise different categories of corruption and bribery risk as well as how to report suspected issues. **100 % of our employees and governance body members have been trained.** Introductory training to all newly hired employees has been conducted in order to effectively and quickly integrate them into the organisation. The procedure is published on our internet site and is accessible to all employees and third parties. Any Alcomet employee who has any doubts as to whether any action may violate these procedures should seek the advice of their immediate supervisor.

At Alcomet we firmly expect all our suppliers and partners to strictly comply with all applicable national laws and statutes. Our Supplier's Code of Conduct lists the principals that should be adhered to for each of the categories:

- Human rights
- Environment
- Anti-corruption

For the reporting period there were 0 incidents of corruption.

PUBLIC POLICY

In line with our Regulation for Business Conduct and Ethics and Anti-Bribery and Corruption Policy, Alcomet did not contribute to any political party or organisation.

MEMBERSHIP ASSOCIATIONS

We are participants in several industry associations and members of non-profit organisations, through which we engage with current and future stakeholders on topics important for our industry or local society.

TRANSPARENCY



Industry associations

- European Aluminium;
- GLAFRI;
- European Aluminium Foil Association(EAFA);
- Bulgarian Association of the Metallurgical Industry (BAMI);
- Confederation of Employers and Industrialists in Bulgaria (KRIB);
- Bulgarian Federation of Industrial Energy Consumers (BFIEK).
- Aluminium Stewardship Initiative (ASI).
- Confederation of Employers and Industrialists in Bulgaria



Non-profit and community organisations

- American Chamber of Commerce in Bulgaria (AmCham);
- Bulgarian-Turkish Chamber of Commerce - Mr Fikret Ince, who is a member of our Supervisory Board, has also acted as Honorary President of the Bulgarian-Turkish Chamber of Commerce for more than two years.



An aerial photograph of a rural landscape. A paved road runs horizontally across the middle. Above the road is a dense line of green trees. Below the road is a lush green field. In the upper portion of the image, there are rolling hills with patches of dry, brownish grass. The word "ENVIRONMENT" is overlaid in large, white, bold, sans-serif capital letters across the center of the image, partially covering the trees and the road.

ENVIRONMENT

KEY NUMBERS & HIGHLIGHTS:

1

use of **33%** scrap for 2021 and **40%** for 2022, incl. internal scrap

2

34% decrease in water intensity within 4 years

3

Reduction of electricity consumption of around **8%** per ton of production

4

LCA for two types of average aluminium products performed in 2022

We want to be an environment-friendly company. We have invested in technologies for efficient and cost-effective manufacturing processes that enhance productivity and reduce waste and our environmental footprint. We believe that “small actions can make a big difference” and “we want to be the change that we wish to see around us.”


ENVIRONMENT




Alcomet understands the fundamental link between long-term profitability and the sustainability of our operation and performance. The manufacture of aluminium products in general - and smelting and other casting operations in particular - are resource and energy intensive and have the largest environmental footprint in terms of emissions into the atmosphere, water usage and discharge and waste generation. Minimising the lifecycle impact of aluminium production is essential. Decisions and actions we make today influence future economic, environmental and social outcomes, as well as determining long-term profitability and returns for our shareholders.

We believe that business sustainability is dependent on integrating responsible and meaningful sustainability objectives that result in the sensible management of the environment into our business plan. Environmental management has been a core activity at the Alcomet facility since the issuance of our first IPPC permit in 2008.

The aims are:

 Responsible resource management that minimises the impact on the immediate natural environment and the community in which Alcomet operates

 Products that are beneficial to the environment.

We believe that by demonstrating effective and responsible environmental stewardship, Alcomet will continue to be granted not only a regulatory, but also a social licence to operate.


We have implemented the Environmental Management System's ISO 14001:2015 requirements as well as a set of policies and procedures for the sustainable management and efficient use of natural resources, the recycling of aluminium scrap and waste prevention.


What are our priorities?


The management of Alcomet AD formally declares its Environmental Policy, as part of the Integrated Management System of the company according to ISO 14001. The policy and its updates are published, understood, implemented and maintained at all levels of the organisation and are publicly disclosed to all interested parties.

This policy is appropriate for the activities of the company, taking into account all external and internal circumstances determining the degree of impact of these activities on the environment, meeting the requirements of applicable national and European legislation and keeping to minimum levels of environmental pollution.

As per the policy applicable to the reporting period, we are committed to following our Environmental Policy, whose main objectives are:

 To maintain and improve the documented Integrated Management System (IMS) on the environmental side by engaging all the organisation's staff

 To achieve and maintain full environmental compliance with all applicable legal and other requirements, third-party prescriptions and public opinion

 To identify and evaluate all aspects of the business, identifying and implementing effective methods for managing significant aspects of pollution prevention and continuous improvement



To plan and implement specific measures (objectives and programs) leading to the reduction of negative impacts on the environment through sustainable use of natural resources, adaptation to climate change, maintaining the quality of fresh and waste water, protecting biodiversity and ecosystems in the area



To regularly take into account the degree to which general and specific objectives are fulfilled, the impact of external and internal circumstances defined within the context of the organisation, environmental programs, the degree of compliance with the integrated permit, as well as interested parties' requirements relating to environmental performance



To improve the technologies of production/provision of products/services in order to reduce the consumption of raw materials, other materials and energy and reduce the amount of waste resources/emissions to the values set by current legislation



To dispose of all waste from its activity which cannot be prevented in an environmentally friendly way, with the aim of reusing and recycling



To manage used chemicals and mixtures responsibly, following the principles laid out in both REACH and CLP regulations, and in strict compliance with safety recommendations

ENVIRONMENT

The declared Environmental Policy is consistent with the management's vision and strategy for the company's sustainable development. The executive members of the Management Board of our company have declared our personal participation in and responsibility for the implementation of the declared Environmental Policy.

For the implementation of this policy and its objectives, and with the active participation of the entire management and executive staff, Alcomet has developed, implemented, and maintained an Integrated Management System (IMS) that complies with the requirements of the EN ISO 14001 standard.

The adequacy of the policy, the degree to which its objectives and programs are fulfilled, compliance with regulatory requirements, the status of the IMS and opportunities for improvement are verified through regular internal audits and management reviews.

In 2022 Alcomet performed research to assess the potential environmental impacts from the production of two main production lines: rolled aluminium products (e.g. foils, sheets) and extruded aluminium products (e.g. profiles, incl. powder coated or anodized). The results of the LCA will be used for internal decision-making and external communication to businesses.

MATERIALS

Although concerned with ensuring the consistent availability of our input materials, we also attach prime importance to resource conservation through monitoring and controlling their consumption.

We rely on good, long-term relationships with our suppliers and partners for secure supplies of material, but we are also continually evaluating alternative options.

Multiple procurement sources are identified in order to deal with uncertainties in supply. Raw materials are procured as per the annual procurement plan defined at the beginning of the year. The consumption of raw materials is kept under scrutiny to achieve consumption norms.

Closely monitoring the consignment of procured raw materials facilitates their timely receipt. Alcomet is committed to achieving progressive optimisation of raw material usage through the adoption of better technology, process redesign, circularity of our process and the elimination of wastage.

GRI (301-1)

Main materials used in our operations



2032 primary aluminium (kg)

2021 — 65 779 179
2022 — 52 875 815



2031 al. billets (kg)

2021 — 15 830 946
2022 — 11 454 335



201 al. scrap (kg)

2021 — 1 598 361
2022 — 2 176 254



202 secondary aluminium (kg)

2021 — 8 627 448
2022 — 7 355 142



4060 flux and alloy. elem. (kg)

2021 — 984 535
2022 — 548 878



551 wooden packaging materials (pcs)

2021 — 322 931
2022 — 327 765



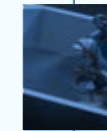
552 other packaging materials (paper, cardboard, polyethylene) (pcs/kg/m/ m2)

2021 — 1 283 964/ 217 827/ 615 986/ 315 918
2022 — 1 284 665/ 171 707/ 468 691/ 224 680



4030 technical gases (nitrogen, argon, acetylene and ammonia) (kg/ m3)

2021 — 1 733 297/ 105 747
2022 — 1 507 780/ 103 680



40702 anodizing and powder coating chemicals (kg/ l)

2021 — 708 552/ 2 010
2022 — 560 417/ 800



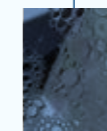
4050 powder paints (kg)

2021 — 49 618
2022 — 32 188



25311 rolling oils (l)

2021 — 939 365
2022 — 688 165



25111 oils and lubes (l/kg)

2021 — 9 273/ 190 058
2022 — 7 541/ 155 771

ENVIRONMENT

ENERGY

Energy is a vital input in the responsible, sustainable, and economic production of aluminium. The manufacture of aluminium products is an energy-intensive process and available, reliable, long-term and cost-effective energy is a necessity. It also has a direct bearing on the level of CO2 emissions generated in the production process.

Alcomet’s facility operates on electricity and natural gas. Based on the energy analysis carried out, we conclude that the largest energy consumption in the value chain is accounted for by the production of primary aluminium. In other stages of the product’s life cycle, there is no significant energy consumption. As part of our energy efficiency management, we collect and analyse data for fuel, electric energy, natural gas consumption and CO2 emissions calculations. The processes are described in work instructions: 9.1.1.03-02 Measurement, calculation, documentation of the quantities of electricity and heat, work instructions; 9.1.1.03-03 Measurement, calculation, documentation of the quantities of raw materials and fuels, work instructions; and 9.1.1.03-10 Accounting, reporting and documentation of greenhouse gas emissions.

Currently, the company purchases electricity on the free market in Bulgaria to cover its entire need. At the same time, due to the recognition of the importance of the renewable energy in the context of the international ambition for climate neutrality that is also impacting the future Alcomet’s operations, the company started taking its first steps in producing its own renewable energy. A roof PV installation is in a very advanced state of implementation and is expected to be in operation in the first half of 2023. The capacity of this installation will cover around 3% of our electricity consumption. New investments for increasing our own renewable energy production as well as in hydrogen to supplement natural gas consumption will be considered in the coming years.

Like most companies in many sectors, Alcomet is also looking for different approaches to decrease its energy consumption and implement energy efficiency measures. We have already implemented optimisation activities that have given positive results in the past 2 years.

An investment in 2020 put into operation a new rolling mill that illustrated our commitment to integrate more advanced production technologies and digital innovations to achieve an intelligent, efficient and flexible production system. As the machine is the latest generation of its class, with fully automated computer control, this investment also reduced the electricity consumption per ton of production by around 8%.

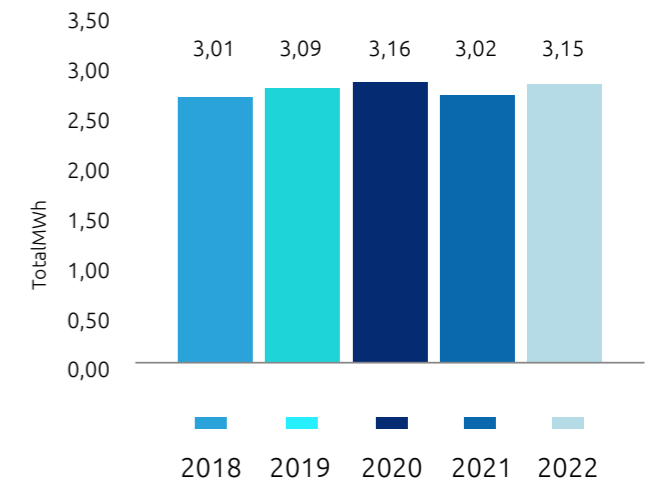
GRI (3-3) (302-1) (302-2) (302-3)

We performed a planned audit for energy efficiency with an authorised company. This audit resulted in the prescription of measures to be implemented by our company to improve the facility’s energy efficiency. One measure was the introduction of continuous automated monitoring for large energy consumers in order to ensure a timely and adequate response to any notification of discrepancies. The company has installed new appliances with the respective software to automate the net analysis of gas and electricity consumption at the main energy consumption points.

Our energy intensity varies a little, with small differences in recent years due to ongoing optimisation processes. Until 2020, the company’s energy intensity slowly increased, but in 2021 it fell to lower levels. The data shows a small increase in 2022, but it remains below the level of 2020. The reason for the higher intensity in 2022 was the repeated shutdown and restarting of production activity because of adjustments to the optimisation process. In the long term, our expectations are that energy intensity levels will be improved and sustain a trend towards lower levels.

The energy intensity ratio expresses the energy required per ton of aluminium product.

Energy intensity per aluminium production in tonnes (2018-2022)



Alcomet reports its electricity and gas consumption as well as data about the consumption of fuel in vehicles that are owned or controlled by the organisation.

Total energy consumption within the organisation from and including fuel types used	Values (MWh) for 2021	Values (MWh) for 2022
Natural gas	181 998	146 843.24
Electricity	83 254.12	73 873.86
Diesel oil	753.26	746.21
Petroleum	0.822	0.786
LPG	713.46	610.10
Total energy consumption in the organisation according to the model	266 729.54	222 074.20

ENVIRONMENT

WATER AND EFFLUENTS

Interactions with water-impacts and dependencies

100% of the water resources used by Alcomet come from a deep well and groundwater source. The company uses both in its operation and, for potable water, needs water from a groundwater source. The company operates two drilling rigs in accordance with permits issued by the local environmental competent authority. Alcomet does not use any other water resources, neither from the local water system and sewerage system sourced from Ticha Dam nor from other sources. The quantities used are significantly below the limits of water use in the permits.

The abstracted groundwater is disinfected and decontaminated to achieve the indicators regulated in Ordinance No. 9 on the quality of water for drinking and domestic needs. Then it enters pools, from where it is directed by gravity for use - for drinking and domestic needs, industrial purposes and for cooling.

Out of 1,892,180 m³ allowed as per the water permit volume, our company used 219,449 m³ for 2021, and 192,001 m³ for 2022 respectively. This results in a 12% decrease in water volumes used in 2022 compared to 2021 and also shows a decrease of water usage from the permitted amounts: Alcomet has used 11.6% of the total permitted quantities for 2021 and 10.15% for 2022 respectively. The water used after treatment and purification in three treatment plants (excluding cooling water) is discharged into the Teke Dere River.

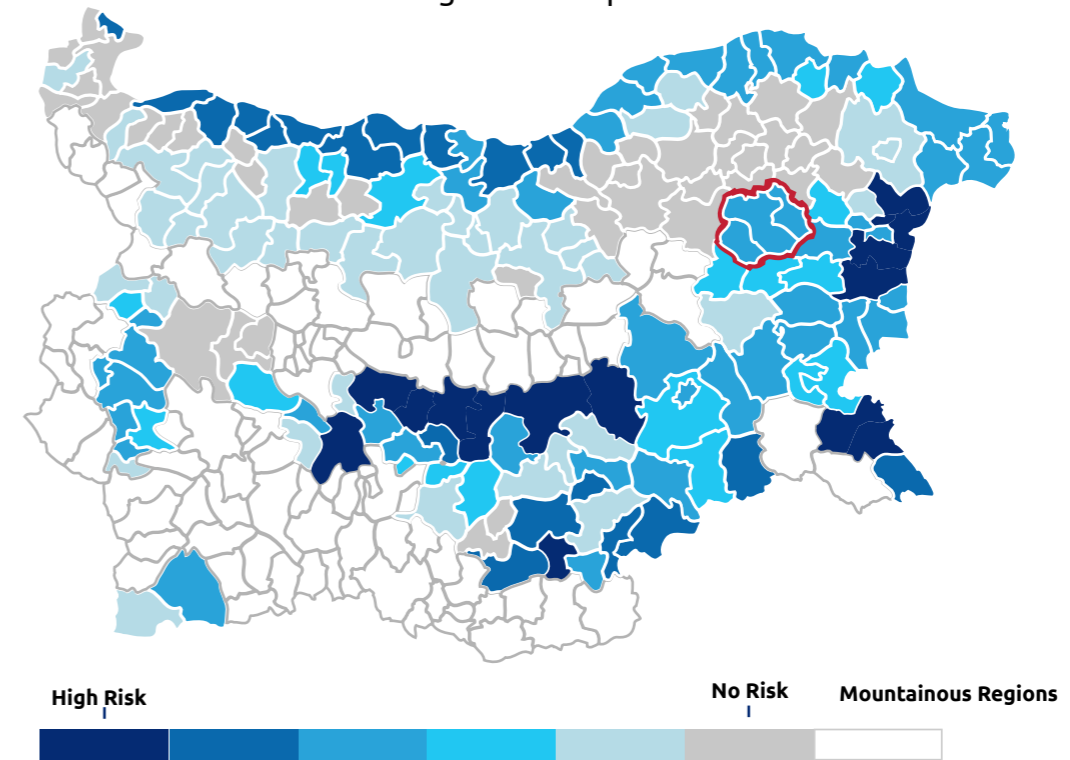
[SASB EM-MM-140a.1.] Is the region concerned as High or Extremely High Baseline Water Stress

Alcomet is fully aware of the importance and value of the natural resources used in its operations and works continually to assess and minimise its impacts on them. According to the river basin management plans for Bulgaria, Shumen region is located in an area with a moderate to moderately high risk of drought.

An Environmental Management System (EMS) has been developed in accordance with national legal and ISO 14001 requirements, which also includes working instructions for the disposal and management of water resources. Impacts including their scope and assessment are coordinated with the regional environmental authorities and the

GRI (3-3) (303-1) (303-3) (303-5)

Drought Risk Map



necessary monitoring measures set out in the IPCC permit and are subject to annual reporting to the regional environmental authority. These include:

- [Periodic inspection and maintenance/repair of waste water treatment facilities](#)
- [Measurement and documentation of quantities of water used and discharged](#)
- [Monitoring of waste water treatment facilities](#)
- [Carrying out own waste water monitoring](#)
- [Conformity assessment of controlled parameters of waste water treatment facilities](#)
- [Conformity assessment of the results of own wastewater monitoring](#)

Alcomet has an internal work procedure that sets out the method for

accounting for the fresh water used. Reporting is carried out according to the conditions laid down in the water permits. For example, twice a year the volumes used is reported, the water levels four times a year etc.. Annual monitoring of groundwater and an annual report on the fulfilment of the conditions of water permits are provided to the water competent authority – the Basin Directorate. With regard to the quantities used, as described above, Alcomet has limited as much as possible the abstraction of fresh water. The treated waste water does not have a significant impact on the river water basin because no deviations from the indicators that are controlled at the Alcomet site have been reported. Deviations in the water basin are indicators that are not generated by the waters discharged by Alcomet.

ENVIRONMENT

Water impacts are addressed via monitoring and obligations as per the IPPC and water permits provided by the competent authorities and subject to control by them, as well as the internal policies and procedures developed as part of the ISO standard. Alcomet actively works with the competent authority in environment and water to identify impacts and to plan and implement necessary measures. The data for water quantities and quality and the methodologies used are compiled based on the IPPC and water permit requirements, subject to ongoing monitoring and annual reporting. All data are measured directly by meters and entered in logbooks.

Alcomet AD informs the Basin Directorate of used water quantities twice a year, in addition to annual reports on the fulfilment of the conditions in the permits for water use. Inspections are carried out annually by the environmental institutions RIEW (Regional Inspectorate Environment and Waters) and BD. In respect of water, fulfilling the legal requirements of the IPPC and water permits and following the ISO standards procedures provides for active engagement with the competent authorities on water. Aside from this, Alcomet has not identified a need to engage in activity with other stakeholders to steward water as a shared resource or actively engage with suppliers and customers with significant water-related impacts. Alcomet does gather information and screens its suppliers from group 1 according to existing ISO certification and environmental related policies.

Alcomet's water-related goals are conform with water-related permits in terms of the quantity for withdrawal and quality for discharge. Nevertheless, Alcomet has an overarching goal to perform in an environmentally friendly and efficient manner, so in the last five years water withdrawal and discharge have been optimised significantly due to the introduction of a closed loop cooling system. In 2021, the total consumption of fresh water by the company per tonne of production decreased by 2.37%, relative to 2020. For 2021, water consumption per ton of production was 2.48 m³/t, which is a 2.37% decrease compared to 2020. For 2022, water consumption per ton of production was 2.72 m³/t, which is a 9.68% increase compared to 2021. Overall, however, in the last couple of years, due to the technical solutions introduced,

GRI (3-3) (303-2) (303-4) (303-5)

Alcomet has improved its water use and achieved a 34% decrease in water intensity compared to 2019.

WATER TREATMENT AND DISCHARGE

Four streams of waste water form on Alcomet's production site - domestic and faecal, industrial, cooling and rainwater. The mixed stream leading to the site outlet is discharged into the Teke Dere River. Local waste water treatment plants are operated in the Extrusion and Rolling shops, alongside a modular treatment plant for domestic-potable and household waste water. The IPPC permit specifies the type of treatment facilities and the emission limits at the exit of each treatment facility and at the exit point of the site. Emission limits are set by the competent authority on the basis of the technological processes, potential contamination, priority substances of concern as well as the status of the receiving water body. The water used in the production processes is treated in two treatment plants by physio-chemical treatment and through biological treatment in one for the purification of natural and waste waters. Based on the IPPC permit and ISO 14001 requirements Alcomet has developed and is implementing internal water management procedures and guidelines. When determining the emission limits at the exit of the site, the profile of the receiving reservoir Teke Dere River, which is in poor chemical condition, is taken into account. The profile is controlled by BD – Black Sea region.

A total of 239,000 m³ of water were discharged in 2021 and 208,800 m³ in 2022. This is done after three levels of water treatment. Additional water volumes to those extracted from the ground water source are rainwater captured on the site and discharged in the Teke Dere River. At secondary treatment and tertiary treatment levels, one incident has occurred per level. An exceedance was reported at one monitoring point, according to the oil products indicator. And another exceedance was reported at monitoring for through the indicator aluminium. The first incident was due to small oil spillage, which was identified immediately and contained. In the second case the further treatment levels ensured limits were met before discharge into the receiving water body. Incidents involving a slight exceedance of individual emission limits in

water discharged into the surface water body, the Teke Dere River, registered during 2019 and 2020 prompted the Alcomet team to take the initiative and invest in a brand new waste water treatment plant, which was constructed in 2022 and will be commissioned in 2023.

Alcomet has made reducing the environmental footprint its priority. A brand-new waste water treatment plant was constructed in 2022 and will be commissioned in 2023 with the aim of significantly minimising the production of sludge, our main waste substance, leading to a reduction by 15% in the amount of waste/sludge (with up to 70% water content) currently being disposed of, and the automation of the treatment of waste water to prevent sporadic incidents with exceedance of individual emission limits. The new WWTP will also provide the possibility of separating generated waste into hazardous and non-hazardous, seeking alternative waste management methods and potentially circulating part of the waste as a resource.



ENVIRONMENT

BIODIVERSITY

The Alcomet AD production site owned by the company is located outside the regulation plan of Shumen, 3 km east of the city, in II industrial zone. The property is located on the land of the village of Vasil Drumev, Shumen municipality and covers 390 Dca. The settlement and its land do not fall into protected areas. The head office of the company is located on the site together with its production premises. No extractive operations are performed at the Alcomet site.

Within the municipality of Shumen there are seven protected areas, which all are located within 7 and 12 km from Alcomet's site. The protected areas are at a significant distance from the site. Therefore, there is no negative impact on protected areas. There are no protected species of plants and animals on the production site. The surrounding terrain that does not fall within the protected area includes regulated landed properties and agricultural lands where there are no protected species. The activity to be developed at the site will not have a direct impact on any protected species and habitats due to the distance from the site and the resulting reduction in the impact of emissions. The nearest protected area is the Natura 2000 site, Shumen Plateau Protected Area BG0000382 according to the Habitat directive, at about 7km distance. The nearest water intake for the region is the Teke Dere River which passes about 1000m south of the site under consideration. No impacts are expected on biodiversity from the manufacturing plant located in the industrial zone whose operations have been screened by the CA which decided that no EIA or AA are needed. There are no characteristic types of plants and animals in the protected area. The surrounding areas that are also industrial and urbanised have no protected species. Development activity on the site will not have a direct impact on protected species and habitats due to the significant distance from the site and resulting reduction in the impact of emissions. The operation of the facilities have no negative impact on the environment and biodiversity.

We carry out our own monitoring of air emissions from point sources annually. There have been no exceedances of the permissible norms in the controlled indicators. The envisaged activity does not create the circumstances for fugitive emissions of harmful substances on-site during production processes. The main source of fugitive emissions from the site will be vehicles on its territory, which can be classified as linear mobile organised sources. Means of transport operate periodically. These means of transport emit both a negligible volume of emissions of gaseous and aerosol organic pollutants into both the working area and the environment. However, based on the CA's decision, sensitive biodiversity receptors that can be negatively impacted by the operation are not expected. No deviations in soil and groundwater quality owing to the operation of the site that could lead to changes in ecological processes outside natural ranges of variation (such as salinity or changes in groundwater level) are expected. There are also no conditions for the introduction of invasive species, pests and pathogens from this activity.

In relation to all investment proposals made since the designation of the protected area, the decision of the responsible institution, The Regional Inspectorate for Environment and Water, is that the envisaged investments are unlikely to have a negative impact on natural habitats, populations and habitats of species subject to conservation in the protected area, and no environmental impact assessment nor relevant assessment for the Natura 2000 site was requested.

The last two investment proposals in 2020 and 2021, for the Establishment of a Workshop for Mechanical Processing of Aluminium Profiles and for the Modernisation of the Anodisation Line and Construction of a New Waste Water Treatment Plant at the Extrusion Workshop have also received decisions from the RIEW stating that there is no need to conduct EIA and AA procedures. The decision of the responsible institution is that the envisaged investment is unlikely to have a negative impact on natural habitats, populations and habitats of species subject to conservation in protected areas.

According to the requirements of the Water Act (WA), all waters and water bodies are protected from exhaustion, pollution and damage in order to maintain the necessary quantity and quality of water and a healthy environment, to preserve ecosystems, preserve the landscape and prevent economic damage and water protection zones are designated to achieve these objectives.



ENVIRONMENT

EMISSIONS

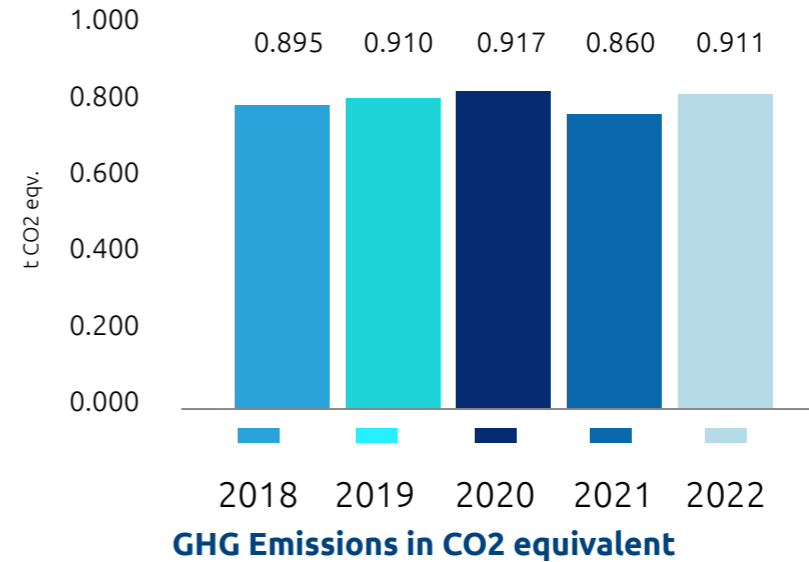
Alcomet recognises its responsibility regarding climate change mitigation. We are considering all aspects of our carbon footprint because the expectations of all stakeholders are increasing in that respect as is awareness at all levels in the company due to participation in the European Emission Trading Scheme, GRI reporting and ASI performance standard certification. In this regard, current and future investment decisions are also taking energy efficient technologies, our own production of renewable energy and hydrogen usage as ways for decarbonization into account. In addition, the company is considering buying green electricity as an additional measure in order to decrease its carbon footprint. The environmental and energy teams are also researching technically feasible CCS/CCU opportunities and following developments relating to this. If technically feasible solutions are identified, these will be presented and discussed with the finance and investment team and a technical and financial feasibility study will be undertaken.

Due to the EU Emission Trading Scheme, we manage, calculate, and verify the biggest portion of our Scope 1 GHG emissions and have established internal procedures for having as precise an estimation as possible for our annual GHG emissions in order to minimise allowance costs.

Our sustainability team has structured a mechanism for consistent and ongoing analysis, operates a risk and opportunities register, coordinates with the finance and investments team and reports to the executive team. A cross-functional team of high-level employees reviews energy efficiency and GHG emissions performance.

With a significant increase in the production capacity of the installation in recent years, a relative reduction of the released greenhouse gas emissions (CO2 emissions) has been achieved. The decrease in energy intensity by 0.140 MWh/t leads to a decrease in the intensity of CO2 emissions. In Scope 1, the value of separated direct emissions per ton of production is 0.377 t CO2/t, which is a decrease of 2.58% compared to the value in 2020. In Scope 2, the value of the intensity of indirect emissions is 0.483 t CO2/t, which is a decrease of 8.87% compared to 2020. The total reduction in the intensity of CO2 emissions (Scope 1 plus Scope 2) is 6.22%. Thus the relative reduction of CO2 emissions in total is 5035 t CO2 (Scope 1- 883 t CO2, and in Scope 2- 4152 t CO2).

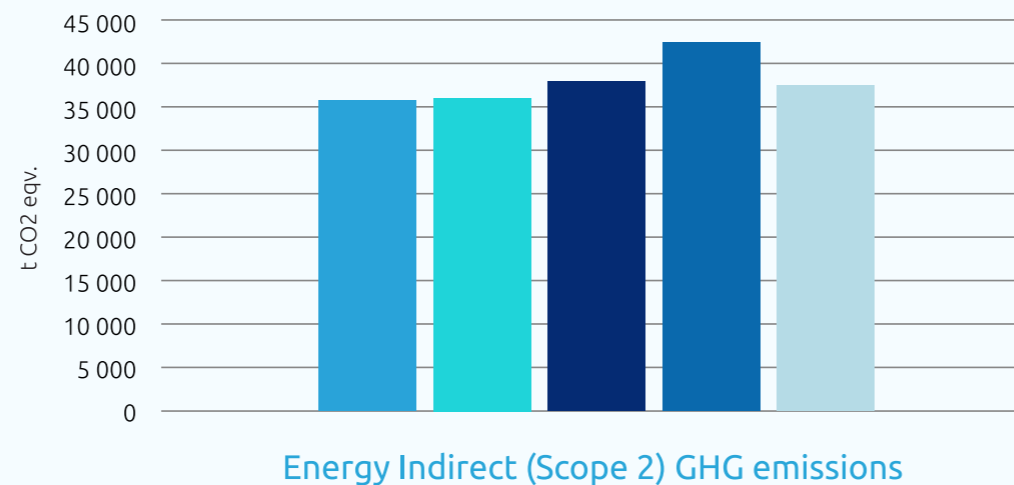
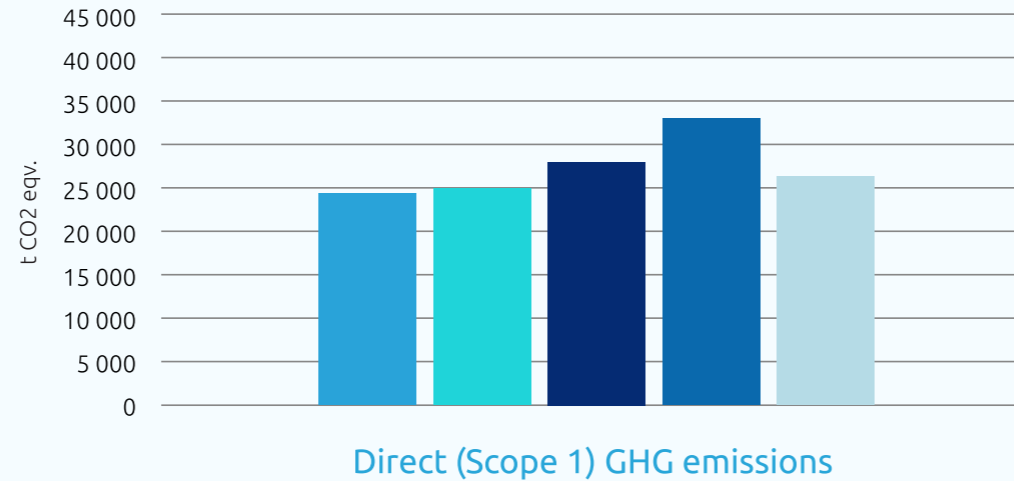
GHG emissions intensity per aluminium production in t CO2 eqv. (2018-2022)



EMISSIONS					
	2018	2019	2020	2021	2022
Direct (Scope 1) GHG emissions	24 553	24 790	28 160	33 301	26 553
Energy indirect (Scope 2) GHG emissions	35 966	36 028	38 544	42 665	37 624

ENVIRONMENT

Alcomet's GHG emissions (Scope 1 and Scope 2)



We are currently calculating only Scope 1 and Scope 2 emissions, but not yet Scope 3 GHG emissions. It should be noted that the LCA performed for the two main types of products found that 83.5% of the generated emissions come from the raw materials used in the production of the products. In the coming years some additional efforts in this regard will be made to further contribute to the estimations of the Scope 3 emission of the company. We recognise the importance of calculating our Scope 3 emissions as precisely as possible and in as many categories as possible in order to be able to start managing our relations with suppliers and clients within the upstream and downstream value chain.

We are looking at every feasible and viable solution that minimises our GHG footprint because we share the responsibility for achieving the long-term ambition of keeping global warming to 1.5C, according to the Paris Agreement. Special attention is being paid to ambitious Green Deal targets and the respective regulatory changes in relation to the EU Action Plan on Financing Sustainable Growth, incl. but not limited to non-financial reporting changes and the EU taxonomy.

The European Aluminium Association has launched an Emission Reduction Plan for the aluminium industry to guide its members in taking action to support the achievement of global emission reduction targets. The model is based on the net zero emission scenario before 2050 model of the International Energy Agency combined with the material flow analysis of the European Aluminium Association and the future aluminium demand scenario in order to measure the greenhouse gas emissions of the global aluminium industry.

As a member in that association, Alcomet will also make plans for its contribution because it is clear that further technological development and more investment are needed in order to reach the 1.5-degree scenario.

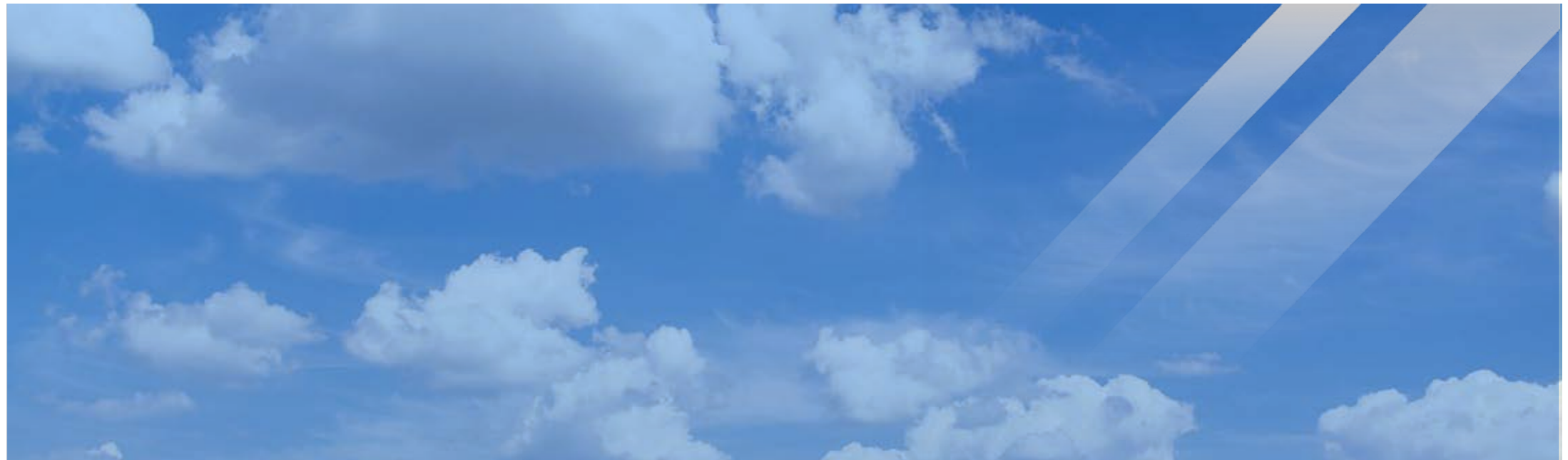
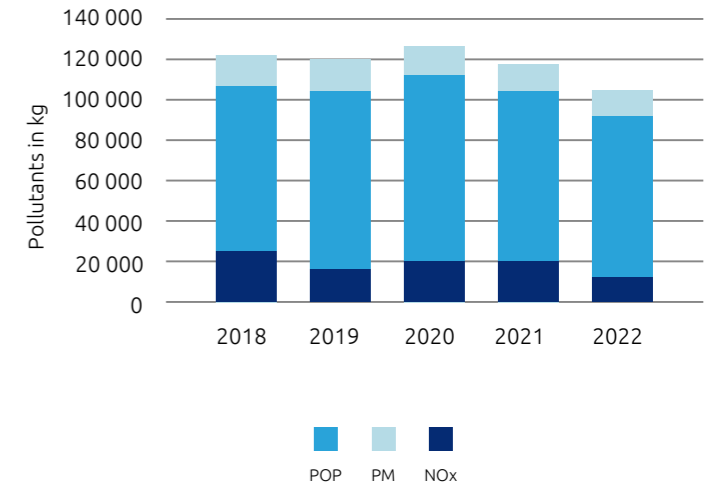
ENVIRONMENT

Alcomet does not use any substances included in the Candidate List of Substances of Very High Concern for Authorisation under the REACH Regulations. HFCs used in stationary refrigeration, air-conditioning and fire-fighting equipment do not fall under Annex E: Controlled Substances of the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. For example, Novec 1230, which has a low GWP of 1, is used in fire-extinguishing equipment, instead of the widely used FM 200, which has a GWP of 3220.

During our operations, we emit NOx, Persistent Organic Pollutants (POP) and Particulate Matters. For the period 2018-2022, the lowest levels of all pollutants were achieved in 2022. Over the years these emissions vary as follows:

Pollutants in kg: NOx, POP, PM					
Pollutants	2018	2019	2020	2021	2022
NOx	25 916	17 053	19 828	20 059	13 270
POP	80 031	87 923	90 813	84 747	78 481
PM	16 483	15 270	15 809	13 398	12 476

NOx, POP and PM (2018 - 2022)



ENVIRONMENT

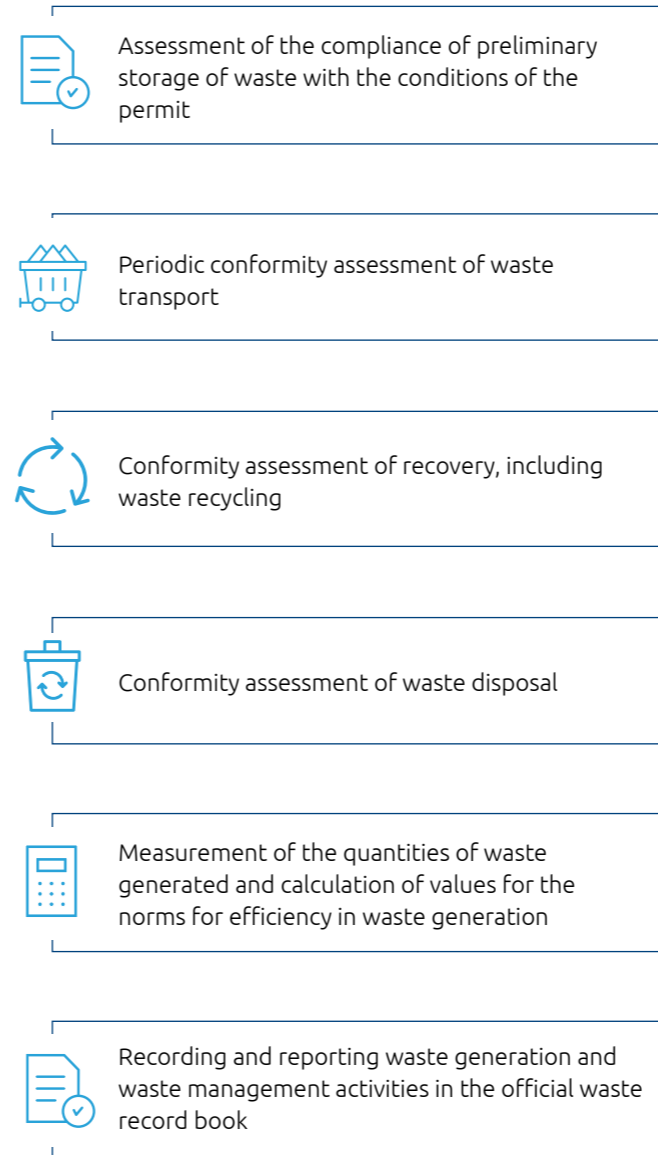
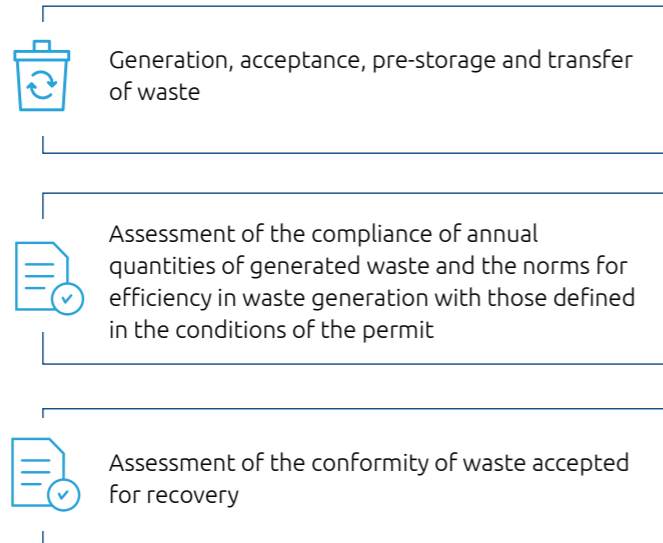
WASTE

We closely manage the waste that we generate. We first look to eliminate waste at its source and then find alternative uses for whatever remains. We are committed to developing and pursuing technologies and processes that continue to shrink our waste footprint.

Why this matters to us and how this is managed?

Waste in any form demands proper waste management in order to protect the environment and for the health and safety of our workforce and the population. Alcomet believes in proper waste management.

To comply with the conditions of the IPPC permit, the company has developed and applied documented procedures for:



Maintaining the overall integrity of our waste management system is a key element of the management and governance approach included in our Environmental Policy and Risk Management Procedure in particular.

Our philosophy is based on efforts to minimise waste through innovative processes and alternative uses for waste products. One of our strategic aims is to initiate measures for continuously promoting reuse and recycling and to achieve our goal for reducing the amount of unpreventable waste.

Primary aluminium ingots, secondary aluminium ingots, aluminium scrap, ligatures of the main alloying elements and fluxes are used as the main input raw materials and materials in the casting process. As a result of this process, aluminium slag from furnaces is created as waste which is sent for further treatment to extract the residual amount of metal. Rolling, hydraulic and motor oils are used in the rolling process. To ensure the reuse of rolling oils in the technological cycle, each rolling mill is equipped with a filtering system. As a result of filtration, waste filter products and used hydraulic and motor oils are generated. In the extrusion process, in the operations of surface treatment of aluminium profiles and aqueous solutions of chemical substances and mixtures are used as input materials. After treatment of the spent aqueous solutions, a filter cake is formed. The waste generated by the activity is handed over to external companies holding permits for activities with waste. During the entire technological cycle, aluminium scraps and shavings are separated and these are recycled internally.

The finished product is packed in fully recyclable packaging consisting of a wooden grid, paper, cardboard, and polyethylene. For packaging for the domestic market, the company pays a product fee to a recovery organisation.

The finished product and packaging materials are 100% recyclable. Aluminium is a metal that can be recycled endlessly without losing its properties. In this regard, the activity is not expected to have a significant negative impact on the waste generation stream in general.

ENVIRONMENT

Modernisation (automation and digitalisation) of technological equipment, aimed at the strict control of technological parameters, along with the automated dosing of materials involved in the processes, leads to a reduction of generated waste.

The amounts of aluminium scrap generated by the main production processes are processed internally, thus reducing the amount of primary raw materials used.

The company manages waste activities independently. The company participates in a collective recovery system only for the packaging waste generated. All waste is handed over to companies that have the necessary documents under environmental legislation. The generated waste handed over is registered with the National Institute of National Statistics.

The company has vehicle scales and, after loading relevant waste identified by their European Waste Catalogue code, weighing is carried out. During weighing, weighing notes are generated which are transferred by software to the ERP system and reports can be generated if necessary.

According to Bulgarian legislation, every year Alcomet discloses the amount of waste generated and the companies to which the waste was delivered in the official annual report on the environment by 31.03. The annual reports can be found on the page of the environmental executive agency:

<https://eea.government.bg/bg/r-r/r-kpkz/godishni-dokladi-14/index>

Waste and hazardous waste diverted from disposal		Onsite /t/		Offsite/t/		Total /t/	
		2021	2022	2021	2022	2021	2022
Hazardous waste	Preparation for reuse			82	116	82	116
	Recycling			1	1	1	1
	Other recovery operation			544	268	544	268
	Total					627	385
Non - hazardous waste	Preparation for reuse	23532	20554	9439	9233	32971	29787
	Recycling			157	252	157	252
	Other recovery operation					33128	30039
	Total						

Waste and hazardous directed to disposal

During the reporting period we constantly increased the quantity of our production which directly impacts on the amount of waste generated. In this regard achieving our goal to decrease landfill waste disposal is quite challenging and requires reassessment of measures taken and investments made. We are in the process of determining adequate measures and technologies which will support our goal and make significant improvement in a short to midterm period.

Waste and hazardous directed to disposal (GRI 306-5)		Onsite /t/		Offsite/t/		Total /t/	
		2021	2022	2021	2022	2021	2022
Hazardous waste	Incineration /with energy recovery/						
	Incineration /without energy recovery/			14	14	14	14
	Landfilling			340	446	340	446
	Other disposal operation						
	Total					354	460
Non - hazardous waste	Incineration /with energy recovery/						
	Incineration /without energy recovery/						
	Landfilling			95	108	95	108
	Other disposal operation						
	Total					95	108

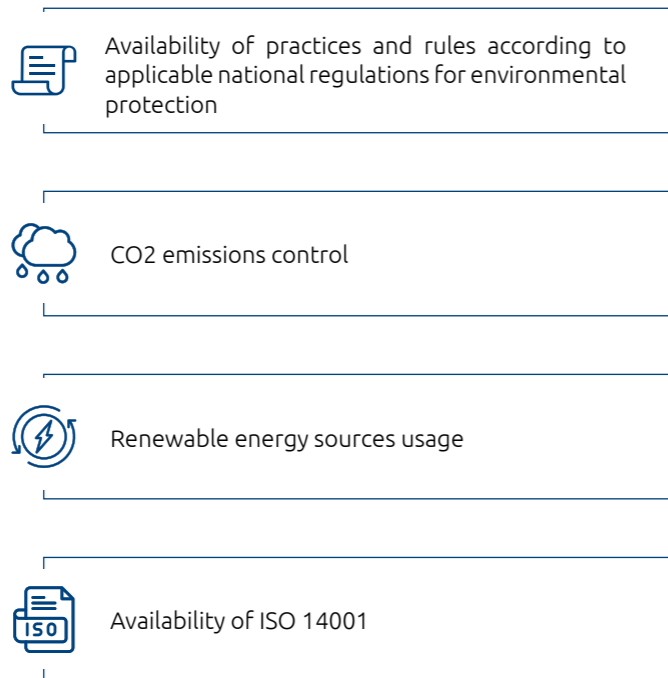
ENVIRONMENT

SUPPLIER ENVIRONMENTAL ASSESSMENT

As per the internal procedure in place for purchasing of goods and services, all suppliers are divided into two groups depending on the criticality of products they deliver. Suppliers that deliver products without which production might stop, affecting delivery schedules to clients, are considered critical, or Group 1. All the rest are part of Group 2.

New suppliers undergo initial evaluation. All active suppliers undergo annual re-evaluation according to different criteria and procedures depending on the group they belong to.

Part of the evaluation is the Supplier's Self-Assessment Questionnaire (SSAQ) that includes the Compliance with Alcomet's Suppliers' Code of Conduct (SCC) section through which the supplier is screened using environmental criteria, namely as per the SCC:



Every supplier fills in their self-assessed score against the respective question, no. 32, in the SSAQ and provides relevant supporting documents upon request.

Suppliers' Code of Conduct [suppliers-code-of-conduct.pdf \(alcomet.eu\)](https://alcomet.eu/suppliers-code-of-conduct.pdf)

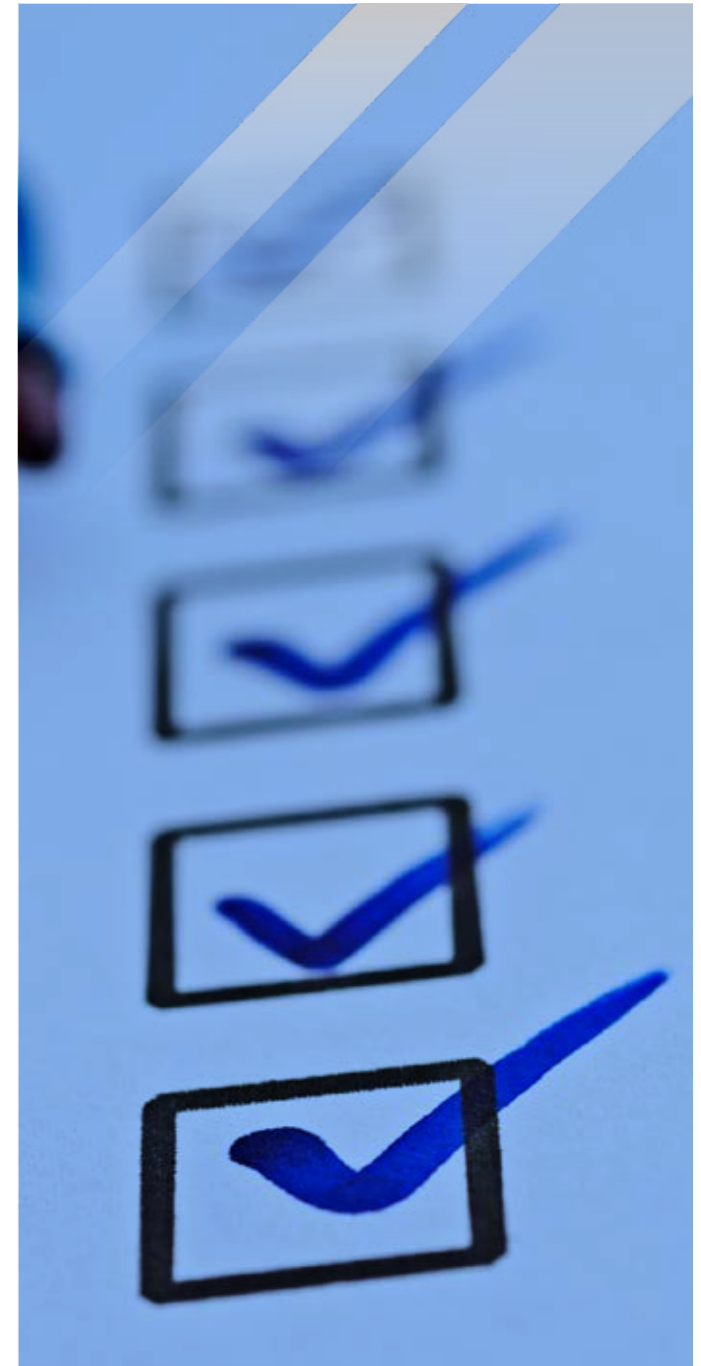
Suppliers from Group 2 do not supply critical raw materials, materials for production, spare parts and automotive components and, as such, are not evaluated using these criteria. Their evaluation includes only commercial, quality and performance parameters.

Figure 25. Group 1 suppliers screened using environmental criteria

	2021	2022
Total number of Group 1 suppliers	20	22
New suppliers from Group 1	1	1
% of new Group 1 Suppliers screened	5%	4.54%

The second-party audits which Alcomet performs according to its second-party audit plan form part of company policy for supplier monitoring. New suppliers from Group 1 or suppliers that have compromised their performance score are subject to second-party audits during their initial evaluation process or prior to SOP. During 2021, due to Covid-19 travelling restrictions, Alcomet was forced to conduct second-party audits online or with the help of external companies. We effected two online audits and one third-party audit. In 2022 we scheduled and effected two on-site audits of suppliers for automotive production.

The percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment is 0%, with the same percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated.





SOCIAL

KEY NUMBERS & HIGHLIGHTS:

17%

Average turnover rate

24%

Women in workforce

14%

Women in governance bodies

100%

Return to work and retention
after parental leave

All Alcomet's employees are full-time employed

“ Our employees are the heart and the soul of Alcomet. They are the key to our success. We rely on their dedication, creativity, skills, and experience built up over years in order to be able to fulfil our plans for future growth and development. ”

SOCIAL



At Alcomet we guarantee regular and full payment of agreed wages, strictly observe working hours and breaks within the working day, work shifts and weekly rest. In observing basic labour and human rights, the letter and spirit of the law is followed as well as our internal labour regulation.

Oriented towards human values, we strive to implement responsible management practices regarding human resources, ensuring:



We have incorporated our human resources strategy and policies into our integrated quality management system, outlining targets and vision for growth of our most valuable resource – our people and workforce. We follow consistent rules and requirements for employment, payroll, training and provision of benefits.

GRI (2-7) (2-7.d) (3-3) (401-1)

We have adopted policies that ensure a fair and welcoming environment, and we provide equal opportunities for employees to report instances of discrimination without fearing retaliation. We continually improve the work environment, aiming to provide healthy and safe work conditions.

We are very proud of the stability of our personnel. 20% of our employees have been working with us for 11 to 20 years and more than 6% have been with us for more than 30 years.

By the end of 2021, Alcomet’s big family numbered 1,214 full-time employees. In 2022, this number is 1,133.

Employment contract	Women		Men	
	2021	2022	2021	2022
Permanent	233	253	802	802
Temporary	51	19	128	59
Total	284	272	930	861

The company’s policy is to initially enter into a one-year contract with new employees with a six-month probationary period. The probation period is an important phase in an employment relationship. It allows the parties to verify the job fit and for the employer to provide the necessary support to the employee during the first period of employment. National legislation allows a probationary period of up to six months for new employees, during which either party may terminate the employment relationship at their discretion and for their own reasons. Once the one-year period expires, a supplementary agreement is signed whereby the employee moves to a permanent contract.

In our industry, competition is fierce for finding and retaining a highly skilled workforce. With changing demographics, we must hire enough people to succeed those who will retire in the years to come. Moreover, we must ensure that our people can adapt to evolving technological and industrial trends. We respond to all these challenges through training and development, close communication with our people, and building employee engagement.

**More information on employee breakdown by gender is provided in Appendix 1 - Workforce Data & Diversity 2021-2022 to this report.*

In 2021, we recruited 234 new employees, with 46% of new recruits being young people under the age of 30. As regards the employee turnover rate in 2021, it stood at 11%.

In 2022, we recruited 116 new employees, with 27% of new recruits being young people under the age of 30. As regards the employee turnover rate in 2022, it was 17%.

The main reason for the lower number of employment contracts in 2022 compared to 2021 and the higher number of terminated ones is the turnover of production line workers.

We continue to optimise our own talent management system on issues related to attracting talent, remuneration systems, incentive policies, employee care, employee benefits and other related issues. We seek to hire local candidates where possible. Our talent acquisition team keeps diversity at the forefront of its actions. We engage with colleges and universities to identify top local talent, and we offer internships and apprenticeships to help develop the local workforce. We not only create a clear career development path for various types of talent, but also inspire talent to continue to grow and improve through performance evaluation, job selection and training. We also provide our existing employees with a comprehensive, fair and competitive compensation and benefits system.

**More information on employee turnover and recruitment by age group and gender is provided in Appendix 1 - Workforce Data & Diversity 2021-2022 to this report.*





SOCIAL

Benefits









We reward and encourage the efforts and dedication of our people. We realise that the quality of benefits is a key factor in retaining our workforce and we continue to implement our social support programs.


We support targeted single mothers, families with small children or students and widows. We pay for workers' food in the workplace, school and student scholarships for employees' children. We provide for medication and medical treatment abroad, initial health care within the workplace, expenses for sports, tourism, interest clubs and various other forms of support for workers' families.

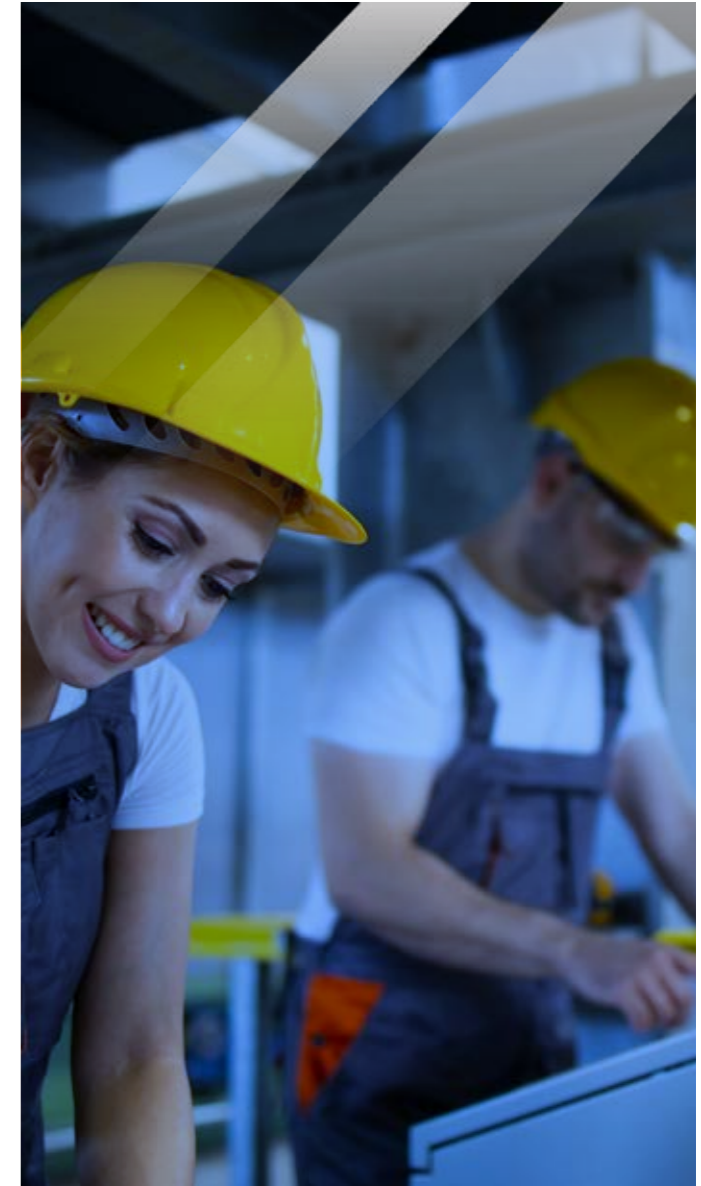
All our employees enjoy equal rights regarding our benefit system without any exception. We have ensured attractive and competitive remuneration along with additional benefits, that include:

-  Additional EUR 0.91 per hour during night shifts, which is much higher than the minimum defined by the local legislation
-  Additional remuneration for acquired work and professional experience - 1% for each year of service
-  Paid annual leave of 21 working days for a recognised period of service up to 15 years and 23 working days for recognised service over 15 years
-  Holiday vouchers to the amount of EUR 280 per year

GRI (401-2)

-  Free medical and dental care on the company's premises
-  Preventive medical checks – once a year
-  Medicare reimbursement for medication and prescriptions
-  One-time incentive for a new-born child – EUR 153
-  One-time incentive for a child when starting school – 50% of the national minimum wage
-  One-time payment on the death of an employee or immediate family member
-  Teambuilding and sports events (due to Covid there were no events in 2021)
-  Annual remuneration update for all employees

-  Free bus transport



SOCIAL

Parental leave

It has been proven during the years that our employees return to work after being on parental leave.

Parental leave is governed by the Labour Code, the Social Insurance Code, the Ordinance for Medical Expertise and the Ordinance on Working Hours, Leave and Holidays. Maternity leave in Bulgaria is 410 days, 45 of which are taken before the birth. With the mother's consent, when the child reaches six months, the leave can be transferred to the father for the rest of the period. At the end of maternity leave mothers are entitled to parental leave to raise their child until the child reaches the age of two. This leave can be transferred to the father or to one of the grandparents who work under an employment contract and have social insurance. Fathers are entitled to 15 days paid paternity leave following the birth of the baby.

In 2021 the total number of employees entitled to parental leave that took such leave was 64, of whom 21 were women and 43 men. In 2022, we had 21 women and 30 men respectively. The company's practice shows a 100% rate of return to work and retention of employees who have taken parental leave, regardless of their gender.

**More information on total number of employees that were entitled to and took parental leave as well as the total number of employees that returned to work after parental leave ended and are still employed 12 months after their return to work, by gender, is provided in Appendix 1 - Workforce Data & Diversity 2021-2022 to this report.*

In addition to our own workforce, we have contractors' employees who work for us but are not directly hired by us. In 2021 and 2022 we had:

These are the most common types of workers that function as part of our business through agreements signed between Alcomet and their employer.

Depending on our needs and ongoing projects, external companies' workers perform different tasks at different times and over a different duration to us. At times their number exceeded 100, at other times it was less than 10.



16 workers

Security and physical protection of assets and personnel



13 workers

Fire safety, prevention, and follow-up control of fire risk



SOCIAL

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety management system

The minimum requirements for ensuring health and safety at work are regulated in Bulgarian legislation, namely the Law on Safety at Work. At Alcomet, we strictly obey the law in that regard.

We work to continuously improve health and safety management and achieve higher results.

Our Occupational Health and Safety Management System (OH&S) has been implemented based on [ISO 45001:2018 For Occupational Health and Safety Management Systems](#) and covers the entire organisation - all workers (Alcomet and non-Alcomet employees), activities, workplaces, work-related injuries and ill health, without exception.

Non-Alcomet employees, working at our premises are equally important. We insist that companies having contractual relationships with people working and residing on the territory of Alcomet, in their capacity as employers, are obliged to provide OH&S services to the workers they employ.

For persons who are not part of the organisation but reside or work on the territory of Alcomet, we also have a dedicated instruction for [Ensuring the health and safety of external visitors](#). The document stipulates requirements for health and safety, responsibilities and requisite documentation for people who visit administrative buildings and offices, perform construction work, installation and repair activities, truck drivers or people residing for the purpose of training and practice.

We have a contract with the Occupational Health Services, which assists us in implementing preventative activities and ensure occupational health and safety as well as continuous improvement in managing those activities.

The monitoring of personnel health status is carried out according to our [Monitoring and assessment of health status](#) internal procedure.

GRI (3-3) (403-1) (403-2) (403-3) (403-8)



The Occupational Health Services carry out monitoring, analysis and assessment of personnel health status in relation to working conditions:

- advises and assists in organising preliminary and periodic medical examinations and draws conclusions about workers' suitability to perform a given type of work
- actively participates in work conditions' risk assessment
- analyses workers' health status and its relationship with working conditions based on preliminary results and periodic medical examinations
- prepares information on temporary incapacity based on data from hospital lists
- annually prepares a summary analysis of workers' health status



Occupational Health Services, together with Alcomet representatives and in accordance with the risk assessment:

- propose measures for preventing, removing or reducing identified occupational health and safety related risk;
- offer feasibility and prioritisation of measures concerning identified risks, the cause of identified hazards, as well as investment opportunities.

Hazard identification, risk assessment, and incident investigation

A risk assessment of all workplaces and performed activities is carried out by a Working Group determined by internal order. The Working Group includes:

- employees from Alcomet's OH&S Department
- Occupational health specialists and officials, responsible for production processes management in the relevant workshops and departments.

The risk assessment includes any follow-up or incident investigation and is carried out by the OH&S Department and the Occupational Health Services. OH&S Department employees have many years of experience in the field of health and safety at work. The Department Head and one of the main experts have more than 30 years of experience in the occupational health and safety field. Each year, our OH&S Department specialists complete at least one health and safety training program. When assessing workplace risk or investigating incidents, we also include other specialists with appropriate qualifications.

Each source of danger to the health and safety of workers is assessed through preparation of Workplace Risk Assessment Maps. The frequency of revision and update is determined by the identified risk, regulatory requirements and our [Identification of hazards and risk assessment](#) procedure.



Occupational health and safety risk assessment is a continuous process.

The risk assessment is revised upon:

- changes that may impact the risk
- changes in the regulatory framework
- conditions for improvement
- ineffective or inadequate protective and preventive measures
- accidents investigation, occupational ill health, incidents
- discretion of the Working Group
- regulatory and control authorities' prescription
- all other cases but not less often than once, every 5 years.

SOCIAL

In 2021

108 Workplace Risk Maps were revised, and **70** of them were updated

21 new Workplace Risk Maps were created

In 2022

99 workplace Risk Maps were revised, and **65** of them were updated

45 new Workplace Risk Maps were created

When carrying out construction activities, we always agree with the contractor about safe working conditions. Before starting work on the construction site and until completion, we perform a joint risk assessment. The goal is to identify risks raised from working together at the construction site, risks arising from Alcomet's activities, and to establish necessary measures to limit those risks.



Each party undertakes to ensure healthy and safe work conditions by preventing any danger to people's lives or health. The parties are obliged to inform each other about all risks arising from their activities and to coordinate their activities to protect workers and employees from those risks.

When carrying out particularly dangerous activities, a dedicated checklist Work Permit must be prepared. The Work Permit contains a list of preestablished dangerous activities. In addition, the Work Permit identifies current risks and necessary measures to reduce them as well as people responsible for implementing the measures prescribed.

GRI (403-2)

In 2021

26 Work Permits were issued

In 2022

20 Work Permits were issued

When assessing OH&S risks, we consider day-to-day activities as well as external circumstances. The assessment also includes consultation with workers, results monitoring, new legal requirements and the provision of resources in response to existing and changing needs, such as training or the purchase of new improved equipment.

When an incident occurs, we review the existing Workplace Risk Map and update it, if necessary, as well as make changes to other documents within the OH&S management system.

In 2021

due to incidents that occurred, **3** Workplace Risk Maps were revised and updated, and **1** new Map was prepared

In 2022

due to incidents that occurred, **1** Workplace Risk Map was revised and updated

We have established a process for workers to report work-related hazards and hazardous situations.




We have developed a [Participation and Consultation on OH&S Policy](#), which defines the terms and conditions under which workers can participate in OH&S activities, get informed and receive consultation regarding health and safety issues at work.

Any worker who has identified any issues regarding health and safety or malfunctions in work equipment is obliged to inform his direct supervisor or the OH&S Department.

We have provided the opportunity for employees to submit anonymous reports regarding dangerous work conditions. We have placed special boxes through which workers can submit proposals and requests in their preferred manner.

Depending on their nature and degree of impact, **corrective actions** may be:

OH&S Department conducts regular checks on the effectiveness of action taken.

-  with immediate effect
-  with a subsequent long-lasting effect - to eliminate the cause and the likelihood of repetition
-  where the nature of non-compliance requires senior management intervention, it is brought to their attention

SOCIAL

Worker participation, consultation and communication

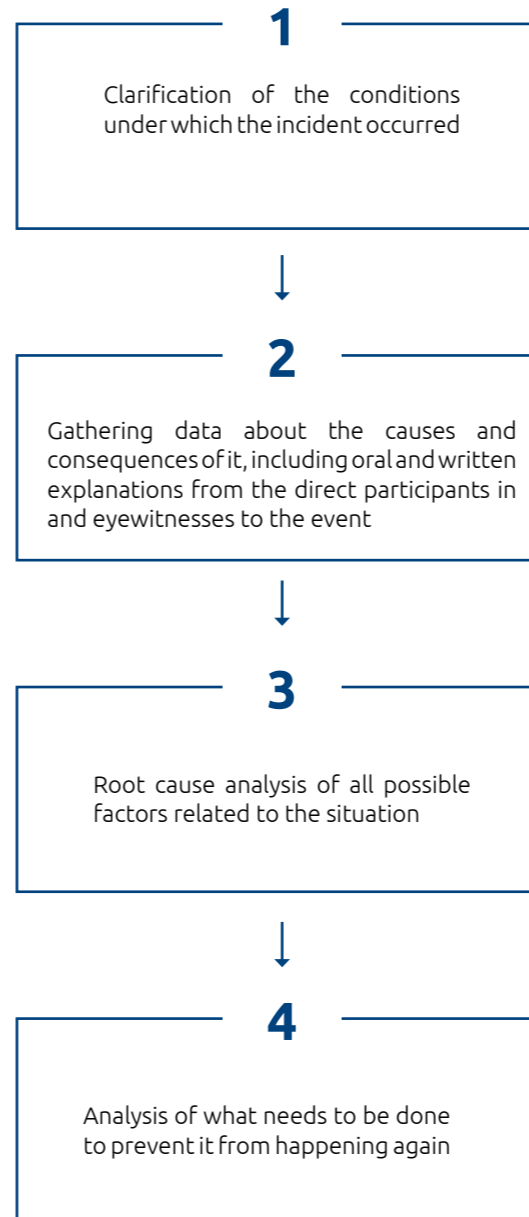
Employees' health, safety and freedom of personal choice is our priority

At Alcomet we have established clear policies for workers to remove themselves from work situations that they believe could cause injury or ill health. Our [Occupational Health and Safety Policy](#) states that every worker or employee must stop work when there is a serious and imminent danger to their life or health.

We have established a process for reporting, investigating and acting on any incident that may occur. The incidents are investigated by a commission, which aims to establish the reasons for their occurrence and recommend actions to eliminate their consequences, as well as prevent new cases. Hazardous events or conditions that could lead to an accident are also subject to investigation.

We encourage workers' involvement in occupational health and safety issues through consultation and constant exchange of information. As a result of the processes established, we continually improve OH&S management through the identification of hazards, risk assessment and the determination of necessary measures to eliminate or minimise risk.

When an event that has or may have the potential or nature of being an incident occurs we conduct an investigation that includes:



In 2021

1 case of non-compliance that caused an incident without injuring workers

2 cases of non-compliance that caused injuries

In 2022

2 cases of non-compliance that caused an incident without injuring workers

1 case of non-compliance that caused injuries

It is important that our staff always possess the necessary knowledge and skills regarding occupational health and safety. That is why, we have developed a dedicated procedure [Involvement and consultation on OH&S](#), according to which every Department Head is responsible for actively involving employees in all OH&S activities and events pertinent to their qualifications and responsibilities.

All related documents are published on our **Integrated Management Systems** information portal and everybody working at Alcomet has access and is encouraged to use it. Hard copies of Workplace Risk.

Maps and safety work instructions are provided at each workplace.



SOCIAL

Formal joint management – worker health and safety committees

At Alcomet we have a Health and Safety Committee (The Committee), established in 1997 and consisting of 10 people: 5 workers' representatives elected at the company's General Assembly and 5 employer's representatives appointed by internal order. The Committee Chairman is an employer's representative. The Deputy Chairman is a workers' representative. Through their representatives in the Committee, workers can raise health and safety issues, concerns and suggestions.

Committee activity is carried out according to an approved internal regulation that is based on the Law on Health and Safety at Work provisions (Chapter III, Art. 27, 29, 30, 31) and ISO 45001 Health and Safety Management Systems at work (item 5.4. Consultation and participation of workers).

The Committee holds meetings no less than once every three months, based on internally adopted regulations, as well as the approved Work Plan for the respective year. Extraordinary meetings are also held, if necessary. In addition to the agenda, a wide range of issues in the occupational health and safety field, alerts and proposals by workers, etc. are discussed. Working Conditions Committee members undergo annual training.

In 2021, the Committee held five meetings, including issues related to health protection and ensuring the safety of workers.

In 2022, the Committee held four meetings.

Both employer and workers' representatives can submit proposals to be discussed at the Working Conditions Committee. The proposals are analysed for efficiency and applicability. Larger projects are coordinated with the senior management. For example, in 2021, a representative from the Casting Shop raised an issue about high temperatures within the shop during the summer months. There was a suggestion to make windows in the workshop ceiling openable so the warm air could escape. The proposal was presented to the senior management and after analysis it was implemented a few months later.



Alcomet's Health and Safety Committee is a permanent collective body that follows social partnership principals in the development of relative policies and implementation of activities ensuring safety and health at work.

The Committee is an important body on which the functioning of our OH&S internal management system depends. Its main goal is to coordinate and work as a bridge between management and employees on working conditions status and actions to improve them.

SOCIAL

Worker training on occupational health and safety

In relation to the Occupational Safety Law and according to our [Personnel Training](#) internal instruction, we organise training programs conducted according to approved the Annual Plan-Program developed by Alcomet experts holding requisite qualifications and the Occupational Health Services.

The training programs aim to:



master the methods, forms and means for carrying out OH&S activities



provide understanding of legal and other requirements as well as procedures for safe and healthy work performance



maintain necessary levels of knowledge and skills in the OH&S field throughout the entire period of employment

Types of training:



introductory training on OH&S and specific working conditions



workplace introductory training, intended to give workers practical instructions for the safe performance of their work



periodic training and OH&S briefings

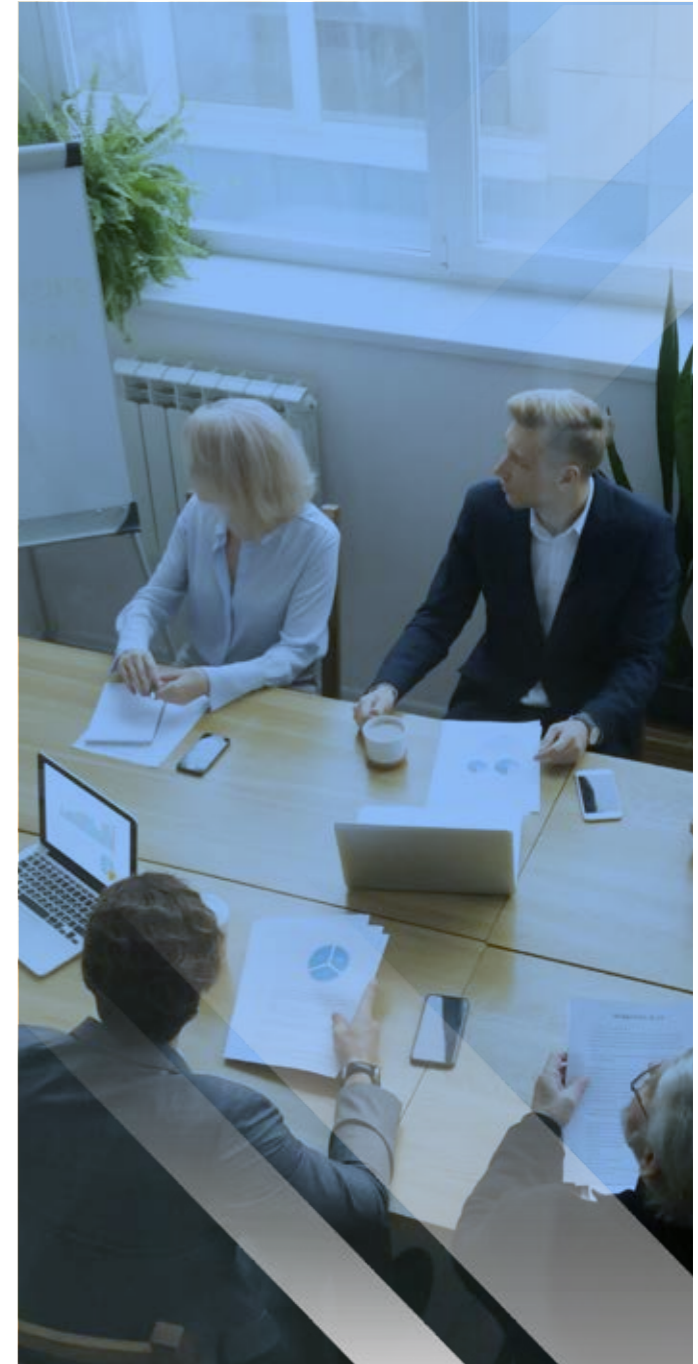
We provide each worker with OH&S training in accordance with workplace specificities, considering possible dangers and risk assessment results. Training is intended to give workers practical instruction for the safe performance of their work as well as to acquaint them with specific working conditions.

Training is held:

- for newly hired employees and for workers absent for more than 45 calendar days
- upon change of workplace
- upon the introduction of new or a change in old equipment or technology
- periodically to maintain and supplement knowledge
- daily - for workers directly employed in activities with high production risk (for work with dangerous chemical substances and mixtures, during construction and assembly activities)
- after every work accident or by prescription of a regulatory body
- for works that require specific safety measures

The full list of OH&S training topics include:

- training under Art. 6, para. 1 (1) of Ordinance No. RD-07-2 for Senior Managers, Executives;
- training under Art. 6, para. 1 (2) and (3) of Ordinance No. RD-07-2 for Health and Safety Department employees and trainers.
- training under Art. 6, para. 1 (4) of Ordinance No. RD-07-2 for the Working Conditions Committee;
- first aid training
- training to maintain a driving licence for electric trucks and forklifts
- methods and means of protection when working at height
- working with liquefied gases and gases under pressure
- operation and storage of pressurised gas tank – cylinders
- work with dangerous chemical substances and mixtures
- work at excessive noise levels (above 80 dBA)
- manual work with weights
- use of personal protection equipment for respiratory protection
- work in confined spaces
- annual review of the disaster and emergency response and evacuation plan
- other specific training depending on specific needs



SOCIAL

PROMOTION OF WORKER HEALTH

Workers' access to non-occupational medical and healthcare services



We have various ways of ensuring our workers' health:

- we have a separate medical centre (health service) in which a paramedic and a dentist are permanently appointed
- flu shots are provided annually for free. Voluntary vaccination for Covid-19 and antibody testing
- preventive medical examinations
- we have trained groups for paramedic assistance
- first aid kits are available at production premises
- information brochures and posters are placed at all important places
- reimbursement for additional external medical examinations and medicines

Employees' health status is regularly monitored by the Occupational Health Services, with the aim of early diagnosis and preventative health.

Work-related injuries / work-related ill health

We had four work-related accidents (0.4%) among male workers in 2021 and seven in 2022. In 2021, there were two high-consequence work-related injuries – two amputations (0.2%), one fracture and one open wound. For 2022 there were two work-related injuries among women and five among male employees – none of those injuries were with high-consequence.

For all workers who are not employees but whose work and workplace are controlled by Alcomet there were no cases of work-related injuries.

Fortunately, there were no fatalities because of work-related injuries and illnesses that led to disability or permanent incapacity for work among Alcomet and non-Alcomet employees.

The number of hours worked in 2021 was 473 696 hours for women and 1 622 052 for men.

In 2022 those hours were 493 539 for women and 1 608 377 for men. We have estimated this based on standard hours of work (200 000 hours per 100 full-time workers over a one-year timeframe) taking entitlements to periods of paid leave of absence from work (e.g., paid vacations, paid sick leave, public holidays) into consideration.

Due to the nature of work and totally different work environments, an individual risk assessment has been developed for each work activity, workplace, piece of work equipment, work organisation, used raw materials and other side factors that may cause risk of potential hazards. Hazards that pose a risk of health deterioration have been determined by risk assessment. **We have an annual Action Plan underway to eliminate those hazards and minimise risks that have been identified as well as to address work-related incidents using a set of controls.**

The main sources of impact and work-related hazards that pose a risk of ill health (raw materials used, production technology, equipment etc., as well as noise, microclimate and lighting) are regularly monitored and controlled.

Actions that we have taken to eliminate other work-related hazards and minimize risks:



developing safety work instructions for each workplace and activity



designating hazards with safety signs



regular training for continuous improvement of professional qualifications, skills and competences



periodic control over the work environment



workers' health status follow-up and assessment



provision of appropriate work clothes and personal protection equipment



continuous control for compliance with safety at work rules



skylights in the main production Casting Shop were gradually replaced with openable windows, which improves the microclimate during the summer through natural air circulation



all lighting fixtures in production workshops were gradually replaced with LED lamps and better workplace illumination

There were no cases of employees' ill health caused by work-related hazards.

SOCIAL

External visitors and their health and safety

Establishing and managing relationships with suppliers and subcontractors as well as their employees' health and safety is of major importance for us.

Various work situations have been examined to guarantee the sustainability of this practice. Inspections, following the Law on Safety at Work for external companies' requirements take place on a regular basis. External visitors receive an initial briefing regarding health and safety. They are required to wear appropriate work clothes and personal protection equipment when visiting the production site. In addition, they are always accompanied by Alcomet representative while visiting our premises.



SOCIAL

TRAINING AND EDUCATION

Today's work environment requires employees to be skilled in performing complex tasks in an efficient, cost-effective, and safe manner. At Alcomet, our goal is to have a culture of continuous and future workforce readiness. We believe that learning and competence development is best achieved through a combination of on-the-job training and social learning, like networking, mentoring and peer-to-peer.

There are numerous personal and professional growth initiatives introduced by Alcomet that ensure effective training and the development of the company's staff. This approach contributes to the efficiency of employees, guaranteeing that their knowledge is up to date. Training is performed by both company specialists and invited tutors.

Figure 27. Average training hours per employee category

Employee category	2021			2022		
	Number of employees	Number of training hours provided	Average training hours per employee	Number of employees	Number of training hours provided	Average training hours per employee
Production staff	1032	14758	14.30	951	13784	14.49
Management and expert staff	182	2530	13.90	182	4222	23.20
Total	1214	17288	14.24	1133	18006	15.89

*More information on average hours of training, by gender is provided in Appendix 1 - Workforce Data & Diversity 2021-2022 to this report.

Programs for upgrading employee skills and transition assistance programs

Employee training is one of Alcomet's ongoing priorities. The aim is to continuously improve our employees' professional qualifications, skills and competencies and achieve better effectiveness and performance results.

In 2021 and 2022, we conducted a series of training programs, according to the approved annual training plan and in accordance with work performed and specific needs determined by production and operational managers.

Figure 28. Average training hours per employee category

Type of training	2020	2021	2022
Qualification maintenance courses	13	29	45
OH&S, environment, and quality, as well as emergency response in accordance with the Plan for Disaster and Emergency	24	34	38
Introductory training for newcomers to integrate quickly and effectively	127	234	116
Total cost for training	EUR 18,578	EUR 17,560	EUR 65,911.69

All training programs are systematically evaluated by participants and trainers who submit an evaluation after every event as part of a continuous improvement process.

We select external training providers and trainers according to defined criteria and a selection process that we carry out. The need for training is determined by company needs and by the employees' relevant qualifications and specialisations and arises from the requirement to continuously improve the competence of the staff that we have adopted.

For employees' professional qualifications, we provide the necessary materials, technical and financial means, as well as the conditions required for preparation. That includes retraining of newly hired and reassigned employees in cases of individual job openings or the introduction of new technologies and activities in order to maintain the professional level of workers and employees.

SOCIAL

Retirement plans and transition assistance programs

We provide transition assistance programs to facilitate career endings resulting from retirement

According to the Bulgarian Labour Law, an employee can acquire the right to a pension when they reach a given age, which is different for men and women, and attain a given period of social insurance cover. Employees are entitled to compensation from the employer in the amount of two months gross income. At the same time, and in the event of the employee having acquired 10 years of professional experience in the previous 20 years with the same employer, the compensation is at the amount of six months gross income.

We support employees with more than 25 years of professional experience with an additional amount equal to one gross monthly salary. [Upon retirement, those who have been with the company for more than 25 years receive seven gross monthly salaries.](#)

Following pension reform in 2000 and the adoption of the Social Security Code (SSC), a new pension model came into force in Bulgaria on 1 January 2000. The change was necessitated by various factors, the main ones being the increase in the proportion of the population past the working age and population decline. The new model consists of three pillars - National Social Insurance (NSI), Supplementary Compulsory Pension Insurance (SCPI) and Supplementary Voluntary Pension Insurance (SVPI).

National Social Insurance covers the entire working population of the country and is managed by the National Insurance Institute (NII).

Supplementary Compulsory Pension Insurance has two types – Universal (UPF) and Professional (PPF).

Supplementary Voluntary Pension Insurance allows everyone aged 16 or over to be insured if they decide to pay it – at their own expense, at the expense of their employer, at the expense of another insurer or in combination. Alcomet contributes with EUR 3.5 per employee.

**More information on percentage of salary contributed by employee and employer is provided in Appendix 1 - Workforce Data & Diversity 2021-2022 to this report.*

GRI (3-3) (201-3) (404-2) (405-1) (406-1) (408-1)

NON-DISCRIMINATION, DIVERSITY AND EQUAL OPPORTUNITY

Being an equal opportunities employer is one of our top priorities. We believe that protecting human rights and avoiding discrimination is a prerequisite for us being recognised as the best employer. We respect the human right to equal opportunities and non-discrimination and that is reflected in our guiding principles regarding social responsibility and stipulated in our Social Responsibility Policy, Business Code of Conduct and other policies published on <https://www.alcomet.bg/sustainability/responsibility>.

We do not tolerate any form of harassment or discrimination on any grounds, including, but not limited to gender, race, colour, religion, political views, union affiliation, ethnic background, disability, sexual orientation or marital status. We also do not tolerate any form of forced or compulsory labour, human trafficking or child labour abuse. We support the principles of freedom of association and collective bargaining.

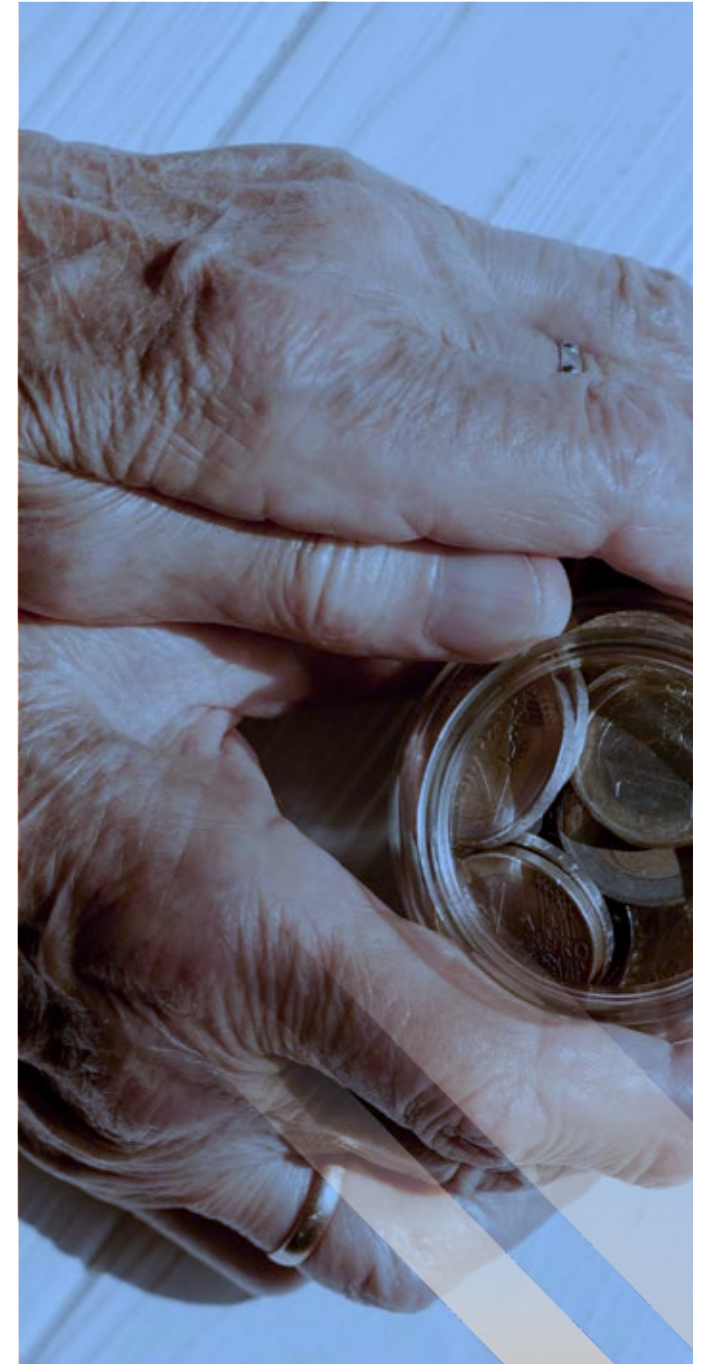
**More information on the percentage of individuals within the organisation's governance bodies and employees in each of the relevant diversity categories is provided in Appendix 1 - Workforce Data & Diversity 2021-2022 to this report.*

CHILD AND FORCED LABOR

We have officially declared our position regarding young workers and child labour in general, as well as incidents of forced and/or compulsory labour **as being neither allowed nor tolerated** and have incorporated it into our [Social Responsibility Policy](#) and our [Regulations for Business Conduct and Ethics](#).

Our policies extend requirements to all our suppliers as well. We observe whether our suppliers comply with the established [Suppliers' Code of Conduct](#) and the legislation, and we require that they act with respect to human rights, safe and fair working conditions and the prevention of child labour.

We are not aware of any operations and suppliers that are considered to have a significant risk for incidents of child labour and young workers exposed to hazardous work.



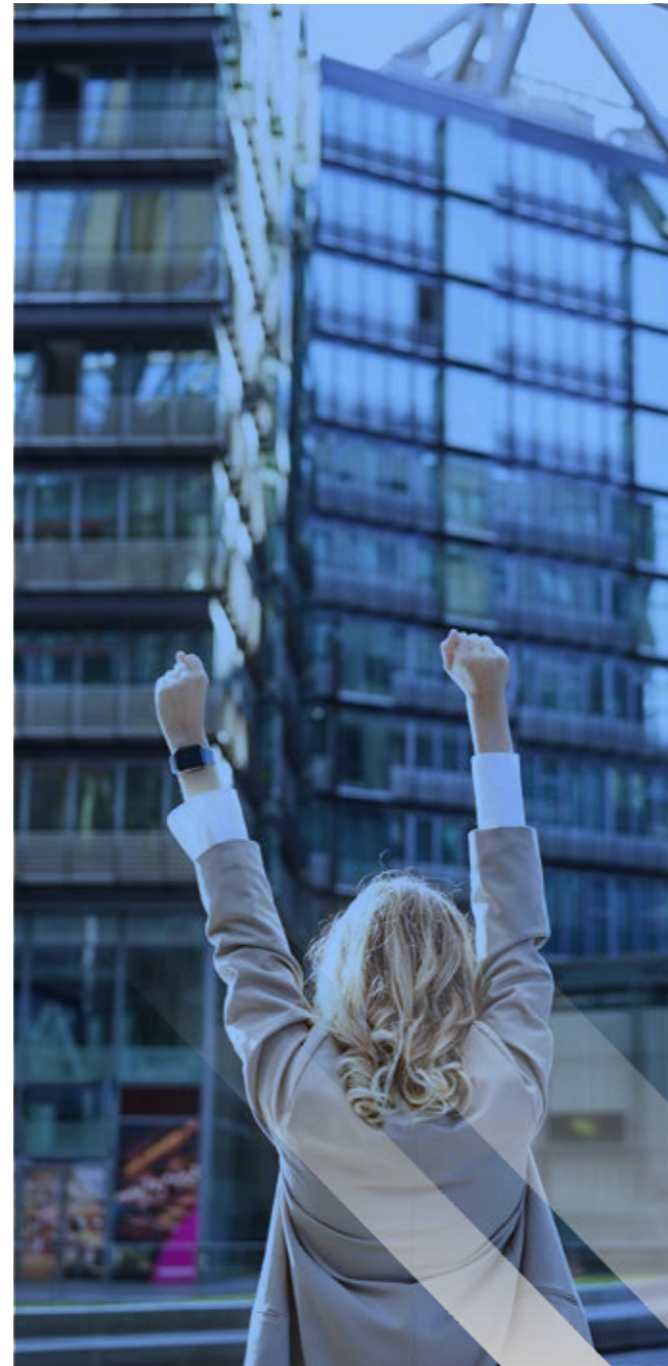
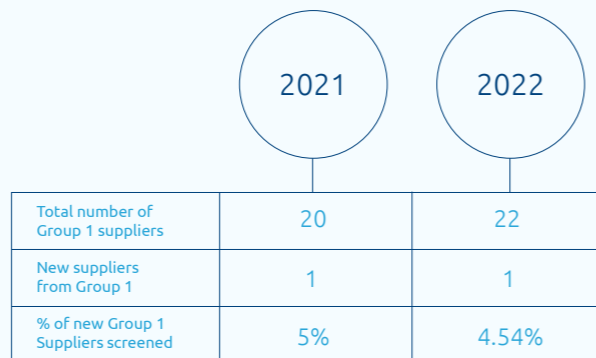
SOCIAL

SUPPLIER SOCIAL ASSESSMENT

Through our Supplier’s Self-Assessment Questionnaire (SSAQ), Compliance with Alcomet’s Suppliers’ Code of Conduct (SCC) section, every supplier is screened for compliance with Alcomet’s social criteria as follows:



Figure 29. Group 1 Suppliers screened using social criteria



The second-party audits which Alcomet performs according to its Second-Party Audit Plan are part of company policy for supplier monitoring. New suppliers in Group 1 during their initial evaluation process or prior to SOP are subject to second-party audits, as are suppliers which have compromised their performance score. During 2021 due to Covid-19 travelling restrictions Alcomet was forced to conduct second-party audits online or with the help of external companies. We effected two online audits and one third-party audit. In 2022 we scheduled and effected two on-site audits of suppliers for automotive production. During the effected audits no major discrepancies were found.

Freedom of association and collective bargaining

Through our [Supplier’s Self-Assessment Questionnaire \(SSAQ\)](#), Compliance with Alcomet’s Suppliers’ Code of Conduct section, we screen suppliers for compliance with freedom of association and collective bargaining requirements, using the following criteria:

- guarantee the right of employees to take part into trade unions
- be elected and to elect representatives to form a workers’ council
- to adhere to collective bargaining units or other employee representations
- to profit from collective bargaining even when the workers do not participate in labour organisations

None of the suppliers have exhibited a risk of incidents of child labour or violation of workers’ rights to exercise freedom of association or collective bargaining.

According to the [Suppliers’ Code of Conduct](#) that we at Alcomet have adopted, businesses should uphold freedom of association and effective recognition of the right to collective bargaining, as well as the elimination of all forms of forced and compulsory labour.

Alcomet values collective bargaining as an important form of collaborative employee engagement. In addition, Alcomet is sensitive to the needs of its employees, and much consideration is given to applicable notice periods for any changes that may impact employees.

Freedom of association and the right to collective bargaining is respected in all Alcomet’s operations.

Employee and employer representatives regularly interact in an atmosphere of trust. Fundamental questions concerning the company’s development are discussed through communications and meetings.

SOCIAL

LOCAL COMMUNITIES AND SOCIAL RESPONSIBILITY

Local community development programs

As part of Alcomet’s policy, we respect our neighbours and are committed to positively engaging with the local community of Shumen. We aim to maximise the benefits of our presence while mitigating potential adverse impacts.

Heavy industry, including activities associated with aluminium production, can benefit nearby communities through creation of employment, economic opportunities and by spurring local development. Positive impacts are planned and pursued, by generating employment for local people and wherever possible, making infrastructure improvements, implementing educational programs and encouraging economic growth.

A recent corporate social responsibility focus has seen us contribute to educational programs, particularly encouraging young people to study and ultimately pursue careers in science, technology and engineering.

In 2017, Alcomet, together with the Hristo Botev Professional High School of Mechanical Engineering, Electronics, Telecommunications and Transport, began cooperating on the Colourful and Secure Future project. In July 2021, the students from the metallurgy of non-ferrous metals class, who had completed the 10th grade completed their first production practice. We were part of the daily life and excitement of our future colleagues for 14 days. In July 2022, the students who had completed 11th grade carried out their second production practice. In addition, we accepted the 10th graders from the same class for their first practice.

We familiarised the interns with Alcomet’s organisational structure and involved them in real work tasks and projects, believing that in this way they can gain knowledge and experience that will prepare them for successful careers.

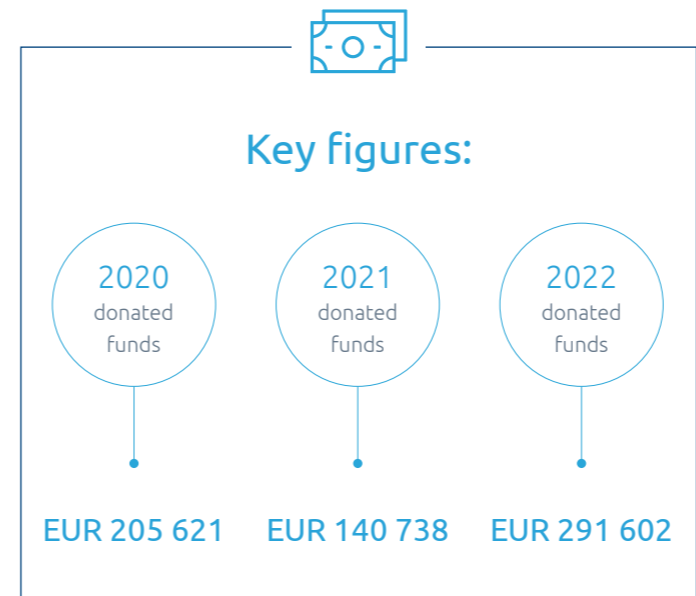
The project corresponds to Alcomet’s principles for contribution and commitment to society in order to encourage young people to undertake professional development and provide opportunities for real experience in the professional field.

GRI (3-3) (203-1) (413-1)

Regarding Automated Systems - combined training - a project in which we partner with the same school, the students continued their studies in 9th and 10th grades. In 2023, when the 10th grade students graduate we will host production workshops at Alcomet.

Social responsibility

Alcomet supports various charitable causes related to health and social projects, culture, education and sport by cooperating with local stakeholders and striving for a positive presence and contribution to the sustainable development of local communities and the region.



In the years of pandemic and serious challenges, Alcomet AD continues to undertake its social responsibility duties by supporting various projects and causes for the city of Shumen and our fellow citizens.

The funds were provided to help individuals with health treatment, to benefit education and to support schools and kindergartens, local cultural events, civil organisations and associations from the region.

Figure 30. Detailed breakdown on financial donations in EUR

Donation type	2021	2022
Scholarships	15 630	17 793
Social and cultural events	17 990	33 076
Sport activities	73 498	84 675
Schools and kindergarten	10 728	22 773
Healthcare	22 892	133 324

Scholarship program

In 2021, 13 students from Konstantin Preslavski University of Shumen received scholarships, according to an agreement between Alcomet and the university.

Supervised housing is a long-term social service provided by Shumen Municipality that gives support, counselling and vocational guidance to young people who are about to leave or who have left specialised, transitional or sheltered housing, as well as to young people on their way to independent life. Alcomet has been financially supporting some of these young people with scholarships to study for several years now. With our support in 2021 and 2022, three young people continued their education and found employment during the summer months.

Since 2022 the company’s social responsibility policy has included one new initiative to help single parents take care of their children. Assistance is in the form of a student scholarship. 12 students were awarded through the scholarship program.

SOCIAL

Social and cultural events program

In 2021 and 2022 Alcomet continued to allocate financial aid for publicly significant social and cultural projects that we supported through donations to Shumen community centres, foundations and various associations. The most significant of these are as follows:

- Support to the Spodelenost Centre. The centre is a psychosocial support centre that maintains a hotline and provides free psychological and legal consultations for citizens. The funds allocated by Alcomet cover the costs of maintaining the hotline, which during 2021 and 2022 was used by nearly 260 women and other victims who suffered physical and mental violence or experienced various forms of aggressive behaviour.
- Every year, Alcomet supports a tournament between sports clubs for people with disabilities that come from different cities in the country. We supported the organisation Siyaina Zora whose main goal is to create communication opportunities and social contact among people with disabilities.
- We joined forces with parents, teachers, public, scientific and cultural campaigners and supported the Alternatives, Volunteering, Development association that organises educational and career events for children and young people in Shumen.
- In 2021, Alcomet supported the New Bulgarian Drama theatre festival by covering for troupe residences and participation at the Aleko Konstantinov State Satirical Theatre in Sofia. In 2022 the same support was provided so that Theatre Sofia could be our guests in Shumen.
- Support for building renovation for the Vasil Drumev Community Centre in Dragoevo village. There are 60 members of the community centre in a village with 1,000 residents. In 2022 we also funded subscriptions to newspapers and magazines intended for its library that is used by 650 people on a yearly basis.
- Financial aid for hosting the Forgotten Traditions - Burning Embers cultural festival organised by Dobri Lyutskanov Community Centre in Vasil Drumev village. In addition to the 350 residents of

the village, another 350 guests attended the festival. In 2022 the centre celebrated its 110th anniversary and we sponsored a film production 'Who has a past - has a future'. The celebration was attended by 250 guests in addition to village residents.

- Financial support to Hristo Botev Community Centre in Marash village for the organisation of a Festival of Local Agricultural Products. In addition to the 600 village residents, another 600 guests attended the celebration.
- Financial aid for organising a traditional celebration of Mutnitsa Neighbourhood Day provided to the local community centre. In addition to the 1,000 residents of the neighbourhood, another 1,000 guests attended the celebration.
- Support for the 19th edition of the International Red Cross and Health Film Festival held in Varna in June 2022. Since its re-establishment in 2014, the festival has attracted filmmakers from around the world who make health and general humanities films.
- Supported the organisation of the National Basketball Streetball Tournament in 2022, organised by the Galen Temelkov Foundation, together with the Bulgarian Basketball Federation and the Municipality of Shumen. Over 60 teams from all over the country participated in the event. The foundation's projects are related to supporting future medical professionals so that they are motivated to stay and work in our country.
- Participation in a charity initiative of the President of the Republic of Bulgaria Mr Rumen Radev, Support A Dream. In 2022, we supported the graduation ball and scholarships for young people who will continue their education in higher educational institutions.
- In 2022 the Stiliyan Chilingirov Regional Library in Shumen celebrated its 100th anniversary. As part of the event, we supported the organisation of a national discussion meeting, the concept of which was to present and promote interest and awareness.
- Our financial support for Children's Creativity Lab in 2022 aimed at involving children in different art activities - music, fine arts, applied arts, dance and theatre. For more than 10 years, the art

school has been developing young talents with an affinity for fine arts. In addition to the exhibition, children had the opportunity to paint, work with clay and learn first steps in dancing and theatre during the celebration,. More than 200 children participated in the event.

- In 2022, we supported the organisation of the XII National Like The Stars Festival organised by the Encouragement and Support of Children's Talents Association - Vega. This is the only travelling festival for talented children from social institutions in Europe. The festival was held under the patronage of the President of the Republic of Bulgaria Mr Rumen Radev and was attended by 187 children with disabilities, parents with low social status, children from social institutions and from an ethnic background.
- In 2022, the pensioners' club in Drumevo village received furniture in order create a comfortable living room in which people spend most of their time. Our aim was to make their social life more favourable and attractive. There are around 300 retired people in the club.
- In 2022 the Disabled People in Shumen Regional Union, numbering 190 people, received financial aid to celebrate International People with Disabilities Day.
- Alcomet was pleased to provide Symphonieta – Shumen with orchestra consoles for their hall and for concerts held outside the hall. Symphonieta – Shumen is an orchestra that has inherited Bulgarian professional orchestral art traditions and contributes to the promotion of Bulgarian compositional creativity and performance art. Shumen Symphony Orchestra concerts are not limited to the city and the region. A number of projects have been successfully realised in Germany, Austria, Italy, Spain, Switzerland, Monaco, Belarus, Greece and the Republic of Korea.

SOCIAL

Sport events program

In addition, we support local students' basketball, handball and football clubs' development as follows:

- Khan Krum Students Sport Club for preparation and participation in football championships for 50 children between 13 and 15 years old.
- Shumen chess club, where 60 children between 8 and 16 years old receive chess lessons
Wrestling club, where 40 children between the ages of 7 and 18 train.
- The Ilcov Bair Cycling Club that we supported in organising its 10th and 11th cycling, running and duathlon marathons, Shumensko Plato 2021 and Shumesko Plato 2022. In 2021, 205 people took part. In 2022 they were 200.

Also, in 2022 support was given to:

- Novi Pazar Athletics Club for a female athlete preparing to participate in several national and international events. The athlete performed excellently. In 2022, she won the championship at the traditional New Year's athletics meeting in Pravets.
- Deaf People's Sports Club - Shumen for holding a state tournament in sports fishing for people with hearing disabilities. Seven teams from Targovishte, Gorna Oryahovitsa, Ruse, Dobrich, Varna, Burgas and Shumen took part in the competition. 33 participants, including 25 men and 8 women, competed in two disciplines - float fishing and feeder fishing. Shumen's team won the tournament.
- Ritmika Sports Club: the club's cheerleaders, who are also part of the Bulgarian national team, won 3 bronze medals at the XXV European Cheerleading Championship, held in Lignano Sabiadoro, Italy. More than 1,000 competitors from 14 countries took part in the 25th edition of the championship.

GRI (203-1) (413-1)

Schools, kindergartens and nurseries

In 2021 our support was focused on:

- With our support, The Chuchuliga Kindergarten in Divdyadovo village renovated and equipped bedrooms for 25 children with new beds.
- Zlatnata Rybka Kindergarten - we purchased a combined children's facility for one of the playgrounds. The facility is used by all 122 children at the kindergarten.
- Konche Vihrogonche Kindergarten: building an outdoor sports ground for all 138 children attending the kindergarten, where the children play football, basketball, do gymnastics and hold various sports competitions.
- The School A and B association for holding the annual International tournament in informatics IATI, in which more than 400 students from 21 countries took part. The Bulgarian students won 15 medals - 5 gold, 3 silver and 7 bronze.
- Sava Dobroplodni Middle School for participation of its dance group Ludo Mlado in the Dance World Cup in the United Kingdom.

In 2022 we supported the purchase of equipment of premises, the construction of new playgrounds, the implementation of various cultural and educational projects, participation in tournaments and competitions as follows:

- N. Y. Vaptsarov Language High School where we financed equipment for a new computer room, built under the Ministry of Education's Information and communication technologies in the system of pre-school and school education national program.
- Nancho Popovich High School for Nature and Mathematics for participation in an English Speech and Debate Club competition. The competition was held in April 2022 at the American University of Prague. The club won fourth place in the Poetry Interpretation

category. At the competition held in November 2022, in Burgas, Bulgaria, the club won two second places, in two age groups, in the same category.

- Two schools in the Shumen region received financial aid to organise transport for their students living in nearby villages. These were the Dr Petar Beron Secondary School in Hitrino and the School of Agriculture in Preslav.
- The Atanas Stoianov United Children's Complex in Shumen that supports children and students' personal development. The complex provides opportunities for demonstrating talent in science, technology and the arts. Alcomet assisted in restoring the Avio-modelling School's activity after a two-year break.
- Zvanche Kindergarten for purchasing kitchen equipment, in particular an electric convection oven, which will help prepare varied nutritious options and healthy food for 120 children.
- Zvezditsa Nursery: with our help, one of the children's group bedrooms was renovated.
- 17 Shtastie Nursery: we purchased air conditioners for two of the nursery groups.
- In 2022, Alcomet was one of the main partners in the Seat Belt In The Back Seat campaign. The initiative had an educational purpose and was related to children safety in cars. Representatives of Shumen's businesses, public organisations and media took part in the campaign.
- 13 volunteers from Alcomet visited two schools in Shumen - Ilija R. Blaskov and Dr P. Beron II Primary School and took part in training 314 children from the first and second grade.

SOCIAL

Healthcare program

In 2021

An oxygen concentrator was purchased for MBAL - Shumen JSC in Novi Pazar for the treatment of patients with reduced saturation, most often because of lung or heart problems.

The rest of the amount was donated to individuals for health treatment in the country and abroad. A total of 28 people received financial aid from the company.

In 2022

A high-quality electro-mechanical four-section operating table and 13 electric hospital beds were purchased for the surgery unit of Hospital-Shumen AD.

A latest generation ultrasound machine with digital beamformer was purchased for the needs of the Diagnostic Imaging Department of the Complex Oncology Centre - Shumen. In addition to diagnostic capabilities, the ultrasound machine has biopsy capabilities for both superficial and deep structures.

The rest of the amount was allocated for health care to individuals and their treatment at home and abroad. During the year, a total of 39 individuals received assistance for treatment.

We are extremely proud to mention that our activity as a socially responsible company receives recognition from the local community as every year our company is awarded by the Mayor of Shumen Municipality as the biggest charitable giver in the municipality.



A photograph of a business meeting around a table. Several people are looking at and pointing to various pages of a report. The pages contain charts, maps, and text. One person is holding a tablet. The scene is overlaid with a blue and white diagonal graphic.

ABOUT THE REPORT

ABOUT THE REPORT

Our Sustainability Report is the third standalone report for Alcomet prepared in accordance with the Global Reporting Initiative (GRI) standards core option, taking into account the relevant SASB indicators and the requirements of the Non-financial Reporting Directive.

The report does not fall under external assurance.

Reporting period, frequency and contact point.

Our Sustainability Report covers the period 01 January 2021-31 December 2022, which is fully aligned with the financial reporting periods for two financial years.

Entities included in the organisation.

Our consolidated financial statement includes the companies Alcomet AD and Evromet EOOD.

The subsidiary company Euromet EOOD was established in 1997, entered in the Commercial Register with EIK 127030136. As of 31.12.2021, the subsidiary company has its headquarter and management address, as follows: Bulgaria, 9700 Shumen, Second Industrial Zone. Euromet EOOD do not have activities and employees for the calendar years 2021 and 2022.

In this regard the entity included in our Sustainability Report for 2021 and 2022 is Alcomet AD.

Role of the highest governance body in sustainability reporting.

The final decision on entities involved, material topics and information to be published in our report is made by the Management Board, following presentation and discussion led by the Sustainability Director.

In the event of any questions or comments regarding the report, please contact:

Mrs. Maya Chilikova

Sustainability Director

email: Maya.chilikova@alcomet.eu



A hand holding a green leaf against a blurred green background with diagonal light stripes.

**APPENDIX 1
WORKFORCE DATA
& DIVERSITY
2021-2022**

Workforce data and diversity 2021

Alcomet Workforce

Employees (number)	2022	2021	2020	2019
Employees	1,133	1,214	1,116	1,088

Note: All employees are full time employed.

Defined benefit plan obligations and other retirement plans

Percentage of salary contributed by employee and employer 2021

Contribution	People born before 1960			People born after 1960		
	Employer	Employee	Total %	Employer	Employee	Total %
People working under 3rd labour category conditions						
1st Pillar NSI Pension fund	11.02	8.78	19.80	8.22	6.58	14.80
2nd Pillar Supplementary compulsory (UPF)				2.8	2.2	5
People working under 2nd labour category conditions						
1st Pillar NSI Pension fund	14.02	8.78	22.80	11.22	6.58	17.80
2nd Pillar Supplementary compulsory (UPF)				2.80	2.20	5
2nd Pillar Supplementary compulsory (PPF)	7		7	7		7
People working under 1st labour category conditions						
1st Pillar NSI Pension fund	14.02	8.78	22.80	11.22	6.58	17.80
2nd Pillar Supplementary compulsory (UPF)				2.80	2.20	5
2nd Pillar Supplementary compulsory (PPF)	12		12	12		12

Employee recruitment and turnover by age group and gender

Total number of employees and breakdown by gender 2021

Employee recruitment and turnover by gender 2021

Category	Number of Employees	New Employee hires	Rate of new employee hires	Number of employee turnover	Rate of employee turnover
Women	284	67	24.0%	36	13.0%
Men	930	167	18.0%	101	11.0%
Total	1,214	234	19.3%	137	11.3%

Employee recruitment and turnover by age group 2021

Category	Number of Employees	New Employee hires	Rate of new employee hires	Number of employee turnover	Rate of employee turnover
under 30 years old	170	79	46.0%	31	18.0%
30-50 years old	718	125	17.0%	76	11.0%
over 50 years old	326	30	9.0%	30	9.0%
Total	1,214	234	19.3%	137	11.3%

Parental leave

Total number of employees that were entitled to and took parental leave, by gender 2021

Category	Number	Days
Women	21	3,371
Men	43	424
Total	64	3,795

Total number of employees that returned to work after parental leave ended, that are still employed 12 months after their return to work, by gender 2021

Category	Number
Women	8
Men	43
Total	51

Training and Education

Average hours of training, by gender 2021

Category	Total number of training hours provided	Average training hours per employee
Women (284)	1,633	5.75
Men (930)	15,655	16.83
Total	17,288	14.24

Performance and career development reviews

Percentage of employees receiving regular performance and career development reviews 2021

Class	Female (count)	Male (count)	Total (count)	%
Class 1 - Executives	3	16	19	9%
Class 2 - Specialists	17	30	47	21%
Class 3 - Technicians and applied specialists	3	10	13	13%
Class 4 - Support administrative staff	1	2	3	1%
Class 5 - Personnel engaged in services, trade and security				
Class 7 - Skilled and related workers	19	64	83	37%
Class 8 - Machine operators and assemblers	1	52	53	24%
Class 9 - Occupations not requiring special qualifications	2	3	5	2%

Diversity of governance bodies

Percentage of individuals within governance bodies by gender 2021

Category	Female (count)	Male (count)	Female %
Senior leaders & Managers	13	50	20.63%

Percentage of individuals within governance bodies by age group 2021

Category	Under 30	30 - 50	Over 50
Senior leaders & Managers	0	41	22

Percentage of individuals within governance bodies by education 2021

Category	Female (count)	Male (count)
University	9	43
High school & Vocational high school	4	7

Individuals within governance bodies by years of service 2021

Years of Service	Female (count)	Male (count)	Total (count)	Years of service %
Up to 5	3	7	10	15.87%
From 6 to 10		13	13	20.63%
From 11 to 20	6	22	28	44.44%
From 21 to 30	2	3	5	7.94%
Over 30	2	5	7	11.11%

Diversity of employees

Percentage of employees and production workers by gender 2021

Category	Female (count)	Male (count)	Female %
Employees & Production workers	271	880	23.54%

Percentage of employees and production workers by age group 2021

Category	Under 30	30 - 50	Over 50
Employees & Production workers	206	660	285

Percentage of employees and production workers by education 2021

Education	Female (count)	Male (count)	Total (count)	Education %
Primary & Middle school	26	77	103	8.95%
High school	66	165	231	20.07%
Vocational high school	81	527	608	52.82%
Secondary education, University	98	111	209	18.16%

Employees and production workers by years of service 2021

Years of Service	Female (count)	Male (count)	Total (count)	Years of service %
Up to 5	135	385	520	45.18%
From 6 to 10	54	213	267	23.20%
From 11 to 20	51	183	234	20.33%
From 21 to 30	5	35	40	3.48%
Over 30	26	64	90	7.82%

Employees by role in the company 2021

Class	Female (count)	Male (count)	Class %
Class 1 - Executives	13	50	5.19%
Class 2 - Specialists	63	73	11.20%
Class 3 - Technicians and applied specialists	15	29	3.62%
Class 4 - Support administrative staff	16	10	2.14%
Class 5 - Personnel engaged in services, trade and security	9	3	0.99%
Class 7 - Skilled and related workers	135	506	52.80%
Class 8 - Machine operators and assemblers	17	241	21.25%
Class 9 - Occupations not requiring special qualifications	16	18	2.80%

Workforce data and diversity 2022

Defined benefit plan obligations and other retirement plans

Percentage of salary contributed by employee and employer 2022

Contribution	People born before 1960			People born after 1960		
	Employer	Employee	Total %	Employer	Employee	Total %
People working under 3rd labour category conditions						
1st Pillar NSI Pension fund	11,02	8,78	19,80	8,22	6,58	14,80
2nd Pillar Supplementary compulsory (UPF)				2,8	2,2	5
People working under 2nd labour category conditions						
1st Pillar NSI Pension fund	14,02	8,78	22,80	11,22	6,58	17,80
2nd Pillar Supplementary compulsory (UPF)				2,80	2,20	5
2nd Pillar Supplementary compulsory (PPF)	7		7	7		7
People working under 1st labour category conditions						
1st Pillar NSI Pension fund	14,02	8,78	22,80	11,22	6,58	17,80
2nd Pillar Supplementary compulsory (UPF)				2,80	2,20	5
2nd Pillar Supplementary compulsory (PPF)	12		12	12		12

Employee recruitment and turnover by age group and gender

Total number of employees and breakdown by gender 2022

Employee recruitments and turnover by gender 2022

Category	Number of Employees	New Employee hires	Rate of new employee hires	Number of employee turnover	Rate of employee turnover
Women	272	28	27,0%	39	14,0%
Men	861	88	10,0%	158	18,0%
Total	1 133	116	10,2%	197	17,4%

Employee recruitment and turnover by age group 2022

Category	Number of Employees	New Employee hires	Rate of new employee hires	Number of employee turnover	Rate of employee turnover
under 30 years old	143	38	27,0%	50	35,0%
30-50 years old	693	68	10,0%	96	14,0%
over 50 years old	297	10	3,0%	51	31,0%
Total	1 133	116	10,2%	197	17,4%

Parental leave

Total number of employees that were entitled to and took parental leave, by gender 2022

Category	Number	Days
Women	21	2 485
Men	30	289
Total	51	2 774

Total number of employees that returned to work after parental leave ended, that are still employed 12 months after their return to work, by gender 2022

Category	Number
Women	3
Men	30
Total	33

Training and Education

Average hours of training, by gender 2022

Category	Total number of training hours provided	Average training hours per employee
Women (272)	2 380	8,75
Men (861)	15 626	18,15
Total	18 006	15,89

Performance and career development reviews

Percentage of employees receiving regular performance and career development reviews 2022

Class	Female (count)	Male (count)	Total (count)	%
Class 1 - Executives	3	16	19	7%
Class 2 - Specialists	17	16	33	12%
Class 3 - Technicians and applied specialists	9	17	26	9%
Class 4 - Support administrative staff	3		3	1%
Class 5 - Personnel engaged in services, trade and security	1		1	0%
Class 7 - Skilled and related workers	36	67	103	36%
Class 8 - Machine operators and assemblers	8	88	96	34%
Class 9 - Occupations not requiring special qualifications	3	2	5	2%

Diversity of governance bodies

Percentage of individuals within governance bodies by gender 2022

Category	Female (count)	Male (count)	Female %
Senior leaders & Managers	13	49	20,97%

Percentage of individuals within governance bodies by age group 2022

Category	Under 30	30 - 50	Over 50
Senior leaders & Managers	0	41	21

Percentage of individuals within governance bodies by education 2022

Category	Female (count)	Male (count)
University	9	42
High school & Vocational high school	4	7

Individuals within governance bodies by Years of service 2022

Years of Service	Female (count)	Male (count)	Total (count)	Years of service %
Up to 5	3	5	8	12,90%
From 6 to 10		13	13	20,97%
From 11 to 20	6	20	26	41,94%
From 21 to 30	2	5	7	11,29%
Over 30	2	6	8	12,90%

Diversity of employees

Percentage of employees and production workers by gender 2022

Category	Female (count)	Male (count)	Female %
Employees & Production workers	259	812	24,18%

Percentage of employees and production workers by age group 2022

Category	Under 30	30 - 50	Over 50
Employees & Production workers	163	671	237

Percentage of employees and production workers by education 2022

Education	Female (count)	Male (count)	Total (count)	Education %
Primary & Middle school	24	65	89	8,31%
High school	70	153	223	20,82%
Vocational high school	72	488	560	52,29%
Secondary education, University	93	106	199	18,58%

Employees and production workers by Years of service 2022

Years of Service	Female (count)	Male (count)	Total (count)	Years of service %
Up to 5	139	362	501	46,78%
From 6 to 10	51	200	251	23,44%
From 11 to 20	46	172	218	20,35%
From 21 to 30	3	32	35	3,27%
Over 30	20	46	66	6,16%

Employees by role in the company 2022

Class	Female (count)	Male (count)	Class %
Class 1 - Executives	13	49	5,47%
Class 2 - Specialists	64	72	12,00%
Class 3 - Technicians and applied specialists	13	28	3,62%
Class 4 - Support administrative staff	14	10	2,12%
Class 5 - Personnel engaged in services, trade and security	8	3	0,97%
Class 7 - Skilled and related workers	120	449	50,22%
Class 8 - Machine operators and assemblers	17	232	21,98%
Class 9 - Occupations not requiring special qualifications	23	18	3,62%



**APPENDIX 2
FINANCIAL
IMPLICATIONS AND
OTHER RISKS**

Description of the risk	Description of the negative impact	Financial implication	Existing methods used to manage the risk	New methods applied during the reporting period to manage the risk	Opportunities	Description of the positive impact	The costs of actions taken to manage the risk or opportunity
1 Damages on infrastructure, including power supply system, equipment and stored production	<p>Interruption in production, which would lead to failure to fulfill commitments/orders/contracts with customers, loss of revenue and increased costs of penalties.</p> <p>Temporary interruption of employees' employment and, accordingly, of their earnings</p> <p>Unforeseen costs to cover damage and restore the workflow as quickly as possible.</p>	*EUR 129 406 484	Two separate power substations have been built, with the possibility of switching electricity to the machines between them.	Updated common property insurance policy for protection against natural disasters			
2 Increased risk of heat stress for the workers in the areas that significant heat is released by the production processes.	Deterioration of working conditions leading to potential health incidents and leaving staff			Prepared project to improve working conditions in a foundry workshop in order to provide rest rooms with air conditioners, construction of additional open windows above the heat sources.	Incorporating climate adaptation into the design of new buildings, and equipment	Renovation of buildings and construction of new buildings is carried out with energy-efficient materials. A criterion has been introduced when choosing new equipment, the same to be of a high energy class	EUR 63 911
3 Damages on the gas pipeline system	<p>Interruption of the production process due to the inability to use the assets, which would lead to the inability to fulfill commitments with customers, loss of revenue and increased costs for penalties.</p> <p>Temporary interruption of employees' employment and, accordingly, of their earnings</p> <p>Unforeseen investment costs in order to restore the workflow as quickly as possible.</p>			<p>Construction of LPG station for alternative gas supply</p> <p>Updated common property insurance policy for protection against natural disasters</p>		Providing additional power supply to ensure continuity of production processes	EUR 766 938
4 Shortage of water for production and cooling	<p>Interruption to production, which would lead to failure to fulfill commitments/orders/contracts with customers, loss of revenue and increased costs of penalties.</p> <p>Temporary interruption of employees' employment and, accordingly, of their earnings</p> <p>Unforeseen investment costs in order to restore the workflow as quickly as possible.</p>		Established process for monitoring of the static and dynamic level of the ground-water body	Updated common property insurance policy for protection against natural disasters	Transition to closed cycles for the use of water resources	Improving water resource management	
5 Increased pressure from customers to supply products with a reduced carbon footprint	<p>Loss of customers and decreased revenues</p> <p>Need for additional costs for new investments</p>			Project for the construction of photovoltaic roof installations with a capacity of 2.1 Mw	Reducing the carbon footprint of our products, which will increase the attractiveness of Alcomet on the market and lead to sustainable economic growth	Reduction of greenhouse gas emissions in Scope 2	EUR 1 278 230

* the financial implication is based on the existings assets value assessment only

The image features a 3D rendering of several mechanical gears and shafts. The gears are shown in various sizes and orientations, with some having a gold-colored finish and others in shades of blue. The shafts are also rendered in blue and gold, showing different cross-sectional shapes. The background is a dark blue gradient with diagonal light blue stripes. The text 'GRI INDEX' is prominently displayed in the center in a bold, white, sans-serif font.

GRI INDEX

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
The organization and its reporting practices					
2-1	Organizational details	2-1.a -2-1.d	5, 13		
2-2	Entities included in the organization's sustainability reporting	2-2.a -2.2.c.iii	59		
2-4	Restatements of information	2-4		Not applicable	No restatements from the previous years
2-5	External assurance	2-5.a-2-5.b	59		Our sustainability Report does not fall under external assurance. We are considering a limited assurance to be performed once we start the implementation of the CSRD requirements and report under the upcoming European Sustainability Reporting Standards issued by EFRAG.
Activities and workers					
2-6	Activities, value chain and other business relationships	2-6.a -2.6.d	6 - 11		
2-7	Employees	2-7.a, 2-7 b.i, 2-7 b.ii, 2-7.b.iv	41, Appendix I		Our company operates at one location in Bulgaria only. All Alcomet employees are full time employees on permanent contract only. Temporary employment is relevant for the new hires on probationary period.
		2-7.b.iii, 2-7.b.v		Not applicable	Alcomet does not employ non-guaranteed hours employees and part-time employees
		2-7.c			The methodology used to compile data for employee breakdown is based on FTE at the end of the reporting period
		2-7.d	41		
		2-7.e			There are no significant fluctuations in the number of employees for the period 2020-2022
2-8	Workers who are not employees	2-8.a	43		
		2-8.b			The number of non-employee workers information is based on contracts Alcomet has with its suppliers.
		2-8.c			There are no significant fluctuations in the number of non-employee workers for the period 2020-2022.

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
Governance					
2-9	Governance structure and composition	2-9.a, 2-9.b 2-9.c.i, 2-9.c.iii, 2-9.c.iv	13, 14, 18		
		2-9.c.ii			Management Board and the Supervisory Board members declarations relating to independence and conflict of interest are publicly available in the Commercial Register and the Financial Supervision Committee. The members of both bodies meet all national legal requirements. Each member shall declare the absence or existence of any circumstances at the time of his/her election and shall, in a change of circumstances, notify the company and declare in writing the change of circumstances.
		2-9 c.v.	Appendix I		
		2-9.c.vi, 2-9.c.viii		Not applicable	Other Stakeholders and under represented social groups are not presented in the Management and Supervisory Boards of Alcomet
2-10	Nomination and selection of the highest governance body	2-10.a -2-10.b.iv			The nomination and selection process for the highest governance body and its committees are described in the Statute of the company, that is publicly available on the Bulgarian Trade Register and Financial Supervision Commission. As per the national legislation there is no requirement related to the diversity of the members of MB and SB. We have 1 female member on the MB.
2-11	Chair of the highest governance body	2-11.a - 2-11.b		Not applicable	The chair of the highest governance body can not act as a senior executive in the organisation
2-12	Role of the highest governance body in overseeing the management of impacts	2-12.a-2.12.c	18		
2-13	Delegation of responsibility for managing impacts	2-13.a -2-13.b	18		
2-14	Role of the highest governance body in sustainability reporting	2-14.a	18, 59		
		2-14.b		Not applicable	Alcomet's Management Board is responsible for reviewing and approving the reported information, including the organisation's material topics
2-15	Conflicts of interest	2-15.a -2-15.b	23		
2-16	Communication of critical concerns	2-16.a-2.16.b	22		
2-17	Collective knowledge of the highest governance body	2-17.a	15		
2-18	Evaluation of the performance of the highest governance body	2-18		Information unavailable/incomplete	For the reporting period we do not have an established process evaluating the performance of the highest governance body in overseeing the management of the organisation's impacts on the economy, environment and people.

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
2-19	Remuneration policies	2-19.a.i	15		
		2-19.a.ii-2-19.b		Not applicable	There are no additional payments to members of the highest governance body.
2-20	Process to determine remuneration	2-20.a	15		
		2-20.b		Not applicable	There is no report of stakeholders' or shareholders' voting results regarding remuneration policies and proposals
2-21	Annual total compensation ratio	2-21.a-2-21.c	15		The data is presented based on annual salary per FTE. The title of the highest paid individual used for our calculation is the Director of Business Unit.
Strategy, policies and practices					
2-22	Statement on sustainable development strategy	2-22.a	3		
2-23	Policy commitments	2-23.a-2.23.f	22		https://www.alcomet.eu/static/files/Regulations_for_business_conduct_and_ethics.pdf
2-24	Embedding policy commitments	2-24.a.i-2-24.a.iv.	22		
2-25	Processes to remediate negative impacts	2-25.a-2.25.e	22		https://www.alcomet.eu/static/files/Complaint-management-policy_b_102020.pdf
2-26	Mechanisms for seeking advice and raising concerns	2-26.a.i-2-26.a.ii	22		https://www.alcomet.eu/static/files/Complaint-management-policy_b_102020.pdf
2-27	Compliance with laws and regulations	2-27.a.i-2-27.d	23		
		2-27.a.ii		Not applicable	For the reporting period there are no instances for which non-monetary sanctions were incurred
2-28	Membership associations	2-18.a	23, 24		
Stakeholder engagement					
2-29	Approach to stakeholder engagement	2-29.a.i-2-29.a.iii	17, 18		
2-30	Collective bargaining agreements	2-30.a-2-30.b			Alcomet employees are covered 100% by collective bargaining agreements
Disclosures on material topics					
3-1	Process to determine material topics	3-1.a -3-1.b	18		
3-2	List of material topics	3-2.a-3-2.b	18		

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
3-3	Management of material topics	3-3	6, 7, 8, 11, 17, 18, 22, 23, 27, 29, 30, 31, 33, 34, 36, 37, 38, 41, 44, 51, 52, 53, 54		Our sustainability policy, including those relevant to the material topics are publicly available on the following link: https://www.alcomet.bg/sustainability/environment Our sustainability commitments can be found on the following link: https://www.alcomet.eu/static/files/Regulations_for_business_conduct_and_ethics.pdf
Economic Performance					
201-1	Direct economic value generated and distributed	201-1.a	5		
		201-1.b		Not applicable	Alcomet has one facility operating in Bulgaria only
201-2	Financial implications and other risks and opportunities due to climate change	201-2	17, Appendix II	Information unavailable/incomplete	The financial implications are not yet calculated. For the two-year period we should be able to establish a common methodology for calculation of the financial effects as well.
201-3	Defined benefit plan obligations and other retirement plans	201-3.a	52		
		201-3.b		Not applicable	We do not operate with separate funds to pay the plan's pension liabilities
		201-3.c		Not applicable	Not such cases in Alcomet
		201-3.d		Information unavailable/incomplete	Limited data due to the fact that personal contributions are at the expense of the employee. Each employee determines the amount of the voluntary insurance contribution, that is deducted from the salary. State mandated percentages of pension contributions are presented in Appendix 1 - Workforce Data & Diversity.
		201-3.e			The mandatory pension scheme covers 100% of our employees and for the voluntary pension scheme we have 238 employees for the year 2021 and 246 for the year 2022.
201-4	Financial assistance received from government	201-4.a.i-201-4.a.vii		Not applicable	Our company does not receive financial assistance described in GRI 201-4, except the state aid reported under 201-4.a.viii
		201-4.a.viii			Our company is a beneficiary under Ordinance No. E-RD-04-06 from September 28, 2016 on reducing the burden related to the costs of energy from renewable sources. Based on that the State aid received for 2021 amounts to EUR 1 257 778. The State aid scheme was not applicable for 2022.
		201-4.b-201-4.c		Not applicable	Alcomet has one facility operating in Bulgaria only. In addition our company is a public interest entity and the government is not represented in the shareholder structure
Market Presence					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	202-1.a		Not applicable	The minimum starting salary for the company for 2021 was BGN 900 (EUR 460.16) for low-skilled personnel and BGN 1,070 (EUR 547.08) for qualified personnel, and BGN 1,200 (EUR 613.55) for expert personnel, while the minimum wage for the country for this period was BGN 650 (EUR 332.34).
		202-1.b		Not applicable	Alcomet does not hire other workers
		202-1.c-202-1.d		Not applicable	Our company operates at one location in Bulgaria only
202-2	Proportion of senior management hired from the local community	202-2.a-202-2.b	14		Share of top management from among the local population of Shumen region. When calculating the indicators, the value of the total number of employees at the end of the year was used instead of the average number of employees. Geographic definition of the local population includes the region of Shumen.
		202-2.c	14		
		202-2.d		Not applicable	Our company operates at one location in Bulgaria only

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
Indirect Economic Impacts					
203-1	Infrastructure investments and services supported	203-1.a	54, 55, 56		For the years 2021 and 2022 the company did not have significant infrastructure investments
203-2	Significant indirect economic impacts	203-2.a-203-2.b		Not applicable	No significant indirect economic impacts identified for the reporting period
Procurement Practices					
204-1	Proportion of spending on local suppliers	204-1.a	7		
		204-1.b			Our company operates at one location in Bulgaria only
		204-1.c		Not applicable	Our company operates at one location in Bulgaria only
Anti-corruption					
205-1	Operations assessed for risks related to corruption	205-1.a-205-1.b	23		Our procurement activities are assessed for high risks of corruption.
205-2	Communication and training about anti-corruption policies and procedures	205-2.a,b,d,e	23		https://www.alcomet.eu/static/files/Anti-bribery-and-corruption-policy_b102020.pdf https://www.alcomet.eu/static/files/suppliers-code-of-conduct.pdf
		205-2.c		Information unavailable/incomplete	Our company do not have a practice to collect the requested data by type of business partner and region.
205-3	Confirmed incidents of corruption and actions taken	205-3.a			For the reporting period there are no reported incidents and public legal cases regarding corruption
		205-3.d	23		
Anti-competitive Behavior					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	206-1.a-206-1.b	23		For the reporting period there were no legal actions against our company for anti-competitive behaviour, anti-trust and monopoly practices
Materials					
301-1	Materials used by weight or volume	301-1.a.i-301-1.a.ii	28		
301-2	Recycled input materials used	301-2.a			33% for 2021 and 40% for 2022 recycled input materials used to manufacture
301-3	Reclaimed products and their packaging materials	301-3.a-301-3.c		Not applicable	At Alcomet, 100% recyclable semi-finished products are produced, which down the value chain are transformed into hundreds of varieties of end products. End products, depending on their type, have a different life cycle. The life cycle can end at different times in different parts of the world.

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
Energy					
302-1	Energy consumption within the organization	302-1.a	29		
		302-1.b		Information unavailable/incomplete	Alcomet is buying electricity on the market but its suppliers cannot guarantee what percentage of the total amount of energy is coming from renewable energy sources. However, Alcomet is not buying 100 % RES energy that can be verified with respective certificates. In addition, Alcomet is not a producer of RES. According to current practice in Bulgaria, Alcomet is not in position to receive information from its energy suppliers about the RES share in the energy mix.
		302-1.c			The cooling consumption of Alcomet is within the electricity consumption and the steam and heating consumption are within the gas consumption.
		302-1.c.i	29		
		302-1.c.ii		Not applicable	The heating consumption within the organisation is covered by the gas consumption.
		302-1.c.iii		Not applicable	The cooling consumption within the organisation is covered by the electricity consumption.
		302-1.c.iv		Not applicable	The steam consumption within the organisation is covered by the gas consumption.
		302-1.d		Not applicable	Alcomet is not selling electricity, heating, cooling or steam.
		302-1.d.i		Not applicable	Alcomet is not selling electricity.
		302-1.d.ii		Not applicable	Alcomet is not selling heating.
		302-1.d.iii		Not applicable	Alcomet is not selling cooling.
		302-1.d.iv		Not applicable	Alcomet is not selling steam.
		302-1.e	29		
		302-1.f			The data on natural gas consumption is collected daily during the inspection of the flow measuring devices for each production unit by a responsible person in the Toposilov Unit. Electricity data is determined daily by the person in charge of the Electrical Support Department and is summarised on a monthly basis. Then they are sent to an ecologist. Data on gasoline, diesel, propane butane are collected from invoice accounting.
302-1.g			To calculate direct emissions from natural gas (scope 1) EF-emission factor (t CO ₂ /TJ)-55.5644, NCV- lower heat of combustion -34.3060 GJ/1000 m ³ is used for 2021, and for 2022 used EF-emission factor (t CO ₂ /TJ)-55.5090, NCV- lower heat of combustion -34.25 GJ/1000 m ³ . The coefficients are taken from the EAOS website. For the calculation of indirect emissions (scope 2), an emission factor for electricity is used for 2021 -0.5124 tCO ₂ /MWh, and for 2022 -0.5093 tCO ₂ /MWh. The data are from the website of the Ministry of Environment and water.		
302-2	Energy consumption outside of the organization	302-2.a-302-2.c	29	Information unavailable/incomplete	The largest energy consumption in the value chain is accounted for by the production of primary aluminium. In the other stages of the product's life cycle, no significant energy consumption could be expected. So far Alcomet has not been able to collect data for bar aluminium per block because the company works with large trading companies, not with direct producers. Usually, the dealers are unable to provide the requested information.
302-3	Energy intensity	302-3.a	29		The energy intensity of Alcomet uses energy consumption within the organisation and has been calculated only with total aluminium production as dominator.
		302-3.b			The energy intensity of Alcomet is reported based on total production of aluminium products.
		302-3.c			The energy intensity of Alcomet is reported based on total energy consumption as reported under 302-1a.
		302-3.d			The energy intensity of Alcomet is reported according to ISO 50 001_2018.
302-4	Reduction of energy consumption	302-4		Not applicable	Our company has not implemented any conservation and efficiency initiatives that may lead directly to energy consumption during the reporting period
302-5	Reductions in energy requirements of products and services	302-5		Not applicable	For our products there are no energy requirements.

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
Water and Effluents					
303-1	Interactions with water as a shared resource	303-1.a		Information unavailable/incomplete	Impacts on quality as well as the availability of water through its value chain are not identified and assessed.
		303-1.b	30		
		303-1.c		Information unavailable/incomplete	Information on suppliers with significant water-related impacts or engagement of stakeholders to steward water as a shared resource is not available.
		303-1.d	30		
303-2	Management of water discharge related impacts	303-2.a	31		
303-3	Water withdrawal	303-3.a.i		Not applicable	No surface water sources are used
		303-3.a.ii	30		
		303-3.a.iii		Not applicable	No seawater used as source of water
		303-3.a.iv		Not applicable	No produced water used
		303-3.a.v		Not applicable	No usage of third-party water
		303-3.b.i		Not applicable	No surface water sources are used
		303-3.b.ii			219 449 m3 for 2021 and 192 001 m3 for 2022
		303-3.b.iii		Not applicable	No seawater used as source of water
		303-3.b.iv		Not applicable	No produced water used
		303-3.b.v		Not applicable	No usage of third-party water
		303-3.c.i			219 449 m3 for 2021 and 192 001 m3 for 2022
		303-3.c.ii		Not applicable	No sourcing of other water with total dissolved solids above 1,000 mg/L
		303-3.d	30		
		303-4			Information unavailable/incomplete

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
303-4	Water discharge	303-4.a.i			239 500 m3 for 2021 and 208 760 m3 for 2022
		303-4.a.ii		Not applicable	No discharge in groundwater bodies
		303-4.a.iii		Not applicable	No discharge in seawater body
		303-4.a.iv		Not applicable	No provision of water to third parties
		303-4.b.i	31		
		303-4.b.ii		Not applicable	No discharge of other water with total dissolved solids above 1,000 mg/L
		303-4.c.i	31		
		303-4.c.ii		Not applicable	No discharge of other water with total dissolved solids above 1,000 mg/L
		303-4.d.i	31		
		303-4.d.ii	31		
		303-4.e	31		
303-5	Water consumption	303-5.a	30, 31	Information unavailable/incomplete	information related to the supply chain is not available
		303-5.b	30, 31	Information unavailable/incomplete	information related to the supply chain is not available
		303-5.c	30, 31	Information unavailable/incomplete	information related to the supply chain is not available
		303-5.d	30, 31		

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
Biodiversity					
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	304-1.a.i - 304-1.a.vi	32		
		304-1.a.vii		Not applicable	There are no biodiversity sensitive areas within the AoI of Alcomet's operations
304-2	Significant impacts of activities, products and services on biodiversity	304-2.a.i	32	Information unavailable/incomplete	Information on indirect impacts on biodiversity that can include impacts in the supply chain is not available. Consideration of impacts on buffer zones is not available.
		304-2.a.ii	32		
		304-2.a.iii		Not applicable	There are no conditions for the introduction of invasive species, pests and pathogens from the activity
		304-2.a.iv		Not applicable	The activity does not have a direct impact on protected species and habitats due to the significant distance and reduction of the effect of emissions due to the distance to the site.
		304-2.a.v		Not applicable	Habitat conversion is not expected
		304-2.a.vi		Not applicable	No deviations in soil and groundwater quality are expected in the operation of the site
		304-2.b.i		Information unavailable/incomplete	Information on own operations is available: There are no protected species of plants and animals on the production site. The surrounding terrain that does not fall within the protected area are also regulated landed properties and agricultural lands where there are no protected species. The activity to be developed at the site will not have a direct impact on protected species and habitats due to the distance and reduction of the effect of emissions due to the distance to the site. Information for indirect impacts and impacts from supply chain is not available.
		304-2.b.ii		Not applicable	Direct impacts not identified, respectively there is no expectation of impacts.
		304-2.b.iii		Not applicable	Direct impacts not identified, respectively there is no identification of impacts.
		304-2.b.iv		Not applicable	Direct impacts not identified, respectively there is no reversibility or irreversibility of the impacts
304-3	Habitats protected or restored	304-3.		Not applicable	No habitats protected or restored are situated in the vicinity of Alcomet's direct operations
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	304-4.		Not applicable	The plant and animal species described above are not found in the area of production activity of Alcomet, therefore it is not likely to have a significant negative impact on the natural habitats, populations and habitats of species subject to conservation in 33 of the Natura 2000 network. No impact expected on IUCN list species from own operations

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
Emissions					
305-1	Direct (Scope 1) GHG emissions	305-1.a	33, 34		Alcomet is reporting its direct GHG emissions covered by EU ETS and according to verified reports. The company also reports the emissions from transportation by its own vehicles.
		305-1.b			Alcomet is reporting only CO2 emissions.
		305-1.c		Not applicable	There are no biogenic CO2 emissions of Alcomet.
		305-1.d.i-305-1.d.iii		Not applicable	Alcomet has no GHG emission target and that's why base year calculations are not applicable.
		305-1.e		Not applicable	Alcomet is reporting only CO2 emissions and that's why no GWP rate are used.
		305-1.f			Currently Alcomet is reporting the emissions covered by the EU ETS that arise from its equity sharesl.
		305-1.g			To calculate direct emissions from natural gas (scope 1) EF-emission factor (t CO2/TJ)-55.5644, NCV-lower heat of combustion -34.3060 GJ/1000 m3 is used for 2021, and for 2022 used EF-emission factor (t CO2/TJ)-55.5090, NCV- lower heat of combustion -34.25 GJ/1000 m3. The coefficients are taken from the EAOS website. For the calculation of indirect emissions (scope 2), an emission factor for electricity is used for 2021 -0.5124 tCO2/MWh, and for 2022 -0.5093 tCO2/MWh. The data are from the website of the Ministry of Environment and water.
305-2	Energy indirect (Scope 2) GHG emissions	305-2.a	33, 34		Alcomet has reported its indirect Scope 2 GHG emissions applying location-based emission factors.
		305-2.b		Information unavailable/incomplete	Alcomet has not obtained market-based emission factors from its electricity providers.
		305-2.c			Only CO2 emissions have been included in the calculations.
		305-2.d.i-305-2.d.iii		Not applicable	Alcomet has no GHG emission target and that's why base year calculations are not applicable.
		305-2.e		Not applicable	Alcomet is reporting only CO2 emissions and that's why no GWP rate are used.
		305-2.f			The indirect emissions within Scope 2 category do not cover equity share, assets of financial control, or operational control.
		305-2.g			To calculate direct emissions from natural gas (scope 1) EF-emission factor (t CO2/TJ)-55.5644, NCV-lower heat of combustion -34.3060 GJ/1000 m3 is used for 2021, and for 2022 used EF-emission factor (t CO2/TJ)-55.5090, NCV- lower heat of combustion -34.25 GJ/1000 m3. The coefficients are taken from the EAOS website. For the calculation of indirect emissions (scope 2), an emission factor for electricity is used for 2021 -0.5124 tCO2/MWh, and for 2022 -0.5093 tCO2/MWh. The data are from the website of the Ministry of Environment and water.
305-3	Other indirect (Scope 3) GHG emissions	305-3.a-305-3.g		Information unavailable/incomplete	Currently Alcomet is not collecting data for GHG emission calculations in Scope 3, but it started the process aiming to get some of the data needed in 2023.

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
305-4	GHG emissions intensity	305-4.a	33, 34		The GHG emission intensity of Alcomet uses total Scope 1 and 2 GHG emissions and has been calculated only with total aluminium production as dominator.
		305-4.b			The GHG emission intensity of Alcomet is reported based on total production of aluminium products.
		305-4.c			The GHG emission intensity of Alcomet is reported based on total Scope 1 and Scope 2 emissions as reported under 305-1 and 305-2.
		305-4.d			The GHG emission intensity calculation of Alcomet includes only CO2 emissions.
305-5	Reduction of GHG emissions	305-5.a -305-5.e		Information unavailable/incomplete	Alcomet has no GHG emission reduction target and has not implemented any GHG emission reduction initiatives.
305-6	Emissions of ozone-depleting substances (ODS)	305-6		Not applicable	HFCs used in stationary refrigeration, air-conditioning and fire-fighting equipment do not fall under Annex E: Controlled Substances of the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. For example, Novec 1230, which has a low GWP of 1, is used in fire-extinguishing equipment, instead of the widely used FM 200, which has a GWP of 3220.
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	305-7a.i	33, 34, 35		
		305-7a.ii		Not applicable	Alcomet has no Sox emissions
		305-7a.iii	33, 34, 35		
		305-7a.iv		Not applicable	Alcomet has no VOC emissions
		305-7a.v		Not applicable	Alcomet has no HAP emissions
		305-7a.vi	33, 34, 35		
		305-7a.vii		Not applicable	Alcomet has no other standard categories of air emissions identified in relevant regulations
		305-7.b			
305-7.c				The working hours of individual facilities in the workshops are added to the data from the measurement protocols, which are collected by authorised persons in the workshops and handed over to the ecologist. The annual amounts of emissions are calculated and reported with Appendix No. 2 of the GDOS. They are obtained by multiplying the concentration by the flow rate and by the working hours.	
Waste					
306-1	Waste generation and significant waste-related impacts	306-1.a	36		
306-2	Management of significant wasterelated impacts	306-2.a	37		
		306-2.b	37		The waste management activities and waste amounts are recorded in the National Waste Management System as well https://eea.government.bg/bg/r-r/r-kpkz/godishni-dokladi-14/index
		306-2.c	37		
306-3	Waste generated	306-3.a-306-3.b	37		
306-4	Waste diverted from disposal	306-4.a - 306-4.e	37		
306-5	Waste directed to disposal	306-5.a - 306-5.e	37		

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
Supplier Environmental Assessment					
308-1	New suppliers that were screened using environmental criteria	308-1.a -308.1.b	38		https://www.alcomet.eu/static/files/suppliers-code-of-conduct.pdf
308-2	Negative environmental impacts in the supply chain and actions taken	308-2.a -308-2.e	38		
Employment					
401-1	New employee hires and employee turnover	401-1.a - 401-1.b	41, Appendix I		
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	401-2.a. i- 401-2a.vi	42		
		401-2.b			Our company operates at one location in Bulgaria only
401-3	Parental leave	401-3.a - 401-3.d	43, Appendix I		
		401-3.e			
Occupational Health and Safety					
403- 1	Occupational health and safety management system	403-1.a 403-1.b	44, 49, 50		
403-2	Hazard identification, risk assessment, and incident investigation	403-2.a - 403-2.d	44, 45, 46, 47		
403- 3	Occupational health services	403-3.a	44		
403- 4	Worker participation, consultation, and communication on occupational health and safety	403-4.a - 403-4.b	46, 47		
403-5	Worker training on occupational health and safety	403-5.a	48		

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
403-6	Promotion of worker health	403-6.a - 403-6.b	49		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	403-7.a	49		
403-8	Workers covered by an occupational health and safety management system	403-8.a - 403-8.c	43, 44		
403-9	Work-related injuries	403-9.a	49		
		403-9.b.i-403-9.b.iv	49		
		403-9.b.v		Information unavailable/incomplete	We are not obliged to collect such data as per the local legislation requirements
		403-9.c - 403-9.g	49		
403-10	Work-related ill health	403-10.a.i			No deaths were recorded as a result of work-related ill-health.
		403-10.a.ii			There are no registered cases of work-related ill health.
		403-10.a.iii			There are no registered cases of work-related ill health, respectfully types of work-related ill health cannot be defined
		403-10.b.i			No deaths were recorded as a result of work-related ill-health.
		403-10.b.ii			There are no registered cases of work-related ill health.
		403-10.b.iii			There are no registered cases of work-related ill health, respectfully types of work-related ill health cannot be defined
		403-10.c - 403-10.e	49		
Training and Education					
404-1	Average hours of training per year per employee	404-1.a.i.	51 , Appendix I		
		404-1.a.ii.	51		
404-2	Programs for upgrading employee skills and transition assistance programs	404-2.a - 404-2.b	51, 52		
404-3	Percentage of employees receiving regular performance and career development reviews	404-3.a	Appendix I		

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
Diversity and Equal Opportunity					
405-1	Diversity of governance bodies and employees	405-1.a.i - 405-1.a.ii	Appendix I		
		405-1.a.iii	Appendix I		Due to GDPR information regarding minority or vulnerable groups cannot be provided
		405-1.b.i-405-1.b.ii	Appendix I		
		405-1.b.iii	Appendix I		Due to GDPR information regarding minority or vulnerable groups cannot be provided
405-2	Ratio of basic salary and remuneration of women to men	405-2.a-405-2.b			Employees who hold the same position receive the same salary depending on their performance, regardless of other characteristics (gender / religion / and other personal data about the employee)
Non-discrimination					
406-1	Incidents of discrimination and corrective actions taken	406-1.a-406-1.b	52		There were no incidents of discrimination registered during 2021 and 2022
Freedom of Association and Collective Bargaining					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	407-1a -407-1.b	53		
Child Labor					
408-1	Operations and suppliers at significant risk for incidents of child labor	408-1.a-408-1.c	52		
Forced or Compulsory Labor					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	409-1.a-409-1.b	52		
Security Practices					
410-1	Security personnel trained in human rights policies or procedures	410-1.a - 410-1.b			Telepol EOOD personnel (the company that carries out security activities) is trained to work at our premises in accordance with our Regulations for Business Conduct and Ethics which they have also signed together with the Suppliers' Code of Conduct. We have all expectations that our third-party security supplier knows and respects our principles of ethical behaviour, labour and human rights.

GRI Disclosure	Description	Indicators	Reference (page number)	Reasons for omission	Relevant comments
Local Communities					
413-1	Operations with local community engagement, impact assessments, and development programs	413-1	54, 55, 56	Information unavailable/incomplete	For the reporting period we did not identify operations related to impact assessment that requires local community involvement
413-2	Operations with significant actual and potential negative impacts on local communities	413-2.a			The plant's location is in an industrial area and at a great distance from any urban settlements. We are strictly following the national legislation requirements related to all our investment initiatives.
Supplier Social Assessment					
414-1	New suppliers that were screened using social criteria	414-1.a	53		
414-2	Negative social impacts in the supply chain and actions taken	414-2.a-414-2.e	53		
Public Policy					
415-1	Political contributions	415-1.a-415-1.b	23	Not applicable	Our company does not provide financial and in-kind political contributions