

**HRASTNIK1860**

SUSTAINABILITY REPORT 2020



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## EXCERPT

Steklarna Hrastnik is reporting about its sustainable development for the third time. The company issued its first sustainability report in 2018, The 2020 report has been drawn out in accordance with international sustainability reporting standards of the Global Reporting Initiative GRI - basic version. We will continue with our annual sustainability reports also in the future.

The sustainability report provides an overview of key activities, objectives and strategies relating to the sustainable development of Steklarna Hrastnik and includes operational, social and environmental aspect of sustainable operation for a 5-year period of time.

2020 was particular due to the coronavirus epidemic as well as due to a large investment cycle in our Vitrum unit (furnace overhaul, replacement of the production programme, upgrades and production automation). As a consequence, certain indicators diverge; however, we can conclude that despite several challenges the year was successful and huge opportunities opened for further expansion, development and successful business operations in the future.



WE THEREFORE HIGHLIGHT THE FOLLOWING FOR

2020

Glass: **100%** recyclable material

Obtaining the **SIST EN ISO 14001** certificate

Daily production capacity:

**240 ton**

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

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

Net sales revenue:

**EUR 56,3 M**

(which is 13% lower than in 2019; however the result means a successful conclusion of the year's challenges in view of the two-month long production downtime at the Vitrum unit due to the furnace overhaul and the consequences of the Covid-19 epidemic).

Number of employees:

**435**  
(31.12. 2020)

Number of hours of training per employee:

**54**



Energy consumption per tonne of melted glass:

**9% lower**

in the last five-year period.

Finalist and special expert award for **Best HR practices in 2020** – in Covid conditions.

Power consumption:

**50%**

of green electric power

Customers: **over**

**63%**

of costumers defined themselves as **promoters** of Steklarna Hrastnik

Export:

**97%**

of all products

Water consumption per tonne of product:

**57% lower**

in the last 10 years.

In 2020 we received two awards: **An environmentally-friendly company** and **Environmentally-friendly process for the combustion system for melting glass with hydrogen.**



## DID YOU KNOW?

That it takes approximately **12** days for a furnace to warm up to the melting temperature over 1,500 degrees Celsius?

That over **120 million bottles** have travelled all over the world from Steklarna Hrastnik up to 2020?

After our 2020 investment, over **200 million bottles** will travel all over the world each year!



About **500 employees** passionately and proudly participate in the development and manufacturing process. Over **150** of them have been a part of Steklarna Hrastnik for more than 10 years, while more than **200** of our colleagues have been with us for more than 20, 30 or even 40 years. This represents over **60%** of our employees. Here, our loyalty and love of glass are visible at every turn.

## ADDRESS BY THE GENERAL MANAGER

In 2020, Steklarna Hrastnik celebrated 160 years since it began production in Hrastnik. However, all our plans for the future were influenced virtually overnight by the pandemic and the global economy halting. Adjusting to the new circumstances impacted our planned as well as unplanned changes.

We reacted to the new circumstances quickly, reasonably and respectfully. We have been actively cooperating, helping each other, seeking new solutions together, adjusting measures and primarily done everything in our power so that Steklarna would remain not only the largest company in Hrastnik, but among the best manufacturers of glass packaging in the world. Health is our number one priority. It has turned out that solidarity, loyalty, sacrifice and respect took on a completely new meaning in these uncertain times.

Despite major economic and global changes in 2020, we completed the investment for a complete conversion of the production of special packaging glass in a brave, daring and completely safe way. The investment is based on the cleanest and most sophisticated technology on the market. EUR 15.9 million were invested in our move toward packaging glass in 2020. This also represents the main portion of the this year's investment cycle amounting to EUR 22.7 million, which is also the largest investment cycle of the past 10 years for Steklarna Hrastnik and certainly one of the largest Slovenian investments in 2020.

In accordance with GRI international guidelines, which are a tool for measuring and monitoring impact that we have on society and the environment, we are also issuing our third sustainability report with which we want to clearly express that we are monitoring the environmental, social, economic and management effects and results of our operations in a responsible manner. 2020

was mainly characterised by procedures aimed at obtaining all the necessary permits for the implementation of complex investment works. In 2020, we also obtained the internationally recognised environmental management standard SIST EN ISO 14001.

Despite the challenges, all our activities have the goal of maintaining sustainable development at the top of our priorities, as one of the more important foundations of our business operations, having an equal role in achieving operational excellence. Our efforts are also recognised by the professional community, since we are the recipients of two awards given out by the Eko fund and the Finance magazine in the category of "Environmentally-friendly company" and "Environmentally-friendly process for the combustion system for melting glass with hydrogen". Our reaction to the Covid epidemic was recognised as one of the better responses.





Further global growth of Steklarna Hrastnik thus rests on strong foundations of sustainability-oriented investments in digitalisation, energy development, new services and turning processes into green technology. We are preparing several new low carbon footprint projects for the next 5-year period of time. Some of them are already under way, and certain larger ones are being planned, such as hybrid green carbon-free glassworks, regenerative hybrid glass furnace, etc.

We can already boast numerous successfully implemented innovative pilot projects. In 2020, we experimentally confirmed the decarbonisation of melted glass with hydrogen, obtained from sustainable sources, as the first in the region as part of the innovative pilot project. The combustion system, which will enable us unrestricted adjustment of the proportion of hydrogen in fuel and which will in turn enable us to optimise the use of renewable resources, was also developed as part of this project.

Our objective is to implement the decarbonisation of melted glass using hydrogen at the industrial level. This will allow us to reduce the carbon footprint of melted glass from 20% to 25%. This is also one of the largest sustainability projects in Slovenia and unique in the global glassworks industry. The investment in the new furnace, which was completed last November, is ready for the implementation of this innovative hydrogen technology for industrial application.

By implementing all the planned projects, we will be able to replace a third of the fossil fuel consumption by 2025 using green energy, increase by 10% our energy efficiency and decrease our carbon footprint by more than a fifth.

The result of such development will not be just products and comprehensive services, target-developed and tailor made for each individual customer. It is co-existing with the local environment from which many of our employees come from. It is developing, caring and respecting the local community. It is opening new, highly qualified jobs. It is building a creative and stimulating working environment. It is investing in new employee knowledge, competences and teamwork. It is encouraging innovations and ensuring an innovative and development-oriented working environment.

The local community rewards the company's care for innovative development, sustainability-oriented increase of production capacities and the exceptional care for all employees at all levels, by supporting it in achieving its further investment plans. These plans are ambitiously set in the local environment as well as closer to customers.

**General Manager**  
*Peter Čas, MA*

## SUSTAINABILITY GOALS

AREA	INDICATOR	ACHEIVED IN 2020	GOAL IN 2021
<b>SAFETY AT WORK</b>	Number of injuries at work	Objective achieved: 9 (of which none serious or lethal), number lower by almost half than in 2019	No severe injuries at work
<b>HEALTH AT WORK</b>	Sick leave	The goal was not achieved: 8,25% sick leave (Covid-19 epidemic)	5,50 %
<b>SOCIAL RESPONSIBILITY</b>	Sponsorship and donation funds (percentage from the net sales revenue)	Goal achieved and exceeded: 0,24 %	0,17 %
<b>QUALITY</b>	Complaints (value of complaint costs / net sales revenue)	Objective achieved: 0,21 %	0,30 %
	New Product Collection	Objective achieved: 5 new products	5 new products
<b>ENVIRONMENT</b>	Overhaul of the G furnace in the Vitrum unit	Acquiring all the required permissions and ensuring sustainable development and project implementation	Continuing to obtain permits to increase capacities
	Green electric power	Goal achieved, all electric power is green for the Vitrum unit	55% of all supplied electric energy
	Environmental standard certification	Goal achieved, obtained 14001 certificate	/
	Waste from cleaning flue gases	Waste processing for re-use project	Project continuation
	Use of foreign waste glass (PCR)	/	≥ 1% in produced glass
	Reduction of the volume of waste wooden pallets (multiple use)	/	20% reduction compared to 2020



## ABOUT THE COMPANY

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

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

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

**Country:** Slovenia

**Ownership structure as of 31/12/2020:** Global Glass AG 100%

### VISION

To be the most inspiring, most sustainable high-end glass packaging company on the planet, distinguished by one of the clearest glass in the world.

### MISSION

To deliver the glass packaging experiences that no one else can, with an agility, pride and passion that no one else can match.

## VALUES

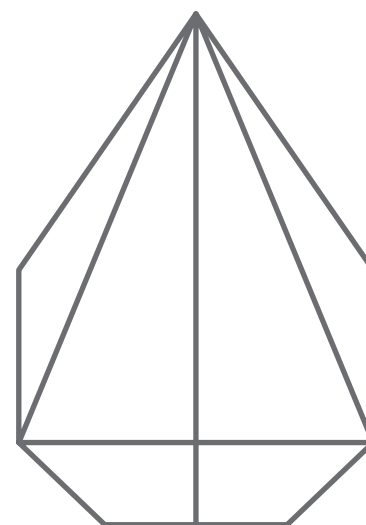
### CLEARNESS

trust, openness, entrepreneurship

We trust our team and their knowledge at all levels and areas of work. By assuming responsibility and with a high level of authenticity we inspire trust of all our business partners.

We communicate in a clear and open manner. We encourage friendly relationships and ethic conduct of individuals and the company as a whole. We operate in a transparent way by making processes and the process flow clear.

We are proactive and goal-oriented. We are focused on the work process as well as the final goal using the latest accessible technology to achieve it.



### PASSION

innovation, cooperation, excellence

We encourage expressing ideas and build a creative environment that enables constant encouragement and solution-seeking.

We build open and long-term partnerships inside and outside the company. We interact. We are inclusive. We highly appreciate teamwork and notice additional effort.

We consistently ensure excellence in the execution of products, processes, services and relations.

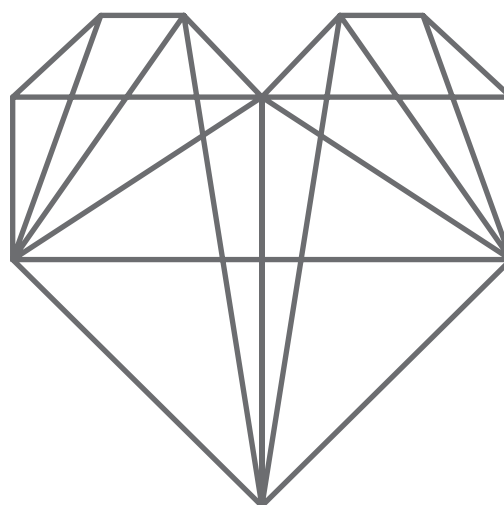
### HEART

respect, sustainable orientation, commitment

Equality. Respecting agreements and accepting differences between people, cultures and ideas. We respect others as we would want others to respect us.

We are oriented toward the future and give great emphasis to our environmental orientation, higher quality of life and social responsibility in all forms. For a better tomorrow of future generations.

We love what we do. And we do what we love. We constantly develop and look for better solutions.



## ACTIVITY

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

The **packaging glass programme** is the company's leading sales programme. It is divided into bottles for the spirit segment, flacons for perfumes and cosmetics, as well as glass stoppers.

In 2020, we discontinued the **tableware glass programme**. It is important to note, however, that all obligations to our customers and orders were fulfilled in accordance with the agreements and the highest degree of responsibility and quality. The production of tableware glass was discontinued in August with the simultaneous commencement of a complex investment in the G furnace and thus the complete redirection into the special packaging glass programme.

## PRODUCTION LOCATIONS

Two business units operate at Steklarna Hrastnik: Vitrum and Special, both are in Hrastnik.

## MANAGEMENT

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

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

The General Manager decides on all issues regarding the organisation and management of the company. He represents the company independently.

**General Manager: Peter Čas,**

MA graduating and obtaining his master's degree at the Faculty of Mechanical Engineering of the University of Ljubljana, Peter Čas, MA, improved and complemented his knowledge in various programmes at the IEDC – Bled School of Management. He has been managing Steklarna Hrastnik since 2017.

### PERFUMES AND COSMETIC PACKAGING GLASS

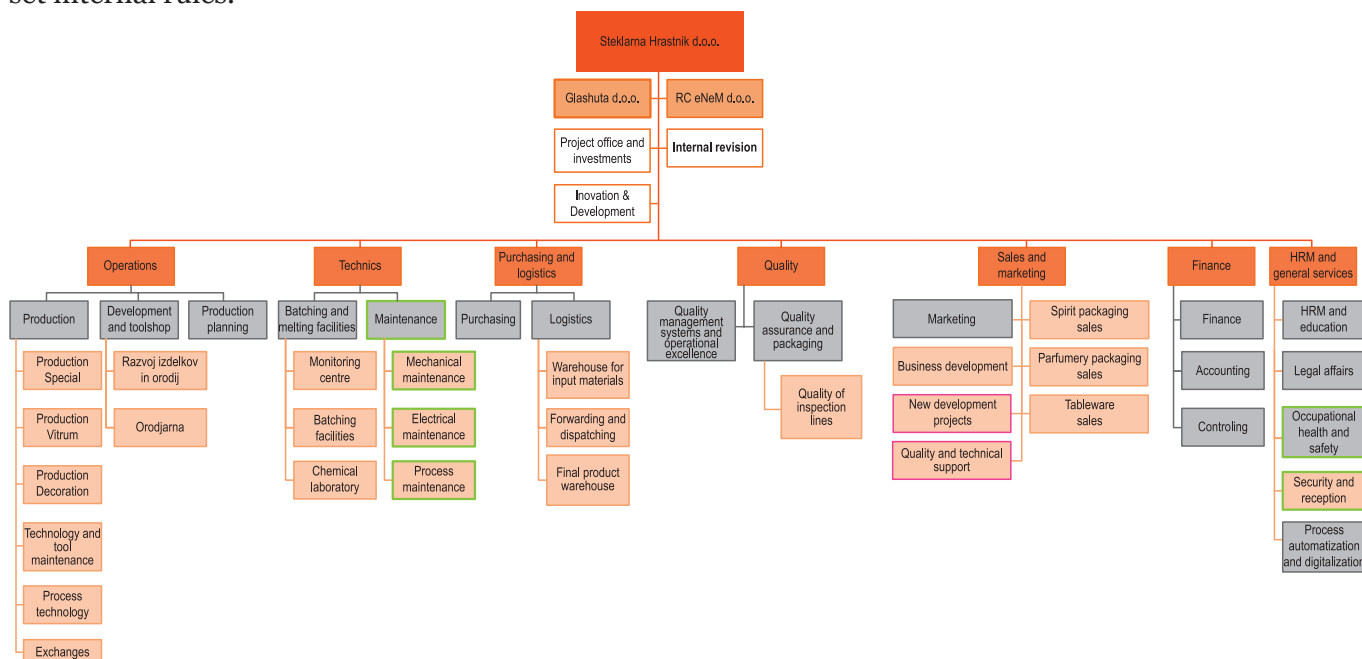


### SPIRIT PACKAGING GLASS



## ORGANISATION OF THE COMPANY

The company is organised on four levels, namely: General Manager, Sectors, Divisions and Departments. Changes in the organisation in 2020 reflect the development dynamics of the company. Ecology merged with the newly created Health, safety, environment department which operates under the Human resources and general affairs section. In addition to the current Project office and investments, two new services were created at the level of staff services, namely: Innovation and development, the objective of which is to internally promote the innovation culture in the company, and the internal audit staff service, the purpose of which is to strengthen/verify the implementation of the set internal rules.



## SALES MARKETS

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

### TARGET STRATEGIC MARKETS:

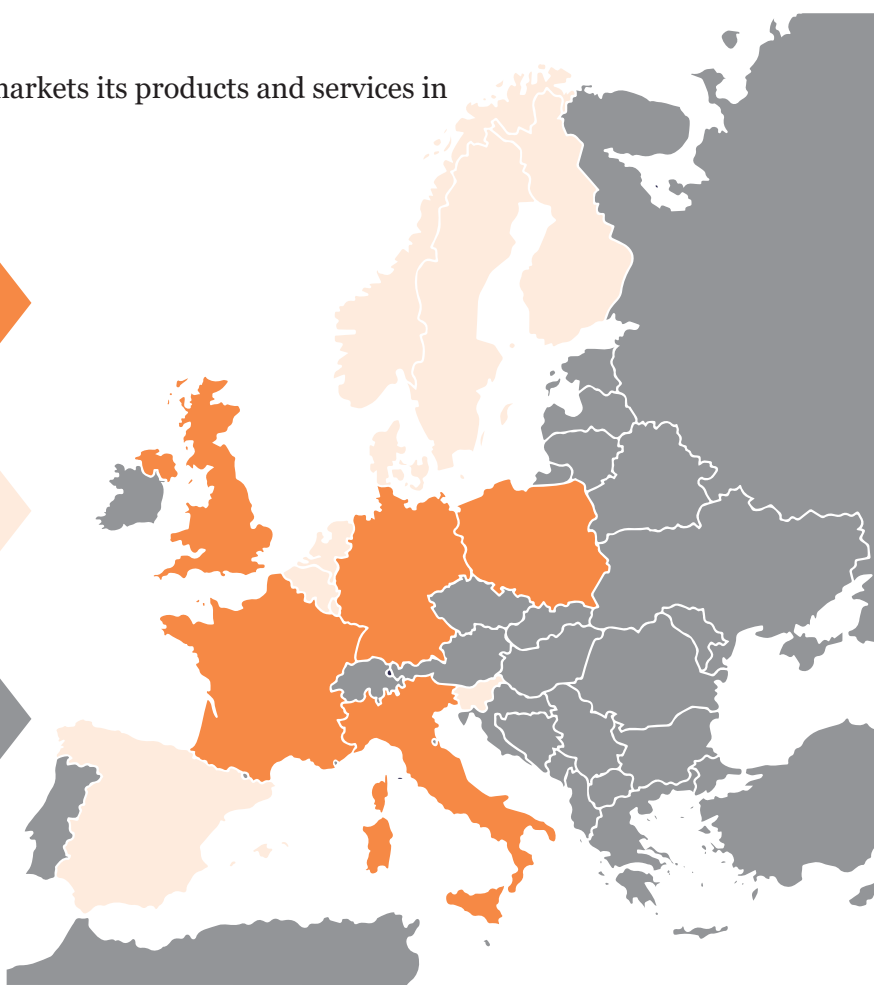
Germany, France, Italy, Poland, Great Britain

### IMPORTANT MARKETS:

Slovenia, Spain, Scandinavia, Benelux

### NEW MARKETS:

USA, Middle East and others



## ECONOMIC INDICATORS OF OPERATION

Steklarna Hrastnik d.o.o.	2016	2017	2018	2019	2020	Change 20/19
Net sales revenues in EUR 000	54.628	57.652	59.400	64.878	56.337	<b>-13%</b>
EBITDA in thousands of EUR	11.410	12.499	14.032	14.490	12.484	<b>-14%</b>
Share in sales	21%	22%	24%	22%	22%	<b>-1%</b>
EBIT in thousands of EUR	7.210	7.977	9.095	8.782	7.024	<b>-20%</b>
Share in sales	13%	14%	15%	14%	12%	<b>-8%</b>
Net profit/loss in EUR	6.055	6.584	7.805	7.380	6.774	<b>-8%</b>
Share in sales	11%	11%	13%	11%	12%	<b>6%</b>

In 2020, the company generated operating profit in the amount of EUR 7,024 thousand (in 2019, profit from operating activities came in at EUR 8,782 thousand), a decrease of 20% compared to the previous year. The reason lies in a two-month production halt at the Vitrum unit due to the furnace overhaul and consequences of the Covid 19 epidemic, since revenues were lower than what was planned by 13%, which already included the production downtime due to the furnace overhaul.

The company's realised EBITDA in 2020 amounted to EUR 12,484 thousand, a decrease of 14% compared to the previous year.

The company's net profit for 2020 was EUR 6,774 thousand, a decrease of 8% compared to the previous year.

## QUALITY

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



## MEMBERSHIP IN CHAMBERS

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



- FEVE – European Glass Container Federation;
- Chamber of Commerce and Industry of Slovenia;
- British Institute of Interior Design;
- British-Slovenian Chamber of Commerce;
- American Chamber of Commerce;
- Slovenian-German Chamber of Commerce;
- Chamber of Commerce and Industry of the Štajerska region;
- Manager Society;
- Business Financiers Society;
- HR Activity Association;
- Slovenian Society for Quality;
- Toolmaking Development Centre.

## IMPORTANT EVENTS

- The care for the environment is one of the most important priorities of Steklarna Hrastnik's operations, this is why in the past year we further improved the image of the organisation by obtaining the SIST EN ISO 14001 environmental management certificate.
- The Environmental Awards ceremony, organised by the Eko sklad fund and the Finance magazine, took place in the beginning of November. Our glassworks already applied for 2 projects and we are pleased to announce that we won in two categories:

- **An environmentally-friendly company**
- **Environmentally-friendly process for the combustion system for melting glass with hydrogen.**

The Environmentally-friendly company award is one of the awards that mean the most to us. Not just because we have received it, but since it is a reward for our efforts to create to the greatest extent possible a safer, greener and generally better future for our children and grandchildren.



- The G-furnace reconstruction project was carried out in 2020. With this project we increased the production capacity of packaging glass to the highest level of quality applying the latest available technologies. The project involved the construction and installation of a new furnace, production lines and all other related works and the overhaul of the mixture production plant. The project's focus was on technical optimisation, sustainable development, digitalisation and automation with the intention of increasing capacities and specialising in packaging glass of the highest quality.
- An additional control line for carrying out machine checks of products was installed in the Special unit, and individual control machines were also added to the lines. These types of investments represent the highest level of available technology of machine checks of packaging glass, which ensures high quality and safety of products. All upgrades belong to the highest level of Industry 4.0 standards.
- A complete reconstruction of the central kitchen at the Vitrum unit was carried out in the first quarter of 2020. The reconstruction was quite challenging, since it involved the complete demolition of the current kitchen, followed by construction, mechanical and electrical installation works, and installation of technological equipment. By renovating the kitchen the kitchen employees and staff were given a facility that fully complies with the latest construction and catering standards.
- Each year, we allocate significant resources to improve ergonomic and working conditions. At Steklarna Hrastnik, we create better working conditions, upgrade the working environment and job posts, and raise awareness about the importance of health for the quality of life – together. Among other things, the investments also encompassed furniture-related investments with the purpose of improving working conditions, and preparing air-conditioning and heating arrangements.
- In 2020, a considerable amount of funds were allocated to update the information network and digitalise the company.



## SUSTAINABLE DEVELOPMENT AS A STRATEGIC ORIENTATION

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

Glass is mainly manufactured from three substances: sand, limestone and soda, which are natural and inert substances. They are abundant in nature, which is of strategic importance for production during critical shortages of certain raw materials. Glass is an ecologically pure material which can be 100% processed or recycled. It preserves its original properties even after an elevated number of reprocessing. It has a very wide range of applications, high chemical resistance and attractive optical qualities. It does not take on any flavour, it also does not have a scent and its smooth surface can be easily cleaned. The glass surface does not have pores, and is thus gas-permeable. It complies with the strict requirements of the food, cosmetics and other industries.

In the area of packaging glass considerable emphasis is given to thinner thickness of the walls and bottom, since lower weight of products also affects the reduction of transport costs. We strive toward increasing the service life of the products using innovative decoration technologies. The use of décor increases the value of the primary product, which at the same time influences the perception of the product by individuals and consequently their purchase decision.

The manufacture of glass presents some challenges which are carefully managed and for which we seek increasingly better solutions together with our partners. Traditional glass manufacture, which is intense in terms of energy and which requires demanding working conditions, is being strategically updated with ambitious steps toward automation, digitalisation, improvement of working conditions and lower environmental impact. In accordance with the Development Strategy of Steklarna Hrastnik for 2018–2022, we are increasingly becoming a smart factory by the day, which is competitive in terms of Industry 4.0 and of the circular models of the economy and life.

Such daring development steps require dynamic and strategically-oriented investment cycles. We are improving our energy efficiency and safety on a long term and investing in renewable energy sources. With innovative solutions we are increasing the consumption of waste heat, replacing fossil fuels with environmentally friendly fuels, increasing the utilisation of melting furnaces and introducing other novelties, friendly to people and the environment. Safety and health at work and improving working conditions and upgrading the competences of employees is our highest priority. Only healthy, satisfied, trained and motivated employees can contribute to the further growth of Steklarna Hrastnik. We are also paying a lot of attention to existing in harmony with the local environment in which we are operating.



*"We are improving our energy efficiency and safety on a long term and investing in renewable energy sources. With innovative solutions we are increasing the consumption of waste heat, replacing fossil fuels with environmentally friendly fuels, increasing the utilisation of melting furnaces and introducing other novelties, friendly to people and the environment."*

## ACHIEVING STRATEGIC SUSTAINABILITY GOALS

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

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

## SUSTAINABILITY RISKS

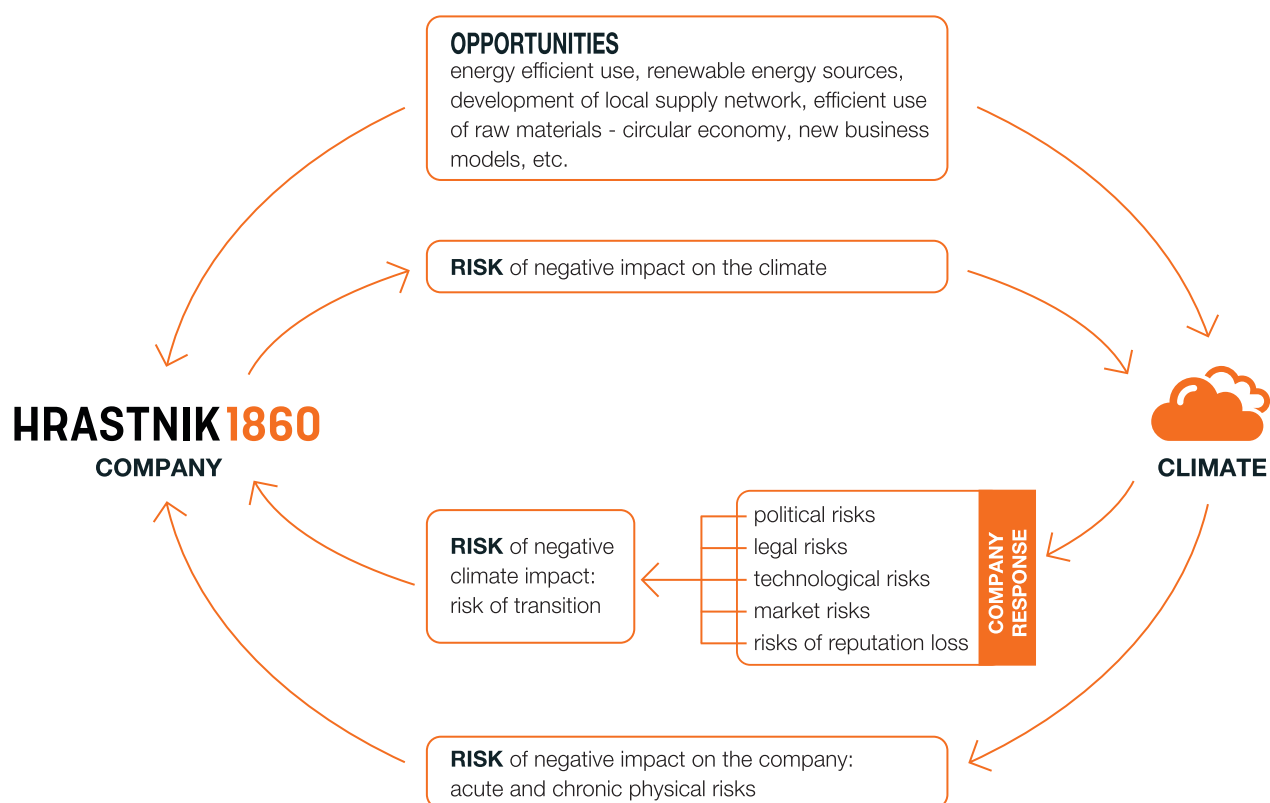
The business operations of Steklarna Hrastnik must be resistant to complex risks, which are represented by various predictable or completely unpredictable challenges, externally as well as internally. Comprehensive risk management is an important part of our corporate management and includes the entire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

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

Risk	Risk management
Energy shortage	Search for a solution to ensure inventory for two days of production.
Electric power outage	Diesel generators, stability of the electricity grid at the company, energy efficiency.
Illicit environmental impact and loss of the environmental permit	Constant monitoring of regulations, directives and legal bases. Monitoring of discharges and waste, keeping records, carrying out inspections.
Sudden injuries at work	Education for safe and healthy work. Promotion of health and safety at work.
Non-beneficial employee age structure	Reassignment to other positions of employment when possible; targeted rejuvenation of the labour force based on mentorship.
Sick leaves	Partial reassignments, hiring new workers through agencies, overtime work, preventive healthcare activities.
Discharge of molten glass mass from the furnace or the feeding hopper	Regular daily checks of furnaces by operators; a more detailed inspection every 14 days with the entire team. Hydrants installed by the melting area only for stopping a possible glass breakthrough. Training of teams is carried out.
Fire	Fire safety rules, organisation of fire watch duty, training of firemen and their presence during shifts, automated fire alarm system.
Discharge of oil into groundwater	Installed oil traps, attention paid during preventive maintenance.
Risk due to loss of data or corrupted data	Regular data backup. Use of advanced technologies – snapshot in virtual environment.

Risk of downtime of the primary data centre, ensuring continuous operation	Redundant A/C, alarm system, active fire protection.
Biological risks: Epidemics	Training/educating people about hygiene, clean environment and safety and health at work. Emergency reserves of face masks, gloves and disinfectants. Appropriate ventilation in place, regular maintenance of water supply systems, disinfection. Adopting additional specific measures by way of orders.
Extreme rainfall, floods, erosion and landslides.	A hydrological-hydraulics study was conducted; adopting all measures defined in the study.
Extreme temperatures, draught, fires.	Additional cooling of the premises, system of active and passive fire protection, additional drinking water for employees. Use of appropriate materials in investments for additional heat-insulation of buildings.
Winter weather and ice (frost)	Additional heating of the premises. Use of appropriate materials in investments for additional heat-insulation of buildings.
Strong wind gusts, extreme storms.	Use of suitable materials for the roofing, replacement of the old roofing.

Figure: Identifying climate risks and opportunities



## RELATIONSHIPS WITH STRATEGIC STAKEHOLDERS

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



Table: Overview of expectations and needs of strategic stakeholders

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

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

## OPEN COMMUNICATION – FOUNDATION OF GOOD RELATIONS

In order for performing their work well, one must receive clear and unambiguous information. This is, despite – or due to the abundance of communication channels, communication opportunities, frequently a challenge.

In 2020, we were also presented with a challenge in the area of (internal) communication. The pandemic was a completely new and unknown situation for all of us. We immediately and by any means necessary took every precaution to protect the health of our employees. And consequently of our families. Employees have accepted the measures with understanding and by consistently observing them.

For this reason we have significantly strengthened our internal communication and can say with confidence that there is nobody that is not informed about the most minute detail of operations, activities, current measures and general developments in the company.

It has become clear, even more now than in the past, that communication must not be left to chance.

*Even in these extraordinary circumstances we have followed our principles of – respecting, providing open feedback, recognising the value of each individual, encouraging and communicating real values.*

Despite all of this, we conducted the so called crisis communication throughout much of the first half of the year, which entailed informing about the epidemic, on the measures adopted to protect health and other emergency content on a daily basis. As soon as it was possible we have also re-established all the ordinary communication tools - the Steklar internal bulletin, the internal portal, regular (virtual) meetings and so on.

In 2020, in addition to the crisis communication and despite the epidemic, we implemented the entire communication plan, and upgraded “remote” communication. In the spirit of the “apart, but connected” slogan, it turned out, as already mentioned, that communication is key. And that people can find a way to keep contact with those who are important to them in the most ingenious ways.

With the introduction of the so called Connected Mondays we were able to connect the broadest possible circle of employees who are able to



listen via a virtual meeting to the management, which is regularly reporting on the operation of the company, on the orders and sales, business activities, production, all the news related to the epidemic and the measures and operation of Steklarna Hrastnik in general. The management college is personally available to provide information, clarifications and, of course, answers to all the questions of the employees.

We are also strengthening our presence on social media platforms, since people are spending more and more time on-line due to the restrictions on personal contact.

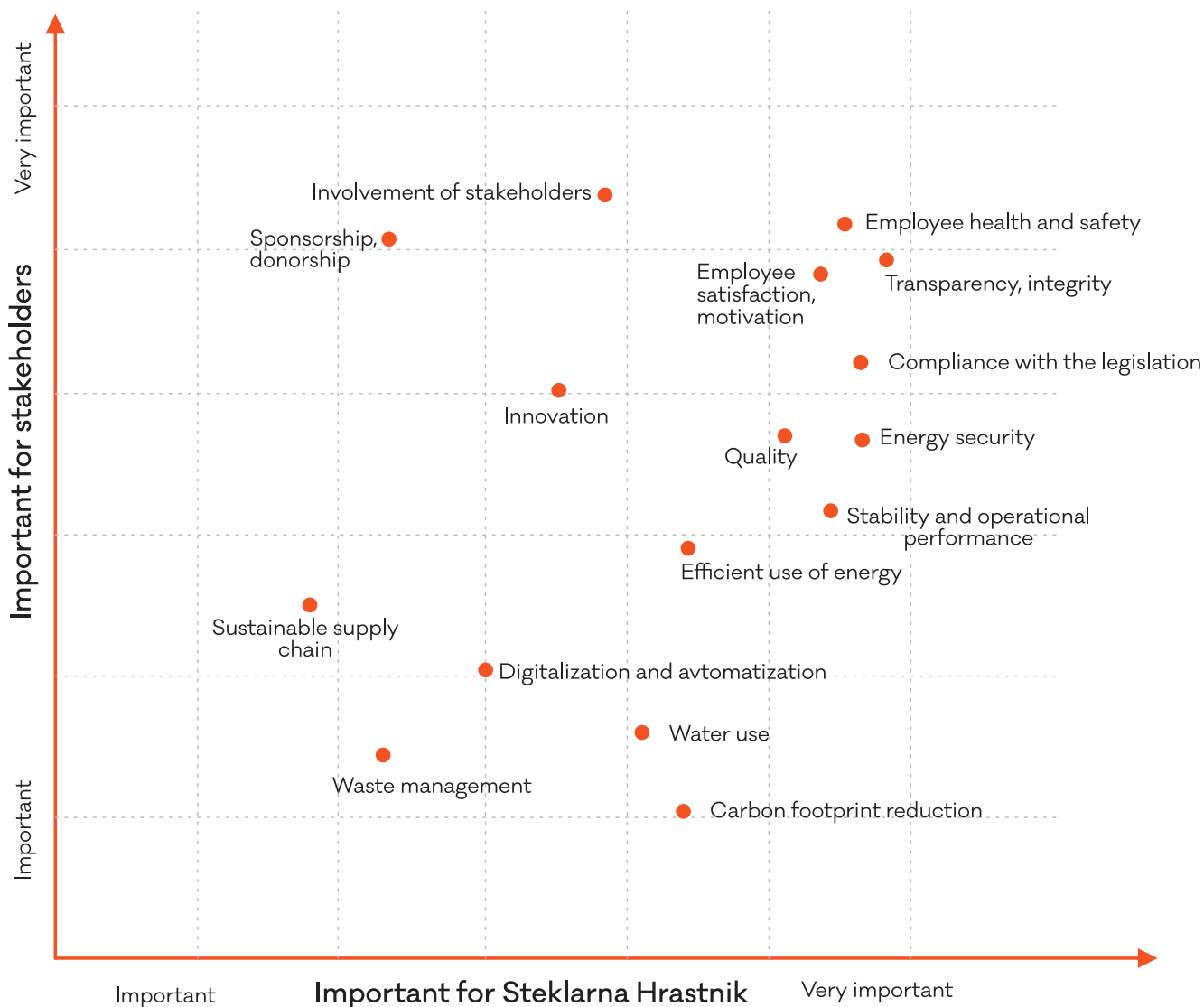
A lot has been said about 2020. It was a year of fear, uncertainty, chaos, danger. A year that will leave its mark in history. At the same time, however, it was a year that taught us to persevere. A year that demanded exceptional action for the common good. A year that demanded cooperation and true value.

Thus, we were able to create together many good stories in 2020 too. And these stories are now giving us a good foundation to write even better, greater and more successful stories also in the future.

We are aware that communication, respecting values and raising the culture in the company is a long process. At the company level we are constantly striving toward improving communication processes and paths, and at the same time we also put emphasis on the responsibilities of each individual.

### MATERIALITY MATRIX

We designed the materiality matrix together with our strategic stakeholders. The materiality matrix enables us to identify key areas that define our relations – the synergy and diversity of interests between the company and strategic stakeholders. In areas where stakeholders have a similar interest the possibility of achieving common goals is that much greater. At the same time, we pay attention to identifying interests which are characteristic to certain stakeholder groups. Together with them we try to find common solutions, aided by modern communication tools of co-creation and co-innovation.



## CORRUPTION PREVENTION

At Steklarna Hrastnik, we have ***zero tolerance to any form of corruption***. In addition to giving and receiving of bribes, corrupt acts, whatever their form, include nepotism (favouring relatives or friends), acts that abuse one's power or position, or acts by an individual who, contrary to his or her powers and responsibilities, could or would seek to obtain advantages or benefits for himself or herself or for someone else.

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

## PRIVACY PROTECTION AND DATA CONFIDENTIALITY

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

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

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

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

We only hold personal data for as long as is necessary to achieve the legitimate reason for processing the data.

## REPORTING ON SUSTAINABLE DEVELOPMENT

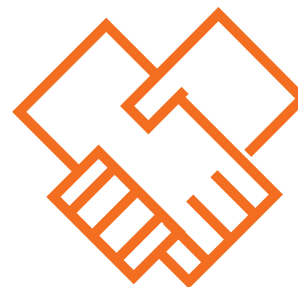
Steklarna Hrastnik is reporting on sustainable development in accordance with GRI standards. The reports are available to the general public in the company's website. On the basis of the key stakeholder matrix and the development strategy of Steklarna Hrastnik for the period 2018–2022, we defined the essential sustainability areas. All areas and activities of Steklarne Hrastnik d.o.o., including the company management, were included in the process of drawing up the sustainability report.

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

The person responsible for reporting on sustainable development is, upon authorisation of the General Manager, Simona Lesar, the authorised employee for environmental protection/safety manager. Her contact is [simona.lesar@hrastnik1860.com](mailto:simona.lesar@hrastnik1860.com).

## PARTNERSHIP WITH EMPLOYEES

At the centre of our vision and efforts to convert into a smart factory are people, employees. We respect the know-how of our employees and their loyalty to the company. We encourage individual and group creativity and talents. Special care is devoted to safe work, health, well-being and quality of life of our employees.



### HR POLICY

Steklarna Hrastnik is in the phase of transforming the company, its processes and sales portfolio. Our goal is to prepare our employees for the challenges waiting for us in the future, that is why we will continue implementing key projects which we have defined as important:

- competence model and qualification matrices;
- upgrading mentorship with development mentorship;
- employer branding in the company and the environment;
- cooperating and connecting with younger people (high school, faculties);
- promoting innovation and building a culture of innovation among employees;
- transformation management - strengthening management competences at all levels.

We are aware that an efficient strategy of HR management is what makes an organisation that is flourishing different from an organisation that is failing or stagnating. Investments in the development and training of human resources alone ensure our long-term survival and competitiveness on highly demanding global markets. With planned and targeted training we ensure the competence of our employees, in the area of professional and managerial as well as personal competences.



Through our competence model and qualification matrix we put emphasis on knowledge as the key value and important factor in career development.

Our goal is to stay on top, that is why we are not afraid of changes, but we make them. We decided to introduce and build a special style of management, i.e. transformation management – in which the manager represents a role model whose job is to inspire, to excite and to encourage to take greater work responsibility, for this reason the manager must have excellent understanding of its team, strong and weak points of its members in order to optimally divide work between them.

We encourage our employees to realise their potentials, achieve the expected results and develop their careers together with the company.

### HIRING EMPLOYEES

There were no major recruitments in 2020. With the exception of some recruitments in the first and last quarter of 2020, recruitment was halted from April to the beginning of autumn. Reasons for that are several. The coronavirus epidemic caused a reduction of the volume of work, lack of orders and consequently a reduction in the volume of production. The discontinuation of the tableware programme and shift to the packaging programme and additional production automation further contributed to this.

A cost, organisational and staff rationalisation was implemented in the company and thus business operations were adapted to the changed operating conditions, which were significantly affected by the Covid 19 epidemic. We were obliged to reduce the number of employees in all segments of the company, and we preserved key personnel and technical staff which we will need to an even greater extent in the future due to the implemented further automation of production processes.

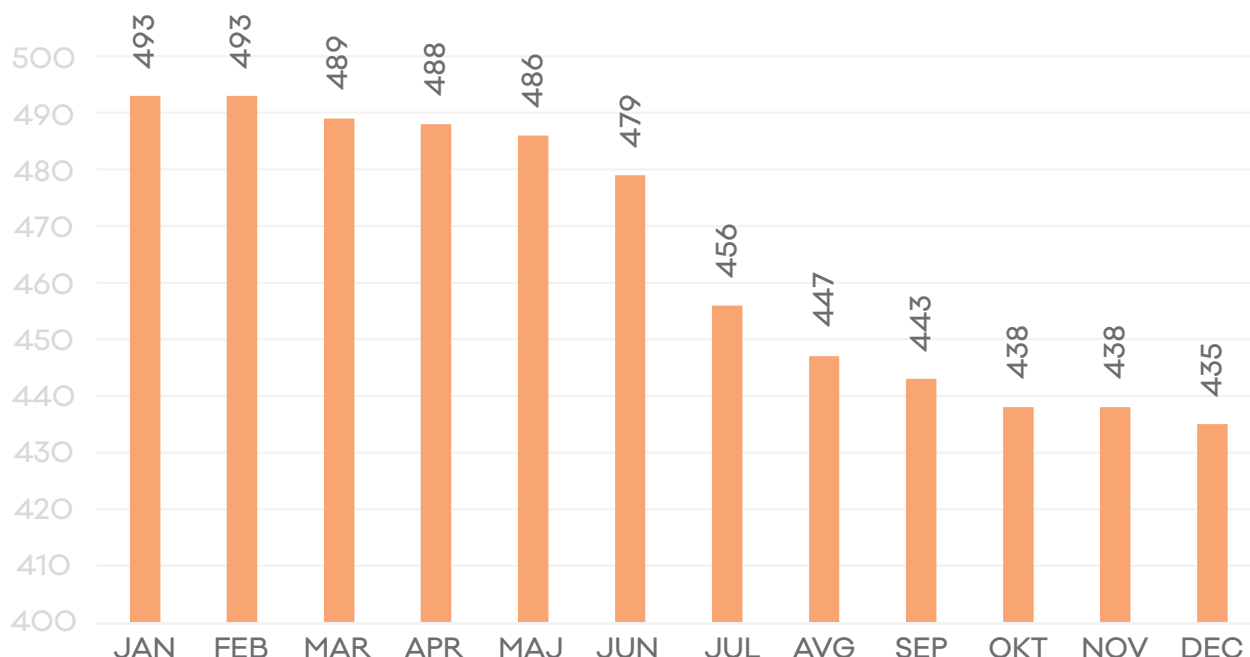
In order to reduce the number of new employees we continued implementing the onboarding programme.

In our local environment, we continued to cooperate with nine-graders from elementary schools, high school pupils, and students who are interested in this field, for the purpose of trying to secure high-quality personnel for the years to come.

We ended 2020 with 520 employees, of which 85 were employed in the subsidiary Glashuta.

Based on working hours in 2020, the Group employed 497 people, of which 73 in the subsidiary Glashuta.

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



Graph: trend in the number of employees by months in 2020

## CAREER DEVELOPMENT

Successful teams are composed of satisfied individuals. Ensuring the well-being and motivating our employees is one of our priorities. The motivation of each individual employee may of course differ; however, we expect from our personnel that work at the glassworks represent a challenge for their personal and professional growth and that they are willing to align their personal objectives with the objectives of Steklarna Hrastnik. With key and perspective staff we carry out regular annual development discussions in order to be informed about their ambitions, expectations and vice versa. By retaining key staff we also ensure that work is being carried out on demanding projects, coaching, and they have also training for professional and personal development at their disposal. Their personal growth is also guaranteed through mentoring younger employees. We also strive toward enabling all employees to find a job post that they enjoy, namely as part of internal mobility.

Steklarna Hrastnik has long-term ambitious goals which will be achieved only with exceptional employees. That is why we do not want to leave anything to chance in this area. We are intensively involved in all development and training projects on the market (e.g. Talent Cloud, Business Cloud).

In 2020, we created a pilot model of assessing professional knowledge and business skills

which were defined through the skills model for the hot part of the production. This enabled us to prepare criteria for promotion at the skills level. We are emphasising knowledge as the key value and important factor for promotion. We will continue building a competence model also in the future. The created competence module will represent the basis for developing personnel, carrying out development dialogues and drawing up career plans with criteria for promotion.

At Steklarna Hrastnik we value experience, knowledge and the work ethic of older employees who are also included as mentors in the informal training of new employees. All employees are equally important. The efficient and active management of older employees was defined in the ASI project strategy and various training programmes were successfully implemented. The ASI project is a response to the challenges the company faces with the ageing workforce, with raising awareness among employers and employees with regard to negative demographic trends, with tackling stereotypes regarding older employees, and especially with the support to employers for an efficient management of older workforce.

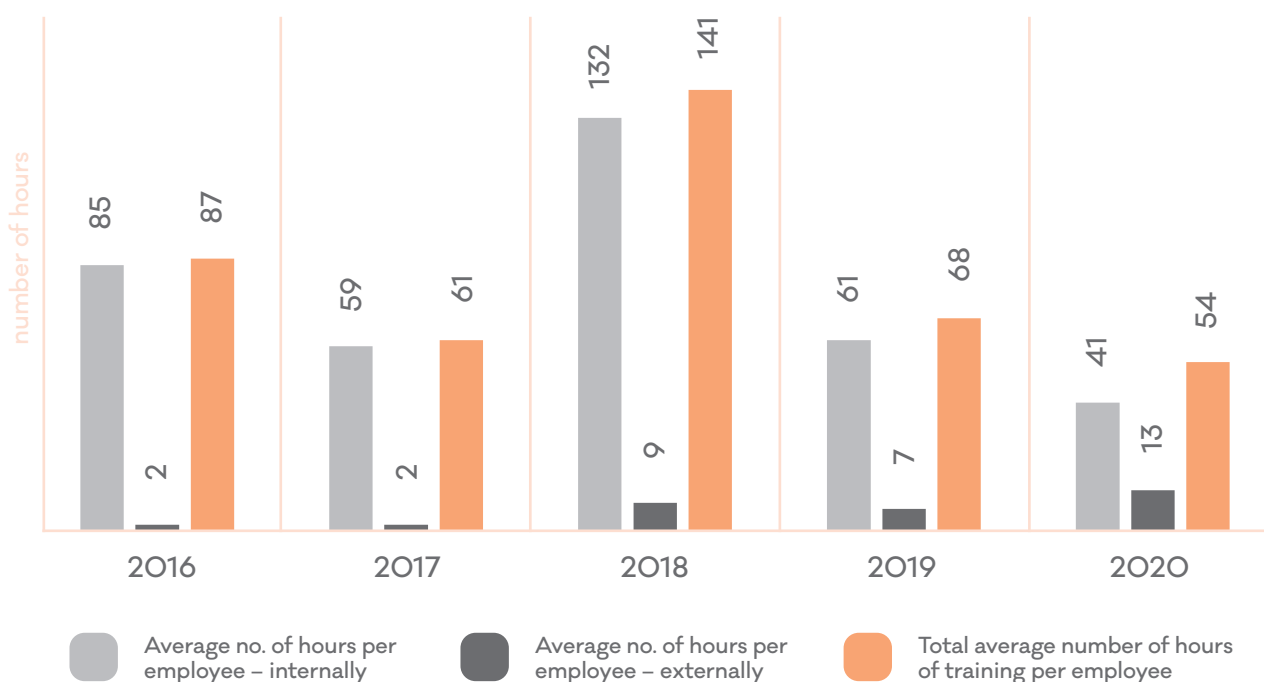


### EMPLOYEE KNOWLEDGE STRUCTURE

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

In addition to professional training courses, a lot of our attention was also paid to soft skills in 2020. Workshops were conducted as part of the ASI project on the subject of intergenerational cooperation, motivation and work performance and communication. The Leadership intensity training programme was prepared with all manager at all levels, which involved the upgrade of knowledge in the area of leadership competences.

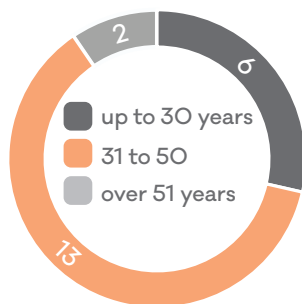
Graph: Average number of hours training per employee – internally, externally



Number of newly employed persons in 2020 by gender



Number of newly employed persons in 2020 by age



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



## PARTNERSHIP RELATIONS AND CARE FOR EMPLOYEES

The guiding principle of our operations was the care for employees and activities aimed at building partnership relations with employees that are based on open and respectful communication, honesty and focus on the future as well as the respect for legal norms and an ethical attitude towards employees and the environment.

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

In order to improve the employees' healthy life style and well-being, we carried out numerous activities within the scope of the sports society and provided them with the opportunity to engage in different sporting events, we organised nordic walking, recreation, biotherapy and yoga. We continued to implement four-day preventative programmes that have been received well by employees. In 2020, we referred a total 40 of employees to a preventive training programme in two terms.



*"the only guarantee of successful operation are highly motivated employees equipped with relevant knowledge and a vision."*



## OPEN COMMUNICATION

On a daily basis, we develop and produce extraordinary glass products, set new trends, and offer our customers reliable services in the broadest sense of the word. We also apply the same degree of respect when it comes to taking care of our employees. Like any company, our glassworks communicates with different target groups, but the most important of all is the internal public - our employees.

Sincere and open communication is given truly great emphasis. We find it important that employees are informed about all events and plans, since this is the only way for them to feel respected, motivated, and part of the success. Our diversified communication network shows that we take internal communication seriously, and that employees are not an empty piece of paper where we could imprint the views and beliefs of the company. In other words – employees at Steklarna Hrastnik have many opportunities to obtain all the necessary information and for their voices to be heard. In order to obtain information about Steklarna Hrastnik, they can consult our internal newspapers, our newsletter, regular meetings, open doors of the CEO, letterboxes, employee meetings, Steklarna Hrastnik trade union, weekly and monthly colleges, social networks, as well as formal and informal employee gatherings.

2020 was a demanding year also from the point of view of internal communication. We stepped into the so called crisis communication conditions virtually overnight. In that situation we chose to the greatest extent possible communication which builds relations, strengthens the ties between us and which is based on cooperation, trust and solidarity.

We had to pass on all novelties and activities relating to the COVID-19 measures immediately upon the events, measures and instructions occurring. We tackled remote working and work from home – and internal communication had

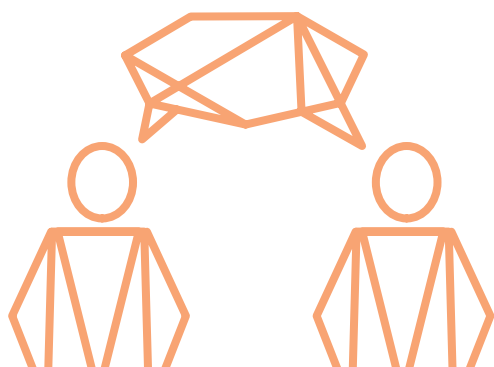


to be adjusted to this to the greatest extent possible. The same degree of care had to also be applied for transferring all information relating to “ordinary” working schedules and the tempo of the glassworks.

For this reason we introduced the so called Connected Mondays, where the entire management college provides a report on business operations, informs about novelties and answers questions on a weekly basis or every other Monday. In this way we ensured personal contact and communication even during times when we are not physically together. We will continue carrying out these activities also in 2021.

2021 will probably be still strongly characterised by the epidemiologic situation. This is why it is even more important in these circumstances to base the entire communication on building trust among employees, mutual relationships and a culture of dialogue. To choose a calming tone and always with an ear to everything that is going on in the company.

We are aware that communication, respecting values and raising the culture in the company is a long process. At the company level we are constantly striving toward improving communication processes and paths, and at the same time we also put emphasis on the responsibilities of each individual. These are the foundations of respect, motivation and consequently success. Diversity enriches us – and our goals, wishes and dreams unite us.



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

Steklarna Hrastnik holds the full Family-Friendly Company certificate. For the ninth consecutive year we have been successfully implementing activities under the 18 measures aimed at improved coordination of professional and family life. The measures were selected so as to provide the option of using them to the maximum possible number of employees. They contribute to a good atmosphere at the company that is reflected in the dedicated and efficient work, loyal employees and the attainment of ambitious goals of the company.

We enable our employees to join their business and their private life. As part of the school break, we give them tickets for various events, shows and sports activities that they may attend with their children. During winter, we organise five-day ski lessons and New Year's Eve gift-giving with a puppet show and visit from Father Frost for the children of our employees.

We were unfortunately unable to organise the family picnic in 2020 due to the COVID-19 measures; however, we gifted all employees a cooler backpack with glass products and a family ticket for the Under the Treetops park on Rogla, which was very well received by all employees.

In 2020, numerous well-received activities were carried out – e.g. tickets for various activities and occasions, giving Christmas gifts to children, organising ski lessons for children, etc. At the same time, we had to quickly adjust to the epidemiologic situation and select activities in view of the circumstances with greater emphasis on enjoying the outdoors with families.



## EMPLOYER BRANDING

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

Target groups which we address were defined as part of employer branding at the strategic level. These do not include only individuals who look for their first or new employment. By no means. Our targeted work begins with elementary school children to whom we present the prospects of technical professions and the opportunities they present. In this phase we wish to present the attractiveness of technical professions and all that engineers do. Next are high school and university students. The former, who do not plan to continue their studies, we present the opportunity for employment after they complete their schooling, the latter are offered the opportunity of receiving a scholarship, of professional, holiday traineeship and also of cooperating in writing diploma thesis and master's dissertations.

We have actively involved our employees in building our brand, since they are the best ambassadors of our glassworks. And it's exactly them who can present their work and their view on work in the glassworks in the most authentic and honest way. For this purpose we have prepared several videos, since we wanted to present work in the glassworks in a fresher way and

avoid standard, trivial presentations. And employees have taken a visible role in the Idejatlon, which was first organised in the past year.

Due to COVID-19 measures we managed to carry it out only on a limited scale, and we are already planning a re-run. Idejatlon offers a great opportunity for young people to discover the work being carried out in the glassworks through solving a concrete problem, technical challenge in production or a certain phase in the one stop shop in cooperation with our experts. In this way we can test their knowledge in practice and gain first-hand information about our work. The despite the first edition being carried out remotely, the response was good. In all of these activities it is important to speak the language of the target group, to put together all the information received from various side and through different channels into a homogeneous whole. In order for it to have a common theme, an authentic story.



*"Idejatlon offers a great opportunity for young people to discover the work being carried out in the glassworks through solving a concrete problem, technical challenge in production or a certain phase in the one stop shop in cooperation with our experts."*



## FAIR PAYMENT AND REMUNERATION POLICY

At Steklarna Hrastnik, we respect and guarantee the right of workers to **fair pay** sufficient for a decent living for themselves and their families, and to the social contributions or benefits required by law.

We pay the minimum wages required by national minimum wage legislation or industry standards agreed in collective agreements, whichever is more favourable.

Wages are paid on time, regularly and in full in the legal tender - money. Partial payment in the form of compensation "in kind" is acceptable in accordance with the specifications of the International Labour Organisation (hereinafter ILO). The level of pay reflects the knowledge, skills and training of workers and the contribution they make to the work they do.

The salary policy is agreed with the corporate trade union. From 1/ 1. 2019, a salary model is being applied, which was integrated in the cor-

porate collective agreement. An appropriate additional payment is paid to employees whose gross salary does not exceed the level of minimum salary.

We have established a rewarding system stimulating employees to achieve good work results and improve themselves. The stimulation is for most employees associated to the successfulness of production, whereas sales personnel is tied to the success of the achieved volume of performed sales. Employees who show above-average results may also receive a special stimulation as a personal reward.



## MOBBING PREVENTION

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

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

At Steklarna Hrastnik, **we do not tolerate** any form of **mobbing**. A collaborative corporate culture, based on mutual trust and respect and the protection of the integrity and personal dignity of all participants in the work process, is the basis for a positive working climate in society

and is an important prerequisite for job satisfaction and the quality of employees' working lives, and thus for the economic success of society.

The company has a Mobbing Prevention Policy in place and appointed an authorised person for mobbing prevention. No conduct, actions or omissions that cause physical or emotional violence in the workplace, which is not tolerated in the company, was recorded.



## RESPONSIBILITY TO THE DISABLED – DISABLED-FRIENDLY COMPANY

There were 72 disabled employees in the Steklarna Hrastnik Group at the end of 2020, of which 48 were employed in the sheltered workshop Glashuta. The largest portion of disabled persons in our company is performing the work of packaging and reviewing glass products, while other disabled persons are included in different working environments where they perform the work pursuant to their remaining working capacity.

With the strategy of focusing on the manufacture of packaging glass and with the further automation of production and permanent discontinuation of the tableware programme, the volume of the works, mainly of the so called auxiliary works, such as packing, pre-packing, labelling, declaring, re-inspecting or other reviewing of glass products, dropped significantly. Due to

these reasons, in 2020 we submitted a proposal for establishing the basis for terminating the employment contract for 11 disabled employees due to business reasons and disability to the Commission for establishing the basis for termination of the employment contract at the Ministry of Labour. The employment relationship with 7 disabled persons was already terminated in 2020 on the basis of the received positive opinion of the Commission. Further reduction of the number of disabled employees, compared to the previous year, was mainly due to retirement on grounds of age.



## SAFETY AND HEALTH AT WORK

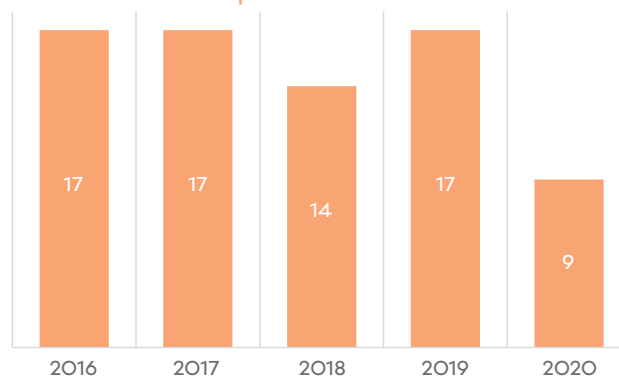
A lot of attention was dedicated to safety and health at work in 2020 too, particularly to individual production programmes, where safe work is always on the agenda of daily meetings. Activities carried out in the past years are reflected in a smaller number of injuries compared to previous years. No serious injuries at work were recorded in 2020.

Numerous measures have been adopted in order to reduce the number of injuries. The causes of every injury are investigated using the following method: correction – investigating the causes – corrective measures – verifying the successfulness of the corrective measures. Individual discussions are held with each of the injured persons.

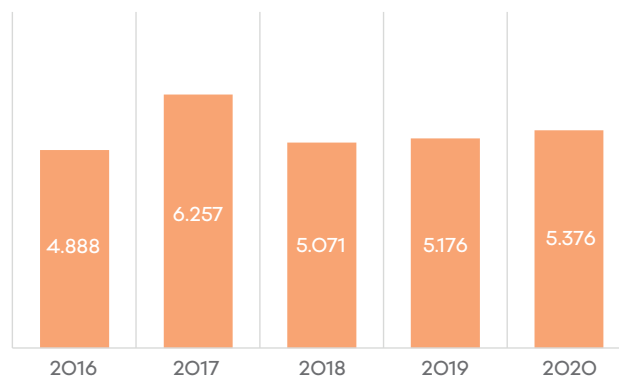
We are aware at Steklarna Hrastnik where the majority of the production is performed 365 days of the year that the only guarantee of successful operation are highly motivated employees equipped with relevant knowledge and a vision. By investing in the upgrading of processes, we aim to lower the amount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

awareness-building for workers regarding the importance of the use of means of protection and the observation of instructions on safe work.

The number of injuries at work at SH d.o.o. in the period 2016 – 2020



The number of lost hours due to injuries at work at SH d.o.o. in the period 2016 – 2020



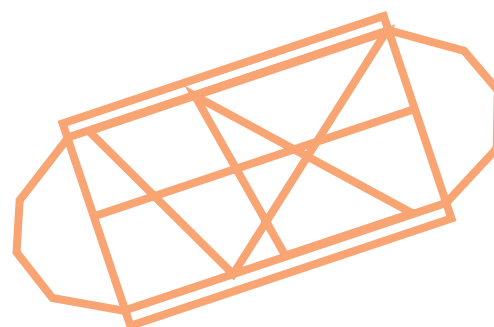
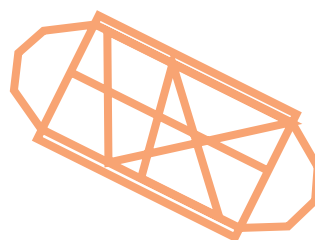
As already pointed out, 2020 was a particular year also in terms of ensuring health and preventing the spread of the COVID-19 epidemic.

We started implementing measures taken to prevent the COVID-19 virus from spreading already in the second half of February 2020. In introducing the measures we were extremely proactive and did not wait for special instructions. Protecting the health of employees family members and the business of the company is a priority during the COVID 19 epidemic.

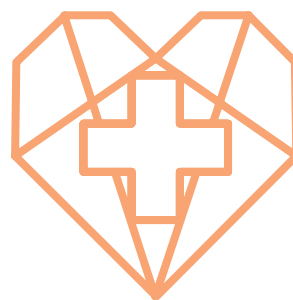
All measures adopted were primarily intended for ensuring the health of all employees. Only after the measures for ensuring health have been established, we adopted important measures to ensure a safe and uninterrupted operation of the company. Employees and our families depend on income, and the operation of the company also contributes to a more stable economic environment.

We have been monitoring and changing measures, with which we are protecting health and preventing infections in our company, on a daily basis. Here is a list of merely the basic ones:

- Self-protecting behaviour of all employees by taking into consideration all the rules of (personal) hygiene, disinfection and social distancing.
- Providing necessary means of protection to employees (hand sanitizers, gloves, masks, visor and, if necessary, protective clothing).
- In order to ensure the highest standard of hygiene we have also carried out additional surface disinfection and cleaning.
- Strengthening internal communication – up-to-date, clear and open communication of all necessary information, instructions, regulations and recommendations related to preventing infections and of all business events immediately after they occur.
- Disinfecting the working areas of Steklarna Hrastnik.
- Measuring the temperature of all employees and possible essential external contractors at the entrance to the company and additionally during the working hours.
- Temporary interrupting and stopping the working processes.
- Ensuring the appropriate safety distance or installing physical barriers.
- Adapting the food offer at the workplace and limiting the cafeteria seating order and barriers



- Distributing working time, work at home, other forms of work and standby.
- Crisis management or the management college was always present at the company's headquarters.
- Prohibiting and cancelling all business trips, visits by business partners, trainings, conferences and meetings.
- Introducing business meetings, internal as well as external, via video conferences or phone conferences or via other means of electronic communication.
- "Connected Mondays" personal communication – open doors of the management college. Regularly reporting on the company's operations, orders, sales, stocks, measures, etc. Employees have the opportunity to ask questions directly to the entire management college.
- Additionally taking care of the employees – gifts to employees (protective mask, glassworks products, etc.), caring for health outside the company (home exercise via the SH portal), etc.
- Helping coordinating family life and work obligations (individual approach).
- Enabling work at home for all jobs, where possible.
- Employees are allowed to stand by for work and part-time work and other forms of work which are helpful during the COVID 19 epidemic (distribution of working time, work at home, other forms of work and standby).
- Mandatory testing in case of private travels – negative test before returning to work
- Internal protocol in case of suspected contact with an infected person



We were recognized as an excellent case of good practice of how to implement preventive measures. In June 2020, the University Medical Centre and the Clinical Institute of Occupational, Traffic, and Sports Medicine shot a film recording good practice in Steklarna Hrastnik – the implementation of measures preventing the spread of the COVID-19 virus. The educational film is publicly accessible on various portals as an example of how to act pre-emptively to ensure safety and health at work health and safety in a manufacturing plant during an epidemic.

It should also be noted that we had to tackle the epidemic in a company where the technological process of manufacturing glass and the operation of glass furnaces unfortunately requires a "24/7 presence all year round". This happened exactly in the year in which an investment had to be undertaken, requiring the involvement of more than 300 people and approximately 130 external contractors.



**TOGETHER, WE HAVE PUT HEALTH AT THE TOP OF OUR LIST OF PRIORITIES!**

## ETHICAL CONDUCT CODE

The Ethical Conduct Code includes all conducts referring to the fundamental rights of the workers employed at Steklarna Hrastnik or workers carrying out work at Steklarna Hrastnik regardless of their inclusion into the work system. We have a zero tolerance policy for any form of discrimination or exclusion on the basis of gender, age, religion, race, social background, disability, ethnicity and national origin, nationality, membership in trade unions, political affiliation or opinion, sexual orientation, family responsibility, marital status, illness or any other condition that could cause discrimination.

Steklarna Hrastnik forbids child labour, while young employees have special protection. Child labour is enabled or permitted only within the framework of apprenticeship or due to mandatory work placements by educational institutions. Furthermore, no risks for child labour were observed at our suppliers.

Underage employees, i.e. employees under the age of 18, do not carry out works which are being carried out, based on the production process at the Steklarna Hrastnik, in a 4-shift work cycle, according to the continuity of the working process (24/7), this also includes night

shifts. Young employees carry out work under working conditions that do not harm their health. We expect and demand that our business partners adopt and observe the same degree of commitment to these obligations.



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

At Steklarna Hrastnik we respect the right of employees to establish trade unions and workers' representations in a free and democratic manner.

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

We are building and implementing a constant process of social dialogue with the trade union and the workers, which is based on trust and transparent relations.

At the state level, the corporate trade union, which represents 336 members at Steklarna Hrastnik, falls within the chemical, non-metallic and rubber industry of Slovenia. It is involved in dialogues and activities regarding the rights of employees, their earnings and the so-called social standard.

We submit proposals of amendments to internal acts with explanations at least 8 days in advance. Special attention is paid to changes to the internal organisation and systematisation of jobs, which are generally realised by holding a joint consultation with the corporate trade union, where the proposed changes are explained in detail and the argued proposals of the trade union are taken into consideration in the final contents of the acts.

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

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

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

## SCHOLARSHIPS AND COOPERATION WITH YOUNGER GENERATIONS

In the past year, the scholarship system was reformed so as to be even more attractive to potential scholarship recipients. Recruitment scholarship are granted with the intention of developing personnel for work in the Industry 4.0 environment, for this reason all scholarships are granted to candidates coming from technical areas. In the academic year 2020/21, 8 scholarships were granted (3 high-school school students and 5 university students).

Internship was organised for students from various professional areas and levels of education.

Cooperation with young potential future colleagues was upgraded with even stronger ties with educational institutions. Job posts and potential employment opportunities were presented to younger generations through various online meetings. And the Idejatlon innovative programme (described above) was developed for joint work with them.



## BUYERS AT THE CENTRE



Key aspects affecting our relations with customers essentially remain quite stable. Priorities; however, change. New ways of communicating with customers (and our ability to understand their needs), changed dynamic of the balance between the product range and demand on the market (changing needs of customers), increased shortage of resources and significantly increased importance of sustainable responsibility are facts which represented our key priorities in 2020.

The strategic orientation of Steklarna Hrastnik not only remains unchanged, but it has been targeted more toward premium packaging glass. In this respect we want to be a recognisable global development partner in the manufacture of state-of-the-art glass products that creates innovative and aesthetically sophisticated solutions tailored to our customers. In a sustainable manner. By increasing production capacities of packaging glass and ability to transfer the production of the same packaging glass products between two different furnaces, we established another important safety factor for our customers in 2020.



In 2020, Steklarna Hrastnik exported 97% of its production. Customers of Steklarna Hrastnik are companies and brands of all sizes with a wide range of business and development needs. Each year there are increasingly more major global brands among them, with which Steklarna Hrastnik developed long-term development and partnerships. We are still focused on reaching end users in a balanced manner through various channels: through distributors as well as brand owners (larger and smaller). Our main objective remains providing the best possible services to end users.

We are building the profile of our brand by developing new products with added value of top-design and clear glass.

Emphasis is given to One-Stop-Shop services, in the framework of which we are offering design, development, production, decoration, various non-glass accessories and delivery. An important acquisition in building these services approach are also the expansion of our capacities and range of techniques of decorating packaging glass.

## NEW PRODUCT DEVELOPMENT

The investments in the development of new products are being directed toward the packaging programme like never before, and due to the discontinuation of the tableware glass programme all of the new development projects in 2020 were implemented in this programme. In addition to expanding our range of bottles and flacons (Hrastnik1860 Collection), the company also intends to develop products tailor made for customers (Hrastnik1860 bespoke).

In developing our own collection, we launched a new bottle, as part of the 2020 Spirit packaging programme, of our own brand: the Apollo. Together with these new products, the Steklarna Hrastnik collection now consists of 18 products in the Spirit segment.

We expanded our perfume bottle collection by introducing two new bottles of our own brand – the Sens and Paris bottles. At the same time, we added new perfumes to our current portfolio of

own shapes. The assortment of Kenai, Tokyo and Andy bottle different sizes increased.

In developing customised bottles and small bottles we focused our main activities on shortening the duration of the development process (from the idea to industrialisation) and on innovative approaches in producing the most complex designs. By establishing our own Design Studio and further strengthening new product development (NPD) in 2020, Steklarna Hrastnik became an even more competent partner in developing new customised products.

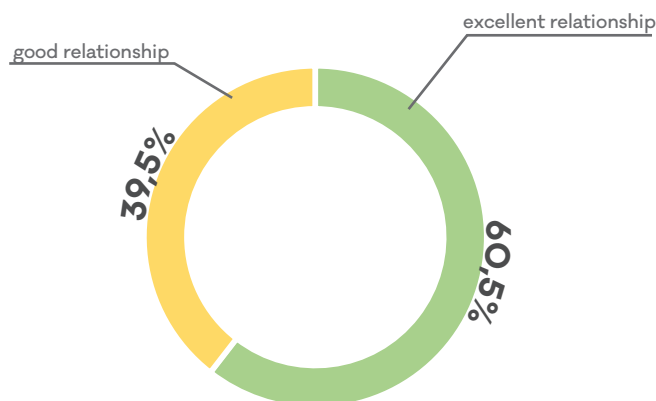
In both areas (collection and customised products) we are aware that just by constantly investing in the development of new innovative products we are able to increase our market visibility, create new sales opportunities and build our brand. Developing smart solutions in the area of glass packaging is a further step forward.



### CUSTOMER SATISFACTION

Customer satisfaction is very important in order for the company to compete in the business world. We try to learn as much as possible about our customer’s needs, wishes and expectations in many different ways. For this purpose we have been conducting a customer satisfaction survey for several consecutive years now. The questionnaire was given to 159 active customers of Steklarna Hrastnik with 56 respondents (35.0%).

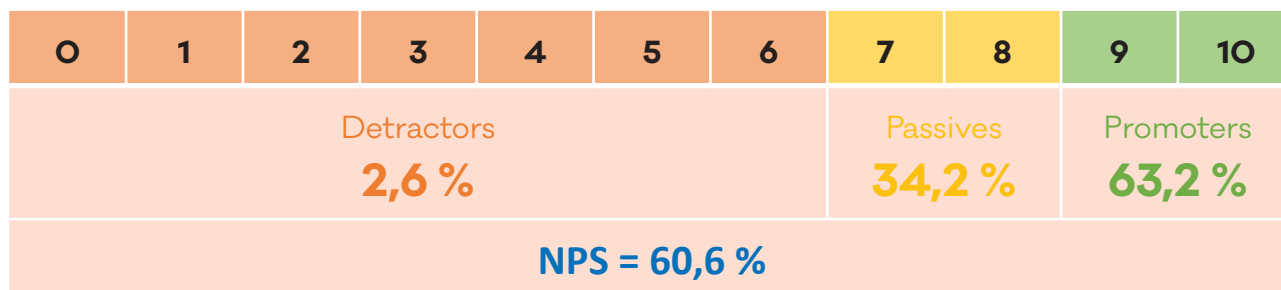
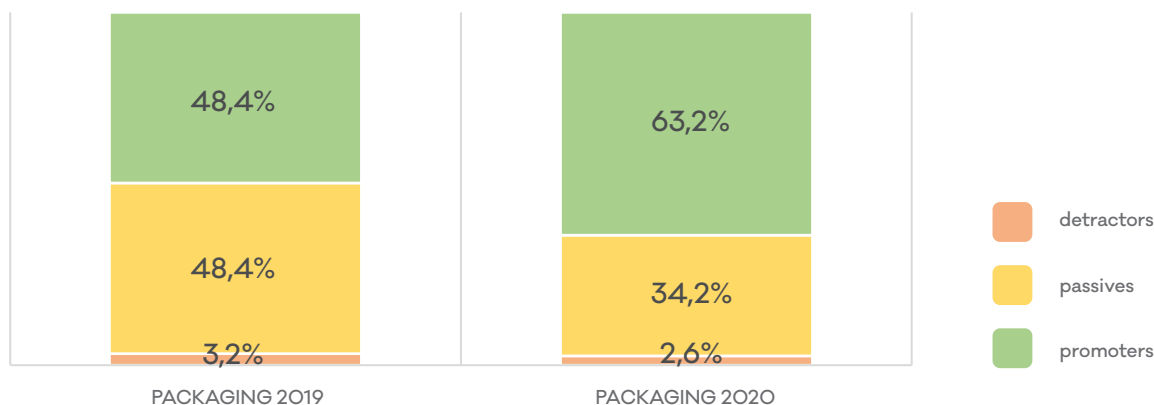
Some of them only partially answered the questions, therefore a more realistic level of responsiveness was slightly smaller - 23.9%.



### BUSINESS RELATIONSHIP RATING:

60.5% of the respondents estimate that they have an excellent relationship with Steklarna Hrastnik, 39.5% as good. No respondent has estimated the relationship as average or poor or very poor, indicating that customers of Steklarna Hrastnik are increasingly more satisfied with each passing year. Last year, 2.4% of the respondents assessed the relationship with us as average good.

### RECOMMENDATION INDICATOR OF CURRENT CUSTOMERS TO NEW CUSTOMERS

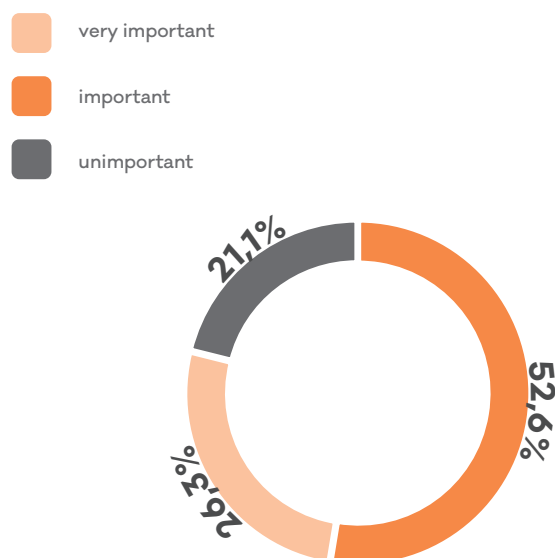


The survey also measured the likelihood of Steklarna Hrastnik being recommended, where we achieved better results compared to the previous year. The NPS (Net Promoter Score) indicator, which amounted to 45.2% in 2019, increased to **60.6%** in 2020. **63.2%** of the respondents defined themselves as promoters, whereas the share of detractors decreased by 0.6%, namely from 3.2% in 2019 to **2.6%** in 2020. The share of passives also decreased from 48.4% to **34.2%**. In the future, we will additionally strive to increase the share of promoters of Steklarna Hrastnik.

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

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

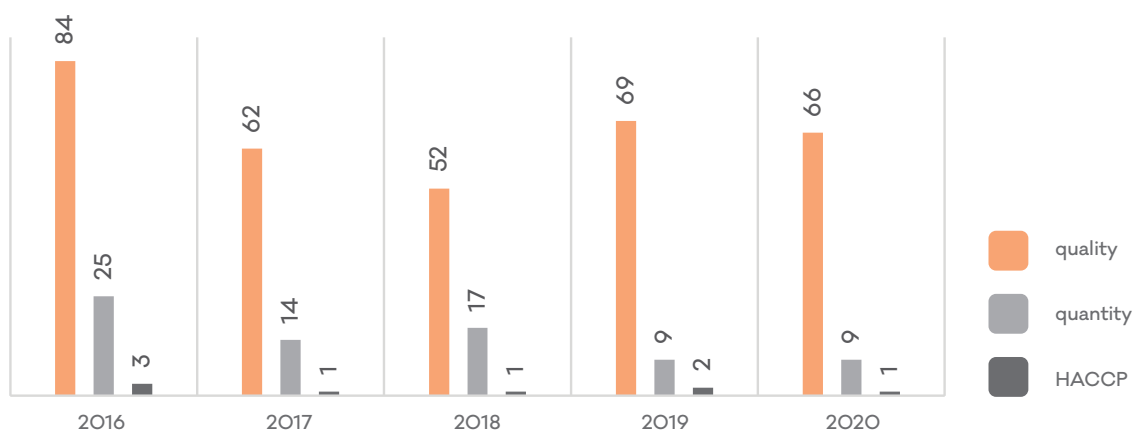
**52.6%** of the respondents consider post-consumer material recycling as very important for the development of future business opportunities, **26.3%** as important or less important, **21.1%** as unimportant. Some have pointed out that they will further increase PCR in the future.



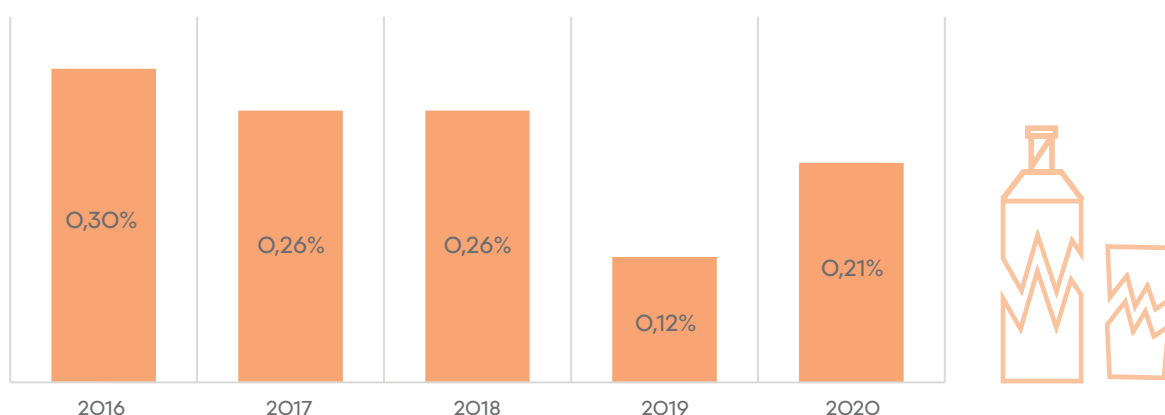
### COMPLAINTS

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

Graph: Complaints by number and type in 2015-2019



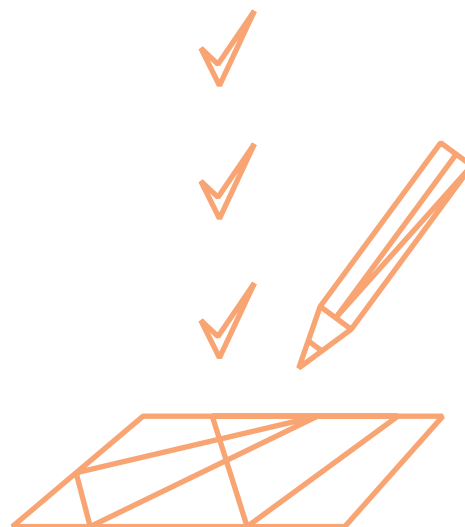
Graph: Complaints by value (share / net sales revenue)



## LABELING AND TRACEABILITY

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

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



## SUSTAINABLE RELATIONSHIPS WITH EMPLOYEES

We inform suppliers about the commitments which are envisaged in the optimisation plan and which related to Steklarna Hrastnik's sustainable development. With them we build on open and long-term relationships.

With strategic partners we conclude long-term contracts and inform them about our internal commitments related to the optimisation and reduction of material consumption and waste.

We have optimised and reduced the physical flow of exchanging documents with suppliers with the aim of switching over to the greatest extent possible to a digital system of operation. We are committed to continue reducing, re-using and recycling packaging in the future.

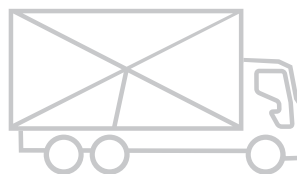
### RATING SUPPLIERS

New potential suppliers are rated using standardised questionnaires which help us obtain basic information on business operations, references and suitability.

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

Business partners (approved suppliers) are rated once a year according to the following criteria: quality, punctuality of supplies and responsiveness, price and status of obtained ISO 9001 and 14001 standards.

With this model of rating and selecting suppliers, under the same commercial conditions, we give precedence to those suppliers which have an environmental management system in place and which obtained an internationally recognised certificate for quality management. In case of poorer ratings, suppliers are informed about the results. They are notified about more in-depth checks of ingoing materials and reminded to improve their business operations. If no improvements are noticed within a maximum of half a year, the process of finding alternative sources is then initiated.



### SUPPLIERS BY LOCATION

Due to the company's location and limited opportunity to create stocks, the flexibility and responsiveness is a very important factor to take into consideration. The total costs of ownership (TCO) is always being considered when comparing commercial conditions. We therefore try to take into consideration, in addition to the value of the received materials, all other costs incurred in the entire supply chain.

According to the value of purchases, approximately 60% of them were local, i.e. from Slovenia, other purchases were mainly from EU (mostly neighbouring countries) and other parts of Europe: (Serbia, BiH, Turkey, etc.).

### LOGISTICS

As part of the inbound logistics, our internal orientation or rather aspiration for suppliers to organise transport with which we will be able to reduce the environmental impact (in most cases suppliers carry out joint deliveries to several clients at once). We are also optimising storage facilities and warehousing manipulations and re-using packaging to the greatest extent possible.

### OUTBOUND LOGISTICS

In the outbound logistics area we introduced the rationalisation of transport with the intention of achieving the full utilisation of our capacities, which in turn contributes to reducing costs and decreasing our carbon footprint.

In selecting transport service providers we demand the use of engine of at least the EURO5 standard, and we also concluded a contract with strategically important transport service providers, containing commitments to sustainable development.

## ENVIRONMENTAL RESPONSIBILITY

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

2020 was a particular year due to the global epidemic as well as due to the glass furnace being overhauled at the Vitrum unit. The oxygen furnace, which has been operational since 2013, was demolished and a completely new one was installed in its place, which will enable us increased production capacity. Consequently, the unit was inoperative for two and a half months, and the volume of waste generated was significantly higher. For this reason, other environmental indicators are not comparable with the remaining reporting period.

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

### ENVIRONMENTAL POLICY

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

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

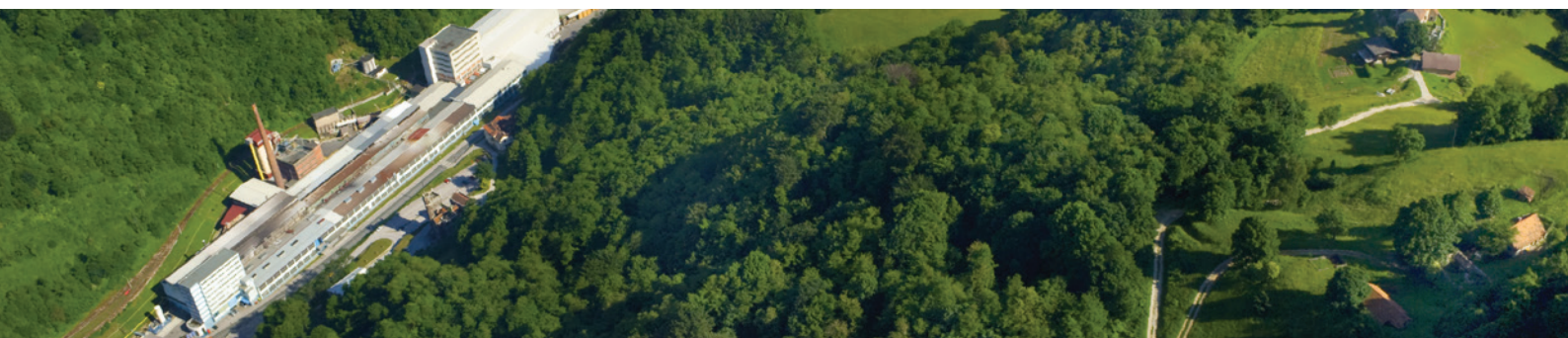
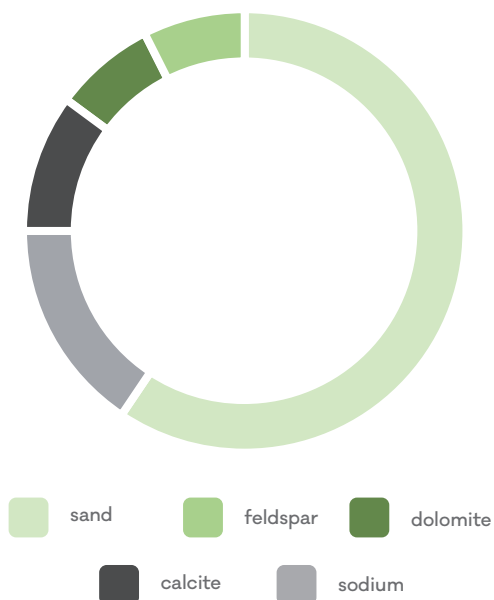
### GREEN INVESTMENTS

Every year, we demonstrate our environmental responsibility also with "green" investments. In 2020, we were particularly active in this area, since the volume of these investments in our entire revenues amounted to 28.7%.

### MATERIAL MANAGEMENT

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

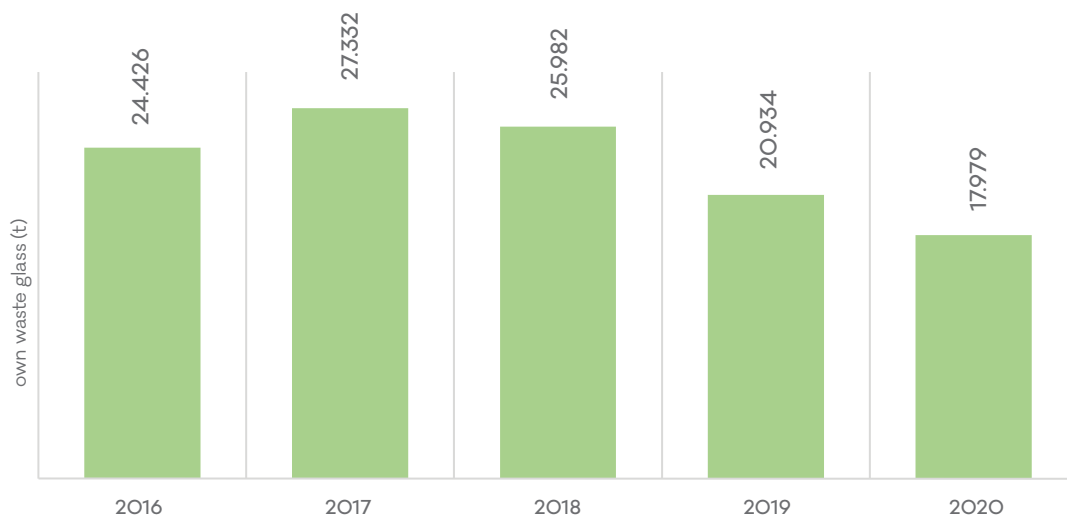
Graph: Main raw materials for the production of glass by proportion in 2020



Due to the high purity of our glass, which is our competitive advantage, we can add only recycled waste glass of our own production in the primary raw material. Despite high quality requirements, we are aware of the importance and advantages of recycling, that is why we are actively looking for a suitable foreign waste glass on the market, which we could add to our production with respect to the input parameters without compromising quality. Our goal for next year is at least 1% of foreign waste glass in the produced glass.



Graph: Weight of waste glass of our own production as recycled material in production

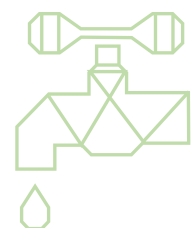
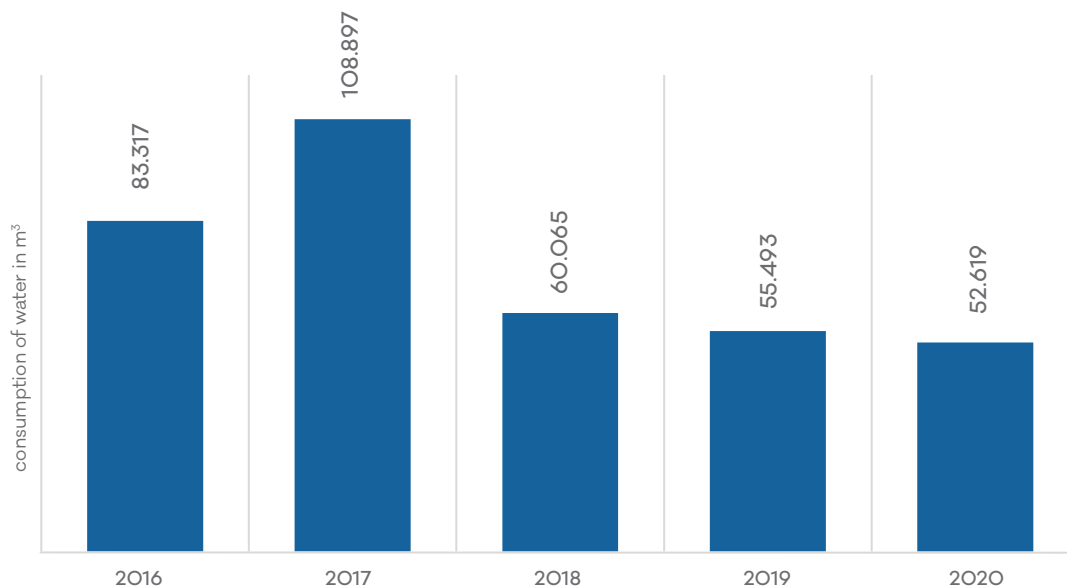


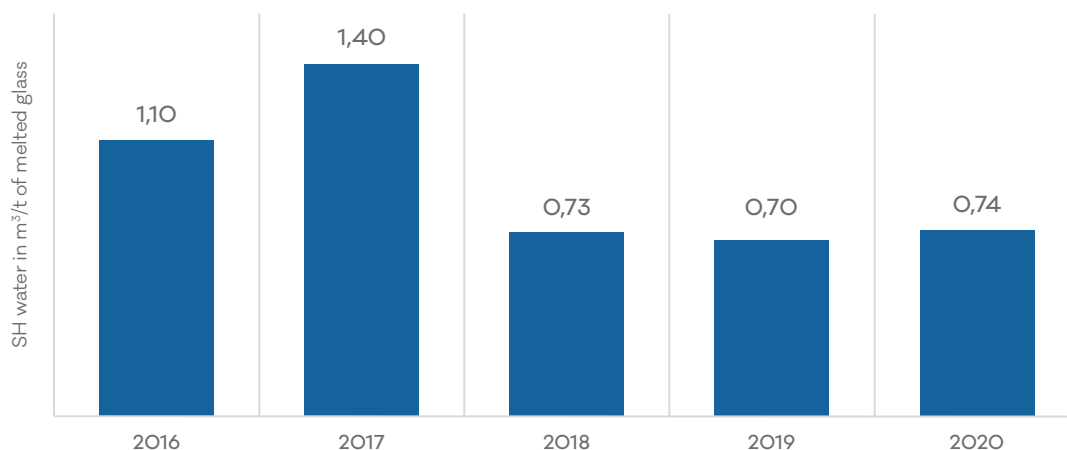
### EFFICIENT USE OF WATER

Drinking water is a right granted by the Constitution of the Republic of Slovenia. Everybody is entitled to it, and it is necessary for our survival and there is not alternative for it, that is why it is the responsibility of all of us to protect it. We are therefore constantly striving to improve its efficient use. 2020 cannot be compared with other years due to the furnace overhaul. Water consumption was lower by 12% compared to last year, and 6% higher (downtime) per product unit. We should note here that in the last five year we managed to reduce water consumption per tonne of melted glass by almost a third, and by 57% in the last 10 years.

The overhaul was also actively optimised, since despite the increase in our production capacity we will be able to actually reduce water consumption per product unit.

Graph: Consumption of municipal water in m<sup>3</sup> in 2016-2020



Graph: Consumption of water in m<sup>3</sup> per tonne of melted glass in 2016-2020

## IMPACT ON BIODIVERSITY

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



## EMISSION MANAGEMENT

At Steklarna Hrastnik we manage CO<sub>2</sub>, NO<sub>x</sub>, total dust, SO<sub>2</sub> and HF emissions. In 2020, direct emissions of all parameters per tonne of melted glass were slightly higher compared to 2020 due to the overhaul and production downtime.

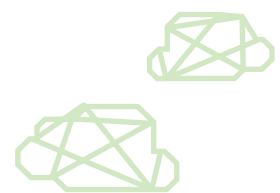
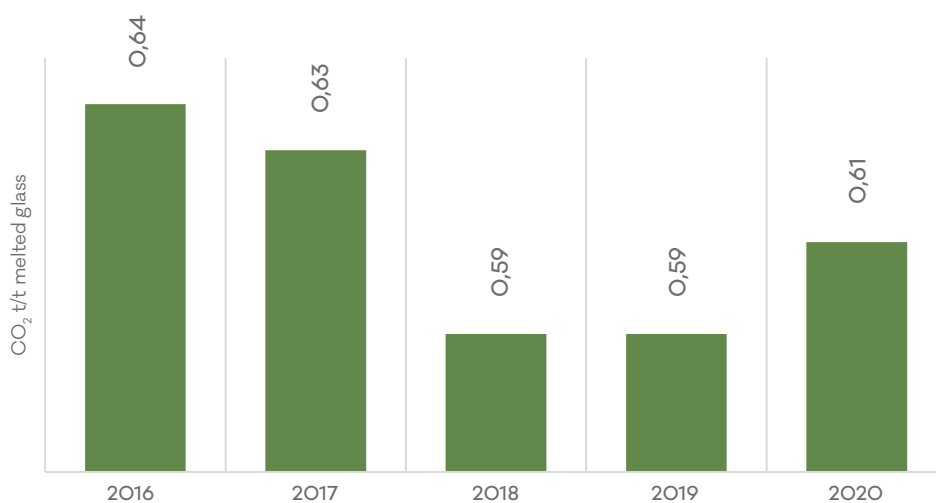
At both locations we have the following sources of direct CO<sub>2</sub> emissions: fuel combustion, raw material (process emissions) and use of service cars. All measures taken by Steklarna Hrastnik in the area of energy efficiency have also an effect on gas emissions that contribute to the greenhouse effect. With respect to the last five-year period we managed to decrease CO<sub>2</sub> (t) emissions per tonne of melted glass by 4%, and by 17% in a ten-year period with continuously increasing production capacities.

After the conclusion of last year's investment cycle worth EUR 22.7 million, Steklarna Hrastnik is planning several new low carbon footprint projects for the next five years, which are detailed in the special subsection Research and development sustainable projects. Our absolute commitment to future development is implementing projects of decarbonising melted glass.

Graph: CO<sub>2</sub> emissions and efficiency indicator in 2016-2020

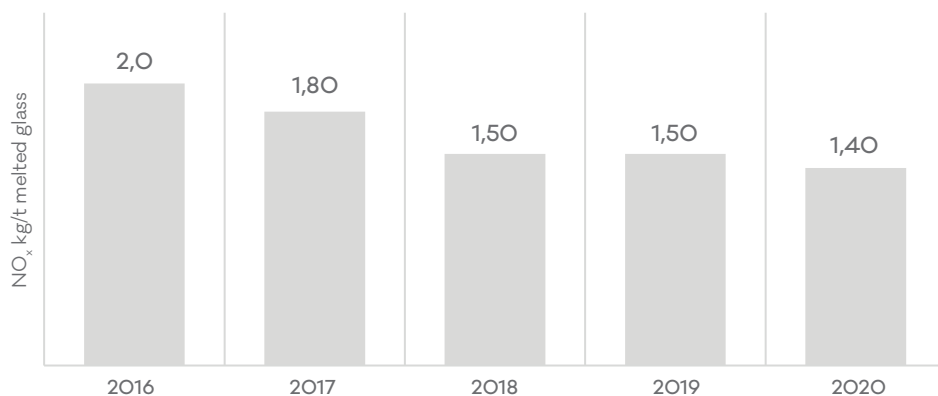


Graph: CO<sub>2</sub> emissions t/t of melted glass in 2016-2020



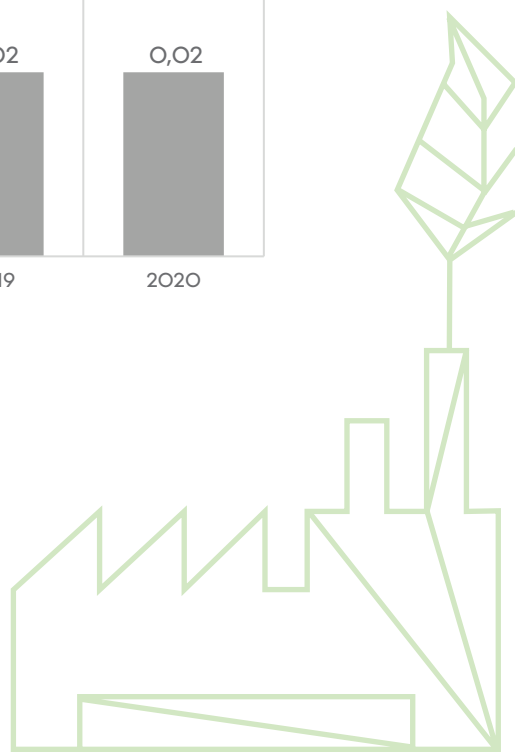
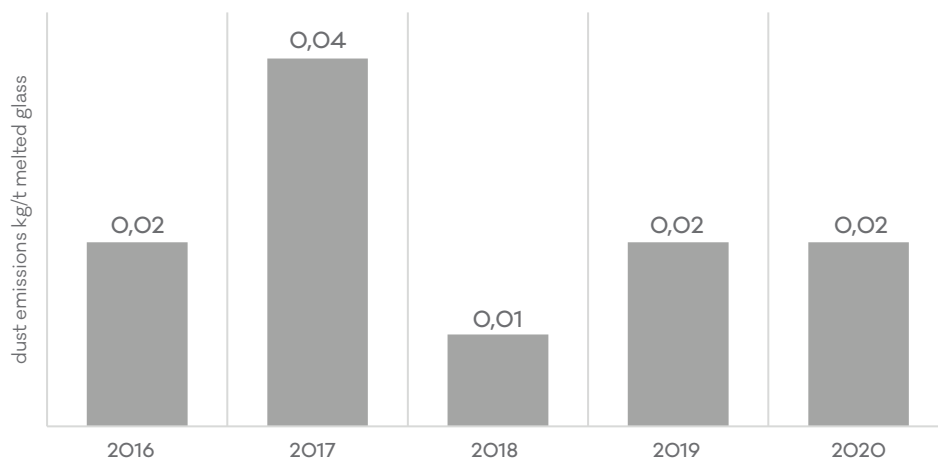
**Nitrogen oxides emissions** are generated mainly during burning in melting furnaces (glass production) and to a smaller degree in combustion plants. Emission monitoring is carried out twice a year for all melting furnaces and once a year for small combustions plants. The efficiency indicator has improved in the last 10 years. In 2020, NO<sub>x</sub> emissions were by 5% smaller per tonne of molten glass, despite the overhaul, compared to the previous year.

Graph: NO<sub>x</sub> efficiency indicator kg/t of melted glass in 2016-2020



**Dust emissions** are also generated mainly during burning in melting furnaces (glass production), where emission monitoring is regularly conducted twice a year. In 2020, dust emissions per tonne of melted glass remained at the same level as in the previous year.

Graph: Dust emissions efficiency indicator kg/t of melted glass in 2016-2020



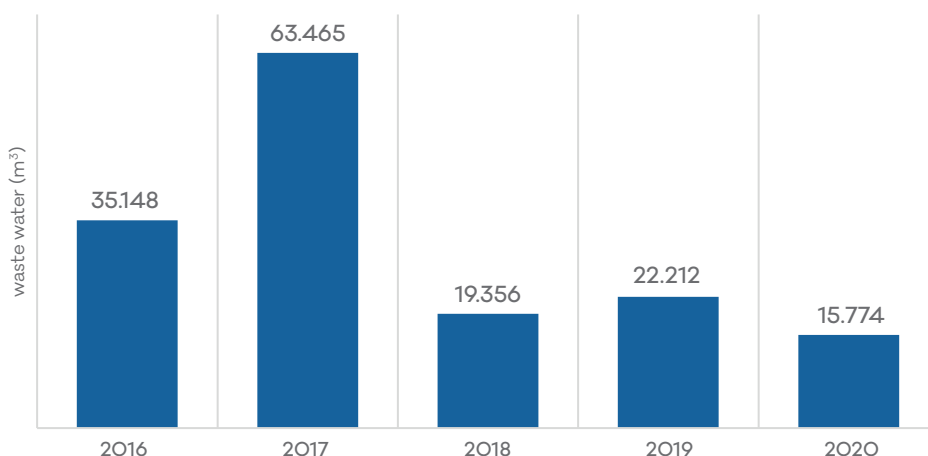
## WASTE WATER MANAGEMENT

Waste water generated during production at Steklarna Hrastnik is so called cooling water. Very high temperatures occur during the glass-making process, for this reason the cooling of important parts of the furnace and glass-shaping machines is essential. Almost closed water circuits are being used, and only generated excess water is drained, since a sufficiently large tank for collecting excess water could not be installed due to spatial issues. Waste water is treated in internal industrial waste water treatment plants. At the Vitrum unit water is discharged into the public sewage system, which runs through the Hrastnik central waste water treatment plant and into the Sava river watercourse, after being treated by the industrial waste water treatment plant. Data for the Special unit are not yet available, since 2020 was the first year since we have been discharging our minimum excess water through the industrial treatment plant into the Sava river watercourse.

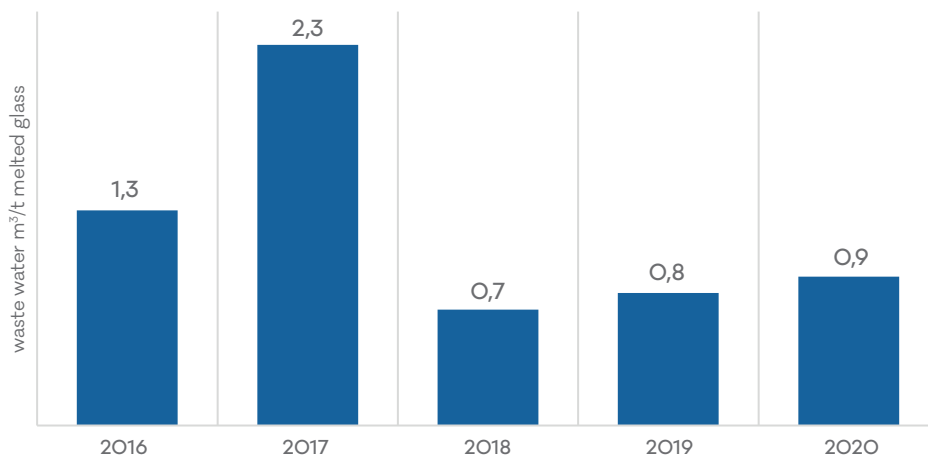
Storm waste water running down the roofs of the buildings is discharged indirectly or directly into the waters.

According to the report on the operational monitoring of waster water for 2020 there were location no exceedances of parameters.

Graph: Quantity of waste water from the Vitrum unit in m<sup>3</sup>/year during 2016-2020



Graph: Indicator of the efficiency of the volume of waste water from the Vitrum unit in m<sup>3</sup>/t of melted glass in 2016-2020



The quantity of waste water at the Vitrum unit decreased by a third in the last five years. In 2020, the indicator per product unit is slightly higher compared to the previous year due to the furnace overhaul.

According to the report on the operational monitoring of waster water for 2016–2020 there were no exceedances of parameters. Some of the value of the main parameters are listed in the table below.

Table: Parameters of waste water in the VITRUM unit in 2016-2020

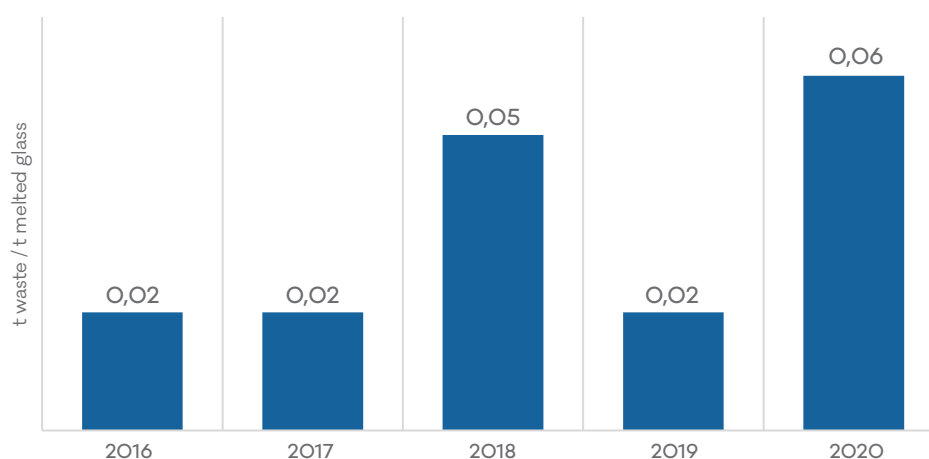
	2016	2017	2018	2019	2020
Pb (mg/l)	0,006	0,007	0,007	0,007	0,007
KPK (mg/l)	15	16	48	91	62
EO <sub>N</sub> (cleaning effect)	0,7	0,6	0,4	2,2	5,1

## WASTE MANAGEMENT

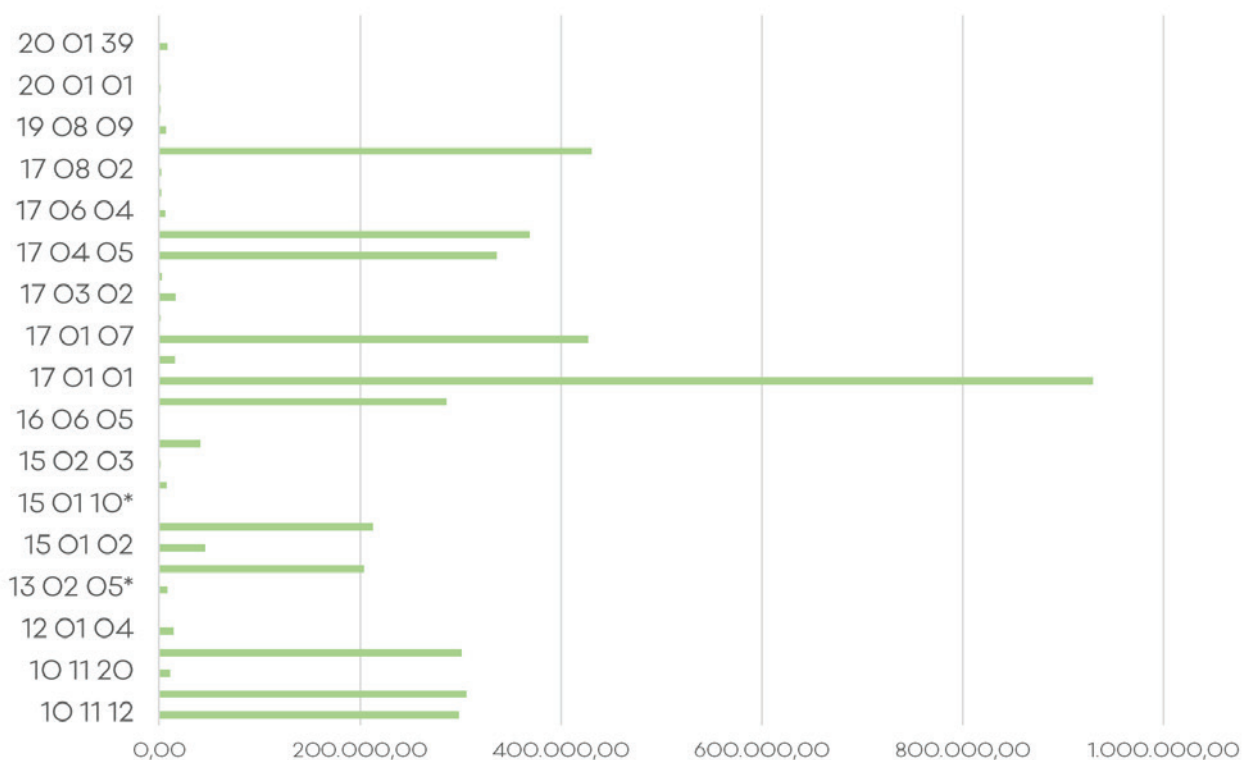
The bulk of the waste generated in production is represented by glass which is 99% recycled in the manufacturing process. Only waste glass from our own production is used in the process due to high quality requirements of our products. We are aware of the importance of replacing natural sources and raw materials with waste glass, for this reason we are intensively looking for glass of relevant quality on the market, which could be recycled in the production process without the negative impact on the quality requirements. Other waste is generated evenly and no deviations were recorded in the past years. Construction waste is specific in this regard, since their volume depends on the investment and maintenance works. Due to a large investment, furnace overhaul and other upgrading works at the Vitrum unit, the volume of these waste has significantly increased. All the waste construction material was processed according to R5 procedures.

Hazardous waste represents only 1 to 2% of the total waste amount.

Graph: Waste efficiency indicator t/t of melted glass in 2016-2020



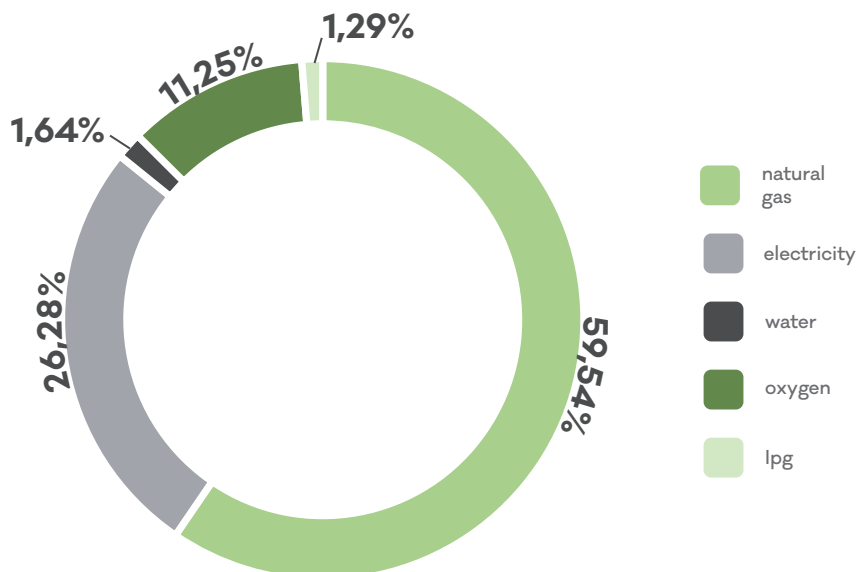
Graph: Waste by type and quantity in 2020



### ENERGY CONSUMPTION

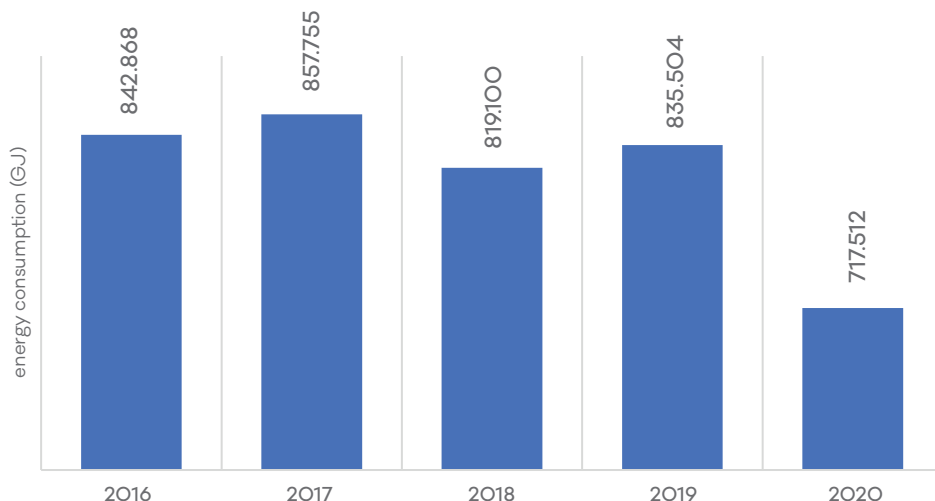
Glass-making is an energy intensive process, since melting is carried out at high temperature around 1.500°C. At increased production capacities is therefore important to select the most advanced technology and constantly ensure efficient and sensible use of energy products, while at the same time numerous improvements in this area, which are also based on our own know-how, are being continuously introduced. Our most important energy products are natural gas (a little less than 60%) and electric energy (a fourth of all energy products).

Graf: Raba energije po vrsti energentov leta 2020

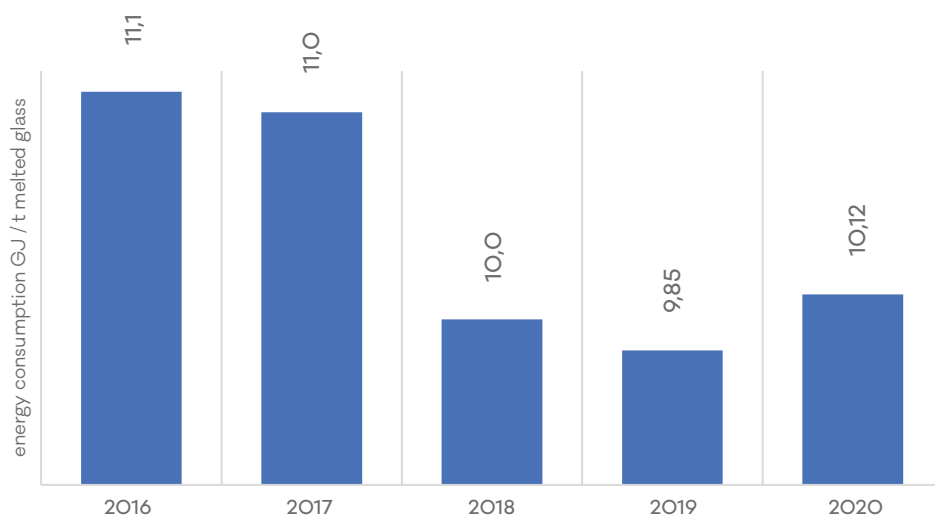


In 2020, we consumed 717,512 GJ of energy, which is 3% more than in 2019, namely due to the coronavirus and overhaul of one of the glass furnaces (which are reasons which were already mentioned several times before). In the last five-year period, we successfully managed to achieve a 9% reduction of energy consumption per tonne of melted glass. All investments are aiming at additionally reduce energy consumption.

Graph: Total energy consumption in GJ in 2016-2020

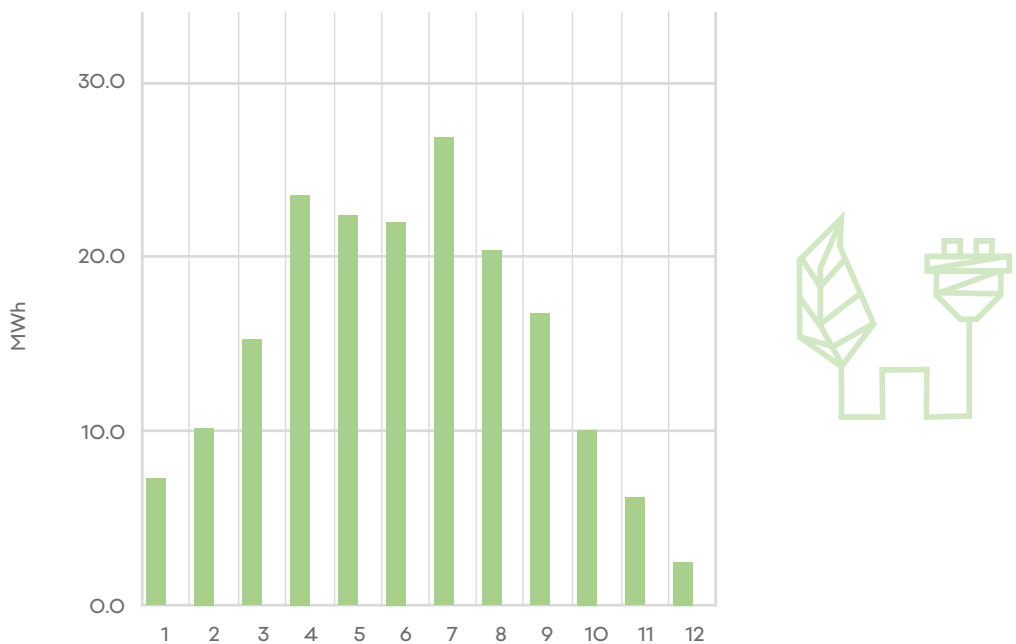


Graph: Energy consumption in GJ per tonne of melted glass in 2016-2020



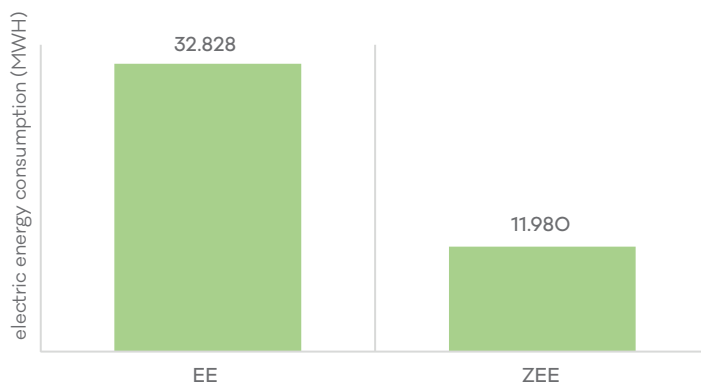
As a large energy consumer we are directing all activities to increasing the consumption of green energy and thus reducing our carbon footprint. A smaller part of green energy is obtained from our own B2B solar power plant, and a project of constructing a second solar power plant with approx. 400 kWp is currently being implemented in order to increase the supply of renewable energy sources. In 2020, we thus obtained 183.19 MWh of own green energy. The percentage by months is shown in the graph below.

Graph: Own green solar energy in MWh in 2020



Each year we are also increasing the percentage of consumed electric energy from renewable energy sources. The graph below shows the percentage of the entire consumption of electric energy and percentage of green electric energy in 2020. In the next years we will keep increasing these percentages.

Graph: Total consumption and percentage of green electric energy in MWh in 2020



We have an energy management system in place in the company – GemaLogic – which includes approximately 85% of consumers of electric energy and 90% of consumers of natural gas. Data are capture in minute intervals. Employees may monitor consumption, characteristic indicators, warnings and the analysis of historic data in real time.

## DEVELOPMENT AND RESEARCH SUSTAINABILITY PROJECTS

In 2020, Steklarna Hrastnik was active in research and development activities and pilot-demonstration projects directed toward sustainable development.

In September 2020, the **“Optimisation of Energy Transformation for the Replacement of a Share of Fossil Fuels with Hydrogen in Industrial Glass Melting”** (OPERH2) project activities also concluded in the area of sustainable energy. A pilot system, enabling local production of hydrogen from renewable resources and its use in melting glass for fossil fuel decarbonisation, was set up as part of the OPERH2 project in the industrial environment of Steklarna Hrastnik. Various scenarios of implementing the pilot system were examined as part of the project from the technology and economical point of view and all the project documentation was drawn up for the selected solution. We have installed a photovoltaic (PV) power plant and set up a system for producing and storing hydrogen (hydrogen production plant) and a hydrogen combustion and regulation system for the pilot glass furnace. The pilot demonstration was completed in July 2020, and in August 2020 we experimentally certified a new technological solution for glass melting. As a result, we achieved a 17.3% reduction of CO<sub>2</sub> in 2020 according to the ARSO measurement methodology, which is 7.3% more than the intended objective (10%). In 2020, we also concluded implementing and monitoring an efficient flexible energy management in the glass-making industry and implementing of PV system products in the pilot environment, including a zero-production run of fuses for protecting the PV system (new products). We have also achieved other project objectives, i.e. a 10% increase of the virtual power plant capacity for tertiary reserves by managing power consumption and distributed power generation (a surplus of 50%) and a 10% increase of the volume of private investments in R&D in 2017-2019 (a surplus of almost EUR 55 M). All OPERH2 project objectives and indicators were achieved or exceeded in 2020. We received a regional gold and national silver award presented by the Chamber of Commerce and Industry of Slovenia for the energy management software solution that was developed as part of the project. We received the Environmental Award by the Ekosklad fund and Finance magazine for the



combustion system for green hydrogen that was developed as part of the project.

In the field of circular economy, activities carried out as part of the **“Smart Multi-Component Packaging Glass”** – eBOTTLE project also concluded in December 2020. “Smart Multi-Component Packaging Glass” products were developed as part of the project, which were made of a specially adapted glass packaging, enabling installation of several different smart electronic devices based on RFID (Radio Frequency Identification) technology in a completely sustainable manner using bio-based glues. Tracking with electronically marked eBOTTLES enables to carry out analyses of expand manufacturers in life in the value chain from manufacture to recycling, thus increasing the extended liability of the manufacturer. With the sustainable manufacture of eBOTTLE products in 2020 using eco-friendly planning we also developed a bio-based glue for attaching electronic components and managed to create a recyclable bottle (composite) the electronic components of which can be re-used. This enabled us to achieve all the project’s objectives. We received the prestigious Golden German Innovation Award for sustainable and smart packaging. We also received the silver regional award presented by the Chamber of Commerce and Industry of Slovenia for the development of the bio-glue.

In 2020, Steklarna Hrastnik continued implementing the pilot-demonstration DEKORA project titled “**Smart Decoration and Functionalisation of Packaging Glass in an Innovative Industrial Environment**”. By upgrading the current CNC methods of screen printing and spraying we tackle the challenge of printed electronics, whereby the largest part of the project is dedicated to ecological design. We also highlight a platform for monitoring material and energy efficiency with augmented reality with which we would like to try to reduce the intake of materials and energy in the product enrichment process to the largest extent possible. We will also introduce machine learning for product quality control and for the reduction of ejections, whereas in designing new products we use exclusively more sustainable and bio-based materials, such as itaconic acid, which will be created using re-engineering and in accordance with the latest eco-design guidelines.

We have begun implementing the **SEKUMAT RR** project: “**Identifying waste products and using secondary materials in the industry of inorganic non-metallic materials**”, which was confirmed on 09/07/2020 with a decision of the Ministry of Economic Development and Technology for co-financing by the Republic of Slovenia and the European Union from the European Regional Development Fund. In July 2020, we began carrying out project activities in cooperation with consortium partners, the aim of which was to develop a model for characterising secondary raw materials with the intention of returning them into the production process, to develop circular processes and establish a registry of secondary raw materials in the aluminosilicate industry.



In 2020, Steklarna Hrastnik also started implementing the project for the construction of a second solar power plant “**MSE Steklarna Hrastnik 2**” with approximately 520 kWp in order to increase the supply of renewable energy sources. Additional project documentation was prepared for the project in 2020 and the project is expected to be implemented in 2021.

Steklarna Hrastnik is also involved in international sustainability projects and together with the European Container Glass Federation (FEVE) and other twenty glassworks from across Europe is planning a **project of industrial hybrid glass furnace** of the future with which up to 80% of fossil fuels will be replaced with electric energy at an industrial level. In 2020, we submitted our application to the Innovation Fund titled “Furnace for the Future” as part of our cooperation with FEVE. The project has placed on the shortlist and a complete application for the Innovation Fund is being prepared for it.

In 2021, Steklarna Hrastnik is also planning to start implementing an international project **H2GLASS for the decarbonisation of melted glass using hydrogen at an industrial level** related to by organising a demonstration in Hrastnik. With the project we wish to reduce CO<sub>2</sub> emissions of the industrial glass furnace by 20%. In light of the energy intensity of the glass-making industry, this could be one of the most important sustainability projects for reducing CO<sub>2</sub> emissions in Slovenia.

For 2023 we are also planning to set up a **Pilot-demonstration centre (PDC) for low carbon footprint technologies** together with numerous partners from the Zasavje region and broader Slovenia. The project proposal presents a initiative to form an ecosystem that would enable a just and inclusive transition of sectors to carbon neutrality. The initiative is based on establishing a centre for low carbon footprint technologies located in Hrastnik, The PDC presents an environment, in which it is possible, at the pilot level, to develop and test key low carbon footprint technologies and technologies for the circular economy in the size of the so called Valley of Death (TRL 5-8). Individual projects will last 3 to 5 years and after their conclusion they will be replaced by new projects, which will include even more advanced technologies. The purpose of this sort of pilot projects is to increase the technological maturity of new and innovative technologies to a level that is sufficiently high in order to be then applied to larger demonstration projects in economic implementation (TRL9). The risk for implementing new technologies, which otherwise enable significantly lower carbon footprint levels compared to traditional ones, is thus reduced.

Steklarna Hrastnik is also planning to install a **regenerative hybrid glass furnace** in 2023 with up to 40% of use of renewable electric energy with which we will be able to reduce the carbon footprint of the melting process under the EU ETS Benchmark. The state of excellence in today's manufacture of packaging glass is represented by the technology of melting glass in regenerative glass furnaces. This furnace concept matured in over 150 years of technical development and today reaches the thermodynamic limits of the glass melting process efficiency.

Even with the use of additional systems for the recovery of waste heat the carbon footprint cannot be reduced by more than 20% for these furnaces. The main source of energy is natural gas, the replacement of fossil fuels is therefore of key importance for decarbonisation, and the easiest way to achieve this is by using renewable electric energy.

We invested a total of EUR 1.13 million in the R&R activity oriented toward circular economy and sustainable development.



## ENVIRONMENTAL COMMUNICATION

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

### INTERNAL COMMUNICATION – CARING FOR THE ENVIRONMENT

- By raising awareness and educating we cultivate high environmental conscience and responsibility of all employees.
- We regularly write about protecting the environment (developments, advice, general information, etc.) in our internal magazine, bulletin, guides and other channels of internal communication.
- All new employees also get all the necessary information in a special Guide for new employees.
- A special brochure about protecting health and the environment, which includes important information on environmental protection, is also available.

## EXTERNAL COMMUNICATION

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

- media publications;
- at various consultations, seminars and round tables;
- we are actively involved in the preparation of an environmental legislation;
- we cooperate with professional, scientific and educational organisations;
- during various visits (government, professional organisations, etc.) we emphasise the importance of protecting the environment and our sustainable practice;
- publications on LinkedIn and Facebook social networks.

## LOCAL COMMUNITY

- raising awareness and educating local communities about all the measures related to environmental protection and the activities of Steklarna Hrastnik through communication channels, which are also accessible to the local public;
- with the Municipality of Hrastnik we seek common solutions with regard to challenges that we face, such as statutory requirements and natural laws of the environment where SH operates;
- clear, transparent and open communication is a prerequisite for excellent cooperation – we at Hrastnik have been proving this for years.

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



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

## SOCIAL ENVIRONMENT RESPONSIBILITY

Due to awarding sponsorships and donations in a transparent manner, each year Steklarna Hrastnik launches a public tender to which various societies, clubs, organisations, educational institutions and associations can apply. This is our way to give part of the resources back to the environment in which we operate. The tender is published on our website and Facebook page. Approximately 184 applications were received in the entire year, which is almost twice less than the previous year. The main reason for the lower number of applications is mainly the coronavirus epidemic due to which many events in 2020 were cancelled.

Table: Sponsorships and donations made by Steklarna Hrastnik in 2020

Sponsorships	EUR 28.915
Donations	EUR 65.150
Donations of material (products)	EUR 40.870
Total value of donations and sponsorships	EUR 134.936

## COMPLIANCE WITH THE LEGISLATION

The operation of both units of Steklarna Hrastnik is based on observing all statutory and other requirements.

## PERSONS RESPONSIBLE FOR REPORTING

NAME AND SURNAME	AREA OF WORK	REPORTING AREA	E-MAIL
Simona Lesar	Environmental Expert (a management representative for environment and the authorised representative for the environmental protection)	environmental protection (air, noise, waste waters, waste, carbon footprint, energy, hazardous substances, sustainable procurement, sustainable reporting)	simona.lesar@hrastnik1860.com
Aleksandra Jurišić	Marketing director	marketing information and design	aleksandra.juriscic@hrastnik1860.com
Klemen Resman	Sales	communication from the point of view of the sales area	klemen.resman@hrastnik1860.com
Mojca Lavrič	Communication Expert	corporate and internal communication	mojca.lavric@hrastnik1860.com
Elma Mamić	Occupational Safety Expert, Quality Expert	quality, process and risk management, occupational safety and health	elma.mamic@hrastnik1860.com
Manja Očepček	Quality Expert	quality, process and risk management	manja.ocepek@hrastnik1860.com
Ksenija Jakopič	Head of legal department	GDPR, human resources	ksenija.jakopic@hrastnik1860.com
Leana Tomič	Human resources	training, human resources, family-friendly business	leana.tomic@hrastnik1860.com
Petra Jonke	Head of controlling	financial and other reporting	petra.jonke@hrastnik1860.com

# GRI STANDARD INDICATORS

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The report is drawn up in accordance with the GRI standards – basic version.

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