CINKARNA
Kemična industrija Celje, d. d.
Kidričeva 26, SI-3001 Celje, Slovenia

Annual Report of Cinkarna Celje, d. d. for 2024

April 2025

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1. Analysis of the development and performance of the Company's operations and position

1.1 Concise overview of performance and alternative performance measures

Cinkarna Celje, d. d., also uses Alternative Performance Measures (APMs) as defined by ESMA to show the past performance of the company. The selected performance measures reveal the performance and efficiency of the Company's business in the context of the cyclical nature of the pigment industry.

OPERATIONS (in EUR 000)	**2024**	**2023**	**2022**	**2021**
Turnover	200,285	176,464	227,153	192,462
Operating profit (EBIT)[1]	26,664	12,723	53,176	39,977
Operating profit + depreciation and amortisation (EBITDA)[2]	39,565	25,078	65,326	51,258
Net operating result	23,087	12,653	43,396	33,227
Non-current assets (end of period)	116,964	114,523	108,560	110,512
Current assets (end of period)	154,391	145,393	142,388	131,373
Equity (end of period)	211,036	221,230	209,010	190,166
Non-current liabilities (end of period)	18,925	18,844	18,832	23,273
Current liabilities (end of period)	41,393	19,841	23,106	28,446
Investments	14,302	19,825	10,547	11,325
INDICATORS				
EBIT as a percentage of turnover	13.31	7.21	23.41	20.77
EBITDA as a percentage of turnover	19.75	14.21	28.76	26.63
Net profit as a percentage of turnover (ROS)	11.53	7.17	19.11	17.26
Return on equity (ROE)[3] v %	10.68	5.88	21.74	21.40
Return on assets (ROA)[4] v %	8.69	4.95	17.61	14.70
Value added per employee[5]	107,471	80,305	131,431	106,181
NUMBER OF EMPLOYEES				
End of year/period	718	742	775	793
Average end of year/period	725	754	776	801
SHARE INFORMATION *				
Total number of shares	8,079,770	8,079,770	8,079,770	8,079,770
Number of own shares	298,384	264,650	264,650	264,650
Number of shareholders	2,871	2,651	2,321	2,077
Net earnings per share in EUR[6]	2.86	1.57	5.37	4.11
Dividend yield[7]	17 %	0 %	10 %	9 %
Gross dividend per share in EUR	4.10	0[9]	3.19	2.10
Share price at end of period in EUR	27.70	20.50	23.00	25.90
Book value per share in EUR[8]	26.12	27.38	25.87	23.54
Market capitalisation in EUR 000 (end of period)	223.809,63	165.635,29	185.834,71	209.266,04

[1] The difference between operating income and operating expenses.
[2] The difference between operating income and operating expenses, plus depreciation and amortisation. Reflects operating performance.
[3] Net profit/average equity for the year. The indicator reflects the efficiency of the Company in generating net profit in relation to capital. Return on equity is also an indicator of management's performance in maximising the value of the Company for its owners.
[4] Net profit/average balance for the year. The indicator reflects the efficiency of the company in generating net profit in relation to assets. Return on assets is also an indicator of management's performance in using assets efficiently to generate profits.
[5] Operating profit plus depreciation, amortisation and labour costs divided by the average number of employees after accrued hours. A productivity indicator reflecting the average new value created per employee at Cinkarna.
[6] Net profit/average number of shares in issue.
[7] Amount of dividend/share value (at the date of the General Meeting resolution).
[8] Capital at end of period/total number of shares in issue.
[9] In 2023, no dividend payments were made due to the energy aid granted to the company in accordance with ZPGOPEK.

1.2 Letter from the Management Board

Cinkarna Celje, d. d., a modern and forward-looking chemical company, has entered its 150th year of continuous operation in very good shape, with ambitious sustainability goals. As part of the chemical industry, which is a vital building block of the European and Slovenian economy, we are aware of our opportunities, responsibilities and challenges in the context of the green, low-carbon and circular transformation of the European industry and the dynamism of the pigment industry.

Sales increased by 13% in 2024, mainly driven by higher volumes sold for titanium dioxide pigment. Demand improved in the second quarter, mainly due to the announcement of the introduction of temporary anti-dumping measures, which encouraged European customers to review their sourcing strategies. The temporary measures, which had been in place since the middle of last year, were replaced by permanent ones at the beginning of this year. These differ in methodology, as the tariffs are now set as absolute amounts instead of relative (% of the import price). In addition, the type of pigment used in printing inks has been excluded from the measures. The impact of these changes on the market situation will become more apparent in the coming quarters.

Focusing on our core titanium dioxide pigment programme and rationalising our portfolio of strategic business areas are key building blocks of our business performance. Titanium dioxide pigment is our most important product and is an indispensable raw material in the modern world, and we are committed to further developing and continuously improving the quality of titanium dioxide pigment and exploring its use in sustainable applications.

The results achieved are exceeding the forecasts for the period. As a relatively small pigment producer, we face market conditions and changes as a typical follower, but of course we try to make the most of the market's potential, both in terms of level and time dynamics, within the given framework.

We are committed to a long-term business strategy based primarily on an active marketing approach to find and develop the most profitable customers and markets, to increase market share in the highest quality markets, and to build long-term partnerships with key customers.

Sentiment indicators point to weak economic activity in the euro area, having declined in the fourth quarter of 2024. The German institutions do not expect a significant recovery of the German economy in 2025. Changes in the economic outlook will continue to depend strongly on inflation trends, the labour market and the geopolitical situation.

The macroeconomic situation, in the context of our markets, especially the EU, and of our carrier products, means that we are facing weak demand. Despite attempts by some producers to raise selling prices, buyer resistance remains strong as the market remains well supplied. In key sectors such as construction, decorative coatings and automotive, no recovery is expected for the time being and uncertainty remains due to macroeconomic and geopolitical risks. In parallel, the impact of certain exemptions in anti-dumping on demand for other pigment types will become clearer in the coming quarters.

Net profit reached EUR 23.1 million, 82% higher than the EUR 12.7 million achieved in 2023. Operating profit plus depreciation and amortisation, or EBITDA, reached EUR 39.6 million, accounting for 19.8% of sales. EBITDA is 58% higher compared to the previous year.

In the area of employee relations and human resources management, we are focusing on optimising the organisational structure, with the aim of ensuring the smooth operation of the Company and, as a result, the conditions for maximum safety and health for our employees. We follow the principle of a positive and motivating remuneration policy and ensure an appropriate level of employee satisfaction and motivation. At the same time, we are introducing IT support to develop competences and improve the organisational climate. At the end of the year, we presented a project to the social partners to renew the competency and pay model. The aim of the latter is a modern system that will be co-designed by employees and will provide the basis for the Company's future growth.

In 2024, we allocated EUR 14.3 million for investments, purchase of fixed assets and replacement equipment. We are investing in programmes that show growth potential. Our investments in production are primarily aimed at reducing operating costs, ensuring profitable volumes of volume production, achieving higher quality, regulatory compliance, and energy sustainability.

Our development activity follows a five-year strategy. Development activities were carried out in response to perceived opportunities in areas of our expertise, trends and customer expectations. We have a number of interlinked projects underway to comprehensively manage spatial and environmental risks. The most important of these are the alternative water supply project, the harmonisation of zoning acts at the Za Travnikom red gypsum filling plant, the remediation of the Bukovžlak Non-hazardous Waste Disposal Site (ONOB) and ensuring the stability of barrier bodies.

All our activities are planned and implemented in line with the principles of sustainable development and the circular economy. In the context of ensuring the sustainable development of titanium dioxide production, we continued with our multi-year development project on integrated water management and waste reduction. We also set up and implemented new activities in the areas of carbon footprint reduction, use of renewable energy sources and re-use of materials. At the end of the year, we adopted a sustainability strategy.

The following sections of the report provide more detailed information by business area, as well as an overview of the Company's financial position and performance.

Management Board of Cinkarna Celje, d. d.

1.3 Report of the Supervisory Board

In 2024, the Supervisory Board met and took decisions at 10 meetings, of which 5 were ordinary, 3 extraordinary and 2 correspondence meetings. Attendance at meetings was generally full. Within the legal framework established by laws, regulations, the Company's Articles of Association and relevant codes, as well as the approach of a prudent steward, we diligently fulfilled and exercised our powers, duties and responsibilities. We considered the materials submitted, the presentations made, the specific clarifications and explanations provided, and organised and conducted interviews with individual external experts. We sought to further clarify and examine specific topics through constructive suggestions, questions and requests for additional data, analyses and reports. In our opinion, the Supervisory Board acted diligently in its work, in accordance with the law and in accordance with the best conscience and knowledge of the individual, thereby adequately safeguarding the interests of the Company and its shareholders.

The Supervisory Board devoted time and attention to reviewing current operations, investments, business plans and regular internal audit activities. The Management Board briefed the Supervisory Board members in detail on the risk of shortage of process water and possible solutions as well as all other significant risks faced by the company. Attention was also paid to the sustainability strategy.

At the end of 2024, the Supervisory Board was composed of the following members: the President Tomaž Berločnik and the members Melita Malgaj, Boštjan Furlan, Dubravka Derossi Uršič, Aleš Stevanovič and Jože Koštomaj, the latter appointed by the Works Council. The new Supervisory Board replaced the previous Supervisory Board, in which Luka Gaberščik and Mario Gobbo completed their term of office, Mitja Svoljšak resigned and David Kastelic was recalled by the General Meeting.

In 2023, the previous composition of the Supervisory Board was involved in the preparation and adoption of the development strategy until 2028. The key focus of this strategy is to refocus the Company on the core business of titanium dioxide and to change the sales portfolio of this core product in the direction of increasing quality, optical performance and product development for more demanding customer applications. Since the mid-year change of half of the Board, the Board has provided an overview of the implementation of the current strategy and the status of each activity in the implementation of the strategy.

In November 2024, we discussed and adopted our business plan for 2025, based on relatively pessimistic macroeconomic forecasts and with traditional conservatism. The sales plan amounts to more than EUR 206.3 million and the planned net profit to EUR 15.3 million. The planned drop in the latter is mainly due to market pressures towards lower average selling prices. The Supervisory Board considered that the plan is appropriately formulated and that it adequately reflects the situation in the business environment as well as the competitive situation and the Company's potential for generating results.

The focus will therefore continue to be on improving or raising the competitive position, increasing market shares and increasing the physical volume of business. In parallel, the possibility of further diversification of the product portfolio will be explored.

The Supervisory Board reviewed a comparative analysis of Cinkarna Celje, d. d., and its competitors during its sessions.

Extensive training for supervisors was also provided at the end of the year, including presentations on the areas covered by individual directors and managers, as well as in-depth training on titanium dioxide technology and the industry.

In line with ESRB and CSRD requirements and the growing expectations for sustainability and stakeholder impact management, the Management Board presented the Sustainability Strategy until 2030, which was approved by the Supervisory Board.

With all members of the Management Board reaching the end of their term of office in 2025, the Supervisory Board implemented the appropriate procedures and took the necessary measures to ensure the smooth and stable continuity of the management of the Company and to enable it to continue to operate efficiently in the future.

As a result of protectionist measures, the Company actively pursued new opportunities in industries and markets, with investments totalling EUR 14.3 million, mainly in the production of titanium dioxide pigment to improve product quality, ensure the planned volume production and reduce environmental impact. The Company traditionally follows a conservative financial management strategy, operating without long-term borrowings or external financial resources, and is therefore financially stable and sound with growth potential.

The Supervisory Board considers that the actions taken by the Management Board were also successful in implementing the investment plans and targeted development work. The efficient operation, sustainability and stability of the system provide an answer to its long-term prospects. The main lines of business and development of the Company, as set out in the medium-term strategy, were implemented to a high standard at the most important points.

In the opinion of the Supervisory Board, the present Annual Report, which contains the statutory financial statements, disclosures, explanatory notes and the management report and Sustainability statement, contains the most important information and indicators as well as adequate explanations of individual events and facts, and therefore, on the proposal of the Audit Committee of the Supervisory Board, the Supervisory Board approves the Annual Report of Cinkarna Celje, d. d. for 2024.

The Supervisory Board has also read the independent auditor's report and considers that it adequately presents the statutory audit of the financial statements and notes and accepts the auditor's opinion that the financial report is consistent with the audited financial statements. This sufficiently satisfies the requirement that the information given about the Company's financial position during the period under review be true and fair.

In 2024, the Audit Committee of the Supervisory Board of Cinkarna Celje, d. d., composed of Melita Malgaj – Chairperson (formerly David Kastelic), Jože Koštomaj – Member, and Gregor Korošec – Independent External Expert, held five regular meetings. The Audit Committee members focused on their regular and ongoing tasks and commitments.

Members of the Audit Committee were present at all meetings. Aleš Skok, President of the Management Board, and Karmen Fujs, Head of Accounting, were also present at the meetings to present documents and to answer or clarify questions from members. Two of the meetings were attended by two certified auditors, Sanja Košir Nikašinović and Lidija Šinkovec, from Ernst & Young, d.o.o. The Head of the Internal Audit Department, Mateja Rupnik, was also present at the meetings.

At all its meetings, the Audit Committee took note of the interim results of the year and focused on financial and accounting data. It carefully considered the content of the Company's interim and annual financial statements and made suggestions and recommendations for corrections. As already mentioned, it also reviewed and examined on an ongoing basis the reports of the Internal Audit Department, which included, inter alia, reporting on the status of the actions implemented on its recommendations, while at the same time cooperating constructively, suggesting improvements and guiding the work of the Internal Audit Department.

In accordance with its responsibilities, the Audit Committee was active in the regular audit procedures of Cinkarna Celje, d. d. in 2024.The main activities were:

- It met with the auditors and familiarised itself with the progress of the final audit of the 2023 financial statements of Cinkarna Celje, d. d.;

- It took note of the findings of the audit of the 2023 financial statements of Cinkarna Celje, d. d., and the auditor's opinion;
- It noted the management letter on the findings of the audit of the financial statements of Cinkarna Celje, d. d., for the year ended 31 December 2023.

The Audited Annual Report 2024 of Cinkarna Celje, d. d., was received and considered by the Audit Committee at its meeting earlier this year. The Audit Committee concluded that the Annual Report 2024 of Cinkarna Celje, d. d., was prepared in accordance with International Accounting Standards and the provisions of the Companies Act.

Based on the positive opinion in the auditor's report, additional explanations provided by the auditor and the professional services of Cinkarna Celje, d. d., and on the information and disclosures in the Annual Report of Cinkarna Celje, d. d., for 2024, the Audit Committee assesses that the Annual Report has been prepared in accordance with the requirements of the Companies Act (ZGD-1) and that the financial statements present fairly, in all material respects, the financial position of Cinkarna Celje, d. d., as at 31 December 2024, and its profit or loss and cash flows for the year then ended in accordance with International Financial Reporting Standards.

The Audit Committee considers that the auditor acted impartially and independently and in accordance with the Auditing Act. The auditor will provide the Company with the service of reviewing the European Single Electronic Format (ESEF) report and will also review the Remuneration Report of the Company's management and supervisory bodies.

The Audit Committee reported to the Supervisory Board on the outcome of the statutory audit and explained that the statutory audit contributed to the integrity of the financial reporting. The Audit Committee has no comments on the Annual Report 2024 of Cinkarna Celje, d. d., that would in any way delay it in proposing to the Supervisory Board that it adopt a decision on the approval of the Annual Report 2024 of Cinkarna Celje, d. d., in accordance with the law.

The Supervisory Board approved the annual report at its regular meeting on April 15, 2025. At the same time, the Supervisory Board approved the proposal for the use of accumulated profit.

President of the Supervisory Board
Tomaž Berločnik

1.4 Internal audit report

Internal audit services are provided by the Internal Audit Department, which is an independent organisational unit, functionally responsible to the Supervisory Board and organisationally responsible to the Management Board. Its role, scope of work, types of services and mandate are defined in the Internal Audit Charter, which was renewed at the end of 2024.

The objective of internal auditing is to strengthen Cinkarna Celje, d. d.'s ability to create, protect and preserve value by providing independent, impartial assurance based on risk assessment, recommendations, advice, suggestions and projections. The Internal Audit Department assists the Company in achieving its objectives by carrying out activities in areas of key risk and where it can contribute to the improvement of the Company's corporate governance, risk management and control processes. In its work, it complies with the Global Internal Audit Standards and other rules included in the hierarchy of internal audit rules.

In 2024, the work of the Internal Audit Department was based on the approved annual plan, which was adjusted during the year in response to recent changes in the material risks. Eight internal audits were carried out, the last of which was completed in the following year. The areas covered were within the manufacturing business units and processes at company level. Recommendations were made for the identified improvement opportunities, grouped by risk level, the implementation of which was regularly monitored. The implementation of the internal audit recommendations helps to improve the internal control systems in place and their functioning. Improvements were also made in the area of the internal audit function, primarily in 2024 to adapt to the requirements of the Global Internal Audit Standards. Reporting to those responsible for the audited activity, the Management Board, the Audit Committee, and the Supervisory Board was carried out in accordance with the established reporting relationships. The periodic reports to the Management Board, the Audit Committee and the Supervisory Board also included information on the implementation of internal audit recommendations and the execution of other activities.

The development of the internal audit function is planned and implemented through a quality assurance and improvement programme and regular training. Internal audit activities were carried out in 2024 and provided the basis for further improvement of the function. The last external quality audit of the Internal Audit Department of Cinkarna Celje, d. d., was carried out in 2022.

Mag. Mateja Rupnik,
Head of the Internal Audit Department

1.5 Highlighted events

Cinkarna Celje has the first commercial private 5G network in Slovenia

With a private 5G mobile network, the Company digitised and optimised its warehouse operations. In the warehouses, it is possible to track materials with barcode scanners and to integrate a sensor with direct connectivity to the 5G network. In the future, Cinkarna Celje, d. d., will also use the private mobile network as a platform for digitising other segments of the business where this brings business benefits.

Part of the success story of ŽKK Cinkarna Celje

As a general sponsor, we are part of the success story of the Women's Basketball Club Cinkarna Celje (ŽKK CC), which celebrates its 30th anniversary this year. The club marked the anniversary by opening a permanent exhibition on 20 November 2024 in the home hall of the Celje-Center Gymnasium. The exhibition shows the rich history of women's basketball in Celje and the "Hall of Fame" and is open to all visitors to the club's matches. The exhibition is the result of our cooperation with the club and the Municipality of Celje.

17th competition announced

In the 17th Primary and Secondary School Competition, young people, with the help of CC Detective, will explore activities that reduce our impact on the environment in different ways and increase our responsibility towards the environment in which we work.

Cinkarna at the TiO_2 World Summit

The annual TiO_2 World Summit, the industry's largest conference, took place this year in Vienna on 8 and 9 October. For more than 25 years, the event has been the central meeting point for the titanium dioxide (TiO_2) and pigments industry, bringing together experts, manufacturers and other industry stakeholders from around the world. Over the two days, the conference offered a wide range of interesting topics including presentations, networking and discussions focusing on industry trends, innovation, supply and demand, sustainable development goals (ESG) and advances in the use of TiO_2 and pigments.

ISO 50001 – Energy Management System Certificate

Cinkarna was awarded the prestigious ISO 50001 - Energy Management System Certificate. The internationally recognised ISO 50001 standard is an established standard for energy management and ensures that the Company systematically increases its energy efficiency, effectively manages potential energy savings and implements appropriate energy management measures. This internationally recognised standard is key to systematically improving energy efficiency and reducing the environmental footprint.

Closure of the 16th competition

The 16th Wonderful World of Water competition was created to educate young people about the importance of water for our existence and for any production. At the end of the competition, the winning schools were announced at the Technopark, having contributed the most original solutions, gadgets, teaching materials or research exhibits to explore any phenomenon or form of water. This year, the prizes were awarded to the following primary schools: Kompole, Rečica ob Savinji, Fran Kranjc, VIZ II Rogaška Slatina, Planina pri Sevnici, Sedraž, Polzela, Fran Roš Celje, Letonje Brothers Šmartno ob Paki, Gymnasium Celje - Center, Secondary School of Horticulture and Visual Arts, Gymnasium Slovenske Konjice, and a special prize was awarded to the students of the Environmental Engineering Technician at the Velenje School Centre.

Most Outstanding Employer 2023 in the Chemical Industry

Cinkarna Celje, d. d., was awarded the prestigious title of the most outstanding employer in the chemical industry for 2023, according to a survey by MojeDelo.com, the largest job portal in Slovenia.

The survey involved candidates on the labour market who evaluated the reputation of Slovenian employers in relation to factors such as what motivates them in their career path and what they expect from their employer. We are constantly striving for improvements in the HR field and follow the highest standards in the workplace, and this prestigious title confirms our activities and commitment to our employees.

Distributors' Day
In March, we organised our first "Distributors' Day" event for our titanium dioxide distributors in the form of a seminar, thus setting a new starting point for future cooperation. We were very pleased to welcome the arrival of titanium dioxide distributors from all over Europe at our site for the 2-day seminar. The "Distributors' Day" organised in the form of a seminar is an important milestone in our cooperation path. Over the two days, we presented new developments and guided the participants through our production, while exchanging invaluable knowledge and experience. The event was a great success, after all it is about a personal approach to cooperation and communication, which is all the more important today in the age of virtual approaches.

American Coatings Show 2024
From 30 April to 2 May 2024, we exhibited at the American Coatings Show in Indianapolis, USA.

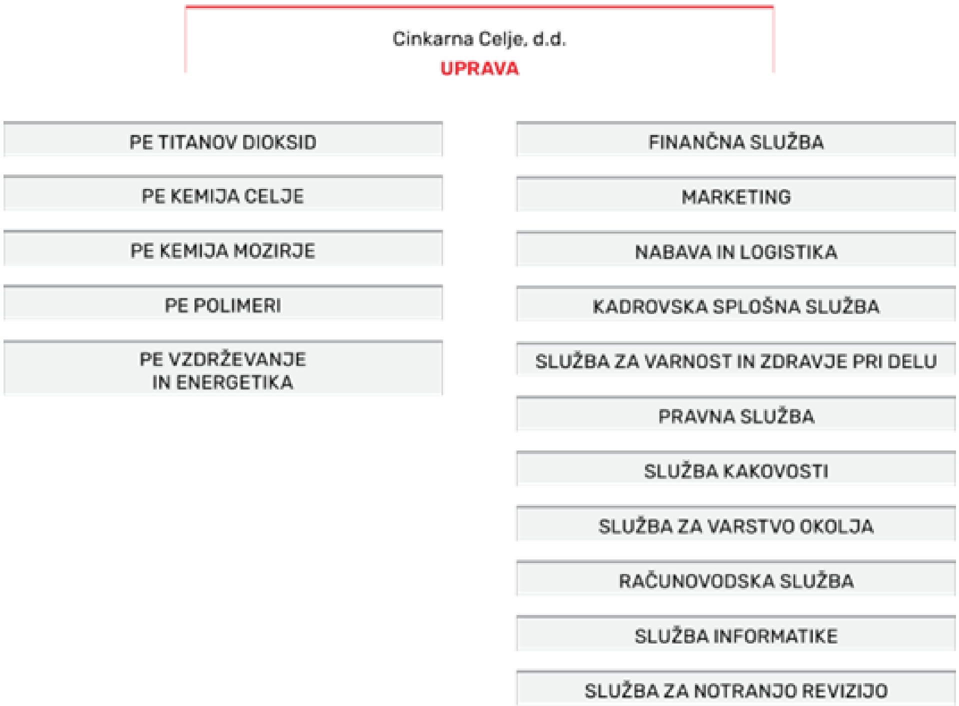
1.6 Presentation of the Company

Cinkarna Celje, d. d., with its 150-year tradition of continuous operation, is one of the most resilient companies in the Slovenian economy. Until 1968, the Company's defining activity was metallurgy, but with the launch of the production of titanium dioxide pigment in 1973 and its subsequent expansion, Cinkarna Celje, d. d. now operates in the chemical processing industry.

Company	Cinkarna, kemična industrija Celje, d. d.
Short name	Cinkarna Celje, d. d.
Headquarters	Kidričeva ulica 26, 3000 Celje, Slovenia
Telephone – Central Office	+386 3 427 60 00
E-mail	info@cinkarna.si
Website	www.cinkarna.si
Person responsible	Aleš Skok, President of the Management Board
Dislocated business unit	Kemija Mozirje
Headquarters	Ljubija 11, 3330 Mozirje
Telephone Ownership	+386 3 837 09 00 Presented in the financial report

1.6.1 Organisational structure

The organisational structure comprises the Management Board, five business units and eleven professional services. From 2024, the organisational structure no longer includes BU Metalurgija. As of 2024, the Environmental Protection Department and the Occupational Health and Safety Department were merged into the Department of Safety, Health and Environment.



BU Titanov dioksid (Titanium Dioxide): Tomi Gominšek, Director
BU Kemija Celje (Chemistry Celje): Andrej Lubej, Director
BU Kemija Mozirje (Chemistry Celje): Irena Vačovnik, Director
BU Polimeri (Polymers): Roman Deželak, Director
BU Vzdrževanje in energetika (Maintenance and Energy): Boštjan Podkrajšek, Director

Joint professional services (departments):

- Finance: Dejana Starčević, Head of Finance
- Marketing: Irena Franko Knez, Director
- Procurement & Logistics: Dejan Skok, Director
- Human Resources and General Services: Marko Cvetko, Head of Department
- Occupational Safety and Health Department: Otmar Slapnik, Head of Department
- Legal Department: Gregor Gajšek, Head of Department
- Quality Department: Ksenija Gradišek, Head of Department
- Environmental Protection Department: Bernarda Podgoršek Kovač, Head of Department
- Accounting Department: Karmen Fujs, Head of Department
- IT Department: Boris Špoljar, Head of Department
- Internal Audit Department: Mateja Rupnik, Head of Department

2. Corporate governance

2.1 Corporate governance statement

Cinkarna, kemična industrija Celje, d. d., is organised as a joint-stock company with its registered office in Celje. The Company has a two-tier management system – with a Management Board and a Supervisory Board. The Company is managed by the Management Board for the benefit of the Company, independently and on its own responsibility. The Management Board represents and acts for the Company and is accountable to the General Meeting and the Supervisory Board.

Information on the composition and functioning of the management and supervisory bodies and their committees is provided in section [GOV-1] Role of the administrative, management and supervisory bodies.

The Company applies the Slovenian Code of Corporate Governance for Public Joint-Stock Companies, which was adopted by the Ljubljana Stock Exchange and the Slovenian Association of Supervisors in December 2021. In accordance with the business decision of the Company's Management Board, the Company complies with the Code, with the exception of the explained deviations. Due to the specifics of the Company's corporate governance, the legal basis (ZGD-1, ZTFI-1, MAR- Market abuse regulation, etc.) is strictly observed in areas deviating from the Code. Below we provide an overview and explanations of deviations from the individual provisions of the Code.

Item 5.6 – The compliance of the components of the Governance Statement with the provisions of ZGD-1 was verified by the external auditor as part of the regular audit. No additional external compliance audit was carried out.

Item 6 – The Supervisory Board, in cooperation with the Management Board, developed the Remuneration Policy for Management and Supervisory Bodies in accordance with the relevant legislation and best practice recommendations in this area and submitted it to the General Meeting for approval. The document was not approved by the General Meeting. A new Remuneration Policy is being prepared. For more information, see Remuneration of members of the management and supervisory bodies.

Item 10.1 – The Company has concentrated ownership, where the two largest shareholders hold more than 20% of the voting rights. The majority of shareholders are from Slovenia.

Item 16 – The evaluation of the work of the Supervisory Board is carried out by the members themselves, following the methodology and the Manual for the Evaluation of the Effectiveness of Supervisory Boards prepared by the Association of Supervisors of Slovenia. The evaluation process was carried out in a professional and objective manner and therefore there was no need for external expert support and no external audit of the Supervisory Board's work was carried out in cooperation with a specialised institution or other experts.

Item 26 – The Company does not yet have pre-established procedures in relation to related party transactions to assess whether a transaction is one that will be entered into in the ordinary course of the Company's business and on arm's length terms. The Company did not record any related party transactions during the reporting period.

Item 30 – The Company does not have a defined corporate communication strategy as an integral part of the Corporate Governance Policy. The Company's communication or transparency is the responsibility of the Company's management and professional services. Public announcements (SEOnet and the Company's websites) comply with legal requirements and contain information that enables an investor in securities to assess the situation and to evaluate the impact of a business event on the price of securities.

The Diversity Policy is publicly available on the website and is presented in section G1 of the Sustainability Statement, as well as other codes and policies that the Company complies with in its operations.

We have a system of operational and supervisory internal controls in place at all levels and in all areas of our business to manage the risks affecting our ability to achieve our objectives. These are targets for:

- efficiency and effectiveness,

- the reliability of financial reporting,
- compliance with legal and internal regulations.

The control activities and the responsible persons are recorded in internal documents (job descriptions, authorisations, organisational regulations, policies, rules of procedure).

The Company provides the following:
- Accounting data control, which involves assessing the accuracy of accounting data and correcting identified irregularities. Implementation is the responsibility of the Accounting Department and the Finance Department;
- verification of the reliability of the accounting data, carried out by means of an inventory of assets and debts. The inventory is carried out by a permanent inventory committee in accordance with the annual inventory schedule. Special inventory committees may also be appointed by the Company's Management Board for specific types of inventories or extraordinary inventories;
- assessing deviations of the magnitude of what has been achieved from what was planned, which can show shortcomings in implementation, as well as in the planning of objectives. The activities are carried out within the Accounting Department;
- internal control of the implementation of the prescribed procedures for the purchase, storage and use of materials and for the production, storage and sale of products (checking the use and approval of the prescribed documentation, analysing any discrepancies and proposing measures). The activities are carried out in the Accounting Department and by the Company's management;
- internal controls in the computerised information system relating to management, infrastructure, security, purchasing, development and maintenance of software support are provided by the IT Department. The completeness and accuracy of data capture and processing is ensured by application-specific controls or by controls at the users of the software solutions;
- the system of internal controls is complemented by a system of audits against acquired ISO standards;
- internal audits of process performance, carried out by qualified internal auditors, to check that activities are being carried out in accordance with the requirements of the management systems and that the management system in place is adequate and effective to achieve the objectives set. External audits are carried out by a selected certification body;
- audit of the annual accounts by an external audit firm;
- once a year, a review of the functioning of operational and supervisory internal controls, based on a decision of the Company's Management Board. The Management Board determines by resolution the responsible person, the areas of control and the timetable for carrying out the review.

The Internal Audit Department was set up in 2016. It has been operating since 2017 on the basis of an adopted charter, a working methodology, professional rules and annual work plan. Its purpose is to review and assess the adequacy and effectiveness of the system of internal controls in achieving the Company's significant objectives by carrying out internal audit engagements.

Deviations identified in the various forms of internal control are analysed by the persons responsible and the management of the Company and, on this basis, action is taken to eliminate or prevent the causes of risks that have caused or could cause deviations from the rules and objectives of the Company.

Risk management is discussed in more detail in the next section.

2.2 Risk management

The risk management process is a key process and the foundation of the Integrated Management System (IMS). Risks are managed through the Rules on the Management of Impacts, Risks and Opportunities at Cinkarna Celje, d. d. The Rules define in detail the organisation, responsibilities and methodology used.

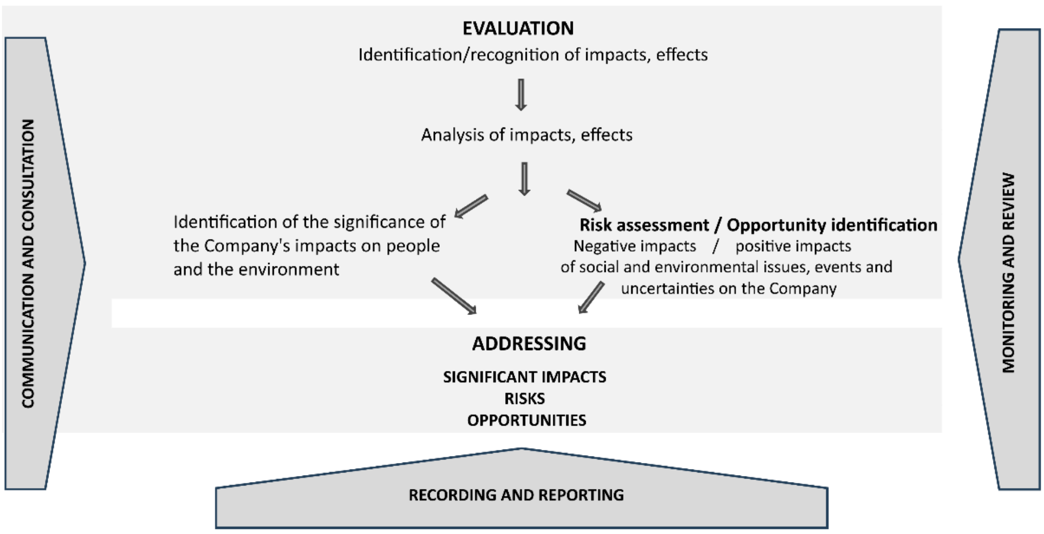
The risk management system includes risk identification, risk assessment and classification, action, monitoring and reporting. Monitoring and analysis of the external and internal environment provides input for the identification of key risks and opportunities, which is crucial for our operational, tactical and strategic planning in line with the sustainable development goals.

In light of the 2024 CSRD reporting, we are adding to our existing way of addressing risks an assessment of sustainability impacts with the risks and opportunities arising from them. We outline how we assess the sustainability impacts and risks we have identified through the Dual Materiality Assessment (DMA) process on the page (reference to the page describing the DMA process).

Impacts, risks and opportunities are managed through performance targets or objectives, which are tracked through reports and/or protocols. Impacts, risks and opportunities are monitored on a continuous basis and due diligence is carried out by the Committee on a quarterly basis. This is followed by reporting to the Management Board's Broader Professional College. Key impacts, risks and opportunities are reported to the Management Board and the Supervisory Board on a quarterly basis.

We also communicate to external audiences about the risks of our business and how we manage them in our quarterly and annual reports. The reports are published publicly on the SEOnet portal and on the Company's website www.cinkarna.si.

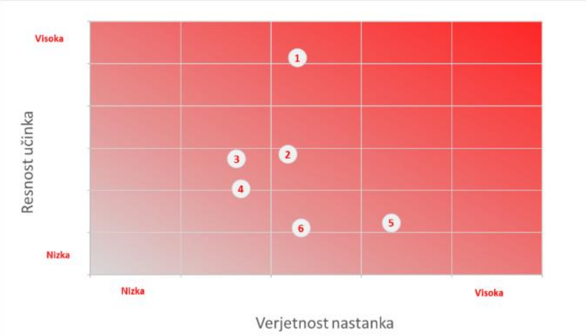
The overview of key risks below is updated and defined to the situation and expectations at the cut-off date for reporting in 2024 (31 December 2024).



Schematic representation of business and sustainability risk management at Cinkarna Celje, d. d.

	Operational risks	Sustainability risks		
Area	Availability of resources (material, human, financial) Production	Sustainable areas		
Subject	Projects Compliance	Environment Social Governance		
Input channels	Stakeholders	Due diligence (ongoing)	DMA (annual)	Shareholders (ongoing)

Key residual operational risks (severity/likelihood)



Key residual sustainability risks (severity/likelihood)

1	Storage and production capacity	16	1	Waste - red gypsum	19
2	Digitisation	17	2	Process water	20
3	Subjects of work	17	3	Breach of barrier	20
4	Cyber attacks	**Napaka! Zaznamek ni definiran.**	4	Pollution	20
5	Staff availability	18	5	Legislative compliance - products	21
6	Financial risks	18	6	Competences	21
			7	Industrial accidents	21

1	Storage and production capacity

The Company prepares its annual and strategic plans based on achieving maximum utilisation of its facilities. Breakdowns and unplanned maintenance, as well as limited storage capacity, pose a risk of not reaching the desired target. In 2024, the risk of equipment breakdowns is mainly in the treatment process of flue gases from titanium dioxide calcination and the risk of breakdowns in the masterbatch production lines.

The risk in titanium dioxide production is being managed by temporary rehabilitation at the most critical filter. We procured key spare parts for another. The installation of an additional electrostatic precipitator is underway, which will allow a gradual and complete overhaul of all the old filters after commissioning. We are also reducing the risk of breakdowns by introducing lean manufacturing (planned and autonomous maintenance, targeted improvement) and by implementing projects to eliminate technological bottlenecks.

At BU Kemija Mozirje, we carry out extended preventive maintenance and ensure a stock of major spare parts. A feasibility study was carried out for the installation of an additional line.

2	Digitisation

Untapped opportunities in digitisation and additional costs due to failure in digital transformation or lack of digital security. Falling behind modern technologies can lead to increased uncompetitiveness. Digitisation can reduce the risks of lost volume production, increased maintenance costs, manual data entry errors, reduced administrative costs and better management of security risks.

The risk is being mitigated by implementing several implementation objectives that increase the level of digitisation and computerise and simplify business processes (upgrading modules in the Power BI business analytics and in Moja Cinkarna, the document system, migration of Oracle Forms, modernisation of the maintenance information system and the Spekter production information system).

3	Subjects of work

In the area of raw material procurement, we face two types of risks. A shortfall in production and consequently in planned revenues can lead to a shortfall in the supply of work items from monopoly suppliers, as well as to unforeseen extensions of delivery times throughout the supply chain.

We manage risk by using appropriate contractual protection.

In critical cases, we provide larger stocks. We carry out thorough market research on raw materials and potential substitutes and act on our findings in a timely manner.

We search for, test and introduce new sources of raw materials into production. We also evaluate alternative raw material sources by producing catalogues of verified alternative raw materials and suppliers. We build long-term and stable partnerships in a targeted manner. We monitor and analyse the state of international markets ourselves and with the help of market specialists.

We also maintain regular contact with suppliers that we do not deal with operationally, but which represent a high quality potential alternative.

We place orders on time, make bookings with suppliers, and look for alternative suppliers and alternative testing procedures.
We ensure timely planning of requirements and procurement of raw materials, take into account experienced lead times and increase minimum stocks where necessary. For all strategic raw materials, we continuously update the business case and checklist according to changes in the market, raw material prices, the Company's business needs and other external factors.

4	Cyber attacks

Production failure due to a cyber attack on the workstation and/or the server system for the management system by malware with the intent to extort or steal data.

We have put in place additional systems to monitor and ensure information security. Regular security checks are carried out. With the help of an external expert, we carried out an internal audit in this area. We are putting the opportunities identified into practice. We regularly monitor potential new threats and raise awareness among our employees.

In 2024, we recorded no major cyber incidents, as a result of our ongoing efforts to improve the safety and security of our information systems. Our cyber security strategy includes several key activities to mitigate risks and ensure secure operations.

Hardware and software protection: We regularly update our hardware and software to ensure protection against the latest threats.

User awareness: We conduct regular training and testing of our employees to raise their awareness of cyber threats and the correct way to deal with incidents. Our efforts also include internal communication on the importance of data security and protection.

Phishing test: We conducted a phishing test to check the responsiveness and preparedness of our employees to potential phishing attacks. The results of the test allowed us to further improve our security measures and training.

Systems security review: We carried out a security review of systems with a higher risk of intrusion and took action on the recommendations made. This further strengthened our security infrastructure and reduced the risk of potential cyber attacks.

Risk monitoring and assessment: We regularly monitor and assess the level of risk in our IT systems.

5	Staff availability

The Company is facing a wave of retirements on the one hand and a shortage of staff on the labour market on the other. The percentage of sickness absenteeism is an additional risk.

In addition to traditional recruitment methods, we use social recruitment solutions to find new employees. We increased our cooperation with labour placement agencies and contracted external service providers on a case-by-case basis.

We offer scholarships. We actively participate in career fairs. We have deepened our cooperation with secondary schools. We provide students with compulsory internships and student work. We provide students with the opportunity to work on their bachelor's, master's and doctoral theses in the Company.

We are continuously implementing organisational change and adapting agilely to new circumstances.

We are working to increase employee engagement by introducing team-based problem solving and communication with employees. We systematically address safety issues in daily meetings and tackle the causes of injuries. Where possible, we ensure employee polyvalence.

6	Financial risks

Credit risk: The potential risk is the possibility of an increase in expenses due to non-payment by customers whose receivables are not secured, which represents approximately 5% of the receivables. As a safeguard against securing receivables with an external institution, we apply internal credit control for each customer, for whom we have set an individual credit limit, based on their ability to pay.

Liquidity risk: Failure to pay within agreed deadlines due to customer insolvency or indiscipline can lead to liquidity problems. The risk is managed by ensuring a stable cash flow. We regularly obtain up-to-date information for more accurate cash flow planning, which is elaborated in a detailed, well thought-out and precise way on a daily, monthly and annual basis. The Company's business has traditionally been conservative with high levels of cash. Liquidity management includes, inter alia, planning for and meeting expected cash commitments on a daily, weekly, monthly and annual basis, ongoing monitoring of customer solvency, and regular collection of overdue receivables.

Currency risk: Loss of revenue and higher costs due to the euro/dollar exchange rate on the purchase of materials and raw materials in US dollars (titanium-bearing raw materials, partly copper compounds) is the third potential financial risk. In order to avoid the realisation of this risk, we continuously monitor the evolution and forecasts of the dynamics of the EUR/USD currency pair. Basically, we limit the short-term risk of adverse changes in the dollar exchange rate through the standardised and consistent use of financial instruments (dollar forwards). We also regularly obtain more accurate data for forward exchange rate purchases.

1	Waste – red gypsum

The Company fills waste red gypsum from titanium dioxide production into the Za Travnikom waste disposal plant. The existing zoning plan (ZN) and the building permit allow filling up to 300 m nm, which will be achieved in 6-7 years.

Due to the new circumstances and lessons learnt during the infilling process, the implementation as conceived by the project is not possible in certain parts or could lead to the demolition of the planned structures. Another negative point is the planned inadequate drainage, which would lead to a partial re-flooding of the site with rainwater.

The project designer, together with the expert support of the UL FGG Department of Geotechnics, prepared an amendment to the project. The new design provides for increased quantities of red gypsum and a different form of backfill. The planned volumes have already been registered in the environmental permit and the MOPE has issued a decision that the planned modification does not require a reassessment of the environmental impact. However, amendments to the zoning plan and the building permit are required.

We have submitted an initiative to all three municipalities concerned to amend the ZN. The conditions for the signing of the contract between the municipalities are being coordinated and will be followed by the submission of the rezoning petition to the MOPE.

According to the decree of the Municipality of Šentjur, Cinkarna Celje, d. d., should have ceased filling on 27 October 2023. This deadline is not achievable in practice due to the leaching of white gypsum and the large settlements not foreseen in the filling project. Representatives of the Municipality of Šentjur and KS Blagovna have been informed about this since 2017, but they have insisted on understanding the need to respect this date. We have obtained a legal opinion on the validity of such a decree. This concludes that the decree is incompatible with the legislation in force, and we have therefore sent a petition to the Ministry of Natural Resources and Spatial Planning (MNVP) for a review of the legality of the Decree on Amendments and Additions to the ZN Za Travnikom Decree. The Ministry of Natural Resources and Spatial Planning referred the application to the Ministry of the Environment, Energy and Climate (MOPE) for consideration, which agreed with the legal opinion and requested the Municipality of Šentjur to bring the decree into line with the applicable legislation within 90 days. As the municipality failed to do so, the Government initiated a constitutional review procedure on the basis of a proposal from the MOPE.

With the aim of sustainable development and a circular economy, and to extend the time available for disposal, the Company is also developing processes to reduce the amount of red gypsum and is looking at other options for filling in different locations.

2	Process water

This is a risk related to climate change, which can have a negative impact on the Company's business due to water supply constraints during dry periods.

The Company identifies the potential lack of water to power production as a significant risk of drought and an opportunity to pursue sustainable business principles.

The most appropriate and, above all, sustainable solution was to use wastewater from the Celje Central Wastewater Treatment Plant (CČN). This source is sufficient in terms of quantity and sustainability, but needs additional treatment. Its use results in an improvement of both the biological and hydromorphological status of the watercourse.

Pilot trials at the CČP site have been completed and form the basis for the design of the equipment, and alternative technologies are still being tested. In cooperation with the Municipality of Celje, the process of preparing the OPPN documentation for the installation of the pipeline is underway. At the same time, the project documentation for the construction of the pipeline is being prepared.

3	Breach of barrier

Heavy precipitation (floods, landslides) or an earthquake pose the risk of a negative impact on the Company's operations due to damage to the barrier structures, which could result in a partial collapse and a subsequent flood wave.

Technical observation and monitoring is regularly carried out in the area of the high embankment barriers (Bukovžlak and Za Travnikom).

Based on the results of the observations, systematic and long-term maintenance measures are taken to ensure the stability of the barriers or, where necessary, to remedy the consequences of adverse weather conditions.

One of these is the triggering of a landslide after heavy rainfall in August on the lower western part of the high embanked barrier Za Travnikom. The landslide is being monitored by measurements. We carried out urgent remediation work, which will be followed by full rehabilitation, for which an environmental provision has been made.

4	Pollution

The Bukovžlak Non-hazardous Waste Disposal Site (ONOB) has also been the site of waste leaching heavy metals from rainwater and groundwater in the distant past. While this leachate is being partly successfully captured and sent to the company for treatment, it is partly leaking into the environment. In order to minimise this impact, the Company is carrying out extensive remediation of the area, for which it has also set up an environmental provision. The rehabilitation includes reinforcement of the barrier body, rehabilitation of the drainage and deep pipelines (all three have already been carried out), the construction of canals for the discharge of backwash water, the rehabilitation of the C1 drainage under the Bukovžlak high embankment barrier, the construction of a sealing curtain, and a minimised permeable cover and a diversion embankment.

5	Legislative compliance – products

In the field of chemicals, there are a number of compliance requirements with different legislations in countries around the world (REACH, registration of Cu preparations). There are ongoing checks on the potential harmfulness and consequent withdrawal of products from the market (TMP, PFAS). There are increasing requirements on the use of plastics, both food contact plastics and microplastics.

This legislation also affects our products. We manage risk through different approaches. We are carrying out the necessary registration procedures and looking for substitutes for products whose use may be restricted or even banned.

6	Competences

In addition to the high number of retirements, the risk is posed by a lack of a well-developed succession policy and inadequate competences of new recruits, which take a long time to acquire.

We have set up a recruitment system that includes a training programme and a mentor for each post.

We are taking stock of all specific and general skills in the Company, revamping the system for onboarding new recruits and verifying existing skills for employees.
We have developed and validated a new competency model.

We are implementing a major Knowledge Transfer project in the key production of titanium dioxide.

We have inventoried the key positions in the Company, identified possible successors and defined the time to replacement and the additional competences needed.

For the most promising candidates, we run a leadership development programme, the Leadership Academy, as well as provide individual coaching sessions.

7	Industrial accidents

An industrial accident poses a potential risk of a negative impact on the Company's business.

Risk is managed by systematically evaluating the impact on the environment and employees, periodic fire risk assessments, and by organising jobs according to risk assessment.

In the area of environmental impact reduction, we have systematically introduced European environmental standards by implementing the principles of the Responsible Care Programme and harmonised our operations with the requirements of the IED and SEVESO Directives.

We carry out internal audits of the adequacy of the implementation of the measures required by the SEVESO permit and remedy the deficiencies identified.

In the area of fire safety, we have our own fire brigade and the Company is adequately covered by fire insurance.

In the area of accidents at work, a professional service is organised to monitor compliance with health and safety rules and measures. Regular training and education for employees is provided. The Company is insured against liability for damages.

We enter into written agreements with external contractors and train them. We have a permanent Health and Safety Coordinator. We have introduced work instructions for carrying out maintenance operations in terms of fire prevention, accident prevention and improving the cleanliness of the working environment.

2.3 Functioning of the General Meeting and shareholders' rights

The General Meeting is convened by the Management Board of the Company on its own initiative, at the request of the Supervisory Board or of the shareholders of the Company representing one twentieth of the share capital. The General Meeting takes note of the annual report and validly decides at the meeting by a majority of the votes cast, in particular on the following:

- use of balance sheet profits,
- appointment of the members of the Supervisory Board,
- discharge of the members of the Company's Management Board and Supervisory Board,
- appointment of the auditor, etc.

It decides, in particular, by a three-quarters majority on the following matters:

- amendments to the Articles of Association,
- measures to increase or reduce share capital,
- changes in the Company's status and dissolution, and in any other case provided for by law or by the Articles of Association.

Shareholders may attend the General Meeting and exercise their voting rights only if they have notified the Company's Management Board in writing of their attendance at the General Meeting not later than the end of the fourth day before the General Meeting. At the General Meeting, the number of votes of each shareholder is determined by the votes of the shares which, according to the share register, are held by that shareholder as at the end of the seventh day preceding the day of the General Meeting. Shareholders may exercise the rights attaching to their shares directly at the General Meeting or by proxy. Proxies must be given in writing and filed with the Company. As a general rule, one general meeting per year shall be held.

3. Strategic orientations and future development

3.1 Strategic objectives and orientations

The Company's strategy will continue to be focused on ensuring the highest possible levels of volume production and sales and on exploiting the potential of the most profitable pigment markets. The future development of the Company is based on the following four pillars:

- energy transformation,
- digitisation,
- sustainable development,
- raising capacities.

The sales focus will continue to be mainly on European markets. The Company's presence in existing markets will be strengthened in the key strategic business area Titanium Dioxide, as well as in the supporting areas and programmes of Kemija Mozirje (Masterbatches, Powder Varnishes), Kemija Celje and Polimeri.

In the future, the Company will continue to strive to work closely with its employees, business partners and the local community to continue its successful operations and to ensure adequate returns for its owners. It is envisaged to continue optimising the human resources structure by rehiring and recruiting new young and technically qualified staff.

Investment in development, training and further improvement of the working environment for employees will also continue. The investment cycle necessary for stable ongoing operations and growth will continue in the coming years. We will continue to seek and implement additional ways to reduce potential undesirable environmental impacts, while continuing to comply with all environmental legislation and regulatory requirements. However, a tightening in this area could pose additional risks.

The dividend policy will be stable. 50% of net profit will be paid as dividends.

The new five-year strategic period 2024-2028, which takes into account the 2028 cycle peak, has the following strategic objectives:

- average turnover of EUR 228.9 million,
- average EBITDA of EUR 36.9 million,
- average net profit of EUR 16.8 million.

Other components and policies are explained in more detail in the Sustainability Statement.

3.2 Plans for 2025

The plan for 2025 is based on an analysis of current market conditions, macroeconomic forecasts and specific factors in the titanium dioxide industry. Key focus areas include optimising production, adapting sales strategies and investing in sustainability and energy efficiency.

In 2024, we successfully limited the impact of external factors on our business by taking swift action. Increased demand for European pigment had an impact on sales price growth in the middle of the year, which stabilised in the last quarter.

In 2025, we expect a slightly lower margin due to higher material costs, but the focus remains on high capacity utilisation and a flexible sales strategy. We will continue to shift sales volumes to the most profitable markets, in particular those with customs protection. We will also invest in increasing production capacity and improving operational safety, with a strong focus on sustainability projects.

Based on forecasts, we expect stable or slightly lower average selling prices but higher volume sales. We expect slightly higher energy prices, especially natural gas, and different trends in raw materials – stabilising prices for titanium-bearing raw materials and rising prices for process chemicals. We will continue our strategy of optimising our sourcing and negotiating with suppliers.

On the financial side, we remain conservative – no external funding is planned. Investment volumes will be above the average of previous years, with a focus on removing bottlenecks, improving energy efficiency and reducing environmental impacts. The company will propose the payment of dividends in accordance with the company's dividend policy, namely 50% of the previous year's net profit, which will be decided by the shareholders at the general meeting.

The planned turnover for 2025 is EUR 206.3 million and the net profit is EUR 15.3 million. The slightly lower profit is due to higher prices for strategic raw materials and energy products and a slightly lower average selling price of the carrier product, with an EBITDA margin of 16%. All estimates are based on the results already realised in the first nine months of 2024 and assumptions on future market trends known at the time of the 2025 plan.

Special emphasis will be placed on development projects to improve quality, sustainable solutions and rational use of resources. The remuneration policy will be adapted to business performance and economic conditions, with the aim of ensuring long-term stability and social security for employees.

3.3 Investments made and planned

3.3.1 Investments made

In 2024, we committed EUR 14.3 million for investments, acquisition of fixed assets and replacement equipment, and paid advances of EUR 1.7 million, for a total of EUR 16 million, representing 87.1% of the plan.

Investments were made on a programme-by-programme basis, according to need, capacity and potential, and in line with the five-year strategic plan.

Sustainability investments were targeted in different areas. With the aim of increasing energy efficiency and self-sufficiency:

- we continued with the solar power plant project (1.3 MW SE built);
- we refurbished the substation to allow the connection of the solar plant;
- we implemented measures to reduce electricity consumption (replacement of lighting and energy-wasting electric motors, installation of frequency converters);
- on the basis of a positive feasibility study, we commissioned the detailed engineering for the cogeneration of electricity from the steam generated by sulphur incineration and the necessary equipment to adapt the process to the production of sulphuric acid.

In the field of the circular economy:

- We started the process of preparing the project documentation for the installation of the 7th CEGIPS centrifuge in the titanium dioxide production plant;
- In fungicide production, we purchased a filter press for the filtration of dissolved copper ash, which allows us to use copper from the recycling process of fishing nets.

In order to prevent soil and water pollution:

- 20% of storm drains and asphalt surfaces where there is a risk of spills of hazardous substances were rehabilitated;
- Oil interceptors were completely replaced;
- We relocated and renewed our gypsum pipeline on plot 115/1 of Teharje.

In order to reduce air emissions:

- One electrostatic precipitator for cleaning flue gases from calcination was renewed;
- We replaced some vehicles (cars, forklifts) with electric ones.

As measures to increase safety and reduce the risks of old burdens:

- We invested in measures to improve fire safety (gradual renewal of external and replacement of internal hydrants with Euro hydrants, installation of AJP systems, fire doors);
- Drainage ribs on the eastern flank of the Za Travnikom high embankment barrier and emergency measures to rehabilitate the landslide triggered during the heavy rainfall in August 2023 were implemented;
- Maintenance and monitoring measures were implemented for all the barrier bodies.

In the area of health and safety measures:

- We started to implement the LOTO system and LEAN (safety pillar, 5S).

In addition to investing in sustainability, we continue to invest significantly in projects to address bottlenecks. The largest share of our investments went to titanium dioxide production, where we continued to prepare projects and permits and to implement pending and new investments. In BU

Polymers, we purchased a laser for cutting sheet metal and carried out activities on the new blasting plant project, which will be realised in 2025.

We upgraded the Spekter production information system in BU Titanium Dioxide and are building a maintenance information system. To enhance information security, we are investing in a virtual environment for servers and operating stations.

3.3.2 Investments planned

Investments in 2025 will be made on a programme-by-programme basis, according to need, capacity and potential, and in line with the strategic plan. The total amount of planned investments in 2025 is EUR 19.8 million, which includes capitalised own products and services of EUR 1.7 million, but excludes the planned activities for the reversal of environmental provisions of EUR 2.5 million. The planned value of investments, including capitalised own products and excluding the planned funds for the reversal of environmental provisions, is 8.3% higher than the 2024 plan, representing 9.6% of planned sales in 2025 and 137% of depreciation.

58.1% of total investment will be for capital expenditure, 28.2% for the purchase of replacement equipment, and 13.7% for the purchase of individual fixed assets.

88% of the investment will be in titanium dioxide production, for the following:

- implementation of the first phase of cogeneration of electricity from the steam generated by burning sulphur;
- replacement of two electrostatic precipitators to clean the flue gases from the calcination process;
- installation of a filter for filtering liquid sulphur;
- addition of lime to the smelting pits to reduce H_2S emissions;
- development of a washing site for contaminated end-of-life equipment;
- implementation of some of the measures of the integrated water management project;
- increasing the white gypsum extraction capacity (project preparation, permitting, start of construction of the plant);
- expansion of production (start-up of the gel spinning press, Surface Treatment 2 expansion project).

Other investments include:

- start of investment in the purchase of a battery storage;
- phase one of the modernisation of the Scada energy system;
- preparation of project documentation for the installation of a new line of masterbatches on site with a positive feasibility study;
- refurbishment of the internal railway tracks to enable a greater share of raw materials to be supplied by rail.

BU Polimeri will purchase a new blasting machine for several blasting media.

We will replace some vehicles and forklifts with electric ones and electric motors with more efficient ones. In line with the baseline report requirements, we will start a phased rehabilitation of the areas and sewers where the relevant hazardous substances are transported/handled in 2025.

We will invest in measures to improve fire safety (refurbishment of external and replacement of internal hydrants with Euro hydrants, installation of AJP systems, fire doors).

In 2025, as in every year, we will allocate some resources to rehabilitation interventions in or on buildings, which are required from the point of view of ensuring structural safety, minimum hygiene, organisational changes, and the creation of a suitable working environment.

We will purchase some additional equipment for quality control (MB injection moulding machine, Tidas - particle size measurement in TiO_2 products). We will continue a multi-year project to upgrade the control and management of the processes with the most outdated software at the Titanium Dioxide BU.

We will set up a 5G network at the Celje site, make some investments to improve the security of the IT system, and prepare information for analytical purposes.

We will set up digital warehouse operations at Kemija Mozirje and, as a prerequisite for this, we will reinforce the Wi-Fi system and purchase scanners.

Investments will also take place at our Bukovžlak and Za Travnikom sites. At Bukovžlak, we will start the construction of a sealing curtain at the NE of the Bukovžlak Non-hazardous Waste Disposal Site (ONOB) barrier and drainage C1. At the Bukovžlak high embankment barrier, activities are planned on a drainage ditch with a gauging point and a dewatering facility. On the Za Travnikom high embankment, the construction of a reinforcement embankment with drainage on the western flank and the permanent rehabilitation of a landslide triggered during heavy rainfall in August 2023 will be carried out. The environmental provision will be used for these purposes.

Table 1: Overview of investments by strategic pillar

Pillar	Amount in EUR	%
Sustainability and energy transition	9,757,700	49.2
Quality and production expansion	2,741,200	13.8
Digitisation	665,000	3.3
Other	6,673,300	33.7
Total	**19,837,200**	**100**

Financing is planned from our own resources.

3.4 Research and development

Development activities in 2024 were in most cases in line with our strategic sustainability objectives.

We optimised the formulation of the weather-resistant titanium dioxide and validated the process on an industrial scale.

We looked for some alternatives to replace the organic additive TMP, which is classified with suspected reprotoxicity.

The most extensive development work is taking place on the processing of acid waste, where the main objective is to produce commercially interesting products instead of waste and to recycle part of the titanium dioxide. We are also involved in the EU consortium project REMHub.

We completed testing on pilot plants to treat wastewater from a municipal wastewater treatment plant to replace fresh river water. In parallel, we are gathering information on other possible treatment technologies.

We developed a low-temperature Primer powder varnish.

We produced white masterbatch in two grades for installation in stretch films for outdoor agricultural applications.

4. Operations

4.1 Sales analysis

Total sales in 2024 amount to EUR 200.3 million and are 13% higher than the sales achieved in the comparable period in 2023. Total sales to foreign markets are up 15% compared to the comparable period in the previous year. The increase in sales to foreign markets is undoubtedly due to higher pigment volumes. In absolute and relative terms, the most significant increase in sales is to the EU, which is our most important market.

Table 2: Sales by market

	2024	2023	ΔPY%
Slovenia	13,684,845	14,889,861	-8
EU	162,234,825	134,006,280	+21
Third countries	19,080,092	22,900,287	-17
Third countries – dollar markets	5,285,650	4,667,861	+13
TOTAL	**200,285,413**	**176,464,289**	**+13**

Sales to the **EU market** are 21% higher than in the previous year. The increase in sales was driven by higher pigment volumes resulting from the anti-dumping measures imposed on the market concerned and a significantly improved demand for copper fungicides. Sales on the **domestic market** are down by 8% y-o-y in 2023. The latter is due to lower demand for powder varnishes and the closure of BU Metallurgia. Sales to **third countries** are down by 17%, due to lower sales of powder varnishes and reduced competitiveness in TiO_2 sales. In the **dollar markets**, we are strengthening our market shares. In the next medium term, we intend to focus our marketing activities more on these markets as they offer us good geographical diversification. The 13% increase in sales is the result of accelerated activities in the US market.

The share of total exports in the Company's total sales in the year under review was 93.2%, an increase of 1.6 percentage points compared to the previous year. The higher share of exports relates to an increase in value sales to the key markets of Germany, Italy, France, Poland and the Netherlands. The largest volume of exports was to Germany, where sales increased by 10%. Titanium dioxide pigment continues to be a core part of our exports and remains a key product for the Company, driving growth in foreign markets.

The sales structure by national market is adjusted quarterly according to the specific conditions prevailing in each individual market. However, the long-term sales structure is influenced by key factors such as the profitability of the markets, alignment with the Company's marketing strategy, and the assessment of the political-economic security and reliability of the individual markets. Based on the current data, it is observed that profitable markets remain stable, while the sales structure is adjusted where political or economic risks create uncertainties. At the same time, anti-dumping protection in certain markets, such as the EU, also reinforced the focus on more stable and more competitive markets in the longer term, supporting the strategic shift towards delivering sustainable growth in safer, higher-yielding markets.

Table 3: Sales by business segment

	2024	2023	ΔPY%
Titanium dioxide	168,728,022	146,042,369	+16
- of which TiO_2 pigment	*165,044,453*	*143,356,887*	*+15*
Zinc processing	0	5,637,539	-
Varnishes, masters and printing inks	16,140,315	16,579,785	-3
Agro programme	11,150,638	5,443,530	+105
Polymers	3,379,268	2,148,761	+57
Other	887,171	612,307	+45
TOTAL	**200,285,413**	**176,464,289**	**+13**

During the period under review, sales of the **titanium dioxide pigment business** reached EUR 168.7 million. The EUR 22.7 million increase in value sales is mainly due to higher volumes. The challenging market situation, which continued from the previous year, was reversed in the second quarter and resulted in improved demand. On the European market, a gradual pick-up in demand was observed, driven by the culmination of expectations regarding the decision on anti-dumping measures against pigment of Chinese origin. In addition to the traditional markets, we continued to sell to some extent in the North American markets. The provisional measures in force since the middle of last year were replaced by permanent measures at the beginning of this year.

Within the programmes of this business segment, special mention should be made of **CEGIPS**, where 157.6 thousand tonnes were sold, representing an increase of 22% compared to the previous period. This result is particularly significant as it directly contributes to extending the life of the Za Travnikom Waste Disposal Facility.

The **zinc processing** sales programme was discontinued at the end of 2023, in line with the strategy to optimise the business portfolio. This decision allows us to focus resources and investments on programmes with higher added value and more promising market opportunities, in line with the Company's long-term objectives.

During the period under review, we recorded a 3% decline in sales of **varnishes and masters**. The main reason for this decrease is the decline in sales of powder varnishes, which are subject to strong competitive pricing pressure, mainly due to low activity in the home appliances, store and trade fair equipment sectors.

Sales of the **agro programme**, which includes copper fungicides, Pepelin, copperas and Humovit, increased by 105% in the period under review compared to the same period in 2023. This strong sales growth is mainly due to restocking and the start of the new season, and the markedly weak sales market conditions in 2023. Sales activity in 2023 was still influenced by the sale of old stocks accumulated due to the drought in 2022. We are managing to maintain sales of Humovit at the level of the comparable period in 2023, but we remain tied to the situation in the domestic and nearby markets for this product. This is because the additional transport costs make it more difficult for Humovit to enter more distant markets, which limits the geographical scope of sales and underlines the importance of optimising distribution at local level.

During the period under review, the relative proportions between business units have again adjusted. With the exception of BU Kemija Mozirje, where the sales share did not increase, the other business units recorded an increase in sales share, while BU Metalurgija, which was discontinued at the beginning of the year, is not included in this comparison.

BU Polimeri's share increased on account of major projects. The increased business volume of the unit is closely linked to the investment activity of the pharmaceutical and petrochemical sectors in the region, confirming our strategic focus on contract manufacturing with a high degree of flexibility and commitment to specific customer needs. While this business model is highly dependent on the industry's investment cycles, it also allows us to differentiate ourselves and maintain long-term partnerships.

Adjustments in business models entail a restructuring of the size and focus of individual business units, which has already had the effect of reducing their number. In this context, we expect further growth in the relative importance of our core programme – titanium dioxide production – which will be further strengthened as a key source of value creation and revenue stability in the coming periods.

According to Regulation (EC) No 1893/2006, which establishes the statistical classification of economic activities in the European Union (NACE), our activities fall under Division 20.2 - Manufacture of pesticides and other agro-chemical products. The Company is active in the manufacture of chemicals, which includes the production of copper fungicides used in agriculture to protect plants against fungal diseases. Sales are shown under the item Agro programme. According to the EU NACE classification of economic activities, Cinkarna Celje, d. d., is classified in C 20 - Manufacture of chemicals and chemical products, more specifically in 20.12 - Manufacture of dyes and pigments. On the basis of Delegated Regulation (EU) 2022/1288, which complements the EU Low Carbon Benchmarks Regulation (EU BMR), the chemicals and pigments manufacturing sector is classified as a high carbon sector.

4.2 Operating result

Table 4: Operating result

	2024	2023	ΔPY%
Operating income	204,135,737	182,389,786	+12
Operating expenses	177,471,493	169,667,037	+5
OPERATING RESULT	**26,664,244**	**12,722,749**	**+110**
Financial income	1,986,327	1,226,598	+64
Financial expenses	123,439	-143,743	-
OPERATING RESULT BEFORE TAX	**28,527,133**	**13,805,602**	**+107**
Income tax	5,439,882	1,152,195	+372
NET OPERATING RESULT	**23,087,250**	**12,653,407**	**+82**

In 2024, an **operating result** of EUR 26.7 million was achieved, 110% higher than the 2023 operating result of EUR 12.7 million. The operational performance was significantly better than last year and significantly exceeds the results of the business plan. This outperformance of the planned result and the previous year's result is due to the significantly better volume sales of the carrier product than forecast in the business plan. The operating result including depreciation and amortisation, or EBITDA, amounted to EUR 39.6 million, representing 19.8% of the sales achieved. Compared to the previous year, EBITDA is 58% higher.

After accounting for the impact of financial income and expenses, an **operating result before tax** of EUR 28.5 million is reported in 2024, and a profit of EUR 13.8 million in 2023. The result before tax exceeds the previous year's result by 107%.

In 2024, as in 2023, a positive financing balance of EUR 1.9 million is achieved (2023: positive financing balance of EUR 1.1 million). The resulting financing balance is the result of a positive exchange rate balance (forward purchases and sales of dollars) of EUR 0.3 million and a positive balance of investment income and interest income and expenditure of EUR 1.6 million. The positive exchange rate balance throughout the financial year represents the effective use of hedging instruments to manage the volatile movement of the $/EUR currency pair in the purchase of titanium-bearing ores. The positive balance on investments represents the efficient use and deployment of cash surpluses into profitable investments.

The **net result for the period** amounts to EUR 23.1 million and is 82% higher than the result for 2023 (EUR 12.7 million). Taking into account the developments in the international economy, the titanium dioxide pigment market and, above all, the results of competitors in the titanium dioxide industry, we summarise that the result is more than satisfactory and above expectations. The net result comprises the profit before income taxes of EUR 5.4 million (effective tax rate of 19.1%).

4.3 Expenses and costs

The structure of consumption of raw materials, packaging and energy shows a greater variation compared to 2023. In relative terms, the most important reduction is in the cost of energy products.

The price ratio is changing, due to higher input prices. The purchase prices of titanium-bearing raw materials are at higher levels than in the previous year. The total cost of raw material consumption is 13% higher. However, at the end of the period, raw materials/materials for production accounted for the largest share of production costs (84.4%), followed by energy (14.1%) and packaging (1.5%). Compared to the previous year, there is a marked change in the structure, with a 7.3 percentage point decrease in the share of energy and a 7.4 percentage point increase in the share of costs of materials.

The structure of labour costs is disclosed in the Notes to the financial statements in section 5 Labour costs. Gross salaries have been established according to the provisions of the collective agreement, taking into account the agreements between the trade unions and the Management Board. Transport to work and meals during work are in accordance with the applicable regulations. Labour costs include supplementary pension insurance, performance-related payments, severance payments, other employee benefits, solidarity grants, jubilee bonuses, and other items. The amount of the annual leave allowance paid per employee for 2024 is EUR 2,000 gross.

4.4 Assets and resources

Table 5: Assets and resources

	31 Dec 2024	31 Dec 2023
ASSETS		
Intangible assets	2,408,779	1,585,108
Tangible fixed assets	111,699,615	109,855,569
Financial assets at fair value through other comprehensive income	1,287,325	1,558,531
Other non-current assets	105,470	84,444
Deferred tax assets	1,462,488	1,439,044
Total non-current (long-term) assets	**116,963,678**	**114,522,696**
Current assets		
Inventories	58,969,428	53,841,480
Financial receivables	47,214,859	38,616,117
Trade receivables	30,243,586	31,545,008
Income tax receivable	0	5,493,528
Cash and cash equivalents	17,731,407	15,687,805
Other current assets	230,760	209,028
Total current assets	**154,390,040**	**145,392,966**
Total assets	**271,353,718**	**259,915,662**

The share of **non-current (long-term) assets** in total assets decreased by 1 percentage point to 43.1% compared to the end of 2023. The largest category of non-current assets is tangible fixed assets (96%), which increased by EUR 1.8 million, or 2%, in 2024, for the difference between the amount invested in tangible fixed assets and the actual depreciation charged. Non-current financial investments decreased by EUR 0.3 million in 2024, due to revaluation, and comprise shares and interests in companies. Deferred tax assets increased by 2% due to higher provisioning than release and utilisation. Other non-current assets represent emission allowances obtained free of charge from the State. Their balance as at 31 December 2024 is EUR 21 thousand higher than the balance as at 31 December 2023 due to the positive balance between the acquisition of the 2024 allowances and their surrender to ARSO for the 2023 CO_2 emissions.

The share of **current assets** in total assets increased by 1 structural point compared to the end of the previous year, reaching 56.9%. The most important categories in the current assets structure by value are inventories (38%), financial receivables (31%), trade receivables together with other current assets and income tax receivables (20%), and cash (11%).

Inventories increased by 10% compared to the end-2023 situation, with a 22% increase in the value of material inventories (including advances), a 38% increase in the value of work-in-progress inventories, and a 16% decrease in the total value of the Company's finished goods and merchandise inventories (all compared to the end-2023 situation). The most important reason for the decrease in finished goods inventories is the higher volume sales of pigment than the production in 2024.

Current financial receivables as at 31 December 2024 are investments in treasury bills with maturities of mainly up to one year in order to use cash efficiently.

Current trade receivables comprise current trade receivables from customers and current trade receivables from others (mainly from the State for input VAT). Compared to the situation at the end of 2023, trade receivables decreased by 4%. Trade receivables also decreased by 1%, while other current receivables decreased by 23% on account of a decrease in receivables due from the State for the receipt of the balance of the transfers under the ZPGOPEK act (EUR 1.5 million). A maturity breakdown of trade receivables shows that the age structure of the receivables continues to be of good quality and secured with an external institution or other form of collateral.

Cash (and cash equivalents) represent 11% of total current assets, with a 13% increase in cash compared to the last day of the previous year due to strong performance. The remaining cash is necessary to ensure the day-to-day running of the business.

Other current assets are prepaid expenses. Their value increased by 10%.

Table 6: Capital and liabilities

	31 Dec 2024	31 Dec 2023
CAPITAL AND LIABILITIES		
Called-up capital	20,229,770	20,229,770
Capital reserves	44,284,976	44,284,976
Profit reserves	125,078,814	119,583,496
Fair value reserve	-1,650,342	-1,242,486
Retained earnings	23,093,258	38,374,703
Total capital	**211,036,476**	**221,230,458**
Provisions for employee benefits	3,748,722	3,843,523
Other provisions	14,302,270	14,233,199
Long-term deferred income	873,579	767,414
Total non-current liabilities	**18,924,572**	**18,844,136**
Financial liabilities	29,915	103,692
Operating liabilities	36,124,537	18,530,350
Income tax liabilities	4,019,469	0
Liabilities under contracts with customers	0	11,351
Other current liabilities	1,218,750	1,195,674
Total current liabilities	**41,392,670**	**19,841,067**
Total capital and liabilities	**271,353,718**	**259,915,662**

The **value of capital** in the structure of the liabilities to resources as at 31 December 2024 is 77.8%, a decrease of 7.3 percentage points compared to the end of 2023. The amount of capital decreased by 5% compared to the situation at the end of 2024. The decrease (EUR 10,2 million) relates to the difference between the 2024 net profit of EUR 23.1 million and the dividend payment of EUR 25 million in February 2024, the dividend payment of EUR 7 million in June 2024, and the purchase of own shares of EUR 0.8 million. As at 31 December 2024, the Company holds 298,384 treasury shares (3.7% of total shares). In accordance with the resolution of the 28th Ordinary General Meeting of Shareholders of Cinkarna Celje, d. d., of 19 June 2024, the Company acquired 33,734 treasury shares worth EUR 0.8 million in 2024. Also, on the basis of the decision of the same General Meeting, the Company transferred the profit carried forward in 2023 (50% of the net profit generated in 2023) to other profit reserves, similar to the first 50% as at 31 December 2023, which will remain permanently in the reserves and will never be shared. There were no other significant movements in capital.

In total capital, share capital amounts to EUR 20,229,770 and consists of 8,079,770 ordinary freely transferable bulk shares after a split of 1:10 as at 15 August 2022 (of which 298,384 are treasury shares subscribed in the treasury share pool). The book value per share as at 31 December 2024 is EUR 26.1 (down 4.6% since the beginning of the year when it was EUR 27.4).

Provisions and deferred income account for 7% of the payables. Provisions for pensions and similar liabilities were made as at 1 January 2006 (severance and jubilee bonuses) and are adjusted annually on the basis of actuarial calculations. Other provisions were established in the course of the ownership process under the environmental provision. In recent years, the following additional environmental provisions have been made: EUR 5 million in 2010 for the rehabilitation of the Bukovžlak solid waste landfill and EUR 7 million + EUR 5 million in 2011 for the rehabilitation of the Za Travnikom landfill and the destruction of low-level radioactive waste. At the end of 2017, the provisions were examined in detail, verified and re-established, with only the provision for the elimination of risks due to old burdens of EUR 6.4 million, which was fully eliminated in 2022. At the end of 2024, similarly to the end of 2023, we re-examined the extent of the provisions and made/reversed them accordingly in light of actual market conditions and the reasons for their existence. The level of environmental provisions did not change significantly over the period due to the earmarked increase due to inflation and discounting to present value, and at the same time the earmarked coverage of the costs of the above-mentioned remediation projects (increase of EUR 69 thousand). Non-current deferred income increased by 14% due to the funds still to be obtained for the co-financing of the installation of the solar power plants in 2024.

Financial and trade payables increased by 95% compared to the end of the previous year due to an increase in current trade payables to suppliers of strategic raw materials. Trade payables increased by 111% for the above reason. Other current trade payables increased by 33% due to higher payables to employees and government institutions. Income tax payable for the financial year 2024 as at 31 December 2024 amounts to EUR 4 million as the advance payments made during 2024 do not cover the tax liability for 2024. All financial and trade payables are current in nature. The Company's gross gearing ratio is 15%, an increase of 0.7% compared to 31 December 2023.

Current financial liabilities as at 31 December 2024 amount to EUR 30 thousand, compared to EUR 104 thousand at the end of 2023. The Company's gearing ratio is therefore 0.1‰ (0.4‰ at the end of 2023).

Current trade payables increased by 95% over the period. Current trade payables to suppliers amounted to EUR 31 million at the end of 2024, an increase of 111% compared to the end of 2023, due to an increase in payables to suppliers of strategic raw materials. Other payables increased by 33% (or EUR 1.3 million), mainly consisting of EUR 2.5 million payables for net salaries and other net employment benefits, EUR 2.6 million payables for contributions and taxes from and on remuneration, and payables for VAT and to other institutions.

Other current liabilities increased by 2% over the period under review, mainly comprising accrued liabilities for annual leave and other staff costs, accrued environmental contributions and taxes, and VAT on advances made.

4.5 Shares and dividends

The share capital of Cinkarna Celje, d. d., amounting to EUR 20,229,770, is divided into 8,079,770 ordinary freely transferable bulk shares. The Company's treasury stock at the end of the period comprised 298,384 shares (or 3.7% of the total issue). The number of shareholders at the end of the period was 2,871. The ownership structure at the end of the period is shown in the table below.

Table 7: Share ownership structure of Cinkarna Celje d.d.

	No. of shares	%
SDH, d.d.	1,974,540	24.44
Modra zavarovalnica, d.d.	1,629,630	20.17
OTP BANKA D.D. - fid.	388,417	4.81
TR5 d.o.o	364,943	4.52
Treasury shares	298,384	3.69
KRITNI SKLAD PRVEGA POKOJNINSKEGA SKLADA	167,050	2.07
RAIFFEISEN BANK AUSTRIA D.D. - FID	157,740	1.95
CITIBANK N.A. - fid.	102,000	1.26
Generali Jugovzhodna Evropa	75,700	0.94
Zagrebačka banka d.d. - fid.	69,560	0.86
Privredna banka Zagreb d.d. - fid.	65,985	0.82
Internal shareholders – FO	60,530	0.75
External shareholders – FO	1,959,667	24.25
Others	765,624	9.47

Movement in the number of shareholders at the end of the year/period

The CICG shares of Cinkarna are traded on the over-the-counter market. The first day of trading was 6 March 1998. The single share price on that day was EUR 33.71. In August 2022, a share split was carried out at a ratio of 1:10.

Table 8: Movement in the market value of the shares (single price on the last day of the month) and the value of turnover:

	Single course		Turnover
	2023	2024	2024
JAN	25.8	23.6	3,874,123
FEB	28.2	20.9	5,331,682
MAR	28.8	21.5	2,148,822
APR	27.8	21.8	1,079,058
MAY	24.4	21.6	1,080,289
JUN	24.8	22.3	1,793,351
JUL	24.8	23.8	9,995,320
AUG	23.2	24.5	1,820,420
SEP	22.6	28.5	3,712,825
OCT	23.9	28.7	1,610,799
NOV	22.0	27.0	2,049,682
DEC	20.5	27.7	1,414,968

The value of the share of Cinkarna Celje, d. d., listed in the first quotation of the Ljubljana Stock Exchange (CICG), fluctuated between EUR 22.3/share and EUR 28.8/share during the period under review. From the last trading day of 2023 to the last trading day of the period, the value of the share is 33% higher and, taking into account the payment of dividends, the total gross return is 53%.

On 19 June 2024, the General Meeting of Shareholders of the Company voted for a resolution that the balance sheet profit as at 31 December 2023 amounting to EUR 38,374,702.93, consisting of, inter alia, the net profits generated before 2023 amounting to EUR 32,047,999.39 and the net profit in 2023 amounting to EUR 6,326,703.54, be used as follows:

- An amount of EUR 6,326,703.54, representing the net profit for 2023, was allocated to other profit reserves and constitutes a separate account within profit reserves which cannot be paid to shareholders;
- A part of the balance sheet profit of EUR 7,033,608.00, arising from net profits generated before 2023, was earmarked for payment to shareholders (EUR 0.90 gross per share);
- The remaining balance of the balance-sheet profit of EUR 25,014,391.39, arising from net profits before 2023, was earmarked for the payment of dividends pursuant to the resolution of the Extraordinary General Meeting of 13 February 2024 and was paid out.

The amount of all dividends paid in 2024 is 4.10 gross per share and represents, at the date of the General Meeting's resolution, a dividend yield of 17%.

On 19 June 2024, the General Meeting of Shareholders granted the Company's Management Board the authorisation to acquire treasury shares.

Dividends paid and the P/E ratio with the corresponding calculation are shown in the section Concise overview of performance and alternative performance measures.

As a publicly listed company, we have a policy on capital markets. The objectives of this policy are:

- Ensure that the capital market has an accurate picture of the earnings potential of the shares by providing relevant, accurate, balanced and timely information to market participants.
- Ensure compliance with all relevant rules and regulations, including the rules of the Ljubljana Stock Exchange for issuers of shares and applicable Slovenian and European legislation for public companies.
- Ensure fair and transparent rules for trading in shares both for Cinkarna Celje, d. d., and for persons deemed to be insiders.
- Ensure that Cinkarna Celje, d. d., is recognised on the capital markets as a fair, accessible, reliable and responsible company.
- Maintain broad coverage by domestic and foreign securities analysts.
- To be professional, responsive and proactive in relations with investors and to maintain a balance between expectations and actual performance.

The shares are covered by several domestic and international analysts. Further information on analyst coverage is available on the Company's official website. All investment materials and contact details for investors are available at cinkarna.si/en/investor-information.

5. Sustainability statement

5.1 ESRS 2 General disclosures

5.1.1 Basis for preparation

[BP-1] General basis for the preparation of sustainability statements

Cinkarna Celje, d. d., established a sustainability team composed of employees from all key areas to prepare the sustainability reporting statement. An external advisor was engaged to provide expert support. This is the first time the statement has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), and as such, there are no changes compared to previous statements. In 2024, we conducted a Double Materiality Assessment (DMA) and identified sustainability issues that are relevant to our operations, including a due diligence review of both the upstream and downstream parts of our value chain. We introduced a structured approach to reporting under the ESRS through data collection and the establishment of procedures for data analysis and control. In previous years, reporting was carried out in line with the Global Reporting Initiative (GRI). For certain indicators, the base year was set as 2021, and this continues to be used in the current report. However, there has been a change in the emission factors used in the calculation of Scope 1 and Scope 2 greenhouse gas emissions. To ensure the comparability of reported metrics, we restated the data for the base year 2021. This is explained in more detail in section BP-2 Disclosures related to specific circumstances, through data collection and the establishment of procedures for data analysis and control.

The statement has been prepared on an individual basis, as the company is a single entity with no affiliated or subsidiary companies.

Scope of the value chain

The company analysed and assessed the significance of impacts, risks and opportunities related to both the upstream and downstream parts of the value chain, as part of the double materiality assessment (DMA) and business model definition. In determining the scope of the value chain, several value chains were identified. Based on specific criteria, the TiO_2 value chain was identified as the most important, both in the upstream and downstream segments. In the process of identifying material topics, the company did not identify any material topics arising from either the upstream or downstream parts of the value chain.

For the 2024 reporting year, Cinkarna Celje, d. d., did not make use of the right to omit material information relating to intellectual property, know-how, experience or innovation results.

The company also did not make use of the exemption from disclosing anticipated events or matters that are subject to ongoing negotiations.

[BP-2] Disclosures related to specific circumstances

Time horizon

For reporting purposes, the company has defined the medium and long-term periods as follows:

- Medium-term period: from 1 January 2026 to 31 December 2028. This definition takes into account the timeframe of the business strategy planning, within which certain sustainability measures have already been foreseen.
- Long-term period: from 1 January 2029 to 31 December 2030. This corresponds to the planning period set out in the sustainability strategy.

Value chain

a. Definition of metrics
Cinkarna Celje, d. d., monitors greenhouse gas emissions within its value chain (Scope 3, first tier in both the upstream and downstream parts of the value chain – suppliers and customers, including transport), with a focus on emissions related to the sourcing of raw materials and the transport of finished products. For key raw material suppliers, we requested data on their carbon footprint. In relation to transport, we analysed the modes of transport and the distances travelled by our products and raw materials in order to assess the emissions associated with logistics.

b. Basis for preparation
Emissions data is estimated based on two main sources:
- Emission factors from databases for individual raw materials, where direct supplier data is not available.
- Transport data, where emissions associated with the logistics of our products have been calculated based on the mode of transport (road, rail, maritime) and the distances travelled.
- Direct data on water or energy consumption across the broader value chain is not currently monitored.

c. Level of accuracy
The accuracy of emission data within the value chain depends on the quality of the data received from suppliers and the availability of standardised emission factors. For transport, we were able to estimate impacts with a relatively high degree of accuracy, where information on distances and modes of transport was available. For raw materials, we rely on indirect data from databases.

d. Measures to improve accuracy
Cinkarna Celje, d. d., plans to enhance the accuracy of assessing the impacts of the value chain with the following measures:

Further collection of carbon footprint data from key raw material suppliers where this has not yet been implemented.

Improvement of emission calculation models for transport, including consideration of fuel types and transport efficiency.

Exploration of possibilities for incorporating additional parameters (e.g. more precise data on the production processes of raw materials) to improve calculations in the future.

Participation in sectoral initiatives to obtain better average data specific to the titanium dioxide industry.

Sources of uncertainty in estimates and results

Cinkarna Celje, d. d., notes that some of the quantitative metrics and monetary amounts disclosed in this report are subject to a higher degree of measurement uncertainty. This is particularly true for estimates of greenhouse gas emissions in Scope 3, estimates of social impacts on local communities, and estimates of water impacts.

a. Definition of metrics with high uncertainty
The highest measurement uncertainty is present in:

- GHG emissions from Scope 3 (particularly transport and raw materials),
- Valuation of social impacts,
- Water impacts,
- Indirect financial estimates for the coming years, related to regulations and market changes.

b. Sources of uncertainty
Reasons for measurement uncertainty include:

- Dependence on future events (e.g. market and regulatory shifts, such as bans on certain substances),
- Use of average or generic emission factors when specific data from suppliers is unavailable,
- Incomplete availability of data from upstream and downstream parts of the value chain,
- Different methods of data collection (e.g. estimates of transport distances, industry averages, etc.),
- Variability in data on local environmental conditions.

c. Assumptions, approximations and judgements
The following key assumptions were used to evaluate the metrics:

- That the average emission factors from databases are representative for Scope 3,
- That publicly available data provides a sufficient basis for assessing environmental and social impacts,
- That current market and regulatory conditions remain relatively stable in the short term,
- That internal records data represents the best available basis for calculations.

Since the composition of primary energy sources for electricity production for 2024 will not be published until June 2025, we have used the data on the composition of primary sources for 2023 for the distribution of electricity consumption in 2024.

We also note that some quantitative metrics for determining emissions of substances into the air and water are subject to a higher degree of measurement uncertainty. This primarily concerns emission metrics for substances determined based on measurements that are conducted less frequently (once every three or five years or once a year). These measurements are made under certain operating conditions, and it is assumed that such values (concentrations) remain constant throughout the year, meaning that the determined metrics are partially based on estimation. The quantities of water discharged are partly monitored through measurement and are subject to the measurement uncertainty of the meters, and partly estimated based on water consumption (measured consumption). In reporting data on waste generation (circular economy), the source of uncertainty is greatest when presenting the methods of recycling and disposal of the waste delivered. The uncertainty arises from the data provided by the waste receivers after collection, over which we have limited control.

For certain data points, the best available data has been used, but there is some measurement uncertainty related to the measurements, calculations, conversions, data collection and estimation of data from the value chain. Social impact is estimated due to the variability of circumstances and the quality of the data. Therefore, publicly available data has also been used in assessing impacts and risks, among others. This is an ongoing process that will be further developed and improved.

Changes in the preparation or presentation of sustainability information
Emissions from Scope 1 and Scope 2 for the baseline year 2021 were initially calculated with the help of another company, using different emission factor sources than those used for the emission calculations for the reporting year. To ensure data comparability between 2021 and 2024, we

recalculated Scope 1 and Scope 2 emissions for 2021 with the same contractor and accordingly updated all initially reported data in the document, as well as the effects.

The initial carbon footprint calculation for 2021 also did not account for fugitive emissions, which we appropriately considered in the recalculation.

Table 9: Scope 1 and Scope 2 emission calculations for 2021

Scope	Type of activity	Year 2021 (tonnes CO_2 eq.) - FITMEDIA	Difference	Year 2021 (tonnes CO_2 eq.) - SPHERA
Scope 1	Stationary sources (stationary combustion)	25,903	1,899	27,802
	Mobile sources (mobile combustion)	2,962	-2,109	853
	Neutralisation process (process emissions)	49,747	-2,000	47,747
	Fugitive emissions	0	361	361
	Scope 1 – total	78,612	151	78,763
Scope 2	Purchased electricity – location-based method (all three sites of Cinkarna Celje, d. d.)	33,045	-5,030	28,015
	Purchased electricity – market-based method (all three sites of Cinkarna Celje, d. d.)	80,324	-23,265	57,059
	Scope 2 - Total (location-based method)	33,045	-5,030	28,015
	Scope 2 - Total (market-based method)	80,324	-23,265	57,059
Total	Scope 1 and Scope 2 (location-based method)	111,658	-4,880	106,778
	Scope 1 and Scope 2 (market-based method)	158,897	-23,075	135,822

Table 10: Sources of emission factors for Scope 1 and Scope 2 emission calculations for 2021

Scope	2021	2021
Scope 1	Emission factors for GHG Inventories, April 2022	Sphera MLC Database; DEFRA Database
Scope 2	Jožef Stefan Institute (for 2020)	Sphera MLC Database (location-based method); AIB Residual Mixes (market-based method)

Disclosures arising from other legislation

The statement includes the Report on environmentally sustainable economic activities and investments of Cinkarna Celje, d. d., for 2024 in accordance with Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and its amendment 2021/2139.

Incorporation by reference: Some disclosures in sustainability statements are incorporated by reference. In such cases, the relevant disclosure makes reference to a chapter within the sustainability report or to the financial section of the Annual Report.

The assessment of financial materiality is carried out as part of the identification of risks (opportunities). We have a system in place, which is described in the Rules on the management of impacts, risks and opportunities at Cinkarna Celje, d. d., and is partly described in the sustainability report and more extensively in the Annual Report (reference also to the description in the Financial part of Annual Report).

Table 11: List of disclosures by reference

Incorporation of sustainability-related performance into incentive schemes	GOV-3	Financial report, chapter X. Transactions with related parties in the financial section of the report.
Expected financial effects of material physical and transition risks and potential opportunities related to climate	E1-9	Financial statements
Report on environmentally sustainable economic activities and investments - ESRS 2	ESRS 2	Financial Statements

Use of disclosure requirements

The company has used the disclosure procedure option for 2024 related to E5-6 concerning the potential financial effects from resource use and circular economy-related impacts, risks and opportunities.

5.1.2 [GOV] Governance

[GOV-1] Role of administrative, management and supervisory bodies

The company has a two-tier management system - with a management board and a supervisory board.

The company is managed by the management board in the best interests of the company, independently and at its own responsibility. The management board represents and acts on behalf of the company and is accountable to the general meeting and the supervisory board.

The management board is a collective body of the company. It is composed of the president and up to three members.

The president or a member of the management board must meet two additional requirements beyond the statutory ones: holding at least a higher education degree and having a minimum of five years of professional experience. The president of the management board is also a member of the management board and is the highest-ranking executive in the group.

Table 12: Composition of the Management Board in the financial year 2024

Full name	Function	Area of responsibility on the Management Board	First appointment to the position	End of term of office	Gender	Citizenship	Year of birth	Education/professional profile	Membership of supervisory bodies of non-affiliated companies
Aleš Skok	President of the Management Board	IT, finance, sales, procurement, legal	1/7/2020	1/7/2025	Male	Slovenian	1967	BSc. Chem. Eng., MBA – USA	/
Nikolaja Podgoršek Selič	Member of the Management Board - Technical Director	development, sustainability, technology, occupational health and safety	30/6/2005 (first term of office) 1/7/2020 (current term of office)	1/7/2025	Female	Slovenian	1962	BSc. Chem. Eng., Spec.	/
Filip Koželnik	Member of the Management Board – Labour Director	human resources and social issues	5/11/2020	5/11/2025	Male	Slovenian	1992	MSc (Business Studies)	/

Experience and educational profile of the members of the Management Board

ALEŠ SKOK - He holds a Bachelor's degree in Chemical Engineering from the University of Ljubljana and an MBA from the American University of MIT. He possesses extensive experience in the international chemical industry and served on the management boards of joint-stock companies for over ten years. He also held positions as president and member of numerous supervisory boards.

NIKOLAJA SELIČ PODGORŠEK – She has been employed at Cinkarna Celje, d. d., for nearly 40 years, beginning as a technologist and later becoming the head of development. For over 20 years, she has served as Technical Director, responsible for production, maintenance (including energy management), development, quality control, environmental protection and occupational health and safety.

FILIP KOŽELNIK - He initially gained his experience in the financial industry and after completing his postgraduate studies at the Faculty of Economics, he joined the Accounting Department of Cinkarna Celje, d. d., as a senior planner analyst. He currently manages investor relations and in addition to the interests of the company and all stakeholders, he represents the interests of employees regarding human resources and social issues.

The company's Articles of Association and the Companies Act govern the Management Board's reporting obligations to the Supervisory Board. The Articles of Association specify matters requiring the Supervisory Board's consent.

The Supervisory Board comprises six members. Their appointment, duties and rights are defined by the Articles of Association and the Companies Act (ZGD-1). The operating procedures and conditions of the Supervisory Board are detailed in its Rules of Procedure.

Table 13: Composition of the Supervisory Board and Committees in the financial year 2024

Full name	Function	First appointment to the position	End of term of function/term of office	Capital/workers' representative	Attendance at SB meetings in relation to total number of meetings	Gender	Citizenship	Year of birth	Education/ professional profile	Status of independence in the Statement of independence	Existence of a conflict of interest in the financial year	Membership in supervisory bodies of other companies
Tomaž Berločnik	Chairman of the SB from 23/7/2024, Member of the SB from 19/6/2024-23/7/2024	19/6/2024 - Member 23/7/2024 - Chairman	19/6/2029	Capital representative	4/4	Male	Slovenian	1968	BSc (Mech. Eng.) and Master of Business Administration, MBA	YES	NO	/
Melita Malgaj	Deputy Chair of the SB from 23/7/2024 Member of the SB since 19/6/2024	19/6/2024 - Member 23/7/2024 - Deputy Chair	19/6/2029	Capital representative	4/4	Female	Slovenian	1971	BSc (Econ.)	YES	NO	Slovenske železnice d.o.o.
Jože Koštomaj	Member of the SB	18/6/2020	17/6/2025	Workers' representative	10/10	Male	Slovenian	1968	Mechanical Engineer	YES	NO	/
Aleš Stevanovic	Member of the SB	18/6/2015 (first term of office) 8/3/2023 (current term of office)	7/3/2028	Workers' representative	10/10	Male	Slovenian	1966	Chemical technician	YES	NO	/
Boštjan Furlan	Member of the SB	19/6/2024	19/6/2029	Capital representative	4/4	Male	Slovenian	1972	Mechanical Engineer	YES	NO	/
Dubravka Derossi Uršič	Member of the SB	24/12/2024	23/12/2029	Capital representative	/	Female	Slovenian	1975	Master of Business Administration	YES	NO	/
Mario Gobbo	Chairman of the SB until 23/7/2024, Member of the SB until 24/12/2024	23/12/2019 - Member 20/5/2020 - Chairman	23/12/2024	Capital representative	9/10	Male	American	1953	MSc Biochemistry, PhD Management	YES	NO	/
Mitja Svoljšak	Member of the SB	16/6/2021	28/2/2024	Capital representative	2/2	Male	Slovenian	1974	BSc (Econ.)	YES	NO	/
David Kastelic	Member of the SB	18/6/2020	19/6/2024	Capital representative	5/6	Male	Slovenian	1966	BSc (Mech. Eng.), MSc (Econ.)	YES	NO	/
Luka Gaberščik	Deputy Chair of the SB until 4/6/2024	4/6/2019 - Member 21/1/2020 – Deputy Chair	4/6/2024	Capital representative	6/6	Male	Slovenian	1978	BSc (Law)	YES	NO	/

Table 14: External members of the Committees

Full name	Gender	Citizenship	Education/professional profile	Year of birth	Membership in supervisory bodies of other companies
Gregor Korošec	Male	Slovenian	BSc (Econ.)	1971	Chairman of the AJPES Council

Experience and educational background of the members of the Supervisory Board

TOMAŽ BERLOČNIK – He is an experienced executive with a long-standing career in business. He is best known for his role as the former President of the Management Board at Petrol d.d. In recognition of his achievements, he was awarded the prestigious Primus Award, which honours outstanding leadership in corporate communication and contributions to the development of the communications profession. He also brings extensive experience in corporate governance, having served on the supervisory boards of companies such as Elan, Slovenske železnice, Telekom Slovenije, and Petrol.

MELITA MALGAJ – She has over 30 years of experience in corporate governance, the sale of equity investments, corporate restructuring, reorganisations and project management. She has a strong track record in supervisory roles, having served on supervisory boards since 1997. Her previous appointments include membership of the Management Board of PDP d.d., and the Supervisory Boards of Banka Celje d.d. and Abanka d.d., where she also served on the Audit Committee and chaired the Nomination Committee. She is employed at Slovenian Sovereign Holding (SDH), where she holds the position of Director of the Economic Sector. She is also currently a member of the Supervisory Board at Slovenske železnice (Slovenian Railways).

JOŽE KOŠTOMAJ - He has more than 25 years of experience in various areas of work at Cinkarna Celje, d. d., most of which was at BU Metalurgija, where he also held the position of Deputy Director. He is currently Head of the Central Warehouse.

ALEŠ STEVANOVIČ – He has worked at Cinkarna Celje, d. d. for 38 years in the Quality Department. He has also been actively engaged in employee representation for several decades, serving as a trade union representative, a member of the Works Council and is currently in his second term as the employee representative on the Supervisory Board.

BOŠTJAN FURLAN – He is a member of the Management Board at Hella/Forvia and Managing Director of Hella Saturnus Slovenia. He is a recognised expert in corporate restructuring and the transformation of development and production processes, with extensive experience in the automotive industry.

DUBRAVKA DEROSSI URŠIČ – She is the Executive Director of the Sales and Operational Marketing Division at Modra zavarovalnica d.d. She brings strong expertise in finance, accounting and investment policy.

MARIO GOBBO – He has over 30 years of experience across financial institutions, the pharmaceutical and biotechnology sectors, telecommunications and the oil, gas and energy industries. He was a long-serving Managing Director at Natexis Bleichroder and previously worked as a partner in Asian healthcare funds. His career also includes roles as Head of Science at the International Finance Corporation and positions at the World Bank Group, Lazard Brothers in London, Continental Illinois National Bank, Swiss Bank Corporation International Ltd and other leading financial institutions.

MITJA SVOLJŠAK – He has over 20 years of experience in managing complex tasks and responsibilities across various financial institutions, the Capital Assets Management Agency of the Republic of Slovenia and Slovenian Sovereign Holding (SDH d.d.). He began his career as a stockbroker and investment fund manager, later serving as Executive Director at the Capital Assets Management Agency. Since 2012, he has held senior roles at SDH, including Head of Controlling and Risk Management, Director of the Financial Management Department and Director of the Controlling, Analysis and Reporting Department. He currently contributes to the development of corporate governance and performance reporting as the Expert Director of the Financial Corporate Governance Department.

DAVID KASTELIC – He has several decades of experience in senior management positions in the business sector. He began his career at Philip Morris and, in 1998, joined Zavarovalnica Maribor, where he served as CEO from 2013. He has also held the position of Vice-Chairman of the Board of Directors at both Maribor Football Club and HNK Rijeka, and served as the Honorary Consul of the Federative Republic of Brazil in Maribor. Since 2022, he has been the Chairman of the Management Board at GRAWE zavarovalnica d.d.

LUKA GABERŠČIK – A lawyer with several decades of professional legal experience, Mr Gaberščik specialises in corporate governance, financial law, international trade, labour law and environmental law. He began practising independently in 2008 and, two years later, founded the BGK Law Firm. He has also served as a member of several supervisory boards.

GREGOR KOROŠEC – has many years of experience in the field of external and internal audit. Initially, he was employed by the audit firm PricewaterhouseCoopers as an external auditor, and then for several years he headed the Internal Audit Department at Merkur zavarovalnica. Later, he headed various insurance departments in the same insurance company and developed competencies in the field of financial supervision, risk management and organizational leadership, and then headed the Insurance and Capital Market Sector at the Ministry of Finance. For several years, he also served as an external independent member of the audit committee at Unior. He is currently employed by the Internal Audit Department of the Ministry of Finance.

The Supervisory Board had a three-member Audit Committee until 23 July 2024, after which it became a four-member committee. The Audit Committee exercises its responsibilities in accordance with applicable legislation (ZGD-1) and the Rules of Procedure of the Audit Committee.

Table 15: Current membership at the end of the reporting period

	Function	**Date of appointment**	**Attendance at committee meetings in relation to total number of meetings (during the term of office)**
Melita Malgaj	Chair of the Committee	23/7/2024	2/2
Boštjan Furlan	Member and Deputy Chair of the Committee	23/7/ 2024 (Member) 26/11/2024 (Deputy Chair)	2/2
Ales Stevanovič	Member of the Committee	23/7/2024	2/2
Gregor Korošec	External independent member	4/11/2015	4/5
David Kastelic	Chair of the Committee	19/6/2024	3/3
Jože Koštomaj	Member of the Commission	23/7/2024	3/3

From 23 July 2024 onwards, the Supervisory Board no longer has a separately established HR Committee. Instead, the duties of the Personnel Committee are carried out by the Supervisory Board as a whole.

All members of the Management Board are from Slovenia. The Technical Director and the Labour Director come from the local area where the company is headquartered, representing two-thirds of the Management Board's composition.

Women representation:

- 1/3 of the Management Board
- Supervisory Board: no women were represented on the Supervisory Board until 19 June 2024. From 20 June 2024 onwards, women representation was 1/6 and from 24 December 2024 onwards, it has been 1/3.

Employee representation:

- 1/3 of the Management Board,

- 1/3 of the Supervisory Board
- On the Audit Committee, 1/4

Percentage of independent members:
- 1/7 of the total number of Supervisory Board members
- Based on the number of Audit Committee members, 1/4

The Company did not record any other categories of diversity among the members of the Management Board and the Supervisory Board during the reporting period regarding the composition of these bodies.

The composition of the Management Board, as well as that of the Supervisory Board and its committees, is aimed at achieving diversity in terms of professional background, gender and age.

The responsibilities of individual bodies and persons regarding impacts, risks and opportunities are defined within the company's scope of authority and are specified in related internal policies and codes. The roles and responsibilities of Cinkarna Celje's Management Board and Supervisory Board are defined in accordance with established principles of corporate governance, ensuring effective management of the company's operations, including the control of risks, opportunities and impacts. A formal definition of the roles and responsibilities of these bodies, specifically for sustainability matters, has not yet been established. However, sustainability issues are addressed in accordance with existing principles of corporate governance and are included in regular supervisory and management processes.

The Management Board has the key responsibility for direct oversight of identified significant impacts, risks and opportunities. During its term of office, the Management Board ensures appropriate mechanisms for managing these risks and monitoring their potential effects on the company’s operations.

The Management Board regularly assesses risks and identifies opportunities, considering the sustainability, operational and financial aspects of the business. The Management Board reports on all relevant findings, actions taken and any potential impacts to the Supervisory Board through regular quarterly reporting on the company's performance. In this way, an effective oversight framework is established, enabling transparent management of risks and monitoring of sustainability impacts in line with internal policies and stakeholder expectations.

The Supervisory Board’s responsibility is to oversee, based on the Management Board's reports, the effectiveness of risk management and assess whether the measures taken by the Management Board are appropriate and aligned with the company’s strategic goals. Progress regarding significant impacts, risks and opportunities is monitored through periodic reporting at Supervisory Board and Audit Committee meetings.

The company has established a group of internal experts responsible for identifying, in collaboration with the owners (directors and heads of organisational units), analysing and evaluating impacts, risks and opportunities. This group reports quarterly at the extended meetings of the Management Board. The senior management (Management Board) is responsible for confirming significant impacts, risks and opportunities (DMA) and their management:
- setting the strategy and objectives for managing impacts, risks and opportunities,
- overseeing the impact, risk and opportunity management process and proposing changes to improve process performance and efficiency,
- assigning authorities and responsibilities at appropriate organisational levels,
- providing the necessary resources for process operation and implementation of measures,

- proposing and if necessary leading measures to manage significant impacts, high corporate risks and significant opportunities,
- informing the Supervisory Board of significant impacts, risks and opportunities. The Supervisory Board and its audit committee oversee the performance and effectiveness of the comprehensive impact, risk and opportunity management system and the integrity of information on significant impacts, risks and opportunities provided and confirmed by the company.

The Management Board is responsible for the operational implementation of the company's strategies and the management of risks related to its operations. Its responsibilities include:

- developing and implementing strategies for managing impacts, risks, and opportunities, including goals for reducing negative impacts on the environment and society,
- monitoring compliance with legal and regulatory requirements and aligning internal policies with ESRS standards,
- ensuring the effective implementation of business ethics and human rights protection policies across the value chain,
- leading the reporting process on sustainability and communicating key findings and results to stakeholders.

The Supervisory Board plays a key role in ensuring independent oversight of the Management Board's activities, confirming strategies, overseeing their implementation and making strategic decisions related to the company's operations, risk management and ensuring the company's sustainable development.

The Management Board ensures that the annual sustainability statement is prepared in line with CSRD requirements, including ESRS standards and the Regulation on the establishment of a framework to facilitate sustainable investments (EU taxonomy). The statement details key sustainability issues addressed during the reporting period, enabling accurate and transparent reporting of the company's sustainability performance.

Oversight of sustainability impact, risk and opportunity management is conducted through the Supervisory Board and Audit Committee. The Audit Committee oversees financial and sustainability reporting and monitors the effectiveness of internal controls and risk management systems, reporting this to the Supervisory Board. The Supervisory Board, in its supervisory capacity, confirms the company's sustainability strategy, DMA and the overall sustainability statement as part of the approval of the comprehensive annual report.

To address the introduction of sustainability reporting, the Management Board and Supervisory Board of Cinkarna Celje, d. d., will further develop their competencies through internal training and, where necessary, by engaging external experts. During the reporting period, individual members of the Management Board and Supervisory Board were responsible for assessing their existing competencies and identifying potential knowledge gaps. Collectively, the Management Board undertook 89 hours of training covering various environmental, social and governance (ESG) topics. Members of the Supervisory Board participated in a workshop on the company's sustainability strategy, held on 23 October 2024.

The company acknowledges that the skills and knowledge of the Management Board and Supervisory Board play a crucial role in identifying significant impacts, risks and opportunities that sustainability reporting brings both for the company and for wider stakeholders. The diversity of skills and experience of the members of both bodies enables a more comprehensive approach to strategic decision-making, fosters innovation in adapting to new regulatory requirements and opens up opportunities for long-term sustainable growth and the company's competitive advantage.

In the future, the company plans a comprehensive development of additional competencies for the members of the Management Board and Supervisory Board in the area of sustainability management, which will further strengthen their ability to shape effective strategies aligned with the company's environmental, social and governance goals.

[GOV-2] Information provided to the administrative, management and supervisory bodies of the company and sustainability matters considered by those bodies

The Management Board and the Supervisory Board of Cinkarna Celje, d. d., take into account the impacts, opportunities and risks related to the sustainability aspects of the business when overseeing the company's strategy and making decisions on significant transactions and risk management policies. During the reporting period, the Management Board regularly informed the Supervisory Board of all relevant sustainability matters and identified impacts, risks and opportunities during regular Supervisory Board meetings as part of the company's business and risk management reporting. The Management Board assessed significant IROs in accordance with the preparation of the DMA.

Special emphasis was placed on the development of the company's sustainability strategy. An extraordinary meeting of the Supervisory Board was convened during the reporting period exclusively to discuss this topic. During the meeting, the Management Board presented a draft sustainability strategy, highlighted key impacts, opportunities and risks arising from the strategic directions, and provided explanations regarding potential compromises between sustainability goals and other business priorities. The members of the Supervisory Board actively participated in the discussion with comments and questions, enabling a comprehensive debate on all relevant aspects.
Based on the discussion and suggestions provided, the Management Board prepared the final version of the sustainability strategy, which was approved by the Supervisory Board at its next ordinary meeting on 26 November 2024.

In assessing impacts, risks and opportunities and in making strategic and key business decisions, the Management Board and the Supervisory Board will also consider potential trade-offs between achieving sustainability objectives, financial performance and the long-term viability of the business model.

The company is currently establishing a more structured approach to addressing sustainability matters, including the development of appropriate internal controls, processes and defined responsibilities related to the management of identified impacts, risks and opportunities (IROs).

As part of these efforts, the Management Board plans to report regularly on sustainability topics, which will also form part of the annual update of disclosures under the Double Materiality Assessment (DMA) approach, in line with regulatory requirements.

[GOV-3] Integration of sustainability-related performance into incentive schemes

The remuneration system for members of the Management Board is partly linked to the achievement of sustainability objectives, which are incorporated into the variable component of remuneration. One of the key elements in determining this component is employee satisfaction, which accounts for 10% of the total variable remuneration within the overall remuneration structure.

In addition, the variable part of the Management Board's remuneration also depends on the successful implementation of five strategic projects, which are pre-approved by the Supervisory Board as part of the annual plan. Each project has a clearly defined objective, the achievement of which serves as the benchmark for performance assessment. It is essential that at least one of these projects is directly related to sustainability themes. The overall impact of this element on the variable component of the Management Board’s remuneration amounts to 20% of the total. Details of Management Board remuneration are provided in section X, Related party transactions – Details of groups of persons, in the financial section of the report.

The company's Supervisory Board plans to upgrade the Management Board's remuneration policy, which will be more closely aligned with the achievement of sustainability goals and the bonuses and incentives for management. This policy will enable the company to establish a transparent, ethical and sustainability-oriented remuneration framework. In accordance with legislation, the General Meeting will approve the remuneration policy whenever changes are made. At the time of reporting, the company had not received approval for the Management Board's remuneration policy from the General Meeting, although it had been submitted for approval.

The development of the new remuneration policy will be carried out in line with shareholder expectations, with the Supervisory Board considering their initiatives and recommendations to standardise and increase remuneration transparency. The aim of the new policy is to align rewards with the company’s sustainability-driven strategy, which includes responsibility towards environmental, social and governance goals. By establishing a clear link between remuneration and sustainability objectives, the company seeks to ensure long-term value for all stakeholders and create an environment that motivates managers to achieve sustainable results.

At the time of reporting, remuneration linked to sustainability goals had been defined at the level of the Management Board members.

[GOV-4] Due diligence statement

The purpose of the due diligence process is to identify and address actual and potential impacts, risks and opportunities in the areas of the environment and human rights. The company established the process with an internal transcript and conducted an assessment in 2024, incorporating the findings into the double materiality assessment. The table below provides links to sections within our sustainability statement where we provide information about our due diligence process. These tags, along with their corresponding topics, are referenced throughout the report in their respective chapters.

Table 16: Main references to key elements of due diligence

Key elements of due diligence	Tags in sustainability statement
Integrating due diligence into the governance, strategy and business model	ESRS 2 GOV-1, ESRS 2 GOV-2, ESRS 2 GOV-3, ESRS SBM-3
Engaging with affected stakeholders at all key stages of due diligence	ESRS 2 SBM-2, ESRS 2 IRO-1, S1-2, S3-2
Identification and assessment of adverse impacts	ESRS IRO-1, E1 IRO-1, E2 IRO-1, E3 IRO-1, E1, E2, E3, E5, IRO-1, S1 SBM-3, S3 SBM-3
Monitoring measures to address these adverse impacts	E1-3, E2-2, E3-2, E5-2, S1-4, S3-4
Monitoring and communicating the effectiveness of these efforts	E1-5, E1-6, E2-4, E2-5, E3-3, E3-4, E5-3, E5-4, E5-5, S1-4, S1-9, S1-13, S1-14, S1-15, S1-16, S1-17, S3-4

[GOV-5] Risk management and internal controls for sustainability reporting

The sustainability reporting risk management process systematically involves a broad range of employees across various levels and business functions, who contribute to the preparation of sustainability information. Risks are addressed and confirmed by the impact, risk and opportunity management committees, and mitigation measures are reviewed and monitored quarterly at senior management meetings. The Internal Audit, as per its plan, audits the risk management process implementation, assessing its performance and effectiveness. This ensures a dynamic and responsive risk management process, capable of adapting to sustainability-related challenges and opportunities. The Management Board formulates and oversees the sustainability statement. A sustainability team, comprising individuals responsible for specific sustainability areas, has been appointed to establish the reporting process. The control environment, encompassing organisational structure, defined roles and reporting responsibilities, emphasises legal compliance and continuous training. Existing data collection procedures and controls are used for information included in regular reports. The company's Internal Audit Department also addresses sustainability reporting risks. External statutory audits provide additional oversight. A unified methodology, detailed in the internal Rules on impact, risk and opportunity management, governs all risk management activities. This methodology takes into account the standards SIST EN ISO 9000, SIST EN ISO 14001, SIST EN ISO 45001 and SIST EN ISO 31000. Risks are evaluated based on their current and potential financial impacts, mitigation effectiveness and the success of measures during the evaluation period. Risk classification employs uniform criteria, categorising risks as low, medium or high. So far, the main risks identified have concerned the integrity, accuracy and availability of data, with availability primarily relating to data within the value chain. These risks are mainly recognised and managed by those responsible for preparing the required disclosures. The sustainability team regularly reviews risks associated with the timely preparation of relevant disclosures. In response to identified shortcomings in IT support, the team initiated the development of an application-based solution for collecting quantitative data included in the sustainability statement. As part of its review of environmental matters, the internal audit highlighted risks arising from the absence of clear procedures for data preparation and the overall lack of robust IT support.

A comprehensive assessment of risks and the adequacy of internal controls related to sustainability reporting has not yet been conducted, as this represents the company's first report in the field. The findings of the external auditor, following the initial review of compliance with ESRS requirements, will be considered alongside the company's own observations as key inputs for the future risk assessment process. The integration of these findings into internal functions and procedures will form an integral part of a comprehensive risk management system, which also encompasses sustainability and its reporting. In this way, the integrated risk management system will support the continuous improvement of internal controls in sustainability reporting.

The sustainability team provides quarterly updates to the Management Board on the reporting process and related risks. The Management Board, in turn, informs the Supervisory Board and the Audit Committee through its regular reporting. Both bodies are also kept informed about the reporting process through engagement with the external auditor and reports from the Internal Audit Department.

5.1.3 [SBM] Strategy

[SBM-1] Strategy, business model and value chain

Cinkarna Celje, d. d., is committed to becoming a leading, sustainable chemical industry company, dedicated to reducing environmental impacts, responsibly managing resources and enhancing social responsibility and transparency by 2030. We will contribute to a low-carbon future by lowering greenhouse gas emissions and improving energy efficiency and we will support the circular economy and responsible waste management by expanding our product portfolio.

Increased production volumes will drive business growth, enabling the development of opportunity portfolios that reduce waste and pollution, despite the expansion.

Our commitment is that, as we grow, we will:

- reduce our carbon footprint through greater use of renewable energy sources and improved energy efficiency,
- increase water recycling and reduce dependency on natural resources,
- continuously reduce emissions into the air and water and manage waste responsibly,
- promote innovation in green technologies and develop products that support the sustainable use of resources,
- ensure a safe, inclusive and supportive working environment where employees are motivated to achieve the best results,
- provide social security for our employees,
- establish a consultative channel (Sosvet) with affected communities, using the information gathered to enable co-decision-making in defining and implementing measures and report on them transparently,
- support sports, cultural and other social activities in affected communities, participate in safety-enhancing initiatives and contribute to infrastructure improvements,
- further develop our corporate governance and culture, including the introduction of a lean production system,
- educate and raise awareness among employees so that everyone actively contributes to the implementation of this strategy.

In particular, we will contribute to the following UN Global Sustainable Development Goals:

Goal 8: Decent work and economic growth
As a producer of titanium dioxide, Cinkarna Celje, d. d., contributes to economic growth by creating quality jobs and ensuring stability in the chemical industry through a wide range of other products, including sulphuric acid, white gypsum, powder coatings, masterbatches, copper-based plant protection products, growth substrates and the production of liquid transfer systems - polymers. Our presence in the European Union, Balkans and Middle East markets enables sustainable growth, while we work with key industrial partners and suppliers to improve employment and safety standards.

Goal 12: Responsible consumption and production
Sustainable approaches in titanium dioxide production reduce our environmental footprint through process optimisation and the circular economy. Our main sales sectors are printing inks, coatings and plastics, where we strive to develop innovative and more environmentally friendly solutions. Our key stakeholders are titanium dioxide pigment customers, regulatory bodies and suppliers, with whom we work to ensure a responsible supply chain.

Goal 13: Climate action
We contribute to global climate goals by implementing strategies to reduce the carbon footprint of production processes, including measures to reduce CO_2 emissions across the value chain (Scope 1, 2, and 3). These measures are primarily implemented in EU countries, where strict environmental regulations apply. We collaborate with industry partners, research institutions and suppliers to improve emissions data and implement low-carbon technologies.

Significant product groups are disclosed in the Activities and product groups section, with the breakdown of revenues presented in the Sales analysis section. Significant markets and employee numbers are provided in the Market presence section and employee data is detailed further in the Own workforce section.

Due to the nature of its production processes, direct alignment with the 1.5 °C global warming limitation scenario is currently not feasible for Cinkarna Celje, d. d. The production of key chemicals such as titanium dioxide involves energy-intensive procedures. Technologies that would enable fundamental changes to these processes are either not yet widely available or remain in the development stage.

At the national level, the existing infrastructure is not yet sufficiently developed to support the transition to low-carbon processes at the scale required to meet the 1.5 °C target.

Achieving such a goal would also necessitate substantial changes in the availability of renewable energy sources, in supply chains and in supporting technologies that form part of the broader industry and lie beyond the company's direct control.

Cinkarna Celje, d. d., is therefore focusing on the gradual reduction of the carbon intensity of its processes and the integration of sustainable technologies wherever feasible. Through these efforts, the company contributes to emission reductions and supports the long-term transition to a low-carbon economy.

Various sales sub-programmes can be consolidated into sales groups that bring together products with similar end uses. In recent years, we have discontinued certain production and sales programmes that did not meet profitability or performance criteria.

Our major product and sales programmes are:

- titanium dioxide (TiO_2) production,
- production of sulphuric acid,
- production of products for agriculture, including plant protection products and growth substrates,
- production of masterbatches and powder coatings,
- a group of fluorinated polymers and elastomers whose properties make them suitable for transporting aggressive media and protecting process and hardware equipment,
- semi-finished products from titanium dioxide pigment production: titanyl sulphate, metatitanic acid, and sodium titanate,
- by-products from titanium dioxide pigment production: white gypsum – CEGIPS and red gypsum – RCGIPS (47% : 53% on a dry matter basis of these by-products).

The flagship production and sales group is titanium dioxide pigment, which combines the sale of various pigment types. This group also includes ultra-fine forms of titanium dioxide, which are high-value-added products. Depending on their crystal structure, these can function as photocatalysts or UV absorbers. They are incorporated into highly technologically demanding products (self-cleaning systems, UV-stabilised materials, etc.). The production and marketing of titanium dioxide pigment account for 83 percent of our total sales.

The plant protection product sales group falls under activity 20.2, Manufacture of pesticides and other agrochemical products, according to Annex I of Regulation (EC) No. 1893/2006. Compared to the flagship production and sales group, this represents a very small market share of the company's total sales (5.56% of total sales revenue in 2024). The main products in this group are copper fungicides of various formulations and using different active substances (copper hydroxide, copper oxychloride, tribasic copper sulphate). In the field of plant protection products, we pursue a strategy with an emphasis on product quality and their environmentally safe use.

The powder coatings and masterbatches group represents a vertical upgrade of the basic production of titanium dioxide pigment and is becoming an increasingly important sales group for the company. Powder coatings are sold primarily for anti-corrosion and decorative purposes in the production of white goods, radiators and other metal products. Masterbatches are designed to be mixed into plastics to improve their performance properties.

Other areas include the production of PTFE (polytetrafluoroethylene) products, half of which are for internal consumption and maintenance, and the other half for marketing, primarily in the phytopharmaceutical and chemical industries. Sulphuric acid production is mainly for internal use, with any surplus sold on the market. CEGIPS, so-called white gypsum, is sold to the cement industry and for the production of gypsum plasterboard, as well as for use in agriculture. The by-product RCGIPS is entirely used for dry filling at the Za Travnik landfill. Depending on its properties, it can also be used for backfilling in low-rise construction, the construction of low embankments, and the production of covering layers.

At the beginning of 2024, we removed zinc processing from our portfolio, which included zinc alloys, anodes and zinc wire.

We operate primarily in the European market, where we generate the majority of our revenue. We also have a smaller presence in compensation markets, mainly in the US dollar currency area. Geographically, we identify the most important markets as EU member states (excluding Slovenia), followed by the domestic market (Slovenia) and third countries.

The countries where we have the largest presence, with a sales share of more than 1%, are: Germany (28%), Italy (15%), France (12%), Poland (7%), Slovenia (7%), Turkey (5%), Netherlands (4%), Austria (4%), Denmark (3%), Croatia (3%), Greece (3%), USA (2%), Sweden (2%), Czech Republic (2%), Romania (1%), Serbia (1%).

In terms of market sales value share, the majority is represented by sales to the EU market (excluding Slovenia).

All production units, along with support services, are located in Slovenia, where we employed 718 people at the end of the year.

Table 17: Key elements of a sustainable strategy

	Our vision: to become an efficient, sustainable company in the chemical industry		
	[E] Reducing our carbon footprint and pollution	[S] Empowering the local environment and employees	[G] Integrity through responsible business
Our sustainability goals	E1 CLIMATE CHANGE Reduce carbon footprint by 10% by 2030. Reduce Scope 3 CO_2e emissions by 15% by 2030, mainly in the raw materials and materials supply chain and logistics segments, especially in the production of titanium dioxide pigment. Actions and activities: Investing in solar power and optimising energy use to reduce fossil fuel consumption.	S1 OWN WORKFORCE AND HEALTH AND SAFETY AT WORK Implement measures to improve occupational safety and health and move towards the target of zero accidents at work by 2030 (compared to the base year of 2021). S1 OWN WORKFORCE: EQUAL TREATMENT AND EQUAL OPPORTUNITIES By 2030, increase the proportion of engaged employees to 40% and reduce the proportion of actively disengaged employees	G1 BUSINESS CONDUCT: SUPPLIER RELATIONSHIP MANAGEMENT Encourage value chain participants to adhere to and comply with the Code of Conduct for Sustainable Business. G1 BUSINESS CONDUCT: Introduce a lean production system and sustainability training for employees, to make them aware of the objectives of the sustainability strategy and to actively involve them.

	Co-generation of electricity from steam to improve energy efficiency. Energy efficiency. Analysis of logistics routes to optimise transport distances and select low-carbon transport solutions. Assistance and cooperation at various levels with our suppliers to reduce category 1 by 22% by 2030. E2 POLLUTION Reducing specific sulphate emissions by 15% by 2030 (compared to the base year of 2021). A 15% reduction in specific emissions of air pollutants (SOx, H2S and dust) by 2030 (compared to the base year of 2021). E3 WATER RESOURCES By 2030, implement projects to conserve water resources and reduce water withdrawal from a watercourse (compared to the base year of 2021). E5 RESOURCE USE AND THE CIRCULAR ECONOMY By 2030, reduce the amount of red gypsum produced by 14% (compared to the base year of 2021).	to 16% (compared to the base year of 2021). S1 OWN WORKFORCE: WORKING CONDITIONS Increase activity to promote employment opportunities close to home by 10% by 2030. S3 AFFECTED COMMUNITIES: ECONOMIC, SOCIAL AND OTHER COMMUNITY RIGHTS By 2030, establish a consultation channel with affected communities, participation in youth education programmes, support for sports, cultural and other activities, investment in infrastructure, ensuring a higher level of security and participation in charitable projects.	
Programme Our contribution to UN goals			

We will work closely with our suppliers and partners to ensure that they share our commitment to high ethical and sustainability principles, thereby ensuring a sustainable value chain focused on reducing our environmental footprint and operating in a socially responsible way.

The European market is crucial for Cinkarna Celje, d. d., as it represents the largest share of our revenues and has the most stringent sustainability requirements. In response to the demands of the EU Green Deal, REACH and other environmental standards, we are adapting our strategy to remain competitive and meet the expectations of both customers and regulators.

Currently, our most important product is titanium dioxide, which serves as a fundamental raw material in numerous industries. The segment of paint and coating manufacturers is particularly prominent, representing our largest market and the one where sustainability demands are most pronounced.

The company is exploring options for optimising production processes, improving energy efficiency and increasing raw material yields in titanium dioxide production. More information can be found in point [SBM-1] Strategy, business model and value chain.

Our operations are based on compliance with the best available techniques, sustainable investments and the optimisation of production processes to minimise environmental impact and ensure safe and healthy working conditions for employees. We are focused on continuous quality improvement, innovation and efficient resource management, which enables us to compete in global markets.

In the upstream part of the value chain, we work closely with key suppliers of raw materials and products for TiO2 (titanium-bearing ore, sulphur), for paints and coatings (epoxy resins, pigments), for agro products (copper) and for process equipment (PTFE, metals). These raw materials are delivered via rail, sea or road transport.

In the upstream part of the value chain, we identify:

- suppliers/distributors of direct and indirect materials/services,
- storage and transport to Cinkarna Celje, d. d.

We utilise road, rail and intermodal transport to deliver to customers in the paints, plastics, paper and other sectors, including construction, agriculture, and metalworking.

In the downstream part of the value chain, we identify the following processes:

- storage,
- distribution and transport to customers,
- customers/distributors.

The primary data sources for analysing the business model and value chains include company websites, internal databases, global publications for specific sectors and product categories, trade fair and conference visits, various associations and organisations, supplier and customer annual reports, direct stakeholder communication and financial data. Additionally, we utilise various analytical tools, such as ChatGPT, to obtain information from publicly available sources and publications and analyses related to our work areas.

We first defined the value chains and the methodology for identifying key stakeholders, including both suppliers and customers. Next, we established communication channels that enabled the effective collection and consolidation of data on our partners. We analysed stakeholder transactions based on accounting data and gathered and reviewed information on stakeholders, with a focus on key sustainability attributes. Following the data analysis, we defined the scope of the value chain, conducted due diligence and identified common sustainability themes, commitments and measures that will guide our future engagement with stakeholders.

In 2024, we carried out due diligence by reviewing the annual reports of suppliers and customers, establishing direct communication with stakeholders and analysing information obtained from company websites and other sources. As part of this process, we are preparing a questionnaire to gather additional information on stakeholders' sustainability practices.

In 2025, we plan to conduct a survey and carry out at least three due diligence assessments of suppliers.

We support customers in key segments such as paints, coatings and chemicals by offering enhanced product efficiency and sustainable alternatives, helping them achieve their own sustainability goals.

For investors, our transparent reporting and focus on sustainability-related risks provide greater business predictability. Investments in sustainable technologies—such as the production of low-temperature coatings, the use of recycled materials and biopolymers, and energy optimisation—strengthen the long-term resilience of our business model to regulatory and market changes.

For other stakeholders, including employees, local communities and suppliers, we foster a safe and inclusive working and local environment. Reducing our environmental footprint has a positive impact on surrounding communities, while long-term partnerships with suppliers help ensure a stable supply chain.

The company recognises several value chains, namely:

- TiO_2 value chain,
- Masterbatch value chain,
- Powder coating value chain,
- Agro value chain, and
- Polymer value chain.

According to the established criteria, the TiO_2 value chain is identified as the most important, both in the upstream segment (raw materials and products for TiO_2) and downstream segment (paints, varnishes and coatings; plastics; paper). Below, we present the key characteristics of the upstream and downstream segments of all identified value chains, as well as the matrix relationship between upstream and downstream value chains and product-sales programmes.

Table 18: Relationship between upstream and downstream value chains including the production and sales programme

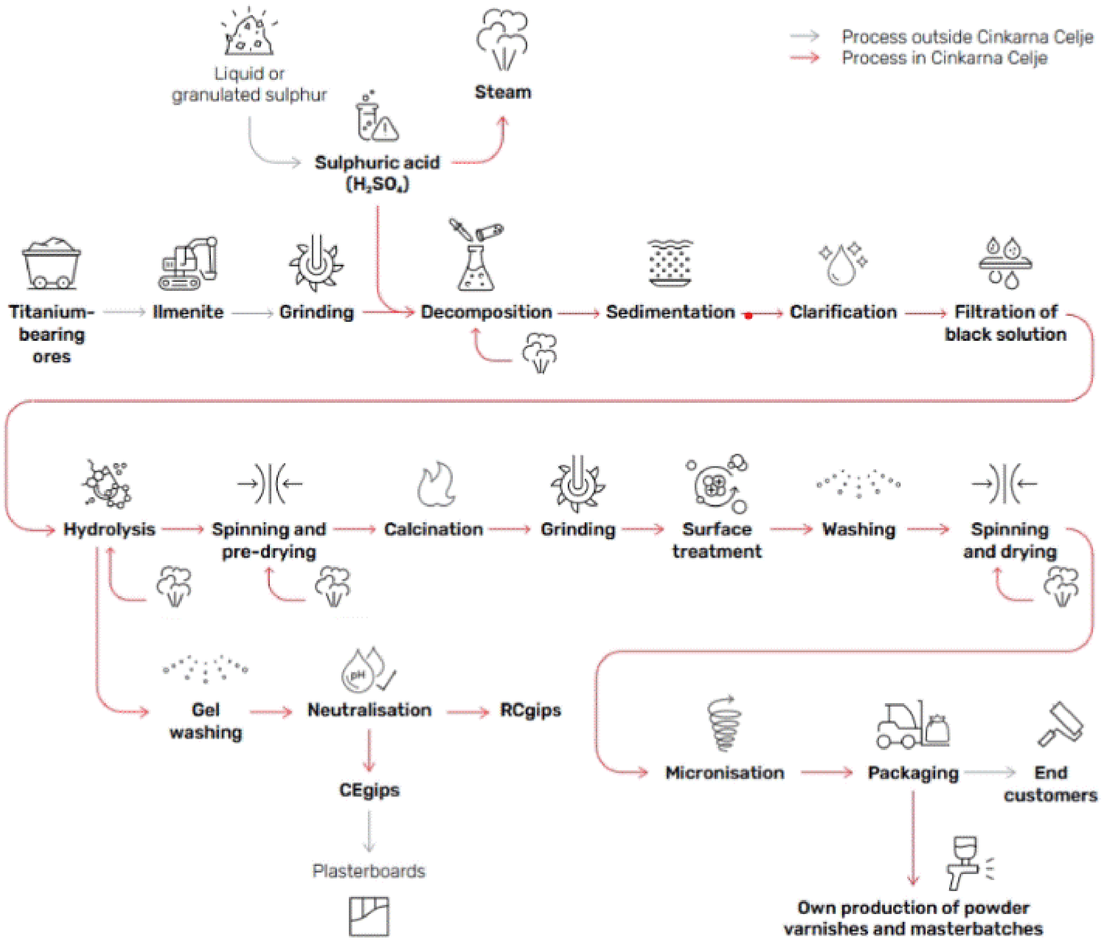
Upstream (work items)	Value chain	Downstream (activity)	Production and sales programme
Raw materials and products for TiO_2	TiO_2 value chain	Paints, varnishes and coatings Plastics Paper Other (construction)	• Titanium dioxide (TiO_2) production • Production of sulphuric acid • Semi-finished products of titanium dioxide pigment production: titanyl sulphate, metatitanic acid and sodium titanate, • By-products of titanium dioxide pigment production: white gypsum - CEGIPS and red gypsum - RCGIPS
Raw materials and products for paints	Masterbatch value chain Powder coating value chain	Plastics Other (metalworking, wood)	• Production of masterbatches and powder varnishes
Raw materials and products for Agro	Agro value chain	Other (agro)	• Production of products for agriculture, including plant protection products and growth substrates
Raw materials and products for process equipment	Polymer value chain	Other (process equipment)	• Group of fluorinated polymers and elastomers whose properties make them useful for transporting aggressive media and protecting process and hardware equipment

Description of the TiO_2 value chain

Connection of the TiO_2 value chain with other products/value chains

TiO_2 pigment, an inorganic chemical valued for its optical properties, is essential in the paints, coatings, plastics and paper industries. Our production process involves the complex splitting of titanium-bearing ore using sulphuric acid, followed by filtration, calcination, and surface treatment for specific industrial applications. A by-product is sold under the CEGIPS brand, and we integrate a portion of the produced pigment into masterbatches and powder coatings at our BU Kemija Mozirje plant.

Figure 1: A more detailed view of the TiO_2 production process and value chain



Description of the upstream segment of the TiO_2 value chain

Key raw materials, particularly titanium-bearing ores, are sourced from a limited number of suppliers, increasing dependency and supply risk. Energy-rich raw materials such as lime and stone meal are procured locally due to high transport costs. Replacing natural gas with an alternative energy source would entail significant costs related to production technology adaptation. Given the high daily consumption and limited storage capacity, a constant and flexible supply is essential. Any supply disruption could seriously impact production, including potential temporary shutdowns.

Description of the downstream segment of the TiO_2 value chain

TiO_2 customers, primarily industrial companies in the coatings, plastics, inks and paper sectors, prioritise product compatibility, consistent quality and adaptable characteristics to align with their formulations, production and regulatory frameworks. Reliable supply is crucial, with customers willing to pay a premium for guaranteed availability, particularly in volatile markets. The increasing focus on sustainability necessitates supplier adherence to environmental standards, compelling process adjustments. Global TiO_2 demand is approximately 7 million tonnes per year.

Description of the masterbatch value chain

Description of the upstream part of the masterbatch value chain

The availability of suppliers is high for polymers, but limited for pigments, monobatches and additives. Input materials represent a significant portion of the final product cost—up to two-thirds for white products, and even more for colour variants. TiO_2 pigment is one of the input raw materials supplied from Celje to Mozirje. While the substitution of polymers is relatively straightforward, replacing white pigments is conditional, and the substitution of pigments and monobatches is more complex. The market for polymers and fillers is highly competitive, with Asian producers facing constraints due to regulatory requirements, as well as the need for specific versions and shades.

Description of the downstream part of the masterbatch value chain
Customers are attracted by flexibility and adaptability to their specific requirements, particularly in terms of quality, regulatory compliance and consistency. Standard products, such as white masterbatches, are more sensitive to price than special products. In the case of white and colour masterbatches, customers have greater influence over business decisions, as switching suppliers involves additional testing costs.

Description of the powder coating value chain

Description of the upstream part of the powder coating value chain
Supplying small quantities of specific raw materials such as pigments and additives is challenging, often involving long lead times and lower price competitiveness. Larger orders require storage and carry the risk of price fluctuations by the time the materials are used. TiO_2 pigment is one of the input raw materials supplied from Celje to Mozirje.

Description of the downstream powder coating value chain

Customers heavily influence business due to high competition among suppliers. Brand recognition and strong customer relationships are crucial for maintaining profitable sales, as manufacturers offer quality products at acceptable prices. Smaller customers are less price-sensitive, while larger customers often seek lower prices and are willing to switch suppliers if they can achieve higher added value. Close relationships between customers and suppliers are well-established, but customers remain willing to switch suppliers for more favourable terms. Products are comparable among suppliers and customers are aware of alternatives, which are usually less competitive due to poorer functionality.

Description of the agro value chain

Description of the upstream part of the agro value chain

The main raw material is scrap copper and other copper products, such as copper ash. A steady offtake and adequate hedging are essential for managing price volatility, despite the availability of sufficient suppliers and volumes on the market.

Description of the downstream part of the agro value chain

Customers are price-conscious, as copper is a commodity with a constantly fluctuating market price, which influences their perception of the value of products. To maintain loyalty, customers are offered various incentives, such as shorter delivery times, discounts, introductory offers, quality adjustments, extended payment terms and sample products. Although customers are aware of alternatives, these are often of lower quality. Copper fungicides have a strong brand in the EU, as Asian producers face quality issues. Despite the uniqueness of the products and the strong brand, customers are generally loyal and not inclined to switch suppliers.

[SBM-2] Interests and views of stakeholders

In the context of responsible impact, risk and opportunity management, it is crucial to identify significant topics and interests of all key stakeholder groups. Significant are those topics that directly or indirectly affect the company's ability to create, maintain or reduce environmental, social and economic value for itself, its stakeholders and society at large. We reviewed our existing stakeholder list, initially developed for GRI non-financial reporting in the 2022 and 2023 Annual Reports, during dedicated workshops.

Our key stakeholders include owners and supervisors, employees, suppliers, customers, the local community and other interested parties, such as sustainability report users and affected stakeholders.

We engage with these stakeholders through various communication tools to ensure business transparency, identify impacts, risks and opportunities, and facilitate stakeholder participation in our local and global operations. The following table details our key stakeholders and the methods and purposes of their engagement. Information is disseminated through these channels according to established procedures and schedules, typically annually, quarterly, or monthly, or as needed.

Table 19: Key stakeholders and their relationship to the strategy and/or business model

	Topics covered	Method of engagement	Purpose and outcome of stakeholder engagement
EMPLOYEES	• Ensuring a safe working environment • Caring for the well-being of employees • Respect for labour and human rights • Cooperation with employee representatives • Training and skills development • Fair and equitable remuneration	• Annual job satisfaction and engagement surveys • Developing performance and competences • Management communication • Cinkarna Celje intranet • Daily meetings with managers, including the Minute for Safety communication • Whistleblowing platforms (whistleblowers and disclosures) • CC UM system for submitting useful proposals	• Improved safety and well-being of employees • Increased employee engagement and satisfaction • Optimising competences and workforce planning • Making the company more attractive to new talent • Improving two-way internal communication between staff and management
CUSTOMERS	• Terms of sale • New product development • Reliability and product quality • Sustainability commitments and customer requirements • Product compliance	• Regular interviews with customers • Personal meetings and customer visits • Customer satisfaction analysis • Distributors' Day • Customer due diligence and audits • Sustainable customer codes	• Improving the technical and sustainability parameters of products through the improvement process • Meeting customer expectations and requirements • Building long-term relationships, taking sustainability into account • Keeping up to date with product innovations • Credible information about our products
REGULATORS Commission for the Prevention of Corruption, Securities Market Agency, Audit Oversight Agency, FURS, EU, national and local authorities setting or enforcing regulatory requirements	• Whistleblower protection • Political participation, lobbying activity and lobbying • Corruption and bribery • Tax law and regulations • Regulatory compliance including compliance with environmental permits	• Periodic reporting to the regulator on various legal requirements related to the current state and events subject to reporting • Requirements for interpreting the regulator's requirements and implementing legislation, including interpretation of regulations	• Transparency of operations in line with legal requirements and stakeholder expectations • Implementing legal and regulatory commitments at national or supranational level • Regulatory compliance
FINANCIAL INSTITUTIONS AND INVESTORS	• Financial and operational performance • Business strategy and annual business plans • Sustainability topics	• Periodic (quarterly) reporting and Annual Reports • Contacts and meetings with investors and presentations at stock exchange conferences	• Verification of the accuracy of published and publicly disclosed information • Stakeholder confidence in publicly disclosed information

	• Governance and regulatory compliance	• Regular communication between the investor representative and investors • Ongoing communication with banks and other regulatory authorities • Completion of all types of dual materiality assessment surveys and questionnaires on sustainability	• Co-creating key sustainability topics
SUPPLIERS	• Overview of the purchasing, quantity, quality, logistics, sustainability conditions of cooperation • Review of the performance of contracts, orders, deliveries, complaints • Addressing risks and opportunities for process and product improvement • Informing key suppliers about the code of sustainable business practices	• Evaluating suppliers • Carrying out in-depth analyses of relevant subject areas of work • Regular discussions with suppliers • Supplier due diligence • Review of available materials, publications and supplier reports	• Long-term cooperation with partners • Seeking opportunities and addressing risks • Implementing sustainability commitments and ensuring compliance with company standards, including human rights and environmental requirements
LOCAL COMMUNITIES Members of local communities, educational institutions, interested members of the public	• Managing environmental impacts, including remediation due to historical pollution • Prevention and management of industrial risks • Participation in the education system (competitions, internships, excursions, scholarships) • Establishment of communication channels with local communities (social advisory council, open days, complaint handling) • Participating in the sustainable development of the region and involving citizens in co-determination • Support for local sport, cultural and social activities	• Company website and social networks • Complaints mechanisms to monitor and resolve public issues • Surveys and focus groups to gather feedback • Dialogue with local communities through commissions, the Social Council and municipal meetings • Sponsorships, open events and cooperation with educational and social institutions	• Improving transparency and trust between local communities and the company • Enhancing safety and sustainable development in the local environment • Establishing a long-term dialogue to monitor environmental impacts • Better understanding of community needs and adapting company strategies based on feedback • Actively contributing to the development of the local community through employment, education and sponsorship

Given its chemical processing operations, which inherently involve chemical use, natural resource consumption, waste management and environmental impact generation, Cinkarna Celje, d. d. recognises nature as a critical, albeit silent, stakeholder. The inclusion of nature as a silent stakeholder means that the company takes into account the impacts of its activities on the environment and strives to reduce negative impacts and improve environmental practices. In doing so, we consider the results of implemented monitoring of pollution and environmental conditions (such as emissions of substances into the air, ambient air quality, emissions of substances into water and surface water quality, noise emissions, waste management, soil and groundwater quality and other reports that provide results on the state of the environment in the vicinity of the company) and other scientific bases in this area (such as national and European standards for pollution monitoring, BAT (Best Available Techniques) reference documents (BREF) for the chemical industry under the EU IPPC Directive, ecotoxicological studies and others). We strive to reduce negative impacts and improve environmental practices.

Employees covering individual professional areas collaborate with specific stakeholder groups as part of their activities. Stakeholder views are addressed in the due diligence process. We are attentive to all factors that could affect the achievement of the strategy and sustainability commitments, compliance with policies and the business model (more details in chapter SBM-1 Strategy, business model and value chain). The Management Board addresses the received information at a Management Board meeting or a correspondence meeting, depending on the urgency and content of the matter. If necessary, the Management Board also informs the Supervisory Board about key sustainability issues.

[SBM-3] Material impacts, risks and opportunities and their interaction with the strategy and business model

In the process of developing the double materiality assessment, we identified the significant impacts, risks and opportunities (IROs) based on the six ESRS thematic standards. The process is described in point IRO-1.

All relevant IROs are derived from sub-topics and sub-sub topics within the ESRS. We have tailored our disclosures to address specific topics related to the material IROs identified.

Below is a consolidated list of all material impacts, risks and opportunities (IROs) identified in the 2024 DMA. A more detailed overview of the material IROs for each topic, including the links between our IROs on people and the environment, is provided under each individual topic standard. We have aligned our timeframes—short, medium, and long term—with those set out in the strategy that addresses the material IROs.

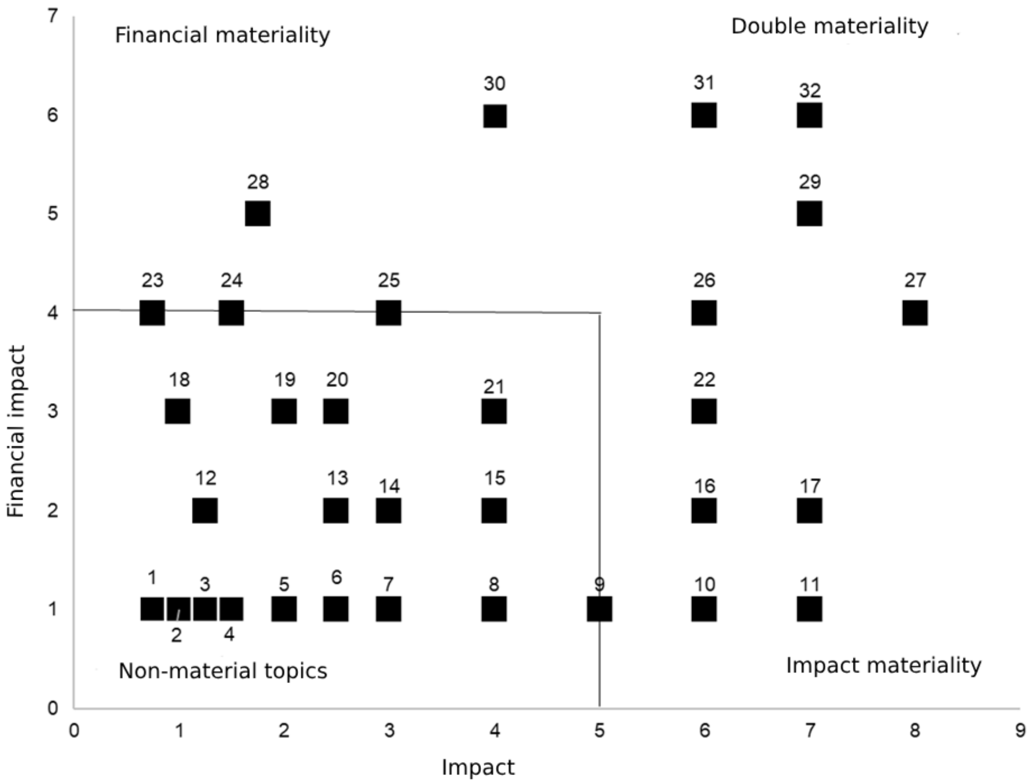


Table 20: Identified risks, opportunities, and impacts

ID	Impact designation	Brief description
1	S1NV-2	Cooperation with the social partners
2	E2NV-12	Microplastics (Manufacture of masterbatches)
	S2NV-1	Consequences of human rights violations and exploitation of child labour
3	E4NV-2	Change of land use within existing industrial areas (backfilling changes)
	E4NV-7	Impact on species extinction at a global level
4	S1PV-6	Gender equality

5	E4NV-3	Depletion of natural resources (ilmenite, limestone)
	E4NV-4	Invasive plant proliferation
	E5NV-2	Natural resources (ilmenite, limestone)
	S1PV-1	Providing jobs, including professionals in the local community
	S1PV-3	Ensuring decent incomes for employees
	S1PV-5	Right to disconnect, maternity leave, paternity leave
	S1PV-9	Protecting employees in the event of workplace violence
	S2PV-1	Providing jobs for suppliers
6	E4NV-6	Impact on the status of species in the Natura 2000 site
7	S1NV-3	Coordination with the social partners
	S1NV-6	Consequences of violating diversity
	S1NV-7	Consequences of violating data protection laws
	S1PV-2	Ensuring a 40-hour workweek, % shift work, flexible working hours
	S1PV-8	Managing disability in the workplace
8	E2NV-2	Pollution during transportation (spills, noise, dust)
	E4NV-10	Maintenance of barriers, green belts, alternative water use
	E4NV-8	Impact on soil degradation due to gypsum filling, impact of groundwater on soil
	E5PV-1	Use of copper from fishing nets
9	E2NV-11	Use of substances of very high concern (SVHC) in the company
	S1NV-1	Ensuring social dialogue (agreement on pay policy with the trade union, workers' representatives on supervisory bodies, labour director)
	S1PV-4	Ensuring job security for employees
	S3PV-1	Participation in the education system (competitions, internships, excursions, diplomas, master's degrees, scholarships).
	S3PV-2	Channels for dialogue with affected communities established (advisory council, complaints resolution, open days)
10	G1PV-2	Whistleblower protection and mechanisms in place in accordance with the Reporting Persons Protection Act (ZZPri)
	G1PV-3	Managing supplier relationships, including the company's payment practices
	G1PV-4	Number of cases reported and investigated
11	E2NV-6	Discharges into rivers – sulphate
	E3NV-3	Discharges into rivers – sulphate
	S1NV-4	Care for safety and health
12	E3NV-1	Drinking water consumption
13	E4NV-5	Impact on surface water due to sulphate emissions
14	E2NV-5	Air emissions – noise
	S3NV-5	Impacts on the local community (air and water emissions, noise, dust, waste)
15	E2NV-9	Impact on organisms in the watercourse due to historical pollution, water withdrawal and wastewater discharge
16	E2NV-1	Air emissions - SO_2, H_2S, other gases
	E2NV-3	Other CO_2 emissions (process sources)
	E2NV-4	Air emissions – solid particles (dust)
	S3PV-3	Supporting local sport, cultural and other activities in the local community
17	E1NV-3	$C0_2$ emissions from non-renewable energy consumption – GHG emissions (Scope 1 and 2) Other CO_2 emissions (except from non-renewable sources)
	E1NV-4	$C0_2$ emissions from non-renewable energy use - GHG emissions (Scope 1 and 2)
18	G1PV-1	Employee satisfaction rate via satisfaction survey
19	E4NV-1	Impact of the company's activities on the loss of biodiversity due to climate change (CO_2, high temperatures, low water levels)
20	E4NV-9	Impact of land sealing
21	E2NV-8	Soil contamination due to historical pollution
	E5PV-2	White gypsum (CEGIPS) as a by-product reducing waste volume
22	E2NV-7	Discharges into groundwater in areas of historical pollution

23	**S3NV-2**	Impact of historical contamination on the quality of produced food
24	**S3NV-4**	Consequences of industrial accidents
25	**S1PV-7**	Employee competence development
26	**S1NV-5**	Ensuring employee job satisfaction
27	**E2NV-10**	Use of substances of concern (SoC) in the company
28	**S3NV-3**	Consequences of flood waves in case of dam failure
29	**E1NV-2**	$C0_2$ emissions from non-renewable energy consumption – GHG emissions (Scope 1 and 2) Other CO_2 emissions (except from non-renewable sources)
30	**S3NV-1**	Social impact of the company on the quality of life in the local community
31	**E5NV-1**	Waste (red gypsum, packaging, waste rags, oils, tyre chips and other hazardous and non-hazardous waste)
32	**E1NV-1**	$C0_2$ emissions from non-renewable energy consumption – GHG emissions (Scope 1 and 2) Other CO_2 emissions (except from non-renewable sources)
	E3NV-2	Water withdrawal from the river (lowering water levels)

Based on the identified material impacts, risks and opportunities, we have adjusted our strategies with a focus on reducing emissions, optimising energy efficiency and improving the circular economy. The identified social impacts have influenced the strengthening of measures for workplace safety, employee social security and collaboration with affected communities (further details can be found in section SBM-1: Strategy, business model and value chain).

During the reporting period, the company defined its material impacts, risks and opportunities comprehensively for the first time in accordance with the requirements of ESRS and CSRD. As this is the initial definition, no changes have been made compared to previous reports.

Adapting the strategy and business model of the company due to the identified material impacts, risks and opportunities requires adjustments and the allocation of resources. The company has assessed and included the current financial effects of the material risks and opportunities on its financial position, performance and cash flows in the 2024-2028 business strategy. Additionally, it has disclosed material risks and opportunities where there is a potential for material adjustments to the carrying values of assets and liabilities, as presented in the related financial statements. This is disclosed in section 6.1.6 Notes to the financial statements, point 25: Impact of climate change on financial statements within the financial section of the Annual Report. Furthermore, the financial effects of material risks and opportunities on the company's financial position, performance and cash flows over the short, medium and long-term periods, including reasonably expected timeframes for these effects, are disclosed in this section and in section [E1]. This includes the short, medium, and long-term changes to financial position, financial performance and cash flows that the company anticipates as a result of its risk and opportunity management strategy. In this context, the company has taken into account its five-year capital expenditure plans, noting that no asset disposals, premature asset retirement or other forms of corporate restructuring are planned. The company intends to finance its investments and strategic implementation through its own resources.

The company's strategy and business model in relation to its ability to address material impacts and risks and to capitalise on material opportunities were not considered as part of the resilience analysis, as it has not yet been conducted.

Table 21: Table of material impacts, risks and opportunities

ESRS standard	Material impacts, risks and opportunities	Impact, risk or opportunity	Timeframe	Source	Description and impact on business model and/or strategy and response
E1 - Climate change	CO_2 emissions from non-renewable sources (Scope 1 and 2)	Negative impact	Short-term	Own activity	The company's entire activity is in a sector with a high climate impact, which requires systematic measures to reduce greenhouse gas emissions and switch to sustainable production processes. Investing in renewable energy sources and energy efficiency.
	Other CO_2 emissions (process sources)	Negative impact	Short-term	Own activity	
	Reduced production capacity due to limited supply of process water during dry periods	Risk	Short-term	Own activity	
	Heavy precipitation due to climate change (floods, landslides) that could impact dam integrity	Risk	Long-term	Own activity	
E2 - Pollution	SO_2, H_2S, other gases released into the air	Negative impact	Long-term	Own activity	The company, through its production processes, causes emissions of substances into the air and water. It uses substances that raise concerns and pose significant risks, which also impact health and the environment. **Mitigation**: Through already implemented cleaning techniques in compliance with BAT and the systematic measures taken, the company prevents and reduces environmental pollution. With further investments, it aims to reduce impacts, implement measures to mitigate them, avoid or reduce the use of the aforementioned hazardous substances, and minimize risks that may arise from changes.
	Air emissions – solid particles (dust)	Negative impact	Long-term	Own activity	
	Other CO_2 emissions (process sources)	Negative impact	Short-term	Own activity	
	Discharges into rivers - sulphate	Negative impact	Long-term	Own activity	
	Discharges into groundwater in areas of historical contamination	Negative impact	Medium-term	Own activity	
	Use of substances of concern (SoC)	Negative impact	Long-term	Own activity	
	Use of substances of very high concern (SVHC)	Negative impact	Long-term	Own activity	
	Risk of changes in legislation regarding	Risk	Long-term	Own business and value chain	

	the production and use of our products.				
E3 - Water resources	Withdrawal of water from the river	Negative impact	Long-term	Own activity	The production processes require large quantities of water, which is withdrawn from the watercourse. **Mitigation**: Investments in providing an alternative water source and reducing impacts and risks.
	Discharges into the river - sulphate	Negative impact	Long-term	Own activity	
	Negative impact on the company's business due to limited supply of process water during dry periods	Risk	Long-term	Own activity	
E5 - Circular economy	Waste: filling of red gypsum	Negative impact	Long-term	Own activity	The titanium dioxide production process produces waste (red gypsum). **Mitigation**: Measures are implemented to minimise waste generation and reduce the risk of non-disposal.
	Negative impacts on the company's business due to the inability to remove red gypsum	Risk	Long-term	Own activity	
S1 - Own workforce	Ensuring social dialogue	Negative impact	Short-term	Own activity	The company has two representative trade unions and a Works Council, and there is a tradition of social dialogue. In the event of a reduction or disruption of the social dialogue, we are exposed to potential conflicts that could lead to a halt in production or a strike. **Mitigation**: Ensuring continuous, respectful, and open social dialogue.
	Ensuring job security for employees	Positive impact	Long-term	Own activity	A special emphasis is placed on social security and associated benefits, ensuring stable employment with minimal risk of layoffs and competitive salaries. In the event of deterioration, this could lead to the loss of key employees. **Mitigation**: Offering permanent contracts to employees, ensuring a good working environment, and maintaining a stable salary policy.
	Ensuring safety and health at work	Negative impact	Long-term	Own activity	As a company in the chemical industry, working with hazardous substances and complex technological processes is an inevitable part of production, which have a negative impact on the health and safety of employees, including potential fatalities. **Mitigation:** Continuous strengthening of the OSH management system.
	Ensuring employee job satisfaction	Negative impact	Long-term	Own activity	Employee job satisfaction at Cinkarna Celje is a key factor impacting employee motivation, productivity and the long-term sustainability of the business model. A decline in job satisfaction could lead to increased staff turnover, reduced productivity and diminished employee innovation. **Mitigation**: Monitoring employee satisfaction, improving working conditions, implementing training programmes, ensuring fair

					remuneration, fostering clear communication and supporting work-life balance.
	Undeveloped succession policy and inadequate employee competencies	Risk	Long-term	Own activity	Demographic trends and an open labour market have led to an increase in turnover in recent years, as the company has recruited a large number of new staff, which, due to a lack of skills, can have a negative impact on business continuity, productivity and the company's adaptability to market and technological changes. **Mitigation:** Systematic succession planning, staff education and training and knowledge transfer.
	Staff shortages, untimely replacement and improper work organisation	Risk	Long-term	Own activity	Identified risks can lead to disruptions in production, reduced operational efficiency, increased strain on existing staff, further impacting team performance, increasing turnover and reducing the long-term sustainability of work processes. **Mitigation:** Systematic human resources planning, timely replacement of key staff and optimisation of work processes.
S3 - Affected communities	Negative impact on the company's operations due to the inability to remove red gypsum (local community does not grant approval for planning documents)	Risk	Medium-term	Own activity	Restrictions in spatial planning may lead to additional environmental costs and affect the long-term sustainability of the company's operations. **Mitigation**: Active collaboration with local communities and authorities to find sustainable solutions for the disposal of red gypsum. Preparation of alternative plans for its processing or storage in compliance with environmental regulations.
	Increased costs due to the remediation of historical contamination	Risk	Long-term	Own activity	The costs of remediating past pollution impact the company's financial performance and require strategic resource planning. **Mitigation:** Gradual remediation in accordance with national environmental standards.
	Negative impact on business due to heavy rainfall - floods, landslides (impact on the increased risk of failure of the Bukovžlak and Za Travnik dams)	Risk	Long-term	Own activity	Extreme weather events can cause material damage and increase the costs of securing and maintaining dam structures. **Mitigation**: Regular maintenance and monitoring
	Event - industrial accidents	Risk	Long-term	Own activity	The risk of accidents requires continuous improvements in safety measures, investments in technology, and stricter monitoring mechanisms. **Mitigation**: Conducting regular safety inspections and employee training. Introducing state-of-the-art safety technologies and accident prevention systems. Improving emergency response plans and collaborating with local emergency and rescue services.

	Participation in the education system (competitions, internships, excursions, diplomas, master's degrees, scholarships).	Positive impact	Short-term	Own activity	Strengthening connections with educational institutions facilitates the recruitment of new talent and enhances the company's reputation in the local community. **Mitigation:** Expanding collaboration programmes with educational institutions, increasing the number of scholarships and providing additional opportunities for student internships. Promoting technical careers among young people.
	Established channels for dialogue with affected communities (Advisory council, complaint resolution, open days)	Positive impact	Short-term	Own activity	Active public involvement reduces conflict and increases the social acceptability of the company. **Mitigation:** Broadening the scope for local community participation and involvement in decision-making processes. Increase transparency in the provision of information on the company's impacts on the environment and the local population.
	Support for local sports, cultural and other activities in the local community	Positive impact	Short-term	Own activity	It contributes to improving the company's reputation and strengthening ties with the local community. **Mitigation**: Further encouraging sustainable and long-term collaboration with local organisations.
G1- Business conduct	Whistleblower protection and mechanisms put in place	Positive impact	Long-term	Own activity	The established whistleblower protection mechanisms positively impact the company's business model, as they enhance transparency and business integrity, reduce operational and legal risks and strengthen the trust of employees and stakeholders. In doing so, the company fosters a safe and ethical working environment and solidifies its long-term business stability.
	Managing supplier relationships, including payment practices	Positive impact	Long-term	Value chain	Managing relationships with partners in the value chain is one of the key work processes to achieve the company's objectives, ensuring a stable, quality and reliable supply of raw materials, products and services, and thus the resilience of chains to risks and the continuity of the production process.
	Number of reported and investigated cases of corruption and bribery	Positive impact	Long-term	Own activity	With the established mechanisms, the company transparently and clearly monitors compliance. This strengthens business integrity, reinforces stakeholder trust and ensures adherence to legislation and internal rules.

5.1.4 [IRO] Impact, risk and opportunity management

[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities

The double materiality assessment (DMA) process was carried out in 2024. The DMA involves the entire company across all locations and the value chain. In identifying and assessing its significant impacts, risks and opportunities, the company took into account the understanding of the organisational context in order to examine potential changes to the business model, legislative requirements and the expectations of key stakeholders (as detailed in section SBM-1 Strategy, business model and value chain).

To create the list of material sustainability issues that we assessed in our double materiality assessment (DMA) process, we referred to the sustainability topics outlined in the ESRS 2 (AR) 16 requirements, internal analyses conducted during workshops with employees and the sustainability team (experts in specific areas), and consultations with an external advisor.

In the assessment, we also considered legislative requirements, standards, available research and trends in the areas of the environment, social issues, governance and the market, as well as analyses of the economic, political, legislative and operational environment, findings from internal and external audits, inspections and other sources. A total of 60 sustainability issues were identified. Subsequently, the sustainability team developed criteria, classified and assessed these issues from both the perspective of impacts on people and nature, and financial materiality. A total of 33 material risks and opportunities (IROs) were identified and confirmed by the head of the sustainability team, the Management Board, the Supervisory Board and the Audit Committee.

The identified impacts were categorised as actual or potential (negative or positive), and their timeframe was determined as short, medium or long-term. We considered the interests of all identified key stakeholders (internal and external) based on environmental/human rights impact analyses, past events, reviews and interviews conducted in 2024 and partially in 2023. Surveys were also conducted with key stakeholders, including affected parties around the company and all significant stakeholders such as employees, owners, supervisors, suppliers, customers, the local community and shareholders. Employee satisfaction and engagement survey results were also considered. Our evaluation also took into account legislative requirements, standards, available research and trends in environmental, social, governance and market areas.

For each identified negative and positive impact, we defined criteria and assessed the materiality of the impact based on its severity. The severity of a negative impact was broken down into scope, extent and irreversibility, while the severity of a positive impact was assessed based on scope and extent. The criteria were designed to be as standardised and comparable as possible and were documented. Each individual impact was assessed on three levels (low, medium, high). We also assessed the likelihood of the impact occurring (from 0 to 1). Based on the assessments, we calculated the severity of the impact and established a threshold (criteria) for its materiality. An impact is considered material if the materiality score is 5 or more on a 9-point scale. By conducting a thorough review, we performed an assessment of the impacts of the company's own operations and the value chain (VC).

The company manages risks and opportunities in accordance with the Rules on impact, risk and opportunity management at Cinkarna Celje, d. d. The impact, risk and opportunity management process is a dynamic management process at all levels of the company, involving all employees. It forms the basis of our integrated management system. This process ensures proper assessment of the company’s impacts on people and the environment, the effects of social and environmental issues, events and uncertainties on the company, and the management of significant impacts and effects (risks/opportunities). This is a recurring process encompassing:

- Identification/recognition of the company's impacts on people and the environment and of the effects of social and environmental issues, events and uncertainties on the company which may affect the achievement of one or more of the company's objectives (strategy and corporate policies);
- Impact and effect analysis;
- Determination of the materiality of the company's impacts on people and the environment;
- Risk assessment – negative financial effects on the company;
- Identification of opportunities – positive financial effects on the company;
- We pay attention to all factors that could affect the achievement of the strategy and sustainability commitments, compliance with policies, legal and other requirements, the company's reputation, revenue, costs and resources, quality, etc.;
- The process is proportionate to the nature, scale and complexity of the impacts and effects present in the company's operations;
- The assessment is forward-looking and considers the assumption of the company's long-term operation;
- The assessment includes both current and potential short, medium and long-term impacts, risks and opportunities;
- The results of the assessment are used as an integral part of management processes and decision-making;
- The assessment process is documented;
- The adequacy of the assessment is regularly reviewed in light of changes in the business environment and the company's operations.

Based on the potential impact on the value of the company or its resilience, we address:

- Corporate risks – risks with significant negative consequences for the company. Their management falls within the remit of the management of business units and departments, the Management Board and the Supervisory Board. They are managed through implementation objectives, development tasks or development projects;
- Operational risks – risks that may affect the functioning of individual units but do not pose a significant risk to the company as a whole. They are part of day-to-day operations and the execution of work processes. They are managed at the level of one or more organisational units.

The assessment is based on the estimated frequency of occurrence – the number of events within a given time period (estimated based on past frequency or future expectations), the financial impact of the risk materialising on costs and revenues (quantified in EUR), and the mitigating effect on financial consequences (e.g. insurance…, quantified in EUR). The materiality of the risk or its financial impact on the company has been determined based on a set threshold, which is equal to or greater than 1% of the revenue from the company's annual sales plan for the current reporting year, and represents the threshold for corporate risks.

All impacts, risks and opportunities that reached or exceeded the materiality threshold were identified as significant sustainability topics. The completeness and relevance of these topics were also verified through a stakeholder survey. In this way, we identified and defined the key sustainability topics reported in this report. These have been taken into account in the preparation of the sustainability strategy and are already partially reflected in the existing policies, which will also be further updated. The company has taken measures and set objectives for this purpose.

The process of identifying impacts, risks and opportunities is a continuous process, carried out regularly (through careful review), and is defined by the above-mentioned Rules. It will be further developed and refined in the coming years.

[IRO-2] Disclosure requirements in ESRS covered by the company's sustainability statement

Based on the results of the double materiality assessment (material impacts, risks and opportunities), we have identified the key sustainability topics that are included in the Sustainability statement and are also addressed by the adopted Sustainability strategy. The process of identifying and assessing impacts, risks and opportunities is explained in more detail in section IRO-1 Description of the process to identify and assess material impacts.

Table 22: List of disclosure requirements in ESRS covered by the company's Sustainability statement

Standard and/or important topic		ESRS topic	Page
General disclosures	General disclosures	[BP-1] General basis for preparation of sustainability statements	36
		[BP-2] Disclosures in relation to specific circumstances	36
	Governance	[GOV-1] Role of administrative, management and supervisory bodies	40
		[GOV-2] Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	47
		[GOV-3] Integration of sustainability-related performance in incentive schemes	47
		[GOV-4] Statement on due diligence	48
		[GOV-5] Risk management and internal controls over sustainability reporting	48
	Strategy	[SBM-1] Strategy, business model and value chain	49
		[SBM-2] Interests and views of stakeholders	59
		[SBM-3] Material impacts, risks and opportunities and their interaction with the strategy and business model	61
	Impact, risk and opportunity management	[IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities	68
		[IRO-2] Disclosure requirements in ESRS covered by the undertaking's sustainability statement	70
[E - 1] Climate change	Climate change adaptation, mitigation and energy	[E1-1] Transition plan for climate change mitigation	92
		[E1-2] Policies related to climate change mitigation and adaptation	96
		[E1-3] Actions and resources in relation to climate change policies	97
		[E1-4] Targets related to climate change mitigation and adaptation	101
		[E1-5] Energy consumption and mix	104
		[E1-6] Gross Scopes 1, 2, 3 and total GHG emissions	106
		[E1-7] GHG removals and GHG mitigation projects financed through carbon credits	110
		[E1-8] Internal carbon pricing	110
		[E1-9] Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	110
[E - 2] Pollution	Pollution of air, water, soil, use of substances of concern and of high concern	[E2-1] Pollution-related policies	117
		[E2-2] Pollution-related measures and sources	119
		[E2-3] Pollution targets	121
		[E2-4] Air, water and groundwater pollution	123

		[E2-5] Substances of concern and substances of very high concern	126
		[E2-6] Potential financial effects from pollution-related impacts, risks and opportunities	127
[E - 3] Water resources	Water	[E3-1] Policies related to water resources	129
		[E3-2] Actions and resources related to water resources	130
		[E3-3] Targets related to water resources	130
		[E3-4] Water consumption	131
		[E3-5] Potential financial effects from water resources-related impacts, risks and opportunities	131
[E - 5] Resource use and circular economy	Waste	[E5-1] Policies related to circular economy	133
		[E5-2] Actions and resources related to circular economy	134
		[E5-3] Targets related to the circular economy	134
		[E5-4] Resource inflows	135
		[E5-5] Resource outflows	135
[S - 1] Own workforce	Working conditions, equal treatment and equal opportunities for all	[S1-1] Policies related to own workforce	140
		[S1-2] Processes for engaging with own workers and workers' representatives about impacts	144
		[S1-3] Processes to remediate negative impacts and channels for own workers to raise concerns	144
		[S1-4] Taking action on material impacts on own workforce and approaches to mitigating material risks and pursuing material opportunities related to own workforce and effectiveness of those actions	145
		[S1-5] - Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	149
		[S1-6] Characteristics of the company's employees	149
		[S1-7] Characteristics of non-employee workers in the company's own workforce	150
		[S1-8] Collective bargaining coverage and social dialogue	151
		[S1-9] Diversity metrics	151
		[S1-10] Adequate wages	152
		[S1-11] Social protection	152
		[S1-12] Persons with disabilities	153
		[S1-13] Training and skills development metrics	153

		[S1-14] Health and safety metrics	154
		[S1-15] Work-life balance metrics	155
		[S1-16] Compensation metrics (pay gap and total compensation)	155
		[S1-17] Incidents, complaints and severe human rights impacts	155
[S - 3] Affected communities	Economic, social and cultural rights of communities	[S3-1] Policies related to affected communities	158
		[S3-2] Processes for engaging with affected communities about impacts	160
		[S3-3] Processes to remediate negative impacts and channels for affected communities to raise concerns	160
		[S3-4] Taking action on material impacts on affected communities and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	162
		[S3-5] Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	164
[G - 1] Business conduct	Whistleblower protection, supplier relationship management, corruption and bribery	[IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities	165
		[G1-1] Business conduct policies and corporate culture	166
		[G1-2] Management of relationships with suppliers	168
		[G1-3] Prevention and detection of corruption or bribery	169
		[G1-4] Confirmed incidents of corruption or bribery	170
		[G1-5] Political influence and lobbying activities	170
		[G1-6] Payment practices	170

Based on the double materiality analysis conducted, we have determined that the sustainability matters of the thematic ESRS standards [E-4] Biodiversity and ecosystems, [S-2] Workers in the value chain, and [S-4] Consumers and end-users are not material. Therefore, we are not disclosing them in the company's 2024 Annual Report. Further information is provided in the section Material impacts, risks and opportunities and their interaction with the strategy and business model [SBM-3].

5.2 [E] Environmental information

5.2.1 Report on environmentally sustainable economic activities and investments – ESRS 2

REPORT ON ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES AND INVESTMENTS OF CINKARNA CELJE d. d. FOR 2024

Cinkarna Celje, d. d., discloses information regarding how and to what extent its activities are associated with economic activities, in accordance with Commission Delegated Regulation (EU) 2023/137, that are considered environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, Commission Delegated Regulation 2021/2139 of 4 June 2021, and amending Regulation (EU) 2019/2088). The disclosure of information relates to Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

The EU Taxonomy addresses six areas of environmental objectives:

- climate change mitigation,
- climate change adaptation,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control,
- protection and restoration of biodiversity and ecosystems.

In 2024, we refined our internal structures by training, familiarising and examining all prescribed Regulations and Directives, enhancing the efficiency and reliability of taxonomy reporting. This process was aligned with evolving market practices and guidance, including the European Commission's Frequently Asked Questions (FAQs).

Based on new information published in 2024, we adjusted our investment reporting related to capital expenditures, as detailed below. All activities have been classified as taxonomy-eligible but not taxonomy-aligned, due to challenges in obtaining appropriate evidence along the supply and sales chain. We will seek to acquire the necessary documentation, thereby changing the status of activities that can be classified as taxonomy aligned.

Cinkarna Celje, d. d.'s data is aggregated at the level of individual taxonomy-defined activities, in accordance with relevant EU Regulations, including the NACE classification. Indicators are calculated based on definitions in annex to Regulation 2020/852 – Key performance indicators of non-financial undertakings. Company-level data derives from financial statements, and activity-level data from the information system. To avoid double counting, we track revenues from the sale of products or services and operating expenditures (OpEx) in relation to specific activities, operations and tasks.

Proportion of turnover derived from products or services associated with taxonomy-aligned economic activities

Cinkarna Celje, d. d., is specialised in the production and marketing of titanium dioxide, an activity that has not yet been assessed in terms of its alignment with the taxonomy, meaning it is not listed among the taxonomy-eligible activities for achieving climate goals. However, this does not imply that its operations are conducted without a high degree of environmental responsibility and decarbonisation efforts, nor that it lacks actual or potential significant contributions to the decarbonisation of the economy (particularly as an enabling activity for the construction sector). Cinkarna Celje, d. d.'s operations are complemented by a broad range of other products, including powder coatings, masterbatches, agricultural products, chemical process equipment manufacturing, and the production of sulphuric acid and gypsum as by-products, through which the company also seeks opportunities for taxonomy-aligned revenues. This activity also has a strong impact on the circular economy. For disclosures and the presentation of indicators, we used the formats specified in EU Regulation 2023/2486.

In the calculation of the indicators presented in the tables, there has been no duplication of economic activities, as, following a review, they meet the criteria for substantial contribution to a single environmental objective. Each activity generating taxonomy-eligible revenue has distinct implementation obligations.

The proportion of turnover under point (a) of Article 8(2) of Regulation (EU) 2020/852 is calculated as the portion of net revenue derived from products or services, including intangibles, associated with economic activities aligned with the taxonomy (numerator), divided by net revenue (denominator), as defined in point (5) of Article 2 of Directive 2013/34/EU.

Revenue is recognised in accordance with Article 82(a) of the International Accounting Standard.

For the key performance indicators referred to in the first subparagraph, the portion of net revenue derived from products and services related to economic activities adapted to climate change under Article 11(1)(a) of Regulation (EU) 2020/852 and Annex II to Delegated Regulation (EU) 2021/2139 shall be excluded from the numerator, unless those activities:

a) are considered to be enabling activities in accordance with Article 11(1)(b) of Regulation 2020/852,
b) are themselves aligned with the taxonomy.

The taxonomy-eligible activities, which are shown in the table Proportion of turnover derived from products or services associated with taxonomy-aligned economic activities are:

- Collection and transport of non-hazardous waste **2.3**
- Hotels, holiday, camping grounds and similar accommodation **2.1**
- Electricity generation using solar photovoltaic technology **4.1**

In section 2.3, on the collection and transport of non-hazardous waste, we have added a circular economy activity related to the marketing of white gypsum, which is produced as a by-product in the production of titanium dioxide and is successfully marketed. The value is not comparable to last year's results, which included material recovery that does not meet all the criteria for taxonomy-aligned activities, despite being a typical circular economy activity. Additionally, we have included the activity Provision of short-term tourist accommodation with or without related services in the report. Offering employees the opportunity to use holiday accommodation significantly impacts their satisfaction, work capacity, engagement and loyalty to the company. Significant growth is reflected in energy production using photovoltaic technology. The fact that we are investing relatively large financial resources in the construction of solar power plants significantly influences the calculation of the percentage in the share of total revenues. This indicator is 16.7% higher than in the previous period. All data is also shown in more detail in the financial disclosures, and the objectives for future periods are in the business section of this report.

Proportion of turnover derived from products or services associated with taxonomy-aligned economic activities - 2024 disclosure

Table 23: Proportion of turnover derived from products or services associated with taxonomy-aligned economic activities. See Income statement line 1

Financial year N	Year			Criteria for substantial contribution						Criteria for non-significant harm (h)									
Economic activities (1)	**Label** (a)**(2)**	**Turnover (3)**	**Proportion of turnover 2024**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of taxonomy-aligned turnover (A.1) or taxonomy-eligible (A.2), year N - 1 (18)**	**Category of enabling activity (19)**	**Category of transitional activity (20)**
Text		*Currency*	*%*	*YES; NO; non-eligible (b) (c)*	*YES; NO; non-eligible (b) (c)*	*YES; NO; non-eligible (b) (c)*	*YES; NO; non-eligible (b) (c)*	*YES; NO; non-eligible (b) (c)*	*YES; NO; non-eligible (b) (c)*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*%*	*O*	*P*
A. **TAXONOMY-ELIGIBLE ACTIVITIES**																			
A.1 **Environmentally sustainable activities (aligned with the taxonomy)**																			
Revenue from environmentally sustainable activities			**%**	**%**	**%**	**%**	**%**	**%**	**%**	NO	NO	NO	NO	NO	NO	NO	**%**		
of which enabling			%	%	%	%	%	%	%	NO	NO	NO	NO	NO	NO	NO	%		
of which transitional			%	%						NO	NO	NO	NO	NO	NO	NO	%		
A.2 **Taxonomy-eligible activities but are not environmentally sustainable (taxonomy-non-aligned activities)** (g)																			
				ELIGIBLE; NON-ELIGIBLE (f)	*ELIGIBLE; NON-ELIGIBLE* (f)	*ELIGIBLE; NON-ELIGIBLE* (f)	*ELIGIBLE; NON-ELIGIBLE* (f)	*ELIGIBLE; NON-ELIGIBLE* (f)	*ELIGIBLE; NON-ELIGIBLE* (f)										
Collection and transport of non-hazardous waste	KG2.3	1,349,764	0.67%	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE								1.69%		
Hotels, holiday, camping grounds and similar accommodation	BPS 2.1	356,659	0.18%	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE								0.00%		
Electricity generation using solar photovoltaic technology	BPS 4.1	120,005	0.06%	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE								0.05%		
Turnover derived from taxonomy-eligible activities but are not environmentally sustainable (taxonomy-non-aligned activities) (A.2)		1,826,428	0.91%	%	%	%	%	%	%								1.74%		
A. **Turnover derived from taxonomy-eligible activities (A.1 + A.2)**		0.00	0%	%	%	%	%	%	%								0.00%		
B. **TAXONOMY-NON-ELIGIBLE ACTIVITIES**																			
Turnover derived from taxonomy-non-eligible activities		198,458,985	99.09%																
TOTAL		200,285.413.00	**100%**																

Proportion of capital expenditure in products or services related to taxonomy-eligible economic activities

The taxonomy-eligible activities in capital expenditure include:

- Electricity generation using solar photovoltaic technology **4.1**,
- Transport by motorbikes, passenger cars and light commercial vehicles **6.5**,
- Renovation of existing buildings **7.3**,
- Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) **7.4**.

The percentage of investments in systems of electricity generation using solar photovoltaic technology (4.1) is lower than in the comparable previous period, amounting to 5.37% of total taxonomy-eligible activities. In energy-intensive economic activities, the supply of green energy is important not only for reducing energy costs but also for minimising the carbon footprint.

We aim to adapt production processes to green energy consumption by scheduling the largest electricity consumers during periods of peak energy availability and cost-effectiveness. This adaptation requires significant organisational expertise, market condition adjustments, customer demand responsiveness and supply chain management. The new activities included in the *Capital expenditure in products or services related to taxonomy-aligned economic activities* table are the transport by motorbikes, passenger cars and light commercial vehicles (6.5), which refers to the purchase of electric vehicles and represents a 1.17% share, and the installation, maintenance and repair of charging stations for electric vehicles (7.4), representing 0.69% of capital expenditure in taxonomy-eligible but not environmentally sustainable activities. Last year, we invested in a comprehensive roof renovation of the marketing warehouse, which was necessary due to its deterioration. The renovation was also required for the planned installation of a solar power plant. This activity is classified under the taxonomy-eligible activity Renovation of existing buildings, point 7.3.

The proportion of capital expenditure from point (b) of Article 8(2) of Regulation (EU) 2020/852 is calculated as the numerator divided by the denominator.

Denominator

The denominator includes the increases in tangible and intangible assets in the relevant financial year before depreciation and any remeasurements, including those arising from revaluations and impairments, for the relevant financial year, and excluding changes in fair value.

For non-financial undertakings applying International Financial Reporting Standards (IFRS) as adopted by Regulation (EC) No 1126/2008, capital expenditure includes costs accounted for on the basis of:

a) IAS 16 Property, Plant and Equipment, paragraph 73(e)(i) and (iii);
b) IAS 38 Intangible Assets, paragraph 118(e)(i);
f) IFRS 16 Leases, paragraph 53(h).

Leases that do not result in the recognition of a right of use for the asset are not considered as capital expenditure.

(1) Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320, 29.11.2008, p. 1). 10.12.2021 EN Official Journal of the European Union L 443/171.1.2.2.

Numerator

All activities presented in the table fall under category A, meaning they are aligned with the taxonomy. The calculation includes financial resources allocated for the implementation of capital expenditure, as defined in the denominator.

The numerator is equal to the portion of capital expenditure included in the denominator that is any of the following:

(a) related to assets or processes associated with economic activities aligned with the taxonomy;

(b) part of a plan to expand taxonomy-aligned economic activities or to enable taxonomy-eligible economic activities to become taxonomy-aligned (hereinafter: capital expenditure plan), under the conditions set out in the second subparagraph of point 1.1.2.2;

(c) related to the purchase of output from taxonomy-aligned economic activities and individual measures that enable target activities to become low-carbon or lead to reductions in greenhouse gas emissions, in particular activities listed under points 7.3 to 7.6 of Annex I to the Climate Delegated Act, and other economic activities referred to in the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2), and 15(2) of Regulation (EU) 2020/852, provided such measures are implemented and initiated within 18 months.

The capital expenditure plan referred to in the first subparagraph of point 1.1.2.2 meets the following conditions:

(a) the objective of the plan is to expand the company's taxonomy-aligned economic activities or to upgrade taxonomy-eligible economic activities so they become taxonomy-aligned within five years;

(b) the plan is disclosed at the aggregated level of economic activities and is approved by the governing body of non-financial undertakings either directly or by delegation.

If the relevant technical screening criteria change before the capital expenditure plan is completed, non-financial undertakings shall either update the plan within two years to ensure that the economic activities referred to in point (a) are aligned with the revised technical screening criteria upon completion of the plan, or restate the numerator of the key performance indicator for capital expenditure. Updating the plan restarts the period referred to in point (a).

The period referred to in point (a) of the second paragraph of point 1.1.2.2 may exceed five years only if a longer period is objectively justified due to the specific characteristics of the economic activity and the corresponding upgrade, but it may not exceed 10 years. This justification is included in the capital expenditure plan itself and in the accompanying information detailed in point 1.2.3 of this annex.

If the capital expenditure plan does not meet the conditions set out in the second paragraph of point 1.1.2.2, the previously disclosed key performance indicator relating to capital expenditure shall be recalculated.

The numerator also includes the portion of capital expenditure allocated to adapting economic activities to climate change, in accordance with Annex II to this Climate Delegated Act. A breakdown is provided in the numerator for the portion of capital expenditure assigned to the substantial contribution to climate change adaptation.

Proportion of capital expenditure related to products or services associated with taxonomy-eligible economic activities – disclosure for 2024

Table 24: Proportion of capital expenditure related to products or services associated with taxonomy-aligned economic activities – disclosure for 2024. See the financial part of the report, section 2 Property, plant and equipment, item in the table Movements in property, plant and equipment, column Construction in progress

Financial year 2024	Year			Criteria for substantial contribution						Criteria for non-significant harm (h)									
Economic activities (1)	**Label** (a)**(2)**	**Capital expenditure (3)**	**Proportion of capital expenditure, year 2024**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of taxonomy-aligned capital expenditure (A.1) or taxonomy-eligible capital expenditure (A.2), year N-1 (18)**	**Category of enabling activity (19)**	**Category of transitional activity (20)**
Text		*Currency*	*%*	*YES; NO; non-eligible* (b) (c)	*YES; NO; non-eligible* (b) (c)	*YES; NO; non-eligible* (b) (c)	*YES; NO; non-eligible* (b) (c)	*YES; NO; non-eligible* (b) (c)	*YES; NO; non-eligible* (b) (c)	*YES/-NO*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*%*	*O*	*P*
A. **TAXONOMY-ELIGIBLE ACTIVITIES**																			
A.1 **Environmentally sustainable activities (aligned with the taxonomy)**																			
Capital expenditure related to environmentally sustainable activities (taxonomy-aligned) (A.1)			**%**	**%**	**%**	**%**	**%**	**%**	**%**	NO	NO	NO	NO	NO	NO	NO	**%**		
of which enabling			%	%	%	%	%	%	%	NO	NO	NO	NO	NO	NO	NO	%		
of which transitional			%	%						NO	NO	NO	NO	NO	NO	NO	%		
A.2 **Taxonomy-eligible activities but are not environmentally sustainable (activities not aligned with the taxonomy)** (g)																			
				ELIGIBLE; NON-ELIGIBLE (f)	*ELIGIBLE; NON-ELIGIBLE* (f)	*ELIGIBLE; NON-ELIGIBLE* (f)	*ELIGIBLE; NON-ELIGIBLE* (f)	*ELIGIBLE; NON-ELIGIBLE* (f)	*ELIGIBLE; NON-ELIGIBLE* (f)										
Electricity generation using solar photovoltaic technology	BPS 4.1	767,449	5.37%	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE								16.05%		
Transport by motorbikes, passenger cars and light commercial vehicles	BPS 6.5	166,205	1.16%	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE								/		
Renovation of existing buildings	BSP 7.3	243,433	1.70%	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE								/		
Installation, maintenance and repair of charging stations for electric vehicles	BPS 7.4	98,441	0.69%	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE	NON-ELIGIBLE								/		
Capital expenditure related to taxonomy-eligible activities that are not environmentally sustainable (taxonomy-non-aligned activities) (A.2)		1,275,528	8.92%	%	%	%	%	%	%								17.21%		
A**. Capital expenditure related to taxonomy-eligible activities (A.1 + A.2)**		0.00	0%	%	%	%	%	%	%								0.00%		
B. **TAXONOMY-NON-ELIGIBLE ACTIVITIES**																			
Capital expenditure related to taxonomy-non-eligible activities		13,026,636	91.08%																
TOTAL		14,302,164	**100%**																

Proportion of operating expenditure related to products or services associated with taxonomy-eligible economic activities

The proportion of operating expenditure related to taxonomy-eligible activities amounts to 0.64% of the total value. The identified activity is listed under point **2.1** Maintenance of holiday facilities.

The proportion of operating expenditure referred to in point (b) of Article 8(2) of Regulation (EU) 2020/852 is calculated as the numerator divided by the denominator.

Nominator

The denominator includes direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as all other direct expenses associated with the day-to-day servicing of property, plant and equipment by the undertaking or a third party to whom the activities are outsourced, which are necessary to ensure the continuous and effective operation of such assets.

Non-financial undertakings applying national generally accepted accounting principles and not capitalising right-of-use assets shall, in addition to the costs referred to in the first subparagraph of point 1.1.3.1 of this annex, include lease expenses in the calculation of operating expenditure.

Numerator

The activity identified in the OPEX table and aligned with the taxonomy falls under category C and is defined in the calculation formula as part of the numerator.

The numerator equals the portion of operating expenditure included in the denominator that is any of the following:

a) related to assets or processes associated with taxonomy-aligned economic activities, including training and other requirements for the adaptation of human resources, as well as direct non-capitalised costs representing research and development; L 443/18 EN Official Journal of the European Union 10.12.2021;

b) part of a capital expenditure plan for the expansion of taxonomy-aligned economic activities or for enabling taxonomy-eligible economic activities to become taxonomy-aligned within a pre-defined timeframe, as set out in the second subparagraph of point 1.1.3.2;

c) related to the purchase of output from taxonomy-aligned economic activities and specific measures that enable target activities to become low-carbon or result in greenhouse gas emission reductions, and specific building renovation measures as referred to in delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852, provided such measures are introduced and initiated within 18 months.

The capital expenditure plan referred to in the first subparagraph of this point 1.1.3.2 shall meet the requirements set out in point 1.1.2.2 of this annex.

Research and development costs already accounted for under the key performance indicators for capital expenditure shall not be counted as operating expenditure.

The numerator also includes the portion of operating expenditure allocated to the adaptation of economic activities to climate change in accordance with Annex II to the Climate Delegated Act. A breakdown of the part of operating expenditure contributing substantially to climate change adaptation is provided within the numerator.

Where operating expenditure is not material to the business model of non-financial undertakings, such undertakings:

(a) shall be exempt from calculating the numerator of the key performance indicator for operating expenditure in accordance with point 1.1.3.2 and shall disclose that the numerator equals zero;

(b) shall disclose the total value of the denominator including operating expenditure, calculated in accordance with point 1.1.3.1;

(c) shall provide an explanation stating that operating expenditure is not material to their business model.

Proportion of operating expenditure related to products or services associated with taxonomy-aligned economic activities – disclosure for 2024.

Table 25: Proportion of operating expenditure related to products or services associated with taxonomy-aligned economic activities. See Income statement, cost of services item.

Financial year 2024	Year			Criteria for substantial contribution						Criteria for non-material harm (f)									
Economic activities (1)	**Label** (a)**(2)**	**Operating expenditure (3)**	**Proportion of operating expenditure, year 2024**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity (16)**	**Minimum safeguards (17)**	**Proportion of taxonomy-aligned (A.1) or taxonomy-eligible operating expenditure (A.2), year N - 1 (18)**	**Category of enabling activity (19)**	**Category of transitional activity (20)**
Text		*Currency*	*%*	*YES; NO; non-eligible* (b) (c)	*YES; NO; non-eligible* (b) (c)	*YES; NO; non-eligible* (b) (c)	*YES; NO; non-eligible* (b) (c)	*YES; NO; non-eligible* (b) (c)	*YES; NO; non-eligible* (b) (c)	*YES/-NO*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*YES/-NO*	*%*	*O*	*P*
A. **TAXONOMY-ELIGIBLE ACTIVITIES**																			
A.1 **Environmentally sustainable activities (taxonomy-aligned)**																			
Operating expenditure related to environmentally sustainable activities (taxonomy-aligned) (A.1)		0	**%**	**%**	**%**	**%**	**%**	**%**	**%**	NO	NO	NO	NO	NO	NO	NO	**%**		
of which enabling		0	%	%	%	%	%	%	%	NO	NO	NO	NO	NO	NO	NO	%		
of which transitional		0	%	%						NO	NO	NO	NO	NO	NO	NO	%		
A.2 **Taxonomy-eligible but not environmentally sustainable activities (taxonomy-non-aligned activities)** (f)																			
				SP; NSP (e)	*SP; NSP* (e)	*SP; NSP* (e)	*SP; NSP* (e)	*SP; NSP* (e)	*SP; NSP* (e)										
Maintenance of holiday facilities	BR2.1	33,553	0.64%	NSP	NSP	NSP	NSP	NSP	NSP								1.16%		
Operating expenditure related to taxonomy-eligible but not environmentally sustainable activities (taxonomy-non-aligned activities) (A.2)		33,553	0.64%	%	%	%	%	%	%								1.16%		
A. **Operating expenditure related to taxonomy-eligible activities) (A.1 + A.2)**		0.00	0%	%	%	%	%	%	%								0.00%		
B. **TAXONOMY-NON-ELIGIBLE ACTIVITIES**																			
Operating expenditure related to taxonomy-non-eligible activities		5,203,685	99.36%																
TOTAL		5,237,238	**100 %**																

Summary tables of material contributions by activity

Proportion of revenue/total revenue

	Taxonomy-aligned according to objectives	Taxonomy-eligible according to objectives
BSP	%	0.24%
PPS	%	%
VMV	%	%
KG	%	0.67%
PNO	%	%
BRE	%	%

Proportion of capital expenditure/total capital expenditure (CapEx)

	Taxonomy-aligned according to objectives	Taxonomy-eligible according to objectives
BSP	%	8.92%
PPS	%	%
VMV	%	%
KG	%	%
PNO	%	%
BRE	%	%

Proportion of operating expenditure/total operating expenditure (OpEx)

	Taxonomy-aligned according to objectives	Taxonomy-eligible according to objectives
BSP	%	%
PPS	%	%
VMV	%	%
KG	%	%
PNO	%	%
BRE	%	0.64%

Information referred to in Article 8 (6) and (7) on disclosure of nuclear energy and gasrelated activities (Annex XII of Commission Delegated Regulation EU 2022/1214).

	Nuclear energy and natural gas related activities	
Line	**Nuclear energy related activities**	
1	The company carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The company carries out, funds or has exposures to the construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The company carries out, funds or has exposures to the safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The company carries out, funds or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The company carries out, funds or has exposures to the construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The company carries out, funds or has exposures to the construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	NO

5.3 [E-1] Climate change

[GOV-3] Integration of sustainability-related performance in incentive schemes

The remuneration system for the members of the Management Board is partly linked to the achievement of the sustainability objectives and is detailed in section GOV-3.

The variable component of Management Board remuneration also depends on the successful implementation of strategic projects, with at least one project directly related to sustainability topics, although not necessarily climate-related or assessed against a greenhouse gas (GHG) reduction target. The overall impact on remuneration in this case amounts to 20% of the total.

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

This section provides an overview of the key impacts, risks and opportunities. These are detailed in subsequent chapters. This section also provides a summary and basic rationale for their materiality.

Table 26: Impacts, risks and opportunities (IRO) Climate change

Material impacts, risks and/or opportunities	**Definition**	**Location/value chain**			**Time period**		
		Own activity	Downstream part of the value chain	Upstream part of the value chain	Short-term	Medium-term	Long-term
CO_2 emissions from non-renewable sources (Scope 1 and 2)	**Actual negative impact**	x			x		
Other CO_2 emissions (process sources)	**Actual negative impact**	x			x		
Limited process water supplies during dry periods – short-term physical risk	**Risk**	x			x		
Heavy precipitation due to climate change (floods, landslides) that could cause collapse of the dam structure - physical risk, long-term	**Risk**	x					x

CO_2 emissions from non-renewable sources (Scope 1 and 2): Emissions from the combustion of fossil fuels represent the largest proportion of the company's total greenhouse gas emissions and are associated with regulatory risks and costs. Due to its use of energy from non-renewable sources, natural gas, extra light heating oil, propane and the consumption of electricity from non-renewable sources, the company accounted for 4% of all emissions in Slovenian manufacturing.

Other CO_2 emissions (process sources): Unavoidable CO_2 emissions from chemical production necessitate technological upgrades for reduction. Additionally, process neutralisation emissions accounted for approximately 2% of process emissions in Slovenia.

Limited process water supplies during dry periods: Climate change and prolonged dry periods pose a short-term physical risk to production capacity due to potential limitations on drawing water from the Hudinja River.

Heavy precipitation (floods, landslides): Long-term physical risk exists regarding the potential collapse of the dam at the Za Travnik gypsum disposal facility.

Political and legal decisions related to CO_2 eq. emissions: The company is exposed to potential additional costs or operational constraints in the event of further tightening of EU emissions policies, representing a transition risk.

A resilience analysis of the strategy and business model in the context of climate scenarios has not yet been conducted.

The resilience analysis will be carried out by the end of 2027, as the strategy for the next five-year period will be prepared in 2028, and it will also incorporate the sustainability strategy developed up to 2030.

A resilience analysis has not yet been carried out; however:

- We monitor climate projections and their potential impacts on business activities, particularly in relation to storms, heavy rainfall and the increasing frequency of droughts.
- We assess transition risks associated with stricter CO_2 emissions regulations, emission allowance prices and energy sources.
- Based on these insights, we are already implementing measures to mitigate climate risks, including energy efficiency improvements and the use of renewable energy sources.
- The strategy is aligned with the business plan, taking into account financial aspects and the materiality of risks related to adaptation to significant environmental changes.
- Cinkarna Celje, d. d., has analysed IPCC climate scenarios, enabling the identification of both physical and transition risks.

In line with the Green Deal and Europe's climate targets, we have defined 2030 as the long-term horizon. Cinkarna Celje, d. d., conducted a climate scenario analysis and applied a high emissions scenario based on SPP3-7.0 during the preparation of the draft 2023 Sustainability Strategy. However, this scenario does not meet the ESRS requirements, which prescribe the use of SSP 8.5 for a high emissions scenario. The company has already implemented certain measures in this area. A new climate scenario analysis and resilience assessment will be conducted by the end of 2027, accompanied by the development of a suitable transition plan.

The table below presents the most significant global trends expected to impact Cinkarna Celje's operations. These trends represent potential high-risk or high-opportunity factors that affect the business and have been considered in the identification and assessment of material risks.

Table 27: Market trends under two climate scenarios with significant impacts on the business of Cinkarna Celje d.d.

SPP1-1.9	**SPP3-7.0**
Most optimistic scenario	**Risk scenario**
"1.5 °C" scenario	**"Business as usual" scenario**
Highest level of compliance with RES, EE and decarbonisation commitments	High taxation and unpredictable energy prices
Developing new low-carbon products	Higher socio-economic costs due to climate stress
Opening up new markets and investment	Negative consumer preferences leading to lower revenues and market share
Higher market value of low carbon products/services and companies	Increased energy consumption (especially for cooling) due to higher global temperatures
Lower costs of sustainable procurement and product/service quality improvements	Changes in regulations regarding infrastructure efficiency

Increased attractiveness for consumers/customers/users	Increased scrutiny by investors due to failure to meet decarbonisation commitments
Greater access to capital due to sustainability performance	Low energy efficiency
High quality digitisation and establishment of information systems	High financial implications due to increased intensity of extreme weather events
Higher potential of flagship products to promote the green transition of other sectors	Increased competition among TiO_2 producers

The analysis presented here is based on the SSP1-1.9 climate scenario, which aligns with the objective of limiting global warming to no more than 1.5 °C with no or limited overshoot. This scenario has been used to identify the key impacts, risks and opportunities (IROs), as outlined in the table: Impacts, risks and opportunities (IROs) Climate Change, in accordance with the ESRS 2 requirement, IRO-1.

While the company is not yet fully aligned with the 1.5 °C pathway, it has already identified and begun implementing several key actions that mark an initial step towards decarbonisation. These include measures aimed at improving energy efficiency and increasing the use of renewable energy sources, laying the groundwork for further alignment with more ambitious climate policy objectives in the future.

[IRO-1] Description of the processes to identify and assess material climate-related impacts, risks and opportunities

In 2024, Cinkarna Celje, d. d., implemented systematic procedures for identifying and assessing both actual and potential climate-related risks and opportunities. A detailed analysis of the geographic locations of the company's facilities was conducted to identify areas with high climate impact risks. The process of identifying climate change impacts, risks and opportunities involved employees with relevant expertise, and consultations were held with other key stakeholders, including the local community and affected groups.

Cinkarna Celje, d. d., has initially defined the basis (which specifies the emission sources) for assessing climate impacts:

- Scope 1 (direct emissions from sources controlled by the company),
- Scope 2 (indirect emissions from electricity consumed, as Cinkarna Celje, d. d., does not consume other purchased energy).

When identifying impacts, Cinkarna Celje, d. d., had not yet calculated Scope 3, as it was not a requirement and was not considered among its impacts, or was not identified at that time. The company subsequently discloses Scope 3 emissions.

Based on this, Cinkarna Celje, d. d., identified two key impacts:

- CO_2 emissions from non-renewable sources (Scope 1 and 2),
- Other CO_2 emissions (process sources).

The company operates within a high climate impact sector, as its production processes require intensive energy use. As an industrial plant in the chemical industry, it recognises its responsibility in reducing greenhouse gas (GHG) emissions and strives to contribute to climate change mitigation. Despite the implementation of sustainability measures, the company currently generates significant GHG emissions arising from fossil fuel use, process emissions, and indirect emissions from electricity consumption.

The company also recognises climate-related physical and transition risks, which are described in the next section.

To accurately assess emissions, Cinkarna Celje, d. d., conducts GHG inventories based on energy consumption, in compliance with the EU ETS.

For the identified negative impacts, in line with the ESRS requirements (ESRS 1, Chapter 3.4), criteria were defined to assess materiality based on scale, scope and irreversibility (a more detailed description is provided in IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities). The precise assessment of impacts can be seen in the DMA preparation process.

In identifying and assessing climate-related impacts, Cinkarna Celje, d. d., considered plans from its business strategy, which anticipates production growth.

Use of climate-related scenario analysis in assessing risks and opportunities at Cinkarna Celje.

Cinkarna Celje, d. d., has established a systematic process for identifying and assessing physical risks associated with climate change, both within its own operations and across the value chain, as part of its sustainable strategy development.

High-emission scenarios, as defined by the Intergovernmental Panel on Climate Change (IPCC) in its AR6 report – particularly the SPP3-7.0 scenario – were used. Based on this, the following procedure was undertaken:

- identification of hazards, such as droughts and precipitation extremes, affecting access to water and the stability of dams;
- assessment of exposure of assets and activities (TiO_2 production plant and waste handling facilities);
- calculation of the gross physical risk to the company, expressed in EUR and as a percentage of the balance sheet total;
- linking to time periods (short-term, medium-term and long-term), in line with the asset lifespan and strategic planning.

A review was also conducted for both the downstream and upstream parts of the value chain, focusing primarily on:

- risks in the supply chain (water and energy supply);
- impact of extreme weather events on key external service providers (e.g. logistics).

Using the climate-related hazard classification as defined by Commission Delegated Regulation (EU) 2021/2139, Cinkarna Celje, d. d., identified the relevant physical risks and incorporated them into its impact, risk and opportunity register, in accordance with the rules on managing impacts, risks and opportunities.

In the assessment process, the company used a time-based breakdown into short-term (up to 1 year), medium-term (2–4 years), and long-term (5+ years) periods, evaluating the extent to which its assets (e.g. buildings, infrastructure, energy resources, access to water) and business activities may be exposed to specific physical hazards. All physical risks arising from climate change are assessed in terms of their impact across these three timeframes and are correlated with asset lifecycles, strategic planning, and capital allocation plans.

Key hazards identified included:

- limited supply of process water during drought periods – short-term physical risk;

- intense precipitation due to climate change (floods, landslides), which could affect the stability of dams – long-term physical risk.

Based on this, the risks were quantified by likelihood and impact and incorporated into risk management and strategic decision-making processes.

Transition risks stem from changes in regulation, technology and the market that affect the company's competitiveness.

As part of risk management and compliance with our asset management strategies, we ensure that the expected useful life of fixed assets aligns with the projected depreciation timeline and strategic planning. At present, there are no expectations of early asset retirement due to external factors or regulatory changes that would require accelerated depreciation or replacement with new assets.
Strategic planning periods are aligned with the lifecycle of key assets, enabling stable capital allocation. Future investments are planned to support sustainable development and regulatory compliance while ensuring maximum utilisation of existing assets without unnecessary write-offs or reduction in their useful life.

We continuously monitor risks that could affect the expected useful life of assets, including climate-related risks, technological changes and legislative requirements. Current analyses and assessments indicate no need for early asset retirement or further restructuring before the end of their planned economic lifespan or useful life.

- Negative impact on the company’s operations due to water supply limitations during drought periods.

The company extracts water from the Hudinja River, a torrential river with an unstable flow. Increasingly frequent dry periods, driven by climate change, are causing the river's flow to drop below the ecologically acceptable limit, which is the minimum permitted extraction level stipulated in the water permit. A suspension of water extraction would result in an immediate halt to TiO_2 production, the company’s core product. This risk is assessed as a short-term physical risk, as drought periods are already occurring, and their frequency and intensity are expected to increase in the coming years. The water extraction facility has an expected lifespan of more than 20 years, so this risk applies throughout its operational period. Given the critical nature of TiO_2 production, this risk is incorporated into strategic investment planning, including the use of process water from the Tremerje CWWTP and substantial replacement of water source from the Hudinja watercourse.

- Intense precipitation due to climate change (floods, landslides), which could affect the stability of the dam.

The Za Travnik landfill is used for filling non-hazardous waste from TiO_2 production – red gypsum. Despite ongoing backfilling, a significant amount of liquid sludge and water remains behind the dam, which could spill into the environment in the event of dam failure. Heavy rainfall can cause landslides and consequently destabilise the dam structure. The same applies to the high embankment dam in Bukovžlak, which retains sludge from deposited red gypsum and water. Physical risks from intense rainfall, which could lead to dam breaches, are assessed as long-term risks. Given the expected lifespan of these structures (over 30 years) and the increasing probability of extreme weather events, this risk is relevant for long-term operations. The risk is managed through monitoring, ongoing maintenance and by backfilling and thus reducing water accumulation.

Cinkarna Celje, d. d., has appropriately assessed physical risks in its risk register that could potentially impact assets or business activities. Probability, magnitude and duration of hazards for the Cinkarna Celje, d. d., area were considered.

Climate scenarios help Cinkarna Celje, d. d., evaluate how extreme weather events and long-term climate change will affect its business.

In its assessment, the company considered the Rules on managing impacts, risks and opportunities in Cinkarna Celje, d. d., and, based on this, assessed the extent of exposure through financial consequences and defined the time period using frequency/likelihood.

The time periods used in the scenario analysis do not align with the time periods in the sustainability statement for 2024, but the results considered in the analysis represent the period up to 2030.

Hazards or risks were identified using high-emission climate scenario SSP3-7.0, derived from Intergovernmental Panel on Climate Change (IPCC) scenarios and aligned with ESRS E1 guidelines for assessing physical risks. The scenario included regional climate projections for the Cinkarna Celje, d. d., operating area, considering the impacts of long-term temperature increases and weather pattern changes on physical risks.

Hazards in the value chain were not part of the analysis; however, Cinkarna Celje, d. d., conducted a supplier due diligence in 2024 based on publicly available information from websites and discussions with suppliers. No hazards affecting the company's operations were identified.

The scenario analysis was used to identify and assess key physical and transition risks and opportunities that may affect Cinkarna Celje's operations until 2030. Two climate scenarios were used:

Scenario SPP1–1.9 ("1.5 °C scenario"), reflecting a high-ambition decarbonisation environment with rapid technological progress.

Scenario SPP3–7.0 ("business as usual"), representing a less ambitious response to climate change, assuming higher global temperatures, increased energy consumption and the physical impacts of climate change.

Based on this analysis, we identified risks and opportunities that are considered material in the context of short-term, medium-term and long-term periods. Specifically, the results of the scenarios were used for:

- identifying transition risks, such as regulatory requirements;
- assessing physical risks, such as the impacts of drought and more frequent extreme weather events.

This ensures that identified climate conditions are appropriately incorporated into the assessment of business impacts and the company's strategic planning. The findings of the analysis were also reflected in the development of sustainability measures and the assessment of investment needs until 2030.

Table 28: Physical and transition risks - gross and residual Risks

RISK	PERIOD	MITIGATION	GROSS RISK IN EUR	RESIDUAL RISK in EUR	CLASSIFICATION OF RISKS
Restricted process water supplies during dry periods	SHORT-TERM	Optimising the operation of the 54.40 thickener together with HC.	3,850,000	EUR 7,700,000	PHYSICAL
		Increasing internal water recycling.			
		Drinking water use.			
Policy and legal decisions related to CO_2 eq. EMISSIONS	LONG-TERM	Regular cooperation with various bodies and advisers and monitoring of the political situation.	4,800,000	800,000	TRANSITION
		Reduce consumption and consequently emissions through EE and RES measures.			
Heavy precipitation due to climate change (floods, landslides) potentially causing dam failure	LONG-TERM	In accordance with the findings and recommendations of the experts from the University of Ljubljana, Faculty of Civil Engineering and Geodesy, we are carrying out ongoing maintenance work on the high embankment dams (Bukovžlak and Za Travnik) to ensure their stability.	246,000,000	4,920,000	PHYSICAL
		Backfilling and thus reducing water accumulation at Za Travnik.			

The process for identifying transition risks and opportunities is the same as that used for identifying physical risks.

When identifying transition-related events in the short, medium and long-term, the company referred to examples of transition risks and recognised political and legal risks as material. Cinkarna Celje, d. d., operates within an increasingly stringent environmental regulatory framework, which affects the management of greenhouse gas (GHG) emissions. Political and legal decisions at both national and European level – particularly those related to the EU Emissions Trading System (EU ETS) – may pose considerable financial and operational risks for the company.

- High costs of emission allowances – Rising prices of emission allowances within the EU ETS could significantly increase the company's operating costs, especially if a rapid transition to low-carbon technologies is not feasible. If CO_2-equivalent emissions are not sufficiently reduced, the company could be forced to purchase additional allowances, thus limiting available financial resources for investments in sustainable development.
- Restrictions and stricter environmental standards – Tightening of emission-related legislation could lead to new requirements for emission reduction technologies, resulting in additional adaptation costs and investments in equipment.
- Reduced competitiveness and risk of production relocation – Higher emission and related energy costs could diminish Cinkarna Celje's competitiveness compared to companies based in countries with less stringent environmental regulations. This could increase the risk of relocating industrial production to regions with more lenient regulatory regimes.
- Negative impact on investment in sustainable projects – If companies are compelled to allocate more funds to cover emission-related costs, fewer resources may remain available for investment in energy efficiency, renewable energy sources, and the development of low-carbon technologies.

Cinkarna Celje, d. d., has appropriately assessed transition risks that could potentially impact its assets or business activities in its risk register. Particular attention was given to evaluating the exposure and sensitivity of specific assets and operations to defined transition-related events, such as changes in legislation. The assessment was carried out based on the likelihood of occurrence, the scale of the impact and the expected duration of such events within Cinkarna Celje d. d.'s operational area. The most exposed assets and activities were identified as those within the energy-intensive production plant, which is particularly sensitive to increases in the cost of emission allowances and electricity. The estimated potential impact could represent up to 10% of production costs.

The company has identified transition-related events and assessed exposure to risks based on climate scenarios and hazards under the SSP1–1.9 scenario. Based on this scenario, the company recognised transition risks and assessed their scale and impact.

As part of the sustainability strategy preparation, the company identified certain assets and activities that are not fully compatible with the transition to a climate-neutral economy by 2050, as envisioned by EU climate policy. The current major obstacles include:

1. Use of natural gas as a key energy source for high-temperature processes, which will be difficult to replace with carbon-free sources in the long term without significant technological or infrastructural changes.
2. Process CO_2 emissions from titanium dioxide production, which result from a chemical reaction and cannot be easily prevented or captured with existing technologies.

These assets and related activities are currently incompatible with long-term climate neutrality targets and would require significant investment in alternative technologies or carbon capture, which the company has not yet formally planned.

Although the company has defined and is already implementing certain measures to improve energy efficiency and reduce emissions, these are not sufficient to achieve full alignment with the 1.5 °C scenario or with climate neutrality by 2050. A comprehensive review of all assets and activities for compatibility with decarbonisation targets is planned as part of the preparation of the transition plan by 2027.

In addition to the use of natural gas and process emissions, the availability of electricity from renewable sources also presents a challenge. Although the company is striving to reduce its indirect emissions (Scope 2), its dependence on the electricity system of the Republic of Slovenia represents a major constraint. At present, there is insufficient green electricity available in the grid to enable a full switch to 100% carbon-free sources. Therefore, long-term alignment with neutrality will depend on the development of national infrastructure and investments in renewables at system level.

Consequently, the company has not yet defined all measures to achieve climate neutrality but is actively monitoring legislative developments, long-term renewable energy purchase opportunities from Slovenian sources, and the potential for its own renewable energy production capacities.

The climate scenarios used were incorporated into the preparation of the business strategy for the 2024–2028 period, including their linkage to the financial statements. The impacts of climate scenarios have been indirectly reflected in the 2024 financial statements through:

- planned investments in emissions reduction (CAPEX), which are included under property, plant and equipment,
- largely unchanged projections of energy costs,
- free emission allowances received (the company will remain a net recipient until 2030), meaning no operating expenses are anticipated from this source.

No asset impairments or changes to estimated useful lives were made in 2024 as a direct result of identified climate risks. Climate change is also not expected to have a material impact on reported accounting items in the coming years (see section 25: Impact of climate change on the financial statements in the financial section of the report).

[E1-1] Transition Plan for climate change mitigation

Cinkarna Celje, d. d., has identified climate change as a material issue and has begun reducing greenhouse gas emissions in line with climate mitigation efforts. The company aims to improve energy efficiency, reduce its carbon footprint and increase the share of renewable energy use.

Accordingly, it has developed a transition plan as part of its sustainability strategy, which sets out strategic objectives and clear actions up to 2030, with defined timelines and CAPEX estimates.

Sustainability is also one of the key strategic pillars in the five-year business strategy for 2024–2028.

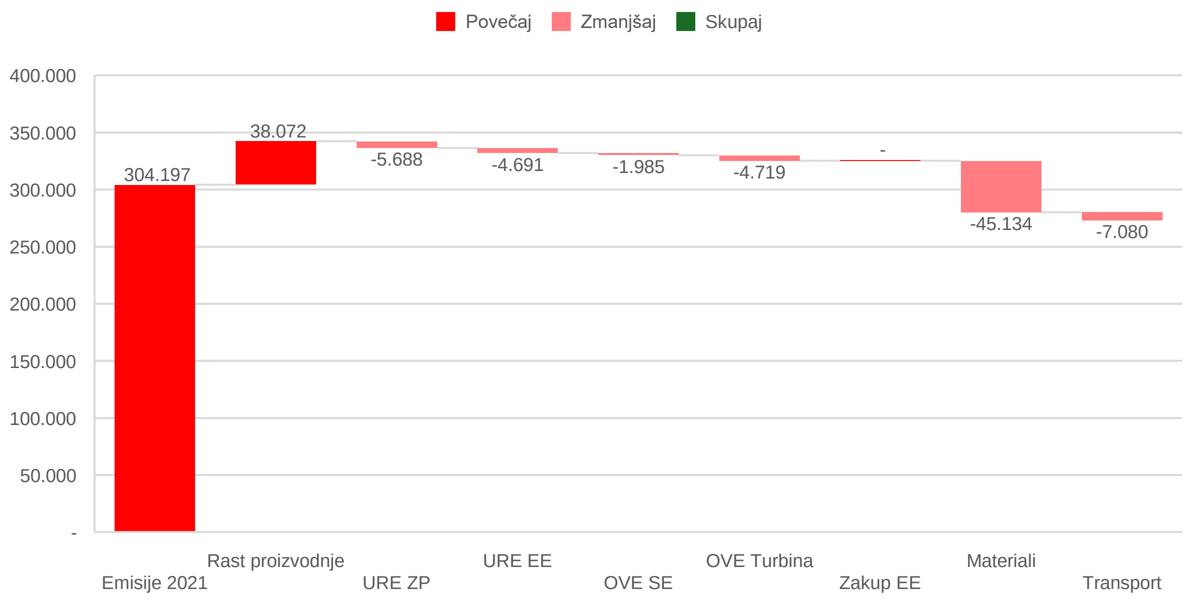
The company does not currently have a transition plan in place in line with the ESRS E1 standard. Nevertheless, it has already adopted certain emissions reduction and sustainable investment measures that are currently being implemented. In addition, a comprehensive sustainability strategy was adopted in 2024, which includes strategic decarbonisation targets, defined actions, timeframes and planned investments. However, this strategy does not yet constitute a formalised "transition plan" as defined by ESRS E1.

The company plans to adopt an appropriate transition plan, compliant with ESRS E1 requirements, including a resilience analysis for the 1.5°C scenario, by the end of 2027 at the latest, ensuring alignment with legislative requirements and long-term decarbonisation goals.

The current targets are not fully aligned with the goal of limiting global warming to 1.5 °C under the Paris Agreement. Cinkarna Celje's overarching ambition is to become a net-zero company by 2050, with further measures to be defined after 2030. A more detailed explanation is provided in section SBM-1.

Key levers for decarbonisation will primarily focus on renewable energy sources and energy efficiency measures. Cinkarna Celje, d. d., also conducted a Scope 3 carbon footprint calculation in 2024 and identified decarbonisation opportunities also in the value chain. It has already identified certain measures and will address others with suppliers in the coming years.

Figure 1: Scope 1, 2 and 3 CO2 emission reductions by 2030 under the location-based method 73k tonnes of TiO2



Cinkarna Celje, d. d., plans to invest approximately EUR 25 million in the execution of its transition plan.

As part of the Scope 3 calculation, we obtained data on associated emissions for investments realised in 2021 and 2024 (Category 3.2 – purchase/construction of fixed assets). We did not calculate the carbon footprint for other equipment; however, this will be carried out in 2025.

Cinkarna Celje, d. d., does not currently consider this a material topic, as Scope 3 emissions had not yet been calculated during the identification of impacts and the development of the sustainability strategy.

The company discloses its targets and plans related to aligning its economic activities and investments with the criteria set out in Commission Delegated Regulation (EU) 2021/2139, including capital expenditure and operating expenditure, in the Report on environmentally sustainable economic activities and investments section. Investments already implemented or planned are also partially described in the Implemented and planned investments section.

Pursuant to Article 12(1), points (d) to (g) of Commission Delegated Regulation (EU) 2020/1818, the company is excluded from the EU benchmarks.

Cinkarna Celje's business strategy is designed for the period 2024–2028 and outlines the company's key development directions. We began developing the sustainability strategy in 2023, incorporating both climate change adaptation and mitigation measures. This strategy was closely linked to financial planning from the outset, with key sustainability measures integrated into the company's financial projections and investment plans.

When the sustainability strategy was formally adopted in 2024, it was approved by both the Management Board and the supervisory body. Nevertheless, the financial component of the strategy remained largely unchanged, as the sustainability transition had already been embedded in the company's financial planning.

Sustainability is one of the core pillars of the overall business strategy, ensuring a strong connection between the two documents. Consequently, the sustainability strategy does not function as a standalone set of activities but rather holistically supports the company's overarching business objectives, including long-term competitiveness, environmental impact reduction and cost optimisation through sustainable solutions.

Company's progress in implementing the transition plan

Although the company has not yet formally adopted a transition plan in accordance with the requirements of the ESRS, it is already implementing measures that form the foundation for the transition to a low-carbon economy. Key activities carried out to date include:

- adoption of a sustainability strategy, which includes emission reduction targets, measures and indicative investments,
- identification of Scope 1, 2, and 3 emissions and their recalculation to ensure comparability with the reporting year,
- initial energy and technological improvements aimed at reducing the carbon footprint.

A comprehensive transition plan will be adopted by the end of 2027. However, the measures implemented in 2024, as described below, are already considered progress towards its gradual implementation.

Organisational measures for energy efficiency and economical use

In 2024, we continued raising awareness about energy efficiency. This includes:

- motivating employees;
- providing information on energy consumption characteristics to all employees;
- implementing and monitoring soft measures, such as:
    - proper lighting, taking into account natural daylight;
    - turning off lights in rooms when not in use;
    - switching off equipment and consolidating operations into shorter time periods;
    - introducing proper temperature regulation and monitoring values;
    - proper use of devices and work equipment;
    - quick fault reporting system (e.g. air/water leaks, equipment servicing, etc.).

These measures are carried out by members of the energy team, who ensure their implementation in their respective work areas.

In April 2024, we established an energy management system (EMS) at Kemija Mozirje BU. This will enable additional savings in this business unit. The estimated annual savings are approximately 3% of energy, water, heat and drinking water consumption.

Through the implementation of these organisational measures, the total possible savings amount to approximately 1,249 MWh per year (based on 2021 data). CO_2 emissions are reduced by 144 tonnes due to electricity (emission factor for electricity used: 0.278 t CO2/MWh) and 149 tonnes due to natural gas (emission factor for natural gas used: 0.205 t CO_2/MWh), resulting in a total reduction of approximately 290 tonnes of CO_2 annually. These figures are based on expert assessments, as precise measurement is not currently available.

Table 29: Investment measures for the gradual implementation of the transition plan.

Strategic objective	Type of action and key activities	Year	Type of energy source	Estimated energy savings (MWh)	TGP emissions (t CO_2 eq)	Realisation 2024 (MWh)	Realisation GHG emissions (t CO_2 eq)	Note
Energy efficiency and reducing the carbon footprint Scope 1 and Scope 2	Replacement of old electric motors with energy-efficient IE3 class motors.	2030	EE	2,280	633	206	57	33 EM units were replaced, resulting in a savings of 206 MWh.
	Renovation of outdated lighting – replacement with LED lights.	2030	EE	864	240	54	15	156 light units were replaced, achieving a savings of 54 MWh.
	Replacement of condensate water pumps (Schnackenberg models M273, M274, M275). Optimisation of technological installations.	2025	EE	753	209	376	104	
	Modification of the compressor station to 8.5 bar.	2024	EE	3,000	981	/	/	These actions were completed on 26 November 2024, and therefore, the actual savings will be reflected in 2025. The initial expected savings were 1,100 MWh, and with additional measures, even greater savings can be achieved.
Developing renewable energy sources and reducing the carbon footprint of Scope 2	Installation of solar power plants: Marketing building section, multi-purpose building, water preparation (Energy), and maintenance hall B.	2024	EE	2,100	583	488	135	The solar power plants were constructed by 23 July 2024. In 2024, they generated 488 MWh of electricity.
	Roof of the Marketing building.	2024	EE	1,300	361	32	9	A solar power plant was completed at the end of November 2024, producing 32 MWh in December 2024.
	Production of electricity from other constructed solar power plants.	2024	EE	4,047	1,123	3,903	1,083	The production from other solar power plants was 3,903 MWh.

The total installed capacity of the solar power plants to date is 7.093 MWp. All the produced energy is consumed for internal needs. This energy significantly reduces CO_2 emissions. The projected annual production based on installed capacity is 7,507.5 MWh. The anticipated annual production based on renewable energy measures is 7,150 MWh.

[E1-2] Policies related to climate change mitigation and adaptation

Cinkarna Celje, d. d., has not yet adopted specific climate change mitigation and adaptation policies. However, in 2024, it obtained ISO 50001 certification, which assists organisations in establishing, managing, and improving energy efficiency, thereby reducing energy consumption and associated costs and greenhouse gas emissions. This aligns with ESRS2 IRO-2 62.

Policies related to climate change mitigation and adaptation are still under preparation and will be in place by 31 December 2025:

- Climate change mitigation policy,
- Climate change adaptation policy,
- Energy efficiency policy,
- Renewable energy deployment policy.

ISO 50001 is strongly linked to all of these policies as it focuses on systematic energy management, which has a direct impact on the reduction of greenhouse gas emissions (GHG), climate change adaptation, energy efficiency and the use of renewable energy sources.
The table below shows the current quality, environmental, health and safety and energy management policy. The objectives of this policy include: implementing measures to reduce energy consumption and GHG emissions, increasing the share of energy consumed from renewable sources, procuring energy-efficient and environmentally neutral products and services, designing energy-efficient solutions, reducing the consumption of natural water resources and introducing the reuse of wastewater (IRO: CO_2 emissions from non-renewable sources, process sources and limited process water supply during dry periods).

Table 30: Policy for managing material impacts related to climate change mitigation and adaptation

Policy title	Brief description of key content	Responsibility for policy	Disclosure of third-party standards or initiatives that the company considers in implementing the policy	Description of how the interests of key stakeholders have been taken into account in policy-making	Availability
Quality, environmental, health and safety and energy management policy	It sets out the achievement of key strategic objectives in the areas of energy management, regulatory requirements, hazard and risk identification and management. The policy is applied to the company's own activities.	Management Board, employees	**ISO 9001** (quality management system), **ISO 14001** (environmental management system), **ISO 45001** (occupational health and safety management system) **ISO 50001** (energy management system)	In the development of the quality, environmental, health and safety, and energy management policy, the company considered the interests of key stakeholders, including employees, business partners, the local community and regulatory authorities. It is applied to the company's own activities.	www.cinkarna.si

[E1-3] Actions and resources related to climate change policies

The company has not yet formally adopted a climate policy in accordance with ESRS requirements. Therefore, the measures presented in the table below are not directly tied to adopted policies, but rather stem from the company's sustainability strategy, which outlines strategic greenhouse gas (GHG) emission reduction goals.

The measures were determined based on an analysis of emission sources and an assessment of the feasibility of technical, process and organisational improvements, and reflect the anticipated direction of the company's future climate policy. They include targets by emission scope (1, 2), timelines, expected emission savings and associated required investments.

Table 31:Overview of measures and key activities to reduce CO_2 eq. emissions

Strategic objective	Type of action and key activities	Year	Type of energy source	Energy savings (MWh)	Reduction of TGP emissions (t CO_2 eq.)	Investment in EUR
Reducing the carbon footprint - Scope 1 and Scope 2	Replacement of old electric motors with energy-efficient IE3 class motors	2030	EE	2,280	633	620,000
Avoid 10,500 tonnes of CO_2 eq. emissions by implementing energy efficiency measures.	Replacement of two old transformers in TS 7–0 Neutralisation	Implemented in 2024	EE	53	15	102,132
	Renovation of outdated lighting – replacement with LED fixtures	2030	EE	864	240	440,000
	Replacement of compressors with energy-efficient models	2030	EE	2,650	736	1,985,000
	Optimisation of the existing steam pipeline – 2023	Implemented in 2023	NG	9,486	1,942	162,742
	Replacement of the heat exchanger on acid IT2 – 2023	Implemented in 2023	no energy savings, operational safety	/	/	137,539
	Replacement of the old acid fan with a frequency-controlled fan	2030	EE	2.000	654,555	1,300,000
	Replacement of condensate water pumps Schnackenberg (M273, M274; M275) Optimisation of technological installations	2025	EE	753	246,209	308,682
	Replacement of main pumps at the cooling tower (water treatment) (Optimisation of technological installations)	2025	EE	297	82	180,000
	Shutdown of equipment and consolidation of operations into shorter periods with the same power	2030	EE	5,000	1,388	500,000
	Optimisation of pre-drying (replacement of natural gas with steam)	Implemented in 2023	NG	5,500	1,126	507,563
	Calciner – preheating of secondary air (3–5% of total gas consumption by 2028)	2028	NG	8,000	1,638	500,000
	Energy efficiency – extending the time between acid maintenance shutdowns from one year to a year and a half	2030	NG	4,800	982	0
	Modification of the 8.5 bar compressor station	Implemented in 2024	EE	3,000	833	93,167
Increase the share of RES in total electricity	Installation of a solar power plant on the Polymers and Rolling plant building	Implemented in 2022	EE	1,650	458	957,448

consumption to 19% and reduce Scope 2 carbon footprint	Installation of solar power plants in the following areas: KC, Kemija Mozirje, Graphics, Canteen, Hall A	Implemented in 2023	EE	2.100	583	1.822.061
	Installation of solar power plants: part of the Marketing building, Transport, multipurpose rooms, Energy and Maintenance Hall B	Implemented in 2024	EE	2.100	583	1.220.134
	Marketing building roof	Implemented in 2024	EE	1,300	361	786,643
	Installation of an electricity battery storage unit	2030	No energy savings, financial savings	/	/	3,900,000
	Procurement of carbon-free and low-carbon electricity (market-based method)	2030		77,000	84,300	115,000
	Installation of a steam turbine for electricity generation	2026	EE	17,000	4,719	9,500,000
Reduction of Scope 3 carbon footprint across the value chain	Support for suppliers in transitioning to lower carbon footprint technologies	2030			45,000	0
	Freight transport by sea with a lower carbon footprint	2030			4,800	0
	Freight transport by road using vehicles powered by renewable energy sources	2030			2,200	0
Total						25,138,111

Table 32: CO_2 eq. emissions - Scopes 1, 2 and 3 according to location-based and market-based methods - 2021.

Scope	**Emissions in t CO_2 eq. 2021 according location-based method**	**Emissions in t CO_2 eq. 2021 according to market-based method**
Scope 1	78,763	78,763
Scope 2	28,015	57,059
Scope 3	197,096	197,096
Total	303,874	332,918

Note: Scope 3 was calculated later than Scopes 1 and 2 for the purposes of developing the sustainability strategy.

Table 33: CO_2 eq. emissions - Scopes 1, 2 and 3 according to location-based and market-based methods - 2024.

Scope	**Emissions in t CO_2 eq. 2024 according to location-based method**	**Emissions in t CO_2 eq. 2024 according to market-based method**
Scope 1	74,180	74,180
Scope 2	24,297	45,023
Scope 3	181,141	181,664
Total	280,141	300,867

Emission reduction measures will be implemented using internal personnel and our own financial resources.

Capital expenditure is accounted for in the balance sheet as at 31 December 2024 under the property, plant and equipment item and the impacts on OPEX, through amortisation charge, in the income statement for the year 2024 from the date the assets are ready for use. All other impacts for future periods are included in the projected financial statements for the period 2024-2028 in accordance with the company's 5-year strategy for that period.

Assets acquired by 2023 and in 2024 have been brought into use and as of 31 December 2024 are no longer under construction.

Capital expenditure intended for the implementation of measures to reduce greenhouse gas emissions is recognised in the balance sheet as at 31 December 2024 under property, plant and equipment item.

The impact on profit or loss for 2024 is reflected through the depreciation of assets brought into use in this year.

Connection to the requirements of Delegated Regulation (EU) 2021/2178 (ii, iii):

- The amounts of these investments have also been included in the taxonomy disclosure of capital expenditure (CAPEX) as partially taxonomy-eligible measures, primarily in the areas of energy efficiency and the transition to renewable energy sources (RES).
- The restated proportion of taxonomy-eligible CAPEX for 2024 was 8.92% of total capital expenditure.
- The measures and investments are aligned with the internal investment plan, which forms an integral part of the 2024–2028 five-year strategy, and with the prior decarbonisation needs analysis.

Assets purchased up to and including 2024 were ready for use by 31 December 2024 and are therefore no longer shown as unfinished investments. The impact on OPEX of the remaining (planned) investments will be reflected in the coming years in line with the depreciation dynamics and the expected entry into service of the individual installations.

Capital expenditure and operating expenditure related to greenhouse gas (GHG) emission reduction measures are included in the balance sheet as at 31 December 2024 and are also reflected in the five-year strategic investment plan supporting the implementation of the adopted sustainability strategy.

A portion of these investments was also assessed against the requirements of Delegated Regulation (EU) 2021/2178 for reporting on taxonomy alignment. Within its CAPEX disclosures, the company identified the following investment performance indicators as taxonomy-eligible:

- Solar power plants 5.37%,
- Electric vehicle transport 1.16%,
- Renovation of existing buildings 1.70%,
- Installation of electric vehicle charging stations 0.69%.

The data is based on the activity classification under Regulation (EU) 2020/852 and on analyses of the alignment of individual investments with the applicable technical screening criteria and minimum safeguards.

Taxonomy-aligned CAPEX for 2024 is disclosed in section 5.2 Environmental Information of this report.

As part of the implementation of adopted and planned decarbonisation measures, the company has developed a strategic capital expenditure plan, which includes time-bound and content-specific investments for the period 2024–2028 in the following areas:

- Energy efficiency,
- Renewable energy production,
- Low-emission equipment alternatives.

A portion of this capital expenditure has been assessed as taxonomy-eligible, while the remainder has been identified as potentially aligned with the requirements of Delegated Regulation (EU) 2021/2139.

The total value of capital expenditure related to decarbonisation for the period 2024–2028 amounts to EUR 25 million, of which EUR 2.2 million has already been included in the 2024 annual accounts.

This plan has been reflected in the company's taxonomy-related capital expenditure and forms the basis for improving the future taxonomy alignment of the company's capital investments.

[E1-4] Climate change mitigation and adaptation objectives

Cinkarna Celje d. d.'s primary commitment is to become a carbon-neutral company by 2050.

To achieve this goal, we have established strategic targets for the short term (2025), medium term (the three-year period from 1 January 2026 to 31 December 2028), and long term (from 1 January 2029 to 31 December 2030).

Cinkarna Celje d. d.'s objectives are based on available information, technical expertise and experience, while considering current trends and best practices in sustainability. We recognise that methodologies and scientific findings in this field are constantly evolving; therefore, we will regularly review and update our targets in line with new insights and available data.

To mitigate climate change by 2030, we have set the following objectives, which will be integrated into policies by the end of 2025:

Table 34: Overview of strategic climate change mitigation objectives by 2030.

Climate change mitigation – strategic objective 1:	Reduce the total carbon footprint by 10% using the location-based method
Climate change mitigation – strategic objective 2:	Increase the share of renewable electricity generation to 19% of total electricity consumption
Climate change mitigation – strategic objective 3:	Avoid 10,500 tonnes of CO_2 eq. through energy efficiency measures
Climate change mitigation – strategic objective 4:	Reduce specific electricity consumption by 12%
Climate change mitigation – strategic objective 5:	Reduce specific natural gas consumption by 19%
Climate change mitigation – strategic objective 6:	Reduce transport-related emissions by 36%

In setting our climate objectives, we have taken into account the anticipated **growth in production** across our entire product portfolio. For our core product, titanium dioxide (TiO_2), a **14%** increase in total sales is expected.

Table 35: Overview of location-based emission reductions by 2030.

Scope (location-based method)	Emissions in t CO_2 eq. in 2021	Percentage change	Emissions in t CO_2 eq. in 2030
Scope 1	78,763	+7 %	84,497
Scope 2	28,015	- 25 %	20,976
Scope 3	197,096	- 15 %	167,499
Total	303,874	- 10 %	272,972

Table 36: Overview of market-based emission reductions by 2030.

Scope (market-based method)	Emissions in t CO_2 eq. in 2021	Percentage change	Emissions in t CO_2 eq. in 2030
Scope 1	78,763	+ 7 %	84,497
Scope 2	57,059	- 100 %	0
Scope 3	197,096	- 15 %	167,499
Total	332,918	-24 %	251,996

Despite energy reduction measures (5,000 tonnes of CO_2 eq.), the Scope 1 carbon footprint will increase by 7% compared to 2021 due to production expansion, as the key emissions in this area stem from the production of our own calcinate.

Scope 2 carbon footprint will decrease by 25% compared to 2021 using the location-based method. Using the market-based method, the Scope 2 carbon footprint will decrease by 100% through:

- Implementation of renewable energy sources, contributing a 15% reduction;
- Efficient use of electricity, contributing a 10% reduction;
- Procurement of carbon-free and low-carbon electricity, accounting for the remaining 75% reduction using the market-based method.

Scope 3 emissions are projected to decrease by 15% compared to 2021 due to:

- 13% reduction in emissions from Category 1 – purchased goods and services, and
- 2% reduction in emissions from Categories 4 and 9 – transport and distribution.

To adapt to climate change, we have set the following strategic objectives:

- Substantially reduce water extraction from the Hudinja watercourse by using treated wastewater from the Tremerje CWWTP after 2028;
- Reduce process water consumption by 20% by 2028, thereby improving resilience to drought conditions.

In addition, by backfilling the Za Travnik landfill by 2030, we will strengthen our adaptation to heavy rainfall, which could otherwise trigger landslides and flooding in the gypsum disposal site.

Table 37: Total GHG emissions broken down by Scope 1 and Scope 2 and material Scope 3.

		Base year	2024	2025	2028	2030	Annual target in % / base year
GHG emissions		**2021**					
Scope 1 GHG emissions							
Scope 1	Gross Scope 1 GHG emissions (t CO_2 eq.)	**78,763**	**74,180**	**77,044**	**80,996**	**84,497**	**+0.8**
Scope 1	Share of Scope 1 GHG emissions from regulated emissions trading schemes (%)						**0**
Scope 2 GHG emissions							
Scope 2	Gross location-based Scope 2 GHG emissions (t CO_2 eq.)	**28,015**	**24,297**	**26,179**	**23,656**	**20,976**	**-2.8**
Scope 2	Gross market-based Scope 2 GHG emissions (t CO_2 eq.)*	**57,059**	**45,023**				**0**
Materiality of Scope 3 GHG emissions							
Scope 3	Total gross indirect GHG emissions (t CO_2 eq.)	**197,096**	**181,664**	**190,395**	**193,153**	**194,731**	***-0.1***
Scope 3.1	Purchased goods and services	155,125	141,857	149,851	152,022	153,264	-0.1
Scope 3.2	Capital goods	2,609	2,735	2,520	2,557	2,578	-0.1
Scope 3.3	Fuel-and energy-related activities	9,522	9,103	9,198	9,332	9,408	-0.1
Scope 3.4	Upstream transportation and distribution	19,589	15,291	18,923	19,197	19,354	-0.1
Scope 3.5	Waste generated in operations	169	79	163	165	167	-0.1
Scope 3.6	Business travel	30	91	29	30	30	-0.1
Volume 3.7	Employee commuting	1,263	720	1,220	1,237	1,247	-0.1
Volume 3.9	Downstream transportation and distribution	1,589	2,272	1,535	1,557	1,570	-0.1
Scope 3.10	Processing of sold products/services	7,174	9,485	6,930	7,030	7,088	-0.1
Scope 3.12	End-of-life treatment of sold products	27	31	26	26	26	-0.4

The company has set gross greenhouse gas (GHG) emission reduction targets and does not include GHG removals, carbon credits or avoided emissions as a means of achieving these targets.

The targets are set in absolute values (tonnes of CO_2 equivalent) and are supplemented in the table above by a percentage reduction relative to the 2021 base year (annual average change between the 2021 base year and the 2030 target). The types of GHGs covered include CO_2, N_2O and CH_4, which is consistent with the GHG inventory boundaries defined in accordance with disclosure [E1-6].

The company ensures target consistency with inventory boundaries by:

- including all its controlled emissions in the carbon footprint restatement;
- setting reduction targets based on measures for each emission scope;
- using energy consumption and appropriate emission factors for Scopes 1 and 2, and engaging its suppliers to achieve Scope 3 emission targets;
- implementing appropriate digital tools for monitoring energy consumption;
- ensuring compliance with regulatory requirements.

The company has chosen 2021 as the base year.

The year 2021 was the first year for which the company had the necessary data. It was a year that was average in terms of production, while also including a prolonged autumn overhaul. Therefore, it is not appropriate to refer to this year as one with an above-average carbon footprint. The year 2022 is not suitable as a base year, as it was a record year in terms of sales and one of the highest production capacity years. The carbon footprint in that year would be exceptionally high, making it relatively easy to show reductions in the carbon footprint in subsequent years. Similarly, the year 2023 is not suitable as a base year, as it was one of the worst years in terms of titanium dioxide production. From May onwards, production was only at half capacity due to market conditions, and a major overhaul was also carried out in the autumn. The carbon footprint would be exceptionally low and would not reflect the actual situation. Furthermore, the selected year is appropriate from the perspective of environmental impacts. Emissions to the environment, based on the production capacities for the given year (specific emissions), are the most realistic.

The company's targets are not science-based and are incompatible with the 1.5°C global warming limit of the Paris Agreement. In setting its targets, the company has considered production growth up to 2030 and production volumes:

- 73,000 tonnes of titanium dioxide pigment, increased by 14%, including the production of ultra-fine titanium dioxide (20 tonnes);
- 215,000 tonnes of sulphuric acid (VI) production, increased by 23%;
- 210,000 tonnes of white gypsum (CEGIPS), increased by 25%;
- 2,500 tonnes of powder coatings, increased by 85%;
- 11,000 tonnes of masterbatches, increased by 110%;
- 2,350 tonnes of copper products, increased by 55%;
- production in Polymers BU increased by 85%.

All of the decarbonisation levers listed below have been identified and quantified in the context of the company's sustainability strategy, where they are linked to the 2030 GHG emission reduction targets. Their implementation is scheduled in accordance with the company's investment plan and represents the key pillars for achieving the planned reduction in gross Scope 1 and 2 emissions.

- Natural gas energy efficiency: 5,688 tonnes of CO_2 equivalent;
- Electricity energy efficiency: 4,691 tonnes of CO_2 equivalent;
- Installation of a steam turbine for electricity generation: 4,719 tonnes of CO_2 equivalent;
- Procurement of carbon-free and low-carbon electricity (market-based method): 84,300 tonnes CO_2 equivalent;
- Electricity generation from solar power plants: 1,985 tonnes of CO_2 equivalent;
- Assisting suppliers in transitioning to lower-carbon footprint technologies: 45,000 tonnes of CO_2 equivalent;
- Lower-carbon footprint freight transport: 7,000 tonnes of CO_2 equivalent.

The quantitative contributions of individual decarbonisation levers have been assessed based on the emission factors also used in the company's carbon footprint calculation, ensuring methodological consistency. To estimate the impact of each measure, we used data on expected energy, fuel or other emission source savings and multiplied them by the appropriate emission factor (in tonnes of CO_2 equivalent).

Calculations are based on the 2021 base year and reflect the difference between a "no-action" scenario and the planned implementation of measures. For Scope 2 emissions, we used the market-based method in accordance with the GHG Protocol and ESRS.

Cinkarna Celje, d. d. used the results of the analysis of several climate scenarios to determine the decarbonisation levers, including the SPP1-1.9 scenario, which is compatible with limiting global warming to 1.5 °C, and the SPP3-7.0 scenario, which reflects a less ambitious climate response.

These scenarios were used to identify key trends and events that could affect the company's business environment:

- environmental: higher prices for emission allowances, pressure to reduce GHG emissions in production;
- social: increased expectations of employees and local communities for sustainable behaviour;
- technological: need to switch energy sources, the introduction of carbon capture technologies;
- market: growing demand for low-carbon products and reduced competitiveness for carbon-intensive ones;
- political: EU regulation and pressure from financial institutions.

These trends formed the basis for determining the company's main decarbonisation levers, including:

- Gradual transition to renewable energy sources;
- Reduction of energy consumption and improvement of the efficiency of existing systems;
- Enhancement of the environmental profile of existing products based on LCA (Life Cycle Assessment) results.

Table 38: Links between events, trends and decarbonisation levers

Events	Trends	Decarbonisation levers
Environmental	Tightening of emissions regulation (ETS), higher CO_2 prices	Energy efficiency, reduction of fossil fuels
Social	Increased sustainability expectations from employees, local communities and customers	Raising employee awareness, improving transparency of ESG communication, integrating sustainability criteria into decisions
Technological	Demands for low carbon technologies, lack of technologies to reduce process emissions	Monitoring new technologies, pilot tests, long-term investments
Market	Demand for sustainable products, higher costs for carbon-intensive ones	Optimisation of production phases with high emission intensity, based on the results of LCA analyses
Political/regulatory	EU regulation, ESG expectations of financial institutions	Transition to renewables, improving ESG profile for access to finance

[E1-5] Energy consumption and mix

Table 39: Energy consumption by energy source in 2021 and 2024

Energy source	Unit	Year 2021	Year 2024
(1) Consumption of fuel from coal and coal-derived products	MWh	0	0
(2) Consumption of fuel from crude oil and oil products	MWh	1,531.1	1,447.8
(3) Consumption of fuel from natural gas	MWh	127,222.3	114,170.0
(4) Consumption of energy from other fossil fuel sources	MWh	0	0
(5) Consumption of purchased or procured electricity, heat, steam and cooling from fossil fuel sources	MWh	75,319.3	45,344.4
(6) Total fossil fuel energy consumption (calculated as the sum of lines 1 to 5)	**MWh**	**204,072.7**	**160,962.2**

Percentage of fossil fuel sources in total energy consumption	**%**	**51,649.6**	**40.8**
(7) Consumption of energy from nuclear sources	**MWh**	**13,875.1**	**35,981.3**
Percentage of nuclear energy sources in total energy consumption	**%**	**323.4**	**9.1**
(8) Consumption of fuel from renewable energy sources, including biomass (comprising industrial and municipal biological waste, biogas, renewable hydrogen, etc.)	MWh	450.3	539.9
(9) Consumption of purchased or procured electricity, heat, steam and cooling from renewable energy sources	MWh	11,715.7	15,447.8
(10) Consumption of self-generated energy from non-fuel renewable energy sources	MWh	181,619.2	181,105.6
(11) Total renewable energy consumption (calculated as the sum of lines 8 to 10)	MWh	193,785.2	197,093.3
Percentage of renewable energy sources in total energy consumption	**%**	**45,247.0**	**50.01**
Total energy consumption (calculated as the sum of lines 6, 7 and 11)	**MW**	**411,733.0**	**394,036.8**

Energy consumption by energy source for 2021 and 2024 is compiled using data from energy bills for purchased energy and data from meters entered into the business system. The table includes category breakdowns of generated electricity, based on primary source composition data for electricity generation provided by the electricity supplier. As the primary source composition data for 2024 electricity generation will not be published until June 2025, we have used the 2023 primary source composition data to allocate 2024 electricity consumption. Upon receipt of the 2024 data, we will adjust the values accordingly and publish them in Cinkarna Celje, d. d.'s 2025 Annual Report. The company does not use coal or coal-derived products as fuel. Similarly, we have no energy consumption from other fossil sources that would fall under item (4). Consumption of extra-light fuel oil, petrol, diesel fuel and propane is included under item (2): Fuel consumption from crude oil and oil products.

The energy data has not been independently audited or verified by an external body. We will explore the possibility of independent verification in the future to improve reporting reliability.

Table 40: Electricity production from own sources

Electricity production from own sources	Year 2021	Year 2024
MWh	0	4,423,625

Energy intensity (see Table 6) is presented in MWh/EUR and calculated as the ratio between total energy consumption (numerator) and net revenue (denominator).

The net revenue data for Cinkarna Celje, d. d., as a whole is as follows:

- 2021: EUR 192,462,100;
- 2024: EUR 200,285,413.

Total energy consumption:

- 2021: 411,733.0 MWh;
- 2024: 394,036.8 MWh.

Table 41: Energy intensity of Cinkarna Celje, d. d. for 2021 and 2024

Indicator	Year 2021	Year 2024
Energy intensity of the company in MWh/EUR	0.002139	0.002041967

Formula: EID= Total energy consumption from activities (MWh)/Net revenue (EUR) [E1-5 41]

High climate impact sectors are industries that contribute significantly to greenhouse gas emissions and environmental footprint, while also playing a pivotal role in the transition to a low-carbon economy. In accordance with the EU NACE classification of economic activities, Cinkarna Celje, d. d., is classified under C 20 – Manufacture of chemicals and chemical products, specifically in 20.12 – Manufacture of dyes and pigments. Pursuant to Delegated Regulation (EU) 2022/1288 supplementing the EU Benchmarks Regulation (EU BMR), the chemical and pigment manufacturing sector is classified as a carbon-intensive industry. Therefore, Cinkarna Celje, d. d.'s entire operation falls within a sector with a high climate impact, necessitating systematic measures to reduce greenhouse gas emissions and transition to sustainable production processes.

Revenue is reconciled with the profit and loss item revenue from contracts with customers, which amounts to EUR 200,285,413.

[E1-6] Gross Scopes 1, 2, 3 and total GHG emissions

For 2021, we have calculated the company's carbon footprint under the GHG Protocol for Scopes 1, 2 and 3. The company's carbon footprint report serves as a basis for subsequent decision-making and important business decisions.

The carbon footprint for Cinkarna Celje, d. d., was prepared by external contractors based on the guidelines, recommendations and principles defined in the standard for calculating the carbon footprint at the organisational level EN ISO 14064-1:2019 and the GHG Protocol(9). The reference year of the collected data taken into account in the calculation of the carbon footprint is 2021.

Table 42: CO_2 eq. emissions - Scopes 1, 2 and 3 according to location-based and market-based methods.

Scope	Emissions in t CO_2 eq. in 2021 according to location-based method	Emissions in t CO_2 eq. in 2021 according to market-based method
Scope 1	78,763	78,763
Scope 2	28,015	57,059
Scope 3	197,096	197,096
Total	303,874	332,918

Table 43: Scope 3 Categories

Scope 3 Categories	Emissions [t CO_2 e] Market-based method	%
Cat 1 - Purchased goods and services	155,125	78.58
Cat 2 - Capital goods	2,609	1.32
Cat 3 - Fuel-and energy-related activities	9,522	4.99
Cat 4 - Upstream transportation and distribution	19,589	9.92
Cat 5 - Waste generated in operations	169	0.09
Cat 6 - Business travel	30	0.02
Cat 7 - Employee commuting	1,263	0.64
Cat 8 - Upstream leased assets	not relevant	not relevant
Cat 9 - Downstream transportation and distribution	1,589	0.80
Cat 10 - Processing of sold products	7,174	3.63
Cat 11 - Use of sold products	not relevant	not relevant
Cat 12 - End-of-life treatment of sold products	27	0.01
Cat 13 - Downstream leased assets	not relevant	not relevant
Cat 14 - Franchises	not relevant	not relevant
Cat 15 - Investments	not relevant	not relevant
Total	**197,096**	**100**

Table 44: Sources of emission factors

Scope	2021	2024
Scope 1	Sphera MLC Database, DEFRA Database	Sphera MLC Database
Scope 2	Sphera MLC Database (location method); AIB Residual Mixes (market method)	Sphera MLC Database (location method); AIB Residual Mixes (market method)
Scope 3 Cat 1 - Purchased goods and services	Sphera MLC Database; SupplyChainGHGEmissionFactors_v1.3 by NAICS-6	Sphera MLC Database; SupplyChainGHGEmissionFactors_v1.3 by NAICS-6
Scope 3 Cat 2 - Capital goods	SupplyChainGHGEmissionFactors_v1.3 by NAICS-6	SupplyChainGHGEmissionFactors_v1.3 by NAICS-6
Scope 3 Cat 3 - Fuel- and energy-related activities	Sphera MLC Database, DEFRA - GHG reporting: conversion factors 2021	Sphera MLC Database
Scope 3 Cat 4 - Upstream transportation and distribution	Sphera MLC Database; SupplyChainGHGEmissionFactors_v1.3 by NAICS-6	Sphera MLC Database; SupplyChainGHGEmissionFactors_v1.3 by NAICS-6
Scope 3 Cat 5 - Waste generated in operations	Sphera MLC Database	Sphera MLC Database
Scope 3 Cat 6 - Business travel	DEFRA - GHG reporting: conversion factors 2021	DEFRA - GHG reporting: conversion factors 2024
Scope 3 Cat 7 - Employee commuting	DEFRA - GHG reporting: conversion factors 2021	DEFRA - GHG reporting: conversion factors 2024
Scope 3 Cat 9 - Downstream transportation and distribution	Sphera MLC Database	Sphera MLC Database
Scope 3 Cat 10 - Processing of sold products	Sphera MLC Database; Knauf EPD	Sphera MLC Database; Knauf EPD
Scope 3 Cat 12 - End-of-life treatment of sold products	Sphera MLC Database	Sphera MLC Database

Scope 1 GHG emissions include all direct greenhouse gas emissions from energy consumption within our own operations, calculated in accordance with the GHG Protocol. Energy consumption includes all direct energy sources (natural gas and fuel oil) at our own sites (production plants, warehouses and offices) and in our own vehicles. Greenhouse gas emissions are calculated as energy consumption multiplied by the relevant emission factors.

Scope 2 GHG emissions include indirect greenhouse gas emissions from the generation of purchased and consumed electricity, calculated in accordance with the GHG Protocol.

Both the location-based and market-based methods are calculated by applying country-specific emission factors to the quantity of purchased energy.

The market-based method incorporates renewable electricity procured through power purchase agreements (PPAs), renewable energy certificates (RECs) or guarantees of origin (GoOs).

Scope 3 GHG emissions cover indirect greenhouse gas emissions from both upstream and downstream value chain activities.

Scope 3 emissions are calculated in accordance with:

- GHG Protocol Corporate Value Chain (Scope 3) Standard,
- Scope 1 & 2 GHG Inventory Guidance.

Cinkarna Celje, d. d., does not report Scope 3 emissions in the following categories:

Category 8 - Upstream leased assets: The company does not lease premises or other assets; therefore, this category is excluded.

Category 11 - Use of sold products: This category is not relevant for Cinkarna Celje, d. d., as its products do not cause direct emissions during the usage phase, but contribute to indirect emissions during the usage phase. According to the GHG Protocol, reporting of indirect end-of-life emissions is optional. Therefore, this category is excluded.

Category 13 - Downstream leased assets: Cinkarna Celje, d. d., does not manage leased assets outside its organisational boundaries. All relevant assets are either owned or under its operational control. Therefore, Scope 3 category 13 is not relevant to Cinkarna Celje, d. d.'s operations and is excluded from the scope 3 emission inventory.

Category 14 - Franchises: Cinkarna Celje, d. d., does not operate franchises, therefore this category is excluded from the emission inventory.

Category 15 – Investments: Cinkarna Celje, d. d., has no investments that are outside its organisational boundaries or operational control. Therefore, this category is excluded from the emission inventory. Investments in machinery and equipment are accounted for in Category 2. The data for Scope 3 include a higher degree of uncertainty in the measurement as they are based on indirect data. Details by Scope 3 category:

Cinkarna Celje, d. d., reports Scope 3 emissions in the following categories:

Category 1 - Purchased goods and services: Includes emissions from the production and processing of raw and indirect materials, as well as production by third parties and other goods and services.

Category 2 - Capital goods: Includes emissions from investment in construction, installation, maintenance and repair, calculated on the basis of the corresponding consumption of resources.

Category 3 - Fuel- and energy-related activities: Includes emissions from the extraction, processing, transport of purchased fuels and energy not included in Scopes 1 and 2.

Category 4 - Upstream transportation and distribution: Includes emissions related to the transport, not owned by Cinkarna Celje, d. d., of purchased raw materials and sold products that have been paid for by Cinkarna Celje, d. d.

Category 5 - Waste generated in operations: Emissions from external waste management generated at Cinkarna Celje, d. d. Emissions are calculated based on the weight of waste generated and the type of waste.

Category 6 - Business travel: emissions from business trips by employees financed by Cinkarna Celje, d. d., reimbursement of the costs of different modes of transport (mileage) and reimbursement of accommodation and meals. Emissions are calculated on the basis of travel agency reports for air travel and financial data for other activities. Business trip data from 2022 was used to represent a typical financial year for Cinkarna Celje, d. d., as 2021 was affected by the Coronavirus pandemic.

Category 7 - Employee commuting: emissions from employee transport between home and work.

Category 9 - Downstream transportation and distribution: emissions from distribution by third parties not financed by Cinkarna Celje, d. d.
Category 10 - Processing of sold products/services: emissions resulting from the further processing of our products sold. When calculating the carbon footprint, the lack of accurate data from customers meant that we relied on experience and reasonable assumptions.

Category 12 - End-of-life treatment of sold products: emissions from the end-of-life treatment of products sold, including packaging materials of Cinkarna Celje, d. d.

Emissions data has not been independently audited or validated by an external body. In the future, we will consider the possibility of independent verification in line with ESRS standards and the GHG Protocol in order to improve the transparency and reliability of reporting.

Table 45: Gross Scope 1 GHG emissions

Scope	Emissions in t CO2 eq. 2021 according to location-based method	Emissions in t CO2 eq. 2024 according to location-based method
Scope 1	78,763	74,180
Share of Scope 1 GHG emissions from regulated emissions trading schemes	25,376	23,273

Cinkarna Celje, d. d., is subject to emissions trading under the European Union Emissions Trading Scheme (EU ETS). The table below presents data on the Company's allowances received, sold and used, both in terms of the number of allowances and their value in EUR.

The percentage of Scope 1 GHG emissions from regulated emissions trading schemes for 2021 is 32.2%, and 31.4% for 2024.

Table 46: Presentation of allowances received, used and sold for carbon offsetting purposes

EU-ETS emissions trading	2021		2024	
	Number of allowances	Value in EUR	Number of allowances	Value in EUR
Emission allowances received	40,397	2,136,597	36,788	2,387,909
Emission allowances sold	13,000	436,560	0	0
Emission allowances used	25,376	1,342,137	0	0

Biogenic CO_2 emissions from the combustion or biodegradation of biomass not included in Scope 1 GHG emissions amounted to 7,150.44 t C.

The Company reduced its emissions by purchasing carbon-free energy certificates from a nuclear power plant. Based on the Certificate of Cancellation of the Guarantee of Origin of Electricity issued by the Energy Agency of the Republic of Slovenia, which confirms that 24,500 MWh of electricity was generated in nuclear power generation facilities for the year 2024.

The primary source electricity composition from the electricity supplier for 2023 shows that the emission factor for carbon dioxide is 389,840 t CO2/MWh, whereby this factor is 339 t CO2/MWh for Cinkarna Celje, d. d.

Electricity generated in nuclear power plants is treated in the same way as energy generated from renewable sources, i.e. it is treated as zero-emission.

Primary data on emissions from suppliers and other partners in the value chain are not included in the basic scope 3 calculation.

Cinkarna Celje, d. d., does not have data on biogenic CO_2 emissions from combustion or biodegradation of biomass that occur along the value chain and are not included in the scope 3 GHG emissions.

GHG intensity

Table 47: Total GHG emissions per net revenue

Indicator	2021	2024
GHG intensity in tCO2/EUR – location method	0.00158	0.00139
GHG intensity in tCO2/EUR – market-based method	0.00173	0.00150

The net revenue for 2024 used for the calculation of the GHG intensity is aligned with the profit and loss item in the Revenue from contracts with customers, which equals 2,285,413 (see Note 20 in the financial section of the Report). Net revenue for the 2021 financial year amounted to EUR 192,462,100.

[E1-7] GHG removal and GHG reduction projects financed with carbon credits

The company did not have any GHG reduction projects financed with carbon credits in 2024.

[E1-8] Internal carbon pricing

The Company does not use an internal carbon pricing scheme to make decisions or to promote the implementation of climate-related targets and policies.

[E1-9] Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The recalculations of gross and residual risks in the table below are based on estimated costs and production losses. The recalculation takes into account fixed costs per tonne of TiO_2.
Gross risk is the amount of risk before measures are taken to manage said risk, and residual risk is the amount after risk management measures are taken. If the probability is more than 1x per year, the risk is doubled.

Table 48: Acute physical risks

RISK	PERIOD	GROSS RISK	RESIDUAL RISK	RISK CLASSIFICATION
		in EUR	in EUR	
Restricted process water supply during drought periods	SHORT-TERM	3,850,000	7,700,000	PHYSICAL
Heavy precipitation due to climate change (floods, landslides) which could affect the barrier being breached	LONG-TERM	246,000,000	4,920,000	PHYSICAL

The residual value of both risks represents 4.7% of the total assets of Cinkarna Celje, d. d., as at 31 December 2024.

If events related to these risks do in fact occur, they will have a negative impact on the income statement and consequently on the cash flow and balance sheet.

The cash amount of assets with significant acute physical risk before adaptation measures amounts to EUR 249.9 million, representing 92% of the balance sheet total of the Company as at 31 December 2024. We have not identified any material assets exposed to chronic physical risks.

The risks relate to the following:

- restricted process water supply during drought periods (short-term);
- breach of the barrier (dam) due to extreme precipitation events (long-term).

Adaptation measures (alternative water source, monitoring and stabilisation of the barrier body) reduce the potential financial damage by more than 95%, with a residual exposure after implementation of the measures estimated at 4.7% of the balance sheet total.

The location of the material physical risks is the European Union - Slovenia (Eastern Slovenia – Celje according to NUTS 2).

The proportion of assets addressed by the measures is 64% (TiO_2 assets).
The cash amount of EUR 168,728,022 or 84.2% of the net revenue from the sale of the TiO_2 core product in relation to the total revenue of Cinkarna Celje, d. d., is revenue from operating activities that carries a material physical risk over the short, medium and long-term horizons. See chapter IV Segment reporting in the financial section of the Report.

Restricted process water supply during drought periods

We have carried out a financial assessment of the sustainability-related risks and opportunities facing our Company. In doing so, we have taken into account the interrelationships between impacts and dependencies, recognising that drought may result in water supply restrictions as the flow rate could fall during this period below the ecologically acceptable flow, which represents the lower limit for the abstraction licence in the water permit. The suspension of extraction would result in an immediate halt in the production of titanium dioxide, the Company's core product. Based on past droughts and climate projections, there is a likelihood that a drought will occur twice a year and that extraction would have to be stopped for 60 days each time. Cinkarna Celje, d. d., has a permit which also allows it to use drinking water in the technological process. Due to technical constraints, the possibility of using 120 m3 of water per hour is not sufficient for maximum production, but would mean that Cinkarna Celje, d. d., would produce proportionally fewer tonnes each day. This would result in an increase in fixed costs for 60 days, and on the probability that this could happen twice a year, this risk could represent an amount of EUR 7,700,000 per year, which would have a negative impact on our financial standing.

The risk was assessed on the basis of Hudinja river discharge data and climate projections (Slovenian Environment Agency - ARSO, IPCC), using the average loss of production per day and the fixed costs at reduced capacity to estimate the financial effect. The risk is a short-term one.

Heavy precipitation due to climate change (floods, landslides) which could affect the barrier being breached

The estimated fixed costs would be EUR 57,901,417 + rehabilitation of the barrier – EUR 2,000,000 consequence mitigation.

The rehabilitation cost is calculated from a spill that occurred in Hungary in 2010 at Ajka when 1.1 million m3 of red mud spilled from a similar barrier. The rehabilitation cost was EUR 141 million at the time, which would be EUR 188 million in today's terms. Given that the pH was high and the environmental damage was enormous, such rehabilitation will not be necessary, but we could have 2-3 times more material spilled here.

The assessment is based on internal engineering modelling, the volumes of water and mud contained and a comparable historical event (Ajka, 2010). The scenario involves a low probability but a very high impact, so it is a long-term physical risk with high materiality.

Political and legal decisions related to CO_2 eq.

Cinkarna Celje, d. d., operates in the context of increasingly stringent environmental regulations affecting the management of greenhouse gas (GHG) emissions. Political and legal decisions at national and European levels, in particular in the context of the EU Emissions Trading Scheme (EU ETS), can pose a significant financial and operational risk to the Company's business. According to Bloomberg and Enerdata, allowances are expected to rise to a price between EUR 147-200/tonne in 2031. Based on production growth, we will still need about 24,000 allowances, i.e. a new value of 24,000 x EUR 200 = EUR 4,800,000. Estimated data for 2031 is not taken into account in the financial statement projections as the period until 2031 exceeds the 5-year planned strategic period of the financial statements. If the estimated event actually occurs, this will have a negative impact on the Company's income statement and cash flow.

The Company estimates that the assets of the TiO2 core product amounting to EUR 59,541,459 as at 31 December 2024 are exposed to the previously defined material physical risk. To mitigate this risk, the Company's five-year business strategy includes a plan for an investment in the use of process water from the Tremerje CTP and the substitution of the water source from the Hudinja River in the amount of EUR 12,100,000, which will not change the expected service life of the existing fixed assets. The investment will be carried out by 2028 and financed from the Company's own funds.

Table 49: Transition risks

RISK	PERIOD	GROSS RISK IN EUR	RESIDUAL RISK IN EUR	RISK CLASSIFICATION
Political and legal decisions related to CO_2 eq.	LONG-TERM	4,800,000	800,000	TRANSITION

EUR 4.8 million is the monetary amount that carries a material transition risk over the short, medium and long-term horizons before taking into account climate change mitigation measures.

The Company's operating expenses will increase by EUR 4.8 million, which has a negative impact on the income statement over the long-term period after 2030 in the amount of EUR 4.8 million, which exceeds the period of the set five-year business strategy.

The share of assets that carry a material transition risk and are addressed by climate change mitigation measures amounts to 64% as of 31 December 2024 (the share of the core product assets in total assets).

In the years from 2022 to 2024, the Company allocated EUR 5,902,436 to mitigate the transition risk and will thereby increase the value of its assets in the balance sheet and gradually charge the profit and loss through depreciation from the date of their activation. The Company has assessed the effects on future financial performance and position in relation to assets and operating activities that carry a material transition risk by assessing the useful lives of these assets, which have the effect of reducing the transition risk and impacting the Company's profit or loss in future years through the accounted annual depreciation, assuming that the assets will be depreciated over their useful lives. The effects of the assessment of future impacts are taken into account in the Company's strategic statements for the 2024-2028 period.

The share of assets that carry a material transition risk and are addressed by climate change mitigation measures amounts to 64%. The Company will invest EUR 25,023,111 in the transition risk mitigation period and, at the same time, start using the assets. This will increase the Company's property from the date of activation of these assets and, through depreciation, affect the income statement, which is taken into account in the 2024-2028 business strategy.

The Company estimates that the assets of the TiO2 core product amounting to EUR 59,541,459 as at 31 December 2024 are exposed to the previously defined material transition and physical risk. To mitigate risks, the Company has planned investments in energy efficiency and renewable energy sources in the amount of EUR 25,023,111 in the five-year business strategy and an additional two-year period, which will not change the expected useful life of the existing fixed assets or there will be no need to withdraw or write off assets that still have a net present value at the time. Investments will be made until 2030 and financed from own funds. The Company has defined the medium and long-term periods (for the definition of periods, see the table Physical and transition risks - gross and residual risks) and accordingly defined the useful lives of assets defined in the Company's strategy for the 2024-2028 period.

The Company discloses the total value of energy-efficient real estate (buildings) in the amount of EUR 38,846,617 (see the Company's statement of financial position in the financial section of the Report) the energy consumption of which is based on internal energy efficiency assessments. The Company does not have real estate assets broken down by energy class as all assets belong to one energy class.

There are no liabilities recognised in the financial statements over the short, medium and long-term horizons from the Anticipated financial effects from material transition risks.

The cash amount of EUR 168,728,022 or 84.2% of the net revenue from the sale of the TiO_2 core product in relation to the total revenue of Cinkarna Celje, d. d. is revenue from operating activities that carries a material transition risk over the short, medium and long-term horizons. See chapter IV Segment reporting in the financial section of the Report.

The amount of assets of the TiO2 core product as of 31 December 2024 amounts to EUR 59,541,459, which represents a part of the assets defined in the Company's statement of financial position under the item Property, plant and equipment. The amount of sales revenues of EUR 168,728,022 or 84.2% of the net revenue from the sale of the TiO_2 core product in relation to the total revenue of Cinkarna Celje, d. d., is revenue from operating activities that carries a material physical risk and a material transition risk over the short, medium and long-term horizons. See Chapter IV Segment reporting in the financial section of the Report and the income statement item Revenue from contracts with customers (the revenue of the core product is included under the total revenue of the Company in the total amount of EUR 200,285,413).

As part of our strategy to reduce our carbon footprint and increase energy efficiency, we have defined a series of actions that will contribute to optimising energy use and consequently to significant financial savings. We expect the implemented measures to enable total savings of EUR 5,159,304 by 2030.

By optimising processes, improving energy efficiency and introducing advanced technologies, we expect total electricity savings of 41,047 MWh by 2030. Taking into account the average electricity price in 2024, this will result in financial savings of EUR 4,186,794.

By reducing dependence on fossil fuels, optimising processes and gradually switching to alternative energy sources, we expect to save 27,786 MWh of natural gas by 2030. Given the average price of natural gas in 2024, this will result in savings of EUR 972,510.

Our methodology comprehensively covers processes and facilities that enable systematic reduction of energy consumption and optimisation of the use of low-carbon resources. We take into account best practices in energy efficiency, digitisation and automation, which ensures long-term sustainability of savings.

With a comprehensive approach to reducing greenhouse gas emissions and optimising energy sources, we strengthen the financial resilience and long-term sustainability of our operations.

We do not expect any changes in the sales range related to net revenues from low-carbon products and services.

5.3.1 [E2] Pollution

[E2 IRO-1] Description of the process to identtify and assess material pollution -related impacts, risks and opportunities

Cinkarna Celje, d. d., has put in place procedures for identifying and assessing actual and potential risks and opportunities related to pollution. It has carried out a detailed analysis of the geographical locations of its plants (Celje and Mozirje locations) in order to identify areas with a high risk of pollution (proximity to water sources, densely populated areas and ecologically important areas). Employees (each in their respective professional field) were engaged in the consultations related to identifying impacts, risks and opportunities related to pollution, and we also consulted with other key stakeholders, including affected communities, namely the local community.

We have reviewed the impacts of our own activity and are gradually carrying out a due diligence of the value chain due to the scope and difficulty of obtaining data. In the future, we will expand the scope of the due diligence and thus obtain comprehensive information for a precise assessment of potential and actual negative impacts, risks and opportunities also for the value chain. A survey was also conducted among key stakeholders that helped us identify the impacts of our own activity.

The results of the monitoring of emissions into the air, water and soil, the state of the environment, assessment of compliance with legislation and other available data were also used to assess the impacts.

The Company is aware of its impacts on the environment and affected communities, primarily through its current and past production activities. For this purpose, numerous studies of the state of soil and groundwater were conducted, which showed that the burden on soil and groundwater at the Celje site and at associated locations (such as the Waste Disposal Facilities and the Non-Hazardous Waste Landfill (currently in the process of being closed down)) is primarily a result of historical industrial burdens. The industrial activity of Cinkarna Celje, d. d., dates back to a period when environmental legislation was not strict enough, and awareness of the impacts of industry on the environment and health was significantly lower than today. The result is environmental burdens that still affect the quality of soil and groundwater in production facilities and their surroundings today.

The table below shows the impacts, risks and opportunities (IRO) that are identified as material, i.e. for the activities of Cinkarna Celje, d. d., (at the Celje and Mozirje sites), in particular from the production of titanium dioxide (TiO_2).

Table 50: Material impacts, risks and opportunities (IRO) for the E2 area

Material impacts, risks and/opportunities	Definition	Location/value chain			Time period		
		Own activity	Downstream part of the value chain	Upstream part of the value chain	Short-term	Medium-term	Long-term
Air pollution							
Emissions into the air of SO2, H2S, other gases	Actual negative impact	x					x
Other CO_2 emissions (process sources)	Actual negative impact	x			X		
Emissions into the air - particulate matter (dust)	Actual negative impact	x					x
Water pollution							
Emissions into rivers - sulphate	Actual negative impact	x				x	
Emissions into groundwater in areas of old burdens	Actual negative impact	x				x	
Substances of concern and high concern							
Substances of concern	Actual negative impact	x					x
Substances of very high concern	Actual negative impact	x					x
Risk of amendments to the legislation in the field of production and use of our products	Risk	x		x			x

The general procedure for preparing a double materiality is described in more detail in ESRS 2 [SBM-3].

The production activities of Cinkarna Celje, d. d., cause emissions of substances into the air and water. This causes pollution of air and surface water. The emissions of substances are a result of processes in the chemical industry, mainly from the production of titanium dioxide. The Company has installed appropriate treatment plants in accordance with BAT techniques at all discharge outlets. Discharges of treated gases from treatment plants into the air (mainly sulphur oxides, hydrogen sulphide, particulate matter in the form of dust and other gases such as carbon dioxide) still affect the quality of the outdoor air or elevated existing pollution. Discharges of treated wastewater are discharged into surface waters, mainly involving pollution with sulphates, which have an impact on the chemical status of watercourses. Historical industrial activity, which was being carried out mainly at the Celje site and at the Bukovžlak landfill, has caused pollution of soil and groundwater. Past practices, such as the use of industrial waste as construction material, now contribute to the leaching of these pollutants, which affects the quality of groundwater in these areas and can indirectly affect the quality of surface water. Air, water and soil pollution can negatively affect human health and quality of life, as well as the public reputation of the Company for causing pollution.

The Company cannot completely avoid the use of hazardous chemicals, including substances of concern and substances of very high concern, in its production activities. The listed substances or hazardous chemicals may pose a risk to people and the environment as a result of them being used. The Company ensures compliance of the use and production of hazardous chemicals with the REACH regulation (Regulation EC 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals) and the CLP (Regulation EC 1272/2008 on the classification, labelling and packaging of substances and mixtures), which is based on the Globally Harmonised System (GHS).

We monitor, identify and assess the impacts and risks in the field of pollution. In doing so, we use available data from our own monitoring of emissions of substances into water and air, the monitoring of surface water in the vicinity of our sites, monitoring of the status of groundwater and soil, noise, waste, use of hazardous substances, monitoring of incidents, and complaints from affected communities. We evaluate identified impacts and risks, take measures as appropriate, and regularly report on environmental indicators. We also monitor other available monitoring results and findings from the field of pollution in the vicinity of our own activities, among others the information on past pollution incidents and their consequences (historical data). We also pay attention to anticipated changes in production processes by determining how these changes could affect the environment (applications for changes to environmental permits with a definition of actual and anticipated impacts, definition of BAT techniques). Last year, we also started conducting a review of the impacts in the value chain. Although the Company has identified several value chains, we focused on the key value chain related to TiO_2 production (the upstream part).

[E2-1] Policies related to pollution

Table 51: Key policies for managing material impacts related to the prevention and control of pollution in the areas of air, water and soil pollution and the substitution and reduction of the use of substances of concern and very high concern

Title of policy, code, regulation	Description of key content	Responsibility for the policy	Disclosure of third-party standards or initiatives that the Company considers when implementing the policy	Description of consideration of the interests of key stakeholders in the formulation of the policy	Available at
Quality Assurance, Environmental Management, Health and Safety and Energy Management Policy	It defines the achievement of key strategic objectives in the areas of pollution reduction, compliance with legislative requirements, identification of hazards and risks and their management. The policy applies to the Company's own activity. The policy will be supplemented in 2025 and will address material impacts, risks and opportunities in the areas of prevention and control of air, water and soil pollution and substitution and reduction of the use of substances of concern and very high concern.	Sustainability Team Lead, Management Board, employees	**ISO 9001** (Quality management systems) **ISO 14001** (Environmental management systems) **ISO 45001** (Occupational health and safety management systems) **ISO 50001** (Energy management systems)	When creating the Quality Assurance, Environmental Management, Health and Safety and Energy Management Policy, the Company took into account the interests of key stakeholders, including employees, business partners, local communities and regulatory authorities, and applies it to its own activity.	www.cinkarna.si
Policy on the Prevention of Major Accidents and Mitigation of Their Consequences	Ensuring a high level of protection against accidents and the safety and health of employees, residents and the environment with the aim of: • ensuring operation in accordance with the requirements of regulations governing the field of environmental protection, chemical management, health and safety at work, and protection against natural and other disasters; • achieving the lowest possible risk to people in the plant and in the vicinity of the plant resulting from emergencies and major accidents that could occur in the plant due to the handling/use/production/storage of hazardous substances; • planning, construction, maintenance and operation taking into account the best available techniques for preventing major accidents and reducing their consequences, encouraging all employees to prevent major accidents and reduce their consequences for people and the environment;	Management Board, employees	**ISO 14001** (Environmental management systems) **ISO 45001** (Occupational health and safety management systems)	The Company has taken into account the interests of employees, affected communities and businesses with common impact effects in the event of an accident and the legislation, and applies it to its own activity.	www.cinkarna.si

	• adequate preparedness for major accidents based on the adopted protection and rescue plan in the event of a major accident at the plant; • cooperation with the local community and their timely and appropriate notification about the state of protection against accidents; • notification of residents in the vicinity of the plant about possible major accidents at the plant.				
Org. regulation: Safety Management and Emergency Response System	Defines the responsibilities and documentation in the Safety Management and Emergency Response System at the Company (incidents). In the event of an emergency, measures are taken to eliminate the emergency and its consequences for people and property, with the participation of workers at individual workplaces, maintenance workers, fire-fighters, civil protection units, first aid providers and others. After the event, an analysis of the causes is carried out and measures are taken to prevent the events from recurring.	Management Board, employees	**ISO 14001** (Environmental management systems) **ISO 45001** (Occupational health and safety management systems)	The regulation takes into account employees, affected stakeholders and legislation and is applied to the Company's own activity.	www.cinkarna.si
Code of Sustainable Business Practices for the Business Partners of Cinkarna Celje d. d.	Presentation of strategic goals in the areas of environment, society and corporate governance. Business partners are expected to comply with all applicable regulations and to put in place systems, controls and rules to promote compliance with applicable regulations and this code, including training, monitoring and auditing mechanisms. Business partners are responsible for verifying compliance with the code and for meeting the requirements defined in the code, both within their own organisation and in their supply chain.	Purchasing and Logistics Director, Management Board, sales and purchasing employees	Code of Ethics of the Purchasing Association of Slovenia	The code reflects a balanced approach that enables effective cooperation with all stakeholders and promotes long-term, sustainable and ethical purchasing practices and applies to the value chain.	Business partners

An integral part of the management of Cinkarna Celje, d. d., is an integrated management system that covers the fundamental elements of management and operations for all Company activities in accordance with the requirements of the standards ISO 9001 - Quality management systems, ISO 14001 - Environmental management systems, ISO 45001 - Occupational health and safety management systems, while we are registered at the Chemistry Mozirje BU site in the EMAS environmental management and assessment system. Within the framework of this system, we have a documented Quality, Environment, Health and Safety, and Energy Management Policy.

The effectiveness of the systems in place, including the requirements of the EMAS Regulation and the Environmental Statement, is verified annually by the certification company SIQ (Slovenian Institute for Quality and Metrology). Based on the environmental audit and all documented evidence, the Environmental Agency of the Republic of Slovenia issued a Decision on the extension of registration in the EMAS system with registration number SI-00003 and the corresponding Certificate of Registration in the EMAS system valid until 30 November 2027, which it did on 10 February 2025. The aforementioned Policy addresses responsible environmental management and thus the management of the material impacts of air pollution (SO2, H2S, particulate matter), the reduction of CO_2 emissions (process and other sources), discharges into water (sulphates) and groundwater, and the use of substances of concern and very high concern, as well as the management of risks in the Company's own activity (listed IRO in the table: Material impacts, risks and opportunities (IRO) for area E2). The Policy for the Prevention of Major Accidents and Mitigation of Their Consequences and the organisational regulation on the management of safety and response to emergencies address the potential impacts of air, water, groundwater and soil pollution, including the safe use of hazardous substances. The Code of Sustainable Business Practices for Business Partners addresses the material impacts from the table: Material impacts, risks and opportunities (IRO) for area E2 for the upstream and downstream value chains.

In the area of the environment, we operate in accordance with the requirements of legislation and environmental permits.

This also includes compliance with the requirements of the EU Industrial Emissions Directive (fulfilment of the requirements of the BAT (Best Available Techniques) conclusions), the European Pollutant Release and Transfer Register and the Sustainable Finance Disclosures Regulation. We actively cooperate with competent institutions in the planning and implementation of environmental measures and actively manage environmental impacts. We establish dialogue with and include local communities in co-decision-making on environmental measures and transparently report on the results achieved. We also monitor, educate and seek opportunities to phase out and replace substances of concern and very high concern. We have procedures in place to identify risks and implement risk management measures, and ensure rapid and effective response in emergency situations to prevent or reduce pollution. We regularly monitor and report on progress in fulfilling environmental targets.

We expect our business partners to sign the Code of Sustainable Business Practices whereby we cause them to undertake to achieve strategic goals, including in the area of pollution. We conduct due diligence to identify the impacts, risks and opportunities of our own activity and value chain. The Company's Sustainability Strategy until 2030 has also been adopted. For more details, see section [SBM-1].

[E2-2] Actions and resources related to pollution

The Company sets a number of actions for itself whereby it aims to meet strict environmental requirements, follow commitments set out in the policy and strategic goals with the aim of reducing pollution from its own activity and monitors the impacts in the VC. The identified material impacts are those that it causes through the effects of its operations on the environment, thereby impacting the affected communities.

Air pollution

We carefully monitor emissions of substances into the air at both sites (Celje and Mozirje). We measure pollutants such as sulphur oxides (SOx), hydrogen sulphide (H2S), nitrogen oxides (NOx), carbon monoxide (CO), total dust and total organic carbon (TOC). Based on the results of emission monitoring and monitoring of the state of the environment and the potential impacts of the Company on the environment, we have identified three types of emissions as material: SOx emissions, H2S emissions and total dust emissions.

The three key emissions mentioned are generated at the Celje site and mostly in the production of titanium dioxide. Therefore, all the actions mentioned above are aimed at their reduction and are provided in tables.

Table 52: Overview of actions and key activities for reducing air emissions - H_2S at the Celje site

Type of actions and key activities	Year	Investments in EUR
Automatic addition of NaOH to the dosing solution in the treatment plant	2024*	40,000
Automatic dosing of lime in sulphur smelting	2024*	110,000
Replacement of the sampling system from the digestion towers	2025	10,000
Pumping of alkaline solution from 12.21 to 12.20	2024**	35,915
Management of the digestion reaction in order to limit the formation of H_2S	2030	22,000/year
Construction of an additional 3rd column for H_2S absorption in the sulphur smelting process	2026	150,000

*Investments were not completed in 2024 and will be implemented in 2025
** Completed

Table 53: Overview of actions and key activities for reducing air emissions - SO_x

Type of actions and key activities	Year	Investments in EUR
Construction of an additional sulfacid reactor	2030	2,000,000
Regular replacement of V_2O_5 catalyst and activated charcoal	2030	1,590,000
Dosing of NaOH directly into receiver vessels 12.24 A, B, and C	2024*	133,278

* Completed

Table 54: Overview of actions and key activities for reducing air emissions - Dust

Type of actions and key activities	Year	Investments in EUR
Improving the operation of the pre-drying process at the treatment plant with an engineering approach	2030	5,000/year

Water pollution

Wastewater is generated at both Company sites. Before discharge, it is treated at our own treatment plants or is channelled elsewhere for treatment. By monitoring discharges, we monitor pollutants and their impact on surface waters into which certain treated wastewater is discharged. Monitoring is carried out regularly and systematically of all wastewater discharge outlets as well as of surface waters into which wastewater is discharged. The key impact on surface waters is caused by the emission of sulphates as a result of the titanium dioxide production activity using the sulphate process. The increased concentration of sulphates in the Company's wastewater consequently affects the chemical composition of the watercourse, which in turn affects aquatic ecosystems. The Company therefore monitors sulphate emissions in wastewater and strives to reduce them by way of effective water management actions in the production process itself and by filling the Waste Disposal Site, thereby reducing sulphate emissions. It also implements actions to prevent groundwater pollution in the area of old environmental burdens, namely by carrying out the reconstruction of the Bukovžlak

Non-Hazardous Waste Disposal Site, and by conducting regular extensive monitoring of the state of groundwater and surface water. The aim of these actions is to ensure compliance with environmental legislation, protect the quality of surface and groundwater, and reduce impacts on watercourses and the local environment.

Table 55: Overview of actions and key activities for reducing emissions into water (sulphates)

Type of actions and key activities	Year	Investments IN EUR
Effective water management - increasing internal process water reuse cycles.	2025	140,000
Filling the Za Travnik Waste Disposal Site	2030	4,537,300

Substances of concern and very high concern

The Company uses hazardous substances in its production activities and is aware of the impacts and risks of their use on the people and the environment. It systematically monitors the use of substances of concern (SoC) and substances of very high concern (SVHC). To this end, it seeks possible options for replacing them with less hazardous ones where technically and economically feasible, and also strives to reduce their quantity. It also devotes a great deal of attention to educating employees on the safe use of chemicals.

Table 56: Overview of actions and key activities for reducing substances of very high concern

Type of actions and key activities	Year	Investments IN EUR
Substitution of hydrazine with a less hazardous alternative	2027	5,000/year
Introduction of an alternative to TMP in TiO_2 production	2027	4,000

The above costs of investment, which have not yet been implemented, are estimates.

Management of the impacts of the value chain
In 2024, the Company conducted an analysis of the upstream part of the value chain and introduced a due diligence process for major suppliers. In 2024, we used/reviewed/collected the following for the purpose of performing the due diligence:

a. annual reports of suppliers/customers;
b. information from direct communication with stakeholders;
c. information from websites.

So as to effectively manage the impacts of the value chain, the Company will carry out activities in the following periods that cover the upstream and downstream parts of the value chain and envisage actions to reduce negative impacts.
The planned steps are:

- analysis and review of partners in the value chain regarding their sustainability commitments, goals and actions;
- monitoring the partner's activities and their progress in achieving sustainability goals;
- promoting sustainable projects that reduce negative impacts.

[E2-3]Targets related to pollution

Cinkarna Celje, d. d., has set short, medium and long-term goals in the field of pollution reduction and management of substances of concern and very high concern with the aim of ensuring sustainable development and reducing negative impacts on the environment. These are voluntary decisions. It focuses on key impacts that significantly contribute to pollution prevention and control, and significantly reduce pollution levels and improve environmental quality. To this end, indicators and benchmarks have been set to measure pollution reduction, such as specific emission reductions, which ensure that progress can be quantitatively assessed in accordance with the criteria for significant contributions. In doing so, the Company encourages the search for innovative technologies and practices, which lead to significant pollution reduction, and takes into account the regulatory framework and gradually involves stakeholders, including local communities, in order to take into account different perspectives and ensure that actions are effective and equitable. It also involves employees through awareness-raising and education on pollution prevention and control. Monitoring and reporting systems are implemented to track progress. Adequate funding is also allocated. By focusing on these areas, the pollution-related targets can effectively address the shortcomings in the criteria for significant contributions to pollution prevention and control, which in turn leads to significant improvements in environmental quality.

The strategic objectives include:

1. Reducing air, water, soil and groundwater pollution by focusing on the main identified pollutants.
2. Managing and reducing the use of substances of very high concern (SVHC) in accordance with the REACH regulation.

In order for the Company to achieve its strategic objectives, the following specific and measurable targets have been set:

Air:

- reduction of specific emissions of hydrogen sulphide (H_2S) by 15% by 2030 (0.005 kg/t TiO2 less; absolutely remaining within legal limits and at the level of 2021);
- reduction of specific emissions of sulphur oxides (SO_x) by 15% by 2030 (0.22 kg/t TiO2 less; absolutely remaining within legal limits and at the level of 2021);
- reduction of specific emissions of dust by 15% by 2030 (0.035 kg/t TiO2 less; absolutely remaining within legal limits and at the level of 2021).

Water:

- Reduction of specific emissions of sulphites into water by 15% by 2030 (25 kg/t TiO2 less; absolutely remaining within legal limits and at the level of 2021);

Substances of very high concern (SVHC):

Gradual replacement of SVHC substances with alternative substances by 2030 where technically feasible.

Regular updating of the internal SVHC list in accordance with the REACH.

Sustainable value chain

The Company is aware of the importance of cooperation with suppliers and business partners and therefore strives to:

- establish and maintain cooperation with partners that comply with the Company's Code of Sustainable Business Practices;
- encourage business partners in the value chain to reduce the use of hazardous substances and pollution.

The Company monitors the set targets on a quarterly basis and verifies their effectiveness annually as part of the annual management review, which also includes a due diligence check. We adopt and implement appropriate actions to ensure that our taxonomy-eligible activities create no significant detriment to the objectives set out in Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation) and that we meet the "Do no significant harm" criteria (DNSH).

[E2-4] Pollution of air, water and groundwater

The Company emits substances into the air, water and groundwater through its production processes and we provide a report on pollution from the Company's own activity below. We do not disclose changes in emissions over a longer period of time due to the adaptation of the methodology to the requirements of the CSRD Directive and ESRS standards.

Air pollution

Reducing air emissions is key to improving air quality and reducing negative impacts on human health and the environment. To this end, we set goals for ourselves and reduce emissions at individual sources that we are able to influence. We monitor emissions of substances into the air by measuring them in accordance with a monitoring programme carried out by authorised external organisations. Measurements are carried out in accordance with applicable standards and are periodic (1x year, 1x 3 years or 1x 5 years) or are part of continuous monitoring of air pollution. Key parameters are SO_x, H_2S and total dust.

Table 57: Emissions of substances into the air at the Celje site in 2024 in kg and kg/t TiO2 from titanium dioxide production

Emission type	2024
Sulphur dioxide (SO_2)(kg)	88338
Sulphur dioxide (SO_2)(kg/t TiO_2)	0.51
Hydrogen sulphide (H_2S) (kg)	2331
Hydrogen sulphide (H_2S) (kg/t TiO_2)	0.04
Dust (kg)	9550
Dust (kg/t TiO_2)	0.16

The amount of emitted sulphur dioxide, hydrogen sulphide and dust from titanium dioxide production was below the limit value (the limit value for SO_2 is 500 kg/t TiO_2, 0.05 kg/t TiO_2 for H_2S, and 0.45 kg/t TiO_2 for dust; according to the environmental permit or according to the TiO_2 and BAT regulation).

Data collection and calculation process

The data presented in the table above is obtained by measurement and is subject to the measurement uncertainty that is indicated when measuring emissions of substances into the air together with the measurement method. They are further calculated using available data on the operation of the devices. The measurement determines the concentrations of pollutants, which are converted into annual quantities based on the number of operating hours of the source that is measured or estimated for the reported year. Certain measurements are carried out only once a year under maximum operating conditions and such concentrations are assumed as being emitted throughout the year so certain metrics may be overestimated. Specific emissions are also calculated based on the amount of the product produced that is being measured.

Cinkarna Celje, d. d., notes that some quantitative metrics are subject to a higher level of measurement uncertainty. These are mainly metrics for emissions of substances into the air, which are determined on the basis of measurements that are carried out once every three or five years or once a year.

Water pollution

At the Celje site, wastewater and cooling water are generated as part of the production processes. Wastewater is treated at our own treatment plants and is suitable for discharge into the watercourse after treatment. Where possible, procedures are implemented for the return and reuse of water in processes. Municipal wastewater is treated at the Celje Central Treatment Plant (Tremerje). Most cooling systems are closed-loop, so there are no discharges. Precipitation wastewater is discharged into the watercourse separately, either indirectly (treated in oil traps and sand traps) or directly.

In accordance with the environmental permit, we monitor a total of fifteen wastewater discharge outlets, ten of which are at the Celje site and five at the Mozirje site. At the Celje site, wastewater is discharged into three water bodies: Dobje, Vzhodna Ložnica and Hudinja, and at the Mozirje site into the Ljubija and Savinja watercourses.

The quantity of water discharged into surface waters depends partly on the quantity of water consumed (production and efficient use) and partly on the amount of precipitation, as a result of the catchment area of waste disposal facilities, from which excess water is discharged into watercourses. The discharge of municipal water depends on several factors, namely the rational use of water for sanitary purposes and partly for technological purposes, as well as losses in the internal water supply system.

The table below presents the total amount of sulphate released from the Company and the specific amount of sulphate released from TiO_2 production in 2024.

Table 58: Emissions into water at the Celje site in 2024 in kg and kg/t TiO_2 from titanium dioxide production

Emission type	2024
Amount of sulphate released (in kg/year)	9,099,998
Specific amount of sulphates (SO_4^{2-} in kg/t TiO_2)	149
Amount of zinc released (in kg/year)	114
Amount of copper released (in kg/year)	33

SO_4^{2-} in kg/t TiO_2 is the concentration of sulphates per unit of TiO_2 product
*reporting in accordance with the requirement of Annex II to Regulation (EC) No 166/2006 (E-PRTR)

The amount of emitted sulphate from titanium dioxide production was below the limit value (the limit value is 550 kg/t TiO_2 according to the environmental permit and BAT).

Based on the monitoring in 2024, no sulphate or other substance concentrations were exceeded in wastewater.

Data collection and calculation process

The data presented in the table above is calculated manually based on available data obtained through measurement and is subject to the measurement uncertainty indicated during the measurement. The measurement determines the concentrations of pollutants, which are converted into annual quantities based on the amount of wastewater discharged, which is measured (measurement uncertainty) for the reporting year. Certain measurements are carried out 12 times a year under operating conditions and such concentrations are assumed as being emitted throughout the year so certain metrics are partly the result of an estimate. Specific emissions are also calculated based on the amount of the product produced that is being measured.

The company reports annually on emissions of substances that exceed the reporting thresholds (limit quantity) set by the European Pollutant Release and Transfer Register (E-PRTR). In 2024, these emissions included sulphur dioxide into the air and emissions of zinc and copper into water at the production site in Celje.

Groundwater (soil) pollution

Groundwater pollution is an important environmental challenge that we deal with carefully. When assessing the risk of soil and groundwater pollution, we take into account various factors, such as the properties of hazardous substances, the quantities of substances stored or used, and the area of the facility. In accordance with the Environmental Protection Act, we are an operator of activities and facilities that can cause large-scale environmental pollution. In 2023, we prepared and submitted to the Ministry of the Environment and Spatial Planning an assessment of the potential for pollution, a partial baseline report with a draft proposal for an operational soil status monitoring programme and a draft proposal for an operational groundwater monitoring programme, in accordance with the requirements of the IED Regulation (Regulation on the type of activities and installations causing industrial emissions (Official Gazette of the Republic of Slovenia, No. 68/22)). The partial baseline report (BR) lists sampling points for soil and groundwater. In 2024, we conducted sampling and analyses at these points and supplemented the aforementioned documentation with the results of these baseline measurements. After the monitoring programme is confirmed or the environmental permit is supplemented by the Ministry of the Environment and Spatial Planning, we will begin implementing operational monitoring of soil and groundwater (expected in 2025/2026). According to the proposal, monitoring will be carried out every 5 years, taking into account the baseline state in the first year of measurements. Assessing the possibility of soil and groundwater contamination is an important step in risk assessment and pollution prevention. Our goal is not to worsen the state of the soil and groundwater and to remain within the legally prescribed values. If the monitoring results were to show a deterioration in the state, we will take additional actions and report on the same.

At the Celje site, at the Za Travnik and Bukovžlak waste landfills and at the Bukovžlak Non-hazardous Waste Disposal Site, we are monitoring groundwater in accordance with the environmental permit. It has namely been established that the Bukovžlak Non-hazardous Waste Disposal Site has an impact on groundwater. In addition to regular monitoring of the state of groundwater, work planned as part of the Bukovžlak Non-hazardous Waste Disposal Site Reconstruction Project is also being carried out, which will reduce the aforementioned impact. The work is expected to be completed in 2027.

We monitor the impact on organisms in watercourses by regularly monitoring surface waters at the Celje site. Monitoring is carried out on three watercourses where the impact of our activity is monitored, namely the Hudinja, Vzhodna Ložnica and Dobje watercourses. The hydrological state, a broad set of chemical parameters in water and a certain set of chemical parameters in sediment, and the monitoring of living organisms are all tracked.

The safety of high-fill barriers is monitored through regular technical monitoring and maintenance work, while seismic monitoring is carried out at the Bukovžlak location.

Compliance and standards

In the field of pollution, we operate in accordance with legislative requirements (E-PRTR, IED, etc.) and environmental permits. We also observe the requirements of BREF and BAT conclusions. We perform regular operational monitoring (continuous measurements, ad hoc measurements) and report on the results.

Over the period of the last five years or more, the Company has not had any fines or sanctions imposed for non-compliance with environmental legislation and regulations. According to the IED (Industrial Emissions Directive, 2010/75/EU), which regulates the prevention and reduction of environmental pollution from industrial activities, Cinkarna Celje, d. d., is classified as performing one of the following activities: 4.2a, 4.2e, 4.5, and ensures compliance with the BAT in respect of said activities.

[E2-5] Substances of concern and substances of very high concern

The Company ensures compliance of the use and production of hazardous chemicals with the REACH (Regulation EC 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals) and the CLP (Regulation EC 1272/2008 on the classification, labelling and packaging of substances and mixtures), which is based on the Globally Harmonised System (GHS).

Substances of concern (SoC) and substances of very high concern (SVHC) are also used in the production processes and in their maintenance. SoCs meet the criteria set out in Article 57 and are defined in accordance with Article 59(1) of Regulation (EC) No 1907/2006 of the European Parliament and of the Council (35).

SVHCs meet the criteria set out in Article 57 of Regulation (EC) No 1907/2006 (REACH) and are defined in accordance with Article 59(1) of that regulation. These are carcinogenic, mutagenic or reprotoxic (CMR), and substances that are persistent, bioaccumulative and toxic (PBT) or substances that are very persistent and very bioaccumulative (vPvB).

SoCs and SVHCs are used for maintenance purposes, in the preparation of water for steam production and as raw materials that remain part of manufactured products or are released into the environment as emissions. Hazardous substances used for maintenance include cleaning agents, antifreezes, lubricants, solvents, thinners, hardeners, lubricants and oils for the treatment or protection of metals.

The proportion of SoCs that remain as part of the product is 893 t or 91% of all SoCs used. 9% is used for maintenance or as fuel. The proportion of SVHCs that remain as part of the product is 2.4 t or 78.4%. No product itself falls into the SVHC category. The proportion of SVHCs that are released from the plant as emissions into water is 11.4%, while the remaining 10.3% are used for maintenance.

Hazard classes with hazard statements required by the Annex to the EU Commission Delegated Regulation amending Directive 2013/34/EU.

Table 59: Quantity of substances of concern and substances of very high concern for 2024

Hazard class	Relevant hazard statements
Health hazards – Carcinogenicity, Mutagenicity, Reprotoxicity (CMR), Categories 1A and 1B, Category 2	H350, H360FD, H360F, H360D, H360Fd, H361d, H351, H341, H361, H361f, H361d, H361fd
Specific target organ toxicity - single or repeated exposure, Categories 1 and 2	H371, H372, H373
Respiratory sensitization, Category 1 Skin sensitization, Category 1	H317, H334
Hazardous to the aquatic environment - Chronic hazard, Categories 1 through 4	H400, H410, H411, H412

The properties and quantities of SoCs and SVHCs used in the production and support processes are collected from an internal data collection system recorded in Oracle. The values are precise and have not been verified by external experts.

Table 60: Quantity of substances of concern and substances of very high concern for 2024

	SoC (t)	SVHC (t)
Total quantity of substances that are purchased or used during production.	983	3.0
Total quantity of substances that leave the facilities as emissions, as products or as part of products.	975	2.7
Quantity of substances that leave facilities as emissions.	82	0.3
Quantity of substances that leave facilities as part of products.	893	2.4

Table 61: Substances of very high concern used in 2024

Hazard classes	Substance	Quantity of SVCHs that leave the facilities as emissions, as products or as part of products. (t)
Carcinogenicity (Article 57a of the REACH)	Hydrazine	0.34
Reprotoxic (Article 57c of the REACH)	Borax decahydrate	1.20
	4.4'-isopropylidenediphenol (Bisfenol A)	1.44
	2-Butanone oxime	0.003
	N-methyl-2-pyrrolidone	0.02

Aiming to reduce negative impacts, the Company also began implementing procedures in 2024 to eliminate certain SVHCs where feasible, the reason being the discontinuation of products containing SVHCs or such substances being replaced with alternatives that are less hazardous to the environment. Thus, the purchase of chemicals containing the substance Borax decahydrate and Bisphenol A was discontinued.

[E2-6] Anticipated financial effects from material pollution-related risks and opportunities

Table 62: Anticipated financial effects from material pollution-related risks and opportunities

	Short-term 2024	Medium-term 2028	Long-term 2030
Percentage of net revenues from products and services that are or contain substances of concern	43%	47%	47%
Percentage of net revenues from products and services that are or contain substances of very high concern	0.6%	0.5%	0.4%

Table 63: Calculation of the percentage of net revenues for products containing SoC

Period	2024	2028
Company's net revenues (EUR)	200,285,413	262,678,089
Revenue from products containing substances of concern (SoC) (EUR)	87,387,455	123,458,701
Share (%)	43.6	47.0

Table 64: Calculation of the percentage of net revenues for products containing SVHC

Period	2024	2028
Company's net revenues (EUR)	200,285,413	262,678,089
Revenue from products containing substances of very high concern (SVHC) (EUR)	1,275,169	1,313,390
Share (%)	0.6	0.5

The calculation of the percentage of net revenue for the medium-term period is in line with the strategy for the 2024/2028 period. For the long-term period, i.e. the year 2030, we currently only have an estimate that the share will be 47% for SoC and 0.4% for SVHC.

We have identified potential financial risks associated with regulatory changes. Stricter regulations on the use of substances of concern and substances of very high concern could lead to increased compliance costs. However, we have not specifically set aside funds for this as they do not have a material impact on covering potential remediation and adaptation costs over the next three years.

Our financial projections are based on current market trends, the regulatory environment and technological advancements. We recognise that there is a degree of uncertainty in these assumptions, particularly with respect to future regulatory changes and technological innovations.

The Company is committed to regularly reviewing and adjusting our financial estimates so that they reflect the latest information and ensure the resilience of our business model.

Our share of net revenues generated from products and services containing substances of concern and substances of very high concern was 43% and 0.6%, respectively, during the reporting period.

The Company has no investments in current and fixed assets in connection with major incidents and deposits in the stated period.

The Company also has no provisions set aside for the costs of environmental protection and remedial actions, for the remediation of contaminated sites, the rehabilitation of landfills, and the removal of environmental contamination at existing production or storage sites.

5.3.2 [E3] Water resources

[IRO-1] Description of the process to identtify and assess material water resources-related impacts, risks and opportunities

Water is a vital resource, which is why we manage it with care throughout the entire cycle, from abstraction at the source to the returning of treated wastewater to nature. For our production processes at the Celje location, we use process water, which we obtain by pumping surface water from a watercourse and groundwater. Drinking water is used for sanitary and technological purposes at both sites (geographic locations). In the process of assessing impacts and identifying risks and opportunities, surface water consumption (abstraction) was identified as an important sub-topic. For this purpose, an analysis was carried out of the location of abstraction, the amount of abstraction depending on the water level of the source (watercourse) and, consequently, the impact of this abstraction on the water level of the watercourse. The aim was to identify areas with high risk (the proximity of catchments of water sources for drinking water supply, densely populated areas and ecologically important areas were checked). The location of the abstraction for our own activity is not in an area of major water stress, does not directly affect the drinking water supply and is not in the area of Natura 2000 protected areas. The results of water monitoring, environmental status, legal compliance assessment and other available data were used to assess the impacts. Some key suppliers are located in areas of medium and low water stress, and are also implementing certain actions.

Consultations on the identification of impacts, risks and opportunities involved employees from their respective fields of expertise, and we also consulted with other key stakeholders; including affected communities (refer to Section S3). We focused on the impacts of our own activity and reviewed the impacts in the value chain by conducting due diligence. The Company identified several value chains, but we focused on the key value chain associated with the upstream part of TiO_2 production. In the future, we will expand the scope of the due diligence and thus obtain comprehensive information for a precise assessment of potential and actual negative impacts, risks and opportunities.

The process of identifying and assessing impacts, risks and opportunities is described in more detail in point ESRS 2 [SBM-3].

As stated above, Cinkarna Celje, d. d., requires large quantities of water for its production processes. Water withdrawal from a nearby watercourse can have a negative impact on the watercourse, especially during prolonged drought periods, and can additionally cause a decrease in the water level, which can have a long-term impact on the ecosystem. Drought periods of the year, which are becoming more frequent due to climate change, also pose a great risk to the Company as water abstraction may not be carried out because the river discharge falls below a certain ecological minimum, which is stipulated in the water permit as the lower limit for permitted abstraction. The suspension of extraction would result in an immediate halt in the production of titanium dioxide, the Company's core product. For a shorter period, this water source can be replaced with drinking water.

After using water in technological processes, the wastewater is treated in our own treatment plants and discharged back into the watercourse with pollutants (discharges into rivers - sulphate) back into the watercourse. The result of this is an impact on the quality of this watercourse, which is an identified pollution impact (E2). The result of the IRO recognition is presented in the table below.

Table 65: Material impacts, risks and opportunities (IRO) for the E3 area

Material impacts, risks and/opportunities	Definition	Location/value chain			Time period		
		Own activity	Downstream part of the value chain	Upstream part of the value chain	Short-term	Medium-term	Long-term
Use (abstraction) of water from the river (lowering of the water level)	Actual negative impact	x		X			X
Negative effects on the Company's operations due to limited supply of process water in drought periods	Risk	x					X
Emissions into rivers - sulphate	Actual negative impact	x					X

[E3-1] Policies related to water resources

Table 66: Key policies for managing material impacts related to water resources

Policy title	Description of key content	Responsibility for the policy	Disclosure of third-party standards or initiatives that the Company considers when implementing the policy	Description of consideration of the interests of key stakeholders in the formulation of the policy	Available at
Quality Assurance, Environmental Management, Health and Safety and Energy Management Policy	It defines the achievement of key strategic goals in the field of resource use, responsible management of water resources, namely by reducing the consumption of water from natural water sources, introducing wastewater reuse, reducing water pollution, identifying hazards and risks of environmental impacts and managing them so that we prevent the potential harm to the environment and people to the greatest extent possible, and of course, a commitment to comply with strict legislative requirements in this area.	Management Board, employees	**ISO 9001** (Quality management systems) **ISO 14001** (Environmental management systems) **ISO 45001** (Occupational health and safety management systems) **ISO 50001** (Energy management system)	When creating the Quality Assurance, Environmental Management, Health and Safety and Energy Management Policy, the Company took into account the interests of key stakeholders, including employees, business partners, local communities and regulatory authorities, and applies it to its own activity.	www.cinkarna.si

We have no special policies in place for the consideration and management of water resources. The abovementioned Quality Assurance, Environmental Management, Health and Safety and Energy Management Policy broadly addresses the IRO from the Table: Material impacts, risks and opportunities (IRO) for area E3 with the objectives of preventing water pollution (discharges - sulphates), management of water resources (reducing water consumption from the river) and management of risks (limited water supply due to drought periods).

The policy will be supplemented in 2025 in accordance with the adopted Sustainability Strategy, in which we also place special emphasis on reducing the use of fresh water in our production processes and recycling and reuse, thereby also making a positive contribution to aquatic ecosystems.

[E3-2] Actions and resources related to water resources

In 2024, the Company prepared a revised strategy that also includes actions and resources that address important topics in the field of water resources. The strategy focuses on avoiding the use of water from natural water sources, processing wastewater and reusing it. The measure of using process water from the Tremerje Central Wastewater Treatment Plant (CWWTP) is planned. This is wastewater that is currently discharged into the Savinja watercourse after treatment at this treatment plant. By using water from the Tremerje WWTP, the Company would practically stop taking fresh water from the Hudinja watercourse as this water would only be used during maintenance work on the WWTP when the discharge of water from the WWTP into the Savinja river is interrupted. With this measure, we eliminate the risk of water shortages. Similar effects are also achieved by actions to introduce internal recycling and reuse of water.

Table 67: Actions and key activities for the conservation of water resources

Type of actions and key activities	Year	Expected savings (water consumption/t TiO2)	Investments in EUR
Introduction of internal water recycling and thus reducing specific fresh water consumption per ton of product and consequently reducing fresh water consumption in TiO2 production or reducing the amount of water abstracted from the Hudinja watercourse. Recycling of clear neutralised effluent for the preparation of limestone flour Preparation of lime suspension Preparation of washing water for digestion and dissolution	2025 2024 2025 already implemented	40 m^3/h 5 m^3/t TiO_2 350,400 m^3/year	20,000
Return of overflow waters from Bukovžlak	2028	40 m^3/h 5 m^3/t TiO_2 350,400 m^3/year	1,000,000
Use of process water from the Tremerje WWTP and nearly complete substitution of the water from the Hudinja watercourse	After 2028	Nearly complete substitution of the natural source	12,000,000

[E3-3] Targets related to water resources

Cinkarna Celje, d. d., has set itself short, medium and long-term objectives for the identified negative impacts and risks in the field of water resource management. These are voluntary decisions that are strategically important for ensuring sufficient water resources and thus uninterrupted production, adaptation to climate change and reduction of water use and its reuse. The targets relating to the reduction of emissions into water are provided in chapter [E2-3] Targets related to pollution.

The strategic objectives include:
1. reduction of fresh water abstraction (withdrawal) from the Hudinja watercourse;
2. reduction of process water consumption.

In order for the Company to achieve its strategic objectives, the following specific and measurable targets have been set:

- nearly complete reduction of water abstraction from the Hudinja watercourse by using wastewater from the Tremerje WWTP after 2028;
- 20% reduction in process water consumption by 2028 compared to the baseline year of 2021.

[E3-4] Water abstraction

For technological purposes in production processes, we use surface water, which is abstracted from the nearby Hudinja watercourse, and groundwater from three springs at the Za Travnik waste disposal site. Water withdrawals for our own activity are performed in an area of low water stress. The amount of water pumped from the Hudinja River is regularly monitored by us using appropriate flow meters in accordance with the ISO 9001 standard, the amount of drinking water pumped is read from the water meters calibrated according to the MID standard (Rules on measuring instruments, Official Gazette of the Republic of Slovenia, No. 19/16, Water Meters (MI-001)). We have obtained the appropriate water permits for the use of water for technological purposes.

For sanitary purposes and partly for technological processes, we use drinking water from the public water supply network, the consumption of which is also monitored as stated.

Table 68: Water consumption for own activity in 2024

	Unit	Quantity
Total quantity of water abstracted (used)	m3	2,741,087
Total quantity of water discharged	m3	2,589,330
Water intensity	m^3/ EUR million in revenues	908

* total quantity for the Celje and Mozirje sites

Data collection and calculation process

The data presented in the tables above is calculated manually based on available data obtained through measurement and is subject to the measurement uncertainty indicated during the measurement. The main water withdrawals and main water discharges are determined by measurement. In most cases, the internal water circulation is not adequately measured and is not assessed at a satisfactory level so these quantities are not provided. The quantities of water discharged are partly monitored by measurement and are subject to the measurement uncertainty of the meters, and partly estimated from water consumption (consumption measurement).

[E3-5] Anticipated financial effects from material water resource-related risks and opportunities

Restricted process water supply during drought periods

We have carried out a financial assessment of the sustainability-related risks and opportunities facing our Company. In doing so, we have taken into account the interrelationships between impacts and dependencies, recognising that drought may result in water supply restrictions as the flow rate could fall during this period below the ecologically acceptable flow, which represents the lower limit for the abstraction licence in the water permit. The suspension of extraction would result in an immediate halt in the production of titanium dioxide, the Company's core product.

Based on past droughts and climate projections, there is a likelihood that a drought will occur twice a year and that extraction would have to be stopped for 60 days each time. Cinkarna Celje, d. d., has a permit which also allows it to use drinking water in the technological process. Due to technical constraints, the possibility of using 120 m3 of water per hour is not sufficient for maximum production, but would mean that Cinkarna Celje, d. d., would produce 74.5 tonnes less each day. In view of the fixed cost value of 859.96 EUR/tonne of product, this would mean that the fixed costs would amount to approximately EUR 3,850,000 in 60 days. Given the probability that this could happen twice a year, this risk could represent the amount of EUR 7,700,000 per year, which would have a negative effect on our financial standing. More in detail in chapter [E1-9].

5.3.3 [E5] Resource use and circular economy

[IRO-1] Description of the process to identify and assess material resource use and circular economy-related impacts, risks and opportunities

The process of identifying and assessing impacts, risks and opportunities is carried out as part of due diligence. We reviewed the impacts in the value chain by conducting interviews and, where possible, reviewing publicly available data and reports. In 2024, we conducted a due diligence for the most important TiO_2 value chain, both upstream and downstream, where we did not identify any significant topics from the E5 area. A detailed description of all identified IROs is provided in ESRS 2 [SBM-3]. In the future, we will expand the scope of the due diligence and thus obtain comprehensive information for an accurate assessment of potential and actual negative impacts of risks and opportunities.

The efficient use of resources and the circular economy of our own activity were identified as material and consequently require a comprehensive approach and the implementation of various measures at different levels, including impact assessment, identification of risks, opportunities and legislative requirements, introduction of technological innovations and awareness-raising. Cinkarna Celje, d. d., has identified waste management in its own activity as a material impact. We also reviewed the impacts in the value chain of material IROs, but did not identify them. In the future, we will expand the scope of the due diligence and thus obtain comprehensive information for a precise assessment of potential and actual negative impacts, risks and opportunities.

In accordance with the waste management plans, the Company takes into account the priority order of waste management where technically feasible. By implementing measures, we pursue the objective of preventing waste generation, separating it at source, reusing it, recycling the generated industrial waste and packaging within the Company, and above all, we cooperate with business partners who ensure the greatest possible circulation of these substances or their energy utilisation (depletion).

The generation of non-hazardous red gypsum waste, which is generated in the production of titanium dioxide, is identified as the biggest impact. The amount of this waste represents more than 95% of all waste generated in the Company. The aforementioned non-hazardous waste is disposed of or dry-filled at the Company's own Za Travnik waste landfill. By filling this waste, the Company negatively impacts the environment - the result is the actual impact of disposal as well as water pollution due to sulphates in the overflow water discharged from this landfill (more details in E2-IRO1, E2-4). The potential impact of pollution and impact on the environment and people could occur from a potential accident as a result of the collapse of the barriers behind which the red gypsum is being filled or has been deposited in the past. The waste landfills also indirectly affect the quality of life in the local community due to their location in the vicinity of populated areas - social impact (more details in S3-SBM3).

The identified risk is related to the red gypsum disposal area. The project of filling the waste landfills (Za Travnik, Bukovžlak) is key to mitigating the risk of the failure to achieve the Company's strategy.

Table 69: Material impacts, risks and opportunities (IRO) for the E5 area

Material impacts, risks and/opportunities	Definition	Location/value chain			Time period		
		Own activity	Downstream part of the value chain	Upstream part of the value chain	Short-term	Medium-term	Long-term
Waste: filling of red gypsum	Actual negative impact	x					x
Negative effects on the Company’s operations due the inability to dispose of red gypsum	Risk	x					x

[E5-1] Policies related to the circular economy

Table 70: Key policies for managing material impacts related to the circular economy

Policy title	Description of key content	Responsibility for the policy	Disclosure of third-party standards or initiatives that the Company considers when implementing the policy	Description of consideration of the interests of key stakeholders in the formulation of the policy	Available at
Quality Assurance, Environmental Management, Health and Safety and Energy Management Policy	It determines the achievement of key strategic objectives in the field of waste management. The aim of the policy is to mitigate environmental impacts, which also includes measures for more efficient waste management, and to monitor the LCA of products.	Management Board, employees	**ISO 9001** (Quality management systems) **ISO 14001** (Environmental management systems) **ISO 45001** (Occupational health and safety management systems) **ISO 50001** (Energy management system)	When creating the Quality Assurance, Environmental Management, Health and Safety and Energy Management Policy, the Company took into account the interests of key stakeholders, including employees, business partners, local communities and regulatory authorities, and applies it to its own activity	www.cinkarna.si

In 2024, the Sustainable Strategy set a waste reduction target and activities to implement the circular economy and risk reduction measures. We have no special policies in place for the management of resources and the circular economy. The abovementioned Quality Assurance, Environmental Management, Health and Safety and Energy Management Policy broadly addresses the IRO from the Table: Material impacts, risks and opportunities (IRO) for area E5 with the objectives of preventing water pollution (discharges - sulphates), management of water resources (reducing water consumption from the river) and management of risks (limited water supply due to drought periods). The policy will be updated in 2025 in order to address the circular economy objectives in more detail.

By following the Waste Recovery, Economic Utilisation and Management Plan, we focus on the use of best available techniques to use resources efficiently, maximise the use of recycled materials, recover waste and manage waste according to a step-by-step waste hierarchy, waste prevention, preparation for reuse, recycling and other types of recovery and treatment, and minimise disposal in landfills.

Although the policy focuses on our own activity and does not include impacts and risks related to resource use and the circular economy in the value chain, the Company expects our business partners to comply with the sustainability principles enshrined in the Code of Sustainable Business Practices, namely the economical use of natural resources in a way that uses natural resources in an efficient and sustainable manner, with an emphasis on reducing the consumption of raw materials, reduction of waste and the reuse of materials in a way that actively works on waste reduction, by promoting recycling and reuse of materials.

[E5-2] Actions and resources related to resource use and the circular economy

Actions taken by Cinkarna Celje, d. d., with regard to resource use and the circular economy are aimed at meeting strict environmental requirements and achieving sustainable development goals. The Company strives to reduce waste disposal and improve the circular economy within its activities, focusing on the impact of its operations on the environment and affected communities. In this context, it is important to highlight the importance of the increasing generation of by-products and the consequent reduction of waste generation as well as the search for new ways of reusing the waste coming from production. Two key by-products, red gypsum (RCGIPS) and white gypsum (CEGIPS), are particularly important in the production of TiO_2. White gypsum is used in the construction industry, while red gypsum serves as dry fill for the waste landfill. In addition, the Company has identified actions and key activities to reduce red gypsum backfilling.

Table 71: Actions and key activities to reduce red gypsum filling at Cinkarna Celje by 2030

Strategic objective	Type of actions and key activities	Year	Emissions (air/water/soil)	Anticipated reduction (t)	Investments in EUR
Reduction of red gypsum generation	Increase in CEGIPS production (additional centrifugation for gypsum removal)	2028	soil	Reduction by approx. 25,000	2,400,000
Reduction of red gypsum generation	Processing 23% acid - TiO2 extraction and recycling	-{}-2030	soil	Reduction by approx. 2,000	6,000,000

We are also implementing actions to address the identified risk of the inability to perform disposal or dry filling of gypsum and other actions to improve the waste reuse system, increase waste recycling, use of waste through recovery processes and use of secondary raw materials in order to reduce the consumption of primary resources and thus maximise the circulation of materials (use of copper scrap and other wastes). The actions are monitored as part of the integrated management system.

[E5-3] Targets related to resource use and the circular economy

The Company sets resource use and circular economy targets for itself with the aim of increasing process efficiency, reducing waste generation and increasing waste circulation, which the Company does voluntarily. To this end, a good understanding of the material and waste flows for each business activity is essential.
Recycling and circular economy objectives:

- reducing the amount of waste generated;
- making greater use of secondary raw materials or recycled materials;
- managing waste to enable reuse.

Our most important and strategic objective focuses on our identified biggest impact and risk in this area, which is to reduce the amount of red gypsum generated by 14% by 2030 and thus reduce the amount of disposed dry-filled gypsum (lowest on the waste management hierarchy). We are looking for innovative solutions to efficiently use waste red gypsum and other waste raw materials as a new value-added raw material for our own needs and to offer it on the market.

[E5-4] Resource inflows

The Company uses recycled material in its product manufacturing activities where feasible. The amount of recycled input materials used depends on the volume of production, their availability and the price of other materials that may affect the use of recycled materials.

We are taking steps to increase the use of recycled materials in our agro product portfolio where copper is a key raw material. The Company only uses recycled copper. Therefore, it is constantly looking for new sources of waste raw materials. Copper recovery from waste fishing nets is one of the innovative approaches in the circular economy. Fishing nets, which are often made of copper-containing materials, are an important source of this valuable metal. It is found in the sludge produced by washing fishing nets in the form of copper oxide. The sludge is first incinerated and then the copper oxide is dissolved with hydrochloric acid to produce copper chloride, a key ingredient in the production of fungicides.

Figure 2: Recycling of copper waste from fishing nets for the production of copper fungicides in the agro product portfolio.

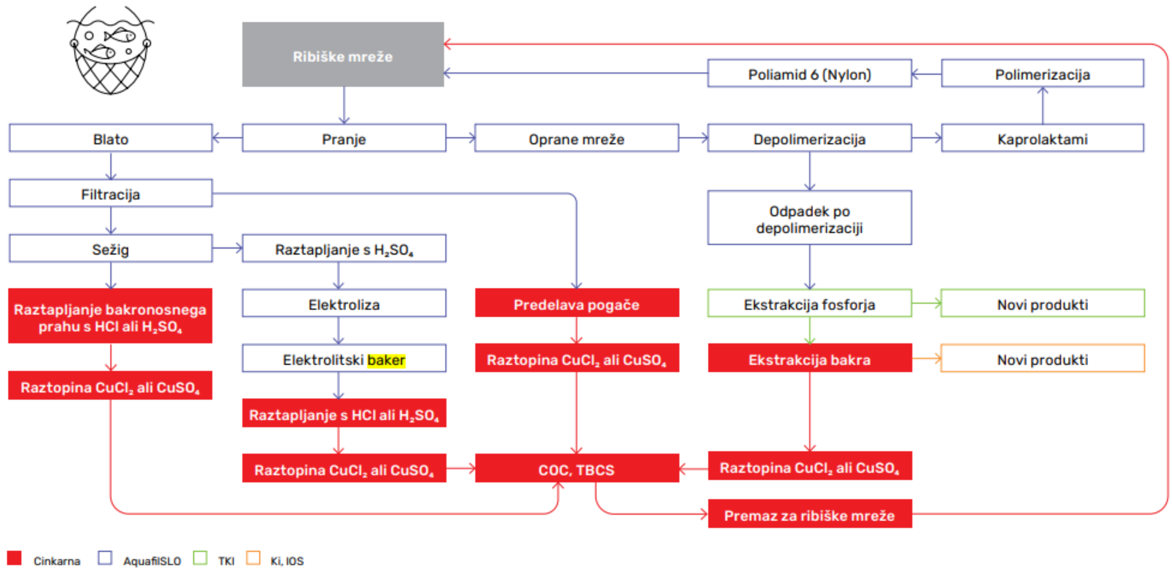


Table 72: Recycled input materials used in 2024

Use of materials (kg)	2024
For recovery according to R4	0
For recovery according to R5	1,115,695
Total	1,115,695
Recycled material content	53.4%

R4 – Recycling/recovery of metals and their compounds
R5 – Recycling/recovery of other inorganic materials

As of the beginning of 2024, zinc processing was removed from the portfolio, and consequently no more waste was processed according to R4.

[E5-5] Resource outflows

When managing waste, we follow a five-step waste management scale where we primarily aim to manage materials efficiently by minimising scrap, returning what we can to the production process or reusing it, and handing over the rest to authorised waste collectors and processors who process or dispose of the waste.

In line with the objectives of the circular economy (to reduce the amount of waste generated and increase reuse), we are implementing or pursuing waste management improvement targets to reduce waste. We operate a system of waste separation at the source. We have a recovery licence for certain wastes, which allows us to reuse them in our production processes, replacing a certain proportion of natural resources with recovered materials.

Gypsum, which is generated in the production of titanium dioxide and is specific to this activity, accounts for the largest proportion of the waste disposed of. Two types of gypsum are produced, namely red gypsum (RCEGIPS) and white gypsum (CEGIPS), which are calcium sulphate dihydrate gypsum ($CaSO_4$ x $2H_2O$) in terms of chemical composition. Red gypsum has a special disposal status as it is used for dry filling. We reduce the amount of red gypsum disposed of by increasing the capacity for the extraction of the white gypsum by-product (CEGIPS). In 2023, the planned specific amount of white gypsum extracted was increased to an average of 2.95 tonnes of white gypsum per tonne of calcinate. The preparation of the project documentation and obtaining the building permit for the construction of an additional centrifuge is also underway, which will further contribute to the increase in the amount of white gypsum recovered. Processes have also been put in place to increase yields in TiO_2 production.

Waste generation is not entirely avoidable despite the implementation of a number of measures. The non-hazardous and hazardous waste generated at the Company is separated and, to a large extent, prepared for recovery (following one of the R3-R13 processes) or disposal (following one of the D1-D13 processes). All hazardous waste is handed over to authorised waste collectors. We also hand over to authorised collectors the remainder of separately collected non-hazardous waste that we do not recover or dispose of ourselves.

Table 73: Waste generated from production in 2024, in kg

Type of waste generated	Total of all waste	R	D
Non-hazardous waste (for recovery) - R (kg)		1,819,201	
Non-hazardous waste (for disposal)* - D (kg)			177,057,441
Hazardous waste (for recovery) - R (kg)		18,886	
Hazardous waste (for disposal)* - D (kg)			57,124
Total R or D (kg)		1,838,087	177,114,565
Total of all waste generated (kg)	**178,952,652**	3,676,173	354,229,130

R - separately collected waste that is sent for recovery rather than disposal.
D - separately collected waste that is sent for disposal.
* The waste tonnage also includes red gypsum, which is dry-filled at the Za Travnik waste landfill.

The total amount of non-recycled waste is 99% (as a result of the amount of red gypsum generated).

The process of collecting and calculating data on the amount of waste generated can be a source of uncertainty, not so much in terms of quantities as in terms of disposal methods. In particular, there is uncertainty in the treatment or disposal methods provided by the waste collectors after collection, which can be estimated according to the type of waste. The data on the quantities of waste collected and sent on to the various recovery operations is data that is obtained from authorised waste collectors and can only be influenced to a limited extent. The amount of waste disposed of at a waste landfill is calculated on the basis of the quantity and composition data as well as measurements and estimates of the composition of the red gypsum (the moisture still contained in the gypsum before it is dry-filled).

In addition to red gypsum waste (calcium-based waste from titanium dioxide production), the Company also generates waste from the chemical activity (e.g. waste paints and powder coatings, discarded equipment, used waxes, emulsions, etc.), packaging waste (paper, wood, metal, plastics and other packaging materials) and waste from various construction and maintenance activities (construction waste, scrap metals, insulation materials, etc.).

5.4 [S] Social information

5.4.1 [S1] Own workforce

[SBM-3] Material impacts, risks and opportunities

At the end of 2024, Cinkarna Celje, d. d., had 718 employees who make up our workforce and represent a key pillar of the Company's operations. Our actions are based on the belief that open dialogue, employee involvement and active listening to employees' needs make an important contribution to employee satisfaction and the success of the Company. We are focused on providing a high quality, safe and inclusive working environment. The workforce is structured in different organisational units, in line with the needs of production and administrative processes. The majority of our own employees are employed under full-time contracts and this contributes to a sustainable staffing structure and allows for long-term human resource planning. Less than 5% of our employees work through placement agencies, but we ensure equal working conditions for all employees, regardless of the form of employment. The Company strives to create long-term employment opportunities that provide employees with stability and career advancement.

Based on a material impact, risk and opportunity analysis (DMA or Double Materiality Assessment), we have identified several important aspects related to our own workforce:

- three negative impacts;
- one positive impact;
- one material risk.

Our actual and potential impacts on the workforce stem directly from the nature of our business model, which is based on highly regulated, complex chemical production. Some of the identified actual impacts include:

- occupational health and safety - actual negative impact due to potential risks in the industrial environment;
- ensuring employee quality of work satisfaction - actual negative impact due to the complex nature of the work and organisational challenges;
- ensuring social dialogue - actual negative impact in cases of differences in employees' and management's expectations;
- ensuring secure employment - a real positive impact as the Company provides long-term stability for employees.

In addition to the actual impacts, we have also identified key risks affecting our workforce:

- unpolished succession policy and lack of appropriate employee competencies – risk to maintaining essential knowledge and capacity to transfer knowledge between generations;
- shortage of personnel, untimely substitution and inadequate work organisation – risk affecting productivity, employee overload and quality of work processes.

Both actual impacts and identified risks are considered as important elements of the business model and are taken into account in the design of our human resources strategy, improvement of the working environment and long-term resource planning. Since these impacts concern both our full-time employees and those working under contract, we include them in the scope of our disclosure. Below we present our approach to understanding employee interests, their involvement and the actions, policies and targets by way of which we address key impacts.

Table 74: Table of IROs for Cinkarna Celje

Material impacts, risks and/or opportunities	Definition	Location/value chain			Time period		
		Own activity	Downstream value chain	Upstream value chain	Short-term	Medium-term	Long-term
Care for the safety and health	Actual negative impact	x					x
Ensuring employee work satisfaction	Actual negative impact	x					x
Ensuring social dialogue	Actual negative impact	x			x		
Ensuring employees' secure employment	Actual positive impact	x					x
Unpolished succession policy and inadequate employee competencies	Risk	x					x
Shortage of personnel, untimely substitution and inadequate work organisation	Risk	x					x

At Cinkarna Celje, d. d., we are aware of the key role of our employees in achieving our business goals and the Company's sustainable development, which is why we pay special attention to managing the impacts, risks and effects associated with our own workforce. Our disclosure covers all individuals in our workforce who could be significantly affected by our activities. This includes our full-time and part-time employees, self-employed contractors and persons provided by third-party employment agencies.

Being a company in the chemical industry, we face the challenge of ensuring a safe working environment where working with hazardous substances and demanding technological processes is an inherent part of production. In order to reduce any negative impacts, we implement strict safety protocols, regular training and preventive measures to ensure the safety and health of our employees and reduce the risk of accidents and occupational diseases. At Cinkarna Celje, d. d., we are aware that motivated and satisfied employees are key to the success and competitiveness of the Company. Therefore, we pay special attention to ensuring the quality of work satisfaction, whereby we create a stimulating working environment based on safety, respect, professional development and fair remuneration.

We implement a number of measures to improve work satisfaction, including investing in health and safety at work, promoting open and transparent relations between employees and management, ensuring fair job classification and opportunities for career development. An important aspect of our commitment is also the effort to prevent all forms of violence, discrimination and harassment in the workplace.

The Company strives to establish and maintain an open and constructive social dialogue based on mutual trust, transparency and cooperation. In 2024, we continued to actively involve employees and their representatives in decision-making processes, thereby ensuring a stable and predictable working environment.

Key mechanisms of social dialogue at the Company include the following:

- agreement on wage policy with the trade union where we worked with representative trade unions and reached coordinated solutions regarding wage growth, adjustment of bonuses and other perks for employees;

- participation of employee representatives in supervisory bodies whereby employees have their representatives in the Company's supervisory board, which allows them to co-decide on key strategic orientations;
- the role of the Member of the Management Board - the Labour Director who acts as a liaison between management and employees and represents the interests of employees in making important business decisions;
- cooperation with the Works' Council, whereby the Company's management regularly communicates with employee representatives, actively participates in meetings and maintains an open dialogue on current issues and employee initiatives. This cooperation enables effective information exchange and strengthens trust between workers and management.

We are committed to further developing a quality social dialogue that contributes to the long-term stability of the Company, improving working conditions and increasing employee satisfaction. Our partnership with trade unions and employee representatives remains the foundation for maintaining a productive and motivated working environment.

In addition, we also identify the positive impacts that we create by ensuring secure employment for our own workforce with long-term business stability, systematic human resources management and investing in the development of employee competencies. We place special emphasis on social security and related benefits, ensuring stable employment with minimal risk of layoffs, and competitive salaries that enable employees to have economic security. We also ensure a balance between professional and private life, which further contributes to employee satisfaction and long-term stability.

We have identified two material risks. One arises from an unpolished succession policy and inadequate employee competencies as it can negatively affect business continuity, productivity and the Company's adaptability to market and technological changes. To manage it, we implement targeted measures, such as systematic planning of personnel succession, education and training of employees, thereby strengthening key competencies, ensuring knowledge transfer and preparing personnel to take on future responsibilities. The second relates to the lack of personnel, untimely substitution and inadequate work organisation, which can lead to disruptions in production, reduced operational efficiency and greater workload for existing employees. Inadequate work organisation additionally affects the efficiency of teams, increases employee turnover and reduces the long-term sustainability of work processes. To manage these risks, we implement systematic personnel planning, carry out timely substitution of key personnel and optimise work processes.

Cinkarna Celje, d. d., is highly dependent on a qualified and stable workforce as it enables the smooth implementation of regulated and technically demanding production processes. This dependence affects efficiency, quality, reliability of supply and the Company's long-term development capability.

Identified risks, such as the lack of appropriate personnel and the loss of key knowledge, affect the business model and are addressed within the following strategic measures:

- development of systematic knowledge transfer and internal succession processes;
- strengthening internal training and competence development;
- digitisation of HR processes;
- long-term planning of critical job positions.

The relationship between risks and opportunities in the workforce is inextricably linked to the Company's business strategy. Measures that are employed to manage HR risks also open up new development opportunities and contribute to the successful implementation of strategic goals. Therefore, risks and opportunities are linked into a unified approach that includes monitoring, response and long-term integration into the Company's business model.

[S1-1] Policies related to own workforce

Being one of the leading industrial companies in Slovenia, Cinkarna Celje, d. d., recognises the key role of employees in achieving sustainable and business goals. We are committed to providing a safe, fair and inclusive working environment where we respect fundamental human rights, workers' rights and the principles of decent work.

Our employee strategy and approach to managing material impacts, risks and opportunities (IRO) in relation to our workforce is based on policies covering the key areas of managing the respect for human rights, human resources, health and safety at work, ethical business practices, employee participation and respect for employee rights. These documents are the foundation of employee management and provide operational support for the implementation of the Company’s strategic HR policies.

Below, we present key documents governing the areas of health and safety at work, ethical conduct, human resources organisation, diversity, violence prevention and competence development. Each of them is related to one or more identified impacts, risks or opportunities (IRO) in the workforce:

- The Health and Safety at Work Policy sets out organisational and technical measures to prevent injuries and occupational diseases and to ensure the safe performance of work processes. The policy directly addresses the actual negative impact associated with ensuring health and safety at work.
- The Code of Ethical Conduct and Work lays the foundations for responsible conduct, professionalism and respectful cooperation. This strengthens the culture of integrity and reduces the actual negative impacts associated with challenges in the field of social dialogue.
- The Diversity Policy promotes inclusion and equal opportunities, which addresses the actual negative impact on employee satisfaction and provides an opportunity to develop an inclusive organisational culture.
- The Rules on Internal Organisation and Job Classification establish a clear structure of jobs and enable effective planning and allocation of personnel. It manages the risks associated with staff shortages, inadequate organisation and substitution.
- The Rules on the Prevention of All Forms of Violence in the Workplace protect employees from psychosocial risks such as mobbing, harassment and violence. It reduces the actual negative impacts on employee satisfaction and safety.

  The Rules on the Setting and Payment of the Business Performance-Based Part of Pay determine criteria for fair and targeted remuneration, which reduces the negative impacts on satisfaction and represents an opportunity for greater motivation and loyalty.

- OP 174 – Provision of Personal Protective Equipment determines the procedures and responsibilities for the use of personal protective equipment and reduces the risks of injuries at work. It supports safety and compliance with legislation. The policy directly addresses the actual negative impact associated with ensuring health and safety at work.
- OP 137 – Education regulates the system of internal training and competence development, which enables the management of risks related to succession and lack of knowledge, and promotes the long-term development of employees.

Table 75: Key policies aimed at ensuring a safe and well-arranged working environment

Title of policy, commitment, code	Description of key content (objectives/targets, impacts, risks, opportunities)	Responsibility for the policy	Disclosure of third-party standards or initiatives that the Company considers when implementing the policy	Description of consideration of the interests of key stakeholders in the formulation of the policy	Available at
Rules on Health and Safety at Work	Ensures a healthy and safe working environment for employees and visitors • Commitment to compliance with relevant legislation and regulations in the field of health and safety at work • Focus on the prevention of injuries at work • Determination of procedures related to health and safety at work • Determination of responsibility	Head of the Safety, Health and Environment Department	Health and Safety at Work Act (ZVZD-1), Directive 89/391/EEC, ISO 45001	Addresses the interests of employees, workers employed through placement agencies, students, pupils and the labour inspectorate; developed in cooperation with employee representatives	Intranet of Cinkarna Celje
Code of Ethical Conduct and Work	The Code of Ethical Conduct and Work of Cinkarna Celje sets out the fundamental principles and rules of conduct for employees and management. It ensures high standards of business and ethical integrity and promotes a culture of responsibility, honesty and respect.	Management Board	OECD Guiding Principles for Multinational Enterprises, UN Global Compact, ISO 26000, Integrity and Prevention of Corruption Act (ZIntPK)	Addresses employees, workers employed through placement agencies, business partners and the general public	https://www.cinkarna.si/o-podjetju
Diversity Policy	The policy aimed at ensuring diversity in the Management Board and Supervisory Board of Cinkarna Celje d. d. sets out the main principles for achieving greater diversity in these bodies, which contributes to greater efficiency, diversity of opinions and a better understanding of current developments and long-term risks and opportunities for the Company's operations.	Management Board	Employment Relationships Act (ZDR-1), UN Agenda 2030 (SDG 5, 8, 10)	Addresses employees; recommendations of the Slovenian Sovereign Holding taken into account.	https://www.cinkarna.si/o-podjetju
Rules on Internal Organisation and Job Classification	It sets out the organisational structure and job classification, defines internal organisational units, their tasks, jobs with job descriptions and conditions for filling said jobs, and includes: • Internal organisation with the definition of organisational units • Job classification with the definition of individual jobs, including job descriptions, required level and type of education, working conditions and other special requirements	Head of HR and General Department	Employment Relationships Act (ZDR-1)	Addresses employees, workers employed through placement agencies, document prepared in consultation with employee representatives	Intranet of Cinkarna Celje

	• Conditions for filling employment positions by determining the criteria that candidates for individual positions must meet, such as level of education, work experience, special knowledge or qualifications.				
Rules on the Prevention of all Forms of Violence in the Workplace	Ensures a safe and pleasant working environment and protects the dignity of all employees • Clearly define what constitutes violence, bullying, sexual and other harassment and psychosocial risks in the workplace • Sets out measures for identifying, preventing, eliminating and managing violence, harassment, bullying and other forms of psychosocial risks in the workplace • Sets out reporting and consideration procedures by way of which employees can report cases of violence or bullying, and the manner in which they are handled, including ensuring anonymity and protection of reporters • Sets out measures against the alleged perpetrator of unacceptable conduct	Head of the Legal Department	Employment Relationships Act (ZDR-1), International Labour Organization (ILO) – Convention No. 190, Recommendation No. 206 (ILO), Directive 2000/78/EC (EU)	Addresses employees, workers employed through placement agencies, students, pupils, documents prepared in consultation with employee representatives	Intranet of Cinkarna Celje
Rules on the Setting and Payment of the Business Performance-Based Part of Pay	Determines the conditions, criteria and procedures for paying a part of the salary to employees based on the achieved business results of the Company and includes: • Determination under which conditions employees are entitled to a part of the salary for business performance, for example, achieving certain financial targets of the Company • Clearly defined criteria used for payment • Determination of the methodology for calculating the amount of payment and the method of payment to employees	Management Board	ZDR-1, Corporate Collective Agreement	Addresses employees, workers employed through placement agencies, documents prepared in consultation with employee representatives	Intranet of Cinkarna Celje
OP 198 Managing Health and Safety at Work at Joint Work Sites	The goal is the coordinated implementation of safety measures and the prevention of accidents. The document lays down measures to ensure safety at work when several employees and external contractors work at the same work site at the same time. It requires a written agreement between all	Head of the Safety, Health and Environment Department	Health and Safety at Work Act (ZVZD-1) ISO 45001	Addresses the interests of employees, workers employed through placement agencies, and the labour inspectorate;	Intranet of Cinkarna Celje

	participants, designates the persons responsible for safety, defines common measures and requires that workers be familiarised with safety procedures.			developed in cooperation with employee representatives	
Organisational regulation OP 137 Education	Determines the planning of training needs, the conditions for training before starting work in the position of employment (PE), and training for independent work in the PE for new employees, employee reassignment to another PM, extended employee and agency worker absences, defines the planning and verification of employee qualifications, training of students and pupils (mandatory internship, diploma theses, student work), training of trainees and apprentices, organisation and monitoring of part-time studies and determines the procedures and system for conducting annual interviews.	Head of HR and General Department	Health and Safety at Work Act (ZVZD-1) Compliance with OECD Guiding Principles for Enterprises	Addresses employees, business partners and the general public; designed with the involvement of management and HR	Intranet of Cinkarna Celje

Although the Company does not have a specifically adopted Human Rights Policy, which it intends to put in place by the end of 2025, it places special emphasis on the following areas:

- health and safety at work;
- working hours and the right to rest;
- salaries, wages and benefits;
- discrimination and harassment;
- forced labour (including human trafficking);
- child labour;
- freedom of association and collective bargaining.

We are committed to respecting all internationally recognised human rights, including respect for Slovenian labour legislation, the EU Charter of Fundamental Rights (Article 21: Non-discrimination), EU Directive 2000/78/EC (on equal treatment in employment and occupation), EU Directive 2000/43/EC (equal treatment between persons irrespective of racial or ethnic origin), and ILO Convention No. 111 (on discrimination in employment and occupation), ILO Conventions Nos. 138 and 182, the Convention on the Rights of the Child (UN), the EU Charter of Fundamental Rights (Article 32), the EU Directive 94/33/EC on the protection of young people at work, and the European Convention on Human Rights (Article 4) as well as the ILO Declaration on Fundamental Principles and Rights at Work. The Company has adopted the Rules on the Prevention of All Forms of Violence in the Workplace, which enable the identification, prevention, elimination and management of violence, harassment, bullying and other forms of psychosocial risk in workplaces, where the following grounds for discrimination are explicitly covered: gender, race, religion, sexual orientation, gender identity or other personal distinguishing elements. The Company has not adopted any specific commitments or policies regarding inclusion or affirmative measures for persons in its own workforce who belong to groups who are at risk of vulnerability, as it operates in accordance with the applicable Employment Relationships Act.

[S1–2] Processes for engaging with own workers and workers' representatives about impacts

We pay particular attention to cooperation with employee representatives as the Company has two representative trade unions and the Works' Council, with which the Company has concluded agreements on the provision of conditions and resources for the operation of both trade unions and the Works' Council. In addition, employees have their own representative in the management bodies – a member of the Management Board – a Labour Director, and in the supervisory body – two representatives on the Supervisory Board, through whom employees can assert their positions.

All employees can express their concerns regarding own workforce and sustainability through the Works' Council whose regular agenda item is Employee Initiatives and Questions. In the event of changes to the organisation and internal acts, the Company regularly conducts briefings and consultations with the Works' Council and ensures the participation of its representatives at the meetings of the Works' Council. At its meetings, the Works' Council obtains answers to open questions from employees through invited representatives of the employer or through written responses, which are published or uploaded on the intranet (SharePoint) and accessible to all employees who have personal computers and/or through the minutes of their regular or extraordinary meetings, which are also published on notice boards. Employees have an additional channel for expressing concerns through union representatives or through the presidents of trade unions, with whom the Management Board meets as appropriate or at least 4 times a year.

At Cinkarna Celje d.d., we are also aware of the importance of engaging vulnerable groups of employees, such as older workers, women, foreigners and disabled people, as the impacts of our business may have a more pronounced effect on them. We systematically engage employees and their representatives in addressing workforce impacts, taking their views and concerns into account through the Works' Council, union representatives and the possibility of anonymous submission of proposals via our communication channels. Where necessary, we conduct additional informal discussions with employees from vulnerable groups to ensure that their voices are heard and taken into account in the design of measures that affect their working environment.

[S1–3] Processes to remediate negative impacts and channels for own workers to raise concerns

Workers and their representatives are given the opportunity to participate in addressing all issues concerning own workforce. They are involved in the assessment of risks to individual jobs and in preparing a Risk Assessment. The Works' Council has several committees through which employees from different divisions can raise questions and concerns regarding employees. Workers can report work-related hazards and proposals for improving working conditions to the Works' Council by reporting potential hazards and near misses. The effectiveness of the measures taken is assessed by monitoring the implementation of agreed improvements, analysing recurring incidents and by regular reporting and feedback from employees. Additional remedial actions are taken if necessary, based on the data collected.

Company employee engagement takes place through the following channels:

- Annual Quality of Work Satisfaction Survey where employees provide relevant information on key topics such as: satisfaction with various aspects of work, such as working conditions, promotion opportunities, salary, relationships with colleagues, employment stability, reputation of work, etc. The results are presented and analysed at the executive management level, and individual departments and managers are responsible for preparing action plans to address the identified challenges.
- Annual Employee Engagement Survey where employees provide relevant information that affects employee engagement based on the Gallup Engagement Scale and where the data is

internationally comparable. The results are presented and analysed at the executive management level, and individual departments and managers are responsible for preparing action plans to address the identified challenges.

- The CC um system - reporting useful proposals where employees can submit various proposals that improve individual work processes, the working environment, working conditions, relationships, etc. Each submission is carefully reviewed by the system administrator who is the President of the Works' Council and who ensures that the proposal is properly addressed and evaluated by the responsible persons as well as that the employee receives feedback regarding the submitted proposal.
- Employees can also express concerns via three anonymous mailboxes – What's Bothering You (Kje pa vas Čevelj žuli) or via the online channel razkritja@cinkarna.si, whose administrator is a member of the Management Board - the Labour Director who carefully examines each reported case and proposes further consideration.

Employee engagement effectiveness monitoring

We monitor several key indicators to assess the effectiveness of our efforts:

- Survey methodology: We monitor trends in employee participation, engagement levels and satisfaction, which allows us to adjust our engagement strategy.
- Talent turnover and retention: This serves as an additional indicator of the effectiveness of employee engagement.

Employee engagement effectiveness monitoring

Contract workers, students and pupils on compulsory internships are not considered employees of Cinkarna Celje, d. d., however, in accordance with the law, uniform criteria and rules for their engagement apply to them just like they do to our employees in line with the law and internal regulations. Upon starting work, they are introduced to the working environment or onboarded, informed about basic safety rules, rights and expectations, and assigned a responsible mentor or manager. In accordance with the principles of fair treatment, these persons also have the opportunity to express concerns, questions or detected irregularities through the same structures as regular employees - this includes direct communication with superiors, support from the HR department and the use of an anonymous communication form. Briefing on the available channels is part of the introductory process, and their use is voluntary and protected. All persons using these structures – including contract employees, interns and students – are subject to internal policies on protection against retaliation as set out in the Code of Ethical Conduct, which applies to all individuals acting on behalf of the Company or in its operations. We thus ensure that non-employed workers also have the opportunity to safely express their concerns and participate in creating a fair and safe working environment.

[S1–4] Actions on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Assurance of health and safety at work

In line with the impacts related to health and safety at work, our Health and Safety at Work Policy is based on the belief that all accidents are preventable, so our ZERO accidents target reflects our commitment to this area.

The three main health and safety at work-related objectives/targets include:

1. Zero injuries at work – the overarching goal

This is a long-term goal to which all other goals are subordinate. We follow it step by step by implementing various preventive activities and improvements.

2. Improvements in the field of health and safety at work and fire safety
We eliminate possible causes of injuries at work by identifying and analysing process risks that can negatively affect safety and health at work.

3. Organisation and implementation of promotion of employee health
We regularly promote employee health according to a developed programme, which we adjust every year.

As part of our efforts to ensure health and safety at work, we have implemented the following activities or measures for all our employees:

- provision of first aid to the injured and suddenly ill people at work – workshop;
- promotion of a healthy breakfast – once a month;
- health education work in the field of preventing cardiovascular diseases – risk factors (control of fats and sugar in the blood, blood pressure measurements, etc.);
- body composition measurements – determining the BMI as a risk factor for cardiovascular diseases;
- vaccination against tick-borne meningoencephalitis;
- sun protection, skin tags and cancer – preventive action in preventing skin cancer (individual examinations, importance and instructions for self-examination, counselling);
- participation in the "European Mobility Week" campaign - Celje drives sustainably to work;
- "Pink October" - breast cancer awareness activities;
- "Movember" - prostate cancer awareness activities (individual examinations, counselling);
- seasonal flu vaccination.
- Working with the contracted occupational medicine provider, we perform risk assessment audits and ergonomic workplace inspections as well biological monitoring of employees. In addition, the occupational medicine provider performs preventive medical examinations of employees and issues a certificate of the employee's ability to work. Preventive medical examinations are performed at the intervals specified in the risk assessment for each workplace (24–60 months).

We employ an established system for recording and reporting statistics on emergency events and for eliminating identified deficiencies. In the event of an accident at work or a sudden illness of an employee, the Company organises and provides first aid and rescue services at all workplaces, both during regular and shift working hours. In the event of an injury at work, the employee must immediately seek first aid from qualified persons and inform the supervisor who must in turn report the accident to the Health and Safety at Work Service.

In addition to accidents at work, we also monitor near-miss events and potential hazards, which we regularly record and eliminate the causes of their occurrence or prevent the occurrence of accidents. In 2024, we identified 207 potential hazards, which we promptly eliminated, which represents an increase of 76.9 percent in identified potential hazards compared to the year before. This was primarily the result of a more systematic approach to identifying potential hazards in maintenance work. Employees reported 18 near-misses, which is 8 more near-misses than in 2023. The Safety Minute activity was held among production workers in various forms and time intervals, the purpose of which is for employees to briefly discuss the course of the shift and any potential hazards identified in individual plants before they start their shift. In addition, in the event of an injury at work, they discuss the causes that led to the individual accident as well as other current topics related to safe and healthy work.

We have established a system for assessing risks at workplaces according to incidence and intensity, which is implemented at all times. Based on the results, a Risk Assessment for all Positions of Employment and a Register of Health and Safety at Work Risks are created or revised, which shows the exposure of employees to physical, chemical, mechanical, social and biological risks. In the event of identified risks, we determine and adopt appropriate measures to reduce the exposure of employees to hazardous working conditions, and we determine responsible persons and deadlines for eliminating or reducing individual risks.

Good health is a prerequisite for a good and successful life and work - both for the individual and for the work organisation, which is why we regularly implement the Health Promotion Programme, which is intended to maintain and strengthen the physical and mental health as well as well-being of employees and the early detection of various medical conditions. It is an active form of the employer's support in improving the general health and well-being of employees. The Health Promotion Programme, which is financially evaluated and adopted by the Company's Management Board every year, is prepared based on an assessment of the needs of employees. Thus, the programme takes into account an analysis of the employees' health condition based on periodic medical examinations and an analysis of sick leave absences by disease groups and economic activities.

Staff competence and availability

Competency and availability of staff represent an important strategic area and at the same time one of the material risks that can affect the stability and success of operations. At Cinkarna Celje, d. d., we are aware that maintaining professionally qualified personnel and attracting new talent in conditions of limited availability on the labour market is an increasing challenge. Therefore, we systematically invest in the development of employee competencies, knowledge transfer and adaptation of hiring strategies to ensure the long-term stability and competitiveness of the Company. To manage the risk associated with the competency and availability of staff, the Company implements the following measures for employees:

1. Staffing system: The established staffing system includes:
   - prescribed training programmes for each job;
   - assignment of mentors for new employees, which ensures effective onboarding.

2. Overhaul of the competency model:
   - In 2024, we carried out a review of existing employee knowledge and a revision of the competency model, which enables targeted training in areas with a lack of competencies.

3. Targeted employee training: Based on the revised competencies, we organise the following:
   - internal and external training in the areas of planning, lean production and information technologies;
   - activities for maintaining the active status of existing certified engineers.

4. Succession development:
   - we have identified key positions, defined potential successors and determined the required competencies and the timeframe for replacements;
   - for the most promising candidates, we implemented the Leadership Academy management development programme and additional coaching for employees.

Social dialogue

At Cinkarna Celje, d. d., we strive for high-quality social dialogue, which improves working conditions for all employees and the long-term stability of the Company as the absence of such dialogue has serious negative impacts on both the Company and its employees. Cooperation with employees and their representatives contributes to greater inclusion, satisfaction and reduction of risks related to the workforce. Measures to address material impacts:

1. Regular cooperation with the trade union:
   - Concluded agreement on wage policy that determines fair remuneration of employees,
   - concluded agreement on cooperation between the Company and the trade union,
   - coordination of working conditions and social rights of employees through regular negotiations,
   - active participation in the formulation of policies in the field of health and safety at work.

2. Strengthening the role of the Works' Council:
   - Concluded agreement on cooperation between the Company and the Works' Council,
   - regular meetings with management to discuss key issues,
   - option for employees to actively influence working conditions through representatives,
   - strategic integration of employee initiatives into decision-making processes.

3. Engagement of workers' representatives in supervisory bodies:
   - active participation of employees in the Company's Supervisory Board,
   - assurance of transparency in key business decisions.

   The role of the Labour Director
   - Direct representation of employees' interests in the management of the Company,
   - liaison function between employees and the Company's strategic decisions

4. Internal communication system
   - Improved communication through internal notifications, meetings and direct dialogue,
   - introduction of mechanisms for employees to submit initiatives and questions,
   - monitoring employee satisfaction and responding to their needs.

Measurement and effectiveness of the measures taken are monitored for the following

1. Assurance of health and safety at work through the following activities:
   - Annual reporting at the annual executive college board,
   - regular monitoring of health and safety indicators through implementation targets, at Management Board colleges and adoption of measures four times a year,
   - live monitoring of the indicator on monitors and the intranet Number of days without injuries at work,
   - conducting of a detailed analysis of the causes of accidents,
   - regular informal meetings with a certified occupational medicine physician.

2. Social dialogue through the following activities:
   - Regular analyses of employee satisfaction and internal surveys,
   - review of the effectiveness of social dialogue, including the number of employee initiatives and agreements reached,
   - monitoring the level of employee turnover and absenteeism enabling the measurement of the long-term effects of measures.

Cinkarna Celje, d. d., remains committed to further developing and improving social dialogue as we believe that open communication and cooperation contribute to the stability of the company and sustainable performance.

[S1–5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Through the Corporate Risk Management Committee, we have set targets and measures to manage material risks and opportunities related to the workforce. In the Sustainability Strategy until 2030, which was approved by the Company's Supervisory Board, which includes two employee representatives, the Company has set the following targets:

- increase the share of engaged employees to 40% and reduce the share of actively disengaged employees to 16% (according to the Gallup Engagement Scale),
- 0 injuries by 2030,
- increase the number of activities to promote employment opportunities close to home by 10%.

To achieve sustainability-related objectives related to its own workforce, the Company has set itself indicators that will be monitored quarterly for the first time in 2025 and reported on at the Management Board colleges 4x per year. The Company has set itself the following measures and activities to achieve these objectives:

The following is planned in order to achieve the strategic objective of employee engagement:

- overhaul of the mentorship system,
- raising the organisational culture (financial and non-financial indicators, leadership, education, knowledge transfer),
- improvement of the accountability system,
- improvement of the transparent salary system and setting of the variable part of pay and promotions,
- overhaul and implementation of the system for improving competencies and knowledge (assessment, training, working with talents, successors).

The following is planned in order to achieve the strategic objective on employee safety:

- introduction of the LOTO - Lock out, Tag out safety procedure system in TiO_2 production,
- introduction of a safety pillar as part of the lean production project ("CC Excellence System") in TiO_2 production,
- introduction of additional activities to improve health and safety at work by 2030.

The following is planned in order to achieve the strategic objective of the promotion of employment opportunities close to home:

- cooperation with local primary and secondary schools, and faculties: organisation of excursions to the Company,
- provision of practical training for young people at all levels of education,
- increasing participation at Career Fairs and other events promoting employment close to home (Open Days, Information Days).

[S1–6] Characteristics of the Company's employees

As at 31 December 2024, Cinkarna Celje, d. d., had 718 employees, 79.8 percent of whom were men and 20.2 percent were women. Taking into account the business policy of the Company's Management Board, the diverse operating results of individual business units and the planned hiring, the number of total employees decreased by 3.3 percent or 24 employees. In 2024, 84 people stopped working at the Company, whereby 56 cases involved retirement.

Table 76: Employees by gender as at 31 December 2024

Employees by gender	2024	
	Number	%
Male	573	79.8
Female	145	20.2
Other	0	0
Not reported	0	0
Total	**718**	100

As at 31 December 2024, the majority of employees (91.9%) were employed for an indefinite period and worked full-time (98.9%). A smaller percentage of employees (1.1%) worked on a short-time work basis. Employees, regardless of their indefinite or fixed-term employment or full-time or short-time employment, receive the same benefits. Employee turnover in 2024 was 11.6%. The figure is calculated based on the actual number of full-time employees, regardless of full-time equivalents (FTE). The calculation includes all employee departures in the reporting year, regardless of the reason (retirements, dismissals, mutual agreement terminations, deaths, etc.), with the total being 84 people.

The turnover rate was determined as the proportion of the number of departures in relation to the average number of employees in the year, with the average calculated as the arithmetic mean of the monthly number of employees. The figures are based on internal human resources records and are reconciled with the Company's financial statements.

Table 77: Number of employees based on the number of persons, according to employment status as at 31 December 2024

Male	**Female**	**Other**	**Not available**	**Total**
Number of employees				
573	145	0	0	718
No. of indefinite period employees				
522	138	0	0	660
No. of fixed-term employees				
51	7	0	0	38
Number of employees without guaranteed number of working hours				
0	0	0	0	0
Number of employees with full working time				
569	141	0	0	710
Number of employees with short working time				
4	4	0	0	8

[S1-7] Characteristics of non-employee workers in the Company's own workforce

The Company has signed two contracts with placement agencies, Trenkwalder and Addeco. We are bound by the Cinkarna Celje, d. d., Corporate Collective Agreement for the payment of agency workers who work through employment contracts with the aforementioned agencies, whereby they are equal in terms of pay and all allowances or in an equal position as regular employees in the Company. On average, 30.8 agency workers worked in the Company in 2024, which represents 4.2% of the average number of employees in the Company. There is no seasonal impact on the number of agency workers, but we adjust the number of employees to the needs of the Company.

Work based on a student referral (student work) was performed by 14.4 participants on an average monthly basis. The Company still offers the majority of student work to students in the summer months (July, August) whereby we temporarily or occasionally cover vacations and additional work.

Excluding the months of July and August, an average of 9.5 employees work in the Company based on a student referral.

[S1–8] Collective bargaining coverage and social dialogue

Employees are bound by the Corporate Collective Agreement of Cinkarna Celje, d. d., which the Company has concluded with two representative trade unions. At Cinkarna Celje, d. d., collective bargaining and agreements with social partners are the key mechanism for regulating employment relationships as they ensure a stable working environment and uniform conditions for all employees. In 2024, 100% of our employees were fully covered by the Corporate Collective Agreement and 94.6% of those are entitled to all rights and benefits stipulated in the Collective Agreement, including provisions on wages, working hours, allowances, and health and safety at work. 5.4% of employees performing managerial and executive functions were partially covered by the Corporate Collective Agreement, namely only in the part that is not specifically regulated in their individual employment contracts. This means that these employees have certain aspects of working conditions regulated directly in their respective contracts, while other general elements of employment relationships still follow the Collective Agreement.

The company actively promotes social dialogue, which takes place through two representative unions – the Svobodni sindikat and the Neodvisni sindikat. In addition, employees have two representatives on the Supervisory Board and their representative on the Management Board who is a member of the Management Board - Labour Director, which allows them to be directly represented in the Company's strategic decisions.

Regular meetings between management and employee representatives allow for the discussion of key topics such as salaries, working conditions and safety at work, which contributed to improvements in allowances for special working conditions and the agreement on salary policy, payment of holiday pay and the determination of the conditions for the payment of the business performance-based part of pay for 2024.

Cinkarna Celje, d. d., recognises and supports the right to organise in trade unions and collective bargaining, ensures compliance with the GDPR and promotes open social dialogue as a key tool for improving working conditions and sustainable development of the Company.

Applicability of the Corporate Collective Agreement for non-employee workers

Contract workers, students and pupils on compulsory internships are not considered employees of Cinkarna Celje, d. d., however, the Corporate Collective Agreement applies to them in its entirety and in the same scope as it does for our employees.

[S1–9] Diversity indicators (metrics)

Cinkarna Celje, d. d., recognises the importance of diversity and inclusion as key factors for the long-term success of the Company and the creation of a supportive working environment. The Company is committed to providing equal opportunities for all employees, regardless of gender, age, ethnicity, religion, disability or other personal circumstances. As at 31 December 2024, the Company employed 10 men (62.5%) and 6 women (37.5%) at the senior management level (B-1), at the level of directors and heads of departments reporting directly to the Company's Management Board.

The largest age group in 2024, with 45.8%, was made up of employees aged between 30 and 50, which represents a significant shift for the Company in terms of rejuvenating the workforce, taking into account demographic trends. This is followed by employees aged 50+ who accounted for 39.3% of the workforce. The smallest group of employees is made up of employees under 30 years of age.

We are aware of the rising average age of our employees and we are taking several measures to encourage the recruitment of younger staff and to enable young people to develop their professional competences, including by creating a supportive working environment. We provide students with regular work placements and offer scholarships for training as chemical technicians, mechanical technicians, toolmakers, chemical engineers, mechanical engineers and electrical engineers. We run mentoring programmes for new employees to transfer skills, while engaging with the wider social environment to raise young people's interest in chemistry.

Table 78: Number of employees by age group as at 31 December 2024

Percentage of employees by age (%)	**2024**				
	Male	Female	Other	Not reported	Total
Younger than 30	13.2	1.7	0.0	0.0	14.9
30-50 years	38.4	7.4	0.0	0.0	45.8
Above 50 years	11.1	28.1	0.0	0.0	39.3
Total	62.8	37.2	0.0	0.0	100.0

[S1-10] Adequate wages

The minimum wage for employees in the Republic of Slovenia for 2024 is EUR 1,253.90 gross. The average salary in the Company is 23.1% higher than the average gross salary (EUR 2,394.92) in the Republic of Slovenia in 2024. All employees are treated equally and the same standards apply to all of them when determining their salaries and all allowances agreed in the Corporate Collective Agreement. The value of the starting salary is determined according to the job classification of each post. Over the years, the gross minimum wage and the gross average wage in the Company have been increasing steadily as a result of keeping up with current national legislation, our responsibility towards our employees and our negotiations with the social partners to ensure that our employees can live in dignity in the face of the rising cost of living.

Table 79: Gross minimum wage in the Republic of Slovenia and average wage at Cinkarna Celje d.d. in 2024, in EUR

	2024
Gross minimum wage (EUR)	1,253.90
Gross average wage (EUR)	2,949.32

At Cinkarna Celje, d. d., all employees are paid an adequate wage, which is in line with the benchmarks set by Directive (EU) 2022/2041 of the European Parliament and of the Council as the wage must not be lower than the minimum wage in the individual European Union country in which the entity operates. The minimum basic salary of the Company's employees is EUR 1,319.58, which is 5.2% or EUR 65.7 gross higher than the minimum salary in the Republic of Slovenia for 2024.

[S1-11] Social protection

In line with the applicable legislation and collective agreements, all employees at the Company are covered by social protection against loss of income due to major life events. All employees are covered by compulsory forms of social insurance provided for by law, which ensures financial security in the event of major life events.

The Company provides its employees with the following:

- **Health and pension protection** - all employees are covered by compulsory health and pension insurance, which guarantees their right to medical services and pension benefits.
- **Sickness absence benefits** - in the event of illness or injury, employees are entitled to a salary allowance in accordance with the law and the Company's internal regulations.
- **Parental leave and family benefits** - employees are entitled to maternity, paternity and parental leave as well as other benefits related to childcare in accordance with the law.

- **Unemployment protection** - in the event of job loss, employees are entitled to unemployment benefits and other support mechanisms in accordance with the law.
- **Disability or work incapacity benefits** - in the event of permanent incapacity for work, the Company supports employees in acquiring social rights and provides for gradual integration into work or adapted work tasks.

[S1-12] Persons with disabilities

Cinkarna Celje, d. d., also employs people with disabilities. At the end of 2024, they represented 5.7% of all employees. This is a relatively high proportion, exceeding the legal quota for companies by less than a percentage point. These are employees with varying degrees of disability, and their work or workplace is adapted to enable them to perform work according to their level of disability and in line with their abilities. Over the years, we have seen an upward trend in the number of workers who are limited at work due to a medical condition. Through an active policy of cooperation with the Occupational, Transport and Sports Medicine and the Disability Commission of the Pension and Disability Insurance Institute, the proportion of disabled persons in the total number of employees has decreased for the fifth consecutive year, with the exception of 2022. The positive trend continues. Taking into account the ageing structure of the workforce and the changes in the legislation, which is more restrictive towards the retirement of people with disabilities, we do not expect a significant improvement in this structure at this stage. The main reason for the increase in the number of people with disabilities at work relates to limitations related to spinal deformities and incorrect posture, limitations in lifting heavy loads and psychosomatic reasons.

Table 80: Percentage of employees with the status of person with disability as at 31 December 2024 12. 2024

Disabled employees	2024
Number	41
Percentage (%)	5.7

[S1–13] Training and skills development indicators (metrics)

We recognise the importance and value of qualified employees, which is why we provide them with regular training and competence development. The largest share of education and training is mandatory, mainly in the areas of health and safety at work, handling hazardous chemicals, fire safety, environmental protection and standards management.

Table 81: Employee education and training in 2024

	Male	Female	Total
Total number of employee attendance at specific functional education and training sessions	2,869	955	3,824
Total number of hours of education and training in specific content	12,165.7	3,943.8	16,109.5
Average number of hours of education and training per employee	21.1	16.3	22.2
Average financial value of education and training per employee	676.0	659.5	675.7

We provide employees with access to training and development programmes, with a focus on strengthening the skills required for technological progress and safety. By digitising our operations, we have introduced e-learning for all employees. This ensures continuous professional development and the strengthening of employees' competences. In 2024, we organised 22.2 hours of training/employee, with a particular focus on safety, engagement and professional content. The increase in training hours compared to the previous year is due, among other things, to the focus on additional professional training and soft management skills. This was also reflected in the content of education and training, which was again focused on improving the specific professional areas of individuals and on mandatory regular education and training. In 2024, 3,824 participants attended specific functional training within and outside the Company. The total number of hours of training was 16,109.5, which is 30.0% more than the previous year.

In 2024, the Company did not conduct formalised and systematic reviews of employee performance and career development, therefore data on the share of people involved and their breakdown by gender is not available. We are working to develop a unified system of monitoring and supporting human resource development, which will enable a more structured treatment of this area in future periods.

[S1–14] Health and safety indicators (metrics)

A safe and healthy working environment is one of the key priorities of Cinkarna Celje, d. d. The Company regularly conducts risk assessments at workplaces and includes employees in training on the safe handling of equipment and materials. We also offer a range of activities aimed at supporting the mental health and well-being of employees. Cinkarna Celje, d. d., has set itself the target of zero injuries at work, which is why it has implemented measures to improve working conditions, with an emphasis on workplace safety and ensuring access to ongoing training for all employees. We regularly monitor the achievement of the target, and we set short-term performance targets every year that help us achieve the headline target. We operate in accordance with the ISO 45001 certificate - Occupational Health and Safety. Progress is regularly measured via indicators included in the reporting in the regular annual management review.

The health and safety at work management system covers everyone (100%) who works in the Company based on an employment contract or performs work for the Company on any other legal basis (external contractors), as well as employees who work as part of their training and student work.

We monitor injuries at work with the so-called frequency index, which represents the number of cases of absence from work due to sick leave per 100 employees. The frequency index increased from 1.6 to 2.3 injuries per 100 employees compared to 2023. There were no occupational diseases, work-related deaths or injuries related to commuting to and from work when the transport is organised by the employer, and we had no business trips in 2024.

The lost time injury frequency rate (LTIFR) is calculated as the ratio of the number of lost time injuries to the total number of working hours of all employees, multiplying the result by a factor of 1,000,000.

Table 82: Health and safety indicators in 2024

Event	2024
No. of work-related injuries	17
No. of lost days due to work-related injuries	1209
Lost time injury frequency rate (LTIFR) (S1-6 AR89)	14.8
Frequency index	2.3
Work-related illness	0
No. of lost days due to work-related illness	0
Work-related deaths	0
Occupational illnesses	0
No. of commuting injuries, if organised by employer	0

No. of lost days due to commuting, if organised by employer	0
No. of business travel injuries	0
No. of lost days due to business travel	0
*No. of recorded work-related injuries - external contractors	6
*Work-related deaths - external contractors	0

In 2024, we recorded 17 injuries, 1 of which was a serious injury, while no deaths or occupational illnesses were recorded. Under the frequency index indicator, we recorded 2.3 injuries per 100 employees, which represents an increase of 43.8% compared to 2023. As a result, the increased number of injuries at work meant that the number of lost days also increased, from 371 days (in 2023) to 1201 days (in 2024). The causes of injuries at work included primarily trips, slips and falls, followed by chemical burns and cuts.

[S1-15] Work-life balance indicators (metrics)

Cinkarna Celje, d. d., fully recognises the importance of the work-life balance and offers employees flexible working models, such as teleworking and flexible working hours. All employees are entitled to leave for family reasons in accordance with the Employment Relations Act and the Corporate Collective Agreement, which makes it easier to reconcile work and family obligations. Family-related leave includes absence due to care for sick children or relatives, maternity leave, paternity leave, parental leave, time for birth and adoption. This definition does not include leave due to medical examinations of employees, illness related to pregnancy outside of parental leave, or absence due to funerals and deaths of relatives. Family-related leave also does not include absences registered as unspecified unpaid leave.

In 2024, the Company did not have separate records of types of family-related leave (e.g. maternity, parental, childcare, etc.) as all such absences are recorded under a single absence code, regardless of their purpose. Therefore, it is not possible to calculate the percentage of employees who actually took leave for family reasons, nor a breakdown by gender.

We are aware of the importance of this data for assessing the employees' work-life balance, and we plan to establish more precise classifications of absences in the coming years.

[S1–16] Compensation indicators (metrics) (pay gap and total compensation)

The total compensation ratio is calculated by dividing the total annual salary of the highest-paid employee by the median annual salary of employees at Cinkarna Celje, d. d., whereby the highest-paid employee is excluded from the calculation. The median compensation and the calculation of the pay gap include all compensation paid by the Company to employees on an annual basis that is taxable.

The ratio between the annual total compensation of the highest-paid individual and the median annual total compensation of employees (excluding the highest-paid individual) for 2024 is 9.4.
In 2024, taking into account the weighted average between the genders, the pay gap between the genders was -3.3%, meaning that women are on average better paid than men.

[S1–17] Incidents, complaints and severe human rights impacts

Cinkarna Celje, d. d., remains committed to respecting human rights, promoting diversity and ensuring a working environment free from discrimination. In 2024, there were no reported or addressed incidents of discrimination, complaints or identified severe human rights impacts by employees, as shown in the table below.

The Company has clear mechanisms in place for reporting incidents, including anonymous channels that allow employees to raise concerns without fear of retaliation. Reports are handled in accordance with internal procedures and in accordance with Slovenian legislation and international standards.

In accordance with the principles of sustainability reporting, the Company also monitors potential complaints and incidents related to human rights and reports on them in a transparent and responsible manner. The content below is prepared in accordance with the application requirement AR 13 within the framework of ESRS S1-17, which requires a presentation of actual or potential severe negative human rights impacts, including their scope and the Company's response. Table 38 thus presents part of the disclosures related to risk management, detection and treatment of severe human rights impacts within own workforce, thereby ensuring transparency and fulfilling the Company's duty of care in this area.

Table 83: Incidents, complaints and severe human rights impacts

Indicator	Unit	Value
Incidents of discrimination, including harassment	Number	0
Complaints filed via employee concern channels	Number	0
Fines, penalties and compensation for incidents and complaints	EUR	0
Confirmed severe incidents of human rights violations related to own workforce	Number	0
Fines, penalties and compensation related to confirmed severe incidents of human rights violations	EUR	0
Confirmed severe incidents of human rights violations related to the value chain (input and output flows)	Number	0
Confirmed severe incidents of human rights violations related to consumers and/or end users	Number	0

5.4.2 [S3] Affected communities

Cinkarna Celje, d. d., does not exceed an average number of 750 employees as at the balance sheet date and has decided in accordance with the provisions of Appendix C to ESRS 1 to phase in the reporting for disclosures related to ESRS S3 - Affected communities. Despite this option, an assessment of the materiality of the topic was carried out in 2024 and we provide disclosures for all material matters.

[S3-SBM3] Material impacts, risks and opportunities and their interaction with strategy and business mode

We define affected communities as the local population in the areas where the Company directly operates and carries out its activity (municipalities of Celje, Štore, Šentjur and Mozirje). The materiality assessment was carried out in accordance with ESRS 2 IRO-1 and takes into account both actual and potential impacts. Impacts, risks and opportunities are related to the Company's business model and strategy (ESRS 2 SBM-3) as they can affect the success of operations, the ability to implement strategic projects and obtain consent from the local environment for further development.

Based on publicly available data and due diligence, we have not yet identified any significant impacts, risks or opportunities in the value chain, but we will continue to closely monitor, analyse and include this area in the future in accordance with the needs and opportunities that arise.

The Company requires the amendment of spatial planning acts for its operations and development so the acceptance of and support for the Company's activities by the affected communities is crucial.

The actual risk is related to the location for the disposal of red gypsum (waste from titanium dioxide production). The project to fill landfills affects communities living in the immediate vicinity (Za Travnik, Bukovžlak) and is key to mitigating the risk of the Company's strategy not being achieved.

Old environmental burdens at the Bukovžlak site cause leaching of pollutants that enter the environment and can potentially affect the food produced. The Company is implementing remediation measures to prevent the spread, which represent a significant cost with the possibility of increasing with new findings from field research and remediation efforts. The remediation of old environmental burdens is an integral part of responsible environmental management, which is included in the Company's long-term strategy and has a significant impact on the social acceptance of its activities.

The barriers that retain liquid and solid waste are made of soil and as such are subject to possible displacement and, in extreme cases, collapse. Heavy rainfall in recent periods has accelerated these processes (landslides). The safety of the barriers is inextricably linked to the production process and waste storage. The Company's strategy envisages a systematic reduction of environmental risks, which also includes investments in the stability of the barriers. Climate impacts result directly in the need to adapt infrastructure and technical measures, and they also increase the risk of business disruption and damage to the local community in the event of a collapse.

The nature of technological processes at the Company can lead to industrial accidents, which, by destroying material resources, pose a risk to the existence of the Company as well as a risk of a negative impact on the affected communities. The business model includes preventive measures (SEVESO, IED) and cooperation with stakeholders, which influences strategic decision-making regarding investments and risk management.

Part of the Company's long-term strategy is to cooperate with the education system to develop knowledge related to industry and sustainability. The Company's business model includes investments in human resources development and strengthening a positive social image. Such cooperation creates opportunities for the long-term provision of appropriate personnel and strengthens the Company's reputation among young people and the general public. For the 17th year in a row, the Company has been running a competition for primary and secondary schools with which it cooperates in the education system on topics from industry and sustainable management. We provide excursions to many schools, and we mentor individuals when they do their school papers and enable them to gain practical experience through work placements.

Our channels already in place and those planned for 2025 provide affected communities with an insight into our operations and strengthen mutual dialogue.

Social responsibility is an integral part of the Company's strategy. Supporting communities through donations and sponsorships contributes to the long-term social acceptance of the Company's activities. Such measures not only contribute to a better quality of life in the local environment, but are also strategically important for strengthening relationships with stakeholders and preventing potential resistance to planned development projects. By supporting sports, cultural and other activities in the local community, the Company encourages an active, healthy and sustainable life in the local environment and builds business connections with stakeholders. We want to contribute to:

- the improvement of the physical and mental health of residents, especially children, through better opportunities for sports,
- the preservation and development of cultural heritage and promotion of cultural activities that strengthen local identity and community cohesion,
- ensuring accessibility and safety for all residents, especially vulnerable groups, as well as to the development of knowledge and skills that promote sustainable development and long-term progress of the community.

[IRO1] Description of the process to identify and assess material impacts, risks and opportunities in the S3 area

Based on a material impact, risk and opportunity analysis (DMA or Double Materiality Assessment), we have identified several important aspects related to affected communities that we present in the Table below.

Table 84: Impacts, risks and opportunities (IRO) for the E5 area

Material impacts, risks and/or opportunities	Definition	Location/value chain			Time period		
		Own activity	Downstream part of the value chain	Upstream part of the value chain	Short-term	Medium-term	Long-term
Negative impact on the Company's operations due to the inability to remove red gypsum (local community does not grant consent for the preparation of a spatial planning act)	Risk	x				x	
Increased costs due to the elimination of old environmental burdens (prevention of potential negative impact on food due to the spread of pollutants)	Risk	x					x
Negative impact on operations due to heavy rainfall - floods, landslides (impact on the increase of the possibility of the collapse of the Bukovžlak and Za Travnik barriers and thus the negative impact on people living downstream of the barriers and their property)	Risk	x					x
Event - industrial accidents (potential negative impact on the environment and human health due to released emissions and social impact in the event of a consequent limitation of the Company's operations)	Risk	x					x
Cooperation in the education system (competitions, placements, excursions, B.A./M.A./Ph.D. theses, scholarships)	Actual positive impact	x			x		
Established channels for dialogue with affected communities (Advisory Committee, complaint resolution, Open Days)	Actual positive impact	x			x		
Support for local sports, cultural and other activities in the local community	Actual positive impact	x			x		

[S3-1] Policies related to affected communities

Table 85: Overview of policies for the management of material affected community-related impacts, risks and opportunities

Title of policy, commitment, code	Description of key content (objectives/targets, impacts, risks, opportunities)	Responsibility for the policy	Disclosure of third-party standards or initiatives that the Company considers when implementing the policy	Description of consideration of the interests of key stakeholders in the formulation of the policy	Available at
Policy on the Establishment of Means for the Communication of Concerns, Complaints and Needs of Affected Communities	The policy defines the following: • principles for addressing concerns, complaints and needs of the community	Management Board	ESRS S3-2, ESRS 2-GOV 3, principle 31 of UN Guiding Principles on Business and	The policy takes into account the interests of affected communities	Intranet of Cinkarna Celje

	• channels for communication • consideration procedure • option of filing complaints regarding consideration • monitoring and reporting procedures		Human Rights, OECD Guidelines on Responsible Business Conduct	IRO 1, 2, 3, 4, 6 in the Table above	
Rules on the Establishment and Operation of the Social Advisory Committee for the City Municipality of Celje, the Municipality of Štore and the Municipality of Šentjur and Rules on the Establishment and Operation of the Social Advisory Committee for the Municipality of Mozirje	The rules define the following: • purpose and objectives • powers • Advisory Committee composition • method of work of the Advisory Committee	Manageme nt Board	ESRS S3-2, ESRS 2-GOV 3, principle 31 of UN Guiding Principles on Business and Human Rights, OECD Guidelines on Responsible Business Conduct and GRI 413	The policy takes into account the interests of affected communities IRO 1, 2, 3, 6 in the Table above	Intranet of Cinkarna Celje
Sponsorship and Donation Policy	The policy defines the following: • Company's objectives in the field of sponsorships and donations • measurement of the success of the sponsorship and donation management process • planning of funds intended for sponsorships and donations • procedure for allocating sponsorship and donation funds • selection criteria • proof of the fulfilment of obligations	Manageme nt Board	ESRS S3 (S3-4 and S3-5), ISO 26000, GRI 413, OECD Guidelines	The policy takes into account the interests of affected communities IRO 1, 5, 7 in the Table above	Intranet of Cinkarna Celje

The Company does not yet have a Human Rights Policy, but plans to put one in place by the end of 2025. Nevertheless, in our operations, we are committed to respecting the human rights of affected communities in accordance with international standards. We pay special attention to the right to information and participation and to ensuring a healthy living environment.

To implement these commitments, we ensure cooperation with communities and effective remedial actions in the event of negative impacts, which is confirmed by the results of responses to questions and complaints from the public.

The Company has adopted the Policy on the Establishment of Means for the Communication of Concerns, Complaints and Needs of Affected Communities, the purpose of which is to define clear and accessible channels. The goal is to ensure transparency, accountability and effective resolution of issues raised by local residents and other stakeholders.

In order to establish a continuous dialogue, the Company is forming a Social Advisory Committee in 2025, which will serve for the provision of information and participation in the implementation of processes that impact affected communities. The method of work is described in detail in the Rules on the Establishment and Operation of the Social Advisory Committee and the inclusion of information in co-decision-making.

The Social Advisory Committee will meet twice a year. At this meeting, we will present our development and investment plans and listen to the needs and initiatives of representatives of the affected communities. For specific cases, we will also present the plans at a session of the municipal council.

In the field of disposal of non-hazardous waste from the production of titanium dioxide (red gypsum), we are implementing a long-term plan for the drainage of the Za Travnik reservoir, which serves as a fill. To provide information on the progress of the work and measured emissions, a Commission for the Supervision of the Implementation of Works in the Za Travnik Landfill Area has been established. It consists of members of the local community and representatives of the Company, and has been operating for the 17th year running.

Because we understand that residents want more detailed information about the operations of our Company, we are also organising an Open Day.

By sponsoring agreed activities, the Company demonstrates its social responsibility and supports projects that contribute to sustainable development and improve the quality of life in the community. At the same time, it enables the expansion of business connections, strengthening relationships with stakeholders and positioning the Company as a reliable and socially responsible partner. With its support, the Company has a significant impact on bringing young people together in sports activities, uniting residents in various societies, and implementing cultural activities and projects to improve safety and infrastructure. The definition of such activities is described in the Sponsorship and Donation Policy.

In the event of identified negative impacts on communities, the Company implements remedial actions, including rehabilitation measures and adaptation of strategies. These actions are developed in cooperation with the affected communities.

Our policies are aligned with international UN and ILO guidelines and are taken into account in preventing impacts, cooperating with communities and implementing remedial actions.

[S3-2] Processes for engaging with affected communities about impacts

The Company actively involves affected communities in impact management through the existing mechanism for communicating the concerns, complaints and needs of the affected communities, annual meetings of the Commission for the Supervision of the Implementation of Works in the Za Travnik Landfill Area and occasional consultations with local community representatives (mayors, chairmen of local communities). Starting in 2025, the Social Advisory Committee will take on an additional role in involving communities in the decision-making process and formulating the Company's sustainability policies.

[S3-3] Processes to remediate negative impacts and channels for affected communities to raise concerns

The Company is committed to responding in a timely manner and implementing remedial actions if it finds significant negative impacts on affected communities. The procedure for ensuring remedial action consists of the following:

1. Reporting and recording the impact:
   - Negative impacts can be detected by the Company through monitoring and internal inspections or by receiving complaints from affected communities.

- The grievance mechanism allows reporting and recording in the Register of Public Questions and Complaints.

2. Investigation and impact assessment:
   - The Safety, Health and Environment Department, together with the operational departments, verifies the validity of the complaint or the detected impact.
   - If the impact is significant, external experts are involved in the assessment (e.g. Faculty of Civil and Geodetic Engineering of the University of Ljubljana for the stability of barrier bodies).

3. Determination and implementation of remedial action:
   - The action depends on the type of impact and may include, for example, additional rehabilitation in brownfield areas, optimisation of treatment plants, additional protective measures (e.g. strengthening the safety of barrier bodies) or remedial actions to prevent the problem from recurring.

4. Monitoring the effectiveness of the action:
   - After implementing the action, the Company verifies its effect and adjusts further activities.

The Company ensures that all remedial actions are carried out transparently, in dialogue with affected communities, and in accordance with internal policies and international human rights guidelines.

In order to provide formal means for communicating concerns, complaints and needs of affected communities, we have established a special online channel that lists the telephone number and the email address info@cinkarna.si and a special email address varstvo.okolje@cinkarna.si for reporting environmental impacts.

The Company ensures the availability and accessibility of communication channels with affected communities by establishing several different communication channels:

- an online channel for questions and complaints,
- focus groups, surveys and individual interviews,
- Commission for the Supervision of the Implementation of Works in the Za Travnik Landfill Area,
- cooperation with experts and independent institutions to assess the effects of implemented measures (e.g. impact on the safety of barrier bodies),
- a review of trends and analyses based on the data obtained.

In the future, we will upgrade these with:

- meetings of the Social Advisory Committee where we will monitor the effects of actions and obtain proposals for improvements.

Regardless of the channel of receipt, a complaint about a negative impact on affected communities is forwarded to the Safety, Health and Environment Department (SHED). The responsible person records it in the Register of Public Questions and Complaints (accessible on the intranet) and checks whether the reported negative impact is a result of our operations.

- If the complaint is related to a reported emergency in our production, the complainant will receive an explanation of the reasons and the measures taken, and the form will be completed accordingly.
- If there is no data, a check is initiated with the person responsible for the process that could cause an impact.

The Management Board is also informed about the complaint, which gets involved in the resolution as appropriate. Following the check and action, the information is forwarded to the SHED, which informs the complainant and completes the form. In 2024, we recorded 4 complaints. We responded to all of them by performing a check and taking action. There were no repeated complaints on the same topic so we assess the action procedure as effective.

The Company assessed the affected communities' familiarity with the procedures for expressing concerns or needs and their consideration as well as their trust in said procedures by conducting a survey. Just under 70% of respondents trust the Company to address and resolve their comments and suggestions in a timely manner. 74% of respondents understand the information that the Company shares with the public via media/social networks. This is also the percentage of all who fully or partially agree that a published telephone number and email are sufficient to establish communication with the Company. 68% also partially or fully agree with the statement that Cinkarna Celje, d. d., acts in an exemplary manner in the local environment and prepares public events for it.

Policies on protection against retaliation for individuals who use channels to raise concerns or express needs are in place. More detailed in chapter [G1-1] Business conduct policies and corporate culture.

[S3-4] Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

According to the results of focus groups and individual interviews, we find that, in addition to actions to reduce environmental impacts, the affected communities also expect other actions to improve their quality of life. They express the need for a contribution in terms of employment, investments, especially in sports, as a way of healthy and active leisure time for children and adults. The desire for support in the construction of infrastructure such as bicycle paths and paving of local roads has also been expressed. This will help to encourage green mobility, and reduce dust and noise from traffic. In addition, the communities expect our support in ensuring a higher level of safety, which would help to strengthen the resilience of local communities in the event of disasters. In 2024, the Company allocated EUR 726,850 for co-financing such projects and activities. In the future medium and long-term periods, we are committed to continuing to co-finance selected projects in these areas.

In 2024, we participated in the educational process with competitions for primary and secondary schools for the 16th time with current topics. We also contribute to this by providing holiday work placements and excursions.

We have recognised the improvement of cooperation with affected communities through the planned introduction of a Social Advisory Committee as an important positive contribution.

We assess the effectiveness of actions or initiatives as appropriate, which we confirm:

- with the findings of the meetings of the Commission for the Supervision of the Implementation of Works in the Za Travnik Landfill Area,
- with the resolved complaints in the Register of Public Questions and Complaints,
- expressions of gratitude we receive from schools with which we cooperate in educational processes.

At the Bukovžlak and Za Travnik locations, we are implementing rehabilitation and safety measures that are simultaneously aimed at the rehabilitation of brownfield areas and the safety of barrier bodies.

These are several types of measures:

- regular maintenance measures for high-fill barriers that ensure stability is maintained,

- filling the Za Travnik reservoir, which eliminates the possibility of a flood wave in the event of a barrier collapse and enables the possibility of returning the devastated area to useful use again,
- a conceptual plan for filling the Bukovžlak reservoirs, which would also eliminate the possibility of a flood wave in the event of a barrier collapse and enable the possibility of returning the devastated area to useful use again,
- measures for the rehabilitation of the Bukovžlak Non-Hazardous Waste Disposal Site (ONOB).

At Za Travnik, the filling of the reservoir ensures the stability and safety of the barrier body. The duration of the implementation of the measure is between 7 and 25 years, depending on the agreed form of filling. In order to ensure the safety of part V of the barrier, filling was supplemented in 2024 by the installation of drainage ribs and an intervention measure for the rehabilitation of the landslide on the western side.

We also presented the local community with a conceptual proposal for the same solution for the rehabilitation of the devastated area in Bukovžlak by filling as in the Za Travnik area, with an expected duration of the measure of 24 years.

In 2025, we will begin construction of a liner at the Bukovžlak Non-Hazardous Waste Disposal Site (ONOB). This will be followed by the construction of a sealing cover and the construction of a diversion embankment, which would, in the event of damage to the Bukovžlak high-fill barrier, divert the mud flow away from the settlement and thus prevent major material damage and human injuries. The rehabilitation will be completed by 2029.

In its operations, the Company uses chemicals and carries out chemical processes that may pose a risk of industrial accidents and impact on the local community. To reduce these risks, we carry out preventive maintenance of equipment, periodic fire risk assessments and job classification subject to the risk assessment. In the field of environmental protection, we have introduced European environmental protection standards and harmonised our operations with the IED and SEVESO directives. We regularly conduct internal audits and eliminate identified deficiencies. We ensure fire safety with a permanent fire brigade and practical exercises, and we train employees and external contractors. We have also appointed a permanent occupational safety coordinator and have introduced instructions for fire prevention, accident prevention and improvement of the working environment.

The effectiveness of these measures is monitored annually through monitoring, technical observations and expert review of the resulting reports by the Faculty of Civil and Geodetic Engineering of the University of Ljubljana.

We regularly carry out all prescribed types of monitoring of emissions into the air and water. More on this can be found in chapter ESRS E2.

The Company regularly reviews information on all potential violations and incidents. Our responsibility includes taking immediate action in case of violations of regulations and ensuring the elimination of all consequences affecting the environment and local communities. If we were to detect violations, we would take action in accordance with our commitments to respect the rights of affected communities.

The Company provides various types of resources for the management of material impacts:

- Financial (see Table below). All actions/measures are financed from current operations, without additional external resources. As regards measures originating from old burdens, we have prepared remediation projects based on the findings arising from field surveys, financially evaluated them and set aside an appropriate amount of environmental provisions.

- Human resources. Responsibility for the management of material environmental impacts lies primarily with the Safety, Health and Environment Department, while the integration of social aspects is primarily covered at the Management Board level and supported by the Human Resources Department and the Public Relations Officer. We also include external experts for communication and technical support.
- Technical. These cover continuous monitoring systems and communication platforms.

[S3-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Table 86: Overview of objectives, actions, key activities and resources

Strategic objective	Action	Metric	Year	Number	Value in EUR/year
Prevent industrial accidents that have an impact on affected communities	Implementation of activities to reduce the risk of industrial accidents	Number of activities	2025 to 2030	1 x practical exercise 4 x tactical exercise/year	4,000
Maintain the stability of barriers at the highest safety standard	Reducing the risk of collapse of high-filled barriers by carrying out necessary maintenance work, prescribed supervision and gradual filling	Number of completed sets (regular maintenance work, filling, rehabilitation of old burdens in barrier bodies)	2025 to 2030	3/year	670,000 maintenance work 490,000 filling 3,749,312 (environmental provision for the rehabilitation of old burdens at Za Travnik and Bukovžlak)
Minimise the potential impact of old burdens on food	Redirection of underground flows towards the pumping station	Construction of a liner	2025 to 2026	1	2,019,861 (environmental provision for ONOB) 70% in 2025 and 30% in 2026
Increase the engagement of local residents in decision-making processes and improve transparency	Meeting of the Advisory Committee	Number of meetings	2025 to 2030	2 x year for the 4 municipalities in which the Company operates	2,000
Raise awareness among young people about sustainable practices and the importance of the industry	Participation in the educational programme	Number of participations	2024 to 2030	More than 100 participations per year	40,000
Boost the Company's contribution to a better quality of life in the local community	Sponsorships and donations	Amount of invested funds	2024 to 2030	Projects selected for the current year	600,000 to 1,000,000 (depending on the Company's operating performance)

The Company took into account the expectations of the affected communities when setting the objectives based on the information collected from the focus groups and individual interviews with several decision-makers, including information on whether and how it directly cooperated with the affected communities. Another input that we considered was the views we received through the established mechanism for public questions and complaints and the Commission for the Supervision of the Implementation of the Works for the Filling of the Reservoir at the Za Travnik Site. By forming a Social Advisory Committee in 2025 and other forms of communication with the affected communities (participation in municipal council meetings, Open Day, establishing cooperation with the Teharje local community commission), we will provide local residents with an insight into our work and projects and establish two-way communication. They will thus be informed of our plans, and we will learn about their initiatives and expectations.

In 2024, we did not yet include the affected communities in the assessment of realisation of the set objectives. The affected communities only participated to a certain extent in providing feedback on the Company's performance and suggestions for changes or improvements. This gap will be closed in 2025 in accordance with the Rules on the Establishment and Operation of the Social Advisory Committee and Inclusion of Information in Co-Decision-Making.

5.5. [G1] Business conduct

The disclosure requirement regarding the role of the administrative, management and supervisory bodies in relation to business conduct and the expertise of the members of the Management Board and Supervisory Board are described in detail in Chapter ESRS 2 General disclosures GOV-1.

[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities

Table 87: IRO in the G1 area

Material impacts, risks and/or opportunities	Definition	Location/value chain			Time period		
		Own activity	Downstream part of the value chain	Upstream part of the value chain	Short-term	Medium-term	Long-term
Whistleblower protection and mechanisms in place in accordance with the Reporting Persons Protection Act (ZZpri)	Actual positive impact	x					x
Management of supplier relationships, including payment practices	Actual positive impact			x			x
Number of reported and investigated cases related to anti-corruption and ethical practices	Actual positive impact	x					x

Business conduct is key to the business model of Cinkarna Celje, d. d., which is based on responsible management, compliance with legislation and ethical business practices. A large part of our operations relies on our own workforce and workers in the value chain, so ensuring transparent, fair and legal business practices is a fundamental commitment of the Company.

Cinkarna Celje, d. d., recognises material positive impacts in this area in accordance with the IRO1 ESRS 2 standard and is aware of the importance of continuous improvement and development of its governance mechanisms. In recent years, the Company has revised and redesigned internal acts and established systemic mechanisms that ensure business conduct compliance and approximation to best practices in the field of corporate governance.

Compliance with relevant legislation and international guidelines for ethical business conduct remains a priority, not only because of the potential direct legal and economic consequences of non-compliance, but also because of its impact on the long-term maintenance of an efficient, competent and trustworthy workforce.

Promoting a responsible corporate culture that protects employees and other stakeholders from potential human rights violations, prevents corruption and ensures whistleblower protection is an integral part of the Company's business strategy. Although the Company does not perceive systemic risks in this area, it proactively approaches the management and control of these issues, thereby strengthening its social responsibility and a trustworthy business environment.

In this context, Cinkarna Celje, d. d., has established internal channels for reporting violations in accordance with the Reporting Persons Protection Act (ZZPri), which allows employees and other stakeholders to submit reports safely, while ensuring anonymity, protection of reporting persons and impartial treatment.

As an influential market player, Cinkarna Celje, d. d., is committed to responsible and transparent payment practices, which are an essential part of business conduct standards. It strives for fair and timely financial transactions in relation to its suppliers and business partners and ensures that its policies follow the principles of honesty, integrity and compliance with the law.

The identification of material risks in the area of governance is based on the legal department's professional insights, its knowledge of the organisation, and analyses of internal documents, policies, and guidelines. In accordance with best practices, the Company focuses on a comprehensive and regular assessment of risks related to business conduct, taking into account both internal and external factors.

By way of these measures, Cinkarna Celje, d. d., ensures a high level of compliance, manages risks in the area of governance, and strengthens its long-term reputation and stability in the market.

[G1-1] Business conduct policies and corporate culture

Cinkarna Celje, d. d., has adopted a series of policies that promote a culture of responsible business practices and strengthen the confidence of stakeholders. The foundation of these policies is the Code of Ethical Conduct, which sets out compliance with legislation and high ethical standards.

The Company is committed to responsible governance, including effective mechanisms for the protection of reporting persons (whistleblowers) and the handling of reports, in accordance with internal procedures and the Reporting Persons Protection Act. We accept reports through all channels and handle them impartially.

Through dialogue with employees, the Supervisory Board, business partners and the community, we effectively manage risks and support sustainable growth. Our policies and the code provide a clear framework for transparent, responsible and compliant operations.

The Company has put in place several policies and internal acts that regulate the area of business conduct and support the corporate culture of integrity, transparency and compliance. They are described in Table below. These policies also address material impacts, risks and opportunities related to business conduct, as identified in the materiality assessment. Key documents are:

Code of Ethical Conduct and Work (adopted in 2021): sets out the fundamental principles of responsible conduct, integrity and legal operation for all employees. The code supports positive impacts in the Company's own activity, in particular in the area of preventing unethical practices and ensuring the professional conduct of employees. It is used as a guideline in daily decision-making, with long-term effects on the corporate culture.

Rules on the Establishment of an Internal Reporting Channel under the Reporting Persons Protection Act (ZPPri) (adopted in 2023): establishes mechanisms for the protection of whistleblowers and enables the safe reporting of irregularities. These rules directly address the actual positive impact of our own whistleblower protection activities, with short and long-term effects on transparency and trust within the organisation.

Code of Ethics for Purchasing Staff (adopted in 2023, amended in 2024): defines expected conduct in managing supplier relationships, including the principles of honesty, responsible purchasing and compliance with payment deadlines. It addresses impacts in the downstream value chain, particularly in the area of supplier relationship management and compliance with payment practices, with impacts perceived primarily in the medium term.

The above policies are part of a broader framework of risk management and responsible business operations and contribute to the gradual integration of sustainability topics into business culture and decision-making processes.

The Code of Ethical Conduct and Work of Cinkarna Celje, d. d., sets out procedures for preventing, detecting and addressing cases of corruption and bribery. All employees and the management are committed to high ethical standards and compliance with the law, and must act transparently and honestly. An important part of preventing corruption is avoiding and reporting potential conflicts of interest as these can affect the impartiality of decision-making. Special attention is also paid to the protection of trade secrets and confidential information, the unauthorised disclosure of which is strictly prohibited.

The Company emphasises the importance of fair business and competition in a legal and ethical manner, without manipulation or exploitation of other stakeholders. If employees detect violations of the abovementioned code, they can report them anonymously via email, in writing or in specially designated mailboxes. All received reports are reviewed by the Business Ethics Committee, which conducts the investigation and ensures that the findings are handled in accordance with internal rules. Alleged violators are given the opportunity to defend themselves, while confirmed violations are sanctioned in accordance with applicable law and internal acts. The Company strictly prohibits any retaliatory measures against whistleblowers, thereby ensuring their protection. The Company emphasises the importance of fair business and competition in a legal and ethical manner, without manipulation or exploitation of other stakeholders.

The Company has put in place a standardised and transparent procedure for internal reporting of violations, in accordance with the Reporting Persons Protection Act (ZZPri). The procedures are led by an Ombudsman who is separate from the Company's management structure, which ensures impartiality and protection of the identity of the whistleblower. Reports are possible through several secure channels, either anonymously or with the disclosure of the identity. The Ombudsman also has a deputy, which ensures rapid response and reduces potential complications due to conflicts of interest.

The Ombudsman handles all reports in accordance with internal procedures and informs the reporting person of the findings and measures taken after the procedure is completed. In the event of violations, the Ombudsman proposes appropriate measures to eliminate irregularities and reports this to the management, whereby the personal data of the reporting person is not disclosed. If the report contains a suspicion of a criminal offence that is prosecuted *ex officio*, the Ombudsman informs the competent authorities and, if necessary, files a criminal complaint, and the reporting person's personal data is only provided upon a reasoned request from the prosecutor's office. After the conclusion of the procedure, the reporting person is informed of the outcome and the measures taken, and in the case of an extended procedure, they receive information about the interim status after three months.

Table 88: Key policies, standards and other documents in the area of business conduct

Title of policy, commitment, code	Description of key content (objectives/targets, impacts, risks, opportunities)	Responsibility for the policy	Disclosure of third-party standards or initiatives that the Company considers when implementing the policy	Description of consideration of the interests of key stakeholders in the formulation of the policy	Available at
Code of Ethics for Purchasing Staff	Demonstrate the integrity and ethics of a trust and respect-worthy person without involving personal interests	Purchasing and Logistics Director	Code of Ethics of the Purchasing Association of Slovenia	The code reflects a balanced approach that enables effective cooperation with all stakeholders and promotes long-term, sustainable and ethical purchasing practices.	Intranet of Cinkarna Celje
Code of Sustainable Business Practices for the Business Partners of	Ensuring compliance with all applicable regulations and meeting the requirements defined in the Code	Purchasing and Logistics Director	Health and safety at work Respect of Human Rights Ethical conduct, Environment Compliance of materials and goods	Assurance of responsible and transparent practices across the value chain	Intranet of Cinkarna Celje
***Code of Ethical Conduct and Work**					
***Diversity Policy**					
Rules on the Establishment of an Internal Reporting Channel under the Reporting Persons Protection Act (ZPPri)	Assurance of protection of reporting persons and setup of a reporting channel	Head of the Legal Department	**Reporting Persons Protection Act (ZZPri)**, which sets out obligations regarding the establishment of secure channels for reporting irregularities, protection of the identity of reporting persons and protection against retaliation.	When drafting the Rules on the Establishment of an Internal Reporting Channel under the Reporting Persons Protection Act (ZZPri), the Company took into account the interests of key stakeholders, especially employees, and regulatory authorities.	Intranet of Cinkarna Celje
Quality Assurance, Environmental Management, Health and Safety and Sustainable Development Policy	Ensuring quality, achieving key strategic objectives of the Company, compliance with the principles of sustainable development, achieving satisfaction of employees, owners and business partners	Head of the Safety, Health and Environment Department	**ISO 9001** (Quality management systems) **ISO 14001** (Environmental management systems) **ISO 45001** (Occupational health and safety management system)	When creating the Quality Assurance, Environmental Management, Health and Safety and Sustainable Development Policy, the Company took into account the interests of key stakeholders, including employees, business partners, local communities and regulatory authorities	Intranet of Cinkarna Celje

*See chapter: S1-1 Policies related to own workforce

[G1-2] Management of relations with suppliers

The Company is committed to complying with laws, regulations and rules, implementing fair practices of corporate governance and integrity in all business processes. In accordance with the adopted internal documents, such as instructions, codes and guidelines for supplier management, purchasing processes are carried out where the main goals are to ensure a high level of integrity, equal conditions, payment practices and sustainability principles of all participants in the purchasing process. Internal documents define clear roles for supervising supply risk management and cooperating with suppliers in finding the best solutions for supply, high quality and developing mutual partnerships. The Company does not have a policy for preventing late payments of SMEs, but nevertheless follows high standards and respect for payment practices.

The Company expects its suppliers and business partners to comply with our values and commitments, ethical standards, the Code of Ethics, and the Code of Sustainable Business Practices for Business Partners.

By properly managing the upstream part of the value chain and respecting workers in the value chain, the Company can achieve greater efficiency, quality and competitiveness in the market and contribute to more sustainable operations. The objectives of the Quality Assurance, Environmental Management, Health and Safety and Sustainable Development Policy and the commitments from the Code of Sustainable Business Practices for Business Partners are elements that contribute to sustainability in the value chain of our Company. By adopting the Code of Sustainable Business Practices for Business Partners, we set clear guidelines and expectations for our business partners throughout the value chain. They undertake to observe the same standards of quality, sustainability and social responsibility as we ourselves advocate.

Our products and raw materials are part of global supply chains. The supply chain includes suppliers of raw materials (primary and secondary), packaging, equipment, spare parts, technical material, services and energy.

Suppliers and their activities vary depending on the business unit. Suppliers are divided into six key groups:

- suppliers of titanium-bearing ores,
- suppliers of other raw materials,
- suppliers of packaging materials,
- suppliers of equipment, spare parts and technical material,
- suppliers of services,
- suppliers of energy.

More than 75% of the annual turnover in 2024 was generated with suppliers and partners who have established and implemented their own sustainability code or have signed the Code of Sustainable Business Practices for Business Parts of Cinkarna Celje, d. d., by way of which we create and implement sustainability and socially responsible commitments together with suppliers. We have an agreed and established channel for communication and awareness-raising with suppliers (upstream part of the value chain) through constant business visits, provision of required data, supplier evaluation, etc.

We estimate that there are no material actual or potential negative environmental or negative social impacts in the supply chain, which results from communication channels with suppliers and the due diligence of the upstream part of the value chain. A potential risk of child labour exists with suppliers from third countries, such as countries in Africa, the latter of which we have also refuted by way of due diligence performed.

[G1-3] Prevention and detection of corruption and bribery

Employees of the Company must consider the interests of the Company before their own interests or the interests of third parties in their work and business decisions. We build competitiveness by increasing productivity, not through unethical or illegal activities, and we act honestly. Conduct is defined in the Code of Ethical Conduct and Work, and a mechanism has been established for reporting unacceptable conduct.

The Company has established a system for preventing, detecting and investigating allegations or cases of corruption or bribery. The procedure is standardised. Employees can openly or anonymously report detected cases of corruption or bribery. There are dedicated mailboxes and an e-mail address razkritja@cinkarna.si in place for this purpose. The Ethics Committee would consider the received case and react accordingly or forward it to the competent departments for further consideration. The Ethics Committee consists of a member of the Management Board and two other employees, usually the heads of the HR and legal departments. The Committee reports on its work directly to the Company's Management Board, which reports to the Supervisory Board as part of regular reports on the Company's operations. The procedure is fully disclosed in the Code of Ethics and Work.

[G1-4] Confirmed incidents of corruption and bribery

During the reporting period, the Company did not record any reports of corruption or bribery, convictions or fines for violations of the legislation governing corruption and bribery or other measures.

[G1-6] Payment practices

The Company keeps abreast of internal standards and guidelines in the field of payment practices and payment terms vis-à-vis suppliers. Our standard payment terms are broken down according to the category of material or service into direct and indirect suppliers, whereby the standard payment term for (G1, G1-6, 33b):

- direct suppliers is in the range of 45 to 90 days;
- indirect suppliers is in the range of 30 to 60 days, whereby 98% of payments are made in accordance with these or other agreed terms.

On average, we make payments to suppliers on maturity, namely on average more than 45 days (which applies to more than 65% of annual turnover), while the remaining payments may be subject to extended terms due to special contractual agreements with G1, G1-6, 33a suppliers.

The Company does not break down and differentiate payment practices based on the size of suppliers, thereby supporting fairness towards SMEs (small and medium-sized enterprises) and other economic entities outside the European Union, as well as financial stability and continuity of business with all its suppliers, including SMEs and entities outside the European Union. The Company also does not differentiate payment practices based on the economic area/country of the supplier (Slovenia, EU, non-EU), whereby the Company generates 47% of its turnover with Slovenian suppliers, 72% with EU suppliers, and 28% with suppliers outside the EU.

In order to ensure effective management of supplier invoices, the Company has structured guidelines and internal processes with controls. These processes define each step of the invoice and include receipt of the invoice, review, approval and payment in accordance with the agreed payment terms. Suppliers are encouraged to issue invoices via e-mail to simplify the process and reduce potential delays in payment deadlines. In case of discrepancies, the supplier is immediately notified to ensure quick resolution and prevent possible payment delays. Payments are made via direct debit. The Company has not been involved in any legal proceedings related to late payments.

6 Financial report

6.1 Financial statements

6.1.1 Statement of financial position of the Company

	Notes	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current (long-term) assets			
Intangible assets	1	2,408,779	1,585,108
Tangible fixed assets	2	111,699,615	109,855,569
Financial assets at fair value through other comprehensive income	3	1,287,325	1,558,531
Other non-current assets	4	105,470	84,444
Deferred tax assets	5	1,462,488	1,439,044
Total non-current (long-term) assets		**116,963,678**	**114,522,696**
Current assets			
Inventory	6	58,969,428	53,841,480
Financial receivables	7	47,214,859	38,616,117
Trade receivables	8	30,243,586	31,545,008
Income tax receivable		0	5,493,528
Cash and cash equivalents	9	17,731,407	15,687,805
Other current assets	10	230,760	209,028
Total current assets		**154,390,040**	**145,392,966**
Total assets		**271,353,718**	**259,915,662**

	Notes	31 Dec 2024	31 Dec 2023
CAPITAL AND LIABILITIES			
Owners' capital	11		
Called-up capital		20,229,770	20,229,770
Capital reserves		44,284,976	44,284,976
Profit reserves		125,078,814	119,583,496
Fair value reserve		-1,650,342	–1,242,486
Retained earnings		23,093,258	38,374,703
Total capital		**211,036,476**	**221,230,458**
Non-current liabilities			
Provisions for employee benefits	12	3,748,722	3,843,523
Other provisions	13	14,302,270	14,233,199
Non-current deferred income	14	873,579	767,414
Total non-current liabilities		**18,924,572**	**18,844,136**
Current liabilities			
Financial liabilities	15	29,915	103,692
Trade payables	16	36,124,537	18,530,350
Income tax payable		4,019,469	0
Liabilities under contracts with customers	17	0	11,352
Other current liabilities	18	1,218,750	1,195,674
Total current liabilities		**41,392,670**	**19,841,067**
Total liabilities		**60,317,242**	**38,685,203**
Total capital and liabilities		**271,353,718**	**259,915,662**

The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

6.1.2 Income statement for the period from 1 January to 31 December

	Notes	Year 2024	Year 2023
Revenue from contracts with customers	20	**200,285,413**	**176,464,289**
Change in the value of stocks of products and work in progress		–2,142,794	–6,549,243
Capitalised own products and own services	2	3,372,409	3,019,539
Cost of goods and materials sold	22	–100,483	–296,838
Cost of materials	22	–110,211,321	–106,375,957
Cost of services	22	–17,233,265	–16,047,941
Labour costs	22	–33,774,717	–30,656,494
Depreciation	22	–12,900,809	–12,355,367
Other operating income	21	2,620,709	9,455,201
Other operating expenses	22	–3,250,896	–3,909,344
Impairments and write-offs of trade receivables		0	–25,096
Operating profit or loss		**26,664,244**	**12,722,749**
Financial income	23	1,986,327	1,226,596
Financial expenses	23	–123,439	–143,743
Financial result		**1,862,888**	**1,082,853**
Profit or loss before tax		**28,527,133**	**13,805,602**
Current income tax		**–5,403,661**	**–1,304,115**
Deferred income tax		**-36,222**	**151,920**
Income tax	24	**5,439,882**	**1,152,195**
Net profit for the year		**23,087,250**	**12,653,407**
Basic and diluted earnings per share		**2.86**	**1.57**

The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

6.1.3 Statement of other comprehensive income for the period from 1 January to 31 December

	2024	2023
Net profit	23,087,250	12,653,407
Other comprehensive income for the year	0	0
Other comprehensive income for the year that will not be recognised in the income statement in the future	0	0
Change at fair value through other comprehensive income	–271,207	–415,234
Translation of post-employment benefits	–196,314	–78,512
Impact of deferred taxes	59,665	60,649
Net other comprehensive income in the year that will not be recognised in the income statement in the future	–407,856	–433,096
Total other comprehensive income for the year (after tax)	**–407,856**	**–433,096**
Total comprehensive income for the year (after tax)	**22,679,395**	**12,220,311**

The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

6.1.4 Statement of changes in equity and determination of distributable profit

In EUR

2024	Called-up capital	Capital reserve	Profit reserves				Fair value reserve	Retained earnings		Total capital
			Statutory reserves	Reserves for own shares	Own shares	Other profit reserves		Profit or loss carried forward	Net profit for the period	
Opening balance of the period	**20,229,770**	**44,284,976**	**16,931,435**	**4,814,764**	**-4,814,764**	**102,652,061**	**-1,242,486**	**32,047,999**	**6,326,704**	**221,230,458**
Changes in equity – transactions with owners				**831,386**	**-831,386**			**-32,041,992**		**-32,041,992**
Purchase of own shares				831,386	-831,386					
Withdrawal of own shares										
Payment of dividends								-32,041,992		**-32,041,992**
Total comprehensive income for the period							**-407,856**		**23,087,250**	**22,679,395**
Entry of net profit or loss for the period									23,087,250	23,087,250
Other components of comprehensive income for the period							-407,856			-407,856
B3. Changes in equity						**5,495,319**			**-6,326,704**	**-831,385**
Allocation of the residual part of net profit for the period to other components of capital										0 0
Allocation of part of reported net income to other components of capital as decided by management and supervisory bodies						6,326,704			-6,326,704	0 0
Creation of reserves for own shares										0
Release of reserves for own shares	0					-831,386				-831,386
Closing balance of the period	**20,229,770**	**44,284,976**	**16,931,435**	**5,646,150**	**-5,646,150**	**108,147,379**	**-1,650,342**	**6,007**	**23,087,251**	**211,036,476**
DISTRIBUTABLE PROFIT								**6,007**	**23,087,251**	**23,093,258**

In EUR

2023	Called-up capital	Capital reserve	Profit reserves				Fair value reserve	Retained earnings		Total capital
			Statutory reserves	Reserves for own shares	Own shares	Other profit reserves		Profit or loss carried forward	Net profit for the period	
Opening balance of the period	**20,229,770**	**44,284,976**	**16,931,435**	**4,814,794**	**-4,814,794**	**103,358,966**	**-809,390**	**84,159**	**24,930,233**	**209,010,148**
Changes in equity – transactions with owners										**0**
Purchase of own shares										0
Withdrawal of own shares										0
Payment of dividends										0
Total comprehensive income for the period							**-433,096**		**12,653,407**	**12,220,311**
Entry of net profit or loss for the period									12,653,407	12,653,407
Other components of comprehensive income for the period							-433,096			-433,096
B3. Changes in equity						**-706,905**		**31,963,840**	**-31,256,936**	**0**
Allocation of the residual part of net profit for the period to other components of capital						-7,033,608		7,033,608		0
Allocation of part of reported net income to other components of capital as decided by management and supervisory bodies						**6,326,703**		**24,930,232**	**-31,256,936**	**0** 0
Creation of reserves for own shares										0
Release of reserves for own shares										0
Closing balance of the period	**20,229,770**	**44,284,976**	**16,931,435**	**4,814,794**	**-4,814,794**	**102,652,061**	**-1,242,486**	**32,047,999**	**6,326,704**	**221,230,458**
DISTRIBUTABLE PROFIT								**32,047,999**	**6,326,704**	**38,374,703**

The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

6.1.5 Cash flow statement

	LETO 2024	LETO 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit or loss before tax	**28,527,133**	**13,805,602**
Adjustments for:	**16,055,704**	**15,678,565**
– Amortisation and depreciation +	12,900,809	12,355,367
– Profit/loss on sale of fixed assets	15,038	130,529
– Impairment/write-down (reversal of impairment) of assets	701,149	1,227,035
– Net decrease/increase in allowance for receivables	0	25,096
– Net financial income/expenses	1,862,888	1,082,853
– Long-term provisioning	575,8190	1,797,223
– Reversal of long-term provisions	0	–939,538
Cash flow from operating activities before change in net current assets (working capital)	**11,566,125**	**–1,728,285**
Change in trade receivables	1,301,422	–7,279,560
Change in other non-current and current assets	–21,732	–76,019
Change in stocks	–5,127,948	17,730,678
Change in trade payables	16,806,887	–987,794
Change in provisions	-25,729	–391,942
Change in deferred income	106,165	404,361
Change in other current liabilities	23,076	–3,456,228
Change in liabilities under contracts with customers	–11,351	–146,169
Income tax paid	–1,484,665	–7,525,611
Net cash flow from operating activities	**56,148,961**	**27,755,882**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	**1,746,816**	**1,119,833**
Income from interest earned	1,725,767	1,119,833
Income from interest earned on dividends	6,011	0
Income from disposal of tangible fixed assets	15,038	0
Expenditure on investments	**–22,900,906**	**–58,441,421**
Expenditure on acquisition of intangible assets	–1,772,185	–621,559
Expenditure on acquisition of tangible fixed assets	–12,529,978	–19,203,744
Expenditure on the acquisition of financial investments	–8,598,742	–38,616,117
Net cash flow from investing activities	**–21,154,090**	**–57,321,588**
Cash flows from financing activities		
Income from financing activities	**0**	**0**
Expenditure on financing activities	**–32,951,269**	**43,413**
Expenditure on repayment of financial liabilities	-73,777	44,300
Expenditure on interest paid	–4,114	–887
Expenditure on the purchase of own shares	–831,386	0
Expenditure on repayment of dividends and other profit shares	–32,041,992	0
Net cash flow from financing activities	**–32,951,269**	**43,413**
Closing balance of cash and cash equivalents	**17,731,407**	**15,687,805**
Net increase/decrease in cash and cash equivalents	**2,043,602**	**–29,522,293**
Opening balance of cash and cash equivalents (01/01)	**15,687,805**	**45,210,098**

The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.

Due to rounding, differences of +/- EUR 1 may occur.

6.1.6 Notes to the financial statements

I. Introductory notes to the financial statements

Cinkarna, kemična industrija Celje, d. d., is organised as a joint stock company, with its registered office at Celje, Kidričeva 26, and entered in the Court Register of the Court of Celje under number I-402-00. The Company's main activity is chemical (SKD 20.120), namely the production of titanium dioxide.

The financial part of the Annual Report is prepared for Cinkarna Celje, d. d., and comprises the financial statements with notes of Cinkarna Celje, d. d., By the decision of the 25th General Meeting of Shareholders of Cinkarna Celje, d. d., the Company switched from Slovenian Accounting Standards to International Financial Reporting Standards on 15 June 2021. As a result, all the Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements of Cinkarna Celje, d. d., are presented in euros, without decimals. They form an integral part of the Annual Report 2024, which is published on the Ljubljana Stock Exchange's electronic information system SEOnet and on the website of Cinkarna Celje, d. d. (https://www.cinkarna.si/en/investor-information/fillings).

II. Introductory notes on reporting standards

In accordance with the transition of the share on 4 February 2021 to the First Quotation, Cinkarna Celje, d. d., prepared its financial statements as at 31 December 2024 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

A. DECLARATION OF COMPLIANCE WITH IFRS

The financial statements of the Company as at 31 December 2024 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. For previous years, including the year ended 31 December 2021, the Company prepared its financial statements in accordance with Slovenian Accounting Standards. For the first time, the Company prepared its first complete set of financial statements for the year ended 31 December 2021 with a date of transition to IFRS as at 1 January 2020 in accordance with IFRS with the related interpretations adopted by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) adopted by the European Union (EU), and in accordance with the provisions of the Slovenian Companies Act (ZGD). 31 December 2021 was the date of transition to IFRS as at 1 January 2020.

The financial statements for the financial year 2024 were approved by the Management Board on 28 January 2025.

The Company prepares its financial statements on a going concern basis. The accounting policies used are the same as those used in previous years.

Initial application of new amendments to existing standards issued by the IASB and adopted by the EU that are effective for the current reporting period

The accounting policies applied by the Company in the preparation of its financial statements are the same as those applied in the preparation of the financial statements for the previous financial year. The exception is the revised standards and interpretations adopted by the Company on 1 January 2024 and described below:

A) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those adopted last year, except for the following changes to IFRS adopted by the Company on 1 January 2024, which are described below:

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (amendments),
- IFRS 16 Leases: Lease Liability on Sale and Leaseback (amendments),
- IAS 7 Statement of Cash Flows and IFRS 7 Disclosures about Financial Instruments – Vendor Financing Arrangements (amendments).

The newly adopted IFRSs and amendments to IFRSs did not have a material impact on the accounting policies of Cinkarna Celje, d. d.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with retrospective application. The objective of the amendments is to clarify the principles in IAS 1 for classifying liabilities as current or non-current. The amendments clarify the meaning of the right to defer settlement for at least 12 months, the requirement that that right exists at the end of the reporting period and that management's intention or the counterparty's options that could lead to settlement by transfer of the entity's own equity instruments do not affect the classification of liabilities as current or non-current. The amendments also specify that only commitments that are due to be fulfilled by the entity on or before the reporting date will affect the classification of liabilities. The Standard also requires additional disclosures for non-current commitments under loan facilities that are subject to commitments to be fulfilled within 12 months after the reporting period.

The amendments had no impact on the financial statements of Cinkarna Celje, d. d.

- **IFRS 16 Leases: Lease Liability on Sale and Leaseback (amendments),**

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The amendments are intended to improve the requirements that a vendor-lessee applies in measuring lease liabilities in sale and leaseback transactions in IFRS 16, while not changing the accounting for leases that are not related to sale and leaseback transactions. Under the amendments, a vendor-lessee determines 'lease payments' or 'adjusted lease payments' so that the vendor-lessee does not recognise any amount of gain or loss relating to the right-of-use that it retains. Applying these requirements does not prevent the vendor-lessee from recognising in profit or loss any gain or loss relating to the partial or complete termination of a lease. The amendments are applied retrospectively to sale and leaseback transactions entered into after the date of initial application, which is the beginning of the annual reporting period in which the entity first applies IFRS 16.

The amendments had no impact on the financial statements of Cinkarna Celje, d. d.

- **IAS 7 Statement of Cash Flows and IFRS 7 Disclosures about Financial Instruments – Vendor Financing Arrangements (amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The amendments supplement the requirements in IFRSs and require an entity to disclose the terms of arrangements to finance trade payables. In addition, entities are required to disclose, at the beginning and end of the reporting period, the carrying amounts of financial liabilities that are part of arrangements to finance trade payables and the items in which those liabilities are presented, and the carrying amounts of financial liabilities and items for which suppliers have already received payment from the providers of the financing. Entities shall also disclose the nature and effect of non-cash changes in the carrying amounts of financial liabilities in supplier financing arrangements that make the carrying amounts of the financial liabilities non-comparable. In addition, the amendments require an entity to disclose, at the beginning and end of the reporting period, the range of payment dates for financial liabilities due from financing providers and for comparable trade payables that are not part of those arrangements.

The amendments had no impact on the financial statements of Cinkarna Celje, d. d.

B) Standards issued but not yet effective and not early adopted

B.1) Applicable standards/amendments not yet in force but endorsed by the European Union

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: The Inability to Exchange (amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. The management of the Company assessed that there will be no material impact on the financial statements of Cinkarna Celje, d. d.

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Convertibility (amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is convertible and, if it is not convertible, how it should determine the spot exchange rate. A currency is considered to be convertible into another currency if the entity can obtain the other currency within a period that allows for normal administrative delay and through a market or exchange mechanism that would give rise to enforceable rights and obligations upon conversion. If the currency cannot be converted into another currency, the entity shall estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which a regular exchange transaction between market participants would have been made at the measurement date under prevailing economic conditions. The amendments state that an entity may use the exchange rate when it is observable without any adjustment or other valuation technique.

The management of the Company assessed that there will be no material impact on the financial statements of Cinkarna Celje, d. d.

B.2) Applicable standards/amendments not yet in force and not yet endorsed by the European Union

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (amendments)**

In May 2024, the IASB issued Amendments to Classification and Measurement of Financial Instruments, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and becomes effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

In the future, the management of the Company will assess whether there will be a material impact on the financial statements of Cinkarna Celje, d. d.

- **IFRS 18 Presentation and Disclosures in Financial Statements**

In April 2024, the IASB issued IFRS 18 Presentation and Disclosures in Financial Statements, which replaces IAS 1 Presentation of Financial Statements and becomes effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

In subsequent reporting periods, the management of Cinkarna Celje, d. d., will analyse the requirements of this newly issued standard and assess its impact.

- **IFRS 19 Subsidiaries Other than Public Interest Entities: Disclosures**

In May 2024, the IASB Board issued IFRS 19 Subsidiaries Other than Public Interest Entities: Disclosures and it becomes effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

The management of the Company assessed that there will be no material impact on the financial statements of Cinkarna Celje, d. d.

- **Annual Improvements to IFRS Accounting Standards – Volume 11**

In July 2024, the IASB issued Annual Improvements to IFRSs - Volume 11. An entity should apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

In the future, the management of the Company will assess whether there will be a material impact on the financial statements of Cinkarna Celje, d. d.

- **Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

In December 2015, the IASB postponed the effective date of this amendment indefinitely, pending the completion of its research project on the equity method.

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – classification and measurement of financial instruments (amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application of the amendments relating to the classification of financial assets and related disclosures is permitted, with the possibility of later application of other amendments. The amendments clarify that a financial liability is derecognised on the 'settlement date' when the liability is discharged, cancelled, expires or otherwise qualifies for derecognition. It introduces an accounting policy option to derecognise liabilities settled through electronic payment systems before the settlement date, subject to specific conditions. It also provides guidance for assessing the contractual cash flow characteristics of financial assets with environmental, social and governance (ESG) or other similar contingent characteristics. In addition, it clarifies the treatment of assets that are contractually not settled from any other assets and contractually related instruments and requires additional disclosures under IFRS 7 for financial assets and liabilities with reference to contingent events (including reference to environmental, social and governance characteristics) and equity instruments classified at fair value through other comprehensive income. These amendments have not yet been endorsed by the European Union.

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – contracts relating to electricity, depending on their nature (amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The amendments include clarifying the application of the 'own use' requirements, permitting hedge accounting if the contracts to which the amendments apply are used as hedging instruments, and introducing new disclosure requirements to enable investors to understand the impact of those contracts on an entity's financial performance and cash flows. The 'own-use' clarifications should be applied retrospectively, and the guidance permitting hedge accounting should be applied prospectively, to new hedging relationships designated on or after the date of transition. These amendments have not yet been endorsed by the European Union.

In the future, the management of the Company will assess whether there will be a material impact on the financial statements of Cinkarna Celje, d. d.

- **IFRS 18 Presentation and Disclosures in Financial Statements**

IFRS 18 introduces new presentation requirements in the income statement. It requires an entity to classify all income and expenses in the income statement into one of five categories: operating, investing, financing, income taxes and discontinued operations. These categories are complemented by requirements to present subtotals and totals for 'operating profit', 'profit before financing and income taxes' and 'profit or loss'. It also requires disclosure of performance measures as determined by management and includes new requirements to aggregate and disaggregate financial information based on defined 'roles' of the underlying financial statements and notes. In addition, other accounting standards are consequently amended. IFRS 18 is effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The standard has not yet been endorsed by the European Union. The management of Cinkarna Celje, d. d., will analyse the requirements of this newly issued standard and assess its impact in subsequent reporting periods.

- **IFRS 19 Subsidiaries Other than Public Interest Entities: Disclosures**

IFRS 19 permits subsidiaries that are not public interest entities to apply reduced disclosure requirements if their parent (ultimate or intermediate) prepares publicly available consolidated financial statements in accordance with IFRS accounting standards. These subsidiaries are still required to apply the recognition, measurement and presentation requirements of other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not be required to apply the disclosure requirements of other IFRS accounting standards. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted. The European Union has not yet endorsed the standard.

The management of the Company assessed that there will be no material impact on the financial statements of Cinkarna Celje, d. d.

- **Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address a recognised inconsistency between the requirements of IFRS 10 and those of IAS 28 in the treatment of a sale or contribution of assets between an investor and its associate or joint venture. The main effect of the amendments is that the full gain or loss is recognised when the transaction involves an entity (whether or not it is located in a subsidiary). A partial gain or loss is recognised when the transaction involves assets that do not represent an entity, even if those assets are deposited in a subsidiary. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the completion of its research project on the equity method. The European Union has not yet endorsed these amendments.

The management of the Company assessed that there will be no material impact on the financial statements of Cinkarna Celje, d. d.

C. APPLICATION OF THE GOING CONCERN ASSUMPTION

In preparing the financial statements for the financial year 2024 of Cinkarna Celje, d. d., the Management Board of the Company took into account the going concern basis of accounting which assumes that the Company has the knowledge, information and actions that enable it to continue as a going concern and to be able to generate sufficient cash flow to meet its liabilities and provide investors with an appropriate return on equity.

D. MEASUREMENT BASES

The financial statements are prepared on the historical cost basis, except for derivatives, financial instruments at fair value through profit or loss and financial instruments at fair value through other comprehensive income, where fair value is taken into account.

E. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements and notes are drawn up in euro, excluding cents. Financial information presented in the financial report in euro is rounded. Rounding may result in differences of +/- EUR 1.

F. USE OF ESTIMATES AND ASSESSMENTS

The preparation of financial statements requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates include the determination of the useful lives and residual values of property, plant and equipment and intangible assets, the recoverable amount of plant and equipment, estimates of the fair value of financial assets at fair value through other comprehensive income, valuation allowances for inventories and receivables, estimates of customer contract liabilities, estimates of the recoverability of deferred tax assets, assumptions relevant to the actuarial calculation of employee benefits, assumptions included in the calculation of the provision for ecological purposes, and legal and personal claims.

Relevant assessments include those relating to subsidies received, i.e. those relating to the reasonable assurance that the future conditions for receiving and retaining the subsidy received will be met. In 2023, the subsidies were specifically linked to the energy crisis mitigation subsidy under the ZPGOPEK act, where the key assessment related to the fulfilment of the revenue conditions.

The key estimates and accounting assessments made by the management of Cinkarna Celje, d. d. in the preparation of the annual financial statements for 2024 in relation to the expected impacts of climate change and the energy transition are described below.

In relation to the effects of climate change-related impacts, the Company considers that climate change is an implicit element in the methodologies and models used to make estimates in the valuation and/or measurement of certain accounting items. In addition, the Company considered the impact of climate change in the significant assessments made by management. In this respect, the main items included in the financial statements as at 31 December 2024 that are affected by the use of management estimates and assessments relate to the impairment assessment of non-financial and energy transition assets and liabilities.

References to estimates and assessments made by management in relation to climate change (taking into account their materiality in the context of financial reporting) are as follows:

- Emphasis on estimating the expected cash flows from certain assets (note III. H Impairment of non-financial assets).
- Focus on the effects under the Paris Agreement and their impact on the estimation of the useful lives of the assets concerned (note Determining the useful lives of assets for assets, Note III.C.).

The useful lives of tangible fixed assets are regularly reviewed in light of the transition to all-electric vehicles and sustainable green investments (solar power plants, battery storage, etc.). There was no need to adjust the useful lives of the Company's assets in use.

Relevant assessments include those relating to environmental provisions and those relating to the impact of climate change, namely:

- the impact of climate change on the useful and economic life of intangible assets,
- the impact of climate change on the useful and economic life of tangible fixed assets,
- the impact of climate change in relation to the knowledge and measurement of provisions and potential future liabilities,
- the impact of climate change in relation to impairment indicators and cash flows used in assessing impairment of non-current assets.

The estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognised for the period in which the estimates are revised, to the extent that they affect only that period, and for future periods affected by the revisions. Information about significant estimation uncertainties and critical judgements made by the Management Board of Cinkarna Celje, d. d., in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the section Impact of climate change on the financial statements.

Significant accounting estimates

- **In Note 2 – Impairment testing of non-financial assets**

The Company reviews, at least annually, whether indicators of impairment exist for a cash-generating unit, and the recoverable amount of non-financial assets is determined based on the present value of future cash flows, which is based on both an estimate of the expected cash flows from the cash-generating unit and the determination of an appropriate discount rate.

- **In Note 20 – Revenue under contracts with customers**

Revenue under contracts with customers is recognised based on the terms of the individual sales contract with the customer, when control of the goods and services is transferred to the customer, in an amount that reflects the consideration to which Cinkarna Celje, d. d., believes it will be entitled in exchange for such goods or services. Revenue under contracts with customers is reduced by allowances for larger volumes (volume discounts granted) where the Company verifies accurately that the contractually agreed volumes are taken up. If the contracted quantities are taken up, the Company grants the customer a discount on the quantity taken up. The percentage of the discount is agreed in the contract with the individual customer. The payment criterion is also taken into account when assessing the granting of discounts. If outstanding debts due to the customer who would be entitled to compensation for the higher volumes are not settled, the discount is not granted and is only assessed.

- **Test for impairment of trade receivables in Note 8 – Current trade receivables**

At the time of preparation of the financial statements (quarterly and annual), the Company makes an allowance or impairment for receivables that are not expected to be settled in full or at all. The basis for the calculation of the allowance is a uniform methodology applicable to the Company and is based on the probability or estimate of default by the customer. The methodology includes the following quantitative and qualitative criteria: an analysis of the customer's payment record, an analysis of the customer's financial statements – credit report, qualitative assessments of the customer prepared by the sales staff, and the collateralisation of the receivables through the granting of a credit limit with an insurance company. On the basis of the above, which includes all criteria, an allowance for doubtful accounts is calculated for each customer.

- **In Note 3 – Fair Value Measurement of Financial Assets at Fair Value through Other Comprehensive Income**

Fair value is used for financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. All other items in the financial statements represent cost or amortised cost. The fair value of assets is reviewed annually based on known market data or comparable data in the industry in which the Company has investments.

- **In Note 13 – Estimate of provisions made**

A provision is recognised when, as a result of a past event, the Company has a legal or constructive obligation that can be measured reliably and it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent liabilities are not recognised in the financial statements because their actual existence will be confirmed by the occurrence or non-occurrence of events only in the unknowable future, which is beyond the Company's control. The Company's management regularly reviews whether an outflow of resources embodying economic benefits is probable to settle a contingent liability. If it becomes probable, the contingent liability is reclassified to a provision in the financial statements when the degree of probability changes. The Company's management makes a critical assessment, based on the legal or other basis for recognition, of whether the present obligation, which arises from past events and could result in future outflows to the Company, is supported by external legal experts and also by the remediation activities required in light of current knowledge, the measurements made, as well as the amount of the cost and the estimate of the timing of those activities and the discount itself, using the written opinions of external specialists in the relevant field in making the assessment. The assessment is mainly linked to environmental provisions.

- **In Note 12 – Provisions for post-employment benefits and other long-term employee benefits**

The present values of retirement benefits and jubilee bonuses are recorded within the defined post-employment and other benefit obligations. They are recognised based on an actuarial calculation prepared by a chartered actuary and approved by the Management Board. The actuarial calculation is based on assumptions and estimates that are valid at the time of the calculation and, due to changes in the future, may differ from the actual assumptions then in effect. This relates primarily to the determination of the discount rate for the employee turnover estimate, the mortality estimate and the salary growth estimate. Obligations for certain benefits are sensitive to changes in those estimates due to the complexity of the actuarial calculation and the long-term nature of the item.

- **In Note 17 – Current liabilities under contracts with customers**

Cinkarna Celje, d. d., accounts for contractual discounts when preparing its annual financial statements in cases where customers only become entitled to a discount on sales achieved in the current year in the following year, i.e. when the contractually agreed conditions for obtaining the discount are met. The basis for estimating the amount of these discounts is the facts known at the time the annual accounts are prepared, past experience with individual customers and other relevant facts.

- **Assessment of the recoverability of deferred tax assets in Note 5 – Deferred tax assets and liabilities**

The Company recognises deferred tax assets in respect of: provision for jubilee and retirement benefits, impairment of investments, impairment of receivables, unused tax credits, tax losses. The Company verifies the amount of tax receivables and tax payables reported at the date of the financial statements. Deferred tax assets are recognised when it is probable that future taxable profit will be available within five years against which the deferred tax asset can be utilised in the future. Deferred tax is reversed for the amount for which it is no longer probable that the tax benefit associated with the asset will be available.

- **Critical assessment of the macroeconomic situation (inflation and economic deterioration)**

Due to the deterioration of the macroeconomic environment caused by inflation, the situation in upstream and downstream markets and the situation related to the war in Ukraine, the Company reviews significant accounting policies and estimates in areas that could be adversely affected by the situation, in particular impairment of assets - impairment of receivables, environmental and other provisions, fair value measurement, leases, labour costs and the recoverability of deferred tax assets.

III. Significant accounting policies

The Company has applied accounting policies in accordance with IFRS for the period presented in the accompanying financial statements. The Company has not changed the accounting policies published in the Annual Report 2023. The accounting policies and methods of computation used are the same as those used in the last annual reporting.

In selecting the accounting policies, deciding on their application and preparing the financial statements, the management considered the following three requirements: the financial statements are understandable if they are readily understandable by users; the information is relevant if it assists the user in making economic decisions; and the information is material if its omission or misstatement could affect the economic decisions of users. The financial statements contain comparative information.

A. TRANSLATION OF FOREIGN CURRENCIES

For transactions originally denominated in a foreign currency, the commercial bank rate or the European Central Bank mid-rate (reference rate) is used for the translation of transactions during the year. Assets and debts denominated in a foreign currency are recorded at their translated value at the European Central Bank mid-rate at the reporting date. Exchange differences, whether positive or negative, are the differences between the amortised cost in the functional currency at the beginning of the period and the amortised cost of payments during the period and the amortised cost in the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in a foreign currency and measured at fair value are translated into the functional currency at the exchange rate at the date the fair value is determined. Non-monetary items denominated in a foreign currency and measured at historical cost are translated into the functional currency at the exchange rate at the date of the transaction. Exchange differences are recognised in the income statement.

B. INTANGIBLE ASSETS

Development costs incurred by the Company are recognised as an intangible asset. An intangible asset is derecognised and removed from the balance sheet and statement of financial position on disposal or when no further economic benefits are expected from its use and subsequent disposal.

Other intangible assets have finite useful lives and are carried at cost less accumulated amortisation and accumulated impairment losses. Cost also includes borrowing costs until the intangible asset is created.

Subsequent expenditure relating to intangible fixed assets is capitalised to the extent that it increases the future economic benefits of the asset to which it relates.

The Company applies the straight-line method. Amortisation rates are determined by reference to the expected useful lives. Amortisation is charged on a straight-line basis until the amortised cost base is fully recovered and begins to be amortised when the intangible asset with the finite useful life is available for use. The estimated useful lives for the current and comparative periods are:

- computer software: 2 to 10 years,
- technical and project documentation: 8 to 40 years,
- easements: 20 years and more.

The amortisation and depreciation rates in 2024 remain unchanged from the previous year.

C. TANGIBLE FIXED ASSETS

The Company's tangible fixed assets comprise land, buildings, manufacturing equipment, other property, plant and equipment, small inventories, property, plant and equipment under construction or in the course of construction, and advances for the acquisition of property, plant and equipment.

The Company uses the cost model. Cost includes costs directly attributable to the acquisition of an individual tangible fixed asset (import and non-refundable purchase duties and costs directly attributable to its qualification for its intended use, in particular import and installation costs). Under the cost model, tangible fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses. The cost includes borrowing costs related to the acquisition of the tangible fixed asset until it is ready for use.

The cost of a tangible fixed asset constructed or manufactured in the Company consists of the costs directly attributable to its construction or manufacture (costs of materials, labour, services of external contractors and services of the Company's business units) and those general construction or manufacturing costs that are directly attributable to its qualification for its intended use.

The cost of a tangible fixed asset is allocated to its components if their value is significant, they have different useful lives that are significant in relation to the total cost of the tangible fixed asset, and they are accounted for as individual assets.

Subsequent expenditure relating to a tangible fixed asset increases its cost if it is its replacement and it is probable that its future economic benefits will be greater than those originally estimated.

Subsequent expenditure on a fully depreciated tangible fixed asset is recognised as a new asset with a new useful life.

We capitalise own products and own services when they enhance the future benefits of an asset or increase its useful life. These are goods and services that are created or rendered and then recorded at cost as tangible fixed assets or intangible assets. At the same time, these effects of capitalising own goods and services are recorded in other operating income.

The Company applies the straight-line method. Amortisation rates are determined according to the expected useful lives. Amortisation is charged on a straight-line basis until the asset is fully recovered from the asset, which forms the basis for depreciation, and commences on the first day of the month after it is available for use. Land and fixed assets of artistic and cultural interest are not depreciated.

The estimated useful lives for the current and comparative period are:

- buildings: 5 to 71 years,
- production equipment: 2 to 30 years,
- other equipment: 2 to 5 years.

The depreciation rates in 2024 remain unchanged from the previous year.

In estimating the useful lives of assets, the Company takes into account expected physical wear and tear, technical obsolescence, economic obsolescence and expected legal and other restrictions on use. The Company also reviews the useful lives of major assets in the event that circumstances change and require a change in the useful life and therefore a revaluation of depreciation expense.

Leases

The Company assesses whether a contract is a lease or contains a lease at the time the contract is entered into. A contract is a lease or contains a lease if it transfers the right to control the use of an identified asset for a fixed period in exchange for consideration. The Company determines the term of a lease as the period during which the lease cannot be terminated, together with (a) the periods for which the option to extend the lease is exercisable if it is reasonably certain that the option will be exercised and (b) the periods for which the option to terminate the lease is exercisable if it is reasonably certain that the option will not be exercised.

The Company as lessee

The Company as lessee has no leases.

The Company as lessor

Leases in connection with which there is no significant transfer of the risks and rewards of ownership are classified as operating leases. Lease income is accrued on a straight-line basis over the lease term and recognised in income in the income statement. Initial direct costs are incremental costs directly attributable to negotiating and agreeing the lease, increase the carrying amount of the leased asset and are recognised over the lease term in the same way as lease income. Contingent lease payments are recognised as income in the period in which they are earned.

D. OTHER NON-CURRENT ASSETS

The Company recognises as other non-current assets emission allowances received free of charge from the government. The Company records the receipt and use of emission allowances as follows:

- Emission allowances granted by the State (the Ministry of the Environment and Spatial Planning and the Environment Agency of the Republic of Slovenia) from 2013 onwards are shown in the statement of financial position at a value of one euro per emission allowance;
- Income from the sale of allocated emission allowances is shown in other operating income in the income statement;
- Purchases of emission allowances on the market are recorded as non-current assets at cost if they cover actual issuances that will take place in future periods;
- Current liabilities are expensed when the estimated amount of actual emissions exceeds the number of emission allowances of the Company that have been either allocated or purchased to cover the actual emissions;
- If the market value of the emission allowances purchased at the year-end is lower than their carrying amount, the allowances are revalued for impairment;
- The Company first applies all the allowances acquired from the government at the balance sheet cut-off date and applies any shortfall to allowances purchased on the market at average cost.

E. FINANCIAL INSTRUMENTS

Financial instruments include non-derivative financial assets and non-derivative financial liabilities and derivative financial instruments. Financial instruments are carried at fair value and amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

On initial recognition, the Company classifies financial assets as subsequently measured at amortised cost, fair value through comprehensive income and fair value through profit or loss. The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial asset and the Company's business model for managing them. Except for trade receivables that do not have a significant financial component or for which the Company has applied a practical expedient, the Company measures the financial asset on initial recognition at fair value, which, in the case of a financial asset not at fair value through profit or loss, is the fair value plus transaction costs.

Trade receivables that do not have a significant financial component or for which the Company has applied a practical expedient are measured at transaction price determined in accordance with IFRS 15 (see accounting policies in the section Revenue under contracts with customers).

Non-derivative financial assets

Financial assets are classified into one of the following groups on initial recognition:

- financial assets measured at amortised cost,
- financial assets at fair value through other comprehensive income,
- financial assets at fair value through profit or loss; or
- cash.

Non-derivative financial assets include cash and cash equivalents, receivables, loans and investments. The Company recognises receivables and loans and deposits at the date they are incurred. It recognises other assets when the transaction is entered into or when it becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when the rights to the contractual cash flows from the financial asset are transferred in a transaction that transfers all the risks and rewards of ownership of the financial asset.

Impairment of financial assets is described in more detail in note H below.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income that are debt instruments are those financial assets that are held by the Company for the purpose of receiving contractual cash flows that represent solely payments of principal and interest on the principal outstanding. For debt instruments that are recognised at fair value through other comprehensive income, interest income, exchange differences and impairment or reversal losses are recognised in the income statement and accounted for in the same way as for financial assets at amortised cost. All other changes in fair value are recognised in the statement of other comprehensive income. On de-recognition, the cumulative change in fair value recognised in other comprehensive income is reclassified to profit or loss. Financial assets at fair value through other comprehensive income that have the characteristics of an equity instrument are those financial assets that meet the definition of equity in accordance with IAS 32 Financial Instruments and that the entity has elected to designate irrevocably as equity instruments at fair value through other comprehensive income and that are not held for trading purposes. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never allocated to the income statement.

Dividends on equity instruments are recognised as financial revenue in the income statement when the right to receive payment is established.

Financial assets at amortised cost

The Company classifies as financial assets at amortised cost financial assets held for the purpose of generating contractual cash flows that represent solely payments of principal and interest on the principal outstanding. The Company classifies loans, trade and other receivables as financial assets at amortised cost. Depending on their maturity, they are classified as either current (maturity up to 12 months after the statement of financial position date) or non-current (maturity more than 12 months after the statement of financial position date). Loans and receivables are initially recognised at fair value plus direct transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method less expected credit losses. Gains and losses are recognised in profit or loss when eliminated, modified or impaired. Insurance of trade receivables is not treated as a separate financial instrument but as an integral part of the receivables. Insurance policies are taken out on a periodic (annual) basis and relate to specific receivables and/or counterparties. The insurance policy taken out is flexible, whereby business partners can be added or removed from the insurance for the duration of the insurance policy. The insurance policies relate exclusively to the insurance of trade receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets at fair value through profit or loss or financial assets that the Company is required to measure at fair value. Financial assets are classified as held for trading if they are acquired with a view to selling or repurchasing in the foreseeable future. Derivative financial instruments, including separate embedded derivatives, are classified as held for trading unless they are effective hedging instruments. Financial assets that generate cash flows other than payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model. Financial assets at fair value through profit or loss are carried at fair value in the statement of financial position, with net changes in fair value recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise: cash in hand, balances in transaction and foreign currency accounts, bank deposits with a maturity of 3 months or less and similar investments held to ensure solvency. Cash is recognised at initial recognition at the amount resulting from the relevant instruments that give rise to control over the rights attaching to it.

Non-derivative financial liabilities

The Company's outstanding financial liabilities comprise trade, financial and other payables. The Company initially recognises these liabilities on the trade date when it becomes a party to the contractual provisions of the instrument. The Company derecognises the liability when the obligations under the contract are discharged, cancelled or become time-barred. Unliquidated obligations are initially recorded at fair value plus transaction costs directly attributable to the transaction. After initial recognition, they are measured at amortised cost. Depending on their maturity, they are classified as either current (maturity up to 12 months after the statement of financial position date) or non-current (maturity over 12 months after the statement of financial position date).

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value. Transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value, with the related changes recognised in profit or loss. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If the transaction price does not equal the fair value at the measurement date, the difference for marketable assets is recognised in profit or loss or deferred and subsequently released to profit or loss in accordance with policy. Investments or financial liabilities measured at fair value through profit or loss are remeasured at fair value at least annually, at the time of the preparation of the annual financial statements. Gains or losses arising from changes in fair value are recognised in the income statement.

The Company makes purchases of strategic raw materials in US dollars and also makes sales to US dollar markets that are significantly lower in value than purchases. Purchases and sales in different currencies result in mismatches between purchase and sale prices and in a constantly changing euro/dollar exchange rate; the Company balances this through forward transactions to maintain the correct euro/dollar exchange rate and to minimise currency risks.

F. ASSETS (DISPOSAL GROUPS)

Assets or disposal groups comprising assets and liabilities that are expected to be settled principally through sale and for which it is probable that a sale will occur are classified as held for sale. Impairment losses on reclassification of assets as held for sale and subsequent losses or gains on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment losses. Intangible assets and tangible fixed assets cease to be amortised when they are classified as held for sale. On disposal, the Company derecognises the asset (disposal group) and recognises the effect of the disposal, less costs directly attributable to the sale, in other operating income or expense.

G. INVENTORY

The Company's inventories are valued at the lower of cost and net realisable value. Cost comprises the purchase price, import duties and direct acquisition costs. The purchase price is less any discounts obtained. Direct acquisition costs are transport, loading, handling, unloading, monitoring and other costs directly attributable to the trade goods, materials or services acquired. Purchase price discounts include both those stated on the invoice and those obtained subsequently and relating to a particular purchase.

The Company carries inventories of raw materials and supplies, ancillary materials, packaging and merchandise at cost plus any related acquisition costs. The Company uses constant prices with offsets to record inventories and consumption of materials. Consumption of basic raw materials is recorded using the FIFO method and consumption of other inventories of materials and supplies is recorded using the weighted average cost method. Inventories of raw materials and supplies with no movement are revalued for impairment by writing down the value according to the following criteria:

- third year: 25%,
- fourth year: 50%,
- fifth year: 100%.

Inventories of work in progress, semi-finished and finished goods are valued at production cost, which includes direct costs of materials, wages and salaries and production services, depreciation and amortisation, and a portion of the general production costs of production cost centres, comprising the cost of materials, maintenance, insurance and a portion of the cost of other services. The Company uses constant prices (PVS) with offsets to record inventories of work in progress and finished goods. Cost transfers from inventories are made using the weighted average price method.

Inventories of work in progress and finished goods without movements are revalued for impairment by writing down the value according to the following criteria:

- second year: 25%,
- third year: 50%,
- fourth year: 100%.

H. IMPAIRMENT OF ASSETS

Financial assets

In accordance with IFRS 9, the Company uses an expected loss model to recognise not only losses incurred but also losses expected to be incurred in the future. The Company assesses evidence that financial instruments are impaired. If, at the reporting date, the credit risk of a financial instrument has not increased significantly since initial recognition, the impairment assessment is based on the expected credit losses associated with the probability of default of the financial instrument within the next 12 months.

For financial assets, such as trade receivables, that do not have a significant financing component, a simplified approach is used whereby the impairment allowance is calculated as an amount equal to the expected credit losses over the life of the financial asset. The Company forms groups of receivables based on their collateralised/uncollateralised status, maturity, similar risk characteristics and historical recoverability, adjusted for the Management Board's assessment of whether actual losses due to current economic conditions are likely to be greater or less than the losses projected by historical development.

If credit risk has increased significantly since initial recognition but the assets do not yet show objective evidence of impairment, the impairment assessment is based on the probability of default over the life of the financial asset. Expected credit losses represent the difference between the contractual cash flows that are contractually due and all cash flows that the Company expects to receive. For financial assets that show objective evidence of impairment at the reporting date, a full allowance for expected credit losses is provided for based on a decision of the Management Board. The Company recognises a write-down of a financial asset when it has a reasonable expectation that it will not be able to collect the contractual cash flows. Objective evidence that a financial asset is impaired may include: default or breach by the debtor; indications that the debtor is about to enter bankruptcy or is subject to proceedings under the Financial Management, Insolvency and Compulsory Liquidation Proceedings Act (ZFPPIPP).

Claims that are presumed to be unsettled or not settled in full are considered doubtful and, if they are the subject of legal proceedings, questionable. The Company records an allowance for these receivables as a charge to operating expenses in respect of the receivables. The establishment of an allowance for trade and other receivables is based on an individual assessment of their riskiness, taking into account historical payment dynamics, past payment delays, the credit rating of the business partner and the status of the business partner in insolvency proceedings.

Investments in equity securities or interests in other companies for which an irrevocable decision has been made at initial recognition that they are not held for trading are accounted for as financial assets at fair value through other comprehensive income. The fair value of quoted securities is measured at the exchange rate at the reporting date. Gains or losses arising from changes in fair value are recognised in other comprehensive income and reported directly in equity as a reserve for fair values of financial instruments, net. Amounts presented in other comprehensive income may not be subsequently transferred to profit or loss. The cumulative gain or loss is transferred within equity.

Non-financial assets

The Company reviews the carrying amount of significant non-financial assets at each reporting date to determine whether there is any indication of impairment. If such indications exist, the recoverable amount of the asset is estimated. The recoverable amount of an asset or cash-generating unit (CGU) is the higher of its value in use and its fair value less costs to sell. In determining the value in use of an asset, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In allocating impairment to an individual CGU asset, the carrying amount of the individual asset is not reduced below the highest of fair value less costs of disposal (if measurable), value in use (if determinable) or nil. An impairment of an asset or cash-generating unit is recognised when its carrying amount exceeds its recoverable amount. Impairment is recognised in profit or loss. The Company evaluates impairment losses in prior periods at the end of the reporting period to determine whether the loss has been reduced or no longer exists. An impairment loss is reversed if there has been a change in the estimates used by the Company to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the increase in the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised for the asset in prior years.

I. FAIR VALUE MEASUREMENT

The Company's accounting policy requires the determination of the fair value of both non-financial and financial assets and liabilities, either for the measurement of individual assets or for additional fair value disclosures. Fair value is the amount for which an asset could be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction.

The methods of determining the fair value of each class of assets for measurement or reporting purposes are described below.

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is determined based on comparable market data of companies in the electricity industry.

Receivables and loans

The fair value of receivables and loans is calculated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period. The estimate takes into account the credit risk of these financial assets.

Outstanding financial liabilities

For reporting purposes, fair value is calculated based on the present value of future principal and interest payments discounted at the market rate of interest at the end of the reporting period.

J. CAPITAL

The Company's total capital comprises: called-up capital, capital reserves, profit reserves, fair value reserves, retained earnings or undiscounted losses from previous years and interim undistributed earnings or loss for the year.

Called-up capital represents the share capital, nominally as defined in the Company's Articles of Association, consisting of ordinary shares.

Treasury shares: When treasury shares that are accounted for as part of share capital are redeemed, the amount of consideration paid, including costs directly attributable to the redemption, net of any tax effects, is recognised as a change in capital. The repurchased shares are accounted for as treasury shares and deducted from capital. When treasury shares are sold or subsequently reissued, the amount received is recognised as an increase in capital and the resulting surplus or deficit on the transaction is transferred to capital reserves or retained earnings, as appropriate.

Capital reserves consist of the capital reserves created in the course of the ownership transfer and the general revaluation adjustments to capital, which, in accordance with the then applicable SRS, included the revaluation of the share capital prior to 2002. As a result of the changeover to the new SRS (2006), the general revaluation adjustment to the Company's capital was transferred to the capital reserves on 1 January 2006.

The profit **reserve** is a portion of the net profit of previous years retained for a specific purpose, mainly to offset possible future losses. They consist of: legal reserves, reserves for own shares or own interests, own shares or own interests (as a deductible item), statutory reserves and other profit reserves.

Retained earnings is the profit of the current year and profit from previous years as a remainder of the then net profit that is not distributed to equity owners in the form of dividends or other shares, nor is it specifically designated as a reserve.

The fair value reserve relates to the change in fair value of equity investments in other companies that are measured at fair value through equity. The fair value reserve also includes the cost of remeasuring post-employment benefits (actuarial gains/losses) arising from the change in the present value of the retirement benefit obligation.

Dividends: Until dividends are approved by the General Meeting, deemed dividends are treated as retained earnings, i.e. dividends are recognised in the financial statements in the period in which the resolution of the general meeting to pay dividends is passed.

K. CURRENT EMPLOYEE BENEFITS

Current employee benefit obligations are measured on an undiscounted basis and are recognised as an expense when the employee's service related to the defined short-term benefit is rendered.

L. NON-CURRENT EMPLOYEE BENEFITS

Provisions for post-employment and other non-current employee benefits

The Company is obliged by law, collective agreement and internal rules to pay jubilee bonuses and retirement benefits to employees, for which provisions are made. There are no other pension obligations. Provisions are made for estimated future payments of retirement and jubilee benefits, discounted at the reporting date. The calculation takes into account the cost of severance payments on retirement and the cost of any expected jubilee awards until retirement. Personnel and interest costs are recognised in the income statement and the translation of post-employment benefits or unrealised actuarial gains or losses is recognised in other comprehensive income.

M. OTHER PROVISIONS

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation that can be measured reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate at the reporting date of the expenditure required to settle the obligation. The Company recognises a provision when the conditions for the provision are met and it is charged to the relevant costs or expenses.

The environmental provision is established as a best estimate of the costs, as well as other activities required, based on assessments by external independent environmental experts, related to the operation of landfills and facilities owned by the Company to cover long-term obligations. The Company's management assesses whether there is a legal, contractual or constructive obligation to replenish/release the provision. Provisions are discounted at a risk-free rate, according to the estimated timing of the execution of the works, which is projected by means of external experts' estimates, taking into account the structure of the land, the activities required and the statutory provisions. In 2023, a review of the provisions was carried out to reassess the execution of the necessary works, to define the timetable for the execution of the works and the value of the execution of the works, taking into account inflation, and based on the timetable, the provisions were discounted accordingly by a discount factor of the government bond yield. This was done on the basis of an assessment by external experts and an annual management review. Cost adjustments were made in line with the increase in prices of materials and services to carry out the necessary rehabilitation. In 2024, a review of all provisions was carried out again with the help of external experts who estimated the new works needed (landslide rehabilitation, sealing curtain). The value of the works was adjusted to take account of the increase in the cost of carrying out the planned activities (inflation) and, based on the timetable of the planned rehabilitation works, the provisions were discounted accordingly by discounting them by the government bond yield factor.

N. GOVERNMENT GRANTS

Revenue from government grants is recognised in the financial statements of Cinkarna Celje, d. d., when received and when there is reasonable assurance that the Company will comply with the terms and conditions of the grant. The Company recognises government grants related to the epidemic in Slovenia in current operating income. Remaining government and other subsidies received to cover costs are recognised as revenue on a consistent basis in the periods in which the related expenses are incurred to be compensated by the subsidies. Asset-related government grants are recognised in the income statement on a strictly consistent basis within other operating income over the useful life of the asset.

Revenue from government subsidies to mitigate the energy crisis is recognised initially if there is reasonable assurance that Cinkarna Celje, d. d., will receive the revenue and that it will meet the conditions related to receiving and retaining the revenue. Revenue from government subsidies is consistently recognised in other operating income in the income statement.

Government grants received for the acquisition of fixed assets or the recovery of certain costs remain temporarily in deferred income and are transferred to operating income in accordance with the depreciation of the fixed assets acquired or the costs incurred for which they are intended to be recovered.

O. OTHER CURRENT ASSETS AND OTHER CURRENT LIABILITIES

Under other current assets, the Company recognises short-term deferred costs or expenses. In accordance with the methodology set out for the deferral of the cost of annual commitments, deferred costs for annual leave, insurance premiums paid and other current costs are recognised during the year. At the reporting date, the Company recognises prepaid raw material costs and costs relating to a future balance sheet period. The Company also recognises VAT on advances received as other current assets.

Within other current liabilities, the Company recognises accrued costs or expenses and deferred income. In accordance with the established methodology for the allocation of the cost of annual commitments, planned commitments are deferred during the year. Accrued income during the year from the sale of products and services is recorded as deferred income. The Company also recognises accrued unused annual leave entitlement as well as VAT on advances made as other current liabilities.

P. REVENUE

Revenue from contracts with customers

Revenue is recognised under IFRS 15 if the increase in economic benefits during the period is attributable to an increase in the value of an asset or a decrease in a debt and the increase can be measured reliably. Revenue is recognised when it is reasonably expected to give rise to benefits, if those benefits are not realised when they arise.

Revenue from contracts with customers is the result of sales of chemical, metallurgical and other manufacturing products and materials where the performance obligation is settled when the goods are shipped or accepted by the customer. In the case of revenue from contracts with customers, where the sale results in the provision of services, the performance obligation is discharged when the service is rendered. Revenue from sales is revenue arising from contracts with customers for the sale of goods or services. Revenue from sales reflects transfers (deliveries) of contractually agreed goods or services to customers in the amount of the expected consideration to which the Company will be entitled in exchange for those goods or services. Amounts collected for the benefit of third parties, such as value added tax and other taxes levied at the time of sale, are not a component of sales revenue. Similarly, amounts collected for the benefit of the principal are not part of the proceeds of the sale (the proceeds of the sale are only that part of the consideration due to the principal for the agency service provided). The goods or services are transferred when the customer obtains (or acquires) control of them. The customer obtains control of the good or service when the customer acquires the right to determine its use and the right to substantially all of its residual benefits. Such control includes the ability to prevent others from directing the use of the good or service and obtaining benefits from it. Benefits from goods or services are potential cash flows (receipts or expenditure savings) that can be obtained directly or indirectly in a variety of ways. The Company transfers control of the good or service and thereby discharges or satisfies the performance obligation, either at a point in time or gradually. When entering into a contract with a customer, the Company specifies all performance obligations contained in the contract. Each obligation to transfer goods or services to the customer is identified as a separate (distinct) performance obligation:

- Which, under the IFRS criteria, can be identified in the context of a contract separately from other contractual obligations to transfer goods or services;
- The customer can use the contractually agreed good or service alone or in conjunction with other available or readily available resources (assets). For example, the fact that the Company regularly sells the good or service separately would indicate that the customer can use the good or service alone or in conjunction with other readily available resources.

Revenue from the sale is recognised at an amount reflecting the transaction price allocated to the stand-alone performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

The control of goods and services depends on the terms of the sales contract, and the transfer takes place at the moment the goods are taken over by the customer or the service is rendered. The normal payment period is between 30 and 90 days.

Assets from contracts with customers

A contract asset is a right to consideration in exchange for goods or services that have been transferred to the customer but not yet billed to the customer. The Company recognises unbilled revenue for goods and services supplied to customers as contract assets.

Liabilities under contracts with customers

A contract liability is an obligation to transfer goods or services to a customer in exchange for consideration received by the Company from the customer. The Company recognises a contract liability for volume discounts granted. Contract liabilities are recognised as revenue when the Company has fulfilled its performance obligation under the contract.

Other sales revenue

Revenue and other operating income are recognised when the service is rendered and the customer has obtained control of the goods or services in accordance with IFRS 15.

Other operating income arises on the disposal of intangible assets and tangible fixed assets as the excess of their sale value over their carrying amount and on the occurrence of other unusual items. It is recognised in the amounts actually incurred.

Financial revenue

Comprises interest income on investments, dividend income, gains on disposal of available-for-sale financial assets, foreign exchange gains and gains on hedging instruments recognised in the income statement. Interest income is recognised when earned using the effective interest method. Dividend income is recognised in the income statement when the right to receive payment is established.

Q. EXPENSES

An expense is recognised to the extent that a decrease in economic benefits during the period is associated with a decrease in an asset or an increase in a debt and the decrease can be measured reliably.

Operating expenses are recognised when the material is consumed or the service rendered, in the period to which they relate. The normal valuation of stocks of products and work in progress at production cost takes into account operating expenses consisting of production costs that are no longer retained in those stocks, as well as purchase and selling costs and general operating expenses accrued during the accounting period. The transfer of costs from stocks of products and work in progress to quantities sold and the transfer of the cost of merchandise and supplies to quantities sold are made using the constant (estimated, standard) price method, taking into account the proportionate share of variances.

Operating expenses are equal to the costs accrued during the accounting period, plus the costs retained in opening inventories of products and work in progress, less the costs retained in closing inventories of products and work in progress, valued at production cost.

Operating expenses are increased by the cost of goods and materials sold. Service costs relate mainly to costs incurred for maintenance of assets, transport services, services of intermediaries in the sale of products, advertising (sponsorship) costs, research costs and costs of intellectual services.

Operating expenses – impairments arise in respect of tangible fixed assets, intangible assets and working capital due to their impairment. Other expenses consist of unusual items which are stated at the amounts actually incurred.

Financial expenses comprise interest expense on borrowings, foreign exchange losses and impairment losses on financial assets recognised in the income statement. Borrowing expenses are recognised in the income statement using the effective interest method.

R. TAXATION (income tax)

Corporate income tax for the year comprises both current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in capital. Taxable profit differs from net profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax is the tax expected to be payable on the taxable profit for the year using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised using the liability method in the statement of financial position, taking into account temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts for tax reporting purposes. Deferred tax is provided at the amount expected to be payable when the temporary differences reverse, based on laws enacted or substantively enacted at the reporting date.

The deferred tax liability is recognised in full using the liability method of the statement of financial position for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's separate financial statements. Deferred tax is provided using tax rates (and laws) that are expected to apply when the deferred tax liability is settled. Deferred tax is also not recognised for taxable temporary differences on initial recognition of investments. The amount of deferred tax is based on the expected manner of recovery or settlement of the carrying amounts of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if there is a legal right to set off tax assets and income tax liabilities.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised in the future. Deferred tax assets are reduced by the amount for which it is no longer probable that the tax benefit associated with the asset will be available.

S. REPORTING BY SEGMENT

The Company discloses information by segment. An operating segment is an identifiable component of the Company that is engaged in specific products or services (an operating segment) or in products and services in a specific, geographically defined economic environment (an operating area); these segments are distinguished by their risks and rewards. Segment information is presented by the Company's geographical and business segments. The Company's segment reporting is based on its geographical segments, which are also supported by the Company's corporate governance and internal reporting system.

The Company's geographical segments are Slovenia, the European Union and third countries, which include the markets of the former Yugoslavia.

The Company's business segments are the business units that produce the key products Titanium Dioxide, Zinc Processing, Varnishes, Masters and Inks, Agro Programme, Polymers and Others.

Segment profit or loss is stated as the difference between operating income and expenses, taking into account those income and expenses that are directly attributable to each segment, excluding those income and expenses that cannot be allocated to the segment in a meaningful way. Smaller operating segments are aggregated into a single category, a business unit, because they are insignificant and detailed disclosures could cause significant harm to the Company.

T. EARNINGS PER SHARE

Cinkarna Celje, d. d., reports basic earnings per share, which is calculated by dividing the profit/loss attributable to ordinary shareholders by the number of ordinary shares in the financial year. Diluted earnings per share is equal to basic earnings because all Cinkarna Celje, d. d., shares belong to the same class of ordinary registered bulk shares.

U. FINANCIAL RISK MANAGEMENT IN THE USE OF FINANCIAL INSTRUMENTS

Cinkarna Celje, d. d., uses various instruments to manage financial risks when using financial instruments to manage credit, liquidity, market, currency and operational risks, which are presented in more detail in Note VI Financial instruments and financial risks.

IV. REPORTING BY SEGMENT

Cinkarna Celje, d. d., reports revenue from contracts with customers by geographically defined segments and sales programmes. Revenue from contracts with customers is reported by geographical location of customers and sales programmes. The Company monitors the following segments in the preparation and presentation of the income statement and revenue from contracts with customers:

- Titanium dioxide, comprising sales of titanium dioxide pigment together with other sales of the TiO_2 business unit including sales of CEGIPS and sulphuric acid.
- Zinc processing, comprising all sales of metallurgical products.
- Paints, varnishes, masters and printing inks.
- Agro programme, comprising all sales of copper fungicides and Humovit.
- Polymers, covering all polymer sales of the business unit.
- Other, comprising sales of service activities and other unallocated items.

Sales by business segment

In EUR

	2024	2023
Titanium dioxide	168,728,022	146,042,369
- of which TiO_2 pigment	*165,044,453*	*143,356,887*
Zinc processing	0	5,637,539
Varnishes, masters	16,140,315	16,579,785
Agro programme	11,150,638	5,443,530
Polymers	3,379,268	2,148,761
Other	887,171	612,307
TOTAL	**200,285,413**	**176,464,289**

In EUR

	2023	2022
Titanium dioxide	146,042,369	189,740,282
- of which TiO_2 pigment	*143,356,887*	*186,385,200*
Zinc processing	5,637,539	8,240,209
Varnishes, masters	16,579,785	18,516,808
Agro programme	5,443,530	8,481,917
Polymers	2,148,761	1,647,402
Other	612,307	526,498
TOTAL	**176,464,289**	**227,153,116**

Sales by geographical segment

In 2024, due to low sales to the markets of the former Yugoslavia, the reporting of this market was merged into the Third Countries segment.

In EUR

	2024	2023
Slovenia	13,684,845	14,889,861
European Union	162,234,825	134,006,280
Third countries	19,080,092	22,900,287
Third countries – dollar market	5,285,650	4,667,861
TOTAL	**200,285,413**	**176,464,289**

Sales by geographical segment reported in the Annual Report 2023

	2023	2022
Slovenia	14,889,861	18,781,919
European Union	134,006,280	173,950,706
Market of the former Yugoslavia	3,395,401	4,959,791
Third countries	19,504,886	27,117,372
Third countries – dollar market	4,667,861	2,343,328
TOTAL	**176,464,289**	**227,153,116**

Operating result by business segment

The Company also monitors segment results by sales programme, which are regularly reviewed and used to inform decisions on the future performance of the individual programme. The Company monitors operating profit by segment. However, the Company monitors financial result, income tax, deferred tax assets and net profit at the level of the Company as a whole, and the Company's statement of financial position is monitored only at the level of the Company.

In EUR

	Titanium dioxide		Zinc processing		Varnishes and masters		Agro programme		Polymers		Other		Total	
	31.12.2023	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**
Revenue from contracts with customers	146,042,369	168,728,022	5,637,539	0	16,579,785	16,140,315	5,443,530	11,150,638	2,148,761	3,379,268	612,306	887,170	**176,464,289**	**200,285,413**
Other operating income	9,229,904	1,100,495	1,953	0	16,354	794,331	66,134	55,775	260,983	325,978	2,899,413	3,716,539	**12,474,740**	**5,993,118**
Change in value of stocks	-6,293,658	-1,800,756	-10,368	0	-117,437	-482,832	-118,274	522,144			-9,506	-381,350	**-6,549,243**	**-2,142,794**
Operating expenses	-135,499,622	-143,635,715	-5,553,788	0	-16,577,133	-15,050,725	-6,415,451	-11,525,534	-1,939,868	-2,768,843	-3,681,175	-4,490,676	**-169,667,037**	**-177,471,493**
– of which depreciation	-8,788,685	-9,243,069	-65,421	0	-385,472	-416,190	-270,655	-266,481	-188,449	-192,803	-2,656,685	-2,782,266	**-12,355,367**	**-12,900,809**
Operating result	**13,478,993**	**24,392,046**	**75,335**	**0**	**-98,431**	**1,401,089**	**-1,024,061**	**203,023**	**469,875**	**936,403**	**-178,962**	**-268,317**	**12,722,749**	**26,664,244**
Interest income													**1,121,471**	**1,726,438**
Other financial income													**0**	**140,564**
Interest expense													**887**	**4,114**
Other financial expenses													**37,731**	**0**
Financial result	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,082,853**	**1,862,888**
Deferred taxes													**151,920**	**-36,221**
Income tax													**1,304,115**	**5,403,661**
Net profit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**12,653,407**	**23,087,250**

V. NOTES

1 Intangible assets

In EUR

Group of intangible assets for 2024	Acquisition value		Value adjustment		Undepreciated value	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Property rights	5,690,758	6,161,514	4,630,391	5,093,263	1,060,367	1,068,251
Assets under acquisition	1,348,412	516,856	0	0	1,348,412	516,856
TOTAL	**7,039,170**	**6,678,369**	**4,630,391**	**5,093,263**	**2,408,779**	**1,585,108**

In EUR

Group of intangible assets for 2023	Acquisition value		Value adjustment		Undepreciated value	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Property rights	6,161,514	5,845,554	5,093,263	4,907,487	1,068,251	938,067
Assets under acquisition	516,856	270,158	0	0	516,856	270,158
TOTAL	**6,678,369**	**6,115,711**	**5,093,263**	**4,907,487**	**1,585,108**	**1,208,224**

Intangible assets have finite useful lives. The Company reviewed their values and determined that their present value does not exceed their recoverable amount. In 2024, the Company invested in long-lived property rights from investments in software and project documentation. Decreases in intangible assets relate to amortisation and write-off of other intangible assets.

41.7% of the total intangible assets in use as at 31 December 2024 have been fully amortised (49.1% as at 31 December 2023). The percentage is calculated according to the cost of the intangible assets.

No intangible assets are pledged as guarantees for liabilities as at 31 December 2024 and 31 December 2023. The Company also has no commitments under contracts for the purchase of intangible assets.

<u>Movements in intangible assets</u>

In EUR

2024	Property rights	Assets under acquisition	TOTAL
ACQUISITION VALUE			
Situation at 31 Dec 2023	6,161,514	516,856	**6,678,370**
Increases		1,172,185	**1,172,185**
Transfer from assets under acquisition	340,629	-340,629	**0**
Decreases	811,385		**811,385**
Situation at 31 Dec 2024	5,690,758	1,348,412	**7,039,170**
VALUE ADJUSTMENT			
Situation at 31 Dec 2023	5,093,263	0	**5,093,263**
Current year depreciation	348,512	0	**348,512**
Decreases	811,385	0	**811,385**
Situation at 31 Dec 2024	4,630,391	0	**4,630,391**
UNDEPRECIATED VALUE			
Situation at 31 Dec 2023	1,068,251	516,856	**1,585,106**
Situation at 31 Dec 2024	1,060,367	1,348,412	**2,408,779**

In EUR

2023	Property rights	Assets under acquisition	TOTAL
ACQUISITION VALUE			
Situation at 31 Dec 2022	5,845,554	270,158	**6,115,712**
Increases	0	621,559	**621,559**
Transfer from assets under acquisition	374,861	–374,861	**0**
Decreases	58,901	0	**58,901**
Situation at 31 Dec 2023	6,161,514	516,856	**6,678,370**
VALUE ADJUSTMENT			
Situation at 31 Dec 2022	4,907,487	0	**4,907,487**
Current year depreciation	244,677	0	**244,677**
Decreases	58,901	0	**58,901**
Situation at 31 Dec 2023	5,093,262	0	**5,093,262**
UNDEPRECIATED VALUE			
Situation at 31 Dec 2022	938,067	270,158	**1,208,224**
Situation at 31 Dec 2023	1,068,252	516,856	**1,585,108**

Part of the non-current assets relate to easements with definitive useful lives, which are recorded under land.

2 Tangible fixed assets

In EUR

Group of tangible fixed assets for 2024	Acquisition value		Value adjustment		Undepreciated value	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Land	10,895,071	10,803,263	1,343,438	1,271,096	9,551,633	9,532,167
Buildings	131,641,160	130,042,752	92,794,543	90,433,245	38,846,617	39,609,507
Equipment	245,772,392	239,932,766	192,899,722	188,822,401	52,872,669	51,110,365
Assets under acquisition	8,731,586	9,603,529	0	0	8,731,586	9,603,529
Advances	1,697,110	0	0	0	1,697,110	0
TOTAL	**398,737,319**	**390,382,311**	**287,037,703**	**280,526,742**	**111,699,615**	**109,855,569**

In EUR

Group of tangible fixed assets for 2023	Acquisition value		Value adjustment		Undepreciated value	
	31/12/ 2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Land	10,803,263	10,803,263	1,271,096	1,198,754	9,532,167	9,604,509
Buildings	130,042,752	128,674,115	90,433,245	87,057,629	39,609,507	41,616,487
Equipment	239,932,766	225,138,242	188,822,401	183,644,286	51,110,365	41,493,957
Assets under acquisition	9,603,529	10,276,338	0	0	9,603,529	10,276,338
Advances	0	1,091,727	0	0	0	1,091,727
TOTAL	**390,382,311**	**375,983,686**	**280,526,742**	**271,900,668**	**109,855,569**	**104,083,017**

The Company does not have any assets under finance leases, nor does it have any assets pledged as collateral for any guarantees as at 31 December 2024 and 31 December 2023.

Movements in property, plant and equipment

In EUR

2024	Land	Buildings	Production and other equipment	TOTAL	Assets under acquisition	Advances	TOTAL
ACQUISITION VALUE							
Situation at 31 Dec 2023	9,342,488,39	130,042,752	239,932,767	380,778,782	9,603,529	0	**390,382,311**
Increases	0	0	0	0	12,946,362	2,289,606	**15,235,968**
Transfer from ass. under acq.	91,808	1,637,730	10,969,276	12,698,814	-13,818,305	-592,496	**-1,711,988**
Decreases		39,322	5,129,650	5,168,973			**5,168,973**
Situation at 31 Dec 2024	9,434,296,63	131,641,159	245,772,392	388,308,623	8,731,586	1,697,110	**398,737,319**
VALUE ADJUSTMENT							
Situation at 31 Dec 2023	1,271,097	90,433,245	188,822,401	280,526,742	0	0	**280,328,028**
Depreciation	72,342	3,197,997	9,206,458	12,476,797	0	0	**12,476,797**
Decreases	0	836,700	5,204,637	6,041,336	0	0	**6,026,058**
Impairments +/-	0		60,222	258,936	0	0	**258,936**
Situation at 31 Dec 2024	1,343,439	92,794,543	192,899,722	287,037,704	0	0	**287,037,703**
UNDEPRECIATED VALUE							
Situation at 31 Dec 2023	9,532,167	39,609,508	51,110,365	100,252,040	9,603,529	0	**109,855,569**
Situation at 31 Dec 2024	9,551,633	38,846,617	52,872,670	101,270,920	8,731,586	1,697,110	**111,699,615**

As at 31 December 2024, the Company reviewed the values of the tangible assets and determined that their present value does not exceed their recoverable amount. In accordance with IAS 36, the Company has performed an impairment test of the value of non-current assets in 2023 and has therefore carried out a valuation of the assets with a chartered valuer. As at 31 December 2024, the Company did not perform an impairment review as the Company did not identify any indicators of impairment. The valuation as at 31 December 2023 (value in use for financial reporting purposes) showed that the assets are not overvalued due to inflationary conditions and the general deterioration of the Company's macroeconomic situation and their replacement value (the purpose of the valuation was to calculate/establish the replacement value) exceeds their carrying amount. The impairment test of the non-current assets of the cash-generating unit of Cinkarna Celje, d. d., was performed due to indications that the asset may be impaired due to the impact of inflation on the economic environment and the general continuation of the deterioration of the economic conditions. In the second half of 2023, the Company faced a decline in sales prices and volumes on the market of the carrier product – titanium dioxide, it was confronted with a reduced demand for the carrier product and, at the same time, with the intrusion of Chinese pigment. Nevertheless, Cinkarna Celje, d. d., closed the financial year 2023 with a positive result and achieved a satisfactory operating result within expectations and in line with the results of its industry competitors.

In 2024, the Company reports an increase in tangible fixed assets as a result of the difference between the value of the invested assets and the accumulated depreciation. In 2024, the Company invested EUR 14,302,164 in production modernisation and replacement equipment (EUR 19,825 in 2023). The most important investments are the following: installation of solar power plants (EUR 1 million), which represent sustainable investments related to climate change and the sustainable operation of the Company, replacement of the pigment spinning press (EUR 1.8 million), modernisation of the storage and preparation of lime and calcite slurry (EUR 0.9 million), installation of tank 12.10 C (EUR 0.8 million), replacement of two electrostatic precipitators 27.04 A and B (EUR 0.7 million), upgrading of the storm water drainage system with oil filters (EUR 0.5 million) and similar investments, together with investments in replacement equipment for the ongoing operation of the production process.

As at 31 December 2024, the Company has EUR 8,731,586 of investments in progress, mainly related to the maintenance and modernisation of titanium dioxide production, the key ones being: the installation of solar power plants (EUR 1 million), the installation of a 12.10.C container (EUR 1.3 million), modernisation of the lime and calcite suspension storage and preparation (EUR 0.9 million), upgrading of the storm water drainage system with oil filters (EUR 0.8 million), rehabilitation of plot 115/1 – relocation of pipelines (EUR 0.8 million), replacement of two electrostatic precipitators 27.04 A and B (EUR 0.6 million), upgrade of the Spekter programme (EUR 0.5 million), optimisation of the steam system and increase of the sulphuric acid production capacity (EUR 0.3 million) and others.

Cinkarna Celje, d. d., boasts the first commercial "standalone" private 5G network in Slovenia in 2024, which the Company sees as an important step forward in the digital transformation of the Company.

The network, which is the result of Slovenian development, was set up by Kontron and Telekom Slovenije, and can also be used for Industrial Internet of Things (IIoT) solutions, such as autonomous mobile vehicles and sensors for monitoring and control processes. The network will provide the Company with advanced wireless connectivity within its production sites, including seven warehouses. With the deployment of the 5G network, the Company no longer has any contractual obligations other than monthly maintenance costs. The Company also has no contractual commitments for other tangible fixed assets.

In EUR

2023	Land	Buildings	Production and other equipment	TOTAL	Assets under acquisition	Advances	TOTAL
ACQUISITION VALUE							
Situation at 31 Dec 2022	10,803,263	128,674,115	225,138,243	365,200,278	10,276,338	1,091,727	**376,568,343**
Increases	0	0	0	0	19,203,744	1,741,207	**20,944,952**
Transfer from assets under acquisition	0	1,368,637	18,291,937	19,660,574	-19,717,374	-2,832,934	**-2,889,734**
Decreases	0		3,497,413	3,497,413	159,179		**3,656,592**
Situation at 31 Dec 2023	10,803,263	130,042,752	239,932,767	380,778,782	9,603,529	0	**390,382,311**
VALUE ADJUSTMENT							
Situation at 31 Dec 2022	1,198,755	87,057,628	183,644,286	271,900,669	0	0	**271,900,669**
Depreciation	72,342	3,399,172	8,634,426	12,105,939	0	0	**12,105,939**
Decreases	0	41,862	3,476,856	3,518,718	0	0	**3,518,718**
Increases	0	0	4,751	4,751	0	0	**4,751**
Impairments+/-		18,307	15,795	34,102			**34,102**
Situation at 31 Dec 2023	1,271,097	90,433,245	188,822,401	280,526,743	0	0	**280,526,743**
UNDEPRECIATED VALUE							
Situation at 31 Dec 2022	9,604,508	41,616,487	41,493,957	92,714,952	10,276,338	1,091,727	**104,083,017**
Situation at 31 Dec 2023	9,532,167	39,609,507	51,110,365	100,252,039	9,603,529	0	**109,855,569**

Also included in tangible fixed assets is a reported increase in the cost of assets of EUR 2,913,556 (EUR 2,612,708 in 2023) from capitalised own products and services, where the Company provides its own maintenance services and consumables for the maintenance of capital assets. Within this, materials, labour and purchase of other assets and directly related overheads were required to realise the capitalised own effects and are recorded in detail per individual existing fixed assets that were either repaired or renewed during the year and during the overhauls in 2024. The key investments made by the in-house maintenance team were: replacement of electrical filters (EUR 1.0 million), overhaul of press 55 04D (EUR 0.2 million), installation of container 12.10.C (EUR 0.4 million), replacement of pigment spinning press (EUR 0.2 million) and other investments. The remaining variance in the value of the works to the total is due to ensuring the smooth running of production and the rehabilitation of individual existing assets and the overhaul of the sulphuric acid and TiO_2

plant; the intervention works carried out increased either the efficiency or the lifetime of these assets, which are important for the ongoing production process of the carrier product.

Land also includes easements amounting to EUR 117,337 (EUR 189,679 in 2023). The easements, with a final useful life of 20 years or more, relate to the laying and maintenance of pipelines, cables and water mains and to the need to carry out wet-to-dry gypsum filling works. The increase in the acquisition cost of land in 2024 from the acquisition of two plots of land for a value of EUR 91,808, the decrease in land relates to the accrued amortisation of the easements for the financial year 2024 by an amount of EUR 72,342.

No borrowing costs were attributed to property, plant and equipment in 2024. 49.3% of the total property, plant and equipment in use at 31 December 2024 was fully depreciated (31 December 2023 – 48.5%). The percentage is calculated on the cost of property, plant and equipment, excluding land. As at 31 December 2024, the Company has outstanding commitments for the purchase of tangible fixed assets of EUR 3,342,594 (31 December 2023 – EUR 2,247,455).

3 Financial assets at fair value through other comprehensive income

The Company carries investments in shares of Elektro Celje and Elektro Maribor as financial assets at fair value through other comprehensive income for the purpose of enjoying cash flows from dividends received and sales of securities. Both equity securities are quoted on the multilateral trading facility (MFT) SI ENTER (https://sienter.si), which is operated by the Ljubljana Stock Exchange. Based on the quotation of both equity securities on 31 December 2024, it can be concluded that both securities have a known market price, which is not indicative of the fair value of these investments, as the shares have a very low turnover.

The Company reviewed the fair value of the assets and measured the financial assets at fair value through other comprehensive income based on the return on the shares of the electricity companies in which the Company has a significant investment and taking into account the PVB of the electricity industry. Financial assets were reduced (impaired) by fair value revaluations amounting to EUR 271,207 (as at 31 December 2023 - reduction of EUR 415,233) against fair value reserves. In 2024, the Company received dividends of EUR 6,001 (no dividends in 2023).

In EUR

Group of non-current financial investments for 2024	Acquisition value		Revaluation		Fair value	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Other investments	2,077,692	2,077,692	790,367	519,160	1,287,325	1,558,531
TOTAL	**2,077,692**	**2,077,692**	**790,367**	**519,160**	**1,287,325**	**1,558,531**

The members of the Management Board and Supervisory Board did not receive any long-term loans. Cinkarna Celje, d. d., has no other subsidiaries or associates and does not deal with any related parties.

Movements in non-current investments

Fair value is equal to cost less revaluation.

In EUR

2024	Other financial investments
ACQUISITION VALUE	
Situation at 31 Dec 2023	2,077,692
Increases during the year	0
Situation at 31 Dec 2024	2,077,692
REVALUATION	
Situation at 31 Dec 2023	519,161
Increases during the year	271,207
Situation at 31 Dec 2024	790,368
FAIR VALUE	
Situation at 31 Dec 2023	**1,558,532**
Situation at 31 Dec 2024	**1,287,325**

In EUR

2023	Other financial investments
ACQUISITION VALUE	
Situation at 31 Dec 2022	2,077,692
Increases during the year	0
Situation at 31 Dec 2023	2,077,692
REVALUATION	
Situation at 31 Dec 2022	103,927
Increases during the year	415,233
Situation at 31 Dec 2023	519,161
FAIR VALUE	
Situation at 31 Dec 2022	**1,973,765**
Situation at 31 Dec 2023	**1,558,531**

4 Other non-current assets

In EUR

Group of other non-current assets for 2024	Acquisition value		Revaluation		Undepreciated value	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Other intangible assets	105,470	84,444	0	0	105,470	84,444
TOTAL	**105,470**	**84,444**	**0**	**0**	**105,470**	**84,444**

In EUR

Group of intangible assets for 2023	Acquisition value		Revaluation		Undepreciated value	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Other intangible assets	84,444	68,049	0	0	84,444	68,049
TOTAL	**84,444**	**68,049**	**0**	**0**	**84,444**	**68,049**

Other assets comprise emission allowances, securities and other non-current assets. Other intangible assets include emission allowances acquired free of charge from the State, which are valued at EUR 1. In 2024, the Company acquired 40,397 allowances (all allowances acquired free of charge from the State in accordance with the ZVO-1 act). At the beginning of 2024, the Company surrendered 19,371 allowances for CO_2 emissions in 2023 to ARSO. The Company did not sell any surplus allowances in 2024.

The Company retains ownership of the remaining 105,470 allowances. The market (fair) value of one allowance as at 31 December 2024 was EUR 65.10 (31 December 2023: EUR 74.62) per allowance (https://belektron.eu/sl/novice), representing a value of EUR 6,866,097 (31 December 2023: EUR 6,301,211). The Company will submit a portion of these allowances (19,577) to the Ministry of the

Environment, Climate and Energy in April 2025 for the 2024 CO_2 emission figures for the year 2024. The Company will also submit 3,609 allowances for the purpose of adjusting the 2024 allowance allocation, as requested by the Ministry of the Environment, Climate and Energy. The Ministry will initiate ex officio the procedure for issuing a decision on the modification of the allowance allocation in accordance with Article 194(2) of the ZVO-2 act. The remainder of the allowances represents the surplus of allowances (Cinkarna Celje, d. d., is a net recipient of allowances).

5 Deferred tax assets and liabilities

In EUR

Description	Receivables		Payables	
	2024	2023	2024	2023
Situation at 1 January	**1,572,841**	**1,420,921**	**133,797**	**194,446**
Increase during the year	68,796	369,724	0	0
Decrease during the year	105,017	217,803	59,665	60,649
Total	**1,536,620**	**1,572,842**	**74,132**	**133,797**
Offsetting	**-74,132**	**–133,797**	**-74,132**	**–133,797**
Situation at 31 December	**1,462,488**	**1,439,044**	**0**	**0**

The decrease in deferred tax assets relates to the use of provisions for: jubilee bonuses and retirement benefits and environmental and other provisions amounting to EUR 102,501 (in 2023 the decrease amounts to EUR 217,803) and EUR 2,516 for the repayment/write-off of the established allowance for receivables. The increase in deferred tax assets relates to half of the provisions made for environmental purposes amounting to EUR 63,293 (EUR 140,871 in 2023) and EUR 5,503 for the creation of a valuation allowance on receivables. No deferred tax assets were created in 2024 for jubilee bonuses and retirement benefits, as their creation is fully tax deductible in 2024, similarly to 2023. The general corporate tax rate as at 31 December 2024 is 22%. As at 31 December 2024, the Company reduced the deferred tax liabilities arising from the impairment of investments or their fair value by EUR 59,665, resulting in a deferred tax liability of EUR 74,132 as at 31 December 2024 (EUR 133,797 as at 31 December 2023). The Company tested the recoverability of deferred taxes by reference to a projection of expected taxable profits for the period 2024 to 2028.

Changes in the balance of deferred tax assets had a negative impact on the income statement of EUR 36,222 (positive impact of EUR 151,920 in 2023). The balance of deferred tax assets at 31 December is as follows:

In EUR

	31/12/2024	31/12/2023
Provisions for environmental purposes	1,328,433	1,290,368
Provisions for post-employment and other long-term benefits	198,190	275,464
Receivables	9,996	7,009
Total	**1,536,619**	**1,572,841**
Liabilities for financial assets at fair value through other comprehensive income	-74,132	-133,797
Total deferred tax assets	**1,462,488**	**1,439,044**

6 Inventories

In EUR

Group of inventories	31/12/2024	31/12/2023	Realisable value at 31/12/2024
Material	40,009,286	32,611,021	40,009,286
Work in progress	3,407,765	2,469,985	3,407,765
Products	15,354,235	18,434,810	21,794,695
Merchandise	66,785	31,669	66,785
Advances made	131,357	293,996	131,357
Total	**58,969,428**	**53,841,480**	**65,409,888**

In the financial year 2024, an additional write-down of EUR 14,771 (EUR 1,183,665 in 2023) was made to the value of inventories of materials and supplies due to the revaluation to net realisable value, obsolescence and unserviceability of inventories of materials and spare parts. There were no significant inventory differences identified in 2024 and the previous year.

The valuation allowance for obsolescence and unserviceability of work-in-progress and finished goods inventories amounted to EUR 8 in the current year (EUR 1,857 in 2023) and the reversal of the valuation allowance for non-moving inventories amounted to EUR 22,182 in 2024 (EUR 14,828 in 2023). The value of finished goods and work-in-progress inventories decreased by 10% compared to 2023 due to lower production with increased volume sales of titanium dioxide pigment in 2024. Inventories are not pledged for guarantees. The net realisable value of inventories as at 31 December 2024 is determined by their sales value less costs to sell and exceeds their carrying amount.

7 Current financial investments

In EUR

Group of current financial receivables for 2024	Value of investments		Adjustment of investments		Net investments	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Current financial receivables – treasury bills	47,150,115	38,616,117	0	0	47,150,115	38,616,117
Fair value of derivatives	64,744	0	0	0	64,744	0
TOTAL	**47,214,859**	**38,616,117**	**0**	**0**	**47,214,859**	**38,616,117**

Investments in treasury bills have maturities of between one and twelve months.

8 Current trade receivables

In EUR

Group of current trade receivables	31/12/2024	31/12/2023
Trade receivables	27,100,674	27,437,194
Other receivables	3,142,911	4,107,814
Total	**30,243,586**	**31,545,008**

Current trade receivables

In EUR

Group of current trade receivables for 2024	Value of receivables		Value adjustment		Net receivables	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Buyers in the country	2,157,838	2,841,398	273,233	266,985	1,884,604	2,574,413
Buyers abroad	25,408,800	25,012,549	363,719	394,858	25,045,081	24,617,691
Indirect exporters	170,989	242,410	0	0	170,989	242,410
Receivables on foreign account	0	2,681	0	0	0	2,681
Total	**27,737,626**	**28,099,037**	**636,952**	**661,843**	**27,100,674**	**27,437,194**

The Company's trade receivables are secured with an external institution as of 1 June 2021 and are not given as guarantees for liabilities. The amount of unsecured receivables as at 31 December 2024 is EUR 836,098 (currently exceeding the agreed insurance limit with certain customers), and as at 31 December, it is 2023 EUR 2,327,871.

More detailed disclosures related to credit risk are disclosed in Note VIII Financial instruments and financial risks.

In EUR

Group of current trade receivables for 2023	Value of receivables		Value adjustment		Net receivables	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Buyers in the country	2,841,398	2,947,578	266,985	266,985	2,574,413	2,680,593
Buyers abroad	25,012,549	19,407,517	394,858	371,794	24,617,691	19,035,723
Indirect exporters	242,410	368,044	0	0	242,410	368,044
Receivables on foreign account	2,681	2,681	0	0	2,681	2,681
Total	**28,099,037**	**22,725,820**	**661,843**	**638,780**	**27,437,194**	**22,087,040**

Other trade receivables

In EUR

Group of other receivables	31/12/2024	31/12/2023
VAT receivable	2,697,649	2,210,850
Claims for aid received under the ZPGOPEK act*	0	1,521,872
Receivables from State institutions	2,990	77,506
Receivables from employees	6,297	6,771
Other receivables	435,975	290,815
Total	**3,142,911**	**4,107,814**

* A more detailed explanation is provided in Section 21 Other operating income.

The Company has no receivables from members of the Management Board and Supervisory Board.

9 Cash and cash equivalents

In EUR

Group of assets	31/12/2024	31/12/2023
Cash in hand	30	30
Cash in accounts	9,218,478	5,687,775
Short-term deposits at call	8,040,374	10,000,000
Foreign currency balances on accounts	472,524	0
Total	**17,731,407**	**15,687,805**

Cash is invested with local banks and bears interest at a fixed annual rate.

10 Other current assets

In EUR

Description	31/12/2024	31/12/2023
Prepaid expenses	179,975	142,307
VAT on advances received	2,100	1,681
Other	48,686	65,040
Total	**230,760**	**209,028**

11 Capital

In EUR

Capital items	31/12/2024	31/12/2023
Called-up capital	20,229,770	20,229,770
Capital reserves	44,284,976	44,284,976
Statutory reserves	16,931,435	16,931,435
Reserves for own shares	5,646,150	4,814,764
Own (treasury) shares	-5,646,150	-4,814,764
Other profit reserves	108,147,379	102,652,061
Fair value reserve	-1,650,342	-1,242,486
Retained earnings	23,093,258	38,374,703
Total capital	**211,036,476**	**221,230,458**

The Company's **share capital** consists of 8,079,770 freely transferable bulk shares of the same class. All of the ordinary shares have the same nominal value and are fully paid up. As at the balance sheet date of 31 December 2024, the value of the called-up capital amounts to EUR 20,229,770.

The **capital reserves** may be used under the conditions and for the purposes laid down by law and amounted to EUR 44,284,976 as at 31 December 2024. They were created by a special regulation in the course of the ownership transformation of Cinkarna Celje, d. d., and did not change in 2024 compared to 2023.

The **statutory reserves** amounted to EUR 16,931,435 as at 31 December 2024 and remained unchanged in 2024.

Treasury shares

On the basis of the resolution of the 28th Ordinary General Meeting of Shareholders of Cinkarna Celje, d. d., of 19 June 2024, the Management Board of Cinkarna Celje, d. d., was authorised to acquire its treasury shares. The total holding of all treasury shares may not exceed 10% of the Company's share capital. The authorisation to acquire treasury shares is valid for a period of 12 months from and including 18 June 2024. Cinkarna Celje, d. d., may acquire treasury shares by means of transactions concluded on the organised and unorganised securities market, where the purchase price of the shares may not be lower than EUR 14 per share and not higher than EUR 29 per share.

The Company holds 298,384 treasury shares (3.7% of total shares) as at 31 December 2024. On the basis of the resolution of the 28th Ordinary General Meeting of Shareholders of Cinkarna Celje, d. d., of 19 June 2024, the Company acquired 33,734 treasury shares in 2024 with a value of EUR 831,386.

	Number of treasury shares	Average market share price (in EUR)	Value of treasury shares (in EUR)
Situation as at 31 Dec 2023	**264,650**		**4,814,764**
Acquisitions in 2024	33,734	24.65	831,386
Situation as at 31 Dec 2024	**298,384**		**5,646,150**

Acquisitions of treasury shares show purchases booked in 2024. The Company did not acquire any treasury shares in 2023. The completed purchases of own shares in 2024 are shown by day in the table below.

Date	Number of shares	Average share price in EUR	Value of treasury shares in EUR
10/07/2024	990	23.02	22,794
11/07/2024	200	23.50	4,700
12/07/2024	1,100	24.00	26,400
15/07/2024	936	24.50	22,932
16/07/2024	810	24.50	19,845
17/07/2024	920	24.70	22,724
18/07/2024	980	24.70	24,206
19/07/2024	717	24.60	17,638
22/07/2024	940	24.70	23,218
23/07/2024	708	24.20	17,134
24/07/2024	930	23.70	22,041
25/07/2024	930	23.70	22,041
26/07/2024	920	23.50	21,620
29/07/2024	930	23.70	22,041

31/07/2024	910	24.00	21,840
01/08/2024	569	23.80	13,542
02/08/2024	870	23.70	20,619
05/08/2024	910	22.75	20,702
07/08/2024	920	23.42	21,547
08/08/2024	930	23.80	22,134
13/08/2024	630	23.80	14,994
14/08/2024	617	23.60	14,561
19/08/2024	590	23.60	13,924
20/08/2024	550	23.60	12,980
22/08/2024	620	23.70	14,694
26/08/2024	630	23.70	14,931
27/08/2024	630	23.60	14,868
28/08/2024	650	23.90	15,534
29/08/2024	660	24.48	16,156
30/08/2024	890	24.50	21,805
02/09/2024	950	24.70	23,465
03/09/2024	700	25.50	17,850
05/09/2024	49	26.00	1,274
06/09/2024	990	26.10	25,839
10/09/2024	820	26.00	21,320
11/09/2024	1,120	26.10	29,232
13/09/2024	732	26.50	19,398
16/09/2024	1,380	26.60	36,708
17/09/2024	216	26.70	5,767
25/09/2024	900	27.20	24,480
29/11/2024	500	26.59	13,294
04/12/2024	840	27.20	22,848
09/12/2024	950	27.10	25,745
Total purchases in 2024	**33,734**	**24.65**	**831,386**

The **reserves for treasury shares** as at 31 December 2024 amount to EUR 5,646,150 and have increased by EUR 831,386 since the last day of the previous year as a result of the purchase of treasury shares.

Other profit reserves increased by EUR 5,495,319 in 2024 and amount to EUR 108,147,379 as at 31 December 2024 for the following reasons: on the basis of the resolution of the Extraordinary General Meeting of Shareholders of Cinkarna Celje, d. d., of 13 February 2024, the Company paid dividends of EUR 3.2/share or EUR 25 million in February from retained earnings generated before 2023 on 23 April 2024. On the basis of the resolution of the 28th Ordinary Annual General Meeting of Cinkarna Celje, d. d., of 19 June 2024, the Company paid dividends of EUR 0.9/share or EUR 7 million on 28 June 2024 from retained earnings generated before 2023. At the same time, on the basis of the aforementioned resolution of the General Meeting, the Company transferred EUR 6.3 million of retained earnings to other profit reserves, which will remain permanently in the other profit reserves on the basis of the above-mentioned resolution.

Fair value reserve

The fair value reserve includes the cost of remeasuring post-employment benefits (actuarial gains/losses) arising from the change in the present value of the retirement benefit obligation and the change in the fair value of financial assets.

In EUR

2024	31/12/2023	Increase	Decrease	31/12/2024
Change in reserves arising from the fair value measurement of investments	609,446	0	271,207	338,239
Adjustment to deferred tax surplus	–133,797	0	-59,665	-74,131
Unrealised actuarial gains/losses	–1,718,135	-196,314	0	-1,914,449
Total	**–1,242,486**	**-196,314**	**211,541**	**-1,650,342**

The fair value reserve comprises the cumulative change in the fair value of financial assets and post-employment benefits. The fair value reserve increased by EUR 196,314 from 2023 due to the recalculation of post-employment benefits and EUR 271,207 due to the change in fair value of financial assets, and decreased by deferred tax liabilities of EUR 59,665 to EUR -1,650,342 at the end of 2024.

In EUR

2023	31/12/2022	Increase	Decrease	31/12/2023
Change in reserves arising from the fair value measurement of investments	1,024,679	0	415,233	609,446
Adjustment to deferred tax surplus	–194,446	0	–60,649	–133,797
Unrealised actuarial gains/losses	–1,639,623	–78,512	0	–1,718,135
Total	**–809,390**	**–78,512**	**354,584**	**–1,242,486**

Retained earnings

Retained earnings from previous years, amounting to EUR 38,374,703 at the end of 2023, are increased in 2024 by the current year's profit of EUR 23,087,250 and reduced by EUR 32,041,992 for dividend payments, and further reduced by the transfer of 50% of the net profit in 2023 to other reserves, amounting to EUR 6,326,704, and remain there permanently. After all the changes made, the retained earnings at 31 December 2024 amount to EUR 23,093,258.

Dividend per share

A gross dividend of EUR 4.10/share was paid in 2024. The gross dividend for 2024 is the sum of the two dividends paid in the year, namely EUR 0.9 gross per share (based on the 28th Ordinary General Meeting of the Company) and EUR 3.2 gross per share (based on the Extraordinary General Meeting of the Company).

Basic and diluted earnings per share

In EUR

Items	31/12/2024	31/12/2023
(a) Net profit for the year	23,087,250	12,653,407
(b) Number of shares	8,079,770	8,079,770
(c) Basic earnings per share (a/b)	2.86	1.57
(d) Diluted earnings per share (a/b)	2.86	1.57

Determination of balance sheet profit

In EUR

	31/12/2024	31/12/2023
Mandatory use of profits		
Net profit	23,087,250	12,653,407
Coverage of losses carried forward	0	0
Creation of statutory reserves	0	0
Profit after statutory application	**23,087,250**	12,653,407
Other reserves as decided by the Management Board and the Supervisory Board		-6,326,703
Residual profit	**23,087,250**	6,326,703
Decrease in other profit reserves	**0**	-7,033,608
Determination of balance sheet profit		
Residual profit	23,087,250	6,326,703
Transfer from other profit reserves	0	7,033,608

	31/12/2024	31/12/2023
Profit carried forward	6,007	25,014,392
Balance sheet profit	**23,093,258**	**38,374,703**

Note: Use not yet defined, to be determined

12 Provisions for employee benefits

The Company recognises a provision for gratuities and retirement benefits made in accordance with the provisions of IAS 19 as amended. The actuarial calculation is made using the book-entry method and was performed by an external chartered actuary. The assumptions used were: company salary growth of 3.0% (4.0% in 2023), discount rate of 3.52% per annum (discount rate of 3.51% in 2023), retirement conditions, mortality tables of the Slovenian population in 2007, and turnover of the Company's employees in 2024 (the assumptions used are the same in 2024 as in 2023).

In EUR

Post-employment benefits of employees for 2024	31/12/2024	31/12/2023
Provisions for retirement bonuses	2,947,434	3,101,653
Provisions for jubilee awards	801,288	741,870
Total	**3,748,722**	**3,843,523**

In EUR

Post-employment benefits of employees for 2024	31/12/2023	Formation	Intended use	Release	31/12/2024
Provisions for retirement bonuses	3,101,653	429,872	584,091	0	2,947,434
Provisions for jubilee awards	741,870	177,815	118,397	0	801,288
Total	**3,843,523**	**607,687**	**702,487**	**0**	**3,748,722**

In EUR

Post-employment benefits of employees	2024	2023
Situation at 1 January	**3,843,523**	**3,651,696**
Ongoing service costs	220,060	197,808
Interest expenses	119,324	142,856
Utilisation of provisions for benefits	-549,817	–406,580
Staff departures (termination)	-152,670	–139,538
Actuarial deficit/surplus	268,303	397,281
Situation at 31 December	**3,748,722**	**3,843,523**

In EUR

Post-employment benefits of employees for 2023	31/12/2022	Formation	Intended use	Release	31/12/2023
Provisions for retirement bonuses	3,204,640	342,712	327,271	118,427	3,101,653
Provisions for jubilee awards	447,056	395,233	79,308	21,111	741,870
Total	**3,651,696**	**737,945**	**406,580**	**139,538**	**3,843,523**

Sensitivity analysis

In EUR

Sensitivity analysis 31 Dec 2024	Discount rate		Wage growth	
Change in	percentage points		percentage points	
Change by	+0.5	–0.5	+0.5	–0.5
Impact on the balance of liabilities	**-135,703**	**-146,577**	**146,759**	**-137,137**

In EUR

Sensitivity analysis 31 Dec 2023	Discount rate		Wage growth	
Change in	percentage points		percentage points	
Change by	+0.5	–0.5	+0.5	–0.5
Impact on the balance of liabilities	**–128,719**	**+138,788**	**+138,748**	**–129,886**

13 Other provisions

Other provisions as at 31 December 2024 represent environmental provisions.

Movement in provisions

In EUR

Provisions 2024	31/12/2023	Formation	Intended use	Release	31/12/2024
Environmental provisions	14,233,199	575,819	506,748	0	14,302,271
Total	**14,233,199**	**575,819**	**506,748**	**0**	**14,302,271**

In EUR

Provisions 2023	31/12/2022	Formation	Intended use	Release	31/12/2023
Environmental provisions	14,816,968	851,245	635,015	800,000	14,233,199
Total	**14,816,968**	**851,245**	**635,015**	**800,000**	**14,233,199**

Environmental provisions

For environmental provisions, the primary consideration is whether there is a legal or other basis for recognising them as a result of past events, and an assessment of any changes in circumstances in the current year that may affect the preparation of the accounting estimate. Long-term provisions were reviewed with the assistance of external experts as at 31 December 2024 due to general inflation, additional works and new circumstances in 2024 (additional landslide) for their release/formation. All the necessary rehabilitation activities were verified, with the help of various spot measurements of the terrain and the identification of the appropriate activities and their evaluation by external geological specialists. Taking into account inflation (based on consumer price inflation and UMAR estimates for the period 2025-2029), as well as the best estimate of the timing of the implementation of the activities, which served as the basis for the discounting, the provisions were discounted to their present value with an average discount factor of 2.18, based on the yield of a 10-year Slovenian bond maturing in the period 2025-2029. Additional creep remediation works are estimated by experts to be carried out in the period 2025-2026, and ONOB remediation in the period 2025-2029.

The reasons for the release and additional provisioning are set out below, as well as the reasons for maintaining the provisioning where it is more likely than not that there will be potential outflows in the future.

I. The provision for the Titanium Dioxide Environmental Investment (change in the method of disposal of neutralisate) was originally created in June 1994 in the course of the ownership transformation process. The revalued amount as at 31 December 2006 was EUR 8.7 million, representing 47% of the invested assets. The value of the provision is reduced annually by the same percentage of the value of the accumulated depreciation of the invested assets. The balance of the reserved assets at the end of 2024 amounts to EUR 1,966,691 and at the end of 2023 to EUR 2,243,664.

II. Provisions were originally made in 2011 for the rehabilitation of the high embankment barrier at the Za Travnikom Waste Disposal Facility (NOOZ ZT). At that time, the amount was based on the estimated cost of the rehabilitation of the barrier at the Bukovžlak Non-hazardous Waste Disposal Facility (ONOB). Following the establishment of the provision, some urgent measures were carried out in the previous years (dewatering of the backwaters on the eastern flank - Phase I, construction of a reinforcement embankment on the second berm of the barrier), and in the following years, mainly the expansion and renewal of the network of piezometers for technical observation and the drilling of some exploratory boreholes. Based on the results of the observation boreholes, the condition of the barrier body was found to be better than estimated at the time of the provisioning, and in 2018, based on the designer's assessment, we reduced the amount of the provisioning to EUR 450,000. In the following years, we implemented the necessary measures. As a result, at the end of 2021, the value of the unspent assets amounted to EUR 373,300. The surveys carried out in 2022 and the periodic technical observation showed that two additional measures were needed: drainage on the eastern side of the barrier and drainage reinforcement on the western side of the barrier. Therefore, based on a rough estimate of the cost of the necessary works, the provision was increased by EUR 579,782. As a result, the balance of the provision on 31 December 2022 was EUR 888,133. In 2023, a landslide occurred during heavy rainfall at the beginning of August directly below the barrier body. At the end of 2023, an additional provision was made based on the resources needed to remediate the landslide and taking into account discount factors based on the expected timeframe for the completion of all planned remediation works at the NOOZ ZT. The total amount of the resources reserved as at 31 December 2023 was therefore EUR 1,637,234. In 2024, due to complications in the administrative procedures for the relocation of the electricity cable crossing the landslide area, we did not carry out the planned landslide rehabilitation operation, but only the installation of additional drainage reefs on the E part of the barrier body. In the absence of the planned rehabilitation works, the landslide area was enlarged in 2024. Due to the additional consequences of the landslide (Report 'Proposal for the completion of drainage and replacement of the existing drainage on the W side of the Za Travnikom barrier from profile Pr4 to PO1' by the Faculty of Civil Engineering and Geodesy), the recalculation of the works with inflation and discount factors, the estimated amount of the works is EUR 513,254. Taking into account the rehabilitation work already carried out in 2024 (EUR 213,040), the provision was increased by EUR 300,215. Taking this into account, the balance of the provision as at 31 December 2024 is EUR 1,937,448 (end of 2023: EUR 1,637,234). In order to get a better idea of the reason for the periodic restatement of the long-term provision, the following explanations are given. It is a fact that the barriers at Za Travnikom and Bukovžlak are constructed as earthen barriers, built of different materials in their composition, which partly represent old burdens. They hold back and contain millions of tonnes of material, making removal physically impossible. The barriers are exposed to natural phenomena (precipitation, drainage, underground water flows, etc.) and are constantly tending towards entropy. As a diligent and legally obliged operator, we carry out regular technical observation and all the required monitoring. We react to the findings by taking the measures deemed necessary by the experts to prevent the risk of harmful emissions or damage from materialising. In addition to its own employees, Cinkarna Celje, d. d., has set up a permanent project team, which includes experts from the Department of Geotechnics (KGT) at the Faculty of Civil Engineering and Geodesy of the University of Ljubljana and the design company Hydrosvet d.o.o. The project team meets on a regular basis to review the agreed work and to discuss any new developments. The expert findings form the basis for assessing the adequacy of the provisions made.

III. For the rehabilitation of the Bukovžlak non-hazardous waste landfill (ONOB), a long-term provision of EUR 5 million was originally made in 2011 on the basis of a rough estimate. In 2017, at the time of the project preparation, the need for an additional provision of EUR 1 million became apparent. At that time, the specific implementation technique required was already known, as were the installation materials. The balance at the end of 2019, after partial utilisation, was EUR 4.5 million. Investigations into the impact of contamination due to embedded old burdens (CDM Smith, KGT) showed the need for a sealing curtain on the north-east side of the ONOB barrier and the rehabilitation of the C1 drainage under the high embankment of the Bukovžlak barrier. In 2023, the designer was asked to revise the estimate as at 31 December 2022, covering the necessary additions and subtractions to the implemented facility, design supervision, geodetic monitoring, necessary measurements and quality control of the installed materials. At the same time, the designer estimated the timeframe for completion of all the works, and a correction for expected inflation was taken into account accordingly. A similar exercise was carried out for 2024. In 2024, we spent EUR 7,079 for rehabilitation purposes and also increased the provision by EUR 55,813, mainly due to the need to recalculate with inflation and the discount factor in view of the timing of the rehabilitation procedures. Together with the facilities Drainage C1 and the Sealing Curtain, the amount of funds still needed for the rehabilitation of the ONOB is therefore EUR 8,586,266 (end of 2023: EUR 8,537,531). The implementation of Drainage C1 together with the Sealing Curtain will be mainly carried out in 2025 and 2026, while the implementation of the project for the reconstruction of the closed ONOB will be carried out in the years 2027 to 2029.

IV. The results of regular technical monitoring of the high Bukovžlak barrier showed a trend of deteriorating safety on the eastern flank of the barrier. As in the case already described in point II, the earthen barrier responds to the effects of natural phenomena. In order to avoid a critical deterioration of the safety situation, the designer foresaw two parallel interventions in 2017 - rehabilitation of the eastern flank and preparation of the embankment in the reservoir to start lowering the water level. The estimated cost amounted to EUR 3,032,000, for which a long-term provision was made as at 31 December 2017. The monitoring of the barrier in 2021 showed the occurrence of a weak point in the W part. The envisaged solution consisted of draining the overflow from this part of the barrier and constructing a reinforcement embankment, for which we made an additional provision of EUR 800,000. By 2022, on the basis of further work and an expert assessment of the situation, we envisaged a different way of lowering the reservoir level, namely by lowering the spillway structure, which is a cheaper and simpler solution than building an embankment. This fact was taken into account by the designer in the revision of the assessment as of 31 December 2023, where the designer also took into account the conclusion of the experts of FGG Ljubljana (Expert opinion on the condition of the western flank of the Bukovžlak Barrier with a proposal for rehabilitation, UL FGG KGT, Report E-13-23, June 2023) that special measures for the drainage of significant waters from the western flank of the Bukovžlak Barrier are not necessary in the form as originally conceived. Instead, the westernmost shaft (JC1) of the envisaged C1 drainage was designed as a grit pit, which will facilitate the cleaning of the drainage system. Accordingly, we were able to release the funds foreseen for this intervention (EUR 800,000). The audit as at 31 December 2023 also covered the necessary additions for design supervision, surveying, measurements, and quality control of the installed materials. At the same time, the designer estimated the timeframe for completion of all the works and took into account the correction for expected inflation accordingly. At the end of 2024, the designer's estimate of the works required has not changed. Only a recalculation was made taking into account inflation and a discount factor (EUR 6,320) which, together with the EUR 9,226 in utilisations as at 31 December 2024, gives a provision of EUR 1,811,865 (as at 31 December 2023 the balance was EUR 1,814,771).

The Management Board of the Company has received sufficient information on the changed circumstances and the uncertainties related to the assumptions used, where there are still some uncertainties that may lead to future changes in the amounts formed, as in all cases these are estimates. The estimates are based on the analysis and opinions of experts in the field. The provisions made are sufficient, but may change in the future due to the structure of the land, the consumption of materials, which may be subject to loosening, or other commitments. At present, there is no need to change the level of the provisions made at 31 December 2024, for which we estimate that there is more than a 50% probability of future outflows.

In EUR

Environmental provisions 2024	Situation at 31/12/2023	Intended use plan 2024	Formation 2024	Utilisation 2024	Situation at 31/12/2024
Provisions for the Za Travnikom landfill	1,637,234	1,400,000	513,254	213,040	1,937,448
Provisions for the Bukovžlak landfill (ONOB)	8,537,531	2,000,000	55,813	7,079	8,586,266
Provision for the Bukovžlak high embankment barrier	1,814,771	75,000	6,320	9,226	1,811,865
Environmental provision - investment in TiO_2 production	2,243,663	430,000	431	277,403	1,966,691
Total	**14,233,199**	**3,905,000**	**575,819**	**506,748**	**14,302,270**

Given that the provisions under items II-IV were revised, reassessed at the end of 2023 and as at the end of the year by external experts on the timing of their implementation, due to the increase in the price of specific services and materials and new circumstances such as the landslide caused by the heavy rains in August, the Management Board considers that the level of the provisions is appropriate.

The utilisation of provisions in 2024 is represented by the contractors' costs for the work carried out amounting to EUR 229,344 and the accrued depreciation of EUR 320, which are charged directly to the provisions made (items II, III and IV of the environmental provisions), and the accrued depreciation of the invested assets amounting to EUR 277,083 (item I of the environmental provisions). There was no release of provisions in 2024 (in 2023 we released EUR 800,000 of provisions relating to a part of the work estimated in the past but no longer needed in the future). The additional provisioning of EUR 575,819 (taking into account the assumed inflation and discount factor) relates to the re-verification of the provisioning balance with the documentation of the external contractor Hidrosvet. The external contractors estimate a completion time of 3 to 5 years. While the timetable for the works is predetermined, the actual execution of the works is subject to change due to unforeseen events or factors.

In EUR

Environmental provisions 2023	Situation at 31/12/2022	Intended use plan 2023	Formation 2023	Utilisation 2023	Release 2023	Situation at 31/12/2023
Provisions for the Za Travnikom landfill	888,133	250,000	792,894	43,794	0	1,637,234
Provisions for the Bukovžlak landfill (ONOB)	8,541,868	1,500,000	117,418	121,755	0	8,537,531
Provision for the Bukovžlak high embankment barrier	2,712,809	250,000	-59,067	38,971	800,000	1,814,771
Environmental provision - investment in TiO_2 production	2,674,157	0	0	430,494	0	2,243,663
Total	**14,816,968**	**2,000,000**	**851,246**	**635,015**	**800,000**	**14,233,199**

The utilisation of provisions in 2023 is represented by the contractors' costs for the work carried out amounting to EUR 204,200 and the accrued depreciation of EUR 320, which are charged directly to the provisions made (items II, III and IV of the environmental provisions), and to the accrued depreciation of the invested assets amounting to EUR 430,494 (item I of the environmental provisions). The release of EUR 800,000 relates to a part of the work estimated in the past and no longer needed in the future, for which the provisioning made in the past is being released. An additional provisioning of EUR 851,246 (taking into account expected inflation) relates to the re-verification of the provisioning balance with documentation from the external contractor Hidrosvet. The external contractors estimate completion of the works within 3 to 4 years. While the timetable for the works is fixed in advance, the actual execution of the works is subject to change due to unforeseen events or factors.

14 Non-current deferred income

In 2007, the Company obtained Decision No PIZ-06/0245 to be exempted from paying pension and invalidity insurance contributions under Article 74 of the Act on Employment Rehabilitation and

Employment of Disabled Persons. In 2023, we fully earmarked the ceded contributions and bonuses of the period to cover the wage costs of disabled persons.

In EUR

Deferred income	31/12/2024	31/12/2023
Deferred contributions for employment of people with disabilities	0	780
Non-current deferred income for equipment	0	1,345
Funds received from EU funds	35,341	105,499
Emission allowances	78,675	65,120
Subsidies for photovoltaics*	759,563	594,670
Total	**873,579**	**767,414**

* In 2024, the Company received subsidies of EUR 164,893 (in 2023 it received EUR 431,931) for the solar power plants installed, representing 20% of the PV investment. The funds received will be used in accordance with the depreciation calculated for each individual solar plant over its useful life.

In EUR

Deferred income 2024	31/12/2023	Formation	Dedicated use	31/12/2024
Deferred contributions for employment of people with disabilities	780	9,983	10,763	0
Long-term deferred income for equipment	1,345	0	1,345	0
Funds received from EU funds	105,499	0	27,836	77,662
Emission allowances	65,120	40,397	26,842	78,675
Subsidies for photovoltaics	594,670	164,893	42,322	717,242
Total	**767,414**	**215,273**	**109,108**	**873,579**

In EUR

Deferred income 2023	31/12/2022	Formation	Dedicated use	31/12/2023
Deferred contributions for employment of people with disabilities	1,947	31,339	32,505	780
Long-term deferred income for equipment	1,345	0	0	1,345
Funds received from EU funds	133,335	0	27,836	105,500
Emission allowances	44,047	40,397	19,324	65,120
Subsidies for photovoltaics	173,367	431,931	10,627	594,670
Equipment and vehicles acquired free of charge	9,013	0	9,013	0
Total	**363,054**	**503,667**	**99,306**	**767,414**

15 Current financial liabilities

In EUR

Group of liabilities	31/12/2024	31/12/2023
Current financial liabilities – accruals, cessions	29,915	100,651
Current derivative liabilities – futures	0	3,041
Total	**29,915**	**103,692**

<u>Movement in financing liabilities in 2024</u>

In EUR

	Situation at 31/12/2023	Monetary changes	Non-monetary changes	Situation at 31/12/2024
			Acquisitions/disposals	
Dividends	0	-32,041,992	32,041,992	0
Assignments, cessions, interest, forwards	103,692	-73,777	0	29,915
Interest	0	-4,114	4,114	0
Treasury shares		-831,386	831,386	0
Total	**103,692**	**-32,951,269**	**32,877,492**	**29,915**

Movement in financing liabilities in 2023

In EUR

	Situation at 31/12/2022	Monetary changes	Non-monetary changes	Situation at 31/12/2023
			Acquisitions/disposals	
Assignments, cessions, interest, forwards	**59,392**	44,300	0	103,692
Interest	**0**	–887	887	0
Total	**59,392**	**43,413**	**887**	**103,692**

16 Current trade payables

In EUR

Trade payables	31/12/2024	31/12/2023
Payables to suppliers	30,982,718	14,656,554
Other liabilities	5,141,818	3,873,796
Total	**36,124,537**	**18,530,350**

In EUR

Group of liabilities	31/12/2024	31/12/2023
Current payables to in-country suppliers	13,112,651	12,215,153
Current payables to suppliers abroad	17,830,038	2,435,198
Current payables for unbilled goods and services	40,029	6,203
Current payables against advances	749,351	407,334
Current payables to employees	2,508,986	2,059,725
Current payables for payer's contributions	1,288,315	1,005,215
Current payables to government and other institutions	559,614	389,631
Other current liabilities	35,555	11,891
Total	**36,124,537**	**18,530,350**

17 Current liabilities under contracts with customers

Commitments under contracts with customers arose from contractual commitments to customers for discounts or volume rebates.

In EUR

Liabilities under contracts with customers	31/12/2024	31/12/2023
Liabilities under contracts with customers	0	11,351
Total	**0**	**11,351**

18 Other current liabilities

Under other current liabilities, the Company recognises current deferred charges or expenses and VAT on advances.

In EUR

Description	31/12/2024	31/12/2023
Accrued unused annual leave	851,641	914,887
Accrued costs	277,173	260,042
VAT on advances made	2,100	16,627
European funding received	86,180	0
Other	1,656	4,118
Total	**1,218,750**	**1,195,674**

19 Contingent liabilities and commitments

In EUR

Description	31/12/2024	31/12/2023
Guarantees given	2,131,657	2,202,183
Forward transactions*	3,966,896	1,867,592
VISA and Mastercard payment cards	60,000	40,000
Material in finishing and processing	59,726	59,726
Total	**6,218,279**	**4,169,501**

*The transaction value is the contractual value of the transaction and fair value measurement is recognised in the financial receivables and/or financial liabilities accounts (Note E. Financial Instruments).

The guarantees given represent a liability to Nova kreditna banka Maribor d.d. and UniCredit Bank d.d., amounting to EUR 2,131,657 in respect of customs and excise duties (EUR 1,030,000), and a performance guarantee for ARSO's contractual obligations amounting to EUR 1,101,657.

20 Revenue from contracts with customers

Revenue from contracts with customers consists of the sales values of products, merchandise, materials and services sold during the accounting period. A breakdown of net sales revenue by business and geographical segment is shown below.

In EUR

	2024	2023
Net revenue from contracts with customers for products and services	199,950,152	175,954,207
Net revenue from contracts with customers for goods and materials	335,261	510,082
Total	**200,285,413**	**176,464,289**

21 Other operating income

In EUR

Income	2024	2023
Provision reversal income/amortisation of assets acquired free of charge	512,229	510,795
Gains on sales and write-downs of assets	15,038	60,045
Revenue from reimbursement claims for salary compensation (amended legislation as from 1 Jan 2024)	817,575	0
Recovered written-off receivables	1,983	2,011
Compensation received	764,430	27,562
Allowance to cover indirect costs due to the cost of greenhouse gas emissions in the previous year	297,966	277,257
Release of long-term provisions*	0	939,538
Subsidies to mitigate the increase in energy prices – ZPGOPEK**	0	7,609,359
Income from previous years	174,611	0
Other operating income	36,877	28,634
Total	**2,620,709**	**9,455,201**

* The amount of EUR 800,000 relates to the reversal of environmental provisions, as the Company's management assessed, based on evidence and re-examination, that there were grounds to reverse them and transfer them to income in 2023 (see Note 13 – Other provisions).

In EUR

Income	2024	2023
Reversal/release of environmental provisions	0	800,000
Reversal/release of provisions for jubilee and retirement bonuses	0	139,538
Total	**0**	**939,538**

** Cinkarna Celje, d. d., received EUR 6,087,487 in subsidy income in 2023 on the basis of an application under the Energy Crisis Mitigation Act (ZPGOPEK), which is included in operating income on the basis of the transfers received (80% of the amount reported in the application), which was considered to be an appropriate amount to include in operating income. At the time of the application, the Company was entitled to EUR 7,609,359 in subsidies, i.e. the amount of EUR 1,521,872 had not yet been received at that time. The Company recalculated the eligible amount of aid with all known realised and available data and expected, or had a very high degree of certainty, that the Company would receive the remaining subsidy amount in 2024. Thus, the Company recorded the remaining EUR 1,521,872 as operating income and established a receivable from the State.

Cinkana Celje d.d. received the remaining amount of EUR 1,489,150 from the State in August 2024, more precisely on 30 August 2024, thus justifying the calculated estimated income and receivables from the aid received under the ZPGOPEK act. The resulting difference between the accrued income and the actual disbursement of EUR 32,722 was recorded by the Company as other operating expenses in 2024.

22 Operating expenses

Operating expenses

In EUR

	2024	2023
Cost of materials and goods sold	100,483	296,838
Cost of materials	110,211,321	106,375,957
Cost of services	17,233,265	16,047,941
Labour costs	33,774,717	30,656,494
Depreciation	12,900,809	12,355,367
Other operating expenses*	3,250,896	3,909,344
Impairments and write-offs of trade receivables	0	25,096
Total	**177,471,492**	**169,667,037**

* Other operating expenses include the cost of making long-term environmental provisions of EUR 575,387 (EUR 851,246 in 2023), as the Company's management has assessed, based on evidence and re-examination, that there are grounds to make additional provisions in 2024 (see Note 13 – Other provisions).

Research and development costs amount to EUR 112,021 in 2024 and EUR 270,387 in 2023.

Depreciation and amortisation

The Company depreciates fixed assets on a straight-line basis over the expected useful life of each fixed asset. Depreciation is charged to the cost of each fixed asset.

In EUR

Description	**2024**	**2023**
Depreciation		
– Intangible assets	348,512	244,677
– Easements	72,342	72,342
– Buildings	3,197,997	3,399,172
– Production equipment	9,280,386	8,634,426
– Other equipment	1,572	4,751
TOTAL	**12,900,809**	**12,355,367**

Labour costs

In EUR

Labour costs	**2024**	**2023**
Wages and reimbursements	24,918,269	22,408,797
Social security contributions	4,222,816	3,706,668
Expenses reimbursements and other employee benefits	4,184,254	4,121,862
Supplementary pension insurance	449,378	419,167
Total	**33,774,717**	**30,656,494**

Labour costs include accrued liabilities to employees under the Company's collective agreement and under employees' individual contracts, payments for allowances for special working conditions, and reimbursements of work-related expenses in accordance with the collective agreement. Work-related reimbursements do not include food costs to the extent that they relate to the cost of preparing food in the Company's own kitchen. These costs amount to EUR 1,094,701 in 2024 (EUR 1,037,076 in 2023). The costs are shown according to their substance and purpose, i.e. between the costs of materials and services consumed, labour costs, depreciation (amortisation) and other operating expenses. The Company has accounted for unused annual leave entitlement in accordance with IAS 19. The Company is registered in the register of pension plans as an employer sponsoring a pension plan designated PNMZ K, which is implemented by an open-ended pension fund with the administrator Modra zavarovalnica. In 2024, the Company allocated EUR 449,378 (2023: EUR 419,167) to the supplementary pension scheme.

As at 31 December 2024, the Company employed 718 people. The average number of employees was 725 and the average number of employees on the basis of accrued hours was 689.

The Company also incurred costs for services not treated as labour costs in 2024 in relation to labour placement agencies under placement contracts amounting to EUR 1,105,456 (2023: EUR 729,906). 33.8 employees were employed (2023: 25.3), taking into account the number of hours worked under these contracts.

Other operating expenses

In EUR

Other operating expenses	2024	2023
Provisioning for the environment	575,819	851,245
Environmental fees and refunds	316,868	427,275
Awards to students and trainees	268,918	247,804
Building land use allowance	1,001,551	565,939
Revaluation of stocks of materials and goods*	14,771	1,182,665
Loss on sale (disposal) of fixed assets	692,685	234,944
Other costs and expenses	380,285	399,472
Total	**3,250,896**	**3,909,344**

*On 5 August 2023, Slovenia was struck by floods, which affected the Savinjska region, where our Kemija Mozirje business unit operates. Finished products, raw materials and production materials were flooded. Write-downs and impairments of flooded materials amount to EUR 304,726.

The audit of the financial statements of Cinkarna Celje, d. d., for the year 2024 was carried out by Ernst & Young Revizija d.o.o. The contract value for the agreed audit services amounted to EUR 31,050, plus VAT and travel expenses. Ernst & Young also carried out the audit of the verification of the electronic format of the 2024-ESEF accounts (EUR 2,400), the audit of the Remuneration Report 2024 (EUR 3,550) and the audit of the sustainability reporting for the 2024 financial year (EUR 36,000) in 2025.

Other expenses mainly represent losses on the settlement of reported claims and compensation paid to individuals.

23 Financial income and expenses

In EUR

	2024	2023
Net exchange differences	253,877	105,125
Interest income	1,726,439	1,121,471
Dividend income	6,011	0
Total financial income	**1,986,327**	**1,226,596**
Interest expense	-4,114	–887
Interest on provisions for retirement benefits and jubilee bonuses	-119,324	–142,856
Total financial expenses	**-123,439**	**–143,743**
Net financial result	**1,862,888**	**1,082,853**

Financial income consists of interest received on investments and receivables, income from long-term investments and foreign exchange gains on operating and financing activities. Financial expenses represent the accrued liabilities for the year on non-current and current financial and operating liabilities and foreign exchange losses arising on operating and financing activities (forward foreign exchange purchases and sales).

24 Corporate income tax

The corporate income tax return is made in accordance with the corporate income tax return regulations at a rate of 22% of the tax base, which has increased by 3% compared to the previous year (the tax rate for 2023 was 19.1%). The tax base in 2024 is reduced by allowances for investments in equipment, investments in research and development, employment of disabled persons, voluntary supplementary pension insurance, and donations.

In EUR

	2024	2023
Tax levied	6,275,969	2,623,064
Total income tax	**6,275,969**	**2,623,064**
Change in tax base due to change to a new method of accounting, changes in accounting policies, corrections of errors and revaluations	-43,189	–14,917
Tax on increase in expenses	-18,190	–228,698
Tax on unrecognised expenses	451,191	250,063
Tax on tax credits	-1,198,883	–1,463,776
Tax on income reducing the tax base and other	-27,016	–13,541
Total income tax	**5,439,882**	**1,152,196**
Effective tax rate	**19.1%**	**8.3%**

The effective tax rate, calculated as the ratio of tax expense to accounting profit, is 19.1% in 2024 and 8.3% in 2023. The changes in deferred taxes in 2024 relate to additional provisioning/utilisation of environmental provisions, jubilee bonuses and retirement benefits.
The Company recorded a decrease in deferred tax assets arising from temporary differences. The decrease in 2024 relates to the difference between the following items:

In EUR

Description	**2024**	**2023**
Consumption of provisions	-102,501	–217,804
Reversal of valuation allowances on receivables	-2,516	0
Conversion/corporate income tax rate (19 > 22)	0	228,853
Provisions made	63,293	140,871
Value adjustment on receivables (investments)	5,503	0
Total	**-36,222**	**151,920**

25 Impact of climate change on the financial statements

Cinkarna Celje, d. d., discloses the effects of climate change and the transition to sustainable and peaceful change in its 2024 financial statements, with particular emphasis on the discussion of management's estimates and significant judgements in accordance with IAS 1 (IAS 1 requires disclosure of information about assumptions and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities).

The transition to net zero (Green Deal) is underway worldwide, where decarbonisation processes and the electrification of the global economy are key to avoiding the serious consequences of a temperature increase of more than 1.5 °C.

Verification of assets

As described in Note 2 – Tangible fixed assets, the cash flow projections on a cash-generating unit basis used in the impairment tests for non-current assets are based on the best available forward-looking information and reflect the Company's 2024-2028 investment plans to maintain its business capacity, prepared based on a range of economic conditions that could exist in the near future in relation to climate change and energy transition. The projections took into account expected electricity price effects resulting from the start-up of photovoltaics and new renewable generation installations, the evolution of gas, oil and emission allowance prices, and expected demand.

Transition risk – GHG emissions

Cinkarna Celje, d. d.'s measures to limit the impacts of transition risk include (described in more detail in the business section of the annual report):

- Scope 1 emissions reduction (from CO_2 emissions): the Company's innovation capacity and technological know-how enable it to offer cleaner and more sustainable solutions to reduce its industrial emissions. The Company focuses on technologies for climate solutions and the energy transition;
- Scope 2 reduction mainly through the use of electricity from renewable sources: the installation of solar power plants will reduce Scope 2 emissions. Investments in renewable technology amounted to EUR 0.9 million in 2024 (EUR 3.2 million in 2023), which will ease the transition as the emission reductions will be managed by renewable energy from own solar power plants (current self-supply represents 6% of total energy use, target is 10% by 2030).

Emission allowances for CO_2 emissions under the EU Emissions Trading Scheme (EU ETS) are reflected in the balance sheet at their carrying cost of EUR 1 and are valued under other non-current assets (Note 4 - Other non-current assets). Accrued liabilities for CO_2 emissions required to cover emissions to date are also valued at EUR 1. The allowances are acquired by the government to cover own emissions and can be retained to cover emissions in future years. The allowances acquired exceed their surrender, which will be realised until the end of 2025. A decision has been issued for the acquisition of free allowances for the period 2021-2025, which has granted the company a total free quantity of 201,985 emission allowances (see table below). The share of free allowances (quotas) is expected to decrease in the future.

Table: Emission allowance balances by year

	2021	2022	2023	2024	2025
Situation as at 1 January	25,629	53,028	68,049	84,444	105,470
Acquisition (current decision)	40,399	40,397	40,397	40,397	40,397
Surrender/Sale*	13,000	25,376	24,002	19,371	25,000*
Situation as at 31 December	53,028	68,049	84,444	105,470	120,867

* Estimate

From 2026 to 2030, there will be a new calculation for a new period. It is estimated that (assuming the same production and consumption of heat and fuel) we will receive about 40,000 of them for 2026 and beyond. This value will decrease by 4% each year until 2030, according to the information currently available.

Assets and climate risks

The Company's main assets affecting its CO_2 footprint are those used for the production of its core business (see Section 2 Property, plant and equipment). Assets are depreciated over their useful lives, limiting the risk of impairment. For decarbonisation of existing production units, the following solutions will only be implemented in the coming years (2024-2028): the use of low-emission automotive assets, battery storage and electric motors. As these assets are not yet electrified, we need to make the transition investments identified in the Company's 2024-2028 strategy, which amount to EUR 40 million.

An impairment test of the recoverable amount as at 31 December 2023 and an assessment of impairment indicators as at 31 December 2024 was performed (see Note 2 Tangible assets). This reassessment did not result in any impairment of the assets. The Company's main tangible assets exposed to climate change and energy transition risk are:

- motorised vehicles,
- generating electricity from own solar power plants,
- replacing existing electric motors.

In 2024, the Company purchased 5 e-drive vehicles (worth EUR 146,200) and 5 e-drive forklifts (worth EUR 166,205), but has not yet purchased a battery storage (foreseen in the 2024-2028 strategy). The motor-driven vehicles, electric motors and other equipment to be replaced, including all other assets, are mostly depreciated as at 31 December 2024 or will be fully depreciated and without present value at the time of their replacement due to the Green Transition. Similarly, any further replacements will have no impact on the write-down of present value or the implementation of impairment, as those assets that no longer have present value and are obsolete will be replaced.

Thus, manufacturing or other equipment will not be replaced due to climate change, or will be replaced with environmentally friendly equipment when the asset already replaced is depreciated, so there will be no impact on the financial statements in the short or long term from write-downs of the present value of these written-down assets.

Renewable energy assets – photovoltaics

As at 31 December 2024, the carrying amount of these fixed assets was EUR 3.9 million (EUR 4.2 million as at 31 December 2023). The main perceived risk is the potential negative future development of solar resources, which are key variables in the success of this business sector. The Company considers that the opportunities arising from the decarbonisation of the global economy (growth of renewable energy, investment in smart grids, electrification of transport, green hydrogen, etc.) outweigh the risks.

Climate change impacts

The potential impact of future regulatory requirements, in particular the related shift to electric mobility (replacement of the current fleet with e-vehicles and installed charging stations, which are recharged from already installed solar power plants – the latter currently covering 6% of own energy needs, the target is 10% self-supply by 2030), was taken into account in the preparation of the financial statements, in particular for the five-year strategic plan 2024-2028 and thus the derivation of future cash flows for impairment testing.

Exposure to climate risks

Given its geographical location, the Company may be potentially exposed to physical risks related to climate change, such as floods (flood expenses in 2023 are disclosed in chapter 22 Operating expenses, none in 2024), heat waves, fires and droughts. As at 31 December 2024, the carrying amount of these assets (the core TiO_2 programme) is EUR 59.5 million, which form part of the Company's assets as disclosed in Note 2 – Tangible fixed assets. There are no impairment needs.

Due to the 2023 floods and expected climate change, the Company will incur higher property insurance expenses in the future, but the amount will not have a material impact on the reported financial statements.

Presumption of a going concern

Based on the long-term sustainability of the entity's operations, there is no uncertainty about the Company's ability to operate as a going concern in the future due to climate-related risks, as it concludes that climate change will not have a material impact on its cash flow projections for 2024-2028 (the going concern assumption is not compromised in the future).

Contracts for the purchase of energy products

Cinkarna Celje, d. d., has leased energy products, i.e. electricity and natural gas, for the coming years in line with the set energy portfolio management strategy. Namely, the management of a mix of resources, such as natural gas supply contracts in future periods and forward product locks (up to and including 2027), electricity purchase contracts in future periods and forward product locks (up to and including 2027), PPA contract (up to and including 2029) and contracts for own-source electricity generation. The effects of the energy leases and own-source electricity generation are taken into account in the projections of the financial statements in the Company's five-year strategy.

Amortisation and other impairment losses

Climate-related matters are also relevant for consideration in light of IAS 16 and IAS 38 because they may result in potential changes in the amount of depreciation or amortisation to be recognised in the current period or future periods. Therefore, because some assets may become obsolete, unavailable or subject to regulatory restrictions due to climate change, the estimated residual (terminal) value and expected useful life of the assets are potentially affected. There is no change in the estimated residual (terminal) value and expected useful life of assets, and hence the depreciation charged, as a result of the transition.
The business forecasts in the Company's strategic plan for the period 2024-2028 with calculated EBITDA margin and CAPEX also include the impact of energy prices and photovoltaics, and take into account energy efficiency through energy saving equipment and energy savings.

The potential impacts of transition risk were analysed in the context of the closure of the 2024 financial statements on the basis of the facts and assumptions set out above. No significant impact was identified, either on the useful life, on the value of assets, on the customer portfolio, on the cash flows generated by existing activities, or on the need to make provisions for risks and future costs.

VI. CASH FLOW STATEMENT

The cash flow statement shows the changes in cash and cash equivalents for the financial year as the difference between the balances as at 31 December 2024 and 31 December 2023. It is drawn up using the indirect method from the statement of financial position as at 31 December of the financial year and the statement of financial position as at 31 December 2024, together with the supplementary information necessary to adjust the income and expenditure and to break down the major items accordingly. Theoretically possible items are not shown, but values are shown for the current and the prior period.

VII. STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity takes the form of a composite table of changes in all components of equity. Theoretically possible items are not shown. Changes in equity relate to the decision of the General Meeting to allocate the previous year's balance sheet profit to the payment of dividends to owners which have been or will be paid and to the purchase of own shares. Pursuant to Article 64(14) of the ZGD-1 act, a statement of the balance sheet profit is added to the statement of changes in equity.

VIII. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial risks (liquidity and interest rate)

Liquidity risk

Cinkarna Celje, d. d., is a business partner known for its payment discipline both domestically and abroad, a company with no bank debts and stable cash flows. The Company's business is traditionally conservative with high cash flow. Liquidity management includes, inter alia, planning and covering expected cash commitments, ongoing monitoring of customer solvency and regular collection of overdue receivables. The credit rating is AAA (platinum excellent). The following tables show financial and operational liabilities by maturity.

Maturity of trade payables as at 31 December 2024

In EUR

	Carrying amount	Contractual cash flows	
		Total	Up to half a year
Payables to suppliers net of advances	30,982,718	30,982,718	30,982,718
Other liabilities	**35,555**	35,555	35,555
Total	**31,018,273**	**31,018,273**	**31,018,273**

For the maturity of other liabilities, the Company takes into account the liability to suppliers net of advances and other liabilities not including tax liabilities or liabilities to the government and to employees.

Maturity of trade payables as at 31 December 2023

In EUR

	Carrying amount	Contractual cash flows	
		Total	Up to half a year
Payables to suppliers net of advances	14,656,554	14,656,554	14,656,554
Liabilities under contracts with customers net of advances	11,351	11,351	11,351
Other liabilities	11,891	11,891	11,891
Total	**14,679,796**	**14,679,796**	**14,679,796**

Maturity of financial liabilities as at 31 December 2024

In EUR

	Carrying amount	Contractual cash flows	
		Total	Up to half a year
Assignments, cessions	29,915	29,915	29,915
Total	**29,915**	**29,915**	**29,915**

Maturity of financial liabilities as at 31 December 2023

In EUR

	Carrying amount	Contractual cash flows	
		Total	Up to half a year
Assignments, cessions	100,651	100,651	100,651
Fair value of forward transactions	3,041	3,041	3,041
Total	**103,692**	**103,692**	**103,692**

Interest rate risk

Interest rate risk is the potential for losses due to adverse movements in market interest rates. The Company does not have any non-current financial liabilities and has no measures in place to address them. If this were to change, appropriate measures would be put in place to manage this type of risk.

Due to its favourable financial situation, the Company enters into deposit agreements with banks at positive interest rates in order to increase its financial income. As at 31 December 2024, deposits with a maturity of up to one year amounted to EUR 8 million. In order to use its surplus cash efficiently, the Company also invests it in treasury bills with a short-term maturity, which amounted to EUR 47.2 million as at the last day of 2024.

If the bank interest rate were to decrease by 1%, this would result in an increase in financial expenses of EUR 560 thousand, while if it were to increase by 1%, this would result in an increase in financial income of EUR 560 thousand on an annual basis.

Credit risk

The key credit risk of Cinkarna Celje, d. d., is the risk that customers will not settle their obligations when they fall due.

The risk is limited as we operate mainly with long-standing partners, which are often well-known traditional European industrial companies with a high credit rating. In recent years, we have perceived that payment discipline in Slovenia, the Balkans and Eastern Europe has been relatively poor, but we do not expect any further problems in this geographic area in the coming period, or the risk potential has been significantly reduced. With the realignment/reorganisation of the portfolio of the Company's strategic business areas, specifically the discontinuation of the Graphic Repro Materials programme, the Rolled Titanium-Zinc Sheet programme, the Anti-Corrosion Coatings programme and the Building Materials programme, the exposure to credit risk was significantly reduced, as evidenced by the maturity of receivables and the fact that we have virtually no further allowance for doubtful or defaulted receivables from customers.

Cinkarna Celje, d. d., has for a number of years been carrying out internal credit control for each individual customer, to whom it has set an individual credit limit, based on payment discipline, credit rating and good performance with the Company. The credit risk monitoring and management process was further enhanced in mid-2021 with the introduction of receivables insurance with an external institution, where credit limits are set, monitored and changed on a daily basis.

In addition to the regular monitoring of the credit limit for each customer, the customer's payment discipline and the publication on the AJPES website of proceedings under the Act on Financial Management, Insolvency and Compulsory Winding-up Proceedings (ZFPPIPP) are monitored on a daily basis. Also, as the receivable becomes due, the customer is reminded of the due date of the receivable by a reminder, firstly by telephone and then in writing, and default interest is charged from the date of the due date until the date of payment. The process of regular monitoring and control of the portfolio of trade receivables is a constant feature of the Company, resulting in a small proportion of write-offs or impairments of receivables in relation to the proportion of sales. The carrying amount of financial assets most exposed to credit risk at the reporting date was as follows:

In EUR

	Notes	31/12/2024	31/12/2023
Financial investments	3	1,287,325	1,558,531
Financial receivables	7	47,214,859	38,616,117
Trade receivables	8	27,100,674	27,437,194
Cash and cash equivalents	9	17,731,407	15,687,805
Total		**93,334,265**	**83,299,647**

At the balance sheet cut-off date of 31 December 2024, in addition to the EUR 8 million of cash on deposit, the Company has an additional EUR 10 million of cash to support its day-to-day operations. In order to mitigate credit risk and exposure to banks, the Company has assets spread across five banks with excellent credit ratings and strong balance sheets.

The Company has a healthy trade receivables structure, as shown in the table of trade receivables by maturity and in the table of movements in the value adjustment of current trade receivables.

Movement in valuation allowances on current trade receivables

In EUR

2024	Situation at 31/12/2023	Adjustment 2024	Value adjusted 2024	Write-downs of value adjustments of prior years	Written-off receivables paid	Situation at 31/12/2024
Buyers in country	266,985	0	6,248	0	0	273,233
Buyers abroad	394,858	-38,470	18,766	9,452	1,983	363,720
Total	**661,844**	**-38,470**	**25,013**	**9,452**	**1,983**	**636,952**

In EUR

2023	Situation at 31/12/2022	Value adjusted 2023	Write-downs of value adjustments of prior years	Written-off receivables paid	Situation at 31/12/2023
Buyers in country	266,985	0	0	0	266,985
Buyers abroad	371,794	25,075	0	2,011	394,858
Total	**638,780**	**25,075**	**0**	**2,011**	**661,844**

Trade receivables by maturity

In EUR

Group of receivables by maturity	Gross value 31/12/2024	Adjustment 31/12/2024	Gross value 31/12/2023	Adjustment 31/12/2023
Not past due	21,758,815	4,298	24,024,487	16,944
Past due under 15 days	4,776,348	919	2,913,989	2,050
Past due from 16 to 60 days	402,918	440	432,721	1,180
Past due from 61 to 180 days	30,602	30,202	109,582	23,954
Past due over 180 days	768,943	601,093	618,259	617,716
Total	**27,737,626**	**636,952**	**28,099,038**	**661,843**

Group of receivables by maturity	Gross value 31/12/2023	Adjustment 31/12/2023	Gross value 31/12/2022	Adjustment 31/12/2022
Not past due	24,024,487	16,944	19,743,148	15,763
Past due under 15 days	2,913,989	2,050	1,960,633	1,569
Past due from 16 to 60 days	432,721	1,180	345,946	1,633
Past due from 61 to 180 days	109,582	23,954	56,335	56
Past due over 180 days	618,259	617,716	619,758	619,759
Total	**28,099,038**	**661,843**	**22,725,819**	**638,779**

All trade receivables are secured with an external institution as from 1 June 2021. As at 31 December 2024, 94% of the receivables are insured by an external institution (Coface PKZ d.d.) (88% at the end of 2023), 3% of the receivables are secured by another form of insurance (letter of credit, advance) (3.5% at the end of 2023) and only 3% of the total receivables are not secured (8.5% at the end of 2023). Unsecured receivables are mainly from regular customers who have secured receivables but have exceeded the collateral limit, where we estimate that there is no risk of default. The Company determines the concentration of receivables using IT tools and the limits entered in the system. The receivables monitoring information system allows us to monitor the collateralisation of receivables on an ongoing basis, as the system is updated on a daily basis according to changes in the type of collateral and changes in the credit limits. At the end of the year, 6 titanium dioxide customers from the European Union represent a 19% share (32% in 2023) of the total fully secured receivables. The customers are spread across different markets and hence there is no significant exposure of the Company to any single customer.

Currency risk

Cinkarna Celje, d. d., buys and sells on the world market and is therefore exposed to the risk of unfavourable cross-currency exchange rates, in particular the EUR/USD exchange rate. As most of the sales are made in euro, the exposure is particularly acute for dollar purchases of titanium-bearing raw materials and, exceptionally, sulphur and copper compounds. The exposure is significantly lower in dollar-denominated sales.

We continuously monitor the evolution and outlook for the EUR/USD currency pair. In principle, we limit the short-term risk of adverse changes in the dollar exchange rate through the standardised and consistent use of financial instruments (dollar futures). We achieve virtually complete coverage of relevant business events involving the EUR/USD currency pair.

Exposure to foreign exchange rate risk

In EUR

	31/12/2024		31/12/2023	
	EUR*	**USD**	**EUR***	**USD**
Financial assets at fair value through other comprehensive income	1,287,325	0	1,558,531	0
Current financial receivables	47,214,859	0	38,616,117	0
Trade receivables	26,086,389	1,059,110	26,386,651	1,160,850
Cash and cash equivalents	17,731,407	0	15,687,805	0
Current financial liabilities	-29,915	0	–103,692	0
Current trade payables	-17,429,009	-14,177,564	–14,647,822	–9,649
Statement of financial position exposure (net)	**74,861,056**	**-13,110,734**	**67,497,590**	**1,151,201**

* EUR is the functional currency and does not represent an exposure to exchange rate risk. In addition to the functional currency EUR, the Company uses the USD (US Dollar), which was used in the translation of the balance sheet items as at 31 December and is equal to the European Central Bank's reference rate of one national currency for EUR 1 at 31 December 2024 of 1.0389 and at 31 December 2023 of 1.10500.

Sensitivity analysis

A 1% change in the value of the USD against the EUR as at 31 December 2024 and 31 December 2023 would change the profit before tax by the amounts shown in the table below. The analysis, which is carried out in the same way for both years, assumes that all variables, in particular interest rates, remain constant. In calculating the impact of the change in the US dollar exchange rate, account is taken of the stock of receivables and payables denominated in dollars.

In EUR

	31/12/2024		31/12/2023	
USD currency change	1 %	1 %	1 %	–1 %
Impact on profit before tax	125,022	-125,022	12,721	-12,721

Any further change of 1% in the USD exchange rate against the EUR would result in a further change in profit before tax of the above amounts.

Capital management

The primary objective of Cinkarna Celje, d. d.'s capital management is to ensure a high credit rating and adequate funding ratios to ensure the proper development of its business and to maximise value for its shareholders.

Cinkarna Celje, d. d., aims to keep pace with changes in the economic environment by managing and adapting its capital structure. It pays dividends in accordance with the adopted dividend policy at the December 2022 Supervisory Board meeting. The Company has no specific employee ownership targets and no share option programme. There were no changes in the way capital is managed in 2023 and 2024. To control capital, the Company uses a leverage ratio, which shows the ratio of net debt to capital and total net debt. Net debt includes financial and operational liabilities less cash and cash equivalents with financial receivables (treasury bills).

In EUR

	31/12/2024	**31/12/2023**
Financial liabilities	29,915	103,692
Trade and other current liabilities	37,343,286	19,737,375
Cash and cash equivalents	-64,881,522	-54,303,922
Net debt	**-27,508,321**	**-34,462,855**
Capital	211,036,476	221,230,458
Capital and net debt	**183,528,155**	**186,767,604**
Leverage ratio	**-15%**	**-18%**

IX. FAIR VALUE

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. The table does not include disclosures about the fair value of financial assets and liabilities not measured at fair value, where the carrying amount is a reasonable approximation of fair value.

In EUR

	31/12/2024		31/12/2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through other comprehensive income	1,287,325	1,287,325	1,558,531	1,558,531
Current financial receivables	47,214,859	47,214,859	38,616,117	38,616,117
Trade receivables	27,100,674	27,100,674	27,437,194	27,437,194
Cash and cash equivalents	17,731,407	17,731,407	15,687,805	15,687,805
Financial liabilities	-29,915	-29,915	–103,692	–103,692
Trade payables	-30,982,718	-30,982,718	–14,656,554	–14,656,554
Payables under contracts with customers	0	0	–11,351	–11,351
Total	**62,321,632**	**62,321,632**	**68,528,050**	**68,528,050**

Investments are classified into three groups (levels) based on the fair value calculation:

- Level 1 assets: assets at market price (for the valuation method, see chapter 3 Financial assets at fair value through other comprehensive income);
- Level 2 assets: assets not classified under level 1 whose value is determined directly or on the basis of comparable market data;
- Level 3 assets: assets for which market data are not observable.

In EUR

Fair value of assets	31/12/2024				31/12/2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	0	1,287,325	0	1,287,325	0	1,558,531	0	1,558,531
Total assets measured at fair value	**0**	**1,287,325**	**0**	**1,287,325**	**0**	**1,558,531**	**0**	**1,558,531**
Assets for which fair value is disclosed								
Current financial receivables	0	0	47,214,859	47,214,859	0	0	38,616,117	38,616,117
Trade receivables	0	0	27,100,674	27,100,674	0	0	27,437,194	27,437,194
Cash and cash equivalents	0	0	17,731,407	17,731,407	0	0	15,687,805	15,687,805
Total assets for which fair value is disclosed	**0**	**0**	**92,046,940**	**92,046,940**	**0**	**0**	**81,741,116**	**81,741,116**
Total	**0**	**1,287,325**	**92,046,940**	**93,334,265**	**0**	**1,558,531**	**81,741,116**	**83,299,647**

In EUR

Fair value of liabilities	31/12/2024				31/12/2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities	0	0	29,915	29,915	0	0	103,692	103,692
Trade payables	0	0	30,982,718	30,982,718	0	0	14,656,554	14,656,554
Liabilities under contracts with buyers	0	0	0	0	0	0	11,351	11,351
Total liabilities for which fair value is disclosed	**0**	**0**	**31,012,633**	**31,012,633**	**0**	**0**	**14,771,597**	**14,771,597**

The assumptions used to determine the fair value of investments and other items are set out in the introductory notes in section III. Significant accounting policies.

X. RELATED PARTY TRANSACTIONS – INFORMATION ON GROUPS OF PERSONS

Management's participation in capital

At the end of 2023, one member of the Management Board held 1,860 shares in Cinkarna Celje, d. d., representing 0.023% of the Company's total capital or 0.023% of voting rights. No Supervisory

Board members held any shares at the balance sheet cut-off date. In 2024, a member of the Management Board acquired 500 shares in the Company, representing a total of 0.029% of the voting rights, and the President of the Management Board acquired 2,400 shares, representing 0.030% of the voting rights.

31/12/2024	Number of shares	Share in capital (%)
Aleš Skok	2,400	0.030
Nikolaja Podgoršek Selič	2,360	0.029

31/12/2023, 31/12/2022	Number of shares	Share in capital (%)
Nikolaja Podgoršek Selič	1,860	0.023

Gross remuneration of groups of persons

In EUR

	2024	2023
Members of the Management Board	731,700	578,070
Members of the Supervisory Board	155,213	152,109
Total gross remuneration of groups of persons	**886,913**	**730,180**
Employees on the basis of contracts not covered by the tariff part of the collective agreement	2,919,788	3,073,418
Total gross remuneration of groups of persons and remuneration of employees on the basis of contracts not covered by the tariff part of the collective agreement	**3,806,701**	**3,803,597**

Remuneration of the members of the Management Board in 2024

In EUR

Name and surname	Function (President, Member)	Fixed remuneration – gross (1)	Variable remuneration – gross based on quantitative criteria	Bonuses	Other remuneration	Total gross
Aleš Skok	President	306,918	69,692	6,723	4,262	387,595
Nikolaja Podgoršek Selič	Deputy President	244,550	55,941	6,863	4,262	311,616
Filip Koželnik	Member	19,680	6,363	2,247	4,199	32,489
Total		**571,148**	**131,996**	**15,833**	**12,723**	**731,700**

The bonuses of the members of the Management Board include the bonus related to the use of a company car also for private purposes and any other bonuses. Expenses allowances include reimbursement of commuting expenses and meals during work.

Remuneration of the members of the Management Board in 2023

In EUR

Name and surname	Function (President, Member)	Fixed remuneration – gross (1)	Variable remuneration – gross based on quantitative criteria	Bonuses	Other remuneration	Total gross
Aleš Skok	President	296,911	0	7,473	2,694	307,077
Nikolaja Podgoršek Selič	Deputy President	236,579	0	8,030	2,694	247,303
Filip Koželnik	Member	18,642	0	2,355	2,694	23,691
Total		**552,132**	**0**	**17,858**	**8,081**	**578,070**

No variable remuneration or performance-related payments were made to members of the Management Board in 2023 for the 2022 financial year.

Remuneration of the members of the Supervisory Board in 2024

In EUR

Name and surname	Function (President, Deputy, Member, External Committee Member)	Remuneration for the performance of duties – gross per year (1)	NS and Commissions' meeting fees - gross per year (2)	Total gross (1 + 2)	Travel expenses	Total remuneration
Tomaž Berločnik	SB member (20/06/2024) + SB President (23/07/2024)	9,390	1,100	10,490	356	10,846
Melita Malgaj	SB member (20/06/2024), SB Deputy President and AC Chair (23.7.2024)	9,255	1,540	10,795	436	11,231
Boštjan Furlan	SB member (20/06/2024), AC member (23/07/2024)	8,049	1,540	9,589	531	10,120
Mario Gobbo	SB President (from 26/05/2020 to 22/07/2024), SB member until 23/12/2024	22,656	2,365	25,021	22,983	48,004
Luka Gaberščik	SB Deputy President (from 01/07/2020 to 04/07/2024)	10,350	1,540	11,890	277	12,167
David Kastelic	SB member + AC Chair (from 18/06/2020 to 18/06/2024)	11,401	1,925	13,326	481	13,807
Mitja Svoljšak	SB member + HR member (from 16/06/2021 to 28/02/2024)	4,634	495	5,129	0	5,129
Jože Koštomaj	SB member (from 18/06/2020) + AC member (until 22/07/2024)	17,188	3,300	20,488	0	20,488
Aleš Stevanovič	SB member (from 08/03/2023)	16,341	3,080	19,421	0	19,421
Gregor Korošec	External member	0	4,000	4,000	0	4,000
Total		**109,264**	**20,885**	**130,149**	**25,064**	**155,213**

SB = Supervisory Board
AC = Audit Committee
HR = Human Resources Committee

Remuneration of the members of the Supervisory Board in 2023

In EUR

Name and surname	Function (President, Deputy, Member, External Committee Member)	Remuneration for the performance of duties – gross per year (1)	NS and Commissions' meeting fees - gross per year (2)	Total gross (1 + 2)	Travel expenses	Total remuneration
Mario Gobbo	SB Member + SB President + HR Chair	28,125	1,375	29,500	15,061	44,561
Luka Gaberščik	SM Member + SB Deputy President + HR Member	20,250	1,375	21,625	277	21,902
David Kastelic	SB Member + AC Chair	20,625	2,255	22,880	519	23,399
Mitja Svoljšak	SB Member	18,750	825	19,575	283	19,858
Jože Koštomaj	SB Member + AC Member	18,750	2,255	21,005	0	21,005
Aleš Stevanovič (from 8 Mar 2023)	SB Member + AC Member	10,968	1,100	12,068	0	12,068
Dušan Mestinšek (until 8 Mar 2023)	SB Member + AC Member	5,040	275	5,315	0	5,315
Gregor Korošec	External Member	0	4,000	4,000	0	4,000
Total		**122,508**	**13,460**	**135,968**	**16,141**	**152,109**

SB = Supervisory Board
AC = Audit Committee
HR = Human Resources Committee

6.1.7 Significant events after the end of the financial period

Since the date of the balance sheet, there have been no events that would directly and significantly impact the company's operations. However, in the first quarter of 2025, there was significant development in U.S. trade policy. Although the company does not have a strategic exposure to the U.S. market, these measures could have indirect effects through changes in global consumer dynamics and the geographic redistribution of surplus pigment quantities.

The company is actively monitoring the situation and maintaining flexibility in its commercial strategy. Due to the high level of uncertainty and frequent changes in the U.S. customs regime, the ultimate impact on business performance cannot be reliably assessed at this time.

6.1.8 Statement by members of the management and persons responsible for drawing up the annual report

We, the named and signed members of the management and the persons responsible for the preparation of the annual report within the meaning of paragraph 2 of Article 134 of the ZTFI-1 act, certify that to the best of our knowledge and belief:

I. The financial report is in accordance with the relevant financial reporting standards, i.e. International Financial Reporting Standards. Such gives a true and fair view of the assets, liabilities, profit or loss and financial position of the Company;
II. The financial report includes a fair review of the development and results of the Company's business and of its financial position, including a description of the material risks to which the Company is exposed.

The Annual Report 2024 is hereby adopted and approved by the Management Board on 15 April 2025.

Management Board of the Company

President of the Management Board	Member of the Management Board – Deputy Chairman of the Management Board – Technical Director	Member of the Management Board – Works Director
Aleš SKOK, univ. dipl. in chemical engineering technology, MBA – USA	Nikolaja PODGORŠEK SELIČ univ. dipl. in chemical engineering, spec.	Filip KOŽELNIK, master of business studies

Persons responsible for drawing up the Annual Report

Member of the Management Board – Works Director	Head of Finance and Accounting	Head of sustainability team
Filip KOŽELNIK, master of business studies	mag. Karmen FUJS, univ. dipl. in econ.	mag. Bernarda PODGORŠEK KOVAČ, univ. dipl. in chemical engineering technology

6.1.9 Auditors opinion

Shape the future
with confidence

This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CINKARNA Celje, d.d.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CINKARNA Celje, d.d. (the Company), which comprise the statement of financial position as at 31 December 2024, the income statement, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CINKARNA Celje, d.d. as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014 of the European Parliament and the Council"). Our responsibilities under those rules are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the (financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Environmental provisions On 31 December 2024 the environmental provisions amounted to EUR 14.302 thousand as disclosed in Note 13- Other Provisions. The determination of the provisions is based on management's judgement and estimates of nature, timing and amount of future costs to be incurred to cover long term obligations of waste disposal and rehabilitation of waste landfills and facilities and of legal basis for the provisions. The judgement required to estimate such costs is further compounded by the fact that there has been limited rehabilitation activity or experience with such activities against which the management could benchmark estimates of future costs.	We obtained an understanding of the environmental provisioning process and evaluated and tested design of respective controls. In relation to the recognized environmental provisions, we evaluated the existence of legal and constructive obligations requiring the restoration and rehabilitation of each site and facilities. We evaluated assessment of the required provisions by management as of 31 December 2024, who obtained the assessment of the required disposal and rehabilitation activities and respective cost estimates

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We focused on this area because changes in the assumptions can materially affect the levels of environmental provisions recorded in the financial statements. Environmental provisions are thus significant to our audit, and we consider them a key audit matter.	from the external experts in the current and in the previous years. In addition, we assessed the adequacy of assumptions used, such as the expected price growth rates, the discount rate and management's estimates of the timing of activities in calculating the required provisions for the environment as of 31 December 2024. Further, to assess the appropriateness of the amount of the provision recognized, we also evaluated the project documentation and the studies of the technical experts as the basis on which management made these provisions. For increases in the long-term provisions, we assessed the cost estimates related to the expected future rehabilitation activities required, which are based on and evaluated with the help of external experts. We considered the competence and objectivity of management's external experts, who produced the cost estimates. For a sample of utilization of long-term provisions, we tested supporting documentation for the utilization, such as invoices received, contracts with contractors, provisional situations, and contractors' recapitulations of the works, and evaluated whether the utilization of long-term provisions was justified. We also assessed the appropriateness of the review and approval of activities, the evaluation and the recording of changes in the amount related to environmental provisions by the management. We inspected the Company's litigation and compliance reports in the environmental field and obtained independent legal letters matters. We assessed the adequacy of disclosures on provisions included in Note 13 - Other Provisions of the financial statements and their compliance with IFRS EU.

Other information

Other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation except for sustainability statement, in particular, whether the other information except for sustainability statement complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information except for the sustainability statement, on which we issued a assurance report on 15 April 2025, is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of management and those in charge with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those in charge with governance are responsible for overseeing the Company's financial reporting process and to approve the annual report.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with audit rules, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those in charge with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those in charge with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those in charge with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OTHER REQUIREMENTS ON CONTENT OF AUDITOR'S REPORT IN COMPLIANCE WITH REGULATION (EU) No. 537/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

Appointment and Approval of Auditor

We were appointed as auditors of the Company at the general meeting of shareholders on 15 June 2022, the president of the supervisory board has signed the audit agreement on 30 August 2022. The agreement was signed for the period of 3 years. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 6 years. Sanja Košir Nikašinović and Lidija Šinkovec are certified auditors, responsible for the audit in the name of Ernst & Young d.o.o..

Consistence with Additional Report to Audit Committee

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued on the same date as the issue date of this report.

Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.

In addition to statutory audit services and services disclosed in the annual report and in the financial statements, no other services which were provided by us to the Company.

AUDITOR'S REPORT ON THE COMPLIANCE OF FINANCIAL STATEMENTS IN ELECTRONIC FORMAT WITH THE REQUIREMENTS OF DELEGATED REGULATION NO. 2019/815 ON A SINGLE ELECTRONIC REPORTING FORMAT

We have conducted a reasonable assurance engagement about whether the audited financial statements of the CINKARNA Celje, d.d. for the financial year ended 31 December 2024, are prepared in accordance with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 as well as adjusted Commission Delegated Regulation (EU) 2020/815 of 11 November 2020 supplementing Directive 2004/109 / EC of the European Parliament and of the Council Annex 1 with regard to regulatory technical standards on the specification of a single electronic reporting format applicable for 2024 (hereinafter referred to as the "Delegated Regulation").

Responsibility of the management and those responsible for governance

Management is responsible for the preparation and accurate presentation of the audited financial statements in electronic format in accordance with the requirements of the Delegated Regulation, and for such internal control as the management determines is necessary to enable the preparation of the audited financial statements in electronic format that are free from material misstatement, whether due to fraud or error.

Those in charge with governance are responsible for overseeing the preparation of audited financial statements in electronic format in accordance with the requirements of the Delegated Regulation.

Auditor's Responsibility

Our responsibility is to perform a reasonable assurance engagement and to express a conclusion on whether the audited financial statements have been prepared in accordance with the requirements of the Delegated Regulation. We conducted our reasonable assurance engagement in accordance with the revised International

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Standard on Assurance Engagements 3000 (revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance for reaching the conclusion.

We have acted in accordance with the independence and ethical requirements of the Regulation EU no. 537/2014, and the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (including International Independence Standards) (IESBA Code), which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standards on Quality Management (ISQM) 1, and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements of applicable law and regulation.

Summary of Work Performed

Within the scope of work, we have performed primarily the following procedures:

- identified and assessed the risk of material non-compliance of the audited financial statements with the requirements of the Delegated Regulation due to fraud or error;
- obtained an understanding of internal control relevant to the reasonable assurance engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- assessed whether the audited financial statements meet the requirements of the Delegated Regulation applicable at the reporting date;
- obtained reasonable assurance that the audited financial statements and which are included in the annual report of the issuer are accurately presented in electronic XHTML format.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures performed and the evidence obtained, in our opinion the audited financial statements statements of the CINKARNA Celje, d.d. for the financial year ended 31 December 2024, which are included in the annual report, have been prepared, in all material respects, in accordance with the requirements of the Delegated Regulation.

Ljubljana, 15 April 2025

Sanja Košir Nikašinović
Director, Certified auditor
Ernst & Young d.o.o.
Dunajska cesta 111, Ljubljana

Lidija Šinkovec
Certified auditor

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This is a translation of the original report in Slovene language

Independent auditor's limited assurance report on Sustainability Statement

To the Shareholders of CINKARNA Celje, d.d.

Limited assurance conclusion

We have conducted a limited assurance engagement on theSustainability Statement of CINKARNA Celje, d.d. (the "Company") (included in section Sustainability statement of the Management Report (the "Sustainability Statement"), as at 31 December 2024 and for the period then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with the Article 70.c and Article 7.č of the Slovenian Act on Companies (ZGD-1), which transposes to the slovenian legal system Article 19(a) / 29(a) of Direktive EU 2013/34/EU), including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in the section Description of the process to identify and assess material impacts, risks and opportunities , within the general disclosures section [ESRS 2 IRO-1]; and
- compliance of the disclosures in the section Report on environmentally sustainable economic activities and investments within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- compliance with the requirements for the preparation of the Sustainability Statement in the form specified by Article 58 of the ZGD-1 and Article 3 of the ESEF Regulation No. 2019/815 ("Delegated Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Auditor's Responsibilities section of our report.

Our independence and quality management

We have acted in accordance with the independence requirements and ethical requirements of the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

Our firm operates in accordance with International Standards on Quality Management (ISQM) 1 and maintains a comprehensive quality management system, including documented policies and procedures regarding compliance with ethical requirements of professional standards and applicable legal and regulatory requirements.

Other matter

Our limited assurance engagement does not relate to information regarding prior periods.

Responsibilities of management and those in charge with governance for the Sustainability Statement

Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in note [ESRS 2 IRO-1] of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Company activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the entity's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, in accordance with the the Article 70.c and Article 7.č of the Slovenian Act on Companies, which transposes Article 19(a) / 29(a) of Direktive EU 2013/34/EU), including:

- compliance with the ESRS;
- preparing the disclosures in Report on environmentally sustainable economic activities and investments within the environmental section of the Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation")*; and*
- designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

The management of the Company is also responsible for preparing the Sustainability Statement in accordance with the technical requirements related to the single electronic format, as specified in Article 58 of the ZGD-1 and Article 3 of the Delegated Regulation. This responsibility includes the design, establishment, and maintenance of internal controls that enable the preparation of the Sustainability Statement, which is not significantly non-compliant with the requirements of Article 58 of the ZGD-1 and Article 3 of the Delegated Regulation.

Those charged with governance are responsible for overseeing the Company's sustainability reporting process.

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Inherent limitations in preparing the Sustainability Statement

The criteria, nature of the Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, management of the Company interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

References to external sources or websites in the Sustainability Statement are not included in our Sustainability Statement review processes. Therefore, we do not make any guarantees about them. Our conclusion on this matter is not modified.

Environmental reporting as applied by all companies includes information based on climate-related scenarios that are subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing, or effect of possible future physical and transitional climate-related impacts. For the avoidance of doubt, the scope of our engagement and our responsibilities did not include performing work necessary for any assurance on the reliability, proper compilation, or accuracy of the prospective information.

Any supply chain emissions metrics listed in the Sustainability Statement may include information provided by suppliers and third-party sources. Our procedures did not include obtaining assurance over the information provided by suppliers or third parties.

The Sustainability Statement may include metrics that are derived from reported events relating to employees and subcontractors. As such, our testing may not identify misstatements relating to completeness, for example in instances where events may have occurred but have not been reported.

Auditor's responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS, and
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process, as disclosed in the section Description of the process to identify

and assess material impacts, risks and opportunities , within the General disclosures section, [ESRS 2 IRO-1].

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the Company's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error.
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An assessment of whether the sustainability statement is prepared in all significant respects in the form required by Article 58 of the ZGD-1 and Article 3 of the Delegated Regulation.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the ustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
    - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
    - reviewing the Company internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Company was consistent with the description of the Process set out in note Description of the process to identify and assess material impacts, risks and opportunities within the General disclosures section [ESRS 2 IRO-1].

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its Sustainability Statement by obtaining an understanding of the Company's control environment, processes and information systems relevant to the preparation of the sustainability statements, but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether material information identified by the Process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;

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- Performed substantive assurance procedures on selected information in the sustainability statement;
- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and how these methods were applied;
- Obtained an understanding of the process to identify EU taxonomy eligible and aligned economic activities for turnover, CAPEX and OPEX and the corresponding disclosures in the sustainability statement;
- Evaluated compliance processes, methods, and data for covered activities, assessed minimum safeguards compliance through personnel inquiries, and conducted substantive and analytical procedures on EU taxonomy aligned disclosures;
- Evaluated the presentation and use of EU taxonomy templates in accordance with relevant requirements;
- Reconciled and ensured consistency between the reported EU taxonomy economic activities and the items reported in the primary financial statements including the disclosures provided in related notes;
- Evaluated whether the sustainability statement is prepared in the form specified by Article 58 of the ZGD-1 and Article 3 of the Delegated Regulation

Ljubljana, 15 April 2025

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Certified auditor