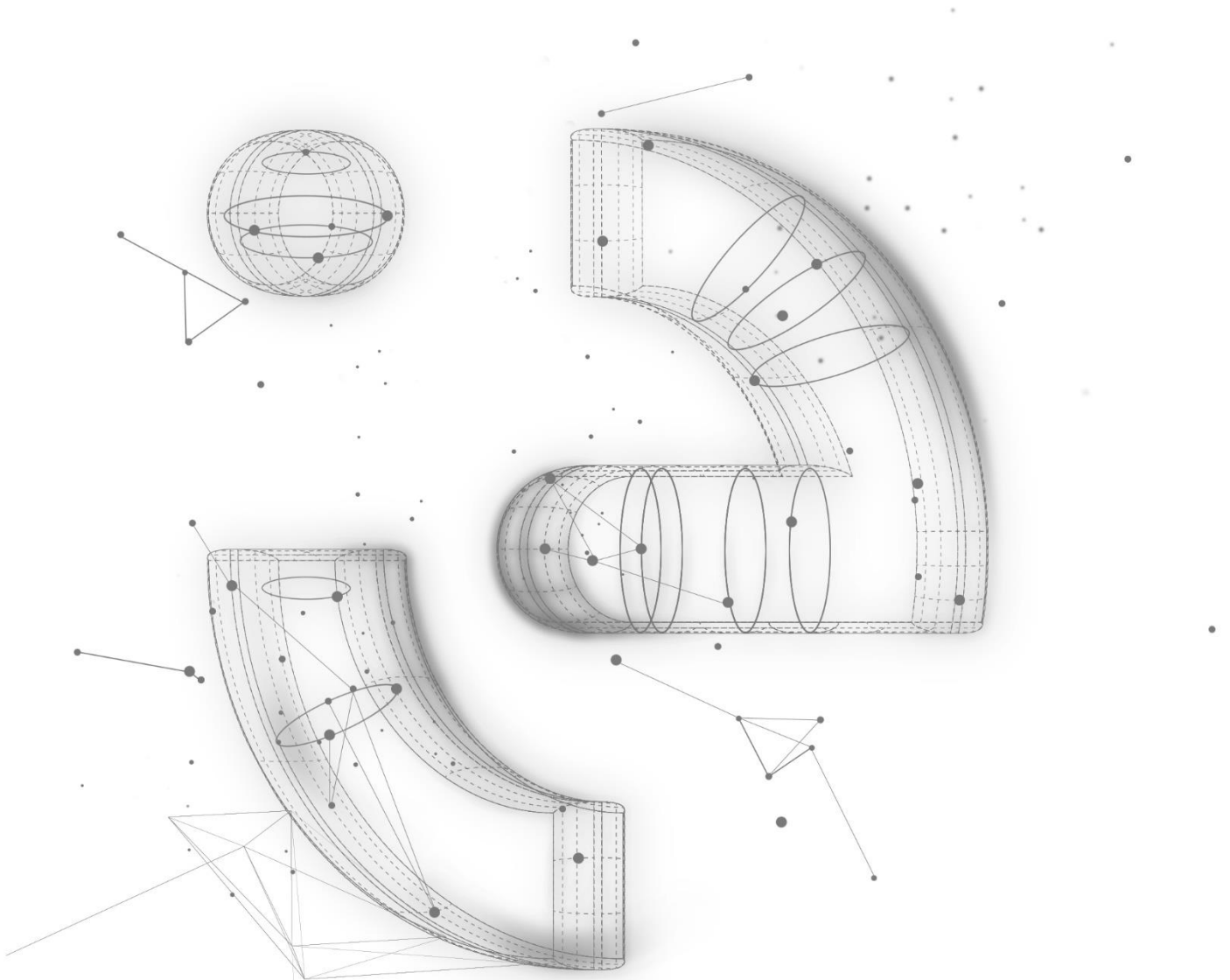




# ISKRAEMECO COMUNICATION ON PROGRESS - REPORT FOR UNITED NATION GLOBAL COMPACT

»One always has two options;

- stay part of the problem,
- or become part of the solution«



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**iskraemeco**  
BY ELSEWEDY ELECTRIC

### **United Nations Global Compact**

Iskraemeco is a participant in the United Nations Global Compact initiative and acts in accordance with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. We support Sustainable Development practices that advocate economic growth that is in harmony with the environment and aims to improve the quality of life for its current and future inhabitants.

The Communication on Progress (COP) Report for Iskraemeco, d.d. covers the period from January 202018 to December 2018.

### **Statement of continued support by the Chief Executive Officer**

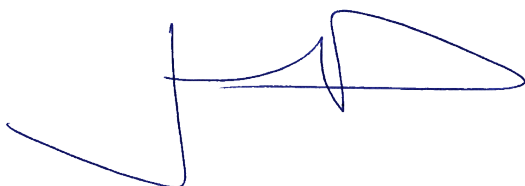
To our stakeholders,

I am pleased to confirm that Iskraemeco reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. Iskraemeco is proud and honoured to be part of the United Nations Global Compact initiative, a network of like-minded entities. We support Sustainable Development practices that advocate economic growth that is in harmony with the environment and aims to improve the quality of life for its current and future inhabitants.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Luis Goncalves  
CEO, Iskreameco, d.d.



## 1. Introduction

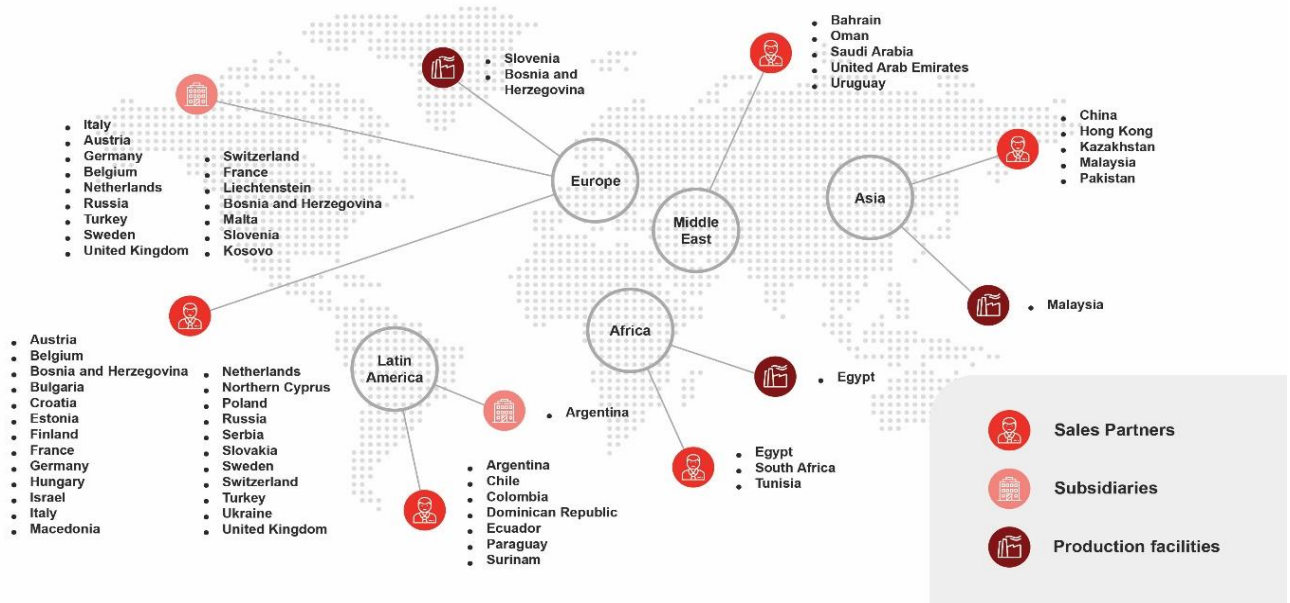
Since its founding in 1945, Iskraemeco employees have been transforming valuable experience, innovation and a sound understanding of our customers` needs into comprehensive energy management solutions.

The evolution of Iskraemeco throughout the years has been marked by a growing product and services portfolio and followed by a continuous expansion of our worldwide presence. Today we have an established network of partners, subsidiaries and production facilities that offer reliable and efficient support services to our entire client base.

With a complete smart metering portfolio we respond to future needs of utilities and consumers for efficient energy management. Smart metering provides utilities with necessary data to manage energy use, anticipate demand and achieve cost efficient operation. It also helps consumers to act more sustainably while lowering their energy bills.

In 2007, Iskraemeco joined forces with Elsewedy Electric. The vision of a smarter, energy efficient future is the driving force that connects the two companies in their energy ventures. By joining the Elsewedy group, Iskraemeco attained a valuable business partner and unprecedented opportunities for growth and development.

## Iskraemeco across the globe



## 2. Iskraemeco values

At Iskraemeco, we believe, respect and live by our values in our everyday processes.

### PEOPLE

We support and respect each other. We communicate openly and honestly. Teamwork is how we do business. Customers, suppliers and shareholders are a part of our team.

### COMMITMENT AND ACCOUNTABILITY

We are passionate about achieving results through continuous improvement, teamwork and honouring our commitments.

### CUSTOMER CARE

We are dedicated to our customers. We respect, listen, understand and fulfil their expectations.

### QUALITY

Each of us is responsible for quality in everything we do. By delivering quality, we invest into our future.

### SUSTAINABILITY

We respect our environment, because our actions today will affect future generations. We build our business on sustainable practices.

Actions of sustainable development were started on the level of: products (and single component), processes & production and company. In these processes, many individuals have been involved and proved their innovative, committed approach to finding better solutions. The actions were spread along all Iskraemeco departments, sectors and areas. All Iskraemeco employees respect and act in accordance with the defined environmental and safety requirements; we implement regular trainings on the subject to further raise their awareness.

Iskraemeco respects its employees and highly values the contribution of each individual. We are obliged to follow strict employment and working regulations and laws, but have set our standards even higher. Iskraemeco is continuously promoting health, safety and business code of conduct among employees and company stakeholders.

Research, development and innovation are paramount to our business - they are the key elements for achieving sustainable economic success.

We comply with the relevant health, safety and environmental regulations and standards - ISO 9001:2015, ISO 14001:2015 and OHSAS 18001. By end of 2016 we have concluded the implementation of the Information Security Management - ISO 27001 standard.

### 3. Sustainability in Business language



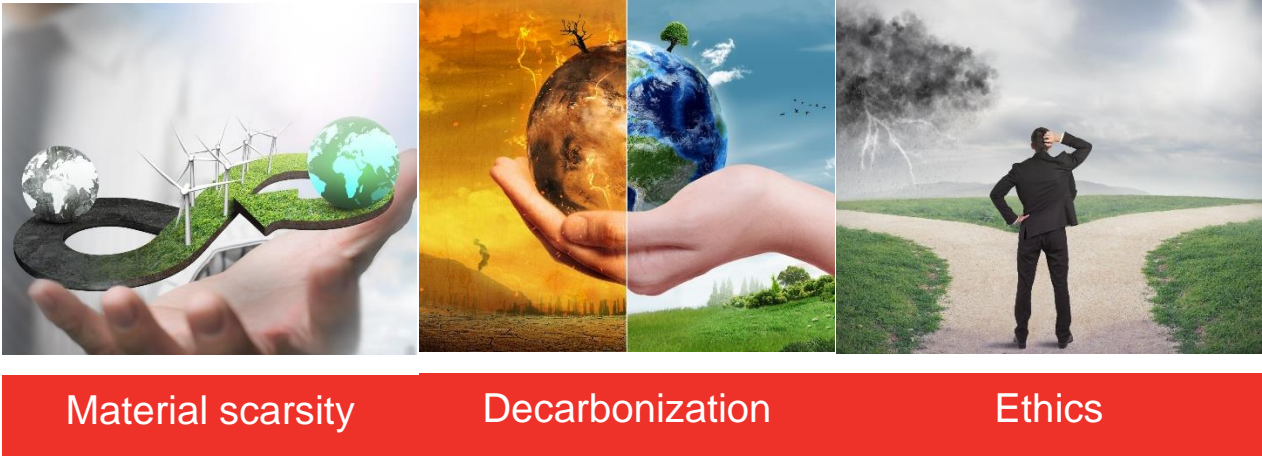
### Why?

Metering is part of the electronics and energy industry. Both are very dynamic in nature and contribute significantly to environmental and social footprints. Iskraemeco strives to build a fair smart future together with our community. The 4.0 industrial revolution is not only about technology; it is also about values. It is a revolution of knowledge and it will change a producer to a solution provider, a consumer to a prosumer and competition to synergy. In the next 10 years we will / need / want to meet the SDGs, decarbonize our planet, use 50% less resources and secure the future for the generations to come.

### Iskraemeco vision

- 50% of meter mass from recycled materials
- 100% transparent supply chain
- Contribute to needed 50% reduction of global CO2 footprint
- Embedded circular economy principles in metering solutions
- Bringing sustainability as a standard to our industry

## 4. Challenges in the metering industry



Material scarcity

Decarbonization

Ethics

Looking at global challenges, we can divide them into three main areas: material scarcity, decarbonisation and ethical principles. When it comes to the electronics industry, we need to dig deeper and focus on the following five topics.

### Unfair labour practices

Globalisation has opened up many opportunities for many but unfortunately also put a certain percentage of the population in situations where their basic rights are being compromised. Child labour, unsuitable working conditions, unfair pay ... affect a person's dignity and compromise their chances of survival.

**Solution: we need to implement fair working conditions on a global scale**

### Conflict minerals

Around 80 per cent of conflict minerals - gold, tantalum, tungsten and tin (so called 3TG) are produced in the Democratic Republic of Congo or neighbouring countries raged by war. These conflicts are financed with profits from the sales of these minerals. According to NGO data, more than 5 million lives were lost, directly or indirectly connected to the extraction of these minerals. Every smart phone, tablet or any other electronic device (including smart metering devices) contains conflict minerals.

**Solution: Establish a transparent supply chain**

### Material scarcity

Material scarcity continues to remain a major issue. Recourses or materials are considered scarce when there is a high demand from the industry with a risk to their supply. The European Commission published a list of 27 materials that are of great importance to humanity and are becoming increasingly scarce. It is expected that even more materials will be added to the list shortly.

**Solution: Find substitutes for scarce materials, limit the use and invest in materials innovation**

### E-waste

Rapid technological changes, falling prices, and planned obsolescence have resulted in a fast-growing surplus of electronic waste around the globe. Electronics have always produced waste, but the quantity and speed of discard has increased rapidly in recent years. Typically, electronic products have an extremely short life cycle. The growth of e-waste is 8% annually and only 20% of the waste is recycled.

**Solution: Recycle and prolong the products life-cycle, closing the loop for materials.**

### Resource usage & CO2 footprint

Every production process involves the use of a number of different resources (energy, water, gas...). Our needs are growing and the industry is rushing to fulfil them. By doing so, pollution is becoming a worldwide problem – air, soil and water resources are becoming more and more compromised.

**Solution: use minimum resources, decrease CO2 footprint radically.**

## **We must vs. we want**

At Iskraemeco we are committed to change the world for the better. The timing for implementing and advancing sustainable innovation is more than just right. It has been proven multiple times already that sustainable activities save resources, money and decrease business risk. At the same time, sustainable practices establish a competent, modern and proactive business environment. The businesses of today are smart, responsible, sustainable and innovative. Why a must? There are many EU regulations, directives, guidelines that address this issue and the wordings are becoming stricter each year. The global civil society in the field of sustainability (ILO, UNGC, FLA and others) is helping companies by monitoring, guiding them and sharing their expertise. In the last 2 years, new and stricter regulations have been proposed and we expect the trend to continue.

Achieving a Smart Grid is one of the vital elements of the EU's 20-20-20 goals. Energy transformation, renewables, CO2 footprint reduction and contribution to Sustainable Development Goals is important part of EU Agenda 2030. These ambitious European targets are setting the ground for change - not only in our energy infrastructure, more importantly, a change in consumer behaviour. As a society, we will not be able to meet environmental and energy challenges of the 21st century without changing our decision-making processes and adding sustainability figures to other commercial variables. Smart must become sustainable.

## 5. The three pillars of Iskraemeco`s sustainability strategy



**Internal processes;** Sustainable production, solutions and company.



**Supply chain;** Sustainability on the level of materials, components and suppliers.



**Knowledge transfer;** Building stronger awareness among customers, partners, suppliers and the industry at large.

While tackling the issues of sustainability and circularity, Iskraemeco strives to be as embedding, strategical and comprehensive as possible. In the process of analysing the industry and developing a business model, it is clear that for the implementation of sustainable practices, developing strategic partnerships is a key to success. Iskraemeco`s strategic business model for implementing circularity and sustainable development practices should be based on three parallel pillars and five strategic areas:

### Three-pillars

1. **Sustainable development at Iskraemeco – in short “responsible and sustainable processes, production, solutions and company”;** includes setting goals and taking actions in the field of sustainability and circularity internally (these include waste management and material innovations, resource management, lean production, compliance to international and EU standards and many more).
2. **Sustainable development in Iskraemeco`s supply chain – in short “sustainability on the level of materials, components and suppliers”;** is set to achieve complete supply chain transparency on all materials, material origin and labour issues. This is the biggest part of a company`s responsibility in today`s global world.
3. **Knowledge transfer – in short “building stronger awareness among customers, partners, suppliers and the industry at large”;** includes relationships with our partners, buyers and the entire electronics industry. It focuses on educating and spreading the awareness among customers, suppliers, the local society and other stakeholders, on changing existing and establishing new policies.



**Five strategic areas**



**Life-cycle & Recycling**

One of most important actions is embedding circular economy principles to design phase of our products and solutions.



**Energy resources**

Optimization of use of resources: energy, water, compressed air, materials, waste management.



**Material scarcity**

Treatment and use of critical, conflict and hazardous materials in very important. Our vision is to introduce recycled materials in the meter components.



**Supply chain transparency**

Supply chain transparency is giving us overview over use of materials, makes easier to define possible improvements.



**Labour conditions**

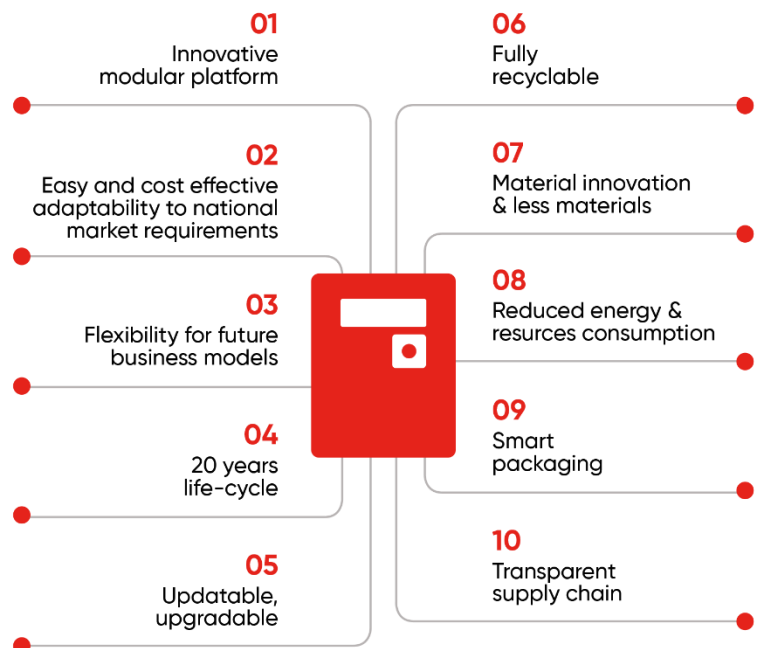
Making sure that all people rights, dignity and fair treatment within supply chain are not compromised.

**6. Iskraemeco main achievements across the three pillar strategy**

**1. Sustainable development at Iskraemeco; results of AM550 meter design and general company results**

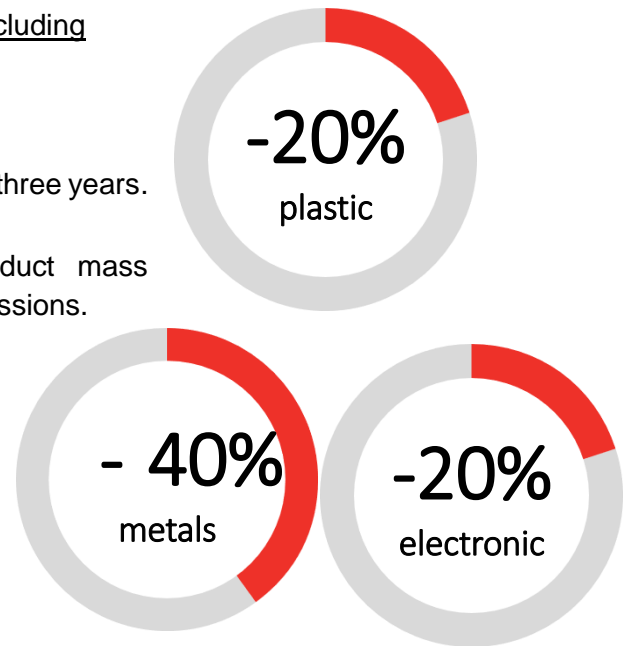
Improved product footprint integrated in the design phase:

- Modular design
- Design for extended life span: 20 years
- Lower self-consumption of energy
- Fewer conflict materials
- Increased material efficiency



Improved product footprint in the manufacturing phase (including packaging, logistics)

- Material and energy efficiency optimisation.
- Lean production, continuous improvement over the last three years.
- Reduction in CO<sub>2</sub> emissions of 49 % since 2013.
- Local sourcing of approximately 70% of the product mass (mechanical BoM) – a substantial decrease in CO<sub>2</sub> emissions.
- Innovative packaging solution – no use of plastics, 50% less cardboard material, and a potential 25% increase in individual shipment load.
- Logistics: using environmentally-friendlier transport options (if agreed with buyer).

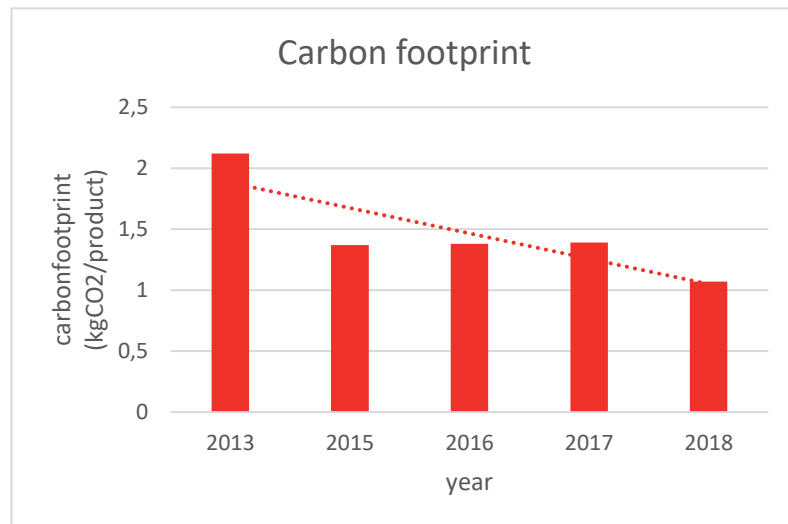


Improved product footprint in the use phase:

- Increased durability
- Adaptability
- Interoperability
- Upgradeability
- Reversed flows – information

Improved footprint in the end-of-life phase:

- Decreased use of materials
- Easy and faster disassembly
- Recyclability – the meter is fully recyclable
- Reversed flows – recycled materials.



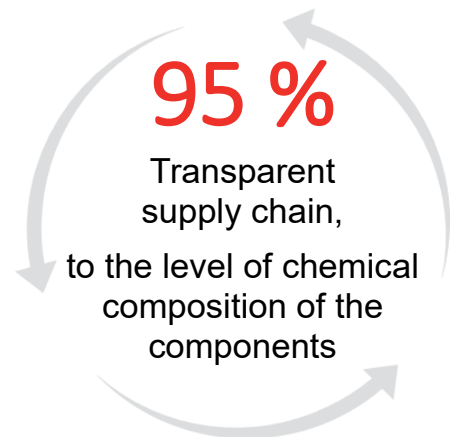
**2. Sustainable development in Iskraemeco`s supply chain;**

Our aim is to monitor and coordinate our supply chain with environmental and social responsibility in mind and follow stricter standards than the ones prescribed by law. In our supply chain transparency and analysis, we place special attention to:

- all our components must be ROHS and REACH compliant,
- we trace the component to its sources (in cases when this is possible),
- we enforce EU Regulation on Supply Chain of Minerals from conflict areas
- we adhere to the EICC code of conduct (CMRT report),
- we adhere to FLA (Fair Labor Association) Compliancy, ILO standards compliancy throughout our supply chain.
- Resource traceability, 95% transparent supply chain

We are monitoring our supply chain with the following methods:

- open sources,
- electronic components databases,
- supplier questionnaires,
- internal knowledge and documentation of partnering companies,
- supplier assessment and partnership.



### 3. Sustainable development in the industry; educating, raising awareness

Iskraemeco, d.d., is a participant in the United Nations Global Compact initiative and acts in accordance with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. We support Sustainable Development practices that advocate economic growth that is in harmony with the environment and aims to improve the quality of life for its current and future inhabitants. Our annual UNGC Sustainability report is added in Appendix.

In accordance with our strategy to educate and raise awareness on the need for sustainable business model we have in the last couple of years written a few articles, presented at conferences, hosted workshops, ...

- Slovenian media, International media
- 2016 Sustainable development award
- Nominated for European Business Awards for the Environment 2018-19 (EBAE)
- 2018 National Golden Innovation Award: [video](#)
- WEB: [fairsmartmeter.com](http://fairsmartmeter.com), [www.iskraemeco.com](http://www.iskraemeco.com)
- Mentor to small Slovenian companies – project GoodBiz (2016, 2017)
- Metering days Fulda 2017, 2018
- European Utility Week 2016, 2017: hub & summit speeches each time
- Speaking at Circular Economy week, Holland, June 2018
- Promoted through 2 EU international projects: Retrace, Moveco, chosen and presented as one of best sustainable practices.
- Invited as a speaker at the World Forum for a Responsible Economy - October 2018 (Lille, France)
- Workshop „Let’s talk about transforming futures“, EUW 2018, Vienna
- Article in Smart Energy International „Sustainability in Metering – We Must Vs. We Want“ (in Appendix)
- Iskraemeco has in addressed over 1200 external executives and professionals in more than 20 different events in 2018 only



**3 awards for sustainability**



**Speaker, educator at 12 international conferences**

**500 hours**



**invested in knowledge transfer about sustainability with all the stakeholders**

## **7. Iskraemeco efforts within the ten principles of UNGC in the areas of human rights, labour, environment and anti-corruption**

### **HUMAN RIGHTS**

#### **1. Ensure workers are provided safe, suitable and sanitary work facilities**

Iskraemeco has introduced an integrated management system, which includes; Quality (ISO 9001), Environmental Protection (ISO 14001) and Occupational Health and Safety (OHSAS 18001). At the end of 2016, we have also implemented the standard of Information Security Management (ISO 27001). All our management systems include requirements that are more stringent than the current legislation; consequently, we are compliant with all relevant legislation.

#### **2. Protect workers from workplace harassment, including physical, verbal, sexual or psychological harassment, abuse or threats**

We have incorporated five values into our corporate value system. One of the values that we cherish the most is People and it states the following: We support and respect each other. We communicate openly and honestly.

- We believe that “Individuals play, the team wins!” Team work increases efficiency, responsiveness and quality of our work. We encourage and help each other to become more successful.
- We respect each other regardless our positions and personal circumstances.
- We educate ourselves in order to improve our work and promote the growth of our business. We view continuous improvements as an attitude to work as well as an opportunity for our own personal growth.
- We act in accordance with ethical standards and integrity. We focus on the long-term success of the company.
- We proactively look at things from the perspective of others (members of the company, customers and suppliers).
- Customers, suppliers and shareholders are a part of our team.

In accordance with our company vision we have published the Iskraemeco Code of Business Ethics in July 2017. Employees from all departments were involved in the writing process of the Code. With Code we introduced additional channel through which employees can communicate if they want to report harassment, including physical, verbal, sexual or psychological harassment, abuse or threats.

#### **3. Take measures to eliminate ingredients, designs, defects or side-effects that could harm or threaten human life and health during manufacturing, usage or disposal of products**

The company prepared and adopted a risk assessment for each and every workplace. Each workplace or machine in the production is connected to certain risks that could result in injury. The purpose of the risk assessment is to identify and evaluate them according to the degree of risk for injury, followed by preventive measures. Risk assessment is optimized whenever a change, which has an impact on the health and safety of workers occurs at the workplace. The purpose of this risk assessment is to provide safe working conditions for employees and prevent occupational injuries. We also place high importance on continuously educating workers regarding these assessments and processes.

### **Assessment, policy and goals**

Slovenia is a signatory of the Convention on Human Rights and has implemented the provisions of the Convention into domestic law. Therefore, the Slovenian legislation provides a high level of human rights protection, which is reflected in employment law that is mandatory for all companies in Slovenia.

A health and safety risk-assessment is carried out for every workplace in the company, and the document forms the basis for continuous improvement (assessment, policy and goals).

### **Implementation**

All managers are obliged to report to the Chief Executive Officer if any case of discrimination or sex offending behaviour occurs in their area not only according to the Labour Relations Act but also in accordance with internal Company policy.

Managers must be constantly on alert regarding human rights risks. If in any case such risk should be detected, the manager must act immediately to prevent similar events in the future and report the incident to the CEO within 5 days.

With a view to strengthening our social responsibility, Iskraemeco d.d. is also sponsor of local sport events, cultural events and a leading financial sponsor of the Iskraemeco folklore group. Alongside, the company regularly donates funds in order to support the local community in various fields (universities, sports or music events and several individual projects).

### **Measurement of outcomes**

We measure our performance through KPIs which are set for every top-level objective.

## LABOUR

### 1. Ensure that the company does not participate in any form of forced or bonded labour

Slovenia is a signatory to the Convention on Human Rights and has implemented the provisions of the Convention into domestic law. Therefore, the Slovenian legislation provides a high level of human rights protection, which is also reflected in employment law that is mandatory for all companies in Slovenia. Same goes for the European Social Charter and all documents connected to it. We comply with the International Labour Organization (ILO) Standards and with Fair Labour Association Guidelines. Iskraemeco is well aware of its responsibility in terms of labour standards and rights in its supply chain and is implementing processes in direction of preventing any violations. In the year 2016 and 2017 all contracts were added articles concerning labour standards with more strict and binding wording. At the same time labour standards evaluation was also added to the auditing processes of Iskraemeco suppliers and in the process of supplier approval.

### 2. Comply with minimum wage standards

Iskraemeco is obliged to comply with the Slovenian employment legislation and regulation. Minimum wage standards that are part of this legislation are modified on a monthly basis. All employees additionally receive payment for a warm meal (per day) and for their work (to/from) travel expenses.

### 3. Ensure that employment-related decisions are based on relevant and objective criteria

It is in the best interest of Iskraemeco that its employees are employed, managed and promoted in manners of relevant and objective criteria. This is part of our value system, our Code of Business Ethics and part of our mutual agreement.

### 4. Environment

In 2018 we carried out periodic measurements of microclimate conditions in all work places in the company. We also carried detailed measurements of electromagnetic radiation due to the nature of work in the measuring laboratory.

All measurement results were within the limits and showed no deviation.

All devices which were required to be examined were subjected to tests and examinations (EM production, elevators and cranes, forklift trucks). Since the examinations included machinery or equipment from the so-called 1st group, they were performed by authorised external institutions. All operating permits were extended following the elimination of minor deficiencies. Other machinery and devices were examined by the company's internal commission (Iskraemeco Health and safety at work).

### 5. Additional benefits / actions for our employees

With a view to ensuring compliance with the legislation and, more importantly, to become more active in the field of employee health promotion, which is also dependent on voluntary actions performed by the employer and employees, the company has a Health Promotion Commission to ensure continuous promotion of health in the company. The Commission consists of the company representative for Health and safety at work, a representative from Human Resources, a representative from Marketing and two members from Production. The president of the trade union cooperates with the Commission as well. We wish to encourage all employees to take better care of their health. We plan to achieve this goal through recommendations and execution of pre-prepared actions promoting a healthy lifestyle.

The company carries out the following activities for the promotion of health:

- various lectures ("How I can manage stress in the workplace" or "First aid training"),
- workshops for smoking cessation, for a healthy movement or a healthy diet,
- UZ measurement of bone density on heel,
- invited our employees to control cholesterol, blood sugar and blood pressure control,
- annual seasonal influenza vaccination,
- refractive eye examination (diopter), measurement of intraocular pressure and an exam of the eye background,
- organized running workout and yoga practice with the Olympian athlete Brigita Langerholc on a weekly basis,
- course of meditative movement skills TAI JI with Slovenian society TaiJiQuan,
- Guided Interdisciplinary Intensive Training with professional coach,
- added 2 fitness center, where we can attend group sessions or workouts at the fitness studio,
- organized hikes to the surrounding hills and a picnic for all employees, with sports activities (football tournament, obstacle challenge, archery, ...),
- organized cycling climb to the Vrsic, the highest road pass (1611 meters) in Slovenia,
- encouraging and giving financial contributions for participation fees in recreational competitions,
- articles on health promotion topics included in each issue of the company's internal newspaper and bulletin boards,
- free use of sports amenities for tennis and badminton respectively (weekly time slots),
- free participation in a "Spinning" recreational workout (weekly),
- health day twice a year, where employees are educated on specific topics with leaflets and receive a little gift to promote health promotion (green apple, whole grain buns, stress-relief balls, nuts with dried fruits, yogurt, glass bottle to raise awareness in the direction of reducing the use of plastic bottles, on the World Mental Day a pack of herbal tea for happiness to promote the importance of healthy spirit,... ).

Preventive periodical and preliminary medical examinations conducted at the Kranj Clinic for Occupational Health, Traffic and Sport (Dispanzer za medicino dela, prometa in športa Kranj). Workers who were required to undergo preventive periodical examinations were those who periodically work in the night shift or who were required to repeat the medical examination

because the validity of the examination prescribed in the risk assessment had already expired.

Our employees get a daily hot meal in the nearby cantina (available choices of four menus, including a vegetarian one and a healthier - VITAL menu, smoothies,... ). There is a half-hour break available for lunch and additional 10 minutes recreational brake, which is considered as working time. Further on, we have amenities available for relaxation, where workers can use coffee machines and water fountains, fridge, etc.

Trainings regarding health and safety at work represents an integral part of other trainings related to technological work processes, environmental protection and fire protection.

The following health and safety (HAS) seminars were implemented:

- periodic health and safety seminar and fire protection seminar for production workers
- introductory seminars for new employees, carried out by Iskraemeco Health and Safety at Work Service, which is performed on the first day of employment
- first aid refreshment course for workers' institutions,
- training for working at elevations (high-rack warehouse operators, building supervisor),
- introductory seminars for new employees (agency workers and Iskraemeco employees),
- Seminar for all production managers how to maintain Health and Safety at Work in its working group,
- other lectures on occupational health and safety related to the needs arising in the company.

### **Assessment, policy and goals**

At Iskraemeco, d.d. we express a high degree of respect for workers' rights. The company has an organized trade union and workers' council. The company has a corporate collective agreement in place, which guarantees workers' rights at a higher level than determined by the Slovenian labour law.

Our goal is to create a positive relationship between the company and the trade union, therefore mutual communication is present in all matters related to workers' rights.

### **Implementation**

We have defined our company values, which are constantly promoted throughout the company. We are also following all of the requirements specified in the OHSAS 18001 standard for health and safety at work, for which we are certified. Furthermore, the company closely observes and follows the existing national legislation.

We have put in place an interview process which enables us to develop our employees to further their career within our company. During these interviews, a training program is developed for each employee individually. These trainings are later included within the yearly training program, where we monitor the execution and efficiency of performed trainings.



To demonstrate its support to a healthy lifestyle, the company encourages its employees to attend running competitions in Slovenia by covering financial costs for the participants and has several prepaid sport activities available for all employees.



Our company also participates in the employee satisfaction survey which is performed within more than 100 companies in Slovenia on a yearly basis. Based on the results of the survey, we define the activities to raise the level of satisfaction of our employees.

### **Measurement of outcomes**

The quality of our products is based on the business management system specified in the ISO 9001 standard. It includes systems ranging from quality management, approach to the environment (ISO 14001 standard), health and safety at work (OHSAS 18001 standard) and security of assets and data ISO 27001 standard.

Monitoring of absenteeism and severity of injuries is implemented on a monthly basis in order to improve the health and safety of our employees.

In 2018 we recorded 5 accidents at work, the same as in the year 2017. However, absence from work due to these injuries totalled 111 days. In 2018 sick leave, due to work-related injuries took up a low a minor share of 0.6% in total sick leave.

Sick leave charged to the employer accounted 3.5% of total period of absence from work. Sick leave charged to the Health Insurance Institute of Slovenia totalled 3.48% of absence from work.

## ENVIRONMENT

### 6. Avoid environmental damage via regular maintenance of production processes and environmental protection system (air pollution control, waste, water treatment systems, etc.)

Environmental conservation and sustainable development are among our companies priorities. As a response to the raising environmental awareness and the increasingly stringent environmental legislation, Iskraemeco incorporated environmental protection into the structure of its management system. In 1999 Iskraemeco implemented an environmental management system in accordance with the international standard ISO 14001 to achieve the objectives in the field of environmental protection. The environmental management system is an approach to business that covers all aspects of environmental management - the use of raw materials and energy, management of technological processes, as well as requirements for products aimed to eliminate or at least reduce their environmental impact. As the characteristics of the management systems are continuity and control, the company can overcome all the weaknesses, threats and risks that would otherwise give rise to nuisance. In 2018 project of implementation ISO 50001 – Energy management was started aiming energy consumption even more sustainable.

At Iskraemeco the following types of waste waters are generated:

- municipal (sanitary),
- cooling (for cooling the machinery, equipment and working places) and
- industrial (the washing machine using detergents).

Treated waste water is mixed together with other waste waters, passed along the mixed sewer system and emitted to the central waste water treatment plant Kranj (Komunala Kranj). Most of the cooling waste waters are emitted to the nearby Sava River.

Every year monitoring of wastewater effluent is implemented. The waste waters sampling and analysis were carried out in accordance with the Decree on the emission of substances and heat in the discharge of wastewater into waters and public sewage system by SIJ, Acroni, which is authorized by MOP-ARSO. Based on annual monitoring results (2016 →2018) unit of load was reduced more than 5%. Units of load are calculated from water quantities and concentration of certain parameters in waste water (COD, phosphorous, nitrogen, some heavy metals, ...).

### 7. Ensure emergency procedures to prevent and address accidents affecting the environment and human health

The emergency action plan (N.V.21.01) describes procedures and measures for proper handling in cases of various emergencies. The instructions are given for all kinds of actions in emergency cases as well as the conduct and communication activities in preventive actions.

Additionally, we also put in place a protocol on Communication in emergency situations that includes a list with all emergency contacts.

In 2018 there were no accidents with hazardous chemicals or other exceptional circumstances which could endanger the environment.

#### **8. Minimize the use and ensure safe handling and storage of chemical and other dangerous substances**

We are replacing materials, which are harmful to the environment with materials that are less harmful to the environment and can be reused, recycled or disposed of safely.

The amount of waste is reduced through more efficient use of raw materials. Only previously processed residues that cannot be disposed of differently are deposited.

Rules for safe and healthy work were prepared for some chemicals, some MSDS were renewed.

#### **9. Safety and compliancy of production and products**

The product developed in 2015 (AM550 smart electricity meter) is REACH Regulation compliant, ROHS 2 Directive Compliant and WEEE Directive compliant when it reaches the end of its life-cycle.

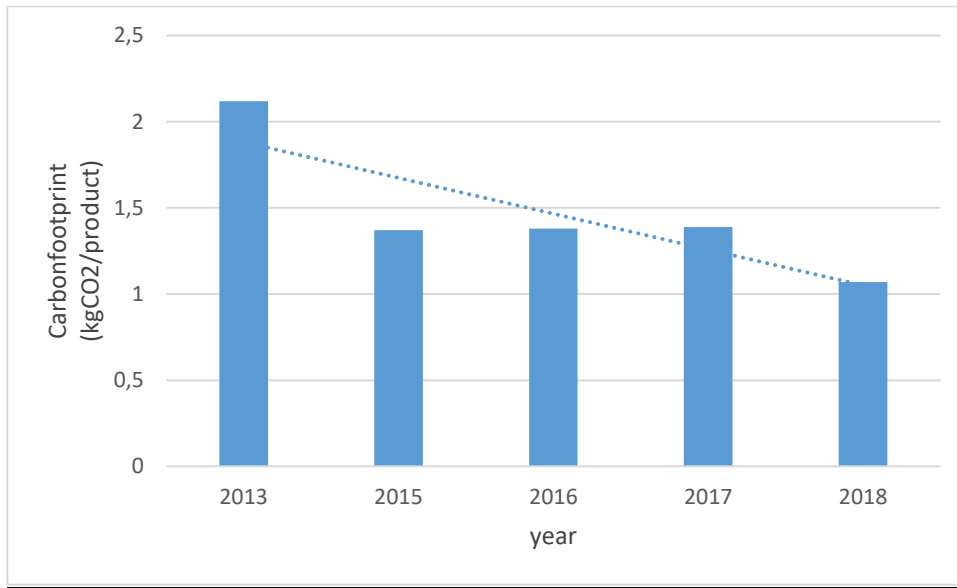
In 2015, Iskraemeco started with lead free soldering production for newly developed products and is developing appropriate redesigns of other products (for lead free production).

#### **10. Logistics and packaging**

We have a policy to return all wooden pallets, plastic discs and casings (container) and wooden covers (for copper enamelled wire) to suppliers where this is possible. Interchangeable containers (plastic boxes with a lid, wooden pallets and intermediate paper to separate layers) from all GB suppliers of plastic and metal parts are returned to the suppliers. All components for sub-assembly are supplied in plastic (bottom, tops ...) or metal (screws, rivets ...) boxes. The boxes are washed and returned to the local suppliers. Some of the local partners use their own boxes, but the managing process is the same. The interleaving paper that separates layers in loaded pieces is returned as well.

#### **11. Strategy for implementing circular economy**

Our strategy is to embrace circular economy. We are monitoring our electricity and water consumption, waste production and measure our CO<sub>2</sub> footprint. Many improvements were implemented to achieve higher goals each year. When comparing to 2013, Iskraemeco has managed to lower its energy consumption for 44 per cent, reduced waste production for 34 per cent and improved recycling. Our CO<sub>2</sub> emissions in 2018 were 49 per cent lower than in 2013.



Graph: Carbon footprint 1000 products from 2013 to 2018

## 12. Environmental responsibility within the companies supply chain

Iskraemeco's overall vision is to increase its social responsibility. Since we are an industrial company, our environmental responsibility starts in our supply chain. Therefore, it is our aim to monitor and coordinate our supply chain with environmental and social responsibility in mind and follow stricter standards than the ones prescribed by law. Electricity meters are part of the electronics industry, which has, due to its dynamics and the use of many materials, a high environmental and social footprint.

In our supply chain transparency and analysis, we place special attention to:

- all our components must be ROHS 2 Directive and REACH Regulation compliant,
- we trace the component to its sources (in cases when this is possible),
- we enforce OECD Due Diligence on Supply Chain of Minerals from conflict areas throughout our supply chain,
- we do not accept materials from an unknown origin,
- we adhere to the RBA code of conduct version 6.0 (CMRT report),
- we adhere to FLA (Fair Labor Association) Compliance, ILO standards compliance throughout our supply chain.

We are monitoring our supply chain with the following methods:

- open sources,
- electronic components databases,
- supplier questionnaires,
- internal knowledge and documentation of partnering companies,
- supplier assessment and partnership.

### **Assessment, policy and goals**

In the field of environment protection, Iskraemeco, d.d. follows all the requirements of the ISO 14001 standard for which we have a certificate. In 2018 we implement requirements from ISO 14001: 2015. Therefore, we define context of organisation, interested parties and external and internal issues. Risks and opportunities were determined. Internal auditors were trained according new standard edition. We closely follow all national and EU legislation regarding environment. Regular audits from the relevant certification body as well as from national inspectors are performed. Within the environmental management system we monitor electricity, heating and compressed air, water, waste consumption on a monthly basis and take necessary measures to reduce our consumption. This is why we devised annual environmental programs which are part of the annual management review. The company holds all legally required permits for the treatment of waste water. We work with an approved subcontractor who is authorized by the Slovenian government. We also have an employee for environmental issues whose task is to ensure that all activities are performed in accordance with the legislation and ISO 14001 requirements. This person is also one of the responsible employees who need to approve each related investment in order to assure minimal impact on the environment. Our environmental expert performs a review of each newly developed product regarding its compliance with ROHS and REACH requirements.

When it comes to CO<sub>2</sub> emissions, we are using methodology based on method “Carbon trust”. We started with footprint calculation for the company in Kranj in 2013 and completed it again for 2015, 2016, 2017 and 2018.

### **Implementation**

We foster a more responsible attitude to environmental issues by performing regular trainings and raising the staff's awareness. In 2018 we prepared training regarding new waste management. Every quarter we publish an article regarding environment (water, waste, plastic bags, lights). When designing a new product, we take into consideration the entire life-cycle of the product, from its development to appropriate management when it reaches the end of its life-cycle. The volume of waste is reduced by better utilization of raw materials. Only previously processed residues that cannot be disposed of differently are deposited. We are in the process of acquiring information regarding use of recycled, EU critical and conflicts (3TG) materials from our suppliers via questionnaires. Project of changing raw polycarbonate for some components with recycled one is ongoing process. Several different materials were already tested and results are promising.

We are educating our distributors and our suppliers about all these issues, we partner and learn from other companies and Non-governmental organizations.

### **Measurement of outcomes**

Iskraemeco's mission is to enable utilities and other stakeholders to improve performance while lowering environmental impact. Providing metering products and systems that enable efficient energy management is Iskraemeco's contribution to sustainability. Adherence to the ISO 14001 is proof of our sound environmental practices.

According to ISO 14001, environmental performance is regularly checked and evaluated according to environmental plans, legislations and other demands by top level management on the basis of the environmental report.

## **ANTI-CORRUPTION**

### **Assessment, policy and goals**

Iskraemeco, d.d. is a signatory of the Declaration of Fair Business – Ethos, UNGC Slovenia.

The anti-corruption program Ethos aims to raise awareness on corruption, as well as develop good practices, mechanisms and standards with which the companies can proactively prevent corruption and thus raise the competitiveness of the corporate environment and the country as a whole in the long-term.

Alongside, Iskraemeco has published its Code of Business Ethics in July 2017 in which it has proclaimed its dedication to fair competition.

### **Implementation**

The Declaration of Fair Business is a document that binds the signatories to transparent and fair business practices, to integrate anti-corruption clauses in all contracts whose value exceeds 10.000 EUR and to inform one another about possible violations. The draft declaration prepared by the Anti-Corruption Working Group as part of UNGC Slovenia was first presented on January 20th, 2011 at the "Fairness: a source of long-term competitiveness of the economy" conference .

The Declaration is the first product of the Ethos project, implemented under the auspices of UNGC Slovenia and carried out in accordance with the ten principles of the UN Global Compact (Prevention of Corruption as a lever for sustainable development). The purpose of the project is to establish mechanisms, knowledge and processes through which the Slovenian economy could proactively and on its own initiative (not only under the pressure of repressive organs) fight corruption and increase compliance to ethical and legal norms. This would decrease long-term risks and increase healthy competition among individual businesses and in the economic environment as a whole.

### **Measurement of outcomes**

In the field of procurement we carefully select our sub-suppliers in order to ensure that they respect environmental and health and safety standards.. This is why each supplier needs to declare that they do not employ under-age personnel and that they work in accordance with ISO 9001, ISO 14001 and OHSAS 18001 standards during our supply approval process. Before a new supplier is approved, rigorous audits are implemented by our internal auditors. During these audits the supplier's level of sustainability is evaluated as well. Careful observation is also made that fair competition is respected when choosing and working with any of them.



## Contribution to SDGs



Identified problem	United Nation Global Compact Sustainable Development Goal
<p>Worker exploitation, slavery and child work are present in all industries. That is the case in the electronic industry as well. Poverty is closely connected to mentioned issues. We are doing everything in our power to enforce and monitor labour standards through our supply chain. We adjusted our contracts, policies and are constantly educating our suppliers and buyers on the issue.</p>	<p>SDG 1 – No poverty</p>
<p>Similar as above, health and well-being is in direct connection to working conditions, and we wish to do all in our power to enforce and monitor working standards.</p>	<p>SDG 3 – Good health and well being</p>

<p>We have integrated sustainability and circularity into our innovations, processes, we wish to develop higher standards in the industry and contribute to better and more sustainable infrastructure with our smart meters.</p>	<p>SDG 9 – Industry, innovation and infrastructure</p>
<p>Smart meters are important components of a city infrastructure. Sustainable, innovative, circular meters can help save energy, optimize energy use and be sustainable.</p>	<p>SDG 11 – Sustainable cities and communities</p>
<p>It is very important to lower energy and material consumption in our own production, to produce meters that have a long life-cycle and can be used as a tool to save energy use at end user side.</p>	<p>SDG 12 – Responsible consumption and production</p>
<p>We have managed to lower energy consumption, material use, water consumption and CO2 footprint-this all contributes to climate issues. The life-cycle of the meters is 20 years and they are fully recyclable.</p>	<p>SDG 13 – Climate action</p>
<p>There is very little we can achieve on our own with such complex problems. In our actions we are connecting and working together with NGOs, learning and helping other companies and working together with our buyers and suppliers. We are part of the Fair Meter Initiative (<a href="http://www.fairsmartmeter.com">http://www.fairsmartmeter.com</a>), we are active educators on the issue (European Utility Week 2016, 2017, Circular Economy Week ,...)2018.</p>	<p>SDG 17 – Partnerships for the goals</p>

## FINAL WORDS

Sustainability is the responsibility of every individual employee in “day to day” decisions. Only then we can become responsible and sustainable as a company. In the next decade we as a global community are facing the biggest challenges of our society, we need to preserve our environment in order to preserve humanity. We need to change our consumption of resources, we need to change our effect on environment, and we need to be much smarter in the way we do business. As the economy is the only entity that has the power to make the change. But it all starts with the attitude, with mind-set, culture of people and companies.

In Iskraemeco we have embedded sustainability into our processes and daily decision, actions as described above will be improved and will continue also in the following year. We are aiming towards strategic goals:

- 50% of meter mass from recycled materials
- 100% transparent supply chain
- Contribute to needed 50% reduction of global CO2 footprint
- Embedded circular economy principles in metering solutions
- Bringing sustainability as a standard to our industry

Our practice is recognized by our customers, by our stakeholders, by government and industry at large and together we are successfully pushing standards and goals of the industry to a higher level.