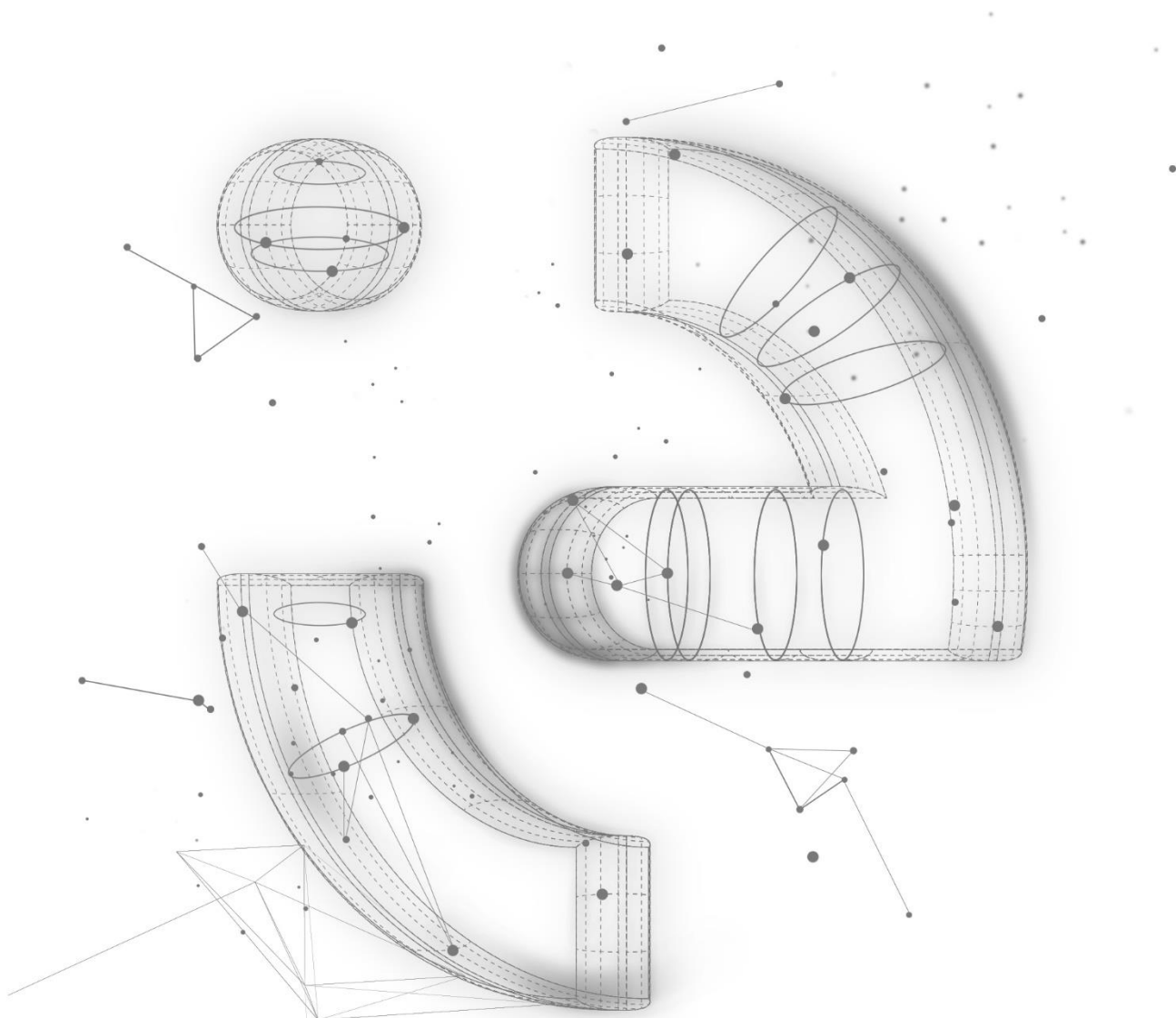



# ISKRAEMECO COMUNICATION ON PROGRESS - REPORT FOR UNITED NATION GLOBAL COMPACT

»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 2019 to December 2019.

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

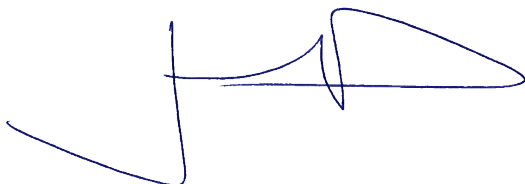
To our stakeholders,

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, Iskraemeco, d.d.



## 1. Introduction

### **Our Vision is to Bring Intelligence to Energy.**

By using our smart metering solutions we are helping utility companies all over the globe improve their efficiency, lower operating costs and provide better customer service. With a focus on quality, reliability, and innovation we are committed to support our customers to master the digital transformation journey. Most important goals in our business processes are inspired by flexibility, agility and creativity. Building a sustainable offering for a better life is our dedication.

### **Mission.**

Our mission is to make efficient energy use easy. We provide our customers with comprehensive solutions for efficient energy management. The integration of our products into existing business processes is fully supported by professional services. Our comprehensive solutions were built to develop and nourish successful long-term relationships that we have with our customers.

### **Shaping the future through history and today**

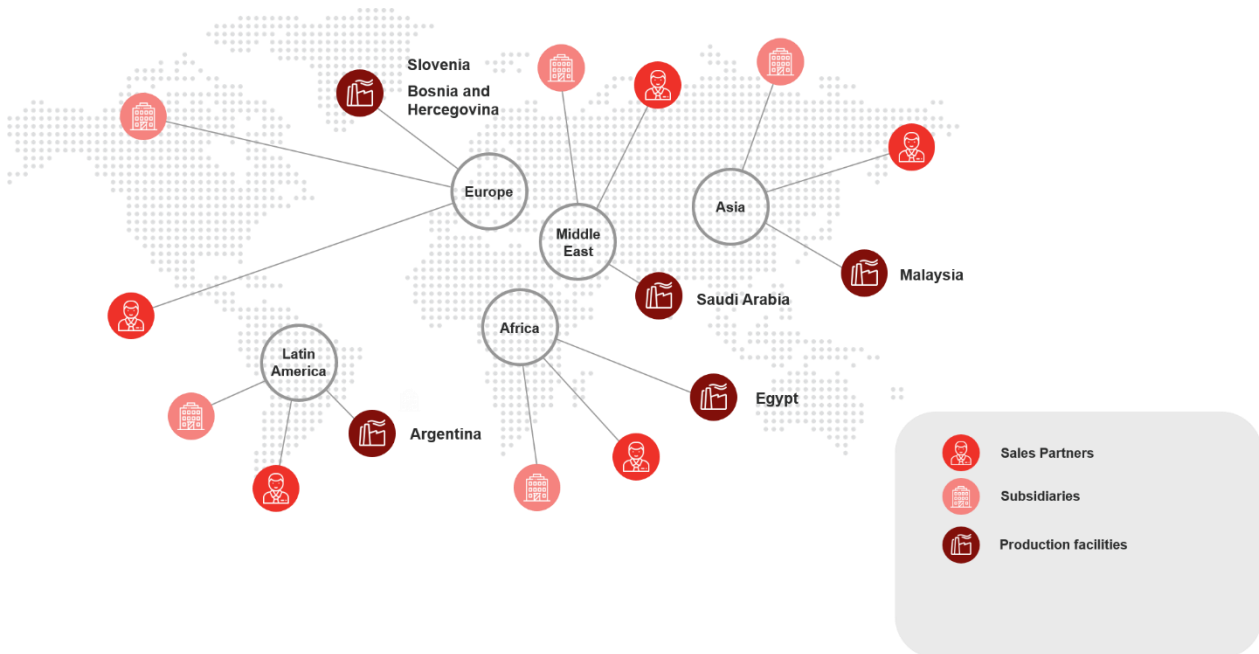
Since its founding in 1945, Iskraemeco employees have been transforming valuable experience, innovation and a sound understanding of our customers` needs into comprehensive energy management solutions.

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's future is bright – bright green and smart. It became a pioneer of the Fair Meter concept in 2015, which promotes the company's aspirations to deliver premium products founded in globally sustainable policies. Iskraemeco is aggressively pursuing its sustainability strategy, built on the three pillars of material scarcity, carbon footprint reduction, and unequivocally ethical behaviour from source to product. Read more about our endeavours here. Digital services are another bright part of Iskrameco's future. In an ever more interlinked and hyper connected world, companies need more than just the smartest meters on earth; they need experienced, dedicated companies to help manage their data and information flows. Iskraemeco's digital expertise makes it the world's most reliable provider of these services.

## Iskraemeco across the globe



## 2. What is sustainability nowadays?

We live in times of fast change, technologies and resources are changing, our customers' challenges are changing, as are those of global risks. Therefore, our competences must change and our knowledge must grow in a deeper and wider sense. In addition, the word 'sustainability' is taking on a different meaning - to sustain, survive and prosper in the new reality.

Many of the above-mentioned challenges have a similar source. We are living and creating a world that cannot sustain. We – the multi stakeholder economy – are using resources we do not have and creating a footprint the Planet cannot nullify. We are paying consultants, experts and analysts to provide us with guidelines and predictions for the future. And we repeatedly look away, because we don't like what we see in the mirror. We choose to ignore the obvious and continue searching for shortcuts. There will be a high price to pay globally if we continue on this track. The one thing we must learn from this terrible corona crisis is that a crisis is a crisis, which demands reactions, change and adjustment, and climate issue is also a crisis.

### Why all the above words?

Our industry plays an important, often overlooked role in this game. Over the next ten years our biggest goal is to cut the global CO2 footprint by 60%. CO2 footprint has the biggest correlation with energy demand. Energy consumption is growing annually, therefore the CO2 footprint is also growing. Buildings create the biggest percentage of the overall CO2 footprint. To achieve a better

perspective, let's look at the EU; in the past its goals were to increase renewable energy by 20%, decrease CO2 footprint by 20% and to improve energy efficiency by 20%. The first two goals have more or less been achieved; however, the goal to improve energy efficiency has not been met. The goals for 2030 are much higher, the time period shorter, and the EU has called for a public consultancy, which is open until June 2020, on suggestions for how to raise the bar of the climate goals even higher and, moreover, how to achieve the goals. What strategies and technologies do we need to develop or start to use? Iskraemeco will participate with our strategy, with our vision.

### 3. Iskraemeco view of our responsibility

Over the next 10 years our biggest goal is to cut the global CO2 footprint by 60%. CO2 footprint has the biggest correlation with energy demand. For the last 10 years on a global level the main solution everybody has focused on has been switching to renewable energy and limiting the use of fossil fuels. Yes, this is needed and we must continue, however, we know how the world is going to develop and energy consumption will increase - some say by up to 50%. With this in mind, it is obvious that energy efficiency must be a key strategy.

From Iskraemeco's perspective, the company can contribute to energy efficiency on three different levels:

1. By optimising our company's energy efficiency and solutions. We have achieved great results and lowered the CO2 footprint per product by more than 50% in the last five years. We will continue this trend by introducing new innovations, solutions and adjustments.
2. Through our customers using Iskraemeco solutions. It has been proven that the installation and use of smart metering technologies can increase energy efficiency by up to 10%. It should be noted however, that although the EU is close to the targets it has set (80% of smart electricity meters installed by 2020), the majority of EU countries do not use smart metering technology to its full potential, therefore the energy efficiency potential is not being achieved. So, the advice for the rest of the world is: Do not repeat Europe's mistake, data is a valuable tool for you.
3. At the level of end-users. If modern, end user applications were to be available, where consumers could optimize their household energy consumption based on data from the meter joined and analyzed with more data from the grid and from the source of the energy. There are already numerous great small business models in place, however, it needs to be pushed to higher volumes. It is also important to note that countries outside of Europe, such as those in the Middle East and Africa, are often looking more seriously into these solutions. Let's all learn from each other.

To summarize, the energy sector has pledged to play a leading role in investments that are essential in becoming carbon-neutral well before 2050. That being said, the underlying question remains: how will it happen? Digital transition is a key enabler in fighting climate crisis and achieving the green transition. Energy efficiency, renewables and e-mobility, smart cities, smart homes, and smart grids with all the possible data analytics - these are all tools we have available and we need to use them wisely and fast.

To achieve this, synergy and cooperation is needed among all the stakeholders of the energy industry as well as understanding and agreement among policy makers. Nowadays we are often in between *Dataphobia* - being afraid of data - and *Datatopia* - the vision of a better world achieved through the use of smart technologies.

The fact is "We are living now, but we are creating the future". We need to use measuring and data for a better world.

...and measuring and data is what Iskraemeco knows best and has been mastering - with an added spin of innovation, agility and flexibility - for over 70 years...

## 4. Iskraemeco values & standards

### 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.

**Standards**

In 2014 systematic 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, ISO 50001:2018 and OHSAS 18001. By end of 2016 we have concluded the implementation of the Information Security Management - ISO 27001 standard.

**5. Sustainability in Business language**



## Why?

Iskraemeco is a frontrunner when it comes to sustainability in metering. With a three-tier sustainability model we enable utilities to implement a wholesome sustainable approach into their processes. Sustainability is not 'just the next Big thing' in metering, it is the foundation for our future.

Iskraemeco views sustainability as a philosophy that must be lived and embedded, not as a set of routines and guidelines to be followed as an afterthought. It is past time for drastic measures and Iskraemeco holds itself, its supply chain, its partners, and the industry as a whole accountable for sweeping progress.

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 need to decarbonize our planet, use 50% less resources, preserve water resources and secure the future for the generations to come.

## Iskraemeco vision

"We want to build a fair smart future with our community." Sustainability means putting action first and excuses never.

We need to decarbonize our planet, cut resource consumption in half, preserve water resources and save the future for our coming generations.

## Main targets

- 50% of meter mass from recycled materials by 2022
- 100% transparent supply chain, with embedded high ethical standards
- Cut the CO2 footprint per product for 10% annually
- Embedded circular economy principles in all developed metering solutions
- Bringing sustainability as a standard to our industry



## 6. Challenges in the world we live in



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

### 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. Globally we are using 2,5 planets in terms of resources. Additionally we need to mention special group of materials – rare/scarce materials. The European Commission published a list of 27 materials that are of great importance the industry in parallel its production is ecologically problematic and with high price & geographic risk.

**Solution: Find substitutes for scarce materials, limit the use, recycle, close the loops 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, material innovation.**

### Resource usage

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.**

### Decarbonization

Over the next 10 years our biggest goal is to cut the global CO2 footprint by 60%. CO2 footprint has the biggest correlation with energy demand. Energy consumption is growing annually, therefore the CO2 footprint is also growing.

**Solution: Smart metering solutions, connectivity, interoperability, big data analytic, energy efficiency.**

### Conflict minerals

Around 80 per cent of conflict minerals - gold, tantalum, tungsten and tin (so called 3TG), plus we need to add cobalt to the group, 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**

### 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**

## **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 2030 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.

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

While tackling the issues of sustainability and circularity, Iskraemeco strives to be as embedding, strategic 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



**Internal processes**



**Partner processes**



**Partnership**

1. **“Internal processes”**; Sustainability begins in-house. Kindness for the planet stems from respectful interpersonal relationships and strong competences. When we take care of the people we work with, they are more invested in our common goals. Our employees we count on, to design sustainable solutions, find more and more places in our processes for optimizing resources, minimizing our impact on the environment and shaping our vision:
  - Fairness, respect, and robust community
  - Constant optimization of in-house resources
  - Smart, green, “one planet” conscientious design and solutions
  
2. **“Partner processes”**; Transparency is key in ensuring our supply chain is held to the same standards as we hold ourselves and great results can only be product of partnership Our solutions require conflict materials, so we must ensure absolute transparency and their most rational use possible. We must also strive to source materials from urban mining. Above all else we must insist on ethical labor conditions at every step of the way:
  - Materials and Sources
  - The strictest and most ethical labor standards

- Reduction in using scarce and conflict materials, designing with recycled materials
  - Shortening of component paths and footprints
3. **“Partnership”**; Industry actors are out there leading the change towards greener, more sustainable practices. We seek their company and cherish exchanging knowledge with them. With them we urge change at industry events and conferences, as well as with customers. Most importantly, we are transparent and open, highlighting our progress while openly debating the difficult and challenging obstacles on our way, admitting where we can improve.
- Broad Awareness
  - Leading by steadfast, unwavering example
  - Actively raising awareness among customers
  - Insistence on partnering with like-minded actors

### 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

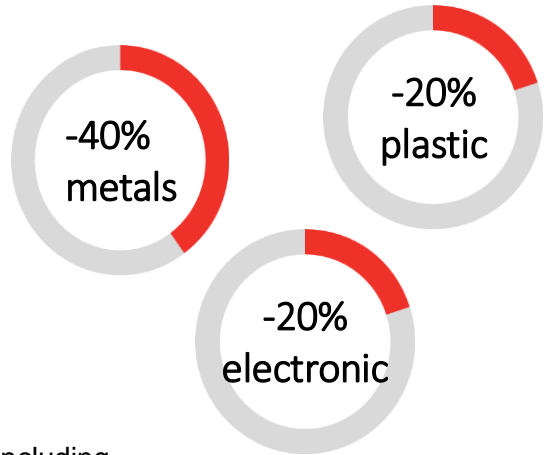
Making sure that all people rights, dignity and fair treatment within supply chain are not compromised.

## 8. Iskraemeco main achievements across the three pillar strategy

### 1. Internal processes; results of AM550 meter design and general company results

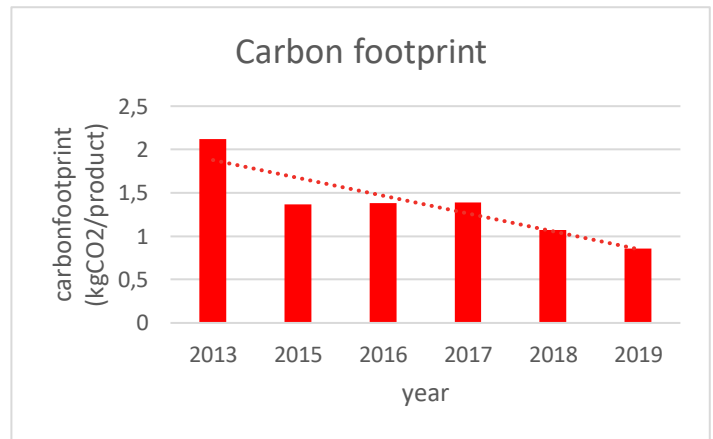
#### Improved product footprint integrated in the design phase:

- 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 20 % since 2018.
- 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).

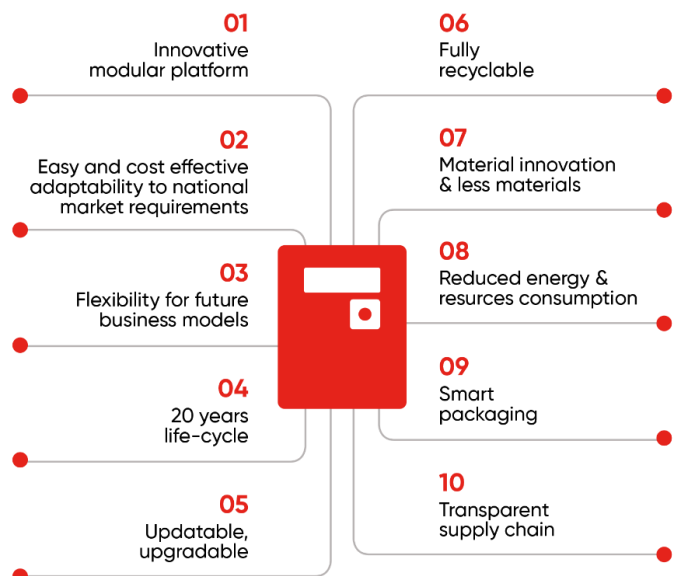


#### Improved product footprint in the use phase:

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

#### Improved footprint in the end-of-life phase:

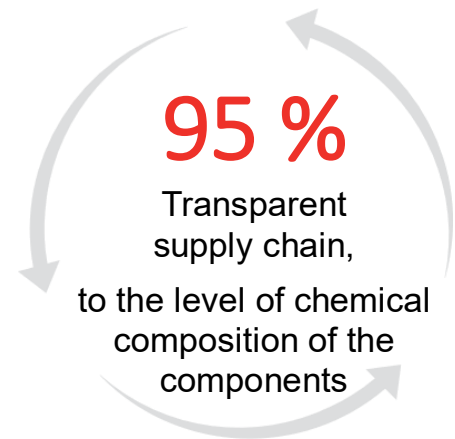
- Decreased use of materials
- Easy and faster disassembly
- Recyclability – the meter is fully recyclable
- Reversed flows – recycled materials.



## 2. Partnering processes;

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 RBA code of conduct (RMI - 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. Partnership;

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.

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, 2019
- European Utility Week 2016, 2017: hub & summit speeches each time
- Speaking at Circular Economy week, Holland, June 2018



**3 awards for sustainability**

- 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“, 2018
- Further development of web site “Fair Smart Meter”: <http://fairsmartmeter.com/>
- Nominated for European Business Awards for the Environment 2018-19 (EBAE)
- Article in Africa power journal, May 2019 “Metering must contribute to the global reduction of CO2 footprint”,
- Article published in Global Goals Yearbook 2019: Aligning Profit with Purpose, September 2019
- Presentation at United Nations Global Goals Forum: Are we running out of time, title of topic “How resilient is your supply chain?”
- Several workshops „Datatopia vs. Dataphobia“, European Utility Week, November 2019, Pariz
- Iskraemeco has in addressed over 700 external executives and professionals in more than 15 different events in 2019 only



3000 hours invested in innovation and knowledge transfer about sustainability with all the stakeholders

Speaker, educator at 19 international conferences



## 9. 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), Energy consumption (ISO 50001) 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 educate all employees on the Code of Business Ethics issues annually.
- 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. Working environment

We regularly carry out measurements of microclimate conditions in all work places in the company in accordance with the prescribed periodicity. In 2019 we also carried detailed measurements of noise in the production. 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) by authorised external institutions. All operating permits were extended following the elimination of minor deficiencies. 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,
- vascular age measurement and ankle-brachial index
- 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 centre, 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, cotton shopping bag to raise awareness in the direction of reducing the use of plastic bottles and bags, 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 (H&S) 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 and ISO 50001 standards), 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 2019 we recorded 5 accidents at work, the same as in the year 2018. However, absence from work due to these injuries totalled 39 days. In 2019 sick leave, due to work-related injuries took up a minor share of 0.2% in total sick leave.

Sick leave charged to the employer accounted 3.48% of total period of absence from work. Sick leave charged to the Health Insurance Institute of Slovenia totalled 3.44% of absence from work.

## ENVIRONMENT

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

Environmental conservation, efficient energy consumption and sustainable development are among our company 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. System was upgraded in 2019 with Energy management system aiming energy consumption even more sustainable. The environmental and energy management systems are approach to business that covers all aspects of environmental and energy 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.

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. Results were compliant with regulations. Based on annual monitoring results (2016 → 2019) 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, ...).

We generated different types of waste. 80% of them were secondary waste (waste that could be recycled, including packaging), 5% hazardous waste (waste that should be treated with special procedures, including waste aerosols, solvents, electronic equipment) and 15% municipal waste that are landfill.

### **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 2019 there were no accidents with hazardous chemicals or other exceptional circumstances which could endanger the environment.

### **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.

For new chemicals rules for safe and healthy work were regularly prepared and some MSDS were renewed.

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

The product developed in 2015 (AM550 smart electricity meter) is compliant with REACH Regulation, ROHS 3 Directive and WEEE Directive 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). In 2019 majority of products were turn into lead free.

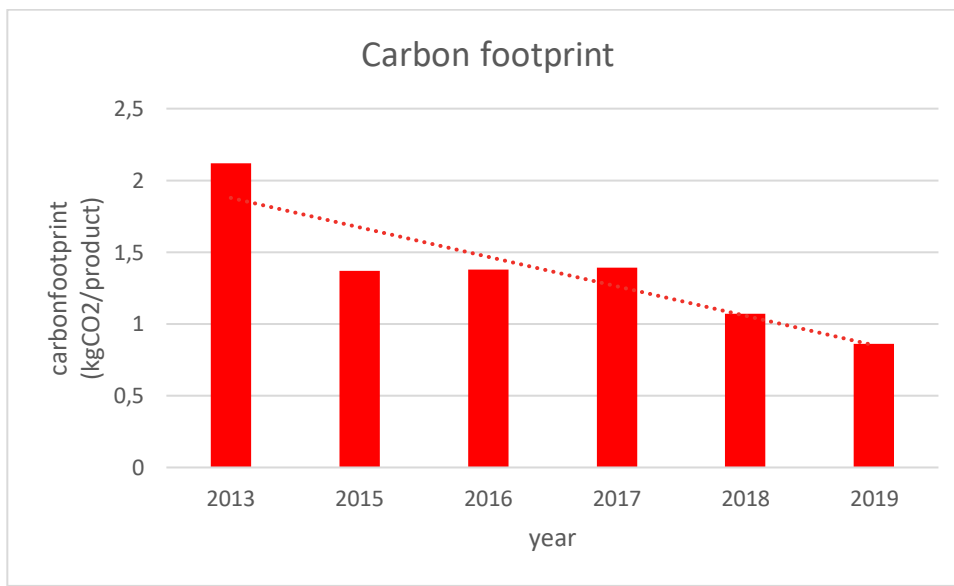
### **Logistics and packaging**

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.



## 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 electricity consumption per product for 30%, reduced waste production for 7% and improved recycling. In 2019 the quantity of generated municipal waste per worker was lower by 10%. Our CO<sub>2</sub> footprint per product in 2019 was 60% lower than in 2013. If we compare 2016 to 2019, we have decreased CO<sub>2</sub> footprint for 37%.



Graph: Carbon footprint/product from 2013 to 2019

## Environmental responsibility within the companies supply chain

Iskraemeco's overall vision is to increase its social responsibility. Since we are manufacturing 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 legislation. 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 3 (since July 2019) 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) Compliancy, ILO standards compliancy 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 and efficient energy consumption, Iskraemeco, d.d. follows all the requirements of the ISO 14001 and ISO 50001 standards for which we have certificates. Therefore, we have defined context of organisation, interested parties and external and internal issues. Risks and opportunities are determined, energy baselines are set. Internal auditors are trained. We closely follow all national and EU legislation regarding environment and energy. Regular audits from the relevant certification body as well as from national inspectors are performed. Within the environmental and energy 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 and energy programs which are part of the annual management review. The company holds legally required permit 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 and employee for ISO 50001. 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 and energy consumption. Our environmental expert performs a review of each newly developed product regarding its compliance with ROHS and REACH requirements.

When it comes to CO2 footprint, 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, 2018 and 2019.

### **Implementation**

We foster a more responsible attitude to environmental and energy issues by performing regular trainings and raising the staff's awareness. In 2019 we prepared trainings regarding news at environment and energy systems for employees. Every quarter we publish an article regarding environment or energy. 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 and ISO 50001 is proof of our sound environmental practices.

According to ISO 14001 and ISO 50001, environmental and energy performance is regularly checked and evaluated according to plans, legislations and other demands by top level management on the basis of the environmental and energy 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>Over the next 10 years our biggest goal is to cut the global CO2 footprint by 60%. CO2 footprint has the biggest correlation with energy demand. Energy consumption is growing annually, therefore the CO2 footprint is also growing. Using technologies we develop can significantly contribute to lower CO2 footprint and therefore cleaner energy.</p>	<p>SDG 7 – Affordable and clean energy</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.

For Iskraemeco, sustainable development is a vital part of the strategy; it is a philosophy that needs to be lived and applied and not merely a set of procedures and guidelines to be adhered to blindly. In 2020 we will continue to look to our innovative teams for new ideas, collaboration and understanding.

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.

**“Sustainability means putting action first and excuses never”**

**We thank our team for their efforts and support in 2020.  
Our improved environmental, social and economic impact and our aim for high results is helping to build and strengthen the Iskraemeco brand in global markets, while at the same time doing what is right for our safe future.**