elemental

ESG Report for 2022

Elemental Holding Group

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Preliminary issues

1.

Information about the report

The ESG report contains sustainable development information and indicators relating to the Elemental Capital Group (hereinafter referred to as the 'Group' or 'Organization') and its subsidiaries for the period from 1 January 2022 to 31 December 2022. The Group reports data on an annual basis. In comparison to the previous year, this report (hereinafter referred to as the 'Report') comprises data from all Group companies, including those employing fewer than 20 employees. The 2021 report did not include full data due to the fact that small companies were not prepared in organizational terms to carry out a deeper data analysis and prepare comprehensive information. Preparation of a new data collection system was the organization's goal for 2023. As a result, not all data can be fully compared to the previous year. No adjustments were made in the Report in respect of the content of the previous report.

The Report was prepared in line with the standards applicable to reporting issues related to sustainable development used in the European Union. When analyzing the scope of the report, the following were taken into account:

- Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC, and Directive 2013/34/EU on corporate sustainability reporting, which entered into force on 5 January 2023;
- Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups;
- Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC;
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation;
- Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law');
- Communication from the Commission — Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01);
- OECD Due Diligence Guidance for Responsible Business Conduct (2018);
- Environmental and Social Policy of the European Bank for Reconstruction and Development (EBRD), 2019;
- Communication from the Commission — Guidelines on non-financial reporting (methodology for reporting non-financial information), (2017/C 215/01).

Similarly as in the previous year, the Report has also been developed using the ISO 26000 Guidelines on Corporate Social Responsibility and the guidelines of the Global Reporting Initiative (GRI) based on selected indicators of the GRI Standards methodology.

When creating the Report, attention was paid to the policies applicable in the Group, due diligence procedures, risk management rules, internal reports prepared by the Group, and other information materials related to the operations of the Group and its respective subsidiaries, as well as the recycling industry, with particular emphasis on recovery of precious metal. The values of qualitative and quantitative indicators describing the Group were also calculated with proper care, following the principles of comprehensiveness. The process of creating the Report was as follows:

1. areas covered by reporting were identified taking into account the materiality criterion using the Global Reporting Initiative (GRI) Standards. At this stage, the Group was also guided by the requirements of stakeholders, including primarily the guidelines of shareholders and EU regulations;
2. material business issues and areas in the field of sustainable development were confirmed and assigned importance in the light of the Group's operations, in order to prepare a description of the business model;
3. data on the Group's sustainable development for 2022 was collected;
4. the Report was prepared based on the data collected.

The Management Board of the Elemental Capital Group (hereinafter referred to as the 'Management Board') is responsible for proper preparation of the Report. This responsibility includes the selection, implementation and description of how it uses: a business model of a socially responsible Group, performance indicators related to Group and Companies' activities, policies applied by the Group and Companies with regard to social, employee, environmental and climate issues, respect for human rights and anti-corruption, due diligence procedures forming part of these policies, as well as risks and their management in view of these policies. The level of this responsibility is validated by complying with the principles and goals of sustainable development implemented all around the world, including applicable regulations and legislative acts of the European Union, as well as the GRI Standards methodology and indications of the ISO 26000 standard.

In 2022, a system designed to report data on social and environmental issues by subsidiaries was implemented. Data for 2022 has been collected and verified by a team cooperating within the Sustainability Department, composed of specialists with knowledge in the field of environmental protection, supply chain and occupational health and safety. In the process of implementing the principles of sustainable development in the organization as well as policies and procedures aimed at ensuring corporate governance, the Sustainability Department closely cooperates with the Compliance Department, the Communication Department and the Human Resources Department.

As mentioned above, the data analysis for 2022 covered all subsidiaries. For the first time, the Group has prepared a full report on the organization's carbon footprint, which is attached to this Report. The information collected will be used as the basis for determining short-, medium- and long-term goals for the organization as part of the ESG strategy, which the Group has planned to implement in 2023.

Any questions regarding the Report can be addressed to Agata Jarska – Director of the Compliance Department and Director of the Sustainability Department of the Elemental Holding Capital Group (a.jarska@elemental.biz), Elemental Holding S.A., 20, rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg.

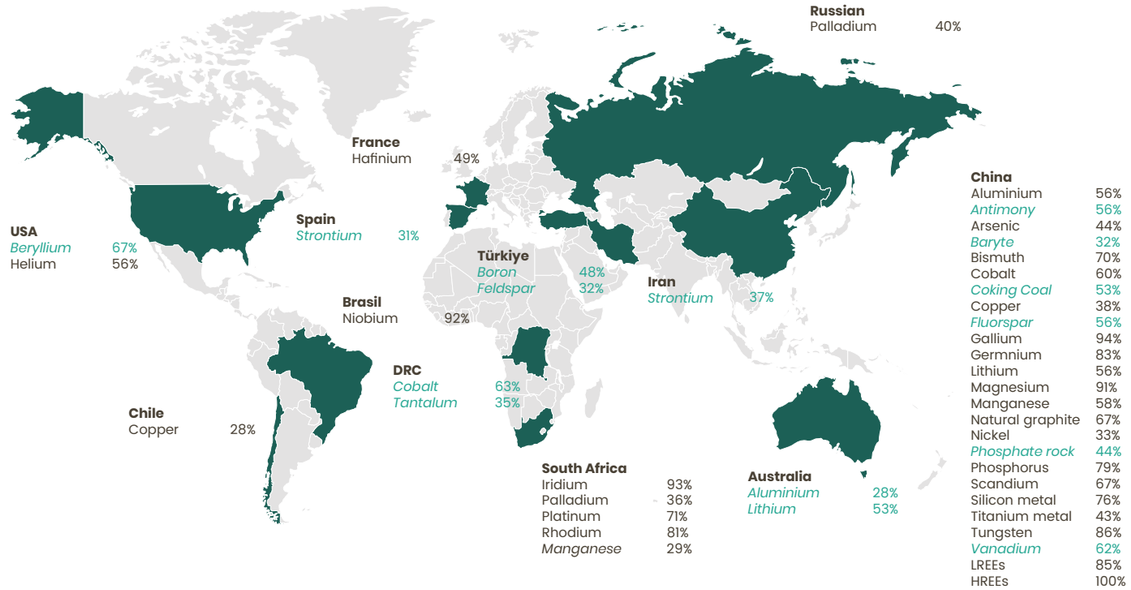
2.

Description of the group's business model and business strategy

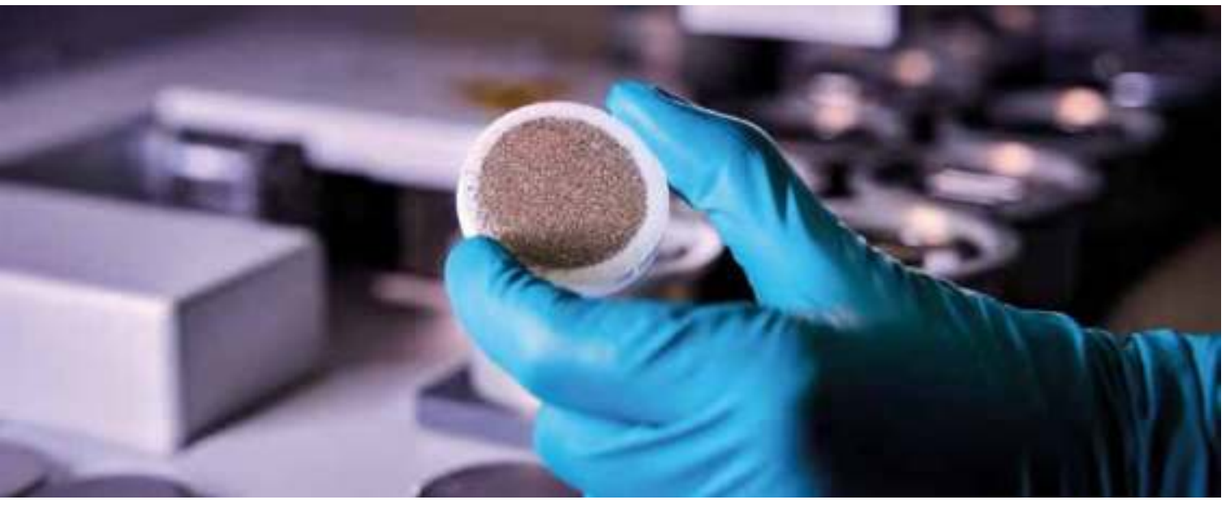
Uninterrupted and unlimited access to raw materials such as rare earth metals is a global challenge. The European Commission has created a list of critical raw materials (hereinafter referred to as 'CRMs') for the European Union ('EU'), indicating the raw materials that are of great importance to the EU economy and, at the same time, involve high risk with regard to supplies thereof.

CRMs are crucial because they are closely related to all industries at all stages of the supply chain, and technological developments depend on access to more and more of these raw materials. In addition, these raw materials are closely related to clean technologies. They are irreplaceable in photovoltaic panels, wind turbines, electric vehicles, energy-saving lighting, digital, aerospace and defense technologies.

Supply sources of many critical raw materials are highly concentrated. For example, China provides 100% of the EU's supply of rare-earth elements (REE), Turkey provides 99% of the EU's supply of boron, and South Africa satisfies 71% of the EU's demand for platinum, as well as, to a large extent, for platinum group metals (iridium, rhodium and ruthenium)[1].



Source: Study on the critical raw materials for the EU 2023, ISBN 978-92-68-00414-2



At the same time, pressure on resources is increasing due to global population growth, industrialization, digitalization, growing demand from developing countries and the transition to climate neutrality owing to metals, minerals and biotic materials used in low-carbon technologies and products. The OECD forecasts that global demand for materials will increase by more than twice from the current 79 billion tons to 167 billion tons in 2060.[2] Dependence on critical raw materials could soon replace today's dependence on oil. Raw materials are essential to global industry and are the beginning of every single value chain. The EU is at the forefront of the circular economy and is steadily increasing its use of secondary raw materials. More than 50% of metals such as iron, zinc and platinum are recycled and account for more than 25% of the EU's consumption. However, as regards other metals, such as the rare earth elements, for instance gallium or indium, secondary production is only a marginal share.

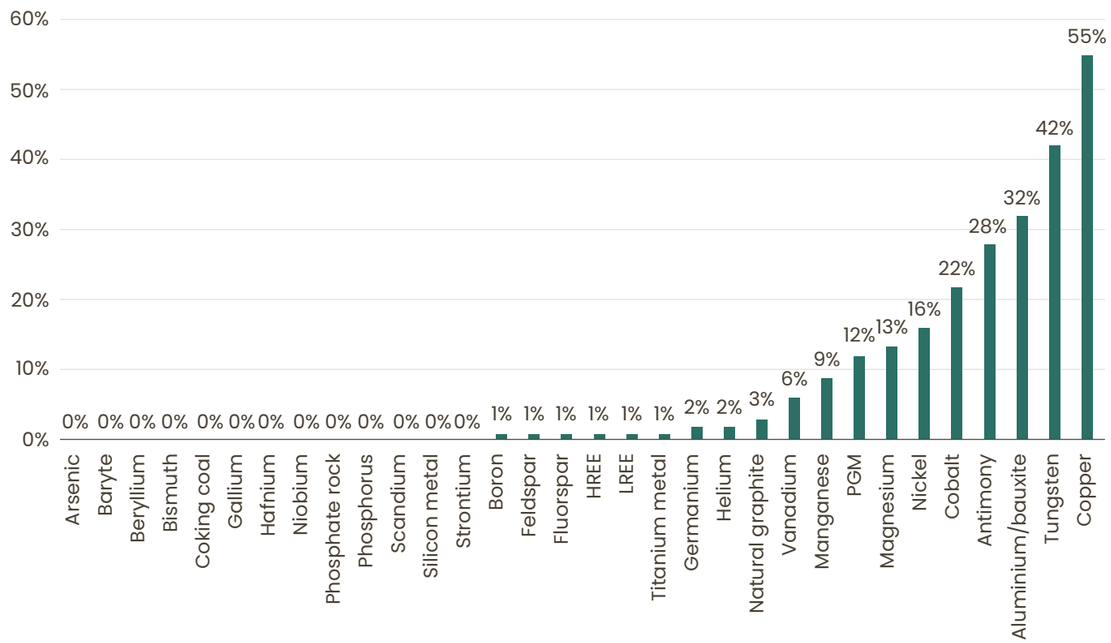
The OECD forecasts[3] that the consumption of materials in the global economy will decline faster than in recent decades, on average by 1.3% per annum, because although global consumption of materials is increasing, it is not growing as fast as GDP. It is emphasized that recycling will become more competitive as compared

1 source: https://single-market-economy.ec.europa.eu/sectors/raw-materials/areas-specific-interest/critical-raw-materials_pl

2 source: https://www.oecd.org/environment/waste/highlights-global-material-resources-outlook-to-2060.pdf
3 source: https://www.oecd.org/environment/waste/highlights-global-material-resources-outlook-to-2060.pdf p. 3

to primary extraction. A strong increase in demand for materials means that both primary extraction and use of secondary materials are increasing at roughly the same rate. In this context, environmental aspects deserve particular attention. More than half of all greenhouse gas (GHG) emissions are related to the management of raw materials. As a result of the increasing demand for raw materials, greenhouse gas emissions related to materials management will increase to about 50 Gt 50 Gt CO2 by 2060. Primary metal mining, which causes much more pollution than secondary (recycled) raw materials, has considerable consequences for the climate.

End of Life Recycling Input Rate [%]



Source: Study on the critical raw materials for the EU 2023, ISBN 978-92-68-00414-2

Global economic growth, 2011-2060

x1,8 Agriculture

x3,2 Industry

x2,6 Construction & utilities

x3,3 Services

x3,7 Recycling

x2,6 Mining

The share of recycling in the global economy is 10x smaller than the share of mining

Greenhouse gas emissions in 2060 from materials extraction and processing

9% Key metals* + 12% Concrete = 21% **21%** of total emissions

Primary copper and primary nickel have the highest cradle-to-gate environmental impacts per kg

*The key metals are Al, Cu, Fe, Mn, Ni, Pb, Zn

https://www.oecd.org/environment/waste/highlights-global-material-resources-outlook-to-2060.pdf

The global striving to ensure a circular economy also translates into the adoption of new solutions in the field of waste management in individual countries, especially in the EU. Despite efforts at the EU and national levels, the amount of waste generated is not decreasing. The amount of waste generated from overall economic activity in the EU is 2.5 billion tons, or 5 tons per inhabitant per year, and each citizen produces on average nearly half a ton of municipal waste[4]. This is why the EU is so determined to implement a sustainable product policy and translate it into concrete legislation to achieve progress in preventing waste. Amendments are being made to the EU legislation applicable to batteries, packaging, end-of-life vehicles and hazardous substances in electronic equipment in order to prevent waste, increase recycled content, promote a safer and cleaner waste stream, and ensure high-quality recycling.

4 P. 16 file:///C:/Users/Agata/OneDrive%20-%20Elemental%20Holding%20S.A/Pulpit/dyskd/sustainability/new_circular_economy_action_plan_UE.pdf

As a result of an agreement concluded in December 2022 by the International Financial Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), PFR Fundusz Inwestycyjny Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, and the current main shareholder of the parent company – EFF B.V., in the period December 2022 – January 2023 the shareholding structure of Elemental Holding S.A. with its registered office in Luxemburg has been established, which has not changed as at the date of this Report, and is as follows:

SHAREHOLDER	SHARE IN THE SHARE CAPITAL
EFF B.V.	74.26%
PFR Fundusz Inwestycyjny Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	11.09%
International Financial Corporation	7.99%
European Bank for Reconstruction and Development	6.66%
Total	100%

The Elemental Group meets these modern challenges by supplying precious metals from the platinum group (PGM) (including platinum, palladium, rhodium, as well as gold and silver) obtained in the process of recycling waste in various business segments:

- recycling of waste electrical and electronic equipment (WEEE)
- recycling of printed circuit boards (PCBs)
- recycling of spent automotive catalysts (SAC)
- recycling of lithium-ion batteries (a developing segment in the Group)

In addition, the Group's activities include recycling of non-ferrous metals ('urban mining').

obtaining a final raw material in the form of precious metals for low-emission and innovative industries

transfer of materials containing precious metals to refiners and smelters

processing waste for recycling purposes, collection of the logistic minimum

collection of WEEE/PCB/ SAC/ battery waste from suppliers at local collection points

Elemental collects waste containing non-ferrous metals and precious metals from collecting entities in the countries where companies from the Group conduct their economic activity or in neighboring countries, in accordance with the principle of proximity, while ensuring economic efficiency.

3 Li

Lithium

Li-ion batteries, glass & ceramics industry, steel & Aluminium production

29 Cu

Copper

Electrical, construction, wires, medical, automotive, general conductivity

47 Ag

Silver

Electronics, space industry, medicine, wealth protection& financial exchange, glass industry, and many more...

27 Co

Cobalt

Batteries, electroplating, high-speed steels, treatment of cancer, glass & ceramics

45 Rh

Rhodium

Automotive, glass industry, catalytic converters, electrodes, lab equipment

78 Pt

Platinium

Catalytic converters, petrochemical, industrial appliances, investment products, medical, fuel cells, automotive

28 Ni

Nickiel

Steel industry (alloying, coating), batteries, electronics, medical equipment, power generation

46 Pd

Palladium

Catalytic converters, electronics, investment products, fuel cells, automotive, water treatment

79 Au

Gold

Electronics and electrical, best thermal and electrical conductor of all metals, medical, solar energy

The recycling process of electrical and electronic equipment (WEEE + PCB)

The recycling process of electrical and electronic equipment (WEEE + PCB) is carried out in companies operating waste electrical and electronic equipment processing plants in Poland, Estonia, Lithuania, and Turkey. Waste equipment and its components are delivered to the processing plants in the following ways:

- by companies' own vehicles (delivery vans and trucks) from collection points operated by chain stores, manufacturers, service technicians (this is the most commonly used collection method),
- collection by company employees' own vehicles (delivery vans) directly from natural persons as part of cooperation with recovery organizations (e.g. Electro-Eco) and municipalities,
- by external transport organized by own logistics teams (forwarding),
- from local collection points – people deliver waste to the Group's plants themselves.

Received equipment is weighed and separated according to waste codes and types. Depending on the type of waste:

- large-size: hazardous – containing freon – refrigeration equipment,
- large-size: non-hazardous, e.g. washing machines, cookers
- lighting equipment – hazardous waste,
- other types of equipment listed in legal regulations, as a rule other than hazardous, small household appliances,
- computers, etc.

The equipment is subjected to various recovery processes, including recycling. Preliminary treatment involves handling of the received equipment aimed at separation of recyclable fractions.

a. equipment containing freon – after aggregates containing oils and cables are removed, it goes to a sealed closed installation where freon is recovered. Nitrogen is used in this process. Recovered freon is transferred to a specialized external company dealing with further processing thereof. Then, metals and plastics are obtained from the equipment in an automatic process,
b. other equipment – cables and plastic casings are separated from all equipment,
c. batteries and accumulators – are separated from other equipment.

They are then segregated into various types of plastics, electronic boards containing precious metals, ferrous and non-ferrous metals, glass and waste paper.
Respective fractions of materials obtained from waste electrical and electronic equipment undergo:

a. recycling in external companies (e.g. waste paper),
a. recycling within a given company or companies from the Group operating in the field of recycling:
   - Syntom Metal Recycling – it applies a certified management system for the recycling of scrap iron, steel, aluminum and aluminum alloys, as well as copper and copper alloys, leading to the end-of-waste status;
   - Tesla Recycling - it applies a certified management system for the recycling of scrap iron, steel, aluminum and aluminum alloys, as well as copper and copper alloys, leading to the loss of the status of waste;
   - Terra Recycling - it applies a certified management system for the recovery of WEEE waste, including scrap iron, steel, aluminum and aluminum alloys, as well as copper and glass cullet, leading to the end-of-waste status;
   - Tesla Electrorecycling - it applies a certified management system for the recovery of WEEE waste, including scrap iron, steel, aluminum and aluminum alloys, as well as copper and glass cullet, leading to the end-of-waste status.

The abovementioned processes carried out by the Group companies are certified in terms of meeting the requirements of the EU Council Regulation (EU) No 333/2011 of 31 March 2011 establishing criteria determining when certain types of scrap metal cease to be waste under Directive 2008/98/EC of the European Parliament and of the Council and under the Commission Regulation (EU) 715/2013 of 25.07.2013 establishing criteria determining when copper scrap ceases to be waste under Directive 2008/98/EU of the European Parliament and of the Council.
Plastics and metals are sold to external entities. Waste that is not suitable for recovery, including recycling, is disposed of. It should also be added that waste is stored in the Group's companies only for the period necessary to achieve the logistic minimum required for transport, so as to optimize the means of transport used to the greatest possible extent and leave the lowest possible carbon footprint. Land transport (trucks) means and sea transport are used in the logistics of individual fractions from the plant.

The process of recycling metals from automotive catalysts

Is a two-stage process. First, catalysts are collected. They are picked up by vans from suppliers or delivered directly to the plants by third parties. In the Group's plants, catalysts are processed (cut to obtain a ceramic insert containing precious metals), after which the ceramic insert is ground in mills powered by electricity. The companies also receive a monolith made of ground ceramic insert directly from suppliers. Ground ceramic inserts are transported after obtaining a logistic minimum by land transport (trucks) or by sea to refineries and smelters located in Asia, the United States and Europe. Metals left after the mechanical processing of catalysts, not containing precious metals (catalyst housing), are sold to external entities for recycling.

Non-ferrous metal waste management

Is carried out in two countries: Poland and Slovakia, and Syntom Metal Recycling is the largest company in the Group involved in this type of activity. Waste is collected at small collection points located in many regions of the country, where it is segregated into individual material fractions. Waste is segregated mainly in order to obtain uniform fractions of metals. In the vast majority, no additional processes are used here, with the exception of comminution and magnetic separation, as well as eddy current separation. The waste is brought to these points by suppliers. Only in the case of larger production plants, the waste is collected by the company's own transport (trucks). After obtaining the logistic minimum, metals are transported to recipients (smelters) for melting by means of company's own vehicles or external means of transport (in each case, it is heavy transport). For economic reasons, waste is delivered only by land transport within a given country (it is not sent abroad). As indicated above, the Polish Group companies have implemented and certified the end-of-waste process for non-ferrous metals: aluminum, copper and iron scrap.

The global waste market is undergoing significant changes. Over the last decade, millions of tons of European waste have been exported to non-EU countries, often without proper management, exerting a negative impact on the environment and health in the countries of destination and generating a loss of resources and economic opportunities for the EU recycling industry. Recent import restrictions imposed by some third countries have exposed the EU's excessive dependence on foreign countries for waste disposal and have mobilized the recycling industry to intensify its efficiency and increase the added value of waste in the EU. Measures are being taken to ensure that exports, especially illegal ones, of waste to third countries are limited.

Bearing in mind the circular economy policy implemented by the EU, the Elemental Group is investing in another segment of lithium-ion battery recycling. In 2022, a construction project was launched in Zawiercie, in the south of Poland, the aim of which is to create the EU's first comprehensive automotive battery (LIB) recycling plant for electric vehicles. What requires particular attention is the fact that the plant in Zawiercie will be largely powered by green energy from photovoltaic panels. The project is co-financed by the European Union under the IPCEI program and is implemented in cooperation with the European Bank for Reconstruction and Development. The investment in Zawiercie complements the Group's current business strategy and at the same time ensures that its business model practically implements the transition to a sustainable economy and limiting global warming to 1.5°C in accordance with the Paris Agreement, and the goal of achieving climate neutrality by 2050, as defined in Regulation (EU) 2021/1119 of the European Parliament and of the Council.

The Group's activities are embedded in global activities for climate protection and sustainable development. Through a wide and extensive range of activities in the scope of waste recovery, the Group actively implements and develops the concept of the circular economy, thus influencing the development of rational management of natural resources, in particular metals, but also fuel and energy resources that are intensively used in the processes of mining metals.

3.

Sustainable development goals and indicators

The Elemental Group has taken up the challenge and actively participates in saving the planet and improving the lives of societies by implementing the goals set by the United Nations in the field of environmental protection.

Bearing in mind the most effective actions aimed at achieving the goals related to sustainable development, in September 2022 the Group implemented the Environmental Management Strategy. The Management Board of the parent company has identified key areas in which the Group's economic activity is classified as environmentally sustainable[5] due to:

a. making a substantial contribution to at least one of the EU's climate and environmental objectives by meeting the technical screening criteria;
b. not significantly harming any other of the environmental objectives;
c. meeting minimum social safeguards.

In the opinion of the Management Board, selected areas of the Group's economic activity pursue the following environmental objectives:

- climate change mitigation;
- adaptation to climate change;
- transition to a circular economy;
- pollution prevention and control.

5 Activities described in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (hereinafter referred to as the 'Climate Delegated Act (2021/2139)) https://eur-lex.europa.eu/legal-content/PL/TXT/?uri=CELEX%3A32021R2139 and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 https://eur-lex.europa.eu/legal-content/PL/TXT/PDF/?uri=CELEX:32020R0852&qid=1661868314295&from=EN

The Group's economic activities, covered by the screening criteria specified in Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

NO.	TYPE OF ECONOMIC ACTIVITY	DESCRIPTION OF THE ACTIVITY
1	collection and transport of non-hazardous waste in source segregated fractions	Separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling Economic activity can be associated with the NACE code E38.11 in accordance with the statistical classification of economic activities established in Regulation 1893/2006 The activity meets the minimum level of security – the Group has implemented procedures to ensure compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions set out in the International Labor Organization Declaration on Fundamental Principles and Rights in Labor Law, and the International Bill of Human Rights. When implementing the procedures, the Group adheres to the principle of 'do not significantly harm' referred to in Article 2 (17) of Regulation (EU) 2019/2088. **action for climate change mitigation** **The activity meets the substantial contribution criterion:** all selectively collected and transported non-hazardous waste in source segregated fractions is intended for preparation for reuse or recycling operations. **The activity meets the do not significantly harm (DNSH) criterion:** • climate change adaptation – the activity complies with the criteria set out in Appendix A to this Annex • sustainable use and protection of water and marine resources – N/A • transition to a circular economy - separately collected waste fractions are not mixed in waste storage and transfer facilities with other waste or materials with different properties • pollution prevention and control – N/A • protection and restoration of biodiversity and ecosystems – N/A

NO.	TYPE OF ECONOMIC ACTIVITY	DESCRIPTION OF THE ACTIVITY
2	material recovery from non-hazardous waste	Construction and operation of facilities for the sorting and processing of separately collected non-hazardous waste streams into secondary raw materials involving mechanical reprocessing, except for backfilling purposes. The economic activities in this category could be associated with several NACE codes, in particular E38.32 and F42.99. The activity meets the minimum level of security – the Group has implemented procedures to ensure compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions set out in the International Labor Organization Declaration on Fundamental Principles and Rights in Labor Law, and the International Bill of Human Rights. When implementing the procedures, the Group adheres to the principle of 'do not significantly harm' referred to in Article 2 (17) of Regulation (EU) 2019/2088.. **action for climate change mitigation** **The activity meets the substantial contribution criterion:** The activity converts at least 50 %, in terms of weight, of the processed separately collected non-hazardous waste into secondary raw materials that are suitable for the substitution of virgin materials in production processes. **The activity meets the do not significantly harm (DNSH) criterion:** • climate change adaptation – the activity complies with the criteria set out in Appendix A to this Annex • sustainable use and protection of water and marine resources – N/A • transition to a circular economy – N/A • pollution prevention and control – N/A • protection and restoration of biodiversity and ecosystems – at the stage of obtaining waste management authorizations, environmental impact assessments were carried out. None of the Group's locations is in an immediate vicinity of Natura 2000 or protected areas.

The share of activities compliant with the EU Taxonomy in total turnover, capital expenditures (Capex) and operating expenses (Opex) is presented below.

TYPE OF ACTIVITY	PERCENTAGE OF ACTIVITY IN TOTAL TURNOVER	PERCENTAGE OF ACTIVITY IN CAPITAL EXPENDITURES (CAPEX)	PERCENTAGE OF ACTIVITY IN OPERATING EXPENSES (OPEX)
collection and transport of non-hazardous waste in source segregated fractions	18%	3%	16%
material recovery from non-hazardous waste	82%	97%	79%

The Group's economic activities covered by the draft screening criteria (not yet in force) proposed in March 2022 by the Platform on Sustainable Finance for economic activities contributing to the achievement of other environmental objectives are listed in Table 2 below:

NO.	TYPE OF ECONOMIC ACTIVITY	TRANSITION TO A CIRCULAR ECONOMIC	POLLUTION PREVENTION AND CONTROL
1	collection and transport of non-hazardous waste in source segregated fractions	The activity covers separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling, including construction, operation and modernization of facilities dealing with collection and transport of such waste (e.g. societal consultation centers and waste transfer stations) as a means of material recovery. The activity is classified under NACE codes E38.11, E38.12 and F42.9	
2	collection and transport of hazardous waste	The activity covers separate collection and transport of hazardous before its processing, recovery of materials and/or disposal, including, construction, operation and modernization of facilities dealing with collection and transport of such waste a means of pollution prevention and control. Hazardous waste is waste that exhibits at least one of the hazardous properties listed in Annex III to EU Directive 2008/98/EC. It includes (but is not limited to) the following streams (the list is illustrative and non-exhaustive): • fractions of hazardous waste generated by households • waste oils • batteries • uncontaminated WEEE • uncontaminated decommissioned vehicle Complete classification of hazardous waste is in the European Waste List (2000/532/EC). The activity is classified under NACE codes E38.12 and F42.9.	
3	treatment of hazardous waste	The activity covers treatment of hazardous waste as a means of pollution prevention and control. The activity is classified under NACE code E38.22.	
4	treatment of hazardous waste	This activity covers treatment of hazardous waste as a means of material recovery. It includes construction, modernization and operation of such facilities. The activity is classified according to one or more of the following NACE codes: • E38.22 (which covers operation of hazardous waste treatment facilities); • E38.32 (which covers operation of material recovery facilities); and • F42.9 (which covers construction of other civil engineering projects).	
5	Decontamination and dismantling of end-of-life products	This activity includes the construction, operation and modernization of disassembly facilities as well as disassembly of complex end-of-life products, movables and their components for the recovery of materials and/or preparation for reuse of components. Therefore, according to the statistical classification of economic activities established by Regulation (EC) No. 1893/2006, these activities can be subcategorized under one or more of the following NACE codes: • E38.31 (which covers dismantling of wrecks); • E38.32 (which covers recovery of sorted materials); • E46.77 (which covers wholesale of scrap waste); • E42.9 (which covers construction of other civil engineering projects). This includes dismantling of end-of-life products, movables and their components of all kinds (e.g. cars, ships, computers, TVs, wind turbine components, and other equipment) for material recovery. In addition, it covers dismantling and removal of contaminants from refrigeration and freezing equipment because they contain harmful substances (especially ozone-depleting substances). .	
6	Sorting and material recovery from non-hazardous waste	This activity includes construction, modernization and operation of facilities for sorting and recovery of non-hazardous waste streams into high-quality secondary raw materials using a mechanical transformation process. Activities can be broken down into one or both of the following NACE codes: • E38.32 (which covers operation of material recovery facilities); • F42.9 (which covers construction of other civil engineering projects).	

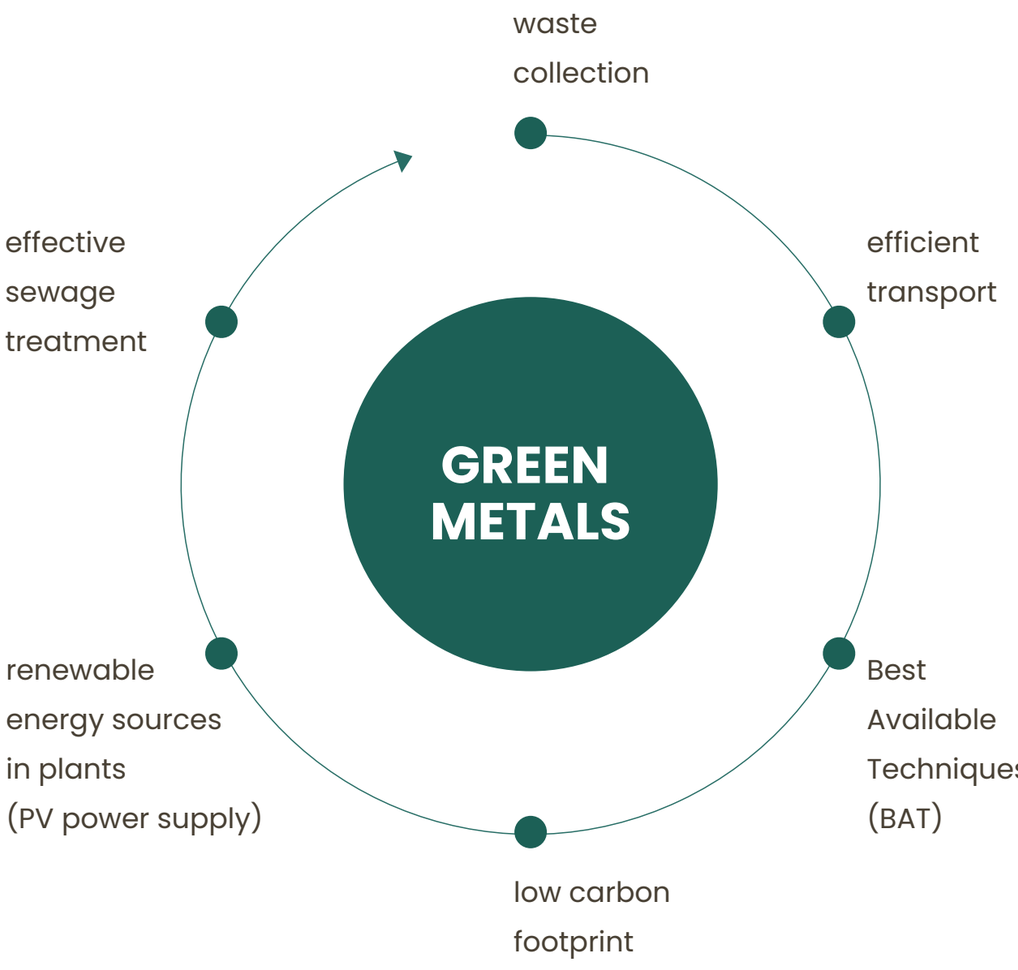
STRATEGIC ENVIRONMENTAL GOALS FOR 2022 – 2026

The Environmental Management Strategy defines 7 key strategic environmental goals for 2022-2026.

These goals are the continuation of the business and environmental strategy adopted by the Group's Management Board in previous years.

- Increasing the weight of recycled waste
- Reducing water pollution
- Reducing greenhouse gas emissions
- Increasing investments in the latest technologies of waste recovery
- Increasing the share of green energy in the organization
- Increasing social environmental awareness
- Reducing energy consumption

Given that recycling is the core activity of the Elemental Group, the Environmental Policy of the Elemental Group also places great emphasis on reducing production of waste and on recycling, pointing out the need to implement measures to monitor, manage and reduce waste for the Group companies.



GOAL 01: INCREASING THE WEIGHT OF RECYCLED WASTE

An impact analysis of the Organization's activity on the natural environment and climate change showed that the Group's activity in the waste management sector consisting in the collection and recovery, including in particular the recycling of waste containing precious metals, also those from the platinum group (PGM), is a significant element of sustainable development and has a substantial impact on reducing the consumption of natural resources through the transition to a circular economy. What is also important is that along with an increasing scale of waste collection, the degree of waste pollution gets reduced whereas the control gets increased, in particular over: batteries, waste electrical and electronic equipment. Recycling aimed at metal recovery provides significant benefits, especially when compared to extraction from primary (mining) reserves).

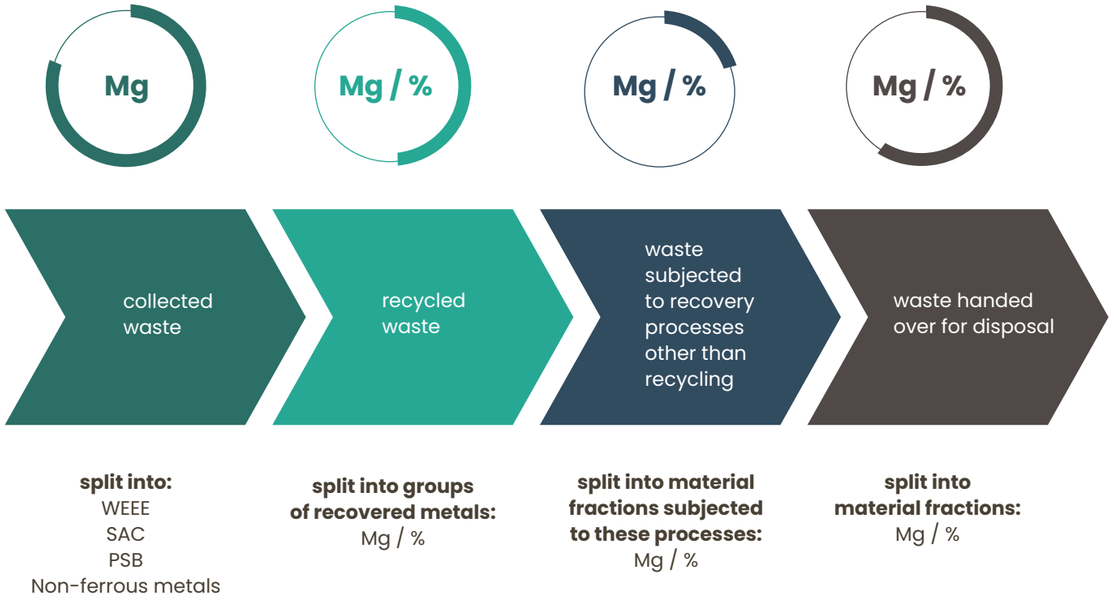
The main way to achieve this goal is to increase the level of waste collection through:

1. development of the waste collection network, in particular of spent automotive catalysts (SAC), by expanding the Group companies' activities to other geographic areas, such as countries in Asia, Africa as well as to other European countries;
2. acquisition of entities specializing in the collection and recovery of waste in regions where the Group has not operated so far;
3. increasing social awareness by conducting information campaigns, participation in actions undertaken by recovery organizations promoting waste collection, in particular collection of waste electrical and electronic equipment from households;
4. investments in modern technologies for the recycling of lithium-ion batteries, catalysts and printed circuit boards.

In order to verify the level of achievement of the goal, the Organization monitors the data presented in the Figure below, collected from the Group subsidiaries:

monitoring: goal 01

analysis on an annualized basis



GOAL 02: REDUCING GREENHOUSE GAS EMISSIONS

When comparing the environmental impact of primary and secondary PGM production, a conclusion can be made that the recycling of platinum group metals is considered economically viable, sustainable and more environmentally friendly than extracting metals from ores.

Not only does the Group's strategy focus on the global reduction of greenhouse gas emissions through the development of its recycling activity, but also on the systematic reduction of the carbon footprint within the Organization. The Group monitors its carbon footprint in terms of Goal 1 and Goal 2 and, on this basis, plans further actions that are intended to positively contribute to the achievement of the climate goals.

GOAL 03: REDUCING ENERGY CONSUMPTION

Apart from activities aimed at satisfaction of needs of the global economy in terms of supplies of recycled metals, the Elemental Group notices the need to implement and uphold activities related to the reduction of greenhouse gas emissions and making savings in energy consumption in the current operations of the Group companies. Actions taken in the Elemental Group to reduce transport greenhouse gas emissions are presented in the Figure below.

The Group companies also take a number of actions to reduce energy consumption in their day-to-day operations:

Activities to reduce greenhouse gas emissions in the Group's operations – transport

reducing fuel consumption by vehicles
monitoring of fuel consumption, training drivers in cost-effective driving, optimizing routes and using heavy transport

investments in vehicles
cars compliant with the EURO 6 standards, good technical condition of the car fleet

LPG powered vehicles in inter-factory transport

promotion of electromobility
hybrid and electric cars, a generally available electric car charging station at the company's registered office

Other activities to reduce energy consumption in the Group's operations

modernization of the lighting systems
using LED lamps, motion sensors, time switches, and an intelligent system to regulate the intensity of light in rooms

limiting the use of electricity outside working hours:
- promoting among employees the rules of switching off electrical devices after finishing work, turning off the lights in unused rooms
- limiting the lighting of plants, offices, advertisements at night

modernization of heating devices
buildings owned by the Group and rented by Group companies are heated with natural gas. In order to reduce consumption of heat energy at the company's headquarters, as part of the network modernization, intelligent solutions for automatic heating control were applied

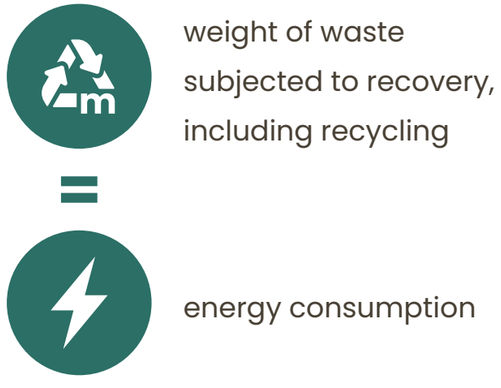
In order to verify the level of achievement of goals 02 and 03 in terms of its day-to-day operations, the Organization monitors the data presented in the Figure below, collected from the Group subsidiaries:

monitoring: goals 02 and 03

analysis of the level of energy consumption on an annualized basis

It should be noted that technological processes used in recovery processes, including waste recycling in production plants, as well as waste transport, despite the fact that they consume less energy in terms of recovered metals and cause lower emissions than mining processes, require the use of energy-consuming installations. When analyzing energy consumption in the Organization, it should be remembered that the increase in the amount of processed waste causes a proportional increase in energy consumption in the Organization.

For this reason, the Management Board has decided to increase the use of energy from renewable sources in the Group as another environmental goal.



GOAL 04: INCREASING THE SHARE OF GREEN ENERGY IN THE ORGANIZATION

TÜVRheinland®

TÜV Rheinland Poland Sp. z o.o.

Expert opinion

concerning the planned CO_2 emissions for the technological project entitled:
PROMETHEAN

based on a evaluation conducted during the period:
22.11.2021 r. - 25.11.2021 r.

company:
Elemental H2 Tech Sp. z o.o.
Traugutta Street 42a, 05-825 Grodzisk Mazowiecki
(Name and main office)

Performed by: **Jacek Mszyca**

Place, date: Zabrze, 25.11.2021

(signature)

Opinion Number: **GHG/06/5/JM/2021**

TÜV Rheinland Polska Sp. z o.o.
Provincial Court in Gliwice
X Economic Department of the National Court
Register - KRS 0000081930
Tax identity number: PL 5260030070
Statistical number: 010422615
Initial capital: 200.000,00 zł
Account number: Deutsche Bank Polska S.A.
81 1880 0009 0000 0011 0281 6000

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41-800 Zabrze
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post@pl.tuv.com
www.tuv.pl

The largest and most important project aimed at achieving Goal 04 is the construction of the first plant in the European Union intended for comprehensive recycling of lithium-ion batteries (LIB) for electric vehicles, as well as other waste containing precious metals such as spent automotive catalysts (SAC) in Zawiercie, in southern Poland, which will be entirely powered by photovoltaic panels.
The scope of the project is shown in Figure 10 below.

This investment is part of the implementation of the Group's strategic environmental goals:

- 01 – increasing the weight of recycled waste
- 02 – reducing greenhouse gas emissions
- 03 – reducing energy consumption

The extent to which the investment will contribute to the achievement of goals 02 and 03 is confirmed by an independent expert opinion attached below, issued by TÜV Rheinland Poland Sp. z o.o.

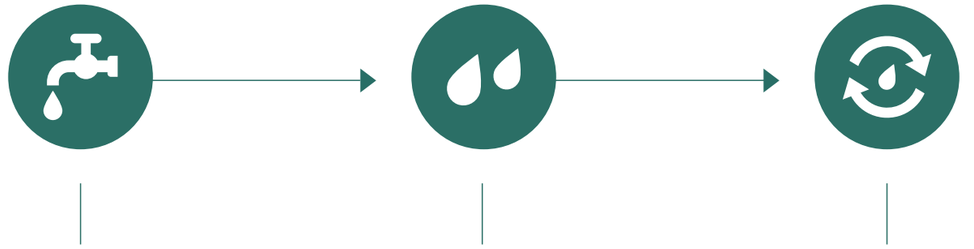
GOAL 05: REDUCING WATER POLLUTION

As part of its current activity, the Group does not use water for industrial purposes. Actions aimed at reducing water pollution focus on collecting rainwater that may accumulate on the premises of the plants in areas such as car parks, internal circulation routes or storage yards, by hardening the yards, draining and purifying water in the system of separators, and then discharging to retention reservoirs. This water is used for watering green areas or for firefighting purposes. The amount of rainwater discharged is not monitored. In order to verify the quality of rainwater discharged into the environment, periodic measurements of water purity are carried out after it has been purified in separators.

In the remaining scope, water is used for the living needs of employees. Water consumption and sewage disposal is monitored in the Organization.

Bearing in mind the requirements of the circular economy, the plant in Zawiercie, which is the only facility where water will be used for production processes, has a modern investment wastewater treatment system presented below.

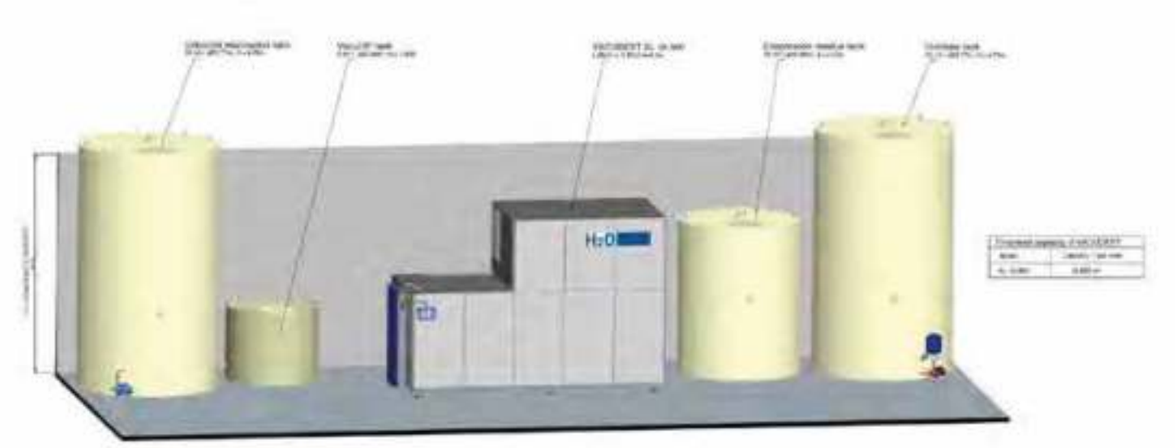
Clean water recovery system - VACUDEST

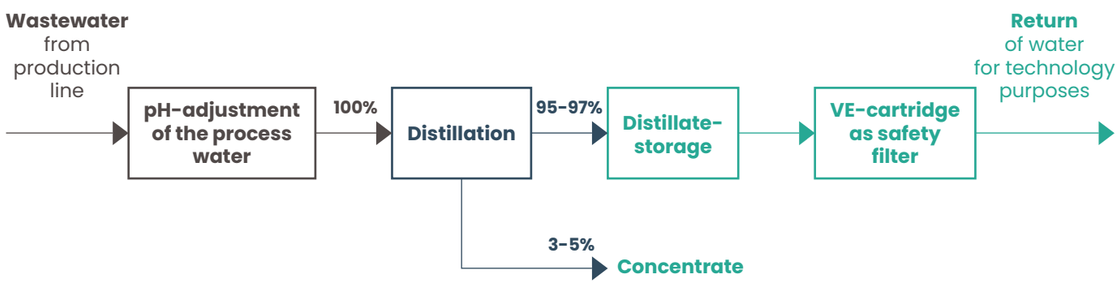


all wastewater streams from the PCB recycling processes are collected and treated using the VACUDEST system - the most innovative solution available on the market

under a vacuum of -0.6 bar, the water contained in the waste evaporates at a temperature of approx. 35°C-86°C. About 95% of the energy needed for evaporation is returned to the wastewater treatment process

clean water outflowing after condensation is cooled in the lower heat exchanger by the incoming sewage in counter-current. The distillate leaves the installation at a temperature of 45-55°C, depending on the cycle time, and is returned to the technological processes



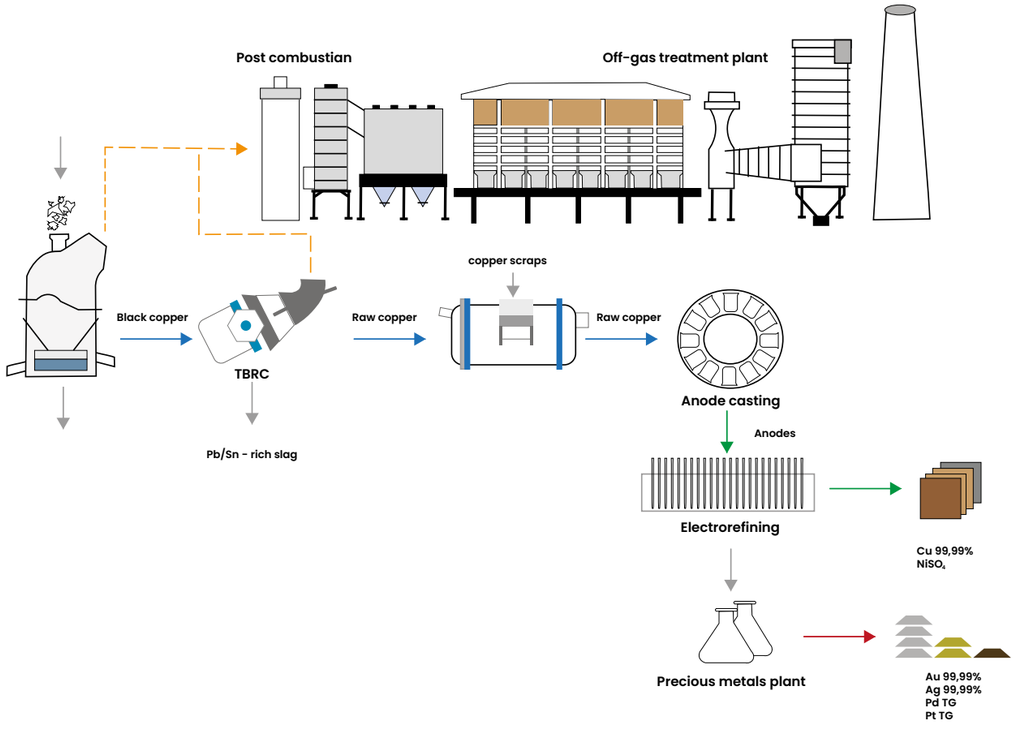


GOAL 06: INCREASING INVESTMENT IN THE LATEST TECHNOLOGIES OF WASTE RECOVERY

The Group actively participates in the global fight to improve the quality of the climate. The organization participates in the project 'Development and first industrial deployment of innovative technologies of Li-Ion batteries and spent autocatalysts recycling with recovery of strategic metals' approved by the European Commission as part of the Important Project of Common European Implementation – Batteries (IPCEI – Batteries). Currently, it is in the R&D phase as well as the first industrial deployment and construction of a pilot installation. The project involves the construction of a new production plant on the greenfield model in Zawiercie. The plant will carry out technological processes of metal recycling and production in two separate technological lines. Basic raw materials will include used lithium-ion batteries and spent automotive and industrial catalysts. Annually, the plant will be supplied with:

- up to 4,000 tons of lithium-ion batteries
- up to 6,000 tons of automotive and industrial catalysts,
- and other raw materials and consumables.

All technological processes used in the plant will meet the requirements of BAT ('Best Available Techniques') specified in reference documents prepared in accordance with the IPPC Directive. As part of the project, the dedicated technology is being developed in cooperation with leading Polish technical universities from Wrocław and Gliwice, as well as the Łukasiewicz Research Network – Institute of Non-Ferrous Metals and the world's leading suppliers of advanced production equipment. The production scheme is shown below.



Elemental is one of 18 European companies (along with such other companies as BASF, Solvay, Umicore, BMW, SEEL and Varta) proposed by the European Commission as part of the European Industrial Policy, the objective of which is to create a sustainable mobility value chain in the EU.

From the moment of completing the investment in Zawiercie and launching the plant, the Group will additionally analyze and report in detail this area of activity in terms of its impact on the natural environment, as required by the currently applicable screening criteria[6]. The scope of monitored activities is presented in the table below:

NO.	TYPE OF ACTIVITY	ACTION TO MITIGATE CLIMATE CHANGE	ACTION TO ADAPT TO CLIMATE CHANGE
1	generation of electricity using photovoltaic technology	Construction or operation of electricity generation plants that generate electricity using photovoltaic (PV) technology This category of economic activity can be associated with several NACE codes, in particular D35.11 and F42.22	
2	transmission and distribution of electricity	Construction and operation of transmission systems that transport electricity in a combined system of very high and high voltage. Construction and operation of distribution systems transporting electricity in high, medium and low voltage distribution systems. This category of economic activity can be associated with several NACE codes, in particular D35.12 and D35.13	
3	installation and operation of electric heat pumps	This category of economic activity can be associated with several NACE codes, in particular D35.30 and F43.22	
4	construction and operation of facilities generating heat/cold using waste heat	This category of economic activity can be associated with NACE code D35.30	
5	grid energy storage	Construction and operation of facilities that store electricity and return it later in the form of electricity. The activity includes pumped-storage power plants. No dedicated NACE codes.	
6	Maintenance of installations and repair of energy saving equipment	Individual repair activities consisting in the installation, maintenance or repair of equipment increasing energy efficiency. This category of economic activity can be associated with several NACE codes, in particular F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12	
7	Installation, maintenance and repair of renewable energy technologies	Installation, maintenance and repair of renewable energy technologies, on site. This category of economic activity can be associated with several NACE codes, in particular F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28.	

6 Delegated Act on Climate (2021/2139)

GOAL 07: INCREASING ENVIRONMENTAL AWARENESS

The Group, as an organization dealing with waste management and intensively acting for the protection of the natural environment as part of its economic activity, is aware that individual choices of employees, members of local communities, as well as all other entities in the supply chain have a direct impact on the condition of the environment. Aware of the impact of educational activities on shaping environmentally responsible behavior, the Management Board of Elemental has decided to implement the following actions:

In addition to these activities, Elemental is developing its pro-environmental activities, using for this purpose practices of the best environmental organizations to which it belongs and which it co-creates. Particularly noteworthy in this regard is the membership of the Group companies in the following organizations:

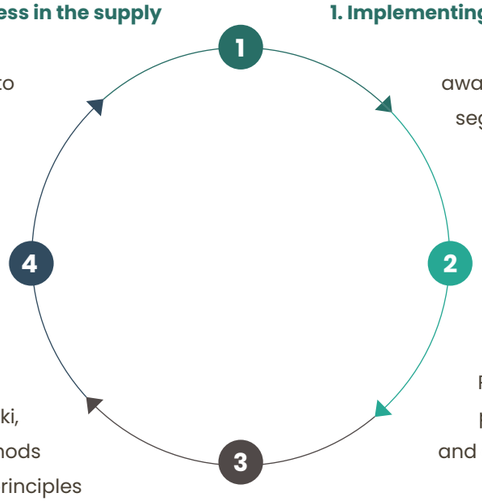
- BIR (The Bureau of International Recycling - www.bir.org) – where the Group shares its knowledge about the latest trends in recycling (including commercial and environmental regulations) with other industry sectors and political groups,
- IPMI (International Precious Metals Institute, www.ipmi.org) – which is a platform for sharing relevant information on issues related to precious metals. Within the framework of this organization, the Group participates in such initiatives as granting awards to students, promoting science and new technologies, and supporting important educational and research programs.

Actions taken by the Organization so as to promote the principles of sustainable development also include regular reporting on environmental projects implemented by the Group companies, enabling stakeholders, in particular local communities, to obtain information on these projects and express their opinions. The Company undertakes to regularly inform stakeholders by publishing annual reports on the implementation of the strategies adopted by Elemental and the assessment of climate-related opportunities and risks. In 2023, the Group plans to implement the Stakeholder Engagement Strategy.

Actions to implement goal 05

4. Increasing ecological awareness in the supply chain
undertaking proactive initiatives to propagate conscious ecological attitudes among suppliers and subcontractors

1. Implementing a series of training for employees and educational centers
aware and responsible consumption, segregation and recycling of waste, reduction of waste generation, reduction of energy and water consumption



3. Creation of an information center
an information center will be established in Grodzisk Mazowiecki, propagating information on methods of recovery, including recycling, principles of handling waste, environmental benefits stemming from actions undertaken by Elemental in this regard

2. Cooperation with recovery organizations
Participation in information campaigns to propagate segregation and collection of waste electrical and electronic equipment

4.

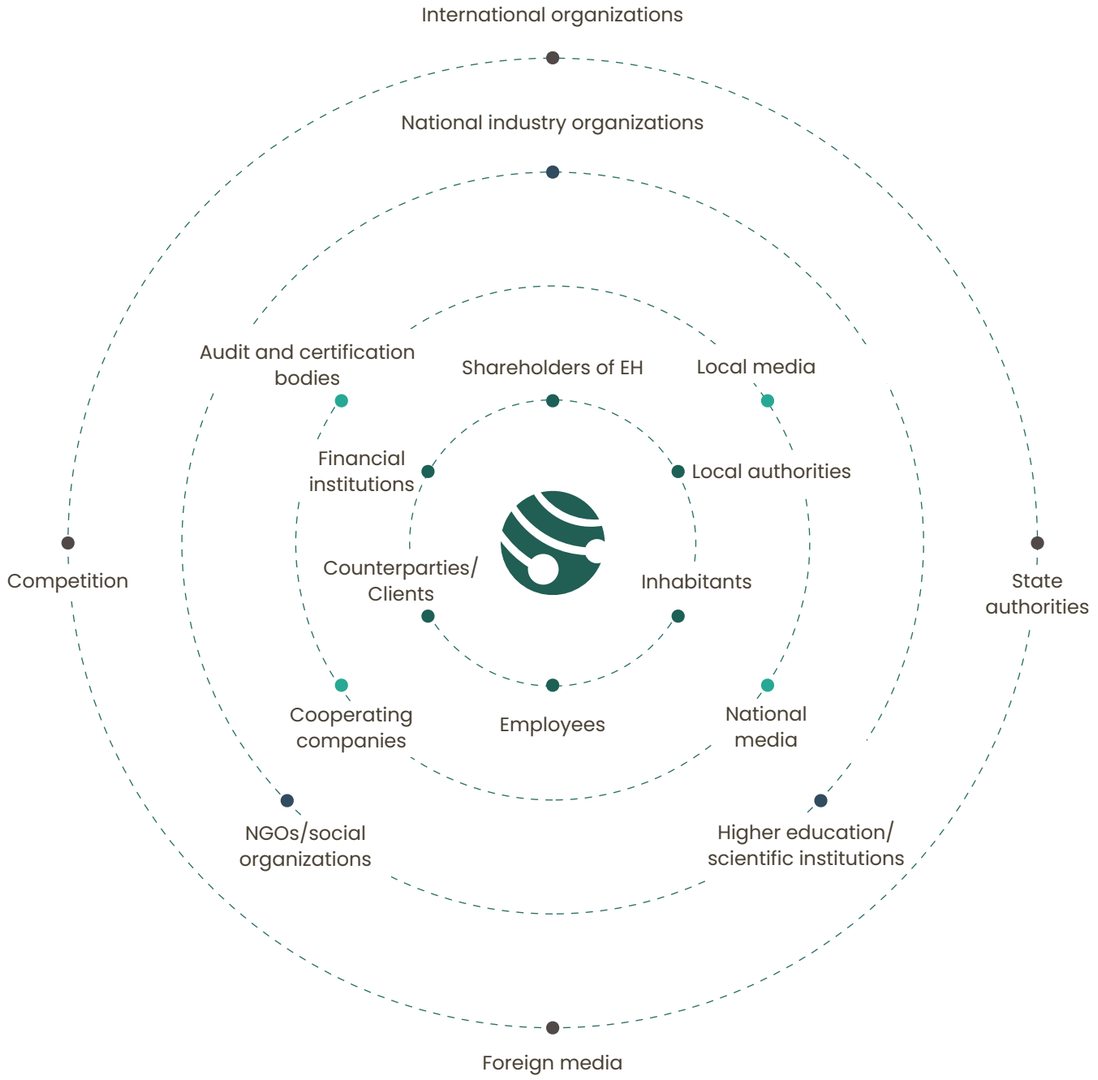
Administrative, management and supervisory authorities

for sustainable development issues

Considering the fact that the entire activity of the Group consists of recovering metals in the waste recycling process, issues related to the implementation and development of the circular economy concept are in the center of attention of the Group companies.

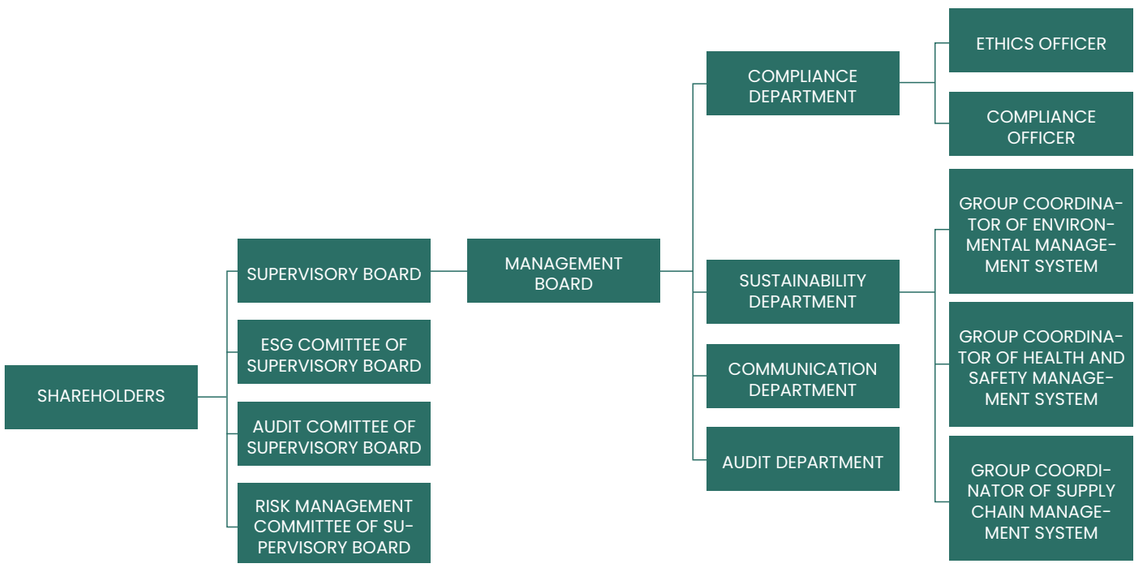
Going beyond strictly economic activity, the Organization also makes efforts to minimize the impact of its operations on the environment by minimizing energy consumption (using photovoltaic panels), reducing exhaust emissions (by investing in means of transport that meet more stringent standards), and reducing greenhouse gas emissions or generation of pollutants to the environment, including generation of waste in production processes.

In decision-making processes, much attention is paid to relations with the Group's stakeholders. The Group's companies conduct economic activities in various parts of the world, which are diverse in terms of their cultures, economies and religions. When developing their economic activities, the companies make sure that actions they take contribute to economic growth, raise the standard of living of people, and interfere as little as possible with the natural environment. Such an approach, based on good international practices, is inscribed in the Group's development strategy and mission presented in the Code of Ethics. At the same time, bearing in mind that it is impossible to completely eliminate the negative impact of businesses on people, the environment or local societies, great emphasis is placed on effective identification and mitigation of these risks, and above all, effective communication with stakeholders and their skillful involvement in activities pursued by the Group companies so as to effectively influence reduction of the negative impact of the implemented projects on the environment. Identified groups of stakeholders are presented in the diagram below:



Stakeholder engagement is crucial to create lasting and at the same time flexible relationships, which in turn are necessary for effective management of risks posed by a given project or activity of the Company. Stakeholder engagement is adapted to the type and scale of the project and is a continuous process initiated at the earliest possible stage of the project. As part of stakeholder engagement, the companies provide relevant information on environmental and social issues, conduct merit-related consultations, analyze feedback and take other actions resulting in actual stakeholder engagement throughout the entire project cycle. Depending on the scope of information and the group of recipients, various communication channels are used. A monthly newsletter was sent to internal stakeholders, employees and counterparties, which contains the most important current news from the Group's life, including information about the changes being implemented, as well as policies and regulations. Employees also take part in satisfaction surveys. A knowledge base was also shared with employees, containing templates of documents used in HR matters, internal regulations applicable in a given company, training materials, etc. Traditional communication channels are used to communicate with all stakeholders, such as a website where information is published on standards applicable in respective companies from the Group, as well as social media (LinkedIn[7], Facebook[8]), which, apart from being a platform for publication of current information, are also a sustainable development educational channel.

In order to ensure comprehensive and effective management of the Group's strategy in the area of sustainable development, an organizational structure was created in which roles were assigned to respective bodies in the parent company and service companies in the scope of supervision and management of social and sustainable issues, while providing them with access to expert knowledge.



7 https://pl.linkedin.com/company/elemental-holding-sa?original_referer=https%3A%2F%2Fwww.google.com%2F

8 https://www.facebook.com/elementalholding

The above-presented teams have been established to identify and assess climate and social risks and opportunities, and to develop overall goals, strategies and policy considerations during the project evaluation and selection process. Directors of the Compliance, Sustainability Development and Communication Departments report to the Management Board. The Management Board takes into account climate and social issues when reviewing and directing the Group's strategy and projects, determining goals, the Group's annual budget and business plans. The Management Board also monitors the implementation and achievement of the climate and social goals. Also, at the level of the Supervisory Board, committees were established to ensure effective management of sustainable development issues: the Risk Management Committee, the ESG Committee and the Audit Committee.

5.

Description of the group's policies

on sustainable development issues

In 2022, the Group focused on implementing basic strategies and policies aimed at providing a relevant corporate framework to ensure the implementation of the adopted business strategy. The first key element adopted in the first quarter of 2022 in the Group was the Code of Ethics[9], which describes the values followed by Elemental as well as actions it takes to implement them in its day-to-day activity.

Being oneself is the condition for a reliable dialogue, since our interlocutors are able to sense whether we represent ourselves or whether we use elements of rhetoric and games, i.e. tactics. Obviously, the tactics is a widely accepted practice, but it cannot dominate the case and goodwill.
Władysław Bartoszewski

Going beyond strictly business activities, the Organization is also making efforts to minimize the impact of its operations on the environment, by minimizing energy consumption (using photovoltaic panels), reducing exhaust emissions (by investing in means of transportation that meet more stricter standards) and reducing greenhouse gas emissions as well as the generation of pollutants into the environment, including waste generated in production processes.

In decision-making processes, much attention is paid to relations with the Group's stakeholders. Group companies conduct business activities in various parts of the world, which are culturally diverse.

9 https://elemental.biz/uploads/files/elemental_code_of_ethics.pdf

One of the three key values for the Group is the principle of respectful partnership. Partnerships with leaders of companies that together create the strength of the Group, cooperation with committed employees and competent managers.

Focusing precisely on people in the Organization, the Management Board has decided to adopt the Human Resources Management Strategy[10], the Human Resources Management Policy[11], and the Anti-Harassment Policy[12], in the first place, bearing in mind that it is people who build this Organization and they should be provided with tools that will guarantee their safety and rights.

Another key value identified by the Group is honesty and responsibility. Therefore, subsequent policies adopted by Elemental in 2022 included the Anti-Corruption Policy[13] and the Whistleblowing Procedure[14].
At the same time, as laid down in the Code of Ethics 'The more efficient we are in taking case for the preservation of natural resources and activities aimed at environmental protection, the better our business develops. We grow stronger by protecting what is the most important to humanity and will allow it to survive'. That is why, the Environmental Management Strategy[15] was the next document implemented in the Organization. In the pursuit of the objectives specified in the Strategy, the Group companies have also adopted the Fleet Management Policy defining standards and procedures for the purchase, insurance, use and sale of vehicles belonging to respective companies, as well as describing activities aimed at reduction of the Organization's impact on the environment in accordance with the adopted principles of sustainable development. The Policy supports initiatives that reduce the level of exhaust emissions released into the environment as a result of using the fleet of cars belonging to the Organization, as well as vehicles of third parties implementing orders for the Group.

10 https://elemental.biz/uploads/files/elemental_code_of_ethics.pdf
11 https://elemental.biz/uploads/files/elemental_code_of_ethics.pdf
12 https://elemental.biz/uploads/files/elemental_code_of_ethics.pdf
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6.

Risk assessment system

applicable to sustainable development issues

Sustainable development is an integral element of the Group's strategy. Understanding and managing sustainability risks is the key to stay competitive, manage environmental and community impacts, and meet commitments towards our stakeholders.

The Group regularly builds a risk assessment system in relation to sustainable development issues. In 2022, mechanisms were implemented to monitor basic environmental indicators relevant to the assessment of effectiveness of actions taken to achieve climate goals, as well as examining the possibility of emergency situations occurring within the Organization. The reporting implemented in the Group covers primarily social (including employee) and environmental issues. One of elements of the value chain analysis involved launching of questionnaires analyzing, among other things, holding of relevant permits to conduct activities in the field of waste management, issues related to child labor or forced labor.

We have identified four main risk areas related to the Group's own operations and its value chain, including its products, business relationships and supply chain, which may affect the ability to sustainably develop:

1. environmental risk: this area includes risks related to environmental pollution, energy consumption and impact on biodiversity;
2. regulatory risk: this area includes risks arising from changes in the legal regulations applicable to waste recycling and management, including waste transport, as well as sustainable reporting requirements;
3. operational risk: this area includes risks related to the availability of raw materials, maintenance of high-quality recycling processes and minimizing waste;
4. social and reputational risk: this area includes risks related to the expectations of the local community, customers, business partners and society as a whole.

Risk assessment consists of estimating the probability of risk occurrence and the impact that this risk would have on the Group's operations. We use a risk assessment methodology based on the ISO 31000 international standards.

1. Assessment of the environmental risk

In order to assess the environmental risk, the Group companies monitor resource consumption (water, energy), waste generation (including hazardous waste) and pollutant emissions (carbon footprint, sewage). The impact of companies' respective projects and activities on local biodiversity is also assessed.

2. Assessment of the regulatory risk

In order to assess the regulatory risk, the Group systematically monitors, both at the central and local level in individual subsidiaries, changes in the environmental law, in particular regarding waste management, as well as regulations on sustainable reporting and labor law to assess the impact potential changes in these regulations on the Group's operations.

3. Assessment of the operational risk

The Group companies regularly assess their operational processes in terms of:

a. efficiency and minimization of generated waste,
b. increasing the efficiency of processes in terms of achieving recycling levels,
c. increasing the energy efficiency of processes,
d. difficulties in obtaining proper amounts of raw materials in the form of sufficiently used electrical and electronic equipment, catalysts or non-ferrous metals,
e. unreliability of production processes due to equipment failure,
f. improper waste management, i.e. potential problems related to safety and waste regulations,
g. health and safety of employees.

A key aspect in assessment of the operational risk is to ensure the availability of raw materials necessary for operations, i.e. catalysts, waste electrical and electronic equipment, as well as non-ferrous metals. Therefore, companies monitor the status and flow of this waste in the economy to assess the risk of its unavailability.

4. Assessment of the social and reputational risk

In order to assess social risk, the companies monitor expectations and opinions of stakeholders, including employees, the local community, customers and business partners. The key issue that affects the Organization's image is the effectiveness and lawfulness of waste and environmental issue management, as irregularities in this area may lead to dissatisfaction of the local community and potential legal actions filed by other entities against the Organization. Negative occurrences, such as breakdowns in waste management processes, problems with employee safety, or negative environmental impacts, may have an adverse impact on the Company's reputation. This, in turn, may affect its relationships with customers, suppliers and partners. Non-compliance can result in fines, sanctions and have a negative impact on the Company's image and reputation. Lack of social acceptance for the recycling methods used by the Company can lead to social and political pressures hindering the pursuit of economic activity.

Management of sustainability risks requires a proactive approach to minimize potential negative impacts. The Group companies have developed risk management methods in each of the presented areas::

1. Management of the environmental risk

The Group attaches great importance to the use of the best available techniques and practices to minimize the impact of its operations on the environment. It uses effective waste treatment methods that minimize pollutant emissions and energy consumption, and conducts regular assessments of activities in the context of biodiversity. In order to guarantee a high level of recycling of processed waste, it cooperates with proven global collecting entities.

2. Management of the regulatory risk

The Group has built strong internal structures to provide legal and compliance services for its subsidiaries. In addition, as regards issues that require specialist knowledge in a given area, the companies consult legal advisors and external experts to understand potential effects of regulatory changes.

3. Management of the operational risk

The Group is constantly working on increasing the network of suppliers of catalysts, waste equipment and non-ferrous metals in order to minimize the risk of raw materials availability. The Group companies are entering new markets and the Group's Management Board also pursues an active acquisition policy.

4. Management of the social and reputational risk

Group companies pay great attention to cooperation with local communities, employees and contractors, and care about transparent communication about our activities in the field of sustainable development.

The risk assessment and management process is cyclical and requires regular monitoring and review. The Group uses metrics and indicators that help track the progress and effectiveness of risk management activities.

		Emission [tons of CO_2e]			
source of GHG emissions	**CO_2e**	**% of emission**	**CO_2**	**CH_4**	**N_2O**
Scope 1	**5897.27**	**62.50%**	**5783.71**	**2.94**	**70.41**
Fuels	5857.06	62.08%	5783.71	2.94	70.41
Diesel oil	4725.56	50.08%	4656.73	0.48	68.36
Gasoline	550.49	5.83%	546.97	1.83	1.68
LPG	292.51	3.10%	292.10	0.23	0.18
Natural gas	269.71	2.86%	269.19	0.37	0.15
Heating oil	18.79	0.20%	18.72	0.03	0.05
refrigerants	40.21	0.43%	0.00	0.00	0.00
R410A	40.21	0.43%	0.00	0.00	0.00
Scope 2	**3537.91**	**37.50%**	**3537.83**	**0.05**	**0.03**
Electricity	3529.40	37.41%	3529.40	0.00	0.00
Thermal energy	8.52	0.09%	8.43	0.05	0.03
Scopes 1+2	**9 435.18**	**100.00%**	**9 321.54**	**2.99**	**70.44**

2

Environmental factors

1.

Climate change mitigation, including with regard to scope 1 and scope 2

In order to assess the impact of the Group's activity on the climate, the Group companies calculated in 2022:

a. direct emissions (Scope 1), i.e. emissions resulting from the company's operations, for example, fuel combustion in vehicles or heating devices,

b. indirect emissions (Scope 2) from purchased energy such as electricity, heat or steam.

In 2022, the Group did not calculate Scope 3, i.e. other indirect emissions resulting from the entire supply chain, distribution, use and disposal of products.

Direct and indirect energy greenhouse gas emissions.

	Emission [tons of CO_2e]				
SOURCE OF GHG EMISSIONS	**CO_2e**	**% of emission**	**CO_2**	**CH_4**	**N_2O**
Biogenic emissions	**224.71**	**100.00%**	**0.00**	**0.00**	**0.00**
Diesel fuel – biogenic	203.59	90.60%	0.00	0.00	0.00
Gasoline – biogenic	21.12	9.40%	0.00	0.00	0.00

Fuel and energy consumption is monitored in companies' internal registers. Calculations of the size of GHG emissions have been prepared in accordance with the following standards: The Greenhouse Gas Protocol A Corporate Accounting and Reporting Standard Revised Edition, GHG Protocol Scope 2 Guidance.

CO_2 is the greenhouse gas included in the emission factors for fuels, electricity and heat. The calculations also take into account gases contained in released refrigerants. No biogenic CO_2 emissions have been identified.

Sources of emission factors and calorific values used to convert units were taken from KOBIZE (National Center for Emissions Balancing and Management) publications, DEFRA (UK Government Department for Environment, Food and Rural Affairs) database, AIB (Association of Issuing Bodies European Residual Mixes 2021), Green-e® Residual Mix Emissions Rates, Our World in Data - Carbon intensity of energy production https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2021/AIB_2021_Residual_Mix_Results_1_1.pdf.

GWP (Global Warming Potential) factors for refrigerants were adopted in accordance with the Fifth Assessment Report of the IPCC (Intergovernmental Panel on Climate Change).

	Emission [tons of CO_2e]				
source of GHG emissions	**CO_2e**	**% of emission**	**CO_2**	**CH_4**	**N_2O**
Scope 1	**5897.27**	**71.42%**	**5783.71**	**2.94**	**70.41**
Fuels	5857.06	70.93%	5783.71	2.94	70.41
Diesel oil	4725.56	57.23%	4656.73	0.48	68.36
Gasoline	550.49	6.67%	546.97	1.83	1.68
LPG	292.51	3.54%	292.10	0.23	0.18
Natural gas	269.71	3.27%	269.19	0.37	0.15
Heating oil	18.79	0.23%	18.72	0.03	0.05
refrigerants	40.21	0.49%	0.00	0.00	0.00
R410A	40.21	0.49%	0.00	0.00	0.00
Scope 2	**2359.98**	**28.58%**	**2359.90**	**0.05**	**0.03**
Electricity	2351.47	28.48%	2351.47	0.00	0.00
Thermal energy	8.52	0.10%	8.43	0.05	0.03
Scopes 1+2	**8 257.25**	**100.00%**	**8 143.61**	**2.99**	**70.44**

The calculations were carried out for 31 companies belonging to the Elemental Holding Group:

1. Elemental Holding Sarl (Luxembourg)[1]
2. Elemental Holding S.A. (Poland)
3. Elemental Asset Management Sp. z o.o. (Poland)
4. Elemental Strategic Metals Sp. z o.o. (Poland) – 85%
5. Elemental H2tech Sp. z o.o. (Poland)[1]– 85%
6. Elemental Recycling Middle East DMCC (Dubai)[1]
7. Terra Recycling Sp. z o.o. (Poland)
8. Tesla Recycling Sp. z o.o. (Poland)
9. Elemental Geri Donusum A.S. (Turkey)
10. Waste Management Georgia LLC (Georgia)[1] – 51%
11. Ulus Geri Kazanım Madencilik Otomotiv Taşımacılık Sanayi İç ve Dış Ticaret Limited Şirketi (Turkey)[1]– 50%
12. Recat GmbH (Germany) – 68%
13. Syntom Metal Recycling Sp. z o.o. (Poland)
14. Metal Holding s.r.o. (Slovakia)
15. Elemental Catalyst Recycling Sp. z o.o. (Poland)
16. PGM Group Sp. z o.o. (Poland)
17. Kat-Metal Oy (Finland) – 51%
18. Kat-Metal Ou (Estonia) – 80% of 51%
19. PCB Tech Sp. z o.o. / Tesla Electrorecycling Sp. z o.o. (location: Bydgoszcz, Poland)
20. Terra Electrorecycling Sp. z o.o. (Poland)[1]
21. PGM of Texas (USA) – 66%
22. MD Core LLC (USA)
23. Legend Smelting and Recycling LLC (USA)
24. Centex Converter Recycling LLC (USA)
25. Elemental Resource Management Ltd. (UK) – 51%
26. UAB EMP Recycling (Lithuania) -51%
27. Elemental Group Consulting Sp. z o.o. (Poland)
28. Elemental Asia S.A. (Poland) – 79.65%
29. Elemental EMEA Global Trade Center DMCC (Dubai)
30. Elemental Asia SDN BHD (Malaysia) – 54%
31. Elemental Benelux BV

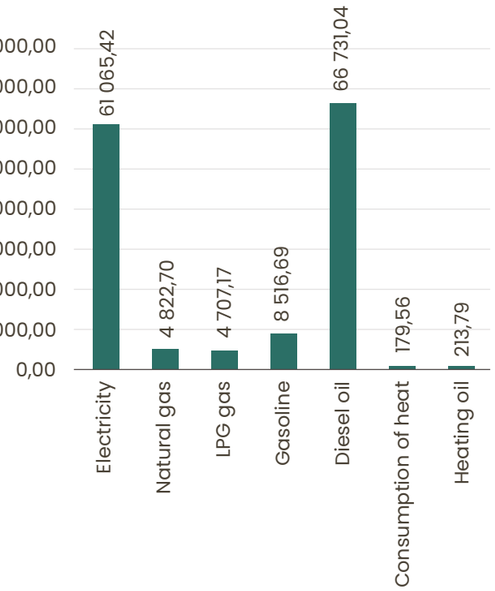
16 The company does not generate consumption

The operational control criterion was adopted as the criterion for consolidation of the Group's emissions. Emissions from the generation of purchased electricity were calculated using two methods. In the case of the location-based method, the average emission factor for Poland was used, whereas in the market-based method, electricity consumption was multiplied by an indicator reflecting the Organization's purchasing decisions. Taking into account the hierarchy of the indicators used according to the GHG Protocol, residual mix indicators for a given country were used for the calculations.

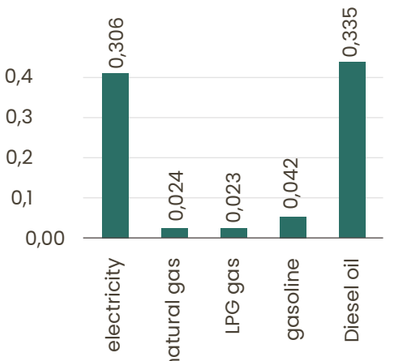
Total consumption of energy and respective fuels in the group in GJ/year amounted to **146,236.40 GJ.**

Intensity of energy consumption in GJ per ton of waste in 2022 is shown below.

Total consumption of energy and fuels in the group in 2022 in GJ



Intensity of energy consumption in GJ per ton of waste in 2022 is shown below



2.

Adaptation to climate change

Global climate change is analyzed in detail by the Intergovernmental Panel on Climate Change, which each year publishes the latest information on this subject in the IPCC report. At the time of writing this Group report, the Sixth Assessment Report of the IPCC report has already had been published[17].

The authors of the report point out that rapid and far-reaching changes in all sectors and systems are necessary to achieve profound changes, sustainable emission reductions are necessary to ensure a sustainable future. Transformation schemes involve a significant scale-up of a broad portfolio of mitigation and adaptation options to climate change. Necessary elements of the transformation include, inter alia, changes in the following areas:

- energy systems – transition to alternative energy sources emitting a zero-carbon footprint,
- industry and transport – changes in the entire value chain, including demand management, energy and material efficiency, emission reduction technologies and changes in production processes. In transport, advances in battery technologies could facilitate the electrification of heavy trucks and complement conventional electric rail systems. The environmental footprint of battery production and growing concerns about critical minerals can be addressed in material and supply diversification strategies, energy and material efficiency improvements, and the implementation of a circular economy.

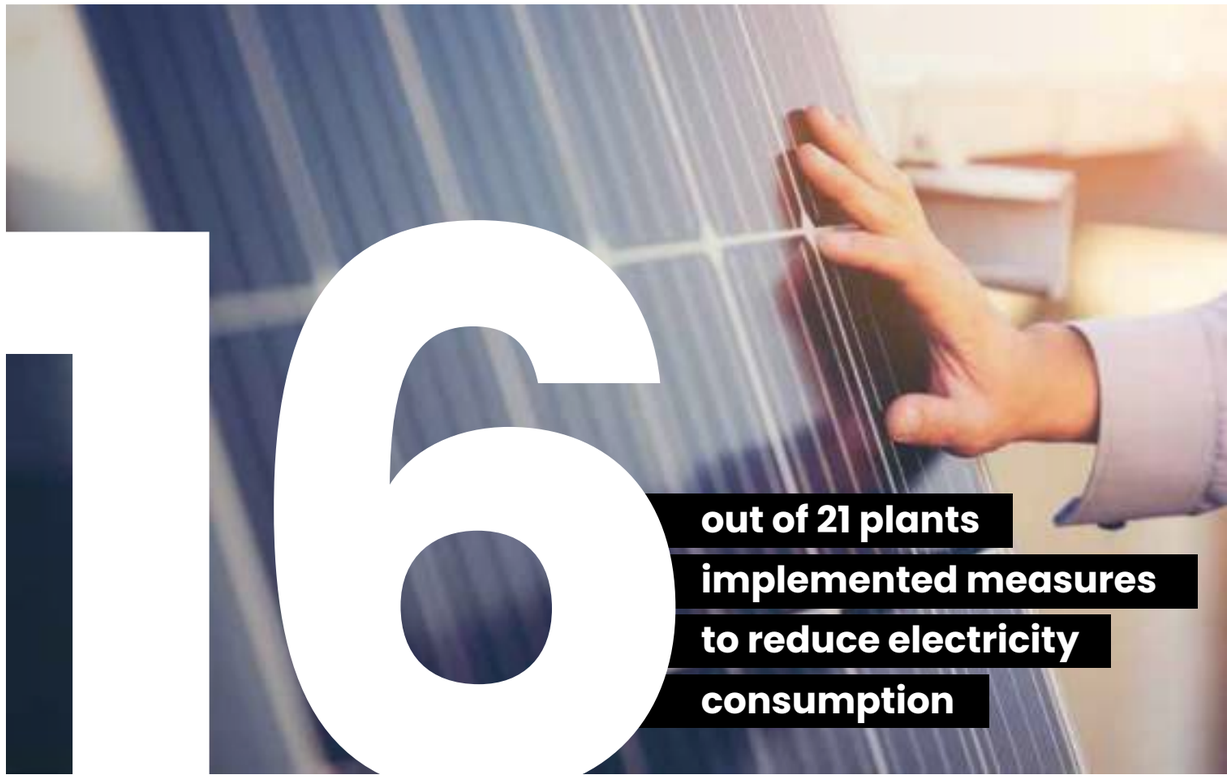
The Group has identified the above-mentioned actions as those it takes to reduce its emissions. In Scope 1, i.e. direct emissions, the Group companies strive to improve energy efficiency, invest in low-emission technologies, and in the use of renewable energy.

The following alternative energy sources are used in 3 companies of the Group:

- in the USA, our company uses solar energy and also resells excess energy produced
- in Malaysia, our company uses geothermal energy, which is used for a heat pump
- In Finland, our company uses both wind power and hydropower

In Scope 2, i.e. indirect emissions, the companies take actions to select energy suppliers with low emissions, undertake investments in low energy consumption technologies and improve the energy efficiency of buildings.

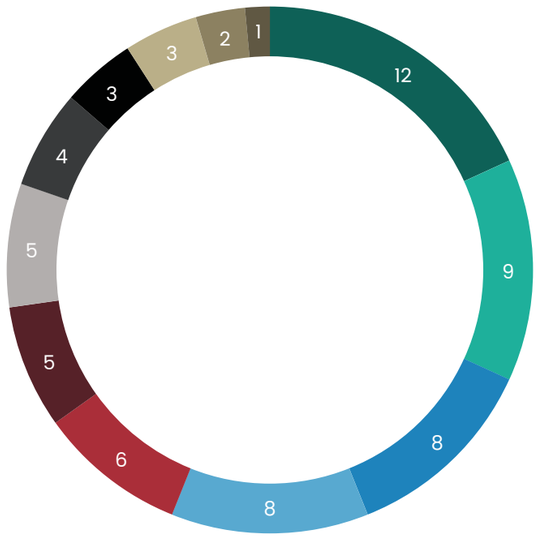
17 Current report, published in 03.2023 - https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf



In addition, bearing in mind the fact that even small actions are important because they contribute to an increase in the awareness of employees and contractors, we strive to increase the number of on-line meetings both within the Group (between colleagues in different locations or even organized at the management level – meetings of management board or supervisory boards), as well as with external entities, which reduces the need for business travels, including by air. In addition, we support hybrid work to reduce the need to commute to work.

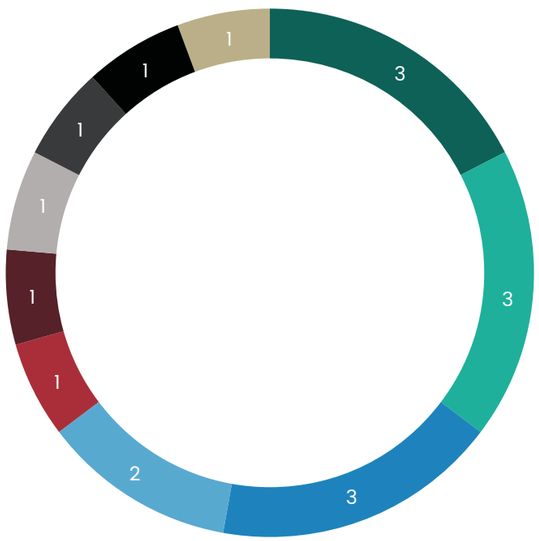
In 2022, 16 out of 21 plants (76%) implemented measures to reduce electricity consumption. In companies where measurements were carried out after the introduction of these measures, the average electricity consumption dropped by approximately 15.10% in comparison to 2021. The analysis of presented data showed that the reduction of electricity consumption in 2022 was a positive outcome of an educational campaign carried out among employees to teach them how to save energy in the production plant and office.

Number of companies that have taken various measures to reduce electricity consumption



- replacing light bulbs with LED bulbs in the office
- carrying out information campaigns among employees on ways to save energy
- replacement of light bulbs with LED bulbs in production parts
- regular maintenance of air-conditioning devices
- limiting the cooling of rooms using air conditioning in the summer to 24-25 degrees Celsius
- replacing devices with more energy-efficient ones
- introducing a ban on opening windows when the air conditioning is on
- limiting outdoor lighting at night
- replacing external lighting with LED
- installation of a motion detector for lighting
- installation of smart lighting in buildings
- installation of timers for external lighting

Measures to reduce the consumption of thermal energy by number of companies



- insulation of office buildings
- limiting the temperature in rooms in winter to 19-20 degrees Celsius
- introducing a ban on long-time opening of windows in winter when the heating is on
- installation of temperature sensors in rooms
- insulation of production buildings
- introduction of automatic closing of entrance gates in production halls
- replacement of the heating furnace with a more energy-efficient one
- repositioning furniture/curtains on windows to expose radiators
- separation of the entrance door to the building in order to limit the inflow of cold air into the interior during the winter season (e.g. vestibule, curtains, etc.)
- regular maintenance of chimney ducts and heating devices

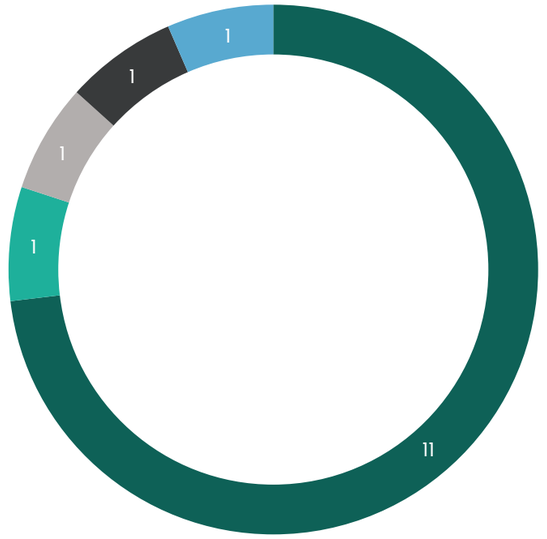
In 2022, 10 out of 21 plants (48%) implemented measures to reduce heat energy consumption.

Following the implementation of these measures, a reduction in heat energy consumption was identified, but due to the lack of complete comparative data, its level cannot be determined. In order to monitor consumption and verify the effectiveness of the measures taken, it is planned to implement a measurement system for individual components in the coming years.

In addition, plans to reduce water consumption for social and living purposes, as well as for technological purposes, are systematically implemented throughout the Group, taking into account indications of the IPPC Report on the threat to the availability of drinking water. In 12 out of 22 Companies (57%), the following solutions are implemented to reduce the amount of water used.

Moreover, it is a standard in the Group to take actions aimed at extending the life of materials that will eventually become waste, such as: regular inspections and maintenance of machinery and equipment, purchase of oil microfiltration devices. The policy of extending the life of materials was created for all companies of the Elemental Group and in 2022 it was implemented in 9 companies, which constitutes 42% of the operating companies belonging to the Organization.

Number of companies



- double flush toilet
- photocell in the taps in the bathroom
- timed shower faucets
- reduced amount of water in toilet cisterns and bidets
- faucet aerators

3.

Circular economy

The Elemental Group operates in the area of the economy called urban mining, which describes the process of recovering secondary raw materials, such as metals, from waste generated in urban areas.

It focuses primarily on waste created as a result of using various types of products and devices, such as computers, TV sets, mobile phones and household appliances. Various materials, including valuable precious metals and rare metals, can be recovered from this waste by numerous recycling technologies. Urban mining is more and more perceived as a key element of the circular economy which seeks to maximize the value of raw materials by reusing them and minimizing waste generation. At the same time, it is worth emphasizing that urban mining has an advantage over traditional mining in the light of actions taken to protect the climate and mitigate effects of climate change, it helps to reduce CO2 emissions as well as other negative effects on the environment, such as land degradation, water pollution or loss of biodiversity associated with the operation of mines. Therefore, the development of sectors such as urban mining means an active increase in the levels of selectively collected waste, while ensuring the environmentally safe recovery of secondary materials.

The recovery of precious metals from waste, i.e. the core activity of the Elemental Group, is one of key links in the circular economy system, which we presented in detail in Part 1 of the Report. The Group companies strive to implement this economic model, which aims at reducing waste and continuously using resources also in other areas. Reusable packaging is used in 42% of the Group companies, boxes and containers are repaired, electronic and office equipment is repaired and renewed, instead of buying new one, used equipment is purchased if it is possible and economically justified. As many as 95% of companies declare that when purchasing new equipment or tools, they pay special attention to their durability, repairability and recyclability of materials from which they were made. This is in line with the principle of the circular economy, the so-called 3 R's: Reduction, Reuse, Recycling, where reduction means reducing the amount of raw materials used, reuse – reusing products or their parts, and recycling - processing waste into new products. Nearly half of the companies in the Group (43%) verify suppliers of equipment and services as well as contractors in terms of their compliance with the principles of sustainable development.

The companies independently set additional goals in the implementation of the circular economy, going beyond their core business. For example, in 2022 training was conducted in Lithuania on how to properly segregate sorting, whereas Turkey reduced the number of printed documents.

4.

Consumption of water and marine resources

In the Elemental Holding Group, water for social and living purposes is taken mainly from municipal water supply networks, only the Lithuanian company uses its own deep well. No seawater or surface water is abstracted at any location.

2022 WATER ABSTRACTION IN MDM³	IN TOTAL IN THE GROUP
Total water abstraction, of which:	15.830
Water abstraction from municipal intakes/waterworks	0
Seawater abstraction	0
Surface water abstraction	0
Deep water abstraction	0.0012
Drainage water abstraction	0

In 2022, three companies from the Elemental Group (USA, Germany) used water for technological purposes. This water, as well as water for social and living purposes, is taken from the municipal water supply system. In 2022, the Companies used only 0.0004539955 Mdm³ (453,995.50 l) of water for technological purposes, which was then purified and re-introduced into circulation by third-party treatment plants.

None of the Group's companies is located in areas at risk of water shortage or potential flooding, as well as none of its plants draw water from rivers. One of the Elemental Group companies (Lithuania) uses a deep well, using this water for social and living purposes, and its water consumption in 2022 was 1,218 L. The company has documentation confirming the lack of negative impact of water abstraction from the well on the local natural environment and local community.

The total water consumption in the Group companies is presented below..

	QUANTITY IN MDM³/ YEAR
Total water consumption from all areas	3.33
Total water consumption from all water deficit areas	0

Except for Slovakia, the Group's companies do not collect rainwater. This water is used to directly irrigate green areas. Rainwater from areas used for economic activities is treated as a natural component of the environment and directed to biologically active surfaces, which translates into saving water used for watering green areas and improving soil moisture. The Slovak company also collects clean rainwater and uses it to water green areas.

Rainwater discharged from paved areas (car parks, maneuvering areas, internal roads) may be contaminated with oil derivatives. This so-called dirty water is discharged to external recipients after pre-treatment. In 6 plants, dirty rainwater is collected and fed to settling tanks, then to separators of petroleum substances, 4 plants use clean water after treatment for firefighting purposes, storing it in tight retention and evaporation tanks, and in the case of 2 other companies, this wastewater is discharged to the municipal sewage system.

The amount of rainwater is not monitored by any of the companies.

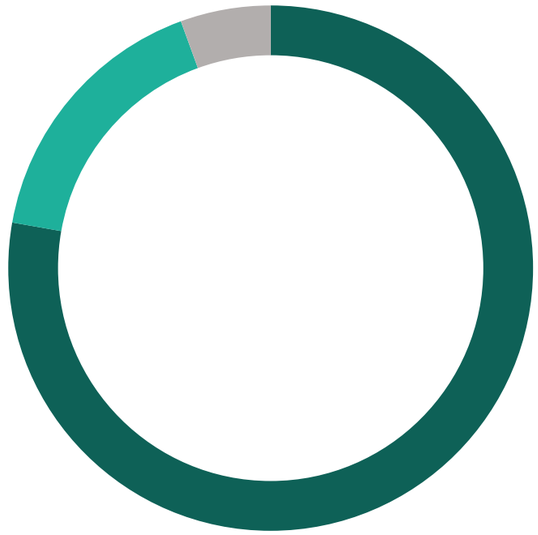
5.

Contamination

1. Wastewater

In all countries where the Group operates, there are legal acts specifying parameters for discharged wastewater, that are observed when discharging wastewater to external recipients.

The companies discharge wastewater into three types of systems: municipal sewage systems, septic tanks, and to their own sewage treatment plant.



Systems of discharging wastewater in the Group

- municipal sewage systems
- septic tanks
- own sewage treatment plant

2. Waste management

In the Elemental Group, waste management is the basic scope of activity.

In its day-to-day operations, the Group applies the principles of sustainable waste management and reducing the impact of waste on the environment and human health, but above all, it applies the fundamental principle of the waste hierarchy defined in the EU Framework Directive on waste (2008/98/EC).

In accordance with this principle, waste management in the Group is divided into five stages, in the sequence from the most desirable to the least desirable:

a. **Waste prevention**
   As described above in the chapter dedicated to the circular economy, the companies strive to extend the life of machines, devices and office equipment they use, both by choosing them based on product durability and by ensuring regular maintenance. They reduce the use of disposable packaging in production, storage and transport processes, and pay attention to the use of as few harmful substances as possible in the production processes;
b. **Preparation for reuse**
   This stage is particularly applicable to the recovery of waste electrical and electronic equipment and includes activities such as cleaning, repair, checking and refurbishment that allow products to be reused without changing their original form or function. Such waste management is not possible on a large scale, but some equipment can be given a second life;
c. **Recycling**
   This is the basic goal of the Elemental Group's activity. Waste collected in the plants is subjected to recovery processes, the purpose of which is to carry out recycling. The most important group of raw materials recovered as part of the Group's operations are precious metals and rare earth metals, but the companies also recycle other materials recovered from waste: plastic, glass, freon.
   Tesla Recycling, Terra Recycling and Syntom Metal Recycling have implemented and certified end-of-waste processes for some non-ferrous metals that they recover in their plants.
d. **Other recovery methods**
   Recovery methods other than recycling and reuse are also used in the Group's waste management.
e. **Disposal of waste**
   As the least desirable option in the waste hierarchy, it is used only when none of the other options are possible. Waste disposal, for example in landfills, has a high environmental impact and does not recover the material or energy value of the waste. It represents only a minimum percentage.

In order to increase public awareness about the harmful impact of waste electrical and electronic equipment on the environment, companies dealing with the management of this waste, which is collected free of charge from consumers in accordance with EU regulations, organize campaigns encouraging users to return equipment to authorized entities and in cooperation with their business partners (recovery organizations or importers) run programs that help consumers easily return large-size equipment.

Companies in the Group, acting in accordance with local regulations applicable to waste management, hold required authorizations, depending on the type of their economic activity, such as: waste collection authorization, recycling authorization, authorization to recover waste in other than recycling processes, integrated permit, storage authorizations, water law authorizations,

hazardous waste transport permit, including in international transport.

8 plants of the Elemental Group have implemented the ISO 14001 environmental management system or a comparable one. In 2022, the Lithuanian Company EMP implemented the European Standard Certificate of Conformity WEEELABEX to achieve effective collection and handling of electrical and electronic equipment, followed by 4 Companies: Recat (Germany), Elemental Geri Donosum (Turkey). In Poland, Tesla Recycling obtained a Certificate of Registration for the scope of its activities, including: recycling or recovery of waste from waste electrical and non-ferrous equipment in accordance with the requirements of: ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 (Alcumus ISOQAR) and a Management System Certificate confirming the end-of-waste status (TUV NORD). Syntom Metal Recycling obtained a certificate in the field of: Recycling of scrap ferrous and non-ferrous metals in accordance with the requirements of ISO 9001:2015, ISO 14001:2015, 45001:2018-06 and a certificate confirming the end-of-waste status (Polska Akademia Jakości CERT), Terra Recycling obtained the Registration Certificate for the activity covering: collection and processing of waste electronic and electrical equipment in accordance with the requirements of: ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 (Alcumus ISOQAR) and the Management System Certificate confirming the end-of-waste status (TUV NORD). Except for the USA, all countries where the Elemental Group operates must observe regulations governing the rules for keeping waste records, however, all Group companies keep records for their own needs. 48% of the Companies keep records of waste in a dedicated operating system (in Poland it is the BDO system, in foreign companies the system is not unified), 28% keep records in a manner adopted by them, e.g. in Excel.
In the countries where the Group operates (except for the USA and Malaysia), there are regulations governing the transfer of waste to other entities for recovery or disposal. The transfer of waste for further treatment is always preceded by presenting a proof of holding necessary environmental authorizations by the recipient of waste. In 62% of companies, waste management is outsourced to external entities, after they first undergo environmental audits.

Waste is always transported in accordance with national regulations and in the case of international transport, pursuant to the regulations of the Basel Convention and regulations issued in connection with its implementation in individual countries. International transport is carried out depending on the type of waste – by land and sea. The companies ship goods to over 30 countries.

Most vehicles in the Group meet the EURO 6 emission standards. The following criteria are taken into account when choosing a means of transport for transporting waste: waste transport permit (including for transport of hazardous waste), vehicle size, use of environmentally friendly vehicles, quality of service, price, availability of the means of transport. In 2022, some companies adopted a fleet policy, which requires them to take into account exhaust emission standards when choosing means of external transport. The Group uses services of providers holding relevant permits for the transport of hazardous waste (ADR) and companies having their own fleets are ADR certified.

MATERIALS IN THE PRODUCTION PROCESS

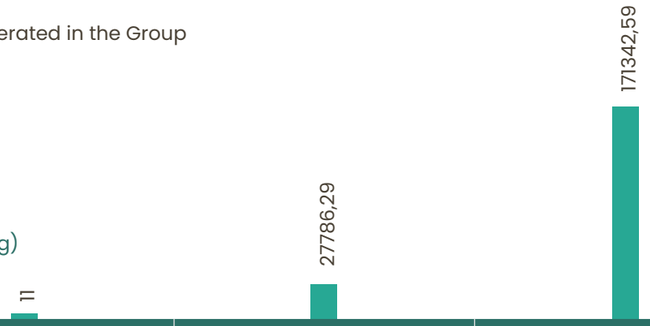
In order to reduce its environmental impact, the Group uses in the production process non-returnable packaging made of recyclable materials (such as shrink film) and reusable (returnable) packaging suitable for recycling, such as big bags, Mauzer tanks and Euro pallets. The packaging comes from recycling and is recycled after use, which enables minimizing pressure on the environment by multiple reuses.
The total mass of used returnable and non-returnable packaging for the entire Group is 84.04 Mg/year

In 2022, 8 companies took measures to minimize the generation of non-hazardous waste resulting from the use of installations, such as for example using lubricants and cleaning agents that do not contain hazardous substances, installation of an oil microfiltration device, application of solutions limiting spills and leaks in production processes, using high-quality lubricants and oils in machines. Regular inspections of equipment have been adopted as the basic rule limiting the generation of waste as a result of using installations.

GENERATED WASTE

In 2022, the total mass of waste generated in the Group amounted to 199,141.38 Mg.

Mass of waste generated in 2022 (Mg)

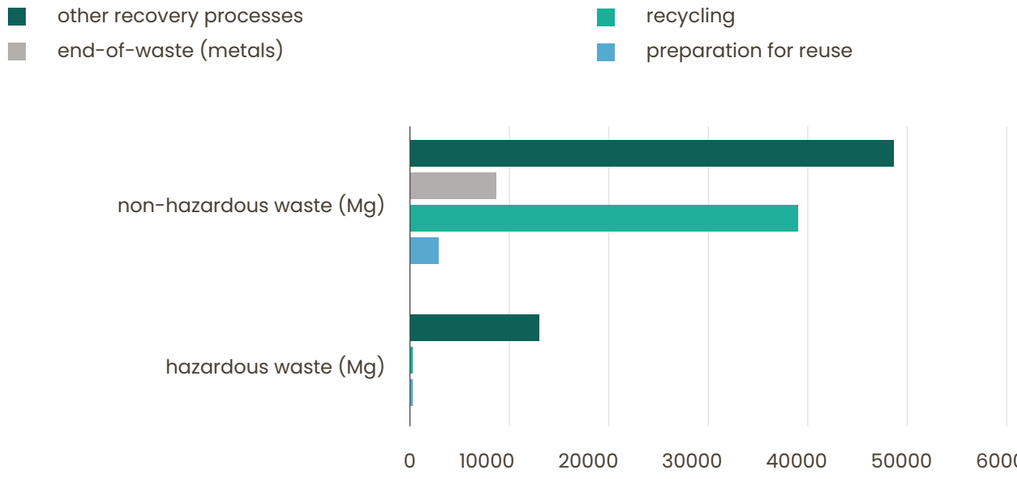


	WATER DISCHARGE TREATED AS WASTE	HAZARDOUS WASTE	NON-HAZARDOUS WASTE
Mass of waste generated in 2022 (Mg)	11	27786,29	171342,59

WASTE SUBMITTED TO PROCESSES OTHER THAN DISPOSAL (WITHDRAWAL FROM UTILIZATION) (without water)

In total, the Group recovered: 13,327.0305 Mg of hazardous waste and 99,754.42 Mg of non-hazardous waste. The chart below shows respective recovery processes.

Recovery processes applied in 2022 in the Group

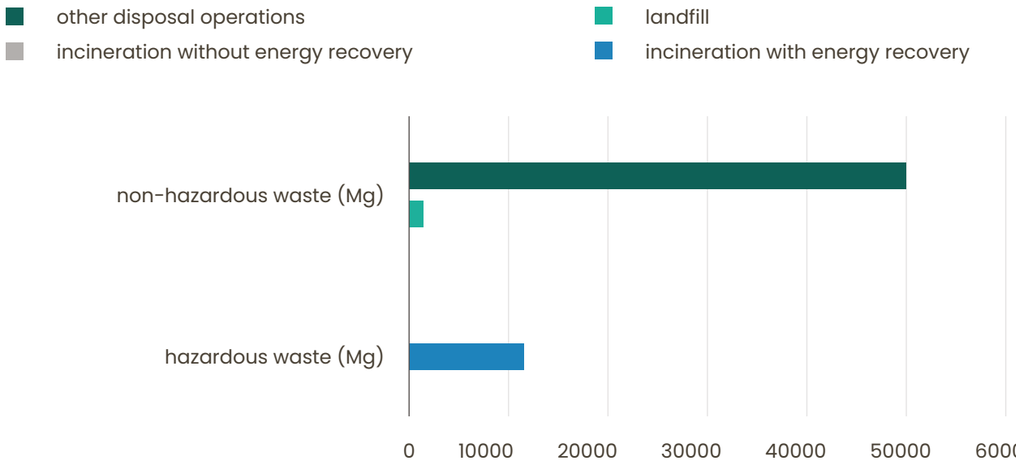


	HAZARDOUS WASTE (MG)	NON-HAZARDOUS WASTE (MG)
other recovery processes	13089,0305	49006,5081
end-of-waste (metals)		8581,096
recycling	237	39297,3924
preparation for reuse	1	2869,4249

WASTE SENT FOR DISPOSAL (without water)

Waste that cannot be subjected to any of the recovery processes is sent for disposal. In 2022, a total of 1,170.00 Mg of hazardous waste and 5,155.056 Mg of non-hazardous waste were disposed of.

Disposal processes applied in 2022 in the Group



	HAZARDOUS WASTE (MG)	NON-HAZARDOUS WASTE (MG)
other disposal operations	0	4984,496
landfill	3	159,2
incineration without energy recovery	0	0
incineration with energy recovery	1167	11,36

3. Emissions

GREENHOUSE GAS EMISSIONS

Table 1. Size of GHG emissions of the Elemental Group split by source according to the market-based method

	Emission [tons of CO_2e]				
source of GHG emissions	**CO_2e**	**% of emissions**	**CO_2**	**CH_4**	**N_2O**
Scope 1	**5897.27**	**62.50%**	**5783.71**	**2.94**	**70.41**
Fuels	5857.06	62.08%	5783.71	2.94	70.41
Diesel oil	4725.56	50.08%	4656.73	0.48	68.36
Gasoline	550.49	5.83%	546.97	1.83	1.68
LPG	292.51	3.10%	292.10	0.23	0.18
Natural gas	269.71	2.86%	269.19	0.37	0.15
Heating oil	18.79	0.20%	18.72	0.03	0.05
refrigerants	40.21	0.43%	0.00	0.00	0.00
R410A	40.21	0.43%	0.00	0.00	0.00
Scope 2	**3537.91**	**37.50%**	**3537.83**	**0.05**	**0.03**
Electricity	3529.40	37.41%	3529.40	0.00	0.00
Thermal energy	8.52	0.09%	8.43	0.05	0.03
Scopes 1+2	**9 435.18**	**100.00%**	**9 321.54**	**2.99**	**70.44**

Table 2. Size of GHG emissions of the Elemental Group split by source according to the location-based method

	Emission [tons of CO_2e]				
SOURCE OF GHG EMISSIONS	**CO_2e**	**% of emissions**	**CO_2**	**CH_4**	**N_2O**
Biogenic emissions	**224.71**	**100.00%**	**0.00**	**0.00**	**0.00**
Diesel fuel – biogenic	203.59	90.60%	0.00	0.00	0.00
Gasoline – biogenic	21.12	9.40%	0.00	0.00	0.00

Table 3. Size of biogenic GHG emissions of the Elemental Group

OZONE DEPLETING EMISSIONS (ODS)

Production, import and export of ozone-depleting materials in tons	**0**

Table 3. Size of biogenic GHG emissions of the Elemental Group

EMISSIONS OF NITROGEN OXIDES (NOx), SULFUR OXIDES (SOx) AND OTHER SUBSTANCES

	Emission [tons of CO_2e]				
source of GHG emissions	**CO_2e**	**% of emissions**	**CO_2**	**CH_4**	**N_2O**
Scope 1	**5897.27**	**71.42%**	**5783.71**	**2.94**	**70.41**
Fuels	5857.06	70.93%	5783.71	2.94	70.41
Diesel oil	4725.56	57.23%	4656.73	0.48	68.36
Gasoline	550.49	6.67%	546.97	1.83	1.68
LPG	292.51	3.54%	292.10	0.23	0.18
Natural gas	269.71	3.27%	269.19	0.37	0.15
Heating oil	18.79	0.23%	18.72	0.03	0.05
refrigerants	40.21	0.49%	0.00	0.00	0.00
R410A	40.21	0.49%	0.00	0.00	0.00
Scope 2	**2359.98**	**28.58%**	**2359.90**	**0.05**	**0.03**
Electricity	2351.47	28.48%	2351.47	0.00	0.00
Thermal energy	8.52	0.10%	8.43	0.05	0.03
Scopes 1+2	**8 257.25**	**100.00%**	**8 143.61**	**2.99**	**70.44**

	Quantity in tons for 2022
Nitrogen oxide (NOx)	19,63276647
Sulfur oxide (SOx)	0,157062132
Persistent organic pollutants (POP)	0
Volatile organic compounds (VOCs)	0
Hazardous air pollutants (HAP)	0
Carbon dioxide	22636,57974
Other – carbon monoxide (CO)	11,77965988
Total dust	0,196327665

6.

Biodiversity and ecosystems

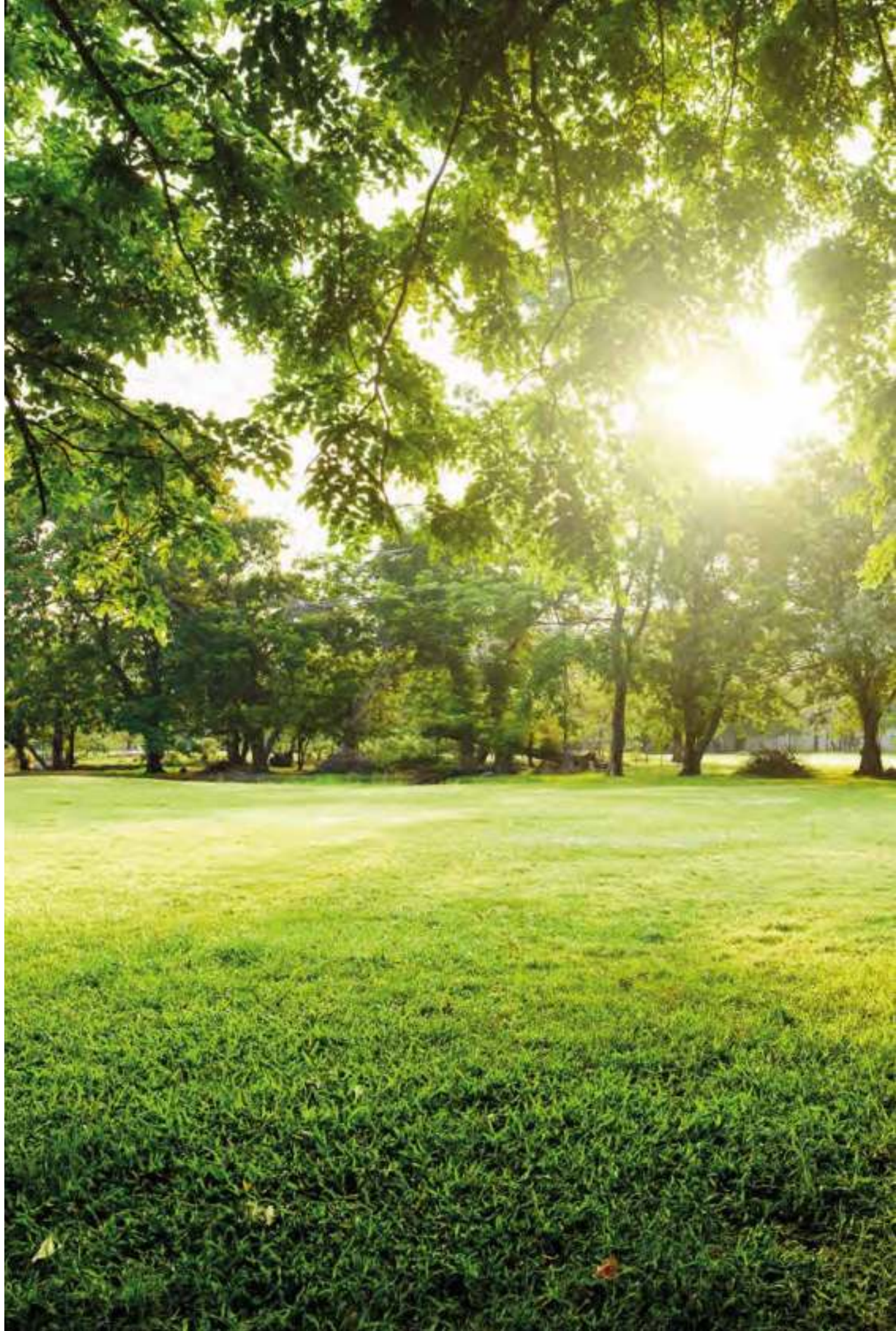
The Elemental Holding Capital Group applies the principle of locating its plants in areas already transformed by man, which are not distinguished by significant natural value, but are situated at a proper distance from areas of significant natural value.

When considering new locations for conducting economic activity, an assessment of the state of the environment and the necessary degree of interference during a given project is always also carried out. If the law requires development of an environmental impact assessment before starting the investment process, a pre-construction environmental survey is always ordered, which is aimed at checking the condition of the environment, the presence of potential habitats of protected species, or the number of particular individuals.

The analysis of locations of the Group's plants in relation to protected areas, including separately Natura 2000 areas, showed that none of the operational facilities owned, leased or managed by the Group is located in or adjacent to protected areas, or is outside of protected areas with high level of biodiversity that could be characterized according to a protected status list (such as IUCN Categories of Management of Protected Areas, Ramsar Convention) or according to national legislation.

It should also be emphasized that there are no habitats of protected species in the areas belonging to the Elemental Group.

The Group companies make efforts to minimize their impact on biodiversity. One of the methods used in the plants, also when they are located in industrial zones, is to establish 'green zones' around the facilities, which are supposed to somehow offset the conversion of land for industrial activity.



3 Social factors and human rights

1.

Introduction

In accordance with the Code of Ethics adopted in the Group, the companies are obliged to respect human rights and freedoms expressed in the OECD Guidelines for Multinational Enterprises and the International Charter of Human Rights[18].

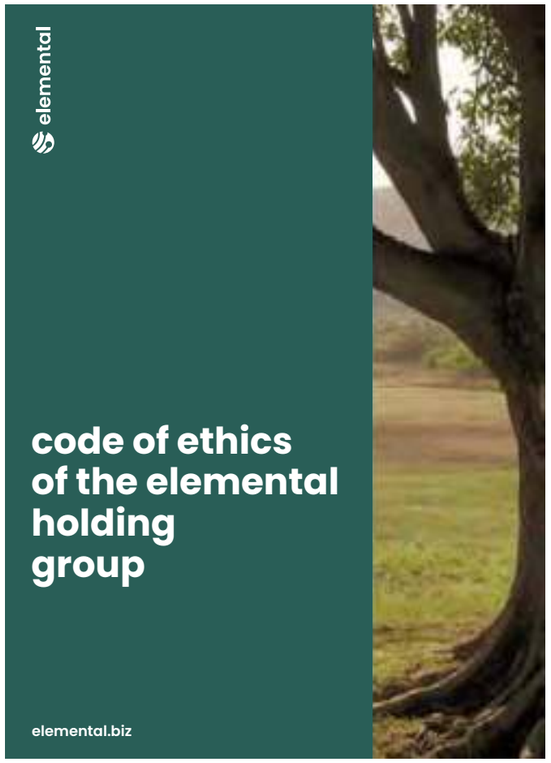
At Elemental, the following is in particular respected:

- the right to life
- the right to human dignity
- the right to freedom and personal safety
- the right to health care
- the right to freedom of thought, expression, religion and political opinion
- equality between women and men
- employee rights, namely: the freedom to take up employment, the right to just, favorable and safe working
- conditions, the right to fair pay and adequate rest, the right to assemble and associate in
- trade unions or works councils.

As regards these values, the Group does not tolerate any deviations and any violation will result in immediate breaking of mutual cooperation. This commitment applies to the entire value chain. In compliance with the above-mentioned declarations, the Group has implemented the Human Resource Management Policy, which guarantees basic employee rights:

- decent conditions of work, corresponding to international standards, including the basic conventions of the International Labor Organization
- prohibition of slave labor, forced labor, including forced labor of prisoners
- the right to a freely chosen job on mutually agreed conditions
- prohibition of requiring employees to 'deposit' anything valuable or their identity documents with the company
- unconditional possibility of termination of employment after the lapse of the notice period specified in the contract

The Group strictly prohibits the use of forced labor and child labor in the entire value chain. It is forbidden to employ people who are under 15 years of age, unless applicable law provides otherwise (e.g. for the purpose of an internship or apprenticeship). Under no circumstances can juveniles under the age of 18 be employed to work at night or in hazardous conditions. The plants are secured either by the company's employees or by a hired security company. However, in both cases, persons in charge of security are obliged to respect every person's right to freedom and personal security.



Each year the group expands its activities to new countries and different continents. In its expansion strategy, it is always guided by the principle of respecting the rights of indigenous peoples in accordance with the UN Declaration on the Rights of Indigenous Peoples[19] and the Resolution of the European Parliament of 3 July 2018 on violations of the rights of indigenous peoples in the world, including the land grabbing (2017/2206(INI))[20]. The real estate acquisition process is supervised by the Group's Management Board and analyzed in terms of ensuring, among other things, that there is no conflict

18 Including such documents as: Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights

19 https://www.un.org/esa/socdev/unpfii/documents/DRIPS_Polish.pdf
20 https://www.europarl.europa.eu/doceo/document/TA-8-2018-0279_PL.html

and acquisition without prior consent of indigenous and local communities and with disregard for their rights. In addition, the Group's objective is to ensure that the ownership right to real estate is not acquired by way of expropriation or other permitted domestic procedures, which would be of a compulsory nature. Negotiations with owners, ending with a settlement, cannot take place in conditions where failure to reach a settlement would result in expropriation or other forced procedures. There have been no involuntary restrictions on land use or access to natural resources in any project within the Group that would result in a community or groups within the community losing access to the use of resources. Evicting land occupants without formal, traditional or identifiable use rights was not required. There was no restriction on access to land or use of other resources, including municipal property and natural resources, such as marine and aquatic resources, timber and non-timber forest products, fresh water, medicinal plants, hunting and gathering grounds, pastures and cropland.

Investments and projects, such as in Zawiercie, are carried out with respect for the rights of local communities and with their participation. As part of the process of obtaining construction decisions and permits to conduct waste management activities, an environmental impact report is prepared, which involves public consultations.

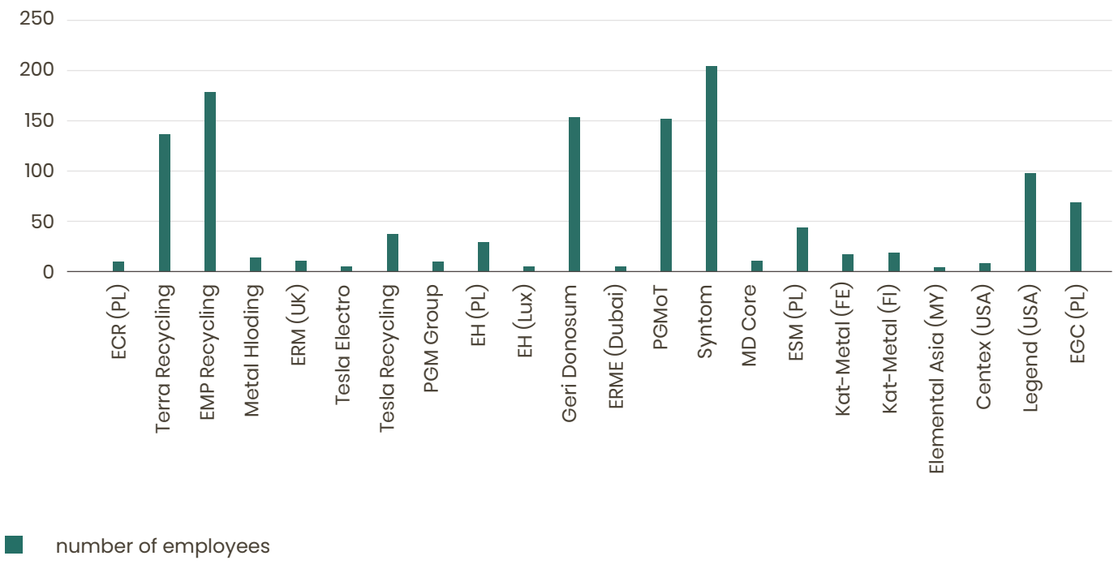
2.

Employees and conditions of work

1. Employment

The total average employment in the Group in 2022 was 1,259.19 people. What distinguishes the Elemental Capital Group is the large diversification of companies in terms of employment and complexity of technological processes, and thus the size of plants.

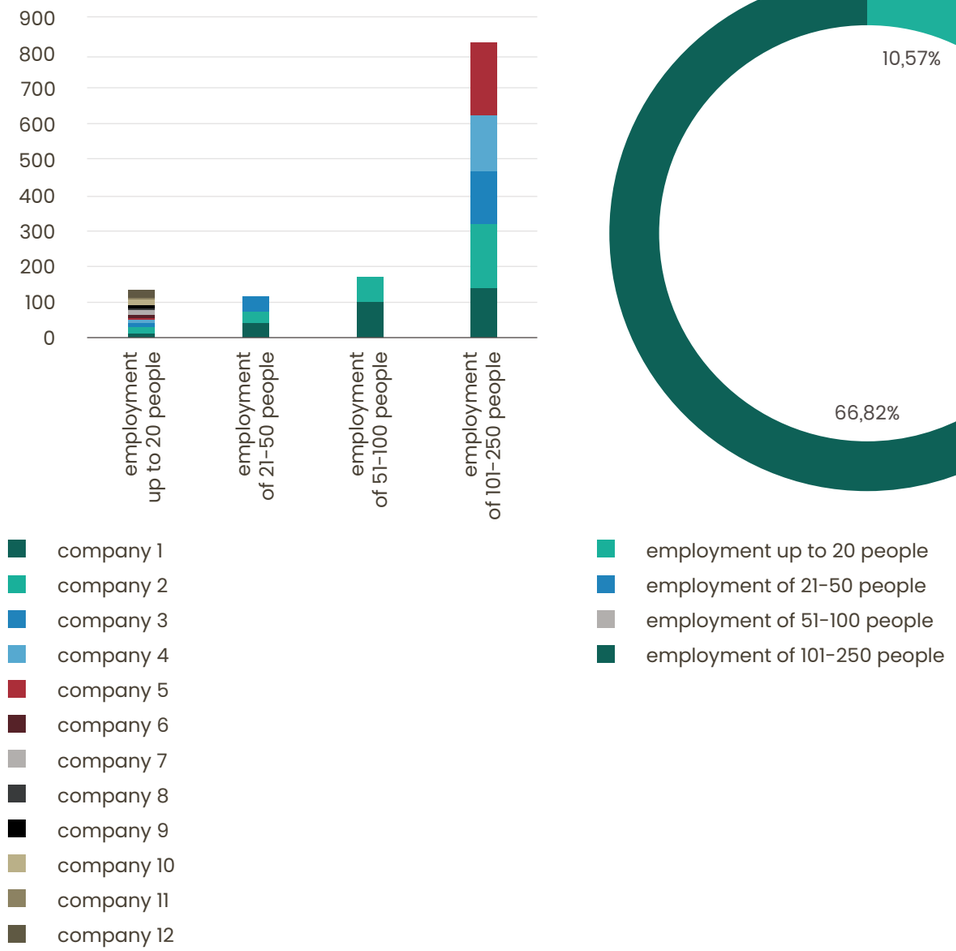
Employment by companies



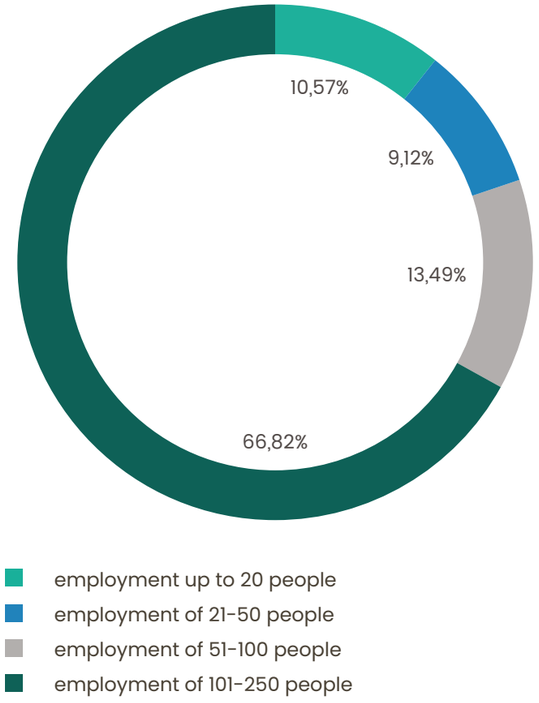
The Group breakdown into small vs. large companies is presented below.

According to the chart above, there are 5 large companies in the Group with employment of 101-250 people, which in total employ 66.82% of the Group's employees, while there are as many as 12 companies with employment not exceeding 20 people.

Share of companies in the Group by employment



Share of companies in the Group by the size of employment



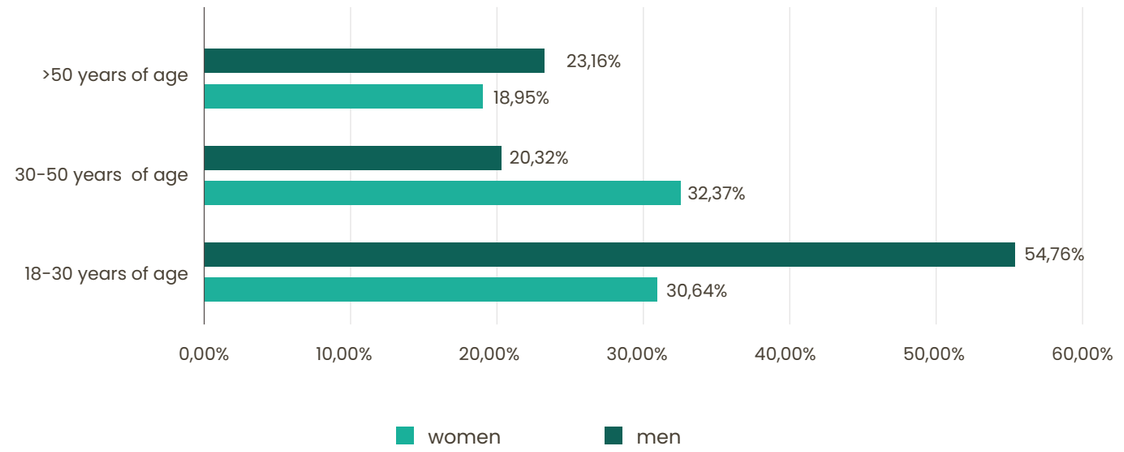
Employment in 2022 by age (under 30; 30-50; over 50) and by region (Europe/Asia and Middle East/United States of America) is presented in the table below.

Employment in the Group by age

	EUROPE	ASIA AND MIDDLE EAST	USA
>50 years of age	222,75	6	65
30-50 years of age	442,58	51,72	142,5
18-30 years of age	140,19	108,95	67
<18 years of age	0	0	0

The rotation rate in 2022 in the Group amounted to 22.53% and specific rotations in respective age groups by gender are presented in the table below.

Rotations by gender and age in the Group



The Group does not employ persons under the age of 18, which is in line with the adopted rules.

Compared to the previous year, there is an increase in employment by 17.61% (186.69 people), of which 74 people are women and 112 men.

In 2022, 17 companies in the Group employed foreigners. In total, there are 50 people from 18 countries: Bulgaria, Honduras, India, Iran, South Korea, Lebanon, Mexico, Germany, Nigeria, Pakistan, Poland, South Africa, Slovenia, Syria, Tunisia, Turkey, Ukraine, Italy. Most of the employed foreigners come from Syria (6) and Ukraine (9). Foreigners do not constitute a significant group of employees in terms of their number in any company and their employment is rather an individual case in the scale of each company. In the Group, they constitute only 4.01% of all employees.

What is noteworthy is that the highest turnover rate – almost 55% - was recorded among young men. This may be due to the fact that they are often just starting their careers and are more willing to explore various career opportunities. They may change jobs frequently to gain experience, broaden their skills, and find a job that is right for them. In addition, young men are often more flexible and willing to take job-seeking risks to gain experience and explore different career paths, and are more open to geographic relocation, which increases the chances of finding a job that best suits their skills and needs. Young women are more attached to their positions. Approx. 24% fewer women than men at this age changed jobs in the Group. This is probably related to the need to stabilize employment in connection with the related parental rights. It is worth noting that the turnover rate of women in both age groups 18-30 and 30-50 is very similar and amounts to approx. 30%, visibly falling to 18.95% among the oldest employees. On the other hand, men aged 30-50 and in the oldest group, above 50 years of age, show comparable, very good attachment to work in the Group. The turnover rate is approx. 20%.

In 2022, the companies offered employees the following types of benefits:

- life insurance
- accident insurance
- disability and invalidity insurance
- private medical care
- Christmas vouchers
- gym memberships
- employee meals
- employee bicycles

In companies where this is not regulated by national regulations, benefits granted to employees include: old-age pension reserve, health insurance and parental leave. It is worth noting that in 82% of the companies in the Group, benefits are available to all employees, regardless of the form of employment. Most employees use medical care offered in the form of packages.

By implementing the work life balance strategy, the company supports parenthood and enables its employees to take parental leaves (both for mothers and fathers) and child-care leave in accordance with applicable national regulations. In countries where national regulations do not regulate parental leaves, the Group companies offer it as a bonus. In 2022, the total number of women who used parental or childcare leave was 15. 9 men took advantage of this form of leave, 8 of them in a Lithuanian company and 1 in a Turkish company. In the analyzed period, 3 women returned to work from parental leave. The rate of returning to work after the leave is 100% in Poland, 100% abroad in one company, and 77.8% in the other – it applies to both men and women. As can be concluded from the information above, women and men use the leave they are entitled to a comparable extent. Most employees returned to work after parental leave.

2. Principles of communication with employees about changes in the organization that affect them

Following the partnership principle in the Organization requires the implementation of relevant communication mechanisms with employees and counterparties. In 2022, based on conducted surveys, this area was identified as requiring improvement. For this purpose, a Communication Department was established, whose task is to create effective communication channels both within the organization and towards other stakeholders.

In line with the partnership principle, it was assumed that material operational changes will be implemented in the Organization not earlier than at least 14 days from the date of notifying about theme. In cases where local regulations require longer time limits, statutory time limits apply.

In 2022, the employee right to associate was officially regulated in the policy of only 6 Group companies (3 Polish and 3 foreign). A collective labor agreement was in force only in the Lithuanian company and an employee council was also established there.

In order to regulate this area, in 2022, the Group began work on the employee council regulations, which provide for the establishment of councils composed of employee representatives in companies employing more than 50 employees, who will represent their interests before the company bodies in consultations on matters related to their significant interests. The regulations were implemented in the first quarter of 2023.

3. Training and education

The development and raising of employees' awareness is crucial for the development of the Organization itself, which is why the Group places great emphasis on the creation of an internal and external training system. Due to the international nature of the Group, companies invest in English language courses offered to Polish employees cooperating with foreign companies. In addition, the companies organize professional training in the field of:

- trade negotiations
- accounting
- ISO systems
- working time of drivers
- transport and forwarding
- HR, including, for example, training in the field of personality models
- end-of-waste certificates,
- forklift operation.

In 2022, a total of 3,257 training sessions were conducted in the Group, of which 1,504 were attended by women and 1,753 by men.

TOTAL NUMBER OF TRAININGS	SUPERVISORY BOARD		MANAGEMENT BOARD		DEPARTMENT DIRECTOR		DEPARTMENT HEAD (MANAGER)		COORDINATOR		SENIOR SPECIALIST		SPECIALIST		JUNIO SPECIALIST		ASSISTANT	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M
0	0	0																
152			35	117														
132					58	74												
372							149	223										
399									359	40								
383											99	284						
777													351	426				
391															389	2		
651																	64	587

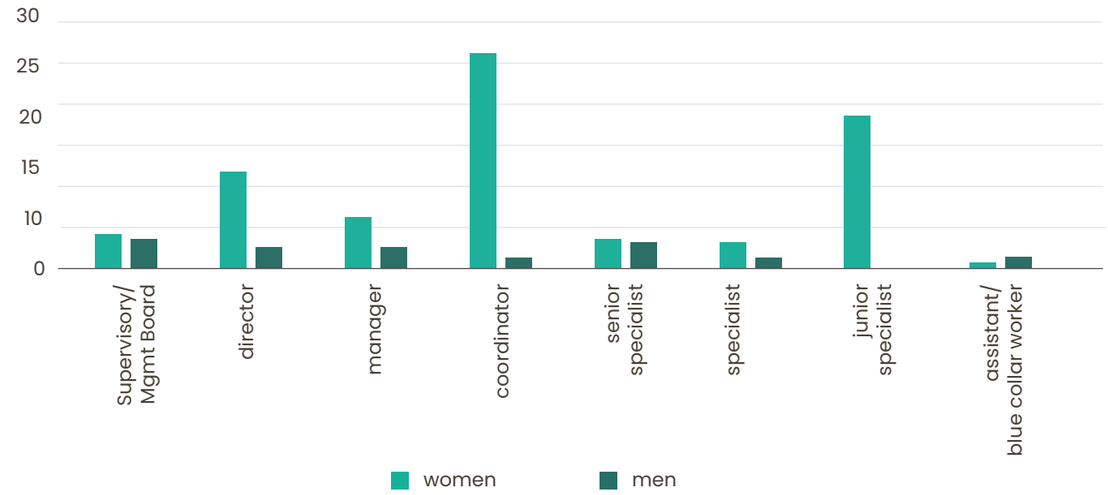
Training is offered to all employees, regardless of the form of employment and gender, but it should be noted that on average there are 5.6 hours of training per woman, while only 1.80164 per man. The chart below presents the average number of trainings per man and woman, respectively, in the employment structure.

Great emphasis is placed on training in the field of anti-corruption policy and anti-harassment policy. All managers and persons in managerial positions became familiar with the anti-corruption policy applicable in the Group.

t should be emphasized that, similarly as in the previous year, in 2022 none of the companies belonging to the Group recorded any corruption incidents, nor were any discriminatory incidents reported.

In order to familiarize employees and counterparties with the procedure for reporting violations, which was introduced in the Group in 2022, training on the rules for reporting violations was conducted in 11 companies, including in particular presentation of how to make a report (including the possibility of anonymous notification of the ethics officer about a violation).

Average number of training hours



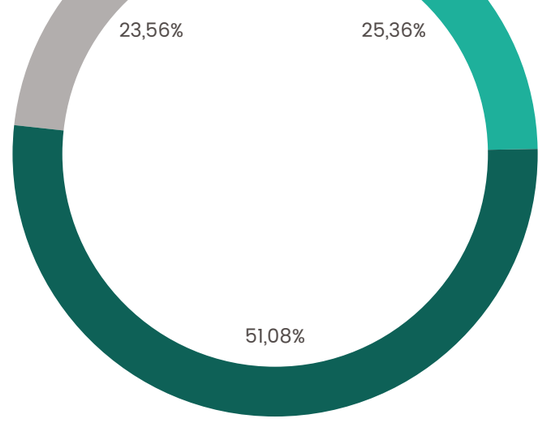
managers and persons in managerial positions who became familiar with the anti-corruption policy in the Group	managers and persons in managerial positions who participated in anti-corruption trainings	employees and counterparties (B2B) who became familiar with the anti-corruption policy applicable in the company	percentage of employees and counterparties (B2B) who participated in anti-corruption training in 2022
100%	70.80%	32.76%	35.45%

4. Diversity in the Organization

Diversity in the workplace in terms of gender and age contributes to creative thinking, innovation and increasing the overall performance of the company. Therefore, in the Elemental Group in 2022 we started the process of implementing a diversity policy and eliminating prejudices due to gender and age. The first and most important step was the adoption of the formal principle of diversity in the workplace, which became one of the most important provisions of the Human Resource Management Policy. The Policy clearly emphasizes that diversity is valued and promoted, and these principles apply equally to the recruitment process, as well as to promotion opportunities and remuneration policy. The next step was to implement independent recruitment processes coordinated by the HR Department. Among other initiatives, the Companies make sure that job advertisements are published in various places to reach a wide group of people, it is forbidden to use the criterion of gender or age in recruitment, although of course due to the need to have minimal experience in specialist positions, age may be a natural barrier. The Companies also conduct anti-discrimination and anti-prejudice training and encourage employees to integrate to help create a culture of respect and acceptance. Due to the specificity of the industry in which the Group companies operate, it is not possible to ensure diversity of employment in teams in every area of the Company. In production departments, in transport (among drivers), in the operation of machines and devices – men predominate, who, as a rule, are more predisposed to these tasks. However, in departments and divisions where the scope of tasks performed is more universal, team diversity is promoted, as it can contribute to improving creativity and efficiency, as well as to promoting a culture of diversity in the Organization. The Group pays a lot of attention to equal promotion opportunities and access to training. Ensuring that all employees, regardless of gender or age, have equal opportunities for promotion and professional development is crucial to maintaining diversity at all levels of the Organization. Support for the younger age group and women includes the possibility of working on a flexible time basis in most positions, as well as hybrid work.

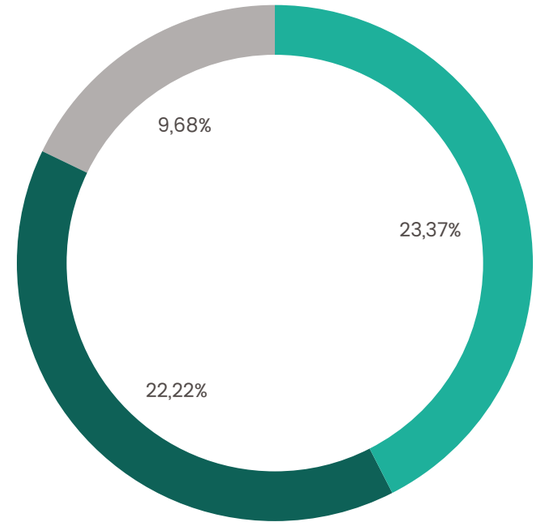
The analysis of employment data broken down by age shows that the Group has managed to achieve a large diversity in terms of age.

Employment in the Group by age



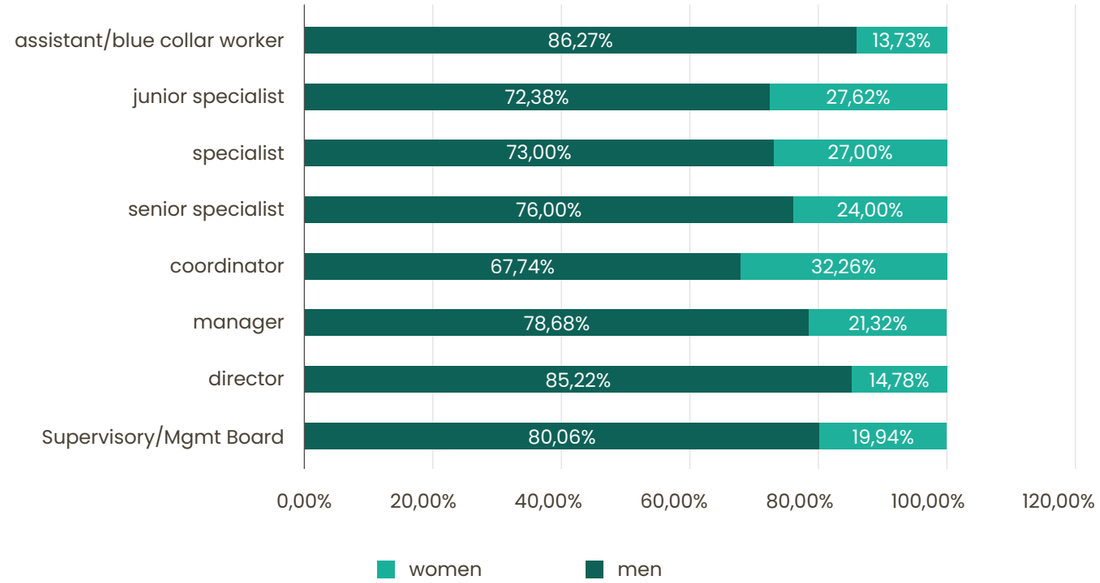
As regards the women to men employment ratio, the parities achieved by the Group are not satisfactory enough, although they are justified by objective reasons. Among the Group's employees – 21.29% are women. The industry and the nature of performed work, in which manual work, operation of machines and devices, and driving (trucks, internal transport) predominate, have a large impact on the employment rate of women. The employment of women by geographical breakdown is as follows:

Women in the Group



The Turkish company has the lowest female employment rate. The employment rate of women, which is clearly lower than in the case of the rest of the Group, does not result from the company's policy of discriminating against women, but is caused by local conditions. According to statistics published by Turkstat for 2021 , the average employment rate of women in Turkey was more than half lower than that of men, and in some regions the difference was even more pronounced. The level of education also has a clear impact on participation in professional life. In comparison, the employment rate for men of working age in the EU was 78.5% in 2021, surpassing the employment rate for women (67.7%) by only 10.8%.

The chart below shows the employment ratio of men and women in the Group at particular job levels.



The lowest level of employment of women is recorded at the lowest levels in the employment structure – assistants and blue-collar workers. This is due to the fact that blue-collar workers are the largest group among the Group's employees and due to the nature of the work, women are not interested in performing it, for example due to physical limitations. At subsequent levels of the structure (from junior specialist to manager), the number of women is similar and amounts to 26.44% on average. Noticeably fewer women, because only 14.78%, held managerial positions in 2022. At the level of the management and supervisory boards of the Group, this ratio is 19.94%. However, it should be noted that in the parent company of the Group – Elemental Holding SA (Luxembourg), these proportions are shaped completely differently – 50% of women and 50% of men sit on the Management Board of the company. In the subsidiary – Elemental Holding SA (Poland), which in 2021 still controlled the Group, women represented only 20% of members of the management board and the supervisory board.[23]

21 https://data.tuik.gov.tr/Bulten/Index?p=Istatistiklerle-Kadin-2021-45635&dil=2

22 According to the results of the household economic activity survey: in 2020, the proportion of people aged 15 and over who were employed was 42.8% in Turkey. This percentage was 26.3% for women and 59.8% for men. At the same time, the participation rate was 12.4% for illiterate women, 24.1% for women with lower than secondary education, 29.9% for women with secondary education, 37.0% for women with vocational education and 65.6% for women with higher education.

23 In November 2022, Parliament approved groundbreaking legislation to increase gender equality on company boards. The so-called 'Women on Boards Directive' introduces transparent recruitment procedures in companies so that by the end of June 2026, at least 40% of non-executive director positions or 33% of all director positions would be filled by women. Small and medium-sized companies employing less than 250 employees are excluded from the regulations, therefore they will not cover companies from the Elemental Group, however, at the level of the parent company, the Group's ambition is to maintain at least this proportion.

5. Anti-discrimination policy

The Management Board of the Group is aware that ensuring equal remuneration is an important factor in retaining qualified employees, which to a large extent determines the development of the Group. At the same time, it takes into account the changing EU regulations in this area, which introduce the obligation to conduct a deeper analysis of data regarding salaries.[24]

A proper analysis of the ratio of women's to men's salaries in the Group requires taking into account several factors:

1. **Differences in the size of individual companies**
   This is crucial, because the data collected from companies employing 10-12 people, with the majority of manual and technical employees, is incomparable with the data from companies employing 50 and more people.
2. **Standardization of the employment structure**
   SThe structure of employment in the companies, starting from 2022, is systematically clarified according to the principles adopted in the Human Resource Management Policy. The adoption of a seven-level structure (assistant/blue-collar worker; junior specialist; specialist; senior specialist; coordinator; manager; director) enables planning a career path, defining duties and powers, or business dependencies, and comparing data between companies. However, it should be remembered that the process of implementing the employment structure is time-consuming, associated with changes on the side of employees, and it happens gradually in consultation with interested parties. In addition, the seven-level structure was created having the biggest departments in mind, which is why there are often unfilled positions in smaller organizational units, which does not mean the need to fill them, but only serves the needs of career path planning and provides an orderly system of department development.
3. **Differences and diversity**
   Presentation of the employment structure in the Group in a uniform manner, like any diagram, tends to simplify. It does not take into account the differences in education, experience and competences between representatives of particular professions that the Group needs in order to have a sufficient number of staff to pursue its tasks and strategies. For example, one may notice that at the first level, there are persons holding office assistant positions and blue-collar workers. At the next levels, we compare employees of administrative departments (accounting, human resources and payroll, warehouse management, environmental records) with employees of commercial, trading, legal, tax, R&D departments, etc. Completely different competencies and requirements will apply to managerial positions in operating companies, especially those with low employment, and different in companies providing maintenance services to the entire Group, where international experience is often required.
4. **Lack of comparative data**
   When analyzing data on a company-by-company basis, one can notice that within one department in the company at a given level there is only 1 employee and even there are no employees of both genders at a given level in several companies there, because the employment of women in the organization is just over 20%. This leads to distorted results of the analysis, which is even clearer if we take into account the factors referred to in section 3 above. Low gender diversity at a given level and large differences between departments make it impossible to present reliable results of the analysis of salaries taking into account the employment structure.

The ratio of the average women's salary to men's salary according to the structure of employment in the companies and at employment levels where women and men are employed at the same level is presented below. However, information on the total employment of women and men in a respective company has been added to emphasize that the average for women is often based on a small amount of individual data. It should also be remembered that employment at a given level is based on the data from all departments within the company. The ratio was calculated according to the following formula:

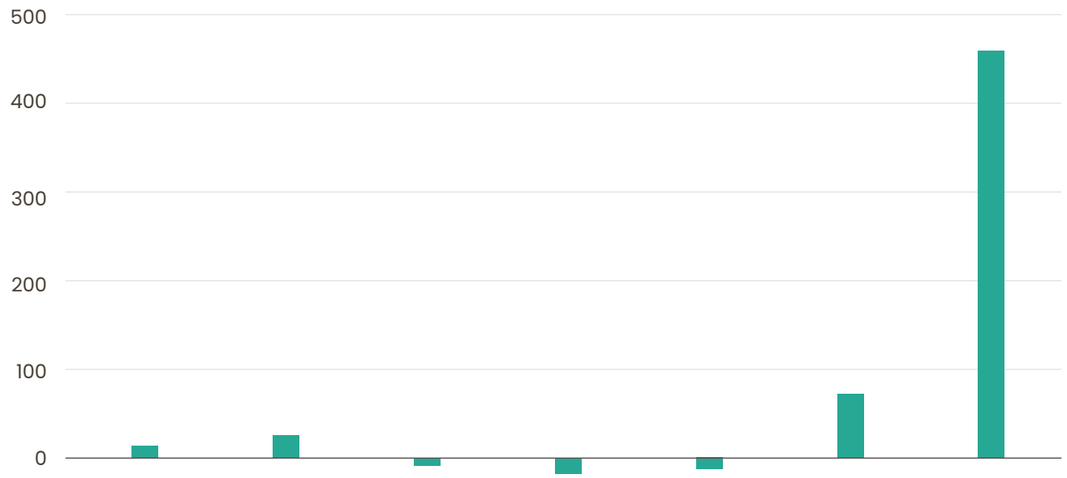
$$\frac{\text{(women's average salary minus men's average salary)}}{\text{women's average salary}} \times 100$$

			RATIO OF WOMEN'S SALARY TO MEN'S SALARY (THE RATIO OF WOMEN'S TO MEN'S SALARY IN PERCENT)						
Company	Total No. of women	Total No. of men	(assistant / blue-collar worker) level 1	Junior specialist level 2	Specialist level 3	Senior specialist level 4	Coordinator level 5	Manager level 6	Director level 7
Elemental Holding (PL)	12.96	17.95	21.02	24.96	9.41	-20.34	-57.12		367.51
Elemental Catalyst Recycling	2	7.75			-3.47				
Elemental Asia (Malezja)	1.99	3.33			-46.22		49.75		
Elemental Geri Donosum	14	141	-1.11		1.80			-1.11	
Elemental Group Consulting	49.16	16.67	4.87		37.77	62.27	60.30	-6.63	85.28
EMP Recycling	40	140			20.80			24.80	19.41
KAT-Metal Fin	3	17	-18.28						
Tesla Electrorecycling	0.14	4.80	9.96						
Tesla Recycling	1.26	35.64			-75.30	-32.85		5.68	
Terra Recycling	6.64	128.17			36.14	-13.41			
PGM Group	0.75	10			-8.06				
PGM of Texas	31	123	-10.07		18.14	-9.98		65.01	-7.13
CENTEX	6	3				-3.85	-48.19		
Syntom Metal Recycling	35.56	170.77	10.74		-0.56		-16.21	-11.21	

24 In December 2022, negotiators of the Parliament and EU countries agreed that EU companies will be required to disclose information facilitating the comparison of salaries of people working for the same employer, which will help to reveal differences in remuneration between women and men. In March 2023, Parliament adopted these new binding remuneration transparency measures. If remuneration reporting shows a gender salary gap of at least 5%, employers will have to carry out a joint remuneration assessment in cooperation with employee representatives. EU countries will be required to impose penalties, such as fines, on employers who breach these regulations.

A simple summary of the above-presented data for each level of employment in the analyzed Companies is shown in the chart below

Total women's and men's salary ratio in the companies presented above, by levels



	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	LEVEL 6	LEVEL 7
ratio	17,13	24,96	-9,55	-18,16	-11,47	76,54	465,07

Considering the analytical issues presented above, the goal determined by the Management Board for the next reporting year, i.e. 2023, is to conduct a full analysis of remuneration in each company belonging to the Group, taking into account the nature of respective positions, in order to provide more accurate and reliable comparative data and to prepare an assessment of remuneration in terms of gender discrimination. The next step, in the case of discrepancies greater than 5% at respective positions, will be to develop a plan to compensate for the discrepancies as soon as possible.

In 2022, the Management Board of the Company implemented measures to increase protection of employees against harassment. The first measure was an anti-harassment policy adopted in the Group, which was introduced along with employee training aimed at increasing employee awareness in this regard. In some companies, employee satisfaction surveys were also conducted, which analyzed, among other things, whether employees notice discriminatory or harassing behaviors. In order to protect persons reporting harassment or other irregularities, a procedure for reporting irregularities was also implemented, ensuring the possibility of anonymous reporting of violations (both in the form of notifications to alert boxes and electronically, for example by filling in an anonymous form on the website). All reports are submitted in accordance with the procedure to the ethics ombudsman operating at the level of the parent company.

In 2022, no cases of discrimination due to race, skin color, gender, religion, political views, nationality or social origin or for any other reasons were reported, therefore no corrective actions in this regard were necessary..

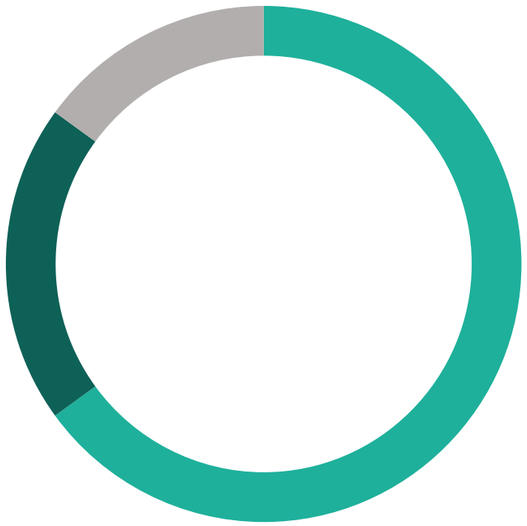
3.

Occupational health and safety

1. Occupational health and safety management system

As regards the issue of occupational health and safety, national legal regulations and local determinants in the Group's companies differ significantly. In previous years, each of the operating companies adopted an occupational health and safety management system in accordance with the national law and appointed entities responsible for maintaining this standard on its own. As a result, the Group has various variants of the OHS management adopted.

OHS management



- external consultant responsible for OHS
- qualified specialist employed in the company performing OHS duties
- separate, larger unit dedicated to OHS management

In order to raise standards related to occupational safety, some companies certified their health and safety management systems for compliance with the ISO 45001 standard. In 2022, 5 Group companies underwent a certification audit for compliance with the 45001:2018 standard.

Despite the differences at the level of legal regulations, specific organizational standards in the area of occupational health and safety have been adopted in the Group. These are, for example, welfare rooms implemented in each work establishment. The rooms are equipped with running water, sanitary facilities, cloakrooms and are suitable for hygienic consumption of meals. In addition, in locations with low outside temperatures where employees work outside, regeneration meals are served in the winter season. Regulations regarding worker hostels do not apply in the Group, as none of the Group companies offers such a solution to its employees. There is an absolute ban on the consumption of alcohol, drugs or other intoxicants in the companies and on coming to work under their influence. Smoking is allowed only in specifically designated areas. Employees are covered by preventive health care and have direct access to health care. Preferred benefits offered to employees include medical packages, especially in the countries where access to state medical care is limited.

Aiming at the implementation of a common occupational health and safety management system for the whole Group, in 2022 the Management Board of the Group adopted an action plan covering: establishing a unit dedicated to coordinate activities in the area of health and safety at the central level, carrying out an audit of the OHS condition in the Group's companies, identifying significant differences between the Group's companies, and developing a common OHS management system for the Group. In order to coordinate activities in the field of occupational health and safety in the Group's operating companies, an Occupational Health and Safety Coordinator was appointed within the Sus-

tainability Department, whose tasks include carrying out an internal audit of operating companies, developing, together with specialists operating at the national level, a dedicated system for the Group, and once it is developed, overseeing the implementation of the OHS system, monitoring the effectiveness of risk mitigation and prevention measures, as well as supporting the organization in identifying any new risks and impacts arising in the course of companies' activities and projects. Coordinator's tasks also include registering reports of accidents, incidents and violations in the field of occupational health and safety. In this regard, he/she has the possibility to consult injured or affected persons to ensure that accidents and incidents are properly recorded, as well as to recommend relevant corrective actions.

2. Hazard identification, risk assessment and incident investigation

Risks related to occupational health and safety and public health, as well as potential adverse impacts resulting directly or indirectly from operations, are identified and assessed on a continuous basis in work establishments belonging to the Group. The guiding principle applied is the precautionary principle, which assumes that actions are taken on a preventive basis so as to eliminate all impacts at source. Adopted measures are selected depending on the nature and scale of identified threats, as well as potential effects. Protection or training measures are selected without discrimination on the basis of employment, gender or seniority.

The following main safety risks are identified in the production activity:

- hazards arising from material handling methods
- hazards arising from the properties of metals themselves
- hazards associated with hazardous substances contained in waste that is subjected to material processing
- hazards resulting from contamination of metals with dangerous substances
- hazards related to metal irradiation

The Group is highly aware of potential contamination in scrap and employees are prepared to monitor dangerous levels of hazardous substances in their work environment (e.g. Geiger sensors or spectrometers are used). A lot of attention is paid to ensure that scrap supplies come from reliable sources where established guidelines are followed and material's characteristics are tested as soon as it is received in the facility.

Main occupational safety hazards identified in the Group include:

- loading and unloading
- hoisting and hauling equipment and road (external) transport
- scrap shredding and separation processes
- gas torch cutting
- waste compaction

Loading and unloading

Loading and unloading is an essential element of any waste treatment process. The Group's plants process bulky waste (e.g. refrigerators, washing machines) and metal waste (e.g. steel shavings, metal sheets).

- explosive items
- flammable items
- corrosive, poisonous or carcinogenic items
- items that emit dangerous radiation

A control is carried out by means of a thorough visual inspection of individual items classified as scrap, only by persons appointed by the employer who have undergone training in occupational health and safety required for this type of work. An appropriate combination of personal protective equipment (PPE), such as helmets, safety boots, gloves, protective clothing and upper respiratory protection measures, is used to mitigate the risks associated with the loading and unloading process if hazardous dusts or vapors are generated during the work to ensure adequate protection against threats to the health and life of employees. Noise measurements are carried out at workstations and, where it reaches the value of 80 dB, remedial actions are taken, despite the fact that the maximum permissible noise level (related to the 8-hour daily working time) is 85 dB, but the threshold of 80 dB is treated is in the Group companies as requiring corrective actions.

Hoisting and hauling equipment and road (external) transport

Due to the type of economic activity carried out, the OHS risk analysis should also include road transport. The companies do not offer group passenger transport to their employees, they only provide company cars for some job positions. Road transport of goods is carried out to a large extent with the use of own means of heavy transport.

For this reason, road safety is promoted in the organization by:

- adoption of travel time limits
- correct scheduling of drivers' shifts to avoid excessive fatigue
- avoiding dangerous routes and times of day to reduce the risk of accidents
- use of speed control devices (regulators) in trucks
- remote monitoring of driver's activities with GPS systems in cars, including speed control
- regular maintenance of vehicles and using original parts or substitutes approved by the manufacturer
- safe driving training

Handling and hoisting equipment includes forklifts, wheel loaders and Fuchs grapple loaders.

Handling poses a risk of collisions with pedestrians and other vehicles, catching obstacles, tipping over of a vehicle due to load instability, transporting people on the forks of the forklift, and falls from loading ramps (both warehouse and vehicle-mounted ramps). In order to mitigate the risk, the Group requires that:

- drivers, operators of forklifts and cranes hold relevant valid licenses and be properly trained in the use of equipment,
- particular attention be paid to the principles of safe loading/unloading, load limits,
- employees undergo medical check-ups in the periods required by law,
- drivers and operators carry out vehicle inspections before or after the shift, depending on the purpose of the vehicle,
- traffic regulations on internal roads, speed limits, as well as vehicle inspection requirements, operational rules and procedures (e.g. ban on using forklifts with lowered forks) be observed in the plants),
- trucks[25] and forklifts be obligatorily equipped with audible warning signals activated when reversing,
- internal OHS training be conducted, e.g. on loading and transporting goods..

Scrap shredding and separation processes

In the plants belonging to the Group, manual work is used in the process of segregation of electrical and electronic scrap, dismantling of equipment, e.g. computers, removal of elements such as cables, aggregates or coils, and manual segregation of metal scrap. During these processes, workers wear personal protective equipment, such as hazard-specific protective gloves, if there is a possibility of contact with metal or other substance that could cause adverse health effects on the skin. Even with metals that do not irritate the skin, contact with sharp or pointed pieces of scrap metal poses a risk of cuts or abrasions to the hands or other parts of the body. Great care is taken to ensure that workers wear appropriate personal protective equipment, such as gloves and durable clothing to protect against cuts to limbs and other body parts.

25 (in most cases, because it is not subject to legal requirements in some countries, e.g. in Poland there is no such requirement, and in the USA – there is, in accordance with federal regulations based on OSHA standards)

In addition, mills (catalyst processing, cable processing) and shredders are used in the waste shredding process (they are used in such equipment as foil converters, steel frame converters, on lines designed for shredding electronic boards and for recycling refrigerators). These machines are secured against uncontrolled ejection of elements, but they emit noise and dust. The Group companies use ear muffs and dust masks.

Scrap objects such as refrigerators and air conditioners may contain oils or other materials that introduce additional risks to the process. It is therefore important to ensure that these types of materials are removed before introducing scrap into process machinery. For example, chlorofluorocarbons (CFCs) and ammonia must be removed from air conditioning systems to prevent workers from being exposed to these irritants and to prevent these gases from being released into the atmosphere. CFC removal also applies to shredding refrigerators.

Gas torch cutting

Classic cutting torches used in the Group's plants use gas, which exposes workers to sparks and liquid metal dust particles, to high temperatures, to bright light that can damage the eyes (both visible and non-visible light). Torches can pose a toxic or asphyxiating hazard in the case of leaks. Compressed gas cylinders pose a chemical and physical explosion hazard. For these reasons, processes related to cutting with torches are under constant supervision of directly supervising persons. As part of the security procedures implemented in the Group, gases are stored in safe places. Tanks are inspected, tested and properly labeled during storage and prior to handling and use. Personal protection measures of employees performing welding or metal cutting work include relevant eye and face protection measures, such as a welder's helmet with properly tinted lenses and heat-resistant or fire-resistant clothing, depending on exposure to harmful factors. In addition, technical controls are used, such as ventilation, which may include a local exhaust system or cabin, or a portable local exhaust system. The Group uses stationary dust collectors and portable dust collectors if this necessary in a respective plant. Where ventilation or other technical solutions are not fully effective or not feasible, workers must wear personal protective equipment (e.g. respiratory protection) to reduce exposure below the TLV and TWA.

Compaction

Scrap metal is often compacted with presses to speed up efficient melting by letting more metal into the furnace than would be possible with a random assortment of sheets and other scrap. The presses use efficient hydraulic systems to compact the scrap. Workers must observe lock out/tag out procedures to disconnect power from all equipment prior to cleaning or maintenance. Each press has a workstation manual, relevant marking and protection measures. In the case of equipment used to shred and cut large ferrous metal components, workers must keep a safe distance from the machinery in operation and take suitable precautions to minimize risks. To ensure workers' safety, guards are installed to block the ejection of pieces of metal from these machines and workers are trained as part of on-the-job training on what materials can or cannot be fed into the machine to prevent malfunction. In addition to the physical hazards of pressing, compacting and shredding, these processes also generate significant amounts of dust. Workers are secured with relevant personal protective equipment to protect them against threats.

Many of these processes consume large amounts of electricity, which poses hazards associated with working in a high-voltage environment. In order to counteract these hazards, all equipment power supply systems are covered with non-conductive shields, removal of which requires the use of a special tool, high-voltage

areas are protected against unauthorized access, and the electrical systems themselves are subject to inspections in accordance with the legal regulations in force in the countries in which the Group companies operate.

3. Fire protection and medical rescue services

Issues related to fire protection are paid special attention in the plants operated by the Group companies. Fires and explosions resulting from the ignition of flammable materials or flammable gases can lead to property damage, as well as possible personal injury or death of workers.

In all companies of the Group, these areas are identified and marked, and employees are aware of hazards present in relevant areas and specific safety requirements that apply to these areas.

The following areas where there may be a risk of fire or explosion are identified in the plants:

- storage zones for refrigerants recovered from refrigerators
- storage zones for gas cylinders (propane-butane, acetylene)
- immediate vicinity of ball mills, where dust explosions are potentially possible

The prevention and control strategies adopted by the Organization vary depending on the sector of activity of a particular company, but generally include the following solutions:

storing flammable materials and oxidants away from sources of ignition	training employees in preventing and extinguishing fires and responding to identified threats	training employees in the handling of flammable materials
proper marking of areas at risk of fire	equipping buildings with fire extinguishing devices and self-closing doors of the required fire resistance class specified in applicable regulations	proper designation of combustible materials storage locations (e.g. far from entries to and exits from buildings, far from building ventilation inlets or openings, etc.)

4. Preparation for emergency situations

A vast majority of the Group's companies have rescue teams in place, consisting of permanent employees trained in the organization of evacuation, operation of hand-held fire-fighting equipment and first aid. The number of people trained in this area varies from country to country and also depends on the number of people employed in the relevant company.

In 2022, training dedicated to rescue operations was attended by about 200 people in all the Group's companies. In addition, larger companies develop documents related to responding to emergency situations, including fires, explosions and other local hazards.

5. Communication in the field of occupational health and safety and employee training

In order to maintain a high level of OHS awareness among employees, the Group has adopted the following methods of communicating these issues to the staff:

- information materials, including in the form of pictures, regarding occupational health and safety issues and procedures
- facilities belonging to the Group companies are equipped with fire extinguishers
- warning and information boards on the premises of the plants
- hazardous materials storage zones are designated
- proper marking of the location of hand-held fire-fighting equipment
- proper marking of escape routes
- explosion protection documentation
- fire protection training
- fire protection installations
- appropriate procedures regarding protection against explosion (in facilities with potentially explosive zones)

Where possible, in 2022 exercises were carried out with local fire protection units in the plants.

The effectiveness of the OHS and safety activities undertaken by the Organization is strictly dependent on the level of knowledge of its senior management, people directly managing employees on production lines, employees working in a given area.

pre-employment and on-the-job OHS and safety training is provided to

100% of staff regardless of the position and form of employment

A basic occupational training program and specialist courses in occupational health and safety relating to specific hazards defined in the job risk assessment must ensure that employees are aware of hazards associated with their individual duties or process elements. Therefore, it is crucial that the employee is trained in health and safety before being allowed to work, and that unqualified employees are not allowed to operate equipment that may require safety training.

Other training sessions held in 2022 in the Group

250 people

Cyclical reminders on the use of hand-held fire-fighting equipment, first aid training (including AED)

In some companies, in accordance with legal requirements of a given country, employees in charge of rescue and first aid tasks have been designated, who have undergone special training to prevent accidental increase in exposure and health risks to themselves or their co-workers.

Due to the Covid-19 pandemic taking place in 2022, all companies conducted training on infection prevention (to prevent infection of themselves and others through the ability to recognize symptoms of the disease, using masks and complying with sanitary rules in the event of infection) and the possibility of vaccination was provided.

6. Prevention and mitigation of occupational health and safety impacts directly related to business relationships

The Group's companies ensure, especially in respect of investment processes, that before starting work, construction service providers, as well as their contractors and subcontractors have been properly trained in OHS and safety by applying relevant contractual provisions and monitoring their proper implementation. The companies employ contractors who have technical capabilities to manage the OHS and safety issues with regard to their employees by providing them with relevant personal protective equipment or workstation equipment.

7. Work-related accidents and injuries

The analysis of job positions existing in the Group showed that the following hazards and risks of injury occur in the companies:

- moving machine parts
- protruding machine parts
- fall at the same or lower level
- sharp tools, sharp metal pieces
- electric shock
- skin allergies
- poisoning with mercury vapors from broken fluorescent lamps
- excessive stress and related diseases
- diseases of the musculoskeletal system
- infectious diseases (COVID-19)

In addition to the above-mentioned hazards, there are also risks related to factors harmful to the health of employees, such as: noise and vibration, and burdensome factors, such as cold or hot microclimate.

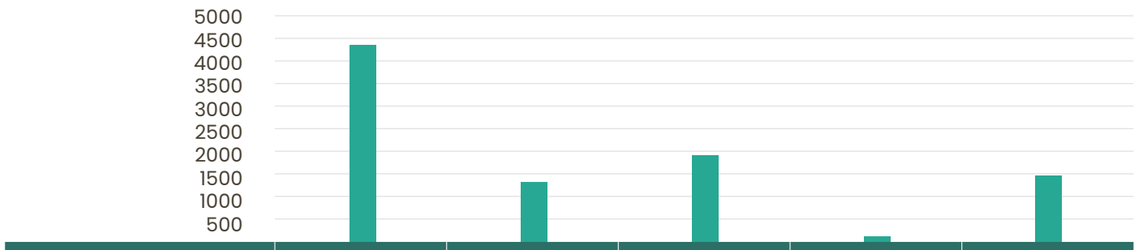
In 2022, no fatal, serious or group accident was recorded in any of the Group's companies. However, there were mechanical injuries (fractures, sprains, contusions, cuts).

5 companies from the Group

26 injury causing events (mechanical)

total loss of 9,080 man-hours*

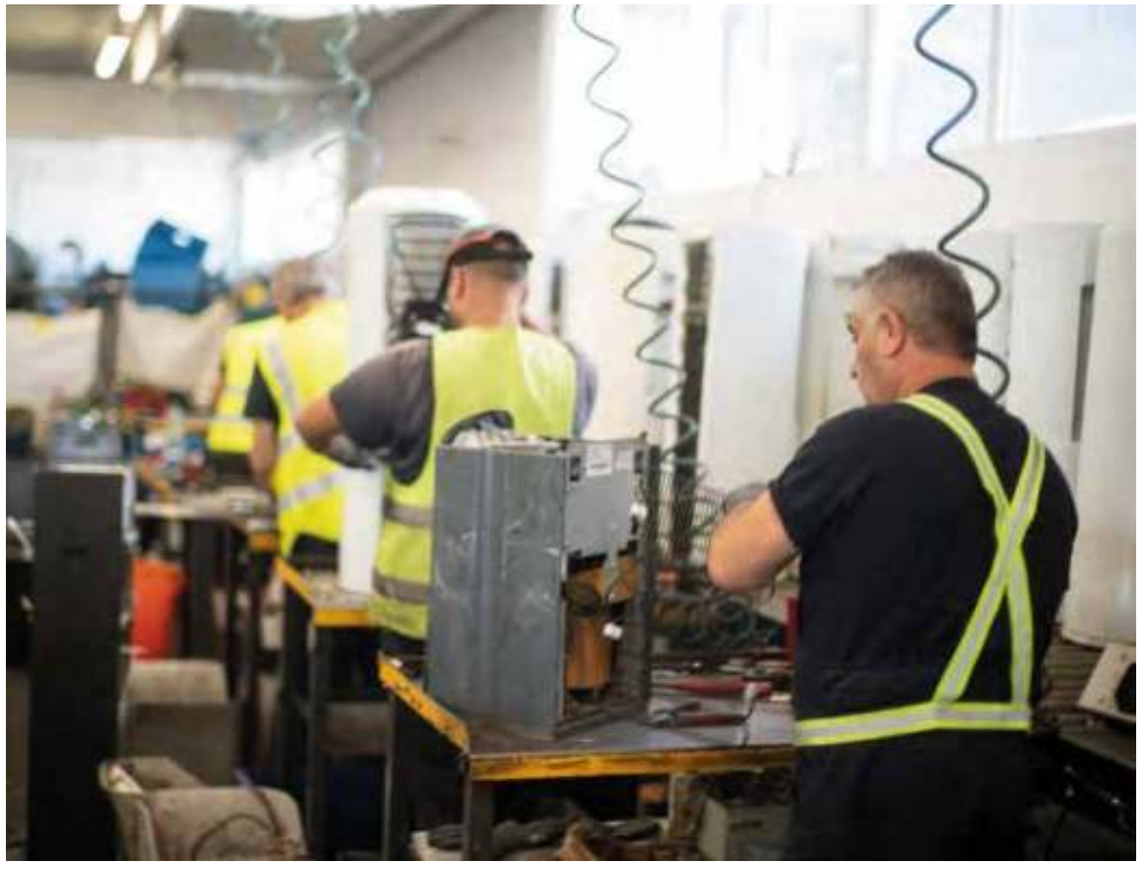
łącznie wskaźnik wynagrodzenia kobiet i mężczyzn w przedstawionych powyżej spółkach wg poziomów



	SYNTOM METAL RECYCLING	TERRA RECYCLING	TESLA RECYCLING	LEGEND SMELTING & RECYCLING	UAB EMP RECYCLING
No. of injuries	10	10	2	6	5
No. of man-hours	4396	1408	1992	184	1516

8. Occupational diseases

An occupational disease is a disease that is included in the lists of occupational diseases[26]. If, as a result of the assessment of work conditions, a clear or highly probable conclusion can be made that a relevant disease was caused by factors harmful to health occurring in the working environment or in connection with the method of performing work, referred to as 'occupational exposure', it is considered that an occupational disease has occurred. In 2022, no cases of occupational diseases were identified in the Group.



* the average annual number of man-hours per employee in the company is about 2,000 man-hours

26 based on such materials as, for example, National Institute for Occupational Health and Safety NIOSH or European Agency for Safety and Health at Work

4.

Social activities in the group

MEMBERSHIP IN ORGANIZATIONS

Membership and work of the Group's companies in industry organizations all around the world is the basis for conducting social activities in the Group's environment and for developing in full synergy and in agreement with stakeholders. In 2022, these were:

- Maryland Core Inc (USA) - Institute of Scrap Recycling Industries (ISRI),
- Legend Smelting & Recycling (USA) - Institute of Scrap Recycling Industries (ISRI), Automotive Recyclers Association (ARA),
- Elemental Holding S.A. (Poland) - European Clean Hydrogen Alliance (ECHA),
- PGM of Texas (USA) - International Precious Metals Institute (IPMI), Institute of Scrap Recycling Industries (ISRI), Automotive Recyclers Association (ARA),
- Syntom Metal Recycling (Poland) - Bureau of International Recycling (BIR),
- Tesla Recycling (Poland) - Bureau of International Recycling (BIR),
- Elemental Strategic Metals (Poland) - EIT RawMaterials,
- EMP Recycling (Lithuania) - European Electronics Recyclers Association (EERA),
- Kat Metal OÜ (Estonia) - Estonian Electronics Industries Association,
- Kat Metal OÜ (Estonia) - Estonian Chamber of Commerce and Industry,
- Kat Metal OY (Finland) - Finnish Scrap Dealer Association.

SPONSORSHIP and CHARITABLE ACTIONS

As part of its sponsorship activities, the Elemental Holding Capital Group focuses on supporting the development of triathlon. Since 2015, Elemental Holding has been a sponsor of the Tri Series international triathlon competition. The competition takes place in Poland in Olsztyn, Kraków and Białystok. Since 2017, the competition in Olsztyn has been classified as part of the European Cup on the sprint distance of the European Triathlon Union (ETU) and participation in the competition of the entire ETS series enables scoring points in the Polish Cup classification. At the end of May 2022, Elite, U23, Junior, Age-Group and Para-triathletes competed for the European title. On Sunday, for the tenth time, the Elemental Tri Series competitions were held. In addition, the following categories of players took part in the Polish Cup competition: youngsters and juniors from the Polish Cup series. There were almost 1,000 competitors from 36 countries on the starting lists. The Para-triathletes were the first to compete, divided into 6 categories.

In July 2022, a sponsorship contract was signed with Robert 'Wilku' Wilkowiecki. Cooperation with Robert is another element of the strategy of supporting the development of Polish triathlon by the Group and constant cooperation with the Polish Triathlon Association, whose governing bodies include representatives of the Group – Paweł Jarski and Krzysztof Spyra. In autumn 2022, Robert Wilkowiecki started as the fourth competitor from Poland in history in the iconic race – the Ironman World Championships in Hawaii. He took 39th place, but it should be emphasized that despite the distant position, it was the best time result in the history of Polish triathlon at the world championships.

Due to the outbreak of war in Ukraine in February 2022, the Polish companies financially supported organizations that provided direct help, such as the Polish Humanitarian Action, the Polish Traditional Karate Association, and the 'Chocimska' Foundation. The Group also donated funds to the TRIAL International organization, which, among other things, conducts activities related to the prosecution of war crimes in Ukraine.

In 2022, the Elemental Holding Group also donated funds that will support the statutory activities of the Jan Karski Educational Foundation. The Foundation promotes humanitarian attitudes, the highest standards of public service, the defense of human rights and building social relations based on tolerance and openness.

Elemental Strategic Metals, which conducts the investment in the Zawiercie commune, donated funds for the purchase of musical instruments to a Music School.

Every year, employees of the Polish companies are involved in the Christmas charity initiative called 'Szlachetna Paczka', aimed at supporting the poorest. As part of the initiative, it is a tradition that the support is addressed to families from the cities where the companies operate.

The Lithuanian company EMP Recycling supported several projects in 2022. It donated funds to the 'Save the Children' organization helping Ukrainian children who settled in Lithuania after the outbreak of war in Ukraine. Together with a Lithuanian IT company, they collected, repaired and donated computers to Ukrainian children who are studying in Lithuania. The company also provided funds for the operation of an emotional support hotline. EMP Recycling was a partner of 'Hack4Vilnius', which aims at promotion of innovation, generation of ideas that help solve the problems of the capital city and companies operating there, and find alternative and innovative ways of solving them. In addition, the company is involved in holding lessons on sorting and recycling electronics. In 2022, they visited 8 schools in the Vilnius region.

The Finnish company Kat Metal OY cooperates with the local community, in particular with young people gathered around the church. The company also supports a women's rugby team – Wasa Royals.

In order to monitor activities of the Group's companies in the field of sponsorship and charity, also in the context of preventing corruption, the Communications Department keeps a Donation Register, to which all such initiatives in the Group are entered.

The Elemental Holding Capital Group has been cooperating for several years with institutions responsible for human safety and removal of effects of accidents and ecological disasters. Within the framework of the cooperation, the Group makes the area of its plants available for exercises of the State Fire Services, which are aimed at assessing the ability to operate in non-standard conditions of production plants and preparing fire brigades to eliminate threats in waste storage and processing plants, as well as developing variants of extinguishing fires of waste household appliances, as well as radio and TV appliances.

PRIZES AND AWARDS

WIn a competition organized by PwC Polska, Puls Biznesu, PFR TFI and KUKE, Elemental Holding SA (Poland) was awarded the main prize in the 'Investor' category. The award was granted for the best investment strategy assuming the leadership position on the global urban mining market in the strategic segments of green metals and recycling. In addition to the main prize, the company also received a distinction in the 'Champion of Sustainable Development – Ecology' category, which is an additional prize awarded in recognition of environmental activities undertaken by the company. In this category, the project of the Li-Ion battery recycling plant in Zawiercie was appreciated.

A competition organized by Dziennik Gazeta Prawna and PwC Polska recognized the Group's commitment to environmental protection and sustainable social development. The Diamond Award of the ESG Leader in the 'Innovation' was given for the investment project in Zawiercie. The competition jury appreciated the contribution to the development of the circular economy, which is a pioneering idea on our market of recovering precious metals from used batteries, as well as a photovoltaic installation planned to power this plant.

In December 2022, the Group received an award and thanks from the Ukrainian Traditional Karate Association for helping young players from Ukraine and their families organize their stay in Poland in the first weeks of the war.

In March 2023, Paweł Jarski, CEO of the Elemental Group, was awarded the EY title of Entrepreneur of the Year 2022; he was also the winner of the competition in the Production and Services category.

4 Management-related aspects

In order to ensure an internal control and risk management system in relation to the sustainable development reporting process, organizational units responsible for these areas have been established in the Group, such as:

- Controlling Department, whose tasks include verification of data collected both as part of financial reporting and sustainable development reporting;
- Sustainability Department, in which coordinators have been appointed, whose tasks include not only collecting data from individual areas covered by reporting, but also conducting audits of companies and verifying the quality of data and implemented procedures.

In 2023, the Group's Management Board plans to implement the Subsidiaries Management Policy, which will specify in detail the financial and management reporting system, also in the field of sustainable development.

An Internal Audit Department will also be established in 2023, reporting directly to the Audit Committee functioning as part of the Group's Supervisory Board.

Considering the fact that every organization struggles with the issue of dishonesty of both employees and contractors, in 2022, the Group implemented the Whistleblowing Procedure. Incidents of violations affect proper functioning of the Organization, as they for example lead to distortions of competition, increase the costs of conducting economic activity, harm the stakeholders' interests, or reduce investment activity. People working every day in the environment where irregularities occur are closer to the right information, which results in more efficient determination and prevention of unfair or illegal practices. Therefore, it is so important to introduce effective, confidential and secure reporting channels and to provide whistleblowers with effective protection against retaliation. It is worth noting that the Whistleblowing Procedure adopted in the Organization has a much broader scope in terms of the possibility of filing complaints than results from generally applicable laws. The Group companies have placed forms for anonymous and non-anonymous reporting of irregularities on their websites. Dedicated boxes have also been established in the plants, providing for the possibility of safe and discreet inserting of information. The Ethics Ombudsman acting on behalf of the parent company Elemental Holding SA with its registered office in Luxemburg has been appointed to analyze any reports filed. In 2022, one report was analyzed under the adopted procedure.

The Group does not tolerate any form of corruption, regardless of the scale, in both the private and public sectors (including bribery, extortion, abuse of power to gain benefits for oneself or close persons, giving undue gratuities to influence decisions, receiving anything of value or favors to provide return benefits). In 2022, Elemental adopted and implemented the Anti-Corruption Policy, according to which persons receiving gifts or other benefits of a corrupt nature must refuse to accept them and immediately notify their line manager, the Compliance Department or relevant authorities. With the exception of dealings with public authorities, business courtesies such as gifts or entertainment are permitted as long as they are of minor value and do not compromise the integrity or reputation of any person involved and cannot be construed as being intended to gain an unfair advantage. All charitable contributions and sponsorships should be transparent and made in accordance with applicable law, and must not be used to conceal corruption. In order to verify the donations made, a central register of donations and sponsorships kept by the Communication Department was introduced. Employees and counterparties are also obliged to avoid situations in which a conflict of interest could arise between them and the Group. Before taking any action, any circumstances posing a risk of an actual or even apparent conflict of interest should be reported by a given employee/ counterparty to their line manager or directly to the Compliance Department, in line with the procedure of reporting irregularities. In the case of receiving relevant report on the occurrence of a potential conflict of interest, the Companies immediately take appropriate measures to eliminate such occurrence or mitigate its effects.

The Group's companies do not engage in political activities, including lobbying activities. Involvement, if any, of employees and counterparties in political activities is exclusively and completely private. In accordance with the Code of Ethics, the Elemental Holding brand must not be involved in this type of activity in any way and the fact that a given person works in the Group must not be used for political purposes. Any forms of supporting social activities, including associations or organizations, by our Capital Group are public.

The Group pursues a transparent policy towards suppliers, respecting good practices and based on fair market principles. It does not abuse its market position and does not illegally obtain information about competitors, especially it does not recruit competitors' employees to obtain confidential internal information from them, and it firmly dissociates itself from any forms of industrial espionage. Decision-making processes in the Group are independent, dependent on the interest of the Organization. In accordance with the Group's Code of Ethics, the Group refrains from actions that violate antitrust regulations, including entering into prohibited agreements, agreements regarding prices, terms of sale, division of markets or customers, or other actions limiting the principles of fair competition on the part of both sellers and buyers. In relations with their suppliers, the Group companies apply a uniform purchasing policy covering equal payment practices, in particular, they do not use the practice of delaying payments for small and medium-sized entities. What should be underlined is that the waste management industry is one of sectors where the certainty of payment to the supplier is a competitive advantage, as it increases purchasing opportunities and the volume of purchased waste.


elemental