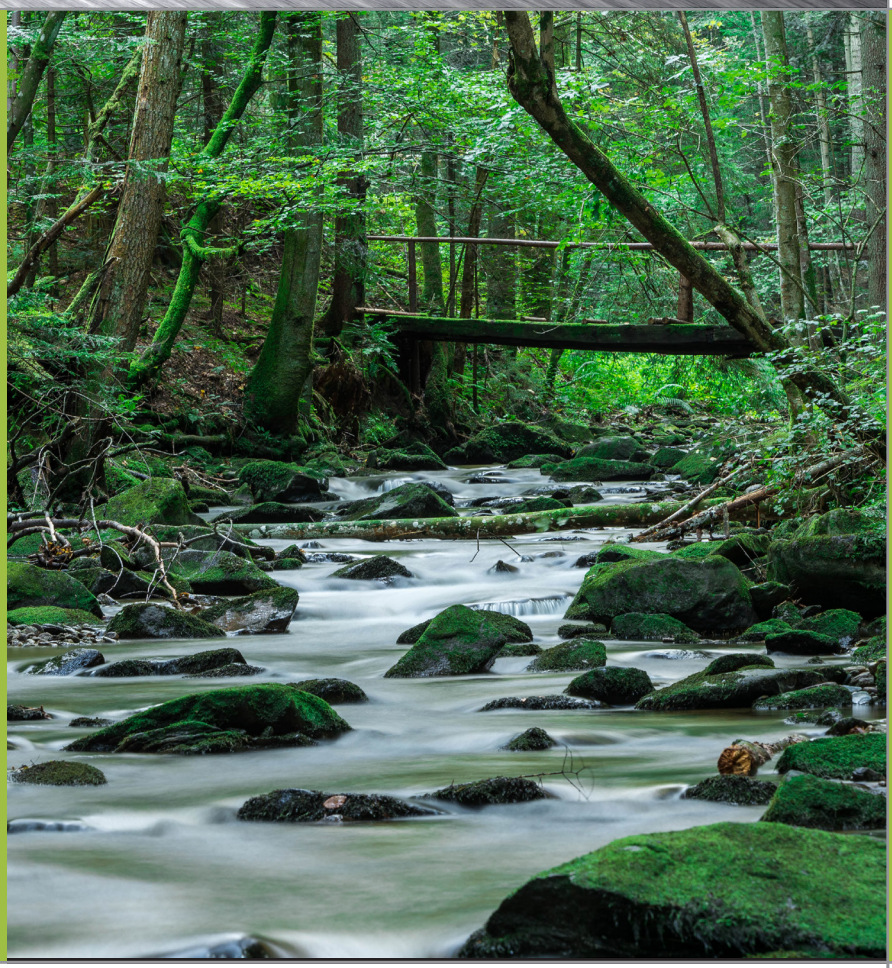
impol
Aluminium Industry



SUSTAINABLE DEVELOPMENT POLICY OF THE IMPOL GROUP

Sustainable Development Policy of the Impol Group
1st EDITION

Internal document of the Impol Group.
Slovenska Bistrica, September 2019

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1. INTRODUCTION

Within the Impol Group, we constantly strive to achieve better results in the fields of occupational health and safety, environmental protection, and quality-related issues. We are especially devoted to supporting generally-applicable principles in the field of ethics, employment and occupation, occupational health and safety, environmental protection and protection of biodiversity, quality, and all related management and administration systems. In this way, we assume responsibility for implementing sustainable development principles in our everyday business transactions.

The Sustainable Development Policy of the Impol Group covers the fields of management, social responsibility, and environmental responsibility. All managers of the Impol Group are responsible for the implementation of the sustainable development policy into our business transactions.

Simultaneously, the Impol Group is striving to develop a network of suppliers operating in accordance with sustainable development principles; all suppliers must therefore commit to complying with the Code of Business Practice for Suppliers.

This Policy has been adopted by the Executive Directors of the Impol Group.

Andrej Kolmanič,
Chief Executive Director

Irena Šela,
Executive Director of Finance and IT

2. POLICY GOALS

The Sustainable Development Policy of the Impol Group provides the main guidelines and underlining principles governing the field of sustainable development.

The Sustainable Development Policy is a reference document taken into consideration when making organisational decisions, shaping strategies, conducting investment projects, making decisions related to acquisitions, mergers, opening or closing production areas, managing the stakeholders, and making other business decisions.

3. THE SEVEN PILLARS OF SUSTAINABLE DEVELOPMENT

A STABLE BUSINESS MODEL

Managing authorities within the Impol Group are the General Assembly, the Board of Directors, Executive Directors and Managing Directors (depending on the way each of the companies is organised) in the framework of a one-tier board system where the Board of Directors is responsible for managing the company, supervising the implementation of business transactions, and performing other tasks pursuant to the Law, the Constitution and the Rules of Procedure of the Board of Directors.

RESPONSIBILITY TOWARDS NATURE

Reducing environmental pollution is one of several important business goals of the Impol Group. For this purpose, we prepare an investment plan outlining our activities on a yearly basis. In the last three years, for example, we allocated more than EUR 2 million for environmental protection investments. Ecology-wise, our solar power plant is also a significant investment. We also invest in projects aimed at improving the quality of life in the local community.

SUSTAINABLE PRODUCTS

Aluminium products are the products of the future, which comes as no surprise to manufacturers of numerous goods. Aluminium is lighter than steel, has excellent processing characteristics, and absorbs force better. The use of aluminium in the automotive industry enables the weight of cars to be decreased by 40%, thus contributing to the reduction of fuel consumption and, consequently, the degree of pollution. Even the construction industry, using up a quarter of the global aluminium production, recognises the effects that the use of aluminium has on the reduction of energy consumption. Aluminium is also an excellent material for packaging in the food industry, since it reduces the weight of the products and ensures excellent protection. Finally, aluminium is also indispensable in modern architecture and design.

RESPONSIBILITY TOWARDS EMPLOYEES

Responsibility toward employees is primarily reflected in the fair payment for a well-performed job. Furthermore, we organise numerous events for our employees, geared towards encouraging team work, building on their sense of affiliation and loyalty, expediting the transfer of know-how between employees, raising awareness on the importance of a healthy lifestyle among employees, and creating a positive atmosphere within the company. Special attention is given to employee training, encouraging useful proposals and preventing accidents at work.

LOOKING AHEAD

Within the Impol Group, we are building on a 190-year-long tradition. We are one of the oldest Slovenian companies and the sixth largest Slovenian exporter. Our management underlines the importance of being strategically oriented towards the future, which is why the Impol Group is intensifying its investments into growth and development while setting ambitious long-term goals for itself.

RECYCLING

Aluminium does not lose its original characteristics when recycled. Due to the fact that it has a high internal material value, it is economically valuable to return it into the loop that consists of decomposition, separation, and reuse. Unlike other metals, aluminium may be recycled multiple times without seeing its quality deteriorate. During recycling, correct waste separation plays an important role. Within the Impol Group, we make considerable investments related to educating our employees and raising general public awareness when it comes to recycling for the purpose of preserving the environment.

RESPONSIBILITY TOWARDS THE LOCAL COMMUNITY

The Impol Group is one of the largest Slovenian employers; furthermore, we also received numerous awards for the best employer in the Podravska region. Thus, Impol has a significant impact on the quality of life within the local community. Within Impol, we show our care for the local environment by sponsoring associations and local events, by helping with the development of the municipality, and by supporting the development of local training programs.

PILLAR 1: A STABLE BUSINESS MODEL

Managing authorities within the Impol Group are the General Assembly, the Board of Directors, Executive Directors and Managing Directors (depending on the way each of the companies is organised) in the framework of a one-tier board system where the Board of Directors is responsible for managing the company, supervising the implementation of business transactions, and performing other tasks pursuant to the Law, the Constitution and the Rules of Procedure of the Board of Directors.

Business transactions between the companies of the Impol Group are managed pursuant to its business policy, bilateral agreements, and applicable legislation. The prices are determined pursuant to tax legislation and other legislation governing transfer prices.

All companies within the Impol Group are required to manage their business transactions pursuant to applicable legislation. Furthermore, our remuneration policy is carried out in accordance with the agreed-upon (or, when it comes to national institutions, prescribed) deadlines. The business decisions adopted are geared towards enabling optimal business processes of the entire Impol Group. Business guidelines are detailed in the Impol Group Code of Business Conduct, which is a binding document for all business entities, managers, and employees of the Impol Group.

Any potential acquisitions and mergers with other legal entities are implemented pursuant to the principles of sustainability and the adopted Impol Group Code. While carrying out our due diligence, we also evaluate the sustainable development aspect of the company.

ETHICS IN BUSINESS TRANSACTIONS

In carrying out our work, we observe high business ethics standards; pursuant to the Impol Group Code of Business Conduct, we are building a culture that stimulates legal, ethical, and transparent behaviour and decision-making by all employees.

All managers of the Impol Group must act in accordance with ethical business principles encompassing the following guidelines:

- Managing business processes is to be carried out with due diligence.
- All employees are expected to adopt a professional attitude towards their work and the organisation.
- All activities carried out by the employees are to comply with the legislation, contracts, adopted rules, and organisation regulations.
- All important business decisions are to be adopted by taking into account the interests of all stakeholders of the Impol Group, with the purpose of having their needs be met as best as possible.
- All stakeholders of the Impol Group have the right to freedom of speech; in a similar vein, they cannot be punished if they signal inappropriate activity they noticed within the organisation.
- Acts of bribery and mutual services that run counter to the legislation are prohibited. Accordingly, it is also prohibited to accept gifts with a value exceeding the maximum untaxed value pursuant to the rules of the Republic of Slovenia.
- In addition, financing government bodies or political parties through sponsorships and donation which could be construed as

quid pro quo is also a prohibited practice.

The main ethical principles that the employees within the Impol Group are expected to respect are:

- Honesty: Honest, candid behaviour making it impossible for an employee to deliberately hide or manipulate information which could, in turn, lead to inappropriate decisions.
- Integrity: All employees shall shape their work processes in accordance with the principle of "doing the right thing", regardless of the fact that such decisions might turn out to be more difficult, or that they could require a higher degree of sacrifice.
- Keeping their promises: One can rely on our employees to perform the job tasks they have been allocated. If an agreement regarding an activity is reached, said activity shall be implemented in accordance with the agreement.
- Loyalty: Employees are loyal towards their company and act in the direction of ensuring the best possible results for the company.
- Caring for others: Employees shall treat their colleagues in a respectful, appropriate manner. They help those in need of assistance while making sure that the integrity of all business transactions remains intact.
- Responsibility: Employees shall take responsibility of their actions.
- Sustainability: Employees shall act in accordance with guidelines related to sustainable policy, thus ensuring the long-term development of the company.

CORRUPTION PREVENTION

We put in place a system of internal audit, which verifies the compliance of business operations with the Slovenian legislation which includes the prohibition of corruption. At the same time, all employees are bound to respect the Impol Group Code of Business Conduct. We also put in place a transparent supply system, involving a greater number of decision-makers who also carry out control over business ethics themselves.

PILLAR 2: SUSTAINABLE PRODUCTS

The main activity of the Impol Group is the production of aluminium products. Compared to other metals, aluminium presents numerous advantages: lower environmental impact, low weight, corrosion resistance, good forming properties, and good mechanical properties.

Aluminium is, as they say, the "metal of the future", which is also reflected through the growing expansion of its use in numerous fields. The fundamental orientation of the Impol Group for the future remains the production of aluminium products; in doing so, we will try to concentrate as much as possible on the production of sophisticated products made of special alloys, by using an increased degree of additional processing.

PILLAR 3: RECYCLING

In these times of hyper-production which is, simultaneously, characterised by a limited scope of ressources, an ever-increasing need of protecting the environment and conserving natural sources is present. This is why the construction of a circular business model enabling the reuse of ressources is an essential focus in order to ensure sustainability. And this is precisely what is made possible by aluminium and its processing: an unlimited re-use of return raw materials with the preservation of its primary characteristics.

The core principle of the Impol Group is to use more than 75 percent of return (secondary) aluminium as the raw material input for the production of its intermediate products; in this process, the agreements reached with product purchasers in order to have them return waste material are of primary importance, since the entire processing system can therefore function according to the principle of a feedback loop.

Further investments into foundries are managed by the principle of increasing the processing share of return aluminium.

PILLAR 4: RESPONSIBILITY TOWARDS NATURE

When shaping new investment projects, we are driven by the approach geared towards minimizing adverse effects on the environment and creating harmony with nature. With this objective in mind, we have obtained a certificate in accordance with the ISO 14001 standard, and have also implemented a system of continuous improvements in the field of environmental protection.

Our core orientations in the field of environmental protection are the following:

- We intensively increase the utilisation of secondary aluminium.
- Through intensive investments, we reduce adverse impacts on the environment.
- All new technologies must comply with BAT (Best Available Technology) techniques described in BREF reference documents.
- By analysing the energy efficiency of our devices, we systematically reduce our consumption of energy products.
- A part of electricity we produce is derived from renewable sources.
- We protect surrounding waters and preserve life forms existing within their habitats.
- We minimise our consumption of hazardous substances, thus minimising the creation of hazardous waste.
- We reduce noise immissions.
- We reduce specific consumption of energy products and emissions.

SUPPLY CHAINS AND CONFLICT MATERIALS

We pass on our commitments related to environmental manage-

ment, sustainable development, and care for the health and safety of our employees, to our suppliers of material and services. For this purpose, we perform annual assessments of our suppliers pursuant to the following criteria: performance quality, environmental management, and care for the safety and health of employees. Only suppliers that confirm acting in accordance with the requirements of standards and legislation can then become a part of our list of confirmed suppliers of the Impol Group.

USE OF CONFLICT MINERALS

Within the Impol Group, we use tin in our production process. Our tin supplier is verified through the CMRT (Conflict Minerals Reporting Template) form, where confirmed tin manufacturers are also listed. All of the tin used within the Impol Group originates from confirmed manufacturers from Indonesia and Malaysia.

PREVENTION OF NEGATIVE IMPACTS

In the event of closure and winding up of a part of our industrial complex or of the industrial complex as a whole, the Impol Group undertakes to remove all potentially hazardous substances, while making sure that no sustained adverse effects on the environment occur.

INVESTMENTS

The sustainable aspect of the development of the Impol Group is also to be included into feasibility studies related to new investments.

PILLAR 5: RESPONSIBILITY TOWARDS EMPLOYEES

RESPECTING HUMAN RIGHTS

Respect for human rights is the underlying guiding principle of a responsible relationship towards one's employees. In doing so, we follow the UN Guidelines for Respecting Human Rights in the Business Sector.

The fundamental highlights of respect for human rights are as follows:

- Prohibition of child labour and of employing persons under the age of 18.
- Prohibition of employee exploitation, i.e. prohibition of extortion, coercion, precarious labour or slavery in any way, shape, or form.
- Prevention of discrimination and inegalities, promoting equal opportunities.
- Prevention of mobbing.
- Providing equal opportunities for men and women alike.
- Protection of disabled persons from discrimination.
- Ensuring health and safety at work.

We also use the following mechanisms to express our respect of the rights of our employees:

- Fair remuneration for work performed with honesty: average salaries within the Impol Group are higher than average national salaries and average salaries within the branch.

- Employee rewards: our employee receive stimulating awards for good business and individual results.
- Profit participation: In the event that annual targets are met, the employees are entitled to receive a Christmas bonus and the 13th salary.
- Meals offered: We provide high-quality meals to our employees.
- Working hours: Our employees observe working hours defined in the legislation (40-hour working weeks). In case of ordered overtime, they receive an allowance. All employees performing their work tasks in less favourable time periods (in the afternoon, at night, holiday work) receive an allowance for shift work.

OCCUPATIONAL HEALTH AND SAFETY

The health and safety of our employees and other people entering into our premises are our priorities; that is why so many of our activities are geared towards ameliorating working conditions, reducing the number of accidents at work and promoting a healthy lifestyle. In the companies within the Impol Group, we set high standards in order to ensure health and safety; in addition, we are also extremely active in the field of risk elimination.

We use an integrated approach composed of efficient training, open communication, risk evaluation, rewards, and preventive action in the field of promoting health and safety. Some of the tools used by management to provide continuous improvements are also hazard recognition, risk evaluation and action-taking. Management in the field of professional health and safety is based on the OHSAS 18001 (now ISO 45001) standard we have obtained in 2000.

One of the main goals of the Impol Group is the construction of an organisational culture that prioritises safety and health.
In order to promote health, we implement numerous activities in co-operation with the Association for the promotion of the Impol Group (organisation of sports and cultural activities, ticket discounts, organisation of health-related lectures, etc.).

IMPROVEMENT-ORIENTED ACTIONS

Another main goal of the Impol Group is to prevent work accidents of our employees. For this purpose, we have established numerous mechanisms of systematic upgrades in the field of health and safety of our employees:

- Implementation of regular line controls with the purpose of defining and preventing potential conditions due to which an accident could occur.
- Implementation of periodical employee trainings related to health and safety at work.
- Implementation of periodical tests in the field of health and safety at work.
- Performance of ergonomic workplace assessments and implementation of ameliorations.
- Provision of high-quality protective equipment to our employees.
- Periodical conformity verifications of working equipment.
- An implemented incident report and lifesaving system.
- Carrying out rehearsals where employees learn how to react in case of an incident.
- Leadership training in the field of providing health and safety at work.
- Periodical communication actions in the field of providing health and safety at work.
- Rewards provided for employees who are maintaining and up-

grading the system of health and safety at work. Rewards provided for heads of departments who are maintaining and upgrading the system of health and safety at work.
- Implementation of internal and external assessments of the ISO 45001 standard and other standards related to social responsibility.

EMPLOYEE DEVELOPMENT AND PARTICIPATION

Understanding the needs of our employees is of key importance for a suitable employee development. We assess said needs through various mechanisms:

- Measuring the climate in the organisation, as well as the degree of satisfaction and commitment of our employees.
- Collecting useful proposals and recording incidents.
- Holding developmental discussions with our employees.
- Organising employee focus groups on different subjects.
- We also have an implemented system where we engage directly with employee representatives (workers' councils, trade unions).

We are also committed to helping our employees develop their careers through the use of the following mechanisms:

- Possibility of horizontal and vertical career progression.
- Implementation of training sessions.
- Systematic development of employee competencies through detailed competence models.
- An implemented mentorship programme.
- Including our employees in projects, encouraging team work.
- An implemented system of providing useful suggestions.
- Holding developmental discussions and preparing career plans.

In addition, we are also building on the loyalty and commitment of our employees; the main mechanisms we use to develop these areas are:

- Organising events
- Awarding prizes during occasions worth celebrating
- Awarding prizes to innovators

We also develop our personnel in other areas by:

- Providing scholarships to promising high school pupils and students (intent on) pursuing their studies in programmes useful within the personnel scheme of the Impol Group.
- Providing support to the local high school when it comes to the implementation of the "Metallurgic Engineering" programme.
- Organising local events in order to promote careers in Metallurgic Engineering.

COORDINATION WITH EMPLOYEE REPRESENTATIVES

Pursuant to the EU and national legislations and habits, employees or their organisations have the right to negotiate and conclude collective wage agreements on appropriate levels; in case of a conflict of interest, they are also entitled to conclude collective measures in order to defend their interest, which also include strikes.

The Impol Group supports the employees' right to associate and to conduct collective negotiations; in addition, it also regularly cooperates with representatives of trade unions and workers' councils (organising meetings, exchange of opinons, negotiations, etc.). In addition, a Representative Body of Employees of the Impol Group (PTDSI) which is operating within the Impol Group is also composed of members elected by the employees. Its task is to elect a worker-director and exchange information within the Impol Group.

PILLAR 6: RESPONSIBILITY TOWARDS THE LOCAL COMMUNITY

Due to the fact that we are integrated in the local environment, we continuously foster harmonious relationships with the local inhabitants by contributing to the development of social activities, accelerating the development of perspective educational activities, and contributing to a better quality of life.

- We sponsor numerous associations and other organisations, whereby we favour local sports teams and youth organisations.
- We also sponsor local events that go hand in hand with our sponsorship strategy; we decide on the basis of criteria related to professionalism, seriousness, and importance of the event for the development of the local environment.
- We actively report on our operation, plans, and strategies, thus informing all the interested stakeholders.
- We reduce negative impacts on the environment, investing mainly in noise reduction.
- We organise open days, thus enabling the public concerned to view our premises.
- We make development-related investments and increase the number of posts available.

PILLAR 7: LOOKING AHEAD

Within the Impol Group, we are building on a nearly 200-year-long tradition. We are one of the most important Slovenian companies and one of the largest Slovenian exporters. The management of our company accentuates the meaning of strategical orientation towards the future. For this purpose, the company has put in place a long-term strategy and also sets ambitious goals enabling it to grow and to develop. Investments for the purpose of growing and developing the company are one of the main building blocks of sustainable development. Said investments are also the driving force behind the annual decision of the owners to reinvest more than 80 percent of the profits into the company.

4. COMPLIANCE ASSURANCE

Internal assessment is carried out pursuant to the ISO 26000 standard and is implemented by internal auditors who have been made duly aware of the contents and the requirements of said standard. The assessments are carried out on an annual basis.

COMPLIANCE CONCERNING THE RESPECT OF HUMAN RIGHTS

	Key indicators	Risks	Conformity assessment	Reporting
Compliance concerning the respect of human rights	Number of complaints submitted by the employees Number of lawsuits related to the non-observance of human rights	Loss of reputation Lawsuits Decline in productivity	Internal verifications related to the compliance of processes with the rules and standards adopted within the organisation	Annual report (in accordance with the GRI standard)

MANAGEMENT OF HEALTH AND SAFETY AT WORK

	Key indicators	Risks	Conformity assessment	Reporting
Management of health and safety at work	Number of work accidents, the degree of seriousness of said work accidents, number of incidents reported	Loss of reputation Lawsuits Decline in productivity	External assessment of the ISO 45001 standard Internal verifications related to the compliance of processes with the rules and standards adopted within the organisation	Annual report (in accordance with the GRI standard) “Metalurgov poročevalec” (an internal magazine) “Metalurg” (a magazine for employees and for the members of the public)

ENVIRONMENTAL PROTECTION MANAGEMENT

	Key indicators	Risks	Conformity assessment	Reporting
Environmental protection management	Specific use of energy products, quantity of hazardous waste, number of dangerous incidents	Loss of reputation Lawsuits Failure to expand Closures of establishments	External assessment of the ISO 14001 standard Internal verifications related to the compliance of processes with the rules and standards adopted within the organisation	Annual report (in accordance with the GRI standard)

5. CHANGE MANAGEMENT AND ONGOING IMPROVEMENTS

We measure process efficiency, identify opportunities, and implement ameliorations that make it possible for us to reach more ambitious goals.

Implementing improvements takes place through the following approaches:
- Implementing lean production methods,
- Discovering discrepancies and implementing corrective measures,
- Systematic encouragement of providing useful suggestions,
- Process reorganisation for the purpose of increasing efficiency.

Within their management standards, all CEOs and managerial staff of the Impol Group have included an obligation to implement at least two organisational improvements into their working process on an annual basis.

6. COMMUNICATION

COMMUNICATION SYSTEMS

For a company to function and develop smoothly, communication and awareness are a prerequisite. The operating policy of the Impol Group and the developments within the group are presented to stakeholders via various channels.

Stakeholders	Awareness-raising and communication channels
Employees	Trainings, workshops, company colleges, sessions of the workers' council, trade union, "Metalurg" magazine, "Metalurgov poročevalec" magazine, notice boards, displays, website, Facebook profile
Consumers, suppliers	Website, supplier portal, annual report, semi-annual report, SEOnet, newspaper publications, LinkedIN
Investors, banks	Website, annual report, semi-annual report, SEOnet, newspaper publications
Shareholders	Website, annual report, semi-annual report, SEOnet, newspaper publications, "Metalurg" magazine, Facebook profile, General Assembly
Local community, media	Press releases, website, annual report, semi-annual report, SEOnet, newspaper publications, "Metalurg" magazine, Facebook, LinkedIN

PUBLICATION OF THE SUSTAINABLE DEVELOPMENT POLICY

The Sustainable Development Policy is a public document published at www.impol.si.
The employees become familiar with its content through the following channels:

- Publication in the "Metalurg" internal magazine
- Initial training of new employees
- Periodical training of regular employees within a period of no less than 60 months

HANDLING OF NON-COMPLIANCE

All non-compliances are resolved pursuant to the adopted internal rules focussing on analysing underlying reasons for their occurrence.

Stakeholders are notified of any non-compliance having a negative impact on them in a timely and appropriate manner.

The owner of each individual process is responsible for monitoring the implementation of any measure related to it.

REFERENCE DOCUMENTS

- The Impol Group Code of Business Conduct
- The Impol Group Code of Business Conduct for Suppliers
- General Purchase Conditions
- Rules of Procedure of the Impol Group
- The Operating Policy of the Impol Group