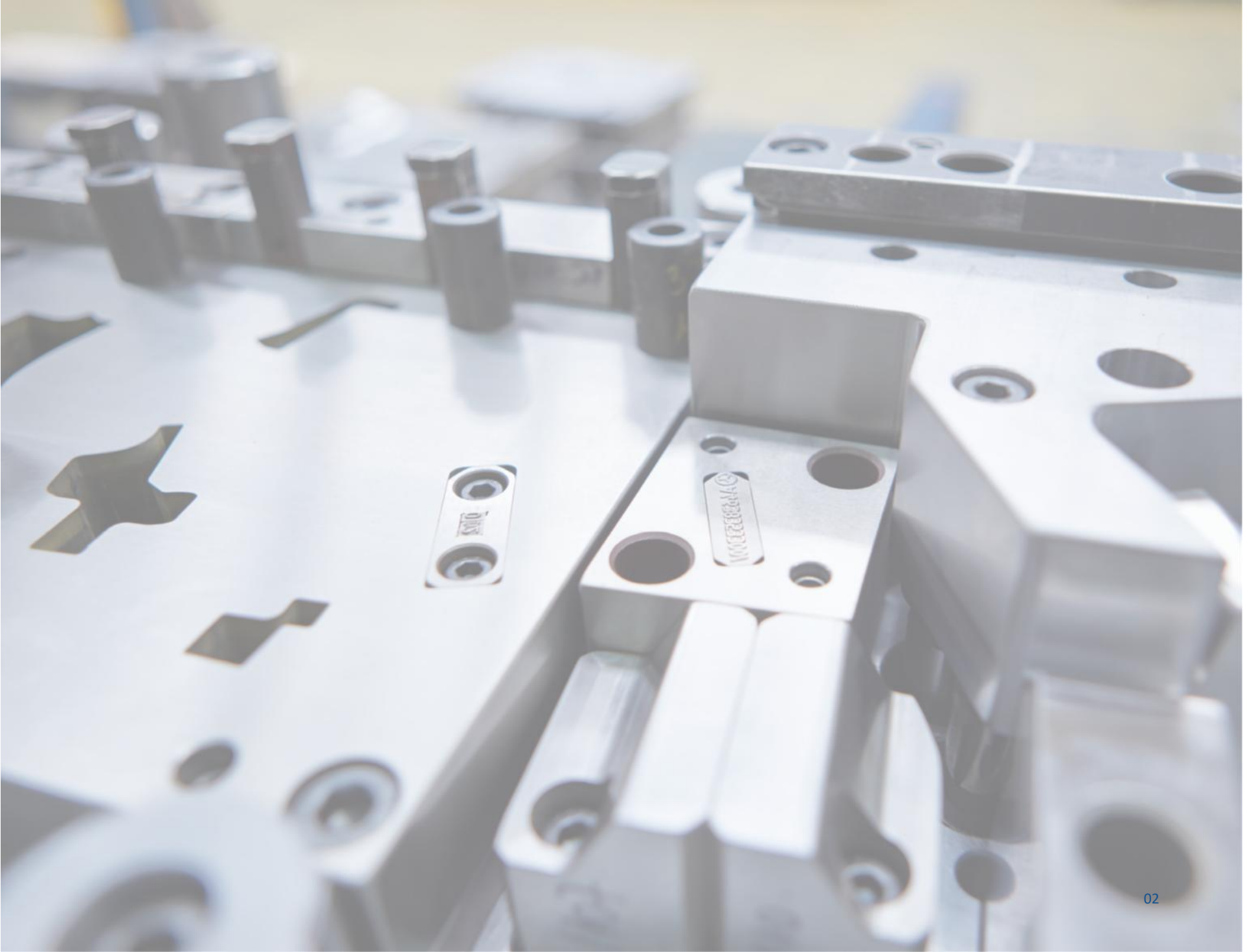




SUSTAINABILITY REPORT 2025



CONTENTS

01 About the report and methodology	4–5	07 Ethics and reporting channels	20–21
02 Director’s opening remarks	6	08 Overall assessment	22
03 E, S and G management commitments	7–9	09 E: strategy and implementation	24–25
04 Environmental indicators	11–16	10 S: strategy and implementation	26–27
05 Employees and development	17–18	11 G: strategy and implementation	28–29
06 Interim data for 2026	19	12 Disclosure completeness and next cycle	30–31

01 About the report and scope

Results 2025 and subsequent updates

The report covers calendar year 2025, with comparisons against 2024. The PK-15 and NZP-19 policies adopted in September 2026 and interim data as at 8 October 2026 are identified separately. Plans describe future actions.

Company, location and activities

VAR d.o.o., Panonska ulica 23.

Activities: toolmaking, production stamping and welding.

The emissions calculation excludes Scope 3 and does not cover the entire value chain.

Data sources and verification

Data comes from invoices, waste records and personnel records. All results are readily verifiable, and supporting evidence is available on request.

01 Methodology and data

Energy, emissions, water and waste

Maintenance is responsible for energy and emissions, Finance for billed water, and Procurement for waste. Scope 1: fuel use $\times$ emission factor + refrigerant releases $\times$ GWP. Scope 2 uses the market-based and location-based methods.

Intensity, personnel and suppliers

Intensity = annual quantity / units produced $\times$ 1,000. HR maintains data on working hours, accidents, employees and training. Procurement tracks suppliers informed / all suppliers, by number.

Comparability and limitations

A blank field means data is missing. A zero means a recorded zero. Trends compare 2025 with 2024. Changes in shares are in percentage points. The recycling estimate reflects material recycling practices.

Data for 2026 does not yet represent full-year results.

02 Director's opening remarks



Dear colleagues, business partners and representatives of the local community,

Ahead of you is the first sustainability report from VAR. For 2025, we show the progress compared to 2024 and the areas where we plan to improve with our targeting. For all subsequent years, we will regularly report on the sustainable performance of the company.

Sustainability is part of our strategic direction. We associate product quality with reducing environmental impact, safe work and employee development, and a responsible supply chain.

We are committed to complying with applicable legal and other mandatory requirements and to conduct business fairly. Management takes responsibility for measurable goals, necessary resources, and regular monitoring of progress.

I would like to thank our employees and partners for their cooperation in the responsible development of VAR.

Srečko Frumen, Director of VAR d.o.o.

03 E – Environment

Management's commitment to environmental protection

Management's commitments under PK-15 and NZP-19 cover compliance with environmental requirements, pollution prevention and continual improvement.

KPI-ESG already includes an energy balance and calculations of Scope 1 and Scope 2 emissions. The policies call for further impact reductions and efficient use of energy, water and materials.

We commit to safe management of chemicals and waste and protection of air, soil, water and biodiversity.

Management must assign responsibilities, provide resources, approve targets and review the risks and impacts of actions.



Commitments under the September 2026 policies. Evidence of implementation requires separate verification.

03 S – Employees and society

Management's commitment to people and safe work

The 2026 policies provide for respect for human rights, equal opportunities and fair working conditions, including freedom of association.

We commit to injury prevention, equipment safety and employee participation in improvements to stamping and welding.

Training should address job-related risks. We will assess knowledge and competence in practice and develop mentoring.

Management must assign responsibilities and provide resources. Records, consideration of employee suggestions and monitoring of results will demonstrate implementation.



Commitments under the September 2026 policies. Evidence of implementation requires separate verification.

03 G – Responsible governance

Management's commitment to ethical and transparent business

The 2026 policies require lawful business conduct and integrity, zero tolerance for corruption, prevention of conflicts of interest and data protection.

NZP-19 requires supplier risk assessments at onboarding, at least annually and when circumstances change. We track supplier communication separately from compliance checks.

Management must assign responsibilities and define an action, deadline and effectiveness check for each non-conformity.

PK-13 provides a confidential reporting channel and whistleblower protection. Evidence must demonstrate actual responses and system effectiveness.



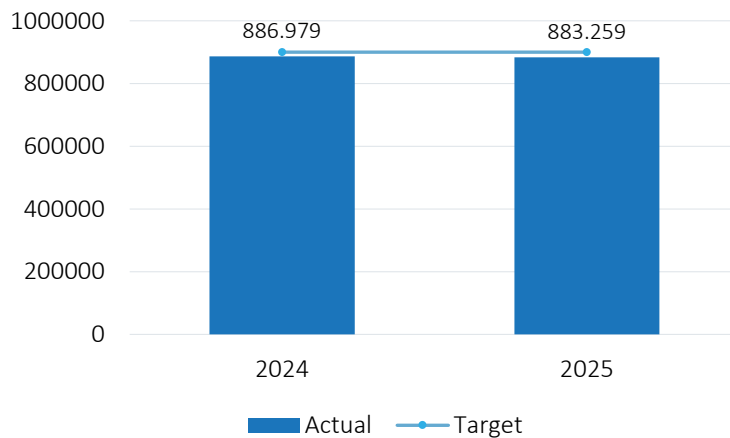
Commitments under the September 2026 policies. Evidence of implementation requires separate verification.



04 Energy use

Electricity per 1,000 pieces: 32.28 (2024), 35.39 (2025), +9.6%.

Electricity (kWh)



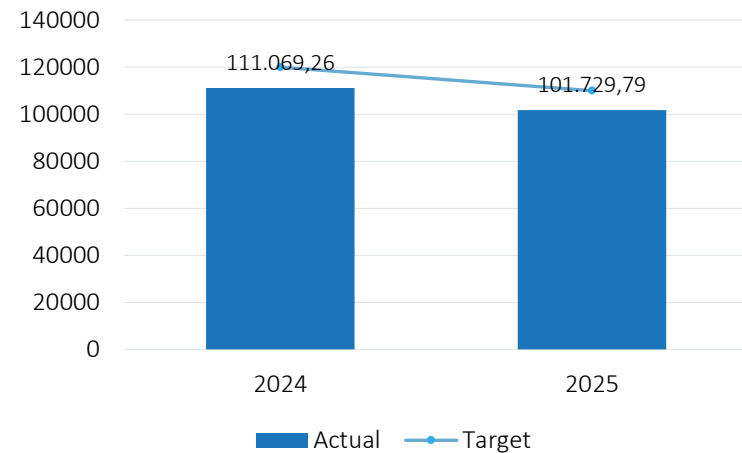
2024: 886,979 / 2025: 883,259

Trend: -0.4%

Target ≤ 900,000 kWh: achieved

Other energy: diesel, gasoline and LPG. Production: 27,474,473 pieces (2024), 24,957,678 (2025).

Other energy (kWh)



2024: 111,069 / 2025: 101,730

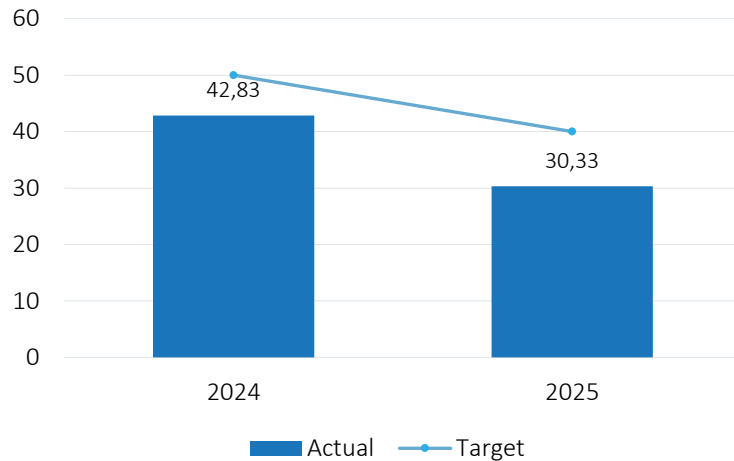
Trend: -8.4%

Target ≤ 110,000 kWh: achieved

04 Direct and indirect emissions

Scope 3 is excluded. The market-based result does not imply a zero overall carbon footprint.

Scope 1 (t CO₂e)



2024: 42.83 / 2025: 30.33

Trend: -29.2%

Target ≤ 40 t CO₂e: achieved

Scope 1 in 2025: fuels 26.21 t and refrigerants 4.13 t. The decrease mainly reflects lower recorded refrigerant releases.

Scope 2 (t CO₂e)

0.00

Market-based
2024: 0.00

215.52

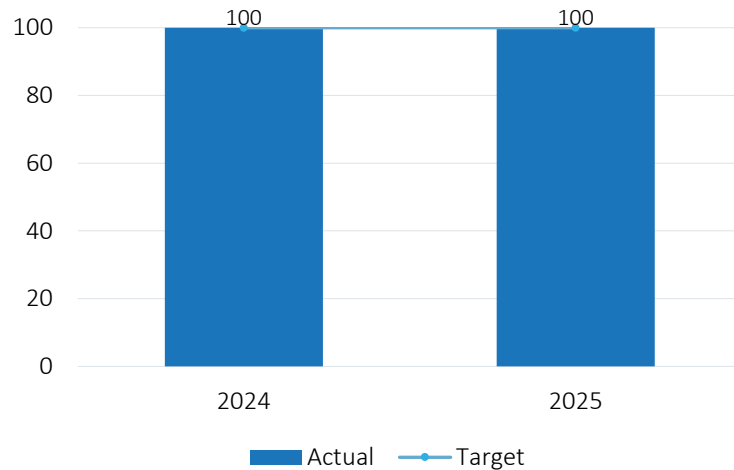
Location-based
2024: 216.42

Factor: 0.244 kg CO₂e/kWh (2024), per KPI-ESG: IJS-CEU.
The market-based zero requires valid evidence of renewable electricity sourcing.

04 Renewable electricity and water

Renewable electricity: quantities recorded in contracts / guarantees of origin. Water: net billed quantities, including adjustments and credits.

Renewable electricity (%)



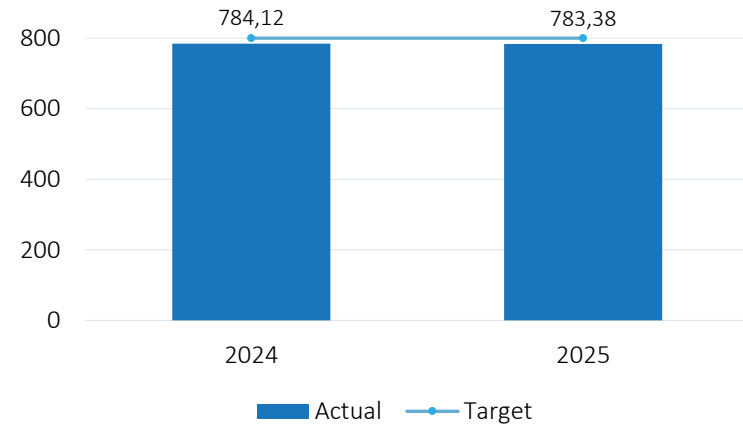
2024: 100 / 2025: 100

Change: 0.00 pp

Target 100%: achieved per records

Evidence of origin is checked and retained. Water consumption is based on billed quantities.

Billed water (m³)



2024: 784.12 / 2025: 783.38

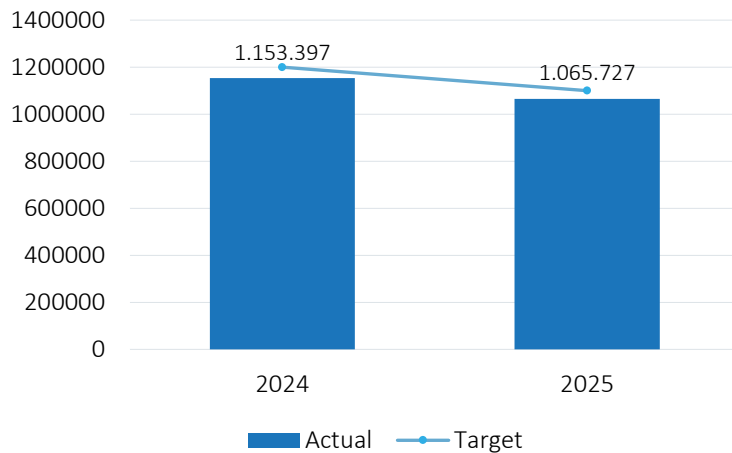
Trend: -0.1%

Target ≤ 800 m³: achieved

04 Waste and material circularity

Waste per 1,000 pieces: 41.98 (2024), 42.70 kg (2025), +1.7%.

All waste generated (kg)



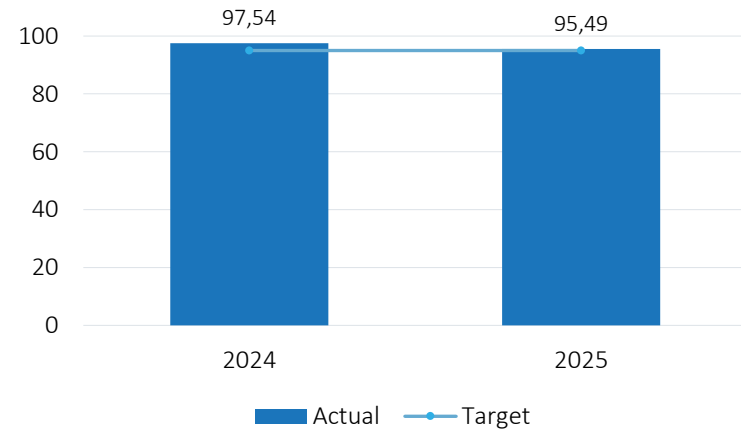
2024: 1,153,397 / 2025: 1,065,727

Trend: -7.6%

Target ≤ 1,100,000 kg: achieved

Estimate: 1,017,689 / 1,065,727 kg. Metal waste codes 12 01 01–04, 15 01 04 and 20 01 40, assuming 100% recycling.

Metal streams for recycling (%)



2024: 97.54 / 2025: 95.49

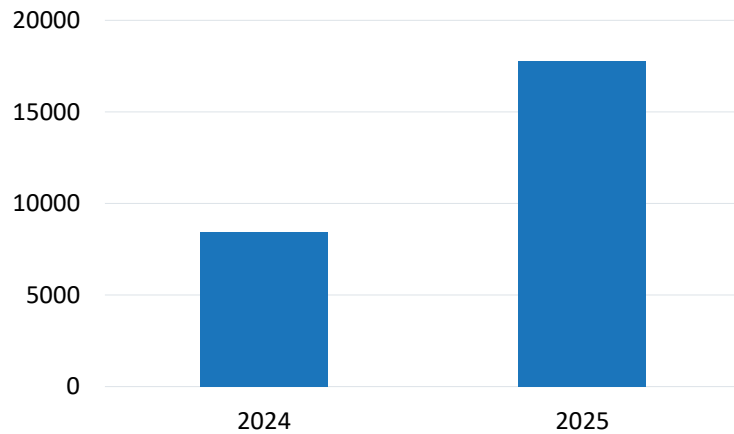
Change: -2.05 pp

Target ≥ 95%: achieved on estimated basis

04 Hazardous waste

Hazardous waste has more than doubled. A breakdown by type is on the next page.

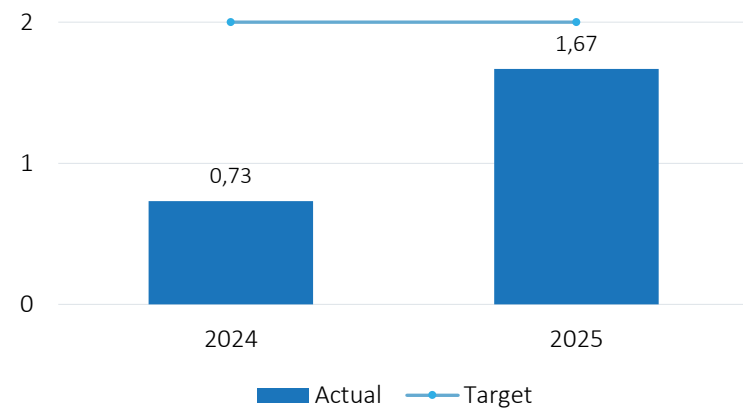
Hazardous waste (kg)



2024: 8,432 / 2025: 17,780

Trend: +110.9%

Share of hazardous waste (%)



2024: 0.73 / 2025: 1.67

Change: +0.94 pp

Share ≤ 2%: achieved, quantity increasing

04 Breakdown of hazardous waste

Increase: 9,348 kg. The composition of recorded waste streams also changed.

Waste group	2024 (kg)	2025 (kg)
Washing fluids	5,521	7,068
Machining sludge	2,501	1,894
Emulsions, oils, batteries and abrasives ¹	0	6,778
Packaging, absorbents and other equipment	410	2,040
Total	8,432	17,780

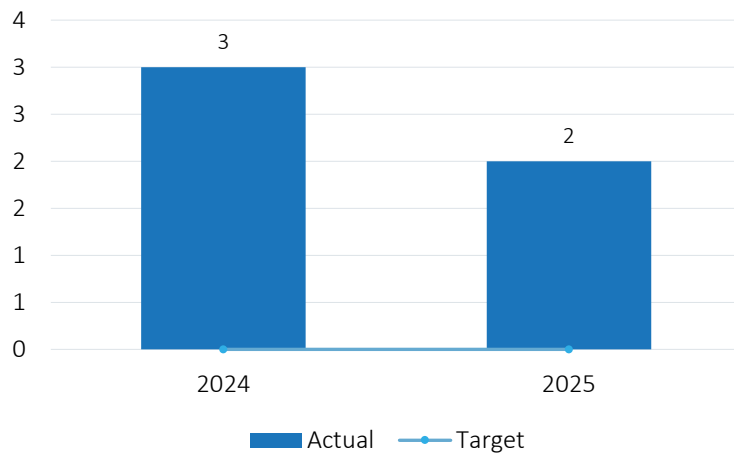
¹ In 2025: emulsions 3,000 kg, oils 1,000 kg, batteries 1,883 kg and abrasives 895 kg.

The analysis indicates that collection timing affects annual results, as hazardous waste is collected and removed only a few times a year. This result alone therefore does not provide a representative year-on-year comparison.

05 Occupational safety and health

Accident rate: 18.40 (2024), 14.01 (2025) per million hours worked.

Accidents at work (number)



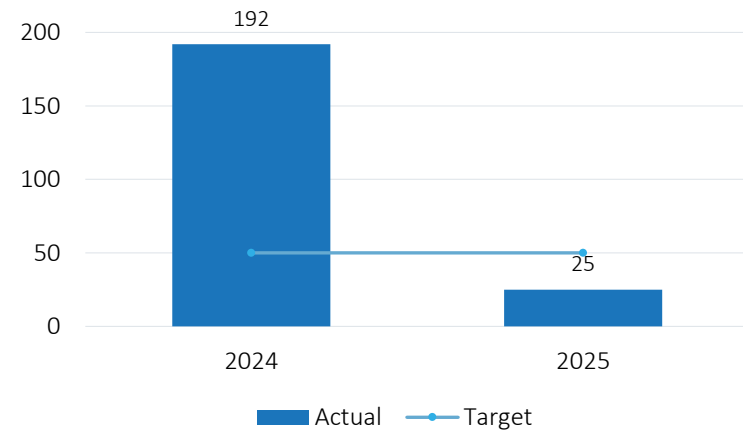
2024: 3 / 2025: 2

3 accidents (2024), 2 (2025)

Target 0: not achieved

Formula: recorded accidents / hours worked × 1,000,000. Hours: 163,057 (2024), 142,721 (2025).

Lost working days



2024: 192 / 2025: 25

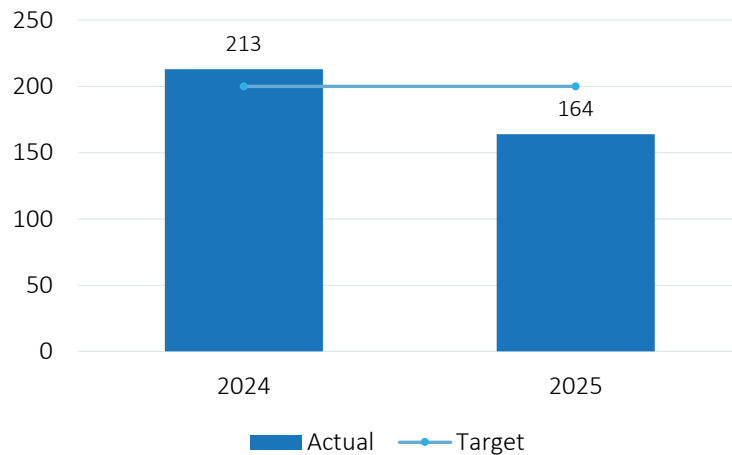
Trend: -87.0%

Target ≤ 50 days: achieved

05 Development and equal opportunities

Training per employee, using year-end headcount: 2.80 hours (2024), 2.31 hours (2025).

Total training (hours)



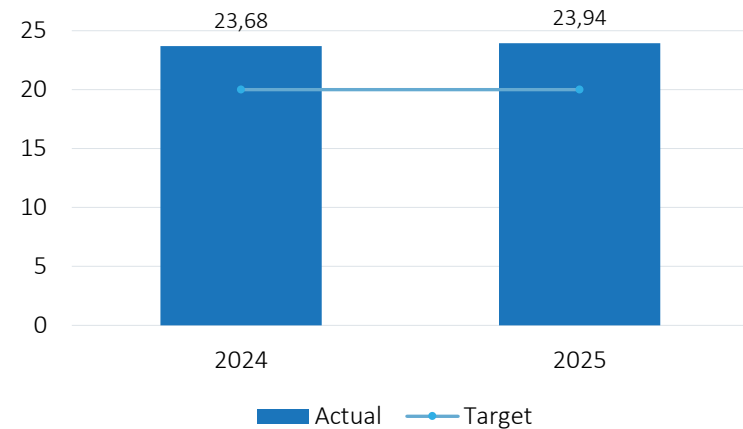
2024: 213 / 2025: 164

Trend: -23.0%

Target $\geq$ 200 hours: not achieved (-36 hours)

Denominator: year-end headcount of 76 (2024) and 71 (2025), not the annual average.

Women in the workforce (%)



2024: 23.68 / 2025: 23.94

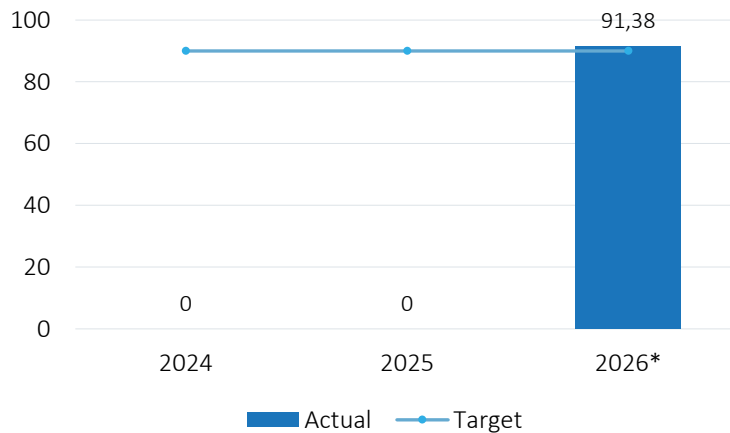
Change: +0.26 pp

Threshold $\geq$ 20%: achieved

06 ESG: employees and suppliers

Interim position as at 8 October 2026. KPI-ESG explicitly records zeros for 2024 and 2025.

ESG and ethics training (%)



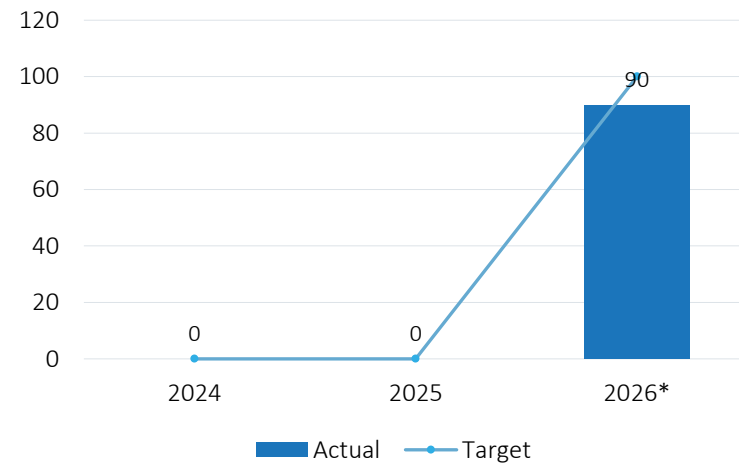
2026*: 53 out of 58 employees (91.38%)

$53 / 58 = 91.38\%$

2026 target $\geq 90\%$: achieved at interim date

The 2026 interim denominator is 58 employees, compared with 71 at 31 December 2025. Informing suppliers does not establish full compliance, but begins the communication of supply chain requirements.

Suppliers informed (%)



2024: 0 % / 2025: 0 % / 2026*: 90 %

Suppliers informed / all suppliers, by number

2026 target 100%: not yet achieved

07 Business ethics and reporting channels

The 2025 records show no ESG concerns reported and no confirmed corruption cases. Fines for environmental, labour or ethical breaches: €0. The absence of reports does not demonstrate that the reporting channel is effective.

ESG concerns and complaints received

0

2024: 0 2025: 0

Monitoring data

No target for the number of reports

Criteria: accessibility and case handling

Confirmed cases of corruption or bribery

0

2024: 0 2025: 0

Target 2025: 0

No confirmed cases

The zero-corruption target is assessed separately

07 Confidential reporting and handling

Official reporting channel under PK-13

Email: zaupnik@var.si. Post: VAR d.o.o., Panonska ulica 23, in a sealed envelope marked “Confidential, for the attention of the reporting officer”. The rules also provide for recording oral reports.

Responsibility and protection

The designated reporting officer, the Quality Manager under the rules, handles reports. Anonymous reporting is permitted. The policy protects identity and prohibits retaliation. Informal conversations only supplement the official channel.

Procedure and performance criteria

PK-13 provides for an initial review or acknowledgement within 7 days and completion of the procedure within 3 months.

Annual ESG training checks awareness. Management reviews assess accessibility and compliance with deadlines.

08 Assessment of indicators and improvement

Improvement is a shared responsibility of management and employees

In 2025, absolute electricity use, other energy consumption and waste quantities fell, as did the impact of occupational accidents. Lower refrigerant releases were the main recorded contributor to lower direct emissions.

Electricity use and waste per unit produced increased. Hazardous waste more than doubled. The zero-accident target and training plan were not met. We will continue close monitoring and analysis and take targeted action.

Documented interim progress in 2026: ESG and ethics training for 53 of 58 employees and communication to 90% of suppliers. The effects of these activities on business still require monitoring.

Management provides the conditions and resources. Employees support implementation through responsible work. The data alone does not establish causality between conduct and all outcomes. We will assess the effects in future years.



09 E – Environmental strategy

Energy and emissions

Baseline: electricity per 1,000 units increased by 9.6%.

Action: process-level metering, reduced idle consumption and compressed-air leak checks.

Monitoring: monthly use against output and product mix. Retain renewable electricity evidence and assess relevant Scope 3 sources.



Materials, waste and water

We will continue monitoring and analysing hazardous waste and reducing its causes. We will strengthen controls over potential water leaks and chemical handling.

We track effects by process and production volume. The draft implementation plan defines responsibilities, deadlines and measures.

09 E – Implementation plan

Area	Baseline and target	Owner / deadline	Action / metric
Energy and emissions	2025: fuel use 101,730 kWh, Scope 1 30.33 t. KPI 2026 target: ≤ 100,000 kWh and ≤ 30 t.	Maintenance Manager 31 Dec 2027	Review losses and meter processes. kWh/piece and t CO ₂ e.
Waste	2025: 1,065,727 kg, hazardous share 1.67%. KPI 2026 target: ≤ 1,050,000 kg, share ≤ 2%.	Purchasing Manager and Maintenance Manager 31 Mar 2027	Analyse waste types and one-off collections. kg per stream, kg/1,000 units.
Evidence and comparability	Renewable electricity 100%, water 783.38 m ³ (2025). KPI 2026 target: Renewable electricity 100%, water ≤ 800 m ³ .	Maintenance Manager and Finance Manager 28 Feb 2027	Verification of supporting documents and water balance. Evidence coverage and consumption.

Responsible persons report quarterly on implementation and effectiveness.

10 S – Strategy for employees

Safety, knowledge and equal opportunities

Safety: We have analysed both 2025 accidents and regularly assess risks in stamping, deburring and welding. We will also monitor near misses and the effectiveness of preventive actions.

Development: job-specific training plans, mentoring and practical on-the-job assessments.

Equal opportunities: we will review access to training and promotion.



10 S – Implementation plan

Area	Baseline and target	Owner / deadline	Action / metric
Safety	2025: 2 accidents, 25 lost days. KPI 2026 target: 0 accidents, ≤ 25 days.	Production Manager and Tool Shop Manager 31 Mar 2027	Analysis of the causes and preventive measures. Accident rate, completed actions.
Knowledge	2025: 164 hours, 2026 interim ESG training: 53/58. KPI 2026 target: ≥ 200 hours, ESG ≥ 90%.	Director, HR 31 Dec 2026	Job-specific training plan. Hours/person, practical tests.
Equal opportunities	2025: 17 women / 71 persons (23.94%). Target: review access to opportunities.	Director, HR 31 Mar 2027	Analysis of training and promotions. Compare groups while protecting personal data.

Responsible persons report quarterly on implementation and effectiveness.

11 G – Governance strategy

Proposal: suppliers, ethics and accountability

Suppliers: 90% informed, by number, as at 8 October 2026. The 100% target remains outstanding. We will track supplier risk assessments separately and act on non-conformities.

Ethics: we will check awareness of the official confidential reporting channel, whistleblower protection and response deadlines.

Governance: responsible persons report evidence and effects. Management reviews progress and approves actions and resources.



11 G – Implementation plan

Area	Baseline and target	Owner / deadline	Action / metric
Suppliers	8 Oct 2026: 90% informed. KPI 2026 target: 100% by number.	Purchasing Manager 31 Dec 2026	Complete supplier communication and risk assessments. Assessment coverage and open non-conformities.
Reporting channels	2025: 0 reports, effectiveness not measured. Objective: Documented annual review.	Reporting Officer and HR 31 Mar 2027	Test accessibility and awareness. Response times and whistleblower protection.
Reporting	Baseline: KPI-ESG and first review. Target: complete evidence and approval.	Management and responsible persons 31 Mar 2027	Annual review, approval of measures. Completed actions and verified effects.

Responsible persons report quarterly on implementation and effectiveness.

12 Completeness of disclosures and the next cycle

Assessment framework and automotive supply chain

The report covers energy, emissions, water, waste, human resources, safety and ethics. Drive Sustainability self-assessment questionnaires (SAQs) serve as the assessment framework.

2026 results

Data owners will collect full-year data from January to March 2027. Until then, interim data does not represent annual results.

FURTHER IMPROVEMENT IS A SHARED RESPONSIBILITY



