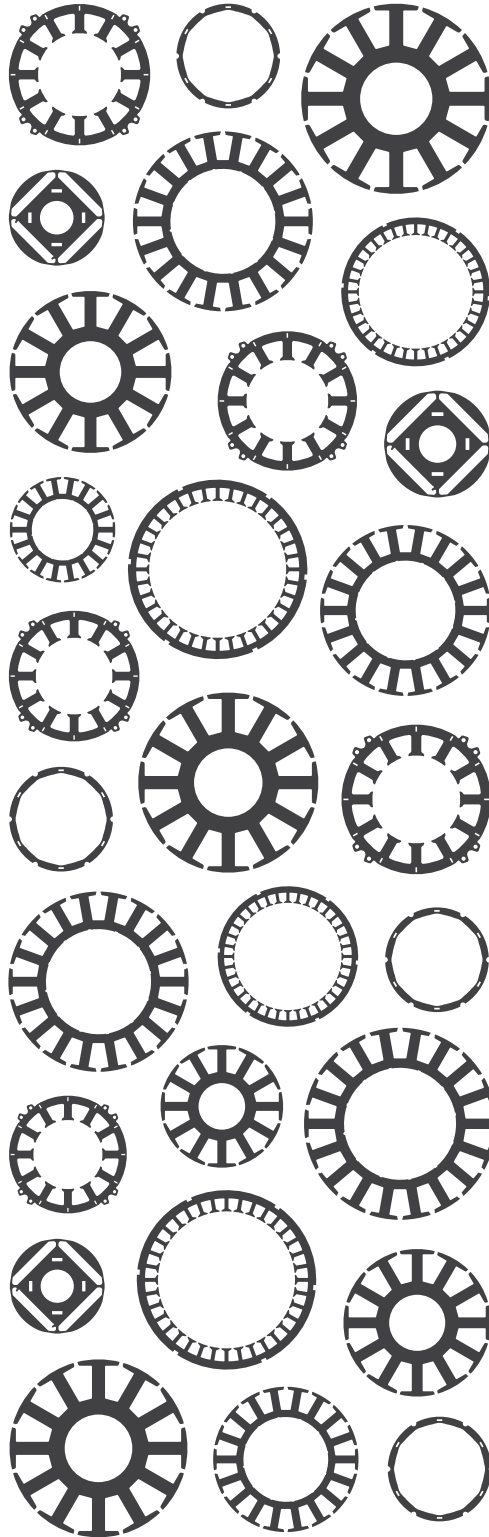
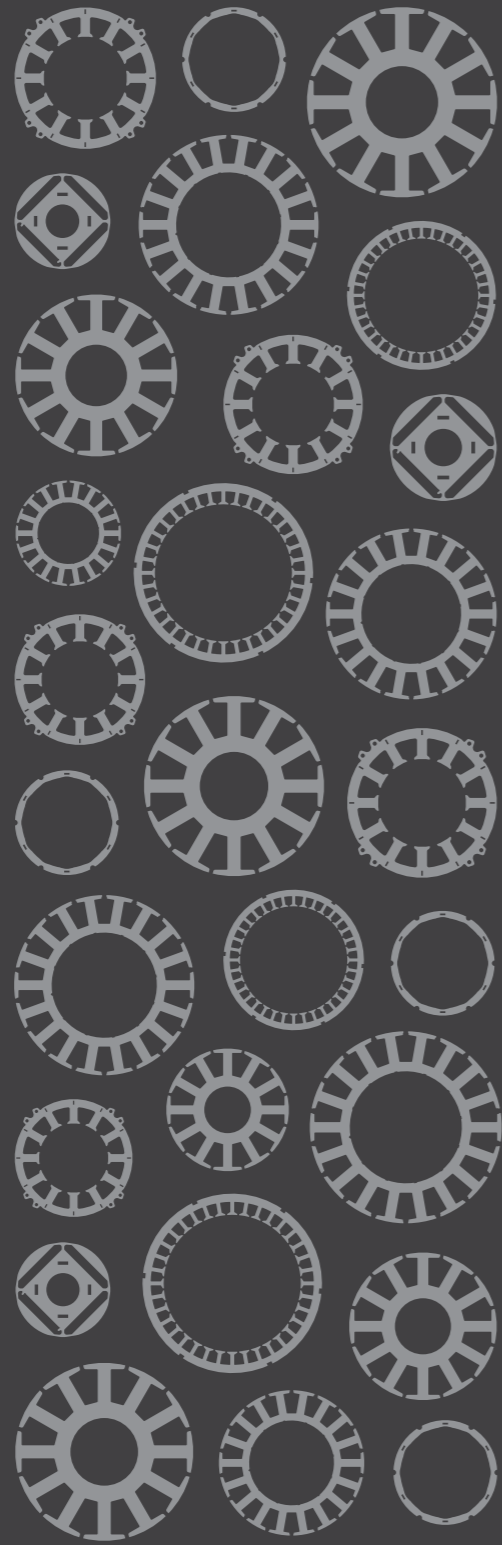


# DOMEL



SUSTAINABILITY REPORT 2023



# DOMEL

SUSTAINABILITY REPORT 2023



## TABLE OF CONTENTS

<b>STATEMENT FROM THE CHAIRMAN OF THE MANAGEMENT BOARD</b>	<b>8</b>
<b>ABOUT THE SUSTAINABILITY REPORT</b>	<b>10</b>
<b>ABOUT US: THE DOMEL GROUP</b>	<b>12</b>
	14 Profile of the Domel Group
	20 Our history
	24 Our sustainable development journey
	26 Sustainable development strategy
	28 Identification of key areas
	33 Sustainable operations policies
	37 Risk management
	38 Overview of operations
<b>ECONOMIC ASPECTS OF SUSTAINABILITY</b>	<b>46</b>
	50 Development and sustainable solutions
	54 Energy- and material-efficient products
	62 Customer relations
	63 Supplier relations
	65 Compliance of materials
<b>SOCIAL ASPECTS OF SUSTAINABILITY</b>	<b>66</b>
	70 Inclusion of employees in the innovations process
	71 Connections with local communities
	73 Commitment to our employees – the foundation of our success
	80 Investing in knowledge and employee development
	84 Workplace safety
<b>ENVIRONMENTAL ASPECTS OF SUSTAINABILITY</b>	<b>88</b>
	92 Environmental protection and sustainable operation
	96 Climate change mitigation
	97 Energy management
	101 Water management
	104 Environmental noise measurements
	104 Measurements of atmospheric emissions
	105 Waste management
<b>WORKERS' PARTICIPATION IN MANAGEMENT</b>	<b>108</b>
	110 Report of the Works Council
	112 Report on the work of SP SKEI Domel



HIGHLIGHTS  
2023

# STATEMENT FROM THE CHAIRMAN OF THE MANAGEMENT BOARD



*Dear stakeholders,*

Welcome to the Domel Group's Sustainability Report for 2023. The results we have achieved, which are set out in this report, confirm our commitment to sustainable development, social responsibility and environmental protection. At a time when the world is grappling with climate change and growing economic and social challenges, we remain consistently focused on our mission – that of ensuring growth and sustainable development for our employees, customers shareholders, the wider community and other stakeholders. As a leading global manufacturer of electric motors, we have a responsibility not only to our direct partners but also to wider society and the environment.

Slower economic growth in the European Union, particularly in Germany, also affected the Domel Group's operations in 2023. In autumn we were faced with a decline in demand and a fall in orders, which put pressure on our results. Additionally, high energy prices are reducing the competitiveness of energy-intensive industry in the European Union, a key consideration for our sector. Despite these challenges, however, we maintained the stability of our operations, albeit with revenues that were slightly lower than expected.

For the 2025–2030 period we have placed a sustainable orientation at the centre of our strategic vision, which guides us in all our endeavours. We see a growth in value added as a key condition for the achievement of our mission as a socially responsible employer with a focus on creating high-quality jobs. At the same time, we are investing in strengthening those employee competencies that are essential for the transition to a more sustainable economy, in this way enhancing our employees' skills and increasing their commitment. We see digitalisation as a key opportunity to increase productivity and use resources more efficiently, which in turn makes a significant contribution to environmental sustainability. Our commitment to sustainable development is also reflected in ongoing investments in development and new innovative technologies. We are collaborating actively on projects for the green transition of the European economy, both in the e-mobility sector and in

the garden equipment and power tools sector, where we are replacing internal combustion engines with efficient electric motors. We are also striving to reduce our carbon footprint and develop low carbon intensity products. We put our social responsibility into practice not only through responsible conduct and responsiveness in our environment but also through products that are designed to benefit the environment and create added value for our customers and end users.

We at the Domel Group are aware of the environmental impact of our operations. This is why we have made a commitment, through our environmental policy, to responsible conduct and sustainable development, through the use of green technologies and innovations. Our approach to reducing environmental impact is based on international standards and environmental programmes. In 2023 we successfully completed several important environmental programmes, through which we have improved our employees' working conditions and other aspects of sustainable operations.

Our gaze is fixed on the future, although we do not forget that every change is first of all a matter of small but important steps. Our vision is based on values such as care for customers and employees, creativity and ambition, responsibility and economy, a sense of belonging, respect and cooperation. With every year that passes, we strive to be better, greener and more inclusive. We believe that true progress is progress that we achieve together, and we will therefore continue to build on these values in order to shape a sustainable future in a spirit of collaboration.

I would like to express my thanks to all Domel Group employees and other stakeholders for all their achievements and loyalty. May this report serve as proof of our commitment to sustainable business practices and as inspiration for further work on the path to a better tomorrow.

With very best wishes,

Matjaž Čemažar  
Chairman of the  
Management Board

# ABOUT THE SUSTAINABILITY REPORT



The sustainability report of the Domel Group for 2023 offers a comprehensive overview of key activities and achievements regarding the sustainable development of the company. It presents the most important sustainability impacts in the economic, social and environmental spheres, with an emphasis on the company's contribution to the development of the Slovenian economy, Slovenia as a society and Slovenia's natural environment.

Various departments from several of the company's business units took part in the process of drafting the sustainability report. The collecting of data and performance indicators regarding sustainable operations was carried out by employees in various departments including HR, occupational health and safety, system management, general innovation, development, purchasing, sales and finance & accounting. We focused on providing balanced and relevant information both for general readers and for all Domel Group stakeholders.

Data on financial operations, employees, environmental impacts and other key indicators are taken from the annual report, HR records, regular monitoring of environmental impacts and other internal measurements. The selected indicators are compared for the period 2020–2023, which enables insight into progress and trends in sustainable operation.

This year's report is the sixth in a row and relates to the 2023 reporting year. The data presented and indicators calculated relate to Domel and its manufacturing sites in Slovenia.

The company's sustainable operations are presented within the context of the UN Sustainable Development Goals (the 2030 Agenda). The global sustainability goals that the Domel Group is helping to achieve are indicated in the pages that follow. The sections on economic, social and environmental contributions clearly show the link between our achievements and sustainability goals.

With this report, the Domel Group reaffirms its commitment to sustainable development and transparent reporting on its sustainability impacts. We hope that the report will be useful and informative to everyone who is interested in our contribution to a sustainable future.

# ABOUT US: THE DOMEL GROUP



## ABOUT US: THE DOMEL GROUP 12

14 Profile of the Domel Group

20 Our history

24 Our sustainable development journey

26 Sustainable development strategy

28 Identification of key areas

33 Sustainable operations policy

37 Risk management

38 Overview of operations

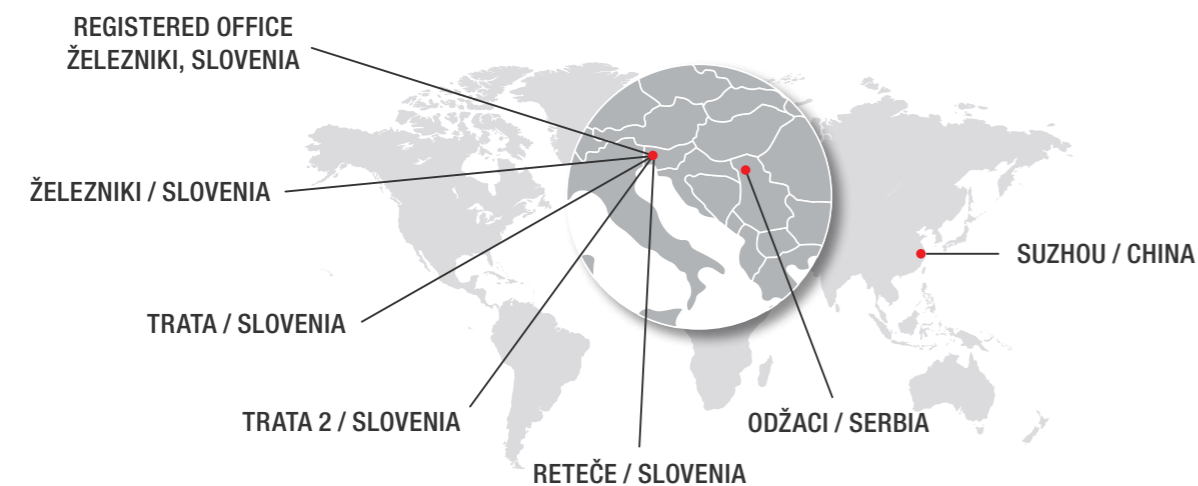
# PROFILE OF THE DOMEL GROUP

Domel is a global developer and supplier of electric motors, vacuum motors, blowers and components based in Slovenia. The company has a long tradition – it was established in 1946, when it developed out of a local co-operative. Today it employs around 1,400 people. Our commitment to innovation has placed us at the forefront of the market in several key fields of technology including universal vacuum motors, brushless DC blowers, brushless DC motors, and EC motors, including ultra-premium efficient permanent magnet synchronous motors.

Our products are built into professional and household appliances such as floor cleaning appliances, kitchen appliances and power tools. We are also present in industrial applications such as heating, ventilation and air conditioning systems and in the printing, packing and manufacturing process automation sectors. We also develop and manufacture compressors and pumps for fluids in industrial equipment. Some of our products are sold in the mobility segment, which includes the automotive industry, e-mobility, fuel cells and components, while others are used in medical and laboratory equipment. Our motors drive more than 300 million devices throughout the world in premium and consumer markets.

The company creates value through the development and production of energy-efficient electric motor drives and components. Development and innovation are the foundation of our business and we invest heavily in research and development. This enables us to innovate constantly and adapt to the needs of the market and customers. Our teams of experts are constantly searching for new solutions to the challenges faced by our customers. We possess numerous competences in the planning, simulation and optimisation of electromagnetic assemblies and the capacity to build high-quality prototypes and test and develop advanced technologies and processes, which facilitates a rapid and efficient journey from product design to production.

Our competitive advantage lies in a comprehensive approach, through which we offer our customers support from initial drawing to an end product that is adapted to the specific requirements of the application. We adapt to the needs of the market and customers while at the same time we are committed to sustainable development and lean manufacturing, with a focus on energy efficiency and reducing the environmental impact of our products and manufacturing processes.



# SITES



The Domel Group comprises the parent company Domel Holding d.d., and the subsidiaries Domel d.o.o., Domel Inc., Domel motors d.o.o., Odžaci, Domel IP invalidsko podjetje d.o.o., and Domel Electric Motors Suzhou Co. Ltd. The basic details of the companies within the Group are given on the next page.





## Parent company

- **Domel Holding, d.d.**  
Registered office  
Legal organisational form  
Registration number  
Registered activity  
Chairman of the Management Board

Otoki 21, 4228 Železniki  
public limited company  
1294156  
activities of head offices  
Matjaž Čemažar

## Subsidiaries

- **Domel, d.o.o.**  
Registered office  
Legal organisational form  
Registration number  
Registered activity  
Managing Director

Otoki 21, 4228 Železniki  
limited liability company  
5045401  
manufacture of electric motors, generators and transformers  
Matjaž Čemažar

- **Domel motors d.o.o. Odžaci**

Registered office  
Legal organisational form  
Registration number  
Registered activity  
Managing Director

Lole Ribara št. 40, 25250 Odžaci, Serbia  
limited liability company  
21486736  
manufacture of electric motors, generators and transformers  
Goran Čučak, Roman Prezelj

- **Domel IP invalidsko podjetje, d.o.o.**

Registered office  
Legal organisational form  
Registration number  
Registered activity  
Managing Director

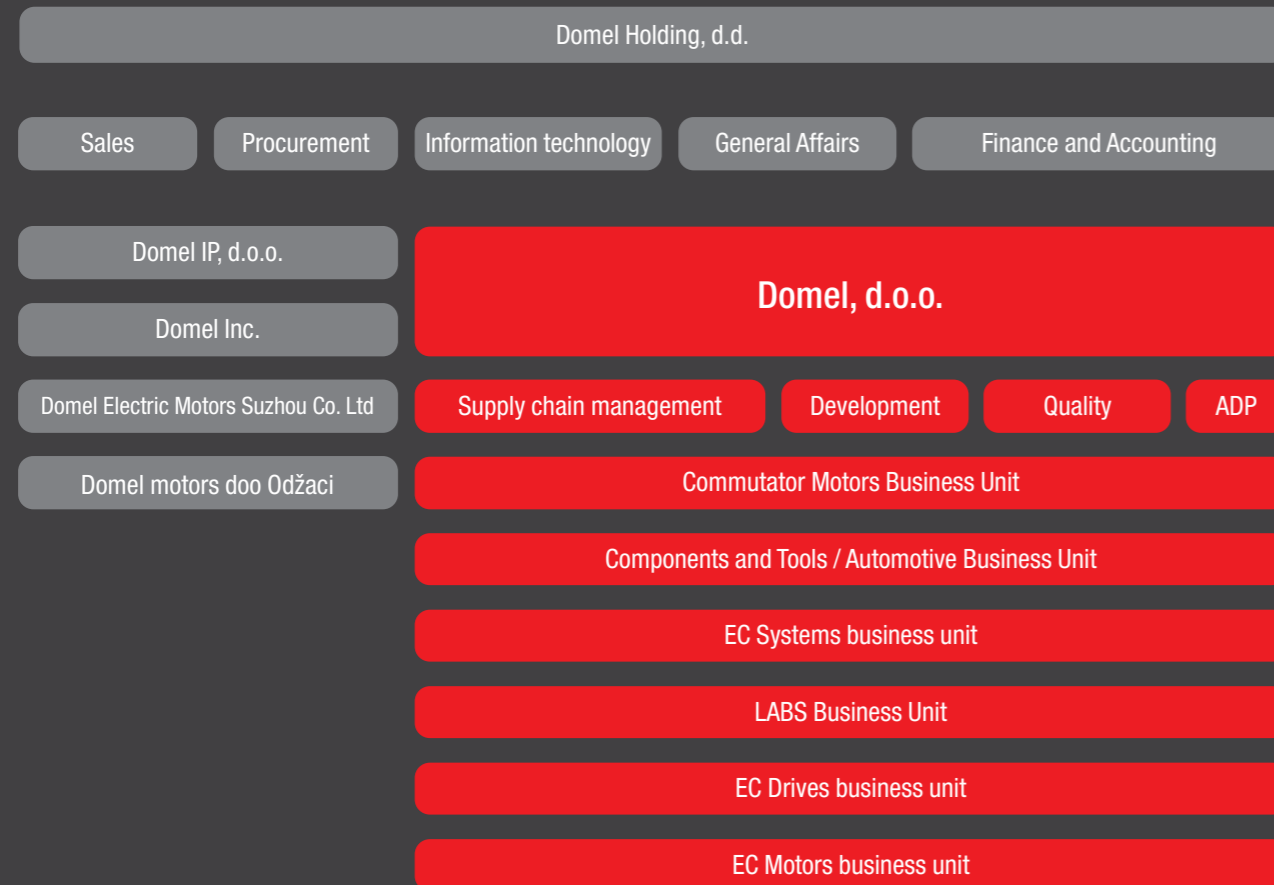
Češnjica 48 d, 4228 Železniki, Slovenia  
limited liability company  
1853678  
machining  
Martina Razingar

- **Domel Electric Motors Suzhou Co., Ltd**

Registered office  
Legal organisational form  
Registered activity  
Managing Director

Jingmao Road 285, Suzhou Industrial Park 215021 Suzhou, P.R.China  
limited liability company  
manufacture and marketing of suction units  
Boštjan Demšar

## ORGANISATIONAL STRUCTURE

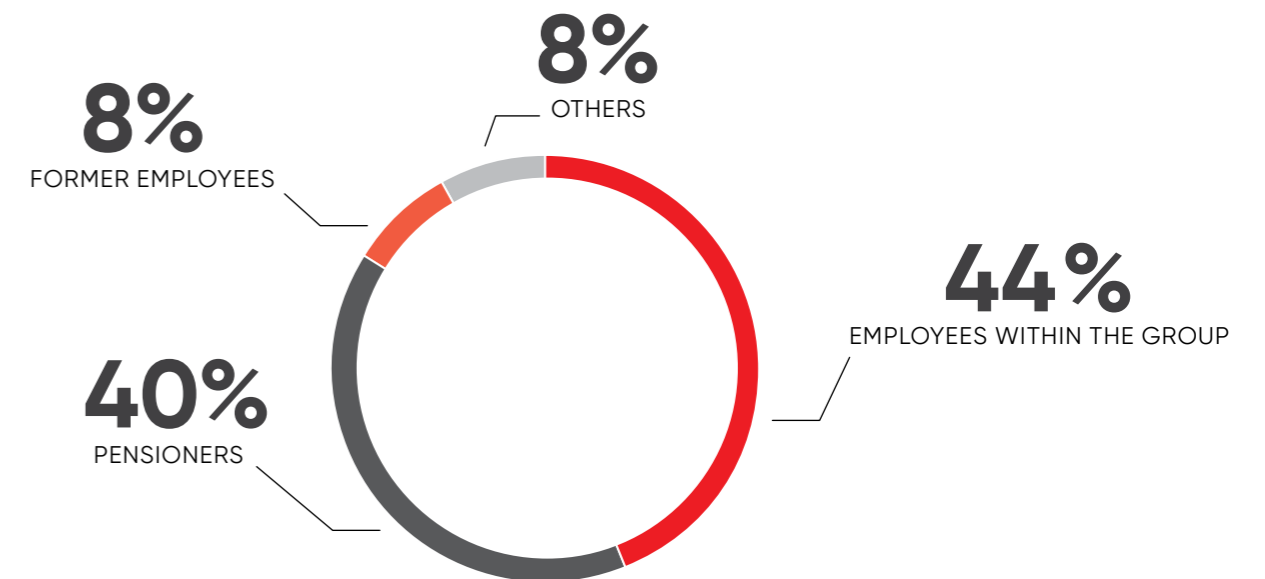


## OWNERSHIP STRUCTURE

The Domel Group takes the legal organisational form of a public limited company. The company's majority owners are employees, former employees and retirees. Employees acquired ownership and management of the company in 1996 during the transition from social to private ownership, when employees resisted a planned hostile takeover bid.

Employees held 44% of shares, retirees 40% of shares, former employees 8% of shares and others 8% of shares in 2023.

Ownership structure in 2023



# Our history

## 1946

The Niko metalworking cooperative, which becomes Domel many years later, is founded on 27 April 1946 by sixteen enterprising locals. The cooperative is named after the cooperative's first member and driving force, Niko Žumer. Using a few adapted machines from a metalwork shop, the cooperative starts manufacturing mechanisms for lever arch files. The volume of work rapidly increased, and the number of employees grew. By the end of the first year there were already 59 cooperative members. The increase in numbers gave rise to an expansion of the product lines, from office materials, the cooperative now expands into laboratory apparatus.



## 1954

Social ownership was introduced in the cooperative, which now had 246 workers.

## 1962

The cooperative joins Iskra, retaining and successfully developing the electric motor line within the larger concern. Links begin to be forged with major global white goods manufacturers.

## 1953

The first electric motor is produced. There is an increasing shift towards mass production.

## 1958

The first electric motor is exported. In that same year a new production and commercial building was constructed for electric motors. Electric motors became the primary focus of the product range.

## 1974

The development of a vacuum motor for vacuum cleaners is a decisive factor in determining the company's product orientation, and allows the company to break into the German market. These motors became the core product range.

## 1987

The company became independent. In 1992 it started operating under the new name of Domel.

## 2006

A subsidiary is established in China, giving Domel d.d. its first manufacturing company abroad. The company is set up to manufacture vacuum units for mid- and low-priced vacuum cleaners. Domel d.d. becomes the leading manufacturer of vacuum cleaner motors in the European market.

## 2010

The Tehnica company is acquired by merger. Domel becomes a limited liability company.

## 2012

The Domel Group reorganises as a more open and transparent organisation.

## 1996

Upon completion of the privatisation process, Domel becomes a public limited company.

## 2009

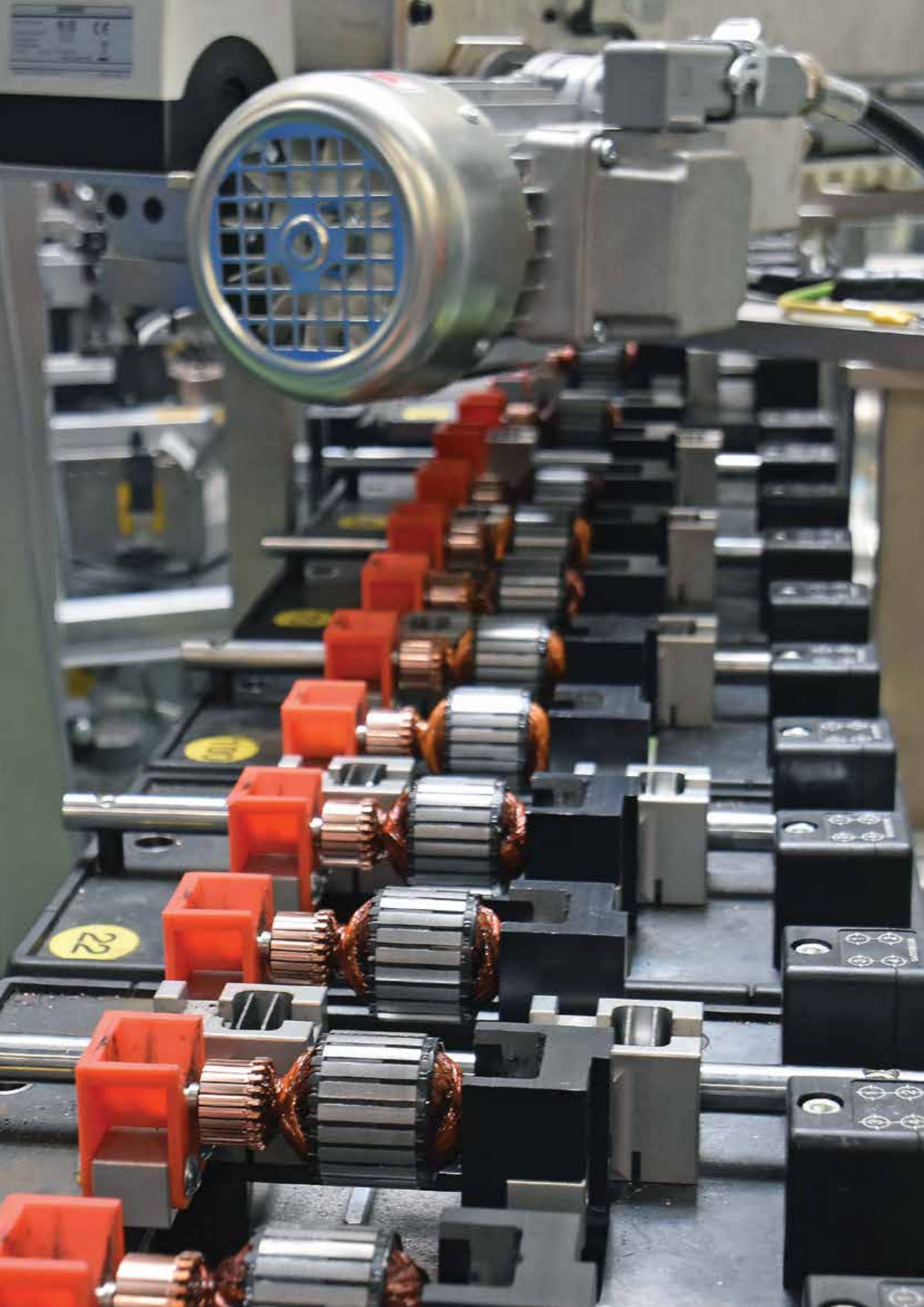
Sole ownership of the company is acquired by Domel Holding d.d., which is owned by employees, former employees and retirees.

## 2011

Along with ten partners, the company establishes a development centre and makes the first investments in the development of products and technologies.

## 2013

A new family of vacuum motors, with an efficiency level of over 50%, is developed.



**2014**

As many as 100 million vacuum units are produced.

**2019**

A manufacturing company is founded in Serbia.

**2022**

Sales exceed €200 million.

**2017**

New production facilities open in Trata, in Škofja Loka.

**2021**

Development of energy- and materials-efficient EC vacuum unit.

**2023**

The Trata 2 manufacturing site is established.

# OUR SUSTAINABLE DEVELOPMENT

The sustainable development of the Domel Group is built on its mission, vision and values. The company's basic principles provide it with a shared set of guidelines on how to act and are reflected in its relations with all stakeholders.

## MISSION

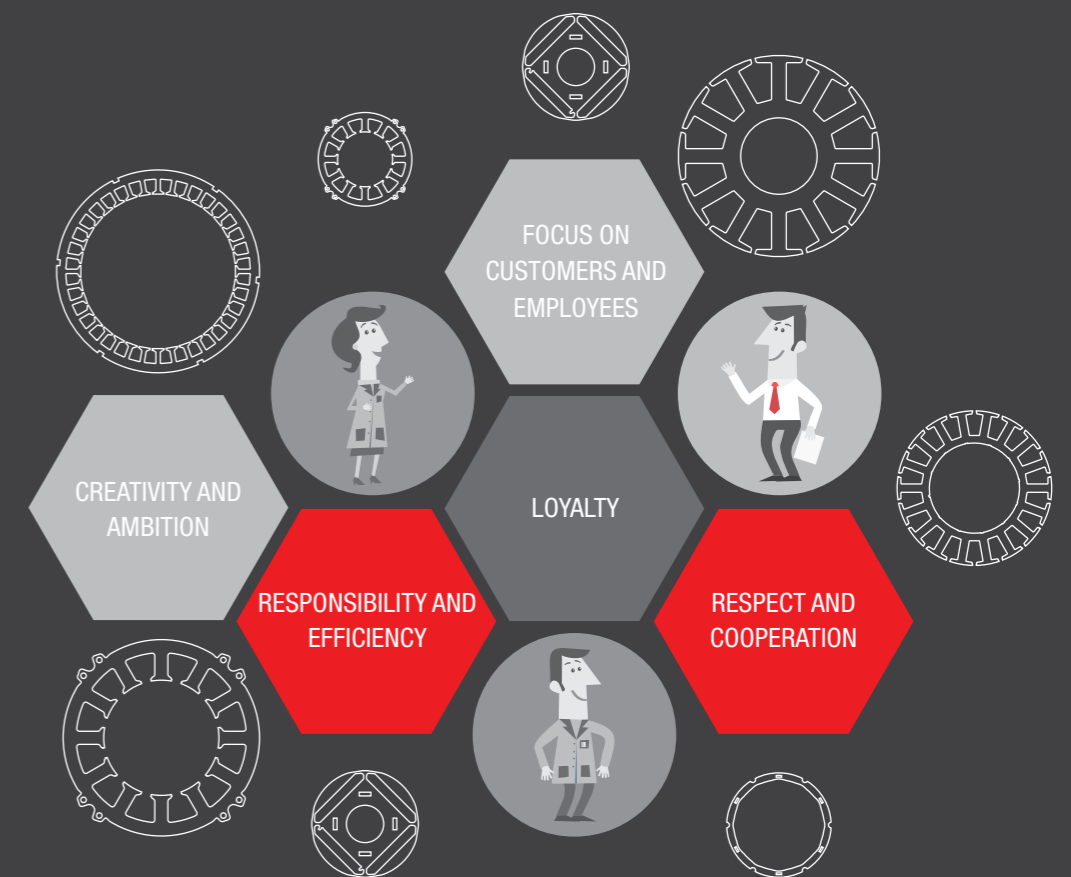
Domel is a socially and environmentally responsible company. As a global developer and supplier of advanced solutions for electric motors and components based on our own innovative technologies, we provide our customers, employees and owners with growth and sustainable development. In this way, we provide high-quality employment opportunities for the wider region.

## VISION

We are a leading global development partner for electric motors and components.

## VALUES

All Domel Group employees share common values that serve as the basis for the company's corporate culture. These values are constant and robust, and have formed our policies and shaped our operations for more than a decade. They guide and lead employees in their everyday work, in decision-making and in their relations with each other. They form a solid basis for the continued development and advancement of the company.



# SUSTAINABLE DEVELOPMENT STRATEGY

At a time of rapid global changes related to the environment, demographics and technologies, the Domel Group must decisively adapt its medium-term development activities. The transition to a “green economy” demands a proactive approach and innovative solutions in order to encourage sustainable practices in all aspects of our operations. Key strategic activities before 2030 include:

## Development of employee competences

We promote a digital mentality and knowledge and skills in the areas of advanced technologies and sustainable operations. Our employees are our biggest asset, and this is why we invest in their education and training – to ensure that they are better prepared to meet the challenges of the future. We actively encourage insider ownership, in this way increasing employees’ commitment to the company and their sense of belonging.



## Strengthening sustainable development

Our goal is to reduce the company’s carbon footprint and develop low carbon intensity products. While maintaining the emphasis on innovation, we are developing products that support sustainable development and reduce environmental impact. We are actively collaborating with innovative partners and investing in new technologies that contribute to sustainable solutions.



## Improving product platforms

We are establishing and maintaining product platforms that increase value added per employee. In this way we are improving the competitiveness of our products and bolstering our market presence.



## Digitalisation of processes

The digitalisation of business processes and supply chains enables us to increase efficiency and productivity. The use of advanced digital technologies improves resource management and reduces costs.



## GUIDING VALUES

We believe in the power of the values that guide us to respect organisational regulations and agreements. Our managers lead by example and every employee takes responsibility for his or her decisions and discusses the consequences openly.



## COMMUNICATION AND COOPERATION

We ensure that information is transferred efficiently between employees at all levels and in a constructive, transparent and relaxed way. This ensures that there is a high level of cooperation between departments and offices, and improves the organisational climate and employee satisfaction. This is the key to customer satisfaction. Efficient communication and cooperation among employees at all levels guarantee a constructive and transparent work environment. In this way we foster a high level of cooperation and improve organisational climate and employee satisfaction, which is the essence of our success and the satisfaction of our customers.

Our sustainable strategy is realised via concrete goals and activities that contribute to long-term sustainable development. We believe that through our combined strengths and innovation we are able to bring about important changes that will have a positive impact on future generations. With pride, we will continue to build on our existing solid foundations and contribute to a more sustainable future for all.



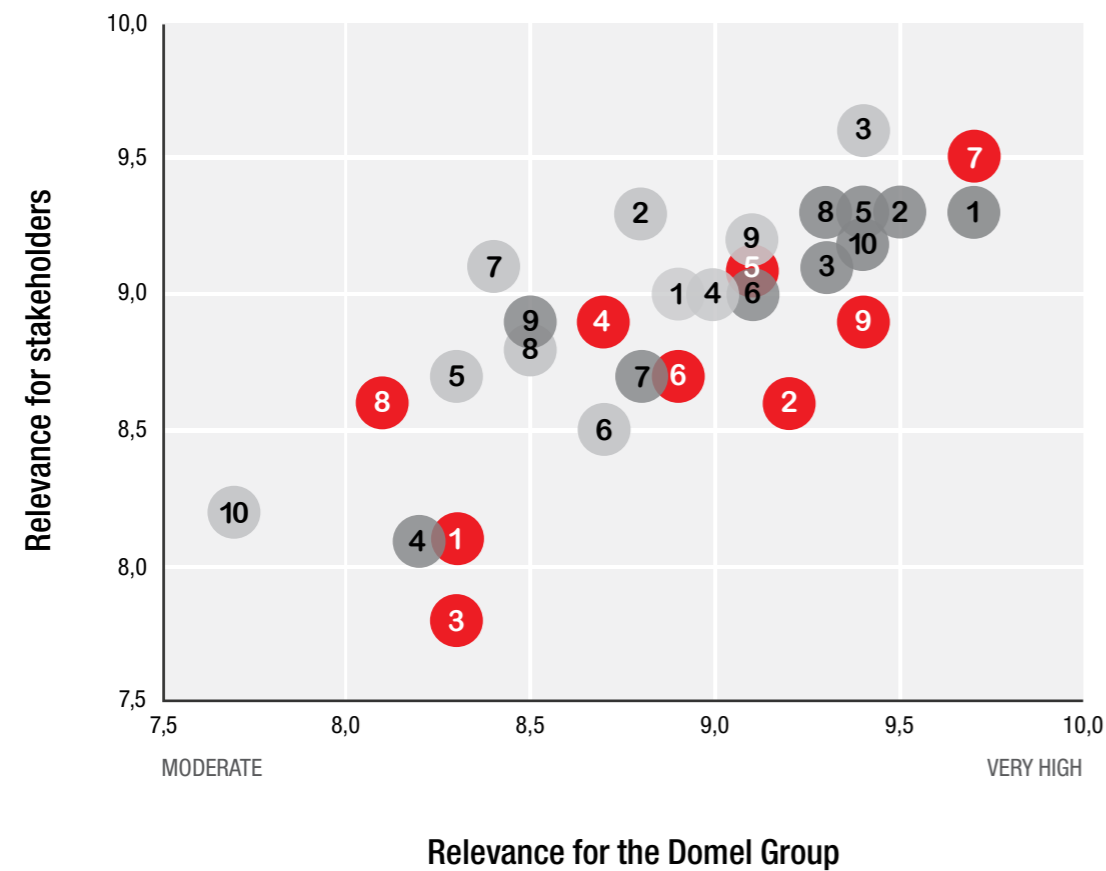
# IDENTIFICATION OF KEY AREAS

Our first in-depth analysis of essential content, conducted in 2022, enabled us to identify and evaluate key areas for the sustainable operation of the company that, at the same time, are of key importance for our stakeholders.

The analysis included company management and key stakeholders such as employees, former employees, the local community, suppliers, business partners and customers. All these groups took part in an online survey in which they ranked the importance of various topics

on a scale ranging from 1 (least important) to 10 (most important).

On the basis of the results of this survey, we classified key content in terms of its importance and tried to take this content into account when preparing our sustainability report. The format from 2022 has remained unchanged this year, given that it still reflects key areas and topics that are essential for our sustainable operation and important to our stakeholders.



- 1. Use of renewable energy sources
  - 2. Efficient use of natural resources and energy
  - 3. Reduction in the company's carbon footprint
  - 4. Reduction in the quantity of waste produced and consistent waste separation
  - 5. Responsible management of the environment
  - 6. Environmentally friendly packaging
  - 7. Product quality
  - 8. Circular economy and circular product design
  - 9. Development of energy- and material-efficient products
- 
- 1. Maintaining employee satisfaction and loyalty
  - 2. Stability and provision of jobs
  - 3. Focus on occupational health and safety
  - 4. Employee development and education/training
  - 5. Work/life balance
  - 6. Scholarships and practical training for students
  - 7. Respect for human rights and ensuring equal opportunities
  - 8. Culture of cooperation, inclusion and open dialogue
  - 9. Product sales support
  - 10. Cooperation with local communities
- 
- 1. Economic performance
  - 2. Professional and transparent leadership
  - 3. Integrated risk management
  - 4. Communication with stakeholders
  - 5. Fostering the development of innovative products
  - 6. Encouraging and rewarding employee innovation
  - 7. Sustainable development support policies
  - 8. Understanding the needs of customers and business partners
  - 9. Responsible supply chain management
  - 10. Data protection



Stakeholders	Methods of cooperation and engagement	Inclusion in materiality assessment
Employees	Intranet, message board, internal newsletter, events for employees, annual interviews, and employee research and surveys	218 questionnaires completed <sup>1</sup>
Owners	Website, General Meeting of Shareholders, internal newsletter, annual report and sustainability report.	15 questionnaires completed
Business partners and customers	Trade fairs, business conferences, visits, contracts, assessments, portal for customers, surveys, emails and video conferences.	8 questionnaires completed and 27 questionnaires completed
Suppliers	Trade fairs, business conferences, visits, assessments, supplier assessments, contracts, portal for suppliers, emails and video conferences.	23 questionnaires completed
Local communities	Website, social networks, open days, sponsorships and donations, visits by school and pre-school groups.	15 questionnaires completed
Scholarship holders	Information days, open days, final thesis mentoring, internships, social networks, website.	31 questionnaires completed

<sup>1</sup> Some employees are also shareholders.

## Connecting with stakeholders

At Domel we dedicate special attention to all our stakeholders, including employees, shareholders, local communities, business partners and other key groups. We communicate regularly with stakeholders and make an effort to understand their points of view and, in various ways, include them in our activities. We constantly

engage in open dialogue with them, which allows us to offer them a transparent picture of the company and its operation and take into account their feedback and proposals. In this way we ensure that our goals and activities match their expectations and needs.

# DOMEL





## Membership of organisations

Domel Group companies are members of various organisations, associations and partnerships. Domel d.o.o. has been a member of the Chamber of Commerce and Industry of Slovenia (GZS) since 1976, while Domel Holding joined in 2017. Both companies are also members of the GZS Gorenjska Regional Chamber and the GZS Electronics and Electrical Industry Association.

Domel d.o.o. is a member of the ACS+ Slovenian automotive cluster and the GREMO project within that cluster. Our involvement is based on a desire to help create solutions for the development of products that increase the electrification of transport, and to develop manufacturing technologies, robotics, automation and digital transformation and introduce them into manufacturing processes. We are members of the CONOT centre of excellence for low-carbon technologies, within which we help develop advanced technologies to accelerate the transition to a low-carbon future, particularly hydrogen technologies. We are members of the “Factories of the Future” and “Smart Buildings, Homes and Wood Chain” Strategic Research and Innovation Partnerships (SRIP). We are also members of the Slovenian Association for Quality and Excellence (SZKO) and the Professional Association for Operational Excellence.

We are partners in NELA razvojni center d.o.o., a development centre through which we cooperate with leading Slovenian companies in the electrical and electronics sector, and members of TECES, which plays a leading role in strategic development partnerships and projects in the field of green technologies and energy-efficient solutions.

We are also members of the Green Network of Slovenia (Zeleno omrežje Slovenije), which provides information and a platform for forging links in the field of sustainable development. At European level, we are members of the VDMA industry association and Arbeitskreis Technik.

## SUSTAINABLE OPERATIONS POLICIES

We have adopted sustainable development policies and tools at Group level that we use to oversee and manage the field. By adopting a quality assurance policy, environmental policy and code of conduct for the entire Domel Group, we are continuously improving our operations and conduct in accordance with the principles of sustainable development. We have put in place a comprehensive

management system that meets the requirements of international quality assurance and environmental management standards. The certified quality assurance and environmental management systems in place at the Domel Group's manufacturing sites are presented in the table below.

Certified quality assurance and environmental management systems by production site

Location	ISO 9001	ISO 14001	IATF 16949	ISO 13485
OTOKI	✓	✓	✓	
TRATA	✓	✓	✓	
TRATA 2	✓			
NA PLAVŽU	✓	✓		✓
RETEČE	✓	✓	✓	
SUZHOU	✓	✓		
ODŽACI	✓	✓		

## Quality policy

The company has a long tradition of quality assurance, being one of the first companies in Slovenia to hold the ISO 9001 quality management certificate (since 1992). By adopting a quality assurance policy, we are demonstrating our determination to apply best practices to ensure the highest standards in the development, manufacture and quality of products and customer support. We demonstrate and achieve this by:

- continuously improving and updating our management system;
- adhering to the requirements of the ISO 9001, ISO 14001, IATF 16949 and ISO 13485 standards;
- focusing closely on the needs of our customers, of legislation and of the requirements of other interested parties to which Domel has agreed;
- monitoring the quality of our processes, products and services, and setting measurable objectives aimed at continuous improvement;
- managing strategic, operational and other risks, thereby guaranteeing the company's stable growth and sustainable development, long-term financial security and growth in value added;
- using risk analyses during product development to ensure product safety and reliability, user safety and the usefulness of products;
- keeping employees informed about the company's fundamental principles, strategy, policies and objectives; and
- continuously developing competences and raising awareness about responsibility for quality.

## Environmental policy

The Domel Group's environmental policy follows the principles of sustainable development and constitutes a commitment to reducing negative impacts on the environment. We pursue the core principles of the environmental policy by:

- monitoring and complying with legal requirements, our customers' demands, and other requirements that Domel has committed to and that are linked to environmental aspects;
- training and communicating in order to raise the environmental awareness of all employees and of others who work for or on behalf of Domel;
- systematically identifying, reducing, preventing and eliminating the negative environmental impacts of our activities;
- actively reducing greenhouse gas emissions by implementing various measures, including the use of renewable energy sources and improving energy efficiency;
- developing and producing environmentally-friendly products, where priority is given to materials and technologies that use natural resources efficiently and reduce energy consumption, including through the use of recycled materials;
- being aware of the importance of biodiversity and being committed to responsible treatment of the environment that contributes to its conservation;
- communicating and working effectively with the local community, administrative bodies, and other interested parties.

## Code of conduct of the Domel group

The Domel Group's code of conduct binds all stakeholders to the highest ethical and moral principles with the aim of building excellent relationships among customers, colleagues and the local community. It comprises a collection of moral and ethical commitments for all employees, suppliers and other business partners that steer us towards responsible conduct and prudent action. The code is based on the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises, and the Universal Declaration of Human Rights adopted by the United Nations. It is also available on our website.<sup>2</sup>

<sup>2</sup> [https://www.domel.com/resources/files/pdf/podjetje/Kodeks\\_ravnanja\\_januar\\_2018\\_slo.pdf](https://www.domel.com/resources/files/pdf/podjetje/Kodeks_ravnanja_januar_2018_slo.pdf).





## RISK MANAGEMENT

In uncertain conditions like those we faced in 2023, identifying, understanding and managing risks is an important part of corporate governance and vital to the achievement of the company's strategic objectives. The Domel Group's risk management policy is based on the ISO 31000 standard. Within the risk management framework, we identify and assess risks, and adopt measures to reduce the likelihood of risks arising (and to mitigate the consequences if they do arise). We keep a record of risks in a register and divide them into financial/business and operational risks. As the successful management of risks is an important element of the company's sustainable development, we pay a great deal of attention to environmental, social and economic risks.

The realisation of environmental risks could have a long-term adverse impact on the environment in which we operate, on society and on the company's reputation. This, in turn, could give rise to financial damage. Environmental risks include natural disasters (fire, flood) and ecological disasters, which might include the leakage of hazardous substances during storage and transport, an uncontrolled discharge of hazardous substances into the atmosphere, and the leakage of rainwater into production areas. In 2023 we also defined our exposure to climate risks. We divide these risks into the risks of the transition to a low carbon economy, which include legislative changes, impact on the company's reputation, the introduction of new technological solutions and adaptations to new markets, and physical climate risks,

which can be divided into acute risks and chronic risks. Acute risks include heatwaves, drought, frost, storms and heavy rainfall, while chronic risks include changes in rainfall and temperature patterns. Through this approach, we hope to better understand and manage the environmental and climate risks that can impact our operations and environment.

Since customer and employee care is one of Domel's core values, and since we are a socially responsible company, we also dedicate a lot of time to social risks. The emphasis in 2023 was on managing risks in connection with workplace accidents, inadequate adjustment of employee numbers, a lack of qualified staff and the loss of key staff.

With respect to economic risks, we focus on managing business and financial risks that could affect Domel's performance. We regularly monitor developments on global markets in order to manage risks connected with economic crises, the loss of customers and suppliers, and political risks. We place considerable emphasis on managing the risk of compensation claims resulting from hidden defects, the risk of non-delivery of products to customers, the risk of losing a key supplier and the risk of cyber attack. With respect to financial risks, we carefully manage credit risk (payment indiscipline), liquidity, interest-rate and currency risks, and changes in the prices of exchange-traded commodities.

## OVERVIEW OF OPERATIONS

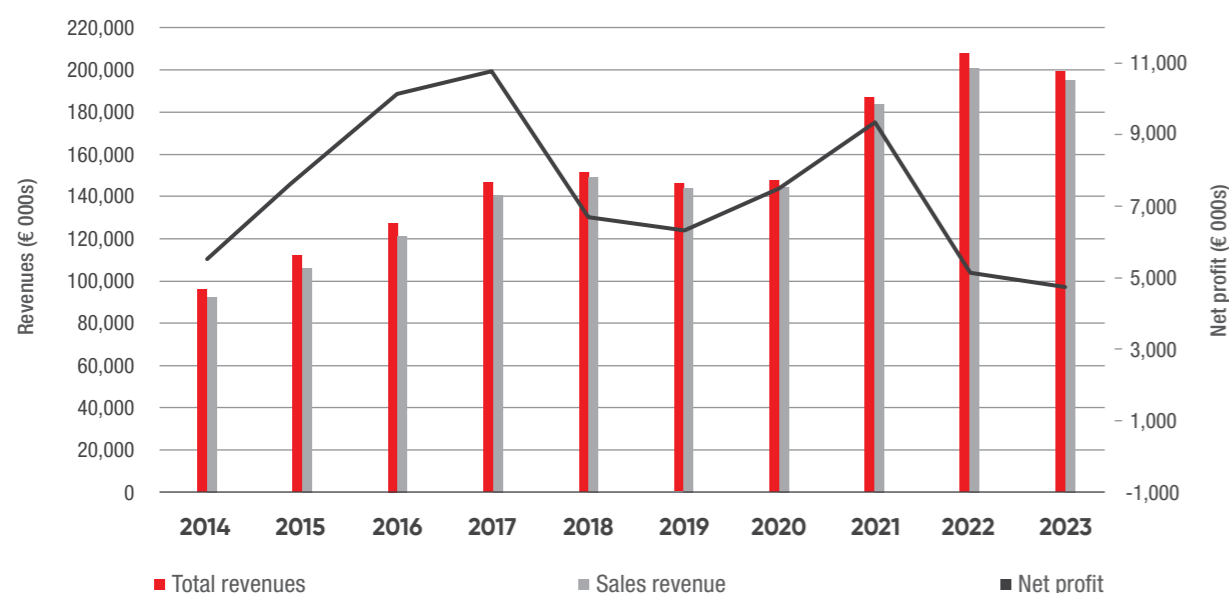
The year 2023 was marked by the effects of energy shocks that began in 2022. High energy prices had a negative impact on the competitiveness of industry in the EU and a major impact on our biggest market, Germany. Since the Domel Group's operations are largely integrated into the global economy, global trends have a significant impact on our business. Relatively high orders at the beginning of the year required high levels of stocks, while the second half of the year saw a fall in demand from customers in the automotive, garden

equipment, construction and professional equipment segments and worsening liquidity among customers. Following successful activities to improve profitability, we ended the 2023 financial year positively, although with a result that was poorer than planned and lower than the previous year.

Taking into account exclusions, we generated total revenue of €199.8 million, which is 3.9% less than the previous year, while sales were down by 3%. We generated € 4.76 million of net profit.

Domel d.o.o. is the largest Domel Group company by size and share of revenues; these revenues amounted to €207.4 million in 2023, which was a decrease of 5% on the year before and 15% lower than planned. Sales revenue accounted for €196.8 million or 95% of total revenues. In 2023 the company generated a net profit of €4.1 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled €20.5 million, which is 11.6% more than in 2022. The EBITDA margin was 10.4%. Value added per employee rose slightly in comparison with the previous year, from €48,483 to €52,282. Return on equity (ROE) was 4.7%. Investments totalled €17.3 million in 2023. Despite the challenging conditions on the market, the company's results point to the sound management of cash flow and to high levels of innovativeness, efficiency and flexibility.

Domel Group revenues and earnings in the last 10 years



Domel, d.o.o.	Actual 2023	Plan 2023	Actual 2022	A 23 / P 23	A 23 / A 22
Number of working hours	730,878	820,000	803,140	89.13	91.00
Number of employees (as at 31 December 2023)	1,171	1,303	1,226	89.87	95.51
Total revenues (€)	207,431,740	242,785,000	218,895,820	85.44	94.76
Net profit (in €)	4,112,150	11,273,000	5,888,672	36.48	69.83
Net profit/employee (in €)	3,512	8,652	4,803	40.59	73.11
Net profit/total revenues	2.0 %	4.6 %	2.7 %	42.69	73.69
Value added per employee (in €)	52,282	57,142	48,483	91.49	107.84
Return on equity	4.7 %	12.1 %	7.1 %	38.69	65.87
EBITDA margin	10.4 %	11.0 %	9.1 %	94.91	115.04



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## PLATINUM EXCELLENCE

In 2023 Domel d.o.o. retained its platinum creditworthiness certificate of excellence from Dun & Bradstreet.

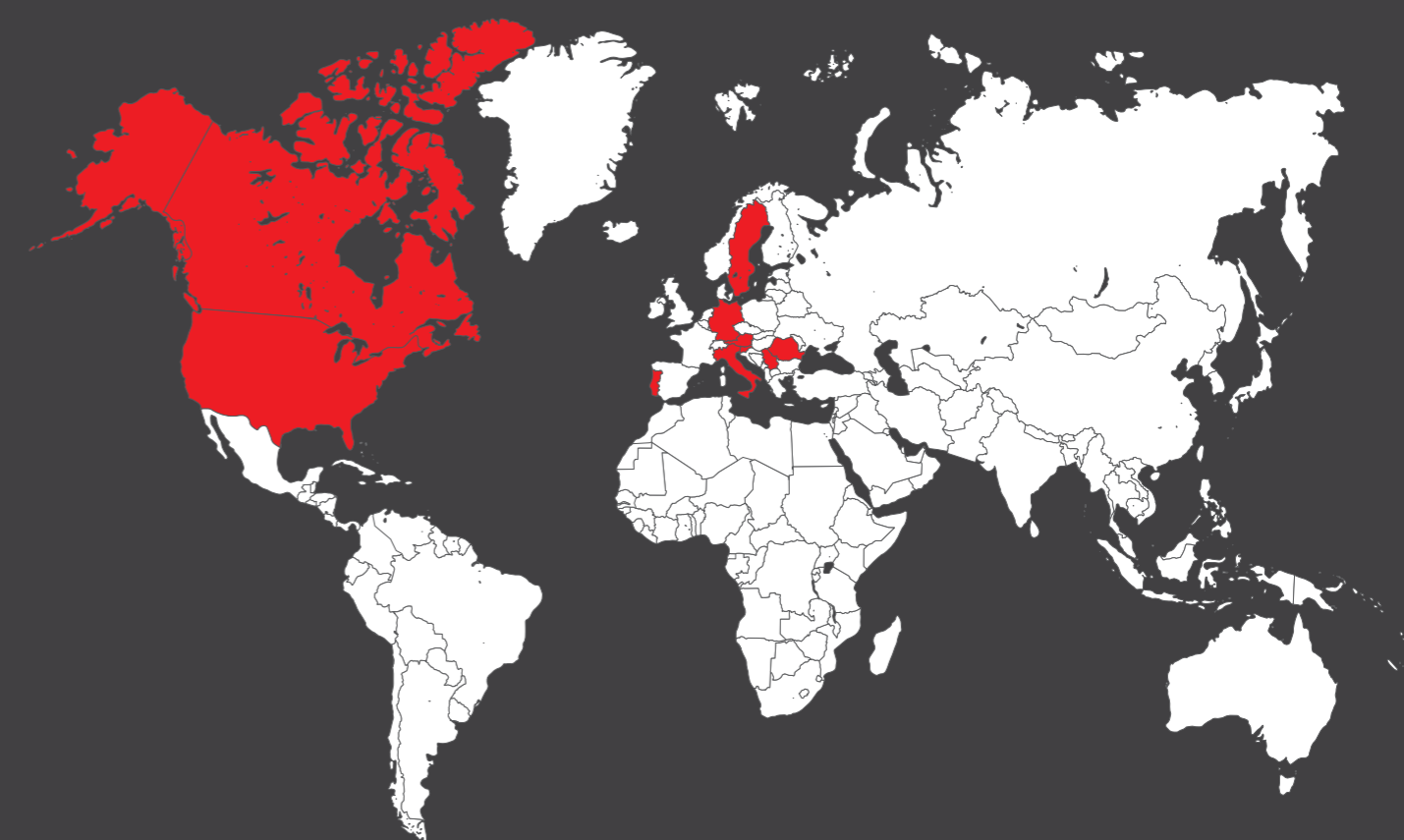
This means that the company has met the highest international standard of excellence (AAA) for at least five years in a row and is ranked in the platinum creditworthiness class in Slovenia. It reflects our status as the most reliable, credible and low-risk company for cooperation with all business partners.



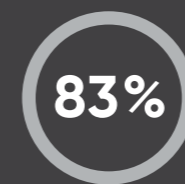
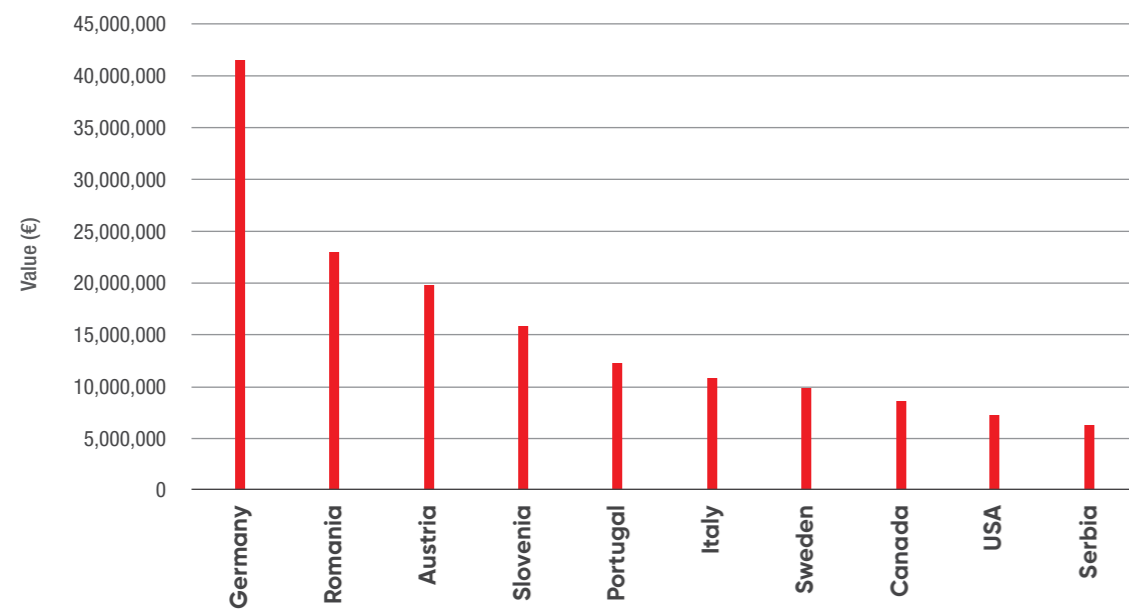
## Sales on most important markets

Domel generates the bulk of its sales revenue in markets within the EU. A total of 80% of all sales revenue was generated in the EU (including the domestic market) in 2023. We sold products valued at €15.8 million in the domestic market in 2023, which translates to 8% of sales revenue. Sales revenue of €141.4 million was generated by products sold in other EU markets (72% of the total), while foreign markets outside the EU accounted for 20.1%. Germany, which accounts for 21.1% of sales revenue, remains our most important

market. Sales to Germany amounted to €41.5 million. It is followed by Romania with an 11.7% share of sales revenue and Austria with a 10% share. Regarding our biggest European markets, sales to Austria and Sweden increased in 2023, while sales to Germany, Romania, Italy and Portugal fell, as did domestic sales. Canada is the company's largest market outside the EU (sales revenue of €8.6 million), followed by the USA (€7.3 million). Sales to China fell by 5% compared to the previous year.



Sales in most important markets in 2023



EUROPE



NORTH AMERICA

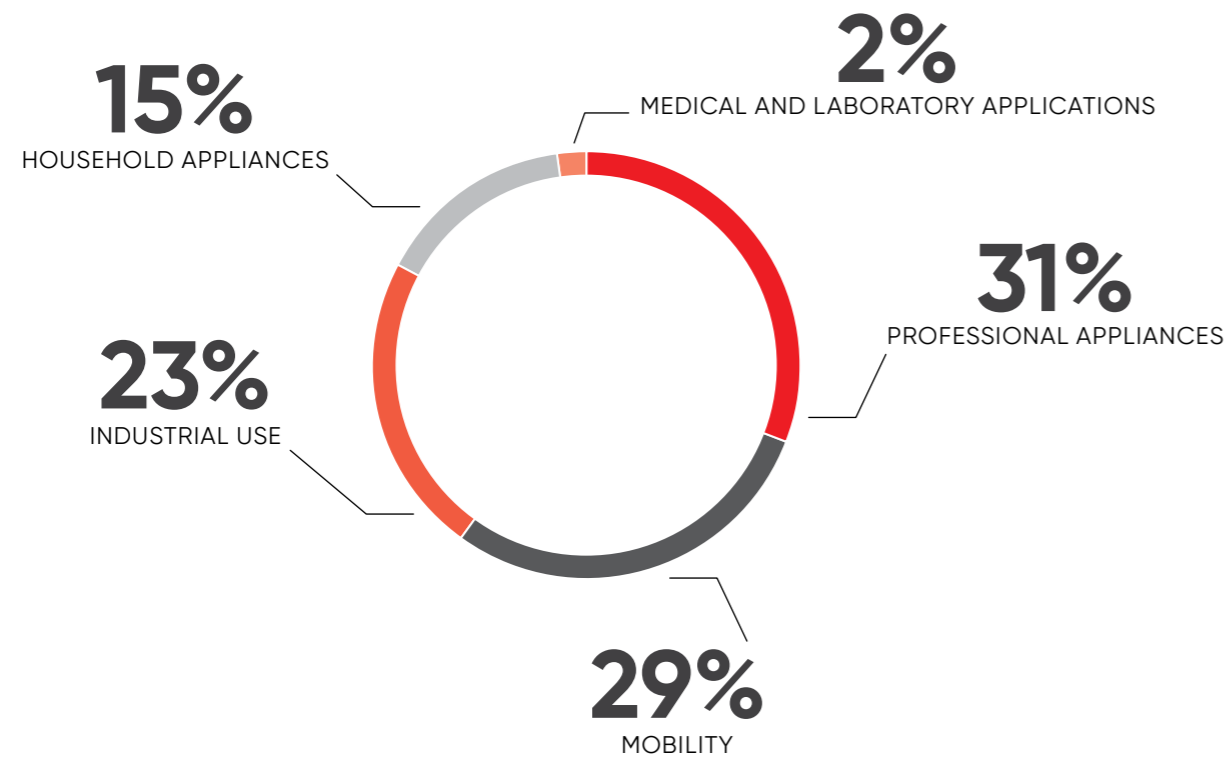


ASIA

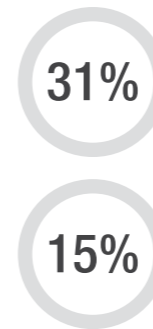
# Sales revenue by product category

With €50 million of sales revenue and a 25.4% share of sales, vacuum units remain the strongest group of products in 2023. Sales of vacuum units were comparable to the previous year, although they were down 1.2% in terms of value and 7% lower than planned. We continued active marketing of our EC ranges, resulting in 5.3% growth in the EC drives range, 23.4% growth in the EC motors range and 11% growth in the EC systems range compared to the previous year. Sales in our automotive product range were down by 11.8% on 2022, while the share of AI in the structure of sales was down by 1.3%. Sales also fell slightly in other segments: CM Reteče by 19%, components by 4.9%, tool shop by 53.5%, LABS by 15.7% and representation by 35.5%.

Sales by market segment in 2023



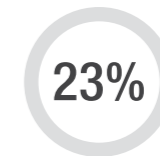
## MOTORS FOR PROFESSIONAL AND HOUSEHOLD



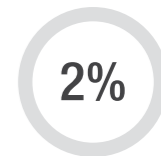
## MOBILITY



## INDUSTRIAL USE

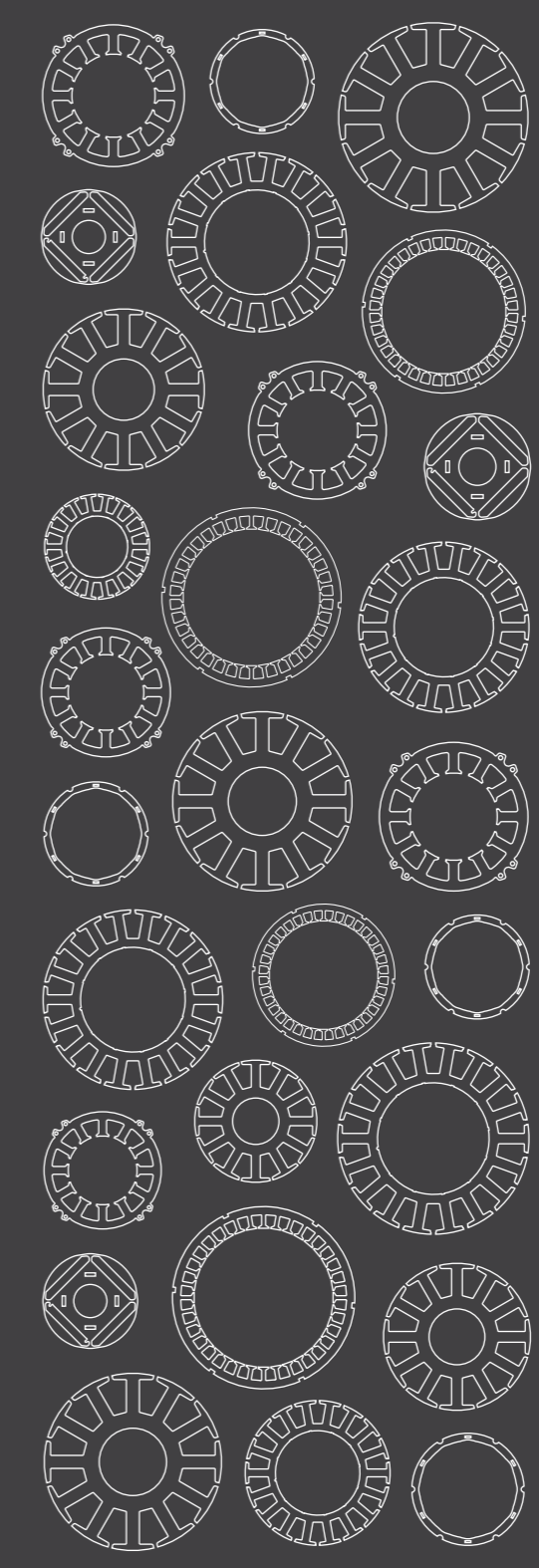


## USE IN MEDICINE AND LABORATORIES





# ECONOMIC ASPECTS OF SUSTAINABILITY







**ECONOMIC ASPECTS OF SUSTAINABILITY 46**

- 50 Development and sustainable solutions
- 54 Energy and material efficiency of products
- 62 Customer relations
- 63 Supplier relations
- 65 Compliance of materials

# DEVELOPMENT AND SUSTAINABLE SOLUTIONS

At Domel we are committed to constant progress, which is why we are constantly investing in the development of new products and innovative technologies. Our priority is development activities that contribute to the green transition and targets to achieve a low-carbon future. We focus on sustainable solutions that bring energy-efficient and innovative products to customers and end users.

Our sustainable development efforts are focused on achieving high material and energy efficiency and reducing noise levels. We devote particular attention to advanced technologies that are key for maintaining the competitiveness and innovativeness of our products.

In 2023 we reduced the number of development projects from 81 to 68 in order to focus on those projects with the greatest potential for innovation and sustainable solutions. The majority of new projects are linked to growing trends in the use of battery-powered applications for garden equipment, tools and mobility.

In 2023 we set aside 3.2% of sales revenue for the development of new products. Creativity is a core value of the company and one that helps us to work innovatively and generate new ideas. This is also reflected in the fact that products that are less than three years old accounted for 29% of sales in 2023.

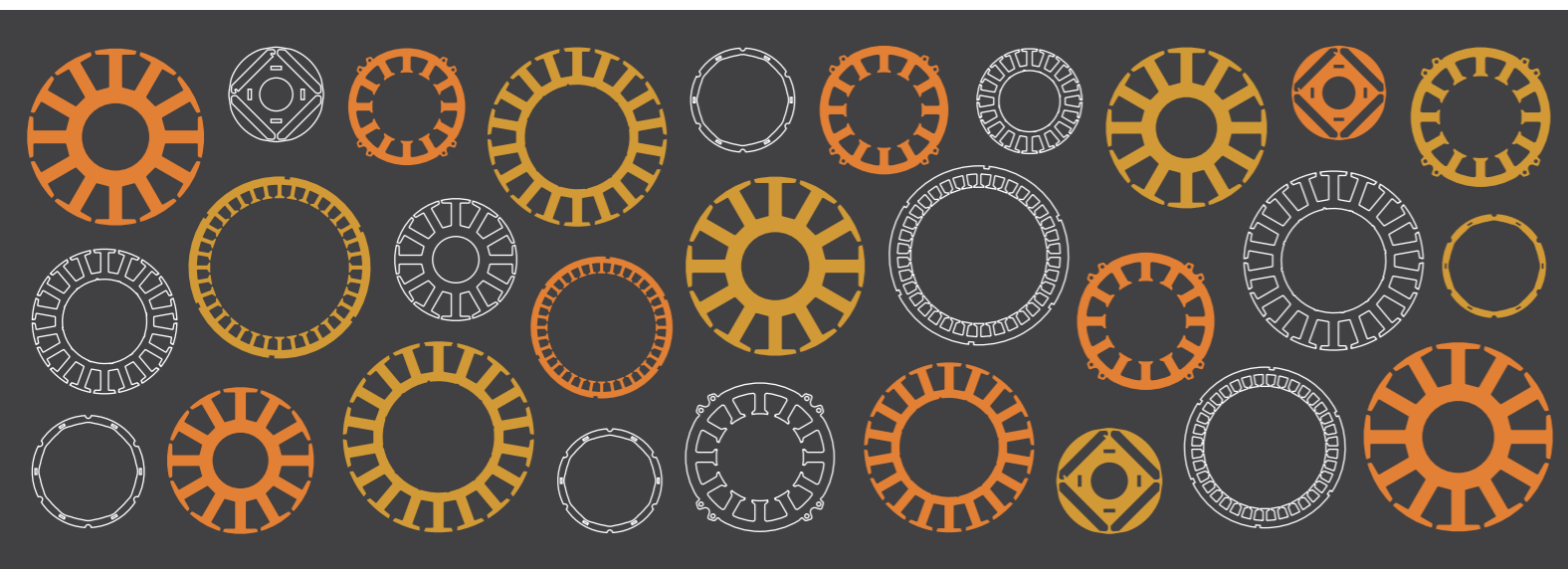


## INNOVATION AWARDS

In 2023 the Chamber of Commerce and Industry of Slovenia (GZS) presented Domel with a national silver award for the development of the new 731 family of motors, intended for professional use. These motors are based on the existing platform of low-voltage EC motors for battery-powered devices. GZS awards are the highest national awards for innovative achievements by Slovenian companies and other organisations.

## GREEN. CREATIVE. SMART

We are proud ambassadors of the Slovenian economy. As part of the national communications campaign "I FEEL SLOVENIA. GREEN. CREATIVE. SMART", we were recognised as an innovative and sustainable company whose breakthrough solutions support a green, creative and smart Slovenian business environment. By taking part in the campaign, we will help raise Slovenia's profile as a technologically advanced, creative and green country.





Matjaž Černivc,  
head of development projects



## DEVELOPMENT OF ENERGY-EFFICIENT PRODUCTS FOR THE FUTURE

When it comes to developing new products, I am inspired by opportunities for innovation, such as the new energy-efficient motors of the ZKG family, which contribute to a sustainable future. I am happy that through my work I am building on the achievements of previous generations and helping to create new know-how for future generations. As a technician, I enjoy tackling complex technical challenges and searching for better solutions, which contributes to the success of our company and has a positive impact on the community.

# ENERGY AND MATERIAL EFFICIENCY OF PRODUCTS

When developing new products and optimising existing products, we take environmental aspects into account and incorporate circular principles into the design process. We place a particular emphasis on energy and material efficiency and on ensuring that our products enjoy a long service life, with the aim of creating drive systems that are as environmentally friendly as possible. We are aware that our responsibility encompasses the entire life cycle of a product – from the choice and quantity of raw materials, development, manufacture and use, to management of the product after its service life comes to an end.

By employing innovative design solutions, optimising manufacturing processes and introducing advanced technologies, we are able to effectively reduce the consumption of raw materials required for product manufacture. We use materials that do not contain hazardous substances and that can therefore be recycled after a product's service life comes to an end.

We are continuously improving the technologies deployed in our electric motors and drive units in order to reduce electricity consumption during operation; we are able to achieve this by increasing their efficiency and limiting their electric power. A high level of energy efficiency allows end users to enjoy considerable electricity savings, reduces operating costs and reduces greenhouse gas emissions. In this way, we help our customers achieve their goals of reducing their environmental impact and achieving climate neutrality.



## Product sustainability assessments

Measuring and assessing the environmental impacts of products is an essential part of the process of identifying areas in which we can still improve the sustainability aspects of our products. Information on product life-cycle assessment (LCA) has become indispensable, since it is required by various European regulations and increasingly expected by our customers. In 2023 we decided to invest in professional LCA software tools that will allow us to systematically assess the environmental impacts of our products. We will use the results to analyse our products and identify improvements, produce environmental declarations and obtain EPDs for certain products, which will make our commitments to sustainability even more transparent. Our aim is to design products that not only satisfy the needs of users but contribute to a more sustainable future.

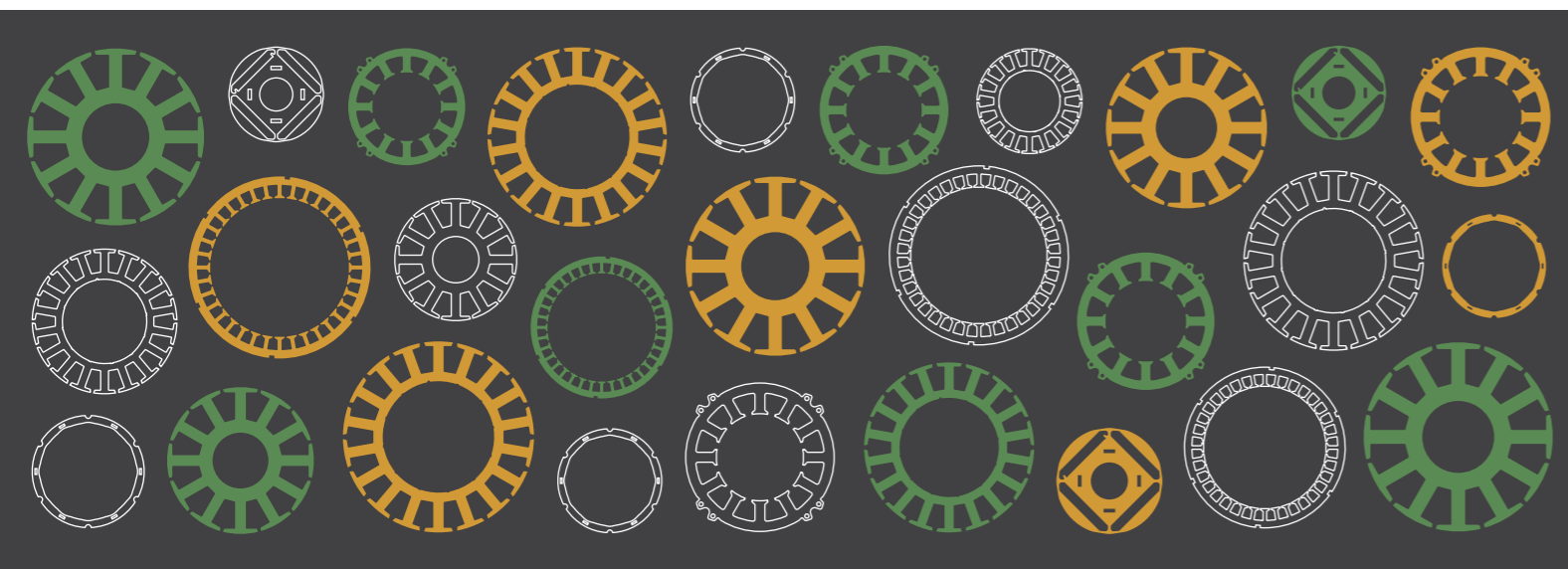
## Material efficiency of products

Innovative development over the last two decades has enabled us to reduce the quantity of materials used in our electric motors. This has led to products of the same efficiency that are up to 60% lighter. A vacuum unit developed in 2000, for example, weighed approximately 1.5 kg, while the new generation of vacuum units developed in 2015 weighs just 0.73 kg. If we manufacture 1.5 million vacuum units in one year, this represents a saving of more 1,000 tonnes of materials such as electrical steel, copper and aluminium. By developing electronically commutated units, which are replacing universal and asynchronous motors in certain market segments, we are continuing with our commitment to develop products that are lighter and therefore use less material. The new generation of electronically commutated vacuum units further significantly reduces the weight of the materials used, which in some cases are more than 50% lighter than in comparable universal vacuum units.

## Innovative development of EC motors

With the increase in efficiency of drive systems and batteries, battery-powered devices are gaining popularity in the garden equipment, power tool and cleaning equipment segments. Through its innovative development of EC motors for different applications, our company is setting global trends and consolidating its market position in this segment as well.

In 2021 we commenced production of the 759 electronically commutated units, which are used for dry and wet suction in battery applications. Thanks to high levels of efficiency of over 50%, a long service life of over 2,000 hours and a compact design, we have succeeded in breaking into the professional vacuum cleaner market. High material efficiency makes the overall appliance light and therefore easier to transport and handle. In 2023 we had several efficient new drives in the garden equipment and cleaning technology sectors in development. These are already partly in production or will go into production in 2024 and 2025.



## Advanced development technologies

The development of EC motors is based on a compact design which, in comparison with universal motors, provides the same effect during operation but with significantly lower weight and energy consumption. The compact design of EC motors also requires new innovative approaches to development and production technologies.

We have therefore developed laser rotor balancing that goes beyond the limitations of existing systems. By using a special algorithm to precisely identify mass imbalance, we have created universal devices to measure this imbalance. We have upgraded the devices to allow precision positioning of the rotor and complemented the final phase with high-precision removal of material using a laser. This technology enables us to achieve precise rotor balancing, which reduces noise and vibrations and represents a major competitive advantage.

The use of laser technology to weld plastic components together enables us to avoid the use of adhesives to join parts. We ensure high-quality welds through an appropriate selection of geometry, materials and laser parameters. This technology allows 100% control of the weld and improves weld rigidity and durability.

Our use of thermoforming technology is also designed to ensure high-quality and durable welds without the need for adhesives. The key is in making the correct choice of geometry, component part materials and process parameters.

Existing methods for detecting damage to the electrical insulation of windings are mostly destructive, meaning that every piece tested becomes a reject. Since we wish to avoid this, we have developed a non-destructive method of detecting damage to winding insulation. This method allows high-voltage testing of all pieces, which remain undamaged after the test and are suitable for further use. The new method also allows us to determine the precise location of the damage, since an electric arc appears at the defective spot and can be visually detected.

While resistance contact welding of wires is an existing technology, we are keen to further improve it through a systematic development approach and digital support, thereby increasing the quality and reliability of the welds in our products.



## High energy efficiency of HVAC electric motors

EC drives used in heating, ventilation and air-conditioning (HVAC) technologies are among the five biggest consumers of electricity. Continuous operation (24 hours a day/7 days a week) means that energy efficiency is particularly important in these applications. When developing our HVAC motors, we focused on the optimal use of materials, advanced technology, high efficiency and a long life cycle. The motors are designed without mechanical parts that are susceptible to wear, with the exception of the mounting system, and therefore do not require maintenance. Our HVAC motors meet the requirements of the IE5 energy efficiency class (IEC 60034-30-2), which means extremely high efficiency that is reflected in lower energy consumption during operation. There are also logistical advantages, in that their weight is just a third of that of traditional asynchronous drives. Moreover, the motors achieve a high level of efficiency without the use of critical strategic materials: ferrite magnets are used instead of rare-earth magnets, which represents a significant competitive advantage. Because the motors are designed and manufactured in Europe, this increases security of supply and deliverability, which in turn contributes to European self-sufficiency of supply.

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We estimate that use of the IE5 efficiency-rated HVAC motors we have sold over the last five years (2019–2023) has saved more than 444 GWh of electricity compared to the best-selling traditional asynchronous motors in 2023. This saving is reflected in a reduction of CO<sub>2</sub> emissions<sup>3</sup> by 114,785 tonnes, which is equivalent to the emissions produced in one year by approximately 27,319 cars.<sup>4</sup>

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<sup>3</sup> Calculation done on the basis of the Rules on the Methods for Determining Energy Savings: <http://www.pisrs.si/Pis.web/pregledPredpisa?id=PRAV14191>. The EU electricity emission factor for 2022 (0.258 kg of CO<sub>2</sub>/kWh) was used to calculate CO<sub>2</sub> emission savings: *Greenhouse gas emission intensity of electricity generation — European Environment Agency (europa.eu)*.

<sup>4</sup> The CO<sub>2</sub> emissions equivalent was calculated using the greenhouse gas equivalencies calculator on the website: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>.

## Innovations in E-MOBILITY

There is no doubt that 2023 was a very difficult year for the e-mobility segment, with both a lower level of economic activity and the significant impact of low-cost competition from the Far East resulting in lower sales. Despite these difficulties, development activities continued on the project for the dynamic regulation of driving characteristics and the development and putting into production of drive pumps for several different customers. All these innovations build on existing solutions and will contribute to the greater efficiency and reliability of operation of vehicles.

In the area of micro-mobility, most activities in 2023 were focused on the development and putting into production of a new, compact drive for e-bikes. Work was carried out on the highly efficient existing higher-output drive to expand the range of applications to full-suspension bikes and cargo transport, which would reduce the need for car transport over short distances.

## Hydrogen technologies for a sustainable future

Hydrogen technologies have an important role to play in the green transition and great potential for ensuring that we achieve the aim of a low-carbon society. The Domel Group has been actively involved in research activities relating to hydrogen technologies for more than two decades and we are an important development supplier of components for air delivery on the cathode side of fuel cells.

A few years ago our EC Systems business unit developed for a partner an anode-side recirculation blower for hydrogen that ensures more continuous and efficient operation of the whole system. Last year one of our partners landed a number of major projects, for which we were asked to provide fuel cells for means of transport such as trains and lorries. For us, this meant a transition to full-time production, which elevated us from a development supplier to a regular supplier of fuel cell components, including blowers for air and hydrogen supply.

With the transition to full-time production of blowers for fuel cells, we are at the same time undertaking intensive development activities in this area. A development project is under way to optimise air blowers with the aim of increasing the level of protection so that the blower is also able to operate in high humidity environments or in water.

We are also undertaking an extensive upgrade of our hydrogen blowers in order to develop a reliable solution that will allow higher mass flows of hydrogen and will be even more resistant to demanding operating conditions, in particular to increased humidity and temperature.

As part of the GREMO development project, we have begun development of a high-pressure compressor with the aim of increasing the pressure ratio to 2.2 from the current 1.4. We are actively marketing our components for hydrogen technologies and regularly attend trade fairs to present our innovations.

We at the Domel Group are aware of the importance of hydrogen technologies for the future and we are committed to developing and improving them. Our work in this area contributes not only to a sustainable future but to the development of more reliable and efficient technologies for general use.

## Participation in circular economy projects

We are partners in Inspires, an international project focused on the development and industrial implementation of a circular and sustainable process for the recovery and re-use of rare earth magnets.

The lead partner in the project is the Spanish National Research Council (Spain). Other partners include the Centre for European Policy Studies (CEPS) (Belgium), the National Research Council (Italy), home appliance manufacturer Gorenje (Slovenia), the Jožef Stefan Institute (Slovenia), recycled magnet producer Kolektor KFH (Slovenia), the Pforzheim University of Applied Sciences (Germany), waste processing company Surovina (Slovenia), the Technical University of Denmark (Denmark), and electrical and electronic waste management company ZEOS (Slovenia). The Inspires project is co-funded by the European Union and EITRawMaterials.



The main aim of the project is the recovery of rare earth magnets from end-of-life electrical devices and household appliances and their re-use in industry. The project also involves recycling waste magnets using modern processes and incorporating and testing them in electric motors for washing machines. As part of the project, Domel has developed a prototype motor incorporating recycled magnets and used it to demonstrate the practical use of recycled materials in our products. Through this approach, we aim to reduce Europe's dependence on an unstable supply of magnets containing rare earth elements, which currently come mainly from China, and in this way contribute to the sustainable development of advanced and green technologies in Europe.

## Participation in digitalisation projects

Domel is actively involved in the Industrial/Business Digital Transformation – Digital Leap (JUMP) project alongside several partners. The digitalisation and automation of business and manufacturing processes are key strategic activities for sustainable development. Within the project, we have implemented advanced solutions for the exploitation of manufacturing data and the management of sales requirements, which has improved the efficiency and flexibility of our processes. The use of advanced analytical tools and task automation contribute to better decision-making and optimisation of processes. The incorporation of digital technologies allows us to make a faster and broader digital transformation, with the aim of improving competitiveness and sustainable development.

## Participation in innovative electric motor drive projects

As part of the Innovative Development of Electric Motor Drives: Mission GREMO project, which is focused on accelerating the development and industrial production of electric motors for the electric vehicles of the future. The e-Motion project, involving 12 Slovenian companies, is developing high-performance electric motors, which is improving the competitiveness of Slovenia's automotive industry. A parallel project, i-Motion, is focused on industrial research of the electric motor systems of the future. Both projects contribute to the increasing sales in the automotive industry from the present €5 billion to more than €7 billion by 2030. These projects enable the faster electrification of mobility and strengthen the role of Slovenia's automotive suppliers in global supply chains.



Maja Virant,  
strategic finance specialist



## INTEGRATING KNOWLEDGE AND OPPORTUNITIES THROUGH EUROPEAN TENDERS

Working on national and European calls for tender is a dynamic process that involves cooperation with various teams within Domel and outside the company. It is a highly responsible job, especially when submitting reports and tenders. A successful report or tender brings me a lot of satisfaction and a sense of fulfilment, because I know I am contributing to Domel's success. Working on a wide range of projects also gives me a broader view of the company's operations and allows me to learn new things.

# CUSTOMER RELATIONS

Good customer relations and customer care are reflected in long-term partnerships: some customers have placed their trust in us for close to 50 years, while our major customers have been working with us for an average of more than 30 years. Customer care is one of our core values, which means that we take an honest and genuine approach to our customers. We take time for our customers, search for the best solutions in terms of price and quality, and are reliable and flexible.

Customer satisfaction is of key importance for us and the foundation on which we build our business.

We measure customer satisfaction in two ways. The first is by obtaining monthly reports from customers,

which is established practice among major customers. The reports are collected by the responsible sales staff and stored on the intranet by individual year. Once a year, using the Customer Voice application, we produce a survey for all our major customers in order to obtain feedback important to our company.

The customer satisfaction survey includes ratings by various criteria such as on-time delivery, quality, reliability and flexibility, technical support, product competitiveness and the integration of environmental criteria into the corporate process. The sales team handles the customer surveys received and formulates corrective and preventive measures on their basis.



Customer satisfaction by assessment criteria in 2023<sup>5</sup>

Customer satisfaction in 2023				
supply chain	quality	sales	research and development	environment
4.3	4.5	4.0	4.5	4.2

<sup>5</sup> The customer satisfaction assessment criteria were: 5 – Excellent, 4 – Good, 3 – Acceptable, 2 – Unsatisfactory, 1 – Unacceptable

# SUPPLIER RELATIONS

Our commitment to sustainable development also includes supplier-related activities. We are committed to working exclusively with suppliers who meet our expectations, respect business ethics and values that are based on internationally recognised standards regarding environmental management standards, health and safety, and have a well-developed quality assurance and management system.

We can only achieve our sustainability objectives and meet high customer standards with suppliers that partner with us in the early phase of development projects. Suppliers are selected and assessed on the basis of carefully defined criteria. All our suppliers are fully responsible for the quality of materials and components that they supply to the company. For this reason, they have effective quality assurance systems in place through which they ensure the high quality of supplies, the environmental acceptability of products and environmentally friendly work processes.

We expect suppliers who have certified management systems in accordance with the ISO 9001, ISO 13485, IATF 16949 and ISO 14001 standards to submit copies of certificates to the company, although we do also make an assessment of suppliers' processes ourselves. The types of assessment that we carry out for potential and existing suppliers include potential analyses, the assessment of processes in accordance with the requirements of the ISO 9001, ISO 13485, ISO 14001 and VDA 6.3 standards, and the rapid assessment of processes. We assess the suppliers of raw materials and associated services once a year. The basic condition for assessing a supplier is that the supplier has made at least five deliveries over the course of one year. The following criteria are taken into account in the overall assessment: the level of PPM deliveries, the proportion of seamless deliveries, accuracy in terms of quantity and time, responsiveness to the required 8D

reports, a certified management system, payment terms, price competitiveness and technical support. We assessed 230 suppliers in 2023 (129 Slovenian and 101 foreign). In 2023 we sent suppliers a questionnaire on the content of the Domel Group's code of conduct.

Endorsement of the Domel Group's code of conduct was carried out by means of a questionnaire sent to all suppliers assessed in 2022. By the end of 2023, the code of conduct had been endorsed by 191 suppliers. Endorsement was either via completion of the questionnaire or by suppliers sending proof of having adopted a code of conduct of their own covering the same topics as ours. The success rate was thus 75.8%.

We also began collecting data on emissions generated during the manufacture of purchased products. Suppliers of important groups of commodities were sent questionnaires on environmental impacts, greenhouse gas emissions and environmental impact reduction targets. The purpose of these questionnaires is to obtain detailed information that will help us improve the sustainability of our supply chains and reduce our environmental footprint. In accordance with our "Local2Local" purchasing policy, we strive to include as many local suppliers as possible in the supply chain. Good relations and cooperation with domestic and local suppliers bring mutual benefits and are crucial to our operations. They are reflected in an increase in experience and expertise and in the growth, progress or development of the local environment.

Every few years, we organise a purchasing conference for suppliers at which we present our policies, objectives and requirements regarding quality and environmental protection, and what is expected of suppliers based on agreements with customers and legal obligations. We organise periodic meetings with development suppliers where we agree on and coordinate new development projects and improve logistics plans.

We worked with 402 suppliers in 2023, of which 56% were Slovenian suppliers.



## COMPLIANCE OF MATERIALS

We consistently comply with the EU's REACH regulation, which sets out obligations regarding the handling, trade and use of chemicals within the territory of the EU, and the European RoHS Directive, which defines and places restrictions on certain hazardous substances used in electric and electronic equipment. This ensures the safety of products and reduces risks to people and the environment. We received 219 REACH and RoHS compliance statements from suppliers in 2023, which accounted for 87% of all relevant suppliers.

In accordance with the EU Conflict Minerals Regulation, governing trade in minerals from conflict-afflicted and high-risk areas, we ensure that the minerals and metals

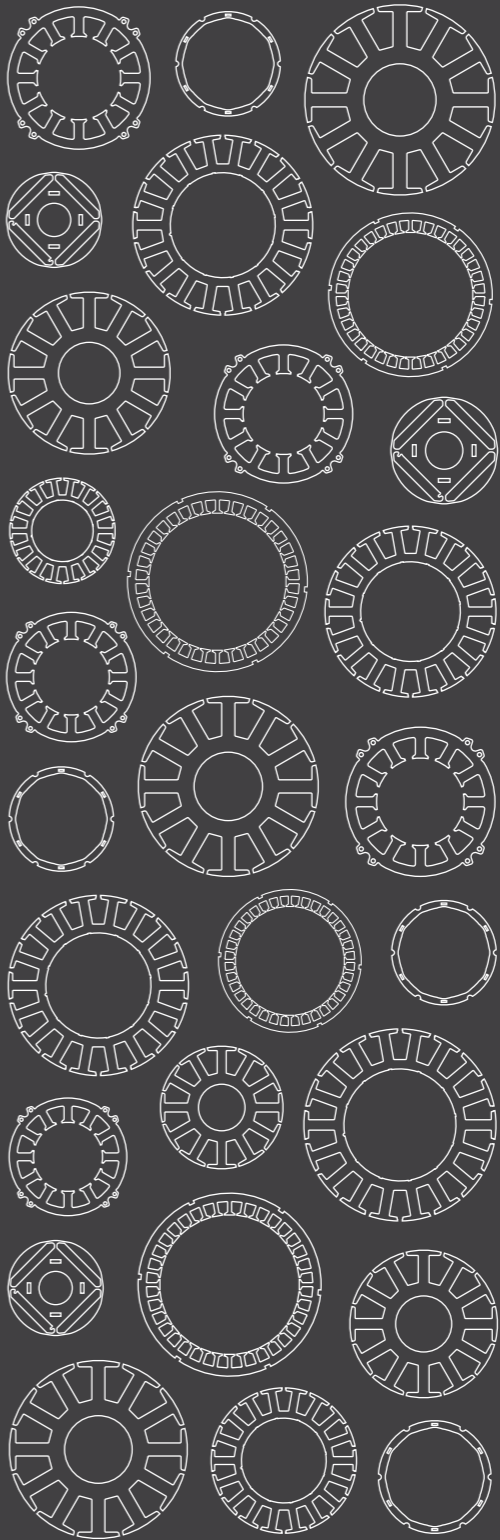
covered by the Regulation (gold, tin, tungsten and tantalum) and contained in our products are only imported from responsible sources and from areas that are not affected by armed conflict or that do not use child labour. We pay particular attention to the origin of magnets.

As a supplier of components for the automotive supply chain, we are a part of the IMDS system, through which we provide data on the composition of the materials used in our products. This makes it easier for car manufacturers to build vehicles that comply with environmental requirements. Customers from the automotive industry only approve our products if they are informed about their composition using the relevant IMDS document.





# SOCIAL ASPECTS OF SUSTAINABILITY





**SOCIAL ASPECTS OF SUSTAINABILITY 66**

- 70 Inclusion of employees in the innovations process
- 71 Connections with local communities
- 73 Commitment to our employees – the foundation of our success
- 80 Investing in knowledge and employee development
- 84 Workplace safety

## INCLUSION OF EMPLOYEES IN THE INNOVATIONS PROCESS

At Domel we believe that sustainable development and success are based on innovations and constant improvements. Our employees are a key factor in our improvements and we have therefore introduced a system that enables them to play an active role in the innovations process.

As part of our system of constant improvements, we have created a web application called SORA that enables employees to enter their own proposals and ideas for technical or organisational improvements. Thanks to their in-depth knowledge of processes, technical expertise and focus on Domel's goals, we are able to achieve excellent results. A total of 525 suggested improvements were entered in the SORA system in 2023. Implemented proposals, calculated in terms of annual economic benefit, brought more than €663,000 of savings. Employees whose proposals were implemented were paid bonuses totalling €101,000 last year. Registered proposals are the basis for Domel's annual awards, where we single out colleagues and teams that have particularly stood out over the course of the past year.



An image from an innovation awards presentation in 2023



## CONNECTIONS WITH LOCAL COMMUNITIES

At Domel we believe that cooperation with the local community is of key importance for the sustainable operation of the company and for building trust. Our sense of social responsibility is deeply bound up with our company's tradition and culture. Given that many of our employees come from the local environment, we strive to contribute to the prosperity and upkeep of that environment. By strengthening social responsibility, we aim to build strong ties with the environment that we live and work in. We put corporate social responsibility into practice through cooperation with local communities in all areas that can affect quality of life.



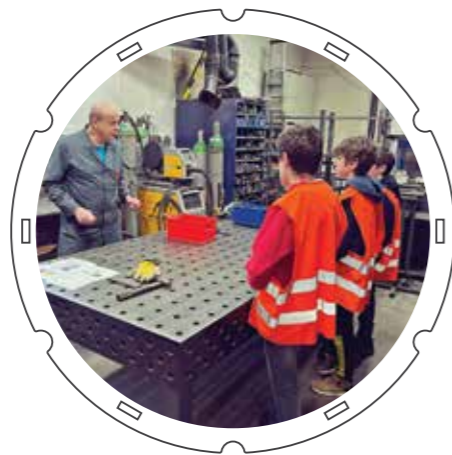
### Support for local cultural and sports events

The company provides financial and material support to local cultural and sports events, such as concerts, local carnivals, sports competitions and other events. Our sponsorship helps to ensure the diversity of cultural life and maintain a sporting spirit within the community. Recipients of our support include the Domel Ski Club, Železniki Handball Club, Kranj Cycling Club and the women's team of Škofja Loka Basketball Club. We also work with local organisations and help volunteer fire brigades purchase the equipment they need.



## Cooperation with educational institutions

We devote considerable attention to cooperation with educational institutions. We work with the combined primary and lower secondary school in Železniki, assisting in the provision of elective technical subjects and providing equipment for the technical classroom. As part of science events and other educational events, we organise visits to our production facilities and presentations of those occupations that are most relevant to our business. Cooperation begins at nursery school level, with even the youngest children given the chance to visit our production facilities, where in some cases they get to see their parents at work and learn about their jobs. We also work with universities to develop educational programmes that stimulate an interest in science, technology and engineering. The company offers mentoring programmes, organises practical workshops and lectures, and provides financial support to secondary and post-secondary students.



## Building good relations and transparent communication

We strive to build good relations with the local community, communicating transparently with them and giving due consideration to their suggestions, doubts and opinions. We received five communications from the local community in 2023 concerning our coexistence with our neighbours and addressed them all appropriately.

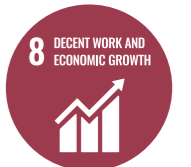
In February we received a report from a neighbour located on the NE side of the plant at the Reteče site about three spruce trees on the Domel site that swayed towards their house in high winds. We removed these trees in March, in this way eliminating potential danger for our neighbours. In May we addressed a problem involving lorry drivers at the Reteče site. Our neighbours had complained that drivers were turning their lorries in their yards and causing damage. We informed the drivers that they should only turn their vehicles in the area of the plant. Another complaint received in May concerned cutting the grass outside the Trata terminal at 6.30 in the morning. We agreed that grass cutting would not start before 7 o'clock in the morning on weekdays or before 8 o'clock in the morning on Saturdays. We intend to plant bushes on the green area between the terminal in the road to help absorb the sound caused by the daily noise of lorries and the loading and unloading of their cargoes.

In June we received a complaint about noise at night. We established that this was caused by a fault in one of the material dosing systems, which we rectified as quickly as possible. We received another complaint about night-time noise in the same week, apparently caused by the metallic waste. Following an inspection, we established that the loading of lorries does not take place at night.

Through our responses and the action taken, we have ensured that the above problems are not repeated and that the quality of life of local residents is improved.

## COMMITMENT TO OUR EMPLOYEES – THE FOUNDATION OF OUR SUCCESS

Caring for our employees is one of our core values and a key element of our human resources policy. We are well aware that every individual employee is an invaluable resource and we place great emphasis in the working environment on respect, cooperation, creativity and ambition. In this way we support the company's fundamental strategic policies, which are focused on a high level of innovation and improving productivity and performance.



### Equal opportunities for all

The Domel Group guarantees equal opportunities of employment to all individuals regardless of gender, race, religious belief, age, disability, sexual orientation, nationality, social or ethnic origin, citizenship, membership of a trade union and/or political party, or any other characteristic that is protected by the applicable legislation. We focus on respect for the individual and reject every form of discrimination, violence and insulting or offensive words and behaviour.

### Inclusion of vulnerable groups

We incorporate individuals from vulnerable groups into our working environment and ensure that they enjoy the same opportunities and rights and the same opportunities to participate in creating a successful company. People with disabilities are important members of our workforce.

The Domel Group has established the subsidiary Domel IP Invalidsko podjetje d.o.o., which in 2023 employed 25 disabled people. Thirty-six people with disabilities were employed across the whole of the Domel Group in 2023. We have signed cooperation agreements with a number of external sheltered employment companies, including: SIJ SUZ, REDNAK IP, CWS WORKWEAR IP, ŽELVA and VARNOST IP.

### Development of employee potential and satisfaction

The development of employee potential and satisfaction is the main objective of our human resources policy. It is important to us that all employees are actively involved in the growth and development of the Group, and that we provide them with a safe and pleasant working environment that offers professional and personal challenges and enables them to work dynamically and creatively. We work hard to maintain positive working conditions, provide secure employment and offer training and education opportunities. We are very active in promoting healthy lifestyles, encouraging employees to take part in sports activities and facilitating hybrid forms of work and flexible working hours.



Vili Logonder,  
head of warehousing and transport



## PROMOTING SUSTAINABLE PRACTICES AMONG EMPLOYEES

At Domel, employee satisfaction is the key to success. We promote sustainable practices such as education, working from home, flexible hours, digitalisation and sustainable mobility. Annual appraisals are an opportunity for employees to talk about their personal goals, which contributes to personal and sustainable growth. I'm happy to be ending my career at a company that truly supports sustainable development and the well-being of its employees.

## Measuring employee satisfaction

“Organisational climate” is the term used to define the atmosphere of a company as it affects employees’ knowledge, understanding, feelings and expectations. A positive organisational climate is reflected in greater satisfaction, motivation, innovation and productivity on the part of employees, which is vital to company success and good business results.

The Domel Group has been measuring organisational climate and employee satisfaction and commitment since 2003. Since 2010 these measurements have taken place every three years. In 2022 research was carried out using a SiOK (Slovenian Organisational Climate) questionnaire, which enables a comparison between companies in Slovenia and a comparison with results from previous years.

Of the 645 employees invited to complete the questionnaire, 469 did so (72.7%). Measurements of this kind allow us to lay the groundwork for improvements, creating a positive working environment and increasing employee commitment. No measurements of organisational climate were carried out in 2023. The next measurement is planned for 2025.

Item	2016	2019	2022
Organisational climate <sup>6</sup>	3.62	3.35	3.43

## Employee structure

The Domel Group employed 1,440 people in 2023 (as at 31 December 2023), including 1,320 employees in Slovenia, 35 in China and 85 in Serbia.

Of the 1,320 Domel Group employees in Slovenia as at 31 December 2023, 521 or 39.5% were women and 799 or 60.5% were men. The proportion of women in managerial positions was 14%.

Change in the number of Domel Group employees in Slovenia 2020–2023

Year	Number of employees	Women	%	Men	%
2020	1,330	531	39.9	799	60.1
2021	1,368	561	41.0	807	59.0
2022	1,370	549	40.0	821	60.0
2023	1,320	521	39.5	799	60.5

<sup>6</sup> The values in the table represent the average organisational climate scores obtained from the SiOK questionnaire. The highest possible score is 5, meaning a very positive organisational climate.

Number of employees in Domel Group companies in Slovenia in 2023

	Number of employees	Women	%	Men	%
Domel d.o.o.	1,171	431	36.8	740	63.2
Domel Holding d.d.	103	68	66	35	44
Domel Invalidsko podjetje d.o.o.	46	22	47.8	24	52.2

Age structure of Domel Group employees in Slovenia in 2023

Age group	Number of employees	Women	Male
under 25	110	23	87
26–30	172	51	121
31–35	186	64	122
36–40	135	46	89
41–45	145	76	69
45–50	203	97	106
51–55	198	100	98
55–60	151	60	91
over 61	20	4	16
<b>Total</b>	<b>1.320</b>	<b>521</b>	<b>799</b>



## New employees

As at 31 December 2023, there were 80 fewer employees in the Domel Group than there were in 2022. The number of employees at the Domel Group in Slovenia fell by 50 in 2023, with 116 new employees and 159 terminations of employment. Employee turnover in the Domel Group in Slovenia stood at 11.2%, not including reassignments within the Domel Group, of which there were 13. Average employee age in 2023 was 41.7 years.

Number of new employees in 2023 by age group

Age group	Number of new employees	Women	Male
under 25	44	8	36
26–30	25	13	12
31–35	10	4	6
36–40	8	5	3
41–45	8	3	5
45–50	11	7	4
over 51	10	3	7
<b>Total</b>	<b>116</b>	<b>43</b>	<b>73</b>



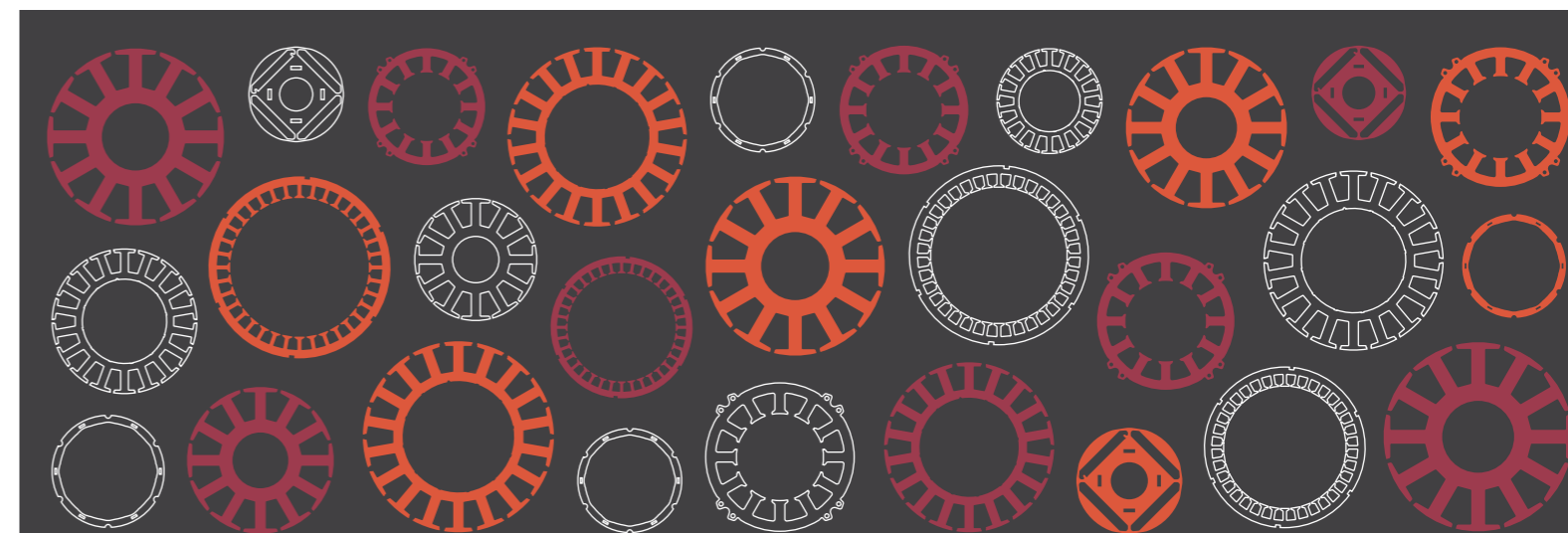
Average age of Domel Group employees 2020–2023

Item	2020	2021	2022	2023
Average age of employees	40.1	40.9	42.7	41.7

The table below presents the education level of employees within the Domel Group in Slovenia by gender. The share of employees who had completed at least secondary education was 62.3% in 2023.

Educational structure of Domel Group employees (Slovenia) in 2023

Level of education	Women	Men	Total	%
Doctorate (9)	1	9	10	0,7
Postgraduate specialisation, research master's degrees (8)	4	14	18	1,5
Integrated specialisation programmes, pre-Bologna bachelor's programmes, second-cycle programme under the post-Bologna system (7)	32	76	108	8,2
Professional higher education programmes, short-cycle (6/I) and first-cycle (6/II) programmes under the post-Bologna system	83	177	260	119,7
Secondary education (5)	153	272	425	32,2
QU (4)	120	131	251	19
SP (3)	9	16	25	1,9
Primary education (2)	110	87	197	14,9
Uncompleted primary education (1)	9	17	26	1,9
<b>Total</b>	<b>521</b>	<b>799</b>	<b>1320</b>	<b>100</b>

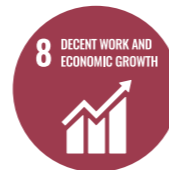




# INVESTING IN KNOWLEDGE AND EMPLOYEE DEVELOPMENT

Because employee education and training are key elements for the company’s growth and development, we invest heavily in systematic and planned education and training that is tailored to operational and individual needs, in line with the company’s strategy and employee development plans.

The company provides its employees with opportunities for professional and personal growth; it does this through a system of career pyramids, annual interviews, mentorships and online learning. We encourage part-time education and facilitate involvement in an MBA studies consortium. Every year we provide every employee with the opportunity to learn a foreign language that they select themselves based on their wishes, needs and prior knowledge. We also offer educational opportunities and the option of project-based work via the in-house Domel Academy programme.



## Planned education and training

We invested €100,400 in employee education and training in the form of seminars, courses and workshops in 2023. On average, each employee received 35.5 hours of professional education and training in 2023, at a cost per employee of €87.

The average cost of education and training, including tuition, fees and travel expenses, amounted to €91.5 per employee in 2023. We spent €479,000 on education and training, including scholarships and awards for practical training for secondary-school and college students.

Number of hours and costs of education/training 2020–2023

Item	2020	2021	2022	2023
Number of education and training hours per employee	21	32	32	35.5
Costs of education/training per employee (€)	70	88	84.9	87.00
Total education and training costs	402,523	551,827	625,178	479,000

The Smart Arena portal, which enables employees to access e-learning and webinars, was established in the second half of 2020. Employees completed 861 hours of e-learning via the Smart Arena platform in 2023. This was a decrease on the figures for previous years, since the easing of the COVID-19 pandemic allowed an increase in the amount of face-to-face learning.

## Support for young people and part-time education

We devote considerable attention to the recruitment of young employees. We are actively continuing with our scholarship policy, which primarily includes scholarship holders in technical fields from secondary schools and university programmes, while we are also involved in a vocational education apprenticeship scheme.

The company awarded scholarships to 111 students in secondary and post-secondary education in 2023; this was a slight increase relative to 2022 (119 scholarship holders) and 2021 (112 scholarship holders). Within the scholarship programme, we offer students the opportunity to complete their practical elements of their course and work on technical tasks for project papers, bachelor’s theses and master’s theses. During the summer, we organise student work for secondary school and university students from the surrounding areas, and also during the year taking into account the needs of the work process. A total of 56 secondary and university students and two apprentices took part in compulsory practical training in 2023. Our scholarship holders are also involved in the Start Young Academy, where they work on start-up projects. Through selected innovative business ideas, scholarship holders learn an open approach to innovation and the development of new products.

We also enable employees to pursue part-time education, with 52 employees choosing this option in 2023: three in postgraduate programmes, 45 in first-cycle or short-cycle programmes, one in a secondary programme and three in secondary vocational programmes.





Tilen Vrhunc,  
head of strategic procurement



## EDUCATION AND TRAINING FOR GREATER EFFICIENCY AND INTERDEPARTMENTAL COOPERATION

Education and training provide me with an in-depth understanding of procurement processes and the strategies that are key to the company's success. They also help me better understand the needs of other departments. Thanks to additional training, I am better at identifying risks and developing risk-management scenarios, which improves our procurement procedures. Improving my negotiating skills helps me in my everyday work with suppliers, resulting in better procurement conditions and facilitating more lasting cooperation with strategic suppliers.

# OCCUPATIONAL HEALTH AND SAFETY

Safety and ensuring workplace safety are priority areas and the highest criteria for the Domel Group, since they are of key importance for its success and reputation. The company's goal is to have zero workplace accidents.

Various activities are carried out and numerous measures adopted to manage the number of workplace accidents. We provide the safest possible working environment for our employees, periodically assess workplace risks and maintain those risks at an acceptable level through a range of safety measures. In this way, we ensure that the working environment is continuously improved over the long term. We monitor the risks of accidents and health impairments in relation to all jobs and technologies. In addition to the occupational health and safety department, directors and department heads are involved in ensuring workplace health and safety for employees, along with two occupational medicine specialists who perform preliminary and periodic medical checks of employees. We also organise regular occupational health and safety training for employees, regularly inspect work equipment, machinery and devices, encourage employees to follow work safety instructions, organise evacuation drills and continuously upgrade personal protective equipment.



The Domel Group carries out the following occupational health and safety training:

- training for new recruits;
- training in accordance with a workplace safety programme for specific jobs;
- training in the handling of chemicals;
- training in early-stage fire-fighting and evacuation;
- training for working at height;
- employer-based first-aid training;
- training for work with lifting gear;
- training for work with screens.

## Occupational injuries

In 2023 we reported on a total of 19 occupational injuries, which is six fewer than in 2022. A total of 627 days were lost due to injury in 2023, with one injury lasting 198 days, the highest number of days lost. In three cases sick leave lasted more than 30 days, while we also dealt with three injuries where employees did not have to take sick leave.

Accident frequency fell in 2023 to 14.5 accidents per 1,000 employees. The accident severity rate amounted to 33 lost working days, which means an increase of 6.5 lost days compared to the previous year, which indicates a longer duration of sick leave due to occupational injury.

The largest number of injuries were in the KO AS business unit, where we recorded nine injuries. This was followed by the KO BST business unit with five injuries, APEC with three injuries, the KO ASD and sheet metal parts business unit with two injuries and the SE business unit with one injury.

In terms of number of injuries, the morning and afternoon shifts were similarly affected (10 and 11 injuries respectively), while there were only two injuries on the night shift. The largest number of injuries (12) were suffered by employees with less than a year's experience.

The plan to reduce injuries includes raising employee awareness about the importance of careful work and timely reporting of shortcomings in the working environment and processes. Employees will also undergo additional practical on-the-job training and proficiency testing. Through improved measures and a greater emphasis on safety, we are endeavouring to reduce the number of occupational injuries and ensure a safe working environment for all employees.

Number, frequency and severity of workplace accidents 2020–2023

Item	2020	2021	2022	2023
Number of accidents	20	29	25	19
Frequency (per 1,000 employees)	15	21.5	18.5	14.5
Severity <sup>7</sup>	26,5	27.8	26.5	33.0



<sup>7</sup> Accident severity is the ratio between the average number of days lost due to accidents and the total number of accidents.

## Sick leave

The sick leave rate was 6.98% in 2023, slightly down in comparison to 2022 (7.52%). The sick leave rate includes absences of up to 30 days and absences of over 30 days.

Total number of work hours and number of sick leave hours 2020–2023

Item	2020	2021	2022	2023
Sick leave rate	5.29 %	6.43 %	7.52 %	6.98 %
Total number of paid working hours	2,805,758	2,792,633	2,799,721	2,783,179
Total sick leave hours	158,848	183,794	209,644	1,938,878
Total number of hours of sick leave charged to the company	67,481	84,521	87,645	95,948
Total hours of sick leave charged to the ZZS	91,367	99,273	121,998	97,939

Following the floods that affected Slovenia in August 2023, the company distributed a total of €40,355 of solidarity assistance to 15 colleagues. Colleagues also raised an additional €3,190 for mutual assistance.

## Health promotion

At the Domel Group, we are well aware of the value of employee health and safety. Good health is essential to business and personal productivity and creativity. We pay particular attention to raising employee awareness of occupational health and safety and to maintaining and improving employee health. In collaboration with an occupational medicine specialist, a health promotion plan is drawn up annually using a systematic approach. It contains activities and measures to maintain and promote health. The programme is organised on the basis of an employee health analysis, which allows us to tailor the planned activities to employees' needs.

For the purpose of promoting health at the workplace, the company has established a health promotion team comprising the heads of production departments, technologists, the occupational health and safety department, the HR department, the chair of the trade union, the chair of the works council, the head of electrical maintenance, the head of mechanical maintenance, and senior management. A broad group of stakeholders works together to develop a set of actions to improve working conditions in all areas. Management is actively involved in helping to plan activities and approving additional funding in cases where a proposal involves all company employees. We encourage all employees to submit initiatives, ideas and suggestions for improvements related to workplace health promotion.

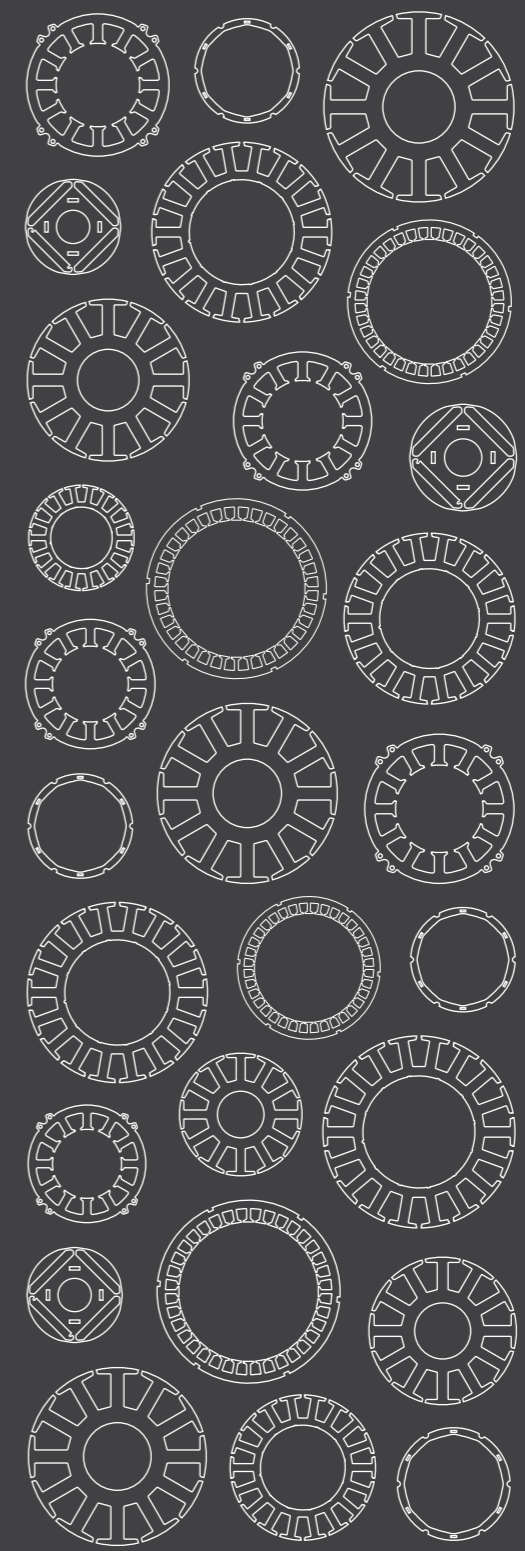
- We offer our employees the option of joining a supplementary collective health insurance scheme that provides quicker access to healthcare services and a faster route to diagnosis and treatment. Depending on the package, the company covers all or part of the cost of the insurance for employees.
- We periodically organise free specialist medical checks, and offer the option of free flu and tick-borne encephalitis jabs.
- As part of our efforts to promote health, we provide fresh fruit for our employees every day.
- The company pays entry fees for recreational cycling and running events.
- We subsidise the purchase of tickets for various sports activities, such as group exercise, gym exercise, swimming and skiing, as well as the costs of massage and sauna visits.
- During the autumn and winter months, team-based recreation takes place in a primary school gym and in a sports hall in Železniki. Employees can play badminton, table tennis, five-a-side football, volleyball and basketball free of charge.
- Every February or March, we organise a skiing day, which is a recreational and social giant slalom event.
- In the summer months we organise sports and recreational events for employees that pit different business units against each other in football, beach volleyball and streetball. Employees can also take part in tennis, shooting, “flinger” and darts tournaments.

In addition to the benefits referred to in the previous sections, the company also offers employees the following additional benefits:

- payment of their contributions to the voluntary supplementary pension insurance system, of which 75% of Domel Group employees are members;
- the option of collective accident insurance;
- a system of mutual assistance funds;
- payment of additional special solidarity assistance in extraordinary cases such as accidents and illness;
- the option of using company-owned holiday accommodation;
- gifts for employees' children every year in December;
- gifts for all employees at the end of the year, gifts for employees' children from Dedek Mrz (Grandfather Frost);
- a paid day off work to accompany a child on their first day of nursery or primary school and a symbolic gift for employees' children;
- co-financing of the purchase of a Domel-powered e-bike and cycling gear.



# ENVIRONMENTAL ASPECTS OF SUSTAINABILITY





**ENVIRONMENTAL ASPECTS OF SUSTAINABILITY 88**

- 92 Environmental protection and sustainable operation
- 96 Climate change mitigation
- 97 Management of energy sources
- 101 Water management
- 104 Environmental noise measurements
- 104 Measurements of atmospheric emissions
- 105 Waste management

# ENVIRONMENTAL PROTECTION AND SUSTAINABLE OPERATION

Our natural environment is extraordinary and an increasingly rare resource. We therefore make every effort to conserve it, applying the principles of sustainable operation. We are committed to ensuring a high-quality environment for our employees, the wider local community and future generations. All employees within the Domel Group are aware of the importance of responsible environmental management.

We regularly monitor the environmental impacts of our activities and incorporate them in our business decisions. We are constantly looking for ways to improve our environmental conservation practices and to reduce negative impacts. The Domel Group has adopted a company-wide environmental policy that orients our environmental protection activities

It has in place an environmental management system certified in accordance with the ISO 14001 standard, We are committed to a constant reduction of environmental impacts and to responsible, environmentally friendly operation. This is reflected above all in the savings made in the consumption of electricity, heat and drinking water, the reduction of environmental emissions, the responsible management of packaging and the separation of waste, and the efficient use of raw materials in manufacturing processes.

Compliance with the law, standards and environmental permits is verified through regular monitoring and measurements of energy consumption and environmental emissions. Internal and certification assessments, customer assessments, safety reviews and inspections enable us to maintain the environmental management system and identify opportunities for improving it. As part of our management review, we carry out an annual evaluation of the achievement of environmental goals and the fulfilment of statutory requirements.

We also reduce environmental impacts through environmental programmes that are defined in accordance with the company's environmental goals. In this way, we are systematically putting the sustainable operation of the company into effect. In 2023 we conducted several activities as part of these programmes at the company's sites, some of which will be completed in the coming year.

## Otoki:

- carbon footprint calculation and monitoring
- evacuation and flood protection drills
- environmental policy update
- start of separate collection of waste magnets for recycling
- preparations for installation of solar power plant

## Trata:

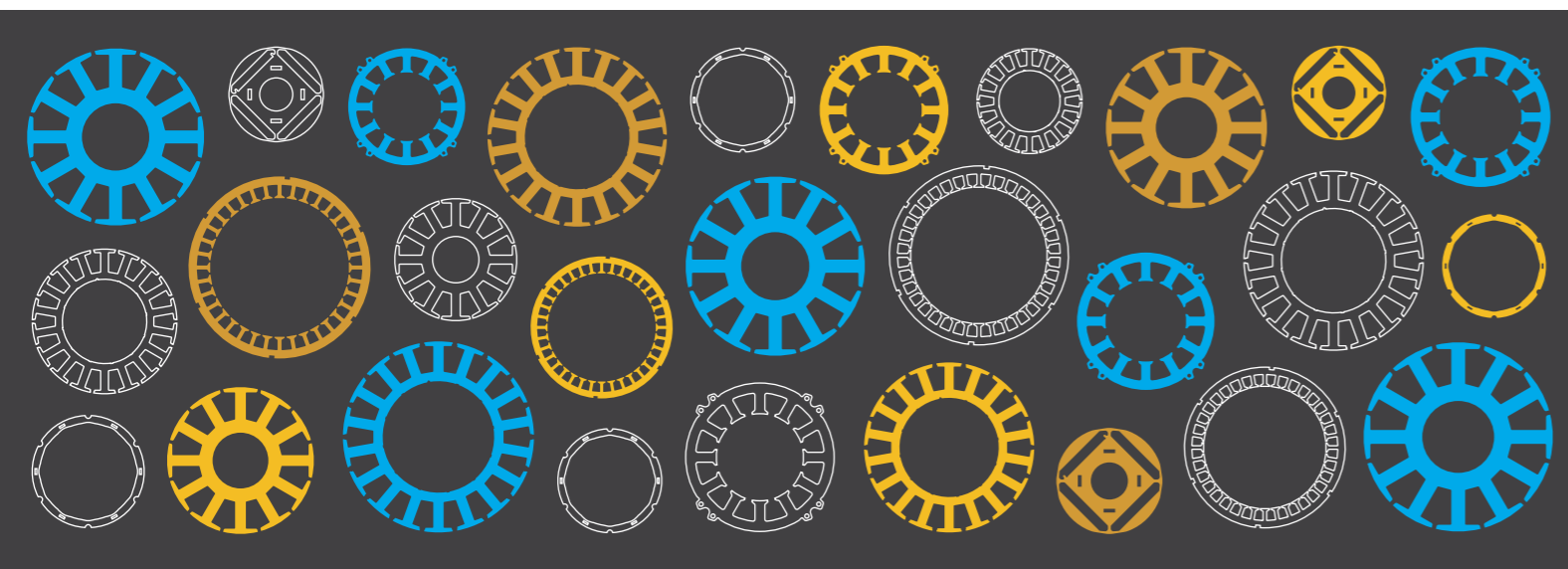
- evacuation drills

## Na Plavžu:

- evacuation and flood protection drills
- preparations for installation of solar power plant

## Reteče:

- evacuation drills
- renovation of fire alarms
- preparation of plan for complete renovation of location including construction of new manufacturing and warehousing premises
- inspection and repair of water supply system





Domen Vrhunc,  
development engineer



## OUR COMMITMENT TO SUSTAINABLE SOLUTIONS AND PROTECTING THE ENVIRONMENT

I admire Domel's commitment to reducing energy consumption and implementing sustainable solutions throughout the company. The use of energy-efficient technologies and sustainable energy sources is a sign of our sense of responsibility towards the environment and future generations.



# CLIMATE CHANGE MITIGATION

## COMPANY CO<sub>2</sub> EMISSIONS

	2019	2020	2021	2022	2023
Scope 1 (t CO <sub>2</sub> e)	92.15	84.47	54.61	82.64	58.07
Scope 2 (t CO <sub>2</sub> e)	10,448	10,765	16,784	7,346	7,403
Scope 1 and 2 (t CO <sub>2</sub> e)	10,540	10,849	16,839	7,429	7,461

The Domel Group is committed to reducing CO<sub>2</sub> emissions. Our target is to reduce CO<sub>2</sub> emissions by 50% by 2030 compared to the 2019 baseline. In the process of reducing CO<sub>2</sub> emissions, we are focusing in particular on Scope 1 and 2 emissions, since these are easier to control and influence. The Domel Group's Scope 1 and 2 emissions are mainly attributable to purchased electricity and heat and to fuel consumption by company vehicles. We used the market-based method to calculate emissions from electricity consumption, obtaining emission factors directly from energy suppliers. The calculation is done according to the GHG protocol. The calculation of greenhouse gas emissions takes into account the company's sites in Slovenia (Otoki, Trata, Reteče and Na Plavžu).

Scope 1 emissions were lower than in 2022, mainly as a result of lower fossil fuel consumption. Electricity consumption was slightly lower in 2023, although Scope 2 CO<sub>2</sub> emissions are a reflection of the emission factor of purchased electricity, which in 2023 was slightly higher than in the previous year. For this reason, Scope 2 emissions remained at approximately the same level in 2023.

Our commitment to reducing our carbon footprint includes the continuation of improvements in the area of energy efficiency and the use of renewable energy sources in order to achieve the goals we have set ourselves.

# MANAGEMENT OF ENERGY SOURCES

## ELECTRICITY CONSUMPTION

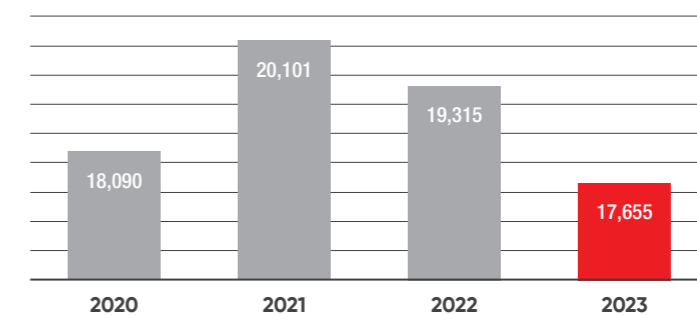
Owing to the characteristics of the Domel Group's activities, electricity accounts for the highest share of energy consumed by the company. The Domel Group consumed a total of 17,655 MWh of electricity across its Slovenian sites in 2023; this was 1,661 MWh (or 8.6%) less than in 2022.

The manufacturing and business premises at the Otoki site accounted for the largest share of total electricity consumption (50.0%), followed by Trata (32.9%), Reteče (11.4%) and Na Plavžu (5.7%).

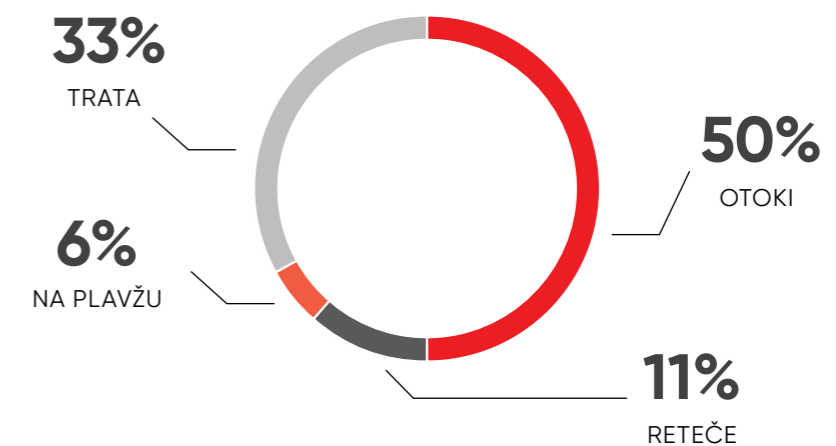
Energy efficiency, which is a criterion for efficient electricity use and is shown as the ratio between electricity consumed and working hours, slightly worsened in 2023 and stood at 18.4.



Total electricity consumption 2020–2023 (in MWh)



Electricity consumption by site

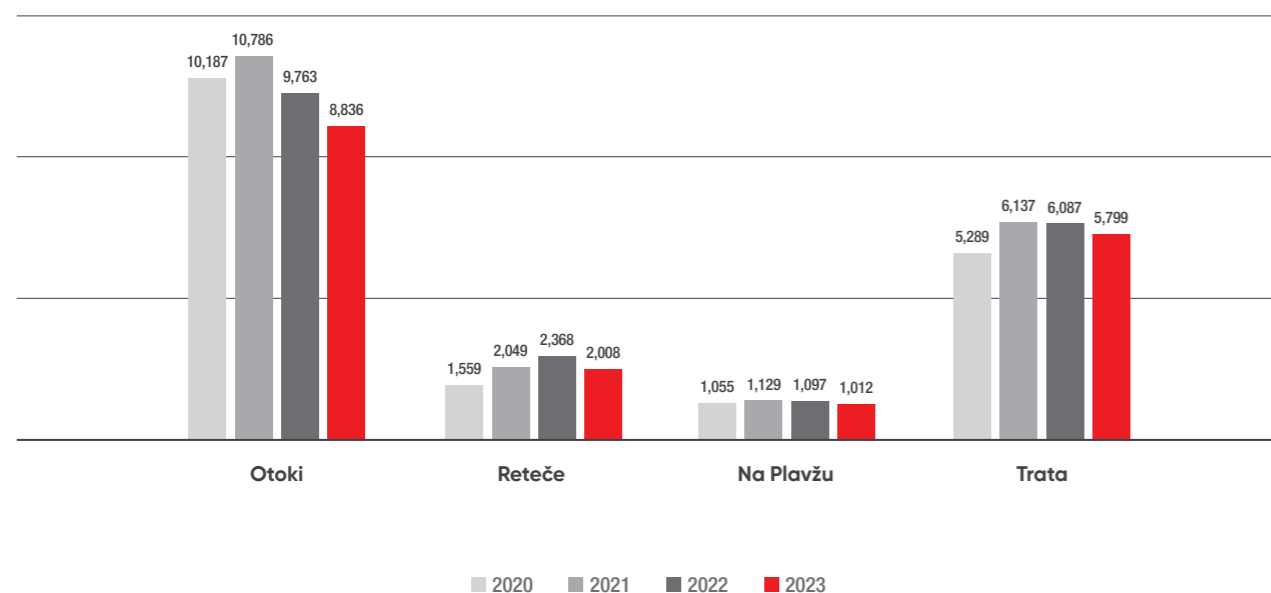


We managed to reduce electricity consumption at the Otoki site by 9.5% in 2023 compared to 2022. Measures and activities to reduce electricity consumption and use electricity more efficiently were directed mainly towards the optimisation of the electric motor test site. Electricity consumption was lower at all company sites in 2023. This is a consequence of our efforts for energy efficiency and the optimisation of manufacturing processes, while the reduced volume of production also contributed in part.

Electricity consumption by site 2020–2023 (MWh)

Location	2020	2021	2022	2023
Otoki	10,187	10,786	9,763	8,836
Reteče	1,559	2,049	2,368	2,008
Na Plavžu	1,055	1,129	1,097	1,012
Trata	5,289	6,137	6,087	5,799
Total consumption (MWh)	18,090	20,100	19,316	17,655
Energy efficiency (kWh/h)	19.1	18.6	17.0	18.4

Electricity consumption 2020–2023 by site (MWh)

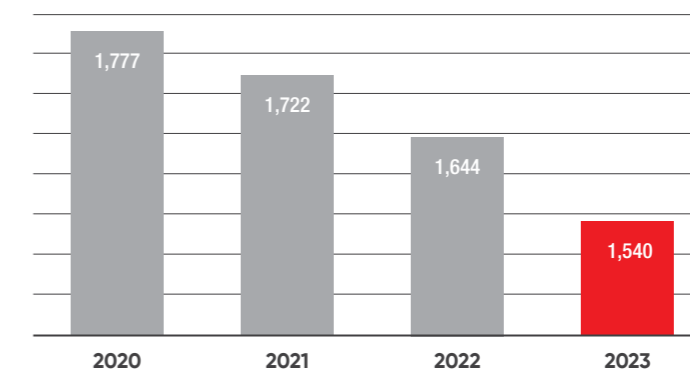


## THERMAL ENERGY CONSUMPTION

In 2023 we succeeded in reducing the consumption of thermal energy by 104 MWh through energy-efficient renovation of buildings and optimisation of the use of heat. This represents a 6.3% reduction compared to 2022. At the same time, through the introduction of efficient heating technologies, we also reduced the consumption of primary energy products. These figures relate to all Domel Group's sites in Slovenia.



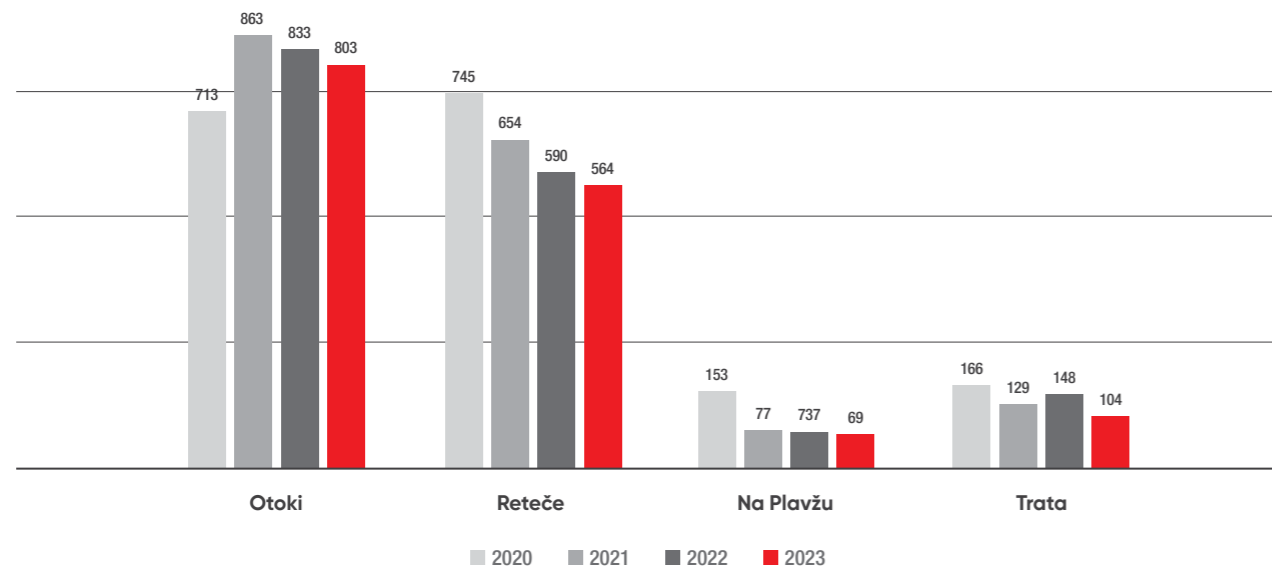
Total thermal energy consumption 2020–2023 (MWh)



Total thermal energy consumption by site 2020–2023 (MWh)

Location	2020	2021	2022	2023
Otoki	713	863	833	803
Reteče	745	654	590	564
Na Plavžu	153	77	73	69
Trata	166	129	148	104
Total (MWh)	1,777	1,723	1,644	1,540

Electricity consumption 2020–2023 by site (MWh)



We use district heating from Toplarna Železniki to heat the Otoki site. Owing to optimised heat consumption and the use of nearly all waste heat from production and the compressor station, the amount of district heat consumed from Toplarna Železniki in 2023 was slightly less than the previous year.

Since the thermal renovation of the production hall at Reteče, the areas that were renovated have been heated exclusively using waste heat from the compressor station. Other premises are heated using wood biomass. In 2023 the failure of the wood biomass furnace meant that we were forced to use extra-light heating oil (ELHO) for several months.

Heat pump heating was introduced at the Na Plavžu location in 2021, allowing us to stop using fossil fuels (heating oil). Since then, heating at this site has been exclusively by heat pump.

The production hall at the Trata site is heated using waste heat from industrial cooling and the compressor station, while a heat pump is used to heat the administrative building. Gas is only used for back-up on the coldest winter days.

The electricity used to heat the company’s site or run the heat pumps is included in the figure for the total amount of electricity consumed.

Consumption of district heat and other energy sources for heating 2020–2023

Location		2020	2021	2022	2023
Otoki	District heating (MWh)	713	862	832	803
	Available waste heat (MWh)	972	1,007	831	721
Reteče	Heating oil (l)	/	/	2,710	739
	Wood biomass (nm3)	915	1,060	979	922
Na Plavžu	Heating oil (l)	12,613	/	/	/
Trata	Natural gas (m3)	2,216	2,461	4,683	477

# WATER MANAGEMENT

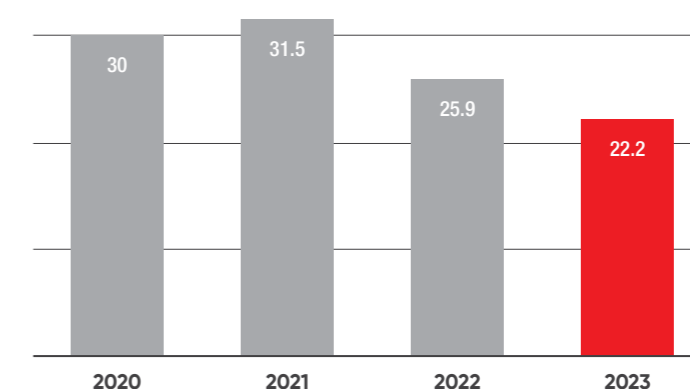
## WATER CONSUMPTION

We pay a great deal of attention to the preservation and efficient use of natural water sources, and to the need to save water. We are reducing water consumption by optimising more environmentally friendly technological processes. The majority of our cooling technology is located within closed-loop systems, which means that mains water is only occasionally used for industrial cooling. We comply with all applicable legislation and regulations on the protection of water sources.

Total consumption of mains water fell by 3,700 m<sup>3</sup> (roughly 14%) between 2022 and 2023. This reflects our efforts to improve the efficiency of water use and reduce our environmental footprint.



Total water consumption 2020–2023 (1,000 m<sup>3</sup>)



Water consumption fell most at the company’s Otoki site and in 2023 was down to 12,900 m<sup>3</sup>, which is 11% lower than in 2022. In the manufacturing process, mains water is used only for the washing machine and for humidifying the test site, with closed-loop systems used for industrial cooling.

Water consumption increased to 8,900 m<sup>3</sup> at the Reteče site in 2021 as a result of damage to the hydrant system. The leakage of water under part of the building has since been fixed, leading to a 36% reduction in water consumption in 2023, down to 6,900 m<sup>3</sup>.

We also achieved a significant reduction in water consumption at the Na Plavžu site: from 1,100 m<sup>3</sup> in 2022 to 700 m<sup>3</sup> in 2023.

Water consumption at the Trata site remained at roughly the same level as the previous year, which reflects stability in our use of resources. Following the installation of an uninterruptible power supply (UPS), sanitary water is only used for technology cooling as a last resort, even in the event of a power cut.

Water consumption by site 2020–2023 (1,000 m<sup>3</sup>)

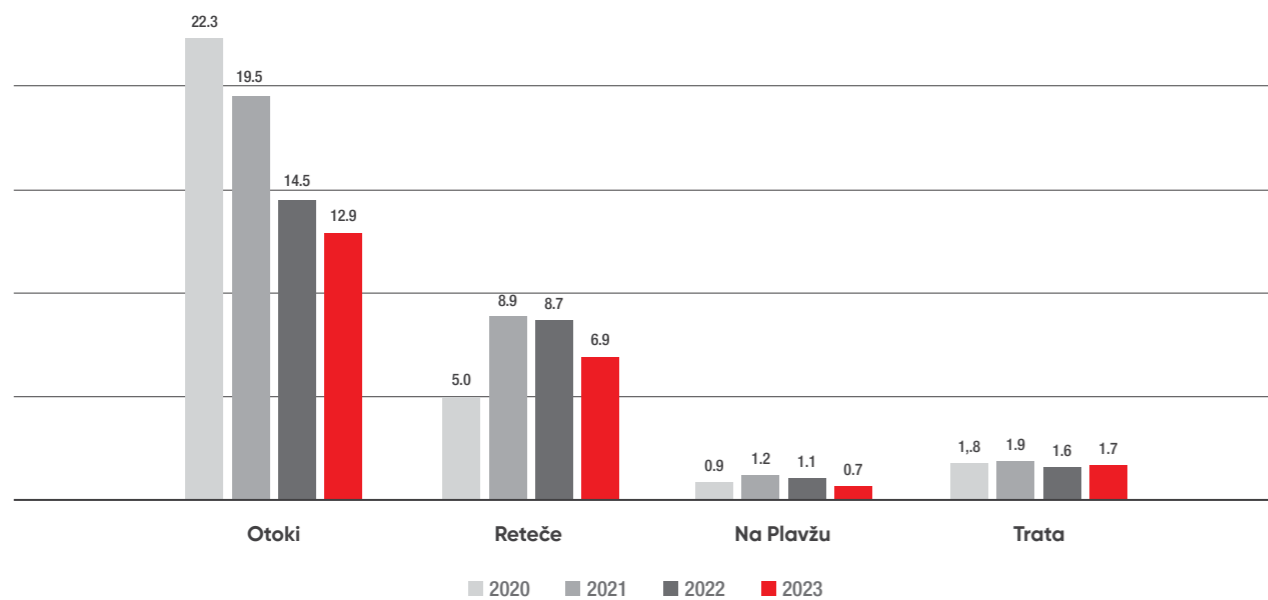
Location	2020	2021	2022	2023
Otoki	22.3	19.5	14.5	12.9
Reteče	5.0	8.9	8.7	6.9
Na Plavžu	0.9	1.2	1.1	0.7
Trata	1.8	1.9	1.6	1.7
<b>Total (MWh)</b>	<b>30.03</b>	<b>31.4</b>	<b>25.9</b>	<b>22.2</b>

## WASTEWATER MANAGEMENT

Significant technological changes introduced in 2022 mean that wastewater is no longer generated at the Otoki site. We have set up a closed-loop system for the circulation of water for energy purposes, which means that it is no longer necessary to discharge wastewater into the Selška Sora. Consequently, it is no longer necessary to carry out wastewater monitoring, which in the past was achieved through regular annual measurements. Not only that, but the company has been removed from the register of subjects liable to pay the environmental charge for industrial wastewater. We are also in the process of cancelling the environmental permit for the Otoki site.



Water consumption by site 2020–2023 (1,000 m<sup>3</sup>)



At the Trata and Na Plavžu sites, groundwater is also used for cooling machines and premises, for which the company has a water permit. We have a water permit for two wells, of 100,000 m<sup>3</sup> for the cooling of machines and 340,000 m<sup>3</sup> for the cooling of premises. In 2023 we pumped 91% of the permitted quantity of water in the first well and 64.5% of the permitted quantity in the second well. We have a water permit for 50,400 m<sup>3</sup> at the Na Plavžu site; 99.5% of the permitted quantity of water was used at this site in 2023.



# ENVIRONMENTAL NOISE MEASUREMENTS

Under the Rules on initial measurements and operational monitoring of noise sources and on conditions for their implementation, operational monitoring of noise sources is carried out every three years. In 2023 environmental noise measurements were carried out at all four sites. On the basis of these measurements and the calculated values of noise indicators, it was established that excessive noise pollution did not occur at any of the company's sites. Likewise, peak noise levels for the area with level III noise protection were not exceeded in any assessment period.



# MEASUREMENTS OF ATMOSPHERIC EMISSIONS

Atmospheric emissions are monitored closely and compliance with permitted limit values is demonstrated through regular monitoring. The main sources of atmospheric emissions from our activities come from the impregnation of rotors, the injection of plastic and the varnishing of stators. All emissions measurements are taken when devices are operating at full power or when the generation of emissions is at its highest. To date, all measured emission values have been in line with prescribed limit values.



Measurements were carried out on the following devices in 2023 in accordance with the Rules on Initial Measurements and Operational Monitoring of the Emission of Substances into the Atmosphere from Stationary Pollution Sources and on the Conditions for Their Implementation:<sup>8</sup>

**Otoki:**

- copperING impregnation device

**Trata:**

- BMC injection device for making plastic components
- Stator varnishing device

The results of measurements of atmospheric emissions have shown that measured total dust emission values comply with standards and are lower than the prescribed limit value. Measurements are carried out periodically every three years or before each first start-up of a new machine.

<sup>8</sup> Rules on Initial Measurements and Operational Monitoring of the Emission of Substances into the Atmosphere from Stationary Pollution Sources and on the Conditions for Their Implementation (PISRS).

# WASTE MANAGEMENT

Preventing waste from being produced in the first place is the first step towards efficient waste management; this is something the company achieves by designing environmentally efficient products, using advanced manufacturing technologies, optimising technological processes, incorporating reusable packaging into logistics flows, and raising employees' awareness of the correct method of managing waste.



The separate sorting and collection of waste is a fundamental principle of circular waste management, and enables materials to be recycled and reused in an effective manner. The company has an adequate separate waste collection system in place. We separately collect all waste that constitutes a renewable source of valuable raw materials, such as copper, brass, aluminium and steel, and deliver it to an authorised waste collector for recycling.

Quantities of the majority of waste types fell in 2023 compared to 2022, reflecting our efforts to manage materials more efficiently and optimise processes. This reduction is partly the consequence of improved manufacturing quality and a lower discard rate, and partly a reflection of the reduced volume of production. Through the optimisation of manufacturing processes and more efficient materials management, we are endeavouring to improve our environmental indicators and reduce environmental impact. In 2023 we recycled all useful waste, composite waste, cardboard packaging and mixed waste packaging. Approximately 90% of all waste generated was sent for recycling.

Quantities of waste copper, aluminium and iron fell in 2023, while the quantity of waste brass increased by 13%. No waste magnets were sold in 2023.

Volume of useful waste by type between 2020–2023 (in tonnes)

Item	2020	2021	2022	2023
Copper	17.90	20.67	22.56	17.89
Brass	36.04	50.62	29.51	33.64
Aluminium	67.39	57.18	42.89	42.12
Iron	9,166,85	9,876,12	10,301,65	9,136,69
Magnets	/	/	0.5	/

Separate waste collection is also in place for composite materials and waste components, which enables their efficient recycling and reuse. Quantities of all types of composite useful waste fell in 2023 compared to 2022. The quantity of waste rotors was down by 36%, waste copper cables were down by 84% and waste electronic components were down by 58%.

Volume of composite waste by type 2020–2023 (in tonnes)

Item	2020	2021	2022	2023
Waste rotors	63.92	87.16	76.63	48.71
Waste copper cables	1.45	0.58	1.68	0.26
Waste electronic components	3.71	1.09	3.95	1.65

## WASTE PACKAGING MANAGEMENT

By implementing a reusable packaging system, we have introduced reusable packaging, which has a longer service life, into the logistics pathways of local suppliers and some customers. The company also uses reusable packaging for all internal transport of raw materials and products between its sites,

which has led to a partial reduction in the amount of waste cardboard packaging generated. Approximately 2% less waste cardboard was generated in 2023 than the year before. The quantity of mixed waste packaging fell by 8.5% in 2023 compared to 2022.



Quantity of cardboard packaging and mixed packaging 2020–2023 (in tonnes)

Item	2020	2021	2022	2023
Waste cardboard packaging	121.23	130.00	110.00	108.00
Mixed waste packaging	71.08	88.25	63.42	58.03

## OTHER WASTE

We pay special attention to consistent waste separation by training and raising the awareness of our employees. In comparison to 2022, the quantity of mixed municipal waste fell by 13%. There was also a reduction in the quantity of waste hazardous substances, which may be attributed to the reduced volume of production and the replacement of hazardous substances with non-hazardous or less hazardous substances. The quantity of waste BMC plastic grew in 2023 as a result of the 16% growth in the supply of BMC and the introduction of new product ranges.



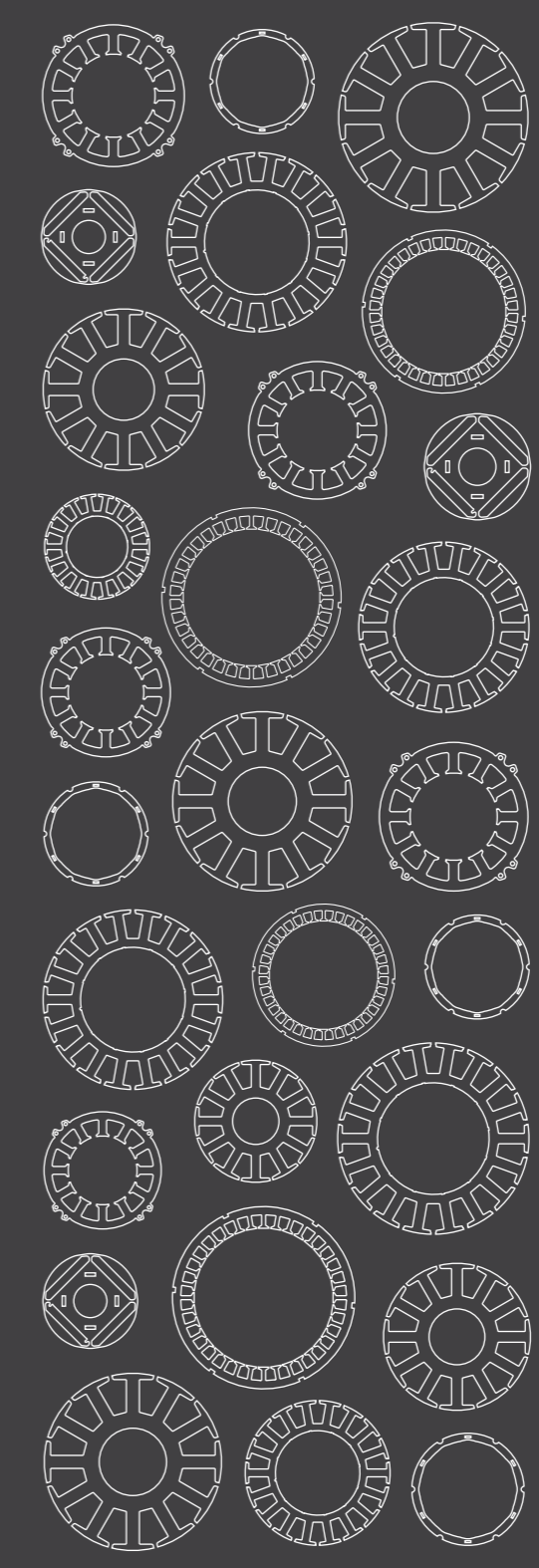
Quantity of other waste (in tonnes) by type 2020–2023

Item	2020	2021	2022	2023
Mixed municipal waste	29.12	39.79	34.27	29.91
Waste BMC plastic	182.53	223.17	272.81	296.72
Waste hazardous substances	40.42	41,23	39.93	36.03





# PARTICIPATION OF WORKERS IN MANAGEMENT



# REPORT OF THE WORKS COUNCIL FOR 2023

*The Worker Participation in Management Act (ZSDU) cites, among the many methods of worker participation in management, the right of the works council to be notified in advance in all areas relating to workers, the right to joint consultation and the right to approve individual business decisions taken by the employer.*

One of the reasons why advance notification of the works council is necessary is to increase understanding of business decisions and specific activities connected with operations, and in this way to improve communication within the company as a whole. Through good, trustworthy communication, we all contribute to the establishment of open, respectful and high-quality relationships between employer and workers, which unquestionably has positive effects.

The 2023 financial year was an interesting one for the works council as a co-management body. We were in the period following the end of the COVID-19 pandemic and conditions in the labour market were extremely favourable in the first half of the year, while in the second half of the year we faced an enormous number of challenges. Via its members, the works council represents workers at all company sites in Slovenia (Na Plavžu, Otoki, Trata and Reteče). The members of the works council met a total of 18 times in 2023. These meetings included three correspondence sessions (conducted by email), eight independent (own) meetings, and nine meetings with senior management and the management board. At our own meetings, we always discussed all proposals, suggestions and questions from council members as workers and, if they were deemed relevant, carried them over to meetings with the management board. As a co-management body, we have offered constant constructive cooperation with a view to improvements and at every meeting we have made workers' proposals, suggestions and questions part of the business decision-making process. At the monthly meetings with the management board, we were apprised in detail of past operations and, together with the board, reviewed current economic and business positions and situations within individual Domel Group companies. If in the past meetings also took place via Microsoft Teams (for well-known reasons), all meetings in 2023 (with the exception of correspondence sessions) took place in company meeting rooms. The members of the council were adequately prepared to address the individual topics on the agendas, and offered constructive proposals, suggestions and questions, actively participated in discussions, and adopted decisions in accordance with their competences and powers. There was also considerable activity by working bodies (committees and teams), which we either activated at the start of the term of office or formed to address specific new ongoing issues.

The schedule of meetings of the works council with senior management and the management board for the current year was approved in January in conjunction with the management board.

Under Article 95 of the Worker Participation in Management Act (ZSDU), we approved the work schedule for 2023. The work schedule sets out the 'bases for decision-making regarding the use of leave and other work absences'. We also approved an amendment to the organisational regulation "The system of advancement within the Domel Group".

We were involved in revising the Handbook for our new employees.

In April, pursuant to the Occupational Health and Safety Act (ZVZD-1), we elected a workers' occupational health and safety liaison officer, who thus became a workers' representative with the status and role of a works council. This liaison officer was elected in accordance with regulations governing worker participation in management. Where a works council is elected, this automatically has powers under ZVZD-1 in addition to its powers under ZSDU. Accordingly, the liaison officer had seven meetings with the employer's occupational safety department in 2023.

We planned health promotion jointly with the management board and defined subsidised content at the individual and collective level. We retained all the content approved last year (group exercise and recreation, fitness, sauna, pool, massage, etc.) along with the corresponding list of prices for our workers, which was unchanged.

All sports and recreational events coordinated and approved together with the management board (giant slalom competition on Soriška Planina, running and cycling events) were realised in full.

We also made theatre season tickets available to our employees at subsidised prices and provided skiing enthusiasts with the opportunity to obtain reduced-price ski passes for three resorts – Cerklje, Soriška Planina and Stari Vrh (although we ended our cooperation with the last of these during the last skiing season).

As exemplary custodians of the company's holiday accommodation, we continuously reviewed the suitability of the Rules on the Use of Holiday Accommodation and other rules, both in periods when applications are open and outside these periods, and constantly sought to make improvements in the way accommodation is allocated. In 2023, in addition to applications for the summer season, we invited applications for the winter holidays, May Day holiday period, autumn holidays, Christmas/New Year period and for spa stays for each quarter. We also prepared a plan of investments in holiday accommodation.

Members underwent periodic training under the aegis of the Association of Works Councils of Slovenia via various courses and workshops throughout the year.

At the end of the year, together with the social partner (trade union) and the management board, we adopted a number of measures to mitigate the effects of levelling and ensure the financial sustainability of the Domel Group, since the Minimum Wage Act came into force on 1 January 2024.

At end of the year, as has long been traditional, we invited all workers to traditional workers' assemblies. We came together at several workers' assemblies convened and organised by the works council in conjunction with the management board at all sites (Otoki, Na Plavžu, Trata, Reteče). At these assemblies, the management board gave detailed presentations of operations in 2023, presented the business plan for 2024 and provided detailed information about the changes brought about by the new Minimum Wage Act. A total of ten workers' assemblies were held. Workers' assemblies are a way to provide information to workers while giving them the opportunity to ask questions directly and submit suggestions and proposals to the management board as individuals. They are also a way for councils to obtain viewpoints and guidance for future work.

Aleksander Volf  
Chairman of the Unified Works Council



# REPORT ON THE WORK OF SP SKEI DOMEL D.O.O. FOR 2023

*A trade union is a voluntary organisation of employees who work together as a team to more easily achieve common goals and protect the rights of employees. It enables workers to fight collectively, and therefore more effectively than as individuals, for fair pay, safe and healthy working conditions and other workers' rights. The fundamental task of a trade union is to protect its members and improve their social, educational, cultural and economic interests.*

A trade union can be organised at the level of an individual employer, at the activity/sector level or at the national level. Trade unions join together in order to realise their interests, since this gives them more power to achieve the goals. The freedom to join a trade union is a constitutional right, and therefore anyone is free to join them.

In 2023 our trade union branch achieved several important results.

A higher annual leave allowance was paid, divided into two parts: a first part in the amount of €1,250 was paid in May and a second part in the amount of €850 was paid in November. No performance bonus was paid in 2023.

The first quarter was characterised by negotiations on a wage increase. These negotiations were postponed several times by management. The trade union proposed a 5% wage increase, while the employer proposed an 8% wage reduction in view of the anticipated crisis. Annexes to the wage reduction agreement were distributed at the end of 2023 but were not signed by all workers.

The members of the executive committee of our trade union branch participated actively in education and training in the form of one-day courses at the trade union headquarters in Ljubljana and a course lasting several days on the island of Krk.

We also participated in various sports competitions organised by SKEI Slovenije. Every year we take part in the national giant slalom and cross-country skiing championships. The trade union organises a range of social activities every year. These include a picnic and social gathering for employees, the giving of gifts to employees' children at the end of the year (Dedek Mráz/Grandfather Frost) and the giving of gifts to female employees on International Women's Day. In the autumn we organised a trip lasting several days for trade union members.

In 2023 we regularly convened meetings between the executive committee of SKEI Domel d.o.o. and senior management. We had five ordinary meetings with management and ten meetings of the trade union's executive committee.

Robert Vojska  
Chairman of the Executive Committee of the SKEI Domel Trade Union Branch





Domel Holding, d.d.  
Otoki 21, 4228 Železniki, Slovenija  
Tel.: +386 4 51 17 100  
E-mail: [info@domel.com](mailto:info@domel.com)  
[www.domel.com](http://www.domel.com)

2023 Sustainability Report

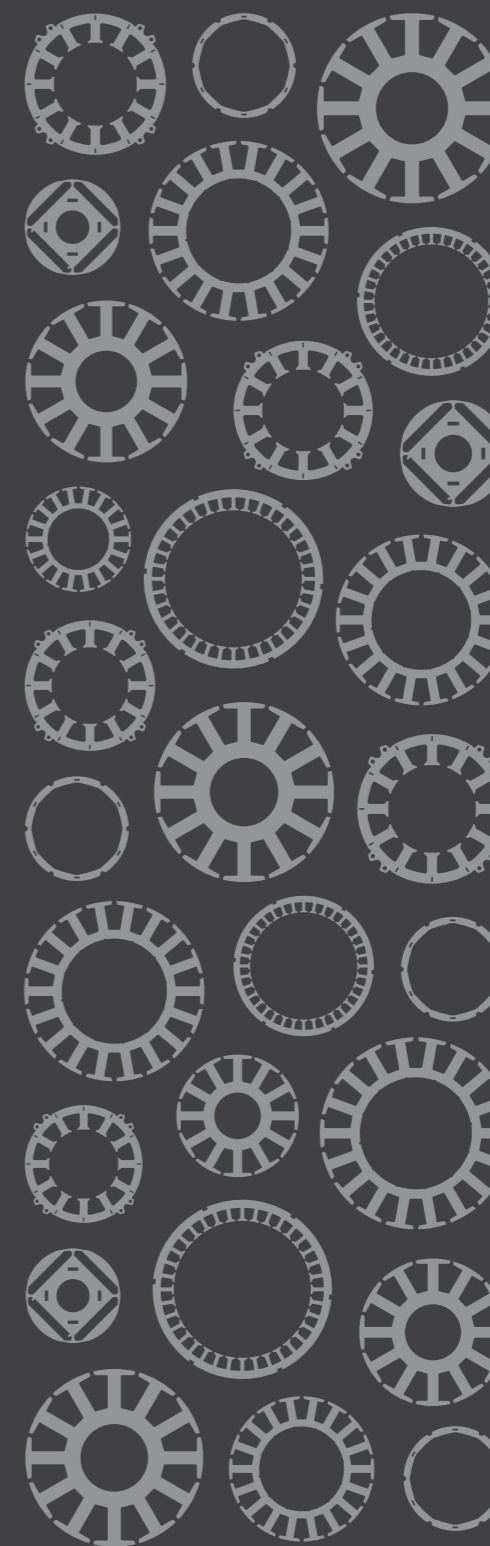
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