

TAB GROUP

2019



Sustainability Report

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Statement from the top management **ON THE IMPORTANCE OF SUSTAINABLE DEVELOPMENT**

Dear all,

In front of you is the first 2019 sustainability report of TAB d.d. Its aim is to present the activities and results of our operations in the light of sustainable development principles, with our interests mainly focused on economic, business, social and environmental aspects. The region with a tradition of lead extraction and processing going back more than 350 years has been under different environmental pressures for many centuries, therefore this is certainly the first commitment to us and our posterity.



It is a welcome development that the company's successful economic operations (as a prerequisite) make it at all possible to pursue our goals, commitments and desires concerning positive sustainable development. The planning and development of always new, better and increasingly environment friendly products, i.e. batteries (e.g. with lower CO2 emissions), manufactured on more modern machines with ever lower environmental impact, process optimization and digitisation, increasingly advanced technologies, etc. – all this is made possible by good financial results.

To mention just a few most important figures in 2019: sales output totalled EUR 278 mil., net profit amounted to

Bogomir Auprih, MA
CEO of TAB d.d.

EUR 21 mil., EBITDA reached almost 11% of sales output, with EUR 15 mil., an all-time high for us, value added per employee amounted to EUR 75 thousand. All this coupled with the company's low indebtedness and other positive indicators thus provides a good economic foundation for our successful sustainable development.

The economic aspect of operations is of course just the first piece of the puzzle of sustainable development. And certainly the one that then enables us to consider the second important aspect of this: the company's social responsibility. The company pursues the latter at the highest possible level, targeting both internal public (700 employees) and the sections of external public, i.e. stakeholders. Continuous general training, the acquisition of different requisite competencies, concern for employee health in the company and outside as well as balanced socially responsible communication with external stakeholders (suppliers, buyers, shareholders, state, media, local community) figure prominently on our priority list.

The third piece of the puzzle of the company's positive sustainable development is naturally the awareness that at the end of the day our responsibility is in the long run the greatest in the area of environment friendly development. An

essential element of this is the system approach at the monitoring and reduction of environmental impact implemented by observing ISO 14001 guidelines, our environmental policy based on BAT orientation and through various environmental programmes planned. Some of our last year's programmes for the Topla unit are: warehouse for lead, changing room renovation, the remediation of waste water discharge system on the industrial treatment plant; and for the IB unit: the cooling of the IB 3 production hall, the reuse of waste Pb without prior recycling, waste water treatment and paste return, fire safety measures, etc. We can also add to this a number of various measurements, monitoring, inspections, audits, etc.

Among other things, our plans for 2020 also include the certification of production in Macedonia in conformity with ISO 14001 environmental standard.

All the aforementioned sustainable development achievements are the result of our joint efforts and meeting the goals and commitments set on the part of all employees, something to be proud of. I would like to thank all our associates for their contribution to a green future.

Bogomir Auprih, MA
CEO of TAB d.d.





2 Key to abbreviations

Pb	LEAD
ITP	INDUSTRIAL TREATMENT PLANT
EP	ENVIRONMENTAL PERMIT
GRI	GLOBAL REPORTING INITIATIVE
SPE	INDEPENDENT PROFIT-MAKING UNIT
IB	INDUSTRIAL BATTERIES
IED	THE INDUSTRIAL EMISSIONS DIRECTIVE

3 | Scope of reporting

This sustainability report is the first sustainability report of TAB covering the 2019 calendar year and it will be published every year from now on. The contents that are part of the sustainability report of TAB d.d. take as its foundation the international reporting sustainability standard GRI - Global Reporting Initiative at its basic level.

The internal management team of stakeholders in the fields of management, employees, environment and external experts was involved in the definition of the scope and essential contents of the report. The identified essential aspects of sustainable operations can be seen from the content index according to the GRI Standard. So far we have not yet decided for the external verification of reporting in line with the GRI GS guidelines. The report is available on our website:

<http://tab.si/> and in the internal documentation system eDocs. The contact point for information on sustainable development reporting is Ms Anja Potočnik, Quality Management System Administrator (e-mail: anja.potocnik@tab.si).

The boundaries of the report have so far remained within the parent company in Slovenia (TAB d.d. – SPE IB and SPE Topla), while other companies of the TAB Group will be gradually incorporated in the next sustainability reports.

4 Basic information

ABOUT TAB D.D.

business name

TAB tovarna akumulatorskih baterij d.d. / TAB d.d. / Polena 6, 2392 Mežica, Slovenia

phone / faks

+386 02 87 02 300 / +386 02 87 02 305

e-mail / website

info@tab.si / www.tab.si

principal activities / code of the principal activity

Manufacture of accumulators, primary cells and batteries / 27.200

registry entry / company classification

10324700, Slovenj Gradec District Court

Under the provisions of the Companies Act, the company is a large company

tax number / registration number

85852589 / 5103363

share capital / legal form / number of shares

1.081.655,82 EUR / Joint stock company / 259.208 / Supervisory Board

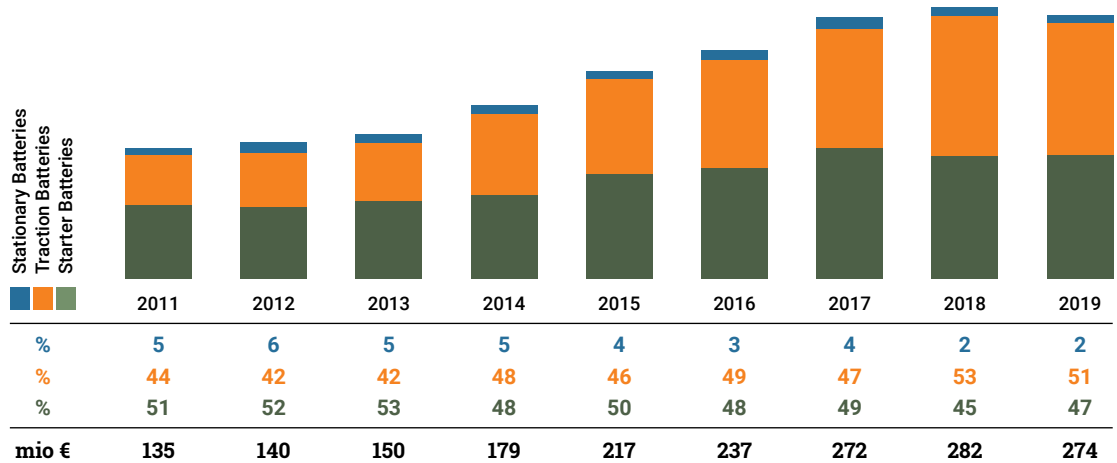
daughter companies in Slovenia

MPI-Reciklaža, TAB-IPM logistika plastika in storitve,
Gradbeni materiali, Podzemlje Pece

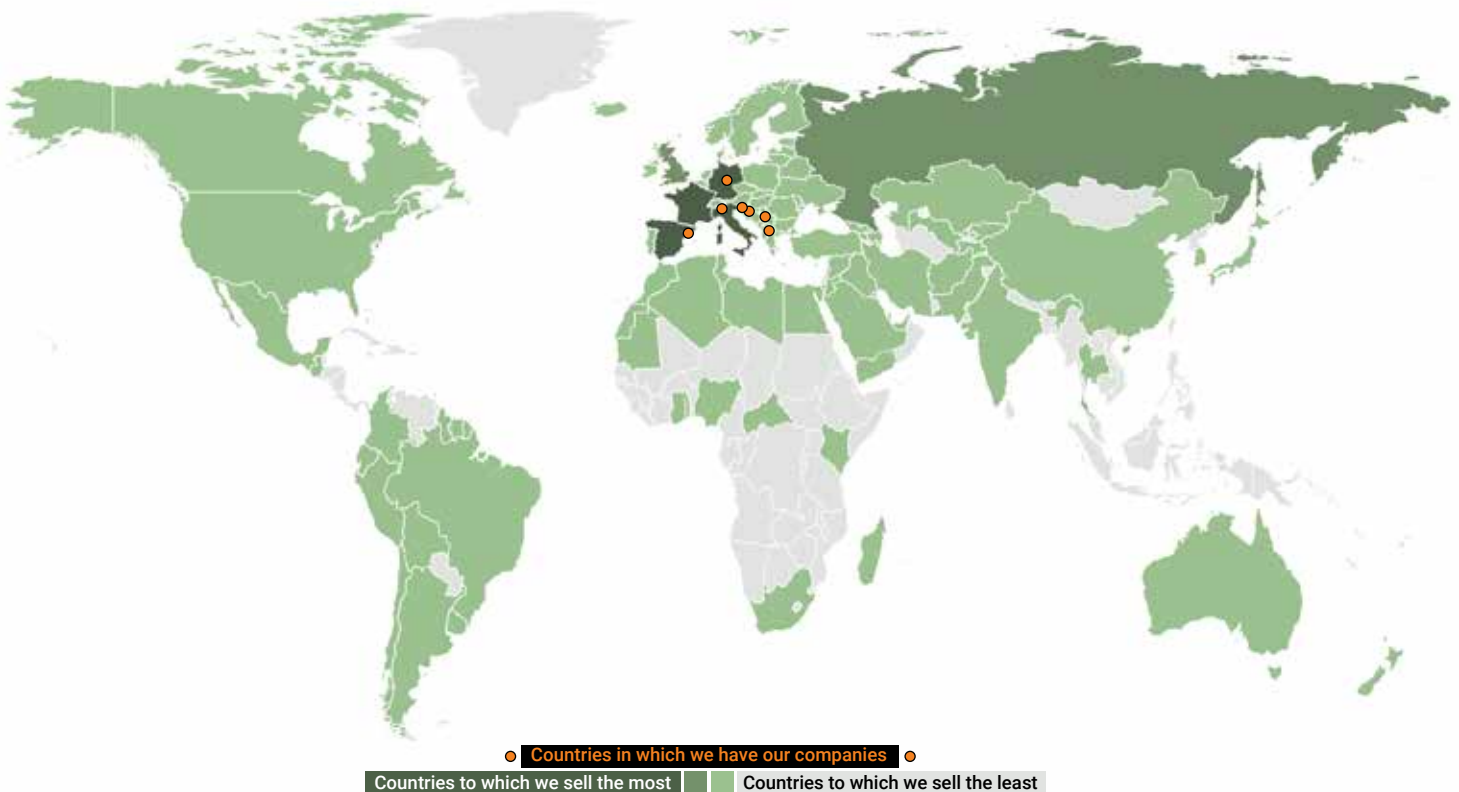
daughter companies abroad

TAB Italia, TAB Spain, TAB Polska, Baterija – TAB Hrvatska,
TAB Baterije Srbija, TAB MAK, Makedonija, MPI Ecogreen – Italija

Sales trend by battery type [mil. €] in the period between 2011 and 2019



High-quality batteries manufactured by TAB d.d. are known all over the world, especially in Europe, Asia and America. Below there is an overview of the countries in which our companies are located, and an overview of the countries to which we sell our batteries.



Company presentation

TAB d.d. is the manufacturer of high-quality accumulator batteries that are known all over the world, especially in Western Europe, Eastern Europe, North America, Asia and in the Middle East.

TAB d.d. produces the following types of lead-acid batteries:

- **starter batteries** from 36 Ah to 240 Ah;
- **industrial batteries:**
 - traction batteries DIN and BS, BCI, PzV and PzVB;
 - stationary batteries: OPzS, OGi, UPS, TOPzS and OPzV.

These batteries can act as civilian or military batteries, and they can also be classified according to:

- **open** (flooded) or
- **VRLA** (Valve Regulated Lead Acid):
 - AGM (Absorbed Glass Mate) or
 - GEL batteries.

Together with its subsidiary companies, TAB makes different product lines in three contemporarily equipped plants with computer-aided manufacturing:

- The first plant located in **Črna na Koroškem** is dedicated to the manufacturing **production of starter batteries** of all brands (**TAB, Topla, Vesna, VolThor**). Approximately 3,300,000 pieces of batteries are produced annually.
- The second factory located in **Žerjav** is the **recycling plant (MPI-Reciklaža d.o.o.)**, which annually produces about 33,000 tons of lead and alloys from 50,000 to 60,000 tons of waste, and the factory producing industrial batteries. It annually produces 1,800,000 pieces of traction and stationary elements.
- The third factory **TAB MAK d.o.o.** located in **Probishtip** (Republic of North Macedonia) manufactures **starter batteries** of the TAB, Topla, Vesna, VolThor trademark with annual production capacity of 2,000,000 pieces, **traction batteries** with annual production capacity of 400,000 pieces of traction elements, while the **recycling plant** generates 6,000 tons of lead out of 18,000 tons of waste.

6 Economic aspect

Financial data for TAB are shown below.

Sales revenues in year 2019

EUR 278,3 million / which is 1 % less compared to 2018

We made a net profit in year 2019

EUR 21,1 million

EBITDA

EUR 29,8 million. EBITDA margin totalled 10,4 %

EBIT

EUR 23,1 million. EBIT margin totalled 8,1 %

Investments

EUR 14.7 million

Financial data for TAB in 2018 and 2019

	2019	2019 plan	2018	Index 2019/18
Net sales revenue	278.291.352 €	283.635.711 €	280.324.720 €	99
Net profit	21.101.598 €	20.844.680 €	26.382.069 €	80

Payment deadlines abroad are approximately 90 days.

All accounts in 2019 were settled at their due date.

TAB d.d. is also a recipient of the Golden Creditworthiness Certificate of Excellence awarded by the group **BISNODE**. Bisnode elaborates a credit rating assessment based on the criteria developed by **Dun & Bradstreet**. According to the new "failure score" model, TAB d.d. is classified in the highest order, i.e. **golden AAA**. Golden creditworthiness of excellence stands for above-average credit rating among companies that for at least three years in a row reached the highest order AAA. Out of all 177,562 registered companies in Slovenia in 2020, such creditworthiness of excellence was achieved by only 1.3% of companies.

Mission

In addition to being competitive and one of a kind in the production and marketing of lead-acid and other types of batteries, we ensure the continuous flow of energy and movement in the wider community.

Vision

We are a highly competitive company in the field of production, sales, and servicing of various energy storage solutions, by creating new markets and satisfying extended needs of our stakeholders.

Values

Our values are competitiveness and uniqueness, innovation, flexibility, reliability and sustainable development. In addition to being interested in the development, production and sale of high-quality products, the company also considers it important to build partnerships with its stakeholders involved in operations with customers, employees, suppliers, shareholders, the state, and the local and wider community.

The company management will ensure all the conditions needed for achieving the goals set and for continuous improvement in the efficiency of the quality and environmental management system. The management undertakes to create conditions providing for the development and manufacturing of products in compliance with local and international laws and standards. We will fulfil all the requirements to which the company has agreed to, and respond to the requirements and expectations of our customers in order to increase their satisfaction.

During the performance of our activities, we will ensure that our environmental impact will be minimal and within Slovenian and international legal limits. We will also take care of the health and safety of employees at workplace and of their motivation. We will enable the acquisition of the necessary knowledge to ensure a proper level of qualification.

8 Governance and management

8.1 Organisational structure of TAB d.d.

TAB d.d. is governed by a two-tier structure, whereby the company is run by the Management, while its activities are controlled by the Supervisory Board.

The company's bodies are:

- General Meeting of Shareholders,
- Supervisory Board and
- Management.

The Supervisory Board was appointed at the 22nd regular meeting on 16 August 2018, and its term of office lasts four years from 2 August 2018 and expires on 2 August 2022.

The members of the Supervisory Board are:

- **Sašo Pačnik** – President,
- **Gregor Vrabič** – member,
- **Matjaž Obretan** – member,
- **Klavdija Kajzer** – member, Deputy President,
- **Vladimir Anton Lukanc** – member,

Statement of independence of the members of the Supervisory Board

Upon the appointment of the Supervisory Board and also for the duration of the term of office, the independence criteria of the members of the Supervisory Board were not violated. The disclosures on potential conflicts of interest were not such that could impact their impartial and objective performance of tasks or decision-making of any members of the Supervisory Board. The statements of the independence of the members of the Supervisory Board are not published on the Internet.

The Company Management is represented by one member – the Director, who is appointed and dismissed by the Supervisory Board. At its meeting held on 14 February 2020, the Supervisory Board reappointed the Director of the company Bogomir Auprih, MA, for a 4-year term of office.

Diversity policy with regard to the representation in the company's management and control bodies from a gender and other aspects has not yet been implemented in the company, however, the company still provides for the diversity of representation in the supervisory body, while the management authority has one member.

The organisation is not a signatory to any special external documents or initiatives.



8.1

The company has two independent profit-making units (SPE) and the following expert departments:

- SPE IB Production;
- SPE Topla Production;
- Investments;
- Development and Technology SPE IB;
- SPE Topla Development and Technology;
- Servicing;
- Commercial Department (Sales, Procurement, Sales Logistics IB, Sales Logistics Topla, Marketing);
- Controlling;
- Finance and Accounting;
- Expert Departments (Ecology, Safety at Work, Quality Management Systems)*;
- IT Department *;
- HR and Legal Department *.

* The management of the expert departments, the IT Department as well as the HR and Legal Department is organised within TAB-IPM d.o.o. for the TAB Group (TAB d.d., TAB-IPM d.o.o., MPI-Reciklaža d.o.o., Gradbeni materiali d.o.o. and Podzemlje Pece d.o.o.)



8.2 Presentation of related companies

Company	Head office	Stake or shares in %
MPI-Reciklaža d.o.o.	Žerjav, Slovenia	92,67 %
TAB-IPM d.o.o.	Žerjav, Slovenia	100 %
Gradbeni materiali d.o.o.	Žerjav, Slovenia	100 %
Podzemlje Pece d.o.o.	Mežica, Slovenia	100 %
TAB Polska Sp. z o.o.	Warsaw, Poland	100 %
TAB Spain S. L.	Barcelona, Spain	75 %
Baterija – TAB Hrvatska d.o.o.	Zagreb, Croatia	100 %
TAB Italia S. p. a.	Bergamo, Italy	100 %
M.P.I. Ecogreen S. r. l.	Bergamo, Italy	100 %
TAB Baterije d.o.o.	Beograd, Serbia	100 %
TAB MAK d.o.o.	Probištip, Macedonia	90 %
PZ TAB – RUS o.o.o.	Moscow, Russian Federation	51 %

8.3 **Employee participation in management**

Employees also participate in the management of the company exercising their powers and rights as individuals or jointly through the Works Council, representatives in the company's management and governance bodies. The company's Supervisory Board has two employee representatives representing the interests of workers in the HR and social fields.

The Works Council with 13 members was also set up. It represents the interests of workers, formulates views and submits proposals and initiatives to the Company Management to improve the quality of working life. 4 meetings of the Works Council were held in 2019.

To determine employee satisfaction and views, a satisfaction analysis by means of a questionnaire is performed once a year. 285 employees (SPE IB, SPE Topla and TAB management) participated in the last questionnaire. Employees were generally satisfied with organisation climate in the company, however quite a few clear starting points for further improvement and opportunities for the company's development have emerged.

8.4 **Precautionary approach**

It is important for successful business that risks are identified as efficiently as possible and managed successfully. The system is supported by the risk and opportunity register where we identified all key risks and opportunities that could impact operations and achieving the goals set.

8.5 Stakeholder engagement

Our operations also see the engagement of our stakeholders whereby we get to know their needs and expectations. We are constantly striving to improve our business; we adopt strategic adjustments to commercial practices and build trust between stakeholders.

The selection of stakeholders was made at the strategic workshop of management structures with the help of the stakeholder structure used to determine which stakeholders are important for the organisation and how they are included in the organisation. The following key stakeholders were identified:



Other identified stakeholders also include non-governmental organisations (NGOs), community at large, insurance companies, banks, social networks and trade union.

Some stakeholders (employees, local community, owners) were directly included in the selection of material topics and gap analysis serving as a basis for the strategy and the company's sustainable operations.

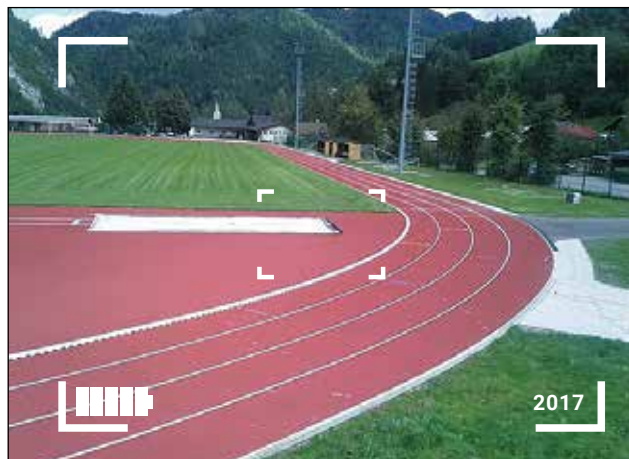
Stakeholders were involved in the selection of essential contents through workshops where we went through the main components of ISO 26000, which later served as a basis for the selection of reporting contents. Buyers were included through questionnaires and their special demands.

Social responsibility, quality and environmental management policy is available to stakeholders on the website <https://www.tab.si/index.php/content/display/10>, and the Code of Conduct of the TAB Group is published there as well http://www.tab.si/pdf/razno/Kodeks_ravnanja.pdf.



8.6 Cooperation with the local community

The TAB Group actively cooperates with the local community on several projects, such as for example:



Sports ground construction in Črna na Koroškem in 2017



Construction of a new cycling "pumptrack" polygon in Črna na Koroškem in 2019



Construction of a running track at the Mežica Stadium in 2019 and 2020



8.7

Podzemlje Pece (Peca Underground)

The Mežica lead and zinc mine was one of the last lead and zinc mines in Europe that was still in operation at the end of the 20th century. The Mežica mines extracted lead and zinc ore in an exploration site covering an area of about 64 sq. km. Tunnels and excavations followed from a depth of 268 m and almost to the top of the Peca Mountain at an altitude of 2040 m. During the years of operation, miners dug up 19 million tons of ore, acquiring million tons of lead and half a million tons of zinc. In parallel to mining, strong processing industry also developed, of which Tovarna akumulatorskih baterij and Metalurgija plastika inženiring still successfully operate today.

In its more than three hundred years of operation, it had a profound impact on life outside the mine and on the development of the upper Mežica Valley. Following the closure of the mine, technical, cultural and natural heritage remained. We preserved it and based on this heritage, new activities were created. For this purpose, part of the mine remained open and here new and innovative sustainable tourism products were developed.



Today, Podzemlje Pece (Peca Underground) represents one of the main tourist attractions of Karavanke UNESCO Global Geopark and offers unique underground adventures and experiences.

Visitors can experience the mine and the history of mining in an interesting way by driving into in with a real mining train, walk through it on foot, ride a mountain bike through tunnels and excavations and those who are skilled can also descend with mountain bikes between horizons through the “Black hole trail”. Visitors can also kayak along flooded parts of the mine. The Slovenian Tourism Board awarded 5 stars to this unique experience and declared it “Slovenia Unique Experience”.

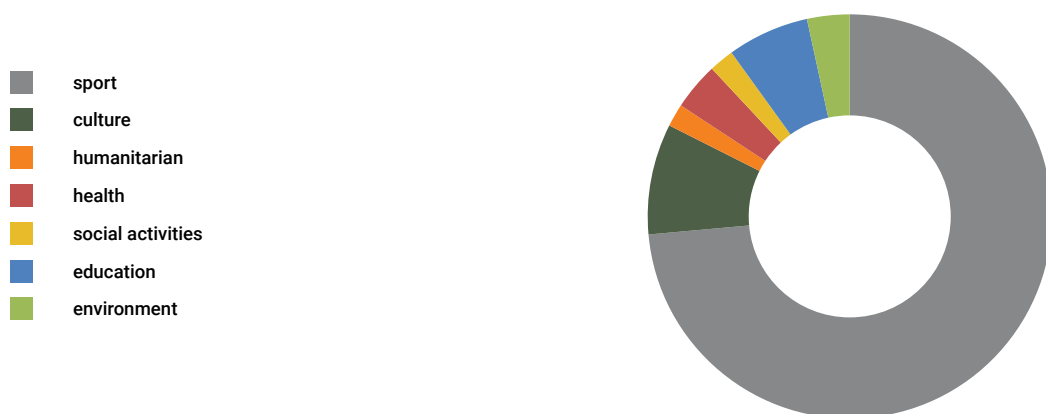
The facilities in front of the entrance to the mine, which are protected as technical monuments, house numerous collections of important historical records; here you can also find beautiful specimens of ores and unique minerals.

8.8 Sponsorships and donations

Applications for donations are collected all year round at the company's head office and are then reviewed and approved by the management in December.

Donations and sponsorships are intended to cultural, sport, education and humanitarian purposes to local societies and organisations (Črna, Mežica, Ravne)

Share of donations and sponsorships



9 Ethics and Integrity

The values of the operations of TAB rest on the culture of business integrity and ethical conduct in all segments of our organisation. The Code of Conduct serves as a basis for responsible and ethical conduct that is expected from employees in carrying out their work. This promotes honesty, social responsibility, sustainable development and continuous improvement of performance of its production and supply capacity all over the world.

The principles set out in this Code apply directly to the whole company TAB, its subsidiary companies and thus to all employees. In addition, it is expected from the companies to actively promote the use of the principles of the Code throughout the supply chain.

Observance of the principles of the Code contributes to creating a good atmosphere among employees as well as among business and other partners. Such tradition continues with our vision, sustainable growth, social responsibility and conduct in line with ethical principles. This fulfils the mission of sustainable development of the TAB Group.

Adherence to the principles and guidelines of the Code of Conduct is a moral obligation and professional duty of all employees of the TAB Group. All managers and directors are responsible for content transmission and for enforcing the Code in their respective organisations. The TAB Group demands from suppliers, buyers, subcontractors and other business partners to accept and consider these principles, and within one year from signing the Code, the management of companies shall provide for the system of obtaining the evidence of the above.

The Code defines all our business principles that includes compliance with applicable state laws and regulations, and prohibits any form of corruption or bribery, forced labour, child labour and harassment (physical, sexual, psychological or verbal). The Code of Conduct explicitly prohibits all forms of employee discrimination.

The Rules on the Protection of Workers from Discrimination, Harassment and Bullying on the Job (mobbing) prohibiting sexual and other harassment and bullying for all employees of TAB d.d., MPI-Reciklaža d.o.o. and TAB-IPM d.o.o. have been in force since 1 June 2012. In 2019, no case of discrimination or any claims for remedying violations under this title were considered.

Human Rights

The training of the heads of departments in social responsibility, compliance, integrity and human rights was conducted for the first time in 2019. 24 heads of departments attended the training and they passed on information to employees in their departments. Within the training and workshops, the Priority list of human rights relevant for the TAB Group was elaborated.



Priority list of human rights relevant for the TAB Group

FUNDAMENTAL RIGHTS AND FREEDOMS

relevance:	very important	important	less important	unimportant
	EMPLOYEES	LOCAL COMMUNITY	SUPPLIERS	INDICATORS
Prohibition of forced labour	important		important	No. of hours worked
Freedom of expression – in connection with the right to an organised trade union movement	important	important	important	No. of publications
Inviolability of human privacy (data protection)	very important		very important	No. of personal data breaches

Priority list of human rights relevant for the TAB Group

ECONOMIC, SOCIAL, AND CULTURAL RIGHTS

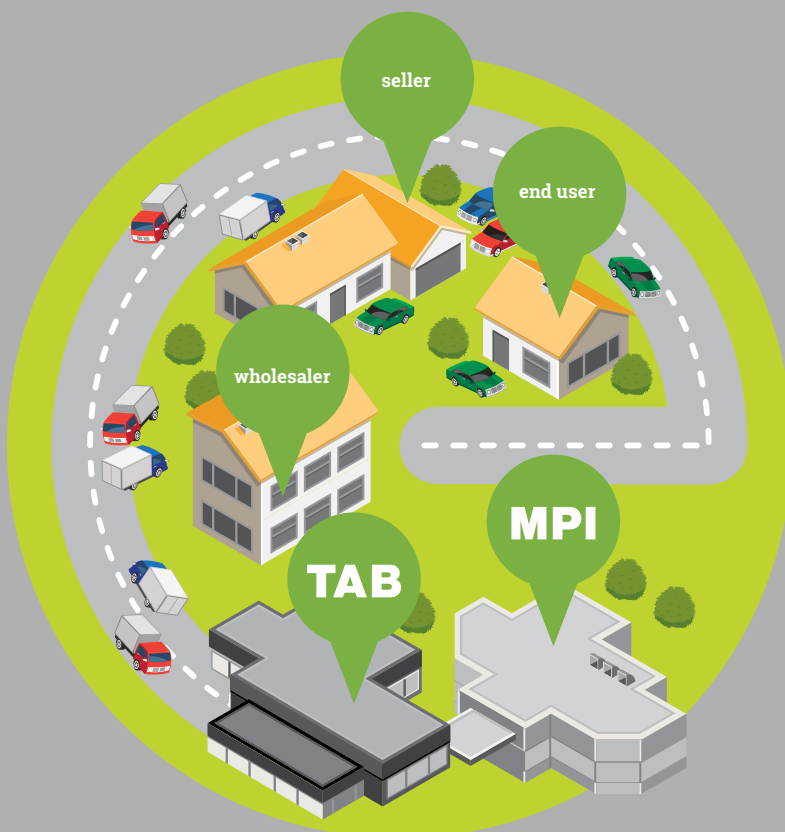
relevance:	very important	important	less important	unimportant
	EMPLOYEES	LOCAL COMMUNITY	SUPPLIERS	kazaln INDICATORS iki
Right to food (snack)	very important			Guaranteed snack in a canteen
Right to education	very important		very important	No. of hours of training per employee
Right to work	very important			No. of open actions for unlawful dismissals
Right to dignity at work	very important		very important	No. of reports
Right to an organised trade union movement, participation and strike	very important		very important	No. of strikes, rallies Agreement concluded with trade unions
Right to the same pay for the same work	very important		very important	Salary level
Right to social security (payment of contributions)	very important		very important	Payment of contributions
Right to family life	important		important	No. of overtime hours exceeding the statutory limit
Right to health	very important	very important	very important	Health promotion measures No. of injuries at work Employees' blood Pb level
Right to non-discrimination	important	important	important	No. of complaints due to discriminatory behaviour
Right to rest and leisure	very important		very important	Annual leave utilisation; annual leave payment
Right to a healthy living environment	very important	very important		Measurements of air emissions, water, noise

Sustainable business strategy

TAB does not only manufacture high-quality lead batteries, but also employs the **EcoMotion system** for their ecologically sound removal and decomposition.

EcoMotion represents a closed loop life cycle of a battery from its production to recycling. **TAB d.d.** manufactures new batteries and through its authorised sales and commercial network collects used batteries that are professionally recycled in its company **MPI-Reciklaža d.o.o.**

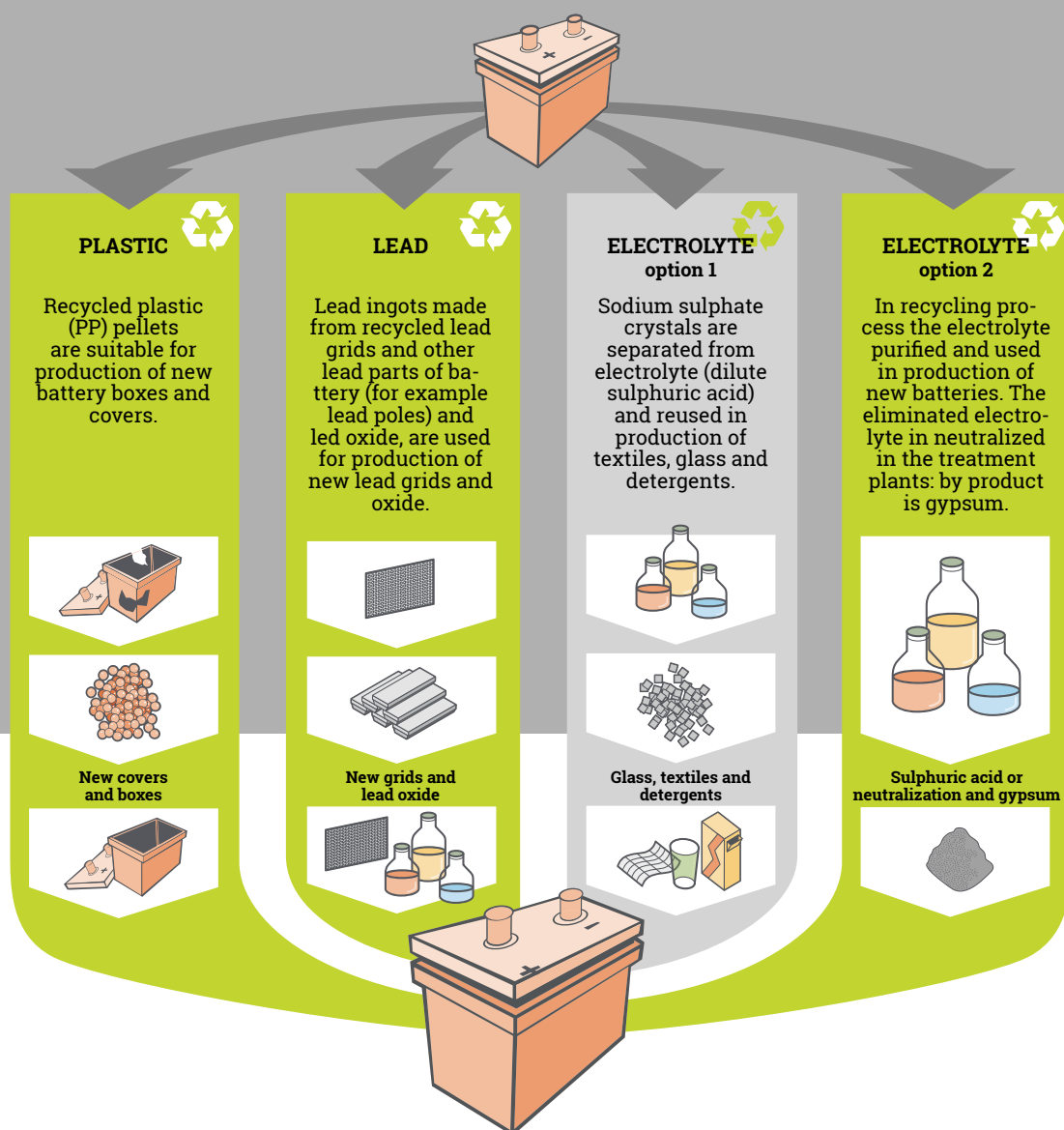
EcoMotion System: Closed loop battery life cycle



blue vehicle:
NEW BATTERIES
on the way to the customer
(stops: wholesaler and seller)

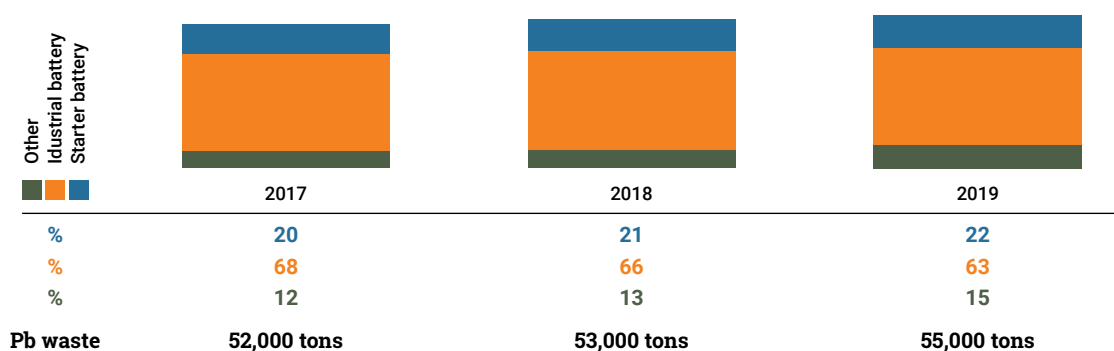
red vehicle: (collector):
USED BATTERIES
on the way to the smeltery
(stops: seller and wholesaler)

Lead, polypropylene and sulphuric acid from used accumulator batteries are reused through the EcoMotion system, as explained in the figure below.



The subsidiary company MPI-Reciklaža d.o.o. annually receives between 50,000 and 60,000 tons of lead waste in various forms (of which waste starter batteries account for the largest share – 60%, waste industrial batteries represent 15% and the remaining 25% are crude lead and other Pb waste).

Amount of PB waste received in MPI-Reciklaža d.o.o.







UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The organisation chose the United Nations Sustainable Development Goals for its integration into a sustainable framework. The strategic workshops attended by the management structure selected the following strategic goals that are important for the organisation.

GOAL 3: GOOD HEALTH AND WELL-BEING

Ensure a healthy life and promote general well-being at all stages of life.

GOAL 6: CLEAN WATER AND SANITATION

Ensure access to water and sanitation for all and ensure sustainable water resource management.

GOAL 8: DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

GOAL 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable production and energy consumption patterns, progress in solving the problem of waste generation and its management.

GOAL 13: CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

GOAL 15: LIFE ON LAND

Protect and restore terrestrial ecosystems, promote their sustainable use and maintain biodiversity.



Cooperation with suppliers

Since 2017, all strategic suppliers have been evaluated once a year on the provisions of a quality standard and their environmental policy, and as of 2020 their impact on the social environment will start being assessed.

Uniform assessment criteria are in place, which include supply quality and punctuality, price, payment terms, compliance with regulatory provisions and the quality/ environmental standard and country risk. The whole quality assessment and criteria for selecting suppliers are duly documented.

In the case of OEM suppliers, we also perform external audits according to VDA 6.3, where the orderliness of jobs and waste storage are inspected, and in addition the company's socially responsible stance can be reviewed as well.

So far, we have not identified any activities and suppliers where there would be a possibility for the violations of human rights, child labour and forced labour.



A guiding principle of our activities is to contribute to the sustainable development of society. Environmentally responsible behaviour is an essential part of our business strategy, while investments in best available technologies remain an integral part of our investments. When investing in production processes, the aspects of ensuring environmental compliance in emissions and of the energy-efficient technical implementation of technological systems are always considered.

TAB d.d. has the management system in place that meets the requirements of international quality and environmental management standards:



ISO 9001:2015

ISO 14001:2015

IATF 16949:2016
(for the location SPE Topla).

In the past year 2019, the following environmental management projects were implemented in connection with improving working conditions and reducing the amount of waste:

IN SPE Topla:

- arrangement of storage facilities for lead (Pb);
- procurement of documents and projects for the reconstruction of changing rooms and administrative premises;
- remediation of waste water discharge system on the industrial treatment plant (ITP).

IN SPE IB:

- arrangement of rest rooms and a designated smoking area;
- arrangement of offices of a shift manager and assembly manager;
- arrangement of a workplace – breaking of panels;
- project: return of Pb waste at specific workplaces, where this can be performed;
- closed waste water system when rinsing plates.

In 2019, the following environmental protection activities were implemented:

- drafting annual reports on environmental protection
- levying environmental taxes for different fields;
- measurements of air emissions of substances;
- measurements of emissions of substances and waste water heat;
- regular and extraordinary inspections by the Inspectorate of the Republic of Slovenia for Environment and Spatial Planning were conducted;
- ISO 14001:2015 audits were successfully implemented,
- project preparation procedures for improving a waste water treatment system from the ITP – reconstruction of treatment plant;
- activities for obtaining a modification of an environmental permit on location SPE IB were conducted throughout the year;
- projects for ensuring fire safety were implemented – fire sprinkler extinguishing, extinguishing systems in dry filters.

12.1 Legal requirements in the field of environment

Both locations fall under the scope of IED and SEVESO. An environmental permit for the operation of devices that could cause large-scale environmental pollution and environmental permits for the plant were obtained.

The company obtained separate environmental permits for the locations SPE Topla and SPE IB.

Environmental permits in SPE Topla:

- **IED permit 35407-11/2007 and a decision on amending the permit:**
 - 35407-47/2011,
 - 35406-11/2014,
 - 35406-5/2016.
- **SEVESO permit 35492-3/2013-9 and a decision on amending the permit 35492-3/2017-6.**

Environmental permits in SPE IB:

- **IED permit 35407-10/2007 and a decision on amending the permit:**
 - 35406-47/2012,
 - 35406-44/2014.
- **SEVESO permit 35492-5/2013-12 and a decision on amending the permit 35495-2/2016-20.**

In the field of environmental protection, 4 inspections were conducted in 2019. TAB d.d. complies with environmental laws and regulations.

12.2 Materials

The costs of procuring strategic ancillary materials and spare parts amounted to EUR 183 mil. Dependent purchasing costs (transport, customs) totalled EUR 2.2 mil. or 1.2% of total purchases.

The purchase of lead and lead alloys accounts for 74% of total purchases. The second largest purchasing item are plastic containers and lids, representing 5% of total purchases, third place is occupied by separators that account for 3%.

Due to the high share of lead and alloys in total purchases, the value of purchases can fluctuate quickly as the price of lead depends on price developments on the stock exchange.

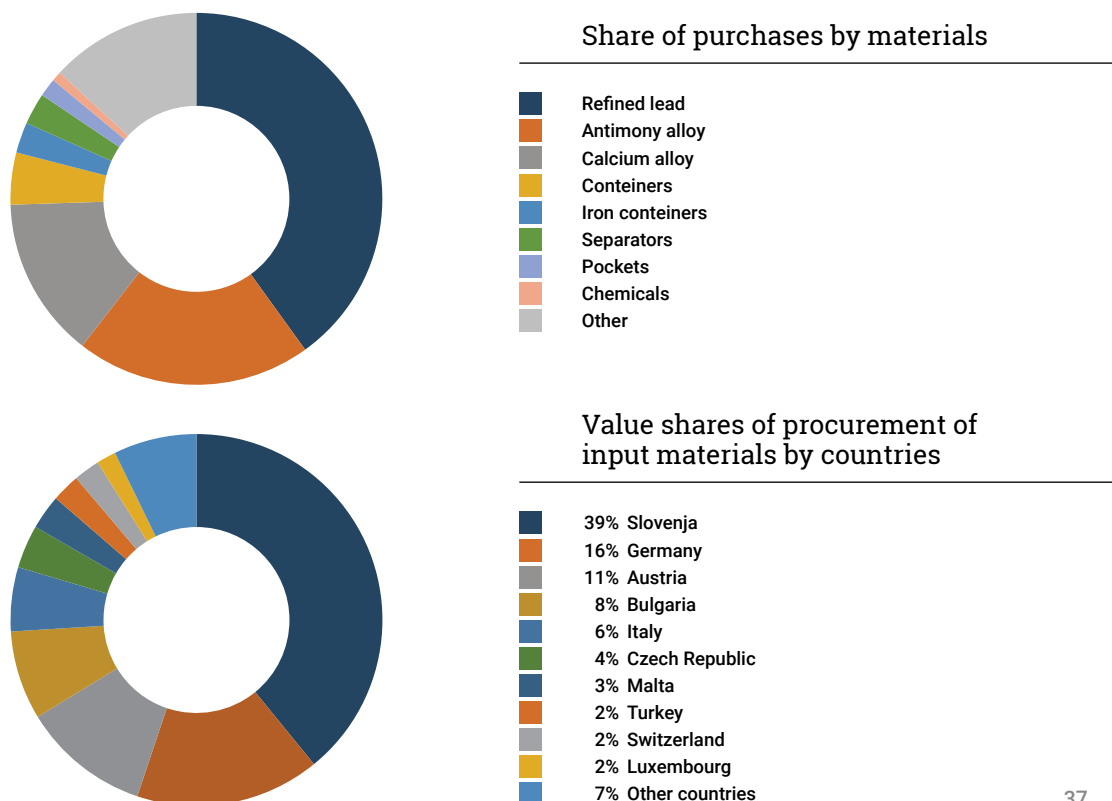
The largest share in purchasing is represented by the procurement of lead and lead alloys, which can be seen in the Figure below.

67,000 tons of lead and lead alloys, of which more than 80% comes from the recycling of old batteries, are consumed annually.

Plastic containers for traction batteries are made entirely from recycled plastics, while containers for starter batteries are the mix of recycled plastics and pure (unrecycled) plastics.

Given the fact that lead and plastic containers account for 80% of total purchases, it can be said that our input materials are 80% from recycled raw materials.

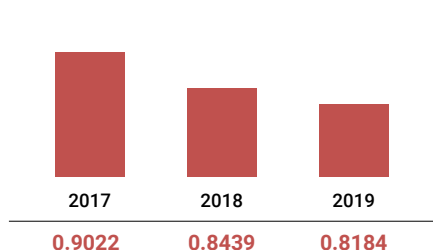
Value shares by countries reveal that more than 90% of input materials are procured in Europe, out of which 39% in Slovenia, which can be seen in the Figure below.



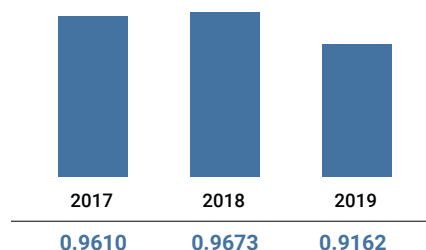
12.3 Energy consumption

Electricity consumption in TAB d.d. is monitored in relation to the consumption of Pb. Figure 8 and Figure 9 show the average annual value of electricity consumption in SPE Topla and SPE IB.

Share of electricity consumption [MWh/t] in relation to the consumption of Pb in SPE Topla in the period 2017–2019

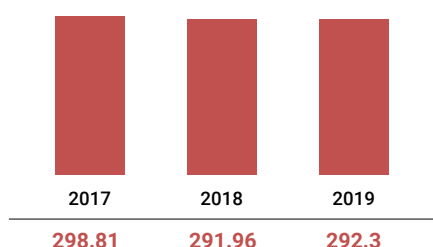


Share of electricity consumption [MWh/t] in relation to the consumption of Pb in SPE IB in the period 2017–2019

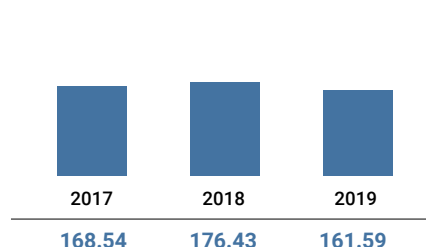


Natural gas consumption is also monitored in the same way. The average annual value of natural gas consumption for SPE Topla and SPE IB is shown in Figures 10 and 11.

Share of natural gas consumption [kWh/t] in relation to the consumption of Pb in SPE Topla in the period 2017–2019



Share of natural gas consumption [kWh/t] in relation to the consumption of Pb in SPE IB in the period 2017–2019



In production, we use the best available technologies with the view to optimise the use of energy sources.

Lowering energy consumption

In 2017, the company elaborated an energy review where the guidelines for reducing the consumption of energy products were set out. For all new investments, reconstructions and repairs, the decision considers the use of energy products, which should be as low as possible. Energy product reductions are also taken into account in the event of ongoing maintenance, e.g. all broken lights are replaced by LED lights.

Reduction of energy requirements of accumulators

At its location SPE IB in Žerjav, TAB d.d. developed and placed on the market **the new type of traction batteries of the PzRM type** as part of the reduction of energy requirements of batteries, while also extending the interval of water replenishing and maintenance.

These batteries, which are also used as standard batteries for the propulsion of service vehicles (forklifts, pallet trucks...), consume 10–15% less electricity during charging due to their construction and adjusted charging curves of chargers. This innovative solution significantly improves their energy profile and leads to lower operating costs for the end user.

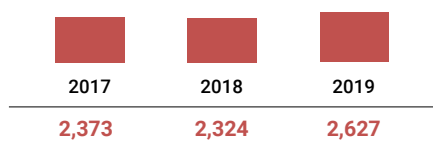
The location SPE Topla also repeatedly develops starter batteries with improved characteristics. Good examples of this are **TAB AGM Stop & Go batteries** intended for use in vehicles with enhanced level Start-Stop function with brake energy recuperation. The valve-regulated AGM construction thus contributes to very low water consumption due to internal recombination of water into cells.



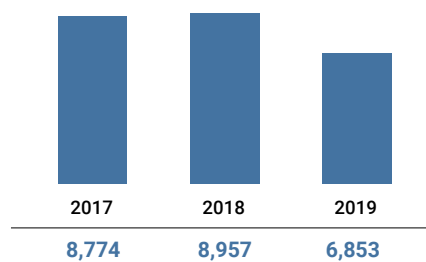
12.4 Water consumption

A water permit for the abstraction of process water was issued for both locations SPE Topla and SPE IB. All water at both locations is withdrawn from the public water supply network.

Proportion of water consumption in relation to Pb consumption (m^3/t) for SPE Topla in the period 2017–2019



Proportion of water consumption in relation to Pb consumption (m^3/t) for SPE IB in the period 2017–2019



Water consumption at the location SPE Topla in relation to the ton of Pb consumption.

12.5 Biodiversity

The location of the TAB d.d. site - SPE IB Žerjav borders on a protected Natura 2000 site POO Žerjav – Valley of Death (SI 3000030) covering a total area of 0.8 sq. km. This area saw the development of vegetation, which was declared a special habitat, i.e. grassland with a high share of heavy metals in the vegetation of the order *Violetalia calaminariae*. The formation of the protected habitat was contingent upon heavy metal pollution due to the extraction of lead from ore. In its existing state, SPE IB does not affect the biodiversity of the Natura 2000 site.







12.6 Emissions

Waste gases from the production of accumulators are contaminated by dust from technological units or sulphuric acid resulting from the formation (charging) of accumulators. Waste gases contaminated by dust pass through "dry" filters of bag or patron type. Sulphuric acid mist passes through "wet" filters – gas scrubbers or droplet separators. The company has to provide the measurements of air emissions for each exhaust separately. Measurements are conducted every 3 years. In 2019, measurements were organised on 18 discharges, of which 13 in SPE Topla and 5 in SPE IB.

Pursuant to legislation, once a year cooling devices are checked for tightness. Based on the check, gas is refilled or emptied in the event of the removal or repair of a cooling device if necessary. In 2019, 6 kg of R407c gas was refilled for servicing purposes.

The measurements of air emissions of substances are performed in line with the environmental permit issued every 3 years. The annual assessment of air emissions of substances showing all measurements and measured values is elaborated once a year. The annual assessment is submitted to ARSO (Slovenian Environment Agency). All measurements performed comply with the environmental permit.

12.7 Waste water

The company generates two types of waste water: industrial waste water and municipal waste water.

Each location (SPE Topla and SPE IB) has one industrial treatment plant. All waters produced in the technological process flow into the collection tanks of the industrial treatment plants and are later treated at the industrial treatment plants.

In accordance with laws and the environmental permit, the location SPE IB annually conducts 4 measurements and SPE Topla 3 measurements a year. In addition to the industrial treatment plants, both locations also have two small municipal treatment plants where waste municipal water from sanitation is discharged. The measurements of these discharges are conducted every 3 years. The annual report is elaborated on the basis of performed measurements.

Maximum quantities of treated water at the ITP effluent in SPE Topla were 43,800 m³ for industrial waste water, 150,000 m³ for industrial waste water in SPE IB and a total of 66,000 m³ for cooling water. It was found that in 2019 there was no excessive burden on the environment; total quantities of treated waste water were not exceeded.

12.8 Waste

5 types of waste generated in the company and the method of their disposal are defined below. The quantities of municipal waste and hazardous waste are presented in relation to Pb consumption by the locations. In the case of paper and cardboard packaging, plastic packaging and wooden packaging, the quantity is given in kg and shown collectively for both locations SPE Topla and SPE IB.

Quantity of municipal and hazardous waste for SPE Topla and the method of disposal

TYPE OF WASTE	Quantity 2017	Quantity 2018	Quantity 2019	Method of disposal
Municipal waste	0,43 kg/t Pb	0,53 kg/t Pb	0,36 kg/t Pb	Landfill/recycling
Hazardous waste	0,85 kg/t Pb	0,76 kg/t Pb	0,34 kg/t Pb	Destruction/recycling

Quantity of municipal and hazardous waste for SPE IB and the method of disposal

TYPE OF WASTE	Quantity 2017	Quantity 2018	Quantity 2019	Method of disposal
Municipal waste	1,20 kg/t Pb	0,60 kg/t Pb	0,40 kg/t Pb	Landfill/recycling
Hazardous waste	0,40 kg/t Pb	0,60 kg/t Pb	0,30 kg/t Pb	Destruction/recycling

Aggregated quantity of plastic, wooden, paper and cardboard packaging in SPE Topla and SPE IB

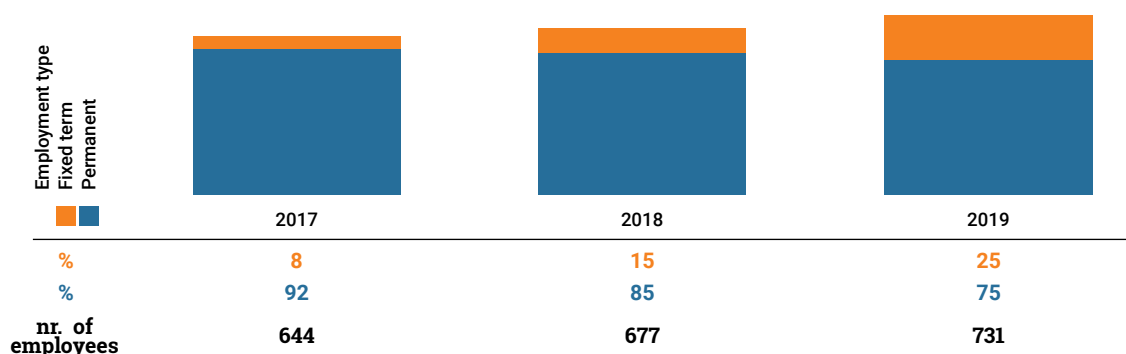
TYPE OF WASTE	Quantity 2017	Quantity 2018	Quantity 2019	Method of disposal
Plastic packaging	124,060 kg	130,434 kg	131,476 kg	Recycling
Wooden packaging	92,120 kg	0 kg	23,280 kg	Recycling
Paper and cardboard packaging	363,620 kg	333,580 kg	397,900 kg	Recycling

Employment policy and employee structure

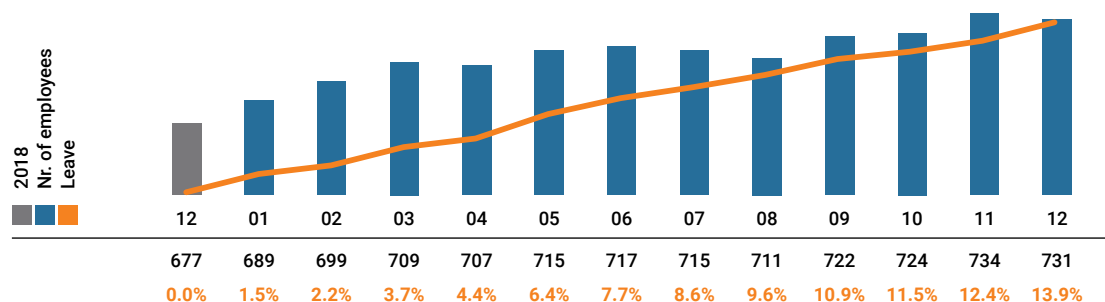
The number of employees in TAB d.d. has increased considerably in recent years. In 2019, as at 31 December 2019, the company had a workforce of 731 employees, with the average number of employees on the basis of working hours amounting to 710.

Below is the presentation of the evolution of the share of employees in the period between 2017 and 2019 depending on the type of contract (fixed term/permanent). All employees are employed under a collective agreement.

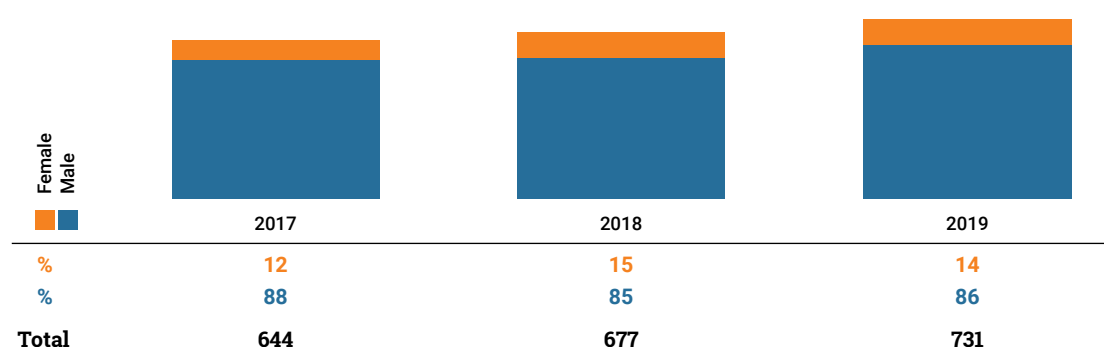
Evolution of the share of employees depending on the type of contract in the period between 2017 and 2019



Total employee count and fluctuation in 2019

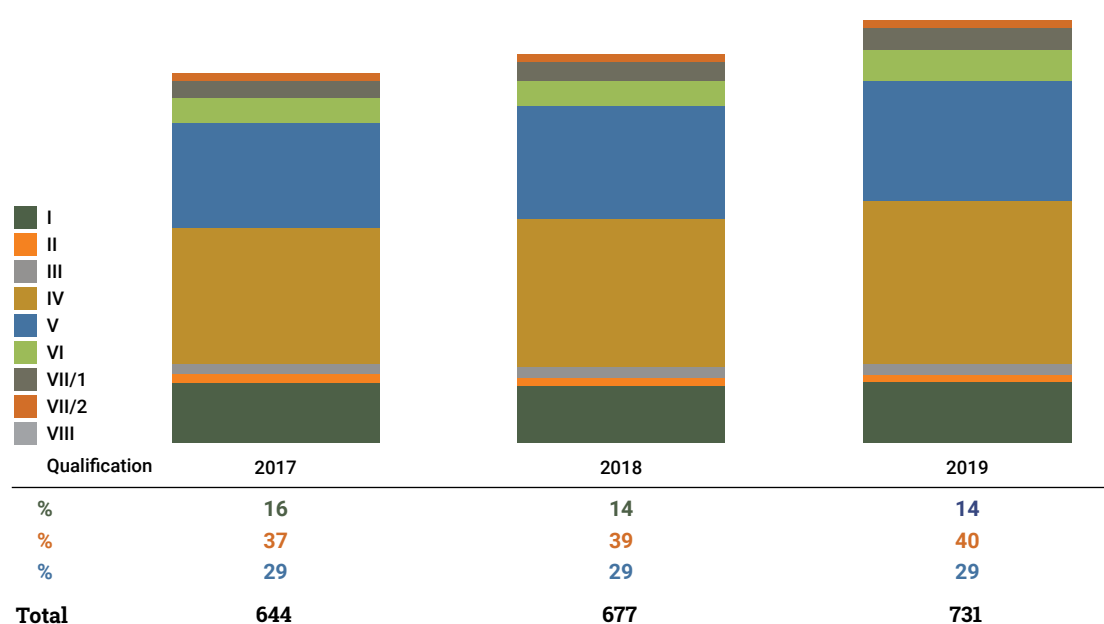


Gender structure of employees in the period between 2017 and 2019



The evolution of the share of employees by level of education in the period 2017–2019 is shown in Figure. Most employees have levels of education IV or V.

Evolution of the share of employees by levels of education



Training and education

In the field of training and education, the following activities for the acquisition of functional skills were conducted in 2019:

- 632 hours – education for the acquisition of new skills;
- 7,300 hours – training of newly recruited staff and training in safety at work regulations;
- 482 hours – internal trainings.

In total, 18,414 hours of training were conducted in 2019, suggesting that the average was 25.79 hours/employee. The total cost of external trainings in 2019 amounted to EUR 51,417.00.

Training records by gender or by employee categories are not kept.

Scholarship programmes

In 2018, TAB d.d. offered scholarships to 4 scholarship holders, of which to 1 electrician, 2 students of bachelor degree programme in electrical engineering and 2 students of bachelor degree programme in mechanical engineering.

In 2019, TAB d.d. offered scholarships to 10 scholarship holders, of which to 1 electrician, 1 student of bachelor degree programme in electrical engineering, 5 students of bachelor degree programme in mechanical engineering, 1 student of bachelor degree programme in materials engineering, 1 student of bachelor degree programme in chemical engineering and 1 student of bachelor degree programme in economy.

The total cost of scholarships for these scholarship holders totalled EUR 7,248.59 in 2018 and EUR 12,120.00 in 2019.

Health and safety at work

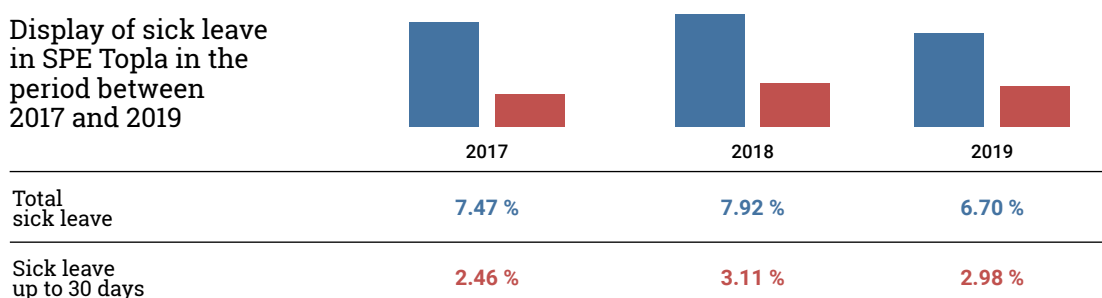
We at the TAB Group companies are well aware of the importance of employees' health and safety. The goal of 0 accidents at work and the health of employees are the basis for sustained and competitive integration into the global market. The intended targets can only be achieved by involving all employee structures in the company. The companies pay particular attention to the problem dating back 350 years, namely mining in a lead and zinc mine, in conjunction with employees' blood Pb levels. The company tries to ensure a minimum impact on workers and working environment through technical and organizational measures, in which it involves employees through awareness-raising.

The company's occupational health and safety management system is based on clear principles. Management and control are established in accordance with ISO 45001. If there is a need for certification in the future, it will also be realized.

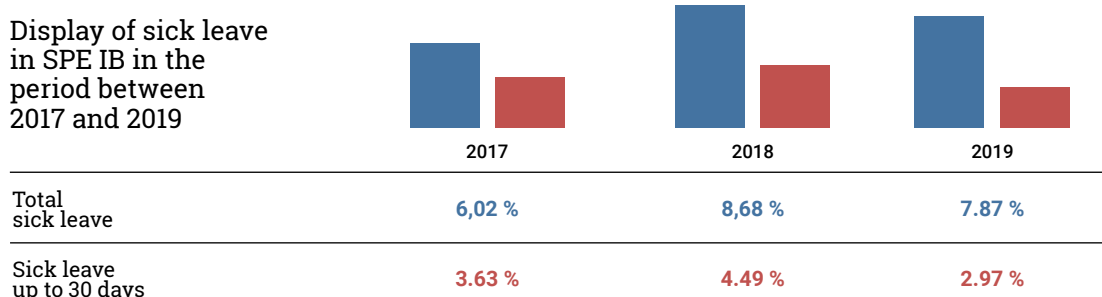
The company constantly monitors the internal performance indicators of each system. In the area of health and safety at work, we monitor sick leave, injuries at work and employees' blood Pb levels.

Sick leave is the ratio between the number of working hours of absent employees and the total of working hours. The figure below reveals sick leave up to 30 days [%] and entire sick leave [%] in the period from 2017 to 2019, separately for both locations SPE Topla and SPE IB.

Display of sick leave
in SPE Topla in the
period between
2017 and 2019



Display of sick leave
in SPE IB in the
period between
2017 and 2019



Measures to prevent lead levels in employees' blood

In accordance with ISO 45001, which requires continuous improvement, the TAB Group has been constantly implementing new measures to prevent the intake of lead in the blood of employees, and consequently to reduce these values.

The implementation of measures related to the topic is intertwined at all levels. On the one hand, by providing the best work equipment in production with less or zero emissions, and on the other hand, by introducing organizational and technical measures linked to the individual so as to reduce the remaining risks of lead uptake into the blood.

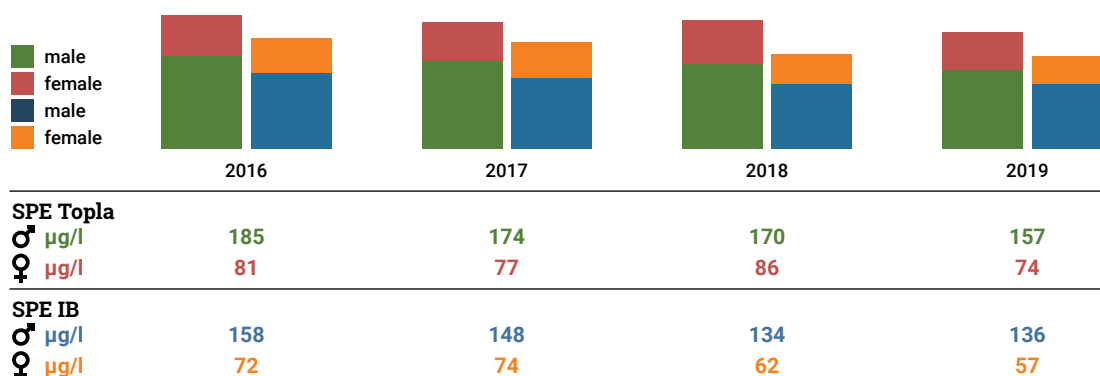
The company provides well for awareness-raising and the continuous use of personal protective equipment. In 2019, personal protective equipment vending machines were installed at both locations, where employees can have continuous access to new personal protective equipment.

15.1 Employees' blood lead levels

In accordance with the requirements of the Rules on the protection of workers from the risks related to chemical agents at work, biological monitoring of Pb in the blood is performed once a year for all employees at production sites. In accordance with the Rules, the binding limit value in Slovenia is 400 µg Pb per litre of blood for men and 300 µg Pb per litre of blood for women. The target value set by Eurobat (Association of European Automotive and Industrial Battery Manufacturers) is 250 µg Pb per litre of blood.

The trend of blood Pb levels has been improving in recent years, which can be seen in two figures below. The data are separated according to production site and gender.

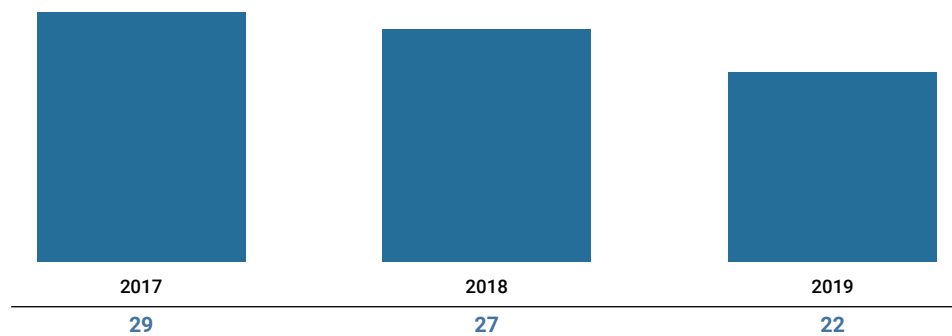
**Average blood Pb levels for employees
in SPE Topla and SPE IB**



15.2 Work-related injuries

The number of work-related injuries in SPE Topla and SPE IB in the period 2017–2019 is shown in the graph below. The trend of work-related injuries in the company TAB d.d. is positive. In the period 2017-2019, the number of accidents at work dropped by 24%. The severity of accidents at work has decreased as well.

**Number of work-related injuries in
SPE Topla and SPE IB in the period 2017–2019**



15.3 Workplace health promotion

In accordance with the Health and Safety at Work Act (ZVZD-1), the companies of the TAB Group plan and carry out workplace health promotion in order to help employees improve their general health and well-being.

All employees have the opportunity to use a variety of sports activities that are carried out outdoors or indoors throughout the calendar year.

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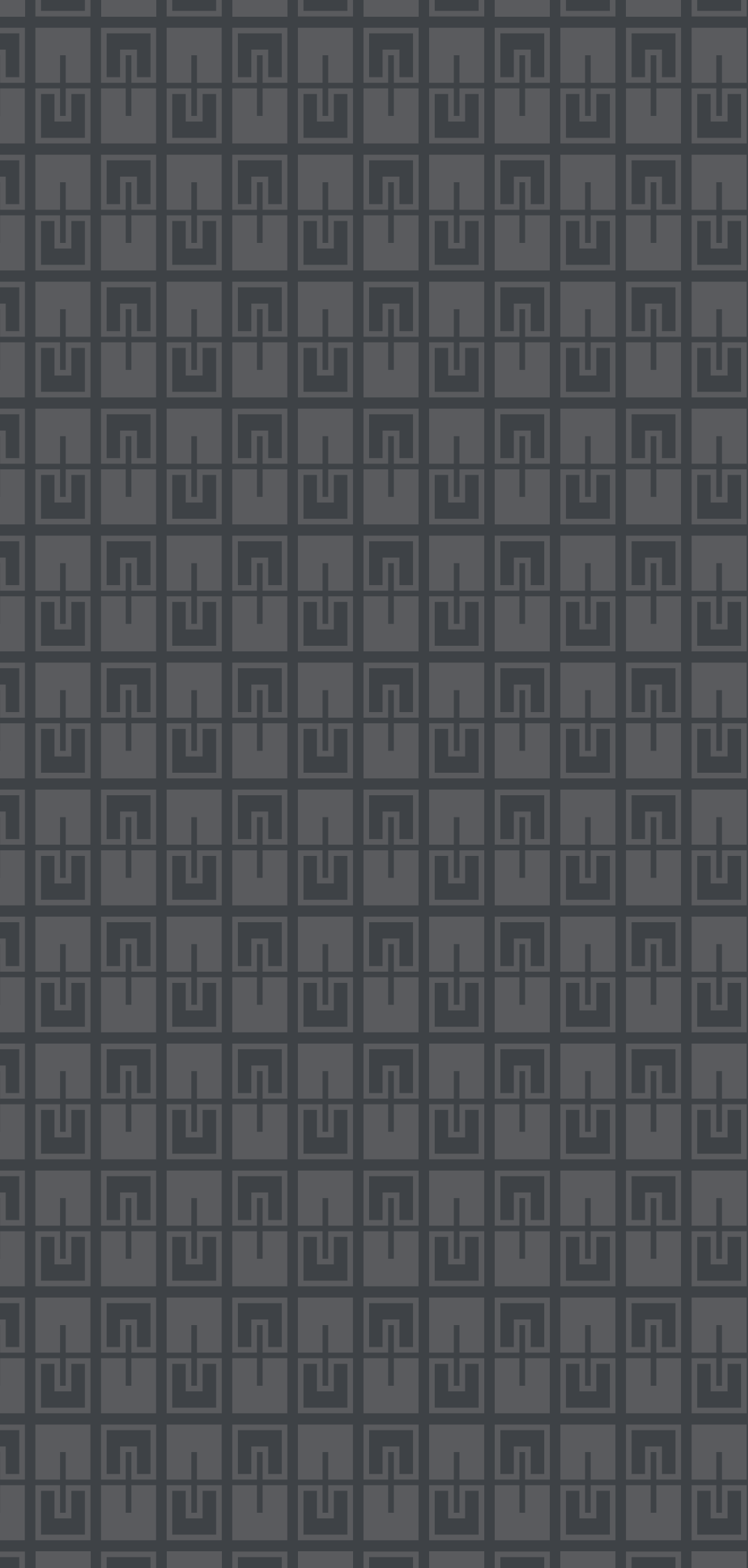
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