



# Sustainability strategy 2024 - 2026

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summary



# Sustainability strategy goals of KONČAR – D&ST 2024 - 2026

The first sustainability strategy of KONČAR D&ST was drafted in line with the eight priority areas of the KONČAR Group – two in environment, four in social, and two in governance. These areas cover the topics of production decarbonisation, efficient resource use, circular economy, employee health, safety and development, diversity and equal opportunities, attracting youth and youth development, investing in the quality of life of the local community, and ethical and responsible governance, both in production and in the supply chain. Within these areas, **nine strategic goals** have been set, each with subgoals and success indicators.

## Strategic priorities

### ENVIRONMENT (E)

A zero-net emissions future  
Circular economy

### SOCIETY (S)

Health and safety  
Employee development and satisfaction  
Focus on youth  
Strong communities

### GOVERNANCE (G)

Responsible and transparent governance  
Responsibility in the supply chain



# ENVIRONMENT (E)

**Transformers are key elements in building electricity networks of varying voltage levels, making them an important link in the global goals to reduce environmental impacts.**

Within the environment segment, we are working continuously to technically improve our transformers to ensure greater energy efficiency, reduced electricity losses in transmission and distribution, and to reduce the overall environmental impacts through more efficient use of resources in production. We are investing efforts into reducing the quantities of waste we generate and to improve sorting for more efficient recycling, i.e., we are minimising waste generation and maximising its sorting. We use exclusively renewable energy, and by 2026 we plan to generate 40% of our own renewable electricity with installed solar plants.

We are following trends and are focused on developing and applying new technology. Aware of the many challenges and the importance of cooperation to achieve sustainability goals, we are focused on the entire supply chain and product lifecycle. With our suppliers, partners, and customers, we are seeking solutions for materials that have less of an impact on the environment, and improve the circular flow of raw materials.

With the adoption of the climate transition plan, we will reduce all direct and indirect emissions, and lay the foundations for validation of the SBTi goals of zero net emissions.



# ENVIRONMENT (E)

PRIORITY AREA

## AN EMISSION-FREE FUTURE

STRATEGIC GOAL

1

Reducing emissions from scopes 1 and 2, and start of the net-zero transition



SUBGOAL	1.1.	1.2.	1.3.	1.4.	1.5.
	Reduced emissions from Scopes 1 and 2 by 35% in relation to 2021 by 2030*	Increasing energy efficiency in production by 35% by 2026	Secure 100% electricity from renewable sources at the annual level	Production of 40% of electricity from own solar plants by 2026	Develop the climate transition plan by 2026
INDICATOR	tCO2e / Mil. EUR	Energy consumption MWh / Mil. EUR	Ratio of renewable energy in electricity consumed (%)	Own ratio of renewable energy in total electricity consumed (%)	Climate transition plan developed and adopted

Contribution to the UN Sustainable Development Goals (SDGs)



\* Subgoal 1.1 is the only goal set to 2030 and is based on currently incomplete data. It will be revised during the drafting of the climate transition plan, which is to include short-, mid-, and long-term goals and investment plans to achieve those goals. The purpose of the transition plan is to move towards an emissions-free future, and to make the net-zero transition a reality.



# ENVIRONMENT (E)



PRIORITY AREA

## CIRCULAR ECONOMY

STRATEGIC GOAL

# 2

**Reduce waste and ensure responsible use of resources in production**



SUBGOAL	2.1.	2.2.	2.3.	2.4.
	Retain a high rate of waste sorting (80%)	Increased use of sustainably grown wood by 2026	Increase the reuse of packaging	Replace single-use plastic packaging in cooperation with suppliers
INDICATOR	t waste handled by all methods except landfills	t certified wood	Develop a system of measurement/ oversight of types of packaging and their uses	% replaced plastic packaging
	% waste handled by all methods except landfills	% certified wood	% reusable packaging	

Contribution to the UN Sustainable Development Goals (SDGs)



# SOCIETY (S)

At KONČAR – D&ST, social sustainability is not just a statement, but a fundamental principle that shapes our business every day. We strive for stability and a low rate of fluctuation among our employees, well aware that they are indeed our greatest strength. In addition to setting high standards for managing occupational health and safety, we are dedicated to investing into the ongoing advancement, training and professional growth and development of our employees.

We promote an inclusive culture, believing in the power of cooperation and the importance of building a positive work environment. We listen to the needs of our employees, firmly committed to working together to achieve extraordinary results. We stimulate the recruitment and advancement of women, and salary equality between men and women is a fundamental principle we abide by.

We encourage excellence, supporting our employees in their education. We finance graduate, postgraduate specialist and doctoral studies, provide stipends for excellent students, and offer practical training opportunities for pupils and students, to help young people get a first-hand look at the world of transformer production, and to better prepare them for the labour market.

Our connections with the local community are evident through active participation in the corporate volunteering programme. Aware of the importance of the contribution we can make outside the borders of our operations, we encourage our employees to volunteer. KONČAR – D&ST supports a significant number of societies and organisations, such as soup kitchens, sports clubs, pensioners' clubs, veterans' societies, and student societies. Many donations are a continuation of many years of supporting rehabilitation societies and organisations that held and support special needs children, and children with developmental disorders.

## IN 2023, KONČAR – D&ST SUPPORTED THE FOLLOWING SOCIETIES WITH DONATIONS:

- **Krijesnica, society to support children and families facing malignant disease**
- **Sunce education and consulting centre**
- **SOS Children's village**
- **Slava Raškaj Education Centre**
- **Vukovarski leptirići, support society for parents of children with developmental disorders**
- **UAZ - Zagreb Autism Society**
- **Down Syndrome Society**
- **Hrvatska Society for Guide Dogs and Mobility**
- **Zagreb Rehabilitation Centre – Slobostina branch**

PRIORITY AREA

## EMPLOYEE DEVELOPMENT AND SATISFACTION

STRATEGIC GOAL

### 3

**Maintain a healthy and safe working environment for all employees**



SUBGOAL	3.1.	3.2.	3.3.
	Reduce workplace injuries (LTIFR<10)	Provide supplemental and additional health insurance for 100% of employees	100% of employees included in stress prevention education and promoting the importance of mental health
INDICATOR	LTIFR	% of employees covered	% of employees included in the education

Contribution to the UN Sustainable Development Goals (SDGs)



# SOCIETY (S)

PRIORITY AREA

## EMPLOYEE DEVELOPMENT AND SATISFACTION

PRIORITY AREA

## EMPLOYEE DEVELOPMENT AND SATISFACTION

STRATEGIC GOAL

### 4

Promoting inclusion, diversity and equal opportunities



STRATEGIC GOAL

### 5

Ongoing investments into employee professional growth and development



SUBGOAL	4.1.	4.2.	4.3.
	20% female representation in management and expert positions	Salary equality between men and women (pay gap <5%)	Provide support to parents after completion of the maternity/parental leave
INDICATOR	% female representation in management and expert positions	Pay gap between women and men <5%	Gradual employee re-entry programme developed
		Recertification at the annual level (Equal Pay)	Number of parents that have taken advantage of this measure

SUBGOAL	5.1.	5.2.	5.3.
	Increase the average number of education hours per employee	100% of managers included in education to develop leadership skills and competencies	Stimulate an innovation culture and cooperation culture
INDICATOR	Average number of education hours per employee	Number of managers included	Develop an action plan for employee inclusion
		Average number of education hours per manager (goal: min 8 hours)	Number of proposals to improve processes and/or innovations in work processes

Contribution to the UN Sustainable Development Goals (SDGs)



Contribution to the UN Sustainable Development Goals (SDGs)



# SOCIETY (S)

PRIORITY AREA

## FOCUS ON YOUTH

STRATEGIC GOAL

# 6

## Attracting youth and stimulating cooperation with education institutions



SUBGOAL	6.1.	6.2.	6.3.
	Provide student and pupil practical training	Ongoing cooperation with technical faculties	Provide stipends for excellent students
INDICATOR	Rule book for pupil and student practical training	Co-organisation of courses at technical faculties; participation in specialist studies; organisation of symposia; various projects with FER, job fairs, etc.	Rule book on awarding stipends
	Number of students and pupils included		Number of stipends awarded

Contribution to the UN Sustainable Development Goals (SDGs)





# SOCIETY (S)



PRIORITY AREA

## STRENGTHENING COMMUNITIES

STRATEGIC GOAL

7

Stimulating development of the local community



SUBGOAL

7.1.

Strengthen corporate volunteering

7.2.

Systematise the sponsorship and donations programme

INDICATOR

Adoption of the Rule Book on corporate volunteering

Adoption of Rule Book on sponsorships and donations

Number of employees involved in volunteer actions

Number of volunteer hours

Number of achieved cooperations / included societies

Contribution to the UN Sustainable Development Goals (SDGs)



# GOVERNANCE (G)

**Dedicated to responsibility and ethics, our operations are aligned with international principles, and we strive towards ever better transparency in doing business. Through the integration of ESG elements into risk assessments and management plans, we are actively responding to the challenges of the modern business environment, and the demands of our stakeholders.**

In order to ensure sustainability is built into our daily business situations, we are investing in the development of the necessary green skills of our managers and employees.

Our zero-tolerance policy towards bribes and corruption is a reflection of our dedication to integrity. We will continue to enhance education in this area so as to raise awareness of these important issues, promoting ethical conduct and integrity among all our employees.

We are aware of our potential influence on the value chain as a whole, and we understand the key role of a sustainable supply chain in securing success and reducing risk. Through active participation with our suppliers, we strive to achieve high sustainability standards, promote responsible operations, and stimulate shifts towards more sustainable practices.

We are building the foundation for a long-term future, and securing prosperity not only for our company, but for our community as a whole.



# GOVERNANCE (G)

PRIORITY AREA

## RESPONSIBLE AND TRANSPARENT GOVERNANCE

STRATEGIC GOAL

8

Ensuring responsible and ethical governance, and integrating sustainability into operations



SUBGOAL	8.1.	8.2.	8.3.	8.4.	8.5.	8.6.	8.7.	8.8.
	Integrate ESG criteria into risk assessments and risk management plans by 2025	Strengthen the ESG management structure	Integrate ESG criteria into managerial KPIs	Compulsory ongoing education of management on ESG topics	Provide ESG education for all employees	Zero-tolerance for bribes and corruption	Improve information security	Participate in global sustainability initiatives and continuous improvement of the ESG rating
INDICATOR	Updated risk management policy	Regulate the ESG management structure through existing documents  Define the annual work plan	% of managers with integrated ESG KPIs	Number of education sessions held (min 1 per year);  Hours of education held (4-8 hours per year);	Number of managers  Number of employees	% target* employees included in anti-corruption education  *education includes 100% of target employees (130 employees most exposed to corruption)	% target employees included in education on information security  (target employees = employees with an e-mail address; target: 100%)	Access at least 1 international and 1 domestic ESG rating per year

Contribution to the UN Sustainable Development Goals (SDGs)





# GOVERNANCE (G)

PRIORITY AREA

## RESPONSIBILITY IN THE SUPPLY CHAIN

STRATEGIC GOAL

9

Ensure responsibility in the supply chain and actions in line with the KONČAR - D&ST values



SUBGOAL	9.1.	9.2.
	100% strategic suppliers verified for ESG risks	100% suppliers familiar with the Suppliers Code of Conduct
INDICATOR	% strategic suppliers encompassed by the ESG questionnaire	% suppliers
	Developed feedback procedure for risky suppliers	

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