



elemental

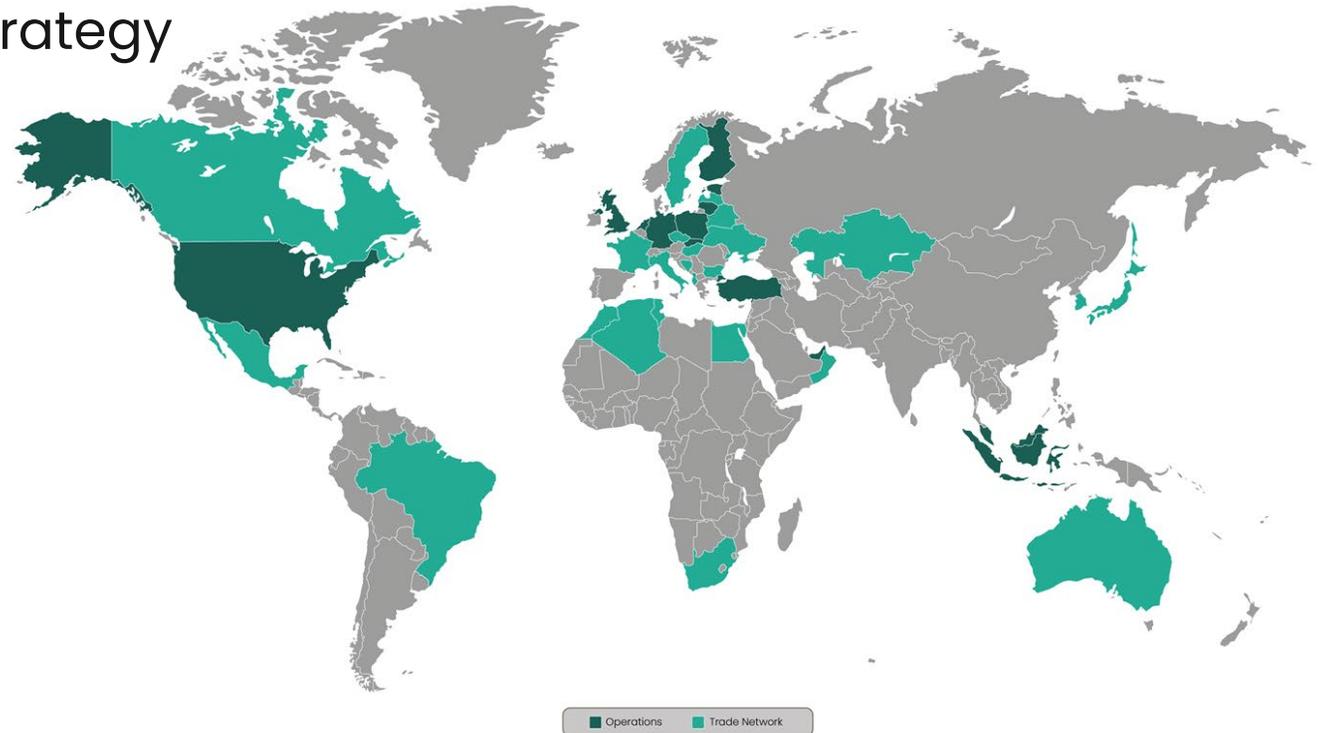
Environmental, Social and Governance (ESG) Strategy

we see value where the others see waste



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Paweł Jarski about the ESG strategy



We operate guided by the principle that responsible development is one of our core values

No one can be indifferent to climate change and we should all strive to have as little impact on the environment as possible. ELEMENTAL participates in the process of global changes aimed at implementing a circular economy, the goal of which is to bring the world closer to climate neutrality. Critical metals (including lithium, cobalt, palladium and platinum) are essential for this transformation and the large-scale implementation of renewable energy, electric vehicles and further digitalization. For example, it is estimated that the global demand for energy storage will increase by as much as **89 times**, which means a proportional increase in the demand for lithium used in the production of batteries. The current and planned production capacity of COBALT will cover **max. 50%** of the expected demand. **Urban mining** is the response to limited metal resources, in particular in the light of the negative impact of traditional mining on the natural environment. At Elemental, At Elemental, we have no doubt that this is the right way. Many types of waste, for example generated as a result of using vehicles, electronic equipment and other industrial components, contain much higher concentrations of valuable metals than ores extracted in mines. Recycling of metals is sustainable in social and environmental terms, and at the same time economically efficient. Therefore, our activity is naturally coherent with the idea of sustainable development. Our development means a greater amount of waste managed in a safe way for the environment and a greater amount of metals returned to the production cycle.

At Elemental, we also identify areas that might require improvement, such as transport, use of green energy, increase in environmental awareness, occupational safety. We are aware that as a global organization, we build our value chain in cooperation with our suppliers around the world and we are also responsible for respecting human rights and safety of trade. As an organization associating employees, operating among local communities, establishing relationships with our counterparties, we also play an important role in social life. And this is another area where we see space for being pro-active. We are constantly changing and developing, looking for solutions and confidence that whatever we do, we do it sustainably.

our actions for sustainable development

E

sustainable environment

- Increasing carbon efficiency of vehicles
- reducing greenhouse gas emissions
- increasing the level of waste obtained for recycling
- water saving
- energy saving
- modern technologies

We are increasing our efforts to counteract climate change and mitigate its effects.

Acting for climate protection and taking care of the Group's economic interest, we are committed to the promotion of energy efficiency and reduction of our emissions.

S

diverse and healthy society

- diversity and integration
- health and safety
- training and development
- responsible supply chain
- socially responsible investments

We support responsible economic growth and offer jobs that provide a decent salary, prospects for personal development, and, in consequence, improvement in the standard of living of the local community.

We check the level of diversity among our employees to ensure non-discrimination and equal terms of employment.

When investing in new regions, we organize social consultations and select locations where our presence is accepted.

G

management for ethical business

- counteracting money laundering and terrorism financing
- counteracting corruption
- ensuring legal compliance
- ensuring data privacy and security
- implementing standards in the supply chain

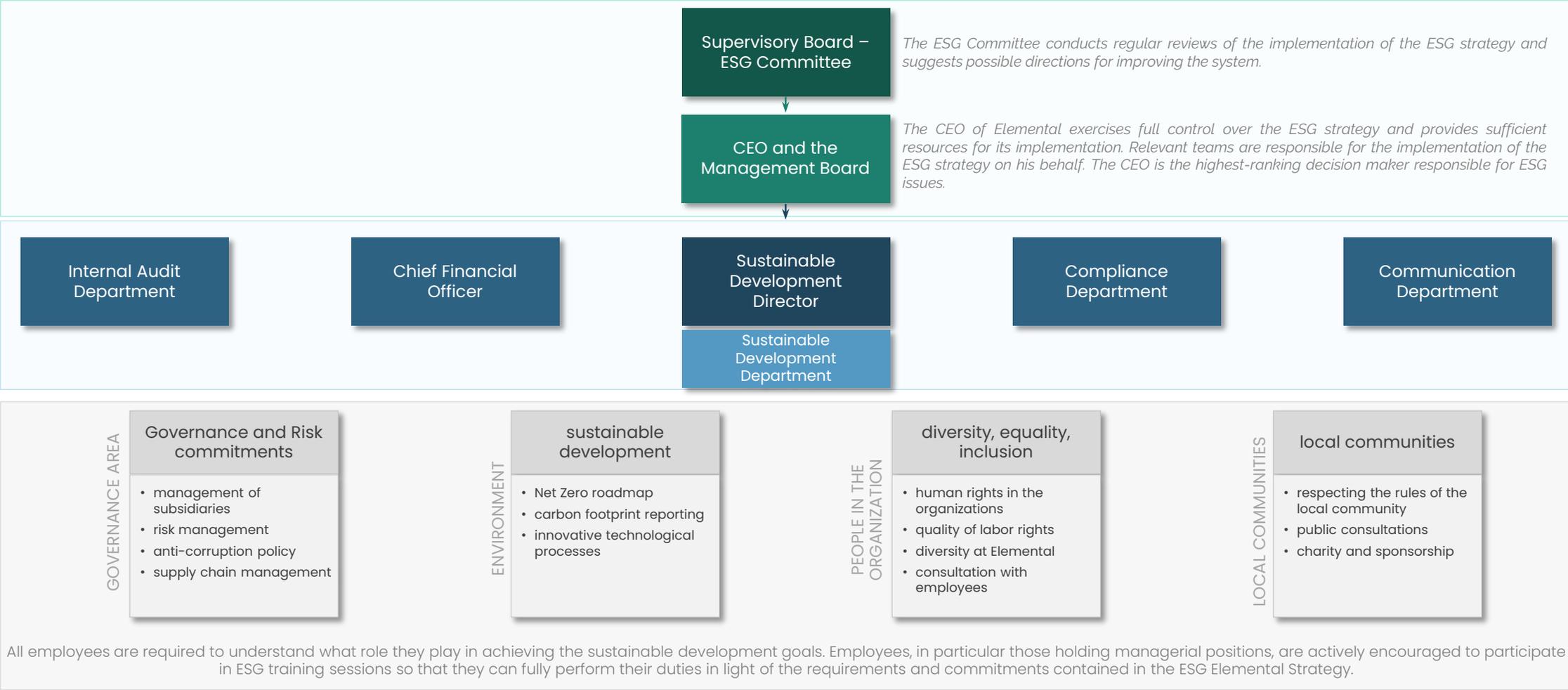
In our pursuit for the long-term success of the Group, we also strive to put our values into practice. This is what effective corporate governance is designed for, as it enables the organization to achieve its objectives, control risk and ensure compliance through a system of policies, practices and processes.

We implement an effective management reporting system in order to monitor progress in implementing our strategies on an ongoing basis.

Our ambition is to meet regulatory requirements and manage social and environmental issues based on management policies and systems. At the same time, we strive to strengthen the culture of compliance through proactive awareness raising, training and regular involvement of employees in these issues.

ESG management strategy

The management of our sustainable development strategy is supervised at the level of the Supervisory Board, controlled by the Management Board, and implemented by the ESG Management Team. The ESG Management Team is in charge of ensuring continuous development in this area, maintaining, reviewing and improving the ESG strategy and its full implementation. The Team determines stakeholders' expectations in light of Elemental's broader commitments.



The goals of our ESG strategy are correspond to our long-standing values

sustainable development – why it matters to us

we strive to achieve the UN Sustainable Development Goals



the five pillars of our ESG strategy mirror the UN Sustainable Development Goals

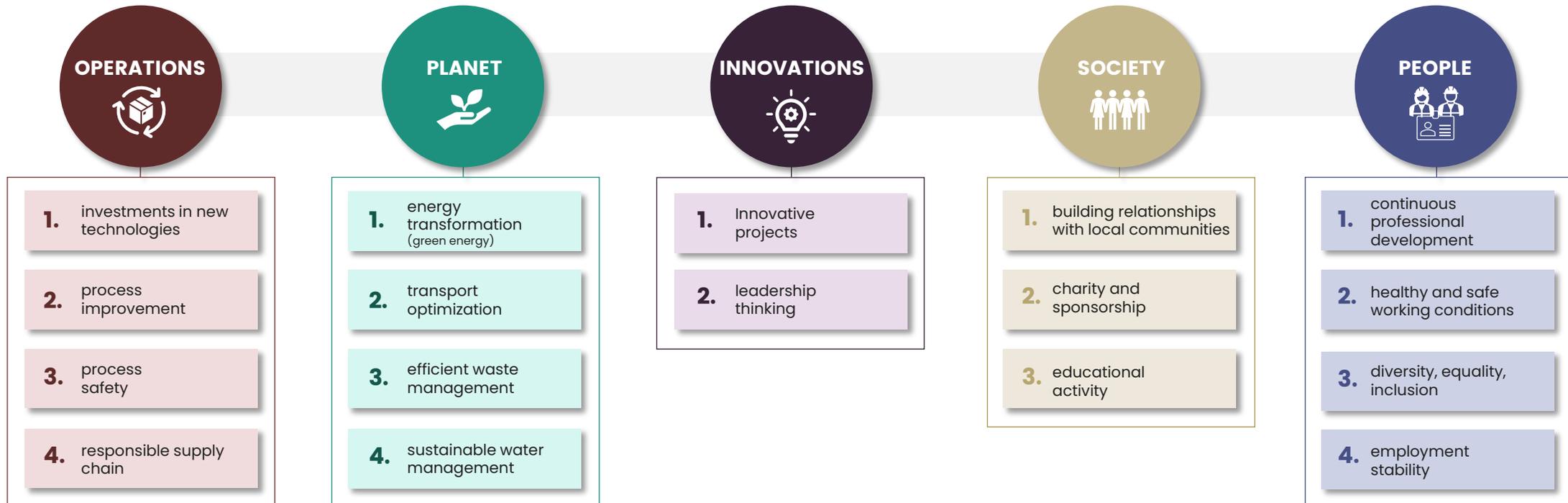


We are committed to conducting materiality assessments on a regular basis to update the list of material issues for Elemental and our stakeholders. Materiality assessments will be carried out on the basis of research and analysis of global, regional and local trends in our industry, benchmarking of competitors, and review of international standards. Each materiality assessment will be the basis for changing and developing our strategy.

ESG strategy

we base our sustainable development strategy on five main pillars

The list of our ESG priorities was created based on the experience gained, dialogue with key stakeholders and risk analysis. In our activities, we strive to apply the best environmental management practices.



Our sustainable development strategy is designed to implement Elemental’s commitment to increasing profitability while ensuring a positive impact on people and the planet.

We will track, monitor and report on an annual basis our progress against related objectives and targets in accordance with the provisions of the CSRD and the taxonomy of the European Union.

ESG strategy – OPERATIONS



1. Investments in new technologies

we invest in technologies increasing efficiency and safety of our processes:

- metal analysis laboratories
- installations for environmentally safe processing of bulky waste
- industrial sewage treatment plants
- investments in recycling technologies dedicated to Li-Ion batteries and spent catalysts, as well as waste electrical and electronic equipment

2. Process improvement

- we have created an interdisciplinary team called "Cooperation Platform", which brings together specialists from various departments in order to improve operational processes, increase the efficiency and effectiveness of our activities and develop regulations common for the whole Group

3. Process safety

- we are implementing the Personal Data Security Policy common for the Group
- we are implementing the IT Security Policy common for the Group
- we are implementing the Occupational Health and Safety Policy common for the Group

4. Responsible supply chain

- when ordering products used in offices and plants, we check whether the supplier applies the principles of circular economy
- in our Group, we have implemented environmental and social assessments of suppliers, we assess whether they comply with the requirements of our Code of Ethics, e.g. whether they not use child labor or forced labor, whether they hold environmental permits required by law and whether purchased materials do not come from areas affected by armed conflict
- by the end of 2023 we will develop a Supply Chain Management Policy, by the end of 2024 we will implement it in the Group
- by the end of 2024, we will implement solutions aimed at regular improvement of qualifications of our employees responsible for the supply chain to ensure an in-depth understanding of our sustainability transformation plan with regard to cooperation with suppliers and service providers in the light of the Code of Ethics of Elemental

Our goal is to obtain a certificate of sustainable development for our projects

ESG strategy – PLANET



PLANET



1. Energy transformation (green energy)

- we are moving towards zero greenhouse gas emissions (in scopes 1 and 2) and we strive to gradually reduce GHG emissions by 10% per year in relation to a ton of processed waste
- we will strive to improve energy efficiency by 5% by 2025
- we will strive to achieve 100% use of energy from renewable energy sources (RES) by 2030
- we will continue to invest in photovoltaic infrastructure in the plants

2. Transport optimization

- when modernizing the fleet, we invest only in new vehicles that meet the EURO 6 emission standard, by 2026 – 100% of our fleet will meet the EURO 6 standard
- when hiring an external transport service, we make sure that their vehicles meet at least the EURO 5 standard
- we modernize the fleet of passenger cars to replace them with vehicles with a smaller engine capacity (up to 1.6 l) or electric vehicles
- we train employees in economical and safe driving
- we have our means of transport regularly serviced

3. Efficient waste management

- we increase the levels of waste collection, taking care of environmentally safe recovery of secondary materials
- we increase the level of waste recycling
- we reduce the level of waste handed over for disposal
- we reduce the use of non-recyclable materials in production processes
- we care about the segregation of municipal waste
- we strive to increase the level of processed waste by min. 5% per year

4. Sustainable water management

- we increase the level of dirty rainwater treatment
- we return clean rainwater to the natural environment
- we will conduct environmental audits of our plants to identify equipment requiring replacement
- by 2025, we will modernize the equipment used for treatment of dirty rainwater in our plants

Starting from 2024, we will measure greenhouse gas emissions in scope 3

ESG strategy – INNOVATIONS



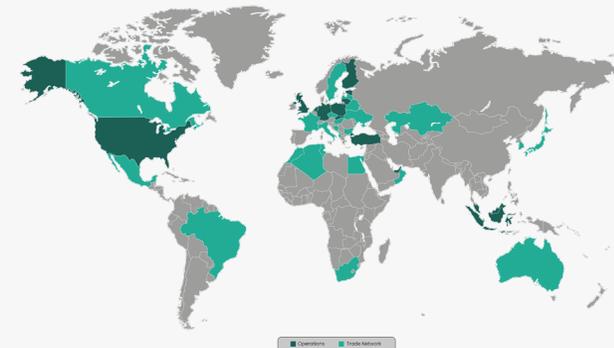
1. Innovative projects

- construction of a plant in Zawiercie – investment in technologies designed to recycle Li-Ion batteries, spent catalysts and printed circuit boards
- Zawiercie – a plant that will be provided with innovative technologies and advanced environmental protection systems, with RES installations, advanced sewage treatment stations, located in an industrial zone, and with respect for the rights of the local community



2. Leadership thinking

- the development of our Group is to a large extent based on the acquisition of companies that are leaders on local markets. We offer our partners access to new sales markets, shared logistic solutions and access to capital. We offer them our know-how in the field of sustainable development and we strive to build a circular economy together



ESG strategy – SOCIETY



1. Building relationships with the local community

we cooperate with local communities and international organizations

- Elemental Group companies are members of numerous international organizations: Institute of Scrap Recycling Industries (ISRI), Automotive Recyclers Association (ARA); European Clean Hydrogen Alliance (ECHA); International Precious Metals Institute (IPMI); Bureau of International Recycling (BIR). Acting with a great level of commitment in such entities creates an opportunity to share experiences and facilitates exerting a real impact on the change of practices towards sustainable development and circular economy.
- we invest in dialogue with the local community and cooperation with local authorities

2. Charity and sponsorship

as part of deployment of our ESG strategy, we strive to implement a coherent and solid charity strategy. Elemental, as a company coming from Poland, has been supporting the Polish triathlon and outstanding Polish athletes for years. Owing to the involvement of the Management Board in activities of the Polish Triathlon Association, the European Triathlon Championships have been held in Poland for several years.

- Group companies get involved in numerous local initiatives responding to the needs of the communities in which they operate
- we make efforts to develop a common charity strategy for the Group, therefore:
 - in 2023, we are holding an audit of charity activities carried out by the Group companies
 - in 2023, we are conducting research among the Group's employees to identify what activities are of the greatest value to our community
 - by mid-2024 we will develop a strategy of social activities for the Group for 2025-2030
 - we will continue to support our employees in voluntary work initiatives so as to achieve 500 hours of voluntary work in the Group per year

3. Educational activity

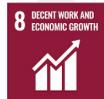


- we act pro-actively in educating about waste management and its positive impact on environmental protection
- by mid-2024, we will open a center of knowledge on the recycling of strategic metals in Grodzisk Mazowiecki

ESG strategy – PEOPLE



PEOPLE



1. Continuous professional development

- we conduct regular and various trainings for our employees
- we support the education and development of our employees through subsidies and flexible working hours
- we participate in government HR development programs
- we monitor how many trainings and workshops have been conducted, as well as what they were devoted to
- starting from 2024, we are implementing annual training plans in each company of the Group

2. Healthy and safe working conditions

- we create a safe working environment, open to dialogue and differing viewpoints
- by the end of 2023, we will implement an employee satisfaction survey across the Group
- in 2024, we will develop a list of benefits that we guarantee to our employees in each company of the Group, adapted to the cultural and economic specificity in the region

3. Diversity, equality, inclusion

- we support and respect the diversity of our employees. We promote recruitment and management of human resources based on their competence and performance, regardless of age, ethnicity, gender or cultural background
- we collect data on equal pay for women and men, the number of employees broken down by age and gender. By the end of 2023, we will develop a methodology to analyze the collected data, taking into account the nature of respective positions and companies
- we investigate the number of reports of discrimination or harassment in the organization

our goal is to:

- increase the level of diversity both in terms of age and gender (with full respect for origin or religion)
- achieve at least 30% level of employment of women in relation to men in managerial positions
- achieve a wage gap of no more than 5% by the end of 2026
- implement mandatory training in the field of unconscious bias for all employees and additional training for employees performing leadership and managerial functions

4. Occupational safety

- we will increase the level of safety of our employees by reducing the number of accidents and injuries at work
- we will introduce internal audits in the field of occupational health and safety. We will implement the Occupational Health and Safety Policy
- we investigate causes of accidents and plan preventive actions
- we strive to reduce the accident rate in our plants by 30% by 2025, by 50% by 2027
- we measure the accident rate in our plants per man-hour
- we will increase the number of plants in the Group that have implemented the ISO 45001 system

elemental – achieving sustainable development goals

Elemental is an organization that is constantly learning and developing in order to integrate business processes with the principles of sustainable environmental management.

We are actively looking for new solutions to reduce greenhouse gas (GHG) emissions in the Group, as well as we are improving production processes so as to more effectively obtain precious metals and rare earth metals.

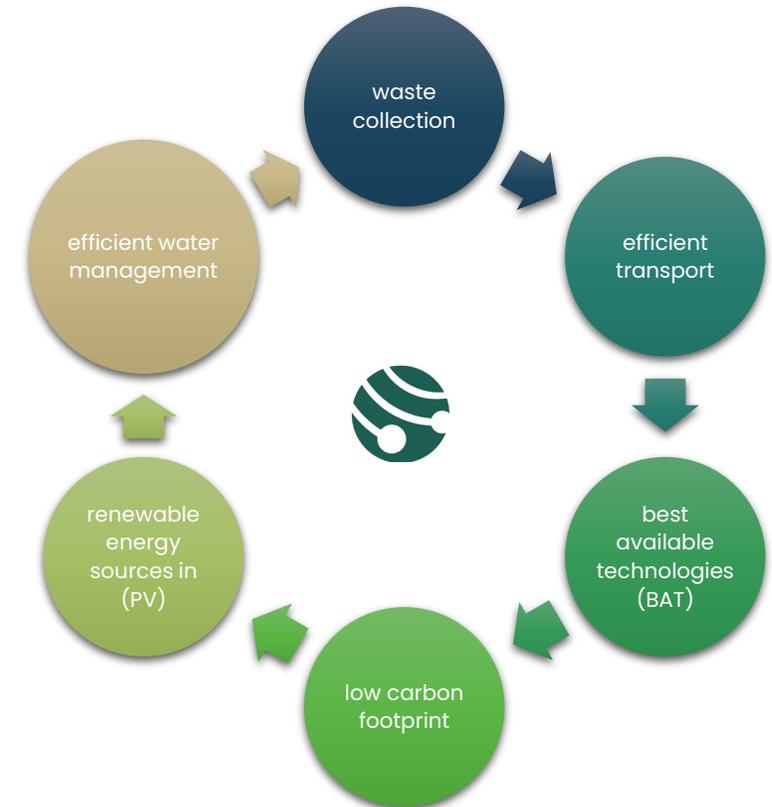
Our goal is to build a comprehensive value chain within the Group: from obtaining waste to delivering pure metal to production plants.



Elemental means green metals

- ✓ reliable and unlimited access to raw materials such as precious metals and rare earth metals is a global challenge. At Elemental, we recover valuable materials for the industry
- ✓ the technologies we develop and use provide a sustainable solution for the creation and further development of low-carbon industries and innovative technologies
- ✓ we share our knowledge to promote the use of green metals in the value chain

Elemental is determined to reinforce its global position in the area of recycling of precious metals and rare earth metals, while minimizing the impact of its activities on the natural environment.



We ensure compliance with national regulations and international standards. We would like to confirm the effectiveness of our strategy by registering in the Eco-Management and Audit Scheme (EMAS) by the end of 2024.

summary of our ESG 2022 results

