



ELSID
CARBON ENGINEERING

2024 ESG REPORT

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE

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01

**EXECUTIVE
SUMMARY**



In a world where sustainability is becoming an economic and societal imperative, ELSID reaffirms its commitment to being a responsible industrial partner and a catalyst for the green economy. With over five decades of tradition in the advanced materials industry, the company combines technological expertise with responsibility towards the environment, people, and the community, building an operational model adapted to the sustainable and digital transition.

This ESG report marks an essential stage in ELSID's evolution—from isolated compliance to the holistic integration of ESG principles into business strategy. With a transparent, data-driven approach, the report provides a clear picture of the progress made in 2022–2023 and outlines strategic directions for the future.



ENVIRONMENTAL PERFORMANCE

Efficiency and Decarbonization

ELSID has demonstrated significant progress in reduction of its environmental impact, alongside investments in renewable energy sources, operational efficiency and emission management:

- Average recycling rate of 66.8%, placing the company above the heavy industry average
- Dust emissions between 6.4 – 18.9 mg/Nm³, over 60% below the legal limit
- Stable annual water consumption (~45,000 m³), covered by own sources and recirculation
- Over 10,000 MWh/year of renewable energy produced from proprietary micro-hydropower plants, actively contributing to carbon footprint reduction
- Wastewater quality indicators (BOD5, solids, ammoniacal nitrogen) maintained 30–70% below regulatory limits, reflecting mature resource management



SOCIAL PERFORMANCE

Safety, Stability, and Human Capital

ELSID maintained an organizational culture oriented towards health and employee safety, contract stability and workforce retention:

- Zero major work incidents in 2023
- 66% of employees active in value-added production activities
- 100% of essential staff have indefinite contracts
- Over 60% of employees have >5 years' tenure, indicating a fair and stable work environment
- Ongoing training programs, internal audits, and proactive social protection policies



GOVERNANCE AND ETHICS

Applied Integrity

The dualist governance model of ELSID reflects clarity in decision making and commitment to ethics:

- Dual governance model ensuring decision clarity and ethical commitment
- Codes of conduct for employees and suppliers implemented
- Zero tolerance for corruption, discrimination, and unethical practices
- No reported incidents of corruption or ethical breaches during the analyzed period
- Transparent decision-making processes and respect for fundamental rights

STRATEGIC DIRECTIONS 2024–2028

Leadership in the Green Transition

On the basis of the ESG materiality assessment and compliant with the VSME, as well as ERS/CSRD standards, ELSID is shaping a strategic vision on a medium-term:

- Reduce GHG emissions by 20% by 2030 (Scope 1 & 2)
- Expand renewable sources—commissioning a 6 MW photovoltaic park
- Enhance energy efficiency through smart technologies
- ESG assessment of strategic suppliers, integrating criteria into procurement
- Internal ESG KPI systems for continuous monitoring and reporting
- Circular economy projects and reduction of specific water consumption



CONCLUSION

From Commitment to Transformation

The 2024 ELSID ESG Report is not just a synthesis of indicators but a firm statement of vision, progress, and responsibility. Through concrete actions and coherent strategies, the company proves that sustainability is not an option, but a fundamental choice for durable performance.

ELSID thus becomes a convincing example of sustainable transition in the advanced materials industry, building a solid legacy for future generations—where industrial excellence is balanced with care for people, resources, and the environment.





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02

**MESSAGE
FROM
MANAGEMENT**



In a world undergoing rapid transformation, where sustainability is not just a choice but a fundamental condition for resilience and relevance, ELSID resolutely embraces its role as a responsible industrial partner and actor in the transition to a green economy.

Our history of over five decades is one of adaptability and continuous innovation. We have traversed different economic and technological eras, always guided by performance, rigor, and quality. Today, these principles extend to a new dimension—sustainability—which we are progressively integrating into all operations, governance, social impact, and resource management.

Through investments in renewable energy, resource optimization, digitalization, and an organizational culture based on ethics, we are building a business model ready for the future. We know that the path to sustainability is not simple. It involves strategic decisions, mindset shifts, and constant effort. But we also know that it is the only path for economic growth, social balance, and the protection of natural capital.

This first ESG report reflects not only the current state of our activities but also our ambition to evolve: from regulatory compliance to leadership in sustainable practices. We align with emerging European requirements, such as ESRS and CSRD, and view sustainability as an opportunity for differentiation, innovation, and strengthening relationships with our partners—from employees and suppliers to authorities, clients, and local communities.

We are committed to building a future where industrial excellence is complemented by responsibility, and profitability is compatible with care for people and the environment. We remain committed to learning, improving, and progressing.

Thank you to all who support us in this transformation. This report is about facts, but especially about vision—and about the belief that sustainability is not just an obligation, but a promise to future generations.

Aurelian Paratu
CEO – ELSID S.A.





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03

**INTRODUCTION
AND GENERAL
CONTEXT**



ELSID is an industrial company with a solid tradition in Romania, operating at the intersection of the advanced materials industry and the transition to sustainable energy. With more than five decades of activity, the company has developed an integrated business model based on the production of silicon carbide, synthetic graphite, and the generation of electricity from proprietary renewable sources. Located in Titu, Dâmbovița, ELSID focuses on advanced technological flows in electrometallurgy and recycling. A significant strategic advantage is the use of proprietary micro-hydropower plants for green energy generation, thus reducing greenhouse gas emissions and facilitating resilience to climate change. This strategic direction adopted by ELSID is based on climate change resilience, as well as integrating energy generation in internal processes.



Therefore, the business strategy of ELSID focuses on 3 key points:

- 1** Sustainable integration of advanced materials production and renewable energy
- 2** Efficient valorization of natural resources and optimization of energy consumption
- 3** Expansion of commercial presence both domestically and internationally

ELSID's operational capacities are designed to flexibly respond to market demands, allowing for adaptation of product range and production volumes according to technological developments and client needs. In an industrial context transitioning to sustainability, ELSID constantly integrates modernization and energy efficiency solutions, maintaining a balance between technological performance and reduced environmental impact.

Responsible governance at ELSID is not just a compliance requirement but part of our organizational culture. For over 30 years, we have operated with integrity, transparency, and respect—for employees, partners, communities, and the environment. Our Code of Conduct is applied in practice, guiding every decision—from commercial relationships to employee safety and human rights. This approach is the foundation for our ESG direction, aware that every decision impacts stakeholders and society. We choose to make it a positive one.



This responsible culture extends beyond the industrial platform. ELSID's impact reaches the entire region, through stable jobs, sustainable collaborations with local suppliers, and active involvement in developing industrial and social infrastructure. Our economic contribution is closely linked to our commitment to the community and environmental protection—an integrated approach reflecting our vision of sustainable performance.

Having in mind the sustainability aspects elaborated by ELSID regarding climate change mitigation, the company assumes a clear vision:

Increasing the share of renewable energy in total consumption

Reducing greenhouse gas emission intensity

Responsible management of natural resources

Promoting occupational health and safety and organizational diversity

These commitments and concrete results consolidate ELSID's position as a relevant example of sustainable transition in the advanced materials industry, demonstrating that operational efficiency and environmental responsibility can go hand in hand.

The present report marks an important step in formalizing ELSID's ESG commitment and provides a transparent platform for communicating its performance and future strategic directions. Given the proposed structure, the company aligns with the VSME reporting standard, and through its initiatives, ELSID contributes to achieving the United Nations Sustainable Development Goals (SDGs), strengthening its role as a responsible player in the global economy.



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**ESG STRATEGY
AND MARKET
CONTEXT**

ELSID's ESG strategy focuses on integrating sustainability into all dimensions of its business model, targeting both environmental protection and increased economic and social resilience.



MAJOR ESG OBJECTIVES

Reduce carbon footprint by increasing the share of renewable energy in industrial processes

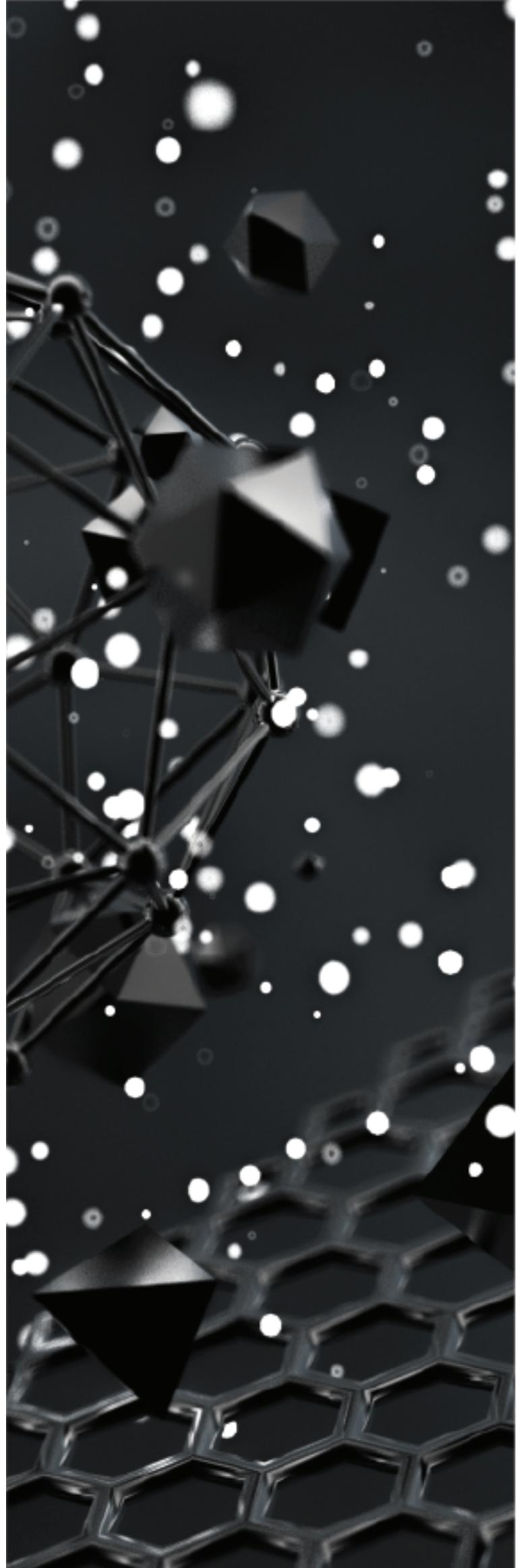
Optimize the use of natural resources, especially water and materials

Promote occupational health, safety, and organizational diversity

Uphold the highest standards of business ethics, transparency, and compliance

Support community involvement and sustainable local economic development

The ESG strategy is built as a proactive response to new market realities, where sustainability becomes an essential factor in competitiveness, investments, and commercial partnerships. By consolidating internal processes and operational transparency, the company transforms ESG principles into a strategic advantage, preparing for future comprehensive reporting aligned with European standards.





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**BASIS FOR
REPORT
PREPARATION**

This report was prepared exclusively based on information provided by ELSID S.A., individually, without including subsidiaries or affiliated entities. The data presented reflect the company's situation for the year 2023 and cover relevant environmental, social, and governance areas, in line with the structure recommended by the VSME module (Voluntary Sustainability Reporting Standard for Micro and Small Undertakings).

The structure of the report integrates requirements and best practices drawn from the European Sustainability Reporting Standards (ESRS), as part of a voluntary effort to progressively align with the requirements of the CSRD Directive.

The main objective of this first ESG reporting exercise is to increase the company's non-financial transparency and to lay the foundation for the internal process of developing a long-term sustainable strategy.

Basic Company Information

Legal Name: ELSID S.A.

Legal Form: Joint Stock Company

NACE Code: 2399 – Manufacture of other non-metallic mineral products n.e.c.

Number of Employees: 173 (2023)

Main Operating Country: Romania

Location of Significant Assets: Titu, Dâmbovița, Romania

Certifications: ISO 9001:2015 and ISO 14001:2015

Reporting: Individual, unconsolidated

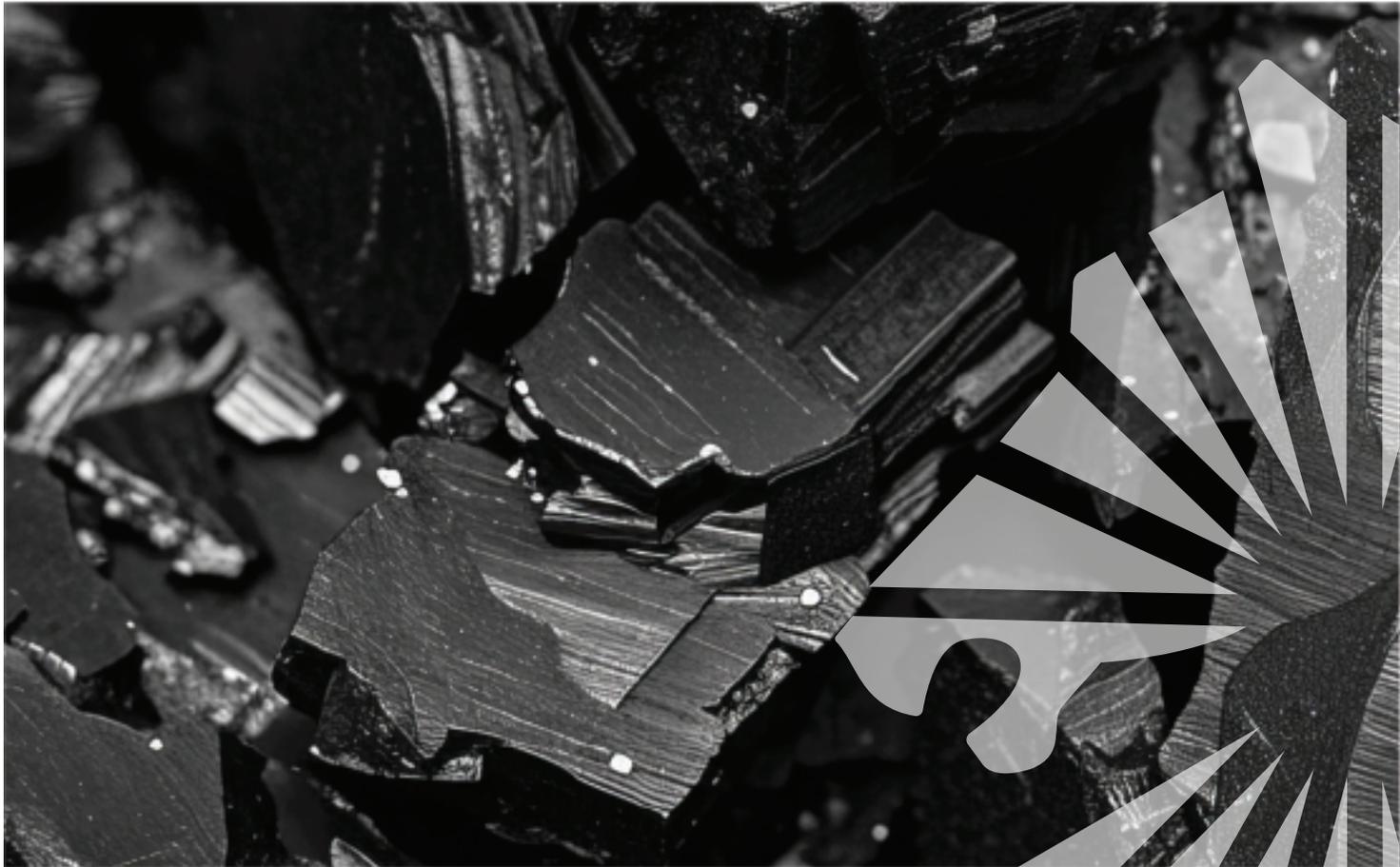
This first report marks the beginning of a transparent and structured journey towards corporate sustainability at ELSID. The document will be updated periodically, reflecting progress in data collection, internal ESG competency development, and ongoing commitment to increasingly rigorous reporting aligned with European standards.



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**ESG
MATERIALITY
ASSESSMENT**



PURPOSE

The materiality assessment conducted by ELSID marks a preliminary stage in understanding and prioritizing the most relevant sustainability topics for the company and stakeholders. While not yet fully aligned with European ESRS standards, the analysis reflects the company's clear intention to progressively advance towards more rigorous and structured reporting.

By including this assessment in the report, ELSID aims to provide transparency regarding its strategic direction in terms of sustainable development, as well as the efforts undertaken to integrate sustainability into medium- and long-term business decisions.

METHODOLOGY

The assessment was based on generally accepted best practices, referencing international GRI principles and the ESRS conceptual framework, adapted to ELSID's current reporting maturity. The process included:

- Documentary analysis of internal ESG policies, codes of conduct, certifications, operational data
- Internal management team survey
- Benchmarking with ESG topics addressed in the industry
- Evaluation of topics based on perceived impact on environment and society, as well as strategic relevance for the company

The assessment considered two fundamental dimensions—impact and relevance—in line with current European approaches to materiality, adapted to the company's specific context.

IDENTIFICATION OF RELEVANT ESG TOPICS

The assessment identified relevant ESG topics for ELSID, grouped as follows:



Environment

climate change, energy transition, GHG emissions, natural resource management, water, waste



Social

occupational health and safety, human rights, inclusion, community impact



Governance

ethics, corporate governance, ESG risks, legal compliance

STAKEHOLDER CONSULTATION

Stakeholders involved:



Top management



Quality and operations managers



Key employees

IMPACT AND RELEVANCE EVALUATION

Each ESG topic was evaluated on two dimensions:

- **Impact on environment and society** (external impact)
- **Financial relevance for the company** (internal/strategic impact)

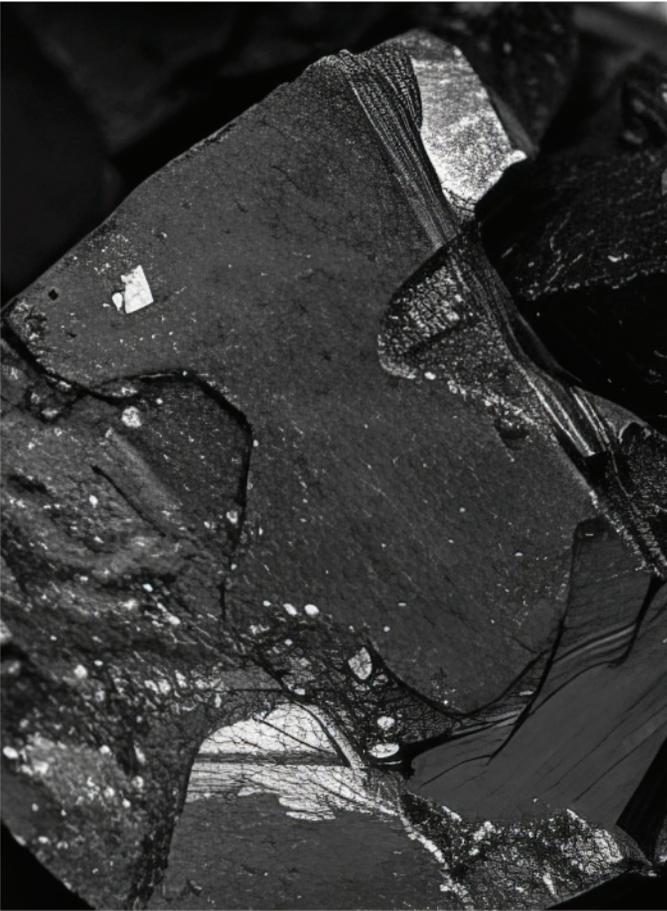
Scores were assigned on a scale of 1 to 5, with 1 meaning low importance and 5 high importance, enabling positioning within an ESG Materiality Matrix.

Methods

Structured ESG questionnaire on potentially material topics

Scaled responses (1–5) on impact and relevance dimensions

The responses were consolidated and interpreted to complete the materiality assessment.



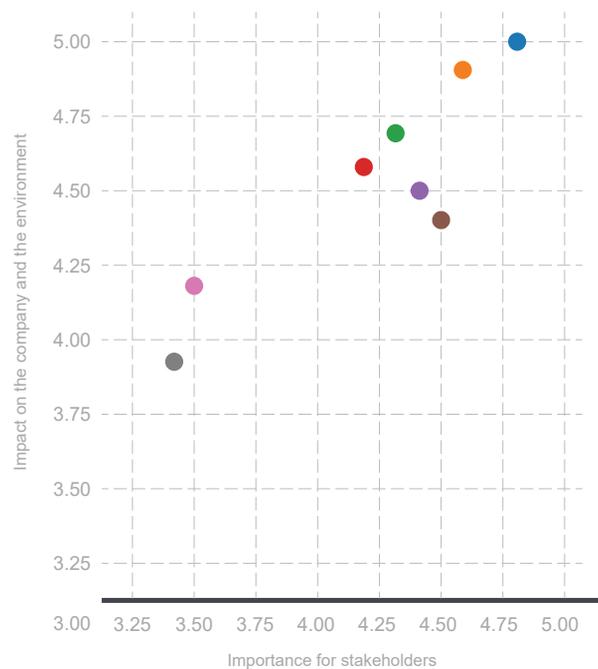
PRIORITIZATION

The prioritization process aimed to identify topics with the greatest potential impact on the environment, society, and ELSID's operational resilience. Priority topics will guide ESG strategic directions, supporting organizational resilience and long-term sustainable value creation.

The themes identified as priorities will guide the company's ESG strategic directions in the coming period, supporting the strengthening of organizational resilience and the creation of long-term sustainable value.

ESG MATERIALITY MATRIX

The matrix visually maps ESG topics by importance to stakeholders (X-axis) and impact on the company and environment (Y-axis). Topics in the upper right corner are considered priorities and will be integrated into ELSID's ESG strategy.



- Energy Transition and Decarbonization
- Occupational Health and Safety
- Natural Resources and Circularity
- Pollution, Emissions, and Waste Management
- Ethics and Corporate Governance
- Social Impact and Community Engagement
- Responsible Value Chain and Scope 3 Emissions
- Biodiversity and Ecosystem Protection



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**PRACTICES,
POLICIES, AND
FUTURE
INITIATIVES**



GOVERNANCE STRUCTURE

ELSID is managed under a dualist system, through the Supervisory Board and Directorate, in accordance with the company's articles of association and applicable legislation. Responsibility for sustainability governance and ESG integration lies primarily with executive management, which monitors policy implementation, regulatory compliance, and sustainability objectives.

The Directorate ensures operational leadership, while the Supervisory Board provides strategic oversight, including ESG directions, aligning with modern corporate responsibility standards. ELSID applies principles of transparency, accountability and equity in all governance aspects.

POLICIES AND CODES OF CONDUCT

As part of its efforts to strengthen a responsible and ethical organizational culture, ELSID has developed and implemented two complementary codes of conduct, which define the behavioral standards and values upheld by the company, both in its relationship with its employees and in external collaborations.

Internal Code of Conduct

The internal code establishes a clear framework for professional ethics, integrity, mutual respect, and individual responsibility. It applies to all employees, regardless of position, and is supported through training, information sessions, and initiatives aimed at reinforcing ethical behavior.

It reflects ELSID's commitment to:

- respecting human rights
- preventing any form of discrimination or abuse
- protecting the environment and ensuring occupational health and safety
- full compliance with applicable national and international regulations

The code is more than just a formal document—it is a tool for strengthening an organizational culture based on responsibility and trust.

Supplier Code of Conduct

In its external business relationships, ELSID requires its partners to adhere to a dedicated Supplier Code of Conduct, which is embedded in contractual processes and focused on sustainability and business integrity.

The code addresses:

- business ethics and anti-corruption practices
- compliance with labor laws and decent working conditions
- environmental compliance and responsible resource use
- material traceability and transparency across the value chain
- extended social responsibility through fair and non-discriminatory practices

These instruments contribute to building a sustainable economic ecosystem where fairness, accountability, and compliance become shared principles of operation.



ETHICS, ANTI-CORRUPTION, AND HUMAN RIGHTS

ELSID integrates the principles of ethics and integrity into all aspects of its operations, viewing responsible behavior not merely as a legal obligation, but as a core expression of its corporate values. Business ethics are promoted both internally and externally through clear policies and codes of conduct, upheld at all levels of the organization.

The company condemns all forms of corruption, bribery, fraud, or abuse of power, fostering an organizational climate based on transparency, accountability, and compliance. ELSID's codes of conduct include explicit anti-corruption provisions, and employees have access to confidential channels for reporting any misconduct or suspicions of unethical behavior.

Respect for human rights is embedded in the company's operations through policies and practices that ensure fair treatment of employees, prevent discrimination, guarantee safe working conditions, and promote diversity. In its relationships with suppliers, ELSID requires adherence to the same principles, promoting an ethical and responsible supply chain.

These commitments are supported through regular training, active internal communication, and leadership engagement in strengthening a corporate culture grounded in responsibility, integrity, and respect for human dignity.



STAKEHOLDER AND COMMUNITY ENGAGEMENT

ELSID maintains a constant and constructive dialogue with its key stakeholders, including employees, customers, suppliers, authorities, and local communities. Through participation in community initiatives, support for technical education, and involvement in social projects, the company strengthens its commitment to the sustainable development of the region in which it operates.

Transparent communication, social responsibility, and openness to stakeholder expectations are essential elements of ELSID's organizational culture.

SUPPLIER ESG ASSESSMENT

ELSID integrates sustainability criteria into the selection, evaluation, and monitoring processes of its strategic suppliers, thereby extending ESG responsibility throughout the entire value chain. The company's approach is grounded in the promotion of transparent and fair business relationships that reflect its internal environmental, social, and governance commitments.

The Supplier Code of Conduct outlines clear requirements for compliance with environmental protection laws, labor rights, fair working conditions, and standards of integrity and business ethics. This framework supports the early identification of potential risks and fosters a partnership ecosystem based on trust and compliance.

The current supplier evaluation process focuses on identifying environmental, social, and governance risks, with increased attention to critical suppliers or those operating in high-impact industries. In the medium term, ELSID aims to strengthen this

approach by implementing standardized ESG questionnaires, applicable during the pre-selection phase as well as for periodic reassessments.

These tools will enable the definition of clear, quantifiable, and transparent criteria for supplier selection and monitoring, ensuring a consistent and objective approach. In parallel, the company plans to initiate selective external audits to verify suppliers' practical compliance with ESG requirements and to uphold high standards across the supply chain.

Through these measures, ELSID not only manages supply chain risks but also actively contributes to the development of a network of partners who share the same values of responsibility, sustainability, and operational excellence.



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**ENERGY AND
GREENHOUSE
GAS EMISSIONS**

DEFINITION AND CONTEXT

The energy transition is a crucial process for decarbonizing the economy and involves increasing the share of renewable energy sources in the energy mix, while simultaneously reducing dependence on fossil fuels. For ELSID, this process means integrating green energy into operational flows, optimizing internal consumption, and adopting low-carbon technologies as part of a long-term strategy.

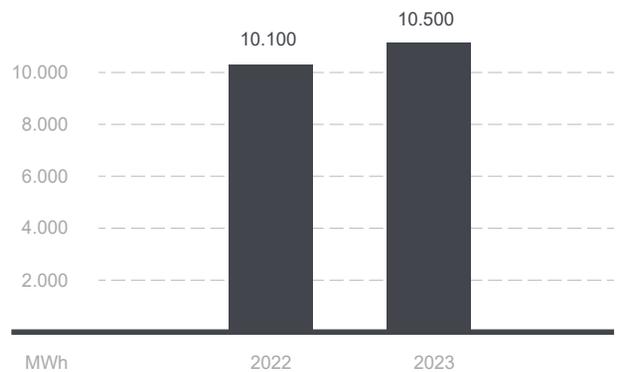
This approach aims both to enhance operational resilience and to reduce the carbon footprint, in line with emerging European requirements, including those outlined by the CSRD and ESRS standards.

STRATEGIC RELEVANCE

ELSID owns and operates micro-hydropower plants near its industrial platform in Titu, providing a significant share of its energy needs from proprietary renewables. This direct integration of green energy offers a competitive advantage in the current energy transition and industrial decarbonization context.

In 2022–2023, ELSID produced over 10,000 MWh from proprietary renewables, reducing Scope 2 indirect emissions. These initiatives are consolidated through a solid management system, certified ISO 9001 and ISO 14001.

GREEN ENERGY PRODUCTION (2022-2023)



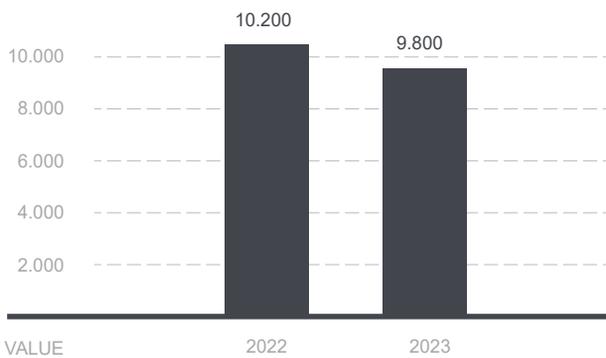
A major ongoing project is the development of a 6 MW photovoltaic park, further strengthening energy autonomy and contributing to national and European emission reduction goals.



ACTIONS AND STRATEGIC DIRECTIONS

- Complete and commission the 6 MW photovoltaic park
- Continuously optimize energy consumption through efficiency and heat recovery
- Explore setting quantitative emission reduction targets (e.g., -20% by 2030)
- Align with international best practices in decarbonization
- Monitor and control Scope 1 direct emissions (9,800 – 10,200 tons/year, depending on production volume)

SCOPE 1 CO₂ EMISSIONS (2022-2023)



ESG Impact



BENEFITS

- Significant reduction of greenhouse gas emissions
- Improved energy efficiency and lower operational costs
- Increased resilience to energy price volatility
- Enhanced reputation with investors, clients, and authorities

ESG Impact



RISKS

- Volatility of emission certificate prices (EU ETS)
- Need for investment in green energy infrastructure
- Regulatory pressure on ESG transparency and reporting



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09

**AIR, WATER,
AND SOIL
POLLUTION**

DEFINITION AND CONTEXT

Managing pollution, emissions, and waste is a key pillar in ELSID's ESG strategy.

Electrometallurgical industry operations involve significant risks related to air emissions, wastewater discharge, and industrial waste generation.

ELSID assumes environmental responsibility through strict regulatory compliance and progressive environmental practices.

STRATEGIC RELEVANCE

A rigorous approach to pollution prevention brings multiple strategic benefits:

- Strengthened operational sustainability and reduced environmental risks
- Compliance with European directives (e.g., IED) and emerging standards (e.g., ESRS)
- Improved relations with regulators and commercial partners
- Protection of reputation with stakeholders and the local community

MEASURES AND STRATEGIC DIRECTIONS

ELSID implements comprehensive actions for prevention, control, and optimization of environmental impact:

- Monitoring of atmospheric emissions (CO₂, NO_x, particulates)
- Monthly analysis of wastewater parameters (BOD₅, suspended solids, ammoniacal nitrogen)
- Reduction of fresh water consumption through recirculation
- Increased recycling rate of non-hazardous waste through separate collection and valorization
- Use of renewable energy from micro-hydropower plants to reduce indirect environmental impact

QUANTITATIVE DATA (2022-2023)

Air quality

Particulate emissions

6.4 – 17.1 mg/Nm³ (legal limit: 50 mg/Nm³)

NO_x emissions

below 500 mg/Nm³, ~5% reduction in 2023 vs 2022

CO₂ Scope 1

9,800 – 10,200 tons/year, depending on production volume

Wastewater quality

BOD₅

under 17 mg/l (legal limit: 25 mg/l)

Suspended solids

5–12 mg/l (limit: 35 mg/l)

Ammoniacal nitrogen (NH₄⁺)

1.2–2.8 mg/l (limit: 5 mg/l)

Industrial waste

Total volume

4,500 – 5,000 tons/year

Recycling rate

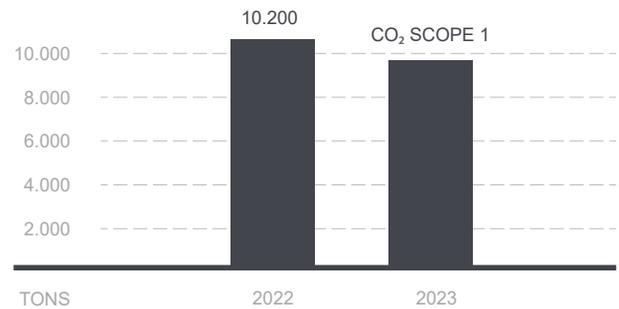
over 65% in both years

Waste generated from internal operations represents one of the main sources of environmental impact. For this reason, ELSID implements systematic measures for waste recovery, reuse, and reduction of the final volume of waste disposed of, contributing to a functional circular economy.

PARTICULATE AND NO_x EMISSIONS (2022-2023)



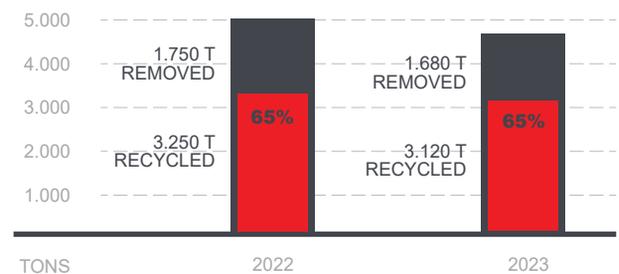
CO₂ EMISSIONS (2022-2023)



WASTEWATER QUALITY (2022-2023)



INDUSTRIAL WASTE MANAGEMENT (2022-2023)





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10

**BIODIVERSITY
AND ECOSYSTEM
IMPACT**

DEFINITION AND CONTEXT

As an industrial company operating in developed areas, ELSID's focus is on preventing any accidental negative impact on local ecosystems and ensuring compliance with all environmental obligations.

The materiality analysis showed negligible importance for this topic, but it is included in the report due to its relevance in international regulations and potential environmental repercussions.

STRATEGIC RELEVANCE

The industrial platform is located in an anthropized area, with no direct proximity to protected natural areas. Nonetheless, ELSID assumes responsibility to minimize ecological risks and protect available natural resources.

INITIATIVES AND STRATEGIC DIRECTIONS

Regular monitoring of environmental factors (water, air, soil) by accredited laboratories

Compliance with environmental protection regulations and periodic controls

Limiting industrial footprint expansion: technological processes are optimized to remain within the existing boundaries of the platform and to prevent uncontrolled expansion into the natural environment

Prevention of accidental contamination through safe waste and chemical management

ESG Impact



BENEFITS

Compliance with ecosystem protection regulations

Prevention of environmental sanctions and damages

Alignment with stakeholder expectations on biodiversity protection

Indirect contribution to SDG 15 – Life on Land

ESG Impact



RISKS

Accidental soil or groundwater pollution

Negative impact on adjacent flora and fauna

Reputational risk regarding nature protection





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11

**WATER RESOURCE
MANAGEMENT AND
SUSTAINABLE USE**



DEFINITION AND CONTEXT

Water is essential in industrial processes, directly impacting operational efficiency and environmental sustainability. Although ELSID does not operate in a high water-risk sector, responsible water use is integral to its sustainability commitment, the approach reflecting a strategic understanding of the role of water in both operational efficiency and responsibility toward the local community.



ESG RELEVANCE AND MANAGEMENT

Water is mainly used for cooling and cleaning in technological processes. ELSID applies strict control measures:

- Internal recirculation systems for industrial water
- Monthly monitoring of total consumption
- Elimination of uncontrolled discharges into the natural environment

Although not a critically impactful ESG topic, the company manages it proactively, contributing to the reduction of pressure on natural resources and alignment with industrial best practices.



QUANTITATIVE DATA (2022–2023)

Total water consumption in 2022: 91,408 m³

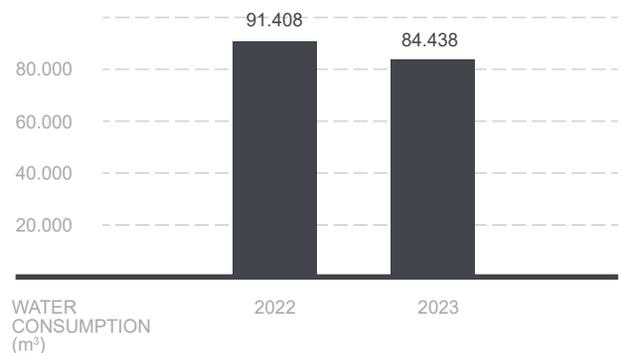
Total water consumption in 2023: 84,438 m³

Annual reduction: ~7.6%, achieved through operational optimization and efficient recirculation systems

This reduction reflects not only technical performance but also a strategic direction toward minimizing the footprint on natural resources.

ELSID believes that every liter of water saved represents a concrete step toward a more responsible and sustainable industry.

**TOTAL WATER CONSUMPTION
(2022-2023)**





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12

**NATURAL RESOURCES,
CIRCULAR ECONOMY,
AND WASTE
MANAGEMENT**

DEFINITION AND CONTEXT

In a global economy transitioning toward sustainability, ELSID takes an active role in optimizing the consumption of natural resources and reducing waste by integrating circular economy principles.

Water, energy, and raw materials are viewed not merely as operational inputs, but as strategic resources whose efficient use directly contributes to the company's resilience and competitiveness.

Recycling, reuse, and waste reduction are central actions within ELSID's ESG strategy. These go beyond traditional impact management and serve as pillars of a cleaner, more efficient, and more responsible industrial model.

The company promotes a clear operational philosophy: "At ELSID, waste is not an option."

STRATEGIC RELEVANCE

Operating in a resource-intensive sector, ELSID understands that operational efficiency and sustainability are inseparable. By reducing reliance on virgin raw materials, expanding internal reuse circuits, and using renewable energy, the company strengthens both economic performance and social license to operate.

INITIATIVES AND STRATEGIC DIRECTIONS

Efficient use of own water sources and industrial recirculation

Continuous compliance with legal limits for treated wastewater

Selective waste collection, traceability, and active valorization

Proprietary renewable energy production through micro-hydropower plants

Extended circularity: reintegration of secondary materials into production

ESG Impact

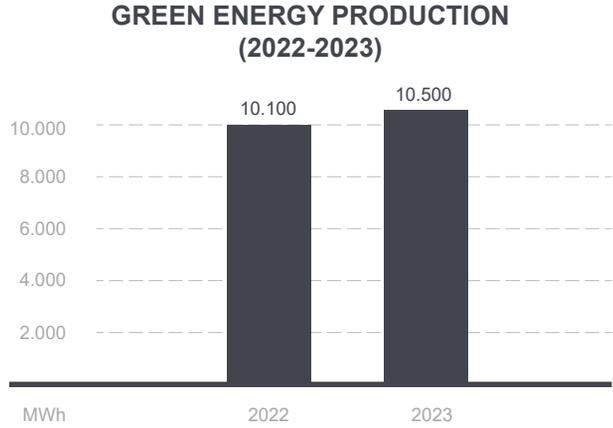


BENEFITS

- Protection of local natural resources
- Lower operational costs through efficiency and reuse
- Enhanced reputation as a sustainable supplier
- Alignment with SDGs and ESRS

QUANTITATIVE DATA (2022–2023)

Annual green energy production (hydro):
10,100 – 10,500 MWh



Actual industrial waste recycling rate:

2022: 69.55% (146.42 tons recycled from 210.51 generated)
2023: 64.74% (156.26 tons recycled from 241.35 generated)

ESG Impact



RISKS

- Potential depletion of groundwater resources
- Regulatory sanctions for non-compliance
- Reputational vulnerability associated with resource waste



Although the absolute quantity of recycled waste increased in 2023 compared to 2022, the recycling rate as a percentage of total generated waste decreased due to a more rapid increase in total waste volume.

ELSID closely monitors this indicator and plans further optimization actions to support a positive recycling trend in the coming years.



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**WORKFORCE:
GENERAL
CHARACTERISTICS**



DEFINITION AND CONTEXT

At ELSID, the workforce is recognized as an essential pillar of industrial performance and long-term sustainability. Operating in a complex technological sector, the company supports a culture based on professionalism, stability, occupational safety, and mutual respect.

SOCIAL PRACTICES AND BENEFITS

- Meal vouchers and performance bonuses
- Occasional aid (birth, death, retirement)
- Periodic professional training, including technical fields
- Modern personal protective equipment
- Compliance with occupational health and safety legislation
- Active participation in audits and labor inspections with no major incidents reported

ETHICS AND INCLUSION

ELSID applies zero tolerance for any form of discrimination or psychological abuse, respecting:

- Equal opportunities
- Non-discrimination based on gender, age, religion, or ethnicity
- Right to fair treatment and respect

WORKFORCE STRUCTURE (2023)

Total employees: 173 persons

Gender distribution

Men: 75%
Women: 25%

Age distribution

Under 30: 10%
Between 30–50: 60%
Over 50: 30%

Employee categories

Direct production: 66%
Administrative: 34%

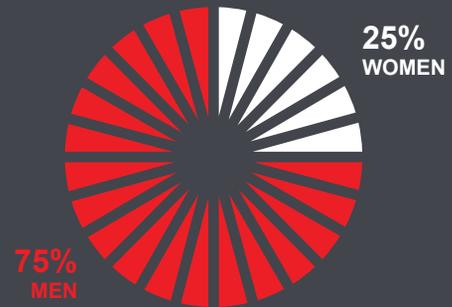
Contract types

100% indefinite
0% temporary or seasonal

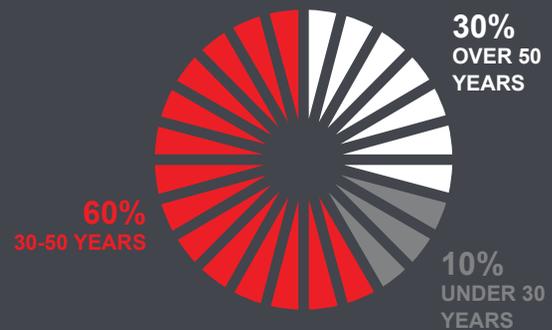
Organizational stability

Over 60% of employees with >5 years' tenure

EMPLOYEE STRUCTURE BY GENDER (2023)



STRUCTURE OF EMPLOYEES BY AGE (2023)



EMPLOYEE STRUCTURE BY CATEGORIES (2023)





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**OCCUPATIONAL
HEALTH
AND SAFETY**

DEFINITION AND CONTEXT

For ELSID, occupational health and safety (OHS) is not merely a set of legal obligations, but a strategic commitment deeply embedded in the organizational culture. In an industrial sector such as electrometallurgy, where operations involve high technical risks, maintaining a safe working environment is essential for both sustainability and operational continuity.

In this context, the company continuously invests in training, prevention, and operational control, ensuring effective protection for employees involved in critical processes.



STRATEGIC RELEVANCE

Protecting employee life and integrity is essential for:

- Ensuring productivity and uninterrupted operation
- Retaining qualified workforce
- Avoiding legal, reputational, and financial risks
- Building trust with partners, clients, and authorities

Through its proactive approach, ELSID not only complies with legal requirements in Romania but also aligns with the principles set out in the European standards (ESRS S1 and S2) regarding the protection and well-being of the workforce.



RELEVANT DATA (2023)

Total active employees: 175

Direct production staff: ~66%

OHS professional training: conducted per internal planning

Significant incidents or non-conformities: none reported in 2023

IMPLEMENTED MEASURES

The company has implemented an integrated occupational health and safety (OHS) management system tailored to its specific industrial context. Relevant actions include:

- Periodic OHS training tailored to each activity profile
- Updated risk assessments for each job and standard operating procedures
- Use of personal protective equipment appropriate for each productive activity
- Promotion of individual responsibility and open risk reporting culture
- Regular review of internal procedures based on inspections and operational feedback



ELSID approaches occupational health and safety in a responsible, coherent, and integrated manner within its business strategy. Through preventive actions, continuous training, and team engagement, the company ensures the protection of its people, operational stability, and alignment with ESG principles.

This approach is essential for building a sustainable industrial development model and fostering a safe, respectful, and performance-oriented work environment.



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**REMUNERATION,
COLLECTIVE
BARGAINING, AND
PROFESSIONAL
TRAINING**

STRATEGIC APPROACH

ELSID's relationship with its workforce is based on equity, respect, and mutual investment. The company recognizes that long-term industrial development depends directly on employee stability, loyalty, and competence.



REMUNERATION AND BENEFITS SYSTEM

ELSID applies a fair and predictable compensation system, in compliance with labor legislation and industry practices. In addition to the base salary, the company offers a range of benefits designed to support the financial and social well-being of its employees:

- Monthly meal vouchers
- Bonuses for holidays or individual/team performance
- Social aid for special situations (birth, retirement, unforeseen family events)

SOCIAL DIALOGUE AND COLLECTIVE RIGHTS

The company actively supports employees' right to free association and respects the principles of collective bargaining. Employees may be represented by a union or other forms of representation, depending on their preferences. The current collective labor agreement regulates:

- Salary rights and benefits;
- Working hours and rest periods;
- Social protection and working conditions;
- Mediation procedures and dispute resolution.

The dialogue between management and employee representatives is ongoing and constructive, reflecting a mature and responsible approach to the employer–employee relationship.



ESG IMPACT

Through its human resources policy, ELSID actively contributes to social sustainability objectives:

- It promotes fairness in the workplace and reduces inequality risks;
- Strengthens internal cohesion and reduces employee turnover;
- Supports organizational resilience through relevant and well-trained competencies;
- Aligns with ESG principles regarding workers' rights and human capital development.

PROFESSIONAL TRAINING AND CONTINUOUS DEVELOPMENT

Aware of the importance of adapting skills in a constantly evolving technical sector, ELSID allocates resources and time for the professional training of its employees. The training strategy aims to:

- Improve technical qualifications for production personnel;
- Ensure compliance with occupational safety and environmental protection requirements;
- Facilitate the effective integration of new employees through induction and basic training sessions.

Training is conducted periodically according to an annual plan tailored to operational needs and applicable regulations, with full documentation of participation.

Fair compensation, genuine social dialogue, and investment in people are key elements that define ELSID's relationship with its employees. These practices reflect a deep understanding of the value of human resources and reinforce the company's commitment to sustainable, human-centered, and high-performing development.





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**DIVERSITY
AND EQUAL
OPPORTUNITIES**

COMMITMENT AND ORGANIZATIONAL CULTURE

At ELSID, diversity is not just a theoretical concept but a vital element of a modern organizational culture grounded in respect, professionalism, and fairness.

Regardless of gender, age, personal beliefs, or professional background, every employee is valued for their unique contribution to the company's collective success.

In a technical sector where traditional profiles may dominate the workforce structure, ELSID clearly expresses its commitment to fostering an inclusive and equitable environment, where opportunities are accessible based on merit.

APPLIED POLICIES AND PRINCIPLES

ELSID has integrated the principles of equal opportunity into its operational mechanisms through:

- The Internal Code of Conduct, which explicitly prohibits all forms of discrimination and promotes equal treatment in recruitment, compensation, promotion, and training;
- Transparent human resources processes that evaluate professional competencies rather than personal differences;
- An organizational climate based on mutual respect, where open dialogue is encouraged and any misconduct can be reported in a safe and confidential environment.

These principles are applied consistently across all departments of the company, providing a solid foundation for team cohesion and balance.



CURRENT SITUATION (2023)

Technical male staff still predominant, reflecting the industrial sector

No reported incidents of discrimination, harassment, or exclusion

Gradual diversification of profiles, especially in administrative and support areas

ESG IMPACT

Diversity is essential for organizational resilience and innovation. By promoting inclusion, ELSID:

- Reduces social and legal risks associated with discrimination;
- Enhances public perception and strengthens the company's reputation;
- Increases employee loyalty and engagement;
- Aligns with ESG requirements and international goals for decent work (SDG 5 and SDG 8).



Equal opportunity is not merely a legal obligation, but an investment in human capital, innovation, and team cohesion.

ELSID remains committed to fostering an open organizational culture where every voice matters and diversity is recognized as a source of strength and internal balance.



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**SOCIAL IMPACT AND
RELATIONSHIP WITH
THE LOCAL
COMMUNITY**

RELEVANCE AND VISION

Although it was not identified as a “priority material topic” in the 2024 ESG assessment, social impact remains a key pillar in ELSID’s long-term strategy.

The company acknowledges its role in strengthening local social cohesion, fostering economic development, and generating opportunities for the communities surrounding the Titu industrial platform.

Its commitment to the community is not approached merely as an ethical responsibility, but as a strategic investment in social stability, institutional trust, and regional resilience—within the framework of a sustainable industrial ecosystem.

STRATEGIC DIMENSION

ELSID understands that long-term success depends on the quality of relationships with the social environment in which it operates. Through constant involvement, the company aims to:

- Create a collaborative environment for regional sustainable development
- Support education and professional training for a qualified workforce
- Increase local incomes through competitive salaries and stable jobs
- Maintain social license to operate and strengthen local and national reputation



INITIATIVES AND RESULTS (2022–2023)

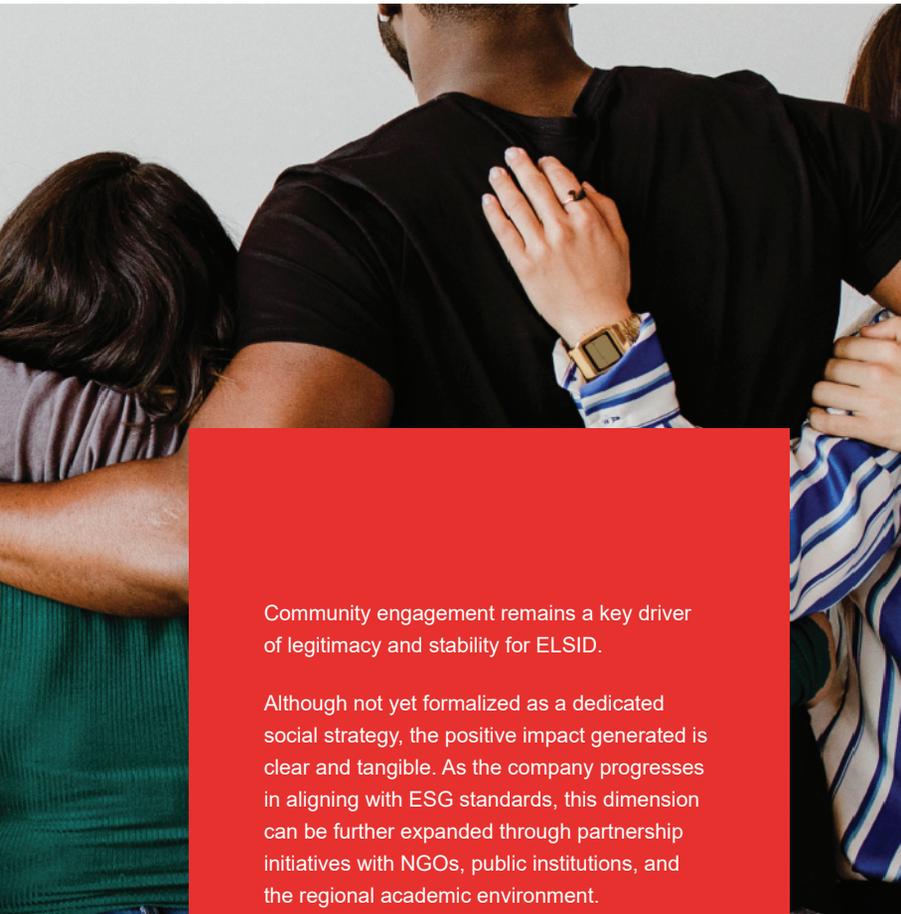
Local recruitment and training
over 150 employees from the Titu area

Increased employee incomes
supporting active community participation

Respect for rights and diversity
through explicit equal opportunity policy

Support for public health
through strict emission control and environmental protection

Significant contributions to local and national budgets
via taxes and fees



Community engagement remains a key driver of legitimacy and stability for ELSID.

Although not yet formalized as a dedicated social strategy, the positive impact generated is clear and tangible. As the company progresses in aligning with ESG standards, this dimension can be further expanded through partnership initiatives with NGOs, public institutions, and the regional academic environment.

ESG Impact



BENEFITS

- Strengthened reputation with authorities, clients, and investors
- Increased attractiveness for partners with advanced ESG standards
- Reduced legal and financial risks associated with corrupt practices
- Alignment with best practices in regulated markets and ESRS standards

ESG Impact



RISKS

- Non-compliance and litigation risks in ethics
- Severe reputational risk in case of integrity incidents
- Systemic supply chain risk without clear supplier policies



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**ETHICS, CORPORATE
GOVERNANCE, AND
ANTI-CORRUPTION
COMPLIANCE**

VISION AND RELEVANCE

For ELSID, ethics and governance are not merely compliance requirements, but the expression of a mature vision of how a responsible, sustainable, and high-performing business should be led.

In a complex industrial sector with significant economic impact, trust is built through transparency, sound decision-making, and zero tolerance for behaviors that undermine integrity.

At a time when European standards are becoming increasingly stringent — through ESRS G1 requirements and mounting pressure from investors — ELSID proactively commits to strengthening its governance structures.



GOVERNANCE STRUCTURE

The dualistic governance model adopted by ELSID reflects best practices in corporate governance, ensuring a clear functional separation between strategic oversight and executive management.

- The Supervisory Board defines the company's strategic directions and monitors their implementation, providing a framework for control and balance.
- The Executive Board manages day-to-day operations and implements operational decisions, bearing direct responsibility for the organization's performance.

This structure enables:

- Increased transparency in decision-making;
- Ensured impartiality through the separation of advisory and executive functions;
- Mitigation of conflicts of interest by clearly defined responsibilities.

Through this model, ELSID reinforces its commitment to responsible, effective leadership aligned with the principles of sustainable governance.

ETHICS POLICIES AND MECHANISMS

ELSID has built a robust framework for ethical compliance and prevention, which includes:

Internal Code of Conduct

a fundamental document that defines employee behavior standards regarding ethics, respect, anti-corruption, responsibility, and environmental protection;

Supplier Code of Conduct

extends these requirements to commercial partners to ensure accountability throughout the entire value chain;

Zero-tolerance anti-corruption policy

the company strictly prohibits any form of bribery, influence peddling, or unjustified favoritism;

Decision traceability and internal audit

all strategic decisions are documented, monitored, and reviewed in line with transparency principles.

This framework reinforces ELSID's commitment to integrity, corporate responsibility, and long-term sustainable governance.



ESG IMPACT AND ALIGNMENT

ESG Impact



BENEFITS

- Strengthened reputation with authorities, clients, and investors
- Increased attractiveness for partners with advanced ESG standards
- Reduced legal and financial risks associated with corrupt practices
- Alignment with best practices in regulated markets and ESRS standards

ESG Impact



RISKS

- Non-compliance and litigation risks in ethics
- Severe reputational risk in case of integrity incidents
- Systemic supply chain risk without clear supplier policies

SITUATION IN THE REPORTING PERIOD

No convictions, sanctions, or other incidents related to corruption, bribery, or ethical non-compliance were recorded in 2022–2023.

Ethics and governance are the backbone of a sustainable business model.

ELSID demonstrates, through its leadership structure and strong ethical policies, that lasting industrial performance can only be achieved through transparency, professionalism, and a deep respect for the rules of fair play.



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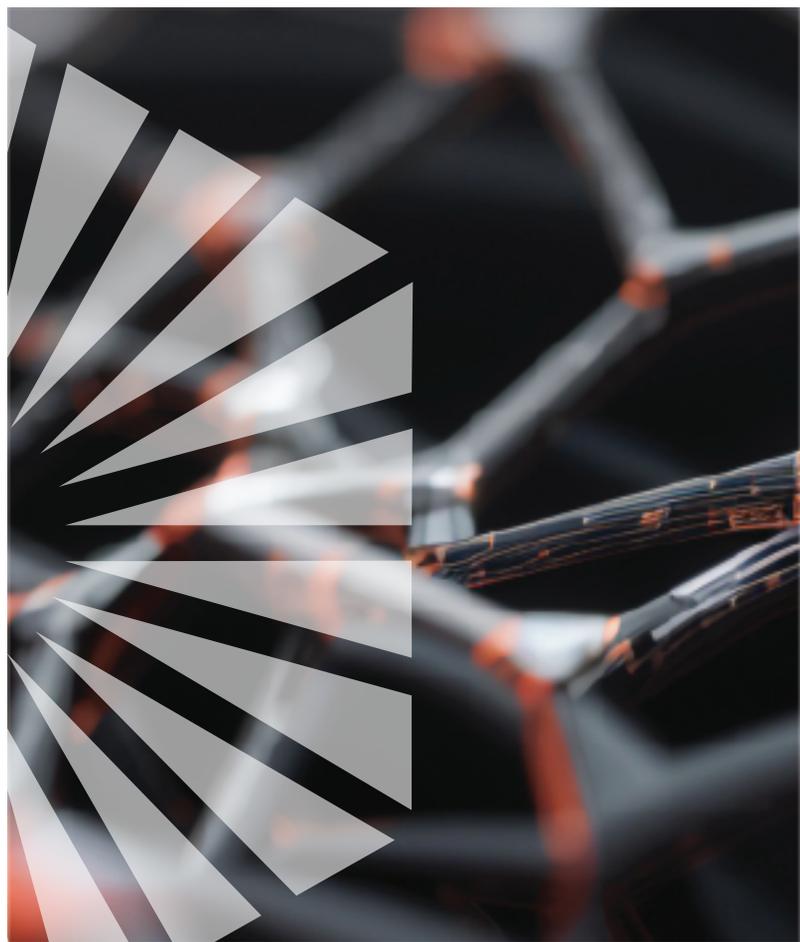
**SUPPLIER ESG
ASSESSMENT AND
INTEGRATION OF
RESPONSIBILITY IN
THE SUPPLY CHAIN**

DEFINITION AND CONTEXT

In the context of the transition to a sustainable economy, ESG responsibility is no longer limited to a company's internal activities but extends throughout the entire value chain.

Evaluating the ESG performance of suppliers thus becomes a key strategic tool for risk management, increasing transparency, and strengthening the resilience of the business ecosystem.

For Elsid, this approach aligns with the emerging requirements of the ESRs standards (especially E1, S2, and G1), the GHG Protocol Guide regarding Scope 3 emissions, as well as with European best practices in sustainable procurement.

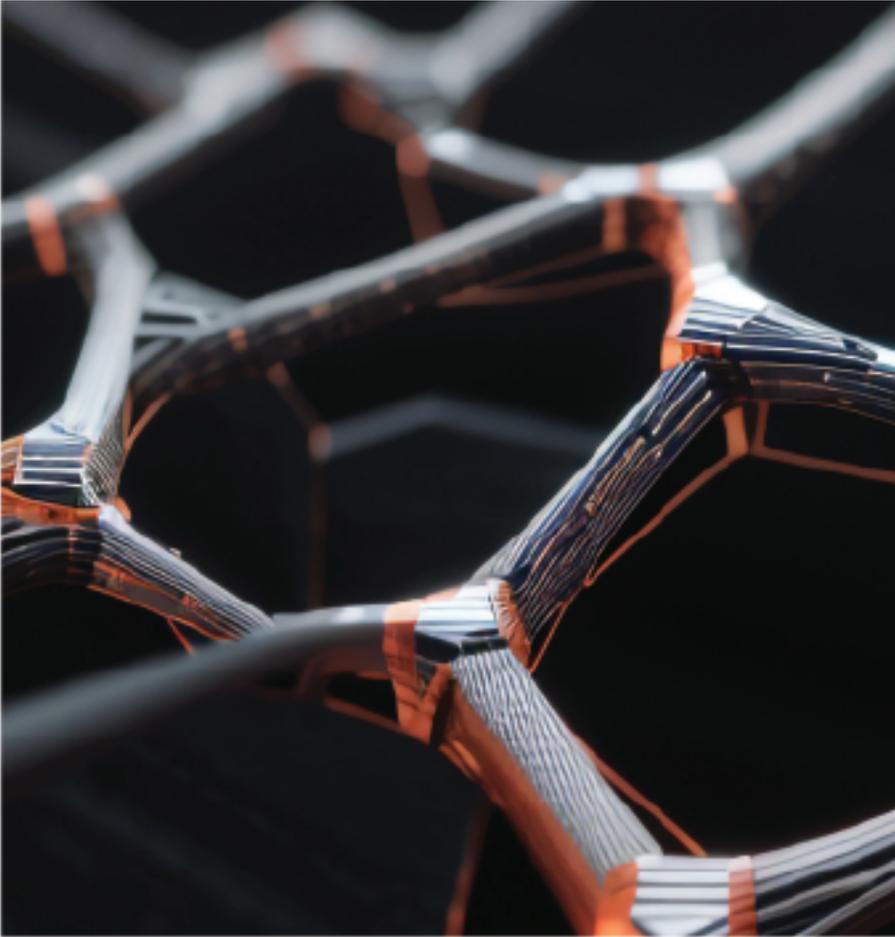


STRATEGIC RELEVANCE

In a complex industrial sector with significant ESG risks, such as electrometallurgy, collaborating with sustainable business partners is a strategic priority. ELSID understands that its environmental, social, and governance performance is directly influenced by the behavior of its suppliers – from respecting human rights and environmental regulations to traceability of raw materials and contractual compliance.

Implementing a robust ESG supplier evaluation policy contributes to:

- Reducing reputational and non-compliance risks;
- Improving climate performance throughout the supply chain;
- Strengthening trust-based relationships with ESG-conscious stakeholders and clients;
- Aligning with international trends regarding extended due diligence in business.



ACTION PLAN 2024–2027

Create an ESG evaluation grid for strategic suppliers (2025)

Pilot the process on at least 20% of procurement volume (2026)

Transparently report ESG compliance in the value chain (2027)

Correlate supplier evaluation with Scope 3 climate objectives

IMPLEMENTED INITIATIVES AND POLICIES

Elsid has established a system of extended responsibility throughout the value chain through the following measures:

Supplier Code of Conduct

an official document that mandates adherence to fundamental principles of business ethics, decent work, anti-corruption, environmental protection, and respect for human rights. This code is already communicated to existing suppliers and constitutes a condition in long-term contractual relationships;

Informal ESG pre-assessment of suppliers

based on legal compliance, ethics, and collaboration history. In practice, the company favors suppliers who demonstrate responsible and traceable practices, even though a formal scoring system is not yet in place;

Strategic development intent

Elsid plans to establish a formal ESG evaluation mechanism for critical suppliers, accompanied by minimum indicators (KPIs) and ESG selection criteria (e.g., ISO certificates, environmental policies, social initiatives);

Constructive dialogue with suppliers

the company initiates periodic consultations with key partners to encourage the harmonization of best sustainability practices and the increase of ESG compliance levels within the commercial ecosystem

ESG Impact



BENEFITS

Increased control over extended environmental impact (Scope 3)

Alignment with future mandatory reporting requirements in the EU

Improved reputation with internal and external partners

Creation of a sustainable and resilient commercial network

ESG Impact



RISKS

ESG non-compliance in the supply chain

Negative reputational associations with unsustainable practices

Vulnerability to future regulations on extended due diligence



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**ESG BENCHMARKING
IN INDUSTRY**

CONTEXT AND STRATEGIC POSITIONING

The advanced materials and electrometallurgy sector is undergoing a fundamental transformation, marked by the transition to a low-carbon economy, the adoption of circular economy principles, and increasing pressure from stakeholders for greater transparency regarding ESG performance. In this landscape, companies are no longer evaluated solely on financial criteria but also on their environmental impact, relationships with employees and partners, and the quality of corporate governance.

Against this backdrop, ELSID assumes an active and progressive role, strengthening its sustainability capabilities and delivering performance comparable to much larger operators in the industry.



INTEGRATION OF GREEN ENERGY AND OPERATIONAL EFFICIENCY

While many entities in the metallurgical industry still rely on conventional energy sources (which have high emissions and volatile costs), ELSID distinguishes itself by producing and directly using green energy from its own small hydropower plants. This approach not only reduces indirect emissions (Scope 2) but also enables greater operational autonomy and stability in energy costs - features that are rare at the European level among medium-sized companies.

Industry positioning

The operational integration of renewable energy directly into technological flows is considered an advanced practice, found only among producers operating at a high sustainability level. ELSID aligns with these standards through its hydroelectric infrastructure.





EMISSION CONTROL AND ENVIRONMENTAL PROTECTION

- **Dust emissions**
6.4 – 18.9 mg/Nm³, over 60% below legal limit
- **NO_x emissions**
~5% reduction in 2023 vs 2022
- **CO₂ Scope 1 emissions**
9,800–10,200 tons/year

These indicators place ELSID above market average for emission control efficiency.

WASTEWATER QUALITY AND RESOURCE MANAGEMENT

Wastewater quality indicators at ELSID (BOD₅, suspended solids, ammoniacal nitrogen) are 30% to 70% below the applicable legal limits. This performance reflects not only regulatory compliance, but also a genuine ability to effectively control the hydrological impact of operations.

Moreover, the use of proprietary water sources (underground wells) and industrial water recirculation systems highlights a mature resource management strategy - comparable to that found in industrial facilities in Western Europe or regions with strict ESG reporting frameworks.

WORKING CONDITIONS, SAFETY, AND HUMAN DEVELOPMENT

With a team of 175 employees in 2023, approximately 66% of whom are directly involved in production processes, ELSID operates within a high operational risk profile. In this context, the absence of major incidents and the maintenance of a stable organizational culture reflect an effective occupational health and safety system.

Benchmark

In the heavy industry sector, incident rates remain high, especially in activities involving thermal or chemical exposure. ELSID's measures — from regular internal audits to the provision of modern protective equipment — reflect best practices in the field.



CIRCULARITY AND WASTE MANAGEMENT

A recycling rate of over 67% annually from the total industrial waste generated positions ELSID among the companies that effectively implement circular economy principles. In most heavy industries, these processes are either outsourced or only partially applied, and achieving a rate above 60% requires a robust internal infrastructure for sorting, traceability, and recovery.

Industry Positioning

ELSID's waste management performance is comparable to that of companies with advanced certifications in circular economy and integrated industrial sustainability.



ETHICS, GOVERNANCE, AND TRACEABILITY

The dual governance structure (Supervisory Board and Executive Board), along with the adoption of Codes of Conduct for both employees and suppliers, provides ELSID with a strong foundation for developing sustainable governance. Although ESG evaluation across the value chain is not yet fully formalized, the company's strategic direction is clearly aligned with ESRS standards (G1, G4, G3).

Maturity level

ELSID's current structures and policies are comparable to those of industrial organizations in the pre-reporting phase under the CSRD, demonstrating both capacity and genuine commitment to future compliance.



ESG TRANSITION POSITIONING IN EUROPE

By voluntarily drafting an ESG report, accompanied by a preliminary materiality assessment and a process of alignment with ESRS requirements, ELSID demonstrates a proactive approach. This stands in contrast to the majority of medium-sized enterprises in the region, which have yet to initiate formal sustainability reporting processes.

This positioning will allow ELSID to benefit from early-mover advantages regarding upcoming requirements on transparency, sustainable finance, and ESG-driven supply chain selection.

To better understand the ESG maturity level of ELSID and its current compliance in relation to European trends, we conducted a comparative analysis based on relevant industry indicators. The table below provides a synthesis of the main ESG dimensions in which the company is aligned with, exceeds, or aspires to the best practices in the advanced materials and electrometallurgy sector. Comparing ELSID's performance with the estimated industry average and internationally recognized strategic directions offers a clearer assessment of the company's progress and helps establish future objectives that are ambitious yet achievable. This positioning is not aimed at direct competition, but rather reflects ESG maturity and coherence in a broader European and global context.

ESG indicator	ELSID (2022–2023)	Estimated sector average	Trends and best practices
Share of renewable energy in the operational mix	over 90% (own hydro)	under 40%	Renewable investments + PPAs
Industrial waste recycling rate	66.8%	30–50%	Increasing recycling towards 70%+
Dust emissions (mg/Nm ³)	6.4 – 17.1	20 – 40	<20 for modern units
NO _x emissions (mg/Nm ³)	<500	500 – 700	Continuous reduction with BAT
Scope 1 CO ₂ emissions (tone/an)	9,800 – 10,200	12,000 – 20,000	Setting net-zero targets
Wastewater quality (CBO ₅ , mg/l)	<17	15 – 22	<20 in most EU countries
Major H&S incidents reported	0	0 – 3	Zero-accident trend
Codes of conduct (employees/suppliers)	Yes (both)	Partial (employees only)	Expansion to the entire value chain

CONCLUSION

The comparative analysis places ELSID in a favorable position relative to the average in its industry. Although the company operates on a smaller scale than major international groups, its performance in renewable energy, emissions control, resource management, and governance infrastructure qualifies it as a relevant player in the sector's sustainable transition. The consolidation of these practices through the progressive integration of ESG KPIs and the formalization of a sustainable value chain will transform ELSID into a regional benchmark for corporate responsibility.





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**ESG
PERSPECTIVES
AND DEVELOPMENT
DIRECTIONS**

STRATEGIC CONTEXT

In a constantly evolving economic and regulatory environment, ELSID reaffirms its commitment to integrating sustainability as a core principle of its business strategy. Based on the results of its ESG materiality assessment, performance during the 2022–2023 period, and industry trends, the company is building a clear and realistic vision for the coming years—designed to ensure resilience, competitiveness, and progressive alignment with European requirements.

This section outlines ELSID's strategic sustainability priorities for the 2024–2028 period. These are not yet formal commitments, but rather a guiding framework that will inform future actions and support the maturation of its internal ESG governance system.

ESG ACTION PLAN (2024–2028)

Proposed Objectives

Develop energy autonomy by

commissioning the 6 MW photovoltaic park and maximizing green energy production from own hydropower plants

Optimize energy efficiency

through investments in modern equipment and digital monitoring technologies

Set quantitative targets

Reduce Scope 1 and 2 emissions by 20% by 2030

Reduce specific water consumption by 10% by 2028

Extend ESG management in the value chain

Collect ESG data from critical suppliers

Gradually apply ESG criteria in selection and evaluation processes

Create an internal ESG reporting system

Aligned with ESRS standards.

Consolidate social and educational engagement

Through local partnerships





STRATEGIC POSITIONING

The proposed directions place ELSID on a sustainable, balanced, and competitive trajectory. This approach is grounded in the company's current realities and adaptable to the future requirements of CSRD and ESRS.

The company does not aim for immediate formal compliance, but rather for a progressive maturation of ESG governance, strengthening long-term value and enhancing stakeholder trust.

In this way, ELSID positions itself not only as a high-performing industrial operator but also as an active partner in the sustainable transition of the advanced materials industry in Romania and Central Europe.



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**FORWARD
LOOKING
STATEMENTS**



This sustainability report includes, in addition to historical and operational information, a series of forward-looking statements regarding the company's strategic directions, planned initiatives for the 2024–2028 period, environmental, social, and governance (ESG) objectives, as well as intentions concerning progressive alignment with ESRS standards and other relevant regulations.

These statements reflect ELSID S.A.'s current commitments and strategic vision, formulated based on the information available at the time of the report's preparation. However, they may be influenced by unpredictable external and internal factors — economic, technological, legislative, or market-related — which could cause significant differences between the plans presented and the actual results achieved.

Since the sustainable transformation process is dynamic and ongoing, certain objectives or initiatives may be adjusted over time depending on the evolution of the regulatory framework, market conditions, or organizational context.

ELSID S.A. assumes no obligation to publicly update these forward-looking statements, except as required by applicable law. The report is provided "as is," without any explicit or implicit guarantees regarding the company's future performance.

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ANNEXES

ANNEX I

ESG GLOSSARY

This annex includes a selection of key terms used throughout the report, in accordance with European best practices for sustainability reporting and the standardized terminology related to VSME (Voluntary Sustainability Reporting Standard for SMEs). The purpose is to facilitate the understanding of the report's content by all categories of stakeholders.

ESG

Environmental, Social, and Governance—the three main pillars of corporate sustainability

VSME

Voluntary Sustainability Reporting Standard for SMEs

CSRD

Corporate Sustainability Reporting Directive

ESRS

European Sustainability Reporting Standards

GRI

Global Reporting Initiative

Dublă materialitate

Reporting on both the company's impact on society/environment and ESG risks/opportunities affecting the business

Scope 1/2/3 Emissions

Direct, indirect (energy), and other indirect GHG emissions

Carbon Footprint

Total direct and indirect GHG emissions

Circular Economy

Economic model focused on reducing waste through reuse and recycling

Stakeholders

Internal and external parties affected by or influencing the company

Corporate Governance

Leadership, control, and oversight structure ensuring transparency and accountability

Code of Conduct

Formal document outlining ethical principles and commitments

ESG Due Diligence

Systematic process for identifying and managing ESG risks and opportunities, especially in the value chain

KPI

Key Performance Indicator

Energy Transition

Shift from fossil to renewable energy sources to reduce carbon emissions

ESG Impact

Effects generated by company activities on the environment, society, and governance quality

ANNEX II ESG PERFORMANCE 2022–2023

This annex summarizes the relevant quantitative indicators in the Environmental, Social, and Governance (ESG) domains, providing an integrated view of ELSID's progress during the 2022–2023 period. The data reflect compliance with regulations, operational efficiency, and ongoing commitment to sustainable practices, forming a solid basis for performance evaluation and the setting of future objectives.



ENVIRONMENTAL PERFORMANCE

During the analyzed period, Elsid demonstrated solid performance in environmental protection by consistently keeping indicators below regulated limits and implementing concrete measures to reduce the impact on the ecosystem. Careful monitoring of emissions, efficient management of water and waste, as well as the use of own renewable energy sources, define the company's sustainability profile.



INDICATOR	2022	2023	NOTES
Dust emissions	8,0 – 18,9 mg/Nm ³	6,4 – 17,1 mg/Nm ³	Below legal limit
CO ₂ Scope 1 emissions	9.800 – 10.200 t	9.800 – 10.200 t	Values constant, based on production
NO _x emissions	< 500 mg/Nm ³	~5% lower	Improved efficiency
Wastewater BOD5	< 17 mg/l	< 17 mg/l	Legal limit: 25 mg/l
Suspended solids	5 – 12 mg/l	5 – 12 mg/l	Legal limit: 35 mg/l
Ammoniacal nitrogen (NH ₄ ⁺)	1,2 – 2,8 mg/l	Kept constant	Legal limit: 5 mg/l
Total water consumption	~45.000 m ³	~45.000 m ³	Own sources + efficient recirculation
Industrial waste generated	4.500 – 5.000 t	idem	Average recycling rate: 66.8%



SOCIAL PERFORMANCE

ELSID maintains a consistent commitment to its workforce, focusing on employee stability, workplace safety, and a fair organizational climate. The company invests in professional training, promotes occupational health and safety, and supports demographic balance.

Category	Values 2022–2023
Total number of employees	195 (2022) → 175 (2023)
Share of productive staff	~66% (directly exposed to operational risks)
Gender distribution	86% male / 14% female
Age distribution	Over 50% aged between 40–60 years
Health and safety	0 major incidents reported



GOVERNANCE PERFORMANCE

The company has continued to strengthen its internal framework for ethical governance and compliance, applying principles of transparency and accountability in decision-making. Codes of conduct and a zero-tolerance policy toward corruption are essential pillars of ELSID's organizational culture.

Category	Details
Governance model	Dual system: Supervisory Board + Directorate
Codes of Conduct	Implemented – for employees and suppliers
ESG evaluation of suppliers	In preparation – planned for 2025–2028
Corruption cases / sanctions	0 incidents reported



FINAL OBSERVATIONS

The data presented provide a robust foundation for setting future KPIs, especially in decarbonization, energy efficiency, circularity, and responsible governance.

The annex structure ensures transparency and traceability, aligning with VSME requirements and international best practices in ESG reporting.

ANNEX III CORRELATION OF ESG TOPICS WITH VSME REQUIREMENTS

To ensure transparency, traceability, and comparability with European best practices, this report has been structured in accordance with the requirements of VSME – Voluntary Sustainability Reporting Standard for SMEs, 2024 version. The standard is designed for small and medium-sized enterprises that wish to align their sustainability reporting with stakeholder expectations voluntarily and progressively, without yet being obligated by European directives (e.g., CSRD).

The table below clearly indicates the correlation between the key topics defined in VSME and the chapters of the report, providing a systematic overview of the thematic coverage and alignment with best reporting practices.

No. VSME	ESG categories	Subject VSME	Chapter of the ESG Report ELSID 2024
1	General	Management message	2. Message from Management
2	General	General company information	3. Introduction and General Context
3	General	Metodologia de raportare	5. Basis for Report Preparation
4	General	Reporting methodology	6. ESG Materiality Assessment
5	Medium	Energy and GHG emissions	8. Energy and Greenhouse Gas Emissions
6	Medium	Pollution (air, water, soil)	9. Air, Water, and Soil Pollution
7	Medium	Water	11. Water Resource Management and Sustainable Use
8	Medium	Biodiversity	10. Biodiversity and Ecosystem Impact
9	Medium	Resource use and circular economy	12. Natural Resources, Circular Economy, and Waste Management
10	Social	Workforce - general characteristics	13. Workforce: General Characteristics
11	Social	Occupational health and safety	14. Occupational Health and Safety
12	Social	Pay, training and collective bargaining	15. Remuneration, Collective Bargaining, and Professional Training
13	Social	Diversity and equal opportunities	16. Diversity and Equal Opportunities
14	Social	Social impact and local community relations	17. Social Impact and Relationship
15	Governance	Ethics, corporate governance, anti-corruption and compliance with the law	18. Ethics, Corporate Governance, and Anti-Corruption Compliance
16	Value chain	ESG în lanțul de aprovizionare	19. Supplier ESG Assessment
17	ESG Strategies	ESG in the supply chain	21. ESG Perspectives & Development Directions
18	ESG results	Integrated ESG performance (quantitative indicators)	Annex II: ESG Performance



FINAL REMARKS

The ELSID ESG report is structured in full alignment with the thematic requirements of VSME, providing a solid foundation for future alignment with ESRS and CSRD requirements.

The level of detail, graphical support, and presence of quantitative indicators support comparability and incremental progress.

The annex serves to assist readers in efficiently navigating the report, according to their thematic interests or assumed reporting requirements.



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