Sustainability Report 2026



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ABOUT THE REPORT

The information and data included in our third Sustainability Report showcase the performance of Arexim Engineering for calendar year 2025 (1 January 2025 to 31 December 2025) and the company progress compared to 2024.

As a leading engineering manufacturer working globally, we are committed to integrating sustainable practices into our operations and contributing positively to the communities we operate in. Going forward, we aim to issue a Sustainability Report on an annual basis, ensuring ongoing transparency and accountability in our sustainability efforts.

The report is developed with reference to the Global Reporting Initiative (GRI) guidelines and requirements. Additionally, it follows the structure of the Arexim Engineering **Sustainability Policy** and strategic ESG pillars, which we focus on.

It is important to note that while the document has not undergone external third-party assessment, Arexim Engineering remains dedicated to continuous improvement in all sustainability practices and sincerely welcomes feedback from its stakeholders. In case of questions or feedback, you can contact our ESG Officer Refie Sadulova at **r.sadulova@areximengineering.bg**. We value your input and are committed to fostering open dialogue on sustainability matters.



MESSAGE FROM THE CEO

Dear Reader,

As we reflect on 2025, I would describe the year as one of stabilization, disciplined execution, and continued search for the next stage of our development. After a period marked by uncertainty and external pressure, Arexim Engineering entered the year with a clear focus: to protect the strengths that have brought us this far, while actively exploring how our business model can evolve in a responsible and sustainable way.

The macroeconomic environment remained complex. Inflationary pressure continued to affect almost every area of our cost base, while international trade dynamics and shifting global policies created additional uncertainty for industrial companies operating across international markets. These conditions required vigilance, flexibility, and careful decision-making. At the same time, 2025 also confirmed the resilience of our organization. Through a stronger business volume, better utilization of resources, and continued operational discipline, we achieved an improvement in our margins and strengthened the foundation on which we can build further.

Our strategic direction remains consistent. We continue to believe that long-term value is created not by pursuing volume at any cost, but by focusing on quality, reliability, engineering depth, and meaningful partnerships. At Arexim Engineering we are increasingly looking for development that build upon our core competencies – areas where our know-how, precision, manufacturing culture, and problem-solving capability can create greater value for our partners and for the company. This is not a departure from our existing model, but a thoughtful extension of it. We are seeking ways to move forward while remaining grounded in what we do best.

In 2025, we also continued to position ourselves more deliberately in areas where collaboration, trust, and technical contribution matter. While some developments must remain general at this stage, the direction is clear: we want to work with partners who value co-creation, long-term commitment, and shared responsibility for the final result. This approach supports our ambition to move further up the value chain and to participate in projects where quality, expertise, and execution discipline are recognized as true differentiators.

The human dimension of sustainability remained one of the most important and most challenging topics for us. Like many industrial companies in Europe, we faced significant pressure related to workforce availability, changing expectations, and the increasing difficulty of attracting and retaining qualified people. We are fully aware that compensation, working conditions, development opportunities, and organizational culture are all part of the same equation.

Not every issue can be solved immediately, and not every expectation can be met at once, but we continue to work in all relevant directions with responsibility and realism.

At the same time, we have a strong reason to be proud of the stability and loyalty within our team. More than 55% of our employees have been with the company for over five years. This is a meaningful indicator. It shows that Arexim Engineering is not simply a place of employment, but a professional community built over time through shared effort, trust, and continuity. Our task as management is to preserve this strength while adapting the organization to new realities - including the need for new skills, greater flexibility, and more efficient ways of working.

Automation will therefore be one of our key priorities going forward. For us, automation is not only a matter of productivity. It is also a practical response to structural workforce challenges and an opportunity to improve consistency, safety, efficiency, and competitiveness. By investing in automation and process optimization, we aim to support our people, reduce operational bottlenecks, and create a more resilient platform for future growth.

From an environmental, social, and governance perspective, 2025 was not defined by one single breakthrough, but by continuous improvement across many areas. We have already reached a strong level in several aspects of our sustainability performance, and our current responsibility is to maintain what has been achieved while identifying further areas for incremental progress. The higher ratings we achieved in EcoVadis and CDP are important external confirmations that our efforts are moving in the right direction. They reflect not only policies and reporting, but also the gradual strengthening of systems, practices, and accountability across the organization. Looking ahead to 2026, our priorities are clear: to strengthen our teams and know-how, to continue improving efficiency, to accelerate automation, to develop new opportunities that build on our core competencies, and to strengthen the conditions for long-term organizational stability. We will remain selective in the way we grow, careful in the way we invest, and consistent in the way we uphold our standards.

I am confident that the work done in 2025 has helped us consolidate our position and prepare for the next phase of development. The path ahead will require discipline, adaptability, and honest alignment between ambition and reality. But with the commitment of our people, the trust of our partners, and the clarity of our long-term direction, Arexim Engineering is well positioned to continue building a stronger, more sustainable, and more future-ready company.

Thank you for your continued dedication, partnership, and belief in what we are building together.

Sincerely,

Kiril Asenov

CEO and Sole Owner, Arexim Engineering



MESSAGE FROM THE CCO

Dear Reader,

The year 2025 has been marked by a challenging and rapidly evolving market environment, shaped by economic uncertainty, changing customer expectations, technological advancement, and the growing importance of sustainable business practices. These developments have required resilience, adaptability, and a clear long-term perspective. At Arexim Engineering, we have responded to these challenges by relying on our technical expertise, strategic direction, operational excellence, and, above all, the knowledge, dedication, and professionalism of our highly qualified employees.

Our people remain our greatest strength, enabling us to deliver reliable and innovative engineering solutions while maintaining high standards of quality, safety, and customer satisfaction. Building trusted, long-term partnerships with our customers continues to be central to our commercial approach. By understanding their needs and sustainability ambitions, we provide tailored solutions that create lasting value, support their business objectives, and contribute to sustainable growth.

Sustainability remains an essential part of our strategy and decision-making. We are committed to improving our environmental performance through responsible engineering practices, efficient resource use, and continuous improvement, while investing in the development, health, safety, and well-being of our employees. We also continue to uphold the highest standards of ethics, transparency, governance, and responsible business conduct.

Looking ahead, we remain confident in our ability to navigate future challenges and seize new opportunities. Supported by a clear strategic vision, strong customer partnerships, responsible business practices, and an experienced and dedicated team, Arexim Engineering is well positioned to deliver innovative engineering solutions that create lasting value for our customers, employees, shareholders, and society. Together with our partners and stakeholders, we will continue contributing to a more resilient, innovative, and sustainable future.

Sincerely,

Krassimir Trifonov

CCO, Arexim Engineering



01

COMPANY OVERVIEW

DYNAMICS AND INNOVATION

Driven by dynamics and innovation, Arexim Engineering advances sustainable precision manufacturing for long-term value creation.

About the Company

Founded in 1991 and **located in the Industrial Zone North in Smolyan, Bulgaria**, Arexim Engineering has grown from a family-owned enterprise into a recognized manufacturer of technical plastic components and tooling solutions. Today, the company serves customers in 13 countries across the automotive, electrical, power tools, and other industrial sectors.

Our success is built on a commitment to quality, innovation, and long-term partnerships. Supported by advanced manufacturing technologies, a modern machine park, and a highly skilled workforce, we deliver products that meet internationally recognized quality standards. Through close collaboration with our customers, we address complex manufacturing challenges with expertise, flexibility, and a strong culture of teamwork.

Continuous investment in new technologies and process improvements remains a key strategic priority, enabling us to enhance customer satisfaction, expand our capabilities, and strengthen our competitiveness in global markets. Over the years, Arexim Engineering has established a reputation as a reliable and trusted partner, recognized both in Bulgaria and internationally for operational excellence and consistent performance.

As we look to the future, we recognize our responsibility to contribute to sustainable industrial development. We are committed to continuously improving our environmental, social, and governance (ESG) performance by **increasing resource efficiency, reducing our environmental footprint, fostering a safe and inclusive workplace, and promoting responsible business practices throughout our operations**. Sustainability is an integral part of our long-term strategy, guiding our efforts to create lasting value for customers, employees, communities, and other stakeholders.



Key Milestones in Our History

1991

Arexim Engineering was established **as a mould maker with 2 moulding machines**.

2002

New clients attracted: Schneider Electric, Liebherr.

2004

New location (current base of operations). New client attracted: Makita.

2005

New clients attracted: Bosch, Witte Automotive, Festo.

2007

In house mould creation for Automotive industry begins, printing operations begin.

2010

20 injection moulding machines in our production. New clients attracted: R&M, Eaton.

2011

The production arsenal was enriched with state-of-the-art technology for multi-component molding, SAP and QMS implemented for the first time.

2012

New clients attracted: Kostal, ESAB, **6** new injection molding machines.

2013/14

The Automated Central Material Feeding System was put into operation, **10 new injection molding machines, first new 5-axis milling machine** fully equipped for graphite processing.

2015

Almost 43% increase in the number of employees (from 400 to 700 people), integration of the internally developed system IIS (Integrated Information System), **10 new injection molding machines**.

2016

Partnership with Tech Park Sofia and Sofia Technical University, **8 new injection molding machines**.

2017

Integration of a barcode system, **1 new 5-axis** milling machine.

2018

New client attracted: CASCO, **5 new injection molding machines.**

2019

Alpha Engineering becomes part of the Arexim Family. New clients attracted: KAYSER, SENSATA.

2020

New plasma treatment for plastic parts implemented.

2021

Relocation of the tool production facility into a new building and, expansion of old toolshop area with 600 m2 for new machines and reorganization, "on time" printing machines were introduced in the injection shop, 2 hot stamping machines were purchased for the Printing House unit, 2 High speed 5-axis milling machines purchased with automation added, 17 injection molding machines were purchased, Wire and spark erosion machine implemented.

2022

"High speed" milling machines were introduced in the injection shop., mold design department moved to a new office.

2023

New Market - Winter sports gained, 2 vertical machines for the injection molding shop and 1 pad printing machine were purchased, the movement of finished products through the Barcode internal system was implemented.

2024

Conversation from thermoreactive to thermoplastic technology for items of our new customer (including tests, validation, proposals for alternative materials), **Rapid prototyping tools** – decreasing of the lead time and responding of the specific requirements, **2 CNC Lathe Gildemeister** were purchased.

2025

New assembly lines implemented, new ultrasonic welding line put into operation, laser engraving technology, automation activities developing and optimizing of part production for increasing of the productivity,
New client attracted: IMI.

What we produce



Automotive

- ✓ Steering column modules
- ✓ Switch panels
- ✓ Roof modules
- ✓ Handles for seat adjustments
- ✓ Locking systems
- ✓ Compensation systems
- ✓ Mechanical elements for camera systems
- ✓ Joystick housing
- ✓ Operator control systems
- ✓ Tube systems
- ✓ Buttons and carriers for motorcycle
- ✓ Sensor housings
- ✓ Elements for climate control



Electrical

- ✓ Circuit breakers
- ✓ Panel sockets
- ✓ Switch disconnectors
- ✓ Low voltage fuse gears
- ✓ Metering board adapters
- ✓ Blanking modules
- ✓ Board covers
- ✓ Patch panels



Power tools - components for

- ✓ Angle grinder
- ✓ Screwdriver
- ✓ Jigsaw
- ✓ Drill
- ✓ Auxiliary Handles



Home appliances

- ✓ Trail caps
- ✓ Door rack can
- ✓ Door rack bottle holders
- ✓ Multicomponent door handles
- ✓ Humility control lids
- ✓ Door trays
- ✓ Refrigerator containers



Entertainment

- ✓ Ski sidewalls
- ✓ Dry ski slope



Personal Protective Equipment

- ✓ Goggles
- ✓ Face shields
- ✓ Safety glasses
- ✓ Helmet
- ✓ Antiphons
- ✓ Protective mask

Our Mission, Vision and Values

Our vision is to become a leader in our industry by providing innovative solutions and exceptional service to our customers.

Our mission is to provide creative solutions for the plastic world, that exceed customer expectations, while promoting sustainability and social responsibility.

Culture: Adopting plastics as a strength for the future.

Fast, light and durable are necessities of the future just as plastic is. Our culture rooted in creativity, teamwork, technology and partnership symbolizes our intention to use this strength responsibly.

Guided by our values we are committed to using our expertise responsibly to manufacture innovative plastic products that meet the evolving needs of our customers and industries.

Technology drives our progress. We invest in advanced manufacturing equipment and modern production processes to ensure efficiency, precision, and reliability.

Teamwork powers our success. Our skilled engineers, technicians, and specialists collaborate closely, combining experience and expertise to deliver exceptional results.

Quality defines everything we do. Through advanced technologies, rigorous standards, and carefully selected materials, we consistently produce reliable, high-performance technical plastic components.

Confidence is built through partnership. We work flexibly with our customers, providing tailored solutions based on their specific requirements, technical drawings, or samples. By combining innovation, responsiveness, and trust, we create lasting relationships and deliver value at every stage of the process.

What we do



01 Plastic production

With over 110 machines available, Arexim Engineering produces a diverse product range comprising over a thousand different plastic parts for a wide range of applications. We have state-of-the-art equipment for multi-component injection molding. The simultaneous operation of three injection units, combined with 120- and 180-degree rotating tables, ensures high-tech production with more than one plastic material, with different mechanical properties. We also have an automatic system feeding the machines with raw material.



02 Tool production

In our quest to be an independent and high-tech company, we have purposefully developed our own tool shop. The production of tooling is carried out using modern high-speed milling machines and erosion machines. 100% inter-operational control is carried out with state-of-the-art scanning technology. Our team of highly qualified engineers and designers constantly communicates with the customer and develops various conceptual projects. This ensures that our solutions are fully tailored to the requirements and needs of the customer regarding the final product.



03 Printing

Arexim Engineering is equipped with single color as well as multi color pad printing machines, screen printing and hot stamping of plastic products. We are implementing robots to print and quality check on the molding machine.



04 Assembling

Includes automatic, semi-automatic and manual installation. Arexim Engineering carries out assembly of whole products or partial assembly, following the specific requirements of the customer.

05 Ultrasonic welding

We have the equipment needed for the most commonly used welding method for joining injection molded parts.

06 Conditioning

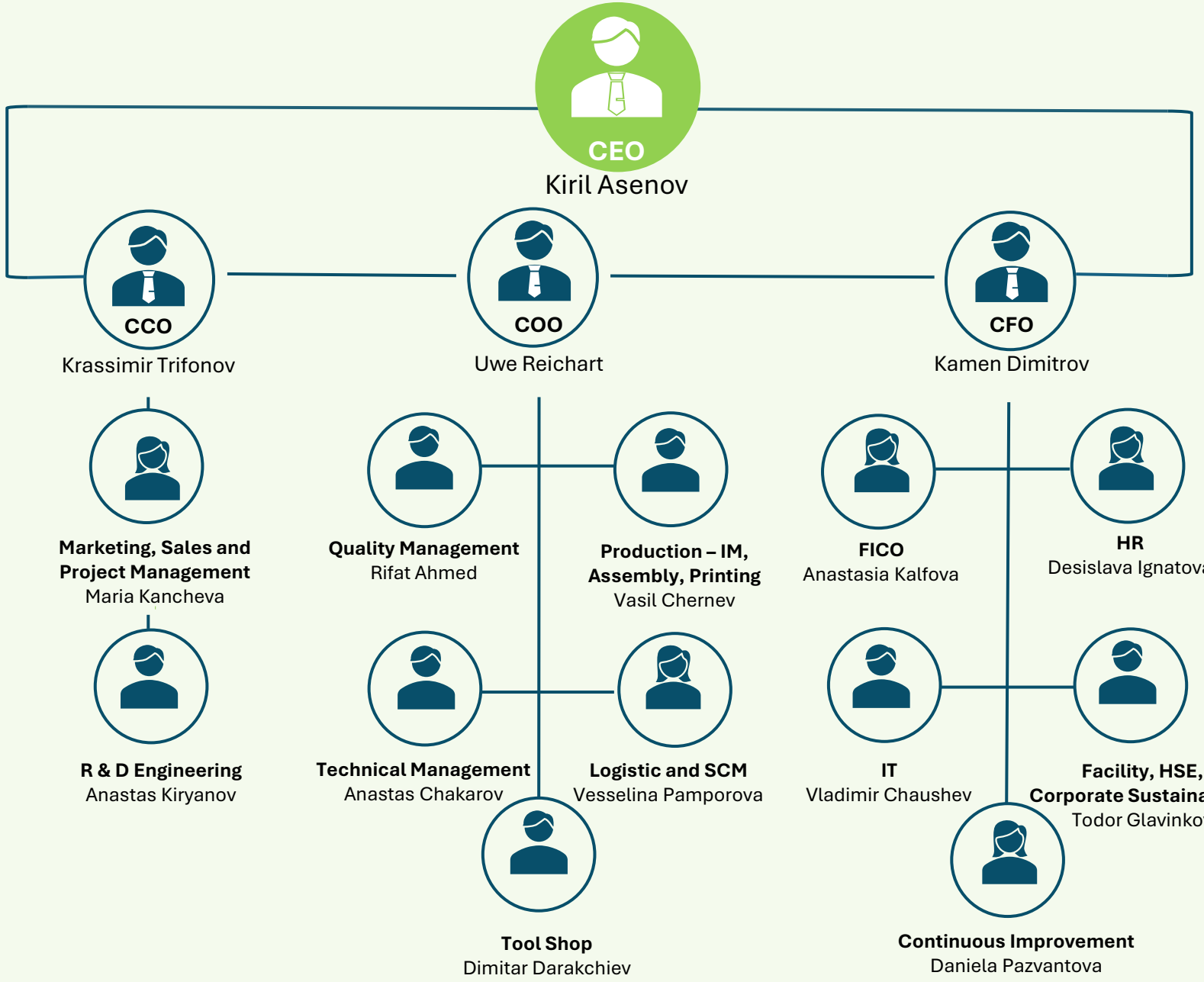
We have developed a modern chamber for conditioning of plastic parts.

Governance Structure

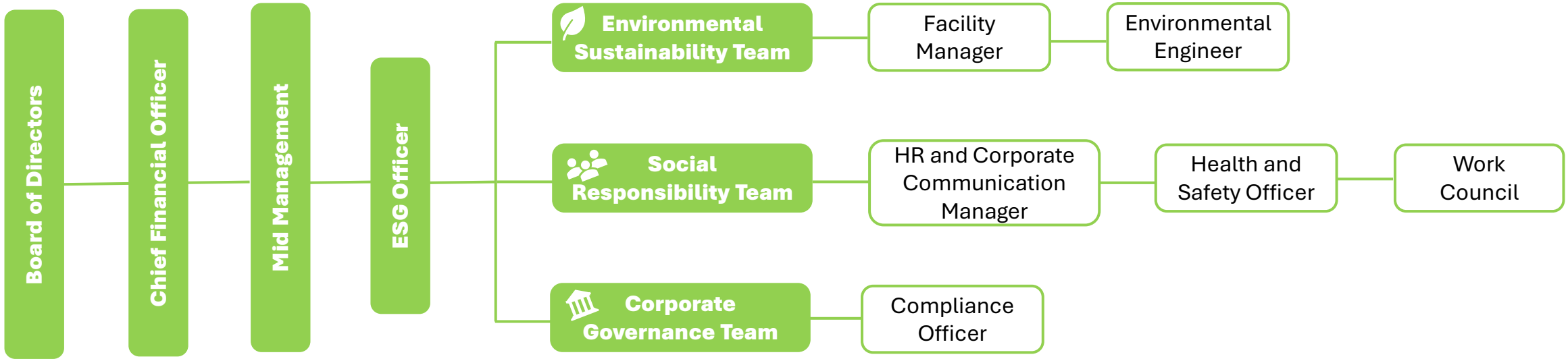
Arexim Engineering applies a governance framework based on transparency, accountability, ethical business conduct, and long-term sustainable development. Environmental, social, and governance (ESG) principles are integrated into the Company's strategic and operational decision-making to support responsible business practices, effective risk management, regulatory compliance, and alignment with stakeholder expectations.

The framework establishes clear roles and responsibilities, supported by internal controls, reporting lines, and management review processes that provide effective oversight of business operations, sustainability performance, and compliance obligations. These mechanisms promote effective communication, accountability, and continuous improvement while maintaining high standards of integrity and operational excellence. Through this approach, the Company creates long-term value for its stakeholders and advances its sustainability objectives.

The governance framework is reviewed periodically to ensure continued effectiveness.



The senior management oversees the implementation of the Company's ESG strategy and the integration of sustainability considerations across its operations. This is supported by a dedicated **sustainability policy**, the appointment of an ESG Officer, and regular ESG performance reporting in line with internationally recognized standards.



Key ESG Governance Principles

Arexim Engineering integrates ESG principles into its governance framework, ensuring that sustainability considerations are embedded in decision-making across the organization. Management promotes open dialogue with stakeholders and encourages regular feedback on ESG-related matters.

The Company applies the principles of meritocracy, transparency and objectivity in the selection of its management and Board members. Clear policies are in place to prevent and manage conflicts of interest, while a confidential whistleblowing channel enables employees to report ethical concerns without fear of retaliation.

Senior management is responsible for implementing the Company's ESG objectives and overseeing the implementation of sustainability initiatives. Sustainability-related matters are communicated to the General Assembly of Shareholders, supporting transparency and sound corporate governance.

Sustainability Pathway

2001 Obtaining **ISO 9001** Quality Management System Certification

2005 Obtaining **ISO 14001** Environmental Management System Certification

2011 Membership of the UN Global Compact Network (UNGC)

2015 Replacing of lightning with a more energy efficient one.

2016 Adherence to the **EcoVadis rating** platform, the starting point for measuring the impacts of Arexim Engineering,
Regranulation system purchased and put into operation.

2020 Obtaining **IATF 16949** Quality Management Certification,
Publication of the first Code of Ethics,
Commissioning of a **1 MWp** photovoltaic installation.

2022 Extension of photovoltaic installation with **0.5 MWp**, "Employer invested in OHS conditions" award from Labor Inspectorate Smolyan.

2023 Completing the CDP (Carbon Disclosure Project) Climate Change Assessment,
Publication of first GHG emissions inventory report and GHG decarbonization roadmap.
"Best Players in Decarbonization – Role models for medium sized company in P1 MARKET" award from Schneider Electric,
Publication of the first OHS policy.

2024 Publication of the **first Sustainability Report** and **first Supplier Code of Conduct**,
Implementation of ESG aspects in supplier evaluation process,
Bulgarian Employment Agency Award "Partner in big business",
Schneider Electric, Sustainability Impact Award, "Country Winner 2024 -2025".

2025 Publication of the **Customer health and safety policy.**
Contract signed under the 'Working Conditions Fund' for installation of air conditioning in plastic production and replacement of second-floor windows.

Awards

ECOVADIS: silver medal and improved rating for Arexim Engineering

During 2025, Arexim Engineering was awarded the **EcoVadis Bronze Medal** in recognition of our EcoVadis sustainability rating. With a score of **69/100,** consistent with our 2024 performance, this result reflects the company's continued commitment to sustainability and Corporate Social Responsibility. The 2025 Bronze Medal places Arexim Engineering among the companies positively recognized by EcoVadis for their sustainability practices within our sector and highlights our ongoing efforts to maintain and strengthen responsible business performance.



Environmental rating for the fight against climate change

In 2025, Arexim Engineering continued its participation in the Carbon Disclosure Project (CDP) for the third consecutive year, reinforcing its commitment to transparent reporting on greenhouse gas emissions and climate-related performance. CDP is globally recognized as a leading authority in the assessment of corporate decarbonization strategies and actions to address climate change.

In 2025, Arexim Engineering achieved a **CDP score of B**, maintaining its performance level and demonstrating the company's sustained dedication to decarbonization and effective environmental management. This result reflects strong governance practices, the active engagement of top management, and ongoing efforts to identify, monitor, and reduce the environmental impacts associated with the company's operations and production processes.



Our Memberships



01 Business Sustainabilty Rating Platform

02 Packaging Waste Recovery Organization.

03 United Nations Global Compact – The World's largest corporate sustainability initiative.

04 Global Customer Data Platform – Climate Disclosure Project – System for investors, companies, cities, states and regions to manage their environmental impacts.

05 Pallet Return System - Circular economy systems in Europe, supplying reusable pallets to the petrochemical industry.

06 Automotive Cluster Bulgaria

07 German Bulgarian Chamber of Commerce

08 Amerikan Chamber of Commerce

09 Kunststoff Institute – The institute is focusing on companies' quality and cost-effectiveness in the plastics industry especially for injection molded parts made of thermoplastics and thermosets.

10 Confederation of Employers and Industrialists in Bulgaria - Nationally representative organization of employers.



Our Customers

Arexim Engineering customers are located in **more than 13 countries on 3 continents.**

98.1 % of our customers are located in Europe, out of whom **68.1 %** are located in Bulgaria. We deliver also to customers in Brazil, China, and India.



Our Partnership

Technical University Sofia, Sofia Tech Park

We have established strong partnerships with the Sofia Technical University, as well as Sofia Tech Park, equipped with state-of-the-art technologies for additive manufacturing. We take the opportunity to use their facilities for rapid mold creation through additive manufacturing and hybrid machines capable of swiftly producing prototype molds and intricate details unattainable with conventional machinery.

In collaboration with the design expertise of TU -Sofia, we enhance our design capabilities to address advanced analyses, detailed requirements, and comprehensive product specifications. **Together, we have also initiated a new development stream focused on the development of nanocoatings for injection tools, aiming to improve tool performance, durability, and manufacturing efficiency.**

We highly appreciate the opportunity to use those machines which are one-of-a-kind in Bulgaria, given the high cost and rarity of such machinery. Through a collaboration agreement, we lease those high-tech machines to manufacture various products, most often prototypes. The Technical University also contributes to the product design. This collaboration brings unique manufacturing capability to our operations in Bulgaria, and we, at Arexim Engineering are very proud that we are greatly involved in this area.



UniCredit Bulbank
ESG Days

Arexim Engineering EAD cooperates with UniCredit Bulbank in support of its commitment to environmental, social, and governance (ESG) principles and the promotion of sustainable business practices. As part of this partnership, the Company actively participates in ESG-focused events and knowledge-sharing initiatives organized by UniCredit Bulbank, aimed at supporting companies in their sustainable transformation.

In 2025, Arexim Engineering took part in ESG events held on 26 June in Burgas and 19 November in Sofia, which addressed key topics such as ESG integration, regulatory developments, sustainability reporting requirements, and responsible business conduct. Participation in these initiatives contributes to strengthening our internal ESG capacity, improving awareness of sustainability - related risks and opportunities and aligning our business and financial decisions with environmental responsibility, social impact, and sound corporate governance. Through this cooperation, Arexim Engineering reinforces its long-term sustainability objectives and commitment to responsible growth.



Regional Health Inspectorate – Smolyan
Viral hepatitis testing campaign

In 2025, Arexim Engineering continued its successful partnership with the Regional Health Inspectorate (RHI) – Smolyan by implementing two important workplace health initiatives aimed at promoting disease prevention and improving employees' health awareness.

The first initiative was the e-Health Campaign, which encouraged employees to become more familiar with digital healthcare services and the use of electronic health records and other e-health tools.

The second initiative was a voluntary screening campaign for Hepatitis B, Hepatitis C, and HIV, providing employees with free, confidential testing and professional health counselling.

The campaign emphasized the importance of early detection, prevention, and informed decision-making regarding communicable diseases.

The campaign was carried out between 22 and 25 July 2025, with **217 employees (31.39% of the workforce)** participating in the initiative. All participants were offered voluntary screening for Hepatitis B and Hepatitis C, while **73 employees also chose to undergo HIV testing. No positive test results were identified.**

These initiatives demonstrate Arexim Engineering's ongoing commitment to protecting employee health, supporting disease prevention, and fostering a culture of wellbeing through strong collaboration with the Regional Health Inspectorate – Smolyan. By working together, we continue to create a healthier, safer, and more informed workplace for all employees.



Arexim Engineering's Sustainability Highlights 2025

ENVIRONMENT (E)

72 %
waste diversion rate



69 % waste diversion rate in 2024

876
tonnes of waste



842
tonnes of waste in 2024

131
tonnes of CO2 eq emission (Scope 1 & 2)



146 tonnes of CO2 eq emission (Scope 1 & 2) in 2024

14.537
GWh electricity used



12. 946
GWh electricity used in 2024.

100 %
renewable electricity share



100 % renewable electricity share in 2024.



11.27 % own production

B
CDP rating



B
CDP rating in 2024

SOCIAL (S)

55 %
rate of employee with 5+ years at work



55 % rate of employee with 5+ years at work in 2024

649
employees



702 employee in 2024

0.00
lost time injury rate



0.7 lost time injury rate in 2024

44/56 %
female to male ratio



46 / 54 % female to male ratio in 2024

36.61 %
hiring rate, 108 people hired



22.41 % hiring rate in 2024,
165 people hired

6
children sport club's annual donation



6 children sport clubs supported in 2024

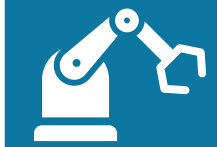
GOVERNANCE (G)

Customers from 13 countries worldwide



High satisfaction score from **95 %** of our customers

110+
Injection moulding machines



Production of over a 1000+ plastic parts for automotive, electrical, power tool and other industries

Materiality Assessment

We shape our sustainability priorities through a structured and data-driven materiality analysis that reflects both internal and external stakeholder expectations. For the 2022–2023 Sustainability Report, the assessment was conducted by our ESG and management teams, incorporating inputs from employees, clients, partners, and other key stakeholders.

The analysis integrated global sustainability frameworks, including the UN Sustainable Development Goals (SDGs), the European Green Deal, and recognized ESG reporting standards and indicators, ensuring alignment with international best practices. Our approach considered both Arexim Engineering strategic impact and stakeholder priorities, evaluated through surveys, workshops, and trend analyses, capturing ESG risks and opportunities relevant to our operations.

The assessment produced a materiality matrix, categorizing sustainability issues according to their significance for Arexim and its stakeholders. This matrix serves as a strategic framework to ensure our initiatives remain aligned with stakeholder expectations and global sustainability trends. Each material topic is incorporated into our Sustainability Roadmap and linked to measurable KPIs, monitored regularly by our management team.

To maintain relevance in a dynamic business environment, Arexim Engineering performs periodic reassessments of material topics whenever significant changes occur in the company context, operations, or regulatory landscape. This ensures that our sustainability strategy and reporting continue to address the ESG issues most critical to long-term value creation, responsible growth, and the transition toward a low-carbon, innovation-driven future.



Arexim Engineering's Materiality Matrix



Materiality Topic	
1	Product Quality
2	Promoting sustainable practices along the supply chain
3	Customer partnership
4	Continuous improvement
5	Technology and innovation
6	Waste, materials and circularity
7	Climate change and decarbonization
8	Employee engagement and development
9	Ensuring health and safety at the workplace
10	Supporting local prosperity and communities

Our materiality matrix prioritizes **10 key** ESG issues focused on climate impact, energy efficiency, and responsible governance, guiding our reporting, strategy, and resource allocation.

The materiality matrix provides a clear strategic framework, guiding our sustainability efforts toward the ESG issues that create the greatest value for our stakeholders and for the long-term resilience and growth of Arexim Engineering.

Our Sustainability Goals and Contribution to SDG's

Category	Term	Targets	Current Situation in 2025	Relevant SDG's
Environmental	Short - Term	Maintaining participation in Pallet Return System (PRS) initiative, use of green labeled wooden pallet.	Green labeled pallets are in use. The certificate of appreciation for 2025 (PRS Green label) received (1 return star).	
	Short - Term	Procuring or production of 100% renewable energy.	The total electricity need of company is provided from renewable resources - own production 11.27 %, procurement of green energy 88.73%).	
	Medium - Term	To increase the use of returnable packaging for existing and new customers when possible.	The negotiations for implementation of additional mutually benefit projects related to returnable packaging are on-going.	
	Medium- Term	Decrease of scope 1 + 2 GHG emissions by 90% compared to the levels in 2022.	The GHG emissions inventory results for 2025 shows that Arexim is on the way to achieve the goal. In 2025 scope 1 and scope 2 GHG emissions are reduced 97.06%.	
	Medium - Term	ISO 14064 Verification of GHG Emissions Inventory results by third party.	The GHG Inventory results are not verified by third party, but in the next 2 years it is planned to be verified.	
	Medum - Term	Digitalization of excel based PCF and GHG emissions calculation tool.	The digitalization of the tools is currently underway.	
	Medium - Term	Scope 3 target definition.	In observation and assessment stage.	
	Long -Term	Waste reduction through implementing sustainable solutions in cooperation with customers and suppliers.	It's continuous improvement process.	

Category	Term	Targets	Current Situation in 2025	Relevant SDG's
Social	Short - Term	Conduct annual personal performance appraisal for at least 70 % of all employees at job positions with competence matrixes, subject to annual personal performance appraisal.	Achieved in 2025: 56 %	
	Short - Term	Perform employee engagement survey every two years to encourage speak up culture and open dialogue, boost engagement, as well as generate improvements.	Not performed in 2025 due to organizational reasons. Postponed for 2026 HR idea box introduced for feed back.	
	Short - Term	Keeping the level of work-related incidents and fatalities to zero.	Achieved in 2025: 0. Continuous observation and monitoring.	
	Short - Term	Creation a classification nomenclature of work-related hazards.	Created.	
	Short - Term	Formalizing and implementing Arexim Engineering's customer health and safety policy.	Customer health and safety policy implemented.	
	Short - Term	Developing a structured process to manage sponsorship requests.	A structured process for managing sponsorship requests has not yet been established; sponsorships are currently handled on a case-by-case basis.	
	Short - Term	Spend a minimum 15% of procurement budget on local suppliers.	Achieved in 2025: 16.6 %.	
	Short - Term	Sustainability screenings for 90% of our suppliers.	Achieved in 2025: 97 %.	

Category	Term	Targets	Current Situation in 2025	Relevant SDG's
Social	Medium - Term	Reducing employee turnover by down to 20%.	Target for 2025: 20.7 % Achieved in 2025: 26.6 %	
	Medium - Term	Expand training and development programmes, including also new topics and for larger number of employees.	Annual HR process in collaboration with department managers for identifying the trainings, necessary for their teams / team members.	
	Medium - Term	Strengthen talent acquisition and retention by more focused recruitment initiatives, improved onboarding process and enhanced social policy.	2025: The existing recruitment channels and initiatives are being continuously improved, including in 2025; new ones are being identified on a permanent basis.	
	Medium - Term	Conduction of Periodical medical check-ups.	Conducted in May/ KW 21/ 2025.	
	Medium - Term	Reevaluation of OHS Risk assessments of the workplaces.	Reevaluation is performed once in a 5 year or in case of changes. In 2025 some risk assessments were reviewed.	
	Medium - Term	Minimum of 5 sponsorships per year.	In 2025 were sponsored 6 children sport clubs.	
	Long - Term	Development of leadership programmes to enhance management competencies and create strong teams.	Collaboration with external training organizations to strengthen leadership and managerial skills.	
	Long - Term	Straightening the company health and safety culture.	Continuous improvement process.	

Category	Term	Targets	Current Situation in 2025	Relevant SDG's
Governance	Short - Term	Further development of our product control, management and monitoring system (MES) to machine level.	The MES development has reached approximately 40% completion. Further system expansion to machine level will continue, alongside the rollout of structured training programs for production employees to ensure effective system adoption and utilization.	
	Short - Term	Percentage of audited products (according to product audit program) – 95%.	Achieved in 2025: 96%	
	Short - Term	Share of customers with high satisfaction score - above 90%.	Achieved in 2025: 95 %	
	Short - Term	Hit ratio – above 15%*.	Achieved: 5 %	
	Short - Term	Implementation of in-line laser engraving in Injection molding production.	In-line laser engraving station has been established and in operation. The integration is in process.	
	Short - Term	Integration of 3 new printing lines in Injection molding production.	The integration of 3 new printing lines in Injection molding production is postponed for 2026.	
	Short - Term	Successful release of 2 products which are subject of patents.	Polymer ski slope system, patent is released in 2024. The other product is still patent pending.	
	Short - Term	Development and implementation of digital molding cards in the internal system.	Development, setup, and testing of the digital molding cards system are complete. Serial production implementation and staff training will follow in 2026.	

Category	Term	Targets	Current Situation in 2025	Relevant SDG's
	Medium - Term	Developing and selling own products directly to customers – at least 2 products / 3-5 customers.	Potential customer database completed. Initial customer contacts have been established, and commercial proposals are in development.	
	Medium - Term	Emphasing the philosophy of continuous improvement and making it an integral part of the company`s culture.	The improvement proposals` process was restarted in September and by the end of the year 7 proposals were submitted. As three of them were approved and rewarded.	
	Medium - Term	Completion of the development and implementation of the barcode system for monitoring and accounting of the Printing and Assembly production.	The project was divided into Printing and Assembly phases. Due to Assembly prioriti-zation and other urgent projects, the Printing barcode system is deferred to 2027.	
	Medium - Term	Implementation of automated packaging in injection molding production line.	The implementation is planned to be completed until the end of 2027.	
	Long - Term	Introduction of "machine vision" in product quality.	We have started with tests for performing visual control of the parts using AI and simulation of different conditions in terms of light, viewing angle and background.	
	Long - Term	Reducing the customer with higher than 50% RM share in part price to less than 60% from total volume.	Progress on different initiative related with this goal. Due to geopolitical changes and unstable environment, the goal will be re-evaluated in 2027.	
	Long - Term	Owned products to take a 10% of the turnover in sales.	Developing of kid accessories, goods, devices.	



02

PRODUCT RESPONSIBILITY

OPERATIONAL INTEGRITY

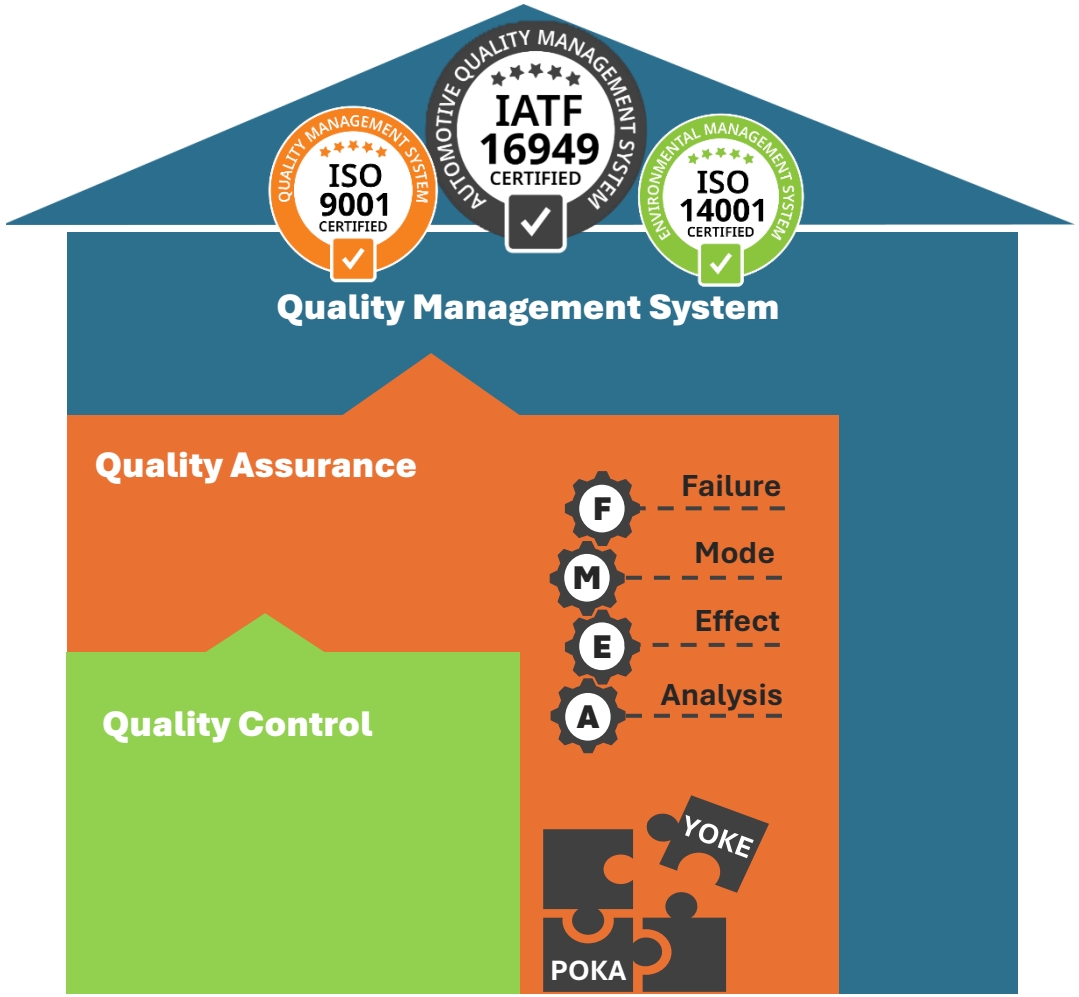
Quality and safety are core to our ESG strategy, guiding risk prevention and continuous improvement across design and production processes.

Product quality

Ensuring product quality is one of our highest priorities and is integrated throughout the entire product lifecycle - from feasibility assessment and product development to serial production. Our quality management system is supported by modern laboratories and advanced measuring equipment, enabling us to verify product conformity and ensure compliance with the customer requirements.

Our project development process follows the principles of Advanced Product Quality Planning (APQP), with a strong focus on preventive quality assurance, risk management, and product and process readiness. Potential risks are identified and managed using established quality tools such as FMEA, Control Plans, MSA, and SPC to support robust and capable manufacturing processes. We give additional confidence to our customers about our product quality by introducing safe launch controls at the start up phase of the projects.

In line with the principles of VDA 6.3, we continuously monitor process performance, manage changes systematically, and drive continuous improvement to deliver reliable products that consistently meet customer expectations.





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We deliver quality that goes beyond compliance because true sustainability begins with products designed for safety, built to last, and manufactured through responsible, continuously improving processes.

We stand behind every product we produce, recognizing that quality is more than meeting requirements - it is our commitment to safety, prevention, and the responsible use of resources, ensuring lasting value for our customers and contributing to a more sustainable future.

Rifat Ahmed –
Quality Manager

We work closely with our customers throughout the product development process, conducting Design for Manufacturing (DFM) reviews to identify design risks and develop effective manufacturing solutions. Product measurement methods, control frequencies, and quality responsibilities are defined collaboratively to ensure consistent quality requirements.

Before the start of serial production, all products undergo a customer approval process. For automotive applications, this includes the Production Part Approval Process (PPAP), confirming that products meet customer specifications and industry requirements.

During production, quality is maintained through visual and dimensional inspections supported by advanced measurement technologies. These include 2D microscope, high digital meter, charpy impact tester and specialized equipment for measuring – laser transmission tester.









We owe the product quality to our people

The quality of our products is a direct result of our dedicated team of highly experienced professionals. We prioritize continuous internal and external training for the quality team to be in line with the best practices in the industry.

In 2025, in partnership with the leading training organizations such as Top QM Systems, we put focus on increasing competences in Quality Core tools, CQI Special Processes and using Artificial Intelligence for assuring product quality at highest level.

At the same time, internal trainings are also ongoing to ensure awareness of employees about the significance of their product characteristics and their influence for the final customer.



Product audits

- **48** product audits conducted.
- **96%** of products covered by the audit program.
- **Over 90%** passed without discrepancies.
- Any identified non-conformities are **documented in ARQUS**
- **Prompt corrective actions** for identified non-conformities

Promoting sustainable practices along the supply chain

Promoting sustainable practices across the value chain requires a set of coordinated considerations and strategies, particularly in how we select, monitor, and collaborate with our suppliers. Although supplier selection based on environmental, social, and governance (ESG) criteria is a key priority for us, in certain cases our influence over this process is limited. We frequently work with suppliers that are recommended or even mandated by our customers, depending on the industry context and the specific characteristics of the materials involved.

In order to meet our customers' requirements, we collaborate with established producers and suppliers, primarily based in Europe, while aiming to build a strong foundation for sustainable practices throughout our supply chain. This is supported by the continuous improvement of our internal procedures for supplier assessment, monitoring, and evaluation.

The framework governing our cooperation with suppliers is formally defined in our **Terms and Conditions of Purchase**, which serve as the basis for joint business activities.

We are committed to developing strong, long-term partnerships with suppliers who share our commitment to sustainability and ethical business conduct. Accordingly, our focus is on promoting responsible sourcing, strengthening transparency, and encouraging ongoing improvement. By embedding sustainability into our procurement processes, we strive to advance sustainable practices across the entire supply chain and generate long-term value for both our organization and our partners.



As part of the delivery conditions, we require specific documents and information before the purchase, such as:

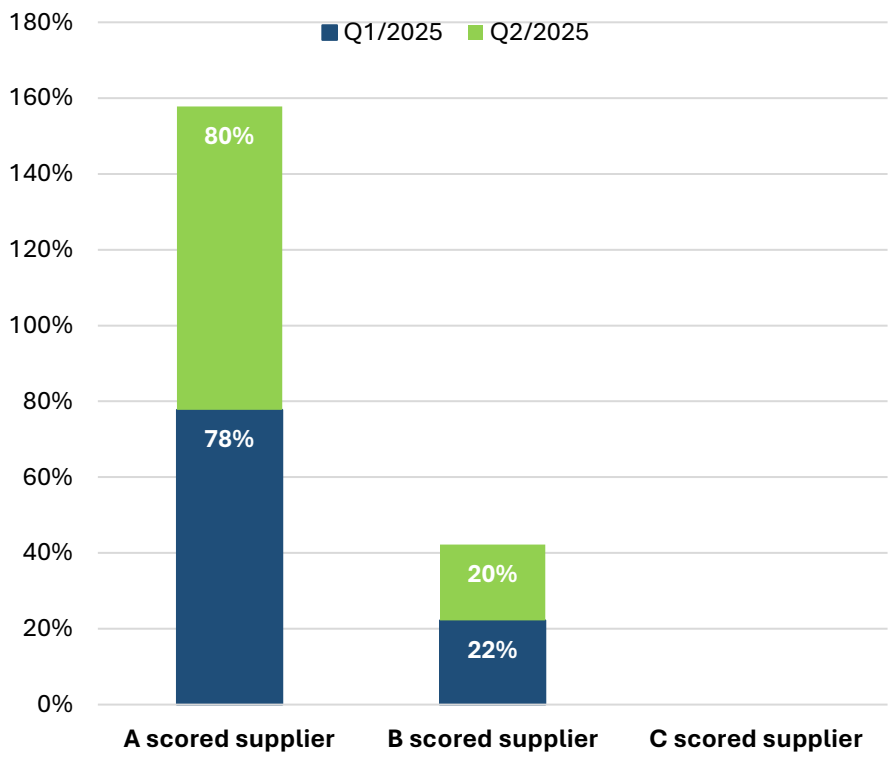
- safety and processing data sheet
- quality management system(ISO 9001/ IATF 16949) certification
- environmental management system (ISO 14001) certification
- compliance with applicable legislations
- ESG aspects (decarbonization, energy, code of conduct etc.)
- company specific information

For our existing suppliers, we conduct **periodic evaluations** (every 6 months for automotive suppliers or once a year for any other), which encompass various commercial indicators, quality-related criteria, delivery time, complaints, as well as the presence of certifications such as ISO 9001, IATF 16949 (international standard for automotive quality management systems), ISO 14001, ESG criteria and if it's applicable company specific information.

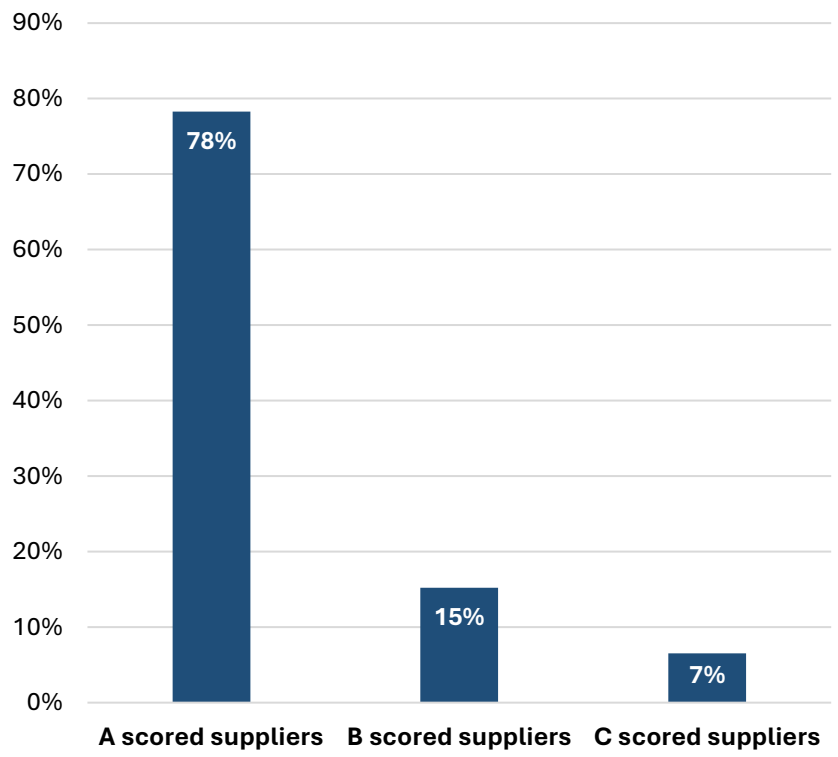
In 2025, we continued to integrate Environmental, Social, and Governance (ESG) criteria into our supplier screening process as part of our established evaluation framework. We maintained the same screening coverage as in previous years, assessing 100% of our suppliers in the automotive sector and 94% of suppliers across other industries.

In total, 27 automotive suppliers (20 in Q2 and 27 in Q1) and 46 suppliers from other industries were screened. As a result, 97% of our overall supplier base was evaluated against comprehensive ESG and traditional criteria, reinforcing our commitment to responsible sourcing and sustainable supply chain practices.

Screening Result 2025/Automotive Industry



Screening Result 2025/ Non-Automotive Industry



As part of our ongoing commitment to sustainability across our supply chain, we continuously strengthen collaboration with our suppliers and implement additional initiatives to reduce our overall environmental footprint.

Green logistic: We optimize the delivery routes and vehicle loads to minimize fuel consumption and lower emissions.

Electronic document exchange: We encourage the electronic exchange of quality certificates and compliance documents to reduce paper use.

Sustainable packaging: We prioritize the use of recyclable, reusable, and returnable packaging for distributing our products.

Low emission transport fuels: For dedicated customers, we use freight forwarders applying fuel performance additives to reduce transport-related GHG emissions.

Responsible sourcing

Arexim Engineering is committed to responsible sourcing and expects its suppliers to operate in accordance with the principles set out in our **Supplier Code of Conduct**. We work with business partners who share our commitment to ethical business conduct, respect for human rights, fair labor practices, environmental responsibility, and compliance with applicable laws and regulations.

Our supplier relationships are based on transparency, integrity, and mutual accountability. We encourage suppliers to continuously improve their environmental, social, and governance (ESG) performance, promote safe and fair working conditions, and implement responsible resource management practices. By integrating these principles throughout our supply chain, we aim to manage sustainability-related risks, strengthen long-term partnerships, and contribute to sustainable value creation for our customers and stakeholders.





03

RELAIBLE AND SUSTAINABLE SUPPLIER

RESPONSIBLE VALUE CREATION

Arexim Engineering pursues Responsible Value Creation by acting as a flexible and accountable partner in the global supply chain - meeting sustainability expectations, reducing environmental impact, managing social and governance responsibilities, and fostering trust through transparency and ethical practices.

Customer partnership

Arexim Engineering continues to strengthen its position through long-term customer relationships and a consistent commitment to understanding and addressing complex customer requirements. This customer-centric approach enables us to continuously enhance our capabilities, expand our expertise, and deliver sustainable value.

Our hit ratio was 15% in 2024 and 5% in 2025. The lower hit ratio in 2025 reflects the changing market environment rather than a reduction in customer activity. A significant share of the requests for quotation (RFQs) received during the year were related to the relocation of manufacturing from Western Europe to lower-cost regions. However, following the substantial cost increases experienced across Eastern Europe in recent years, the region's current cost levels have become comparable to, and in some cases higher than, those of Western Europe only a few years ago. This has reduced the commercial feasibility of many relocation projects and limited opportunities to secure new business while maintaining sustainable pricing and Arexim Engineering's quality standards.

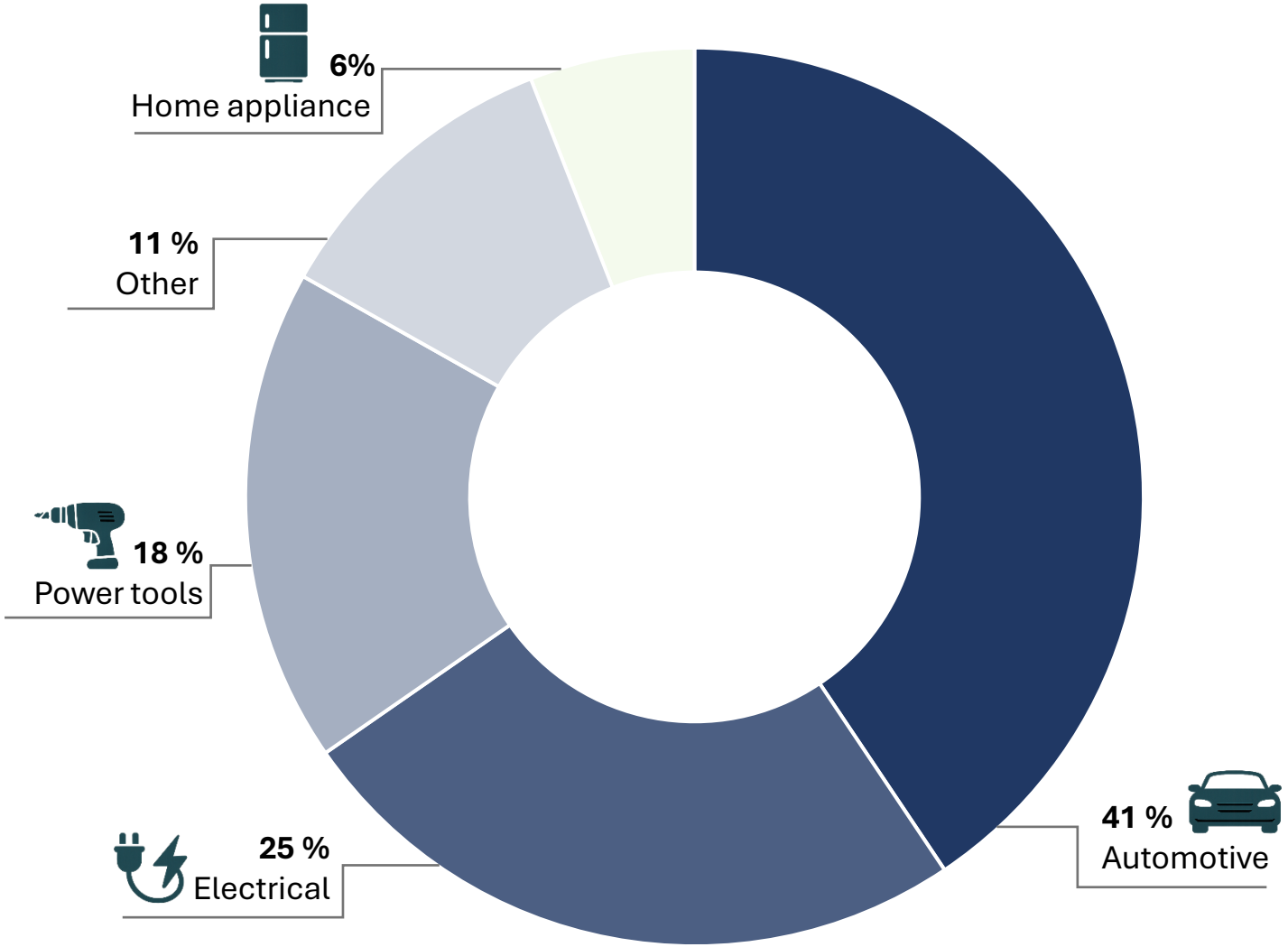
Despite these market challenges, Arexim Engineering remains committed to pursuing projects that align with its strategic objectives, ensuring long-term value creation, operational excellence, and sustainable profitability.

Arexim Engineering continues to differentiate itself through its comprehensive portfolio of integrated services, extending beyond injection molding to include product and mould design, tool manufacturing, and a wide range of value-added operations such as assembly, printing, conditioning, and ultrasonic welding. **Our ability to provide these services under one roof** at our production facilities in Smolyan, Bulgaria, supported by our in-house tool shop (see the "Technology and Innovation" section), enables greater efficiency, shorter lead times, and enhanced value for our customers.



Some of our customers have been working with us since Arexim Engineering was established in 1991 and **70% of our customers have been working with Arexim Engineering for more than 15 years.**

Customer turnover share by industry - 2025



Market served - 2025



98.06 %
Europe



1.53 %
Asia



0.10 %
America

One of Arexim Engineering's key objectives is to be recognized by its customers not merely as a supplier, but as a **trusted long-term partner.** Over the past years, the company has increasingly been involved in the early stages of product development, actively contributing to Design for Manufacturing (DfM) activities and collaborating closely with customers' technical teams during material and process selection.

Our goal is to move beyond the execution of predefined product specifications and further expand partnerships with customers who value and rely on our **expertise throughout the entire product lifecycle**. By sharing our manufacturing know-how and practical experience, we help optimize product design, improve manufacturability, and enhance overall project efficiency.

To ensure the highest level of customer support, Arexim Engineering assigns a dedicated team to each customer, consisting of a Project Manager and a Quality Engineer.

This personalized approach provides:

- ✓ Rapid response to customer requests and inquiries;
- ✓ Effective monitoring and timely resolution of feedback, assessments, and complaints;
- ✓ Transparent communication and strong, reliable long-term relationships;
- ✓ Continuous technical and quality support throughout the project lifecycle.

This **customer-focused structure** enables us to deliver tailored solutions while maintaining the flexibility, responsiveness, and reliability expected from a strategic manufacturing partner.



Continuous improvement

Operational efficiency

In 2025, different teams in the company successfully drove operational efficiency across various products and achieved all set goals. **We are proud of the knowledge they demonstrated, their dedication, and continuous growth!**











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At the core of our continuous improvement philosophy is a commitment to bridging operational efficiency with environmental and social responsibility. Our motto is “the most sustainable resource is the one we do not waste”. By embedding sustainability directly into our daily operations, we do not view it as a separate initiative, but as the ultimate metric of process efficiency. Consequently, our ongoing efforts remain strictly focused on:

- **'Waste' elimination** across all resource types.
- **Cross-functional collaboration** to break down operational boundaries.
- **Standardization** to ensure sustainable practices remain consistent.

Daniela Pazvantova –
Continuous Improvement management

The philosophy of continuous improvement was further shared with employees through training and live production projects. Three groups successfully completed their projects in 2025.







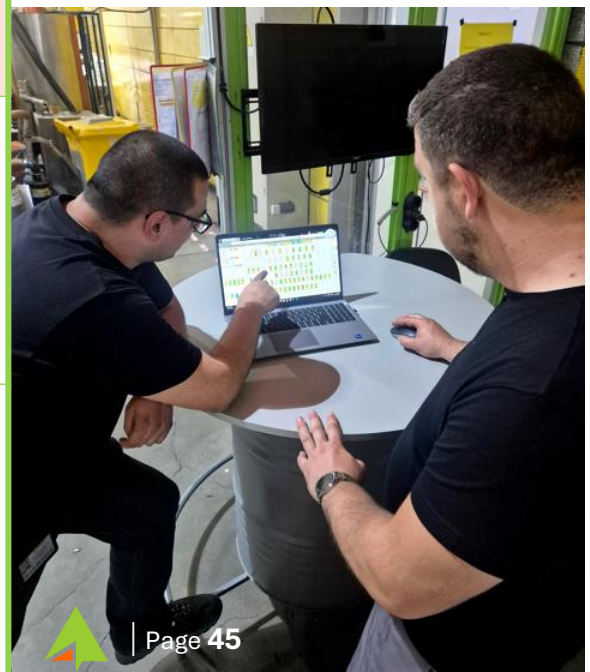


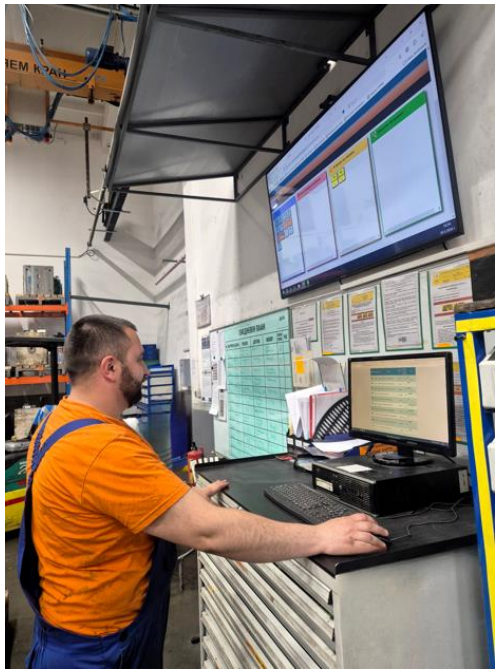


The 2025 **information systems development projects** focus on:

- ✓ **Real-time KPI tracking** for each injection molding machine (IMM) to monitor performance instantly.
- ✓ Efficient IMM cycle times.
- ✓ **Visibility of auxiliary activities** to better assess and isolate value-added vs. non-value-added operations.
- ✓ **Enhanced target visualization** to keep operators informed of real-time productivity for each product and production order.
- ✓ **Upgrading the mold maintenance module** to streamline and track the cleaning and servicing of injection molds.





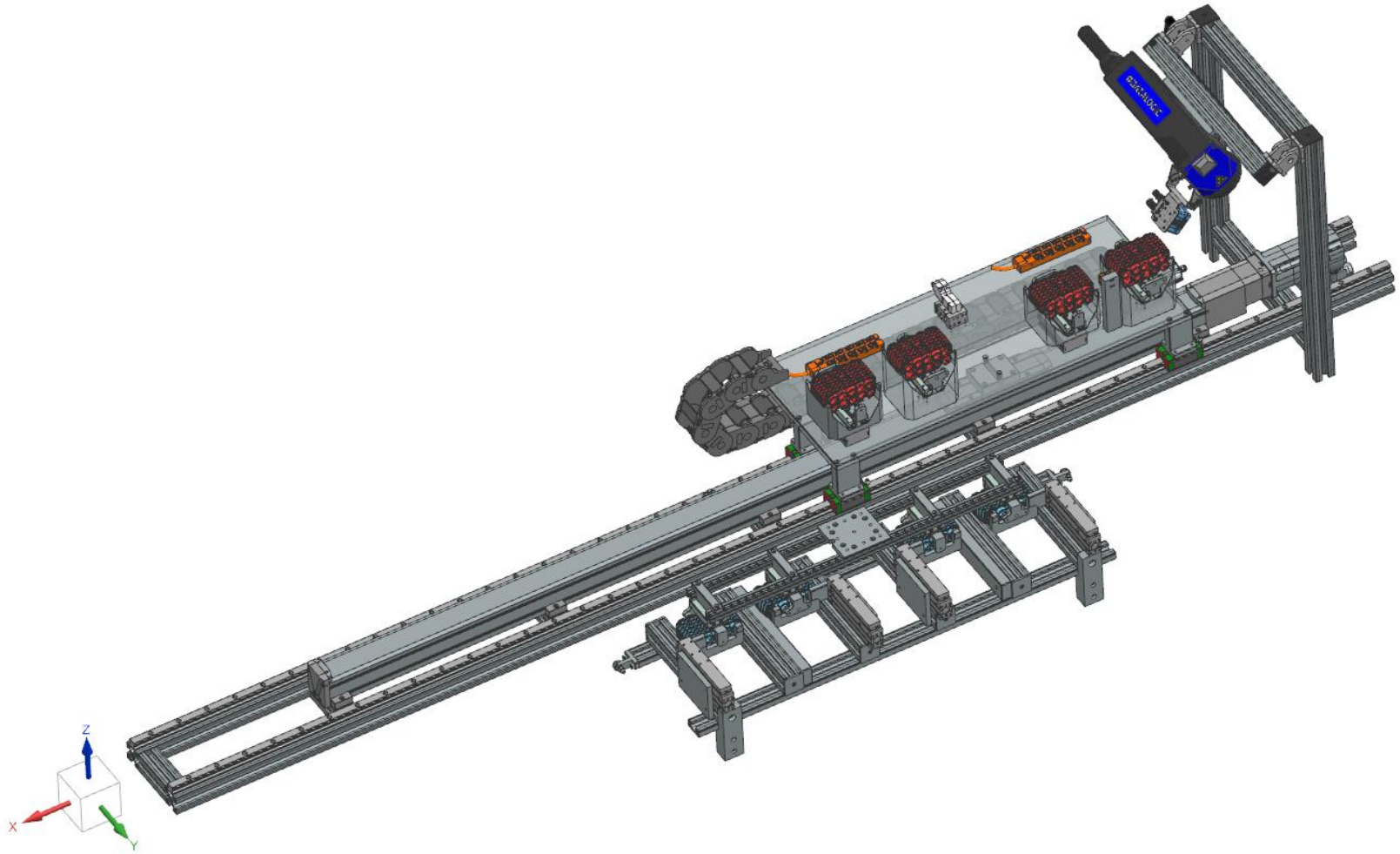






Automation

During 2025 Arexim Engineering has adopted laser engraving technology. This way we accomplish to fulfill our client needs as well as improve production traceability and capabilities.





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In today's industrial landscape, true operational excellence is entirely linked to sustainability. Here at Arexim Engineering, we view the Automation department not merely as a driver of productivity, but as a core engine for our environmental and governance commitments. Deep at the core of our corporate strategy lies a powerful truth: the most sustainable resource is the one we do not waste.
As the Head of Automation, my department's mission is to transform our operations by embedding intelligence, precision, and predictability by maximizing resource efficiency.

Anastas Chakarov – Technical Manager

In 2025, project prioritization was aligned with higher value-added outcomes. Consequently, the integration of three new printing lines in injection molding production was postponed. Resources were instead directed toward:

- successfully implementing a new ultrasonic welding and assembly technology;
- deploying several automated stations for diverse customers products;
- upgrading existing stations.







Technology and innovation

At Arexim Engineering, we recognize that **technological innovation plays a fundamental role in advancing sustainable manufacturing**. By integrating environmental responsibility with economic performance, we continuously invest in advanced technologies that improve production efficiency, product quality, and resource utilization.

Our manufacturing operations incorporate robotics, automated post-injection processes, and modern injection molding equipment to enhance precision, reduce material waste, and optimize production performance. These technologies support consistent product quality while contributing to more efficient use of energy and raw materials.

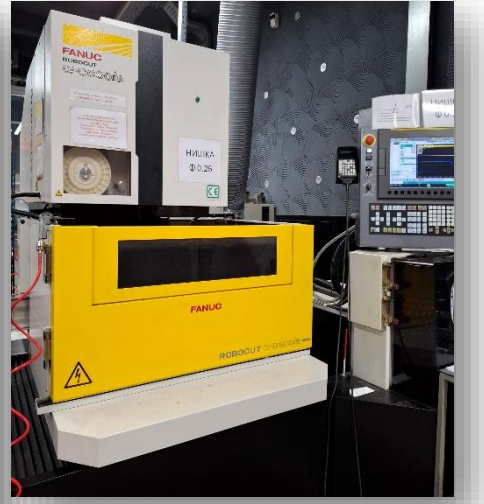
Our integrated manufacturing approach covers the entire product development cycle, **from concept and design to engineering, production, and validation**. We utilize simulation analyses, rapid prototyping, material studies, mechanical testing, and post-production performance evaluations to optimize product design and manufacturing processes. Continuous testing and feedback enable us to identify improvement opportunities early in the development process, reducing the need for rework, minimizing resource consumption, and supporting more sustainable production practices.



Guided by our **"Dynamic and Innovative"** philosophy, we embrace digitalization, automation, and process optimization to strengthen operational performance and support sustainable manufacturing practices. By combining engineering expertise with modern technologies, we deliver efficient, high-quality solutions while contributing to the responsible use of resources and the transition toward a more sustainable manufacturing industry.













Tool Shop

In its pursuit of independence and technological excellence, Arexim Engineering has purposefully developed its own state-of-the-art toolshop. This modern facility is equipped with high speed 3 and 5 axis milling centers and advanced erosion machines, enabling precise and efficient tooling design and manufacturing.

Full inter-operational control is achieved through cutting-edge scanning equipment, ensuring accuracy at every stage of the process. Within this high-tech environment, a team of highly qualified engineers and designers work collaboratively to create innovative models for future molds and tools, leveraging the latest software and specialized know-how.

The entire design process is characterized by continuous, close communication with customers. This ensures that the final solutions are perfectly tailored to meet the unique requirements and specifications of each project, guaranteeing optimal results for the customer’s final product.

This cutting-edge facility ensures precision, efficiency, and the ability to meet the highest industry standards, and stands as a testament to Arexim Engineering's dedication to staying at the forefront of industry trends and continuously evolving to meet the demands of the future.

With this equipment we can continuously upgrade our skills and teach our growing team to meet the highest standards end need of the specific plastic world market.



Key facts about our renovated injection molding:

65% Integration of Robots: Arexim Engineering has successfully integrated robots to stabilize processes, reducing dependence on human intervention. This automation significantly enhances efficiency and reliability in production.

Additional Post-Injection Operations: Following the injection molding process, Arexim Engineering has implemented additional operations such as printing and milling. Remarkably, **14%** of the machines are equipped to perform these supplementary operations, showcasing a comprehensive manufacturing capability.

Key facts about our production processes:

Internal Development Focus: The incorporation of advanced technologies and additional operations is a result of internal development efforts. This emphasizes Arexim Engineering's commitment to continuous improvement and innovation within its operations.

High-Level Equipment: Arexim Engineering utilizes high-quality equipment from globally recognized brands. This commitment to using top-tier machinery reflects our dedication to maintaining high standards in all manufacturing processes.

Development of MES

We have achieved 40% progress in the development of our product control, management, and monitoring system (MES) to the machine level, in line with our strategic goal. This progress has been made possible thanks to the expertise and commitment of our skilled technical specialists. We remain focused and will continue to take the necessary steps to fully realize this goal.

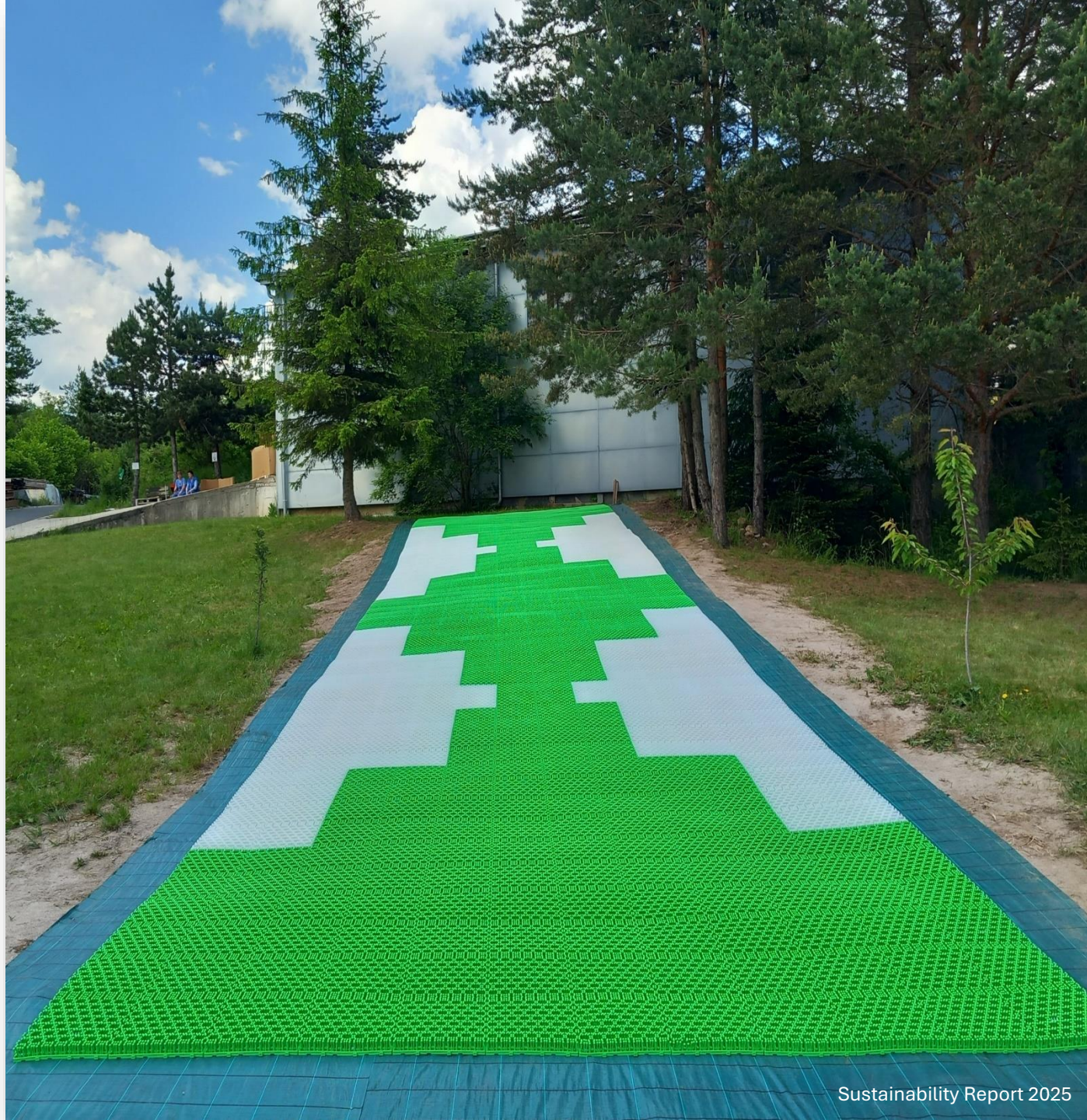
Good practices

Ongoing conversion from thermoset to thermoplastic manufacturing technologies, including material evaluation, testing, validation, and the development of alternative material solutions to improve production efficiency and sustainability.

Ongoing implementation of rapid prototyping tools to reduce development lead times, improve responsiveness to customer-specific requirements, and support resource-efficient innovation.

Redesign of fully metal components into hybrid metal-plastic parts, reducing material consumption, production costs, and manufacturing lead times while maintaining the required functional specifications. This good practice also includes the development and patenting of innovative engineering solutions, supporting sustainable product innovation and the protection of intellectual property.

Development and patenting of an innovative polymer ski slope system, providing a durable, low-maintenance, and resource-efficient alternative to traditional ski surfaces while supporting year-round recreational use and sustainable infrastructure development.



Waste, materials and circularity

This section presents our initiatives and strategies aimed at minimizing waste generation and increasing recycling and reuse opportunities.

In alignment with Arexim Engineering's **Environmental Policy**, our waste management approach prioritizes waste reduction at source and proper segregation of waste streams at the point of generation to ensure effective treatment. Hazardous and non-recyclable waste is safely managed and disposed of at authorized specialized facilities. Regular monitoring and control of waste treatment activities are conducted in accordance with approved programs and applicable national and EU environmental legislation. In 2025, no cases of illegal dumping or significant environmental non-compliance were recorded.

In 2025 **almost 72% of the waste** generated by Arexim Engineering **was recycled or reused.**

We have implemented a number of waste management measures, including:



A **separate collection system** for packaging waste (cardboard and plastic)



Recyclable cardboard packaging for all products manufactured by Arexim



Cardboard packaging from recycled material or responsible material (FSC – Forest Stewardship Council)



Wood packaging materials received with the raw materials purchased are reused internally for storage and other activities.



Participation in PRS (Pallet Return System). **1 return star for 2025** (250 trees saved).



In-house recycling of technical plastic waste.

Our waste management objective is to support a circular economy by minimizing waste generation, maximizing resource efficiency, and promoting the reuse and recycling of materials. Through these practices, Arexim Engineering reduces environmental impacts, conserves natural resources, and contributes to a more sustainable and low-carbon future.



The majority of waste that we generate is non-hazardous – only 0.14 % of the total waste generated in 2025 was hazardous.

We aim to reuse and recycle more and more of the non-hazardous waste generated from our production processes.

In 2025 only **237** tons of non-hazardous waste were landfilled, whereas nearly 588 tons were diverted from disposal. **54 %** of them were prepared for reuse, whereas **18 %** were recycled.

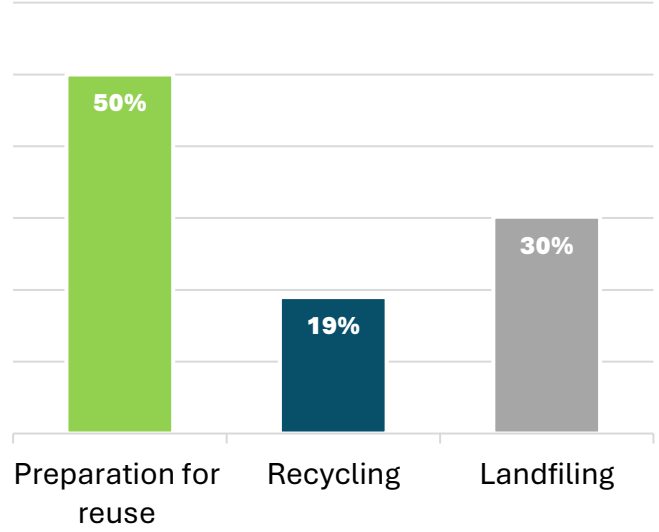
Arexim Engineering is committed to minimizing waste generation and improving waste management practices as part of its environmental sustainability strategy.

Our approach focuses on waste prevention, recycling, and responsible disposal to reduce environmental impacts and promote the efficient use of resources.

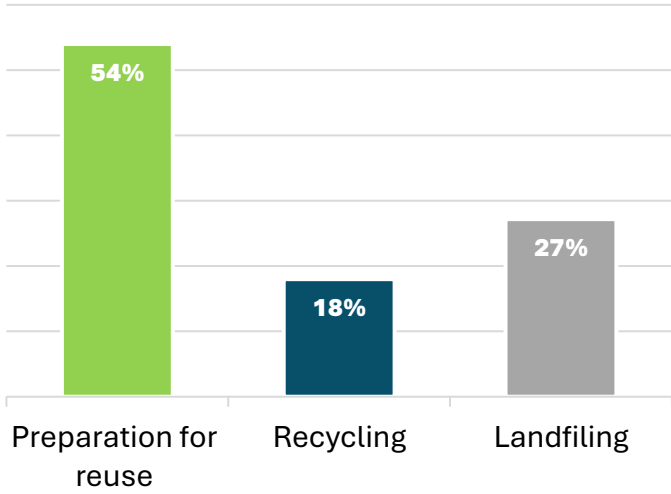
By reducing the amount of waste sent to landfill, preventing pollution, and increasing the recovery and reuse of materials, we help conserve natural resources, protect ecosystems, and lower greenhouse gas emissions associated with material production, transportation, and waste treatment.

These actions support our broader objective of reducing our environmental footprint and contributing to a more sustainable and circular economy.

Non-hazardous waste weight (t) in 2024



Non-hazardous waste weight (t) in 2025





Installation for regranulation and grinding of technical waste plastic

A key asset in our sustainability efforts is Bulgaria's first - and currently only - regranulation facility for technical plastics. Acquired by Arexim Engineering in 2016, the installation was initially used exclusively to process and recycle plastic waste generated from our own production activities. Over the years, its role has expanded significantly. Today, the facility also regranulates technical plastic waste received from external companies, supporting the circular use of materials and helping reduce plastic waste across the wider industrial sector.

In 2025 we **recycled** almost **70 tons** of external technical plastic waste in total.

After regranulation we **reuse** part of the recycled plastic granules in our own production, whenever it has been approved by our customers, and we **sell** the rest.

In 2025 a total of over **55.8 tons** of recycled plastic **was used** in our products.

Climate change and decarbonization

Decarbonizing our production process and minimizing the carbon footprint of our products is one of the main goals that Arexim is aiming at.

As a very first step of this long-term process, we have started to calculate and track the scope 1, 2 and 3 GHG emissions of the company. This helps us to see where the biggest emissions occur and therefore make optimizations which will lead to a decrease in those emissions. Detailed GHG emissions inventory reports can be found on our **website**.

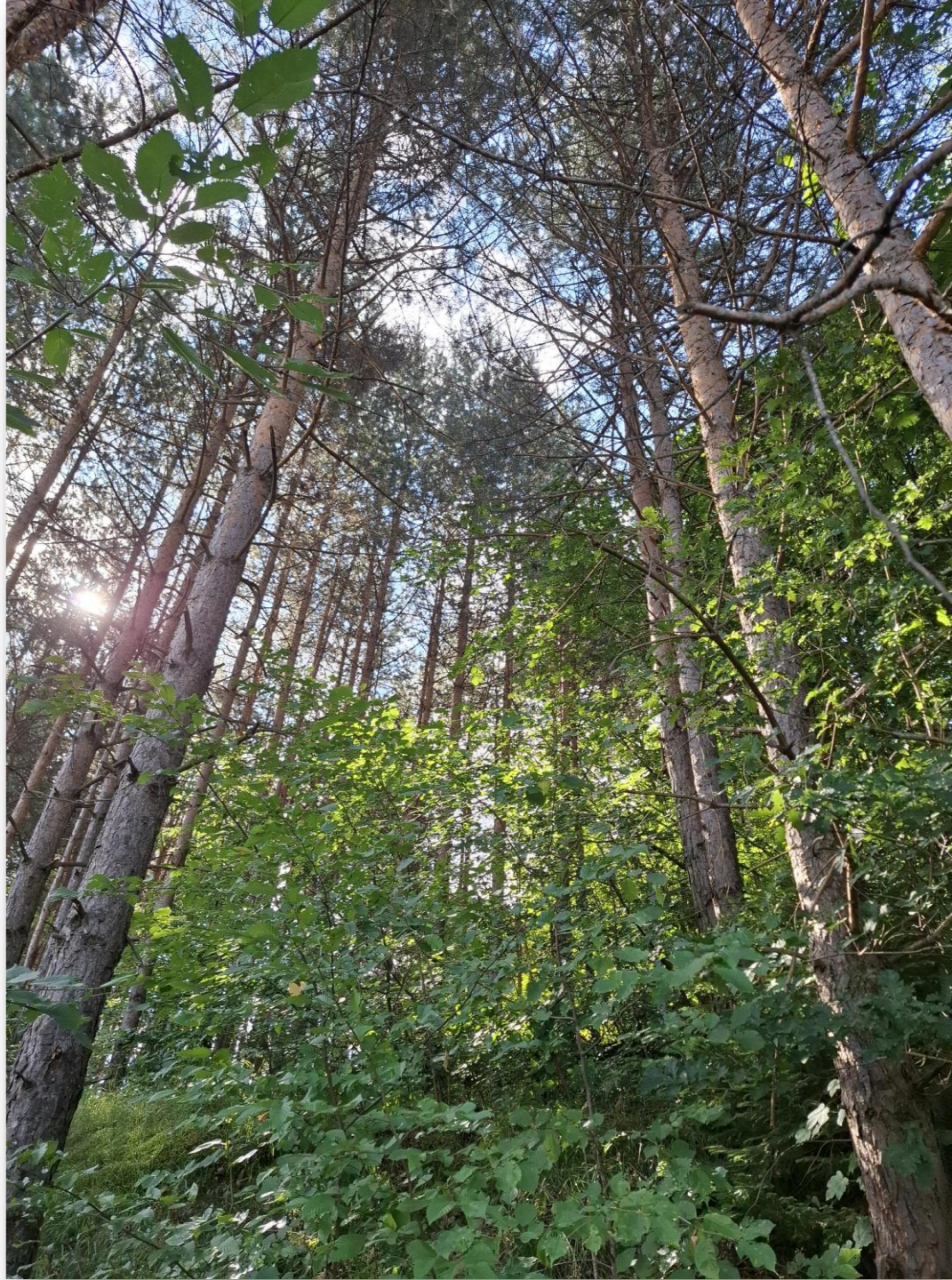
In 2025 there was a reduction in the total amount of GHG emissions, as well as in the emissions intensity compared to 2024. Those reductions are the result of concrete measures taken, including:

- ✓ Production of green energy,
- ✓ Certificate for the purchase of green energy,
- ✓ Promotion of organized employee transport,
- ✓ Phasing out petrol fuel vehicles.

Arexim Engineering's **total GHG emissions for 2025** were estimated at 33 837 tCO_2, respectively (using the location-based method), and **30 472 tCO_2**, using the market-based method.

Scope 1 emissions has decreased from 146 tCO2 in 2024 to **131** tCO2 in 2025. Although refrigerants were added to existing systems and a new system was installed during 2025, the quantity of refrigerants added was lower than in 2024, resulting in reduced emissions.

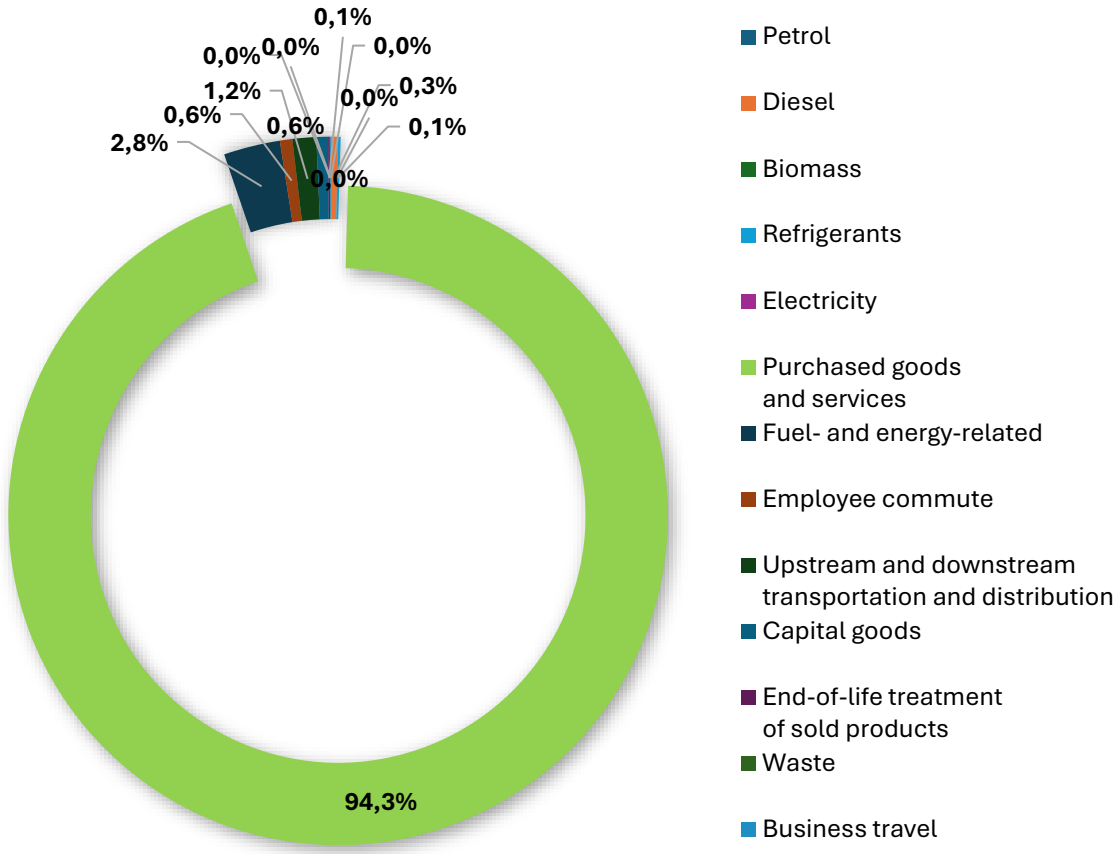
Scope 2 emissions remained at **0 tCO_2** in both 2024 and 2025 when calculated using the market-based method, reflecting the continued use of renewable electricity and the absence of market-based Scope 2 emissions.



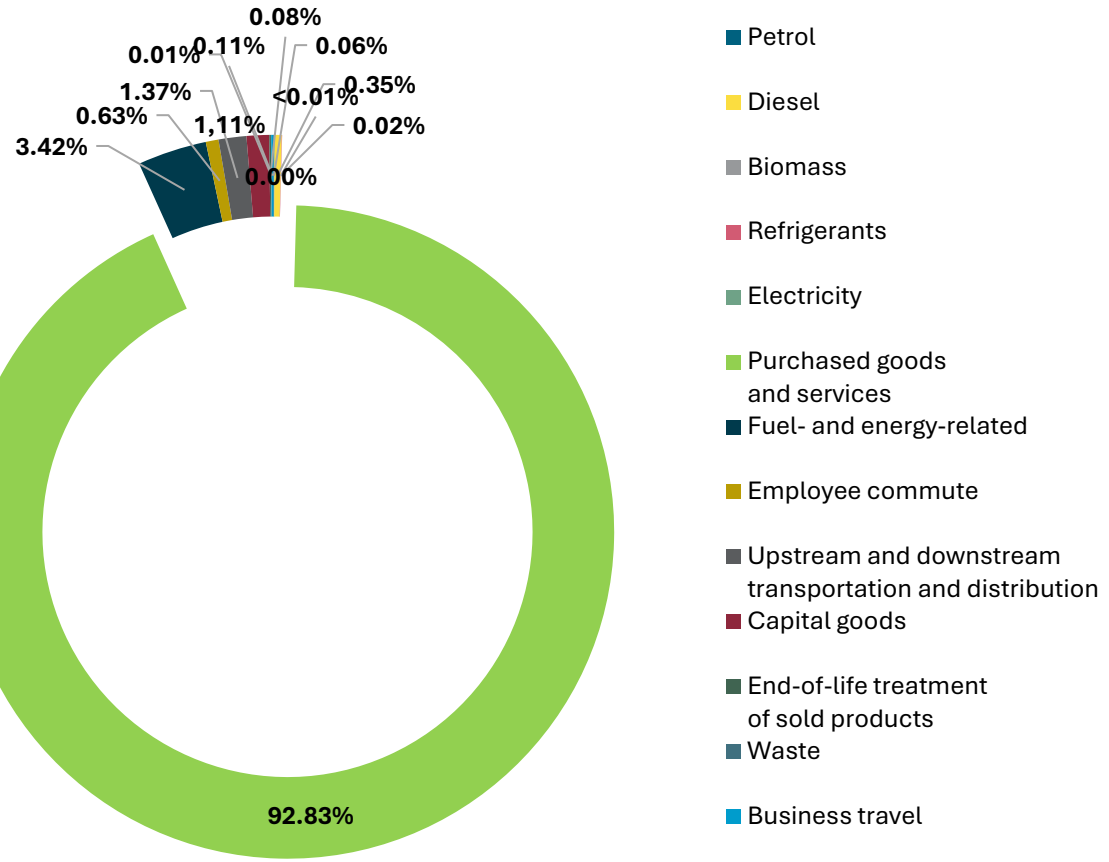
This positive change is result of production of green energy through **own photovoltaic solar park**, which now covers approximately **11.28%** of our electricity needs, as well as purchasing of additional renewable energy. In total, electricity **from renewable sources now covers approximately 100%** of the company's electricity needs.

In 2025 scope 3 emissions totaled 33 341 tCO_2, while in 2024, they amounted to 33 351 tCO_2. The scope **3.1 category "Purchased goods and services"** is the dominant source of GHG emissions, accounting for 94.3% of all emissions in 2024 and **92.4% in 2025**. The primary reason for this difference The primary reason for this difference lies in the reduction of emissions within the Scope category 3.1 i.e. driven by an updated emission factor for plastic materials.

GHG emissions per source (%) in 2024 (market-based method)



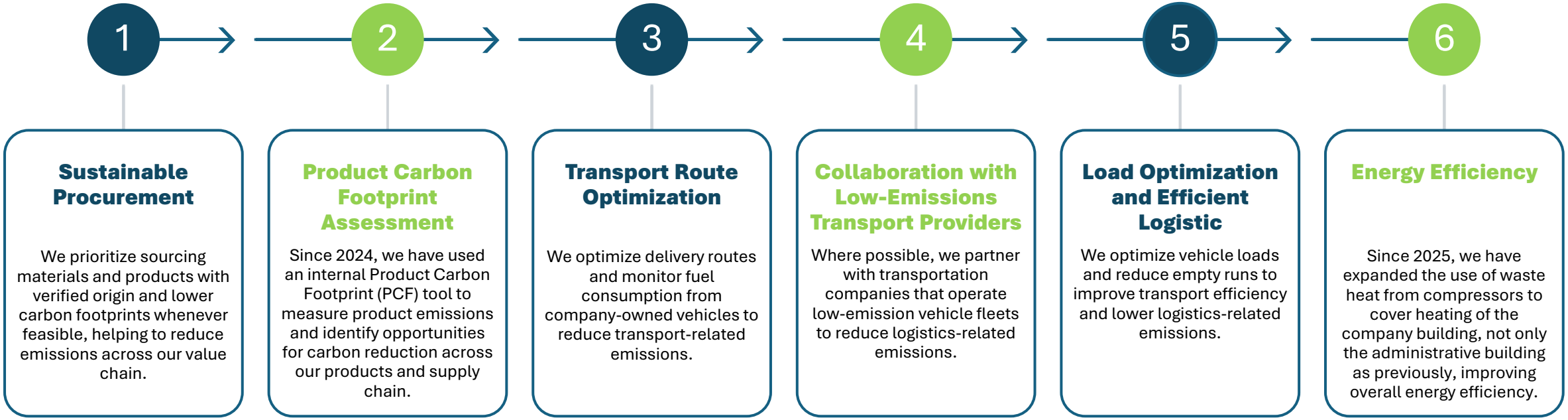
GHG emissions per source (%) in 2025 (market-based method)



Decarbonization measures

To support our decarbonization goals and contribute to the transition towards a low-carbon economy, we continue to implement measures aimed at reducing emissions across our operations and value chain. These initiatives focus on improving resource efficiency, lowering transport-related emissions, and promoting sustainable procurement practices.

The key measures implemented include:



Through these initiatives, Arexim Engineering seeks to reduce its carbon footprint, improve operational efficiency, and support the achievement of its long-term decarbonization objectives.



04

REPONSIBLE EMPLOYER

OUR PEOPLE ARE THE HEART OF EVERYTHING WE DO

Their personal and professional growth, as well as their wellbeing and engagement are top priorities for us. We make sure thy feel motivated to perform and contribute effectively to today’s demanding business environment.

Employee engagement and development

Arexim Engineering invests continuously in an annual diverse training program, which enhances the skills and competences of all employees. We make sure our people remain aligned with the industry advancement, as well as customer, operational and technological requirements.

Training KPIs for 2025:

11 trainings in various strategic and operational directions, planned in the annual training program

28 unscheduled trainings on subjects such as advanced on-the-job specifics for multiple job positions and various products, effective communication, international standards and new requirements, etc.

In addition, the company supports employee development, as well as provides opportunities for improvement via the annual personal performance evaluation and feedback process.

Open dialogue with employees

We support the speak-up culture and have adopted the following channels to facilitate it:

- Company open doors policy
- Monthly meeting with open doors to all employees, named “In class with HR” – introduced in September 2025 with the main purpose to clarify multiple payroll topics
- Idea and feedback box – located at the company entrance
- HR dedicated mail
- Team Arexim News – monthly intracompany newsletter







”

The heart of every success are people. In 2025 we enhanced our efforts in shaping a company culture with focus on open dialogue and talent development.

Our main goal remained the building of an inclusive workplace, where employees can learn, perform at their best, have their authentic impact and grow.

Desislava Ignatova –
Human Resources and Corporate Communication Manager

Career days and job forums

Our HR team and colleagues from various production departments team participated in a series of career days and job forums, organized by the local Labour Bureaus in Smolyan, Chepelare, Banite, Devin, Madan and Rudozem, as well as by the universities we partner with.









Internal talents and "Recommend a friend" initiative

We are in constant search of talents inside the company and do our best to promote them at the relevant job positions, where they can shine and develop their knowledge and performance.

We have implemented the internal initiative "Recommend a friend", which encourages our employes to connect us to friends, relatives and people from the community generally, who are in search of job.

Some of our social and financial benefits

- Annual salary adjustments for all employees
- Periodical preventive medical examinations with organization onsite
- Canteen onsite with daily subsidy for food
- Food vouchers for a network of supermarkets in the Smolyan region
- Financial support for personal life events, such as childbirth, enrollment in first grade class
- Company transport with a well-developed bus schedule to fit the needs of all shifts

Mission „Education“

Education has been a focus mission for us for years on end. We partner with various schools, high schools and universitates with the aim to promote professional education and preparedness for career; we strongly believe that these efforts will improve the education agenda and will strengthen the bond between the young talents and the industry needs. We provide various opportunities for company visits, internships, industry practices and paid university taxes for colleagues, who study.









Logically, in 2025 Arexim Engineering continued investing in the new generation. We strengthened our long-term partnership with the Professional high school for technics and technologies „Hristo Botev“ in Smolyan and signed a second contract for dual education, this time for the class of “Electrical equipment in production”. This will give opportunity to the students for a targeted training and hands-on experience among professionals in modern industry environment.

We also continued the collaboration with:

- Technical University Sofia
- Plovdiv University, Smolyan branch
- Secondary school 'St. St. Cyril and Methodius’ – Varbina village
- MEGS academy for pupils – Smolyan



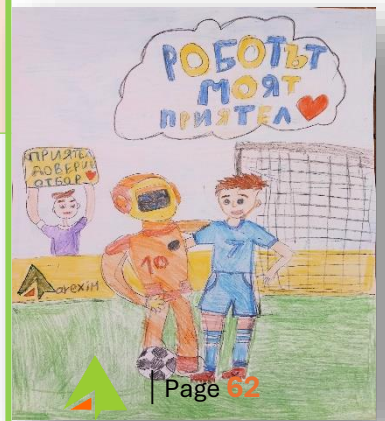


Other company campaigns

As employer, we support various causes, related to sports, arts and kids. We try to motivate the team spirit and foster the feeling of belonging to a caring community.

In 2025 we celebrated together:

- **March 1** – our favourite Baba Marta day. A local artist created the martenitsas for the whole personnel
- **March 8** – International woman's day. All our ladies received a small keyholder with motivational and appreciation words
- **June 1** – International Children's day. Traditionally, the children of our employees participate in our art initiative and draw paintings on a specific subject.
- **Christmas** – We partnered with Social enterprise for people with special needs – Plovdiv and Social enterprise "Caritas Workshop" – Rakovski, who crated beautiful gifts for the employees. As well, for Christmas we welcomed in the company kids, who performed traditional dances and sang Christmas songs for all employees.

















Ensuring health and safety at workplace

Ensuring the health and safety of employees is a core priority for Arexim Engineering.

The company is committed to preventing and mitigating workplace risks in order to provide a safe and healthy working environment. All activities are conducted in full compliance with applicable national occupational health and safety legislation, complemented by internal corporate standards and procedures set out in the Occupational Health and Safety Policy.

Occupational health and safety performance is regularly monitored and evaluated to support continuous improvement. This includes routine audits, workplace inspections, and incident investigations, enabling the company to identify root causes and implement corrective and preventive actions. Performance is also benchmarked against relevant industry standards and best practices.

Employee training is a key component of the company's safety management approach. Regular training programs are conducted to enhance risk awareness and ensure understanding of safety requirements. These programs cover areas such as hazard identification, emergency preparedness, and the proper use of personal protective equipment.

In addition, periodic safety briefings are held to maintain awareness of current regulations and reinforce a proactive safety culture. The frequency of these briefings is aligned with the risk profile of each role. Risk assessments are reviewed and updated regularly, and appropriate workwear and personal protective equipment are provided to all employees in accordance with their job responsibilities.



In 2025, **no work-related accidents were recorded**, and there were no fatalities or high-consequence injuries. This reflects the effectiveness of the company's ongoing efforts to maintain a safe working environment.

To eliminate or minimize the risk of occurrence of accidents we ensure the processes with the following measures.

Monitoring



Health and safety indicators are regularly monitored to support continuous improvement and workplace safety.

Inspections



Regular inspections of high-risk equipment are conducted to identify potential hazards, ensure regulatory compliance, and maintain a safe working environment.

Prevention



Periodic workplace risk assessments are conducted to identify hazards and ensure a safe working environment.

Fire Safety



Internal volunteer emergency response team trained by local firefighters, with members from all departments and shifts to support fire safety and rapid response.

Health Screening



Periodic health screenings are conducted to support employee well-being and preventive healthcare. In 2025 **484 employee (72.3%)** underwent health screening.

Walkthrough



Regular EHS Gemba walks support workplace health and safety through proactive risk identification and continuous improvement.

In 2025, Arexim Engineering submitted an application for investment under the 'Working Conditions Fund' aimed at improving workplace conditions in its plastic production facility. Following a comprehensive process of fulfilling all requirements and approval procedures, the application was approved, and in December 2025 a contract was officially signed for the implementation of an air conditioning system. The project is intended to improve the indoor microclimate and working conditions for employees and represents a **significant occupational health and safety milestone** within the Company's social sustainability framework. **The project will be finalized in 2026**.

Health and safety culture

In alignment with the Company's **Occupational Health and Safety Policy**, all process owners play an active role in driving the continuous improvement of workplace health and safety performance.

During 2025 several improvement measures were implemented.

Safety barriers installed on the 2nd floor in a warehouse.

Risk of falling from height eliminated.

Safety railings installed on the walls in the stairwells.

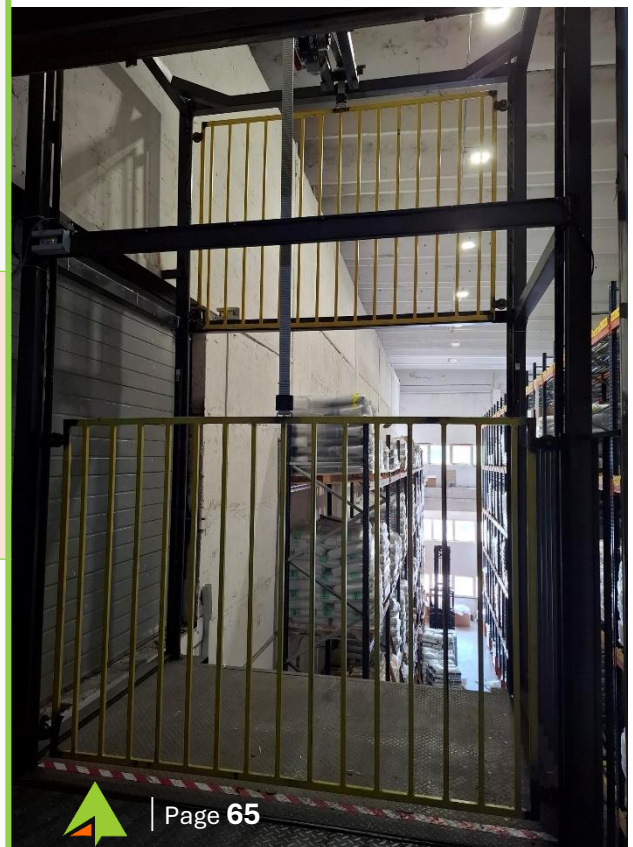
Risk of falling from height is eliminated.

The freight elevator has been repaired.

Risk of operational disruptions and lifting incidents has been reduced.

A dry ice blasting machine has been provided.

Reduced risk of employee exposure to hazardous cleaning chemicals.









Supporting local prosperity and communities

This topic reflects the targeted **efforts of Arexim Engineering to enhance the quality of life in the Smolyan region and support local communities**. It also highlights the Company's role in the strategic development of the region through the creation of employment opportunities and support for local business development. In addition, it encompasses various local initiatives, investments, and the promotion of good practices across the region, including support for children's participation in different sports disciplines.

Despite the ongoing demographic challenges and population decline in the region, the Company believes that social stability and economic resilience can be strengthened by fostering constructive relationships with local stakeholders and building long-term partnerships through active community engagement.

Arexim Engineering is committed to contributing to a supportive business environment and to actively participating in community development through local growth initiatives and donations to various social projects.



In response to the socio-economic challenges of the region, the Arexim Engineering has focused its efforts particularly on improving the environment for children, with the aim of creating conditions that may encourage families to remain in Smolyan.

In this regard, Arexim Engineering has implemented a number of initiatives supporting this objective, such as dual training and robotics programmes and children sport club's sponsorships.



Sports clubs sponsorship

For many years, Arexim Engineering has supported youth sports clubs in Smolyan, believing that sports play a vital role in the development of young people.

Below is a list of the sport clubs which we sponsored in 2025:



1. Football
2. Basketball
3. Volleyball
4. Swimming
5. Karate
6. Tennis

Donation to local school

Additionally, Arexim Engineering provides donations to local school in Chepelare as part of its commitment to investing in the future generation, fostering educational opportunities, and strengthening the communities in which it operates. Today’s efforts build tomorrow’s opportunities.













Donations campaigns realized by employees

The employees and their family members traditionally support campaigns, which are of help to people and animals in need. In 2025 our big team contributed to the following:

Yellow pennies

for kid's health

Contribution: 70 kg of coins, or appr.700 BGN

Caps for future

for babies with health needs

Contribution: 56.55 kg of plastic caps

Sharo

for homeless pets

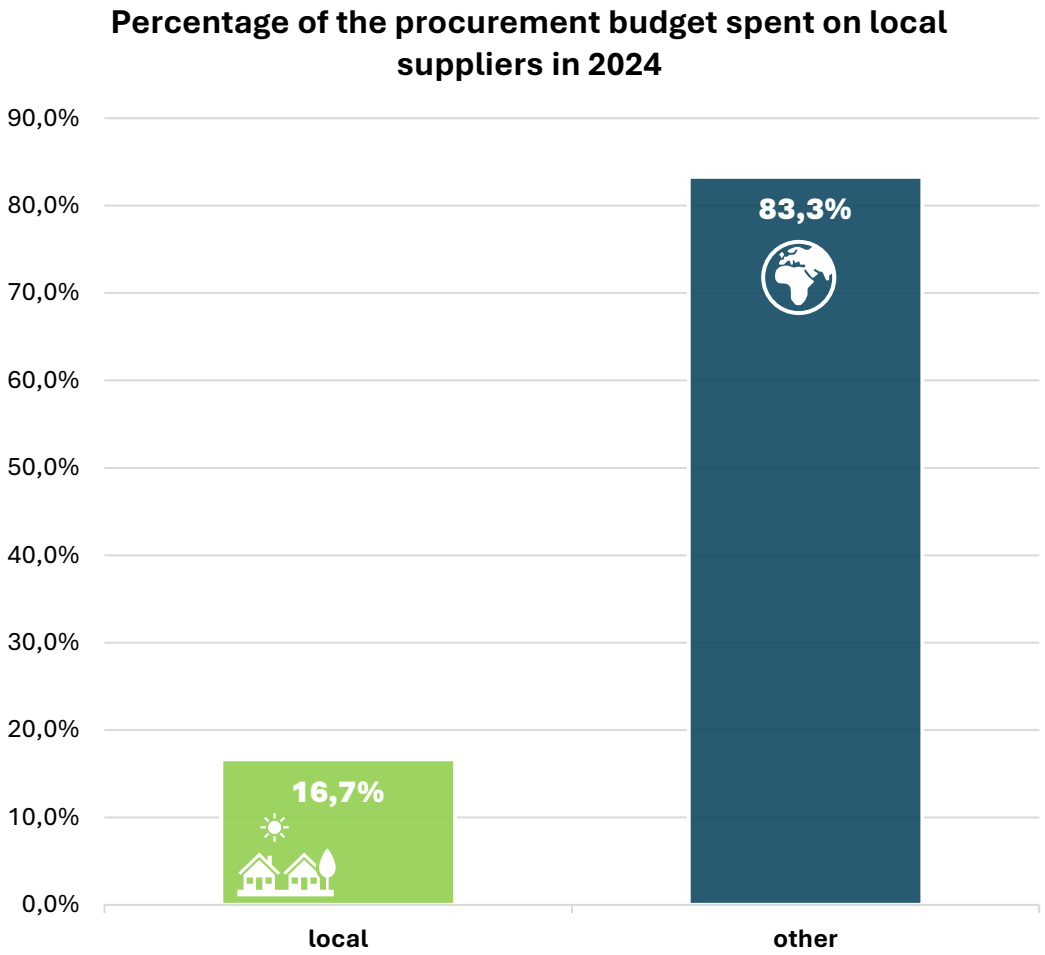
Contribution: coins equal to appr. 100 BGN

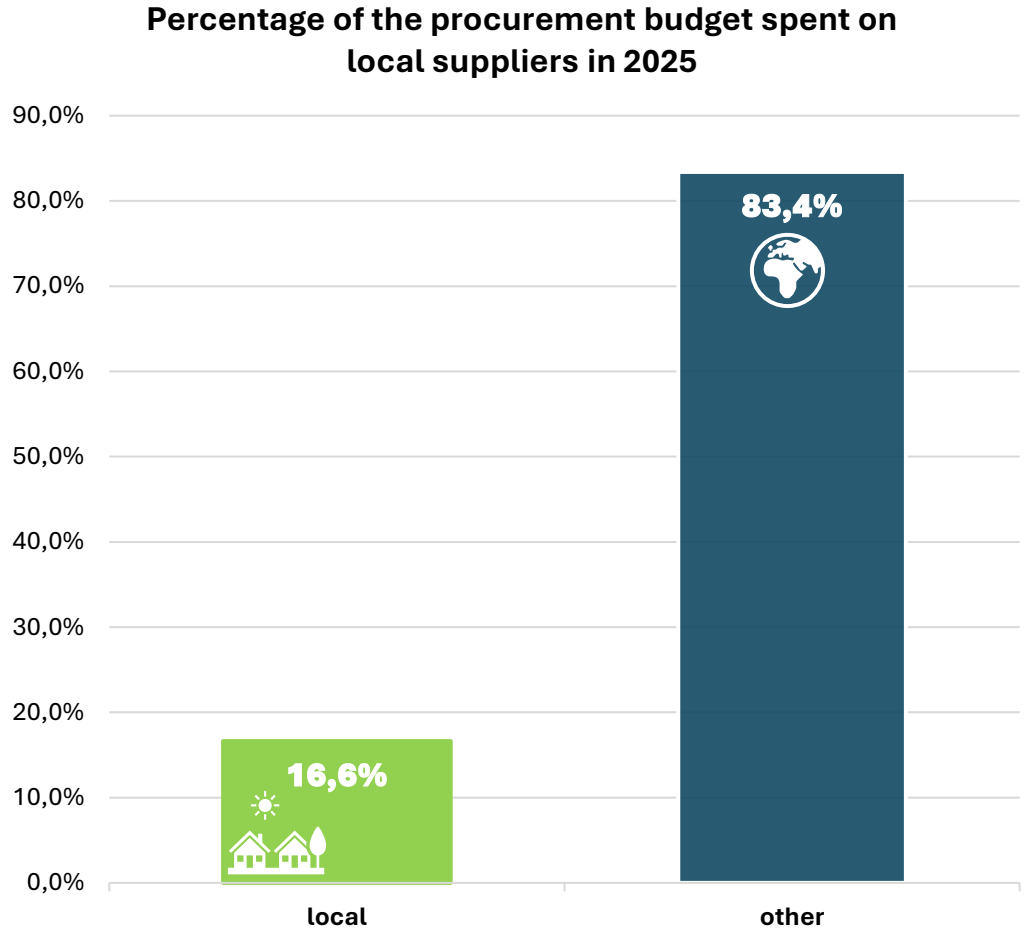
Operation Teddy Bear

Internal Christmas bazaar for kids with special needs

Contribution: 1860 BGN

Furthermore, we are trying to stimulate the business environment in the whole region.
Approximately **93.7%** of our senior management is from the local community.
Spending on local suppliers remained consistent in 2025, representing **16.6%** of total supplier spending, compared to 16.7% in 2024.





We continue to recognize the importance of supporting local economies and are committed to identifying opportunities to increase our spending with local suppliers in the years ahead.



05

APPENDIX

Appendix I: Key Performance Indicators (KPI)

GHG EMISSIONS		Unit	2024	2025
GHG Emissions	Gross Scope 1	tCO_2e	161	131
	Gross Scope 2 (location-based)	tCO_2e	3 754	3 365
	Gross Scope 2 (market-based)	tCO_2e	0	0
	Gross Scope 3	tCO_2e	33 352	30 341
	Gross Total (location-based)	tCO_2e	37 267	33 838
	Gross Total (market based)	tCO_2e	33 512	30 472
Emissions Intensity Ratio	Total GHG emissions (location-based)/ tons of sold products	t CO2e/t	10.08	8.39
	Total GHG emissions (market-based)/ tons of sold products	t CO2e/t	9.06	7.55
	Total GHG emissions (location-based)/ annual revenue	t CO2e/EUR	0.92	0.80
	Total GHG emissions (market-based)/annual revenue	t CO2e/EUR	0.68	0.72
ENERGY		**Unit**	**2024**	**2025**
Fuel Consumption from non-renewable sources	Diesel	litres	40 624	41 724
	Gasoline/Petrol	litres	4 695	8 847
	Total	litres	45 319	50 568
Energy Consumption	Electricity Consumption	kWh	11 461 807	12 898 983
	Electricity consumption (own production: PV)	kWh	1 483 811	1 638 502
	Total	kWh	12 945 618	14 537 485
Energy Intensity Ratio	Energy consumption/ net revenue	GJ/M BGN	0	0

WASTE		Unit	2024	2025
Waste	Non-hazardous waste	t	840.61	875.22
	Hazardous waste	t	1.21	1.32
	Total	t	841.82	876.54
Waste diverted from disposal	12 01 01 Sawdust, shavings and scraps of ferrous metals	t	59.51	59.11
	12 01 03 Sawdust, shavings and scraps of non-ferrous metals	t	1.40	1.67
	12 01 05 Sawdust, shavings and scraps from plastics	t	424.47	474.11
	13 01 10* Non-chlorinated mineral based hydraulic oils	t	0.00	0.00
	15 01 01 - Paper and cardboard packaging	t	74.48	78.58
	15 01 02 Plastic waste	t	26.71	24.28
	16 11 06 Waste graphite blocks	t	1.015	0.45
	Total weight of waste diverted from disposal	t	587.60	638.20
Hazardous waste diverted from disposal	Recycling (onsite)	t	0.00	0.00
	Recycling (offsite)	t	0.00	0.00
	Total weight of hazardous waste diverted from disposal	t	0.00	0.00
Non - hazardous waste diverted from disposal	Preparation for reuse (onsite)	t	424.47	474.11
	Preparation for reuse (offsite)	t	0.00	0.00
	Recycling (onsite)	t	0.00	0.00
	Recycling (offsite)	t	163.13	163.63
	Total weight of non-hazardous waste diverted from disposal	t	587.60	637.74
Waste directed to disposal	Total weight of hazardous waste directed to disposal	t	1.21	1.32
	Total weight of non-hazardous waste directed to disposal	t	252.96	237.03
	Total	t	254.17	238.35

WASTE		Unit	2024	2025
Non-recycled waste	Total amount	t	254.17	238.32
	Percentage	%	30.19	27.19
MATERIALS		**Unit**	**2024**	**2025**
	Total weights raw materials	t	4301	4 934
	Percentage of recycled input materials (regranulate)	%	0.86	1.13
SALES		**Unit**	**2024**	**2025**
Products	Total amount of sold products	number	474 119 464	514 400 976
	Total amount of sold products	t	3 699	4 034
	Total revenue	€	40 425	42 230
COMPLIANCE WITH LAWS AND REGULATION		**Unit**	**2024**	**2025**
Non-compliance with laws and regulations	Total number of significant instances of non-compliance	number	0.00	0.00
	Instances for which fines were incurred	number	0.00	0.00
	Instances for which non-monetary sanctions were incurred	number	0.00	0.00
Fines for instances of non-compliance that were paid	Total number of fines for instance of non-compliance that were paid	number	0.00	0.00
	Fines that occurred in the current reporting period	number	0.00	0.00
	Fines that occurred in previous reporting period	number	0.00	0.00
Monetary values of fines for instance of non-compliance that were paid	Total values of fines for instance of non-compliance that were paid	€	0.00	0.00
	Fines that occurred in the current reporting period	€	0.00	0.00
	Fines that occurred in previous reporting period	€	0.00	0.00
EMPLOYMENT		**Unit**	**2024**	**2025**
Employee headcount	Total number of employees	number	702	649
	Average number of employees	number	736	662

EMPLOYEE		Unit	2024	2025
Employee headcount	Permanent employees	number	712	636
	Temporary employees	number	0	0
	Non-guaranteed hours employees	number	0	0
	Part-time employee	number	3	7
	Full-time employee	number	699	629
Breakdown of total number	Male	number	378	285
	Female	number	324	364
Workers who are not employee	Total number of workers who are not employees and whose work is controlled by the organization	number	1	1
New employee	Total number of new employee	number	165	108
	Hiring rate	%	22.41	36.61
Total number of new employee hires categorized by age group	Under 30 years old	number	38	41
	30-50 years old	number	83	34
	Over 50 years old	number	44	33
Total number of new employee hires categorized by gender	Male	number	86	44
	Female	number	79	64
Employee who left the company	Total number of employee who left the company	number	160	178
	Employee turnover (rate)	rate	21.73	26.60
Total number of employee who left the company categorized by age group	Under 30 years old	number	43	38
	30-50 years old	number	75	72
	Over 50 years old	number	43	68

EMPLOYEE		Unit	2024	2025
Total number of employee who left the company cate - gorized by gender	Male	number	85	94
	Female	number	75	84
EMPLOYMENT		**Unit**	**2024**	**2025**
Collective bargaining	Percentage of total employees covered by collective bargaining agreements	%	0	0
Annual total compensation ratio	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	%	Confidentiality constraints	Confidentiality constraints
	Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all Employees.	%	Confidentiality constraints	Confidentiality constraints
MANAGEMENT TEAM		**Unit**	**2024**	**2025**
Company's administrative, management and supervisory bodies	Executive	number	4	4
	Non-executive	number	13	12
	Male	number	13	11
	Female	number	4	5
	Independent board members	%	50	50
	Proportion of variable remuneration dependent on sustainability-related targets and (or) impacts	%	Confidentiality constraints	Confidentiality constraints
EMPLOYEE TRAINING		**Unit**	**2024**	**2025**
Training hours per employee	Average hours of training per year per employee	hours/employee	4.87	1.97
Average hours of training by gender:	Male	hours/employee	3.67	1.38
	Female	hours/employee	1.20	0.59

EMPLOYEE TRAINING		Unit	2024	2025
Average hours of training per year per employee, by employee category:	Leading employee	hours/employee	0.46	0.24
	Administrative	hours/employee	1.28	0.20
	Technical	hours/employee	2.02	0.90
	Manufacturing	hours/employee	1.08	0.45
	Other	hours/employee	0.03	0.06
EMPLOYEE ASSESSMENT		**Unit**	**2024**	**2025**
Assessment of employee performance	Employees who received a regular performance and career development review (of the total number of employees)	%	32	56
Employees who received review categorized by gender:	Male	%	36	42
	Female	%	64	58
Average hours of training per year per employee, by employee category	Machine operator	hours/employee	77	90
	Administrative	hours/employee	6	10
OCCUPATIONAL HEALTH AND SAFETY		**Unit**	**2024**	**2025**
Employee work – related injuries	Recordable work-related injuries	number	1	0
		rate	0.7	0.0
	Fatalities as a result of work-related injury	number	0	0
		rate	0	0
Types of work-related injury	Total worked hours	number	1 501 204	1 382 556
	Main types of work-related injurie	text	n/a	n/a

OCCUPATIONAL HEALTH AND SAFETY		Unit	2024	2025
Non-employee work – related injuries	Recordable work-related injuries	number	0	0
		rate	0	0
	Fatalities as a result of work-related injury	number	0	0
		rate	0	0
Types of work-related injury	Total worked hours	number	0	0
	Main types of work-related injurie	text	n/a	n/a
PRODUCT QUALITY		**Unit**	**2024**	**2025**
Incidents of non-compliance	Incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	number	0	0
	Incidents of non-compliance with regulations resulting in a fine or penalty	number	0	0
	Incidents of non-compliance with regulations resulting in a warning	number	0	0
	Incidents of non-compliance with voluntary codes	number	0	0
	Percentage of audited products according to the product audit program	%	95	96
LOCAL PROSPERITY		**Unit**	**2024**	**2025**
Supporting local prosperity and communities	Percentage of senior management hired from the local community	%	88.89	93,75
Assessment of employee performance	Percentage of the procurement budget spent on local suppliers	%	16.77	16.63
SUPPLY CHAIN		**Unit**	**2024**	**2025**
Suppliers screening	New suppliers screened using environmental criteria	%	90	97
	New suppliers screened using social criteria	%	90	97

SUPPLY CHAIN		Unit	2024	2025
Negative environmental impact	Suppliers assessed for environmental impacts	%	75	73
	Suppliers identified as having significant actual and potential negative environmental impacts	%	0	0
	Suppliers with which relationships were terminated as a result of assessment	%	0	0
Negative social impacts	Suppliers assessed for social impacts.	%	75	73
	Suppliers identified as having significant actual and potential negative social impacts	%	0	0
	Suppliers with which relationships were terminated as a result of assessment	%	0	0
COMPANY SPECIFIC		**Unit**	**2024**	**2025**
Operational Efficiency	Average efficiency coefficient for the reporting period	%	87.00	85.60
Customer satisfaction	Customers with tracked satisfaction from the total number of customers which are forming 80% Arexim turnover.	%	100	100
	Share of customers with high satisfaction score (A score)	%	95	95
	Hit ratio (Number of received orders / Number of send offers)	%	17	5
Research and development projects	Investments in R&D projects	€	8 181	30 677
	Number of R&D projects (started/active)	number	8/4	13/7
	Work hours invested in R&D projects	hour	200	470
	Percentage of the total worktime invested in research	%	3	7
	Innovation projects Ratio (number of implemented/ number of received projects)	%	50	54

Appendix II: GRI Content Index

Arexim Engineering has reported the information cited in this GRI content index for the period 2025 with reference to the GRI.

GRI Standard	Disclosure	Location	Page
GRI 2 General Disclosure	**2-1** Organizational details	Company overview	7 - 31
	2-2 Entities included in the organization's sustainability reporting	About the report	3
	2-3 Reporting period, frequency and contact point	About the report	3
	2-4 Restatements of information	N/A	-
	2-5 External assurance	About the report	3
	2-6 Activities, value chain and other business relationships	About the company, Annex I	8-12, 73, 77-78
	2-7 Employees	Appendix I	73-74
	2-8 Workers who are not employees	Appendix I	74
	2-9 Governance structure and composition	Corporate governance	14-15
	2-10 Nomination and selection of the highest governance body	Corporate governance	14-15
	2-11 Chair of the highest governance body	Corporate governance	14-15
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate governance	14-15

GRI Standard	Disclosure	Location	Page
GRI 2 General Disclosure	**2-13** Delegation of responsibility for managing impacts	Governance structure	14-15
	2-14 Role of the highest governance body in sustainability reporting	Governance structure	14-15
	2-15 Conflicts of interest	Governance structure	14-15
	2-16 Communication of critical concerns	Governance structure	14-15
	2-17 Collective knowledge of the highest governance body	Governance structure	14-15
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	2-19 Remuneration policies	Appendix I	75
	2-20 Process to determine remuneration	Appendix I	75
	2-21 Annual total compensation ratio	Appendix I	75
	2-22 Statement on sustainable development strategy	Foreword, About the company	4-6
	2-23 Policy commitments	Foreword, About the company	4-6
	2-24 Embedding policy commitments	Foreword, About the company	4-6
	2-25 Processes to remediate negative impacts	About the company, Employee engagement and development	8-12, 59
	2-26 Mechanisms for seeking advice and raising concerns	Appendix I	73

GRI Standard	Disclosure	Location	Page
GRI 2 General Disclosure	**2-27** Compliance with laws and regulations	Appendix I	73
	2-28 Membership associations	Our memberships	19
	2-29 Approach to stakeholder engagement	Promoting sustainable practices along the supply chain	36-38
	2-30 Collective bargaining agreements	Appendix I	75
GRI 202 Local community	**202-2** Proportion of senior management hired from the local community	Supporting local prosperity and communities, Appendix I	36-38, 77
GRI 204 Local suppliers	**204-1** Proportion of spending on local suppliers	Supporting local prosperity and communities, Appendix I	36-38, 77
GRI 301 Materials	**301-1** Materials used by weight or volume	Appendix I	73
	301-2 Recycled input materials used	Appendix I	73
GRI 302 Energy	**302-1** Energy consumption within the organization	Sustainability highlights, Annex III	24, 71
	302-3 Energy intensity	Appendix I	71
GRI 305 Emissions	**305-1** Direct (Scope 1) GHG emissions	Climate change and decarbonization, Annex III	55-57, 71
	305-2 Energy indirect (Scope 2) GHG emissions	Climate change and decarbonization, Annex III	55-57, 71
	305-3 Other indirect (Scope 3) GHG emissions	Climate change and decarbonization, Annex III	55-57, 71
	305-4 GHG emissions intensity	Climate change and decarbonization, Annex III	55-57, 71

GRI Standard	Disclosure	Location	Page
GRI 306 Waste	**306-3** Waste generated	Waste, materials and circularity, Appendix I	52-54, 72-73
	306-5 Waste directed to disposal	Waste, materials and circularity, Appendix I	52-54, 72-73
GRI 308 Supplier assessment	**308-1** New suppliers that were screened using environmental criteria	Promoting sustainable practices along the supply chain, Appendix I	36-38, 77-78
GRI 401 Employment	**401-1** New employee hires and employee turnover	Employee engagement and development, Appendix I	59-62, 73-75
GRI 403 Occupational Health and Safety	**403-9** Work-related injuries	Health and safety at workplace	63-65, 78
GRI 404 Training and Education	**404-1** Average hours of training per year per employee	Appendix I	75-76
	404-3 Percentage of employees receiving regular performance and career development reviews	Appendix I	76
GRI 414 Supplier Assessment	**414-1** New suppliers that were screened using social criteria	Appendix I	77-78
	414-2 Negative social impacts in the supply chain and actions taken	Appendix I	77-78
GRI 416 Incidents of non-compliance	**416-2** Incidents of non-compliance concerning the health and safety impacts of products and services	Appendix I	77

Appendix III: ESRS CSRD Content Index

Arexim Engineering has reported the information cited in this GRI content index for the period 2025 with reference to CSRD ESRS Standards.

ESRS Standard	Disclosure	Location	Page
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