

VIVA Sustainability Report 2021

Kovárna VIVA a.s.

**FOCUS ON:
CLIMATE-
NEUTRAL BY
2040**



Contents

Introduction		3
	Foreword	
	Company profile	
Cross-cutting Exposure		5
ESRS 1	General principles	
ESRS 2	General, strategy, governance and materiality assessment	
Environment		16
ESRS E1	Climate change	
ESRS E2	Pollution	
ESRS E3	Water and marine resources	
ESRS E4	Biodiversity	
ESRS E5	Resource use and circular economy	
Social		23
ESRS S1	Own workforce	
ESRS S2	Workers in the value chain	
ESRS S3	Affected communities	
ESRS S4	Consumers & end-users	
Governance		33
ESRS G1	Governance, risk management and internal control	
ESRS G2	Business conduct	

FOREWORD



Dear friends,

We present to you the VIVA Forge Sustainability Report 2021. This publication is a summary of the company's key activities in the areas of management, social development and environmental care. As a responsible company, we recognise the importance of the Company's activities in each of these three areas.

Sustainability principles are an integral part of our corporate culture. We respect the interests of our employees, partners and the wider community of people in the region of which we are an important part. We recognise how our sustainability activities make a significant contribution to the credibility of our company, not only in the eyes of our customers and business partners, but also in the perception of society as a whole. Sustainability is becoming an important indicator of a company's success. For a socially responsible company it is not only easier to retain existing customers, but also to attract new business partners, which in the long term contributes to increased stability and competitiveness in the market. Sustainability principles strengthen a company's competitive advantages, increase its value and also influence its economic performance.

We sincerely hope that you will find this publication an interesting and useful source of information. Through this report, we believe we have been able to highlight the importance of sustainability at VIVA Forge, which is working towards a sustainable society through its responsible and consistent operations

Frantisek Cervenka,

Chief Executive Officer of Kovárna VIVA

THE COMPANY PROFILE

	<ul style="list-style-type: none"> We are a leading Czech industrial forging company founded in 1992 which follows up on the traditions of the Bata forging company which was founded in 1932.
	<ul style="list-style-type: none"> We produce closed die forgings from steel with a good quality/cost ratio. Our products include forgings prepared with high precision and with complex geometry, in small as well as large series
	<ul style="list-style-type: none"> Our strategy is based on working with leading European and global companies, with which we build stable and long-term partnerships.
	<ul style="list-style-type: none"> The core of our production is dedicated to the complete preparation of forgings for 4 areas: cars, trucks and utility vehicles, handling technology and hydraulic motors. Some of our production is intended for railways, agriculture, engineering etc
	<ul style="list-style-type: none"> The whole production process is monitored based on the requirements of IATF 16949, ISO 9001, ISO 14001, ISO 45001 and ISO 50001
	<ul style="list-style-type: none"> Ownership Kovárna VIVA is Moravia Steel 100%
	<ul style="list-style-type: none"> Sales 80 mil.EUR/year
	<ul style="list-style-type: none"> Capacity 35 000 t/year
	<ul style="list-style-type: none"> Employess 408
	<ul style="list-style-type: none"> CAPEX from 2012 55 mil.EUR
	<ul style="list-style-type: none"> Export 70%
	<ul style="list-style-type: none"> Forging weight 0,1-30,0 kg

Main products of Kovárna VIVA



Main customers of Kovárna VIVA



ESRS 1 - General principles Disclosure principles

DP 1-1 – On policies adopted to manage material sustainability matters

- We are a socially responsible company. In our visions, plans and decisions, we always take into account the interests of our business partners and employees, the impact on the regions in which we operate, and the impact on their inhabitants and the environment. We strive to make our relations with our business partners, public authorities, our employees, trade unions and the public long-established, stable and based on mutual respect and rightful trust in honest conduct. We support the regions in which we operate and we strive to contribute to further improving the quality of life of their inhabitants. Every year we issue a Corporate social responsibility report, which is published on our website www.viva.cz
- VIVA publishes an annual sustainability report. The last report was published in March 2021. The current reporting period corresponds to the business year that runs from January 1, 2021, to December 31, 2021. The editorial deadline for this report was August 31, 2021. The sustainability report including the combined separate non-financial report is publicly available on the company's website. The sustainability report was written up by order of the Executive Board of the VIVA. The Board reviewed and released the report content.
- VIVA production sites already have ISO 14001, ISO 50001, ISO 45001 registrations; the reporting date was December 31, 2021.

DP 1-2 – On targets, progress and tracking effectiveness

The VIVA Strategy provides strategic guidance for development in the coming years in the following areas: Customer, Employees, Improvement and Responsibility. Sustainability is firmly anchored in the "VIVA Strategy" and has been managed as a separate area of activity since the year under review. This is linked to the broader objectives and initiatives within the Customer, Employee, Improvement and Accountability dimensions. In the year under review, work commenced on Sustainability. For each of these strategic aspects, specific quantitative targets are progressively set, supported by corresponding indicators.

KPI ESG

Kovárna VIVA Sustainability Report 2021

		c	d	e	f	g	d	d
Key figures on sustainability – ERS E - Environment and energy								
		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Coverage rate for ISO 14001 certification	%	100	100,0	100,0	0%	100	100	2014
Coverage rate for ISO 50001 certification	%	100	100,0	100,0	0%	100	100	2018
Total energy consumption	MWh	35 844	31 555	35 855	0%	100		
Of which electricity consumption	MWh	28 425	25 391	28 795	-1%	50		
Of which renewable energy (external procurement)	MWh	1 580	1 714	1 123	41%	25		
Of which natural gas/LPG consumption	MWh	6 647	5 387	6 313	5%	50		
Of which steam consumption ¹⁾	MWh	772	777	747	3%	50		
Energy intensity per net turnover	MWh/t	1,27	1,57	1,42	-11%	75	-10%	2040
Greenhouse gas emissions, total	t CO ₂	117 270	-	-		25	0	2040
Own greenhouse gas emissions, total (Scope 1 + 2 market-based)	t CO ₂	16 045	-	-		25	0	2040
Greenhouse gas emissions (Scope1)	t CO ₂	1 576	-	-		75	0	2040
Greenhouse gas emissions (Scope 2 market-based)	t CO ₂	14 469	-	-		25	0	2040
Greenhouse gas emissions (Scope 2 location-based)	t CO ₂	15 439	-	-		25	0	2040
Greenhouse gas emissions (Scope 3)	t CO ₂	101 225	-	-		25	0	2040
Greenhouse gas emissions, total	t CO ₂ /t	4,12	-	-		25	0,00	2040
Own greenhouse gas emissions, total (Scope 1 + 2 market-based)	t CO ₂ /t	0,56	-	-		25	0,00	2040
Greenhouse gas emissions (Scope1)	t CO ₂ /t	0,06	-	-		75	0,00	2040
Greenhouse gas emissions (Scope 2 market-based)	t CO ₂ /t	0,51	-	-		25	0,00	2040
Greenhouse gas emissions (Scope 2 location-based)	t CO ₂ /t	0,54	-	-		25	0,00	2040
Greenhouse gas emissions (Scope 3)	t CO ₂ /t	3,56	-	-		25	0,00	2040
Water withdrawal, total	Thous. m ³	28 058	20 891	29 102	-4%	75		
Water intensity performance	M3/t	0,99	0,91	1,14	-14%	75	-10%	2040
Amount of waste, total	Thous. t	6969	5390	6591	6%	75	-10%	2030
Scrap and metals, total	Thous. t	5 832	4983	6072	-4%	100	-5%	2030
Key figures on sustainability – ERS S - Society								
		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Trainings, total	Number	295	200	260	13%	50		
Trainees, total	Number	2 065	1 400	1 820	13%	50		
Effectiveness Training, total	%	89	87	87	2%	50		
Accident	Number	15	18	9	67%	50		
Coverage rate for ISO 45001	%	100	100	100	0%	100	100	2021
Donations	EUR millions	0,2	0,2	0,2	0%	75		
Key figures on sustainability – ERS G1 - Governance								
		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Employees, total	Number	398	379	400	-1%	75		
Average age	Years	40,2	39,6	38,8	4%	100		
Age structure/distribution <30 years	Number	71	79	98	-28%	100		
Age structure/distribution 30–55 years	Number	292	279	264	11%	100		
Age structure/distribution >55 years	Number	57	48	45	27%	100		
Average tenure	%	21,0	21,0	21,0	0%	50		
Management positions	Number	7	7	7	0%	100		
Proportion of female managers, total	%	14,3	0,0	0,0	100%	100	25,0	2030
Proportion of female employees, total	%	21,0	20,9	21,0	0%	100	25,0	2030
Nationalities, total	Number	4	4	4	0%	100		
Key figures on sustainability – ERS 1 - Governance strategy								
Production	t/years	28 433	22 923	25 418	24%	75	35 000	2027
Research and development (R&D) expenses	EUR millions	8	5	7	69%	75		
R&D employees	Number	25	23	23	9%	100		
Key figures on sustainability – ERS 1 - Governance customers and products								
Revenue, total	EUR millions	79,7	56	63	41%	75	108,0	2027
Of which Automotive Technologies	EUR millions	52,6	37,2	41,6	41%	75	71,3	2035
Of which the business division E-Mobility	EUR millions	12,0	8,5	9,5	41%	25	16,2	2035

DP 1-3 – Actions, action plans and resources in relation to policies and targets

Sustainability targets

Strategic objective	Targets	Actions/Status	Sustainable Development Goals
Environment			
Emissions of plant operations: Reducing carbon emissions caused by plant operations	VIVA has set itself the goal of being climate-neutral by 2040.	New target. The interim targets are to reduce the Scope 1 and Scope 3 carbon footprint by 50 percent by 2030 as compared to 2019	 
	Scope 1 by 2025, VIVA Production is to have reduced its energy consumption by 2 percent annually, relative to value add, as compared to 2019.	New target.	 
	Scope 2 by 2040, the Czech republic instal new renewable power and nuclear power	New target. Energetic mix CR at 2021 6% RE, 54% FE, 40% NE, at 2040 30% RE, 70% NE. Strategic energetic plan Czech republic is in 2036 new PNE	 
	Scope 2 by 2025, the entire VIVA power consumption will come from renewable power.	New target. VIVA has instal renewable power from 2016 about power 19000 kWh and plans to instal renewable power by 2025 about power 387 000 kWh	 
	Scope 3 by 2040	New target. TŽ plans instalation first Electric Arc Furnace (EAF) by 2030	 
Water: Saving water resources and supporting clean water quality	By 2025, VIVA in areas where water scarcity determines public life are to have reduced their water consumption relative to value add by 2 percent annually, as compared to 2019.	New target.	 
Waste: Supporting recycling management and reducing hazardous waste	By 2025, VIVA to have reduced waste for disposal relative to value add by 1 percent annually, as compared to 2019	New target.	 
	By 2025, the reduction of hazardous waste is to be a general target in waste management.	New target.	 
Social			
Globally attractive employer: Aiming to be among the most attractive engineering employers worldwide and well positioned in growing markets	By 2025, VIVA aims to be among the top 5 (Zlin)	New target.	
	By 2025, the turnover rate for VIVA will be between 15 and 18 percent.	VIVA managed to reduce turnover from above 20 to below 18 in 2020. Turnover rates will be closely monitored.	
Training and education: Aiming to continuously contribute to improving the organization, to achieve a global learning culture of innovative learning and development	By 2025, a global and innovative leadership and learning culture will be established across divisions, functions and regions.	2020, VIVA launched several initiatives to contribute to a global and innovative leadership and learning culture. For details, see the Training and Education chapter.	
Safety at work and health protection: Striving to improve safety performance by conducting professional incident management, Safety Leadership and Behavior Based Safety actions as well as improving functional safety areas	Reduction of the VIVA accident rate (LTAR: accidents resulting in at least one full day's absence from work per million working hours) from 3.8 (2019) to 2.0 (2025) to move forward towards industry leading performance.	In 2020, the VIVA was on track and reduced LTAR to 3.3 (13 percent down from 2019).	
	By 2025, low ergonomic risk profile for 90 percent of workplaces. Risk assessments and improvement measures are conducted according to global standards	New target. Currently 55 to 60 percent of production workplaces are evaluated as having a low ergonomic risk profile – implementation will be tracked according to individual location targets	

Governance			
Strategy			
Revenue	VIVA Sales Growth over Market Growth	New target.	
Net income	VIVA EBIT above average benchmark	New target.	
Financial stability	Debt <40%	New target.	
Innovation, efficiency and cost leadership	VIVA implements Digitalization, Industry 4.0. Lean company	New target.	
Data Privacy & Cybersecurity	Implementation TISAX at 2023	New target.	
Product			
Product safety: Zero accidents and zero fatalities through smart product solutions and highest quality assurance	Zero accidents and zero	New target.	
Material efficiency of products: Reducing the use of raw materials and realizing a circular economy	Reducing the use of raw materials and realizing a circular economy	Material efficiency will be integrated into the product design directive. Materials Testing will conduct projects to identify the potential for the use of secondary material. Dedicated projects for substituting primary materials for recycles will be initiated.	
Sustainable product portfolio: Gradually increasing the share of revenue from sustainable products and services	Balance Market Penetration	New target.	
Suppliers and materials			
Standards in the supply chain: Aiming to implement supply chain sustainability management by 2025	By 2022, a new initiative will be introduced worldwide to reduce the highest carbon emitting supplies and suppliers within the product life cycle.	Target achieved. The carbon neutrality program has been implemented at VIVA. Within this program, Materials Management has developed a clear decarbonization roadmap towards climate neutrality by 2040.	 
	By the end of 2022, the existing carbon monitoring system will be reviewed and extended.	New target.	 
	Implementation of a sustainability supplier assessment for the existing supplier base and for new suppliers	New target.	 

6.2 Structure of the sustainability statements Presentation of disclosures required by sector-agnostic ESRS

The presented structure of the VIVA sustainability reporting meets the presentation of the information required by the sector-specific ESRS, the information required by the sector-specific ESRS, the information required by the entity-specific ESRS and the presentation of the disclosures required by Article 8 of the Taxonomy Regulation (2020/852)

ESRS 2 - General, strategy, governance and materiality assessment Disclosure Requirements

DR 2-GR 1 - General characteristics of the sustainability reporting of the undertaking

Sustainability reporting refers to the disclosure, whether voluntary, solicited, or required, of non-financial performance information to outsiders of the organization. Generally speaking, sustainability reporting deals with information concerning environmental, social, economic and governance issues in the broadest sense. These are the criteria gathered under the acronym ESG (Environmental, social and corporate governance).

The introduction of these non-financial information in published reports is seen as a step forward in corporate communication and considered as an effective way to increase corporate engagement and transparency.

Sustainability reports help companies build consumer confidence and improve corporate reputations through social responsibility programs and transparent risk management. This communication aims at giving stakeholders broader access to relevant information outside the financial sphere that also influences the company's performance.

DR 2-GR 2 – Sector(s) of activity

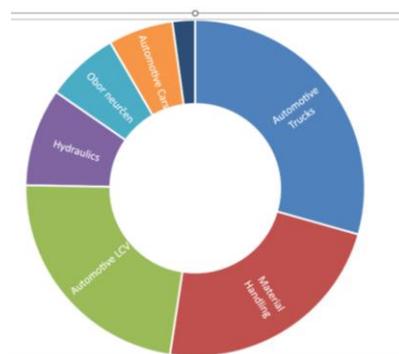
Main sector of activity by NACE 25500 and other sector of activity by NACE 25600 and NACE 25620. The metal forging market can be segmented on the basis of technology, material type, end use and territory. On the basis of technology, the forging market is segmented into closed die forging, open die forging, and ring rolling. Based on material type, the market is segmented into steel, aluminum, magnesium, nickel-based alloys, titanium, and others. With respect to consumption in end-use industries, the market is segmented into automotive, mechanical construction, agriculture, mines, railways, aerospace & defense, power, oil & gas, and others.

The market size reached 30,1 million tons in 2021 and the value reached USD 87 trillion. The market size is by 2030, growing at a CAGR of 6.34% during the forecast period. However, this forecast may be reduced based on the current state of the market owing to the commodity crisis and war in Ukraine.

DR 2-GR 3 - Key features of the value chain

The metals sector has evolved over history and has made significant progress. Further development depends on the ability of the industry to adapt to the general trends affecting it. These include human scarcity and expertise, environmental requirements, resource availability, energy intensity, reduction in production costs, increasing quality and precision, flexibility of supply and, more recently, political influences. With respect to consumption in end-use industries, the market is segmented into automotive, mechanical construction, agriculture, mines, railways, aerospace & defense, power, oil & gas, and others.

Odvětví	Kč	%
Automotive Trucks	649 289 150	29
Material Handling	506 829 080	23
Automotive LCV	505 744 405	23
Hydraulics	207 342 095	9
Obor neurčen	153 877 176	7
Automotive PassCars	136 417 428	6
Others	47 831 453	2



DR 2-GR 4 - Key drivers of the value creation

The key drivers of value creation in terms of volume are consumption, particularly in the automotive and other forging consuming industries. From a cost perspective, the key drivers of value are steel costs, personnel costs and energy.

DR 2-GR 10 - General statement of compliance

The compliance program, including management of business and procedural risks according to International Organization for Standardization (ISO) standards, international standards for Quality Management Systems (QMS) including IATF 16949 standard, principles of Corporate Social Responsibility (CSR) international standard SA8000 Social responsibility, is consistently enforced, its effectiveness is continuously evaluated and measures are taken to improve it. CSR report is assured by our customer and audits within the Moravia steel group

We follow ethical principles and adhere to legal regulations Ethical principles and respect for the law are the fundamental principles of our code of conduct and corporate culture. Our company is established and exists under the laws applicable in the Czech Republic; the legal regulations governing our activities and relations are systematically followed, recognized, respected and adhered to unconditionally and consistently. We act and take our decisions in accordance with the principles of corporate culture, social responsibility, employee collegiality and fair trade, and also in accordance with the laws and obligations ensuing from legal regulations, decisions of public authorities and the contractual relations in which we participate. Business partners' conduct in accordance with the law and ethical principles is considered an unavoidable condition for our cooperation.

DR 2-SBM 1 - Overview of strategy and business model



Strategy

Kovárna VIVA has been focused on the realization of its strategic goals. One of them is the technological development of the company, which is closely related to meeting the demanding requirements of our customers. In practice, this means that by controlling the technological process throughout the production flow, the required qualitative parameters of the manufactured semis are ensured. An important factor that increases the added value of final products is the validation, integration and implementation of modern, technologies that in particular significantly reduce production and processing costs or the environmental burden. Thanks to that, Kovárna VIVA ranks to the top forging company in Europe.

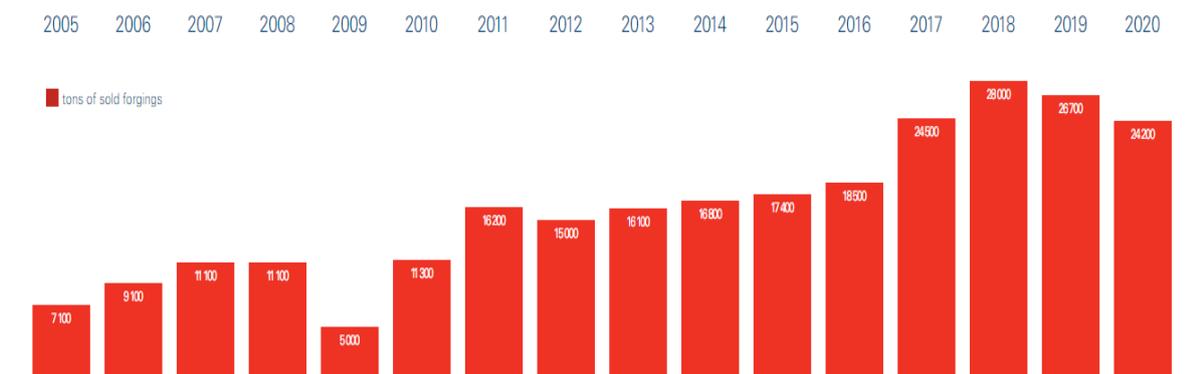
Development of our production base, technological and research activities are aimed at the improvement of products quality, an introduction of progressive production technologies and new products in order to:

- fulfil current as well as future quality of delivery requirements of the customers,
- reach effective utilization of raw materials, materials and energies, and reduction of their consumption,
- reduce the quantity of wastes produced and increase their recycling rate,
- reduce the total production of environmental impacts to health and lives of people, environment and the property,
- minimize the impacts of the serious accidents to health and lives of people, environment, property and business results.

About company's plans, objectives, activities and results inform its customers and stakeholders through its websites. In order to ensure the competitiveness of the forging company, we must constantly struggle to improve the quality of our products while keeping costs down and further prudently allocating funds between renewal and modernisation projects, technology development and environmental protection. The forging industry is a very demanding manufacturing industry in terms of energy, technology and investment. The volume of funds directed to the construction of new facilities, renewal and upgrading of existing ones is therefore a necessity. In 2020, when the world was hit by coronavirus pandemic many steel companies had to face restrictions of production, staff shortages, declining demand and complications in the transport of goods. In addition, compared to other regions of the world, the competitiveness of European steel companies is adversely affected by very strict EU environmental legislation. Nevertheless, Kovárna VIVA strives for the sustainable development in the social, economic and environmental fields.

Key figures on sustainability – Environment and energy		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Revenue, total	EUR millions	79,7	56	63	41%	75	108,0	2027

Viva forging company Performance 2005-2020



DR 2-SBM 2 – Views, interests and expectations of stakeholders

Regular and consistent communication with its stakeholders allows VIVA to find balanced solutions. As the approach for stakeholder communication and engagement has been established and refined for several years now, all relevant target groups are well defined. The most relevant stakeholders are employees, customers and suppliers, the company owners, investors, authorities, trade unions, associations, politicians and the media and as well as business partners and residents at company locations. Each group is important, having unique insights and feedback to contribute. With regard to mentioned topics, as in the previous year, climate change and human rights were issues that played an important role in general discussions in society. Accordingly, stakeholders brought up these issues with VIVA, too.

DR 2-SBM 3 – Interaction of impacts

Sustainability can no longer be a private matter of individual companies. More than ever, sustainability must become central to the entire value chain. Taking care of inputs must be given the same attention as care for internal processes and outputs. Because we have responsibility for critical infrastructure, we focus intensely on maintaining a highly reliable, yet sustainable supply chain. CEZ Group is focuses on developing policies and processes to ensure responsible procurement and purchasing, with an increased focus on the risk parts of the supply chain

DR 2-SBM 4 – Interaction of risks and opportunities and the undertaking's strategy and business model

A key development in risk analysis is the increased consideration of the impacts of climate change - in this respect, the Group is following the recommendations of the Task Force on Climate-related Financial Risks. VIVA reports on climate within the CDP on an annual basis As the CDP is broadly aligned with the ESG team's recommendations , information has been provided on the risks and opportunities arising from climate change. change (physical risks) and risks arising from increasing climate protection requirements (transition risks). After this year, the ESG report will be published on the company's website in autumn 2021. For more information regarding the adaptation of VIVA's product portfolio to climate change-related impacts, please refer to the chapter Sustainable Product Portfolio. For more information regarding VIVA's climate neutrality, see the Environment chapter.

DR 2-GOV 3 - Sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

ESG Strategic Steering Committee (SGC)

The ESG Strategic Steering Committee is the highest level of ESG governance. Rights and responsibilities of the SGC are set out in the Strategic Steering Committee Charter of the ESG Strategic Strategy Committee. The SGC takes strategic decisions and monitors the progress of ESG initiatives and working groups. It also monitors the implementation of the objectives set out in the VISION 2040. SGC represents the managerial and operational level of management and coordination of the ESG agenda. The Chair of the Steering Committee is Michal Červenka, its members are representatives of all divisions and key departments of the company in terms of ESG management.

ESG Working Groups

ESG working groups are cross-divisional management teams that implement the ESG objectives approved by the CGC across the VIVA. They are headed by ESG Working Groups are headed by leaders appointed by the Chairman of the Executive Board.

ESG education

VIVA is committed to the highest quality of sustainable management. Each member of the Board of Directors and other members of the senior management are enrolled in a certified training program related to ESG. The programmes will be completed in summer 2022

DR 2-GOV 4 - Integration of sustainability strategies and performance in incentive schemes

The remuneration policy clearly and transparently defines all fixed and variable components of the remuneration of the members of the Management Board and the Supervisory Board. It also defines key financial and non-financial performance indicators. The Supervisory Board defines and evaluates the performance indicators related to any variable remuneration of the Executive Board members. These include performance indicators related to ESG. The Supervisory Board thus fulfils the role of the Remuneration Committee. A single ESG target with a weighting of at least 15% has been included among the individual tasks of all Executive Board members for 2022. This task consists of achieving the target level of international ESG rating, fulfilling public commitments and implementing defined ESG programmes

DR 2-IRO 1 - Description of the processes to identify material sustainability impacts, risks and opportunities

VIVA recognises that climate change poses serious risks to business and society. We are committed to both mitigating the impacts of climate change and adapting to it. To operate sustainably, ethically and transparently, we must address climate-related risks and opportunities as part of our strategy. We aim to disclose information on governance, strategy, risk management and metrics and targets in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We review the latest science and evaluate climate scenarios to build our strategic resilience in the short, medium and long term. To remove potential blind spots, we work with an independent consultancy - CI3. This collaboration ensures a thorough assessment of both physical and transitional risks.

We established an ESG unit in July 2021. We have established an ESG strategic steering committee. We have assigned responsibility for climate and environmental risks at Board and management level. We have launched an initiative that introduces climate-related policies. We have implemented

projects to comply with their recommendations. In May 2021, we set out our 2040 strategy, which defines a clear path for the next decade with measurable and public targets for decarbonisation and for all other ESG areas. We set targets to increase renewable energy capacity. We have implemented environmental management systems (EMS) at selected facilities to minimize risks and their impacts. We continue to expand this list. We recognise that climate-related risks are overarching as they can give rise to other types of risk (reputational, operational, financial). They can also threaten stakeholder relationships. We monitor climate-related regulations at national and EU level to adapt to transition risks. We monitor NGOs and initiatives as they tend to outpace regulation. This helps to anticipate trends and minimise transition risks. Metrics and action plans are listed on pages 5-8

DR 2-IRO 2 - Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS

The outcome of the assessment of the company in terms of significant sustainability impacts, risks and opportunities, as identified with reference to and in line with the sector and sector-specific ESRS, has been carried out by CI3

DR 2-IRO 3 - Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities that are not covered by an ESRS (entity-specific level)

An assessment of the business in terms of significant sustainability impacts, risks and opportunities not included in the ESRS has not been undertaken in 2021

ESRS E1- Climate change Disclosure Requirements

DR E1-1– Transition plan for climate change mitigation

THE PATH TO CARBON NEUTRALITY

- We perceive the danger of climate change and its consequences. We intend to gradually reduce our carbon footprint and continue to take a responsible approach to environmental protection.
- We are preparing an integrated transformation project based on the use of energy from renewable sources, changes in steel production technology and the greening of primary production. We build on the principles of the circular economy and the gradual change of the portfolio towards the products of the industry that contributes to reducing the carbon footprint.

Proclamation of Kovárna VIVA

- We are fully aware of the danger of climate change and its consequences. We intend to gradually reduce our carbon footprint and continue to take a responsible approach to environmental protection.
- Thanks to investments in the latest technologies, our forging production has undergone significant changes and is one of the most environmentally friendly in Europe. We strive for maximum recycling and utilization of by-products and waste generated in production processes.
- At present, no commercially viable technology for producing steel without a carbon footprint is available. We are aware of this, and therefore we are preparing innovative projects for its reduction. At the same time, we implement partial actions compensating for the occurrence of emitted CO₂. On the road to carbon neutrality, our gradual goal is to reduce CO₂ emissions by 55% by 2030, compared to 1990 levels.
- We are constantly innovating our products in order to direct steel products from our production lines to the industry contributing to reducing the carbon footprint as much as possible. We sell 97% of our production on European markets, thus contributing to the reduction of the carbon footprint from transport.

DR E1-2 – Policies implemented to manage climate change mitigation and adaptation

Environmental protection is a fundamental part of our policy. The standard is no less than fulfilling all legal regulations and authorization requirements granted to us thereunder by public authorities. In the long term and conceptually, we strive to continually reduce the impact of our activity on the environment. Old environmental burdens are removed. To meet environmental protection principles, we have set up and implement waste management systems preferring recycling, closed water systems and industrial wastewater treatment plants, chemical treatment and energy management; The priority is to gradually reduce air pollutant GHS emissions.

DR E1-4 – Climate change mitigation and adaptation action plans and resources

Strategic objective	Targets	Actions/Status	Sustainable Development Goals
Environment			
Emissions of plant operations: Reducing carbon emissions caused by plant operations	VIVA has set itself the goal of being climate-neutral by 2040.	New target. The interim targets are to reduce the Scope 1 and Scope 3 carbon footprint by 50 percent by 2030 as compared to 2019	 
	Scope 1 by 2025, VIVA Production is to have reduced its energy consumption by 2 percent annually, relative to value add, as compared to 2019.	New target.	 
	Scope 2 by 2040, the Czech republic instal new renewable power and nuclear power	New target. Energetic mix CR at 2021 6% RE, 54% FE, 40% NE, at 2040 30% RE, 70% NE. Strategic energetic plan Czech republic will be at 2023	 
	Scope 2 by 2025, the entire VIVA power consumption will come from renewable power.	New target. VIVA has instal renewable power from 2016 about power 19000 kWh and plans to instal renewable power by 2025 about power 387 000 kWh	 
	Scope 3 by 2030	New target. TŽ plans instalation first Electric Arc Furnace (EAF) by 2030 and second Electric Arc Furnace (EAF) by 2040	 

DR E1-5 – Energy consumption & mix

Key figures on sustainability – Environment and energy					Change		Target	Year
		2021	2020	2019	(2020/2021)	Status %		
Total energy consumption	MWh	35 844	31 555	35 855	0%	100		
Of which electricity consumption	MWh	28 425	25 391	28 795	-1%	50		
Of which renewable energy (external procurement)	MWh	1 580	1 714	1 123	41%	25		
Of which natural gas/LPG consumption	MWh	6 647	5 387	6 313	5%	50		
Of which steam consumption ¹	MWh	772	777	747	3%	50		

Energy mix Czech republic

Energy Sources	2019	2020	2021
Renewables Total	3,90%	6,75%	5,56%
- Solar			
- Wind	1,66%	2,27%	1,65%
- Hydro	0,00%	0,43%	0,00%
- Geothermal	0,44%	0,65%	0,61%
- Biomass	0,00%	0,00%	0,00%
- Others	1,81%	3,40%	3,31%
Fossil Total	0,00%	0,00%	0,00%
- Lignite	57,01%	52,50%	54,03%
- Hard Coal	46,18%	40,00%	43,89%
- Natural Gas	2,84%	2,66%	0,00%
- Oil and Petroleum Products	7,74%	9,61%	9,89%
- Secondary Sources and Others	0,15%	0,11%	0,12%
	0,10%	0,12%	0,12%
Nuclear Total	39,09%	40,75%	40,41%

DR E1-6 – Energy intensity per net turnover

Key figures on sustainability – Environment and energy		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Energy intensity per net turnover	MWh/t	1,27	1,57	1,42	-11%	75	-10%	2040

DR E1-7 – Scope 1 GHG emissions

Key figures on sustainability – Environment and energy		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Greenhouse gas emissions (Scope1)	t CO ₂	1 576	-	-		75	0	2040
Greenhouse gas emissions (Scope1)	t CO ₂ /t	0,06	-	-		75	0,00	2040

DR E1-8 – Scope 2 GHG emissions

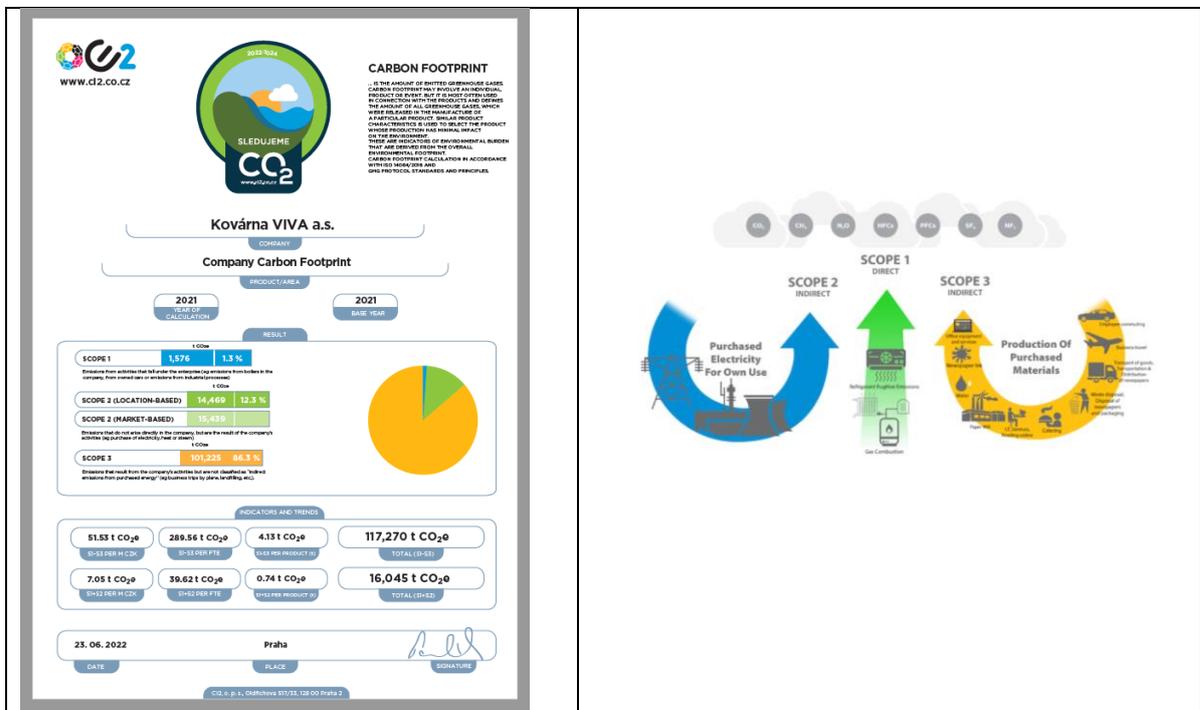
Key figures on sustainability – Environment and energy		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Greenhouse gas emissions (Scope 2 market-based)	t CO ₂	14 469	-	-		25	0	2040
Greenhouse gas emissions (Scope 2 location-based)	t CO ₂	15 439	-	-		25	0	2040
Greenhouse gas emissions (Scope 2 market-based)	t CO ₂ /t	0,51	-	-		25	0,00	2040
Greenhouse gas emissions (Scope 2 location-based)	t CO ₂ /t	0,54	-	-		25	0,00	2040

DR E1-9 – Scope 3 GHG emissions

Key figures on sustainability – Environment and energy		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Greenhouse gas emissions (Scope 3)	t CO ₂	101 225	-	-		25	0	2040
Greenhouse gas emissions (Scope 3)	t CO ₂ /t	3,56	-	-		25	0,00	2040

DR E1-10 – Total GHG emissions

Key figures on sustainability – Environment and energy		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Greenhouse gas emissions, total	t CO ₂	117 270	-	-		25	0	2040
Greenhouse gas emissions, total	t CO ₂ /t	4,12	-	-		25	0,00	2040



DR E1-11 – GHG intensity per net turnover

Key figures on sustainability – Environment and energy		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Energy intensity per net turnover	MWh/t	1,27	1,57	1,42	-11%	75	-10%	2040

E2 - Pollution Disclosure Requirements

DR E2-1 – Policies implemented to prevent and control pollution

VIVA’s environmental management system aims at continuously reducing the volume of waste. To support the circular economy and close material circuits, VIVA set a new waste reduction target in 2021: Locations now need to reduce waste for disposal relative to value added by 1 percent on an annual basis, with 2019 as the base year. The previous target – that the amount of waste for disposal relative to sales will be lower than the previous year – has been met, with the economic downturn caused by COVID-19 as the primary factor. The reduction of hazardous waste is a general target in waste management. In addition to VIVA EHS management regularly undergo external audits to meet the ISO standard for energy management systems (ISO 14001).

DR E2-2 – Measurable targets for pollution

Key figures on sustainability – Environment and energy				Change				
		2021	2020	2019	(2020/2021)	Status %	Target	Year
Amount of waste, total	Thous. t	6969	5390	6591	6%	75	-10%	2030
Scrap and metals, total	Thous. t	5 832	4983	6072	-4%	100	-5%	2030

DR E2-3 – Pollution action plans and resources

Strategic objective	Targets	Actions/Status	Sustainable Development Goals
Environment			
Waste: Supporting recycling management and reducing hazardousness waste	By 2025, VIVA to have reduced waste for disposal relative to value add by 1 percent annually, as compared to 2019	New target.	 
	By 2025, the reduction of hazardous waste is to be a general target in waste management.	New target.	 

ESRS E3 - Water and marine resources Disclosure Requirements

Dr E3-1 – Policies implemented to manage water and marine resources

Water consumption for production in VIVA is considered an important environmental problem because the use of fresh water will be more and more limited in the future. Water is used in production for cooling induction heaters and cooling heat treatment lines and showering needs in changing rooms. VIVA is gradually implementing projects for an overall reduction water consumption. In addition to VIVA EHS management regularly undergo external audits to meet the ISO standard for energy management systems (ISO 14001).

DR E3-2 – Measurable targets for water and marine resources

Key figures on sustainability – Environment and energy		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Water withdrawal, total	Thous. m ³	28 058	20 891	29 102	-4%	75		

DR E3-3 – Water and marine resources action plans and resources

DR E3-4 – Water management performance

DR E3-5 – Water intensity performance

Key figures on sustainability – Environment and energy		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Water intensity performance	M3/t	0,99	0,91	1,14	-14%	75	-10%	2040

DR E3-6 – Marine resources-related performance

Not relevant

DR E3-7 – Potential financial effects from water and marine resources-related impacts, risks and opportunities

Not relevant

ESRS E4 – Biodiversity and ecosystems Disclosure Requirement

The company has prepared policies to be followed under this disclosure requirement and provides information on the extent to which the company has policies that address the prevention, mitigation or remediation of actual or potential adverse impacts and the protection and restoration of biodiversity and ecosystems and Biodiversity, land use and deforestation. animal welfare, soil quality and how the company monitors and manages its material impacts related to biodiversity and ecosystems and the risks and opportunities arising from impacts and dependencies.

ESRS E5 - Resource use and circular economy Disclosure Requirements

The circular economy is a system that tends towards a sustainable production and consumption. In doing so, the system brings multiple environmental benefits, in particular, the reduction of energy consumption and emissions into the air (carbon emission or other pollution), the limitation of water withdrawals and discharges and the regeneration of the nature limiting the impact on biodiversity

VIVA is involved in various projects aimed at in support of the circular economy. Steel scrap and oils are already used in the circular economy.

ESRS S1 - Own workforce Disclosure Requirements

DR S1-1 – Policies related to own workforce

Together, we strive to ensure that all employees understand and master their work, understand their importance within the company and that all employees are fairly compensated for their work. We create good payment conditions and cultivate mutual cooperation as well as internal motivation of employees. We want to ensure that the working lives of our people are in balance with their private ones. The fact that we are on the right path is also documented by our award as the 4th best employer in the Czech Republic for 2015.

DR S1-2 – Processes for engaging with own workers about impacts

Key figures on sustainability – Employees and society		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Employees, total	Number	398	379	400	-1%	75		
Average age	Years	40,2	39,6	38,8	4%	100		
Age structure/distribution <30 years	Number	71	79	98	-28%	100		
Age structure/distribution 30–55 years	Number	292	279	264	11%	100		
Age structure/distribution >55 years	Number	57	48	45	27%	100		
Average tenure	%	21,0	21,0	21,0	0%	50		
Management positions	Number	7	7	7	0%	100		
Proportion of female managers, total	%	14,3	0,0	0,0	100%	100	25,0	2030
Proportion of female employees, total	%	21,0	20,9	21,0	0%	100	25,0	2030
Nationalities, total	Number	4	4	4	0%	100		

DR S1-3– Channels for own workers and workers' representatives to raise concerns

- Employees
- Potential employees
- Former employees
- Questionnaire survey
- Zoom social intranet including the CEO's blog and various news
- channels, townhall meetings, webinars, skip level meetings, innovation challenges and pitch events, family days, VIVA.cz, social media,
- Collaborations with universities, VIVA annual report and sustainability report, dvertisements, VIVA website, involvement in trade fairs, events, sponsoring, social media and – in the future – employee ambassadors
- VIVA website, VIVA pensioner association, VIVA family days, senior professionals program, social media
- Direct measurement of employee engagement through a questionnaire survey in Kovárna VIVA is performed in two-year periods and the last one took place in 2020. The conclusions of this questionnaire survey enabled the creat of a comprehensive picture of employee attitudes to individual company values. Out of four areas of corporate values (individual, social, customer and social), employees rated the social area the best – most of them perceive Kovárna VIVA as a socially responsible company with a good reputation. 51,2 % of the total number of employees was involved in the questionnaire survey.

DR S1-4– Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

An efficient and satisfied employee, motivated to work on his/her further development and for the benefit of the company.

DR S1-7– Characteristics of the Undertaking’s Employees

In 2020, the development of the planned number of employees was influenced by minor organizational changes in order to increase labour productivity. On the other hand, the actual number of employees was negatively affected by increased turnover and thus a growing shortage of employees. Availability of individual units was also affected by the disease and quarantine because of the spreading of the virus covid-19. In 2020, a real average recalculated headcount reached 378 employees.

DR S1-9– Training and Skills Development indicators

Corporate education, as one of the company processes, is based on HR strategy of Kovárna VIVA therefore, its key role is to provide prepared and highly qualified employees for the fulfilment of strategic goals, especially with regard to demographic development. In general, education is an indefinite process, where employees are trained to maintain qualifications and also for further development in order to increase efficiency and competitiveness. Employees are trained mainly through external suppliers of educational services, but also by internal lecturers. An integral part of corporate education is the online VIVA Academy application, which is used mainly by implementers of periodic training in the workplace and internal lecturers who use the application to prepare and implement their training. The VIVA Academy application also enables the sharing of information, knowledge and experience, as well as a discussion on a selected topic. we cooperate with local schools and universities.

Key figures on sustainability – Employees and society								
		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Trainings, total	Number	295	200	260	13%	50		
Trainees, total	Number	2 065	1 400	1 820	13%	50		
Effectiveness Training, total	%	89	87	87	2%	50		

DR S1-10- Coverage of the health and safety management systém

- Occupational health and safety of our employees is an integral part of all our activities and has the highest priority. We create the most favourable working conditions. We adhere to the accident prevention safety program; we ensure that every work activity is conducted according to safe working practices. We have developed and systematically evaluate and update the system for identifying and assessing the risks of potential health damage at work, including measures to eliminate the risks of health damage, Personal protective equipment, Machine safety, Emergency preparedness, Incident and accident management. Workplace ergonomics, Handling of chemicals and Fire protection.. We adhere to prevention. We constantly train and educate our employees to work safely and to protect their health. We provide our employees with personal protective equipment according to the list drawn up for each job. Employees at workplaces with increased heat or physical load are provided with protective beverages. We consistently provide assessment of our employees’ medical fitness for work by means of occupational medical examinations; we do not permit performance of any work that does not meet employees’ requirements for medical fitness. If a work accident occurs despite our best efforts, we employ our system comprising of providing first aid, reporting and investigating injuries or other

unfortunate events, and taking measures to prevent their recurrence and to compensate for damages.

- covering the costs of medical examinations prior to employment
- covering the costs of preventive breast cancer screening and colorectal cancer check-ups
- organising of rehabilitation stays, ambulant rehabilitation care and additional rehabilitation care
- providing employees with contribution catering in the amount of 55% to one main meal
- providing employees with non-alcoholic drinks in the period of extremely hot days
- ensuring other activities to support health (providing with vitamins, health promotion benefits)



OŠETŘENÍ DROBNÝCH RAN

NARAZENINA

- posad postiženého
- ověř naraženinu/zlomeninu
- postižené místo chlad vodou, ledem
- výčkej dokud neustoupí prvotní bolest
- případně zajistiš rentgen

RÁNA S KRVÁCENÍM

- 1** Zajisti si vlastní bezpečí
 - zamez dalšímu poranění
 - nasad si sterilní rukavice
- 2** Polohuj raněného
 - posad nebo polož zraněného
 - zabraň pádu zraněného při jeho omdlení
- 3** Očisti ránu
 - odstraň nečistoty a volně předměty z rány
 - nanes na okolí rány dezinfekci
- 4** Zamez dalšímu krvácení
 - polož na ránu sterilní krytí, tlak do rány (cca 3min)
 - případně použij sprej na zástavu krvácení
- 5** Ukončení ošetření
 - krvácení ustalo - použij náplast na ránu
 - krvácení neustalo - zajistiš zdravotnickou pomoc



DR S1-11- Performance of the health and safety management system

Key figures on sustainability – Employees and society		2021	2020	2019	Change (2020/2021)	Status %	Target	Year
Accident	Number	15	18	9	67%	50		
Coverage rate for ISO 45001	%	100	100	100	0%	100	100	2021

Disclosure Requirement S1-14 – Fair Remuneration

VIVA's remuneration is based on a remuneration structure. The remuneration structure below management level is based on the collective agreement or on local grading systems. Job classification, grade and collective agreements on pay grades are designed to ensure overall equality of treatment of employees as well as to minimize the risk of discrimination against women in terms of remuneration. Among other benefits will allow VIVA to report and monitor equal pay as well as potential gender, gender equality gaps.

Disclosure Requirement S1-18 – Discrimination incidents related to equal opportunities

Respect of human rights is commonplace in our company. We do not encourage nor tolerate any acts of discrimination and harassment. We respect employee privacy rights. We condemn any form of violent and forced labour. We condemn the abuse of child labour. We only employ persons who meet the conditions provided by legal regulations. We provide specialized healing for pupils of secondary vocational schools and university students at our workplaces; we do so under the contracts with these schools in special mode appropriate to the age, knowledge and experience of pupils and students. We do not tolerate any form of illegal work, not even with our business partners. Procedures and conditions provided by legal regulations have always been the minimum standard in our relations with employees. This also applies to the conclusion and content of employment contracts or other labour-law contracts and agreements, length of working hours, work rest periods including breaks, setting overtime, remuneration, making wage deductions, and termination of labour-law relations. Our employees are properly rewarded for their work, including

providing extra pay for work in the afternoons, at night, on weekends and public holidays, overtime, and other bonuses. Beyond the law we provide our employees with social and other benefits. In relation to our employees, but also in relation to public authorities, we fulfil all our statutory disclosure obligations. We respect our employees' rights, including the right to form unions and negotiate collectively. We respect the position of trade unions as representatives of our employees and consider them as our partners in social dialogue. We consistently communicate with our employees, including having meetings and consultations with top management and other executives, and informing our employees about current issues via effective means of communication. We regularly conduct surveys of employee satisfaction and motivation. We regularly evaluate all our employees every year

Disclosure Requirement S1-22 – Collective bargaining coverage

At the end of 2021, VIVA had 405 employees covered by a collective agreement. Employee involvement in co-determination matters, as well as through employee representative bodies at departmental level, is dealt with in accordance with national legislation.

Disclosure Requirement S1-25 – Identified cases of severe human rights issues and incidents

No cases of severe human rights issues and incidents were identified in 2021

ESRS S2 - Workers in the value chain Disclosure Requirements

DR S2-1 – Policies related to value chain workers

Stable supply of quality materials and components is the basis for high quality products and thus customer satisfaction. Only professional supply chain management can ensure high VIVA's product quality and delivery performance. Trustworthy and reliable cooperation with suppliers is therefore extremely important to VIVA. The cost of materials purchased from suppliers represents approximately 73% of sales. VIVA's suppliers are generally suppliers who procure raw or basic materials. For the sole purpose of producing materials, VIVA maintains a network of approximately 800 suppliers, ranging from small family-owned businesses to large corporations. VIVA introduced an additional sustainability criterion as a mandatory requirement for the approval of new suppliers and for ongoing sourcing. The sustainability criterion covers the topics of climate footprint, human rights and compliance, as well as environment, health and safety (EHS). Regarding the environmental management of its suppliers, VIVA also carefully reviews energy consumption, water usage, air emissions, waste management and the handling of restricted substances and chemicals. A corresponding questionnaire was developed based on the Self-Assessment Questionnaire on CSR and Sustainability.

DR S2-2 – Processes for engaging with value chain workers about impacts

As raw materials increase in scarcity and price, their efficient use is becoming even more crucial. Likewise, materials must conform to stringent quality and safety, as well as environmental and social, standards. Product-related environmental protection begins with responsible material selection. From the very start – during the product development phase – VIVA considers the total life cycle of a product, including factors such as the materials required to manufacture the product, its utilization phase, and its disposability and recyclability. VIVA continuously increases the recyclability of its products by, for example, keeping the variety of materials to a minimum and being consistent in the materials used to ensure that they can be easily separated. Regarding the control of prohibited and regulated substances as international laws and regulations, apply. Implemented in the VIVA supply chain, these requirements are tracked to ensure their conformity. As commodities, steel has the largest consumption share in the purchasing portfolio. Every year, the VIVA purchases approximately 33 000 tons of steel. VIVA uses recycled materials in its production processes. In terms of weight, steel constitutes VIVA's highest share of recycled materials. This includes steel from scrap steel. In pursuit of the circular economy and the long-term goal of carbon-neutral products, projects to investigate the extended potential use of will be further discussed with customers in 2021.

Supply chain - CSR/Sustainability requirements towards suppliers

A steady supply of good materials and components lays the foundation for high-quality products and thus for customer satisfaction. Only professional supply chain management can ensure the high quality of VIVA's products and delivery performance. A trusting and reliable collaboration with its suppliers is therefore of utmost importance to VIVA. In 2021, VIVA introduced an additional sustainability criterion as a mandatory requirement for the approval of new suppliers and for ongoing sourcing. The sustainability criterion covers the topics of - Child labour and young workers, Wages and benefits,- Working hours,- Modern slavery (i.e. slavery, servitude and forced or compulsory labour and human trafficking),- Freedom of association, incl. collective bargaining,- Health and safety,- Harassment and non-discrimination,- Corruption, extortion and bribery, - Privacy and data protection, - Fair protection and anti-trust,- Conflicts of interest,- Whistleblowing and protection against retaliation,- GHG emissions, energy efficiency and renewable energy,- Water quality and consumption,- Air quality,- Sustainable resources management and waste reduction,-

Responsible chemical management. Ethical recruiting, Women's Rights, Rights of Minorities and Indigenous Peoples. Land, Forest and Water Rights and Forced Eviction, Use of Private or Public Security Forces, Financial responsibility (Accurate Records), Disclosure of Information, Counterfeit parts, Intellectual property, Export controls and economic sanctions, Animal welfare, Biodiversity, land use and deforestation, Soil quality, Definition and implementation of similar standards towards own tier-1 suppliers, Binding requirements towards tier-1 suppliers to pass on standards along the supply chain.

Regarding the environmental management of its suppliers, VIVA also carefully reviews energy consumption, water usage, air emissions, waste management and the handling of restricted substances and chemicals. A corresponding questionnaire was developed based on the Self-Assessment Questionnaire on CSR and Sustainability

Ethical recruiting, Women's Rights, Rights of Minorities and Indigenous Peoples. Land, Forest and Water Rights and Forced Eviction, Use of Private or Public Security Forces, Financial responsibility (Accurate Records), Disclosure of Information, Counterfeit parts, Intellectual property, Export controls and economic sanctions, Animal welfare, Biodiversity, land use and deforestation, Soil quality, Definition and implementation of similar standards towards own tier-1 suppliers, Binding requirements towards tier-1 suppliers to pass on standards along the supply chain

DR S2-3 – Channels for value chain workers to raise concerns

- Suppliers and partners
- VIVA annual report and sustainability report, VIVA website, involvement in trade fairs, advertisements, supplier days, key purchasing strategy

ESRS S3 - Affected communities Disclosure Requirements

DR S3-1 – Policies related to affected communities

Supporting the region and local communities is part of VIVA's corporate culture. We consider it natural that our business success obliges us to help. That is why we have long supported selected institutions and projects in the fields of culture, social services, sports and schools in the Zlín region.

DR S3-2 – Processes for engaging with affected communities about impacts

Key figures on sustainability – Employees and society				Change				
		2021	2020	2019	(2020/2021)	Status %	Target	Year
Donations	EUR millions	0,2	0,2	0,2	0%	75		

DR S3-3 – Channels for affected communities to raise concerns

- Politicians, associations, interest groups, NGOs
- Educational institutions
- Press and the media
- Communities Press,
- VIVA annual report and sustainability report, VIVA website, external affairs department: topic-related discussions, roundtable events/webinar, site visits, association work, social media, industry dialogues
- VIVA sustainability report, collaboration with universities and schools, VIVA website, involvement in trade fairs, advertisements, social media
- VIVA annual report and sustainability report, VIVA website, press releases, press conferences, social media
- VIVA website, advertisements, sponsoring, regional events, social media

DR S3-4 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

DR S3-5 – Taking action on material impacts on affected communities and effectiveness of those actions

WE SUPPORT CULTURE



WE SUPPORT SPORT



WE SUPPORT SOCIAL FIELD

*NADĚJE

Diakonie
Českobratrské církve evangelické



WE SUPPORT EVENTS FOR EMPLOYEES



ESRS S4 - Consumers and end-users Disclosure Requirements

DR S4-1 – Policies related to consumers and end-users

Customer is a partner who brings us profit and know-how that allow us to continue developing our company as well as our individual employees. A customer is a partner we listen to in order to understand what they need and how to efficiently work with them. We strive to ensure that the best global industrial companies become our most satisfied customers.

DR S4-2 – Processes for engaging with consumers and end-users about impacts

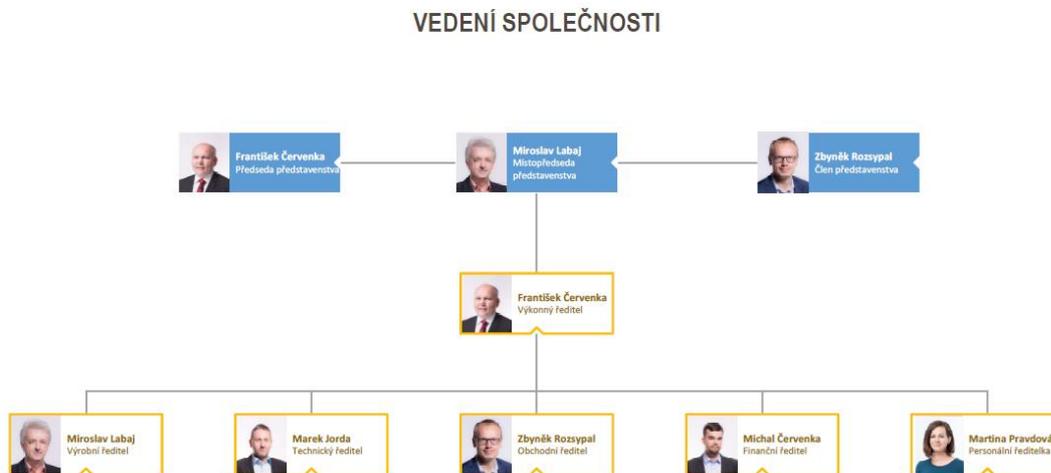
A steady supply of good materials and components lays the foundation for high-quality products and thus for customer satisfaction. Only professional supply chain management can ensure the high quality of VIVA's products and delivery performance. A trusting and reliable collaboration with its suppliers is therefore of utmost importance to VIVA. In 2020, VIVA introduced an additional sustainability criterion as a mandatory requirement for the approval of new suppliers and for ongoing sourcing. The sustainability criterion covers the topics of - Child labour and young workers, Wages and benefits,- Working hours,- Modern slavery (i.e. slavery, servitude and forced or compulsory labour and human trafficking),- Freedom of association, incl. collective bargaining,- Health and safety,- Harassment and non-discrimination,- Corruption, extortion and bribery, - Privacy and data protection, - Fair protect and anti-trust,- Conflicts of interest,- Whistleblowing and protection against retaliation,- GHG emissions, energy efficiency and renewable energy,- Water quality and consumption,- Air quality,- Sustainable resources management and waste reduction,- Responsible chemical management. Regarding the environmental management of its suppliers, VIVA also carefully reviews energy consumption, water usage, air emissions, waste management and the handling of restricted substances and chemicals. A corresponding questionnaire was developed based on the Self-Assessment Questionnaire on CSR and Sustainability

DR S4-3 – Channels for consumers and end-users to raise concerns

- Customers
- End customers
- VIVA annual report and sustainability report, VIVA website, brochures, advertisements, customer days, involvement in trade fairs,
- key account management, social media
- VIVA annual report and sustainability report, involvement in trade fairs such as the MSV Brno fairs, advertisements, VIVA website, social media

ESRS G1 - Governance, risk management and internal control Disclosure Requirements

DR G1-1 – Governance structure and composition



DR G1-2 – Corporate governance code or policy

Each member of the management with competence:

- Ensure sufficient human material, financial and informational resources to meet the objectives, reviewing their availability and adequacy and guarantees their efficient use,
- Take decisions solely in accordance with the law and standards,
- Guides and motivates employees to work safely.

Company management expects leader employees to:

- Compliance with the Company's Principles of Business Conduct, in particular the avoidance of corruption and respect for human rights,
- That work activities will be carried out using safe working practices,
- Developing this Policy into measurable objectives,
- Developing objectives into improvement programmes to raise the level of the integrated management system and eliminate the causes of process risks.

Company management expects all of its employees to:

- Adherence to work and technology practices with a proactive approach to continuous improvement of individual and team performance leading to meeting targets and reducing costs across all sites,
- Not to be indifferent to the waste of electricity, water, gas and all other types of energy in the workplace,
- That they will work in a way that does not endanger their health and the health of their colleagues² That they will act in accordance with the legislation and look after the legitimate interest of the employer and colleagues

DR G1-3 – Nomination process

The criteria used for the appointment and selection of members is made with reference to the company's diversity policy set out in the ESRS G1 4 disclosure requirement and the relevant objectives set to implement and align with that policy.

DR G1-4 – Diversity policy

VIVA fosters the exchange of thoughts, ideas and methods as well as understanding between cultures and people. The VIVA Code of Conduct states clearly that discrimination – whether based on skin color, gender, age, nationality, religion, social background, disability or sexual orientation – will not be tolerated in everyday business conduct. This applies, for example, to the recruitment of new employees, existing employment relationships and professional advancement at VIVA. The only characteristics that matter are performance, personality, skills qualifications and behavior. The Group has set up the VIVA Trustline to handle reports from whistleblowers. There were no confirmed incidents of discrimination in 2021.

Key figures on sustainability – Employees and society				Change				
		2021	2020	2019	(2020/2021)	Status %	Target	Year
Employees, total	Number	398	379	400	-1%	75		
Average age	Years	40,2	39,6	38,8	4%	100		
Age structure/distribution <30 years	Number	71	79	98	-28%	100		
Age structure/distribution 30–55 years	Number	292	279	264	11%	100		
Age structure/distribution >55 years	Number	57	48	45	27%	100		
Average tenure	%	21,0	21,0	21,0	0%	50		
Management positions	Number	7	7	7	0%	100		
Proportion of female managers, total	%	14,3	0,0	0,0	100%	100	25,0	2030
Proportion of female employees, total	%	21,0	20,9	21,0	0%	100	25,0	2030
Nationalities, total	Number	4	4	4	0%	100		

DR G1-6 – Remuneration policy

The remuneration policy clearly and transparently defines all fixed and variable components of remuneration for members of the Management Board and Supervisory Board of the Supervisory Board. Remuneration is based on the Say-on-Pay principle: shareholders can express their views on the remuneration policy through voting at the general meeting. The remuneration policy specifies all bonuses, fringe benefits, malus, clawback provisions clawbacks, termination terms, severance and competitive clause. It also defines key financial and non-financial indicators performance.

Motivational programs encourage employees to better performance not only in form if income but also in other ways and benefits that encourage them to better work performance together with the compensation of the negative influence of work environment. The benefits are provide above the legislative frame. Towards it, we want to motivate our employees to support our aims and objectives with the highest possible level. Following motivational elements and benefits were used in 2021:

bonuses – regular and extraordinary bonuses • manager's and foreman's funds • higher rates of premium pay for work in the afternoon, at night, on weekends, holidays, overtime and work in difficult working environment • rewards based on financial results achieved • continuity bonuses

DR G1-7 – Risk management processes

VIVA's culture of opportunities and risks is focused on sustaining the Group's continued existence and increasing its value. The enterprise risk management system aims to identify and benefit from opportunities as early as possible, while preempting risks that could adversely affect the value of activities. The VIVA risk management system covers the whole Group and involves all operational reporting units and corporate functions via dedicated processes and contact points in order to utilize the strength of the VIVA Group matrix organization. The Board of Management bears overall responsibility for the risk management system. It informs the Audit Committee and the Supervisory Board on a regular basis, promptly – at least every three months – and comprehensively about the opportunities and risks of the VIVA Group and the respective control measures initiated and planned. The Supervisory Board oversees the effectiveness of the risk management system. The implementation of the VIVA enterprise risk management system is regularly audited for internal and external compliance by Corporate Audit. In addition, external auditors check VIVA's early risk detection system as part of the annual financial statement audit. More detailed information about the Group's overall approach to risk management can be found in the 2021 Annual Report.

DR G1-8 – Internal control processes

VIVA's compliance program is continually updated to include new topics and new priorities. As in previous years, work in 2021 continued on anti-corruption, data protection and IT security, foreign trade and export control, the fight against money laundering, fraud prevention with a focus on cybercrime, as well as directors' and officers' liability and responsibility. In the year under review, particular focus was placed on integrating compliance aspects into the internal control system, whistleblower protection and the topic of anti-discrimination.

DR G1-9 – Composition of the administrative, management and supervisory bodies

At VIVA, we see diversity as a principle that enables people to fulfil their potential regardless of their individual differences. We believe that providing equal opportunities and promoting diversity and inclusion is a natural way of innovative and sustainable business. We reject discrimination of any kind. All our activities and operations are regularly monitored, evaluated and transparently communicated

DR G1-10 – Meetings and attendance rate

- Annual General Meeting
- The Supervisory Board meets quarterly
- The Executive Board meets weekly
- Management meeting meets weekly

ESRS G2 - Business conduct Disclosure Requirements

DR G2-1 – Business conduct culture

We deal with all of our business partners honestly and transparently, with respect and fairness; we expect such conduct from them. We respect the interests and needs of our business partners, unless it is contrary to legal regulations and does not cause excessive risk or harm. We are committed to create value for our business partners. With regard to our products, we implement the principle of constant improvement, increasing their added value, while reducing the environmental burden. We

practise the strategy of zero errors. We choose our suppliers with thorough care in order to maintain the quality of our products. We negotiate agreements with our suppliers regarding product quality and evaluate the fulfilment of their obligations. We ensure adequate supervision of compliance with labour and technological procedures and of solutions to potential complaints from business partners. We evaluate the satisfaction of our business partners. We want our business partners to work with us continuously or to come back to us for business. The success of our business partners is also our success. We recognize the unity of words and actions; we keep our promises. We support ethical business culture; we fulfil our duties thoroughly, fairly and honestly. We are ready to arrange an audit with our business partners in our company

DR G2-2 – Policies and targets on business conduct

We follow ethical principles and adhere to legal regulations • Ethical principles and respect for the law are the fundamental principles of our code of conduct and corporate culture. • Our company is established and exists under the laws applicable in the Czech Republic; the legal regulations governing our activities and relations are systematically followed, recognized, respected and adhered to unconditionally and consistently. • We act and take our decisions in accordance with the principles of corporate culture, social responsibility, employee collegiality and fair trade, and also in accordance with the law and obligations ensuing from legal regulation, decisions of public authorities and the contractual relations in which we participate. • We consider the conduct of business partners in accordance with the law and ethical principles to be an indispensable condition of our cooperation. • The compliance program, including management of business and procedural risks according to International Organization for Standardization (ISO) standards, international standards for Quality Management Systems (QMS) including IATF 16949 standard, principles of Corporate Social Responsibility (CSR) international standard SA8000 Social responsibility, is consistently enforced, its effectiveness is continuously evaluated and measures are taken to improve it

DR G2-3 – Prevention and detection of corruption and bribery

We condemn any manifestations of corruption • We adhere to zero tolerance towards offering or accepting bribes. • Our employees are strictly guided to refrain from any act of corruption; in connection with the performance of work for our company, acting on our behalf or with reference to us, no one may solicit or accept any services in exchange for granting or promising to grant any privileges, nor offer or provide such services. • We respect economic competition and intellectual property and also protect personal data • We advocate a free, honest and fair competition; we do not engage in any acts that would undermine such competition. • We avoid any conflicts of interest and situations that would undermine such competition. • We avoid any conflicts of interest and situations that may cause suspicion of such conflicts. • We respect intellectual property rights and interest to protect the confidentiality of trade secrets and other confidential information, and we protect these rights and such information within the scope of legal regulations, contracts with business partners, data subjects' consents and business ethics. • Personal data of our employees, as well as any other persons whose personal data have been provided to us, are always processed only in accordance with legal regulations. • All our employees, who in the course of their duties come into contact with personal data, information constituting a trade secret or any other confidential information, are obliged to maintain confidentiality of such data and information.

DR G2-4 – Anti-competitive behaviour prevention and detection

We deal with all of our business partners honestly and transparently, with respect and fairness; we expect such conduct from them. We respect the interests and needs of our business partners, unless it is contrary to legal regulations and does not cause excessive risk or harm. We are committed to create value for our business partners. With regard to our products, we implement the principle of constant improvement, increasing their added value, while reducing the environmental burden. We practise the strategy of zero errors. We choose our suppliers with thorough care in order to maintain the quality of our products. We negotiate agreements with our suppliers regarding product quality and evaluate the fulfilment of their obligations. We ensure adequate supervision of compliance with labour and technological procedures and of solutions to potential complaints from business partners. We evaluate the satisfaction of our business partners. We want our business partners to work with us continuously or to come back to us for business. The success of our business partners is also our success. We recognize the unity of words and actions; we keep our promises. We support ethical business culture; we fulfil our duties thoroughly, fairly and honestly. We are ready to arrange an audit with our business partners in our company

DR G2-5 – Anti-corruption and anti-bribery training

The Executive Board of the VIVA bears overall responsibility for the compliance management system in VIVA. In organizational terms, the compliance department reports to the HRI Officer and is headed by the Chief Compliance Officer. Together with the compliance team, the Chief Compliance Officer is responsible for further developing the compliance management system, providing advice and information on compliance topics, resolving cases of non-compliance and for the appropriate training

	At-risk employees	Managers
Training coverage		
Total	400	7
Total receiving training	119	7
Delivery method and duration		
Classroom training	5 hours	
Computer-based training	1 hour	2 hours
Voluntary computer-based training		
How often training is required	Annually	Annually

DR G2-6 – Corruption or bribery events

No cases of corruption were identified in 2021

DR G2-7 – Anti-competitive behaviour events

No cases of Anti-competitive behaviour events were identified in 2021

DR G2-8 – Beneficial ownership

Shareholders exercise their voting rights at the annual meeting of shareholders. Moravia Steel a.s. holds 66% of the shares, the remaining 34% is held by Čestmír Vančura. As of 13.12.2022, Moravia Steel a.s. holds 100% of the shares

DR G2-9 – Political engagement and lobbying activities

VIVA believes that collaboration is the key to achieving sustainable development. Development. VIVA prohibits sponsorship and donations for the benefit of:

- politicians, political parties and organisations or party-affiliated foundations.
- individuals or organisations that are not charities
- organizations that discriminate against third party individuals on the basis of color, gender or age, national origin, ancestry, religion, sexual orientation, disability, or other grounds prohibited by law.

	2021	2020
Political funding provided	0	0
Internal lobbying costs	0	0
Membership fees of trade organisations	80	80
Total	80	80

G2-10 – Payment practices

We strive to be a good and trustworthy citizen of society. Cultivating good relationships with the community is the basis for long-term sustainable development. Responsible and transparent tax administration is one of the ways we meet our obligations to society.

VIVA's approach to tax proceedings is enshrined in the internal policies and guidelines which provide a description of the general framework as well as details of the responsibilities associated with the tax agenda

Rules are set and monitored for payments based on predictable cash flows. Payables and receivables in the reporting period are monitored monthly against the previous reference period, explaining the reasons for the changes and their impact on comparability. The average time for a company to pay an invoice is 30 days