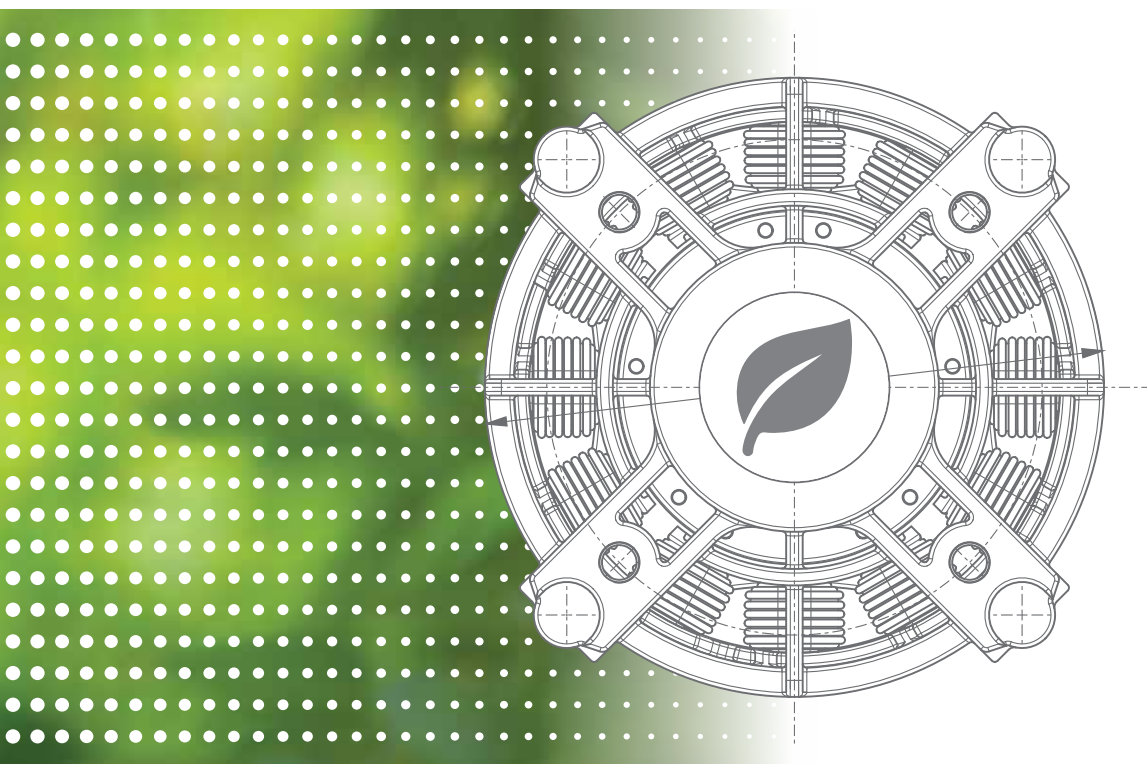




SUSTAINABILITY REPORT 2024



INNOVATIVE
TOGETHER.
SUSTAINABLE
TOGETHER.

DOMEL[®]

SUSTAINABILITY REPORT **2024**

Contents

6 LETTER FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

8 KEY ACHIEVEMENTS IN 2024

10 ABOUT THE 2024 SUSTAINABILITY REPORT

12 ABOUT THE COMPANY AND STRATEGY

13 About Us: Domel Group
14 Organisational Structure
17 Ownership Structure
18 Our History
22 Our Sustainable Development Journey
24 Sustainable Business Strategy: Strategic Objectives and Strategic Actions
26 Key Areas of Sustainable Action
29 Stakeholders and Dialogue for Sustainable Growth
31 Memberships and Strategic Collaborations

32 POLICIES AND GOVERNANCE

33 Sustainable Operations Policies
38 Risk Management
40 Business Results and Performance in 2024

48 INNOVATION FOR SUSTAINABLE PRODUCTS

49 Innovation as a Driver for Sustainable Transformation
51 Sustainable Product Design
53 Advanced EC Drives for Efficient Applications
54 Sustainable Impacts of Energy-Efficient HVAC Solutions
55 Innovations in E-Mobility
55 Hydrogen Technologies for a Sustainable Future
56 Innovative Solutions for the Laboratory Environment
57 Technological Innovations in Processes
58 Participation in R&D Projects

60 RESPONSIBLE MANAGEMENT AND COLLABORATION WITH PARTNERS

61 Market Integration and Partnerships
62 Responsible and Sustainable Supply Chains

64 OUR EMPLOYEES AND SOCIAL RESPONSIBILITY

65 The Innovative Power of Employees
66 Link to the Local Environment
68 Concern for Employees
72 Employee Structure
75 Investing in Knowledge and Employee Development
77 Focus on Employee Health and Safety

82 ENVIRONMENTAL RESPONSIBILITY AND RESOURCE MANAGEMENT

84 Environmental Programmes and Activities in 2024
86 Carbon Footprint and Climate Change Mitigation
87 Regulatory Compliance of Materials and Responsible Handling of Raw Materials and Supplies
87 Management of Energy Sources
95 Water Management
99 Noise Emissions into the Environment
99 Emissions of Substances into the Atmosphere
100 Waste Management

104 EMPLOYEE INVOLVEMENT IN MANAGEMENT

105 Report on the Work of SKEI Domel Trade Union Branch for 2024
106 Report of the Works Council for 2024



LETTER FROM
THE CHAIRMAN OF THE
MANAGEMENT BOARD

Dear Stakeholders,

Welcome to the Domel Group's Sustainability Report for 2024, which for the seventh consecutive year demonstrates our consistency, maturity and commitment to transparency and sustainable growth. At Domel, we view sustainability not merely as a regulatory requirement, but as an opportunity for long-term development, increased competitiveness and responsible action within the immediate and wider environment.

Our strength lies in a culture of collaboration, innovation and strong ties to the local community. The Domel Group is committed to reducing its carbon footprint, developing products with low carbon intensity and caring for both employees and the local environment. Our dedication to responsible practices is also reflected in the use of green technologies, innovations and international standards that guide us towards a lower environmental impact. In 2024, we are especially proud of a 30% reduction in water consumption, nearly 95% of waste being recycled or materially recovered, and the installation of our own solar power plant generating renewable energy. Notable achievements include energy-efficient electric motors replacing internal combustion engines across the mobility, gardening, construction, and hand tool segments, underlining our focus on developing environmentally friendly, efficient products.

The year 2024 presented several challenges for the Domel Group, influenced by the broader economic situation in the EU, particularly in Germany, one of our key markets. After a period of high inflation and uncertainty on financial markets, economic growth slowed in the EU, reducing demand across the sectors where we operate. Of particular importance to Domel is the automotive sector, which is facing a decline in electric vehicle sales and delays in the transition to electrification. Nevertheless, we have continued to develop innovative products and technologies that contribute significantly to the green transition, while upgrading our business model to enhance resilience and stability.

Energy products remain central to our operations, both in terms of our carbon footprint and in managing costs and competitiveness in the supply chain, especially in energy-intensive industries where Europe is losing global competitiveness. We are addressing these challenges through strategic adjustments, production optimisation,

alternative material sourcing, and exploring new market opportunities.

For the period 2025–2030, sustainability is at the core of our strategic vision. We see growing added value as a key prerequisite for fulfilling our mission as a socially responsible employer focused on creating quality jobs. We are investing in strengthening our employees' skills, which are essential for the transition to a sustainable economy, to increase their competence and commitment. At the same time, we are investing in digitalisation to boost productivity and make more efficient use of resources. Our commitment is further reflected in ongoing investments in development and innovative technologies, and actively participating in the European economy's green transition projects.

This report builds on the materiality matrix prepared in 2022, which continues to serve as a reference framework. In 2025, we prepared an updated double materiality matrix, aligned with European legislation (CSRD, ESRS), which will enable even clearer insights into sustainability impacts and opportunities in the future.

I would like to thank all Domel Group employees and stakeholders for their achievements and dedication. Every step on the path of sustainable development matters and demonstrates that vision, innovation and responsibility can go hand in hand. Our future relies on shared values, collective strength and the perseverance of every individual who believes in the importance of their contribution. I am confident that, together, we will continue to build a better, sustainable and inclusive tomorrow.

With very best wishes,

Matjaž Čemažar
Chairman of the
Management Board

KEY ACHIEVEMENTS IN 2024

30%

reduction in potable water consumption compared to 2023.

95%

of all waste recycled or materially recovered.

9.4%

reduction in hazardous waste, primarily due to the substitution of substances with more environmentally friendly alternatives.

Installation of an in-house solar power plant to generate electricity from renewable sources.

ABOUT THE 2024 SUSTAINABILITY REPORT



The Domel Group’s Sustainability Report 2024 provides a comprehensive overview of key activities and achievements in the Environment, Social and Governance (ESG) areas, with additional emphasis on the economic impacts that support long-term sustainable operations. Particular focus is given to topics identified through our materiality analysis as most significant – both from the company’s perspective and that of our stakeholders.

This report is the result of collaboration among various departments within the company, all of which contributed data, indicators and substantive input. The data and indicators presented here are sourced from the annual report, human resources records, environmental monitoring and other internal sources. Comparisons and trend analyses cover the period from 2020 to 2024.

This marks our seventh consecutive year of reporting. The content of the sustainability report includes Domel and all its production sites in Slovenia.

We adhere to the principles of transparency and accountability in our reporting, and remain committed to supporting the Sustainable Development Goals (SDGs 2030). The topics and indicators featured in the report are aligned with the global Sustainable Development Goals, while also being grounded in our specific business, social and environmental context.

To enhance transparency and spotlight the most critical issues, we have specifically marked the chapters in this year’s report that address the highest-rated material topics. These are indicated by an asterisk next to the title and explained in the introduction of each relevant chapter.

ABOUT THE COMPANY AND STRATEGY



About us: Domel Group

Domel is a global developer and supplier of electric motors, vacuum motors, blowers and components based in Slovenia. The company has a long tradition – it was established in 1946, when it developed out of a local co-operative. Today it employs around 1,250 people. Our commitment to innovation has placed us at the forefront of the market in several key fields of technology, including universal vacuum motors, brushless DC blowers, brushless DC motors, and electronically commutated (EC) motors, including ultra-premium efficient permanent magnet synchronous motors.

Domel products serve a wide array of applications, ranging from professional and household appliances to highly specialised industrial and medical solutions. Our vacuum units and advanced electric motors are essential components in floor-cleaning equipment, kitchen appliances and hand-held power tools, where reliability and energy efficiency are critical.

We also play a vital role in demanding industrial environments. Our motors and vacuum systems are integrated into heating, ventilation and air conditioning (HVAC) systems, and are used in production process automation equipment as well as in printing and packaging applications.

Our innovative technological solutions are also present in the mobility sector. We develop and supply drive solutions for the automotive industry, e-mobility, fuel cells and various electric vehicle components. We actively collaborate with developers of medical and laboratory equipment, where our products are valued for their exceptional reliability, precision and durability.

Today, motors developed and manufactured by Domel power more than 300 million devices worldwide – across both premium and consumer markets. Our competitive edge stems from our innovation, flexibility and deep expertise in electromechanical and aerodynamic solutions.

The company creates value through the development and production of energy-efficient electric motor drives and components. Development and innovation are the foundation of our business, as we invest heavily in research and development. This enables us to innovate constantly and adapt to the needs of the market and customers. Our teams of experts are constantly searching for new solutions to the challenges faced by our customers. We possess numerous competences for the planning, simulation and optimisation of electromagnetic assemblies and the capacity to build high-quality prototypes and test and develop advanced technologies and processes, which facilitates a rapid and efficient journey from product design to production.

Our competitive advantage lies in a comprehensive approach, through which we offer our customers support from the initial drawing to an end product that is adapted to the specific requirements of the application. We adapt to the needs of the market and customers while at the same time we are committed to sustainable development and lean manufacturing, with a focus on energy efficiency and reducing the environmental impact of our products and manufacturing processes.

Organisational structure

The Domel Group consists of the parent company Domel Holding, d.d., and the subsidiaries Domel, d.o.o., Domel, Inc., Domel motors, d.o.o., Odžaci, Domel IP invalidsko podjetje, d.o.o., and Domel Electric Motors Suzhou Co., Ltd. The basic details of the companies within the Group are given below.

	
	
Železniki, Na Plavžu / Slovenia	Železniki, Češnjica / Slovenia
	
Reteče / Slovenia	
	
Trata 1 / Slovenia	Trata 2 / Slovenia
	
Odžaci / Serbia	
	
Suzhou / China	

Parent company

Domel Holding, d.d.

Registered office
Legal organisational form
Registration number
Registered activity
Chairman of the Management Board

Otoki 21, 4228 Železniki
Public limited company
1294156
Activities of head offices
Matjaž Čemažar, MSc



Subsidiaries

Domel, d. o. o.

Registered office
Legal organisational form
Registration number
Registered activity
Managing Director

Otoki 21, 4228 Železniki
Limited liability company
5045401
Manufacture of electric motors, generators and transformers
Matjaž Čemažar, MSc

Domel, Inc.

Registered office
Legal organisational form
Registered activity
Managing Director

28 Gleann Court, East Rutherford, New Jersey 07073, USA
Public limited company
Marketing products of the parent company
Peter Korošec

Domel motors d.o.o. Odžaci

Registered office
Legal organisational form
Registration number
Registered activity
Managing Director

Lole Ribara št. 40, 25250 Odžaci, Serbia
Limited liability company
21486736
Manufacture of electric motors, generators and transformers
Goran Čučak, Roman Prezelj, MSc

Domel IP invalidsko podjetje, d.o.o.

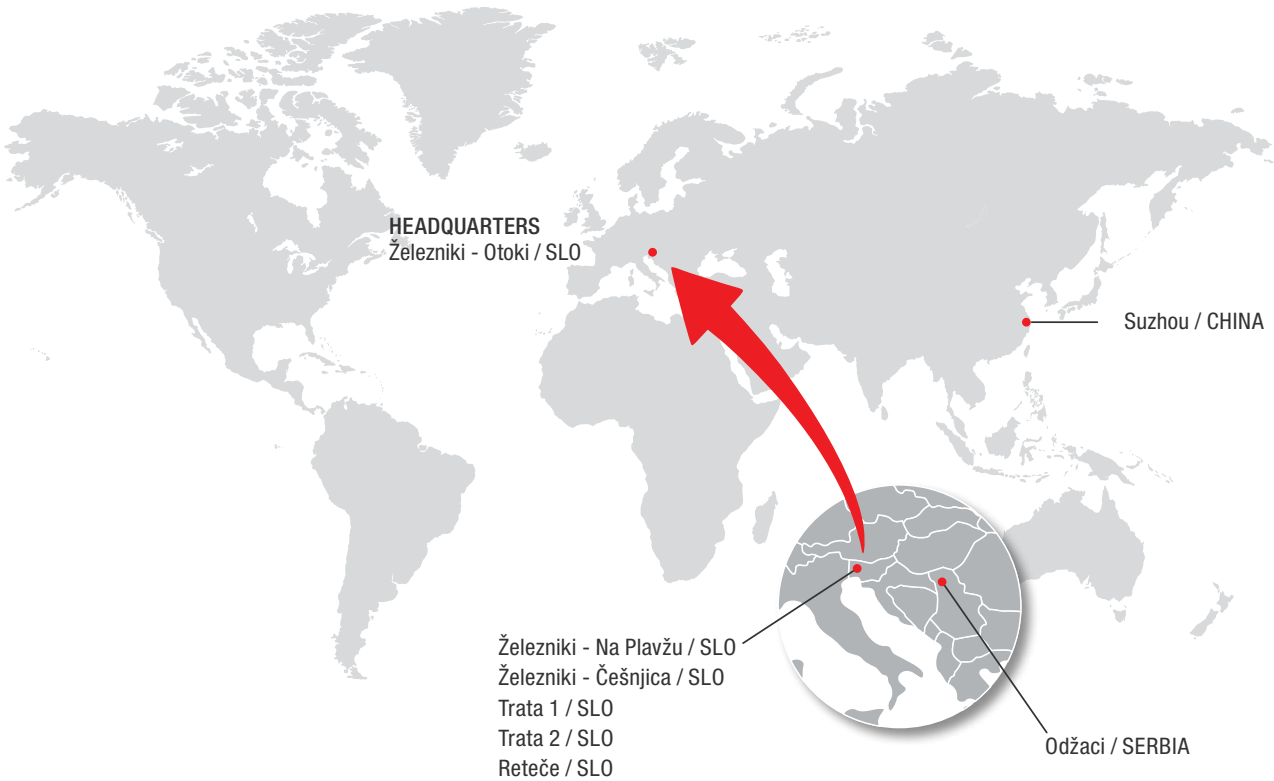
Registered office
Legal organisational form
Registration number
Registered activity
Managing Director

Češnjica 48 d, 4228 Železniki, Slovenia
Limited liability company
1853678
Machining
Martina Razingar

Domel Electric Motors Suzhou Co., Ltd

Registered office
Legal organisational form
Registered activity
Managing Director

Jingmao Road 285, Suzhou Industrial Park 215021 Suzhou, P.R.China
Limited liability company
Manufacture and marketing of vacuum units
Boštjan Demšar

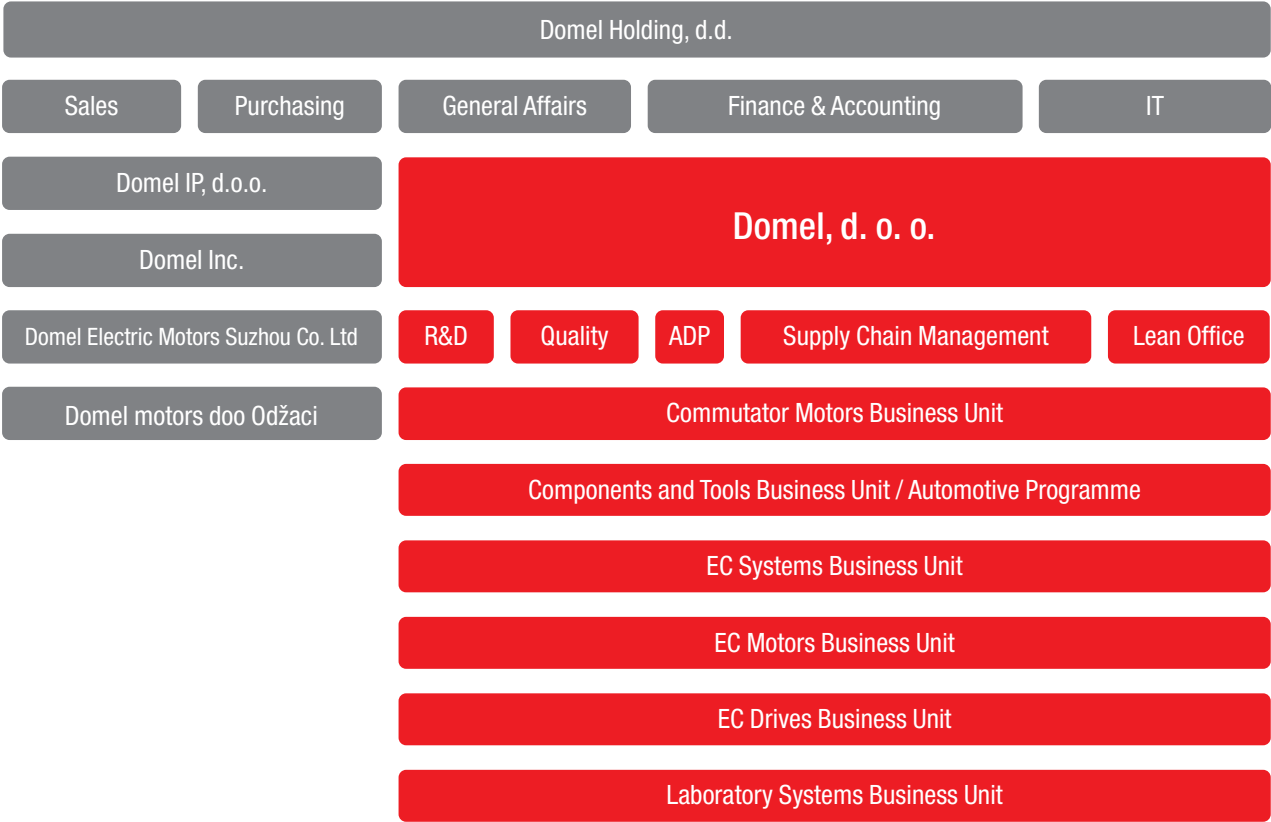
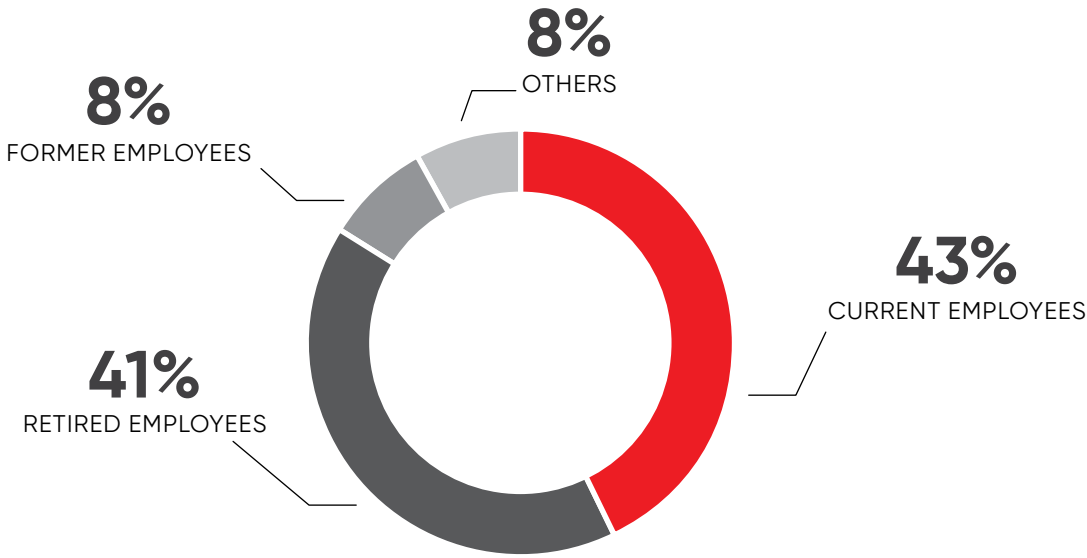


Ownership structure

The Domel Group has the legal organisational form of a public limited company. The company's majority shareholders comprise its current, former and retired employees. The employees acquired ownership and management of the company in 1996 during the transition from social to private ownership, when they resisted a planned hostile takeover bid.

Ownership structure in 2024

In 2024, current employees held 43% of shares, retired employees 41% of shares, former employees 8% of shares and others 8% of shares.



Our history



1946

The Niko metalworking cooperative, which later becomes Domel, is founded on 27 April 1946 by 16 enterprising locals. The cooperative is named after the cooperative's first member and initiator, Niko Žumer. Using a few specially adapted machines taken from a metalwork shop, the cooperative starts manufacturing lever arch mechanisms for files. The volume of work and number of employees increase rapidly. By the end of the first year, the cooperative already has 59 members. This increase leads to an expansion of the product range, from office materials to laboratory apparatus.

1953

The first electric motor is produced. There is an increasing shift towards series production.



1954

Social ownership is introduced into the cooperative, which now employs 246 workers.

1958

The first electric motor is exported. New manufacturing and office premises are built for electric motor production. Electric motors become the primary focus of the product range.

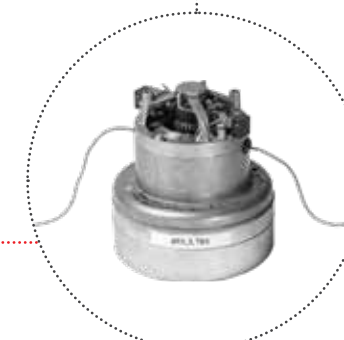


1962

The cooperative joins Iskra, retaining and successfully developing the electric motor line within the larger concern. Links begin to be forged with major global white goods manufacturers.

1974

The development of a vacuum motor for vacuum cleaners is a decisive factor in determining the company's product orientation, and allows the company to break into the German market. These motors become the core product range.



1987

The company becomes independent. In 1992 it starts operating under a new name – Domel.

1996

After the completion of the ownership transformation, Domel becomes a public limited company.

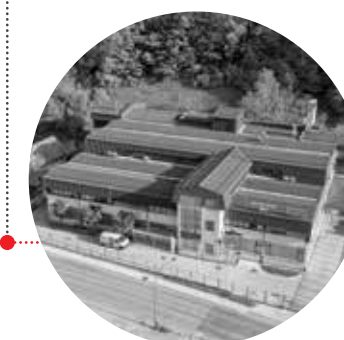


2006

Domel, d.o.o. establishes its first manufacturing company abroad, in China. The company is set up to manufacture vacuum units for mid- and low-priced vacuum cleaners. In 2006, Domel becomes the leading manufacturer of vacuum cleaner motors in the European market.

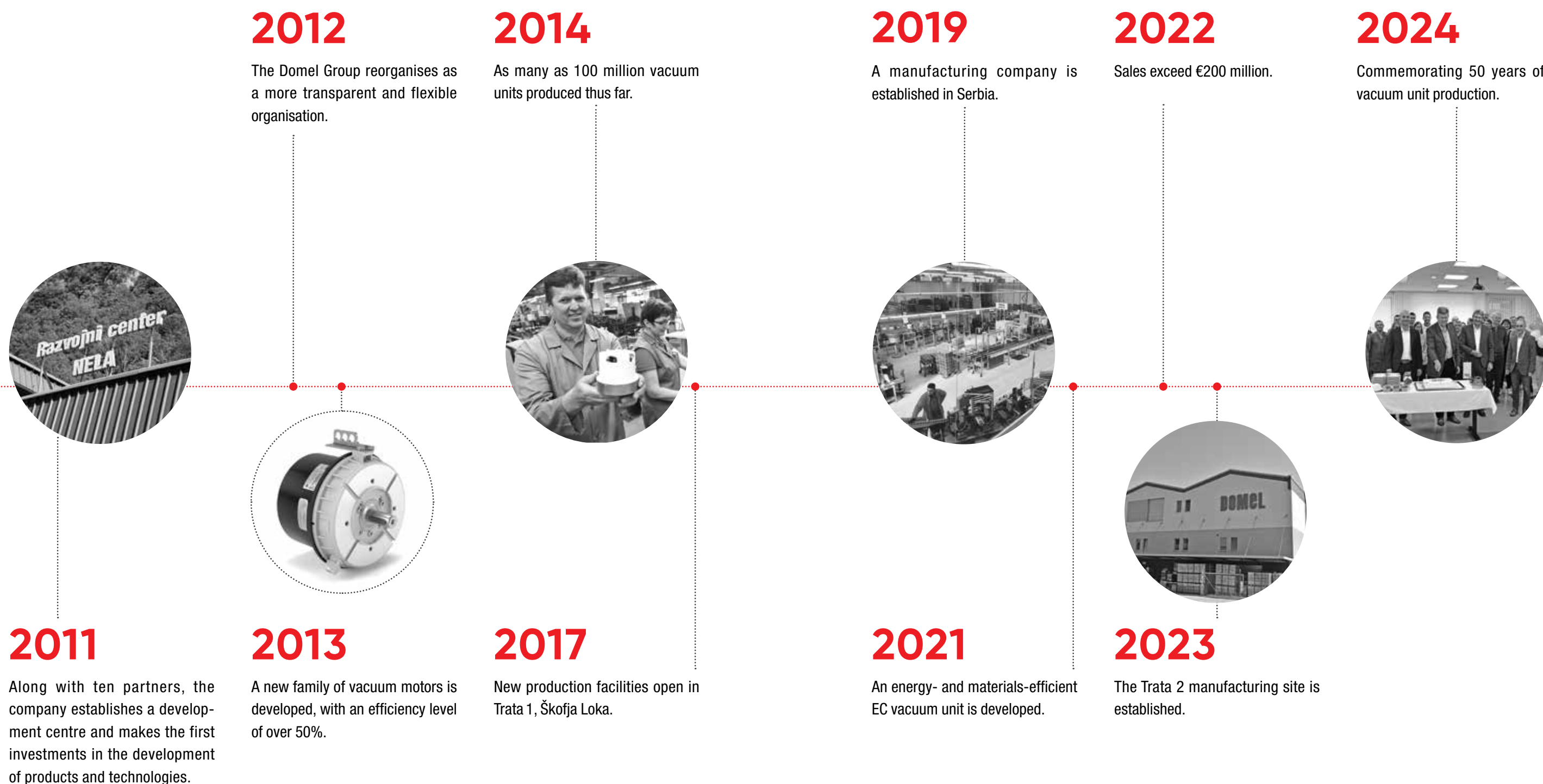
2009

Sole ownership of the company is acquired by Domel Holding, d.d., which is owned by current, former and retired employees.



2010

The company Tehnica is acquired by a merger. Domel becomes a limited liability company.



Our sustainable development journey

The sustainable development of the Domel Group is built on its mission, vision and values. The company's basic principles provide it with a shared set of guidelines on how to act and are reflected in its relations with all stakeholders.



MISSION

Domel is a socially and environmentally responsible company. As a global developer and supplier of advanced solutions for electric motor drives and components based on our own innovative technologies, we enable growth and sustainable development for our customers, employees and owners. We can thus provide high-quality employment opportunities within the wider region.

VISION 2030

We are a leading global development partner in the area of state-of-the-art, energy-efficient electric drives and components. We transform everyday experiences with our sustainable drive solutions.

VALUES

All Domel Group employees share common values that have long underpinned our company culture. These values are constant and robust, and have formed our policies and operations for more than a decade. They guide employees in their everyday work, in decision-making and in their relations with each other. They form a solid basis for the continued development and progress of the company.



Sustainable business strategy: strategic objectives and strategic actions

.....

The Domel Group has developed a sustainable business strategy for the period 2024–2030, based on a clear commitment to long-term, responsible corporate development. The key strategic goals we want to achieve by 2030 include increasing added value per employee to at least €80,000, achieving an EBITDA margin of at least 12%, reducing greenhouse gas emissions in Scopes 1 and 2 by 50% compared to 2019, and fostering a strong culture of sustainability and awareness among employees. To achieve these ambitious goals, we have defined four key strategic activities:

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1. Developing employee competencies to achieve strategic goals

Employees represent the greatest value of the Domel Group. We invest in their competences, professional excellence and sustainability awareness to empower them as agents of strategic change. We are implementing modern approaches to knowledge enhancement and training, career development and reward systems that foster engagement and ensure that our employees are prepared to meet future challenges. Special emphasis is placed on cultivating a safe, inclusive, and supportive work environment.



2. Reinforcing the Domel Group's sustainability principles for carbon neutrality

We leverage innovation to develop products with a low carbon footprint, above-average energy efficiency and extended service life. Our processes are optimised according to the principles of environmental responsibility – from the efficient use and reuse of raw materials, semi-finished products and energy to sustainable logistics practices. We are enhancing transparency and strengthening our commitment to sustainable development by preparing to meet the latest European sustainability reporting standards.



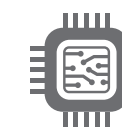
3. Building high value-added product platforms

With a focus on market performance, we are developing a portfolio of products that deliver high added value and support long-term growth. Our goal is to increase value added per employee to €80,000 or more. The portfolio is managed following a balanced approach that considers market potential, cost-efficiency and sustainability. Through this, we boost industrial competitiveness and foster sustainable, profitable growth.



4. Digitalising Domel Group processes to boost productivity

Digitalisation is a key enabler of the Domel Group's development and competitiveness. We are optimising critical business processes – from planning and procurement to production and decision-making – through advanced solutions, artificial intelligence and automation. Reliable digital platforms, smart data utilisation and a focus on customer value help us improve productivity, manage costs more effectively and respond swiftly and precisely to market demands. We prioritise cybersecurity and ensure transparency across all our digital solutions.



Sustainability at the heart of our strategy

Our business strategy is holistic, integrating all three dimensions of sustainability – environmental (positive impact on nature), social (positive impact on people), and economic (positive impact on the economy). It is designed to support the long-term resilience and competitiveness of the entire Group:

ENVIRONMENTAL

We enhance the energy efficiency of our products, participate actively in the circular economy, and work to reduce our carbon footprint.

SOCIAL

We foster inclusive working and living environments, invest in the development of our people and local communities, and promote internal ownership.

ECONOMIC

We enable long-term growth, generate high added value and support local employment.



Key areas of sustainable action

In 2022, the Domel Group conducted its first in-depth analysis of the key topics related to sustainable business operations. The aim was to identify the areas that are the most critical to both our stakeholders and the long-term success of the company.

We involved the company's management in the process, as well as key external and internal stakeholders – including employees, former employees, representatives of local communities, suppliers, customers, and other business partners. Participants completed an online survey, rating each sustainability topic on a scale from 1 (least important) to 10 (most important). These ratings were used to develop a materiality matrix, which highlights the topics considered most important from the dual perspectives of the company and its stakeholders.

In 2024, the 2022 matrix continues to serve as the reference framework for the sustainability report, as it still accurately reflects the company's and stakeholders' key priorities.

To improve the connection between the material topics and the report's content, we have specifically marked chapters that address the highest-rated topics. These are indicated with an asterisk (*) next to the title, along with a brief note at the beginning of each relevant chapter to help readers quickly identify core subjects.

However, in response to legislative requirements on sustainability disclosures (the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards), we began preparing an updated materiality matrix, i.e. the double materiality matrix, in 2025. This matrix will consider both the company's impacts on the environment and society (known as impact materiality) and the effects of sustainability-related risks and opportunities on the company's business performance (known as financial materiality).

The double materiality matrix will be included in future sustainability reports once the company is formally required to report in accordance with the ESRs. We are already actively preparing for this transition – both in terms of methodology and content.

E – environmental factors

1. Use of renewable energy sources
2. Efficient use of natural resources and energy
3. Reduction in the company's carbon footprint
4. Reduction in the quantity of waste produced and consistent waste separation
- 5. Responsible environmental management
6. Environmentally friendly packaging
- 7. Product quality
8. Circular economy and circular product design
- 9. Development of energy- and material-efficient products



S – social factors

1. Maintaining employee satisfaction and loyalty
2. Stability and provision of jobs
3. Focus on employee health and safety
4. Employee development and training
5. Work/life balance
6. Scholarships and practical training for students
7. Respect for human rights and ensuring equal opportunities
8. Culture of cooperation, inclusion and open dialogue
9. Product sales support
10. Cooperation with local communities

G – governance

1. Economic performance
2. Professional and transparent leadership
3. Integrated risk management
4. Communication with stakeholders
5. Fostering the development of innovative products
6. Encouraging and rewarding employee innovation
7. Sustainable development support policies
8. Understanding the needs of customers and business partners
9. Responsible supply chain management
10. Data protection



Stakeholders and dialogue for sustainable growth

At the Domel Group, we recognise that truly sustainable business success is only achievable through active, open engagement with our stakeholders. That’s why we place particular emphasis on this area – fostering regular dialogue, gathering feedback and involving stakeholders in key decision-making processes.

We maintain a variety of communication channels with our stakeholders, including surveys, interviews, coordination meetings, works council meetings, and participation in collaborative projects and strategic initiatives. Our stakeholders’ expectations and insights are a vital source of input that we integrate into both our strategic direction and everyday operations.

This approach enables greater transparency, ensures our sustainability efforts are aligned with the real needs of society and the environment, and helps us build lasting trust in our company. In recent years, we have significantly expanded stakeholder engagement, particularly in the identification of key sustainability topics and the development of our sustainable business strategy.

Stakeholders	Methods of cooperation and engagement	Inclusion in materiality assessment
Employees	Intranet, message board, internal newsletter, events for employees, annual interviews, workers’ assemblies, Friday talks with the Director, studies and employee surveys.	218 questionnaires completed ¹
Owners	General meeting of shareholders, internal newsletter, annual report and sustainability report, website.	15 questionnaires completed
Business partners and customers	Trade fairs, business conferences, visits, contracts, assessments, portal for customers, surveys, emails and video conferences.	8 questionnaires completed and 27 questionnaires completed
Suppliers	Trade fairs, business conferences, visits, assessments, supplier assessments, early involvement in development projects, contracts, portal for suppliers, emails and video conferences.	23 questionnaires completed
Local communities	Social networks, open door days, sponsorships and donations, visits by school groups and pre-schoolers, website.	15 questionnaires completed
Scholarship holders	Information days, open door days, final thesis mentoring, internships, social media, employment, website.	31 questionnaires completed

We maintain a variety of communication channels with our stakeholders, including surveys, interviews, coordination meetings, works council meetings, and participation in collaborative projects and strategic initiatives.

¹ Some employees are also shareholders.

Memberships and strategic collaborations



Domel Group companies are members of various industry and national organisations, associations and partnerships. Domel, d.o.o. has been a member of the Chamber of Commerce and Industry of Slovenia (GZS) since 1976, while Domel Holding joined in 2017. Both companies are also members of the GZS Gorenjska Regional Chamber and the GZS Electronics and Electrical Industry Association.

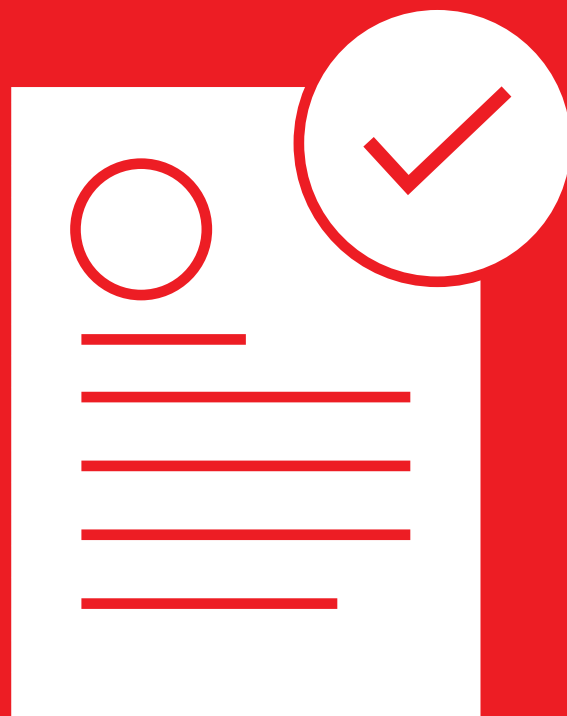
Domel, d.o.o. is a member of the ACS+ Slovenian automotive cluster and the GREMO project within that cluster. Our involvement is based on a desire to help create solutions for the development of products that increase the electrification of transport, and to develop and deploy manufacturing technologies, robotics, automation and digitalisation into manufacturing processes. We are members of the CO NOT centre of excellence for low-carbon technologies, within which we help develop advanced technologies to accelerate the transition to a low-carbon future, particularly hydrogen technologies. We are members of Strategic Research and Innovation Partnerships (SRIP) on “Factories of the Future” and “Smart Buildings and Home including Wood Chain”. We are also members of the Slovenian Association for Quality and Excellence (Slovensko združenje za kakovost in odličnost – SZKO) and the Professional Association for Operational Excellence.

We are partners in NELA razvojni center, d.o.o., a development centre through which we cooperate with leading Slovenian companies in the electrical and electronics sector, and members of TECES, which plays a leading role in strategic development partnerships and projects in the field of green technologies and energy-efficient solutions.

We are also members of the Green Network of Slovenia (Zeleno omrežje Slovenije), which provides information and a platform for forging links in the field of sustainable development.

At the European level, we participate as members in VDMA's Technical Working Group (Arbeitskreis Technik).

POLICIES AND GOVERNANCE



Sustainable operations policies

The Domel Group has established a comprehensive set of policies and internal documents to systematically manage and control the areas of quality, environmental protection, information security and ethical business practices. Our integrated management system is grounded in internationally recognised standards, particularly ISO and IATF, and is certified across our various production sites. A site-specific overview of certifications is provided below.

Quality assurance and environmental management system certificates by production site

Location	ISO 9001	ISO 14001	IATF 16949	ISO 13485
OTOKI	✓	✓	✓	
TRATA 1	✓	✓	✓	
TRATA 2	✓	✓	✓	
NA PLAVŽU	✓	✓		✓
RETEČE	✓	✓	✓	
SUZHOU	✓	✓		
ODŽACI	✓	✓		
ČEŠNJICA	planned in 2025 (ISO 9001 and ISO 14001)			

Quality assurance policy*

Core topic: Product quality

.....

The company has a long tradition of quality assurance, obtaining the ISO 9001 quality management certificate in 1992, and being one of the first companies in Slovenia to do so. With the adoption of our quality policy, we are committed to ensuring the highest standards and using best practices in product development, manufacturing, quality and customer support. We demonstrate and achieve this by:

.....

- continuously improving and updating our quality management system;
- adhering to the requirements of the ISO 9001, ISO 14001, IATF 16949 and ISO 13485 standards;
- taking into account customer, legislative and other stakeholder requirements to which Domel has agreed;
- monitoring the quality of our processes, products and services, and setting measurable objectives aimed at continuous improvement;
- managing strategic, operational and other risks, thereby guaranteeing the company's stable growth and sustainable development, long-term financial security and growth in value added;
- using risk analyses during product development to ensure product safety and reliability, user safety and the usefulness of products;
- keeping employees informed about the company's fundamental principles, strategy, policies and objectives; and
- continuously developing competences and raising awareness about responsibility for quality.



Environmental policy *

Core topic: Responsible management of the environment

.....

The Domel Group's environmental policy follows the principles of sustainable development and constitutes a commitment to reducing negative impacts on the environment. We pursue the core principles of our environmental policy by:

.....

- monitoring and complying with legal requirements, our customers' requirements, and other requirements that Domel has committed to and that are linked to environmental factors;
- training and communicating in order to raise the environmental awareness of all employees and of others who work for or on behalf of Domel;
- systematically identifying, reducing, preventing and eliminating the negative environmental impacts of our activities;
- actively reducing greenhouse gas emissions by implementing various measures, including the use of renewable energy sources and improving energy efficiency;
- developing and producing environmentally friendly products, where priority is given to materials and technologies that use natural resources efficiently and reduce energy consumption, including through the use of recycled materials;
- being aware of the importance of biodiversity and committed to responsible treatment of the environment that contributes to its conservation;
- communicating and working effectively with the local community, administrative bodies, and other interested parties.



Information security policy

At Domel, d.o.o. we are aware of the importance of information and cyber security in terms of ensuring the continuous operation of the entire supply chain and maintaining the trust of our stakeholders. We demonstrate this in practice by:

- continuously improving and updating our Information Security Management System – ISMS;
- complying with the requirements of ISO/IEC 27001 and TISAX;
- meeting the expressed and unexpressed requirements of stakeholders with regard to information protection and information security;
- complying with all relevant legislation and standards;
- ensuring the integrity, availability and confidentiality of information;
- raising awareness of the importance of information and cyber security among our employees;
- proactively managing information security incidents;
- sanctioning breaches of information security policies;
- regularly reviewing the functioning of the ISMS;
- continuously improving the ISMS of the Domel Group companies in Slovenia and our suppliers.

The ISMS policy is implemented through organisational regulations and instructions that define in detail the specific aspects of information and cyber security. These define the related roles, responsibilities, requirements and procedures in a meaningful and area-specific manner.

The ISMS policies and instructions are adhered to by all employees, as well as by our suppliers and customers, and also by other stakeholders within the framework of agreements entered into.

Code of conduct of the Domel Group

The Domel Group's code of conduct binds all stakeholders to the highest ethical principles with the aim of building excellent relationships among customers, colleagues and the local community. It comprises a collection of ethical commitments for all employees, suppliers and other business partners, which steer us towards responsible conduct and prudent action. The code is based on the International Labour Organization Declaration on Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises, and the Universal Declaration of Human Rights adopted by the United Nations. It is also available on our website.²



² <https://www.domel.com/document-download/111>

Risk management *

Core topic: Professional and transparent leadership

In uncertain conditions like those we faced in 2024, identifying, understanding and managing risks is an important part of corporate governance and vital to the achievement of the company’s strategic objectives. The Domel Group’s risk management policy is based on the ISO 31000 standard. In line with the risk management framework, we identify and assess risks, and adopt measures to reduce the likelihood of risks arising and to mitigate the consequences if they do arise. We keep a record of risks in a register and divide them into financial/business and operational risks. As the successful management of risks is an important element of the company’s sustainable development, we pay a great deal of attention to environmental, social and economic risks.

Risks	Examples	Action/response
Environmental risks	Fire, flood, ecological disasters, e.g. spillage of hazardous substances	Protection system, monitoring, emergency plans, ISO 14001
Climate risks	Physical climate risks (storm, frost, drought, heavy rainfall, high winds), low carbon economy transition risks (legislation, market, reputation)	Decarbonisation strategy, technological adaptations, compliance monitoring, stakeholder engagement, preventive measures against extreme weather events
Social risks	Workplace accidents, staff shortages, absenteeism, loss of key staff	Health and safety at work, staff development and training, measuring organisational climate (using the SiOK questionnaire)
Business risks	Loss of customers and suppliers, economic crisis, political instability, claims for hidden defects	Market diversification, strategic relations, quality assurance policy
Financial risks	Credit, currency, liquidity risk	Insurance, rate monitoring, long-term contracts
Information risks	Cyber-attack, data loss	TISAX, ISMS policy, employee awareness-raising

Business results and performance in 2024*

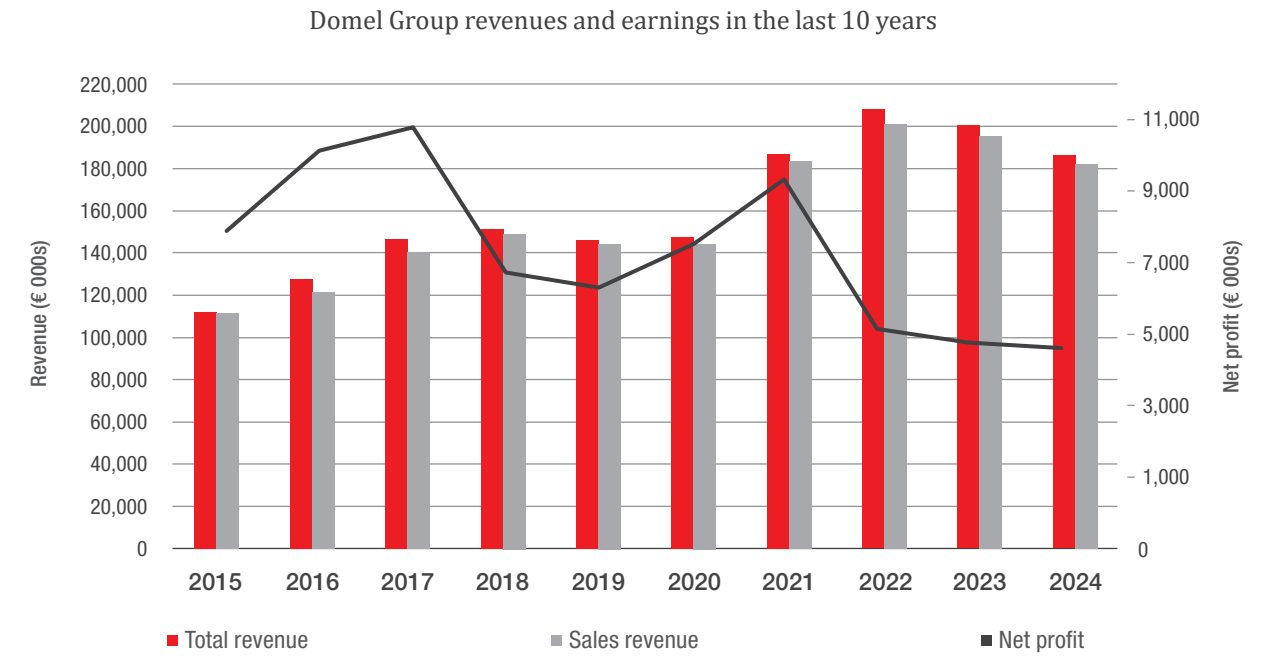
Core topic: Economic performance

The year 2024 was characterised by continued uncertainty across the European economic landscape. Economic growth slowed, with the impact felt most strongly in the automotive sector and our largest sales market, Germany. Sales of electric vehicles declined, the transition to electrification was delayed, and supply chain issues worsened in certain segments. Although energy prices decreased, they continued to affect our raw material suppliers, particularly in energy-intensive industries.

The Domel Group responded to these challenges with a combination of strategic adjustments: production optimisation, supplier diversification and the pursuit of new market opportunities. These actions supported effective cost management and helped maintain business stability. Despite the difficult market conditions, we concluded the year on a positive note, though our results were slightly below target and marginally lower than the previous year.

Taking into account exclusions, the Domel Group generated total revenue of €186 million, which is 6.7% less than the previous year, with sales down 7%. We generated €4.6 million of net profit.

Domel, d.o.o. is the largest Domel Group company by size and share of revenues; the total revenues of Domel, d.o.o. amounted to €195.2 million in 2024, which was a decrease of 6% on the year before and 6.5% lower than planned. Sales revenues accounted for 95% of total revenues, amounting to €184.6 million. In 2024, the company generated a net profit of €4.1 million. Earnings before interest, taxes, depreciation, and amortisation (EBITDA) totalled €20.7 million, with an EBITDA margin of 11.3%, representing an 8% increase compared to 2023. Value added per employee also increased, from €52,282 to €56,872. Return on equity (ROE) stood at 4.4%. In 2024, €9.6 million was earmarked for investment, with 3.6% of sales revenues invested in new product development. Despite the challenging market conditions, the company's results reflect good cash flow management, a high level of innovation, efficiency and business flexibility.



Domel, d. o. o.	Actual 2024	Plan 2024	Actual 2023	A 24 / P 24	A 24 / P 23
Number of working hours	642,856	646,300	730,878	99.47	87.96
No. of employees (31 December)	1,103	1,175	1,171	93.87	94.19
Total revenues (€)	195,213,319	208,755,000	207,431,740	93.51	94.11
Net profit (€)	4,068,807	6,605,000	4,112,150	61.60	98.95
Net profit/employee (in €)	3,689	5,621	3,512	65.62	105.05
Net profit/total revenues (%)	2.1%	3.2%	2.0%	65.88	105.14
Value added per employee (in €)	56,872	56,505	52,282	100.65	108.78
Return on equity (%)	4.4%	6.9%	4.7%	63.75	94.57
EBITDA margin (%)	11.3%	11.2%	10.4%	100.47	107.78

Actual – actual value Plan – planned value



International recognition for operational excellence

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In 2024, Domel, d.o.o. was once again awarded a platinum creditworthiness certificate of excellence by the international rating house Dun & Bradstreet.
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This is the highest award within the AAA rating system, and is only awarded to companies that have maintained the highest rating for more than five consecutive years. This certificate confirms that Domel ranks among the most reliable, financially stable and low-risk companies to work with in Slovenia and beyond.



Sales by the most important markets

Domel, d.o.o. generates most of its sales revenue from EU markets. Including the domestic market, a total of 77% of all sales revenue was generated in the EU in 2024. We sold products valued at €16 million in the domestic market in 2024, which translates to 9% of sales revenue. Sales revenue of €126.6 million was generated by products sold in other EU markets (68.5% of the total), while foreign markets outside the EU accounted for 22.5%. Germany, which accounts for 22.5% of sales revenue, remains our most important market. Sales to Germany amounted to €41.5 million. Germany was followed by Romania with 13.3% of sales revenue, the domestic market with 9%, and Austria with 6.5%. The USA is the company's largest market outside the EU (sales revenues of €9.9 million), followed by Canada (€9.8 million). Sales to China fell by 8% compared to the previous year.



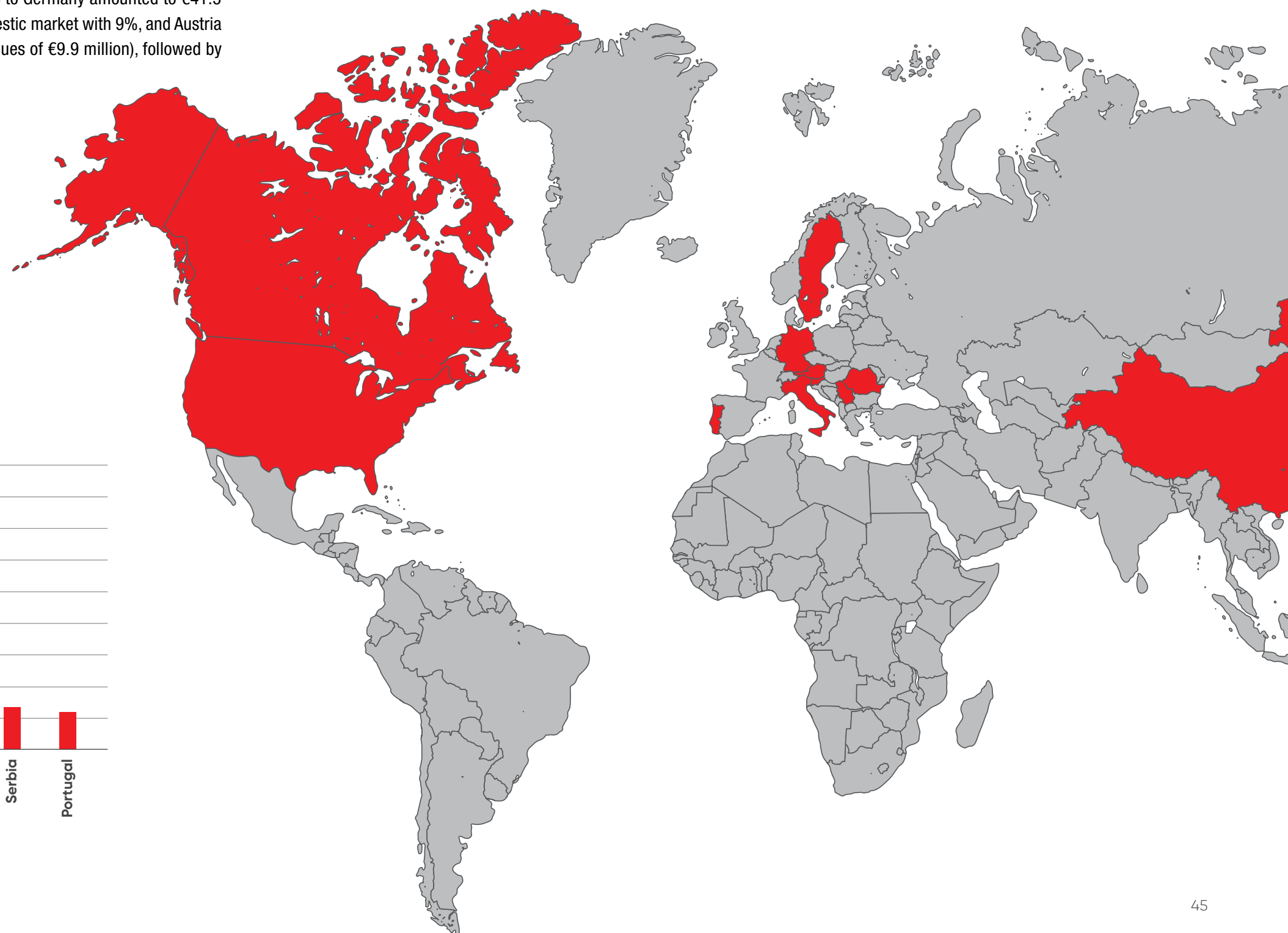
EUROPE



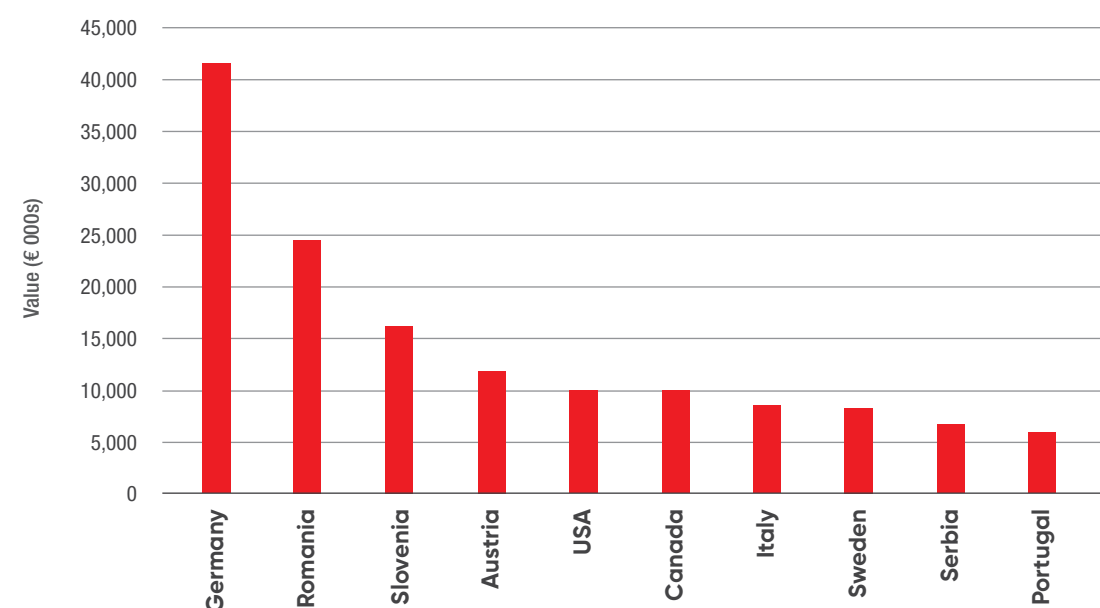
NORTH AMERICA



ASIA



Sales by the most important markets in 2024



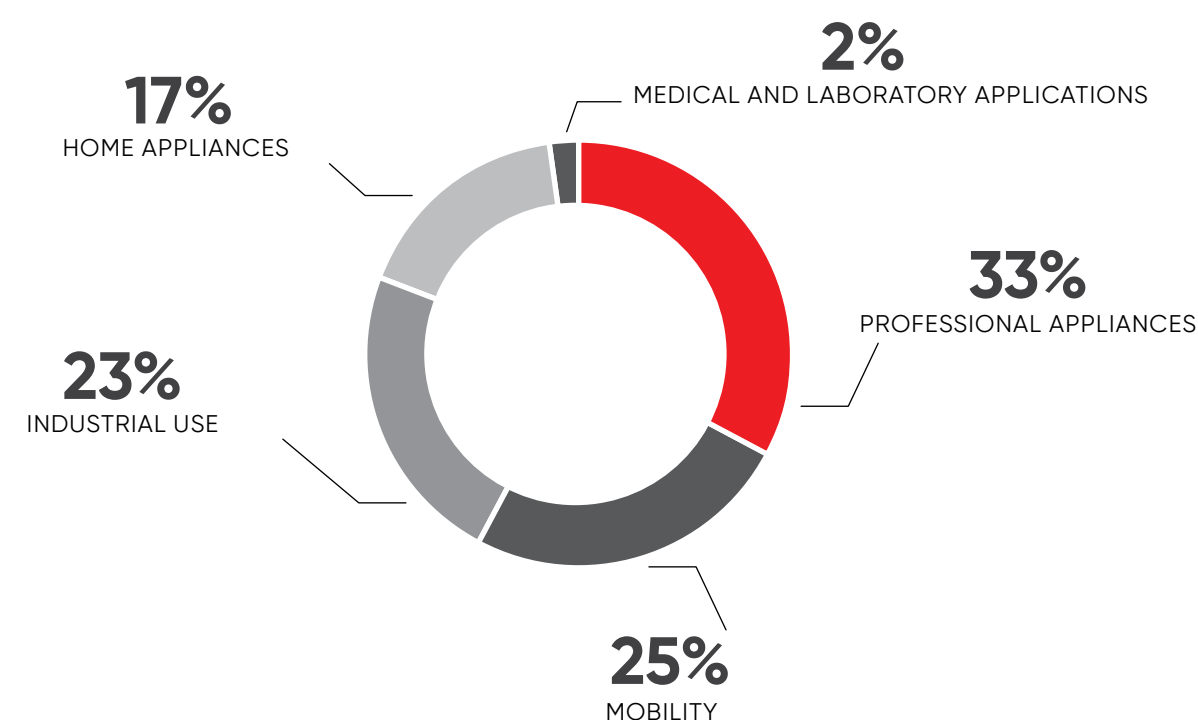
Sales by individual programmes and market segments

Sales by programme

With €54 million of sales revenue and a 29.3% share of sales, vacuum units remain the strongest group of products in 2024. Sales of vacuum units increased by 8% compared to the previous year and were 9% higher than planned. We also increased sales revenue in the motor product range (universal commutator (UC) and DC) by 20%. Sales in our automotive product range were down by 16.9% on 2023, while the share of this range in the structure of sales was down by 1.5%. We continued with active marketing for the electronically commutated (EC) product range, but nevertheless recorded a slight decline in sales. The EC drive range recorded a decline of 19.7%, the EC motors range a decline of 25.3% and the EC systems range a decline of 8.5%. Sales also declined in the component range by 4.5% and in the LABS range by 3.6%.

Sales by market segment

Sales by market segment in 2024



MOTORS FOR PROFESSIONAL AND HOME APPLIANCES

33%

17%



MOBILITY

25%



INDUSTRIAL USE

23%



MEDICAL AND LABORATORY APPLICATIONS

2%



INNOVATION FOR SUSTAINABLE PRODUCTS



Innovation as a driver for sustainable transformation *

Core topic: Development of energy- and material-efficient products

Our development vision

At the Domel Group, we believe that technological progress, innovation and sustainability are intrinsically connected. Our development vision is centred on creating products that not only meet the related technical requirements but also promote the responsible management of natural resources, energy and the environment. Innovation is thus more than a response to technological challenges – it is a core element of our commitment to the sustainable transformation of the economy.

Through an integrated development approach, ranging from advanced technologies and eco-design to high efficiency and long-term reliability, we design motors and drive systems that provide our customers with a competitive edge while addressing global challenges such as climate change and the circular economy.

Focus on sustainable solutions

We concluded 2024 with 63 active development projects, five fewer than the previous year. The reduction reflects a strategic decision to focus on projects with the highest potential for innovation, sustainable impact, and long-term value creation. Most of the new development efforts target high-growth sectors, particularly battery applications for garden equipment, hand tools and the e-mobility segment. These market trends provide opportunities to create solutions that combine energy efficiency, compact design and environmental responsibility.

In 2024, we allocated 3.6% of sales revenue to new product development. As one of the Domel Group's core values, innovation fosters employee creativity and the generation of new ideas. This is reflected by the fact that products developed within the last three years accounted for a 27% share of the products sold.

Awards and international recognition

In 2024, the Chamber of Commerce and Industry of Slovenia (GZS) awarded Domel a national silver award for the development of a new generation of ZKG motors for use in ventilation systems that surpass the IE5 energy efficiency requirements. These motors stand out for their exceptional energy performance, innovative construction and sustainable design, significantly contributing to the reduction of the company's carbon footprint. The GZS awards represent the highest national-level recognition of innovative achievements by Slovenian companies, and are a key indicator of technological excellence and contributions to sustainable development.

GREEN. CREATIVE. SMART

Domel was selected for the national campaign **I FEEL SLOVENIA. GREEN. CREATIVE. SMART.**, and thus recognised as a company that contributes to Slovenia’s reputation as a green, innovative and technologically advanced country through its sustainable and forward-thinking approach.



Sustainable product design

Design with the entire life cycle in mind

At Domel Group, sustainability is embedded in product design from the earliest stages of development. Our motors and drive systems are engineered with the entire product life cycle in focus – from material selection to usage and end-of-life recycling.

Low-impact and highly recyclable materials

By developing compact and lightweight solutions, we reduce the quantity of raw materials required. This not only lessens the environmental impact but also improves logistical efficiency. We prioritise the use of materials that are free from hazardous substances and those that are recyclable or reusable. The materials used in our electric motors are highly recyclable – up to 98% in some versions, depending on material selection and design solutions. We are actively working with partners to enhance the recyclability of critical components, such as rare earth magnets.

Optimising raw material consumption

In addition to reducing weight, we also optimise the use of raw materials overall, while maintaining or even improving efficiency. Over the past two decades, we have used innovative approaches to significantly reduce the weight of electric motors – by more than 60% – without compromising functionality.

The impact of our designs is demonstrated by concrete results from years of development. For instance, a vacuum unit developed in 2000 weighed around 1.5 kg. By 2015, the next-generation unit weighed just 0.73 kg. With an annual production of 1.5 million units, this equates to a savings of over 1,000 tonnes of raw materials such as electrical steel, copper and aluminium.

This trend continues with our development of electronically commutated (EC) units, which are replacing traditional universal and asynchronous motors. The latest EC units are up to 50% lighter than their 2015 counterparts, leading to reduced resource use, more efficient logistics and a lower carbon footprint. At the same time, EC technology delivers higher motor efficiencies, higher speed operation and longer service life.

High energy efficiency

High energy efficiency is another cornerstone of our development efforts. By optimising product efficiency, we reduce energy consumption during the usage phase – resulting in lower costs for end-users and reduced greenhouse gas emissions. The effects are especially evident in our motors for HVAC applications, where we achieve the highest energy efficiency class (IE5) and demonstrably contribute to substantial energy savings.

Integrating environmental criteria into development

In 2024, we further enhanced the integration of environmental criteria into our development processes. Our development documentation was updated to include mandatory carbon footprint assessments at the prototype stage.

We also focused on improving the input data for environmental analytics. We established a system for collecting CO₂ emissions data for selected raw materials and components. We are currently focusing on six main commodity groups and the strategic or critical materials with the highest consumption. This data enables us to make more accurate estimates of our products' carbon footprints, and enhances collaboration with suppliers to reduce environmental impacts across the value chain. We plan to gradually expand data collection to cover additional materials and suppliers, with the goal of achieving comprehensive carbon footprint monitoring.

In 2024, we also conducted several Life Cycle Assessments (LCA) to evaluate the environmental impacts of the materials used, production processes, and the usage phase. These assessments covered a wide range of products in our portfolio – from vacuum units to laboratory equipment and HVAC solutions – and supported both internal development insights and the specific requirements of individual customers. The findings confirm that more efficient product design can significantly reduce the environmental footprint – with the largest share often coming from lower emissions during the usage phase due to decreased energy use. We offer our customers solutions that help them achieve their environmental objectives and meet the demands of increasingly sustainability-driven markets.



Advanced EC drives for efficient applications

At Domel Group, the development of electronically commutated (EC) motors sets benchmarks in the segment, reinforcing our position in the global market while contributing to energy efficiency and a reduced environmental footprint across a wide range of applications – from household appliances and professional tools to ventilation systems. In 2024, we successfully introduced several new, material-optimised and energy-efficient drive units that enable lower resource use, improved performance and extended product lifetimes.

The new-generation 457 series of vacuum motors for wet and dry applications has been optimised for high efficiency at lower power levels, making it well-positioned to meet future regulatory requirements, including updates to energy labelling standards. We also developed the new EC 758 series of vacuum motors for dry applications, achieving record air efficiency of 58%, which confirms the excellence of the design.

In the field of drives for oil pumps and electric vehicles, we began delivering key components despite slightly lower demand. Most of the 2024 sampling was carried out for the EC 720 family of motors for battery-powered appliances, and we plan to continue expanding this product family. In parallel, we are progressing with the industrialisation of the new EC 730 and EC 734 families.



New-generation 457 vacuum unit

Sustainable impacts of energy-efficient HVAC solutions

EC motors developed for HVAC systems are a cornerstone of our energy-efficient solutions portfolio. HVAC systems are among the largest consumers of electricity due to their continuous, year-round operation.

At Domel, we design these motors following the principles of sustainable and highly efficient engineering. We prioritise optimal material usage, advanced technologies, long service life and reliable, maintenance-free operation – excluding the mounting system. Our HVAC motors achieve energy efficiency class IE5 (according to IEC 60034-30-2), resulting in extremely low energy consumption under real-world conditions.

Beyond energy efficiency, these motors incorporate more sustainable materials. Instead of rare earth magnets, we use ferrite magnets, reducing dependency on strategically critical raw materials. Designed and manufactured in Europe, these motors contribute to stronger supply chain resilience and greater self-sufficiency within European industry.

Another significant advantage is their lightweight construction – approximately one-third the weight of conventional asynchronous motors – which benefits logistics, assembly and overall end-use.

In 2024, we also successfully completed the development of a new generation of ZKG drives. For the first time, these drives received the highest possible sustainability rating, Grade A, in a sustainability impact assessment conducted by our largest customer. This is a testament to our excellence in quality, energy efficiency and other aspects of sustainability.

Innovations in E-mobility

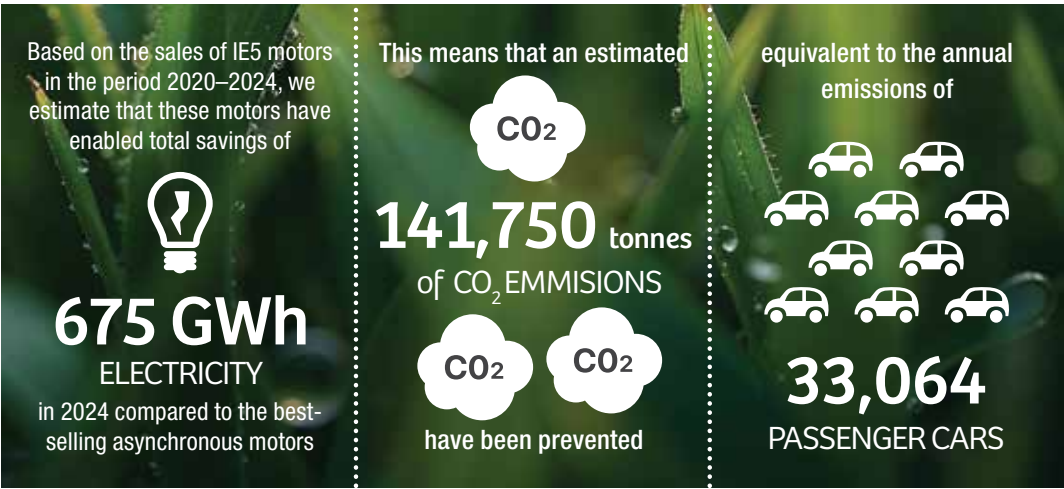
Despite the ongoing stagnation of the European electric mobility market in 2024 and the resulting decline in sales volumes for already industrialised solutions, the Domel Group has remained firmly focused on developing innovative and sustainable solutions for future growth.

In the electric vehicle segment, we have advanced the highly complex dynamic driving control system to small-series production – an important milestone that paves the way for broader deployment.

In the micro-mobility sector, development continued on a new, compact drive for e-bikes, which has already reached the series production stage. This solution addresses the growing demand for lighter, more efficient and sustainable mobility options for short urban journeys.



ENVIRONMENTAL IMPACT³



Hydrogen technologies for a sustainable future

Hydrogen is emerging as a key enabler in the transition to a low-carbon economy. At the Domel Group, we have been developing components for fuel cells for over two decades, contributing significantly to advances in hydrogen technologies, particularly in air and hydrogen supply systems.

In recent years, we have evolved from a development partner to a reliable supplier, as our customers have moved into series production of hydrogen-powered vehicles, ranging from trains to trucks. Our EC Systems business unit successfully launched series production of air and hydrogen blowers, while continuing to develop new solutions.

In 2024, we maintained series production of blowers for both air intake and hydrogen recirculation, which are critical for efficient and stable fuel cell performance. We also completed development of a 2.5 kW IP55 blower, specifically designed for use in harsh environmental conditions, and have integrated it into our standard product portfolio.

Despite a temporary slowdown in the fuel cell market and a decline in order volumes, we remain active in both development and market engagement. We are expanding into new segments, such as hydrogen production via electrolysis, where some of our blowers are already being tested in pilot plants.

³ Calculation done on the basis of the *Rules on the Methods for Determining Energy Savings*: <http://www.pisrs.si/Pis.web/pregledPredpisa?id=PRAV14191>. The EU electricity emission factor for 2023 (0.210 kg of CO₂ /kWh) was used to calculate CO₂ emission savings: *European Environment Agency – Greenhouse gas emission intensity of electricity generation*. The conversion of CO₂ into the number of cars was calculated using: *EPA Greenhouse Gas Equivalencies Calculator*.

We further focused our development efforts on a new generation of recirculation blowers, featuring a more compact design, integrated control systems and nearly double the volumetric flow rate (up to 900 l/min). As part of the GREMO project, we are developing a high-pressure compressor with a target pressure ratio of at least 2. The first prototype was built in 2024, and optimisation is ongoing.

Additionally, through the HyBReED project, we are contributing to the establishment of a testing facility for hydrogen components and are helping to developing methods for testing materials and ensuring safety.

Through our comprehensive approach, commitment to innovation and participation in international collaborations, we are strengthening our role in the global hydrogen value chain and contributing to the development of safe, efficient and sustainable technologies for the future.



Hydrogen recirculation pump

Innovative solutions for the laboratory environment

The Domel LABS business unit, specialising in advanced laboratory equipment development, achieved several notable development and design breakthroughs in 2024. By creating highly specialised devices for scientific and medical laboratories, the unit strengthened its global market position and reinforced its reputation as a provider of innovative, user-friendly and technologically advanced solutions.



MillMix 30 laboratory ball mill



One of the standout achievements in 2024 was the MillMix 30 laboratory device, which received the prestigious international Good Design Award for design excellence. This innovation combines top-tier functionality with modern aesthetics, the result of a successful collaboration with Wilsonic Design. The device reinforces Domel's standing among the leading providers of contemporary and intuitive lab equipment.

Most of our development resources focused on a new refrigerated centrifuge, incorporating several sustainable improvements, including the use of an environmentally friendly refrigerant and a more energy-efficient compressor. Development continued on the smart incubator, and new projects were launched, such as a microtiter plate shaker. With advanced touchscreens and integrated digital features, Domel's devices are increasingly aligned with the evolving needs of smart laboratory environments.

Technological innovations in processes

Advanced development technologies are a cornerstone of Domel's competitive advantage. Our EC motor designs achieve the performance of universal motors while delivering significantly reduced weight and energy consumption. To support these advances, we invest in innovative manufacturing and testing methods that enhance product quality, reliability and durability.

Laser rotor balancing

To achieve the highest operational precision of motors, we developed an in-house laser rotor balancing system. Using an advanced algorithm, mass imbalances are detected and corrected by laser-based material removal. This significantly reduces vibration and noise, and extends motor lifespan.

Laser welding without adhesives

We introduced laser welding of plastic components, eliminating the need for adhesives. This not only enhances material efficiency, but also improves the environmental profile of joints. With carefully selected materials, geometry and process parameters, we achieve robust, durable and aesthetically controlled welds – with 100% quality control.

Thermoplastic forming for durable joints

Our thermoplastic forming technology enables the creation of high-strength, durable joints without adhesives or additional bonding agents. By optimising component geometry, material selection and process parameters, we ensure high-quality and repeatable joints that are both mechanically robust and environmentally friendlier.

Non-destructive testing of winding insulation

As conventional methods for testing winding insulation damage are often destructive and lead to discarded products, Domel has developed its own non-destructive method. This allows high-voltage checking of the integrity of the insulation on each unit, without damaging it. Advanced technology also enables precise fault localisation through visual detection of the electrical arc, which significantly increases the efficiency of quality control.

Digitised resistance welding

Existing resistance welding processes are being upgraded with digitalisation and a development approach, increasing the reliability and quality of electrical joints in motors. This ensures long-term operational stability and reduces the risk of breakdowns.

End-of-line control devices

In 2024, we developed a new platform for end-of-line (EOL) control devices, which is based on an open-source programming language and can be used with various types of devices for final testing. The system enables the implementation of all key functionalities required for efficient final testing – from measuring equipment management to data capture, analysis and storage of results.

The new platform offers a higher degree of flexibility, simplified maintenance and better control over test processes. Thanks to its transferability between different systems and its cost-effectiveness, it contributes significantly to improving the quality, reliability and sustainable efficiency of our production processes.

Participation in R&D projects

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The Domel Group actively participates in national and international R&D projects that advance the transition towards a sustainable, circular and digital economy. In 2024, we contributed to multiple projects in the fields of electromobility, circular economy, digitalisation, hydrogen technologies and sensor development. The projects are co-funded by the EU, the state and other stakeholders, and are carried out in collaboration with industrial partners, research institutions and universities.
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REMHub – circular solutions for rare metals



In 2024, Domel joined the European REMHub project, opening a new chapter in the sustainable use of rare-earth metals. This consortium of 24 partners from six countries aims to establish sustainable, circular and traceable value chains for rare metals and permanent magnets. Domel contributes its expertise to the development of motors designed to use recycled materials and co-develops solutions for traceability and digital support of the product life cycle. Through this, we help strengthen Europe’s resilience and pave the way toward a greener, energy-independent future.

Sustainable mobility projects and electric motors of the future

Much of our 2024 R&D activity occurred within the GREMO strategic research and innovation partnership, focused on the development and industrialisation of advanced electric motors for future e-mobility. Within this framework, we are developing high-performance, energy-efficient and material-optimised drives to enhance the global competitiveness of Slovenian companies in the automotive sector. Together with a consortium of Slovenian partners, the project contributes to breakthrough solutions for future mobility and reinforces Slovenia's role in the green and technological transition.

Sensors and advanced technology projects

The GREENTECH project is testing the possibility of printing temperature-vibration sensors directly onto motor casings. The aim is to develop smart drives equipped with embedded sensors to monitor condition and wear, enabling preventive maintenance and reducing the risk of downtime.

We have also continued our safety studies as part of the HyBReED project to establish a hydrogen testing facility, a critical step toward the broader adoption of hydrogen technologies and the development of safe components for the future.

Additionally, Domel is involved in the ETC XS LAB – Zero Waste in Wastewater project, aimed at developing the Microbium® ETC analyser, the world’s first reusable device for detecting bacteria in wastewater. This represents cutting-edge environmental technology for sustainable water resource management.

Digitalisation and automation projects

In 2024, Domel successfully completed the JUMP – Digital Transformation in Industry project, implementing advanced digital solutions for planning, automation and decision support in manufacturing. This project significantly enhanced the company’s operational efficiency, flexibility and digital maturity.

RESPONSIBLE MANAGEMENT AND COLLABORATION WITH PARTNERS



Market integration and partnerships *

Core topic: Understanding the needs of customers and business partners

Long-term relationships with customers

At Domel Group, we cultivate long-term relationships with our customers built on trust, quality and flexibility. Many of our customer relationships span decades, with our largest clients collaborating with us for an average of over 30 years, some approaching 50 years.

Customer care is a fundamental value for us. Our approach prioritises personalised service, the pursuit of optimal solutions and the consistent, reliable fulfilment of commitments.

Customer satisfaction and systematic feedback

We regularly monitor customer satisfaction in two ways:

- monthly reports provided by our major customers,
- through an annual electronic survey which includes an evaluation of the different aspects of cooperation (supply chain, quality, sales, professionalism and expertise, products, environment).

Based on the results of the survey, our sales teams implement corrective and preventive measures to continuously improve the service. In 2024, we achieved average satisfaction scores ranging from 3.89 to 4.29 on a 5-point scale, reflecting a consistently high level of customer satisfaction across key segments.

Customer satisfaction by assessment criteria in 2024 ⁴					
supply chain	quality	sales	professionalism and expertise	products	environment
4.29	4.25	3.89	4.26	4.09	4.12

In addition to internal measurements, we also participate in external sustainability assessments and complete the questionnaires sent by our customers. These include assessments of environmental management, working conditions and responsible supply chains.

In 2024, we participated in the CDP (Carbon Disclosure Project), Ecovadis and SAQ 5.0 platforms, as well as individual questionnaires such as Supplier Assurance, SupplyOn, and other assessments by major customers. In doing so, we respond to market demands, operate transparently, identify areas for improvement, and strengthen the trust of our key partners.

⁴ The customer satisfaction assessment criteria included: 5 – Excellent performance, 4 – Good performance, 3 – Acceptable performance, 2 – Unsatisfactory performance, 1 – Unacceptable performance.

Responsible and sustainable supply chains

Principles of responsible cooperation

Our commitment to sustainability is reflected in our relationships with suppliers. We collaborate exclusively with partners that uphold high standards of business ethics, environmental protection, health and safety, and maintain robust quality assurance systems. We do this based on internationally recognised standards such as ISO 9001, ISO 14001, IATF 16949 and ISO 13485.

Supplier assessments and evaluation

Engaging suppliers early in development projects is essential for achieving our sustainability goals and fulfilling customer requirements. All our suppliers are fully accountable for the quality and environmental performance of their supplies, which includes documented assessments of said suppliers.

In 2024 we:

- conducted 49 supplier assessments,
- approved 253 Production Part Approval Process (PPAP) dossiers,
- assessed 251 suppliers, of which 139 were Slovenian and 112 foreign.

For the first time, assessments were conducted digitally through the Supplier Portal. Key criteria include the level of integrity of supply, punctuality of delivery, responsiveness, competitiveness, technical support, and the progressive integration of sustainability criteria such as the availability of emissions data and compliance with ethical standards.

Monitoring environmental externalities and decarbonisation targets

To reinforce our values and responsible practices, we also implement the confirmation of the Domel Group Code. By the end of 2023, 75.8% of suppliers had confirmed the Code, either through completing a survey or by submitting equivalent ethics-related documentation.

In 2024, to reduce our environmental footprint, we initiated data collection on greenhouse gas emissions generated during supplier production. Questionnaires covering emissions, environmental impacts and decarbonisation targets were distributed, which will allow us to monitor supply chain impacts more closely.

Supporting the local economy

In 2024, we actively developed our Local2Local purchasing policy with 404 active suppliers, 54% of which are Slovenian, to support local economies and shorten supply routes.

Communication and cooperation

Through regular procurement conferences and meetings with development suppliers, we foster open communication, build partnerships and jointly address emerging sustainability and logistics challenges.



OUR EMPLOYEES AND SOCIAL RESPONSIBILITY



The innovative power of employees

At Domel, we recognise that sustainable development, competitiveness and long-term success are inextricably linked to innovation and continuous process improvement. Our employees play a key role in this, and we have cultivated an environment that encourages creativity and active participation in change.

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A key enabler is the SORA web application, which enables employees to easily submit ideas, initiatives and suggestions for technical or organisational improvements. This continuous improvement system is based on excellent knowledge of processes, the expertise of employees and their commitment to the company's strategic goals. In 2024, 575 improvement proposals were submitted through the SORA system, which is 10% more than in the previous year (525 proposals in 2023). The completed proposals generated total savings of more than €868,000, which is 31% more than in 2023 (€663,000). We paid out more than €109,000 in rewards to the authors and co-authors of successful proposals.

Outstanding contributions are celebrated annually at the Domel Awards, highlighting individuals and teams who have made the most significant impact through their innovations.



Link to the local environment

Domel is deeply connected to the local community, not only as a major employer, but also as an active partner in shaping the quality of life in the community. Our social responsibility is rooted in long-standing relationships, mutual trust and a desire for joint development. With many employees coming from the surrounding area, concern for the well-being of the local environment is naturally woven into our culture and daily operations.

Support for local cultural and sports activities

We provide financial and material support to a wide range of local events, from cultural festivals to sports competitions. This contributes to the diverse social life of the town and promotes healthy lifestyles.

Notable projects supported include:

- Domel Ski Club,
- Železniki Handball Club,
- Kranj Cycling Club,
- the women's team of the Škofja Loka Basketball Club.

Additionally, we assist volunteer fire brigades and local organisations by co-financing investments in vital equipment and infrastructure.



Cooperation with educational institutions

Domel actively collaborates with educational institutions across all levels – from kindergartens to universities. For many years, we have nurtured strong partnerships with local primary and secondary schools, including in the delivery of technical electives. In addition to company employees visiting schools, presenting professions and products, we also offer pupils tours of our production facilities. In this way, we encourage technical creativity and interest in engineering careers from an early stage in education.

We provide mentoring, guest lectures, practical workshops and project work in collaboration with universities and higher vocational colleges. We place special emphasis on promoting careers in the natural sciences and engineering, aiming to inspire young people's interest in technology, innovation and creativity.



Building good relations and transparent communication

For Domel, openness to the local environment is an important value. We are committed to maintaining transparent communication and promptly addressing residents' concerns and initiatives.

In 2024 we:

- took swift action to resolve a noise complaint caused by a faulty air dryer valve at the Trata 2 site, fixing the issue on the same day;
- investigated a report of foam in the Sora River, which was found to originate from a neighbouring company's pipe, with all environmental measurements within permitted limits.

Through these efforts, we continue to foster a high level of trust and support harmonious coexistence with the local community.

Concern for employees

Employee commitment – the foundation of our success

Concern for our employees is one of the Domel Group’s core values, and a key element of our human resources policy. We consciously recognise the invaluable contribution of each individual and foster an environment built on respect, cooperation, creativity and ambition. This culture supports the company’s strategic goals centred on innovation, high productivity and strong business performance.

Equal opportunities for all

Caring for our employees is one of the core values of the Domel Group and a key focus of our HR policy. We consciously recognise the invaluable role of each individual and encourage respect, cooperation, creativity and ambition in the work environment. In doing so, we support the company’s strategic orientation, which is based on innovation, high productivity and business success.

Inclusion of vulnerable groups

We actively engage individuals from vulnerable groups, particularly persons with disabilities, ensuring they have equal opportunities to participate and grow within our workforce.

In 2024, 20 persons with disabilities were employed at our subsidiary Domel IP invalidsko podjetje, d.o.o., and 31 across the Group as a whole. We maintain cooperation agreements with external sheltered employment companies, including SIJ SUZ d.o.o., proizvodnja in storitve IP; REDNAK IP proizvodnja in trgovina, d.o.o.; CWS WORKWEAR IP tekstilne storitve, d.o.o.; ŽELVA podjetje za usposabljanje in zaposlovanje invalidov, d.o.o; VARNOST IP korporativno varnostna družba, d.o.o.



Development of employee potential and satisfaction

The development of employee potential and satisfaction is the main objective of our human resources policy. It is important to us that all employees are actively involved in the growth and development of the Group, and that we provide them with a safe and pleasant working environment that offers professional and personal challenges and enables them to work dynamically and creatively. We work hard to maintain quality working conditions, provide secure employment and offer training and education opportunities. We are very active in promoting healthy lifestyles, encouraging employees to take part in sports activities and facilitating hybrid forms of work and flexible working hours. In 2024, we earmarked €130 per employee for employee sports activities, further demonstrating our commitment to employee well-being and health.

Hybrid working (working from home) is regulated by an internal organisational regulation and is available to employees whose work process allows it – mainly in administrative support services and for employees with individual contracts. By the end of 2024, 544 employees had this option, which is around a quarter of all employees.

Measuring employee satisfaction

We have been monitoring the organisational climate regularly since 2003, and have conducted surveys every three years since 2010. The last survey was carried out in 2022, and the average climate score was 3.43⁵. The next measurement is planned for 2025. The results of the survey were presented to management and heads of departments, who then discussed them with staff in internal meetings. The aim of the meetings was to identify the reasons for the lower scores and to find ways to improve the individual working environments.

Item	2016	2019	2022
Organisational climate	3.62	3.35	3.43



⁵ The values in the table represent the average organisational climate scores obtained from the SiOK (Slovenska organizacijska klima) questionnaire. The highest possible score is 5, meaning a very positive organisational climate.

Your steps towards sustainability

Brigita Šubic,
sales clerk

I garden and separate waste.

Irena Miklavčič,
sales representative

I strictly separate my waste, both at home and at work. I also occasionally remind my colleagues about it. I don't print documents, I always use my own coffee cup and reusable packaging whenever possible.

Miro Šmid,
quality expert

When my son and I take waste to the collection centre in Studeno, we pick up cans and other waste we find by the roadside.

Janez Rihtaršič,
director of R&D

I cycle or walk to work most days. This way, I reduce my emissions, free up one parking space and help improve well-being.

Aljaž Jelić,
technologist in automatic presses

Whenever possible, I cycle instead of driving my car. I try to minimise food waste.

Gregor Česen,
head of operational purchasing

I turn off the lights in the office when we don't need them. Even in the toilet, where they're often on unnecessarily. I always use only one paper towel sheet to wipe my hands. I consistently separate and reduce waste, and reuse what I can.

Andreja Thaler,
senior marketing specialist

Every morning, I pour coffee into my own reusable cup to give me a boost for the day's activities. I believe that small steps can lead to big achievements.

Mitja Rauter,
developer

Sometimes I cycle to work.

Jure Bajt,
senior developer in R&D

I turn off the light when I leave the office.

Štefka Jeram,
quality assurance manager

I separate my waste consistently – we were one of the first municipalities to do so. We also have mandatory waste separation in the workplace, and I alert my colleagues if I notice any irregularities. I switch off the air conditioning, computers and machines.

Mojca Šolar,
process control inspector

I turn off the lights and separate waste.

Ksenija Knez,
measurement room inspector

I drink tap water I keep in a glass bottle, and save water and electricity. I do laundry at weekends and air-dry it. I use washable nappies and sanitary pads. I strictly separate my waste and minimise it as much as possible. I make candles from waste oil.

Simon Demšar,
designer in the tool room

I separate waste.

Primož Vidic,
R&D manager

I separate waste, remind people to turn off their lights and computers, and encourage cycling.

Matjaž Pinter,
assembly line foreman

I cycle to work, drink water from a glass bottle and don't use plastic. We turn off the lights in our department, especially during the night shift.

Nadja Kaplja,
receptionist

I'm conscientious about separating my waste, turning off lights (including after other people), using my own coffee cup and avoiding single-use plastics.

Sebastjan Sotlar,
senior occupational health and safety associate

I am consistent in separating my waste.

Jaka Kavčič,
director of sales and marketing

I always pour my vending machine coffee into my own cup, I don't use the disposable cup provided by the machine.

Employee structure *

Core topic: Stability and provision of jobs

Total number of the Domel Group employees

As at 31 December 2024, the Domel Group employed 1,383 people, of whom 1,241 in Slovenia, 104 in Serbia and 38 in China.

Employee structure by gender in Slovenia

Among employees in Slovenia, 488 were women (39.3%) and 753 were men (60.7%). Women hold 27% of senior management positions.

Change in the number of employees in Slovenia

In 2024, the number of employees in Slovenia decreased by 79 compared to the previous year. During the year, there were 108 new hires and 187 separations, resulting in a turnover rate of 13.1%, excluding 15 internal reassignments.

Change in the number of Domel Group employees in Slovenia between 2021 and 2024

Year	Number of employees	Women	%	Men	%
2021	1,368	561	41.0	807	59.0
2022	1,307	549	40.0	821	60.0
2023	1,320	521	39.5	799	60.5
2024	1,241	488	39.3	753	60.7

Number of employees in Domel Group companies in Slovenia in 2024

	Number of employees	Women	%	Men	%
Domel, d. o. o.	1,103	404	36.6	699	63.4
Domel Holding d.d.	102	68	66.6	34	33.3
Domel Invalidsko podjetje d. o. o.	36	16	44.4	20	55.6

Age structure and average age of employees in Slovenia

The average age of employees remains unchanged at 41.7 years compared to 2023.

Age structure of Domel Group employees in Slovenia in 2024

Age group	Number of employees	Women	Men
under 25	99	24	75
26–30	160	52	108
31–35	169	63	106
36–40	147	49	98
41–45	127	66	61
46–50	178	86	92
51–55	225	107	118
56–60	122	40	82
61	14	1	13
Total	1241	488	753

Average age of Domel Group employees 2020–2024

Item	2020	2021	2022	2023	2024
Average age of employees	40.1	40.9	42.7	41.7	41.7



New employees in 2024

The largest number of hires was in the under-25 age group (37), signalling a positive trend toward workforce rejuvenation.

New employees in 2024 by age group

Age group	Number of new employees	Women	Men
under 25	37	11	26
26–30	19	16	3
31–35	12	4	8
36–40	12	12	0
41–45	10	0	10
45–50	9	8	1
over 51	9	2	7
Total	108	53	55

Educational structure of employees in Slovenia:

The share of employees with at least secondary school education is 63.2%.

Educational structure of employees in Slovenia in 2024

Education level	Women	Men	Total	%
Doctorate (9)	1	9	10	0.8
Postgraduate specialisation, master's degree (8)	4	13	17	1.4
Integrated specialisation programmes, old academic programmes, Bologna master's degree (7/1), Bologna (7)	33	79	112	9.0
Professional higher education programmes, short-cycle (6/I) and first-cycle (6/II) programmes under the post-Bologna system	76	168	244	19.7
Secondary school education (5)	153	248	401	32.3
QU (4)	110	128	238	19.2
SP (3)	9	16	25	2.0
Primary school education (2)	96	78	174	14.0
Uncompleted primary school education (1)	6	14	20	1.6
Total	488	753	1241	100

Investing in knowledge and employee development

Systematic and targeted education and training

The education and training of employees is one of the company's core focuses. We invest in systematically planned and strategically tailored training programmes that align with both the company's business needs and individual employee development goals.

We provide employees with opportunities for professional and personal growth through a structured succession pyramid, annual development discussions, a mentoring system, e-learning platforms and opportunities for studying alongside work. We particularly promote participation in MBA consortium programmes and offer annual language training tailored to employees' interests and needs.

Education and training delivered

The cost of education and training, including tuition, fees and travel expenses, amounted to €66.68 per employee in 2024. We spent a total of €375,169 on education and training, including scholarships and rewards for practical training for secondary-school and university students.

Number of hours and costs of education/training 2020–2024

Item	2020	2021	2022	2023	2024
Number of education/training hours per employee	21	32	32	35.5	27.6
Costs of education/training per employee (€)	70	88	84.9	87.00	66.68
Total education and training costs (€)	402,523	551,827	625,178	479,000	375,169

The company has been using the Smart Arena platform, which allows employees to access e-learning and webinars, since the second half of 2020. In 2024, 45% of all employees actively used the portal and a total of 147 hours of e-learning were completed.

Support for young talent and part-time education

Domel continues to pursue an active scholarship policy aimed at attracting young talent, especially in technical fields. Beyond financial aid, we provide practical training, opportunities to participate in professional projects and support for diploma and master's theses, as well as student employment.

In 2024, we awarded 97 scholarships, a slight decrease from 111 in 2023 and 119 in 2022.

We organise student work for secondary school and university students from the local area during the summer and at other times of the year as required by the work process. In 2024, we had 50 secondary school and university students and five apprentices on compulsory practical training, down slightly from the previous year (2023: 56 students and two apprentices).

We enable employees to pursue further education alongside work. In 2024, 41 staff furthered their education in this way, which is fewer than in 2023 (52 employees). The breakdown by level of education was as follows:

- six enrolled in postgraduate studies (2023: 3),
- 33 at levels 6 and 7 (2023: 45),
- one at level 5 (same as last year),
- one at level 4 (2023: 3).



Focus on employee health and safety *

Core topic: Focus on occupational health and safety

Occupational safety

At the Domel Group, employee health and safety is a top priority and a key performance measure. Our ultimate goal is zero workplace accidents, which we strive to achieve through proactive risk management and investments in a safe working environment.

We provide the safest possible working environment for our employees, periodically assess workplace risks and maintain those risks at an acceptable level through a range of safety measures. In this way, we ensure that the working environment is continuously improved over the long term. We monitor the risks of accidents and health impairments in relation to all jobs and technologies. In addition to the occupational health and safety department, directors and department heads are involved in ensuring workplace health and safety for employees, along with two occupational medicine specialists who perform preliminary and periodic medical checks of employees. We also organise regular occupational health and safety training for employees, regularly inspect work equipment, machinery and devices, encourage employees to follow work safety instructions, organise evacuation drills and continuously upgrade personal protective equipment.

Regular safety activities also include:

- training for new recruits;
- training in accordance with a workplace safety programme for specific jobs;
- training in the handling of hazardous substances and chemicals;
- training in early-stage fire-fighting and evacuation;
- first-aid training, training for working at height, training for work with lifting gear, training for work with screens.

We monitor the risks of accidents and health impairments in relation to all jobs and technologies.



Workplace injuries

In 2024, 17 occupational injuries occurred, the lowest number in five years. In total, 495 working days were lost due to injuries, down from 627 days in 2023, with an average absence of 29 days per injury.

Injuries occurred across four sites and 12 departments, with the highest number at the Trata 1 site and the PEKO AS department (seven injuries). The morning shift had the most injuries (12), followed by the afternoon (six) and night shifts (three).

Injuries involved 14 men and seven women. Some employees were injured multiple times: four were injured twice and three were injured three or more times.

In 2024, work-related injuries affected employees with different lengths of service: six people had more than 20 years of service, and the same number (six) had between five and ten years of experience. Two people had between three and five years of experience, three had between one and three years of experience, and two had less than one year of experience.

To further improve safety and prevent injuries, we will take the following measures in 2025:

- prepare informative analyses for internal discussion for each injury,
- deliver additional training and prevention activities,
- intensify communication on safe work and
- involve an occupational health specialist in the preparation of campaigns.

Number, frequency and severity of workplace accidents 2020–2024

Item	2020	2021	2022	2023	2024
Number of accidents	20	29	25	19	17
Frequency (per 1,000 employees)	15	21.5	18.5	14.5	13.5
Severity ⁶	26.5	27.8	26.5	33.0	29.1



⁶ Accident severity is the ratio of the number of days lost due to accidents to the total number of accidents.

Sick leave

The sick leave rate was 6.10% in 2024, slightly down in comparison to 2023 (6.98%). The sick leave rate includes absences of up to 30 days and absences of over 30 days.

Total number of work hours and number of sick leave hours 2020–2024

Item	2020	2021	2022	2023	2024
Sick leave rate	5.29%	6.43%	7.52%	6.98%	6.10%
Total number of paid working hours	2,805,758	2,792,633	2,799,721	2,783,179	2,58,258
Total number of sick leave hours	158,848	183,794	209,644	1,938,878	163,160
Total number of sick leave hours charged to the company	67,481	84,521	87,645	95,948	94,394
Total number of sick leave hours charged to the ZZS	91,367	99,273	121,998	97,939	68,767

Health promotion

At the Domel Group, we recognise that employee health and safety are essential to both our long-term success and the well-being of our people. Health is the foundation of both personal and business performance, which is why we place a strong emphasis on promoting health in the workplace.

In cooperation with an occupational health specialist, we implement annually planned measures based on an analysis of employee health. These initiatives aim to maintain and improve employees’ health while reducing potential health risks.

To ensure a systematic and inclusive approach, we have established a health promotion team composed of representatives from various departments and management. Together, they develop initiatives and activities to improve the working environment, which the company supports financially – especially when they involve all employees.

Employees are regularly encouraged to contribute suggestions and ideas to promote health and well-being in the workplace. In 2024, we received 122 suggestions through the SORA app relating to improving the working environment, health and well-being of employees. These contributions are an important complement to our planned actions and a valuable resource for further improvements.

Measures implemented and employee benefits:

- Health insurance: The option of joining a supplementary collective health insurance scheme that provides quicker access to healthcare services; Domel covers part or all of the costs (as at 31 December 2024, 688 employees were included in the scheme).
- Preventive check-ups and vaccinations: Free specialist medical check-ups, as well as vaccinations against influenza and tick-borne encephalitis (16 employees made use of this in 2024).
- Recreational activities: Subsidies for sports and wellness activities (such as exercise classes, fitness, swimming, skiing, massages and saunas), and registration fees for participation in recreational events.
- Organised exercise: Free team-based recreation in gyms during the autumn-winter season (badminton, table tennis, table football, five-a-side football, volleyball, basketball).
- Social and recreational events: The annual Ski Day and the Summer Sports and Recreational Games, where employees compete in various sports (e.g., football, volleyball, tennis, fliker, shooting, darts).

Additional benefits:

- Voluntary supplementary pension insurance (75% of employees enrolled).
- A mutual assistance fund system that provides financial support to employees in various life situations. In 2024, a total of €651,919 was returned to employees and the balance of the funds collected was €484,084 at the end of December.
- Additional special solidarity assistance in emergency cases such as accidents and illness.
- The option of using company-owned holiday accommodation – 248 people (employees, retired staff and outsiders) used this in 2024, 207 of whom were employees.
- Holiday gifts for employees' children every year in December and symbolic gifts at the beginning of the school year.
- Paid day off to accompany a child on their first day of kindergarten or school.
- Co-financing of the purchase of a Domel-powered e-bike and cycling jerseys.



ENVIRONMENTAL RESPONSIBILITY AND RESOURCE MANAGEMENT *

Core topic: Responsible management of the environment



At the Domel Group, we recognise that natural resources are finite and that all economic activities have an impact on the environment. Environmental responsibility is therefore not only an integral part of our strategy, but also a core value embedded in every level of decision-making and operations. Through continuous process improvements, efforts to reduce our environmental footprint and support for the circular economy, we aim to strike a lasting balance between industrial development and the preservation of the environment for future generations.

Our environmental management is guided by the following principles:

- regular monitoring of environmental impacts and integrating them into business decision-making;
- ongoing enhancement of environmental practices, especially in the areas of energy, water, raw materials, waste and emissions;
- full compliance with environmental legislation and standards, including the ISO 14001 environmental certification;
- systematic internal and external assessments, including customer assessments and regulatory inspections;
- annual review of progress towards environmental objectives through management review.



Environmental programmes and activities in 2024

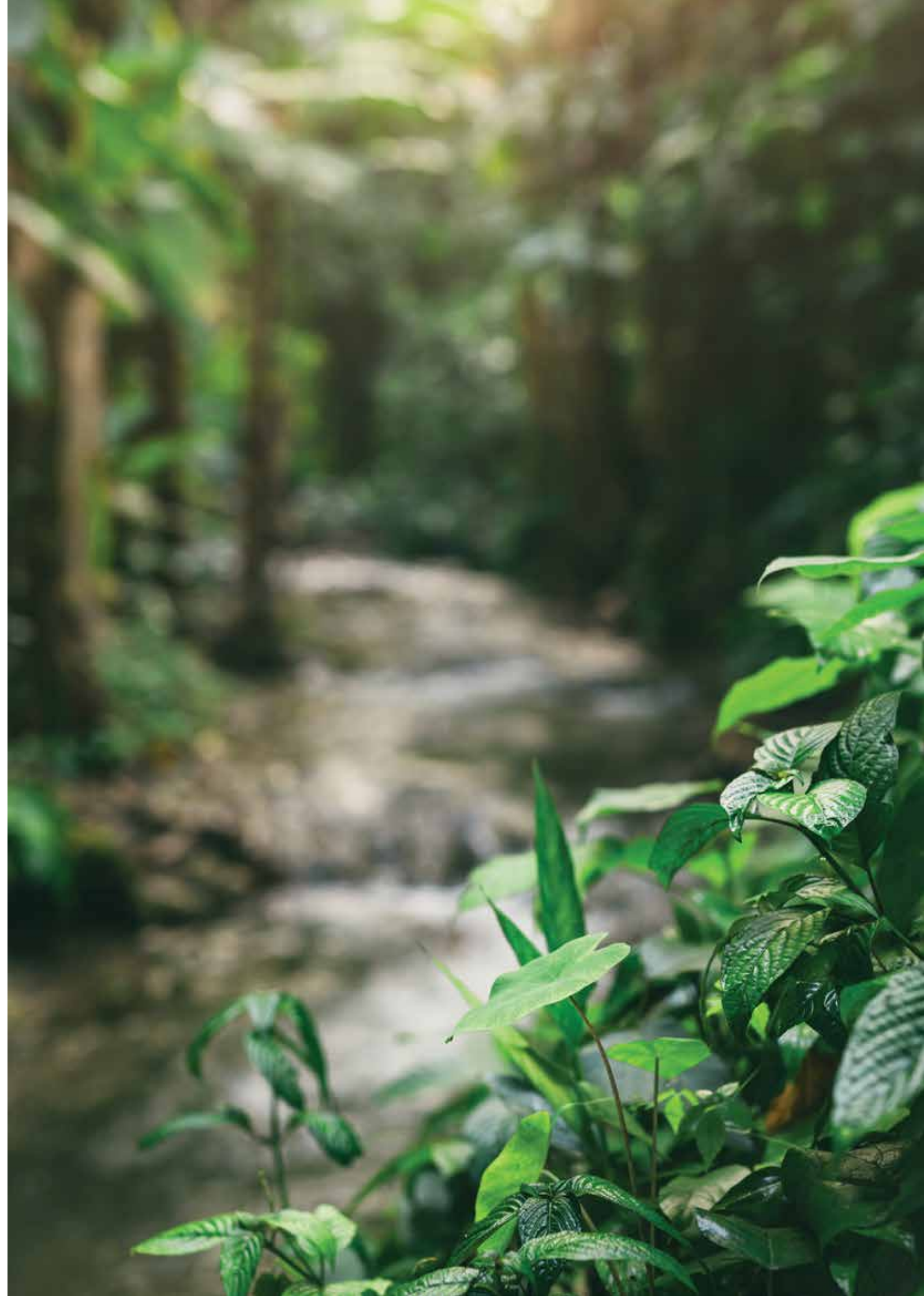
In 2024, the Domel Group implemented a range of environmental initiatives aimed at reducing our environmental impact, using resources more efficiently, and adapting to new sustainability reporting frameworks and legislative demands. Some programmes have been completed, while others are ongoing or in the preparation phase. The most important of these are:

Programmes completed or implemented in 2024:

- Updating of the environmental policy: a new version was adopted to better address today's environmental challenges.
- Meeting the sustainability requirements of the SAQ 5.0 self-assessment (VW): We achieved a 100% score and received formal confirmation of compliance.
- ISO 14001 management system recertification: The external audit was successfully completed, with all identified non-conformities resolved.
- Environmental system implementation at new locations (Trata 2 and Češnjica): The system was fully implemented at the Trata 2 site, while final alignment is still underway at Češnjica.
- The installation of solar power plants: At the Otoki location, photovoltaic systems on the administration building and Hall 2007 were successfully connected in 2024, with a total installed capacity of approximately 500 kW.

Projects under implementation or multi-year programmes:

- Carbon footprint calculations (Scopes 1, 2, 3): updated data for 2024 and inclusion of foreign company locations (Serbia, China). This programme will be essential for reporting in line with the ESRs.
- LCA product analyses: Ongoing analysis of new products, with the goal of covering at least 80% of the product portfolio.
- Complete renovation of the Reteče site: Relocation of staff and preparations for new project development are underway.
- Managing elevated temperatures in production: Re-engineering of the cooling system for automatic presses at the Trata 1 site.
- Upgrading environmental data collection: Implementation of additional environmental indicators (ESRS E1–E5), enhancements to ESG data collection, and increased supplier engagement (e.g., CO₂ data, recyclates, material origin).
- Establishment of the Domel industrial fire brigade (IFB): In 2024, we began establishing the IFB. We recruited two firefighters, provided an office and equipment space. In 2025, we plan to complete the team with two additional members (four in total), while replacing the fire engine and further improving the infrastructure.



Carbon footprint and climate change mitigation

The Domel Group recognises climate change as one of the most pressing global challenges and a shared corporate responsibility. We are committed to the gradual decarbonisation of our operations and the transition to low-carbon energy sources. Our carbon footprint is measured in accordance with the GHG Protocol methodology, which categorises emissions into three scopes (Scope 1, 2 and 3). This approach also serves as the foundation for reporting under the European Sustainability Reporting Standards (ESRS).

Scope 1 and 2 emissions

	2020	2021	2022	2023	2024
Scope 1 (t CO ₂ e)	90.73	60.20	87.76	63.23	200.77
Scope 2 (t CO ₂ e) market-based method	10,765	16,784	7,346	7,403	7,825
Scope 1 in 2 (t CO ₂ e) location-based method	5,554	5,927	5,525	4,149	4,356
Total Scope 1 and 2 (t CO ₂ e)	10,855.81	16,844.19	7,443.88	7,466.06	8,025.77

The Domel Group recognises climate change as both a key global challenge and a core corporate responsibility. In 2024, Scope 1 and Scope 2 emissions amounted to 8,025.77 tonnes of CO₂e, representing a 7% increase compared to the previous year. The primary source of these emissions remains electricity consumption, accounting for over 90% of emissions in both scopes. The increase is partly attributed to an improved methodology, as fugitive emissions from refrigerant gases were included in Scope 1 for the first time this year.

Despite this temporary rise, we have achieved a 24% reduction in Scope 1 and 2 emissions between the base year 2019 and 2024. This keeps us on track to reach our target of a 50% reduction in these emissions by 2030.

In 2024, renewable energy sources were also integrated into our energy portfolio:

- 25,000 kWh from our in-house solar power plant (Otoki site),
- 256,000 kWh from a contracted green electricity supplier (Gorenjske elektrarne).

Together, these sources helped reduce emissions by approximately 119 tonnes of CO₂. As electricity remains the dominant source of emissions, a continued transition to clean energy will be essential to achieving our long-term climate goals.

Scope 3 emissions

In 2024, we significantly expanded our monitoring of Scope 3 emissions to cover impacts across the broader value chain. We calculated emissions in the following categories: employee commuting, waste management and purchased materials (key commodity groups such as electrical sheet, magnets and copper wire).

The largest share of emissions in this scope stems from purchased materials, for which we systematically collected primary data directly from suppliers for the first time. This marks an important step towards higher-quality and more consistent reporting in line with ESRS requirements.

Total Scope 3 emissions in 2024 amounted to 44,930 tonnes of CO₂e, substantially higher than Scope 1 and 2 emissions, making supply chain management a key focus moving forward.

Item	2023	2024
Employee commutes to/from work (t CO ₂ e)	741.70	749.34
Waste (t CO ₂ e)	389.8	355.9
Purchased materials (t CO ₂ e)	-	43,825.14
Total Scope 3 (t CO ₂ e)	1,131.5	44,930.38

Regulatory compliance of materials and responsible handling of raw materials and supplies

At Domel, we strictly comply with legislation and regulations governing the safe use of raw materials and supplies. We adhere to the European REACH Regulation and the RoHS Directive, which limit the use of hazardous chemicals in electronic components. In 2024, we obtained 228 REACH and RoHS declarations from suppliers, covering 85% of all relevant deliveries.

In accordance with the EU Conflict Minerals Regulation (gold, tantalum, tin and tungsten), we ensure that the materials used are sourced responsibly and without links to conflict. We take similar care with the origin of magnets.

As a supplier to the automotive industry, we participate in the IMDS system, providing customers with accurate information on material composition. This is essential for safety, transparency and compliance with the environmental requirements of the automotive sector.

Management of energy sources

Electricity consumption and energy efficiency

Due to the nature of our operations, electricity accounts for the largest share of total energy consumption within the Domel Group. In 2024, we consumed a total of 18,538 MWh of electricity across all Slovenian sites, representing a 4% increase compared to 2023 (17,655 MWh). The increase is attributed to the launch of new production capacities at Trata 2 and Češnjica, which began operations mid-year. The highest share of electricity consumption was recorded at Otoki (50.2%), followed by Trata 1 (32.2%), Reteče (10.8%) and Na Plavžu (4.8%).

Own electricity production from RES

We connected two solar power plants at the Otoki and Trata 1 sites to the grid in 2024, generating approximately 700 MWh of electricity annually, which represents 4% of annual electricity consumption. This contributes to decarbonisation and provides long-term stability in electricity costs.

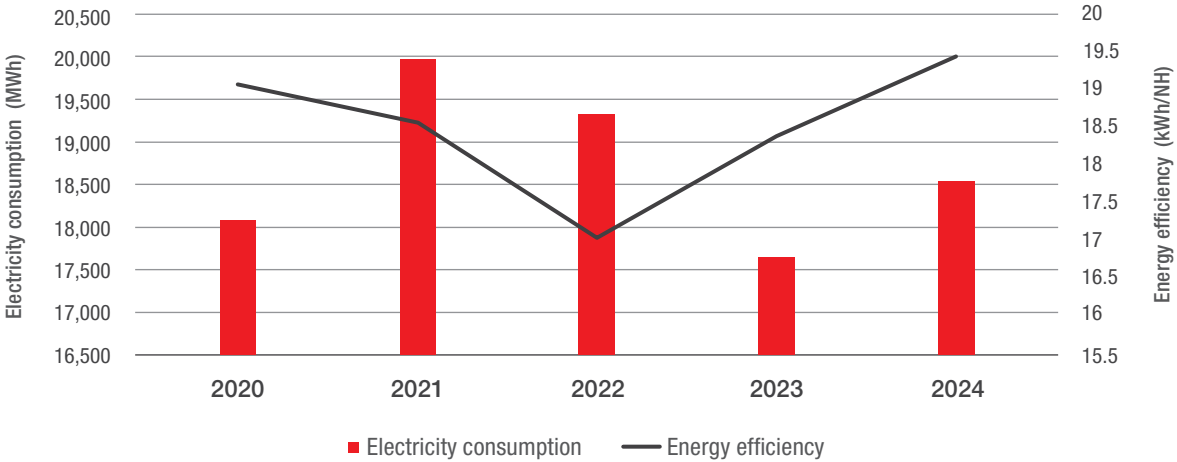
Energy efficiency

Despite a moderate increase in consumption, energy efficiency remains a key guiding principle. The efficiency indicator (electricity consumption per norm hour) deteriorated from 18.39 to 19.42 kWh/h in 2024. This is primarily due to the opening of two new production sites (Trata 2 and Češnjica), where systems are not yet fully optimised.

Nonetheless, there are still numerous opportunities for further savings:

- shutting down machines outside working hours (potential savings up to 2%);
- additional replacement of lighting with LED technology,
- optimising the operation of test equipment.

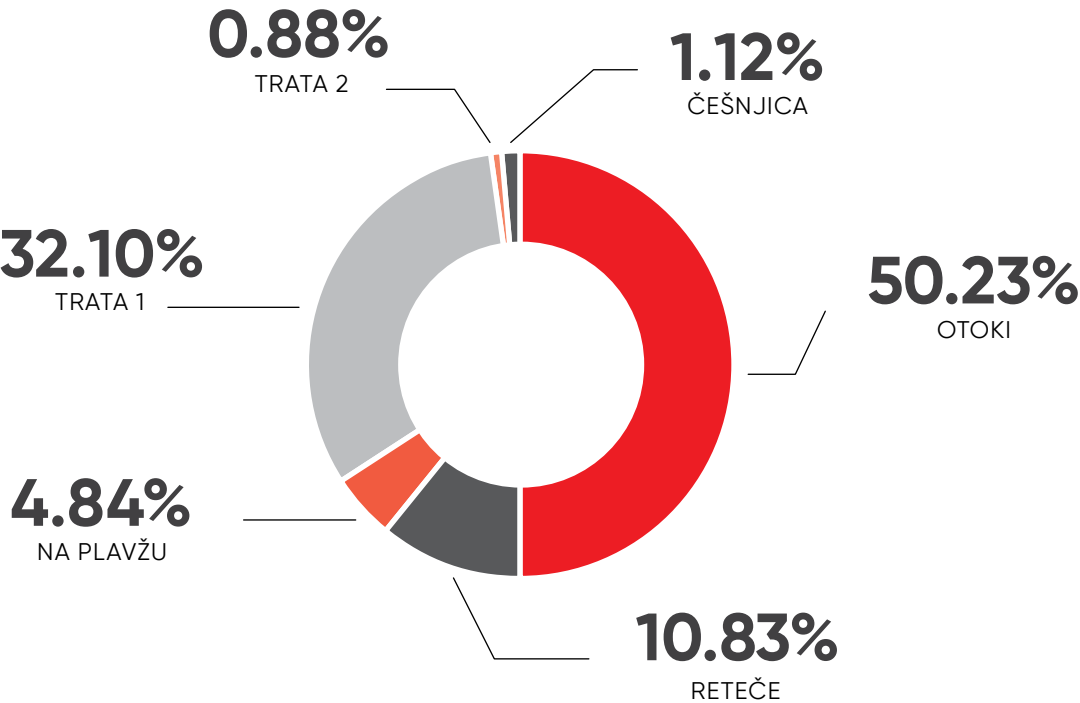
Annual electricity consumption (MWh) and energy efficiency (kWh/NH) 2020–2024



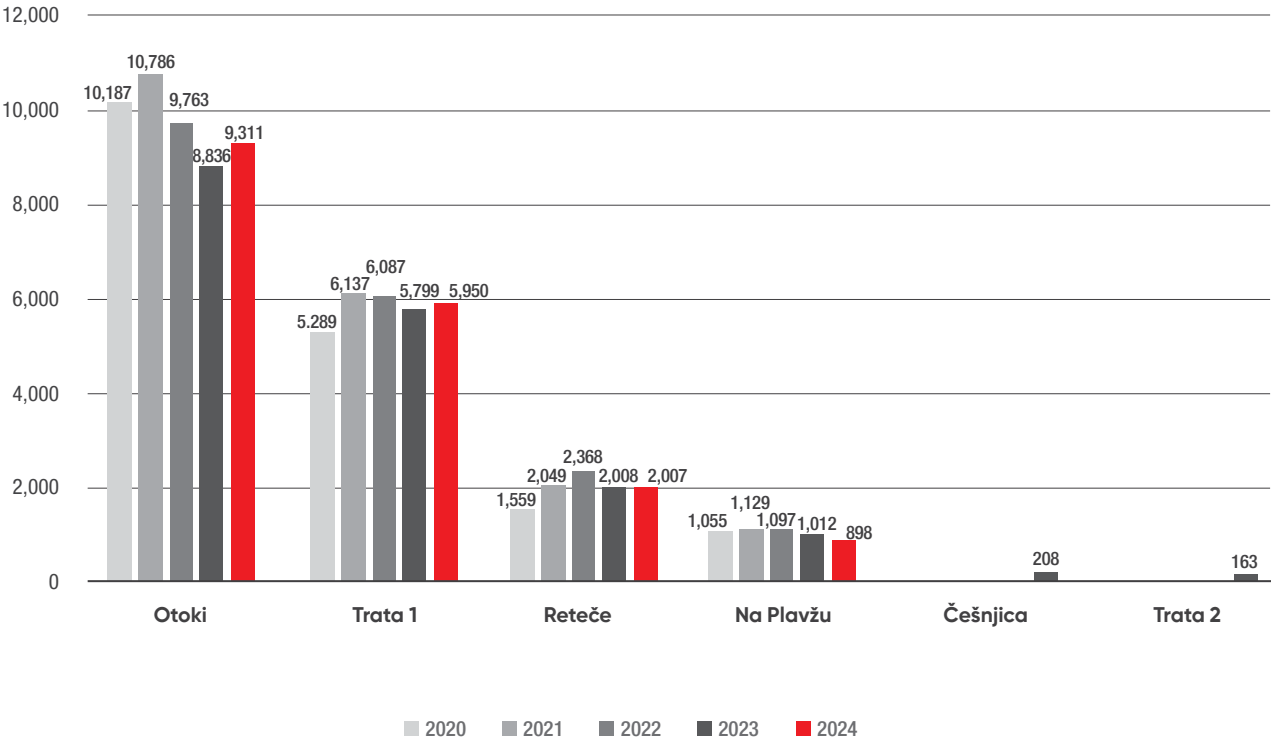
Electricity consumption by site 2020–2024 (MWh)

Site	2020	2021	2022	2023	2024
Otoki	10,187	10,786	9,763	8,836	9,311
Reteče	1,559	2,049	2,368	2,008	2,007
Na Plavžu	1,055	1,129	1,097	1,012	898
Trata 1	5,289	6,137	6,087	5,799	5,950
Trata 2	/	/	/	/	163
Češnjica	/	/	/	/	208
Total consumption (MWh)	18,090	20,100	19,316	17,655	18,538
Energy efficiency (kWh/h)	19.1	18.6	17.0	18.4	19.4

Electricity consumption by site



Electricity consumption 2020–2024 by site (MWh)

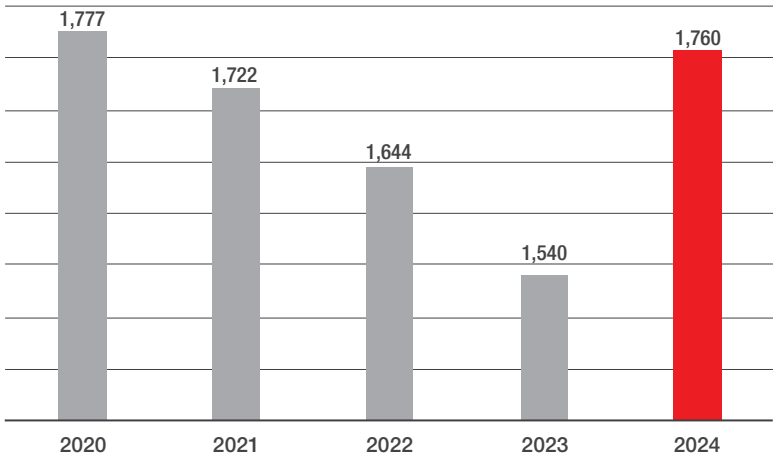


Thermal energy consumption

Thermal energy is one of the key energy sources for heating the Domel Group's commercial and production premises. Through active consumption management, integration of waste heat and the use of energy-efficient sources, we continued our efforts to reduce primary energy consumption in 2024.

Total thermal energy consumption in 2024 amounted to 1,760 MWh, a slight increase compared to 2023 (1,662 MWh). This is mainly due to the inclusion of two new sites – Trata 2 and Češnjica. Despite the additional space, we have successfully limited the growth in consumption and costs through the efficient use of resources – including the use of waste heat from compressor stations, heat pumps and optimisation of heating regimes. Compared to 2016, heating costs are now lower by around €100,000 per year, which confirms the effectiveness of the measures put in place.

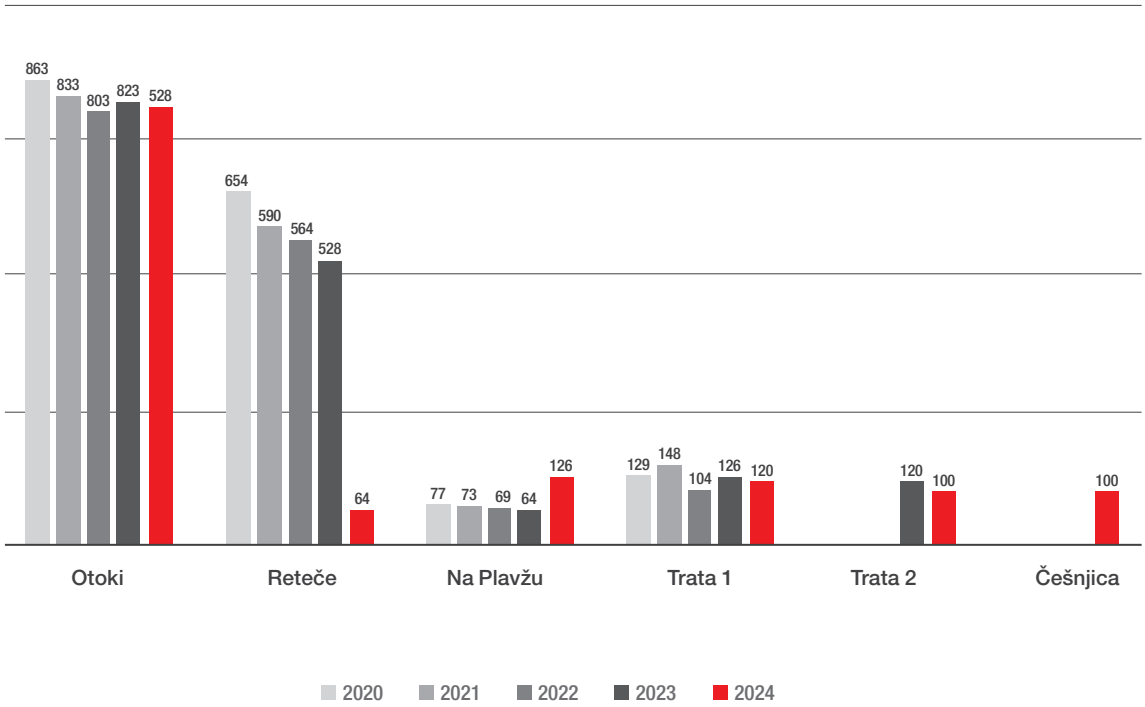
Total thermal energy consumption 2020–2024 (MWh)



Total thermal energy consumption 2020–2024 by site (MWh)

Lokacija	2020	2021	2022	2023	2024
Otoki	713	863	833	803	823
Reteče	745	654	590	564	528
Na Plavžu	153	77	73	69	64
Trata 1	166	129	148	104	126
Trata 2	/	/	/	/	120
Češnjica	/	/	/	/	100
Total (MWh)	1,777	1,723	1,644	1,540	1,760

Thermal energy consumption 2020–2024 by site (MWh)



Highlights by site

Consumption of district heat and other energy sources for heating 2020–2024

Site	Energy source	2020	2021	2022	2023	2024
Otoki	District heating (MWh)	713	862	832	803	822
	Available waste heat (MWh)	972	1,007	831	721	763
Reteče	Heating oil (l)	/	/	2,710	739	2,803
	Wood biomass (nm³)	915	1,060	979	922	864
Na Plavžu	Heating oil (l)	12,613	/	/	/	/
Trata 1	Natural gas (m³)	2,216	2,461	4,683	477	525
Trata 2	Natural gas (m³)	/	/	/	/	4,141
Češnjica	District heating (MWh)	/	/	/	/	100

Otoki

Thermal energy consumption amounted to 823 MWh. A significant part of our heating needs is met by using waste heat from the compressor station and production processes. In 2024, utilising waste heat at this site resulted in energy savings of approximately €55,800. Despite a slightly colder winter, the external heat demand remained at a moderate level, confirming the efficiency of the existing system.

Češnjica

A new site connected to the district heating system from the Toplarna Železniki heating plant. Consumption in the first season was 100 MWh. The heating system is operating reliably, and we are already monitoring opportunities to further optimise energy consumption based on the site's operating regime.

Reteče

The consumption of 528 MWh is slightly lower than the previous year. The reduction is due to the relocation of the sheet metal department to another site and the energy renovation of the 1975 building. Most of the heating is supplied by waste heat from the compressor station, which effectively covers the site's entire heating needs.

Na Plavžu

Heating is provided by a water-to-water heat pump. Consumption in 2024 was 64 MWh. The system delivers relatively stable and efficient heating for a small facility, and further improvements in energy efficiency are possible through the installation of more advanced control systems.

Trata 1

Heat energy (126 MWh) is mainly generated from process cooling and waste heat. The administration building is heated by a heat pump. The entire system enables energy-efficient operation with minimal fluctuations in consumption, regardless of outside temperature.

Trata 2

A new site where the primary heating source is natural gas. Consumption was 120 MWh, which is in line with the expected initial consumption given the size of the facility and the number of production days. The system will be subject to future monitoring and adjustments to increase energy efficiency.

Water management

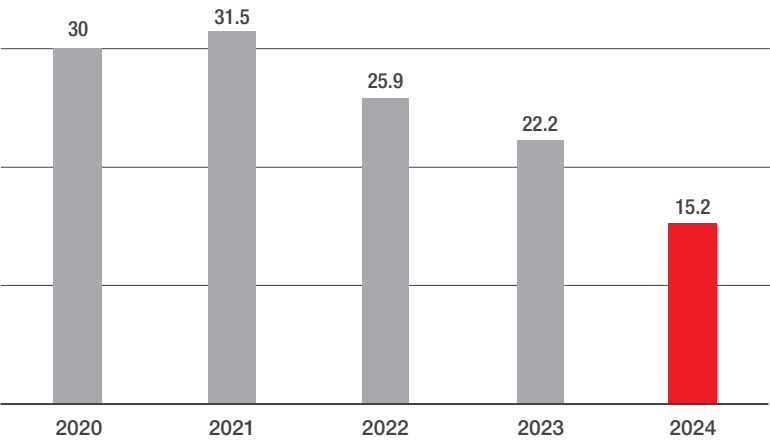
At the Domel Group, we are aware of the importance of protecting natural water resources. We use water responsibly and efficiently, particularly for process cooling and sanitation purposes. Our aim is to reduce potable water consumption, establish closed cooling systems and ensure compliance with legislation and water permits.

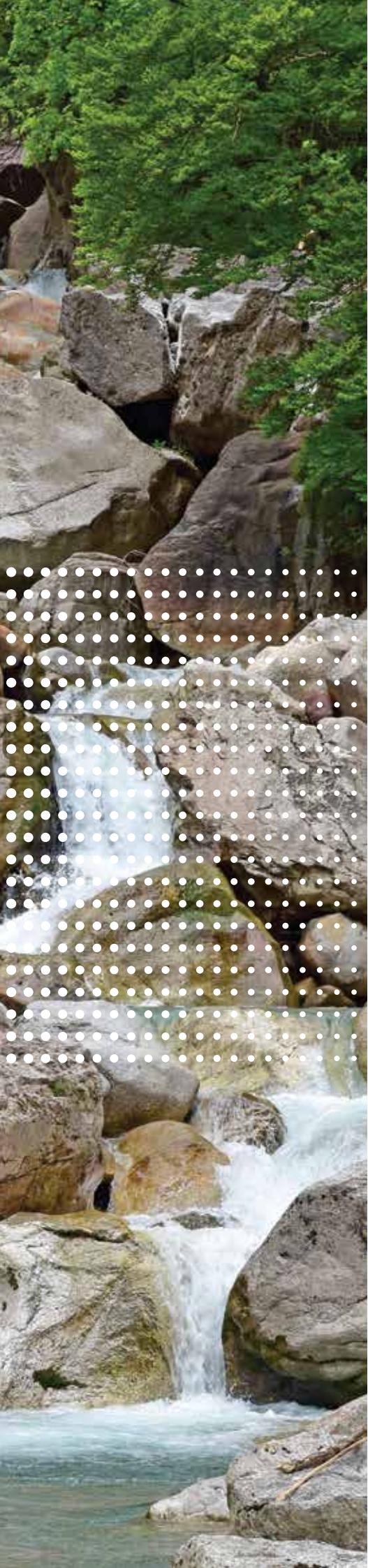
By optimising technological processes and maintaining systems, we achieved a significant reduction in water consumption in 2024 – by more than 30% compared to 2023.

Water consumption

Total mains water consumption in 2024 was 15,219 m³, a decrease of 7,000 m³ compared to the previous year. The reduction is due to both technical measures (e.g., switching to closed cooling systems) and the elimination of network faults.

Total water consumption 2020–2024 (1,000 m³)





Highlights by site

Otoki

Further reduction in consumption by nearly 25% (from 12,900 m³ to 9,700 m³), mainly due to the installation of a water chiller and the reduced need for potable water for technological processes.

Reteče

Consumption decreased sharply in 2024, by nearly 30%. The relocation of production and the optimisation of water use are the main reasons for the downward trend for the second year in a row.

Na Plavžu

Consumption was 877 m³. In addition to mains water, we also use groundwater for our energy needs (with a water permit of up to 50,400 m³ per year), which further relieves the pressure on drinking water use.

Trata 1

Consumption remains low (1,716 m³), and water was mainly used for sanitary purposes. Cooling is provided using groundwater via two boreholes with water permits. In 2024, we detected over-pumping from one borehole, which will be addressed in 2025 through improvements in the cooling system.

Trata 2

A new site with a water consumption of 206 m³, which was entirely for sanitary use.

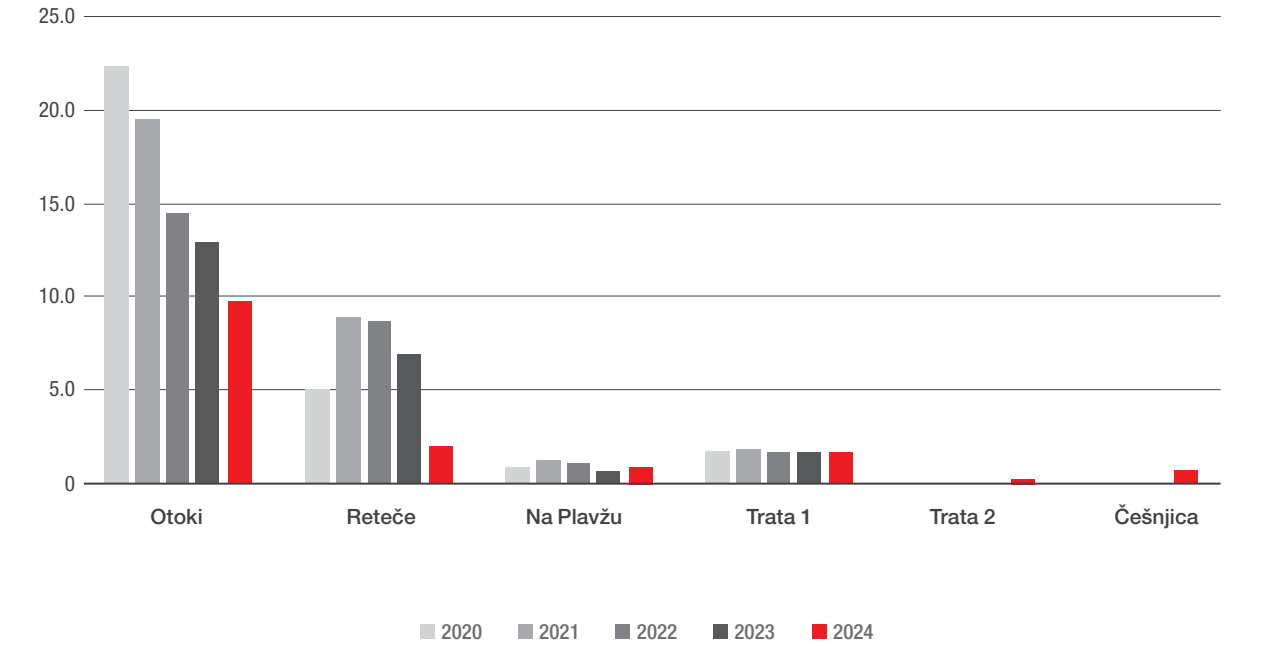
Češnjica

Consumption was 693 m³, partly for process cooling of the machine. The cooling system is in the process of being replaced by a closed system, which will further reduce the need for mains water.

Water consumption (1,000 m³)2020–2024 by site

Site	2020	2021	2022	2023	2024
Otoki	22.3	19.5	14.5	12.9	9.7
Reteče	5.0	8.9	8.7	6.9	2.0
Na Plavžu	0.9	1.2	1.1	0.7	0.9
Trata 1	1.8	1.9	1.6	1.7	1.7
Trata 2	/	/	/	/	0.2
Češnjica	/	/	/	/	0.7
Total (MWh)	30.03	31.4	25.9	22.2	15.2

Water consumption by site 2020–2024 (1,000 m³)



Wastewater

Due to the introduction of closed cooling systems and other measures, no wastewater is generated at the Otoki site. We have thus fulfilled the conditions for de-registration from the environmental tax record, and we have also cancelled the environmental permit for this site.

Noise emissions into the environment

At Domel Group, we monitor and control noise impacts on the environment in accordance with legislation and municipal spatial planning documents. Operational monitoring of noise emissions is carried out on a regular basis, generally every three years, in accordance with the Rules on Initial Measurements and Operational Monitoring of Noise Sources and on Conditions for Their Implementation (Official Gazette of the Republic of Slovenia, No. 105/08).

No measurements were carried out in 2024, as the last series of measurements was conducted in 2023. The results of those measurements showed that none of the sites cause excessive noise pollution. The measured levels were within the permissible limit values for noise protection levels III and IV as defined in the municipal spatial plans of the Železniki and Škofja Loka municipalities.

The peak noise levels for residential areas (level III) were not exceeded in any of the assessment periods, which confirms the adequate planning and technical regulation of our production processes.

Emissions of substances into the atmosphere

The Domel Group regularly monitors emissions of substances into the air from stationary sources of pollution, in accordance with current legislation and the Rules on Initial Measurements and Operational Monitoring of the Emission of Substances into the Atmosphere from Stationary Pollution Sources and on the Conditions for Their Implementation. Measurements are carried out every three years or when new installations are commissioned.

In 2024, operational measurements were carried out at several key production installations at three locations: Otoki, Trata and Reteče. These included various impregnation plants and a stator varnishing plant. All plants were operated at maximum capacity during the measurements, ensuring the relevance of the measured values. In all cases, the measured emission levels of dust and volatile organic compounds (VOCs) were below the legal limits.

Waste management

At Domel, we are committed to reducing waste and separating it accurately at source. The cornerstones of our waste management system are environmentally efficient products, advanced technologies, reusable packaging and informed employees.

Recyclables

In 2024, the total amount of recyclables was lower than in the previous year, mainly due to reduced production volumes in certain segments. This is also reflected in the general trend of decreasing volumes across most individual fractions. The following specific developments can be highlighted:

- Copper waste decreased slightly (by 2%) compared to 2023. The quantity remains comparable to the multi-year average and represents one of the key fractions with high material value.
- Iron waste remains the largest fraction (7,979 tonnes), despite a 12.7% decrease compared to 2023. It still accounts for more than 96% of all useful waste.
- Brass waste has been reduced by nearly 70%, primarily due to changes in the production structure and reduced material usage.
- Waste rotors increased by 63%, reflecting changes in the type or volume of components processed.
- Copper cable waste rose almost fourfold compared to 2023, from 260 kg to 1,080 kg.
- Cardboard packaging and waste electronic components remained stable at around 100 tons, with no significant fluctuations.
- Waste magnets containing rare-earth elements were collected separately in 2024 (129 kg). These materials represent a valuable fraction with high material worth.

Already in 2023, waste plastic packaging (film) and sorted plastic packaging were classified as useful waste and collected separately for recycling. This has reduced the amount of mixed packaging waste and increased the share of materially recovered plastic waste, confirming the company's progress in waste separation and its commitment to increasing the proportion of recycled plastics.

All useful materials were handed over to authorised collectors for further processing, ensuring that nearly 95% of all waste generated was diverted from landfill and reintegrated into the circular economy. This is a key indicator of successful resource management and a significant contribution to reducing the consumption of primary raw materials and achieving the company's environmental objectives.

Bio-waste

We collected 42.82 tonnes of biowaste, an increase of 24% compared to the previous year, likely due to higher staff presence and more consistent separation practices.

Volume of recyclable waste (in tonnes) by type 2020–2024

Item	2020	2021	2022	2023	2024
Copper	17.90	20.67	22.56	17.89	17.51
Brass	36.04	50.62	29.51	33.64	10.62
Aluminium	67,39	57.18	42.89	42.12	44.91
Iron	9,166.85	9,876.12	10,301.65	9,136.69	7,978.93
Magnets	/	/	0.5	/	0.13
Waste rotors	63.92	87.16	76.63	48.71	79.51
Waste copper cables	1.45	0.58	1.68	0.26	1.08
Waste electronic components	3.71	1.09	3.95	1.65	1.16
Waste cardboard packaging	121.23	130.00	110.00	108.00	106.00
Waste plastic packaging (film)	-	-	-	1,100	3,600
Sorted plastic packaging	-	-	-	9,000	13,000
Bio-waste	/	36.92	34.35	34.59	42.82

Non-recyclables

Mixed municipal waste

In 2024, 32.87 tonnes of mixed municipal waste was generated, representing a 9.9% increase compared to 2023, mainly due to the inclusion of new sites (Trata 2 and Češnjica) in the collection system.

Mixed packaging

A total of 57.93 tonnes of mixed packaging was collected – almost unchanged compared to 2023.

Waste BMC plastic/thermosetting materials

This represents one of the larger waste fractions at the company. In 2024, it amounted to 287.65 tonnes, a slight decrease compared to 2023. Due to its properties, the material is not suitable for recycling. Within municipal waste, it accounts for 76% of all non-recyclable waste and remains a key challenge.

Volume of other waste (in tonnes) by type 2020–2024

Item	2020	2021	2022	2023	2024
Mixed municipal waste	29.12	39.79	34.27	29.91	32.87
Mixed waste packaging	71.08	88.25	63.42	58.03	57.93
Waste BMC plastic	182.53	223.17	272.81	296.72	287.65

Hazardous waste

The total amount of hazardous waste in 2024 was 32.65 tonnes, a 9.4% decrease compared to the previous year. Contributing factors include:

- better control and optimisation of technological processes;
- replacement of certain substances with more environmentally and health-friendly alternatives.

One of the most significant changes was the replacement of the initiator in the adhesive used to bond magnets to the rotor rings. The previous formulation contained trace amounts of substances newly classified as potential health hazards under updated legislation. We have replaced it with a new version that is free of such substances, while maintaining the same level of functionality in the production process.

Volume of hazardous waste 2020–2024 (in tonnes)

Item	2020	2021	2022	2023	2024
Waste hazardous substances	40.42	41.23	39.93	36.03	32.65



The Earth does not belong to us. We belong to the Earth.

Marlee Matlin

EMPLOYEE INVOLVEMENT IN MANAGEMENT



Report on the work of SKEI Domel Trade Union branch for 2024

The Domel Group Trade Union operates as an autonomous, independent and non-profit organisation representing the interests of its members at all levels of the company. Its key role is to represent employees and protect their labour and social rights. In doing so, it works to ensure that collective agreements and labour laws are implemented and respected.

In 2024, the Trade Union actively participated in negotiations with the company's management. The central topic was wage increases. Negotiations concluded in September, resulting in a 3% pay rise. In the same year, an annual leave allowance of €2,200 was paid, exceeding the minimum set by the sector's collective agreement, as well as a performance bonus of €500.

The provision of food was also an important issue. The Trade Union was actively involved in discussions to maintain the existing meal allowance practices, coordinating efforts with company management and the health promotion team.

In the area of training, members of the Executive Committee attended one-day training sessions in Ljubljana. However, the planned multi-day training courses were cancelled this year.

The Trade Union remained active in organising social events, including the end-of-year gift distribution for the employees' children, gifts for female employees in celebration of 8 March, and the traditional trade union excursion to Istria. The planned company-wide picnic was not held due to business-related reasons.

The Domel Group Trade Union also participated in various trade union and social events, including the national giant slalom and cross-country skiing championships, along with other union games.

In 2024, five regular meetings were held between the Executive Committee of SKEI Domel, d.o.o. Trade Union Branch and company management, alongside ten internal meetings of the Trade Union's Executive Committee.

The Trade Union remains an important dialogue partner with company management and a key force in shaping better conditions for all employees.

Robert Vojska
Chairman of the Executive Committee of the SKEI Domel Trade Union Branch

Report of the Works Council for the 2024

The Worker Participation in Management Act (Zakon o sodelovanju delavcev pri upravljanju – ZSDU) grants the Works Council the right to prior information, consultation and consent on certain business decisions made by the employer. At Domel, the Works Council fulfils this role as a key link between employees and management.

In 2024, the Works Council held 17 meetings, two by correspondence, seven independently and eight jointly with the management. Council members are drawn from all Domel sites across Slovenia. Most meetings were held in meeting rooms at the Otoki site.

Throughout 2024, the Works Council actively monitored the company's performance, reviewed employee initiatives, provided suggestions and participated in discussions on strategic issues. A particular focus was placed on constructive work in various working bodies and teams set up to support the Council's daily operations.

Meetings with the management were held on a monthly basis. At these meetings, detailed reports were shared on past performance, current economic trends and the business situation of each Domel Group company. Future business outlooks were also discussed.

At the beginning of the year, the Works Council and the Management Board jointly approved the annual Works Council meeting plan. In accordance with Article 95 of the Worker Participation in Management Act (ZSDU), the Council gave its consent to the 2024 work calendar, forming the basis for planning holidays and absences. Agreement was also reached on the amendment of the organisational regulation "The system of advancement within the Domel Group".

The workers' occupational health and safety liaison officer reported regularly at independent Works Council meetings on cooperation with the professional occupational health and safety service. In 2024, the liaison officer held seven meetings with the professional service.

Employee representatives on the Supervisory Board regularly reported on developments at the Supervisory Board meetings, for a total of six meetings. In the area of health promotion, the Council and Management Board jointly ensured the continuation of group exercise, recreational activities, fitness, sauna and pool access, and massages, with these being offered at the same prices as in previous years.

The Works Council approved and supported the organisation of several sporting events, including the traditional giant slalom at Soriška Planina and various running and cycling events. Employees were again offered discounted ski passes for the Cerklno and Soriška Planina ski resorts.

As custodians of the company's holiday facilities, the Council regularly reviewed the suitability of the Rules on the Use of Holiday Accommodation and application criteria, both during and outside the regular periods, through its representation on the holiday activities committee. We have worked steadily to improve the use and rental of these facilities.

In addition to the traditional seaside holiday applications, calls for applications were prepared in 2024 for winter, May Day, autumn, and Christmas–New Year holidays, as well as for spa stays in each quarter. Pre-season maintenance and investment plans for the holiday facilities were also drawn up.

Council members took part in various training courses and workshops organised by the Association of Works' Councils of Slovenia. Toward the end of the year, they collaborated with the Management Board and the trade union to propose measures to mitigate the effects of the new minimum wage legislation entering into force in 2025.

The Council, in cooperation with the Management Board, also held employee assemblies at all Domel locations (Na Plavžu, Otoki, Češnjica, Trata and Reteče). These assemblies serve as an important communication channel. At the events, the Management Board presented the 2024 business results, plans for 2025, and updates on legislative changes. A total of 11 assemblies were held.

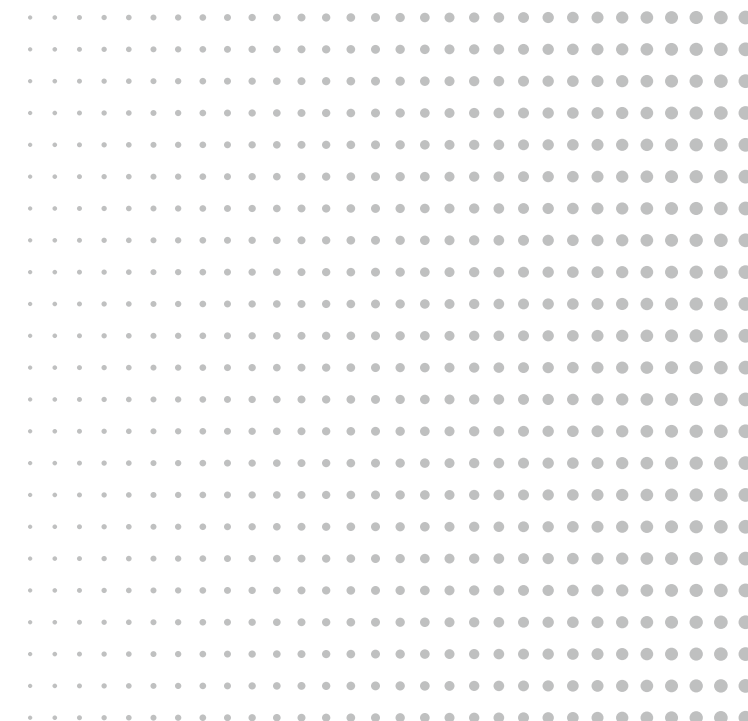
At the end of the year, the Works Council, on behalf of the company, thanked employees for their contributions and presented them with a symbolic gift.

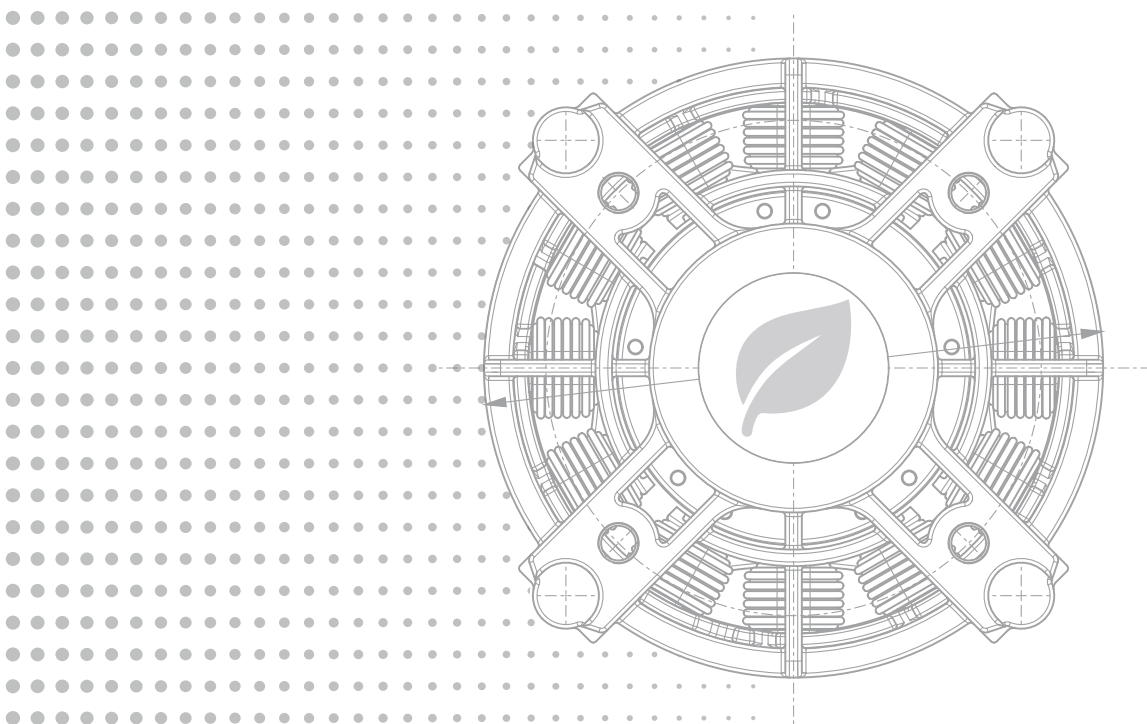
Aleksander Volf
Chairman of the Unified Works Council



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