

2023
SUSTAINABILITY REPORT

LOTRIČ Metrology Ltd.



WE MEASURE. YOU GROW.

Opening the door to sustainable transformation

Dear readers,

I am delighted to present our first Sustainability Report. At LOTRIČ Metrology, we have been committed to excellence, accuracy and innovation from the very beginning. In recent years, we have extended our commitment to sustainability, believing that every company has a key role in shaping a better and more sustainable future.

Sustainability is not just a trend – it is a necessity and a responsibility we have towards our planet and future generations. It is about conserving natural resources, reducing negative impacts on the environment and creating the conditions for a healthy and quality living environment. It is about finding a balance between economic growth, environmental care and social responsibility.

At LOTRIČ Metrology, we have already put sustainability at the heart of our business with our first Sustainability Strategy in 2020. Our vision is to create a company that operates in line with these principles – both in our day-to-day processes and in our long-term strategic goals. We strive to reduce our impact on the environment by introducing energy-efficient solutions, reducing waste and optimising the use of natural resources. We care for the well-being of our employees, promote diversity and equality, and support the local community and society. We operate responsibly and transparently, invest in innovation and seek sustainable business opportunities that deliver long-term benefits for all of us.

The past year has been a period of intense work, major changes and achievements in the field of sustainable development. We have taken a number of measures to reduce our carbon footprint, improve resource efficiency and increase the share of materials in the circular economy. Our employees are a key part of this story, contributing their knowledge, dedication and innovation to achieving our sustainability goals.



The Sustainability Report you hold in your hands is a reflection of our commitment to transparency and accountability. We are proud of the achievements we have made, but we are aware that there is still a lot of work to do. Our journey towards sustainability continues. And with every step, we are learning, improving and becoming bolder.

Thank you to all our employees, business partners and community for their support and cooperation on this important journey. Together we can achieve sustainable development that will benefit us, our children and the planet.

Yours sincerely,

Maja Brelih Lotrič
CEO, LOTRIČ Metrology Ltd.

VISION, MISSION & VALUES

When you think of measurement, you think of LOTRIČ Metrology.

We expand the circle of trust in the devices, services and systems that form part of our daily lives.

Our work is guided by a clear corporate philosophy, encompassed in three elements: water, earth and air. Each element carries three values that are at the heart of the organisation and guide the actions of our employees. With fire in our eyes, we add the fourth element of life. We are always up for a challenge because we love what we do. And we create with love.



Earth feeds us.

**PROFESSIONALISM,
HONESTY,
PURITY**



Water is the source of life.

**QUALITY,
TRUST,
ACCURACY**



Air We give the spirit free rein.

**INNOVATIVENESS,
OPENNESS,
INFINITY**



With **fire** in our eyes, we add the fourth element of life.

SUSTAINABILITY STRATEGY

■■■ As a family and a family-owned business, we always take the time to reflect on how we impact the world around us through our activities. Responsible, sustainable and reliable. Because we stand for excellence when it comes to business, relationships and the environment.

We care about the future. That is why a sustainable strategy is at the core of our operations. Our aim is to leave positive environmental footprints and achieve zero environmental impact.

As a company, we are committed to achieving zero environmental impact by our next anniversary. We will do this by focusing on our corporate sustainability strategy and placing a strong emphasis on digitalisation processes. Through annual carbon footprint calculations and financial support for carbon offsetting projects, we will neutralise the company's own carbon footprint by 2031, achieving zero environmental impact.

The basis for the sustainable strategic transformation is the Sustainable Strategy of LOTRIČ Metrology 2020–2025, which the company has prepared as part of the public call for proposals from SPIRIT Slovenia for "Promoting the development and application of new business models to facilitate integration into global value chains".



We have followed the United Nations goals, the 2030 Agenda and, according to the LOTRIČ Metrology materiality matrix, focused on three areas that are important to us.

Innovative sustainable products and services:

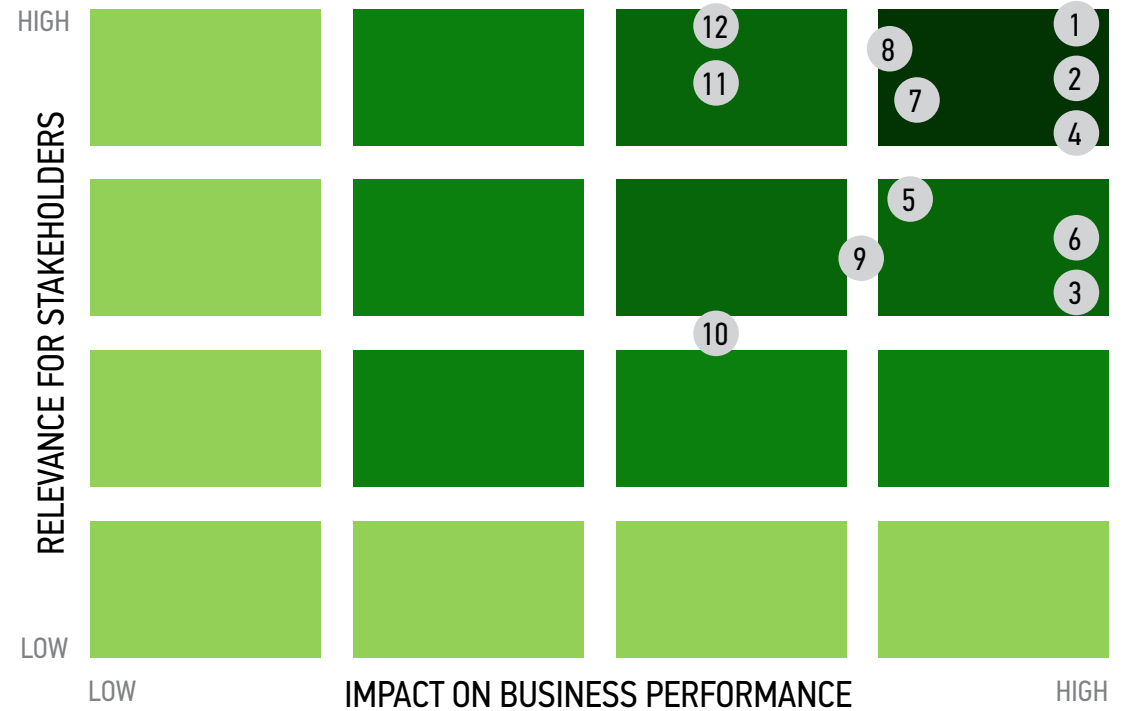
- Goal 11 - Industry, innovation and infrastructure.
- Goal 12 - Responsible consumption and production.

Managing a low carbon footprint:

- Goal 13 - Climate action.
- Goal 15 - Life on land.

Dedicated employees:

- Goal 3 - Health and well-being.
- Goal 8 - Decent work and economic growth.



Scheme 1: Materiality Matrix LOTRIČ Metrology

Source: 1st Strategy Workshop, Selca, 15 October 2019, and meeting with Selca management, 28 October 2019.



- 1 Innovative sustainable products and services
- 2 Optimising business channels
- 3 Customer education and transfer of good practices
- 4 Managing paperwork
- 5 Co-creation of standards and legislation in the field of metrology
- 6 Upgrade of controlling and own price calculations
- 7 Proper handling of harmful substances and equipment
- 8 Developing trust with partners (suppliers, consortia)
- 9 Focus on strategic projects and responsible investments
- 10 Creating quality jobs for professionals
- 11 Giving back to society through education and measurement
- 12 Recycling (packaging) and integration into the circular economy

KEY MILESTONES



Marko Lotrič, the founder of the internationally established LOTRIČ Metrology Group, began his independent professional career by opening a craft for the calibration of scales, weights and pipettes.

At the end of the year 2022, Maja Brelih Lotrič took over the management of the family business.

Today, the group unites over 190 experts in the field of metrology, employed in eight countries.



2023 IN FIGURES

105

employees

87.928

metrology
procedures
performed

1.998

metrological checks per
technician

15.879

active customers

7.101.399,48 €

net sales revenue in 2023

The data refer only to the company LOTRIČ Metrology d.o.o. and not to the entire LOTRIČ Metrology Group.

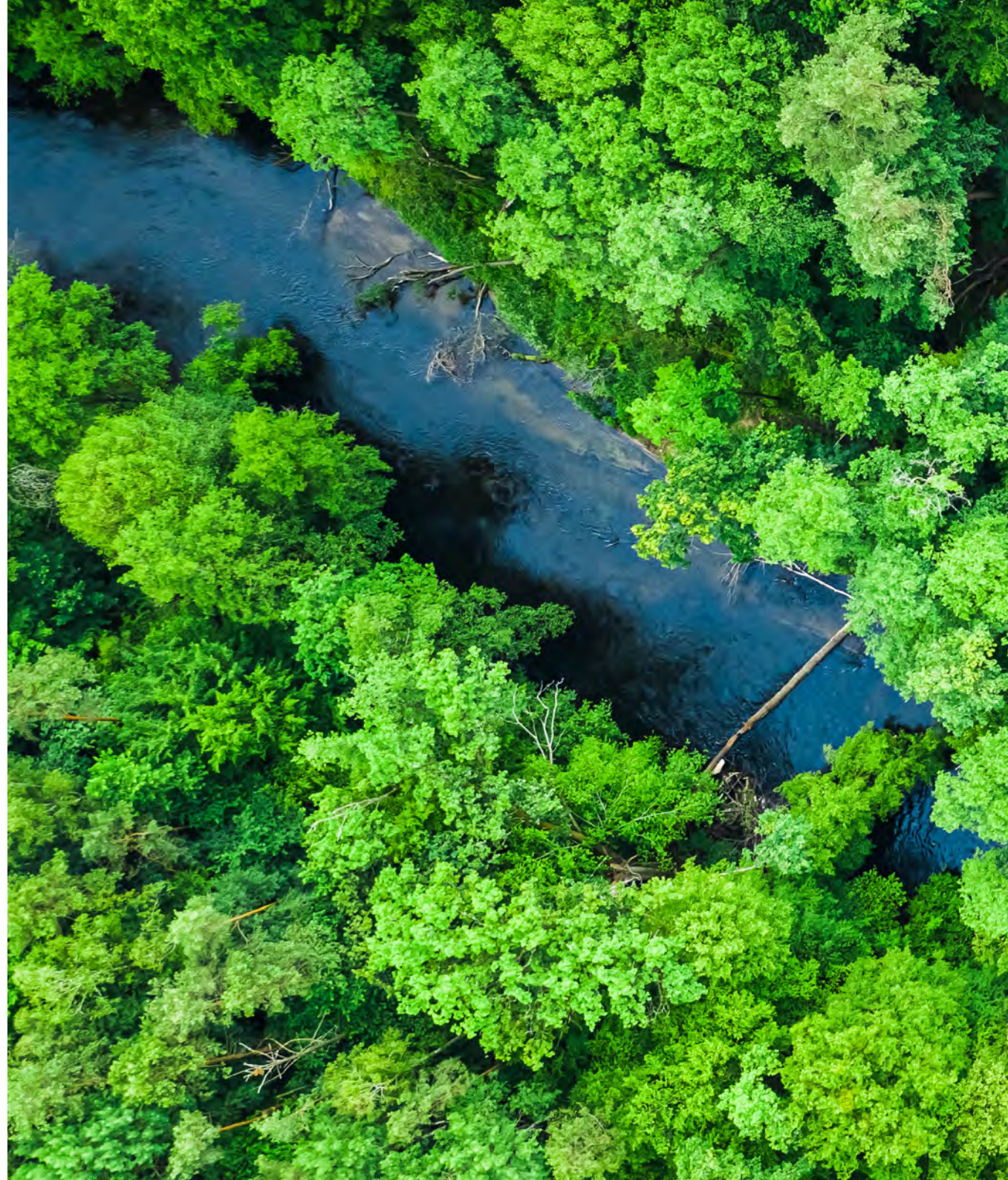


1. ENVIRONMENTAL ASPECT

In harmony with nature.

At LOTRIČ Metrology, we are deeply committed to sustainable development and the preservation of natural resources for future generations. Our environmentally responsible actions are based on the belief that through thoughtful and innovative practices, we can reduce our impact while promoting positive change in the wider community.

Due to the fact that the subsidiary LOTRIČ Certification operates at the Železniki site alongside LOTRIČ Metrology, the data on electricity consumption and waste volume are valid for both companies together.



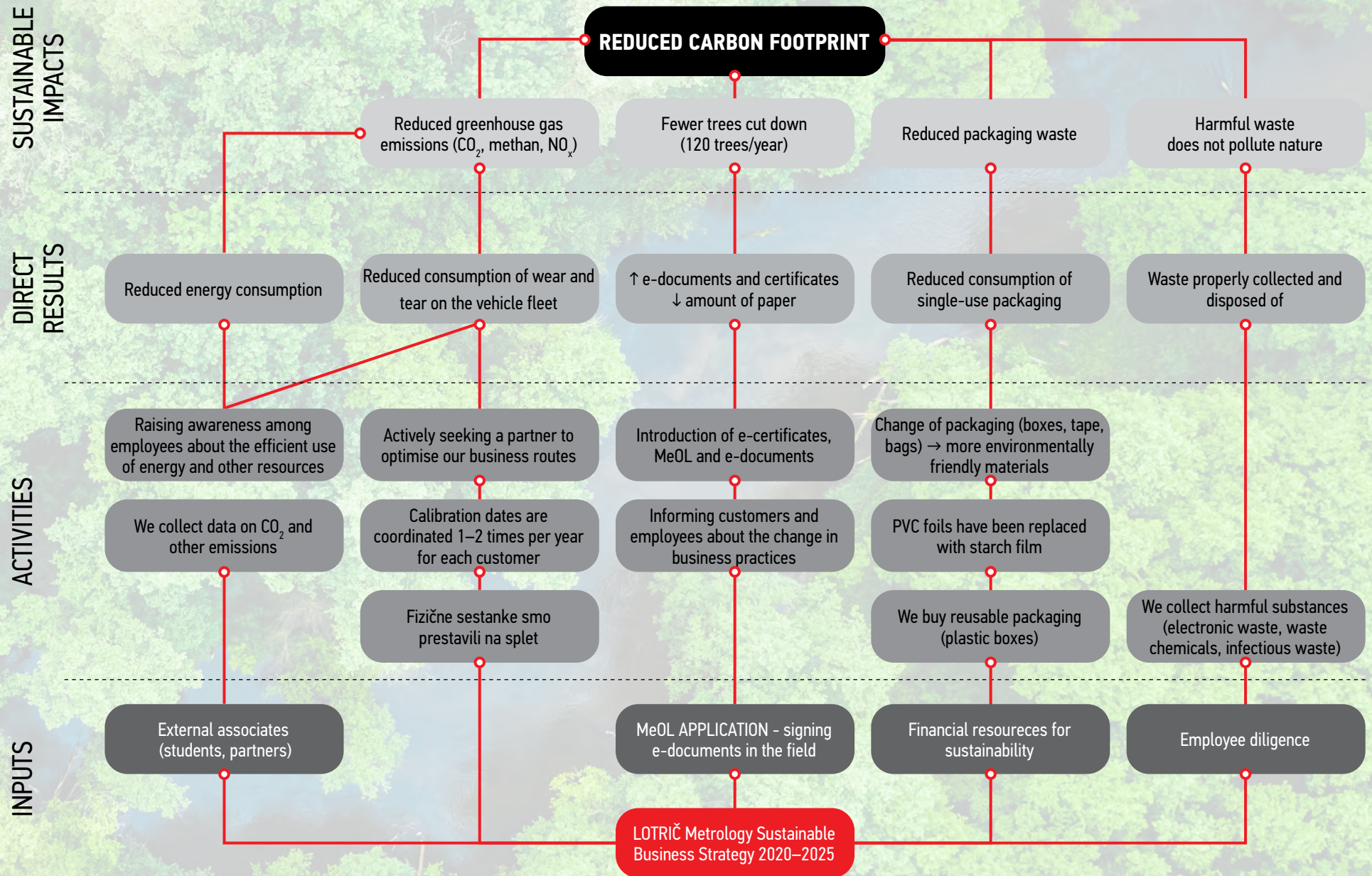
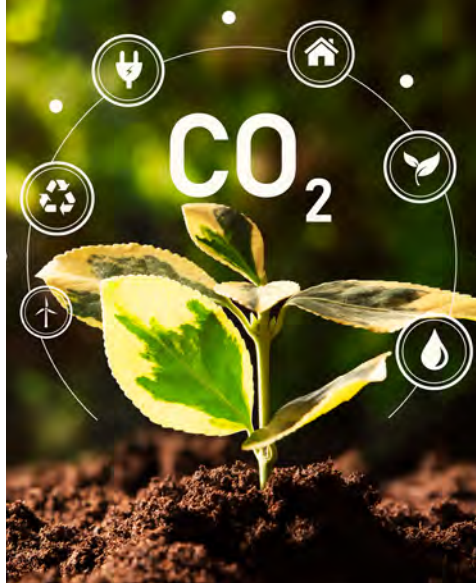


Diagram 2: Environmental aspect: in harmony with nature

Sustainability Impact 1.1

REDUCED GREENHOUSE GAS EMISSIONS



From 2019 onwards, we have collected data on CO₂ and other emissions (methane, NO_x). We achieve reduced greenhouse gas emissions primarily by decreasing electricity consumption and reducing fuel usage as well as .

Typically, a larger number of employees results in higher electricity consumption. Despite the fact that the number of employees in LOTRIČ Metrology and LOTRIČ Certification increased by 6.8 % between 2022 and 2023, we managed to reduce our electricity consumption from 359,339 kWh to 358,809 kWh in 2023, which represents a 0.15 % reduction. This result was partly due to the awareness raised among employees on the efficient use of energy and other resources (fuel consumption and fleet condition).

In the area of transport in the company, we have obtained the following data:

	2022	2023
Fuel consumption: petrol in L	42.755 L	45.274 L
Fuel consumption: diesel in L	5.164 L	7.574 L
Kilometres travelled (all vehicles) in km	1.139.084 km	1.229.622 km

Table 1.1: Fuel consumption and kilometres travelled in 2022, 2023

The number of kilometres travelled, and therefore fuel consumption, has increased in 2023 due to the higher workload and the consequent departures of laboratory and commercial staff to customers.

We are working to combine calibration visits to customers in the same regions, while actively seeking a partner to develop a programme in our in-house IT system to optimise our business channels. We are also trying to optimise mileage by conducting a portion of our physical meetings and commercial visits via web applications.

Sustainability Impact 1.2

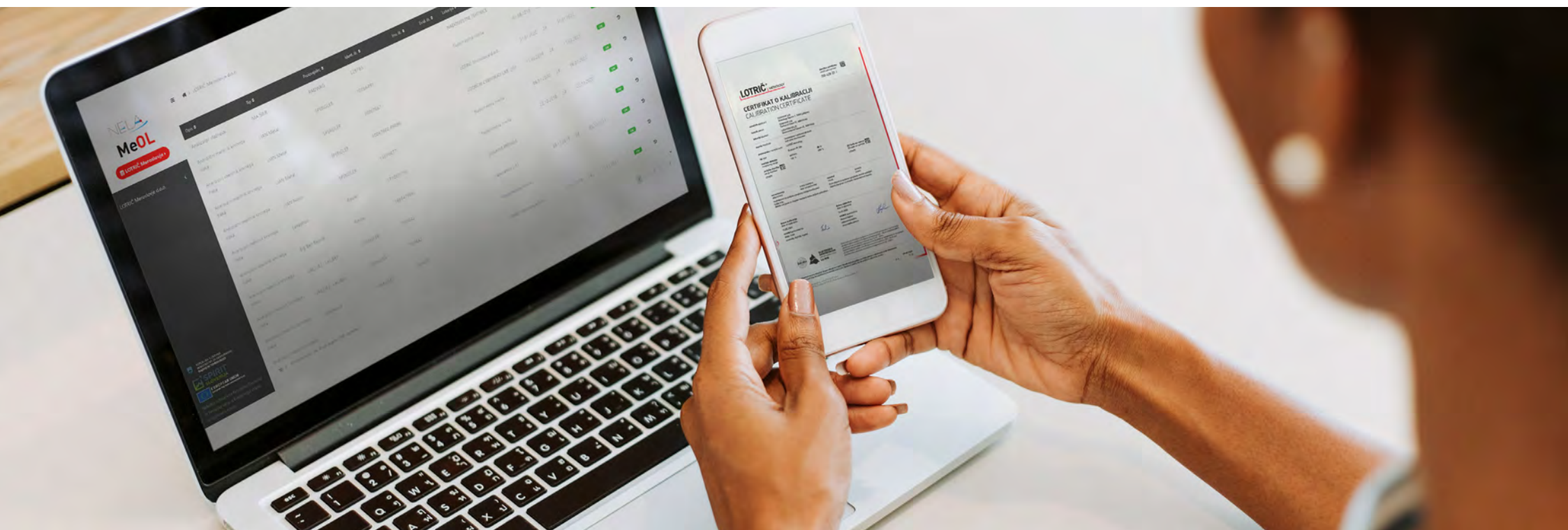
FEWER TREES CUT DOWN AND LESS PACKAGING WASTE

After the metrological procedures carried out by LOTRIČ Metrology, the customer receives an approved certificate, which clearly states all the parameters that are important to clients and enables the quality to be proved and guaranteed.

We are recognised as a reference partner that has been working in the field of calibrations, testing, inspection and qualifications for decades. Simultaneously with the development of services, we also developed a certificate based on the wishes, needs and in-depth cooperation of our partners.

LOTRIČ Metrology produces a personalised, internationally valid certificate for the customer, which can be issued in two languages of the customer's choice.

On February 1st, 2023, we began the electronic distribution of certificates with the aim of reducing paper consumption and packaging size. Our partners always have access to the electronic certificate via the free MeOL app, and receive a link via E-mail after the metrology procedure has been completed.





The electronic distribution of certificates has achieved:

Lower paper consumption

With the transition to electronic distribution of certificates, which we implemented on February 1st, 2023, we reduced paper consumption by approximately 1.6 tons in just four months, equivalent to around 44 trees, thereby lessening our environmental impact. Throughout the entire year of 2023, electronic distribution of certificates reduced our paper consumption by approximately 4.5 tons.

In 2023, LOTRIČ Metrology produced a total of 62,169 certificates, of which only 5 % were additionally printed in physical form at the customer's request. Thus, in 2023, we estimate that we physically printed only about 3,100 of the 62,169 certificates, which means that, taking into account that the average certificate is 10 pages long, we saved about 600,000 pages of paper. Considering that we get about 8,000 pages of paper from one tree, we have saved more than 70 trees with our switch to e-certificates. The move to e-certificates has been extremely well received by our customers, with 95 % of them supporting the change. This shows that our business partners are also sustainability-minded, which we are very pleased about.

Smaller packaging size

In the past, printed certificates have been sent back to the customers together with the measurement equipment. Therefore, the packaging was often larger than the size of the gauges required. We are in the process of redesigning for more sustainable and smaller packaging. Already in 2022, we started replacing cardboard containers with plastic ones of different sizes, which were bought to send the gauges to regular customers. In 2022, we had 112 plastic containers dedicated to deliveries to regular customers, and in 2023 we increased this number to 222. Since a cardboard container lasts on average only three uses, while a plastic container has a lifespan of five years, and assuming that a plastic container is used once a week, we have replaced as many as 87 cardboard containers with just one plastic container. With all 222 plastic containers, we have replaced around 19,000 cardboard containers in 2023, which is equivalent to more than 9 tonnes of cardboard by weight.

Using plastic containers instead of cardboard ones makes an important contribution to sustainability and environmental protection in a number of ways, in particular in the following areas:

- Reduced use of raw materials: every plastic container that replaces a cardboard one helps to reduce the demand for wood, which means less deforestation, which contributes significantly to preserving ecosystems and biodiversity.
- Long-term use: plastic containers have a much longer lifespan and offer better resistance to external influences.
- Reusable and recyclable: plastic containers can be recycled, and the process of recycling plastic is often more efficient in terms of the number of cycles the material can go through before it is fully disposed of.
- Waste reduction: plastic containers last longer and are often more robust, so waste is reduced.
- Saving trees: as mentioned above, 222 plastic containers have been used to replace around 19,000 cardboard containers in 2023, which is equivalent to more than 9 tonnes of cardboard in weight.



Sustainability Impact 1.3

PROPER WASTE COLLECTION

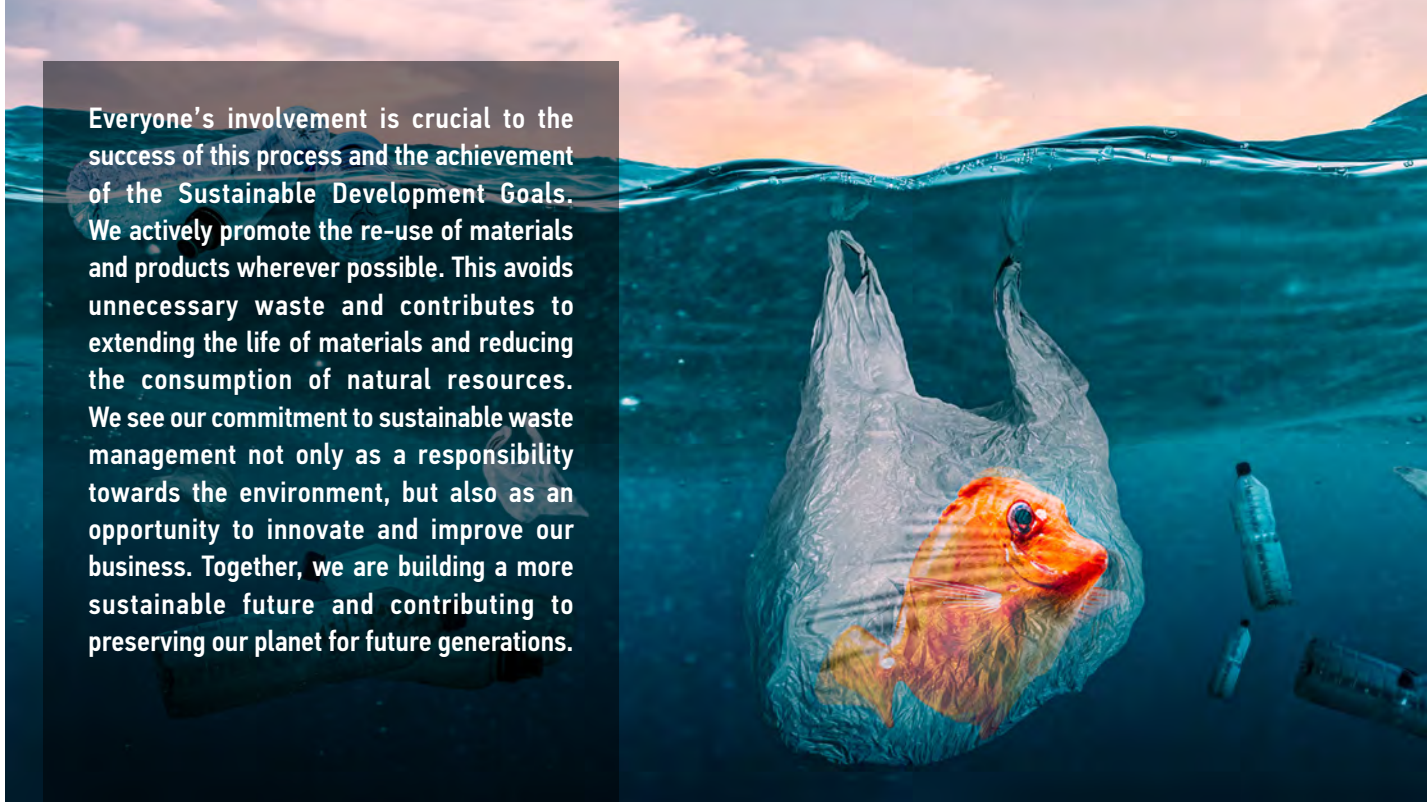
Our company is committed to responsible waste management as part of our sustainable approach to business. We recognise the importance of preserving the environment and reducing the negative impact of our activities on the planet. We collect different types of waste separately to contribute to environmental protection and resource efficiency. By separating waste properly, we recycle materials, reduce the amount of waste that ends up in landfills, and reduce the burden on natural resources. Each year, we monitor the amount of waste by different streams: biological waste, packaging waste, paper and cardboard, hazardous waste (electronic waste, chemicals and infectious waste), mixed municipal waste. The total amount of waste was 15,212 kg in 2022, and 16,172 kg in 2023 due to the increase in the number of employees.

In addition to bubble PVC film, we have started using biodegradable starch film. The latter is made from renewable resources such as corn starch and breaks down quickly in nature, which means it helps to reduce the build-up of waste in the environment. In 2023, in addition to bubble PVC film, we also supplied 4,200 m of starch film to partially replace existing film, reducing our environmental footprint and encouraging sustainable practices. The supply of PVC film in 2023 remained at the same level as the previous year.

YEAR	Waste quantity [kg]
2021	16.411 kg
2022	15.211 kg
2023	16.172 kg

Table 1.2: Waste tonnage in kg in 2021, 2022 and 2023.

The data include the amount of waste generated by LOTRIČ Metrology and LOTRIČ Certification.

An underwater photograph showing a clear plastic bag floating in the water. A goldfish is swimming inside the bag, which is partially inflated. In the background, other pieces of plastic waste, including a bottle, are visible. The water is clear and blue, with light filtering through from the surface.

Everyone's involvement is crucial to the success of this process and the achievement of the Sustainable Development Goals. We actively promote the re-use of materials and products wherever possible. This avoids unnecessary waste and contributes to extending the life of materials and reducing the consumption of natural resources. We see our commitment to sustainable waste management not only as a responsibility towards the environment, but also as an opportunity to innovate and improve our business. Together, we are building a more sustainable future and contributing to preserving our planet for future generations.

SUSTAINABILITY IMPACT 1.4

REDUCED CARBON FOOTPRINT

All sustainability impacts aim to reduce the carbon footprint.

We use our own methodology to assess the company's carbon footprint. We started collecting data for the carbon footprint calculation in 2019, and upgrade the system every year. The carbon footprint takes into account all the greenhouse gas emissions generated by the company's operations, not just CO₂. The carbon footprint for 2023 is 361.58 tonnes of CO₂ equivalents,

with the bulk of emissions related to transport and electricity consumption.

The number of calibration procedures carried out is growing year on year, and the absolute calculated carbon footprint is growing as a result. We have therefore converted the value to a relative carbon footprint, which is decreasing in relation to the number of calibration procedures performed from 2021 onwards.



YEAR	Carbon footprint [t CO ₂ e] absolute	Number of calibration procedures performed	Carbon footprint [kg CO ₂ e/process]
2019	188,0	73.748	2,55
2020	285,9	73.515	3,89
2021	370,6	83.005	4,47
2022	351,0	80.561	4,36
2023	361,6	87.929	4,11

Table 1.3: Carbon footprint data 2019–2023

The carbon footprint calculations under "electricity consumption" and "waste" also include data from the subsidiary LOTRIČ Certification.

In an effort to reduce the company's carbon footprint, we carry out a detailed analysis of each area of the company's operations. We plan to implement measures to increase energy efficiency, switch to renewable energy sources and optimise logistics processes. This ensures that we are committed to sustainable development and reducing our environmental impact.

2. THE SOCIAL ASPECT

In harmony with employees and communities.

At LOTRIČ Metrology, we pay a lot of attention to the social aspect.

We have adopted a number of internal rules and agreements to regulate this area, including the Collective Agreement, the General Act on the Systematisation of Employment Relationships, the Home Working Policy, the Code of Ethics, the Policy on Prevention of Discrimination, Harassment and Bullying, the Policy on Alcohol and Other Substance Testing, the Whistleblower Protection Policy, and the Space Award Policy, which are all worth mentioning.

We recruit professionally qualified staff who are competent managers of HR and social responsibility projects, while ensuring their continuous professional and personal development. We have financial resources earmarked in our annual financial plan which are regularly allocated to HR and social activities. In 2023, we earmarked almost € 130,000 for this area.

For more complex human resources and social projects, we turn to external experts for advice and assistance. A currently active project in this area is the establishment of a competency model.



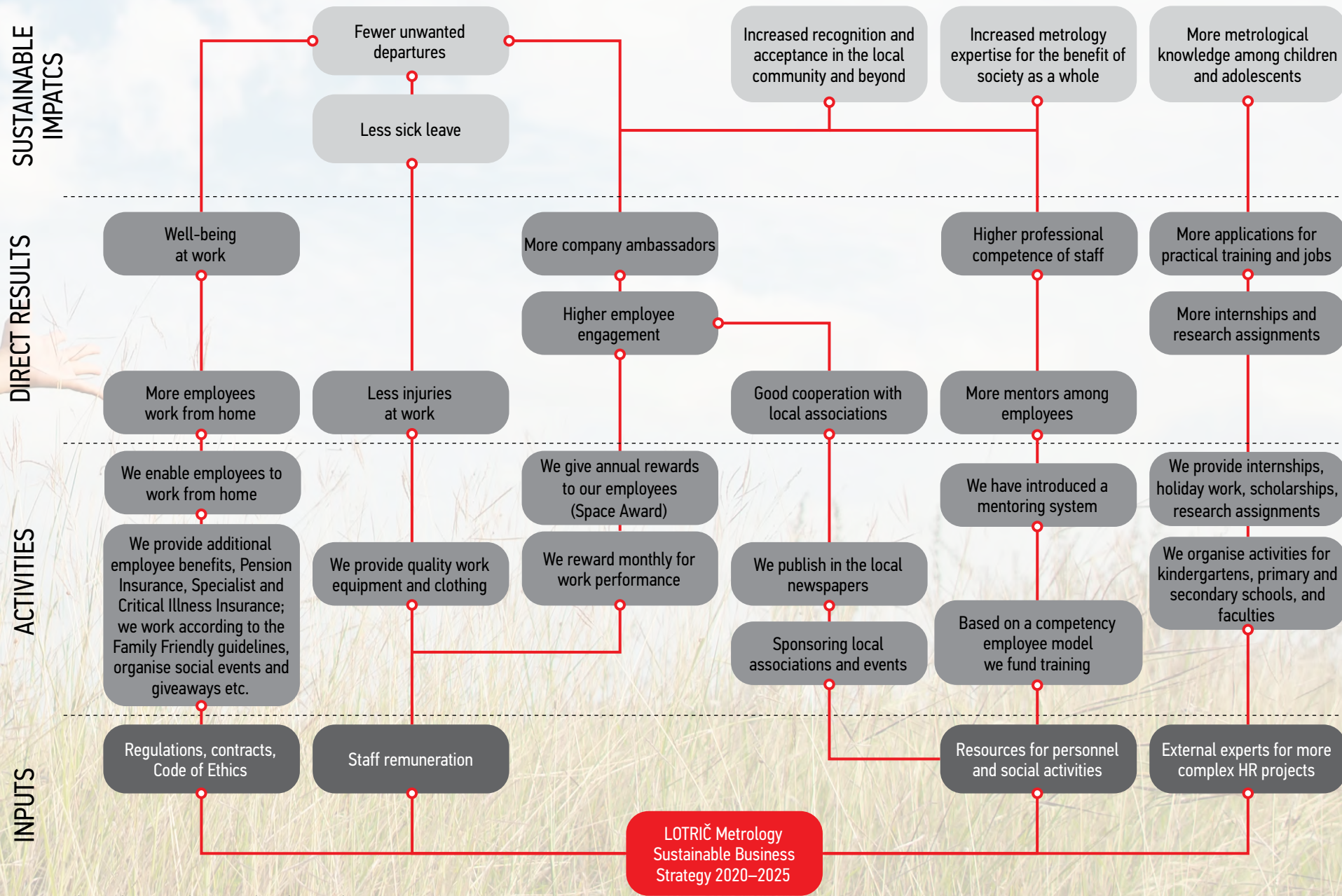


Diagram 3: The social aspect – in harmony with employees and communities

Sustainability Impact 2.1

LESS SICK LEAVE AND LOW NET TURNOVER OF EMPLOYEES

We understand that the foundation of any company is satisfied employees. This results in an important sustainability effect, which is reflected in low sickness absence and consequently low net turnover of employees. The sickness absence rate was 5.86 % in 2023, and 10.41 % in 2022. The net turnover rate of employees for 2023 was 5.15 %, which is well below the Slovenian average as, according to publicly available data, the average turnover rate of employees in companies in Slovenia in 2023 was around 10 %.

	2022	2023
Health absenteeism rate at LOTRIČ Metrology	10,4 %	5,86 %
Health absenteeism rate in Slovenia	6,1 %*	5,9 %*
Net turnover of employees at LOTRIČ Metrology	5,5 %	5,15 %
Net turnover of employees in Slovenia	12,4 %**	10 %**

Table 2.1: Health absenteeism and net turnover of employees

*Source NIJZ.
**Source Manpower Slovenia

Achieving a good result is possible through the many activities we carry out at LOTRIČ Metrology. We are a family-run company, where the company's philosophy and values play an important role. For the year 2023, we implemented 20 measures to ensure health, workplace safety, and well-being at work. Compared to 2022, we expanded the package by one measure. At the same time, we operate according to family-friendly company guidelines.

We offer a number of benefits to LOTRIČ Metrology employees. We daily offer free fresh fruit, hot drinks and water. In 2023, employees in the fresh fruit scheme consumed 1,460 kg of fruit during their working hours, which equates to 8 kg of fruit per employee. The amount of fruit consumed per individual is increasing, with employees consuming 1,433 kg of fruit in 2022, or 7 kg per employee. In 2023, 26,306 hot drinks were consumed by employees. The figure for 2022 was 24,629.

	2022	2023
Amount of fruit consumed	1433 kg	1460 kg
Amount of fresh fruit consumed per person	7 kg	8 kg

Table 2.2: Amount of fresh fruit consumed in kg

We also offer additional benefits such as Specialist Insurance, Critical Illness Insurance and Pension Insurance.

We are constantly adding to and renewing our range of subsidised leisure activities for our employees and their family members to improve their psycho-physical well-being. In 2023, employees could choose between eight providers and 15 activities. In 2022, five leisure activity providers were available to employees.

To maintain and build on good relations at work, we organise a number of internal events, such as teambuilding, giveaways, picnics with family members and other events. In 2023, we held 12 such internal events.



We provide safe workplaces for our employees, with appropriate and high-quality protective and work equipment. We carry out annual inspections of this equipment and provide regular safety training for all our employees.

Our company has also established a unique payment system, which includes a variable component based on business and personal performance. Employees can gain “points” through the SPACE Award – Smart Proposals for Annual Criteria of Excellence - on a monthly basis. This is achieved via positive evaluations from their managers, submitting useful proposals, receiving votes in the selection for Employee of the Month, participating in internal and external events, and mentoring. These points result in additional financial rewards. Based on the accumulated points, seven SPACE Awards are granted annually at the Space Academy, with a total value of €2,000.

In 2023, 35 % of employees took advantage of the option to work from home, compared to 32 % of employees in 2022.

	2022	2023
Percentage of employees who use the option to work from home	32 %	35 %
Percentage of employees who worked from home 1–2 days	11 %	10 %
Percentage of employees who worked from home for 3 days or more	21 %	25 %

Table 2.3: Proportion of employees who use the option to work from home

All of these activities result in fewer workplace injuries, a higher proportion of employees working from home, and a sense of well-being in the workplace.

As a result, we achieve higher engagement of our employees and thus more ambassadors for the company LOTRIČ Metrology.

Since 2010, we have been participating in the Zlata nit competition to systematically record satisfaction in the workplace. In 2023, we received 43 completed surveys, with results showing a high level of development in the “Leadership, communication and collaboration” and “Entrepreneurship and innovation” strands.

Overall, LOTRIČ Metrology achieved above-average results, which placed us among the seven finalists of the Zlata nit for 2023 in the category for medium-sized companies.



	LOTRIČ Metrology	Average among medium-sized enterprises in Slovenia
The fundamental relationship between the company and its employees	4,5	4,6
The role and quality of the individual in the company	4,2	4,1
Leadership, communication and cooperation	4,6	4,1
Entrepreneurship and innovation	4,6	4,1
Workload	2,7	2,5
Personal growth and development	4,0	4,1
Company loyalty	3,3	3,3
Diversity and inclusion	3,9	4,0

Table 2.4: Zlata nit survey results for 2023

Sustainability Impact 2.2

INCREASED VISIBILITY AND ACCEPTANCE IN THE LOCAL COMMUNITY AND BEYOND

At LOTRIČ Metrology, we know that we have only succeeded as a company with the support of the environment we come from. That is why we want to contribute to the development and quality of life in the local community through socially responsible projects. This results in the following sustainable impact – Increased visibility and acceptance in the local community and beyond.

We sponsor the activities of various associations and organizations as well as local events. In 2023, sponsorship and donation funds of just over € 52,000 were distributed among 27 stakeholders. We are looking for different ways to engage with the local environment and contribute to a more effective circulation of information through articles in the local media.

All this results in good cooperation with local associations and organisations.



Sustainability Impact 2.3

INCREASED METROLOGY EXPERTISE FOR THE BENEFIT OF SOCIETY AS A WHOLE

If we want to grow and develop as a company, it is vital that we encourage the professional development of our employees. At LOTRIČ Metrology, we have various mechanisms in place to encourage our employees to continue their education. This results in the following sustainable impact, which results in a greater amount of expertise in the field of metrology that benefits society as a whole.

To systematically manage the development of employees at LOTRIČ Metrology, we are implementing a competency model project. A mentoring system has been established, enabling new employees, as well as those who have simply changed their position, to gain valuable knowledge and experience from their colleagues.

In 2023, LOTRIČ Metrology recruited seven new employees. 40 mentors, representing 41 % of the workforce, passed on their knowledge to them. Of these, 14 mentors, or 35 % of all mentors, had also completed formal andra-educational training. In 2022, 36 mentors passed on their knowledge. This clearly shows a direct result – the number of mentors in the company is increasing every year. In 2023, 2,521 hours of formal training were provided, which represents 26 hours per employee per year.

	2022	2023
Number of mentors	36	40
Mentors as a percentage of total staff	37 %	41 %

Table 2.5: Number of mentors

As a result, the professional competence of our employees is higher. In terms of educational qualifications, 12 % of the company's employees have less than secondary education, 48 % have secondary education, 34 % are graduates and 6 % have a Masters and D.Sc. New employees in 2023 included two employees with a university degree and five employees with a secondary education.

- Secondary education
- Graduates
- Less than secondary education
- Masters and D.Sc

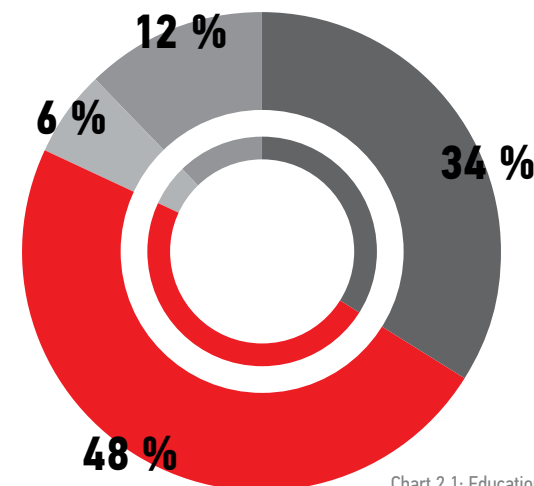


Chart 2.1: Educational structure of employees

SUSTAINABILITY IMPACT 2.4

INCREASE METROLOGICAL KNOWLEDGE AMONG ADOLESCENTS AND CHILDREN



	2022	2023
Number of professional events for young people	4	20

Table 2.6: Number of professional events for young people

The company places great emphasis on working with young people in the context of educational institutions. The sustainable impact is reflected in the increasing amount of metrology knowledge among children and young people.

We organise open days, workshops, lectures and presentations, as well as guided tours of the company. An interesting project is the Young Metrologist workshop, which introduces the field of metrology in a simple and interesting way to children in kindergartens and lower primary school classes. Every year, we cooperate with the Slovenian Business Club (SBC) in the Festival of Entrepreneurship, when we open our doors for one day to secondary school students. We work closely with the local Železniki Primary School, the Škofja Loka School Centre and the Kranj School Centre. We work with these institutions on various projects and events. We organised 20 events for young people in 2023, and four events in 2022.

Young people have the opportunity to undertake compulsory internships, seminars, research,

bachelor's, master's and PhD theses. Every year, we award scholarships to the most promising young individuals. In 2023, we awarded three scholarships, one more than in 2022, when we awarded two. The employment rate of our scholarship recipients throughout our years of operation stands at 7 %.

These activities result in an increasing number of internships and research assignments. More and more young people are turning to us for a wide range of practical training, employment and other forms of cooperation. During the summer months, we provide them with holiday work. We have an apprenticeship scheme with the Loka School of Apprenticeship. We have an innovative model of cooperation with local companies (where apprenticeships take place in several different companies), which gives young people a broader insight and knowledge. In 2023, we saw a 15 % increase in the number of applications received for practical training. There were ten practical training courses in 2023, and eight practical training courses in 2022. There was also an 18 % increase in job applications in 2023 compared to 2022.

3. THE ECONOMIC ASPECT

In harmony with partners.

Sustainable economic impacts are one of the strategic commitments of LOTRIČ Metrology. Our key sustainable impacts include the co-creation of strong Slovenian consortia, the development of reliable and safe products and services that ensure the expertise of our customers, sustainable solutions for our customers (e.g. re-use of tools and equipment, reduced production waste, higher capacity utilisation etc.) and the reduction of unemployment in the local community. The path to sustainable impacts starts with the so-called inputs. The most important of these is the LOTRIČ Metrology Sustainable Business Strategy 2020–2025, which is the basis for strategic investments in development (development funds), employees (employee development funds) and strengthening the skills, experience and integrity of all employees.



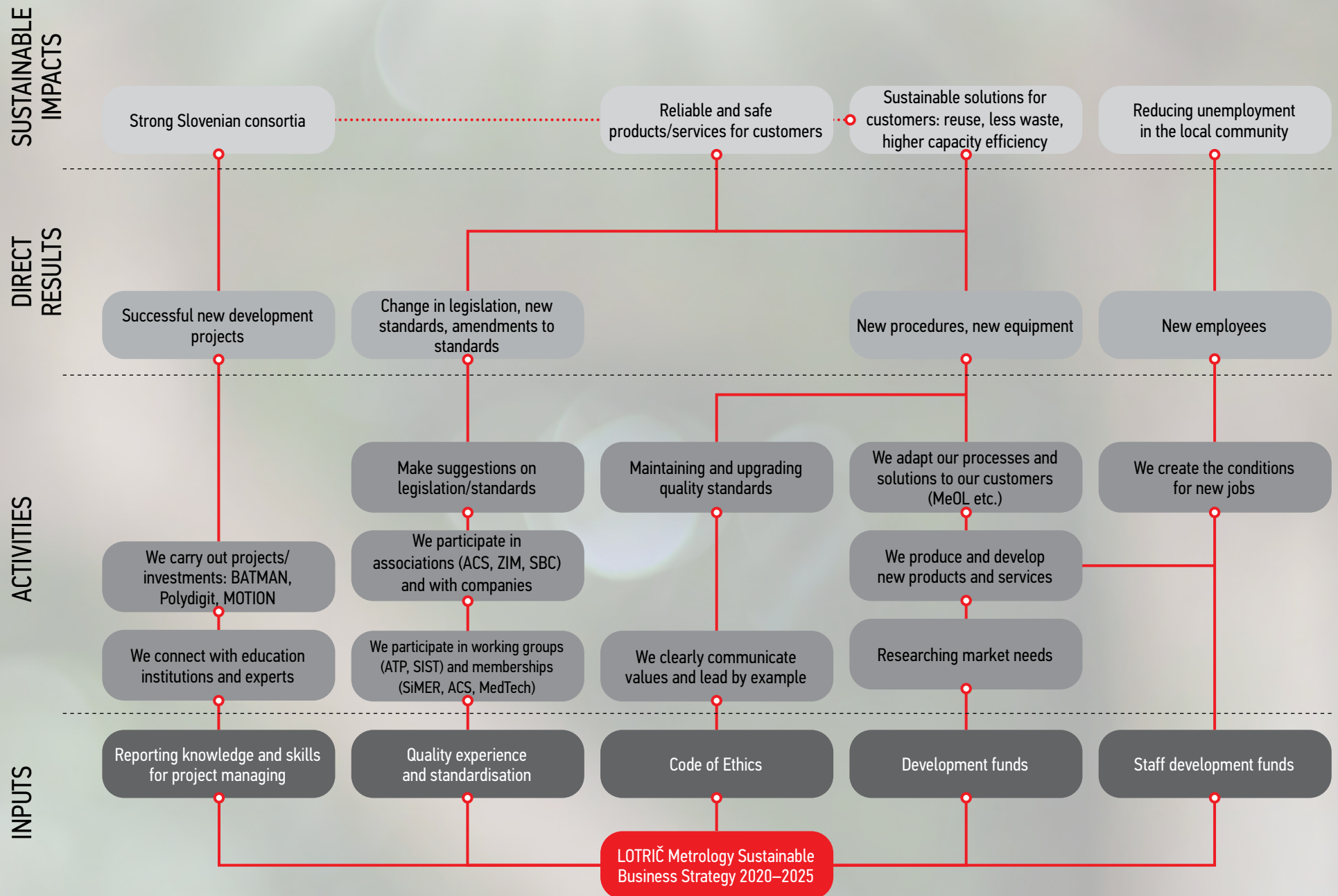


Diagram 4: The economic aspect – in harmony with partners

Sustainability Impact 3.1

STRONG SLOVENIAN CONSORTIUM

We recognise the importance of building strong Slovenian consortia, as it is only through collaboration that we can achieve the biggest technological and business breakthroughs. The skills we have acquired during the development of the company, such as networking competences, co-creation of consortia, design of innovative projects and obtaining grants, enable us to successfully network with higher education institutions, development companies and other experts. We also frequently involve external experts in this networking process, with € 11,769.42 allocated in 2023 and € 4,440.00 in 2022. We invest heavily in new skills and competences that contribute to a more efficient absorption of national and European funds. In 2023, we attended five workshops, and four workshops in 2022.

In 2023, we were actively involved in four key projects: two projects on mobility and GREMO, one project addressing the challenges of digitisation, and the last one on the development of a complex control system. What all projects have in common is that they have been implemented in a consortium.



- Batman – an investment project addressing the specific technological and technical challenges of modern, technologically advanced battery energy storage solutions and supporting manufacturing technologies. A key role of our company is to support the developers of components for electric vehicles in the field of testing these products (EMC and environmental testing). The project will thus develop test methods and introduce measurement devices into existing laboratory processes.
- The e-Motion investment project, which addresses development activities in the field of electrification of mobility and the transition to digital and green mobility. A key role of our company is to develop new methods for testing and validating newly developed products, integrating predictive and machine learning methods.
- Digital transformation of key functions of the Polycom Škofja Loka d.o.o. development project, where we contributed with our knowledge and competences to a higher level of digitalization of Polycom in the field of product measurement with advanced technologies (vision system). The main guiding principle was to ensure the traceability and accuracy of measurements.
- Development of a system for automated quality control in the production process – a development project where we are working with a consortium partner to develop a solution for their challenges in the field of 100 % in-line product control.

Effective implementation and monitoring of strategic projects is, of course, crucial. We regularly track the success of fund utilization against the approved amounts. In 2023, the success rate of fund utilization was 100 %, while in 2022, it was 97 %.

Value of funds drawn down	YEAR 2022	YEAR 2023
in %	100 %	97 %
in EUR	313.344,47 €	355.548,62 €

Table 3.1: Value of grants committed in 2022 and 2023

We successfully submitted three applications for co-funded projects with Slovenian partners in 2022, and one application in 2023. All this leads us to a sustainable impact of strengthening Slovenian consortia. Below is a list of the projects that have been implemented since 2020, and for which we have obtained grants.

Project title	Start date	End date	Value of eligible costs in €
MICRO BREWERY	1. 9. 2019	30. 4. 2022	226.196,97 €
High-quality and safe drinking water	9. 7. 2020	31. 8. 2022	313.360,00 €
SAFE LAB	1. 9. 2020	24. 11. 2021	452.010,00 €
GO MED	1. 1. 2020	31. 12. 2022	38.500,00 €
VIP – KATJA BABIČ	1. 6. 2020	31. 5. 2022	38.163,51 €
EXPO – SEF	1. 10. 2021	31. 3. 2022	10.000,00 €
POLY DIGIT	9. 7. 2022	8. 7. 2022	823.840,09 €
Automation of quality control in the production process	2. 11. 2022	1. 11. 2024	299.472,03 €
MOTION	1. 8. 2022	31. 7. 2025	443.750,00 €
SEF – Voucher for digital marketing	1. 1. 2022	31. 10. 2022	16.840,00 €
SEF – Voucher for raising digital competencies	1. 1. 2023	26. 7. 2023	16.350,00 €
SEF – Voucher for quality certification ISO 90001	1. 1. 2023	31. 9. 2023	17.000,00 €
Batman	5. 7. 2023	31. 6. 2026	2.646.951,00 €

Table 3.2: Ongoing projects for which European and national grants have been approved

We had three projects starting in 2023, and four in 2022.

The main objective in implementing projects and obtaining grants is to ensure that projects are in line with our strategy and address sustainable development. The table below shows the number of projects that have been approved for European and national grants:

	2019	2020	2021	2022	2023
Strategic project	0	2	2	4	3
Sustainable project	0	1	1	4	3

Table 3.3: Number of strategic and sustainable projects

There is also significant added value in engaging in Strategic Research and Innovation Partnerships or SRIPs. We are represented in six SRIPs (Mobility, Health-Medicine, Materials as end products, Factories of the future, Sustainable food production, Smart buildings and home including wood chain).



Sustainability Impact 3.2

RELIABLE AND SAFE PRODUCTS/ SERVICES WITH CUSTOMERS

LOTRIČ Metrology is known for its contribution to the development of new standards or amendments to standards in the field of metrology, and to changes in legislation. The experience of our experts and managers in the field of metrology dates back to 1999, when we obtained our first accreditation certificate. To date, we have received four accreditation certificates: LK-008 in the field of calibration (ISO/IEC 17025), LP-099 in the field of testing (ISO/IEC 17025), CP-016 for certification bodies (ISO/IEC 17065), and K-003 for inspection bodies (ISO/IEC 17020). We are also a notified body (NB) with the number 2897 and are listed in the Nando database of the European Commission. We represent the notified body NB 2897 for respiratory protective equipment – half masks for protection against particles FFP (EN 149), in accordance with Regulation (EU) 2016/425 on personal protective equipment (PPE). All of this provides us with a solid foundation and experience to encourage legislators

to meaningfully supplement standards and legislation. As an appointed body by the Metrology Institute, we are invited each year to submit proposals/comments on legislative changes in the field of metrology in an internal process before public consultation.

These proposals are developed independently and/or in collaboration with partners. In 2023 in particular, through working groups (ATP, SIST), memberships (SiMER, ACS, MedTech) and associations (ACS, ZIM, SBC), which are presented later in the document. In the past year, we have: (1) participated in the approval of over 100 standards within the SA Council; and (2) approved 10 amendments to the ATP Agreement on behalf of Slovenia within the ATP Working Group. Through such solutions, we have enhanced the reliability and safety of the transportation of food products in the cold chain and pharmaceutical products.

Working groups:

ATP – Working Party 11 (WP11) of the Inland Transport Committee (ITC) of the United Nations Economic Commission for Europe (UN/ECE) formulates and adopts amendments and corrections to the ATP International Agreement.

D2 – The Sub-Commission of the International Institute of Refrigeration Engineering (IIR) – CERTE is a technical advisory group of ATP test stations that develops procedures and technical requirements for the performance of tests on special equipment for the transport of perishable foodstuffs, acting as the technical advisory body for WP11.

As an active member, we are pleased to be able to host associations. In 2023, we hosted the D2 Working Group on a safe future for the transport of perishable foodstuffs. In doing so, we are shaping our common future, fair trade and ensuring safe routes for temperature sensitive goods such as medicines and food.

SIST/CEN – The European Committee for Standardisation is an association of the national standardisation bodies of 34 European countries (SIST in Slovenia). CEN provides a

platform for the development of European standards and other technical documents relating to different types of products, materials, services and processes.

We participate in working groups:

- CEN/TC 413/WG 1 “Insulated means of transport for temperature sensitive goods - Equipment”
- CEN/TC 413/WG 2 “EN 16440 – Devices”

SA – participation in the Slovenian Accreditation Council, which operates under the auspices of the Ministry of Economy, Tourism and Sport. The tasks of the SA Council are to discuss and adopt the Statutes and general acts on accreditation requirements, rules of procedure, internal organisation and job system. The SA Council also considers and approves the SA development programme, the annual SA work programme and the report on the implementation of the annual SA work programme. The SA (Slovenian Accreditation Body) consists of 15 members, including representatives from the Government of the Republic of Slovenia, a representative of employees at SA, and other representatives from various interested parties in Slovenia (compliance assessment bodies, industry, consumers, and professional associations).

Memberships:

SIMER – This is a cross-sectoral organisation within the Chamber of Electronic and Electroindustry at the Chamber of Commerce and Industry. The main objective of the section is to bring together members and represent their common interests in the field of measurement equipment, technologies and processes.

GIZ ACS – the Slovenian Automotive Cluster is an economic interest group that brings together companies, public research organisations and other stakeholders in the field of mobility.

MedTech – the Chamber of Medical Technology and Service Providers. The Chamber brings together and organises providers of modern and innovative medical technologies, manufacturers and distributors of medical products or devices and in vitro diagnostic (IVD) medical devices. The key purpose of the Chamber is to ensure that members can promote their interests at national, sectoral and regional level and address challenges at professional level.

Associations:

Slovenian Business Club – a club of Slovenian entrepreneurs, where members strive to improve the business environment in Slovenia, to promote international activities and to foster cooperation.

Manager Association – an association that brings together Slovenian managers and women managers and promotes the development of the management profession in Slovenia. Through membership of this association, we contribute to the development of Slovenian management, co-create professional standards for managers and participate in networking activities, which also contributes to mutual knowledge and the joint development of new business ideas.

CER – The Sustainable Economy Partnership is a platform to learn new skills in sustainable business, learn about new developments and trends in sustainability, and see examples of best practice in sustainability in the design of new products and services.

We are also involved in the governing bodies of various associations:

- Member of the Board of Directors of the Regional Chamber of Slovenia – Maja Brelih Lotrič
- Vice-Chair of the Supervisory Board and Member of the ACS Supervisory Board – Maja Brelih Lotrič
- Member of the Slovenian Accreditation Council – Primož Hafner
- Member of the SIMER Executive Committee – Primož Hafner
- Member of the SIST Technical Committee – TCO (Technical Committee for Personal Protective Equipment) – Primož Hafner
- Member of the SIST Technical Committee – TC Control Systems – D.Sc Katja Babič
- ATP – Regulator Representative for Slovenia – Jure Thaler



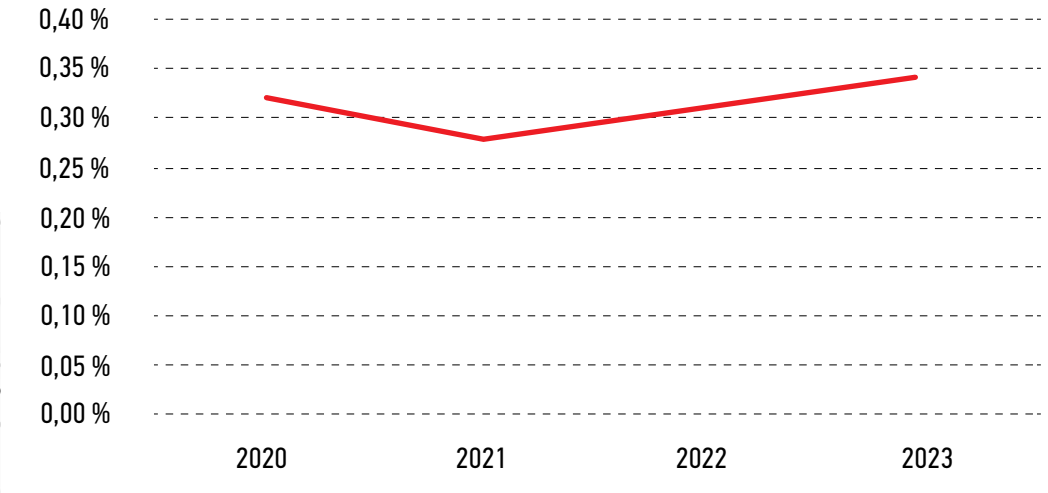
The link between science and technology is important not only in terms of its direct impact on business, but also in terms of the development and growth of a company. To this end, we actively engage with faculties as well as secondary and primary schools. We believe in collaboration, which can go from a simple idea to a project involving more than 20 partners. The key major projects implemented in 2023 are presented in more detail in the Economic Perspective, Sustainable Impact 1.

Activities contributing to the Sustainable Impact: Reliable and safe products/services with customers include strengthening long-term collaborations with key customers, which also contributes to increasing the volume of collaborations. By leveraging our knowledge, competences, values and innovative solutions, we have increased the volume of business with existing customers by 18.7 % in 2023 compared to 2022.

In order to maintain and strengthen long-term customer engagement, we have developed four key indicators, namely:

	YEAR 2020	YEAR 2021	YEAR 2022	YEAR 2023
Number of commercial visits carried out	666	922	1458	1192
Number of sales staff in the field	7	7	6	7
Number of contracts with clients	424	419	315	422
Number of received complaints	242	238	256	311

Table 3.4: Indicators showing the maintenance and strengthening of long-term customer relationships



From the regular monitoring and analysis of complaints, we calculate that 0.21 % of complaints received in 2022, and 0.24 % in 2023, were complaints about services provided.

Chart 3.1: Share of complaints in 2020–2023



Sustainability Impact 3.3

SUSTAINABLE SOLUTIONS FOR CUSTOMERS: REUSE, REDUCED WASTE, HIGHER CAPACITY UTILISATION

One of the most important sustainability impacts of LOTRIČ Metrology is the innovative sustainability solutions it offers to its customers. In 2023, we invested 32.56 % of our net sales revenue in the development of the company, and 9.74 % in 2022. This increase is mainly due to a major investment of € 1.8 million in new measuring equipment. A number of activities, including market research, the development and production of new products and services, and the adaptation of processes and tools to customers, have led to the development of new processes and new equipment.

In the following, we present the key products and methods developed in 2023, and the key investments made.

Key innovative product developed in 2023: Automated thermal crack detection and measurement system.

Key methods developed in 2023: Development of methods for half-face and full-face masks.

Key investments in 2023: Investment in EMC equipment, spectrometer, climatic chamber, spherical spectrophotometer, water bath for fogging tests, tearing machine, microscope for technical purity analysis, hardness tester. This is equipment that will contribute to the development and testing of methods under the Batman investment.

Below we present the investment figures for 2022 and 2023 by the segments: investment in real estate; investment in equipment; and investment in research and development.

	YEAR 2022	YEAR 2023
Real estate	46.162,00 €	68.501,35 €
Property/equipment	234.603,00 €	1.843.822,04 €
Research and development	221.557,84 €	310.561,95 €
TOTAL investments	502.322,84 €	2.222.885,34 €

Table 3.5: Investments made in 2022 and 2023



To ensure the efficient execution of our work, we regularly adapt our processes and tools to our customers. In 2023, we carried out 22 updates to our in-house IT system QTree and three updates to the MeOL application, which is designed for customers to view the status of their measuring tools.

	YEAR 2022	YEAR 2023
QTree updates	61	22
MeOL updates	2	3

Table 3.6: Updates to own programmes in 2022 and 2023

The direct results of the activities described above are ownership of new equipment and processes, new jobs and new skills.

The numbers of new equipment purchased, and new processes developed for 2022 and 2023 are shown below.

	YEAR 2022	YEAR 2023
New equipment	119	125
New procedures	13	48
Of which accredited	10	24

Table 3.7: Numbers of new equipment purchased, and new procedures developed in 2022 and 2023

The above data shows that we are investing heavily both in the purchase of new equipment and in the development of new procedures. In 2023, we developed 48 new methods, representing a 370 % increase compared to 2022.

Our Code of Ethics and Values, which we communicate clearly to our employees and business partners, are the guiding principles for achieving sustainable solutions. Through quality standards that are regularly maintained and upgraded, we contribute to the development of reliable, safe and high-quality solutions and to the validation of our professionalism.

List of standards:

- ✓ ISO/IEC 17025
- ✓ ISO/IEC 17020
- ✓ ISO/IEC 17065

- ✓ ISO 9001
- ✓ EFQM Excellence Model
- ✓ ISO 27001 – in progress

Sustainability Impact 3.4

REDUCING UNEMPLOYMENT IN THE LOCAL COMMUNITY

In the Selška valley, we are an important partner to the state in boosting the employment of the local population. In 2023, we earmarked 1.12 % of our net sales revenue for human resources development, of which € 4,600 was for new jobs. Thus, in 2023, we hired three people from the local vicinity (Municipality of Železniki), contributing to the reduction of unemployment in the local community.

WORKPLACE	SPOL	STAROST
Infrastructure maintenance	M	52
General Area Officer (FRS)	Ž	27
Logistics Officer	Ž	43

Table 3.8: New jobs in 2023 from the surrounding area

When recruiting new people, we pay close attention to the proximity of the workplace to the employee's place of residence in order to: (1) reduce the carbon footprint; (2) reduce unemployment in the local community of the workplace.

The graph shows the distribution of employees according to their distance from their place of work, showing that the largest proportion of employees (50.5 %) live less than 10 km from their place of work, while smaller proportions of employees live at greater distances, as shown in the individual distance categories.

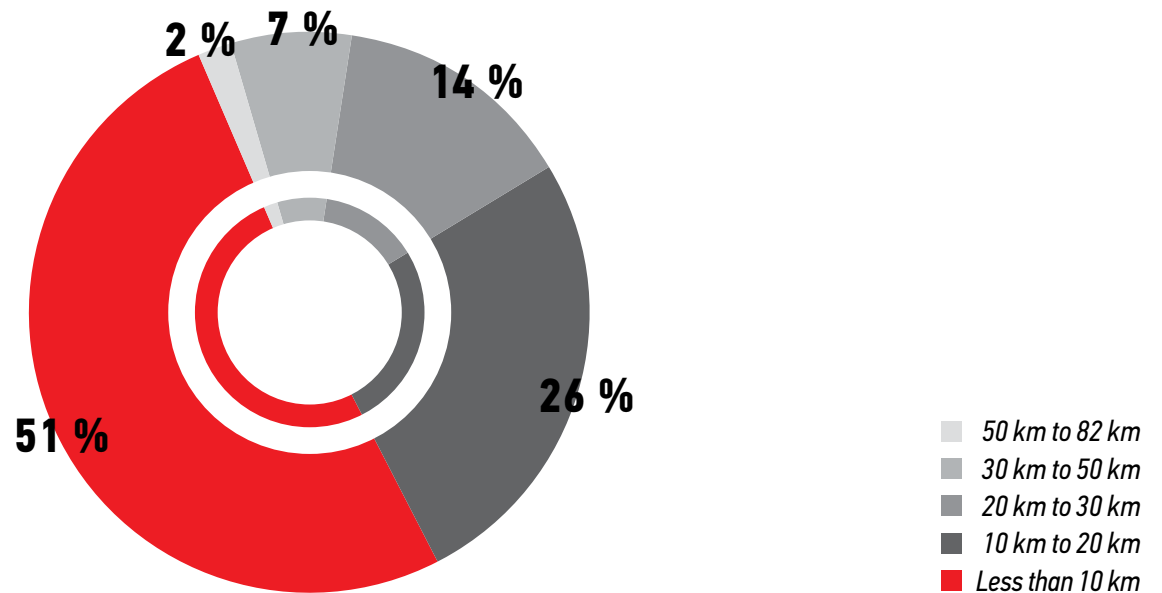
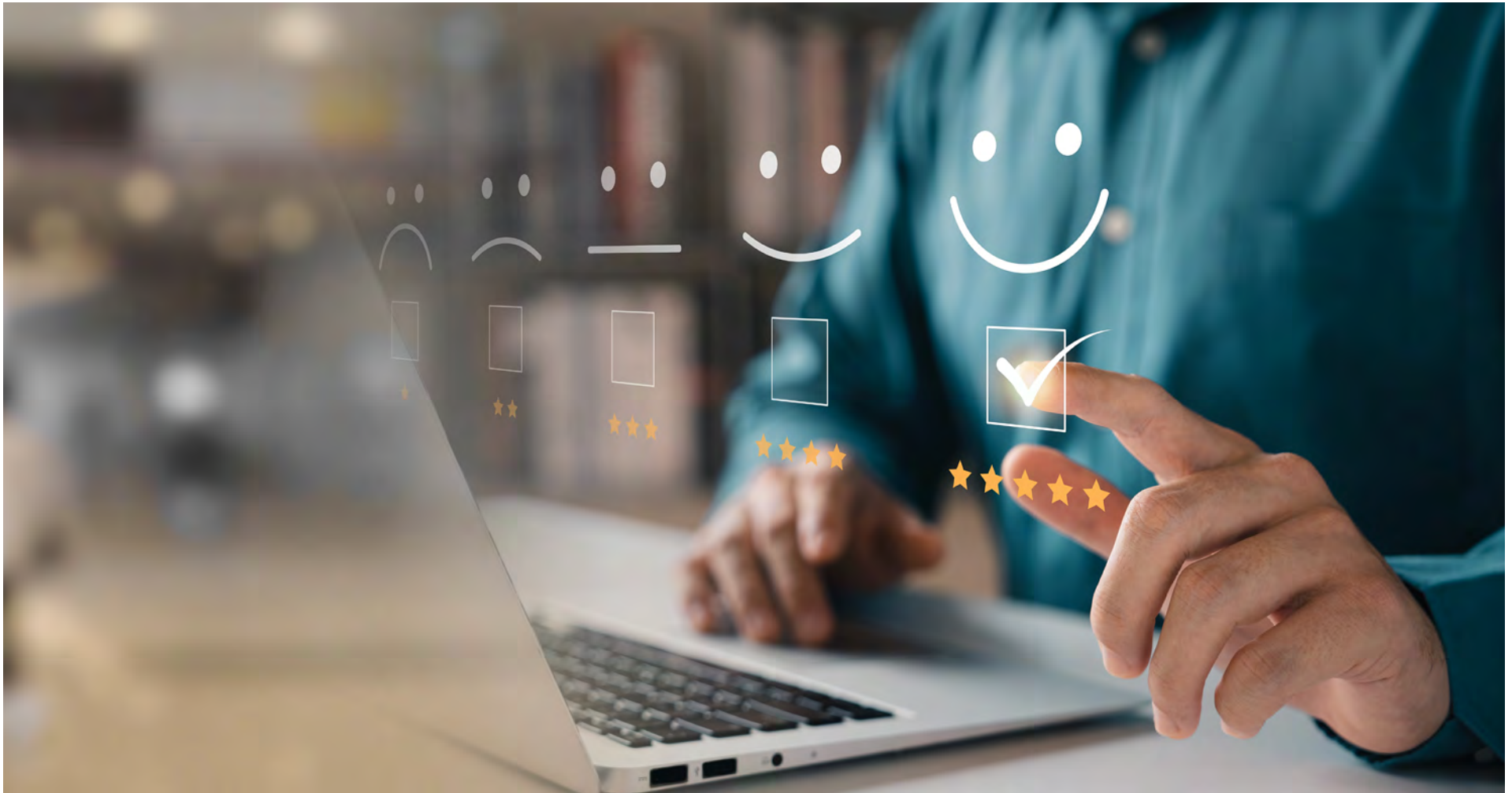


Chart 3.2: Distance of employees' permanent residence from the workplace

We are creating new jobs through organic growth and opening up new areas. In 2023, we increased our business in the areas of electrical laboratory, length and mechanics, testing and certification. In the process of obtaining job offers, we received 128 job applications, from which we recruited seven persons, representing 5.46 % of the job applications received. The latter is a decrease of 7.49 % compared to 2022. The lower % of recruitment can be explained by the fact that we published five different job advertisements in 2023 and eight in 2022.

The company has several activities that promote well-being at work, such as: the possibility to work remotely, the provision of hot meals, the possibility of continuous training, etc. All of these are reflected in the well-being that we monitor annually through the Zlata nit survey. In 2023, we outperformed our peers, making us a finalist in the medium-sized company category. The results of the Zlata nit are presented in the area of Social Aspects, namely Sustainability Impact 1: Less sickness absence and low net turnover of employees.

These activities also reduce absenteeism and turnover among existing employees. For more on this, see Social Aspect, Sustainability Impact 1: Reduced sickness absence and low net turnover of employees. The description also includes the amount of resources devoted to the well-being of the company's employees.



THE BIGGEST DANGER TO OUR PLANET IS THE BELIEF THAT SOMEONE ELSE WILL SAVE IT.

We believe that every individual counts. Every company has a role to play. We can all make a difference.

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