ENVIRONMENTAL, SOCIAL AND GOVERNANCE

SUSTAINABILITY REPORT 2024

matelec

Photo © Elie Moughanni

CONTENTS

ACRONYMS & ABBREVIATIONS

CEO: Chief Executive Officer
CFO: Chief Financial Officer
DFI: Development Finance Institution
EPC: Engineering, Procurement & Construction
GDP: Gross Domestic Product
GHG: Greenhouse Gas
GRI: Global Reporting Initiative
HV: High Voltage
IFC: International Finance Corporation
ILO: International Labour Organization
LCA: Life Cycle Assessment
LV: Low Voltage
MV: Medium Voltage
MUSD: Million US Dollars
NDC: Nationally Determined Contribution
OECD: Organization for Economic Co-operation & Development
SDG: Sustainable Development Goal
TCO_2e: Tons of CO_2 equivalent
TRIR: Total Recordable Injury Rate
UNFCCC: United Nations Framework Convention on Climate Change

I am pleased to share with you our latest Sustainability Report, which reflects both our progress and our ongoing commitment to building a more responsible and resilient future. In a time of accelerating environmental and social challenges, we recognize that sustainability is not just an obligation—it is integral to our long-term success. **This report provides a transparent account of our actions, achievements, and goals across key environmental, social, and governance (ESG) dimensions.** It also outlines the steps we are taking to align our operations with global climate objectives and stakeholder expectations.

At Matelec, we believe that long-term responsibility is most meaningful when upheld during times of uncertainty. In 2024, our company demonstrated remarkable resilience and unwavering commitment to its values, even amidst a complex and rapidly changing environment. Despite regional challenges, we remained focused on safeguarding our people, ensuring business continuity, and advancing our sustainability goals. The escalation of military conflict on Lebanon's southern border has undoubtedly impacted our communities and economy, but it has also reaffirmed the strength, unity, and determination of our team and stakeholders to prioritize responsible growth and long-term value for society.

Preserving business continuity during uncertain times can at times feel like a delicate balancing act. For example, this year, we purchased more raw materials than was needed to prevent any potential disruption in our supply chain during the conflict. As a result, carbon emissions from purchased goods have significantly increased this year. Nevertheless, we remain committed to advancing our sustainability strategy and we expect this effect to net out over 2025. Throughout the year, our team has worked with dedication to ensure that we meet our environmental goals, maintain supply chain integrity, and support our people and partners. Our third Sustainability Report reflects not only our environmental progress, but also our enduring belief in the power of purposeful, values-driven manufacturing — even in the face of adversity.

"TO BRING ENERGY IS TO BRING LIFE"

Matelec's purpose is to make a positive difference in the lives of our stakeholders while creating value for our business. Our business strategy aligns with the United Nations Sustainable Development Goals—indeed our products directly support three of these goals: affordable and clean energy (Goal 7); industry, innovation and infrastructure (Goal 9); and sustainable cities and communities (Goal 11). Our sustainability strategy is also in harmony with and contributes to 15 of the 17 SDGs overall.

We have established short and medium-term strategic priorities that integrate sustainability into every aspect of our business. By promoting responsible resource management, investing in renewable energy and adopting eco-friendly practices, we aim to minimize our environmental footprint while driving innovation and economic prosperity.

Our priorities include:

- **Enhancing our governance structure and transparency.**
- **Emphasizing renewable energy and energy efficiency to reduce our carbon footprint.**
- **Promoting responsible consumption and production through sustainable sourcing and waste reduction.**
- **Empowering and protecting our workforce by developing skills, ensuring fair wages and a safe working environment.**
- **Engaging with local communities to foster long-term social development.**

Looking ahead, our long-term strategy aims to contribute to a sustainable and inclusive economy. We continue to engage with stakeholders to identify and address social challenges, collaborate with like-minded organizations, and support policy changes that foster a resilient workforce and business model.

We take our commitment to transparency seriously and understand the significance of measuring our progress and being accountable to our stakeholders. This report provides a detailed analysis of our performance against our sustainability goals and targets according to international reporting standards.

We firmly believe that sustainability is not a choice but a responsibility that we all share. Our third Sustainability Report marks a milestone in our journey towards a more sustainable future and our commitment to building a more resilient, equitable and sustainable economy for generations to come.

Sincerely,

Sami Soughayar

Chief Executive Officer

ABOUT MATELEC

Matelec SAL is a privately owned company, founded in 1974 as a manufacturer of distribution transformers. Within our first decade, we expanded our product mix to include switchgear, package substations, and control and protection systems. During that time, we also launched our engineering and contracting activities through the realization of complex high, medium and low voltage (HV, MV and LV) projects[1]. We have grown to become a high-quality manufacturer of electrical equipment and an important contractor building power infrastructure across Europe, Africa and the Middle East. Our mission is to empower communities to grow sustainably through reliable, innovative and sustainable energy solutions.

Matelec consists of two main divisions:

- The Industrial Manufacturing Division manufactures a wide array of standard and specialized electrical products including distribution transformers, power transformers, switchgear, panel boards, packages and mobile substations. Distribution transformer sales represented more than 70% of the Division's revenues in 2024 (Figure 1).
- The Engineering and Contracting Division undertakes the engineering, procurement and construction (EPC) of power infrastructure projects such as power plants and HV/MV substations. We partner with some of the biggest names in the energy industry to provide top quality EPC services to our customers. These turn-key projects are often financed by international development finance institutions (DFIs) including the World Bank, African Development Bank and Japan International Cooperation Agency. Recent and current projects have been in countries across the Middle East and Africa.

To optimize our operations, we have centralized activities such as marketing, design, engineering and procurement at our headquarters in Ghorfine, Lebanon. Our headquarters cover an area of 215,000 m2 including 55,000 m2 of offices, warehouses and workshops.

Our manufacturing activities are backed by a network of factories deployed in Lebanon, Jordan, Egypt, France and Algeria, each dedicated to the service of their regional markets. We also maintain satellite offices in other key markets for the purpose of project management and business development.

Our products are all fully designed in-house and certified by highly respected independent testing laboratories such as KEMA, CESI and EDF. We pride ourselves on providing high-quality affordable solutions to our clients in Europe, the Middle East and Africa.

Our customers include public utilities and private sector companies, although the public sector represented more than 80% of our transformer sales in 2024. Europe remains our strongest market: In 2024, about 60% of our transformer sales come from European utilities and other clients (Figure 2).

In 2024, our production in terms of MVA remained relatively stable compared to 2023. However, the distribution of production across power and distribution transformers has shifted, with our power transformer production rising to represent almost half of MVA production.

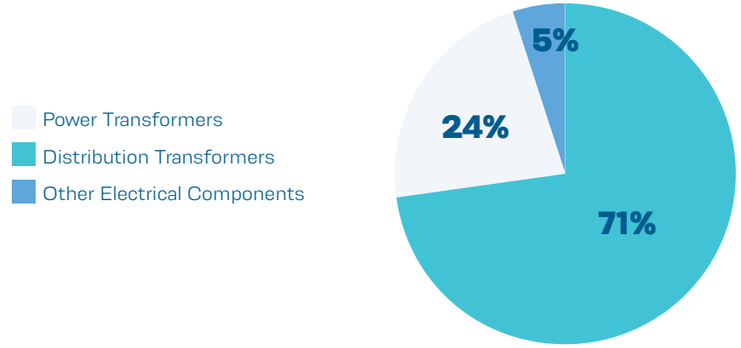


Figure 1: Industrial Manufacturing Division revenue, by activity, 2024[2]

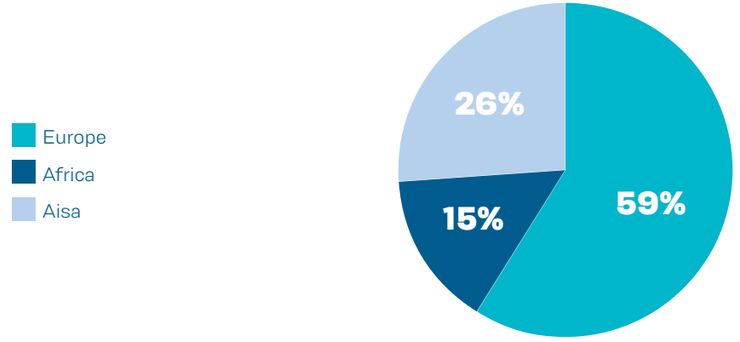


Figure 2: Industrial Manufacturing Division revenues, by geographical area 2024

1 According to the International Standard Industrial Classification of All Economic Activities (Revision 4).

2 To better reflect the split of revenue by division, the distribution attributes interdivision sales of transformers to the Industrial Manufacturing Division. The figures may therefore differ from audited accounts.

Matelec has **633** employees of which about **70%** operate in our manufacturing facilities, while the remaining **30%** make up head office staff (Engineering, Sales, Business Development and Support Functions). Almost all employees, except one, were working full-time in 2024 (Table 1).

Our team of highly skilled engineers ensures that our civil, mechanical and electrical designs are in line with international standards. We have teams of experts on the ground who are highly trained to implement and execute these designs even in the most challenging on-site conditions.

WOMEN	93 TOTAL STAFF	39 MANUFACTURING FACILITY	92 FULL TIME	1 PART TIME
		54 HEAD OFFICE	85 PERMANENT	7 TEMPORARY
MEN	540 TOTAL STAFF	408 MANUFACTURING FACILITY	540 FULL TIME	0 PART TIME
		132 HEAD OFFICE	434 PERMANENT	107 TEMPORARY
	TOTAL STAFF 633	MANUFACTURING FACILITY 447	FULL TIME 595	PART TIME 1
		HEAD OFFICE 186	PERMANENT 519	TEMPORARY 114

Table 1: Characteristics of our workforce, 2024

OUR VALUES

Every day, we bring value to the customers and communities we serve by providing affordable energy solutions. Our values define our beliefs, and our behaviors are consistent across the globe:

AGILITY

In today's dynamic and rapidly changing environment, adaptability, flexibility and a proactive approach are at the heart of success. We are agile in our approach, ready to embrace new technologies and proactive in anticipating and meeting the evolving needs of our customers.

EXCELLENCE

We are committed to consistently delivering high-quality products and services, setting and achieving the highest standards of performance, and continuously striving for improvement in all aspects of our business. From design to manufacturing, our rigorous processes adhere to the highest industry standards.

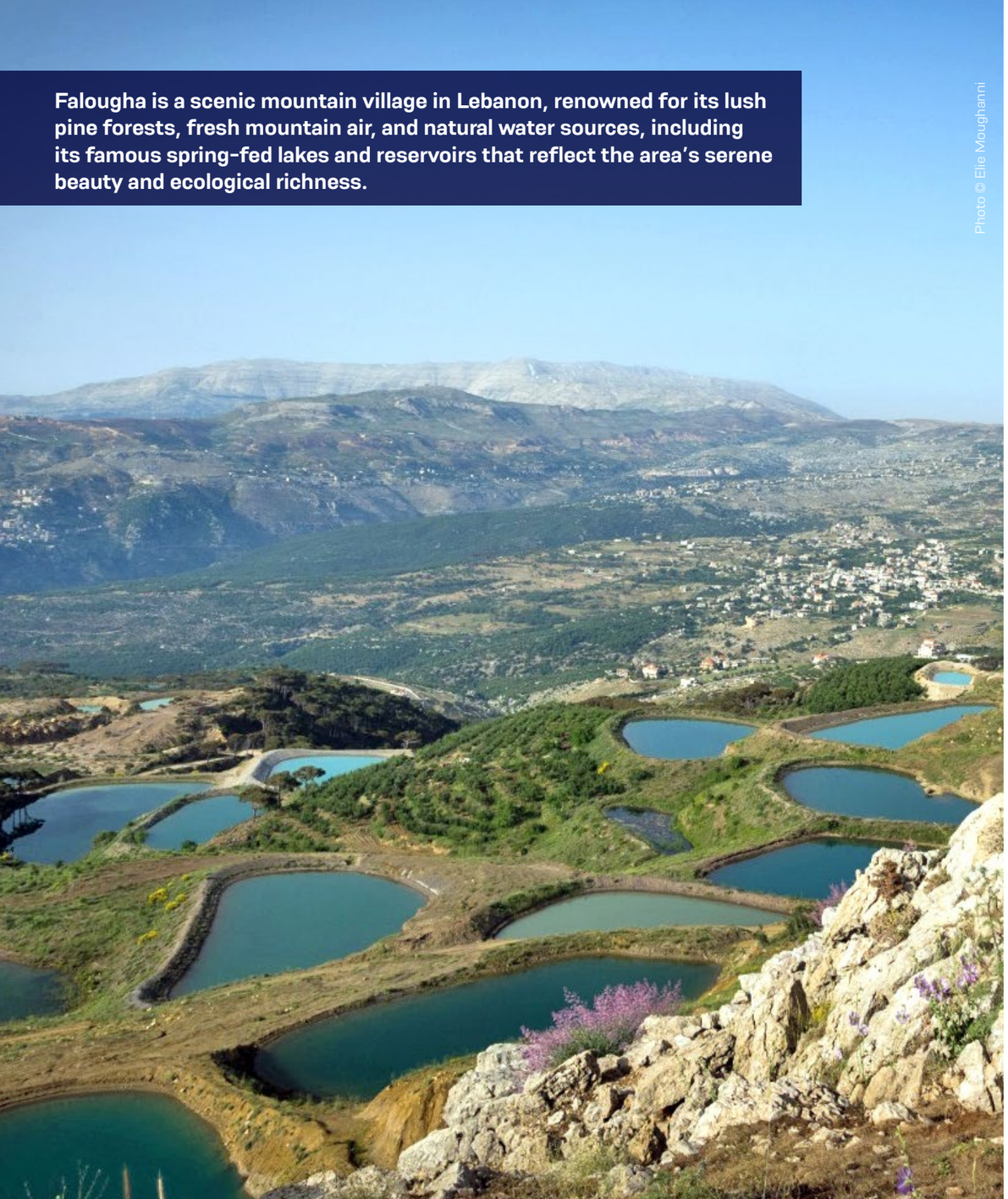
INNOVATION

We embrace innovation as a core value that propels us into the future of energy. We recognize that being a market leader requires commitment to creative thinking and exploration of new technologies. We continuously innovate and adapt our working processes, our products and our services. We foster a culture that encourages people to explore new ideas, embrace emerging technologies and find innovative solutions to challenges.

RESPONSIBILITY

Responsibility is at the core of our identity. We recognize the impact of our actions, and we are dedicated to conducting our business with high ethical standards, with the environment in mind and with a strong sense of social responsibility. By integrating sustainable practices into our working process, we not only contribute to a better future but also meet the growing demand for products that contribute to a sustainable future.

ABOUT THIS REPORT



Falougha is a scenic mountain village in Lebanon, renowned for its lush pine forests, fresh mountain air, and natural water sources, including its famous spring-fed lakes and reservoirs that reflect the area's serene beauty and ecological richness.

Photo © Elie Moughanni

We have developed this sustainability report with reference to the **Global Reporting Initiative (GRI) Standards** for the period from **1 January to 31 December 2024**.

Every year, we update external stakeholders on our progress against our sustainability targets and activities. This report covers our **head office operations** and **manufacturing facilities** in Lebanon, excluding subsidiaries, which together represent **78%** of our consolidated revenue reported in our consolidated financial statements. The report has been reviewed by our Board of Directors, the highest governance body. The report has not been externally audited. We have obtained third-party assurance for our product carbon footprints, and plan to do the same for our organization's emissions in the coming year to meet the needs of our stakeholders.

Any questions or comments about this sustainability report or our approach to sustainability can be directed to **sustainability@matelec.com**

OUR COMMITMENT TO SUSTAINABILITY

We have taken a structured approach to integrating **Environmental**, **Social** and **Governance** (ESG) factors across the company. This involves understanding our **sustainability context**, **mapping our stakeholders** and **engagement**, **analyzing** and **prioritizing** the most important areas of concern, defining our goals and objectives, developing an operational roadmap, and monitoring and reporting our progress (Figure 3).

We are committed to continuously managing and measuring our performance in all relevant aspects and increasing the integration of sustainability into our corporate strategy.

Figure 3: Our sustainability strategy & reporting process

Matelec Power Transformers, prepared for shipping, await departure at the Beirut port a few days after the devastating blast of August 4th, 2020. In the backdrop, the remnants of the destroyed silos stand as a powerful symbol of Lebanese resilience.

Our Context: Business Continuity & Resiliency

For the past few years, Lebanon has been in the throes of a multifaceted and complex crisis, one of the most profound of its history. The unfolding economic and financial crisis which began in 2019 has been exacerbated by the global COVID-19 pandemic, the massive explosion at the Port of Beirut in August 2020 and the military confrontations in southern Lebanon in September of this year.

The cumulative decline in real GDP since 2019 is now expected to exceed 38 percent by the end of 2024, deepening Lebanon's pre-existing economic crisis[3]. As government revenues dropped, public spending was slashed to a record low of 5.7% of GDP in 2022, one of the lowest rates globally[4]. As a result, access to public services such as health and education have been severely curtailed. Power outages have spread, with electricity supplied for barely a few hours per day. Against this backdrop, the Lebanese pound depreciated sharply losing more than 90% of its pre-crisis value. Inflation has soared, and unemployment has risen and in this context, many are leaving the country in search of better opportunities abroad. Although the exchange rate has stabilized since August 2023, it remains fragile.

Lebanon also faces its set of environmental challenges. According to Lebanon's 4th National Communication on Climate Change, the mean temperature in Lebanon increased by 1.6°C between 1950 and 2020, with the last three decades seeing the greatest increases. Recent meteorological events have underlined Lebanon's vulnerability to climate change: significant changes in rainfall patterns, heavy rains and floods, and increased risks of drought and forest fires. Lebanon's renewable water resources have now fallen below 1000 m^3/capita/year, the threshold which defines water stress. Waste management is also a major concern in Lebanon as the country struggles with inadequate waste collection, insufficient waste treatment infrastructure and mismanagement of its existing landfills. Still, environmental awareness is growing and recycling facilities have been increasing across the country.

Despite the challenges faced, Matelec has demonstrated unwavering strength. The numerous crises that Lebanon has navigated over the past decades have played a pivotal role in shaping our resilience and fortifying our ability to sustain business operations even in the face of adversity. Regular assessments of potential risks to our operations, coupled with the development of robust contingency plans, underscore our commitment to ensuring business continuity amidst political and economic uncertainties. Our country's challenges have triggered an acute sense of awareness of the role we have in ensuring responsible business conduct in a way that preserves our planet's resources and our people.

Since the onset of hostilities in certain regions of Lebanon last October, we have successfully shipped over 7,200 distribution transformers and installed more than 35 power transformers across diverse locations, including France, Spain, Italy, Armenia, Iraq, Jordan, Egypt, and Cyprus. Additionally, our Engineering & Construction division has continued to excel, delivering significant projects in Africa and Iraq.

We take pride in consistently exceeding the expectations of our stakeholders despite prevailing odds. Our dedication to enhancing the resilience of our business model remains steadfast. It is our duty to implement measures that safeguard our business operations, positioning ourselves as a steadfast pillar supporting the Lebanese economy through turbulent times.

3 World Bank (2024), Lebanon Economic Monitor, Fall 2024

ENGAGING WITH STAKEHOLDERS

At Matelec, we recognize that we cannot pursue sustainability goals in isolation.

As part of our commitment to transparency and responsible corporate practices, we actively engage with our stakeholders to identify the actual and potential impact of our business and determine how best to prevent and mitigate negative effects. We follow a thorough stakeholder engagement process that enables us to effectively identify, prioritize and respond to their diverse needs and interests.

Transformers installed for the ENEL group at Assemini substation -located in the Metropolitan City of Cagliari in Sardinia, Italy - will support renewable energy generation.

IDENTIFYING STAKEHOLDERS

Understanding who our key stakeholders are is essential to building meaningful relationships and fostering collaboration. To identify them, we undertook a comprehensive mapping exercise, leveraging our contextual analysis of the environment and social conditions in which we operate. We considered both internal and external groups, directly or indirectly affected by our operations and products.

Customers

We hold constant dialogue with our customers to fulfill their expectations on sustainability and responsible operations.

Suppliers

Our product is the result of our suppliers. We foster a culture of partnership to encourage sustainability across our value chain.

Employees

Employees are our most valuable asset. They make our company and the values we stand up for. We encourage open dialogue to foster a corporate culture that values transparency and personal development.

Financial Institutions

Our financial partners make our projects happen. We nurture dialogue and transparency about the impact of our projects on communities and the planet to ensure responsible investment.

Local Communities

We consider ourselves a strong employer and responsible towards the communities in which we operate. We integrate into community life and support local authorities in the development of their regions.

Nature

We don’t own our planet; we borrow it from the next generation. It is our responsibility to ensure our operations do not adversely impact the environment on which we all depend.

To mark our 50th anniversary, we planted 50 trees in Tannourine Cedars Forest, reflecting our commitment to the environment and collective wellbeing.

ENGAGEMENT APPROACH

Our stakeholder engagement approach adheres to the GRI's principles of inclusivity, responsiveness and sustainability context. We ensure that our engagement processes are inclusive, providing opportunities for stakeholders from various backgrounds and perspectives to participate in dialogue. We respond to their concerns and feedback in a transparent and timely manner, acknowledging their contribution to shaping our sustainability strategy. Finally, we frame our engagements within the broader context of sustainability, recognizing the interdependencies and impacts that go beyond our immediate business operations.

To ensure effective stakeholder engagement, we use a variety of methods tailored to the needs and preferences of different stakeholder groups (Table 2).

These methods include but are not limited to:

Surveys & Questionnaires

We conduct surveys to gather feedback from our stakeholders on specific sustainability topics, challenges and opportunities.

One-on-One Meetings

We engage in direct dialogue with key stakeholders, such as financial institutions and community leaders, to understand their unique perspectives and concerns.

Online Platforms

We maintain online platforms to provide updates, share information and gather input from stakeholders globally.

Collaborative Projects

We collaborate with stakeholders on joint initiatives aimed at addressing shared sustainability challenges.

We systematically review any feedback received from stakeholders and integrate it into our sustainability strategy, annual goals and reporting processes. This integration allows us to align our actions with their expectations and enhance the positive impacts of our efforts.

We continuously evaluate and refine our engagement activities to strengthen our relationships with stakeholders. We seek feedback on the effectiveness of our engagement methods and adapt them as needs and expectations change.

STAKEHOLDERS	TYPE OF COMMUNICATION & DIALOGUE	FREQUENCY
Shareholders & Board of Directors	• Board and shareholders meetings	Quarterly
Employees	• Regular management processes • Training • Internal communication • Grievance mechanisms • Individual interviews	Ongoing
Customers	• Individual interviews • Responses to tenders and contract requirements • Websites • Customer complaints • Regular business relationships	Ongoing
Financial Institutions	• Regular business relationships • Websites • Meetings and conferences • Questionnaires	On a project basis
Suppliers	• Regular business relationships • Individual interviews • Sustainable procurement policy and collaborative projects	Ongoing
Communities	• Local sponsorship and engagement activities • Dialogue with public authorities and local economic players • Reported grievances • Media	Ongoing
Nature	• Environmental experts or representative organizations	On a project basis

Table 2: A permanent dialogue with stakeholders

CONDUCTING OUR DOUBLE MATERIALITY ASSESSMENT

A material sustainability issue is an economic, environmental, or social issue which a company has an impact on or may be impacted by. An issue becomes material if it has the potential to influence the assessments and decisions of stakeholders. Understanding which topics are material is critical if we are to concentrate our reporting efforts on the relevant issues: those that have a direct or indirect impact on our ability to create, maintain or erode economic, environmental and social value for our business, our stakeholders and society at large.

Understanding our material topics is a three-step process (Figure 4):

Figuer 4: Process for determining material topics

IDENTIFYING ACTUAL & POTENTIAL IMPACTS, RISKS & OPPORTUNITIES

Matelec's analysis covers the actual and potential impacts, risks and opportunities arising from our activities, business relationships, products and services. Impacts may be negative or positive, short or long-term and reversible or irreversible. We conducted this assessment from a "double materiality" perspective, considering both the financial and the impact materiality of each issue.

- **Financial materiality:**
  A sustainability matter is considered material, or significant, from a financial perspective if it triggers or may trigger material financial effects.
- **Impact materiality:**
  A sustainability matter is considered material, or significant, from an impact perspective if it affects or has the potential to affect people or the environment, either negatively or positively.

We drew on a range of sources to identify Matelec's environmental, social and governance-related impacts, risks and opportunities:

- Our understanding of our sustainability context in which Matelec operates in.
- Results from the stakeholder engagement actions listed in Table 2.
- International norms and standards, such as the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the United Nations Sustainable Development Goals and the ILO Core Conventions on Labour Standards.
- Principles of international business networks of which Matelec is a member, such as the United Nations Global Compact
- National and international laws and regulations.
- Sector reporting standards, such as the SASB Standard for the Electrical and Electronical Equipment and Engineering & Construction Services.
- Research of sustainability ratings and rankings.

ASSESSING THE SIGNIFICANCE OF IMPACTS

This review resulted in a list of potentially relevant sustainability topics which were evaluated in expert workshops and interviews with internal and external stakeholders.

We assessed the significance of the environmental and social impacts using a qualitative and quantitative analysis based on the methodology described in the GRI 3 standards[4]:

- The significance of an actual negative impact was assessed based on its severity, a function of its scale, scope and irreversibility. An additional parameter, the likelihood of occurrence, was factored in for the assessment of potential negative impacts.
- The significance of an actual positive impact was assessed based on its scale and scope. An additional parameter, the likelihood of occurrence, was factored in for the assessment of potential positive impacts.
- Financial risks and opportunities were assessed based on the magnitude of the actual or potential financial impact and the likelihood of occurrence.

Both financial and impact materiality were rated on a scale of 1 (least material) to 5 (most material).

Figure 7 and Figure 10 below describe in more detail the environmental and social impacts, risks and opportunities related to our operations.

4 GRI Standards (English Language).

PRIORITIZING IMPACTS

Our double materiality assessment, developed in 2022, found ten material topics which exceeded our threshold for prioritization on either financial or impact materiality (Figure 5). These can be divided into governance (governance and business ethics), social (social benefits and inclusion, health and safety, community impacts, and professional development) and environmental issues (energy consumption, emissions and the circular economy).

We review and update our materiality assessment each year and results are presented to the Board of Directors for approval. In 2024, there were no significant changes to our material impacts, risks and opportunities compared to 2022.

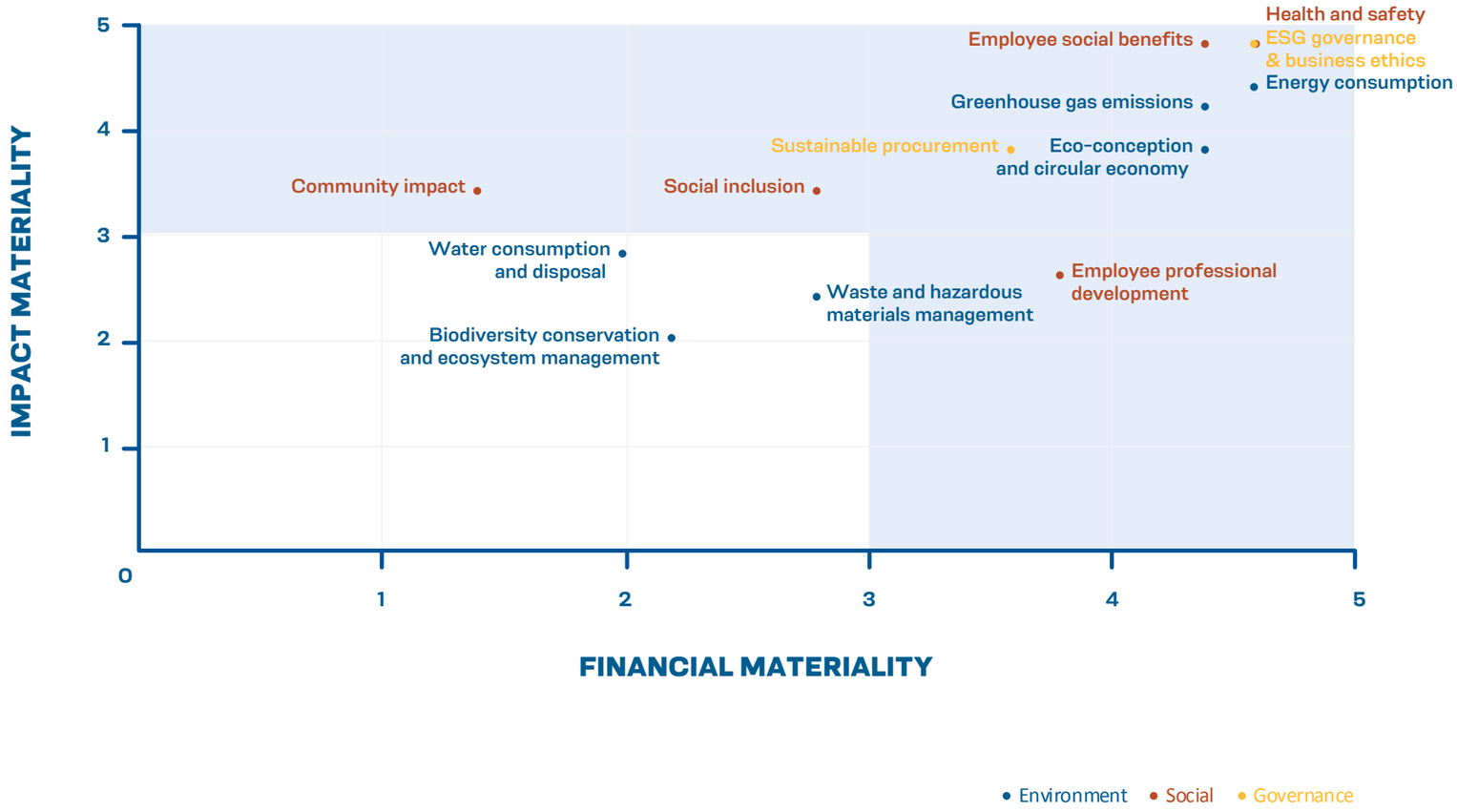


Figure 5: Double materiality matrix

OUR STRATEGY FOR SUSTAINABILITY

Our commitment to sustainability is deeply rooted in our aspiration to foster sustainable development, promote a more equitable and inclusive society, and improve the accessibility of affordable and clean energy.

We have made a firm commitment to the United Nations' Sustainable Development Goals (SDGs), as outlined in Agenda 2030, and believe we share the responsibility for advancing these goals. Our business model actively supports three of the SDGs: Goal 7 (affordable and clean energy), Goal 9 (industry, innovation and infrastructure) and Goal 11 (sustainable cities and communities). Our sustainability strategy is in harmony with and contributes to 15 of the 17 SDGs overall. These goals collectively outline our vision to address the global challenges faced by our planet.

As a result of the double materiality analysis, we have identified seven strategic focal points, which together aim to embrace responsible leadership, safeguard the environment, and protect and develop our workforce. To realize these objectives, we have made eight concrete priority commitments, reflecting Matelec's dedication to make progress in each of these strategic focal points and continue contributing to the United Nations Sustainable Development Goals (Figure 6).

To ensure ongoing relevance and alignment with our sustainability strategy, our objectives will be subject to annual review and updates at the highest level of governance. This commitment underscores our dedication to driving meaningful and impactful changes.

PILLAR	STRATEGIC FOCUS	PRIORITY COMMITMENTS	MAIN RISK (MATELEC OR ITS SUPPLIERS)	SDG (SUSTAINABLE DEVELOPMENT GOAL)
LEADING RESPONSIBLY	Promote Ethical Business Conduct	Establish a robust and long- term governance that respects and promotes human rights and ethical business conduct	Business misconduct and lack of transparency	7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
	Source Responsibly	100% of major suppliers screened on their environmental and social performance and sign the Supplier Code of Conduct by 2026	Business misconduct, environmental and social degradation across our value chain	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS
SAFEGUARDING THE ENVIRONMENT	Commit To Mitigating Climate Impact	Reduce Scope 1, Scope 2 and operational Scope 3 greenhouse gas emissions by at least 31% by 2030 compared to 2022	Climate change	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Develop The Circular Economy	Aim for a zero-waste transformer by 2040	Resource optimization and consumption	
		Design and produce a "Green transformer" designed for sustainability	Increased environmental footprint and potential harm to ecosystems	13 CLIMATE ACTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND
PROTECTING & DEVELOPING OUR PEOPLE	Supporting Staff Through Lebanon's Crises	Adjust our compensation and benefit plans to preserve living wages, access to care and education	Talent attrition and loss of productivity	1 NO POVERTY; 3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION
	Ensure Health & Safety	Reduce the total recordable injury rate (TRIR) to less than 5 per million hours worked by 2030	Work-related accidents and injuries	
	Retain & Develop Talent	Provide at least 20h/year professional development and training opportunities per employee by 2030	Talent attrition and loss of productivity	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES

Figure 6: Matelec's sustainability commitments

OUR SUSTAINABILITY PERFORMANCE

LEADING RESPONSIBLY

As a member of the UN Global Compact Network Lebanon, Matelec supports the SDGs by actively joining sessions that promote shared ideas, solutions, and innovation on both personal and organizational levels.

GOVERNING FOR SUSTAINABILITY

Corporate governance is defined as the structures and processes that direct and control corporations. It specifies the rights and responsibilities among the main participants in the corporation, including shareholders, directors and managers—and spells out the rules and procedures for making decisions on corporate affairs.

Corporate governance is the cornerstone of sound sustainability management. Matelec's organizational and corporate governance model ensures that sustainability measures are taken into consideration at all levels and for all relevant aspects of the company's operations.

BOARD OF DIRECTORS

The Board of Directors is Matelec's highest governance body. The Board has seven members, six men and one woman. Six board members, including the Chairman, are non-executives. Directors are elected for a three-year term, with the current Board elected in 2023.

The Board sets the company strategy and is responsible for overseeing the management of our impact on the economy, environment and people. It oversees the development and approval of our organization's purpose; value or mission statements; and strategies, policies and goals related to sustainable development. The Board also reviews the adequacy of our internal controls, to strengthen the integrity and credibility of our financial and sustainability reporting.

The Board holds senior management accountable for the implementation of the strategy set at its level.

Four board meetings are held per year, and the Board is consulted regularly on key issues. The annual budget and business plan, including any changes, are approved by the Board. General meetings of shareholders are also held to approve key matters as required under the Lebanese Law.

In 2022, the International Finance Corporation conducted an independent review of Matelec's governance procedures and the Board's capacity to oversee the management of our strategies, risks and impacts. In response to the recommendations made, we are currently revising the Board and Shareholder Charter. The Board Charter formalizes the Board's composition and responsibilities by setting out:

- The role of the Board in setting Matelec's corporate strategy and in holding senior management accountable for its implementation.
- The Board's responsibility for ensuring that Matelec has appropriate internal controls which are fully implemented.
- The directors' obligation to comply with relevant laws, including those related to the filing of statutory accounts.
- The structure of the Board, including guidelines on the number of directors, the balance of executive and non-executive directors (including non-executive independent directors), and Board terms.
- Matelec's expectations of directors, including a requirement for them always to act in the best interests of Matelec, the need for them to be appropriately qualified and an expectation that directors would dedicate an appropriate amount of time to their duties.

SENIOR MANAGEMENT COMMITTEE

The Senior Management Committee is chaired by the company Chief Executive Officer (CEO) and includes the Chief Finance Officer (CFO), the Director of Corporate Operations and the heads of the operating divisions. Its role is to oversee strategic and operational management as set out by the Board. The Senior Management Committee meets quarterly to discuss the development of the company, business issues or risks that arise, and how best to mitigate them. They engage with relevant stakeholders to identify our impact on the economy, environment and people.

The CEO reports back to the Board annually on the outcome of these processes and how they have been addressed.

The CEO reports any critical concerns about potential and actual negative impacts on stakeholders, or about the company's business conduct, whether raised through grievance mechanisms or other processes. **No critical concerns were raised in 2024.**

The Senior Management Committee has appointed two internal committees:

- **A Health & Safety Committee** is responsible for overseeing and enforcing the safety procedures in Matelec's factory and manufacturing facilities.
- **A Sustainability Committee** is responsible for defining and implementing Matelec's Sustainability Strategy and minimizing its sustainability-related risks and impacts. The Committee is composed of senior-level staff across all functions of the organization: the two operating divisions, finance, human resources, sales, HQSE (health, quality, safety, environment). This Committee oversees the annual sustainability reporting and supports the board's review and approval process.

POLICIES & PROCEDURES

Corporate policies help establish clear guidelines and standards for behavior and decision-making within an organization, ensuring consistency and compliance with laws, regulations and the company's objectives. They also help mitigate risks, promote transparency and create a cohesive corporate culture.

Matelec's commitments to the environment, its workforce and society are formalized through its policies, which have been approved by the Board of Directors:

Code of Conduct

Supplier Code of Conduct

Human Rights Policy

Environmental Policy

Quality Policy

Health and Safety Policy

Sustainable Procurement Policy

Integrated at the highest level of the organization, these policies apply to our operations and business operations. They are accessible on our website, and regularly communicated by leadership to workers, business partners and other relevant parties during formal and informal meetings, corporate newsletters and contractual arrangements.

We are dedicated to treating all individuals with respect and dignity as defined by the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact Principles, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO Core Conventions on Labour Standards.

We strictly prohibit bribery, fraud, conflicts of interest, and money laundering in all forms, upholding the highest standards of integrity, transparency, and ethical business practices in all our operations. Our Code of Conduct describes the ethical behavior expected of all staff and sets out the procedure to handle violations and incidents.

Employees and board members must disclose any potential conflicts of interest and cases are escalated and managed as appropriate to eliminate such conflicts that may undermine our long-term interests. We encourage the reporting of concerns and grievances, ensuring that both internal and external stakeholders know how to confidentially report issues of non-compliance—either directly to senior leadership or to the Human Resources department.

All employees receive our Code of Conduct and corporate policies upon joining the company. The Code provides clear guidance on how to seek advice or report concerns and grievances.For our Engineering, Procurement, and Construction (EPC) projects, we have established a dedicated grievance mechanism with a designated point of contact.

Internal staff are encouraged to raise any grievances with their management or Human Resources. The Human Resources team monitors and tracks each grievance, recording how promptly it is

addressed and documenting its resolution.

No corruption incidents were reported in 2024.

SUSTAINABILITY THROUGHOUT THE VALUE CHAIN

At Matelec, we aim to be a trusted partner for our suppliers, customers and end-users. Our suppliers' and partners' capacity for innovation and high standards of product quality and conformity contribute to our growth. As a leader in the production of electrical equipment and engineering solutions and services to public utilities, we also ask that our suppliers meet the highest standards of business ethics and respect human rights.

To formalize our commitment to driving sustainability across the value chain, we have set up a cross- functional team to develop a Sustainable Procurement Policy, and establish procedures for evaluating the environmental, social and governance performance of our suppliers. We will also take specific steps to ensure compliance with ethical business standards in the supply chain, by making it mandatory for our suppliers to comply with our Supplier Code of Conduct. This Code describes the business conduct we expect of our suppliers in the areas of human rights, working conditions, the environment, health and safety, business ethics, and corruption.

As a valued partner in the supply chain, Matelec aims to help our suppliers, particularly small and medium-sized ones, to adapt to these new procurement requirements and to define and implement sustainable operating practices of their own. In 2024, we launched an engagement campaign to inform our major suppliers of our new procurement and contractual processes. They will be screened through the new process and will be required to sign our Supplier Code of Conduct. Smaller suppliers will have a longer timeframe to adjust their procedures and comply with the new requirements. By the end of the year, 25% of our major suppliers had signed our Code of Conduct. We aim to have all major suppliers committing to our Supplier Code of Conduct and screened for selected environmental and social criteria by 2026

INFORMATION SECURITY

Matelec is committed to maintaining the highest standards of information security to protect its intellectual property, operational data, and customer information. Information security governance is overseen by the Information Security Manager, responsible for developing, implementing, monitoring, documenting, and communicating information security requirements. The Information Security Division is responsible for setting security policies, ensuring regulatory compliance, and overseeing risk management.

Our Information Security Policy establishes the framework for safeguarding data and IT infrastructure and adheres to relevant legal and industry regulations. The policy covers:

- Protection of sensitive technical and business information, including supply chain data and customer records.
- Control of access to systems and facilities to prevent unauthorized use or data breaches.
- Regular audits and security assessments to identify vulnerabilities and implement corrective measures.
- Compliance with cybersecurity and data protection regulations applicable to the electrical manufacturing industry.

To implement this policy, we undertake the following actions:

- **Access Control:** Enforcing role-based access restrictions and multi-factor authentication for critical systems.
- **Confidentiality of personal data:** Appropriate information security policies and procedures shall be implemented to ensure the confidentiality of personal data, consistent with statutory, regulatory and private requirements.
- **Cybersecurity Measures:** Implementing firewalls, intrusion detection systems, and encryption protocols to secure data transmission and storage.
- **Employee Training:** Conducting regular security awareness programs to educate employees on phishing, malware, and safe data handling. In 2024, all head office staff completed the information security awareness training.
- **Incident Response Procedure:** Establishing a structured incident response plan to detect, contain, and mitigate cyber threats.
- **Supplier Security Management:** Ensuring third-party vendors comply with the company's security requirements to protect shared information.
- **Internal and external audits:** Verification of our information security operational systems and control procedures helps to identify breaches and vulnerabilities within the information system.

To reinforce our measures against information security breaches, Matelec has implemented a series of additional robust cybersecurity measures in 2024. These include the adoption of multi-factor authentication (MFA), the enforcement of least privilege access, and the application of a zero-trust security framework—all aimed at minimizing unauthorized access and improving system integrity. Additionally, a new anti-malware solution has been deployed to enhance endpoint protection, and the company has introduced an Extended Detection and Response (XDR) system to enable faster threat detection, incident response, and coordinated defense across its digital infrastructure.

To measure the effectiveness of our information security program, we track the number of security incidents reported and resolved annually. There were no information security incidents in 2024.

INTERNATIONAL SUSTAINABILITY COOPERATION

In 2023 Matelec joined the United Nations Global Compact and is committed to supporting the 10 Principles of this international and voluntary framework, relating to respect for human rights, international labor standards, the environment and the fight against corruption. We have integrated the United Nations' SDGs for 2030 into our sustainability approach. These objectives are deployed across our core businesses and through actions and initiatives at our head office and operational subsidiaries.

To improve competencies on sustainability matters, our staff have been participating in the major regional accelerators on advancing sustainability issues in a corporate environment, such as the SDG Ambition and Gender Equality. We also share best practices with other regional companies to promote sustainable business conduct in the Middle East.

To ensure all workforce are aware of basic human rights and expected business conduct, Matelec has mandated three training courses delivered by the UN Global Compact for all relevant job functions across the company:

Module 1:

ANTI-CORRUPTION: "Taking Collective Action for Anti-Corruption"

Module 2:

GENDER EQUALITY: "How to be a Male Ally for Gender Equality"

Module 3:

HUMAN RIGHTS: "Translating Human Rights Commitment into Business Practice"

These training courses are progressively deployed across relevant staff functions. In 2024, 58% of relevant staff completed the first module on anti-corruption training. We aim to have 100% of relevant job functions completing this first module by the end of 2025.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

At Matelec, our commitment to corporate social responsibility is deeply rooted in our values, driving us to make a positive impact on the environment and communities we serve. In the past year, we organized a series of CSR events focused on fostering social equity, restoring the environment, and promoting long-term well-being. These events reflect our ongoing dedication to integrating sustainable practices into every facet of our business operations while empowering our employees and stakeholders to contribute to a more sustainable future. Some examples of our activities this past year have been:

- **Beachfront cleanup initiative:** In collaboration with SWIM initiatives, a beachfront cleanup event was organized as part of the nationwide campaign "*Taa noghtos b Lebnen*". This meaningful activity aimed to support environmental preservation and raise awareness among youth about the importance of maintaining a clean and fresh environment.
- **Clothes-drive:** In collaboration with Arc-en-ciel, a local non-profit organisation, we have continued the clothes drive for 2024, to collect and distribute unwanted clothing to the local communities.
- **Planting trees:** In celebration of the company's 50th anniversary, we organized a special hiking and tree-planting event in Tannourine.
- **Rehabilitation of a public school in Jbeil**
- **Christmas gift giveaway:** We partnered with Berrad El Hay, a local NGO, to organize a Christmas event for 420 children from low-income communities. Matelec prepared Christmas bags filled with sweets and small gifts to distribute during the celebration. Additionally, we provided essential food supplies to support the preparation of daily lunch boxes for the children over a 4 to 5 month period.

	Unit	2022	2023	2024
Share of women on the Board of Directors	%	14	14	14
Operations assessed for corruption risk	%	0	0	100
Number of confirmed corruption incidents		0	0	0
Share of employees at risk that completed a corruption training	%	NA	14	58
Number of confirmed information security incidents		1	1	0
Share of head office staff that completed the information security training		-	-	100%
Share of major suppliers that signed the Code of conduct	%	0	0	25
Share of new suppliers screened with environmental and social criteria	%	0	0	0

Table 3: Governance disclosures

SAFEGUARDING THE ENVIRONMENT

Matelec operates in a context that is conducive to radical changes in the industry.

Climate change, the loss of biodiversity and the resulting social issues are major challenges facing humanity.

Our aim is to replace fossil fuels with decarbonized and renewable electrical energy at our head office and factory in Lebanon.

The adoption and promotion of clean energy solutions by governments and businesses is one of the key levers for reducing the impact of climate change. It is also a major opportunity for industry and the building sector to reinvent themselves and, together with operators, devise solutions for decarbonized energy and production.

The transformation of our economic ecosystem is also accelerating, thanks to technological change and innovation at the service of a more sustainable and responsible society. Lebanon's financial and monetary crisis has accelerated public awareness of the role of businesses in securing the energy transition in a context of decreased public spending.

The rising cost of energy and the worsening of climate change-related events make it even more important and urgent for us to move towards energy self-sufficiency and act to reduce the impact of our activities on the climate and the environment (Figure 7).

IMPACTS	RISKS	OPPORTUNITIES
• Our operations contribute to global warming through greenhouse gas (GHG) emissions resulting from our manufacturing processes and products. • Insufficient national waste management infrastructure means the waste we generate, particularly hazardous waste, can pose a threat to communities and the environment. • Wastewater discharge may impact aquatic biodiversity if concentration levels exceed the maximum authorized.	• Stricter regulations relating to global warming mitigation or adaptation and the circular economy leads to higher transition risk. • Market and customer demand evolves towards more sustainably-sourced products. • Cost of on-site energy production is on the rise. • Failure to meet GHG emission reduction targets may result in higher financial costs and reputational impacts. • Emissions from suppliers and their climate adaptation or mitigation strategies may lead to price volatility and higher costs.	• In a context of decreasing supply of electricity to the national grid, on-site production of renewable energy ensures self-sufficiency, eliminates the risk of downtime, and reduces operational costs. • Important financial flows are linked to the development of renewable energies and improving energy efficiency. • The energy transition provides an opportunity to develop sustainable products and promote green electricity. • Embedding circularity into the production process reduces greenhouse gas emissions and production costs.

Figure 7: Environmental impacts, risks & opportunities

Matelec intends to leverage its leadership in the production of electrical equipment, engineering and construction to help reduce the carbon footprint of its value chain. We are well positioned to promote the development of efficient solutions that contribute to the fight against climate change and accelerate the market's adoption of clean energy solutions, a circular economy and carbon neutrality.

To achieve this goal, we are leveraging our entire portfolio of municipal customers, as well as the world's leading electrical equipment manufacturers and raw material producers, and mobilizing our 633 employees across our value chain to accelerate the implementation of our emission reduction program.

Our environmental management system, certified ISO 14001, sets the processes and practices that enable us to reduce our environmental impact and increase our operating efficiency. We use third-party certification to international standards to set our direction and internal group objectives to ensure our environmental management system produces measurable results.

We conduct life cycle assessments (LCAs) for our distribution and power transformers to comprehensively evaluate the environmental impact of our products. This enables us to identify areas where our footprint can be minimized. By implementing LCAs, we not only enhance transparency in our interactions with customers and partners but also provide them with valuable insights into the entire life cycle of our products—from raw material extraction to end-of-life disposal. Moreover, we have used this data at the group level to reconsider our production processes and devise changes aimed at reducing our environmental impact and optimizing efficiency.

9001:2015

14001:2015

45001:2018

Mitigating Greenhouse Gas Emissions

Matelec has committed to reduce its greenhouse gas emissions in line with Lebanon's national commitments to global climate targets:

- Reduce absolute gross Scope 1 emissions by 31% by 2030 compared to 2022 levels
- Reduce absolute gross Scope 2 emissions by 31% by 2030 compared to 2022 levels
- Reduce absolute gross Scope 3 operational emissions by 31% by 2030 compared to 2022 levels. We define operational Scope 3 emissions as all Scope 3 categories except for the use phase. We exclude the use phase from our climate objectives as it largely depends on the energy mix in the destination country where our transformers are deployed.

We have selected 2022 as our baseline reference year, as it marks the first year we calculated our carbon emissions.

Operationally, we see our climate objectives as a journey that starts by reducing energy usage as much as possible, replacing fossil fuels with carbon-free energy, working with our suppliers to address embedded emissions in our supply chain and constantly innovating to reduce the emissions of our products throughout their life cycle.

METHODOLOGY

In 2024 we calculated our Scope 1, 2 and 3 emissions resulting from our operations and value chain along the same general principles in previous years.

The calculation of our emissions was conducted in accordance with the Greenhouse Gas Protocol under the operational control method. The following GHGs are included in the analysis: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), sulphur hexafluoride (SF6), nitrogen trifluoride (NF3), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs). Emissions from these GHGs are expressed in CO2-equivalent (CO2e) based on their global warming potential over a time horizon of 100 years (GWP100). The Global Warming Potential values are based on the Intergovernmental Panel on Climate Change (IPCC) Fourth, Fifth or Sixth Assessment Report (AR4, AR5 or AR6), in accordance with the methodological choices of the emission factors used.

For each activity the most relevant and localised emission factor possible has been selected. Apart from locality and relevancy, other considerations were the availability of emission factors and consistency in the selection of emission factor publications. Most of our emission factors come from the Ecoinvent database, while emissions from energy consumption during our operations and product usage are calculated with the International Energy Agency's emission factors.

We have adjusted our methodology this year to better reflect actual shipments of transformers in the calculation of our downstream emissions. Previous year emissions were restated according to the new methodology to preserve comparability.

COVERAGE

The coverage of our emission calculations has remained stable and includes all head office and manufacturing facility operations, including the emissions from our engineering contracting sites. We continue to face some data availability issues regarding the calculation of Scope 3 emissions from our engineering contracting projects in the Middle East and Africa, particularly regarding the category of purchased goods and services, that may hinder the proper interpretation of results.

Emissions from subsidiaries in Jordan, Egypt, France, or Algeria remain outside the scope of this year's carbon emission calculation. In the coming years, we aim to refine our GHG calculations,by enhancing data availability from our contracting partners involved in our construction projects, and by including emissions from our subsidiaries.

Matelec acquires Lebanon's first CAT EP50N Electric Forklift (5 tons, Lithium-Ion), setting a new eco-friendly standard while reducing environmental impact and cutting fuel and maintenance costs.

We're now powering 60% of our energy needs with solar, cutting CO^2 emissions and driving a more sustainable, low-carbon future.

SCOPE 1 & 2: PERFORMANCE, OBJECTIVES & ACTION PLAN

Scope 1 emissions cover direct emissions from on-site fuel combustion, process and fugitive emissions. This includes the fuel used by our own vehicle fleet (cars, trucks, handling equipment). Scope 2 emissions cover indirect emissions from the purchase of electricity and are negligible due to the low supply of electricity from the Lebanese national grid.

Scope 1 and 2 emissions amounted to approximately 5385 tons of CO_2 equivalent (TCO_2e), or 0.5% of our total emissions in 2024 (Table 5). On-site fuel combustion represents by far the largest share of scope 1 and 2 emissions, largely driven, by the consumption of our onsite generators that produce the majority of the electricity used onsite (Figure 11). Our combined Scope 1 and 2 emissions have decreased by 8% in 2024 compared to 2023 primarily as a result of a drop in activity from our engineering and contracting projects. (Figure 8)

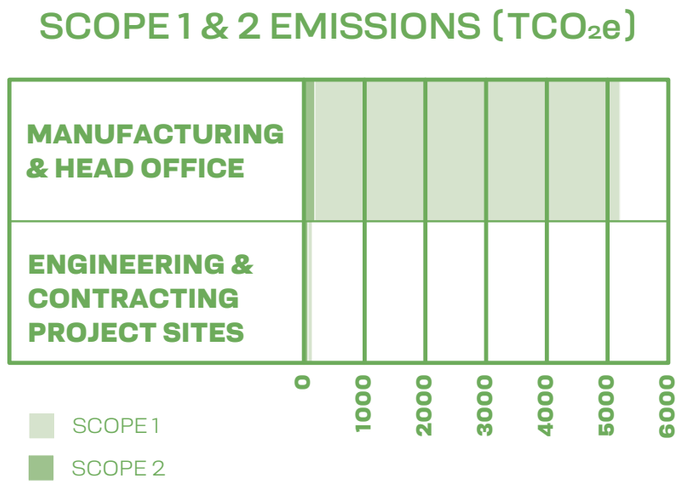


Figure 8: Scope 1 & 2 emissions across Matelec's core activities

We conduct energy audits periodically on our facilities to identify actions that may reduce our energy consumption. The first energy audit in 2018 led to the replacement of all factory lighting with LEDs, the repair of leaks in the compressed air system, and the installation of an initial solar panel system. These changes reduced our energy consumption by 1,580,000 KWh and our greenhouse gas emissions by 1262 tCO2e.

A second audit in 2024 recommended expanding the solar panel installation, installing motion sensors in hallways and meeting rooms, adding a variable frequency drive (VFD) to water supply pumps, and replacing air conditioning units with inverter-type models. These actions are expected to reduce energy consumption by an additional 3 million KWh and our greenhouse gas emissions by more than 2400 tCO2e.

Transitioning our energy supply to solar panels presents unique challenges in a country like Lebanon, where less than 5% of national energy production is derived from renewable sources. The effectiveness of on-site solar energy production is constrained by the design capacity of the local grid, which cannot absorb excess electricity generated by private solar energy producers. As a result, private operators must make significant investments in energy storage infrastructure to prevent the energy produced during periods of factory downtime from being wasted.

Despite these challenges, we remain dedicated to harnessing the sun's energy for the benefit of our business and the planet. In 2021, we successfully implemented our first 800kW solar panel facility, contributing approximately 13% of our total energy requirements. The expansion of our solar energy production began in 2024 raising our on-site production capacity by 2.16MW. The new facility will include 2MWh of energy storage to increase system capacity, and store the energy produced during factory downtimes.

The new facility is expected to be operational during the first quarter of 2025 and will provide 50% of our energy needs.

While the storage capacity helps absorb demand fluctuations, it is not sufficient to absorb all electricity produced during factory downtimes. Therefore, we are exploring ways to modify our operational processes so this excess energy does not go to waste. A potential solution is converting our fuel-operated furnaces, used for drying painted transformers, to electric power and running them over the weekends. The feasibility of this option will be further investigated in 2025. Other options include replacing our factory fleet which includes forklifts, pallet jacks and other material handling equipment, with electrical models that recharge over the night or during weekends. This has the double advantage of reducing our diesel fuel consumption while serving as an outlet for the excess electricity generated by our solar panels during factory downtime. We began this transition this year, purchasing an electrical forklift, the first of its kind in Lebanon.

	Unit	2022*	2023	2024	% vs. LY
Total fuel consumption from non-renewable resources	L	2,112,903	2,662,350	2,574,930	-4%
Total fuel consumption from renewable sources	L	0	0	0	-
Total electricity consumption (purchased and produced - not including electricity generated from fuel combustion)	KWh	782,992	1,082,381	886,127	-23%
Electricity consumption from renewable sources	KWh	762,947	819,573	836,867	2%
Total energy consumed from renewable and non-renewable sources	KWh	6,131,441	9,179,036	7,576,130	-23%
Energy intensity (relative to revenue)	MWh/MUSD	33	44	49	13%
Energy intensity (relative to production)*	KWh/KVA	2.2	1.5	1.4	<1%
Reductions achieved as a result of energy efficiency initiatives	KWh	762,947	819,573	836,867	2%

*Manufacturing and head office only.

Table 4: Energy-related disclosures

SCOPE 3:
PERFORMANCE, OBJECTIVES & ACTION PLAN

Scope 3 covers two types of indirect emissions:

Upstream
From purchased goods and services, transport of products from suppliers to our manufacturing facility, commuting and business travel, waste and packaging purchases, and upstream energy production.

Downstream
From transport of products to customers, product usage and end-of-life.

Matelec's upstream and downstream Scope 3 emissions account for over 98% of emissions, or about 998 KTCO$_2$e (Table 5). Purchased goods and services represent the largest share of our upstream emissions. This is primarily due to the emissions generated during the production of magnetic steel and aluminum used for transformer manufacturing.

Our downstream Scope 3 emissions largely arise from the energy use of our transformers over their reference service life. The extended lifespan of transformers, with distribution and power transformers typically lasting 25 years, contributes to this high share. The emissions released during this phase reflect the electricity mix prevalent in the country of destination. (Figure 9).

Between 2023 and 2024, emissions from purchased goods and services by the transformer manufacturing division rose by 37%, primarily due to increased procurement in 2024. This surge was driven by efforts to secure essential raw materials to ensure business continuity amidst the rising conflict in Lebanon over the second half of the year. However, this was compensated by a lower activity from our Engineering & Contracting business where scope 3 emissions decreased by more than 70% since last year.

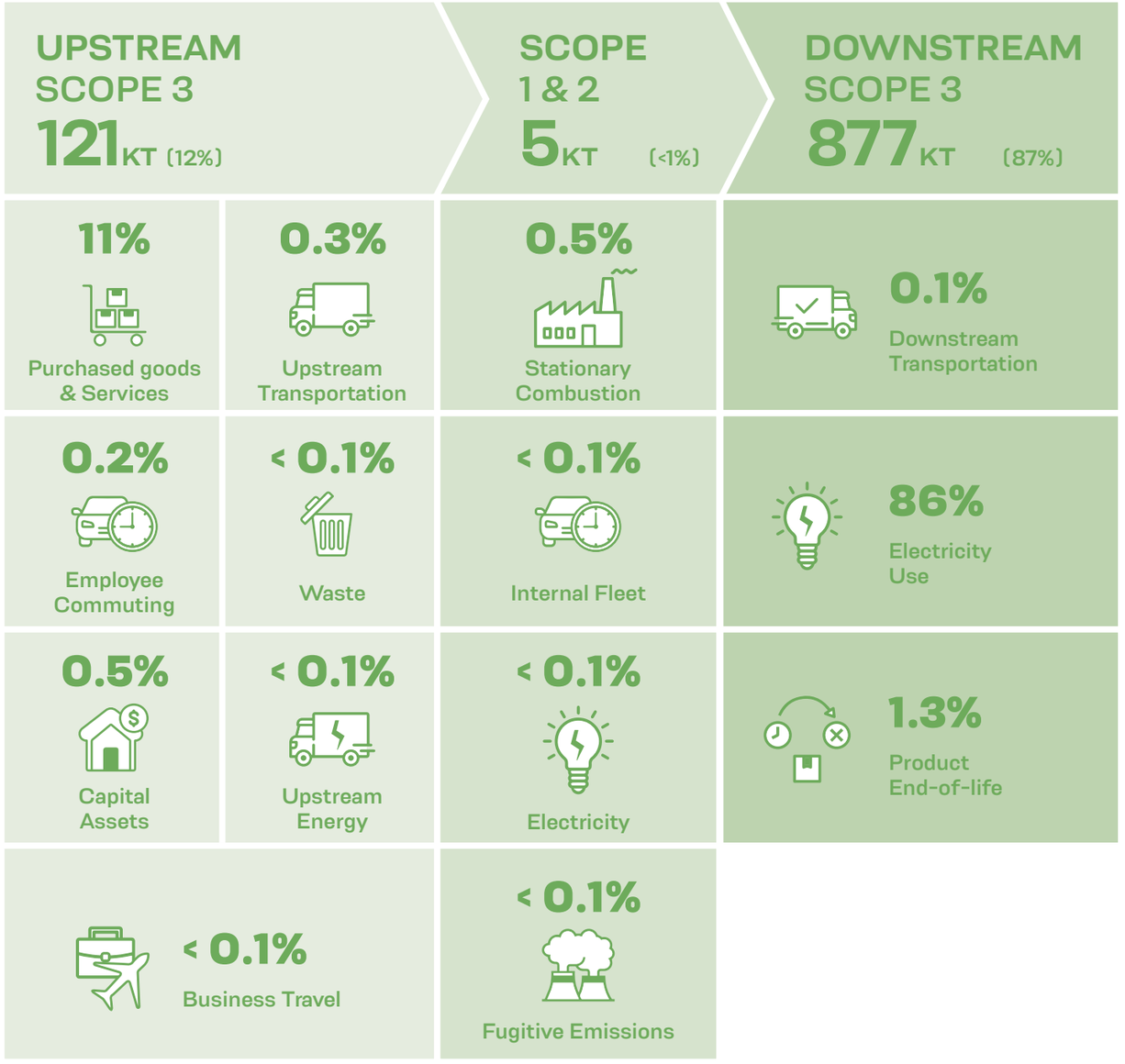


Figure 9: Manufacturing & head office emissions by source, 2024

To reduce our indirect emissions, we have identified the following actions targeting the highest sources of Scope 3 GHG emissions:

- Reducing the energy consumed during a transformers' lifetime by designing more efficient transformers and encouraging our customers to opt for energy efficiency in their design requirements.
- Working with suppliers of steel, copper, aluminum and insulating liquids to reduce the emissions associated with their production through the adoption of cleaner production technologies, increasing energy efficiency or encouraging the use of recycled metals. Where possible we privilege the purchase of steel that includes recycled content.

CARBON INTENSITY

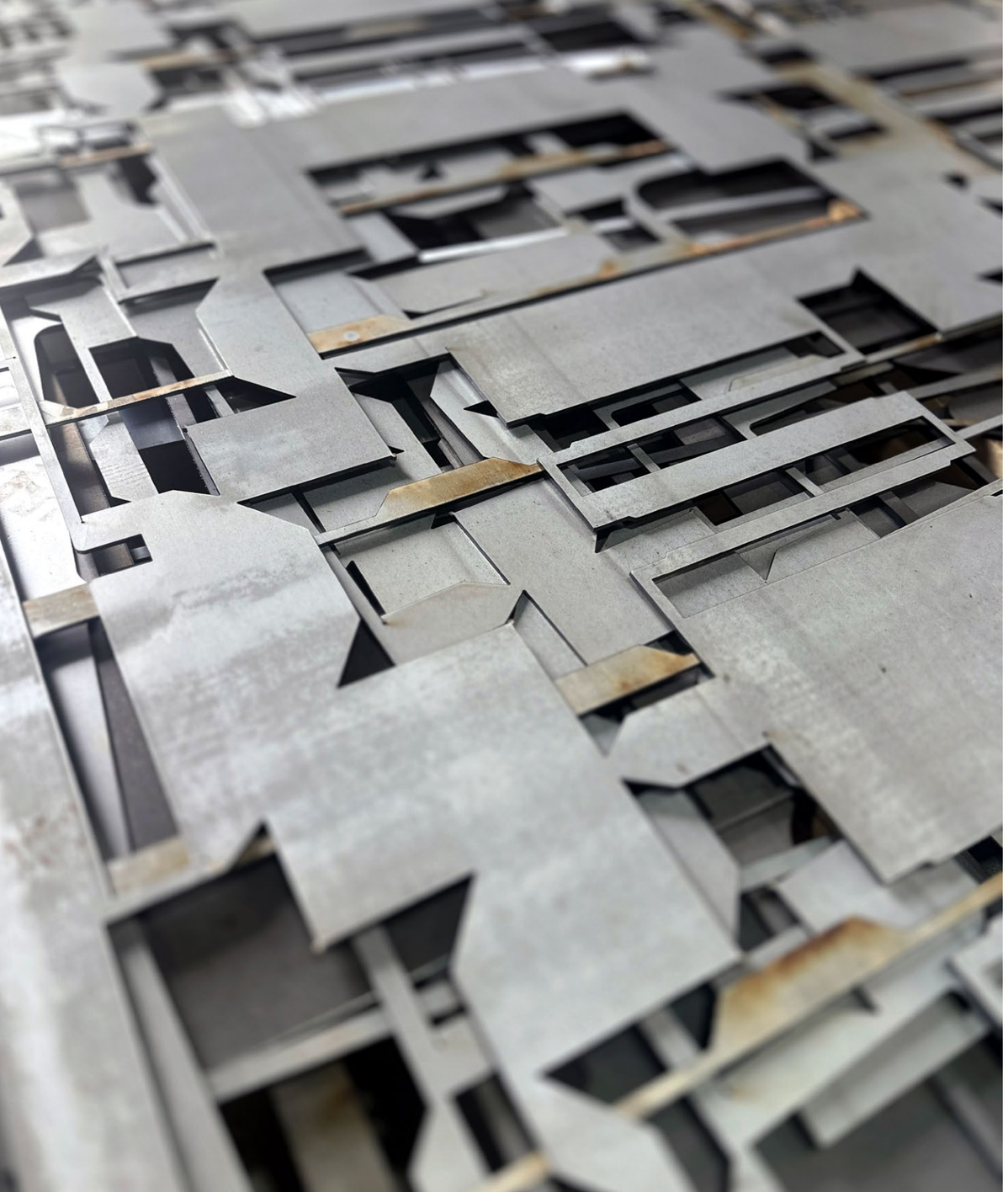
Operational emissions from manufacturing and head office emissions include all Scope 1 and 2 emissions, Scope 3 upstream emissions, as well as emissions from downstream transportation and end of life. Emissions from use of product are excluded, as this is largely a function of the energy mix in the countries where we distribute our transformers.

In 2024, our operational emissions intensity rose by 36%, reaching 26 tCO_2e per MVA produced, compared to 2023 (Table 5). This increase was primarily driven by surplus raw material purchases made as a contingency measure in response to potential supply chain disruptions related to the conflict in the Middle East in 2024.. Our total emissions intensity decreased by 3% in 2024, primarily due to lower use-phase emissions, which offset the increase from higher emissions associated with purchased goods.

	Unit	2022*	2023	2024	% vs. LY
Scope 1	TCO_2e	3,897	5,633	5,297	-6%
Stationary combustion	TCO_2e	3,849	5,434	5,224	-4%
Mobile combustion	TCO_2e	48	189	63	-67%
Fugitive emissions	TCO_2e	0	9.6	10	8%
Scope 2	TCO_2e	68	219	88	-59.8%
Scope 2: Purchased electricity (location -based)	TCO_2e	68	218.7	88	-60%
Scope 3	TCO_2e	508,628	1,045,922	997,530	-4.6%
Purchased goods and services	TCO_2e	73,537	102,828	110,732	8%
Capital goods	TCO_2e	NC	NC	5,419	
Fuel and energy-related activities	TCO_2e	21	136	36	-73%
Upstream transportation and distribution	TCO_2e	2,163	9,453	2,624	-72%
Waste generated in operations	TCO_2e	112	120	82	-31%
Business travel	TCO_2e	48	179	160	-11%
Employee commuting	TCO_2e	1,090	1,505	1,796	19%
Downstream transportation and distribution	TCO_2e	1,666	2,073	1,375	-34%
Use of sold products	TCO_2e	421,108	919,459	862,384	-6.21%
End-of-life treatment of sold products	TCO_2e	8,882	10,169	12,921	27.06%
Total Scope 1 + 2 + 3	TCO_2e	512,593	1,051,774	1,002,915	-4.65%
Total operational emissions	TCO_2e	91,485	132,314	140,862	9%
Total GHG emission intensity*	TCO_2e / MVA	185	220	214	-3%
Operational GHG emission intensity*	TCO_2e / MVA	33	21	28.5	36%

*Manufacturing and head office only.

Table 5: Climate related disclosures



Reducing Waste

Valuable materials are used in the production of our transformers.

As a result, we have entrenched the reuse of materials (circularity) throughout the organization, from the engineers who design our products, to our factories manufacturing them, to our suppliers across our value chain. Our ultimate ambition is to create zero-waste transformers. Reducing waste going to landfill is particularly important in Lebanon where, as noted above, waste management is widely inadequate.

Two main drivers will reduce the quantity of solid waste going to landfill:

1 - Diverting factory waste from landfill.

2 - Enhancing the recyclability of our products.

DIVERTING FACTORY WASTE FROM LANDFILL

The largest categories of waste by weight coming from our operations are magnetic steel, aluminum, wood, plastic, paper and cardboard. We work with local partners for the collection and recycling of these waste types. More than 85% of total waste originating from our manufacturing facilities or head office was distributed to local recycling facilities in 2024, of which 100% of the waste steel, cardboard, nylon, plastic and wood (Table 6).

Matelec has a longstanding policy of eliminating the use of hazardous substances from our manufacturing process. Less than 1% of our generated waste is classified as hazardous (Table 7). We have put specific measures in place for the disposal of paint waste, the only harmful substance we produce, which is sent to a designated facility in Hbaline, Lebanon.

In 2024, we improved our ability to collect primary data on the quantity of waste generated from our plants. However, collecting precise data from hazardous waste from our painting facility remains a challenge. We will continue investing in data availability and monitoring in 2024 so we can continue to measure the effects of our waste mitigation initiatives as we aim for greater material efficiency.

IMPROVING RECYCLABILITY

Matelec's transformers are built to last at least 25 to 30 years. At the end of its life, a transformer must be drained, prepared for transport off-site and then dismantled. During dismantling, more than 90% of materials are collected and sent for recycling. Waste management processes vary according to where the dismantling takes place. However, the recommended recycling actions are generally the same for the four main materials constituting the transformer: steel, copper, cellulose and insulating liquid.

While we are committed to sustainability and responsible manufacturing, Matelec does not currently collect old transformers at the end of their useful life for reuse or recycling. This is primarily due to logistical, regulatory, and technical challenges. The vast majority—approximately 99%—of our transformers are exported outside Lebanon. Repatriating these units for treatment would pose significant logistical challenges, incur substantial costs, and lead to higher greenhouse gas emissions due to transportation. Within Lebanon, we also do not collect retired transformers produced by other companies as we cannot verify the materials used for their manufacturing and as a result cannot ensure their safe handling. The variability in the condition and design of retired units manufactured by other companies further complicates safe and efficient component recovery. Instead, we encourage customers to work with certified local recycling and disposal services that are equipped to handle such equipment responsibly and in compliance with applicable laws.

PRESERVING WATER RESOURCES

Water is a valuable resource, and we are keen to protect our water resources and reduce our consumption. We record our annual consumption of water in our manufacturing plant and in our offices.

In 2024, we withdrew approximately 59,655 m^3 of water from the public supply to use in our manufacturing processes and for sanitary and kitchen use (Table 6). About two-thirds of the water is used for rinsing at the production plant's painting station. The remaining water is consumed in sanitary and kitchen facilities.

We protect our natural water resources by treating and reusing our wastewater effluent as much as possible. An on-site water treatment facility treats process water including the effluent from our painting station. Additionally, part of the treated water is used for irrigation in the gardens surrounding our facility. We regularly monitor the quality of our wastewater effluent to ensure compliance with local environmental regulations.

Our staff are regularly trained on procedures to save water and reduce consumption in the sanitary facilities and in the factory.

Matelec's Green Power Transformer.

Eco-designing our Future

In 2022, we launched the design of a Green and a SMART Green transformer that reduces the environmental impact of production, use and end of life; enhances the safety of users; and supports the energy transition to cleaner sources. We have committed to systematically offering our Green transformer as a viable alternative to traditional transformers when responding to customer requests for proposals, and our SMART Green transformer for operators needing to adapt to grid fluctuations.

MATELEC'S GREEN TRANSFORMER HAS THE FOLLOWING PROPERTIES:

ESTER-FILLED:

Ester oil is a fluid of choice due to its high insulation capacity, lower inflammability and high biodegradability.

Replacing mineral oil conventionally used for transformer insulation and cooling fluid with a natural ester brings several safety and environmental benefits:

- The higher fire and flash points of ester oil minimize the risk of fire hazards.
- Natural esters are biodegradable, reducing the probability of soil degradation and contamination in the event of leaks.
- These two properties reduce the need for fire safety and spill containment, cutting down the cost of civil works and operational maintenance.
- The higher flash point of ester oils allows the transformer to operate at higher temperature without degrading its life expectancy. As a result, operators may choose to operate at higher grid efficiency for the same lifespan, or benefit from a longer lifespan on the rated load.
- Ester oil is derived from 100% vegetable oil, a renewable resource. Its use enhances the circular design of the transformer by minimizing disposable waste.

SUSTAINABLE SOURCING

We have partnered with our main suppliers to source raw materials more sustainably through the adoption of clean production technologies.

An example is the procurement of steel produced through a technical process where sponge iron replaces a portion of the coking coal in the blast furnace process, reducing emissions by **70%** compared to conventional steel manufacturing processes. We are also requesting our suppliers to incorporate recycled materials into the metals we purchase. In 2024, over 3000 tons of steel products purchased contained a blend made of 16.7% recycled metal.

Our SMART Green transformer hold the same environmental benefits as our Green transformer, but with additional functionality to monitor and control the voltage, current and power factor. This allows the transformer to better adapt to fluctuations of the power grid. Such transformers are particularly well suited to intermittent renewable energy sources such as wind or solar: through adjustment of its voltage output, the transformer ensures an efficient flow of energy, improving the overall flexibility and stability of the energy grid.

In 2024, 9% of the distribution transformers manufactured were filled with ester, synthetic ester, or vegetable oil (Table 6). Our goal is to increase the production of Green and SMART Green transformers to represent 20% of our total distribution transformer output by 2035. We are committed to collaborating with our clients to promote and highlight the environmental advantages of these products, encouraging a gradual shift towards more sustainable operations.

	Unit	2022*	2023	2024	% vs. LY
Water withdrawal	m^3	43,010	48,335	59,655	2%
Total waste generated	T	1853	2,495	2,113	-15%
Non-hazardous	T	1844	2,481	2,097	-15%
Hazardous	T	8	14	16	14%
% of waste diverted from disposal & recycled	%	92	92	88	-4 pp
Waste diverted from disposal & recycled	T	1700	2,297	1,851	-19%
Wood	T	224	432	152	-65%
Nylon	T	7	5	2	-46%
Paper & Cardboard	T	60	92	108	17%
Steel	T	1238	1538	1426	-10%
Plastic	T	135	113	73	-35%
Copper	T	7.7	5	27	74%
Aluminum	T	28.7	56	63	11%
Waste directed to disposal (landfill)	T	-	199	361	33%
Hazardous waste	T	8	14	16	14%
Non-hazardous waste (organic)	T	143	185	245	33%
% of recycled input materials to manufacture primary product	%	0	<1%	< 1%	-
Percentage of reclaimed products and their packaging materials	%	0	0	0	-
Share of Green distribution transformers produced	%	NA	8	9	1pp

Table 6: Effluents & waste disclosures

PROTECTING & DEVELOPING OUR PEOPLE

Our people are the cornerstone of our strong performance.

The ability to attract and retain talent is key to our success at Matelec. We deploy a comprehensive human resources policy, which is implemented in accordance with current legal provisions.

Analysis of our impacts, risks and opportunities on the social dimension (Figure 10), has identified four strategic human resource priorities for the coming years:

- Preserving our staff's access to basic needs amidst Lebanon's turbulent economic context.
- Supporting our people in developing skills and competencies that will increase their resilience to economic shocks and ensure their employability.
- Protecting our staff from work-related injury and ill health.
- Encouraging a diverse and inclusive workplace where all feel valued and respected.

IMPACTS	RISKS	OPPORTUNITIES
• In a context of low public spending, adjusting our social benefits and allowances can support staff in meeting their basic health and education needs. • Health and safety measures, if not properly addressed, may harm the physical, mental and emotional capacity of staff. • Continuous adult learning in the workplace allows individuals to develop new skills, increase their resilience to economic shocks, and secure their employability. • As a leading regional employer, Matelec plays an important role in local community development and in promoting diversity and inclusion.	• The financial and economic crisis in Lebanon may lead to a loss of talent as more individuals emigrate to seek a decent living wage. • An unsafe workspace increases the cost of injury/illness, increases absenteeism, and reduces productivity and employee morale. • Neglecting professional development and succession planning undermines the company's resilience and agility. • A lack of diverse perspectives can stifle creativity and innovation and undermine decision-making.	• Matelec derives a significant portion of its revenue from international sales, which increases its resilience and adaptability to Lebanon's current financial crisis. • A diverse and inclusive workplace can lead to higher employee engagement and motivation, which can, in turn, boost productivity and overall financial performance. • Encouraging women in engineering can increase our talent pool. • Non-financial incentives, such as professional development, can play an important part in employee growth, job satisfaction, and ultimately talent retention.

Figure 10: Social impacts, risks & opportunities

Protecting Compensation & Ensuring Basic Needs

The Lebanese crisis has affected the salaries of a large share of its population. The fall in the Lebanese pound means salaries have depreciated to less than a tenth of their value. Rising unemployment, a depreciating local currency, skyrocketing inflation, and the removal of subsidies for medication and fuel have made it harder for many people to meet their basic needs.

In response to this situation, we began a gradual transition in the currency we use to pay salaries, from Lebanese pounds to US dollars. This strategic move aimed to shield our employees' purchasing power from unpredictable currency fluctuations. By end 2023, 100% of salaries were paid out in US dollars.

The decline in public investment in health and education has also led us to recently re-evaluate our healthcare and benefits package. All our employees benefit from the national health coverage social security plan. However, with Lebanon's financial, economic and political crisis now in its fourth year, the capacity of the national social security fund to provide health coverage to its citizens has deteriorated. With medical inflation, the devaluation of the currency and the dollarization of costs, families are at risk of not being able to afford even basic healthcare. To support staff and their families during this time, we have expanded our health coverage to cover 75% of hospital expenses for our employees and their dependents, including spouses, children and parents, that were initially covered under national social security. We also encourage prevention and regular medical check-ups to raise awareness on health issues. For employees with children enrolled in primary and secondary schools, we also provide an educational allowance equivalent to 65% of their tuition fees.

LIVING WAGES

As signatory to the United Nations Global Compact, Matelec has committed to paying a living wage that meets or exceeds living wage standards to all employees and external workers.

The living wage is defined as the remuneration enabling each employee to provide for his or her family's essential needs (food, housing, transport, children's education, healthcare, etc.) while also providing for unexpected events and buying consumer goods. Benchmarking salaries against a living wage reference database is even more important in Lebanon, where the national minimum salary has not been adjusted to its full value after the currency devaluation.

Matelec benchmarks its basic gross wage plus any fixed allowances guaranteed to all employees (such as transportation allowance) to the living wage calculated by Valuing Impact and the Value Balancing Alliance (VBA), social-purpose organizations focused on impact accounting and valuation. The calculation of the living wage is aligned to international standards and based on the Anker methodology. It is calculated for a typical family in Lebanon with one adult working full-time and considering the national fertility rate. The calculation considers the cost of living, specific country circumstances and the work performed during normal hours.

In 2024, all Matelec employees and external contract workers earned a monthly gross wage including allowances that exceeded the reference living wage calculated by the VBA (Table 7). Furthermore, Matelec has set a corporate minimum wage which is 54% higher than the reference living wage for the country. We are committed to monitoring and sustaining this result every year.

5 https://www.valuingimpact.com/living-wage-global-dataset-2023-2024

	Unit	2022	2023	2024	% vs. LY
Share of direct employees included in the analysis on living wage	%	NA	100	100	-
Share of direct employees and external contract workers earning below the living wage	%	NA	0	0	-
Share of direct employes earning below the living wage	%	NA	0	0	-

Table 7: Living wage disclosures

DEVELOPING TALENT

At Matelec, our achievements are intrinsically linked to the talents of our workforce. Recognizing the pivotal role of employee commitment and skill enhancement in driving performance, we remain dedicated to the continuing training, support, assessment and evaluation of our employees, fostering a conducive environment for their professional growth.

In 2022 we aimed to provide all employees with at least 20 hours of training per year, and this target has been achieved in 2024 (Table 8). This is a company-wide commitment that applies to all staff working in our factories and headquarters. These hours include both mandatory training and professional development:

- Mandatory training ensures staff minimize risks to the company and to their security and health, while complying with regulations. Such training includes topics such as quality, safety, environment, human rights and proper business conduct.
- Professional development helps staff develop the new skills and competencies they need for their current or future role. As an employer, we play an important role in helping staff overcome opportunity gaps by offering additional professional training. Until 2021, the main types of development offered were peer support and training. In 2022, we formalized this training into our internal education program. Typical training content offered includes the use of specific software tools, communication, management, organization skills and sustainability. Since we joined the United Nations Global Compact Network, we have also encouraged staff to participate in the Global Compact Academy which offers a range of training on sustainability in the workplace.

We assess employees' learning and development needs yearly through our annual performance and career development planning (Table 8). In addition to formal training, managers actively explore and promote internal learning resources and cross-departmental knowledge sharing. We assess the performance of factory workers monthly, and they receive regular informal feedback on the quality of their work and opportunities for development.

	Unit	2022	2023	2024	% vs. LY
Average hours of formal training per year per employee	%	NA	13.9	22.9	+65%
Women	Hours	NA	10.6	27	+155%
Men	Hours	NA	14.4	22.2	+54%
Share of employees that received at least one training in the past year	%	NA	92%	94%	2pp
% of employees receiving regular performance and career development reviews	%	100	100	100	-
Head office staff	%	100	100	100	-
Factory staff	%	100	100	100	-

Table 8: Training and development disclosures

ENSURING HEALTH & SAFETY

HEALTH & SAFETY IN THE WORKPLACE

Matelec is certified **ISO 45001** which ensures a safe workplace for staff and visitors.

The certification process resulted in procedures that ensure we have control over factors that might result in illness, injury and, in extreme cases, death.

We are committed to reducing our injury numbers to align with best practices in the industry[6] and have committed to reducing our total recordable injury rate (TRIR) to less than 5 per million hours worked by 2030. We believe all injuries are preventable and aim to implement the following actions to help achieve our safety goals.

- **Setting the tone:** Making safety the #1 priority. Safety in the workplace can sometimes get overlooked. However, when safety deteriorates, product quality and performance usually suffer too. We consider safety to be the highest priority, communicated by the CEO to all staff and it is discussed regularly at meetings and corporate events.
- **Understanding the most common types of injuries:** We have enhanced data reporting on injuries to look for recurring patterns. This has helped us understand potential hazard areas and implement remedial actions to prevent future injuries.
- **Investing in training & maintenance:** Annual training of staff in manual techniques and safety procedures helps remind workers of the dangers they may face by not using equipment properly or wearing protective gear. We have adjusted our training approach to ensure staff are able to identify, report and eliminate hazards and ensure the environment remains safe. All employees, whether they work in the factory or head office, are included in our Health and Safety Standards, and mandatory training. New hires are systematically trained before their first day on the job. Training is refreshed in the event of any major quality or safety incidents, process change, new equipment or change in the environment. In 2022, we developed health and safety toolbox talks to highlight safety measures before work begins each morning. In 2023, we engaged our entire Matelec workforce to further improve our internal health and safety culture.
- **Creating a culture of safety that focuses on prevention:** Instilling a sense of responsibility and professionalism helps employees be safer. Safety is engineered into work processes, for example, ergonomics, automation of hazardous tasks and the inclusion of production breaks. Signage in the factory reminds workers how to use equipment safely and identify potential hazards. Safety messaging through regular corporate communications helps infuse a culture of safety at all levels. A culture of safety is also instilled through our awareness events. In collaboration with the Lebanese Red Cross, we delivered First Aid training to a group of employees across different departments to enable them to respond adeptly in emergency situations. Following the training, we also provided guidance to all employees regarding our internal First Aid response project, ensuring everyone is informed about on-site emergency procedures set by the QHSE Department
- **Enforcing accountability:** A dedicated safety committee is responsible for implementing key safety procedures on site, identifying potential hazards requiring remedial action, reporting breaches and enforcing compliance. Safety metrics help monitor performance and analyze the characteristics of injuries to identify patterns and set appropriate remedial action. They are reviewed regularly and discussed at managerial level.

In 2024, the total number of injuries across the company (Manufacturing Facility and Engineering & Contracting projects) increased by 24% compared to last year while the number of lost days due to injury in the workplace rose by 56% (Table 9). This rise is due to a higher rate of injuries at Matelec's manufacturing facility, where total manhours increased by approximately 10% over the past year, driven by a rise in work complexity and a high volume of subcontracted activities, placing additional strain on internal resources. This growth, combined with a limited number of health and safety personnel, contributed to slower progress and limited control on safety procedures in some areas.

In response, several corrective actions have been implemented. The Health Safety and Environment (HSE) onboarding process for all new employees has been strengthened, and subcontractor activities are now tightly controlled. Regular HSE committee meetings are held, and the frequency of health and safety inspections—particularly on equipment—has increased. Technical corrective measures have been introduced, including upgraded personal protective equipment (PPE), while incident reporting and investigation processes have been enhanced.

To foster a stronger safety culture, Matelec launched the "WellbeingFirst" initiative to identify administrative non-compliance, introduced an "unsafe acts" reporting scheme, and established a "quick wins" initiative to promote a positive work environment. Looking ahead to 2025 and 2026, the company plans to launch an HSE reward system and organize an annual Safety Day. Internal audits have been scaled up, and employees can now report HSE concerns through a dedicated link in under a minute.

6 A single injury or illness has a much greater effect on incidence rates in small establishments than on larger ones due to the lower number of employees and therefore hours worked. Any analysis must compare injury rates across employers with workforces of similar size doing similar work.

HEALTH & SAFETY OF OUR CUSTOMERS

Our comprehensive approach to quality consistently strengthens our processes, guaranteeing the safety of our products.

Matelec has been certified ISO 9001 since 1996.

Our management systems ensure that we use the process approach to assess all the risks within our internal supply chain and production to satisfy the needs of all our stakeholders, minimize the risk of operator injury and prevent environmental degradation.

Processes such as defining clear quality policies and responsibilities, setting ambitious targets, training our workforce, and monitoring through control sheets, inspections, audits, complaints and key performance indicators all help us achieve our intended results. We also use other methodologies such as Lean and Six Sigma to ensure we resolve problems as they arise and improve processes promptly and efficiently.

Our products are rigorously tested to ensure the safety of our customers' operating staff and the environment throughout their lifetime. All customers receive an operating and disassembly manual outlining the necessary precautions and procedures for safely handling the transformer, as well as identifying parts that can be recovered at the end of its lifetime. We regularly monitor customer complaints to ensure the safe use of our products and drive continuous improvement. In 2024, no incidents were recorded regarding the health and safety of our products and their users.

	Unit	2022*	2023	2024	% vs. LY
Percentage of employees who are not eligible for healthcare benefits	%	0	0	0	-
Total recordable work-related injuries		33	33	41	24%
Total recordable work-related injury rate	Per 1,000,000 hours worked	32.2	17.3	28.7	66%
Total lost time work-related injuries[7]		25	21	29	38%
Lost-time work-related injury rate[7]	Per 1,000,000 hours worked	24.4	11	20.3	84%
Number of fatalities		0	0	0	-
Number of hours worked	Hours	1,024,751	1,907,540	1,430,871	-25%
Total number of incidents of non-compliance concerning the health & safety of products	Number	0	0	0	-

Table 9: Health & safety disclosures

7 A lost-time injury is an injury resulting in more than 24 hours of time off work.

DIVERSITY & INCLUSION

We are recognized as one of the leading employers in Lebanon and assume a significant responsibility in fostering the growth of the local community.

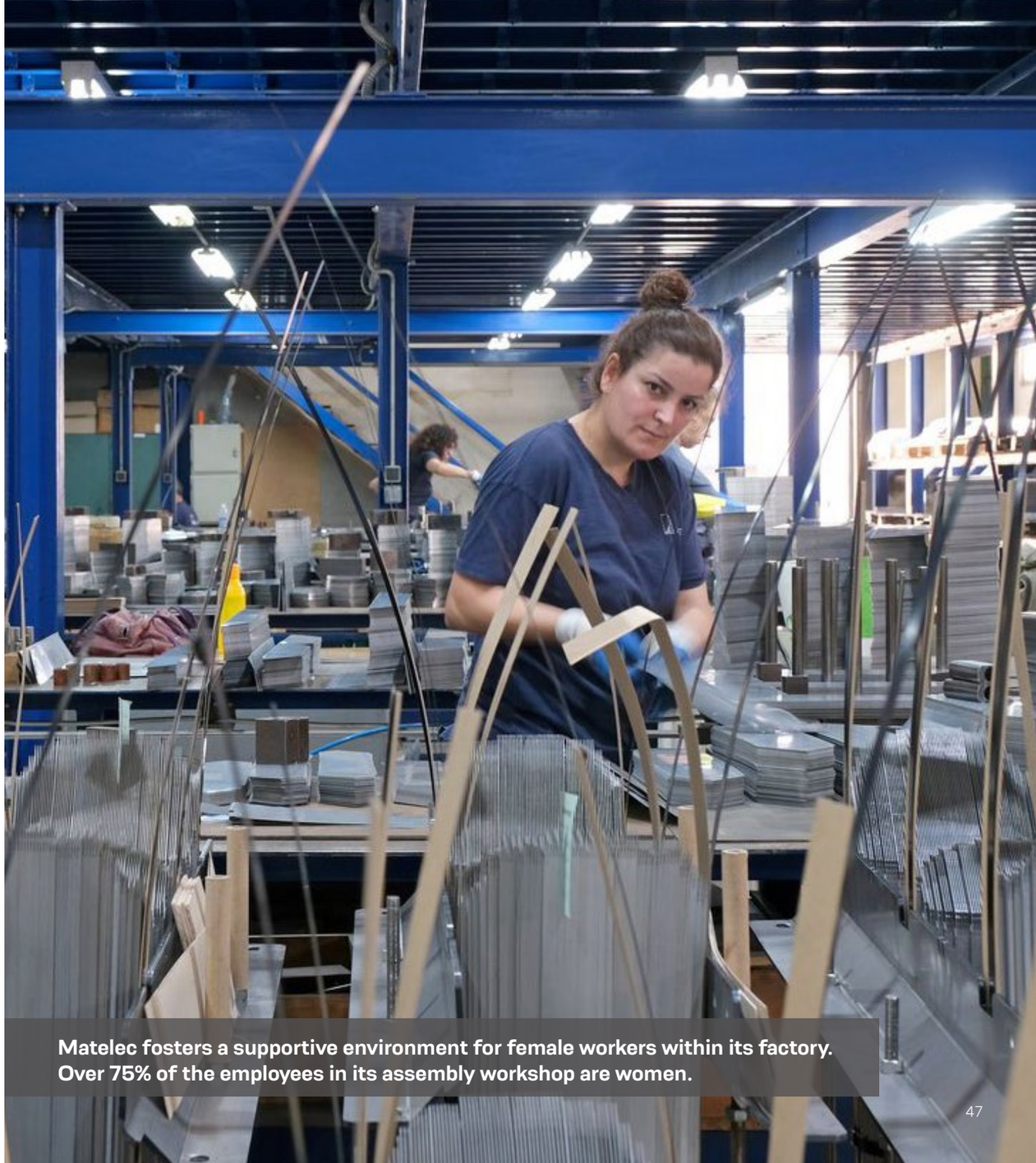
We also have the potential to act as a catalyst for enhanced social inclusion and overall societal advancement. In pursuit of these goals, Matelec remains committed to the integration of vulnerable population groups such as youth, women and adults with disabilities, while actively creating avenues for apprenticeship opportunities, thus contributing to the holistic development of the community.

Our human rights policy enshrines our commitment to diversity, inclusion and anti-discrimination. The policy sets out our preventive and affirmative actions to ensure fairness in all aspects of employment, including hiring, training, evaluating performance, administering compensation and benefits, and terminating employee contracts. We made significant progress throughout 2024 in helping with the inclusion and diversity awareness at Matelec. One of our main highlights this year was the women's empowerment event held on March 8th that aimed to highlight the significant contributions of women in our organization. We will continue to develop and be more ambitious in this area in 2024 and beyond.

We have established key metrics to track our reporting on diversity and held a workshop for human resources to drive awareness across the company (Table 10).

	Unit	2022	2023	2024	% vs.LY
% of women in the workforce	%	15	15	15	-
% of women managers	%	27	27	27	-
% of employees below the age of 30	%	10	13	16	2.7pp
% of staff with a disability	%	2.4	2.0	3.3	1.3pp
% of managers with a disability	%	0	0	0	-

Table 10: Diversity disclosures



Matelec fosters a supportive environment for female workers within its factory. Over 75% of the employees in its assembly workshop are women.

GRI CORRESPONDENCE TABLES

STATEMENT OF USE:

Matelec SAL has reported with reference to the GRI Standards for the period from January 1st, 2024, to December 31st, 2024.

GRI 1 USED:

Foundation 2021

GENERAL DISCLOSURES & MATERIAL

GRI Standard	Disclosure	Location in report
2-1	Organizational details	About Matelec
2-2	Entities included in the organization's sustainability reporting	About this report
2-3	Reporting period, frequency and contact point	About this report
2-4	Restatements of information	Not applicable – this is Matelec's first sustainability report
2-5	External assurance	About this report
2-6	Activities, value chain and other business relationships	Activities: About Matelec Value chain: Sustainability throughout the value chain
2-7	Employees	Protecting and developing our people
2-8	Workers who are not employees	Not applicable
2-9	Governance structure and composition	Governing for sustainability
2-10	Nomination and selection of the highest governance body	Governing for sustainability
2-11	Chair of the highest governing body	Governing for sustainability
2-12	Role of the highest governance body in overseeing the management of impacts	Governing for sustainability
2-13	Delegation of responsibility for managing impacts	Corporate governance
2-14	Role of the highest governance body in sustainability reporting	Corporate governance
2-15	Conflicts of interest	Policies and procedures
2-16	Communication of critical concern	Corporate governance
2-17	Collective knowledge of the highest governance body	Corporate governance
2-18	Evaluation of the performance of the highest governance body	Corporate governance
2-22	Statement on sustainable development strategy	Letter from the CEO to stakeholders
2-23	Policy commitments	Policies and procedures
2-24	Embedding policy commitments	Sustainability throughout the value chain
2-25	Processes to remediate negative impacts	Policies and procedures
2-26	Mechanisms for raising advice and seeking concerns	Policies and procedures sustainable supply chains
2-27	Compliance with laws and regulations	Matelec was not fined for any significant breaches of laws or regulations in the reporting period.
2-28	Membership associations	Participation in international sustainability associations
2-29	Approach to stakeholder engagement	Engaging our stakeholders
2-30	Collective bargaining agreement	Not applicable. There are no collective bargaining agreements in Lebanon.
3-1	Process to determine material topics	Conducting our materiality assessment
3-2	List of material topics	Conducting our materiality assessment
3-3	Management of material topics	In each relevant section

GOVERNANCE INDICATORS

GRI	Indicator	Other information	Location
204-1	Percentage of the procurement budget used on local suppliers	Local suppliers are those based in Lebanon	
205-1	Operations assessed for risks related to corruption		Leading responsibly, Table 3: Governance disclosures
205-2	Share of individuals in at-risk job categories trained for anti-corruption	Employees	Leading responsibly, Table 3: Governance disclosures
205-3	Confirmed incidents of corruption and actions taken		Leading responsibly, Table 3: Governance disclosures

ENVIRONMENT INDICATORS

GRI	Indicator	Other information	Location in report
301-1	Materials used by weight	Metals	Reducing waste
		Magnetic steel	Reducing waste
		Aluminum	Reducing waste
		Copper	Reducing waste
		Other metals	Reducing waste
		Transformer mineral oil	Reducing waste
301-2	Recycled input materials used	% of recycled materials to manufacture primary product	Eco-designing our future
301-3	Reclaimed products and their packaging materials		Improving recyclability
302-1	Energy consumption within the organization	Total fuel consumption	Mitigating greenhouse gas emissions
302-1		Energy consumed from renewable and non-renewable sources	Mitigating greenhouse gas emissions
302-3	Energy intensity	Energy used within the organization / Relative to revenue	Mitigating greenhouse gas emissions

302-4	Reduction of energy consumption	Reductions achieved as a result of energy efficiency initiatives	Mitigating greenhouse gas emissions
303-4	Water withdrawal	Total withdrawal	Reducing waste
303-5	Water discharge	Water discharge	Reducing waste
303-6	Water consumption	Total water consumption	Reducing waste
305-1	Gross direct (Scope 1) GHG emissions	Operational Control / Manufacturing & Head office	Mitigating greenhouse gas emissions
305-2	Energy indirect (Scope 2) GHG emissions	Operational Control / Manufacturing & Head office / location-based	Mitigating greenhouse gas emissions
305-3	Other indirect (Scope 3) GHG emissions	Operational Control / Manufacturing & Head office	Mitigating greenhouse gas emissions
305-4	GHG emissions intensity	Scope 1 + 2 / Relative to revenue Manufacturing & Head office"	Mitigating greenhouse gas emissions
305-5	Reduction of GHG emissions	GHG emissions reduced as a result of reduction initiatives	Mitigating greenhouse gas emissions
306-1	Waste generation and significant waste-related impacts		Reducing waste
306-2	Management of significant waste-related impacts		Reducing waste
306-3	Waste generated	Total	Reducing waste
		Non-Hazardous	Reducing waste
		Hazardous	Reducing waste
306-4	Waste diverted from disposal (recycled)	Total	Reducing waste
		Steel	Reducing waste
		Aluminum	Reducing waste
		Copper	Reducing waste
		Wood	Reducing waste
		Paper and cardboard	Reducing waste
		Nylon	Reducing waste
		Plastic	Reducing waste
306-5	Waste directed to disposal	Weight of waste directed to disposal	Reducing waste
308-1	New supplier screened using environmental criteria	% of new suppliers that were screened using environmental criteria	Sustainability throughout the value chain
308-2	Negative environmental impacts in the supply chain and actions taken	# and % of suppliers assessed for environmental impacts, identified as having significant actual or potential negative environmental impacts and corrective action	Sustainability throughout the value chain

SOCIAL INDICATORS

GRI	Indicator	Other information	Location in report
403-2	Hazard identification, risk assessment, and incident investigation		Health and safety in the workplace
403-4	Worker participation, consultation, and communication on occupational health and safety		Health and safety in the workplace
403-5	Worker training on occupational health and safety		Health and safety in the workplace
403-6	Promotion of worker health		Health and safety in the workplace
403-8	Workers covered by an occupational health and safety management system		Health and safety in the workplace
403-9	Work-related injuries	Number and rate of recordable work-related injuries	Health and safety in the workplace
404-1	Average hours of training per year per employee	By gender and employee category	Developing talent
404-3	Percentage of employees receiving regular performance and career development reviews		Developing talent
			Developing talent
			Developing talent
416-2	Incidents of non-compliance concerning health and safety impacts of products & services	Total number of incidents of non-compliance concerning the health and safety of products	Health and safety of our customers
405-1	Share of employees in each of the following diversity categories	Women	Diversity and inclusion
		< 30	Diversity and inclusion
		Adults with a disability	Diversity and inclusion
414-1	New supplier screened using social criteria	% of new suppliers that were screened using social criteria	Sustainability throughout the value chain
414-2	Negative social impacts in the supply chain and actions taken	# and % of suppliers assessed for social impacts, identified as having significant actual or potential negative social impacts and corrective action	Sustainability throughout the value chain

From the factory floor, each unit is carefully secured for transport, ensuring safety every step of the way.

www.**matelec**.com