

CONSOLIDATED NON-FINANCIAL DECLARATION OF MONBAT GROUP FOR 2018

I. SCOPE AND SUBJECTS OF THE DECLARATION

The information contained in the non-financial declaration encompasses the period from 01.01.2018 to 31.12.2018. As of 31.12.2018, the economic group of MONBAT AD is comprised of the following companies:

Table 1

Company name	Main activity	Share in the equity or votes in the General Meeting as of 31.12.2018
MONBAT PLC DOO, Serbia	Recycling of accumulator batteries and lead scrap, lead alloys, polyethylene and polypropylene materials, trading in accumulator batteries, batteries, lead, polyethylene and polypropylene scrap and materials on the territory of the Republic of Serbia as well as export and import from and to the Republic of Serbia of scrap, materials and finished goods.	100 % of capital
START AD, city of Sofia	Production, service and marketing of accumulator batteries; engineering and development-implementation activities; production and marketing of equipment for production of accumulator batteries; foreign and domestic trade and setting up commercial networks, specialized stores and representation offices.	97,80 % of voting rights shares
SC MONBAT RECYCLING SRL – Romania	Recycling of accumulator batteries and lead scrap, lead alloys, polyethylene and polypropylene materials, trading in accumulator batteries, batteries, lead, polyethylene and polypropylene scrap and materials on the territory of the Republic of Romania as well as export and import from and to the Republic of Romania of scrap, materials and finished goods.	100 % of capital
MONBAT RECYCLING EAD Bulgaria	Recycling of accumulator batteries and lead scrap, lead alloys, polyethylene and polypropylene materials, trading in accumulator batteries, batteries, lead, polyethylene and polypropylene scrap and materials on the territory of Bulgaria.	100 % of capital

MONBAT ROMANIA OOD	Trade company with scope of activity: trading, service and marketing of accumulator batteries, accumulator, lead, polyethylene and polypropylene scrap.	100 % of capital
MONBAT New Power AD	Production and trade of batteries	51% of capital
Energy Batteries Nigeria Limited	Trade of batteries and their accessories	100 % of capital
MONBAT HOLDING GmbH	Holding Company, which owns the companies "EAS BATTERIES" GmbH and "MONBAT NEW POWER" GmbH	100 % of capital
EAS BATTERIES GmbH	Production and trade of batteries	100 % of capital
„MONBAT NEW POWER“ GmbH	Production and trade of batteries	100 % of capital
Monbat Italy Srl.	Holding Company holding the company Piombifera Italiana	100% of capital
Piombifera Italiana	The subject matter of activity of the company is: production, processing and trade of metal alloys, color and ferrous metals, semi, intermediate processing plastics, anhydrous sodium sulfate, and all products, products and / or waste resulting from the processing cycle; the exercise of commissioning systems in reserve, pre-storage, handling and utilization of hazardous waste and / or toxic and harmful and / or dangerous waste, consisting of sludge and waste of used batteries, and / or waste, including scrap minerals or alloys containing lead and / or heavy metals; management of plants for secondary lead smelting slag, including inertia chairs, aimed at producing concrete and / or produced products and / or bituminous products and manufacture of lead acid batteries.	100% of capital
"Monbat Batterien" GmbH	Commercial company	100% of capital
U Monbat Serbia	Commercial company	100% of capital
"Monbat Sped" EOOD	Transportation services, foreign and domestic transport, forwarding services, shipments of goods, export and import of special goods and objects, opening a warehousing network in the country, commercial agency and mediation, and any other activity permitted by law	100% of capital

Monbat Holding Tunisia B.V.	Holding company	100% of capital
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II. GROUNDS FOR THE REPORTING OF NON-FINANCIAL DECLARATION

The non-financial declaration is presented by companies or groups of companies, which as of 31.12.2018 comply with the following criteria: large enterprises / with net income from sales - 76 million BGN, or total assets– 38 million BGN / and public interest enterprises, which as of December 31st of the reporting period exceeds the criterion for the average number of employees during the financial year, equal to 500 employees.

According to the regulatory provisions in force, an obligation is accrued for the MONBAT Group to submit a non-financial declaration on a consolidated basis. The non-financial declaration shall be integral to the Annual Consolidated Financial Statement of the company for the year 2018.

III. ENVIRONMENTAL ISSUES:

The responsibility of the corporate management of MONBAT Group, which includes two of the largest manufacturers of accumulator batteries in Bulgaria, two companies for manufacturing of batteries in Germany, four recycling companies in Europe - Bulgaria, Romania, Serbia and Italy, and as a dynamically developing Group, is also reflected in the company's attitude toward the environment. The management of Monbat Group AD reviews the activities on preventing or decreasing pollution with the purpose of achieving the maximum level of preservation of human health and environmental protection, and as a main priority and determining factor in the long-term and sustainable development. A long-standing practice of the Group is providing clear and precise environmental information for the products, services and activities to clients, suppliers and the general public.

The management of MONBAT AD exerts efforts to diminish the influence of the enterprises of the Group over the environment by:

- Effective use of electricity and heat power/thermal energy;
- minimizing and recycling waste;
- preventing pollution through reducing and minimizing detrimental emission in the air and water;
- using the best available techniques and best management practices when expanding the production;
- Internal monitoring as regards to air, soils and water pollution

A self-control system – with the establishment and operation of the internal control system on a Group level, the objective is to achieve consistent compliance with the requirements of the regulatory provisions on environmental protection, health and public safety. It is also the basis of an integrated management system. The self-control-system provides an evaluation of the efficiency and the performance of the management system and the activity of the MONBAT Group overall.

1. Essential information related to the environmental pollution control and environmental pollution prevention measures:

Environmental pollution control and environmental pollution prevention measures are completed on a group level by compliance with the applicable obligations according to the legislations in the European Union and the countries, in which Group companies perform their operations.

Table 2

Company name	Information, related to environmental pollution control and environmental pollution prevention measures	Laws in force
MONBAT AD	<p>The MONBAT AD development strategy includes a participation in long-term environmental protection projects of benefit to the public. The company has a developed Separate waste collection and disposal system by building a network of containers for collection of used batteries with the distributors of MONBAT AD. Used accumulator batteries are among the widespread hazardous waste and the company has its significant contribution to environmental preservation by collection, disposal and recycling used accumulator batteries. Lead and polypropylene obtained through recycling are reused in manufacturing of new accumulator batteries, thus providing for efficient utilization of waste. The company has built a unique to Bulgaria individual system for collection of used accumulator batteries and works under its own Program for management of decommissioned lead acid accumulator batteries.</p> <p>The company has successfully completed the certification process of ISO 14001 - internationally recognized standard, determining the method for a company to create and apply an efficient environmental management system. The standard is directed toward the delicate balance between preservation of the efficiency and decreasing environmental impact, committing all teams of the organization in order to reach both objectives.</p>	The laws in force of the Republic of Bulgaria and European legislations
MONBAT PLC	Environmental preservation in the area it operates in is a	Legislation of the

DOO, Serbia	priority to MONBAT PLC DOO. A facility maintenance and operation system operates in the company, as well as measures to achieve efficient use of raw materials and energy with the purpose of minimization of creation of waste and improving the quality of production.	Republika Srpska
START AD, city of Sofia	START AD has a complex permit, which has a set monitoring on all environmental components. There are filtration facilities to all technological equipment for catching and cleaning the emissions. Waste water is treated in a local waste water treatment station.	The laws in force of the Republic of Bulgaria and European legislations
SC MONBAT RECYCLING SRL – Romania	Environmental preservation in the area it operates in is a priority to SC MONBAT RECYCLING SRL. Constant monitoring of the waste generated through the production is completed, including an annual and a six-month monitoring of environmental factors (air, soil, noise, water emissions), measures are applied for minimization of the creation of waste and improving the quality of production are applied.	Legislation of the Republic of Romania and European legislations
MONBAT RECYCLING EAD Bulgaria	Environmental and health preservation is a priority for “MONBAT RECYCLING” EAD. Measures for the maintenance and operation of the facilities have been developed, as well as measures to achieve efficient use of raw materials and energy with the purpose of minimization creation of waste and improving the quality of production.	The laws in force of the Republic of Bulgaria and European legislations
MONBAT ROMANIA OOD	The company does not perform manufacturing activity. The activity on environmental pollution control and environmental pollution prevention measures is subjected to the general group corporate policy.	Legislation of the Republic of Romania and European legislations
MONBAT New Power AD	The company does not perform manufacturing activity. The activity on environmental pollution control and environmental pollution prevention measures is subjected to the general group corporate policy.	The laws in force of the Republic of Bulgaria and European legislations
Energy Batteries Nigeria Limited	The company does not perform manufacturing activity. The activity on environmental pollution control and environmental pollution prevention measures is subjected to the general group corporate policy.	The laws in force of Nigeria
MONBAT	The company does not perform manufacturing activity. The activity on environmental pollution control and environmental	Legislation of the Republic of

HOLDING GmbH	pollution prevention measures is subjected to the general group corporate policy.	Germany and European legislations
EAS BATTERIES GmbH	<p>In its activity on environmental pollution control and environmental pollution prevention measures, the company uses a subcontractor, namely the Group REMONDIS, which owns a network of companies in Germany and provides a wide range of services and general concepts in the area of recycling of waste, processing and manufacturing of environmentally clean recycled raw materials. REMONDIS provides services to EAS BATTERIES on delivery of water and processing waste water.</p> <p>This concept has been adopted by the management of EAS BATTERIES, in order to guarantee coverage of the requirements of the laws in force, as well as in the name of sustainable development.</p>	Legislation of the Republic of Germany and European legislations
„MONBAT NEW POWER“ GmbH	The company does not perform manufacturing activity. The activity on environmental pollution control and environmental pollution prevention measures is subjected to the general group corporate policy.	Legislation of the Republic of Germany and European legislations
Monbat Italy Srl.	The company does not perform manufacturing activity. The activity on environmental pollution control and environmental pollution prevention measures is subjected to the general group corporate policy.	Legislation of The Republic of Italy and European legislations
Piombifera Italiana	<p>Environmental preservation is a commitment that Piombifera Italiana undertakes to institutions and the public, in order to make its activity compatible with the environment.</p> <p>The company has successfully completed the certification process of ISO 14001 – internationally recognized standard, determining the manner in which a company can create and apply an efficient environment management system. The standard is directed toward the delicate balance between preservation of the efficiency and decreasing environmental impact, committing all teams of the organization in order to reach both objectives.</p>	The laws in force in the Republic of Italy and European legislations
U Monbat Serbia	Commercial company	The laws in force in the Republic of

		Serbia
“Monbat Sped” EOOD	Transportation services, foreign and domestic transport, forwarding services, shipments of goods and articles, opening a warehouse network in the country, commercial agency and mediation and any other activity, not prohibited by law.	The laws in force of the Republic of Bulgaria and European legislations
“Monbat Batterien” GmbH	Commercial company	The laws in force of the Republic of Austria and European legislations
Monbat Holding Tunisia BV	A holding company	The laws in force in the Kingdom of the Netherlands and European legislations

Group companies which do not perform manufacturing activity are subjected to the adopted general group corporate policy as regards to environmental pollution control and environmental pollution prevention measures.

The MONBAT group business model is oriented toward minimization of operational waste, recycling of all possible manufacturing waste and building a system to prevent environmental pollution in the long term.

2. Environmental impact from the use of energy (energy characteristics and improvements in energy characteristics):

The policy of the MONBAT Group, which is mitigating the adverse environmental impact and reaching energy efficiency sustainability, is reflected in the area of operations of group manufacturing companies.

The implemented corporate policy of the MONBAT group strongly corresponds to the global effort of mitigating the adverse environmental impact and is compliant with the main characteristics of the idea for energy efficiency sustainability, decreasing carbon intensity from industrial operation.

A large portion of the Group companies implement projects and measures to improve energy efficiency.

Table 3

Company name	Environmental impact from use of energy (energy characteristics and improvements in energy characteristics)
MONBAT AD	<p>The corporate management of “MONBAT” AD is directly committed to the realization of energy saving in the territory of the enterprise. For the most part the buildings are renovated and sanitized. Investments have been made in the replacement of lighting fixtures with more efficient ones, restructuring of the compressed air system, with the purpose of decreasing losses and respectively the energy spent by compressors, replacement of inverters in the battery assembly lines, replacement of pumps in the pump station with pumps with improved energy efficiency, etc. The investment program of the company is focused on the replacement and purchasing new and more energy efficient manufacturing lines.</p> <p>Manufacturing of accumulators is not an energy-intensive activity – 2 % of the energy expenses are equal to the prime cost of the end product. The company also uses natural gas in its production, and the share of natural gas is only 0.9 % of the cost per unit of product.</p>
MONBAT PLC DOO, Serbia	<p>The use of energy for the operation of the enterprise is completed in compliance with the instructions and the conditions in the effective complex permit. There are no adverse consequences from using energy for the environment and human health.</p>
START AD, city of Sofia	<p>The use of energy for the operation of the enterprise is completed in compliance with the instructions and the conditions in the effective complex permit. There are no adverse consequences from using energy for the environment and human health.</p>
SC MONBAT RECYCLING SRL – Romania	<p>The use of energy for the operation of the enterprise is completed in compliance with the instructions and the conditions in the effective complex permit. There are no adverse consequences from using energy for the environment and human health.</p>
MONBAT RECYCLING EAD Bulgaria	<p>The use of energy for the operation of the enterprise is completed in compliance with the instructions and the conditions in the effective complex permit No. 2 – H2/2013. There are no adverse consequences from using energy for the environment and human health.</p>
MONBAT ROMANIA OOD	<p>The company does not perform manufacturing activity. Measures as regards to minimization of environmental impact from the use of energy in the activity are subject to the adopted general group corporate policy.</p>
MONBAT New	<p>The company does not perform manufacturing activity. Measures as regards to</p>

Power AD	minimization of environmental impact from the use of energy in the activity are subject to the adopted general group corporate policy.
Energy Batteries Nigeria Limited	The company does not perform manufacturing activity. Measures as regards to minimization of environmental impact from the use of energy in the activity are subject to the adopted general group corporate policy.
MONBAT HOLDING GmbH	The company does not perform manufacturing activity. Measures as regards to minimization of environmental impact from the use of energy in the activity are subject to the adopted general group corporate policy.
EAS BATTERIES GmbH	In its operation, the company mostly used natural gas, the consumption of which is measures on a weekly and monthly basis.
“MONBAT NEW POWER” GmbH	The company does not perform manufacturing activity. Measures as regards to minimization of environmental impact from the use of energy in the activity are subject to the adopted general group corporate policy.
Monbat Italy Srl.	The company does not perform manufacturing activity. Measures as regards to minimization of environmental impact from the use of energy in the activity are subject to the adopted general group corporate policy.
Piombifera Italiana	The use of energy for the operation of the enterprise is completed in compliance with the instructions and the conditions in the effective complex permit. There are no adverse consequences from using energy for the environment and human health.
“Monbat Batterien” GmbH	The company does not perform manufacturing activity. Measures as regards to minimization of environmental impact from the use of energy in the activity are subject to the adopted general group corporate policy.
U Monbat Serbia	The company does not perform manufacturing activity. Measures as regards to minimization of environmental impact from the use of energy in the activity are subject to the adopted general group corporate policy.
“Monbat Sped” EOOD	The company does not perform manufacturing activity. Measures as regards to minimization of environmental impact from the use of energy in the activity are subject to the adopted general group corporate policy.
Monbat Holding Tunisia BV	The company does not perform manufacturing activity. Measures as regards to minimization of environmental impact from the use of energy in the activity are subject to the adopted general group corporate policy.

Those Group companies that do not perform manufacturing activity are subject to the adopted general group corporate policy as regards to minimization of environmental impact from use of energy in the activity.

3. The direct and indirect atmospheric emissions (greenhouse gas emissions in metric tons, equivalent to carbon dioxide (CO₂) and intensity of emissions of greenhouse gases):

MONBAT Group companies do not produce any direct or indirect air emissions.

4. Use and preservation of natural resources – water and soil, and the bio-diversity related to them:

MONBAT Group companies are not situated within protected territories under the provisions of the Protected Areas Act and NATURA 2000 and other special laws according to the national legislation of the countries in which they operate. The following activities are performed within the Group for the purpose of preservation of natural resources – water, soil and bio diversity:

Table 4

Company name	Use and preservation of natural resources – water and soil, and related preservation of bio diversity
MONBAT AD	<p>With the purpose of preservation of the type and quality of water after its application in manufacturing processes, it is required that this water is treated prior to being returned to the environment. A Complex Permit (CP) has been issued for MONBAT AD by the Environmental Executive Agency for control of water parameters prior to discharge from the production site, and this permit is in compliance with the regulatory laws in force. It indicates the requirements regarding the purity of soils. According to CP, as regards to water quality, the company performs its own monitoring twice per year with the support of accredited laboratories. Protocols are to be presented to the regulatory bodies and the results are to be published in the Annual Environmental Report.</p> <p>With the purpose of decreasing the expenditure of water for industrial purposes, company’s own drilling shall be built. A recirculation cooling water system has been implemented.</p>
MONBAT PLC DOO, Serbia	Regular monitoring is completed for the status of natural resources with the purpose of preventing water and soil pollution.
START AD, city	Regular monitoring of the condition of natural resources is completed with the purpose of preventing water and soil pollution. A local waste water

of Sofia	treatment plant has been developed. There is a new complex permit No. 104-325-884 / 2017-04, valid until 31.12.2022. According to this permit, filtered waste water is discharged in the sewerage system. Also according to the permit and the laws in force in the country, we are performing waste and ground water monitoring 4 times per year.
SC MONBAT RECYCLING SRL – Romania	An internal supervision system has been built, which is applied by an environmental expert in cooperation with managers of the production and logistics departments, which observe the functioning of the treatment plant, as well as the discharge of water. According to the water management permit No. 8IF, the company performs annual monitoring by accredited laboratories (12 parameters have been analyzed). Also, according to Complex Environmental Permit No. 66, the company performs annual monitoring by accredited soil laboratories (two observation points, north and south at the border of the property, and 9 parameters each have been analyzed for the two of them). The results are submitted to the competent authority in the annual environmental report. Water supply for SC MONBAT RECYCLING SRL is performed underground (180 m) and it is used for technological, hygiene and sanitary purposes. Water supply for watering landscaped areas and washing of the platform is performed underground (42 m). A water recirculation system has been introduced.
MONBAT RECYCLING EAD Bulgaria	Regular of the condition of natural resources monitoring is completed with the purpose of preventing water and soil pollution.
MONBAT ROMANIA OOD	The company does not perform manufacturing activity. Given the above-stated, there is no adverse impact on the water, soil and bio diversity
MONBAT New Power AD	The company does not perform manufacturing activity. Given the above-stated, there is no adverse impact on the water, soil and bio diversity
Energy Batteries Nigeria Limited	The company does not perform manufacturing activity. Given the above-stated, there is no adverse impact on the water, soil and bio diversity
MONBAT HOLDING GmbH	The company does not perform manufacturing activity. Given the above-stated, there is no adverse impact on the water, soil and bio diversity
EAS BATTERIES GmbH	Discharge and cleaning of waste water is performed by the company REMONDIS Group.
„MONBAT NEW POWER“ GmbH	The company does not perform manufacturing activity. Given the above-stated, there is no adverse impact on the water, soil and bio diversity

Monbat Italy Srl.	The company does not perform manufacturing activity. Given the above-stated, there is no adverse impact on the water, soil and bio diversity
Piombifera Italiana	Regular of the condition of natural resources monitoring is completed with the purpose of preventing water and soil pollution.
“Monbat Batterien” GmbH	The company does not perform manufacturing activity. Given the above-stated, there is no adverse impact on the water, soil and bio diversity
U Monbat Serbia	The company does not perform manufacturing activity. Given the above-stated, there is no adverse impact on the water, soil and bio diversity
“Monbat Sped” EOOD	The company does not perform manufacturing activity. Given the above-stated, there is no adverse impact on the water, soil and bio diversity
Monbat Holding Tunisia BV	The company does not perform manufacturing activity. Given the above-stated, there is no adverse impact on the water, soil and bio diversity

5. Impacts over natural ecosystems, which result in a flow of materials beneficial for the ecosystem in the future

MONBAT and its subsidiaries do not have a direct impact over natural ecosystems.

6. Waste Management

Waste is managed in compliance with the national laws in force and the EU laws, as well as the waste management laws in countries in which Group companies operate. Waste activities management programs are implemented on a Group level.

The MONBAT Group conducts sustainable policy in the area of waste management and it is completed according to the hierarchy, designated in the Waste Management Act:

- Prevention of waste formation;
- Preparation for reuse;
- Recycling or any other type of utilization, for example to generate energy;
- Disposal.

During the production cycles, the MONBAT Group introduces recycling and processing in order to ensure a sustainable integrated business model.

Over the year, the Recycling Division, which includes 4 Group companies, has become an innovative manufacturer of lead, lead alloys and re-granulated polypropylene.

Table 5

Company name	Waste management
MONBAT AD	<p>With a Decision ИНД-НУБА-01-01-20.12.17 of the Minister of the Environment and Water, the effect of the permit issued to MONBAT AD for individual performance of obligations for batteries and accumulators unfit for further use. The collection and recycling of batteries and accumulators not suited to use is one of the main activities of “MONBAT” AD. Lead and lead alloys from the recycling of old batteries are the main raw materials for manufacturing of new accumulator batteries. Waste polypropylene shall be re-granulated and shall be used for the production of accumulator boxes and covers /PP-sets/. Production, hazardous, construction and municipal waste are generated in the territory of MONBAT AD. Hazardous lead manufacturing waste for accumulators is recycled by subsidiary recycling companies, which produce lead and lead alloys as a product. The quantities of waste generated are the minimum quantities for the existing technology, and this evaluation is based on the long-term experience of MONBAT AD for manufacturing and recycling of batteries. The company has concluded agreements for handover of the remaining waste /luminescent lamps, oils, PE-separator, lead slag/ with licensed companies.</p>
MONBAT PLC DOO, Serbia	<p>The waste management operations are performed in compliance with the instructions and the terms and conditions in the effective complex permit. We have started the procedure for changing the existing IPPC permit. As part of this change, we have proceeded to perform a new study of environmental impact and we have received a temporary permit No. 140-501-834 / 2018-05, valid for 60 days.</p>
START AD, city of Sofia	<p>With a decision No. ИНД-НУБА-02-00/2016 of the Minister of Environment and Water, START AD is fulfilling its obligations individually as regards to batteries and accumulators, unfit to use.</p> <p>The waste management activities for other waste flows are performed in compliance with the instructions and the terms and conditions of the effective complex permit.</p>
SC MONBAT RECYCLING SRL – Romania	<p>The waste management activities are performed in compliance with the instructions and terms and conditions in the valid complex permit No. 66. Recycling and disposal is performed by specialized companies. Waste management is part of the annual environmental report. The national bodies are checking the compliance with the complex environmental permit twice per year.</p>
MONBAT RECYCLING EAD Bulgaria	<p>Waste is managed in compliance with the measures and instructions of the valid complex permit No. 2 – H2/2013. All waste is collected in compliance with the requirements of the Ordinance for the requirements for treatment and</p>

	transportation of production and hazardous waste at the locations designated for this purpose. Waste shall be managed in compliance with the regulatory environmental provisions.
MONBAT ROMANIA OOD	The company does not perform manufacturing activity. It is subjected to the group corporate policy as regards to waste management. The responsibilities for collection and management of battery waste is performed by assigning them to an organization for collection in compliance with the laws in force in Romania. The company has to take in a portion of the waste batteries due to the batteries imported, which have been introduced to the Romanian market.
MONBAT New Power AD	The company does not perform manufacturing activity. It is subjected to the group corporate policy as regards to waste management
Energy Batteries Nigeria Limited	The company does not perform manufacturing activity. It is subjected to the group corporate policy as regards to waste management
MONBAT HOLDING GmbH	The company does not perform manufacturing activity. It is subjected to the group corporate policy as regards to waste management
EAS BATTERIES GmbH	Waste management by the company REMONDIS Group.
„MONBAT NEW POWER“ GmbH	The company does not perform manufacturing activity. It is subjected to the group corporate policy as regards to waste management
Monbat Italy Srl.	The company does not perform manufacturing activity. It is subjected to the group corporate policy as regards to waste management
Piombifera Italiana	The waste management activities are performed in compliance with the instructions and terms and conditions in the valid complex permit
“Monbat Batterien” GmbH	The company does not perform manufacturing activity. It is subjected to the group corporate policy as regards to waste management.
U Monbat Serbia	The company does not perform manufacturing activity. It is subjected to the group corporate policy as regards to waste management.
“Monbat Sped” EOOD	The company does not perform manufacturing activity. It is subjected to the group corporate policy as regards to waste management.
Monbat Holding Tunisia BV	The company does not perform manufacturing activity. It is subjected to the group corporate policy as regards to waste management.

Group companies which do not perform manufacturing activity are subject to the Group corporate waste management policy.

7. Environmental impact of transportation

The impact of transportation by the Group is insignificant.

An evaluation of the levels of emissions has been completed for MONBAT AD, both for emissions caused by regular traffic, and emissions caused by the Transportation Plan of the company. The evaluation has been drafted at Tier 2 of the European air pollutant emission inventory guidebook EMEP/EEA CORINAIR'2013. From the evaluation completed it has been found that the share of the traffic of "MONBAT" AD along a section of route E79 does not exceed 4.5% for some pollutants, which are negligent quantities of additional loads. Emissions are discharged directly into the atmosphere by car exhaust pipes, after passing through the respective catalyst devices according to the respective EURO standard. The total quantity of greenhouse gases per kilogram of CO₂-equivalent is 134.3t caused by regular traffic and only 2.9 t caused by enterprise-related transportation.

The transportation plan (number of heavy cargo vehicles per day) for deliveries and forwarding of completed materials for "MONBAT" AD are average 14 trucks per one work day.

8. Development of environmentally friendly products, services and technologies

The nature of the business of the Group does not allow to a certain degree the development of clean products, services and technologies. Despite this fact, the Group corporate policy and the efforts of the corporate management are directed toward applying new technologies in sustainable management, recycling and decreasing pollution.

IV. SOCIAL ISSUES AND ISSUES RELATED TO EMPLOYEES:

As of 31.12.2018, a total of 878 employees work in the MONBAT Group.

All Group companies adhere to the applicable national labor laws in force, which reflects the norms from the conventions and recommendations of the International Labor Organization, ratified by different countries.

1. The number of employees broken down into gender divided by occupancy and professions

Table 6

Company name	Number of employees	Men	Women
MONBAT AD	417	377	40
MONBAT PLC DOO, Serbia	70	56	14

START AD, city of Sofia	147	135	12
MONBAT RECYCLING EAD Bulgaria	94	76	18
SC MONBAT RECYCLING SRL – Romania	82	69	13
MONBAT ROMANIA OOD	1	1	0
MONBAT New Power AD	1	1	0
Energy Batteries Nigeria Limited	5	4	1
MONBAT HOLDING GmbH	1	1	0
EAS BATTERIES GmbH	33	23	10
„MONBAT NEW POWER“ GmbH	1	1	0
Monbat Italy Srl.	3	3	0
Piombifera Italiana	11	8	3
“Monbat Batterien” GmbH	1	1	0
Monbat Holding Tunisia BV	0	0	0
“Monbat Sped” EOOD	12	11	1
U Monbat Serbia	0	0	0

2. Employment – organizing consultations and participation of employees in the decision making for conditions of employment and labor conditions in the Group

In three of the MONBAT Group companies – MONBAT AD, MONBAT Recycling EAD and START AD, in compliance with the regulatory requirements, Labor Conditions Committees have been created, and these committees convene on a regular basis in order to provide consultations with senior management in relation to employment and labor conditions.

No Labor Conditions Groups or Commissions have been built in the other Group companies, due to the small number of employees.

3. Relationship of the Group enterprises with union organizations

There are no representatives of union organizations in Group companies.

4. Human capital management

Professional actions and the effort, qualification, motivation and reputation of the members of corporate management bodies and senior management officials of MONBAT AD and companies of the economic group are of essential importance in order to achieve the strategic and investment purposes of the Company. Leave or dismissal of any of the members of the corporate management teams or a key management official could in short term have a potentially adverse impact over the smooth performance of the company activity. The developed management system and the consistently applied corporate policy for providing incentives to workers and employees within the framework of the structure shall guarantee to a large degree the long-term participation of members of corporate management and the key management personnel in the activity of the company.

As a typical industrial structure, MONBAT AD holds its focus on people committed to manufacturing with the respective adequate administrative support.

Remuneration and benefits

The structure of the employment remuneration differs within the limits of the organizational hierarchy and depends both on the specific position and the personal contribution of the official in order to create value to the company. Certain remuneration levels have been defined for all positions. Remuneration for any single person is structured within these limits depending on the personal experience, skills, knowledge and performance.

Making its employees part of the economic success of the company, MONBAT offers employment remuneration which usually are above average levels.

Professional development

MONBAT has introduced a corporate Model of Competencies, which set a framework and structures the performance management processes into a system for entering, measuring and development of competencies, resulting to improvement of organizational results and achieving the goals of the organization. Through the established MONBAT Academy, the Company offers an extensive development and training program and develops its potential for professional growth and personal improvement of all of its employees.

An attractive supplement to the development program is the mentoring program for practical knowledge sharing and personal development planning based on results assessment efforts to close the gap between performance expectations and actual performance.

Sometimes even the smallest project can connect you with colleagues and inspire you to make a step forward. MONBAT is actively supporting all options for development and improvement of its employees both in a professional and personal plan.

Global Work

One could have exciting opportunities both at the place of their residence or in another country with the MONBAT program for relocation support. The economic group provides assistance to the selected candidates for all appropriate positions during migration by providing special packages depending on the specific position.

Work - life balance

Individual needs and flexibility of work conditions contribute to the personal approach to the process of finding the appropriate employment position.

Healthcare

Regardless of position, location or age, being healthy and active is a main value to the economic group. Therefore MONBAT treats prevention and fostering healthcare with utmost seriousness. MONBAT provides relaxing holiday to its workers and employees and their families on an annual basis.

5. Occupational Health and Safety

The occupational health and safety and risk management operations are organized on a Group level in compliance with the regulatory requirements of the Internal Occupational Health and Safety Rules of each of the production companies. As regards to the Bulgarian companies, the following apply: Labor Code, Occupational Health and Safety Act, Ordinance No. 7 for the minimum requirements for Occupational Health and Safety at the workplaces and during the use of work equipment, internal rules of procedure, etc.

In relation to the requirements of Ordinance No. 5 /99 for the rules, procedures and regularity of performance of risk evaluation in Group companies, evaluations of the health and safety risk of workers and employees have been drafted. Schedules of events for improvement and maintenance of Occupational Health and Safety and mitigating risk for the health and safety of workers have been approved. Review of risk evaluations is completed and programs with measures are updated on a regular basis.

The performance of the types of briefings and safety drills and occupational health is organized for each of the Group Companies in compliance with the requirements of Ordinance № ПД-07-2 dated 16.12.2009 and orders in relation to determining the types of briefings, persons subject to briefings, and officials who conduct briefings.

Trainings are documented with the documents required according to the procedure, such as order, statement, program, annual training plan, in each Group Company.

Table 7

Company name	Occupational Health and Safety
MONBAT AD	<p>In compliance with the requirements of the Occupational Health and Safety Act and regulatory acts and the Disaster Protection Act, MONBAT AD has developed an emergency plan for conducting rescue and urgent restoration work in case of disasters, accidents and crashes, which have occurred in the course of the production activity. The purpose of the developed plan is to preventively provide the requisite materials, equipment and resources for efficient actions on prevention the consequences in case of disasters and failures; preparation of the site staff for action; the method of address and preparation of the personnel; management of personnel operations; the procedures for putting the plan into action and informing the competent bodies; methods, resources and procedures for addressing endangered population in proximity to the site, if possible; procedures for conducting the respective rescue and urgent emergency recovery works in the territory of the site; the procedures for resuming operations of the site; providing the requisite measures for recreation of the environment.</p> <p>In order to provide adequate reaction to workers in a crisis situation, MONBAT, together with RFSO, shall perform drill of emergencies in the territory of the company on an annual basis.</p> <p>The company has successfully completed the certification process of OHSAS 18001, internationally recognized standard as regards to manufacturing safety management systems.</p>
MONBAT PLC DOO, Serbia	The regulations of the national laws in force shall apply
START AD, city of Sofia	<p>The company applies practices related to the provision of work clothes and personal protective gear in compliance with the specifics of the positions; food; nutritional supplements; hygiene agents.</p> <p>Regarding providing occupational health and safety conditions, measurements of the work environment factors, risk evaluation of the workplaces and regular medical inspections shall be performed.</p> <p>The company has successfully completed the certification process of - OHSAS 18001 e internationally recognized standard as regards to manufacturing safety management systems. It is developed by selected leading commercial and certification organizations on the basis of international norms and is directed toward a segment where uniform international policy has been absent so far.</p>

	In compliance with the corporate policies and practices, programs with activities have been approved for ensuring and maintaining occupational health and safety and reducing the risk for the health and safety of employees.
SC MONBAT RECYCLING SRL – Romania	The regulations of the national laws in force shall apply
MONBAT RECYCLING EAD Bulgaria	<p>The company applies and occupational health and safety policy. The creation and constant improvement of work conditions are among the top priorities of the management of “MONBAT RECYCLING” EAD, because the optimum health and safety are a main aspect of our responsibilities. “MONBAT RECYCLING” EAD is committed to constant improvement of conditions for ensuring occupational health and safety through:</p> <ul style="list-style-type: none"> • Management of the enterprise in compliance with the European principles for performance of activities in the area of waste recycling. • Achieving compliance with the requirements of the laws in force referring to health hazards and other requirements that the enterprise has adopted and documented. • Providing the requisite resources for technical renovation and application of safe manufacturing technologies and applying safe production technologies and creating occupational health and safety prerequisites in order to prevent injury and occupational illness. • Mitigation or elimination of professional risks accompanying the production operations and respectively decrease of the negative social, technical and economic consequences from their exhibition. • Providing efficient organization and management of the enterprise and occupational health and safety. • Ensuring high level of discipline and professional responsibility for compliance with the occupational health and safety requirements for the enterprise personnel. • Reaching and maintaining the requisite quality of qualification, training, motivation and exchange of information with the employees working under the management of the enterprise, in order for the employees to realize their individual obligations as regards to occupational health and safety. • Integration of activities for providing occupational health and safety in all company units and performance of efficient and effective exchange of information and consultations on occupational health and safety when working with suppliers, clients, regulatory state and municipal authorities, and

	<p>with all other stakeholders</p> <ul style="list-style-type: none"> • Constant improvement of the occupational health and safety management system and of the results as regards to occupational health and safety. • Annual review and updating the policy, with the purpose of having it be adequate and determining the objectives of the company. • Distribution of the occupational health and safety policy to all employees of the company and all other stakeholders. <p>The company has successfully completed the certification process for OHSAS 18001, which is an internationally recognized standard as regards to manufacturing safety management systems. It has been developed by leading commercial and certification organizations on the basis of international norms, and it is directed toward a segment which hitherto has lacked uniform international policy.</p>
MONBAT ROMANIA OOD	The regulations of the national laws in force shall apply
MONBAT New Power AD	The regulations of the national laws in force shall apply
Energy Batteries Nigeria Limited	The regulations of the national laws in force shall apply
MONBAT HOLDING GmbH	The regulations of the national laws in force shall apply
EAS BATTERIES GmbH	The regulations of the national laws in force shall apply
„MONBAT NEW POWER“ GmbH	The regulations of the national laws in force shall apply
Monbat Italy Srl.	The regulations of the national laws in force shall apply
Piombifera Italiana	The regulations of the national laws in force shall apply
“Monbat Batterien” GmbH	The regulations of the national laws in force shall apply
U Monbat Serbia	The regulations of the national laws in force shall apply
“Monbat Sped”	The regulations of the national laws in force shall apply

EODD	
Monbat Holding Tunisia BV	The regulations of the national laws in force shall apply

6. Relationship with consumers – satisfaction, accessibility, products with impact on the health and safety of users

The corporate management of the MONBAT Group works for improving customer services so that Group companies are companies which are in constant dialog with its consumers.

Some of the Group companies have developed systems for reporting customer satisfaction.

An operational procedure has been developed in in MONBAT Recycling EAD for reporting customer satisfaction according to the requirements of Standard ISO 9001:2015. All products handed over to the client have a Safety Data Sheet drafted in compliance with the requirements of Regulation (EO) 1272/2008 for CLP (classification, labelling and packaging).

Information has been provided at the Group webpage for all company products and their applications. Exhaustive information is reported on individual websites of the companies regarding the product portfolio of the respective company.

Customer relationship is completed through the contact forms at the webpages of the companies, and also through the contact form in the global webpage of MONBAT AD <http://monbatgroup.com>

7. Responsible trading

The MONBAT group constantly strives to improve its operation in all possible aspects: development of innovative products and technologies, increasing market share, more efficient risk management, improvement of customer satisfaction.

The created quality management system on a group level provides a reliable framework which is capable of observing and improving efficiency in the area of operation of the companies.

The awareness by users of the precise and clear price terms and conditions of the products offered is a priority for the corporate management.

V. HUMAN RIGHTS RELATED QUESTIONS

In its company value system, the MONBAT Group places the leading role for human right protections and non-allowance of any form of behavior which is prejudicial to the dignity and rights of the individuals, and shall not tolerate acts of discrimination.

- The MONBAT Group does not allow any forms of discrimination toward its workers and employees, and the requirements to them and their obligations, set forth in their employment agreements and job descriptions shall solely be based on the requirements of the laws in force and the individual employment agreements.
- In its workers and employees recruitment policy, the corporate management of Group companies is led by the principle of equal treatment of all candidates regardless of their race, nationality, ethnic origin, gender, origin, religion, education, convictions, political affiliation, personal and public status or property status.
- All workers and employees of Group companies shall comply with the hierarchical level within the established internal group or corporate structure, and shall not allow abuse of their official capacity, expressed in the form of exerting pressure or harassment under any form toward subordinate employees.
- Group companies, in their capacity as employers, as well as all Group employees, which due to the nature of their official obligations have access to personal data, shall comply with the requirements of the Personal Data Protection Act, and shall not allow their dissemination in any illegal manner.

1. Membership to the UN Global Compact

MONBAT AD is a member of the UN Global Compact and discloses a progress report on an annual basis.

2. Cases of serious consequences over human rights related to decisions and actions of the Group

In 2018, no serious consequences have occurred as regards to human rights related to the decisions and actions of Group companies.

3. Commitment of the Group for respect for human rights

As an enterprise of interest to the public, MONBAT AD and its management, as well as all Group companies realize their responsibility to the public for respecting human rights in all aspects of their activity.

4. Existence of respect for human rights inspection

In 2018 no inspections have been conducted for respecting human rights in MONBAT Group companies.

5. Negotiation with deliveries by contractors related to human rights issues

In the process of negotiating deliveries by contractors, no human rights are being discussed despite the fact that Group companies strictly observe the reputation of their contractors.

6. Processes and measures for prevention of human trafficking, all forms of exploitation, forced and child labor

The corporate management of the Group companies condemns all forms of exploitation of humans and forced child labor.

Within the structure of MONBAT and Group companies, no exploitation of child labor is allowed. Regardless of the possibility of work performed by minors, stipulated in certain laws, due to the nature of work in Group companies, no minor workers and/or employees have been employed.

VI. ISSUES RELATED TO COUNTERACTING CORRUPTION AND BRIBERY

The MONBAT AD Group observes the rules for donations or sponsorship for each separate case and under full transparency conditions;

Suppliers and business partners are informed of the commercial policy of each of the MONBAT Group companies.

Group corporate policy excludes commitment of Group Companies to any political party.

1. Membership to the UN Global Compact

MONBAT AD is member of the UN Global Compact and discloses a progress report on an annual basis.

2. Criteria in evaluation of risk related to corruption:

The existence of clearly outlines procedures for establishing corrupt practices is a key requirement for efficient counteracting of the issue, as well as establishing prerequisites for a well-functioning company with state shareholding.

Despite not having a developed system for evaluation if risk related to corruption on a group level, it shall be considered that all processes and procedures shall be conducted in a manner which excludes all forms of corruption in Group companies.

3. Internal control processes and resources designated to prevention of corruption and bribes

All Group companies transactions shall be evaluated in advance individually and the ones of high value shall be approved by the management of each of the Group companies.

4. Mechanisms for submitting signals for violations, corruption, etc.

A mechanism for violations and corruption has not been developed on an individual and group level.

30.04.2019

For MONBAT AD:

/Atanas Bobokov – Executive Director /