2023 Corporate Sustainability Report MS ProTech s.r.o.

Baseline study

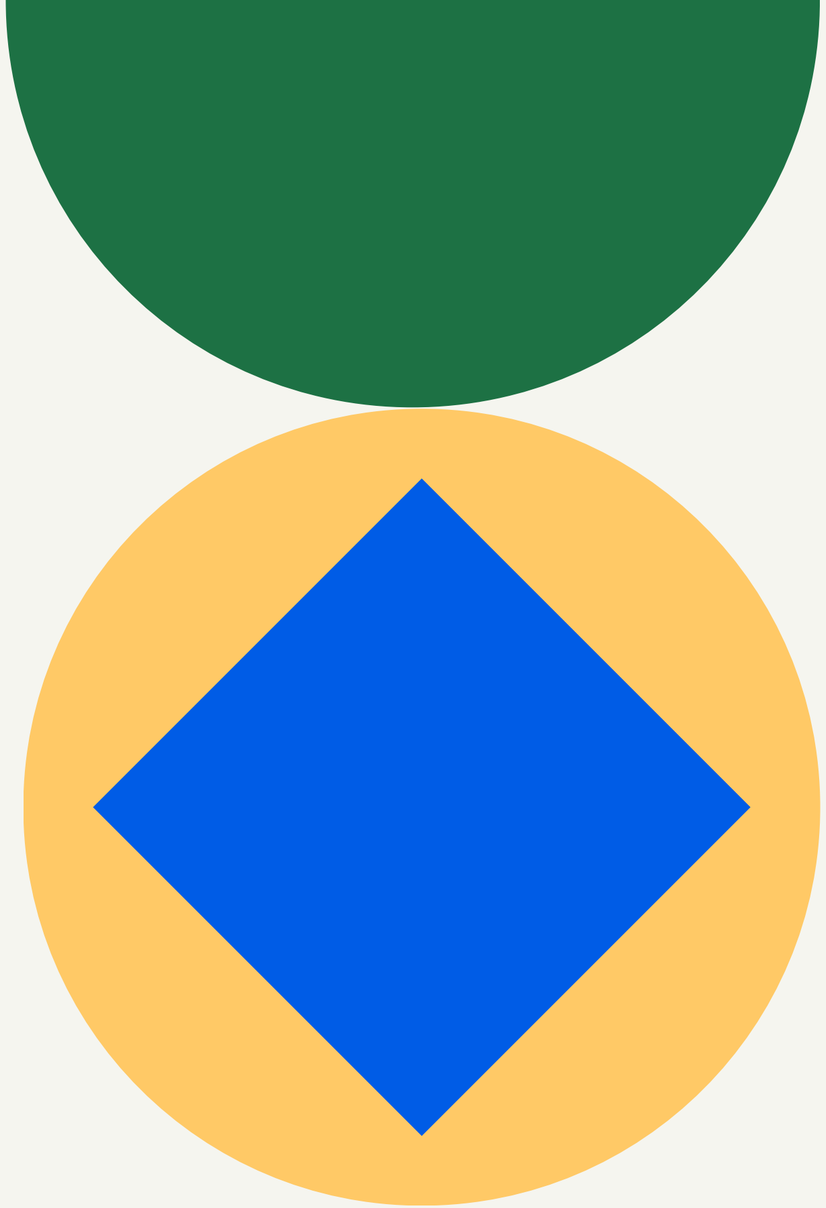


Table of Contents

1. Methodology 3
2. General information 6
3. Environmental information 13
4. Social information 21
5. Information on governance topics 24
6. Annex - Carbon footprint measurement protocol 28

February 2025

Report preparation methodology

— DECLARATION OF PROCESSING

SUSTO - SUSTAINABILITY TOOLS

This report forms the basis for the upcoming systematic sustainability management of MS ProTech. Although the company is not formally required to report under the Corporate Sustainability Reporting Directive (CSRD), as it is a small business, we have chosen to comply with its guidelines.

Our approach is guided by the Voluntary European Sustainability Reporting Standards for Unlisted Small and Medium-sized Enterprises (VSME ESRS). The report uses the EFRAG draft version, which was published in January 2024, as its primary reference document.

In preparing this report, we have used two of the three modules of the VSME ESRS: the Core Module and the Narrative Module - Policies, Actions and Targets. The Business Partners module is omitted from this first year report, but is planned to be included in next year's report along with the development of a comprehensive sustainability strategy. The following page details the module structure used.

The materiality assessment followed the simplified approach described in the ESRB's general standard and covered its core themes. While stakeholders' interests were not directly verified, they were carefully considered using a range of internal and external information sources (in particular their sustainability reports and ESG questionnaires for their value chains).

We chose COMMISSION DECISION (EU) 2021/2053 of 8 November 2021 on a sectoral reference document on good environmental management practices, environmental performance indicators and benchmarks for the metal products manufacturing sector for the purposes of Regulation (EC) No 1221/2009 of the European Parliament and of the Council as the main sectoral reference for the materiality assessment.

Structure of the modules used

ACCORDING TO VSME ESRS

Narrative module - policies, actions and objectives:
N 1 - Strategy: business model and sustainability - related initiatives
N 2 - Significant sustainability themes
N 3 - Management of major sustainability themes
N 4 - Key stakeholders
N 5 - Governance: accountability in relation to issues

Basic module:
B 1 - Foundation for preparation
B 2 - Practices for the transition to a more sustainable economy
B 3 - Energy and greenhouse gas emissions
B 4 - Air, water and soil pollution
B 5 - Biodiversity
B 6 - Water
B 7 - Resource use, circular economy and waste management
B 8 - Labour force - general characteristics
B 9 - Workforce - health and safety
B 10 - Employees - remuneration, collective bargaining and training
B 11 - Workers in the value chain, affected communities, consumers and end-users
B 12 - Convictions and fines for corruption and bribery

In the bottom right corner of each page, in the footer, you will find a small semicircle (visual navigation system) that displays the code that directly corresponds to the VSME ESRS modules used. For example, the code "B 1" on this page refers to the core module - Foundation for Preparation.

February 2025

General information

— ABOUT COMPANY

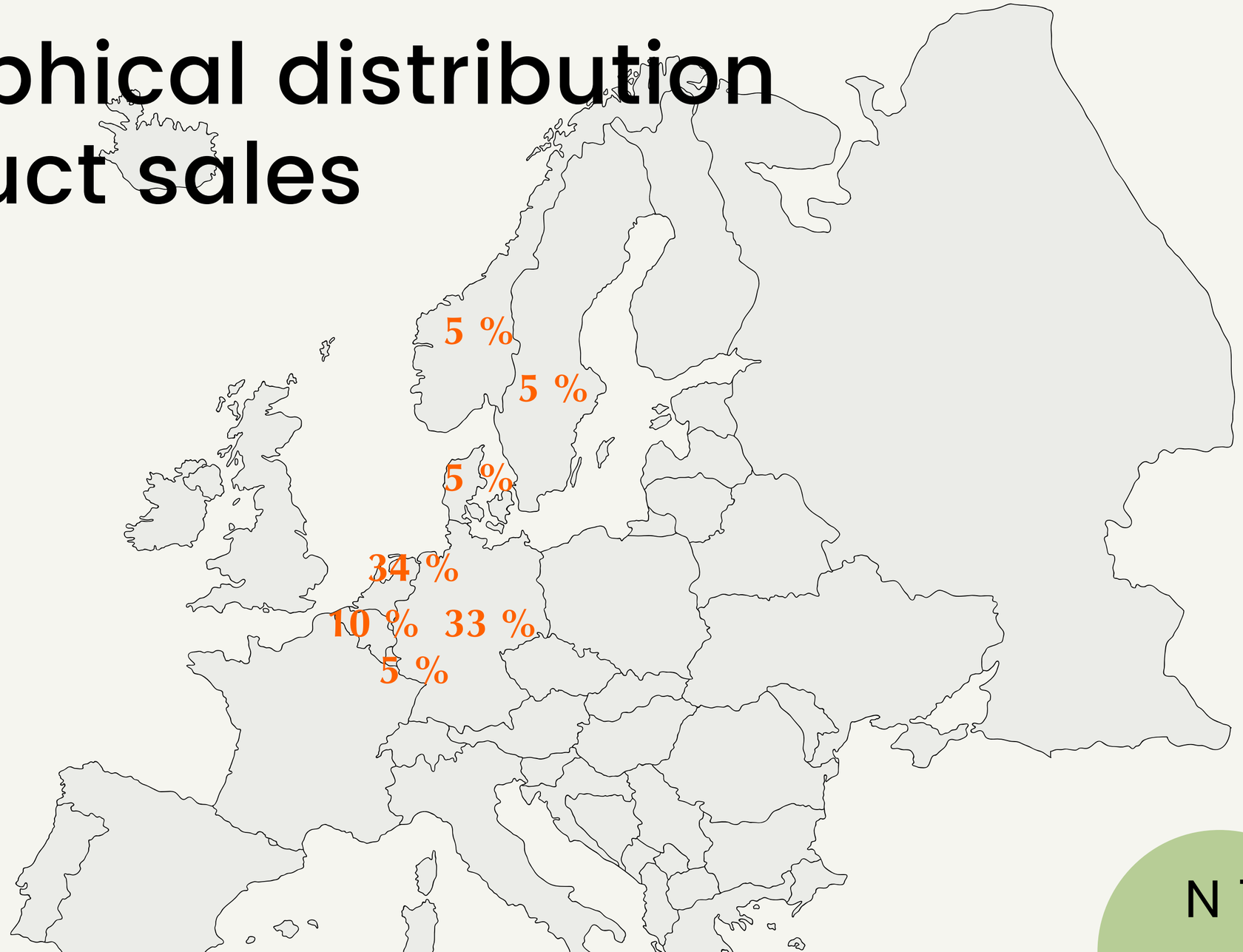
Basic information about the company

Activities (NACE)	28 Manufacture of machinery and equipment (dominant), 25 Manufacture of fabricated metal products, except machinery and equipment, 256 Surface treatment and finishing of metals; machining
Turnover	115.116 mil. CZK(2023), 120,152 mil. CZK (2022)
Assets	53,841 mil. CZK (2023), 53,558 mil. CZK (2022)
Number of employees	42 (2024), 39 (2023)

Basic information about the company's products

Groups of products	75% custom machined components (lathe vs. mill vs. both), 20% weldments, 5% assembly
Sectors of customers	Food industry 30%, electrical industry 15%, measuring instruments 10%, petrochemical industry 10%, packaging equipment 8%, defence industry 5%, general engineering the rest
Technologies	Chip machining of aluminium alloys, non-ferrous metals, stainless, structural and tool steels as well as plastics. Welded structures in stainless and structural steel. Mechanical assembly.

Geographical distribution of product sales



N 1

Basic information about sustainability management

Sustainability Manager	Milan Štoudek (Chief Executive Officer) responsible for the processing of this initial report
Sustainability team	No appointment has yet been made
Strategy	It has not yet been developed, the current corporate development strategy does not contain any sustainability targets
Responsibilities	Without specific liability provisions
Training and Development	Sustainability training and development has not yet been implemented

Materiality assessment

The assessment of materiality followed a simplified approach in line with the core themes of the ESRB standard. Although stakeholder interests were not directly verified, they were actively considered using a variety of internal and external information sources. The sectoral reference document on best practices for environmental management, environmental performance indicators and benchmarks for the metal products manufacturing sector was selected as the primary sectoral reference for the assessment

E S G

Climate change mitigation

Energy

Air pollution

Water

Input resources

Waste

Working conditions

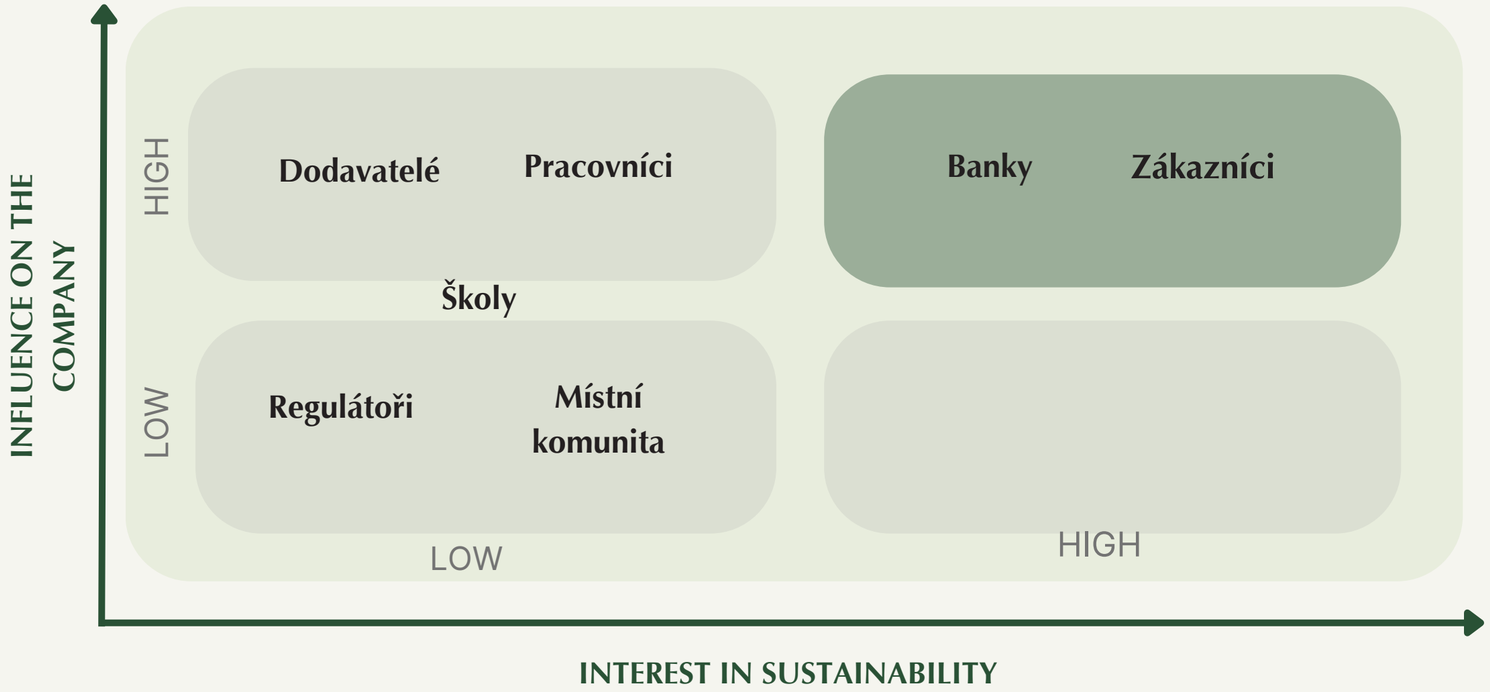
Equal treatment and opportunities for all

Relations with suppliers

Corruption

N 2

Stakeholders



A stakeholder matrix is a strategic tool used to organize and prioritize stakeholders based on specific characteristics such as their impact on society and their interest in sustainability.

In our mapping, we focused on two main groups:

- Stakeholders who are directly affected by our activities, such as our employees and the local community,
- Users of sustainability information, such as banks and customers, who increasingly request information about our sustainability practices.

Key customers:

- GEA Food Solutions BV (approximately 32% of turnover) - machined components, welded structures,
- Centrotherm international AG (17 %) - machined components,
- GIA Gesellschaft für innovative Automationstechnik GmbH (6%) - machined components,
- Easy2Parts GmbH (5 %) - machined components,
- SPS Schiekel Präzisionssysteme (5 %) - machined components,
- The rest of the customers account for less than 5 % of turnover.

Environmental information

- Climate change mitigation
- Energy
- Air pollution
- Water
- Input resources
- Waste

Carbon footprint

CALCULATED FOR SCOPE 1 AND 2

RESULTS

		Market-based emissions (t CO_2e)	Location-based emissions (t CO_2e)	Part (%)
SCOPE 1	Direct GHG emissions	20.27	20.27	9.8 %
SCOPE 2	Indirect GHG emissions from purchased energy	185.79	143.87	90.2 %
SCOPE 3	Other indirect GHG emissions	0.00	0.00	0.0 %

INDICATORS

1.79 t CO_2e	5.28 t CO_2e	-	206.1 t CO_2e
S1-S3 / MIL. CZK	S1-S3 / FTE	S1-S3 / PRODUCT	TOTAL (S1-S3)
1.79 t CO_2e	5.28 t CO_2e	-	206.1 t CO_2e
S1+S2 / MIL. CZK	S1+S2 / FTE	S1+S2 / PRODUCT	TOTAL (S1+S2)

Energy

CONSUMPTION AND OTHER INDICATORS

Electricity	243.232 MWh
Natural gas	2621 m3
Process-level energy management monitoring system	Not implemented
Demand-controlled ventilation system	According to the time schedule - beginning of shifts, breaks, end of shifts.
Volume of air exhausted from the building	2000 m3/hour in summer
Electricity consumption per standard cubic metre of compressed air	6.4 kW to produce 0.8 m3/min
Share of heat from renewable sources in total heat use (%)	0
Using energy for cooling	Temperature only where necessary to support the production process or data management

Energy

CHANGES IN 2024 AND 2025

In 2024, the construction and relocation of production to a new hall in Radiměř was completed, which meets the highest requirements for minimizing heat loss. All lighting is installed in LED, and lighting in irregularly frequented areas is controlled by motion sensors. In winter, residual heat from the production technologies is used to heat the production areas.

In 2025, a PV plant is planned to be installed on the roof of the new hall with its own battery storage, with an estimated self-consumption coverage of 56% and annual savings of approximately 48 tonnes of CO2 emissions.

Air pollution

POLLUTANT EMISSIONS AND NOISE

In production, MS ProTech uses fog extraction from machine tools and welding. The equipment removes aerosols and discharges the cleaned air through multiple filtration and final HEPA filtration either back into the production area - in winter - or outside - in summer.

MS ProTech's production does not produce any air pollutants such as: SOx (sulphur oxides), NOx (nitrogen oxides), CO (carbon monoxide), PM (particulate matter), heavy metals, POPs (persistent organic pollutants), VOCs (volatile organic compounds), ODS (ozone depleting substances), NH3 (ammonia), other (hazardous) chemicals regulated by REACH and CLP regulations including their compounds (e.g. SVHC, chlorine, fluorine, bromine, iodine, asbestos, cyanides, other CMR, PBT, EDC).

In 2024, the construction of a new production hall was completed, which is no longer in the development of houses, but in the industrial part of the village. Noise is reduced by the use of modern construction technology of the production hall and will now be regularly monitored from March 2025.

Water

AND ACTIVITIES TO REDUCE ITS CONSUMPTION

Total water intake	149 m3
Total water usage	The amount of water discharged is not measured
Total amount of recycled and reused water	Water is not recycled and reused
Introduction of cooling systems with reduced or recycled water consumption	Not yet implemented, air cooling is used when the material and tool are suitable.
Share of rainwater consumption in total water consumption	0

Input resources

AND ACTIONS TO REDUCE THEIR ABUNDANCE

Total amount of metalworking fluids	2161 litres
Consumption of metalworking fluids per product produced	0,019 l/kg
Coolant consumption per processed part	0.019 l/kg (same as machining fluid)
Recovered oil	Not recorded
Reduction of internal waste through reuse, recovery or repurposing	If technically possible, waste or leftover material is used for further production. For example, an aluminium plate that has a completely milled centre is produced by cutting out the centre and using it in production for further processing. The same process is followed in the manufacture of rotating parts - where possible and efficient, the inner parts of the round bars are punched out and used in further production. This reduces the amount of waste - sprues and tooling.

Waste

AS REPORTED CLASSIFICATION CATEGORIES

Plastic packaging	1.114 t
Paper and cardboard packaging	1.464 t
Mixed municipal waste	1.839 t
Ferrous metal filings and chips	42.566 t
Non-ferrous metal filings and chips	6.651 t
Waste cutting emulsions and halogen-free solutions	5.12 t
Iron and steel	9.39 t

February 2025

Social information

Working conditions

Equal treatment and opportunities for all

Employees

GENERAL CHARACTERISTICS AND HEALTH AND SAFETY

Number of employees	42 employees, 9 women, 33 men, all full-time permanent, no agency staff
Hours worked	72695
Number of registered accidents at work	0
Number of deaths due to occupational accidents and diseases	0
Number of occupational diseases	0
Average number of training hours per employee	6.5 hours
Percentage of women employed throughout the organisation	21 %
Percentage of employees from minority and/or vulnerable groups	0 %

Employees

REMUNERATION, COLLECTIVE BARGAINING AND TRAINING

Salary (full-time) in the lowest category	27335,- CZK
Number of employees paid the minimum wage	0
Average hourly earnings of women and men	women 208,16 CZK/hour, men 263,13 CZK/hour (all employees regardless of position and all remuneration)
Percentage of employees covered by collective agreements	0
Formal discussions with employees about their career development	Once a year, the supervisor conducts an adaptation interview with his/her subordinates
Actions to promote internal mobility	Not implemented
Regular evaluation of individual performance	On a daily basis
Mapping skills and knowledge	For each employee

February 2025

Information on governance topics

Relations with suppliers

Corruption

Other information

RELATIONS WITH SUPPLIERS, END USERS AND CORRUPTION

Residual tin, tantalum, tungsten or gold in products	Some products for the electrical industry are gold plated - 10um Ni/2um Au
Purchased products or services with eco-certification	0
Stakeholder engagement with a focus on improving the environmental performance of the organisation	0 (excluding collaboration with SUSTO - Sustainability Tools on this report)
A process for identifying impacts on consumers and end users beyond the scope of the customer feedback survey	0
Number of corruption-related convictions or fines	0

Acknowledgements

This report has been prepared as a baseline study, describing the baseline situation without strategic actions and commitments to follow in the next year. The report was prepared in accordance with the Voluntary Standard for Unlisted Small and Medium-sized Enterprises (VSME ESRS), which is in line with the new European Corporate Sustainability Reporting Directive (CSRD).

In Jihlava, 26.02.2025.

Methodology & Coordination

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On behalf of MS ProTech

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MSPROTECH

February 2025

Carbon footprint calculation report

- ANNEX 1

SUSTO - SUSTAINABILITY TOOLS

CarbonFix
powered by CI3

Carbon footprint calculation report of the company

MS ProTech s.r.o.

per year 2023

Company **MS ProTech s.r.o.** (IČO: 4949722) with headquarters in 469/ Radiměř had **on 2. 12. 2024** a simplified report of its own **carbon footprint for the year 2023 generated**. The calculator for calculating the carbon footprint is managed by CI3 s.r.o. The responsibility for the correctness of the data is on the filling company's side.

Total Company carbon footprint is 206.1 t CO_2e

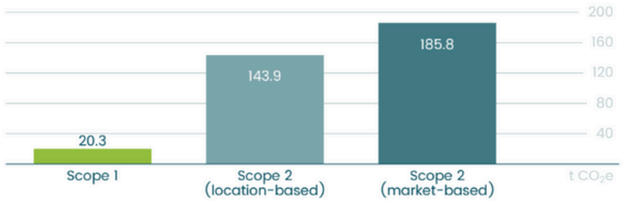
(Scope 1 a 2 by method Market based).

Division of emissions by Scopes

Scope	location based		market based	
Scope 1	20.268 t CO_2e	12.3 %	20.268 t CO_2e	9.8 %
Scope 2	143.867 t CO_2e	87.7 %	185.790 t CO_2e	90.2 %
Total	164.135 t CO_2e	100.0 %	206.058 t CO_2e	100.0 %
Scope 1+2	164.135 t CO_2e	100.0 %	206.058 t CO_2e	100.0 %

Location-based emissions

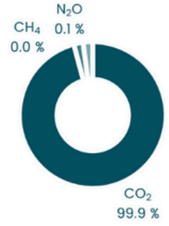
Structure of emissions by Scopes

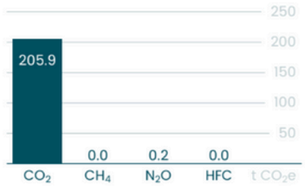


Market-based emissions

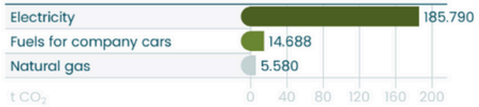
Division of emissions by gases

Gas	t	t CO_2e	Share
CO_2	205.890	205.890	99.9 %
CH_4	0.000	0.007	0.0 %
N_2O	0.001	0.161	0.1 %
HFC	0.000	0.000	0.0 %





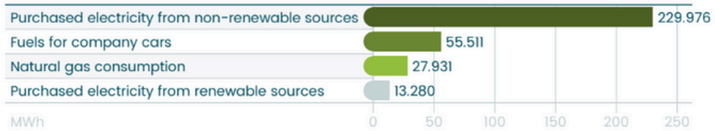
Emissions broken down by functional unit

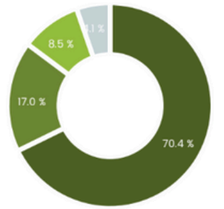


Emissions distribution in Scope 3

	Kategorie	t CO_2e
3.1	Purchased goods and services	0.000
3.2	Investment equipment	0.000
3.3	Energy and fuel losses	0.000
3.4	Upstream transport	0.000
3.5	Water and waste	0.000
3.6	Business trips and accommodation	0.000
3.7	Employee commuting	0.000
3.8	Upstream rental	0.000
3.9	Downstream transport	0.000
3.10	Processing of sold products	0.000
3.11	Use of sold products/services	0.000
3.12	Disposal of products	0.000
3.13	Downstream rental	0.000
3.14	Franchises	0.000
3.15	Investment	0.000

Energy consumption





Comparison of the total carbon footprint

The company's carbon footprint per year 2023 (in total 206.1 t CO_2e) is comparable, for example, to the footprint of some of the following activities:

year use of

76

average cars

return flight

515

from Prague to London

production and serving of

29

thousands of portion of beef meat

production and use

2 986

mobile phones iPhone 13

production of electricity for

173

households in Czechia for 1 year

Selected emission intensity indicators

Indicator	Scope 1 + 2	Units
Emissions per revenue	1.792	t CO_2e / mil. CZK
Emissions per employee	5.284	t CO_2e / FTE

Footprint per one employee

5.28

t CO_2e

Footprint per one million CZK of turnover

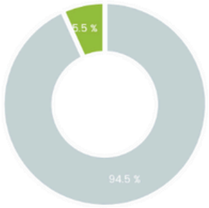
1.79

t CO_2e

Footprint per one square meter

not specified

Selected additional indicators



5.5 %

Share of electricity sourced from renewable sources

Explanations

Greenhouse gases are gases that occur in the Earth's atmosphere and contribute to the greenhouse effect. On the one hand, they are of natural origin (such as water vapor, methane), and on the other hand, they are released by human activities (mainly by burning fossil fuels, but also by a number of other activities). The GHG Protocol (see below) records a total of seven anthropogenic greenhouse gases that are relevant in terms of the carbon footprint. These are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur fluoride (SF_6) and nitrogen fluoride (NF_3). Carbon dioxide covers all greenhouse gases and we can convert them to it. We then talk about carbon dioxide equivalents (CO_2e).

Global warming potential (GWP) indicates the extent of the potential contribution of a given greenhouse gas to the greenhouse effect. A unit is the contribution to the greenhouse effect of one molecule of CO_2. Using these coefficients, it is possible to determine the so-called CO_2 equivalent, i.e. the amount of CO_2 that would have an equivalent contribution to the greenhouse effect of the atmosphere equal to the given amount of the relevant gas. It usually refers to a time horizon of 100 years.

GHG Protocol (GHGP) is the global standard for measuring, managing and publishing greenhouse gas emissions. It was developed by the international organization World Resources Institute (WRI) a World Trade Council for Sustainable Development (WBCSD).

Scope 1. Direct emissions of greenhouse gases into the atmosphere, which arise from activities that directly fall under the given company and are simultaneously controlled by it. These include, for example, emissions from boilers or generators burning fossil fuels in the company, emissions from mobile sources (e.g. cars) owned by the company, leakage of refrigerants from refrigeration equipment or emissions from industrial processes (e.g. cement production) or emissions from waste water treatment in facilities operated by the company.

Scope 2. Indirect emissions of greenhouse gases associated with the consumption of purchased energy (electricity, heat, steam or cooling), which do not arise directly in the company, but are a consequence of the company's activities. These are indirect emissions from sources that the company does not directly control, yet it has a fundamental influence on their size.

Scope 3. Indirect emissions of greenhouse gases that are a consequence of the company's activities and that arise from sources outside the control or ownership of the company, but are not classified as Scope 2 (e.g. business trips by plane, landfilling, purchase and transport of material by a third party, etc.). The GHG Protocol is divided into fifteen subcategories, which as a whole may not be relevant for all companies.

Emission factors express the amount of greenhouse gases in tons of carbon dioxide or other greenhouse gases related to a unit of energy or use another unit expression (per mass or volume of the product).

Location-based the method expresses one of two ways of reporting electricity consumption and subsequent emissions, where the national or locally appropriate fuel mix of electricity production and the corresponding emission factor are used to determine emissions from electricity consumption. The emission factor can thus change from year to year depending on the type and quantity of electricity generation sources connected to the energy network.

Marked-based the method is the second way of reporting electricity consumption and subsequent emissions, where the calculation uses the energy mix corresponding to the company's contracts with electricity suppliers. Even this emission factor can change from year to year depending on the type and quantity of electricity purchased and consumed by suppliers.

Upstream emissions arise during the production of goods or services that a company purchases or uses. For example, if a company uses plastic to make its products, the emissions resulting from the production and transportation of that plastic would be upstream emissions.

Downstream emissions are the result of the use or disposal of companies' products or services. For example, if a company manufactures machinery, the emissions that result from the use of that machinery would be considered downstream emissions.

Input values

1.	**Basic information**		
1.1.1	Region	Czech Republic	
1.1.2	ID	4949722	
2.	**Business information**		
2.1	Calculation year	2023	
2.2	Annual turnover	115 000 000	CZK
2.3	Subject of business activity and share - C - Manufacturing	100	%
2.4	Number of employees	39	pers.
4.	**Electricity**		
4.1.1.2	Standard electricity tariff in Czechia	243.232	MWh
4.4.1	I know fuel mix from supplier - Fuel mix for electricity in the Czech Republic - Other	0.24	%
4.4.1	I know fuel mix from supplier - Fuel mix for electricity in the Czech Republic - Nuclear power plants	40.95	%
4.4.1	I know fuel mix from supplier - Fuel mix for electricity in the Czech Republic - Gas power plant	5.86	%
4.4.1	I know fuel mix from supplier - Fuel mix for electricity in the Czech Republic - Coal power plant	47.5	%
4.4.1	I know fuel mix from supplier - Fuel mix for electricity in the Czech Republic - Renewable sources (wind, solar and other power plants)	5.46	%
5.	**Gas and other fuels**		
5.1.1	Consumption of natural gas.	2 621	m^3
6.	**Company cars**		
6.1.1	Number of company vehicles - Car with combustion engine	4	ks
6.2.1.1	I know exact consumption of fuels in company cars - Fuels - Diesel	5 389	l
6.2.1.1	I know exact consumption of fuels in company cars - Fuels - Gasoline	116	l

Calculation methodology

The calculation of greenhouse gas emissions was carried out on the basis of the technical standard ČSN EN ISO 14064-1 and the international standard GHG Protocol (GHGP). The used global warming potential values (GWP) were taken from the last, sixth (AR6), assessment report of the Panel on Climate Change (IPCC) under the UN.

Greenhouse gas	GWP	Reference
CO_2 (carbon dioxide)	1.0	IPCC Sixth Assessment Report (AR6 - 100 years)
CH_4 (methane)	27.9	IPCC Sixth Assessment Report (AR6 - 100 years)
N_2O (nitrous oxide)	273.0	IPCC Sixth Assessment Report (AR6 - 100 years)
HFC (fluorinated hydrocarbons)	100–14 800	IPCC Sixth Assessment Report (AR6 - 100 years)

Emission factors were taken or calculated from the following documents and sources - National inventory reports of NIR, ČHMÚ, UK Government GHG Conversion Factors for Company Reporting, Association of Issuing Bodies, Furniture Industry Research Association, Carbon Trust, Low Carbon Vehicle Partnership, Veolia and Ecoinvent databases. If a specific emission factor was not available, it was estimated based on the experience of CI3, s.r.o. employees.

The uncertainty of emission factors in Scope 1 and 2 ranges from 1.0 to 4.5 %. For items in Scope 3, it can reach up to 50 % due to the merging of different items into one group or non-existent specific emission factors from individual suppliers. Of the greenhouse gases, only CO_2, CH_4, N_2O and HFC are considered, and within the category of Scope 3, only the following areas are considered: purchased goods, investment goods, activities related to fuels and energy, upstream transport and distribution, generated waste, business trips, employee commuting and downstream transportation and distribution.

Information about the processor – CI3, s. r. o.

CI3, s. r. o. is a sister company of a publicly beneficial company CI2, o. p. s., which is mainly concerned with determining the carbon footprint. In this area, it focuses on determining the company carbon footprint (Company Carbon Footprint), determining the product carbon footprint (Product Carbon Footprint) and verifying the carbon footprint according to the technical standards of the ISO 14064 series and the international GHG Protocol standard. CI3, s.r.o. is a silver accredited partner of the international organization CDP.

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