

RISKS AND OPPORTUNITIES RELATED TO

CLIMATE CHANGES

Report
2023

ROCA INDUSTRY
HOLDINGROCK S.A.

Company listed on AeRO market of the
Bucharest Stock Exchange Symbol: **ROC1**

Contents

	About this report	03
	Governance	03
	Strategy	04
	3.1. Impacts of physical climate risks	05
	3.2. Impacts of transition climate risks	08
	Risk management	14
	Conclusions	16

About this report

Between October 2022 – March 2023, the Holding ROCA INDUSTRY HOLDINGROCK1 S.A. conducted a first review of the climate risks and related impacts for its activity. This review relies on the activities conducted in the financial year 2022 by the holding companies: Sarcom SRL, Dial SRL, Bico Industries SA, Eco Euro Doors SRL. Beginning with Q2 of 2023, the company Sarcom underwent a rebranding process and became Evolor.

The main objectives of the review are to reduce the adverse impact of the climate risks, prepare adequate approaches, explore the potential opportunities related to climate and communicate the outcomes of the review to offer transparency for investors, shareholders, and any stakeholder.

This report pursues the disclosure requirements published by Task Force

on Climate-Related Financial Disclosures (TCFD). The chapters are structured around three TCFD areas:

 **Governance**

 **Strategy**

 **Risk Management**

There is no separate chapter dedicated to the area of Metrics and Objectives, as the holding company is in the process of developing its sustainability strategy, which will include climate-related indicators and targets. At the same time, the calculation process for Scope 1 and Scope 2 carbon footprint is being conducted in accordance with the Greenhouse Gas Protocol methodology.

The outcomes of these initiatives will generate metrics and objectives that will also be integrated within the context of disclosure according to the TCFD (Task Force on Climate-related Financial Disclosures) framework.

The terms mentioned herein are short-term (until the end of 2025), medium-term (until the end of 2030) and long-term (until the end of 2035).



Governance

While defining the sustainability strategy at the level of the **Holding ROCA Industry**, the results of the climate-related risks review will be considered, together with the results of the carbon footprint calculation results.

With this initial analysis within the company, climate risks become integrated into strategic practices at the level of each company within the holding, actively analysed in shaping directions, targets, and development actions. In this context, climate-related risks are integrated into the overall risk management process, and the companies are finalizing a specific procedure in this regard. According to the new procedure, climate risks will be regularly assessed as a separate category. Each risk will be individually evaluated, and response methods will be updated based on the operational situation and financial context at the time of assessment.

The process of identifying and analysing climate risks is carried out with the involvement of the highest structures of the companies, senior management, and department managers.

Upon finalization and implementation of the new procedure, a new function will be established. This new function will have the primary role of managing climate risks, coordinating the activities of identifying and analysing risks, evaluating them, and aligning climate risk management at the company level with the strategic directions at the holding level.

Climate risks responsible



Strategy

The first step in implementing the climate risk analysis initiative was to identify the relevant physical and transitional risks and opportunities for each company.

Therefore, based on the specificity of the activity, the acute physical risks (extreme phenomena) and chronic physical risks (changes in climate patterns) which have the potential to influence the activity of the holding companies in a significant manner were identified for each company. The transition risks applicable to the companies' activities were also identified, taking into consideration the legislative changes, market changes and other social and economic development prerequisites. Therefore, the transition risks relevant for the ROCA Industry Holding companies are divided into market risks, legal risks, reputation risks and technological risks.

In the first climate risk management initiative, representatives from senior leadership and the management structure collaborated to go through a series of steps to align with TCFD recommendations. Each company established its own response methods for the specific climate risks pertaining to its operations.





Thus, representatives of the companies within ROCA Industry Holding have followed the following steps:



Identification of applicable physical climate risks and opportunities for the company based on both chronic and acute risks identified at the country level.



Identification of applicable transitional climate risks and opportunities for the company based on the economic, commercial, operational, and legal context in which the company operates.



Categorization of risks and opportunities into short-term, medium-term, and long-term.



Analysis of risks and opportunities within each category to prioritize and assess their levels of risk.



Quantitative analysis of physical risks to assess their evolution over time and determine the company's resilience, considering various climate scenarios, including a 2°C or lower scenario.



Quantitative analysis of certain transition risks to assess their cost implications for activities with the greatest impact on the company's carbon footprint, considering various climate scenarios, including a 2°C or lower scenario.



Formulation of methods to address climate risks based on the results of qualitative and quantitative analyses.

Risk analysis was conducted using specialized platforms that present patterns of evolution for different parameters based on climate scenarios. Climate scenarios represent future representations of greenhouse gas emissions and are used to investigate the potential impact of anthropogenic climate change.



Impacts of physical climate risks

To analyze the temporal evolution of physical climate risks, specialized international platforms were utilized, which provide climate projections based on different scenarios. The physical risks were analyzed in terms of short-term, medium-term, and long-term developments according to climate scenarios. After the analysis, these risks were categorized and assigned timeframes. The timeframes represent the point at which the parameter reaches its maximum level.

These timeframes were established for each company individually, and to present the results at the holding level, the closest timeframe was selected for each specific

risk. The degree of risk was also identified for each company, considering the correlation between the patterns of evolution and the magnitude of impact on the companies. To present the results at the holding level, the categorizations were centralized and determined based on their impact at the holding level.

The analyses were conducted for all operational sites owned by the companies within the holding as of the end of 2022. Thus, the climatic parameter trends were analysed for the following counties: Vâlcea, Constanța, Vaslui, Neamț, and Mureș.





The following specialized platforms were used:

- Climate Impact Explorer, developed by Climate Analytics, based on the international climate impact science modelling initiatives, with scenarios developed by the Network for Greening the Financial System - NGFS:

- o **Current Policies:** only currently implemented policies are maintained; 3°C+ global warming by 2100 and high climate-related impacts

- o **Net-Zero 2050:** put in place strict climate policies and innovation; limit global warming to 1.5°C through zero net CO2 emissions around 2050

- Climate Change Knowledge Portal, developed by the World Bank, for modelling climate parameters according to the socio-economic and political scenarios, with scenarios developed by the Intergovernmental Panel on Climate Change (IPCC):

- o **SSP3-7.0:** faced-paced increase in population and consumption, focusing on the increase in energy consumption and intensive use of fossil fuels; CO2 emissions are doubled by 2100; global warming on average by 3.5°C in 2100

- o **SSP1-1.9:** focus on decarbonisation and energy efficiency; effective implementation of the Paris Treaty; CO2 emissions are reduced to zero net around 2050; limit global warming on average by 1.2°C in 2100



Risk name

1 Intensification of heat wave periods

Impacts

potentially negative:

- Increased electricity consumption for cooling purposes.
- Adverse effects on employee well-being and health.
- Decreased productivity.
- Decreased sales (for companies whose products are weather-dependent).

At the national level, a significant increase is observed in the percentage of the population exposed to heatwaves under the Current Policies scenario. This parameter underscores concerns regarding the impact of climate change on population health.

Regarding the maximum number of consecutive days with temperatures exceeding 35°C, significant long-term increases are projected under the SSP3-7.0 scenario. Although the SSP1-1.9 scenario predicts decreases compared to the reference period, the increases in the previous scenario for all analysed counties categorize this risk as high, particularly due to its direct impact on employee health.

Type of physical risk

acute

Delivery deadline

long

Degree of risk

high



Risk name

2 Rising average temperatures

Impacts

potentially negative:

- Overheating of facilities
- Increased electricity consumption for cooling purposes

potential positive impacts:

- Reduced thermal energy consumption for heating

The average annual temperatures in the analysed counties do not show a significant increasing pattern within the two analysed scenarios. At the same time, the observed evolution patterns do not present conditions with the potential to have a notable impact on the companies' activities.

Type of physical risk

chronic

Delivery deadline

long

Degree of risk

low



3

Risk name

Change in the rainfall patterns

Impacts

potentially negative:

- Damage to company properties due to natural hazards (such as landslides, floods) in the case of significant increase in precipitation.
- Increased operational costs due to water consumption restrictions or increased water supply prices in the case of significant decrease in precipitation.

potentially positive:

- Long-term reduction in operational costs through the implementation of a rainwater harvesting and utilization system in the case of increased precipitation.

The evolution of average annual precipitation shows different patterns within the two analysed scenarios. There is a difference between the projections associated with the SSP3-7.0 scenario and those associated with the SSP1-1.9 scenario, with the former generally indicating a lower annual precipitation quantity.

The risk can be categorized as low because the observed fluctuations and evolution patterns do not have the potential to significantly influence the activities of the companies within the holding. Moreover, potential negative impacts are multifactorial and not solely determined by this parameter.

Type of physical risk

chronic

Delivery deadline

average

Degree of risk

low

4

Risk name

Intensification of drought events

Impacts

potentially negative:

- Increased operational costs and disrupted supply chain due to the cascade effect resulted in the increased raw materials prices worldwide
- Increased operational costs by limiting the water consumption or increased water supply prices

Increased maximum number of consecutive days of drought reaches peak value in the scenario SSP3-7.0. The risk can be ranked as low, as the development patterns are reduced in the event of this scenario, given that the identified impacts do not have an adverse impact on the company. A reduction of this parameter was also noted in all time frames in the scenario SSP1-1.9.

Type of physical risk

acute

Delivery deadline

short

Degree of risk

low



5

Risk name

Intensification of flooding

Impacts

Potentially negative:

- Damages to the companies' buildings
- Disrupted supply chain by delaying or damaging the terrestrial transportation

At national level, both in the case of Current Policies scenario and in the case of the Net-Zero 2050 scenario, a progressive increase in flooding is expected, and therefore of damages caused by these extreme phenomena. According to the Flood Risk Management Plans prepared by the Water Basin Administrations, the areas in which the companies conduct their activity are not directly classified in the increased flooding risk categories.

The risk of flooding also depends on the local (micro) geo-morphological and infrastructure particularities. For each company, this risk was classified as low risk following the individual analysis of existing flooding plans, already existing protection infrastructure, distances, and degree of elevation of the locations to the nearest water catchment basin with risk, existence of historical floods and actions implemented.

Type of physical risk

acute

Delivery deadline

long

Degree of risk

low

6

Risk name

Increase of atmospheric humidity ¹

Impacts

potentially negative:

- Damaging raw materials and products or stored packages, in the event of significant increase in humidity
- Decreased sales (for the companies whose products are weather dependent)

Within the three companies for which this risk is relevant, very minimal evolution patterns have been observed for relative humidity in both analyzed scenarios throughout the entire analyzed period. Therefore, the risk can be categorized as low since the projections for this parameter indicate a low likelihood of materializing potential negative impacts on the companies' activities.

Type of physical risk

chronic

Delivery deadline

average

Degree of risk

low

¹ Not applicable to Dial



7

Risk name

Intensification of strong wind phenomena ²

Impacts

potentially negative:

- Damaged to the temporary constructions administered by the company

potentially positive:

- Increase wind energy availability, which may result in reducing carbon footprint

Strong wind events represent a relevant risk for two companies within the group. The average wind speed has been analysed for three operational sites, where the same increasing patterns have been observed. The highest long-term evolution is projected under the Current Policies scenario. It is considered that an intensification of strong wind events can have negative impacts on the activities due to the presence of temporary storage structures. Thus, for the two companies, the risk of intensified strong wind events is categorized as a medium level of risk. However, at the holding level, taking into account the planned response measures, the risk is categorized as a low level of risk.

Type of physical risk

acute

Delivery deadline

long

Degree of risk

low



8

Risk name

Intensification of hail events

Impacts

potentially negative:

- Damages to the company's buildings

There is a global trend of intensifying hailstorms, according to specialized studies. However, modelling the evolution of this phenomenon at a small scale (national or county level) is not feasible. Therefore, the European Environment Agency states that projections based on climate scenarios are not available.

In Romania, hailstorms occur most frequently in the north-western part of the country and least frequently in the southeaster region. Additionally, the occurrence of hailstorms is strongly influenced by human intervention regulated by Law 173/2008.

Type of physical risk

acute

Delivery deadline

-

Degree of risk

-

² Applicable only to Bico Industries and Eco Euro Doors





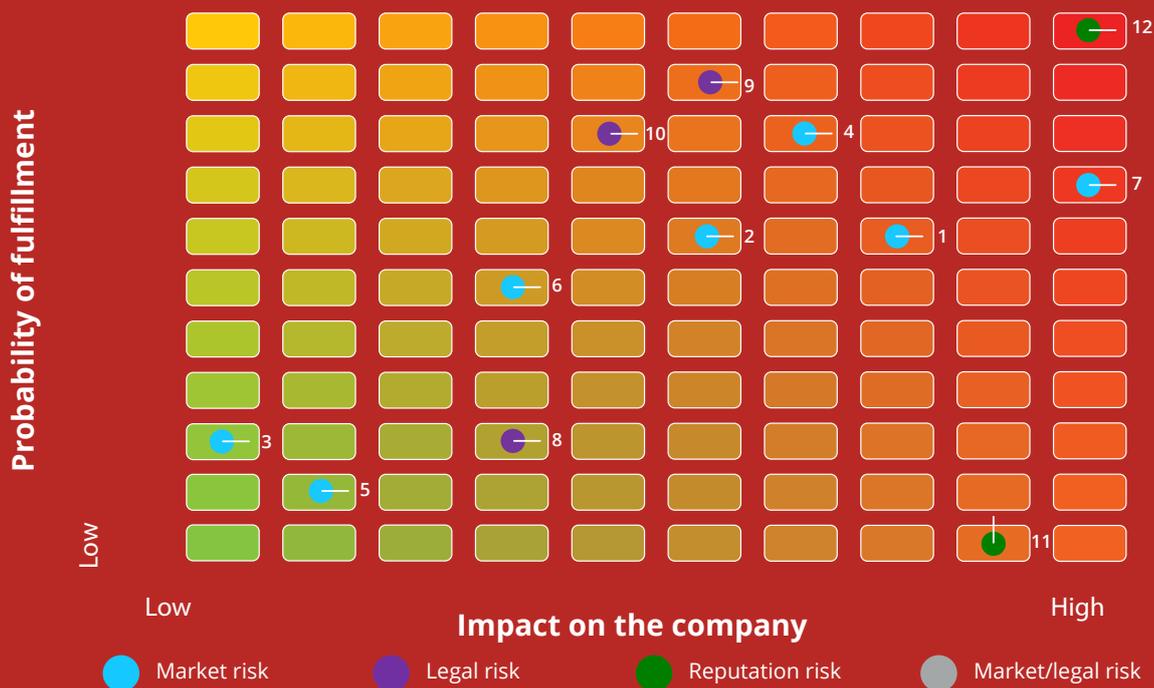
Impacts of transition climate risks

The transition climate risks have been categorized into risk levels based on their potential impact on each company and the probability of occurrence. They are divided into timeframes based on the anticipated moment of fulfilment. To establish the hierarchy at the holding level, the average values for impact and probability assigned during the analyses conducted in each company were considered.

Eleven transition risks common for all four companies were identified. In addition to these, for each company a thorough analysis of the supply chain was conducted and the specific risks for certain raw materials used in the technological processes were determined. In this report, the transition risks regarding raw materials are presented in the form of common risk "Rising prices / shortage of raw materials."

In addition to these twelve risks, two opportunities and one technological risk specific to only three companies have been identified.

The ranking of common transition climate risks



Risk name	Type of transition risk
1. Increased demand for sustainable products among final consumers	Market risk
2. Fuel prices	Market risk
3. Higher prices for heating agents	Market risk
4. Higher prices for electricity	Market risk
5. Higher prices and quantity restrictions for water supply	Market risk
6. Higher insurance prices	Market risk

Risk name	Type of transition risk
7. Rising prices / shortage of raw materials	Market / legal risk
8. Increased carbon taxation of imported goods	Legal risk
9. Enhanced targets for packaging recycling placed on the market and higher packages prices	Legal risk
10. Extended reporting for greenhouse gas emission	Legal risk
11. Intensified greenwashing complaints and other non-sustainable practices	Reputation risk
12. Increased investor interest in sustainability performance	Reputation risk

An analysis of global trends in price growth has been conducted for diesel fuel, natural gas, and electricity consumption. These consumption categories represent the highest administrative expenses recorded by the companies and also contribute significantly to the carbon footprint within Scope 1 at the holding level.

Additionally, for Sarcom, a financial analysis was conducted to determine the development over time of the annual costs for these three types of consumption. The calculations for these costs relied on the consumptions recorded at the level of each company in 2022. For electricity, the development of total costs was analysed according to two operational scenarios for Sarcom: maintain consumption at the level of 2022 (before installing photovoltaic panels) and consumption adjusted for the installation of photovoltaic panels. In this respect, cost savings made on short-, medium- and long- term can be quantified in absolute values by implementing this solution.

For this financial analysis, GCAM 5.3 database prepared by Network for Greening the Financial System (NGFS) was used, specific for Romania, considering 2022 as baseline year.

The scenarios used to analyse the development of costs are:

NZ (NET ZERO)

representing heavier policies that would help reaching the global target of limiting

global warming by 2050 to **1.5°C**



NDCs (Nationally determined contributions),

resulting from commitments already announced at national level on climate policies, which are projected to limit

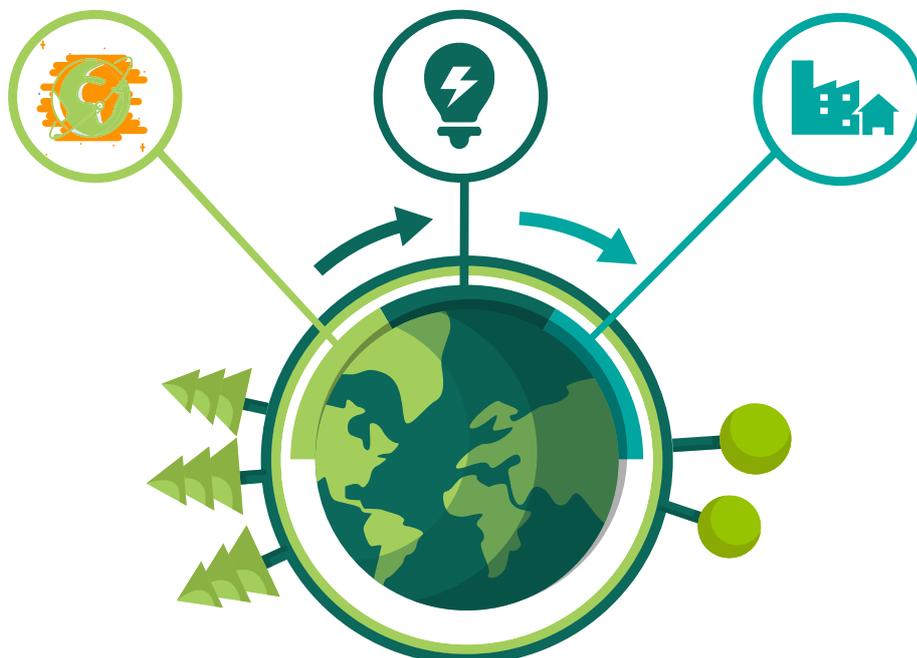
global warming by 2050 to **2.65°C**



CP (Current Policies)

which reflect the sole maintenance of applicable policies and regulations currently at national level, which are projected to result in a

global warming above **3°C** by 2100





Transition context

1 Higher demand for sustainable products among final consumers

Transition context

- The increasing interest of the population in sustainable products, particularly in terms of food, has a significant impact

Impact

- As stakeholders' preferences shift towards sustainable products and services, companies that fail to align with this market trend risk reducing their competitiveness and experiencing a decline in economic performance.

Type of physical risk
market

Delivery deadline
long

Degree of risk
average



2 Higher fuel prices

Type of physical risk
market

Delivery deadline
short

Degree of risk
average



3 Higher prices for heating agents

Type of physical risk
market

Delivery deadline
short

Degree of risk
low



4 Higher prices for electricity

Type of physical risk
market

Delivery deadline
short

Degree of risk
average





Transition context

- international initiatives to support reducing climate impact
- legislative packages and policies to limit the fossil fuel consumption, e.g.: the new carbon certificates trade scheme (EU-ETS II) applicable to the fuel distributors with linear reduction targets, 'Fit for 55' package containing measures to reduce methane gas
- the geopolitical situation in Europe which caused problems in the fuel supply chain

Impact

Rising prices of fossil fuels and utilities determine higher direct operational costs of the companies and higher prices of the supply chain.

While these additional costs can be internalised and included in the final price of the product, this can lead to a decrease in competitiveness particularly regarding the non-UE products.

Maintaining the current composition of fleets and equipment poses a risk of increased direct costs, but this increase is limited (up to 4% compared to the 2022 reference year in the most ambitious price growth scenario). Therefore, investing in the renewal of fleets and equipment with vehicles that have lower pollution/fuel consumption is currently not justified. Such an investment is not financially feasible in the short and medium term and does not significantly contribute to reducing the negative impact of fuel price increases on companies. In the Current Policies scenario, fuel consumption costs decrease by up to 3% in the long term.

Maintaining the same level of methane gas consumption, according to the most ambitious Net Zero scenario, can lead to long-term cost increases of up to 15% compared to the 2022 reference year. In the short term, costs allocated to methane gas consumption increase by a maximum of 7% compared to the reference year.

Costs related to electricity consumption are expected to have the highest long-term increase (up to 15% compared to the 2022 reference value) in the Net Zero scenario. In the Current Policies scenario, electricity prices could decrease by up to 8% in the long term.

With the implementation of photovoltaic panels, costs related to electricity consumption decrease. For example, in the case of Sarcom, which invested in photovoltaic panels with a capacity of 250 kW, annual costs for electricity consumption decrease by 65% compared to the 2022 reference year in the Net Zero scenario.





Risk name

5

Higher prices and quantity restrictions for water supply

Transition context

- recording patterns of increasing water stress
- tendency of land aridisation at national level
- implementation of water supply measures with a restricted schedule at national level

Impact

This risk leads to increased operational costs for water supply from centralized networks as well as from private wells.

Type of physical risk

market

Delivery deadline

long

Degree of risk

low



Risk name

6

Higher insurance prices

Transition context

- Global increase in costs of damages caused by extreme weather events and consequently, higher insurance pay-outs by companies.
- Trend of updating the component of extreme weather events.

Impact

The rise in insurance prices for properties, products, fleets, machinery, and other assets leads to increased operational costs for companies.

Type of physical risk

market

Delivery deadline

long

Degree of risk

average



7

Risk name

Rising prices / shortage of raw materials

Transition context

- International trend of limiting the use of certain chemical substances and optimizing energy consumption through policies aimed at reducing environmental and climate impact, such as the EU Strategy for Chemicals (including supporting documents like the Roadmap for Restricting Hazardous Chemicals) and the European Green Deal Strategy (including the "Fit for 55" package with increased carbon emission reduction targets by 55% by 2030).
- Revision of Directive 2010/75/EU on industrial emissions, which requires technological upgrades to limit emissions, resulting in higher production costs for the respective raw materials.
- Preparation of a legislative framework to enable additional taxation of products from countries with less ambitious climate policies, for installations outside the EU.
- These strategic directions at the European level impact multiple production sectors, including the paint and adhesive industry, fiberglass manufacturing, steel industry, and wood processing and composites industry.
- The geopolitical situation in Europe causing disruptions in the supply chain.

Impact

By restricting the availability and increasing the prices of certain raw materials, the procurement costs for companies also increase. Although this aspect can be internalized and included in the final product price, it may lead to decreased competitiveness compared to companies that import finished products from outside the EU, where such restrictions are less stringent. Removing certain substances from the market will require companies dependent on those raw materials in their production processes to allocate resources to find alternative suppliers or modify their production processes to use alternative raw materials.

Type of physical risk

market

Delivery deadline

average

Degree of risk

high

8

Risk name

Increase carbon taxation of imported goods

Transition context

- the need to reduce global climate impact (including for the countries with less ambitious climate policies) and encourage the production companies (both EU and non-EU) to reduce emissions
- the need to reflect the carbon/greenhouse gas content in the final price of the products
- implement the Carbon Border Adjustment Mechanism (CBAM), which will place an additional tax on products from non-EU countries
- CBAM will have a transition period until the end of 2026, and the Parliament considers that it should be fully implemented by 2032.

Impact

If the raw materials used are imported from outside the EU, this could lead to an increase in the procurement price. While these costs can be internalised and included in the final price of the product, this can lead to a decrease in competitiveness.

Type of physical risk

legal

Delivery deadline

long

Degree of risk

average



Risk name

9

Increased targets for packaging recycling and rising packaging prices.

Transition context

- with a view to supporting transition to a circular economy that contributes to reducing global warming, EU Directive on packaging (94/62/EC), transposed in Romania into the Law 249/2015 sets forth linear growth targets by 2030

Impact

As operators that place packaged products on the national market, companies shall have to allocate more resources to reach higher recycling targets beginning with 2030: 75% global (compared to 60%), 55% plastic (compared to 22.5%), 80% metal (compared to 50%), 30% wood (compared to 15%), 85% cardboard (compared to 60%).

Type of physical risk

legal

Delivery deadline

long

Degree of risk

average



10

Risk name

Extended reporting for greenhouse gas emissions

Transition context

- the need to report emissions from scope 3 according to the company size, with a gradual launch between 2004 and 2028, according to the Directive (EU) 2022/2464

Impact

Expanded reporting for greenhouse gas emissions requires allocating resources for collecting and managing data from stakeholders in the value chains of companies.

Type of physical risk

legal

Delivery deadline

average

Degree of risk

average



11

Risk name

Intensify greenwashing complaints and other non-sustainable practices

Transition context

- Increasing the general population's level of education on sustainability issues.
- Growing consumer scepticism towards products or services presented as sustainable.
- Rising international court cases related to greenwashing.
- Increasing number of non-governmental organizations (NGOs) seeking to draw attention to unsustainable practices or cases of greenwashing.

Impact

Intensification of greenwashing complaints and other non-sustainable practices results in a better focus by the stakeholders for the truthfulness of the product sustainability. Therefore, if the companies fail to align to the trend to publicly communicate in a correct and objective manner their sustainability performance, they risk impairment of their image and competitiveness.

Type of physical risk

reputation

Delivery deadline

long

Degree of risk

average



12

Risk name

Increase investors' interest in the companies' sustainability performance

Transition context

- continuous development of sustainable investment funds
- increase environmental, social and governance profiles (ESG) for the listed companies
- develop various systems and platforms for measuring and scoring ESG performance

Impact

With the increasing interest of investors in sustainability performance, listed companies are in direct competition to develop their environmental, social, and governance (ESG) performance. Those companies that do not align with this trend may suffer financial losses due to declining investor interest.

Type of physical risk

reputation

Delivery deadline

average

Degree of risk

high





Name

Potential for development of metal surface phosphating technologies.

Transition context

- New and innovative emerging technologies, such as powder paints and powder cover, and nanotechnology have the potential to replace the conventional products available on the market.

Impact on the company

By implementing these new technologies, the company can have a series of advantages: enhance the output of the technical processes, lower costs, contribute to reaching strategic / sustainability targets assumed by the company.

Company

Dial

Type

technological opportunity

Name

Steering toward circular economy

Transition context

- According to the European Commission, at the end of its life cycle, approximately 25% of fiberglass is sent to landfill, amounting to around 250,000 tons/year in the EU. This leads to significant substance emissions into the environment and reduces landfill capacity. There is a particular need for the recycling of polypropylene and fiberglass compounds from end-of-life vehicles, as established in the ELV Directive (2000/53/EC).
- Additionally, in March 2022, the European Commission published the EU Circular Economy Action Plan. This action plan is part of the Green Deal and aims to reduce resource consumption, waste generation, and increase circularity in the EU economy.
- Currently, most recycling facilities do not accept fiberglass, making it nearly impossible to recycle.

Impact on the company

Implementing measures to ensure the recyclability of fiberglass can lead to increased operational costs and enhance competitiveness in the industry.

Company

Bico Industries

Type

technological risk

Name

Increasing targets for packaging recycling.

Transition context

- In order to support the transition towards a circular economy that contributes to reducing global warming, the EU has issued specific directives that are transposed into the legislation of member countries to promote recycling.

Impact on the company

Doubling the target for recycling wooden packaging at the European level (from the current 15% to 30% by 2030) can provide an advantage in reducing the prices of MDF and HDF products.

Company

Eco Euro Doors

Type

market opportunity

Risk management

Following the quantitative analysis of climate risks, potential new response methods have been outlined at the level of each company, and ongoing actions that are already being implemented have been identified.

Common response methods

Expanding photovoltaic panel networks (currently, each company has either implemented or is in the process of implementing photovoltaic panel systems: Sarcom - 250 KW; Bico Industries - 400 KW; Dial - 100 KW; Eco Euro Doors - 400 KW)

Continuing to ensure measures for maintaining the health of workers during heatwaves and investigating the feasibility of implementing medical prevention solutions in this regard

Initiating the process of creating a sustainability strategy that enables business development in a sustainable manner (ongoing)

Initiating the process of sustainability reporting at the holding level (ongoing)

Exploring possibilities for entering transportation contracts with companies that have a fleet predominantly consisting of vehicles with reduced pollution/fuel consumption

Exploring the possibility of long-term fleet renewal with vehicles that have reduced pollution/fuel consumption

Continuing to update transportation procedures (optimizing load levels for deliveries and optimizing transport routes)

Exploring the possibility of negotiating in advance insurance policies that include favourable pricing for coverage of damages caused by extreme weather events

Continuously inventorying and monitoring market trends for new products and raw materials that are feasible to be used in company's technical processes while also contributing to the development of products with a reduced environmental impact.



Risk management

Calculating emissions from Scope 1 and Scope 2 according to the Greenhouse Gas Protocol (ongoing)

Preparing data inventory for full Scope 3 emissions

Continuing investigation of the packaging market for alternative (and sustainable) solutions feasible for product packaging and monitoring offers for responsibility transfer from packaging recovery organizations (PROs)

Placing increased focus on communication initiatives and maintaining records for each sustainability action, outcome, or statement

Continuing structured disclosures on environmental, social, and governance performance

Exploring the possibility of securing third-party sustainability reporting

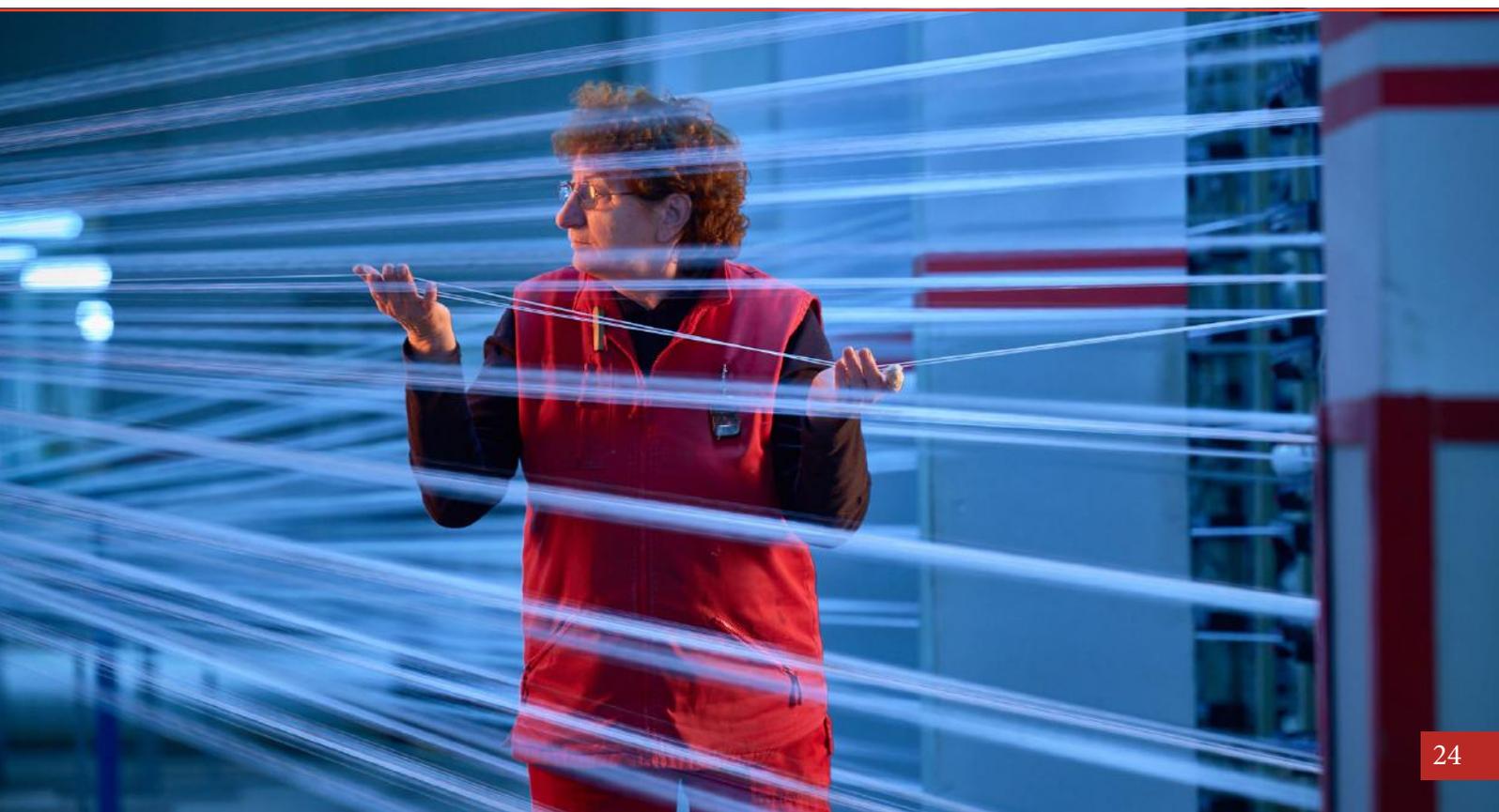


Common response methods

In addition to the common response methods, based on the specific nature of their activities and the climate risk impacts determined at each company level, the companies within the ROCA Industry Holding have identified the following specific management methods:

- EVOLOR** ▶▶ Investigating the possibility of developing new water-based product lines with low or even “zero” volatile organic compound content
▶▶ Investigating the feasibility of certifying certain products from a sustainability perspective

- BICO** ▶▶ Exploring the feasibility of implementing an adiabatic cooling system for facilities (a water-based cooling system that does not use refrigerants)
▶▶ Continuing to maintain records of certain sustainability components according to the BMB approach (biomass balance method)
▶▶ Long-term investigation of the optimization potential of the packaging procedure
▶▶ Continuing the on-site implementation pilot project for a new waste valorisation technology resulting from production waste – a research project funded by the company
▶▶ Keeping records related to existing technologies for recycling and valorisation of fiberglass, feasibility verification, and cost assessment
▶▶ Researching within the company’s own supply chain or in the market for the availability of fiberglass made from secondary raw materials (recycled glass), with the aim of exploring the possibility of developing the related product segment
▶▶ Build permanent constructions on locations where intensification of strong wind phenomena is a climate risk; these constructions will replace the temporary constructions, therefore protecting the stock of raw materials and finish products



DIAL

- ▶▶ Assessing the feasibility of producing galvanized wire within the company to reduce the risk of price escalation for this type of raw material, including evaluating the environmental and social impacts of such a project
- ▶▶ Continuously monitoring new emerging technologies and implementation practices to determine their feasibility for adoption within the company (such as the potential for development of metal surface phosphating technologies)
- ▶▶ Implementing a remote monitoring and control system for ambient temperature and/or equipment operation
- ▶▶ Monitoring humidity parameters and installing dehumidification solutions when needed
- ▶▶ Investigating the feasibility of implementing measures to reduce water consumption (e.g., updating water consumption procedures in technological processes, implementing technical measures such as water flow aerators, sensor faucets, adjustable or differentiated flush toilets)
- ▶▶ Exploring the feasibility of implementing rainwater capture and recirculation systems
- ▶▶ Conducting a company-wide investigation into the feasibility of implementing best practices to address potential negative impacts resulting from low flood risk, such as expanding stormwater collection systems, placing physical archives on higher floors, implementing a generator or backup power system to support operations during emergencies, elevating key electrical components above 1.5 meters from the ground in newly constructed spaces, implementing a cloud-based solution for data storage and management, planting native vegetation species around the site perimeter where conditions permit
- ▶▶ Investigating methods for reducing thermal energy consumption, including the implementation of alternative technologies such as heat pumps, thermal insulation of buildings and facilities, lowering the height of warehouse ceilings, etc.

**ECO
EURO
DOORS**

- ▶▶ Replacing and renewing a portion of the vehicle fleet with more fuel-efficient and environmentally friendly vans, with lower emissions and providing training to drivers for more efficient driving behaviour and fuel consumption
- ▶▶ Continuing the program of purchasing fewer polluting cars (gasoline-based) or acquiring hybrid or electric vehicles
- ▶▶ Expanding the photovoltaic panel park with an additional 400 KW system
- ▶▶ Procuring FSC-certified raw materials
- ▶▶ Purchasing recycled packaging materials
- ▶▶ Reducing ambient temperatures outside working hours in production areas during winter
- ▶▶ Erecting permanent structures in locations where intensified strong wind phenomena pose a climate risk; these structures will replace temporary constructions, thereby protecting the storage of raw materials and finish products.

Conclusions

Following the completion of the first climate risk analysis, ROCA Industry Holding has taken initial steps to integrate these risks into the management system of its companies. By internalizing these risks, the holding demonstrates a level of maturity in the field of sustainability that will enable more informed strategic planning, better risk management, increased investor confidence, and improved responses to sustainability disclosure requirements.

At the **governance** level, the holding has involved the highest structures within the companies in the process of identifying, analyzing, and evaluating climate risks and opportunities, and has developed a procedure for each company to ensure the recurrence of this practice.

The holding's **strategic approach** to climate risks and opportunities begins with their identification and analysis of potential and actual impacts.

The **risk and opportunity management** relies on quantitative analyses that consider climate scenarios which are at the basis of formulating addressing methods.

Measures to address climate risks are formulated to cover the negative impacts holistically, highlighting the practices already implemented to support this direction.

Investing in the photovoltaic panel network brings cost savings in operational expenses while also contributing to achieving the Net Zero global climate scenario of limiting global warming to 1.5°C. Meeting this scenario results in reducing the negative impacts caused by physical risks, such as prolonged drought periods. The holding will continue to support this scenario by expanding the photovoltaic panel network.

ROCA Industry Holding will increase its maturity in the field of sustainability through the development of **metrics and objectives** resulting from its sustainability strategy and carbon footprint calculation. In doing so, the holding will also increase its maturity in implementing the TCFD reporting framework while integrating the management of climate risks into its recurrent practices.





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