

Emission Reduction Targets of FÉMALK Zrt.

1. Introduction

FÉMALK Zrt. is a high-pressure aluminum die casting company and one of Hungary's leading players in the industry, operating 40 electrically driven die-casting machines and natural gas-fired melting furnaces, as well as more than 100 other electrically powered assembly and machining units. Our activities extend not only to casting but also to the design of automotive components. The company is committed to sustainable operations and climate protection. Increasing emphasis is being placed on projects that support the automotive industry's transition toward low-carbon vehicles and components.

The company prepared a comprehensive GHG inventory for the base year 2021, which was verified by an independent third party. The calculation includes Scope 1, Scope 2, and Scope 3 emissions. The Scope 3 inventory is approximately 90% complete, with two relevant categories currently being added.

2. Emission Reduction Targets

2.1. Absolute Scope 1 Targets

- Base year (2021): 6,112,289 kg CO₂eq
- Target: at least 5% reduction by 2030 compared to the base year → 5,806,674 kg CO₂eq
- Target: 11% reduction by 2035 → 5,439,937 kg CO₂eq

As an intensity target, we aim to improve the ratio of gross melted aluminum to net delivered products. This will reduce natural gas-related carbon emissions per 1 kg of delivered product.

- Base year (2021): 0.51
- Target for 2035: achieve a ratio of 0.6, representing a 7% improvement.

Since Scope 1 emissions originate from the natural gas consumption required for melting, no more ambitious targets can currently be defined according to the state of the art.

Actions: annual 1% reduction of natural gas consumption, improvement of furnace efficiency, optimization of recycled scrap and tooling yield. These objectives and action plans are documented in accordance with ISO 50001 and ISO 14 001 and reviewed annually.

2.2. Absolute Scope 2 Targets

- Base year (2021): 5,455,399 kg CO₂eq (factor: 0.22 kg CO₂/kWh)
- Target: at least 60% reduction by 2030 → 2,116,150 kg CO₂eq, with 52% of electricity from renewable sources
- Target: 99.9% reduction by 2035 → 0 kg CO₂eq, with 100% of electricity from renewable sources

Actions: annual 1% reduction of electricity consumption until 2030, increasing procurement of renewable electricity (PPA, green energy), energy efficiency projects for operating equipment, acquisition of low-consumption ECO die-casting machines and CNC machining centers. These objectives and action plans are documented in accordance with ISO 50001 and ISO 14 001 reviewed annually.

2.3. Absolute Scope 3 Targets

More than 70% of our total emissions come from Scope 3, and within Scope 3, 95% are linked to purchased foundry aluminum alloys.

- Base year (2021): 38,237,519 kg CO₂eq, of which Scope 3_1_alloys: 35,032,355 kg CO₂eq
- Target: at least 25% reduction by 2030 → 28,678,139 kg CO₂eq
- Target: 50% reduction by 2035 → 19,118,759 kg CO₂eq

Coverage: 90% of Scope 3 emissions already mapped, with two missing categories in progress.

Actions: procurement of low-carbon aluminum and other auxiliary materials, supplier engagement, logistics optimization, and circular economy solutions.

3. Monitoring and Reporting

3.1. Corporate-level Record Keeping and Review

Persons responsible for preparing the GHG inventory:

Dr. Tamás Rick, R&D Director
Enikő Mester, ESG Manager
György Halbauer, Supply Chain Manager
Zoltán Szécsi, Energy Manager

The GHG inventory is prepared annually and continuously expanded with yet uncovered areas. The calculations of FÉMALK Zrt. are based on the internationally recognized Greenhouse Gas Protocol (GHG Protocol) Corporate Accounting and Reporting Standard. Annual review is conducted and verified by a third party.

3.2. Periodic Assessment

- Annual review of progress against targets.
- Preparation of reports for internal and external stakeholders.

3.3. Full Scope Monitoring

- Monitoring of all scopes (Scope 1–2–3).
- Ensuring comparability of data with the base year.

4. Scope 3 Relevance and Coverage

The company has identified the relevant Scope 3 categories.

- Current coverage: ~90%.
- Missing categories: [Scope 3 (Cat. 2): Capital goods, purchased equipment; and Scope 3 (Cat. 3): Fuel- and energy-related activities].
- Commitment: incorporation of these categories within the next two years.

5. Transparency and Public Disclosure

The company strives to disclose its GHG emission reports (e.g., in sustainability reports, on the website). Current evaluations are also available on CDP and EcoVadis platforms.

6. Science-Based Targets (SBTi)

The company aims to align its emission reduction commitments with the SBTi framework. Due to the tightening of SBTi requirements, combined Scope 1&2 targets cannot be set, as natural gas use for melting cannot currently be substituted.

However, our Scope 3 target as stated above is in line with SBTi requirements for Scope 3 targets.

7. Review

- Date of the next review of this document: July 2026
- Next annual GHG calculation: May 2026
- Next third-party review of the calculation: June 2026

Budapest, 4 September 2025

Karlheinz Braisch
Chief Executive Officer