

# SUSTAINABILITY REPORT **2024**





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# ESRS 2 – General Disclosures



1.1 Basis for Preparation of the Sustainability Report

**[BP-1]** The legal basis for the preparation of this consolidated sustainability report for the financial year 2024 of the Sanok Rubber Company Group is the Accounting Act of 29 September 1994, together with amendments introduced by the Act of 6 December 2024 amending the Accounting Act, the Act on Statutory Auditors, Audit Firms and Public Oversight, and certain other acts (Journal of Laws, item 1863), as well as Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

This report has also been prepared based on the European Sustainability Reporting Standards (hereinafter „ESRS”) introduced by the Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023..

Scope of Consolidation

The information, data, and indicators presented in the report relate to the parent entity Sanok Rubber Company S.A. (hereinafter referred to as the „Parent Company”) and the Sanok Rubber Company Group (hereinafter the „Group”, with individual companies referred to as „Subsidiaries” or „Companies”, and individually as a „Subsidiary” or „Company”), unless stated otherwise.

The report covers the reporting period from 1 January 2024 to 31 December 2024, which corresponds with the financial year adopted for financial reporting purposes.

The scope of consolidation of this sustainability report is consistent with that adopted in the consolidated financial statements of the Sanok Rubber Company Group for the financial year 2024 and forms part of the Management Board’s Report on the Activities of the Sanok Rubber Company Group for 2024.

Sanok RC S.A. is the Parent Company in a corporate group comprising 11 subsidiaries and 1 lower-tier capital group, which includes: 1 parent entity, 4 subsidiaries (including one suspended), and one associate.

None of the Subsidiaries within the Group, apart from the Parent Company, are subject to the requirement to prepare a sustainability report and do not benefit from an exemption from this obligation.

Two Subsidiaries have not been included in the scope of this report. The Polish company PHU Stomil East Sp. z o.o. is in

liquidation. The Russian company Stomil Sanok Wiatka Closed Joint Stock Company has ceased operations. The report does not contain sustainability disclosures concerning these companies.

In 2024, the Teknikum Group was acquired, consisting of the parent company Teknikum Group Ltd (Finland) and three subsidiaries and one associate. The acquisition date of control was determined to be 02 April 2024. Disclosures in this report relating to the Teknikum Group were included following their prior consolidation at the Teknikum Group level. As of 31 December 2024, 100% of shares were held by the Parent Company, and as of the publication date of this report, 70%, following the sale of 30% of shares to the Foreign Expansion Fund 2 Closed-End Non-Public Asset Investment Fund, as per Current Report No. 1/2025 of the Parent Company dated 09 January 2025.

Company name, seat	% shares / % of voiting rights of the Parent Company	Core business
Stomil Sanok Dystrybucja Sp. z o. o (Kostrzyn, Poland)	100% / 100%	Aftermarket sales of products manufactured by Sanok RC S.A., as well as sales of spare parts, consumables and machinery for agriculture. Sales of goods not manufactured by Sanok RC S.A. for the 12 months of 2024 accounted for 56.5% of the Company's sales.
PHU Stomil East Sp. z o. o. w likwidacji (Sanok, Poland)	65,7% / 79,3%	Company in liquidation
Stomil Sanok Ukraina OOO (Rivne, Ukraine)	100% / 100%	Distribution and sales in the Ukrainian market of products from Sanok RC Group production.
Stomil Sanok Wiatka ZAO z (Kirow, Russia)	81,1% / 81,1%	Company held for sale - shown in the consolidated statements as discontinued operations.
Production and Trade Unitary Enterprise Stomil Sanok BR, based in Brest, Belarus.	100% / 100%	Production of extruded products for window joinery and production of molded products for household appliances. Sales are made primarily to Sanok RC distribution companies, as well as to direct customers.
Colmant Cuvelier RPS S.A.S. (Villers-la-Montagne, France)	100% / 100%	Production and sales of rubber compounds and distribution of drive system components.
Stomet Sp. z o.o. z (Sanok, Poland)	100% / 100%	Manufacture of tooling for the production of rubber and plastic products, as well as the performance of repairs to machinery and equipment - mainly on the order of Group companies. Sales of products and services outside the Group for the 12 months of 2024 accounted for 19.7% of the Company's sales
Świerkowy Zdrój Medical SPA Sp. z o.o. (Rymanów Zdrój, Poland)	100% / 100%	Organizing and providing treatment, sanatorium, rehabilitation, leisure, recreation, tourism, hospitality and catering services.
Draftex Automotive GmbH, Grefrath (Germany)	100% / 100%	Manufacturing and selling body seals for the premium car sector in the German market. The company holds a stake (14.5%) in the manufacturing company Qingdao Masters of Rubber and Plastics Co. Ltd (QMRP), based in Jiaozhou City, China.
SMX Rubber Company S.A. de C.V (San Luis Potosi, Mexico)	99% / 99%	SMX Company was established as a separate legal entity, ultimately making direct sales to customers located in Mexico. SMX Company remains a subsidiary with minimal operations and with minimal resources in order to optimize costs related to the development of the Sanok RC Group The remaining 1% stake held by "Stomet" Sp. z o.o
BSP Bracket System Polska Sp. z o.o. (Warsaw, Poand)	54,26% / 54,26%	BSP Bracket System is a manufacturing and trading company operating in the infrastructure segment (non-automotive), dealing comprehensively with issues related to ventilated facades and fastening technology.
Teknikum Group Ltd (Sastamala, Finalnd) Parent Comnpany in Teknikum Group	100% / 100%	Parent company in the Teknikum Group. The company provides shared services to companies in the Teknikum Group (administration, finance, marketing, HR, IT)
Teknikum Oy (Ltd) (Sastamala Finland)	100% / 100%	A subsidiary of Teknikum Group Ltd. It has 3 production facilities in Sastamala and 1 in Kerava. The company's production includes: industrial hoses, molded products, polyurethane products, rubber coatings, plastic products and rubber compounds. It sells mainly to the Finnish market. The company owns 100% of the shares in Teknikum North America Ltd - the company's operations are suspended.
Teknikum Kft z(Jászladány, Hungary)	100% / 100%	A subsidiary of Teknikum Group Ltd. The company's production includes plastic products and foam products.
Teknikum GmbH (Mülheim, Germany)	100% / 100%	A subsidiary of Teknikum Group Ltd. A trading company engaged in sales, customer service and distribution of products manufactured by Teknikum Oy (Ltd) in Europe.
Sammaliston Sauna Oy (Nokia, Finland)	33% / 33%	The affiliated company operates recreational saunas that are occasionally used by employees, customers and shareholders of the Teknikum Group.





Contextual information

This sustainability report covers the upstream and downstream value chain context for the Group together with information on GHG emissions for the relevant Scope 3 categories to the extent that it was possible for the Group to determine or estimate.

The ESRS scoping disclosures include other information relating to the estimates made and sources of uncertainty for the value chain.

The Group has not identified a need to disclose information relating to intellectual property, know-how or the results of innovation for the purposes of this report and does not benefit from the exemption in this respect under ESRS 1 section 7.7.

No need has been identified to disclose information relating to expected events or matters subject to ongoing negotiations therefore the option to omit has not been exercised in accordance with Article 19a(3) and Article 29a(3) of Directive 2013/34/EU.

Disclosure in respect of special circumstances

**[BP-2]** The Parent Company has adopted the definitions of time horizons as set out in the ESRB Regulation, i.e.:

- short-term perspective - reporting period
- medium-term perspective - up to 5 years
- long-term perspective - more than 5 years.

Due to the acquisition of incomplete information on the carbon footprint for Scope 3 from a significant part of the value chain, it was only partially calculated based on source data from suppliers and the remainder was estimated based on indicators available in international databases.

For the purposes of this report, GHG Protocol emission factors were used, including those published by the UK Department for Environment, Food and Rural Affairs (Defra) and those available from the [www.climatiq.io](http://www.climatiq.io) database. (including for selected Ecoinvent and Exiobase data included in the Climatiq database). The Parent Company plans to successively increase the amount of data for Scope 3 carbon footprint calculations from the value chain year on year.

To this end, the Group will implement a detailed methodology for calculating the carbon footprint in cooperation with suppliers by the end of 2025 at the latest.

Information with a high level of measurement uncertainty is disclosed with each ESRS topic area.

Measurement uncertainty is due to the dependence on future events especially in the medium and long term and the unavailability of high quality data from the value chain. For the calculation of the Scope 3 carbon footprint indicator, a measurement technique based on reference indicators was used.

This Sustainability Report 2024 is the first report prepared based on the European Reporting Standards (ESRS) therefore the Group does not refer to adjustments of comparative information, errors and differences between the data of the previous reporting period.

For the purposes of this report, the Group uses incorporation by reference in accordance with ESRS 2 paragraph 16 for the disclosure GOV 3 Consideration of sustainability-related performance in incentive schemes.

For the scope of the phased-in provisions, the Group omits the disclosures on the expected financial impacts arising from the impacts, risks and opportunities associated with the disclosures in E1-9, E2-6, E3-5, E4-6, E5-6 respectively in accordance with the transitional provisions in Appendix C of ESRS 1.





1.2 Corporate Governance

GOV-1 – Role of Administrative, Management and Supervisory Bodies

**[GOV-1]** The governing bodies of the Parent Company are the General Meeting, the Supervisory Board, and the Management Board. The responsibilities and duties of these bodies are defined in the Company's Articles of Association..

There are no employee representatives in the management and supervisory bodies.

SUPERVISORY BOARD

Members of the Supervisory Board are appointed and dismissed by the General Meeting for a joint three-year term of office, calculated in full financial years. They perform ongoing supervision over the Company's activities in all areas of operation and manage its affairs and representation to the extent resulting from applicable laws, the Articles of Association, and the Supervisory Board Regulations. The Supervisory Board evaluates the Management Board's reports, particularly through the Audit Commit.

NAs of 31 December 2024 and the date of approval of this report, the Supervisory Board of the Parent Company consisted of:

- Jan Woźniak - Chairman of the Supervisory Board
- Marek Łęcki - Vice Chairman of the Supervisory Board
- Marta Rudnicka - Member of the Supervisory Board
- Elżbieta Häuser- Schöneich - Member of the Supervisory Board
- Grażyna Sudzińska - Amroziewicz - Member of the Supervisory Board
- Radosław Leszek Kwaśnicki - Member of the Supervisory Board
- Szymon Adamczyk - Member of the Supervisory Board

The Supervisory Board was composed of 3 women (43%) and 4 men (57%).

All Supervisory Board members are independent (100%), i.e., according to submitted declarations, they meet the independence criteria for supervisory board members as specified in the Act of 11 May 2017 on Statutory Auditors, Audit Firms, and Public Oversight (Journal of Laws 2024, item 1035)).

The supervisory bodies of the Subsidiaries are appointed based on the relevant legal regulations and the Articles of Association

of those entities, and they exercise ongoing supervision over the activities of the Subsidiaries and their management boards within the granted powers.

In Subsidiaries where no supervisory boards function, their competencies are held by owners and partners’ meetings.

AUDIT COMMITTEE

As of the date of approval of this report, the Audit Committee consisted of the Chair and two Members.

MANAGEMENT BOARD OF THE PARENT COMPANY

The Management Board exercises all powers in managing the Company, except for those reserved by law or the Articles of Association for other corporate bodies. The work of the Management Board is managed by the President. The responsibilities of individual Management Board members are determined by the President.

The Management Board was appointed by the Supervisory Board by resolution on 29 May 2024 for a joint three-year term.

As of 31 December 2024, the Management Board consisted of 5 men (100%).

Composition and division of responsibilities of the Management Board with regard to sustainability issues:

Piotr Szamburski – President of the Management Board Chief Executive Officer

- Strategic management - defining the Company's long-term goals, taking into account an innovative and responsible approach to infrastructure and business processes.
- Human resources management - building an organisational culture conducive to creativity and the implementation of innovations,
- Innovation and resource improvement - implementing modern management methods, searching for effective technological solutions and optimising processes,
- Stakeholder relations - working with investors and shareholders, ensuring transparency of operations and the long-term value of the Company.
- Responsible for the infrastructure business (construction) and other product sectors.

Rafał Grzybowski – Executive Vice President - Head of Automotive and Power Transmission Systems Business

- Strategic sustainability management - design, implementation and development of a sustainability strategy ensuring compliance with global trends and regulations.
- Optimisation of production processes - overseeing production planning and inventory management,
- Occupational safety and environmental protection - introducing solutions to improve occupational health and safety and continuous improvement of quality and environmental management systems,
- ESG impact and risk oversight - identifying sustainability impacts, risks and opportunities,
- Responsible supply chain management - optimising purchasing processes.
- Responsible for the Group's automotive (anti-vibration system products) and power transmission business

Marcin Saramak – Executive Vice President - Head of Business Development and Information Systems

- Managing development projects - overseeing investments and acquisitions.
- Optimisation of procurement processes - ensuring efficient sourcing of capital goods.
- Resource management policy - implementing strategies for responsible sourcing of raw materials and minimising their environmental impact.
- Innovation and technology - overseeing the development, optimisation and implementation of new materials and technologies to enhance the Company's competitiveness.
- Responsible for the Group's rubber compounding business.

Martijn Merkx – Executive Vice President - Business Transformation Director

- Overseeing marketing activities - achieving strategic objectives.
- Production cost optimisation - restructuring in a way that minimises environmental impact and supports operational efficiency.
- Oversight of project transformation and relocation processes

- responsible resource management.
- Continuous improvement of processes and organisation - supporting innovative solutions.
- Responsible for the Group's automotive business (body sealing systems products).

Piotr Dołęga - Member of the Management Board - Chief Financial Officer

- Financial and risk management - supporting the financial stability of the Group.
- Development and implementation of a strategy for financing the business - considering investments in innovative solutions.
- Oversight of insurance policy - protecting resources and minimising risks.
- Formulation of accounting policy - ensuring financial transparency and addressing management accounting needs.
- Implementation of uniform accounting and management accounting standards - supporting responsible resource management.
- Oversight of energy utility cost optimisation - ensuring supply, with a focus on energy efficiency and emission reduction.

The Board of Directors and Management of the Parent Company systematically expanded their knowledge in the area of sustainability reporting during the reporting year. This process included participation in a dedicated training course delivered by GK2 focusing on ESG issues, as well as participation in webinars organised by the Association of Stock Exchange Issuers, the Polish Automotive Group and CSRinfo, and analysis of academic articles and industry publications,. Thanks to these activities, management improved its competence in implementing the Group's sustainable development strategy.

The Management Board familiarised itself with and approved the methodology and outcome of the dual materiality study process for sustainability issues and informed the Supervisory Board of the progress and results of the various stages of report preparation.

GOV-2 – Information provided to the entity's administrative, management and supervisory bodies and the sustainability issues they undertake





Sustainability area management

**[GOV-1], [GOV-2]** The Group's management and supervisory personnel are actively involved in ESG-related topics, paying particular attention to the Group's development in this direction.

SUPERVISORY BOARD

Sustainability issues are part of the Supervisory Board's deliberations and their frequency is adapted to the current needs of the Supervisory Board. In 2022, the Supervisory Board approved the strategic directions for 2022-2024, which include strategic assumptions in the ESG area, with a particular focus on environmental, social and corporate governance issues.

MANAGEMENT BOARD

The Parent Company's Board of Directors has ongoing oversight of the implementation and execution of sustainability issues, including the management of ESG impacts, risks and opportunities. The Executive Board decides on policies, strategies, targets and key performance indicators. Progress and status of activities are reported to the Supervisory Board.

Responsible for sustainability issues is the Vice President of the Management Board of Sanok Rubber S.A. Company Rafał Grzybowski.

ESG TEAM

The Director of the Quality and Environment Division, reporting to Executive Vice President Rafał Grzybowski, oversees the Group's sustainability-related operational activities.

An established ESG team was responsible for preparing the 2024 sustainability report. The team collaborated with the Company's other departments responsible for various areas related to sustainability, such as environmental, social and business management issues, and coordinated the preparation of the report by the Group's other Subsidiaries.

GOV-3 – Mainstreaming sustainability-related outcomes into incentive schemes.

**[GOV-3]** In 2024, the Group did not take sustainability considerations into account when determining remuneration, nor did it link financial targets to ESG targets.

The remuneration system for the Management Board and Supervisory Board is described in the Group's consolidated financial statements under Note 41 Other information to the 2024 Annual Report.

GOV-4 – Due diligence statement

GOV-5 – Risk management and internal controls over sustainability reporting

**[GOV-5]** Sustainability reporting issues are subject to risk assessment and internal controls.

BASIC ELEMENTS OF THE DUE DILIGENCE PROCESS	POINTS IN THE SUSTAINABILITY STATEMENT
a) Include due diligence in corporate governance, strategy and business model	14.2.1, 14.2.2 ,14.4.1, 14.3.2
b) Collaborate with affected stakeholders at all key stages of the due diligence process	14.1.3
c) Identification and assessment of adverse impacts	14.1.3, 14.1.4
d) Take action to reduce identified adverse impacts	14.2.1, 14.2.2, 14.2.5, 14.4.1
e) Monitor the effectiveness of these efforts and provide relevant information in this regard	14.2.1, 14.2.2, 14.4.1

The risk analysis, including in relation to the sustainability reporting process, is performed by the Company's management and key professionals with input from the Board and is reviewed and updated at least annually and whenever a significant change is identified.

The risk analysis is performed in accordance with the requirements of ISO 31000.

The main risks identified in relation to the sustainability reporting process are:

- risk of misrepresentation of data in the sustainability report - risk assessed as low. The main source of risk is the value chain data part of the report, in particular the calculation of carbon footprint emissions for scope 3, due to the unavailability of direct source data and the need to adopt benchmarks.
- misrepresentation of data, intentional misrepresentation - risk assessed as low.

To mitigate the aforementioned risks, competent persons have been appointed to implement ESG and sustainability reporting activities, training on ESG, taxonomy and carbon footprint calculation has been planned and conducted, a carbon footprint calculation manual and double materiality studies have been

developed.

The collection of disclosures for this Group sustainability report was done using a dedicated tool, taking into account a two-step process for their validation at both Subsidiaries and Group level.

As a result of the materiality study, risks and opportunities relating to sustainability were identified. The risks, opportunities and how they are managed are presented in the table in [SBM-3].

Both risk analysis and internal controls are part of the Integrated Management System and are regulated in the procedures and instructions used.

The results of the risk analysis and internal controls are part of the annual Management Review, carried out with the participation of the Board of Directors.

Risk assessments and the results of internal controls are presented at least once a year to the Supervisory Board and the Audit Committee.

Risks and opportunities relating to sustainability issues are partially included in the Integrated Management System, in particular environmental risks relating to the effects of climate change, the occurrence of environmental accidents, pollution and emissions and those arising from regulations in this area, as well as employee risks in relation to the availability of adequate resources and risks relating to violations of human and labour rights.

Based on the results of the double materiality study, these will be reviewed and supplemented again and included in the annual Management review.





1.3 Strategy

SBM-1 – Strategy, Business Model and Value Chain

**[SBM-1]** The activities of the Parent Company and its Subsidiaries are presented in section 1.1 [BP1].

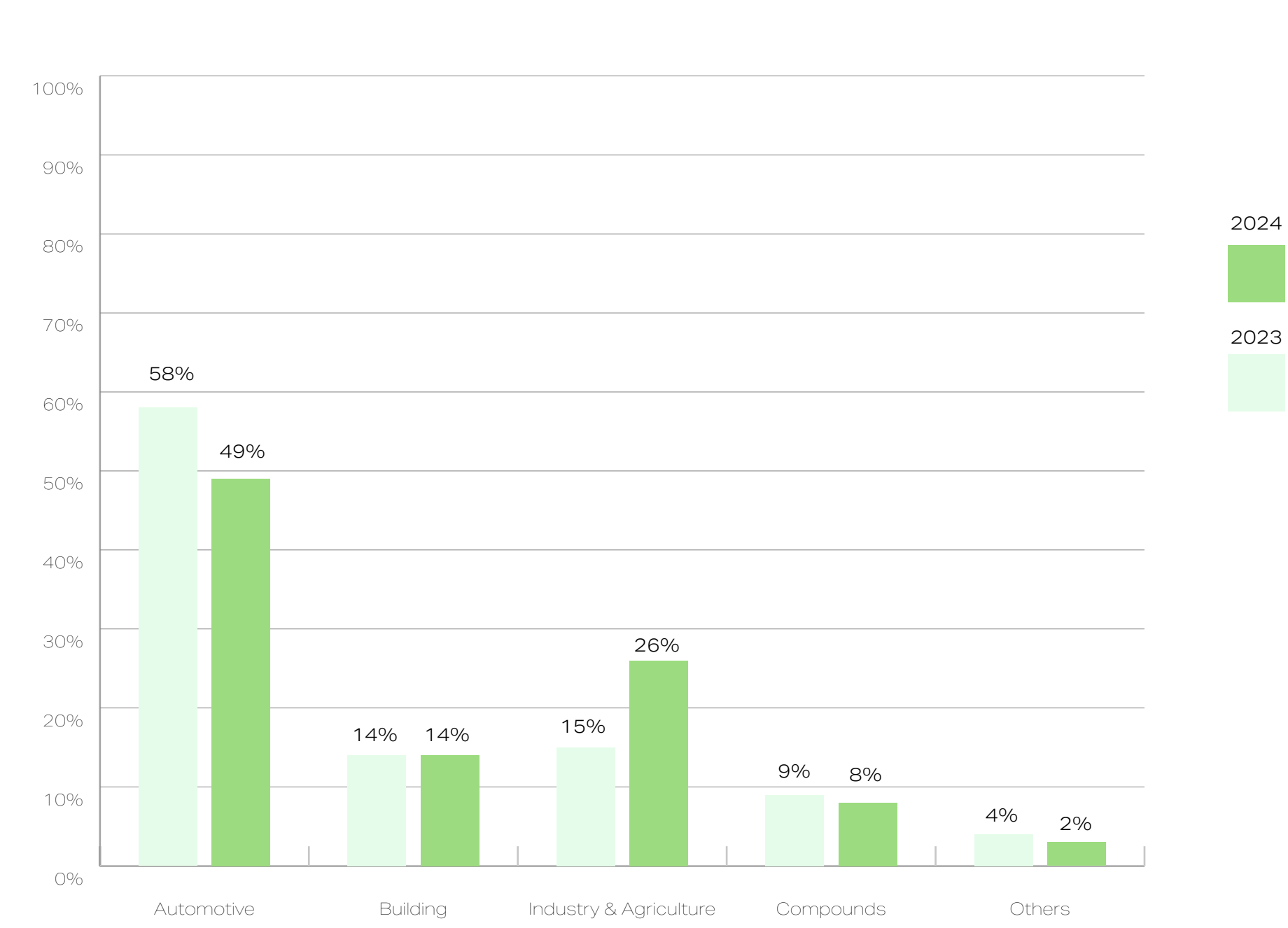
According to the industry/product line criterion, five main operating segments are identified within the Parent Company and the Group, each with its own product lines::

- Automotive segment – rubber, rubber-metal, rubber-plastic products, and products made of thermoplastic elastomers (TPE), mainly used in car body sealing systems and suspension systems, including exhaust suspension systems, as well as development results, tools, and equipment in this area,
- Construction segment – sealing systems used in the production of windows and doors (plastic, wooden, aluminum), gutter and ventilation systems, as well as self-adhesive seals for installed joinery and aluminum substructures for ventilated facades,
- Agriculture and industry segment – belts under the brands: Harvest Belts, Garden Belts, Vege Belts, OptimumPro, other accessories, and products for the pharmaceutical sector such as rubber stoppers for glass vials and plastic antibiotic containers, infusion fluids, and blood-derived products, plungers for disposable syringes, and rubber products for home appliances,
- Rubber compound segment – production of rubber compounds for internal needs and sales to external customers, including rubber goods manufacturers
- Other segment – includes residual sales not classified in the above segments, such as health resort and recreational services, and industrial services: production of tools for rubber and plastic goods and maintenance of machines and equipment.

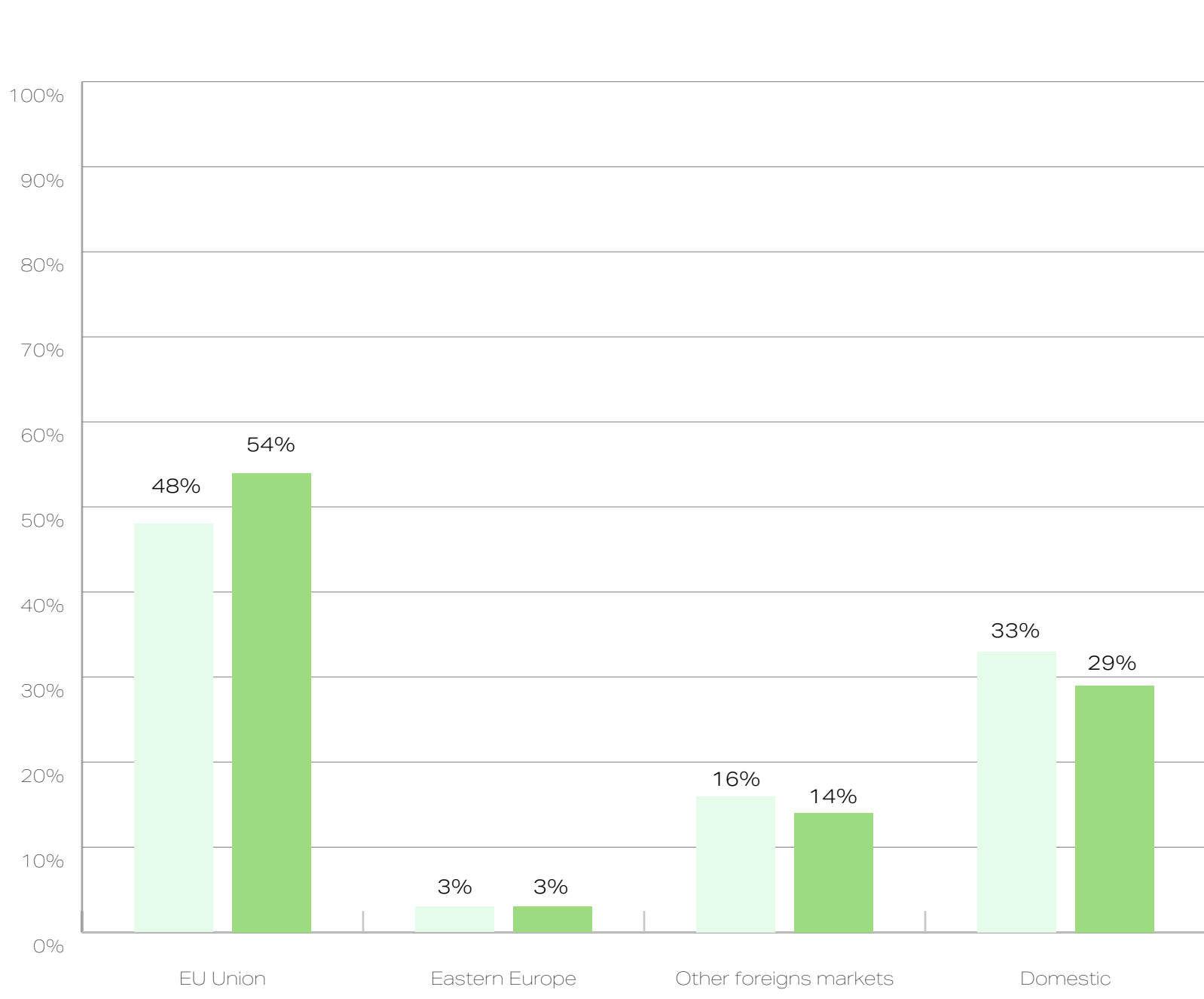
The Group serves the following geographic segments:

- domestic market (Poland)
- European Union market
- Eastern European marketj
- other markets

Sanok Rubber Group - sales by segments 2023 / 2024v



Sanok Rubber Group - sales by geo region 2023 / 2024



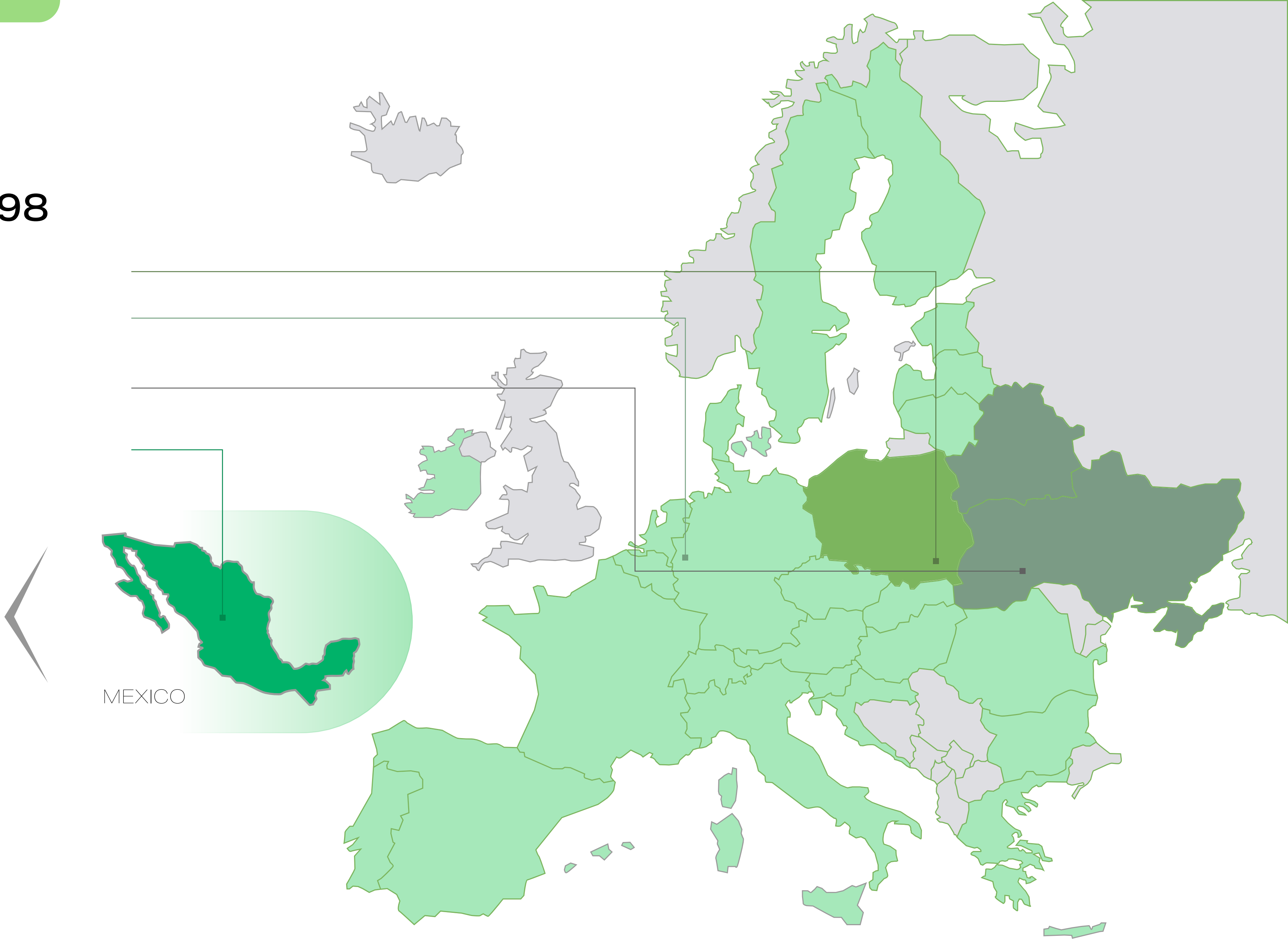
Grupa Sanok Rubber Company				
Automotive Segment	Building Segment	Compounds Segment	Industry & Agriculture Segment	Other segments
Sanok Rubber Company SA	Sanok Rubber Company SA	Sanok Rubber Company SA	Sanok Rubber Company SA	STOMET Sp. z o.o.
Draftex Automotive GmbH	BSP Bracket System Polska Sp. z o.o.	Colmant Cuvelier RPS SAS	Stomil Sanok Dystrybucja Sp. z o. o	Świerkowy Zdrój Medical SpA Sp. z o.o
Colmant Cuvelier RPS SAS	PHU Stomil East Sp. z o. o. w likwidacji	Teknikum Group	PHU Stomil East Sp. z o. o. w likwidacji	Teknikum Group
SMX Rubber Company SA de CV	Stomil Sanok BR		Stomil Sanok BR	
	Stomil Sanok Ukraina OOO		Stomil Sanok Ukraina OOO	
			Stomil Sanok Wiatka ZAO	





The geographical structure of employment in the reporting year was as follows:

EU	3198
POLAND	2415
OTHERS	783
EASTERN EUROPE	62
MEXICO	60





Strategy

**[SBM-1]** On 14 June 2022, the Board of Directors of the Company adopted a resolution to approve and adopt for implementation the ‘Group’s Strategic Directions for 2022-2024’ (‘Strategic Directions’). Under the Strategic Directions, following the Group’s long-term focus on the automotive products segment, the Group focused on the development of its other business segments, putting the maximisation of its margins at the centre.

In 2025, the Board of Directors will present an update of the strategic development directions in connection with the ongoing review and revision of the Group’s development strategy.

As part of the 2022-2024 strategy, sustainability objectives have been defined:

SCOPE OF IMPACT	PLANNED	IMPLEMENTED	FURTHER PLANS
ENVIRONMENT			
Negative climate impacts associated with associated with the production of products	Reduction of carbon footprint By 30% by 2030 compared to the base year of 2022 in Scope 1 and 2 at the Parent Company in accordance with the adopted Climate Policy.	By 2024, there has been a reduction in carbon footprint By 8% compared to the base year of 2022 at the Parent Company Applies to scope 1 and 2.	With the review and update of the strategy in 2025, further climate targets will be set and the entire Group will be included in the scope of the Climate Policy adopting a base year of 2024.
Negative climate impacts related to electricity.	Increasing the share of RES in purchased electricity and implementing a project for its own photovoltaic farm.	In 2024, the share of renewable energy sources in purchased electricity compared to 2022 increased by 7.6 percent in the Parent Company. The Parent Company has launched a project for its own photovoltaic plant.	A measurable target in this regard will be set in the newly developed strategy in 2025
SOCIETY			
Positive impact on local communities resulting from the activities carried out.	Involvement in the cultural and social life of the region through support for local projects, foundations, non-profit organizations, especially in the areas of cultural life, health care, assistance to the disabled and the poor, and sports initiatives.	The goal is achieved annually by supporting existing and new projects and initiatives for the benefit of local communities. Details are indicated in Section S-3 of this report.	Continue to achieve the goal by planning resources in the Company's budget.
Impact on employees	Caring for the development of competencies and skills of employees	Introducing a competency model and a system for diagnosing employee competencies.	Further development of the training and competence development system, building a culture of two-way feedback
CORPORATE GOVERNANCE			
Impact on employee development in terms of awareness and commitment to sustainable development.	The Group will conduct increased educational activities for its employees aimed at building a high level of awareness with regard to aspects of sustainable growth growth	The Parent Company was actively involved in in educating employees in the area of ESG, organizing numerous trainings and information campaigns. Training sessions were conducted on: Code of Ethical Conduct, legal requirements related to related to ESG topics, carbon footprint calculations, personal data protection and sustainability reporting according to ESRS standards. In addition, the Board of Directors participated in dedicated training related to related to anti-bullying	Continuing to achieve the goal

The Group’s priority is to have a strong brand, so that, based on the locations of the Group Companies, it can efficiently and reliably fulfil customer orders on a global scale.

One of the key activities in the design and production of products is the proper planning of processes in a way that reduces their negative impact on the environment and surroundings. These activities are carried out with the highest standards of safety and employee protection, which is an integral part of shaping the corporate culture.

The Group strives to implement innovative and sustainable solutions that support operational efficiency and compliance with applicable regulations and market best practices.

The materiality assessment shows that extruded rubber, rubber-metal and moulded rubber products, as well as material suppliers such as synthetic rubbers, carbon black and steel parts, have the largest climate impact in terms of CO2 emissions.

In addition, products for which the key raw material is natural rubber specifically address the objective of responsible sourcing of raw materials in relation to the risk of deforestation. .

The ESG targets and strategic directions set in 2022 did not define separate targets for individual product groups, segments and geographic markets. The Group’s assessment is that the Group’s individual product lines, segments and geographic markets and customer groups do not make a significant difference in relation to the sustainability targets set. All key activities have a similar impact on the level of achievement of the set targets for each product group.

Also with regard to meeting the expectations of the Group’s customers and the impact of suppliers, no significant differences were identified with regard to sustainability issues. The Group’s customers, regardless of product segment or geographic region, similarly define their expectations regarding climate and environmental impact issues, human rights and ethical business issues.

In 2025, the Group plans to continue implementing its existing activities, focusing on finalising key initiatives.



Business model

**[SBM-1]** The Group is a manufacturer of diversified product lines for various market segments. The core business is the processing and production of elastomer parts for various market segments (automotive, construction, industry, pharmaceuticals) and complementarily the production of rubber processing tools and equipment, ventilated façade and fastening technology, spa and hotel services.

The Group’s business model is based on a diversified, margin-efficient portfolio through a balanced share of the automotive and non-automotive segments. The Group pursues organic growth and through acquisitions of healthy assets. The Group is a system supplier (design and development, series production, after-sales service), the main production material (rubber compound) is produced in-house. The Group works with a stable base of suppliers on a long-term relationship basis. The customer base is diversified, there are no individual dominant customers, the cooperation is based on long-term supply contracts. Distribution channels are diversified, with the Group mainly supplying components directly to so-called OEM or Tier customers located worldwide. A negligible proportion of products are sold on the consumer market. In most cases products are produced on a cyclical basis and there is no seasonality.

The Sanok Rubber Group’s business model is determined by a process approach to broad management and is based on:

- diversification of product lines, segments and markets as well as distribution channels
- provision of system solutions including design, development, batch production and after-sales service
- production of key material for elastomer components in-house
- long-term cooperation with business partners, both suppliers and customers, building partnerships enabling mutual benefits in the long term
- cost-optimal use of key resources held,
- building added value for our shareholders, customers, employees and other stakeholdersy.

Group value chain

**[SBM-1]** The Group’s value chain comprises each Group Company’s own activities and the upstream and downstream value chain and has been estimated on the basis of information available within the Group.

OWN BUSINESS

The Group’s own activities in the value chain include all processes within the Group Companies, from the direct purchase of materials to the delivery of products and services to customers and the management of waste generated during this stage. The value chain in this part also includes all operations between the various Group Subsidiaries.

UPSTREAM

The upper tier of the Group’s value chain includes all operations performed by suppliers and other business partners of the Group related to the sourcing and production of raw materials and consumables, the supply of components and packaging as well as activities related to the production of electricity and other utilities and other services necessary for the Group’s own operations.

DOWNSTREAM

The lower level of the value chain includes the transport of products to customers and clients, external distribution, sales, and also takes into account the different types of end-users and end-of-life waste management.







The Group pools resources and focuses on their optimal use at every stage of the value chain. Priority is given to the responsible sourcing, effective management and long-term safeguarding of key resources - human, raw material, technological and financial. The Group's goal is to ensure operational stability, minimise environmental impact and create sustainable value for all stakeholders along the value chain.

**HUMAN CAPITAL**

The Group employs skilled employees and supports their development through training and competence development programmes. It creates a working environment that fosters commitment and professional development, which translates into team motivation and satisfaction.

**RAW RESOURCES**

The Group focuses on the responsible sourcing of raw materials, selecting suppliers that meet specific requirements, paying particular attention to the origin of the materials, their impact on the environment, and the quality of the products. It requires suppliers to adopt the principles of the Code of Ethical Conduct for Suppliers of Products and Services. Compliance is monitored through supplier audits.

**TECHNOLOGICAL RESOURCES**

The Group continuously improves its processes by implementing new improved solutions that improve efficiency and reduce the consumption of energy and raw materials. It invests in the modernisation of its machinery stock and the implementation of new innovative technologies.

The Parent Company has a continuous improvement team that is responsible for implementing lean manufacturing principles.

**FINANCIAL RESOURCES**

The Group raises capital in various forms. This can be through the issue of shares or bonds, which enables funds to be raised from investors in exchange for shares in the company or repayment obligations. Another source of financing is loans and borrowings, which the Group obtains from banks and financial institutions, using them to realise investments. In addition, the Group takes advantage of grants and subsidies available from EU, government and industry funds, which support the achievement of specific objectives.

**RESOURCE SECURITY**

To ensure the stability and resilience of the business, the Group implements risk management strategies that include diversifying suppliers, optimising raw material costs and using renewable energy sources. It regularly monitors the effectiveness of these activities by conducting audits and implementing systems to minimise losses. Responsible management of natural resources such as energy and water is a priority for the Group. Current projects include the Group's own photovoltaic installations.

Through the actions taken, the Group gathers information on customer expectations, which is then passed down the supply chain, supporting the development of its own suppliers. These activities also benefit the local community by developing and increasing the efficiency of local partners.

**SBM-2 – Stakeholder interests and opinions**

**[SBM-2]** A stakeholder materiality study was conducted in the Group. The study was based on determining the strength of the stakeholders' influence on the Group and the strength of the Group's influence on the stakeholders . As a result of the analysis, stakeholders relevant from both perspectives were identified.

The following criteria were used to determine the strength of the Group's influence on a stakeholder::

- the extent of the influence,
- the severity of the effects of the influence,
- the likelihood of the influence occurring

The criteria used to determine the strength of the stakeholder's impact on the Group were:

- impact on the Group's reputation,
- impact on the Group's strategy,
- impact on the Group's financial performance.

Each of the parameters had a defined 3-degree scale which allowed for a standardised assessment of each stakeholder. As a result of the analyses carried out, 14 groups of stakeholders relevant to the Group were identified. The manner of engagement to date was assessed and the need to expand the dialogue with additional forms of engagement was identified.

The voice of stakeholders is taken into account through regular dialogue. In addition, in 2024, selected stakeholders were directly involved in a dual materiality analysis process, particularly with regard to the identification of positive and negative impacts of

the Group's activities and business relationships. Based on the results of this analysis, taking into account the positions of key stakeholders, priority sustainability issues were identified.

In setting strategic objectives for 2025-2030, the Group will take into account the issues identified as important from the perspective of key stakeholders, including the needs identified in the 2024 study.

The Group plans to further intensify and deepen its dialogue with stakeholders in the next reporting year, with a particular focus on the supplier group.

The Management Board receives information on an ongoing basis as part of its internal reporting and management review procedures including on the outcome of the dual materiality study. Board members also participate personally in the communication process with selected Group stakeholders. Conclusions are communicated and reported by the Executive Board to the Supervisory Board.

A description of the engagement, the topics addressed and the purpose and results of the communication are presented in Table SBM-2 on the next page of the report.



STAKEHOLDERS		DIALOGUE WITH THE INTERESTED PARTY	
NAME OF THE IDENTIFIED STAKEHOLDER	THE METHOD OF COMMUNICATION WITH THE INTERESTED PARTY	TOPICS COVERED AND PURPOSE	COMMUNICATION OUTCOME
SUPPLIERS OF RAW MATERIALS PACKAGING SUPPLIERS SERVICE PROVIDERS COMPONENT SUPPLIERS	Ongoing communication at the level of designated contacts, self-assessments, audits, reports Audits, Customer Specific Requirements, contracts, website, financial reporting and sustainability of the SRC Group, direct participation in double materiality through a dedicated Business Stakeholder Survey.	TOPICS COVERED:  Supplier evaluations and qualification. Establishing business terms, timely payments, contracting, Communication of Group strategic requirements.  Code of Ethical Conduct. Code of Ethical Conduct for Suppliers of Sanok Rubber Group products and services.  GOAL:  To create lasting business relationships based on mutual trust, clearly defined requirements and principles of fair partnership.  To undertake environmental initiatives (e.g., CO2 reduction). Evaluating topics of importance to the Group In a dual materiality study.  Identifying the Group's influence on sustainability issues in the value chain with a particular focus on negative impacts. Followed by the effective implementation of mitigation measures and preventive measures.	Responses were obtained from 29 of the Group's suppliers, representing both large companies and SMEs, confirmed the relevance of the earlier analysis of impacts in the area of sustainability. In addition, the participation of suppliers from both domestic and international markets confirms that sustainability issues are important throughout the Group's value chain, regardless of the location and size of the supplier. This underscores the need for continued monitoring and further cooperation with suppliers on responsible business practices.
CURRENT CUSTOMERS	Ongoing communication at the level of designated contacts, self-assessments, audits, reports audits, Customer Specific Requirements, contracts, letters of intent, website, social media, SRC Group financial and sustainability reporting, indirect participation in double materiality testing through assessment of SAQ 5.0 (NQC) questionnaires, consideration of Customer Specific Requirements.	TOPICS ADDRESSED:  Obtaining information on the specifications of the Group's customer requirements, including inquiries for new products. Guidelines and requirements set by customers. Code of Ethical Conduct.  Information on market trends.  GOAL:  To meet expectations by offering products of expected quality that meet customer and regulatory requirements. Using only materials that meet safety standards.  Ensuring continuity of the supply chain.  Meeting climate targets (e.g., by reducing CO2 emissions). Ensuring the continuation of the Group's business.	Analysis of documentation provided by the Group's existing and potential customers confirmed that sustainability issues play an important role in business relationships and are increasingly included in customer requirements. Customers expect transparency, compliance compliance with ESG guidelines, and alignment of the Group's operations with sustainability standards. In addition, the results of the analysis of self-assessment questionnaires indicate that customers take different approaches to assessing their suppliers in terms of ESG, which underscores the need to systematically monitor their requirements and to adapt the Group's strategy to rapidly changing market standards.





STAKEHOLDERS		DIALOGUE WITH THE INTERESTED PARTY	
NAME OF THE IDENTIFIED STAKEHOLDER	THE METHOD OF COMMUNICATION WITH THE INTERESTED PARTY	TOPICS COVERED AND PURPOSE	COMMUNICATION OUTCOME
POTENTIAL CUSTOMERS	Public information on the website including the Code of Ethical Conduct, public reports, SAQ 5.0 (NQC) assessment, financial reporting and Group sustainability.	TOPICS COVERED:  Obtaining information on new customer requirements and new market trends.  GOAL:  To meet expectations by offering products of expected quality that meet customer and regulatory requirements. Using only materials that meet safety standards.  Ensuring continuity of the supply chain.  Meeting climate targets (e.g., by reducing CO2 emissions).Ensuring the continuation of the Group's business.	Group's strategy to rapidly changing market standards.
ENVIRONMENT	Reports and reports From the study of environmental aspects of operations. Consideration of environmental interests in the study of dual materiality through analyses of legal requirements in this regard including the results of external inspections (WIOŚ, Marshal's Office), analysis of the results of environmental management system audits (ISO 14001), analysis of climate projections contained in publicly available knowledge bases.	TOPICS COVERED:  Identifying the resources used, measuring, recording and reporting their consumption. Exploration and ongoing implementation of methods that improve resource efficiency and prevent or mitigate negative impacts.  GOAL:  To take measures to protect and reduce the consumption of natural resources. Increase awareness among employees and in the supply chain.	Compliance of operations with legal regulations was assessed on the basis of inspections by institutions such as the WIOŚ and the Marshal's Office, and internal measurements of environmental aspects were analyzed.  Audits in accordance with ISO 14001 confirmed the effectiveness of implemented procedures and identified areas for improvement. In addition, an analysis of scientific publications and research reports, which made it possible to relate the Group's activities to best practices and identify innovative solutions.  Conclusions confirm the effectiveness of the environmental management system and the need for further optimization to minimize environmental impact.
CONSUMERS AND END USERS	Public information available on the website including the Code of Ethical Conduct, public reports.	GOAL:  To address the basic rights and needs of consumers in terms of access to information and product safety. To take into account the Group's expertise and the specific requirements of the Group's direct customers in particular regarding the application and the environment and conditions of product use.	Focusing mainly on component manufacturing, the Group has minimal impact on the consumer market,. For this reason, no direct consumer surveys have been conducted, relying instead on expert knowledge and B2B customer requirements. The Group places emphasis on product safety and compliance with customer requirements. Although its share of the consumer market is small, the Group sees potential for further development and adapt its offerings to market expectations.





STAKEHOLDERS		DIALOGUE WITH THE INTERESTED PARTY	
NAME OF THE IDENTIFIED STAKEHOLDER	THE METHOD OF COMMUNICATION WITH THE INTERESTED PARTY	TOPICS COVERED AND PURPOSE	COMMUNICATION OUTCOME
LOCAL ADMINISTRATION	Reports and legally required reports, declarations, ongoing communication resulting from the needs of both parties. Direct involvement in the study of dual relevance through a dedicated survey - Local Stakeholder Survey.	TOPICS ADDRESSED: Addressing current topics to ensure the proper functioning of the Group.	Analysis of the local administration's responses confirmed that the Group's previously identified impacts in the local community area are consistent with the perspective of external stakeholders. The lack of significant discrepancies indicates the adequacy of the previous assessment of impacts and its consistency with the actual needs of the community. In addition, the information obtained underscores the importance of continuing to work with the local administration on sustainable development. Regular dialogue with local government representatives can contribute to better alignment of the Group's activities with community expectations and increase its positive impact on the environment.
NATIONAL ADMINISTRATION	Reports and legally required reports, declarations, public reports.	GOAL: To maintain legal compliance. Evaluating topics of importance to the Group In a Double Materiality Study.	
OWN STAFF RESOURCES	Ongoing dialogue with the employee through channels of general two-way communication in plants, employee meetings, e-mails, internal Intranet, posters, competency diagnoses, annual satisfaction survey, reporting needs, complaints, abuses, integration meetings, participation in the dual relevance survey - through consultations with trade union representatives.	TOPICS COVERED: Working conditions, safety and occupational health and safety, professional development, and education. Involvement in the dual relevance study by:- the results of the company's employees satisfaction survey conducted in 2024 were taken into account - the results of the materiality survey for the ESRS S1 (Own Employee Resources) issue were presented for consultation with representatives of the 4 trade unions operating at the Parent Company. GOAL: Communication of strategy, goals, mission, policies. Training and professional development tailored to needs. Building awareness and good habits. Understanding of needs and improvement of working conditions.	Activities undertaken in 2024 included conducting an employee satisfaction survey and a detailed materiality analysis on ESRS S1 related to human resource management. Consultations with representatives of three of the four unions showed no need for changes or corrections to the results of the analysis.
STAFF COUNCIL / EMPLOYEE REPRESENTATIVES	Regular meetings as part of the ongoing social dialogue between representatives and management and the human resources department. Direct participation in the dual relevance study - through consultations with trade union representatives.	TOPICS ADDRESSED: Arrangements for employees' terms and conditions of employment. Engaging in a dual materiality study through consultations with union representatives. GOAL: To understand the needs of employees and improving the working conditions offered.	





STAKEHOLDERS		DIALOGUE WITH THE INTERESTED PARTY	
NAME OF THE IDENTIFIED STAKEHOLDER	THE METHOD OF COMMUNICATION WITH THE INTERESTED PARTY	TOPICS COVERED AND PURPOSE	COMMUNICATION OUTCOME
INVESTORS	Reports, statements, General Meeting of Shareholders, communication with the Supervisory Board, conferences, financial and sustainability reporting of the Group.	TOPICS COVERED: Financial performance, sustainability, Group strategy. GOAL: Maintain reputation, attract new investors, meet expectations.	The main result of the communication is to maintain a positive image of the Group, as well as the trust of these stakeholders and their willingness to continue to maintain or develop cooperation with the Group. The Group is not perceived by them as a significant risk
BANKS AND FINANCIAL INSTITUTIONS	Ongoing communication electronically, by telephone (teleconferences) and through face-to-face meetings, financial reporting and sustainability of the Group.	TOPICS COVERED: Financial performance, sustainability issues, contract terms, negotiating contracts. GOAL: To define current needs, Development of systems, products and services. Obtaining financings. Aligning investments with requirements. Determining and implementing bank needs based on contractual terms.	
INSURANCE COMPANIES	Ongoing communication electronically, by telephone (teleconferences) and through face-to-face meetings, financial reporting and sustainability of the Group.  Ongoing communication in connection with In connection with policy conclusion/renewal, reporting of claims.	TOPICS ADDRESSED: Adapting the terms and conditions of concluded contracts to current needs. Proceduring damages. GOAL: To set conditions that meet current expectations and needs.  Seamless implementation of the terms of the concluded contract in the event of damage.	
AFFILIATES	Ongoing communication resulting from Based on the operational needs of both parties, General Meeting of Shareholders of each company, financial reporting and sustainability of the Group, periodic business meetings, planning and settlement of strategies, results.Direct participation in the dual materiality study by completing a form assessing the materiality of each ESRS topic.	TOPICS ADDRESSED: Creating a common unified corporate culture, unifying high standards of doing business, creating strategic directions for development. GOAL: Proper functioning of the Group. Unification of the Group's standards. Evaluation of topics of importance to the Group In the study of Dual Materiality.	Conclusions on further development of strategic directions, operational objectives, further integration of the Group around a common corporate culture.
COMMUNITY	Ongoing communication (by email, letter or through face-to-face meetings) resulting from stakeholder needs, social media, contact via website.	TOPICS ADDRESSED: Cooperation with local suppliers, support of local community needs. Group's impact on the local environment. GOAL: To establish lasting relationships with the local community. Learning about stakeholder needs.	Understanding and integrating the opinions and needs of the local community into the Group's strategy.



SBM-3 – Significant impacts, risks and opportunities and their interrelationship with the strategy and with the business model

**[SBM-3], [GOV-5]** The Group’s dual materiality study identified key impacts, risks and opportunities in the environmental, social and governance areas. Defining material issues will enable the Group to adopt an appropriate system to manage them.

Conscious management by, among other things, integrating these issues into the Group’s strategy and monitoring them aims to minimise or counteract negative impacts and risks and, in the case of positive impacts and opportunities, to capitalise on them. This is one of the key elements of the Group's sustainability risk management implemented to build long-term business resilience.

Priorities for action have been set for the impacts the Group has defined:

- HIGH
- process requires action to reduce impacts including compliance with regulatory requirements

- MEDIUM
- process is under control analysis required to identify opportunities to implement improvement actions

- STANDARD
- process is under control, is supervised, no action required.

TABLE SBM-3 IMPACTS

ESG ISSUE IN ESRS	DISCLAIMER IN THE STUDY OF RELEVANCE	IMPACT DESCRIPTION	ORIGIN	MANAGEMENT PRIORITY
ESRS E1 - Climate Change	Climate change mitigation. Energy	The negative impact is due to carbon dioxide (CO <sub>2</sub> ) emissions and includes emissions generated at various stages of the Group's operations, including mainly from the consumption of electricity and heat from fossil fuels, heat production, as well as from other technological processes and logistics throughout the value chain. Reducing the impact associated with carbon emissions includes reducing direct emissions, increasing the use of renewable energy sources, and improving the energy efficiency of facilities and production processes, among others.	Upstream Own operations Downstream	HIGH
ESRS E2 - Pollution	Air pollution Water pollution Potentially hazardous substances	The negative impact of the Group's operations results from the emission of dust and gas pollutants generated by its production processes and the discharge of rainwater and the use of potentially hazardous substances. The Group has implemented handling procedures to reduce the possibility of pollution and is constantly improving processes to reduce pollution. In addition, tests are conducted on the quality of rainwater and emissions of dust and gas pollution in accordance with in accordance with legal requirements necessary to obtain approval for operations.	Upstream Own operations	AVERAGE
ESRS E3 - Water and marine resources	Water consumption Water intakes	Negative impact resulting from the consumption of water resources for production as well as and domestic purposes. Technological processes are designed taking into account the volume of water consumption, including the assumption of a closed circuit of cooling water and the use of thermostatic systems. Current water consumption is subject to constant monitoring in order to detect possible failures and eliminate losses.	Upstream Own operations	STANDARD
ESRS E4 - Biodiversity and ecosystems	Direct impact factors on biodiversity loss Land use change, freshwater and sea use change	The negative impact is due to the use of natural rubber in production processes. Sourcing natural rubber can lead to land use conversion in areas at risk of deforestation. Prevention involves purchasing rubber from reliable suppliers. Procedures are currently being implemented for the responsible sourcing of natural rubber from sources that do not cause land use change, in order to comply with the requirements of the European Union Regulation on Deforestation (EUDR).	Upstream	AVERAGE
ESRS E5 - Closed loop economy	Discharged resources related to products and services Waste	The negative impact is related to the generation of production waste, including hazardous waste in connection with the hazards it may pose to the environment. Minimization of the negative impact is implemented through the implementation of a comprehensive waste management system, which includes the selective collection of all waste generated to enable its further processing or safe disposal, and regular registration of the amount and type of waste. In addition, waste is transferred only to waste receivers with appropriate permits. With regard to rubber waste, the Reporting Unit cooperates with recipients that recycle this waste.	Upstream Own operations Downstream	STANDARD
ESRS S1 -Employee Resources	Working conditions Equal treatment and equal opportunities for all Other labor-related rights	Negative impact in terms of health and safety Occupational health and safety due to the risk of accidents, injuries or occupational diseases, employment stability when business indicators deteriorate, work-life balance and professional life, in incidental cases of increased demand for overtime work overtime, training and skills development, particularly their availability and effectiveness. The group minimizes the effects of negative influences by taking care of the following Creating working conditions based on: <ul style="list-style-type: none"><li>• compliance with labor laws</li><li>• clear employment rules (preference for employment contracts),</li><li>• transparency in terms of employment policy and remuneration rules,</li><li>• Offering flexible working hours,</li><li>• taking into account the needs of employees through dialogue with trade unions</li><li>• supporting work-life balance</li><li>• Ensuring occupational health and safety through the use of a certified occupational health and safety management system based on the ISO 45001 standard</li><li>• Providing training and supporting employees in developing skills and competencies</li><li>• Implemented Code of Ethical Conduct governing employee issues</li></ul>	Own operations	STANDARD
ESRS S2 - People doing work in the value chain	Working conditions - job security	The positive impact is due to the transfer to contractors of the requirement to comply with the Sanok Rubber Company Group's Code of Ethical Conduct for Suppliers of Products and Services and the transfer of this requirement down the supply chain. The Code of Ethical Conduct addresses, among other things, issues related to human and labor rights in accordance with international legal regulations in this regard.	Upstream	AVERAGE





▶▶▶TABLE SBM-3 IMPACTS

ESG ISSUE IN ESRS	DISCLAIMER IN THE STUDY OF RELEVANCE	IMPACT DESCRIPTION	ORIGIN	MANAGEMENT PRIORITY
ESRS S3 - Affected Communities	Adequate housing conditions Security implications	The negative impact on the local community manifests itself through the impact on the surroundings resulting from the nature of the industrial activity, including, for example, emissions of pollutants or noise. This impact is being mitigated by taking measures that seek to maintain the qualitative and quantitative limits enshrined in the in the relevant business licenses. In addition, the Group has a positive impact on local communities both in the area of its own operations and in the supply chain by adopting the principles of the Code of Ethical Conduct and the Code of Ethical Conduct for Suppliers of Products and Services imposing a requirement to respect human rights, the rights of local communities and respect for the environment. The Group actively participates in initiatives to support local communities by engaging in the social and cultural life of the region, providing financial support to health facilities, non-profit organizations, school and educational institutions, educational institutions, local sports initiatives, and initiatives to support local nature.	Upstream Own operations Downstream	AVERAGE
ESRS S4 -Consumers and end users	Information-related impacts on consumers or end users Personal safety of consumers or end users	Potentially negative impacts related to related to product safety and quality are taken into account from the product design stage. Requirements for functional and quality characteristics and quality of our products as components of other market products take into account the requirements formulated by customers.	Downstream	STANDARD
ESRS G1 - Business Conduct	Corporate culture Protection of whistleblowers Supplier relationship management, including payment practices Corruption and Bribery	The Group is making a positive impact by consistently implementing ethical, transparency and social responsibility standards. Key activities in this regard include: <ul style="list-style-type: none"><li>building a corporate culture based on the values set forth in the Group's Code of Ethical Conduct and the Code of Ethical Conduct for Product and Service Providers.</li><li>Implementing a whistleblower protection system that provides employees and stakeholders with secure channels for reporting potential violations</li><li>Active and responsible management of supplier relations,</li><li>practices to prevent incidents of corruption and bribery.</li></ul>	Own operations	AVERAGE

TABLE SBM-3 RISKS & CHANCES

ISSUE IN ESRS	RISK OR OPPORTUNITY	DESCRIPTION	THE WAY THE RISK OR OPPORTUNITY IS MANAGED
ESRS E1 - Climate Change	Climate risks, operational risks, legal risks.	Business risks arising from climate change, including: <ul style="list-style-type: none"><li>impact of extreme weather events that could disrupt production and logistics processes</li><li>limited availability of water, which can disrupt production processes</li></ul>	Procedures for dealing with emergency situations. Water efficiency, use of closed circuits in production processes.
		Risk of not meeting regulatory requirements and losing customers due to requirements to achieve zero carbon.	Ongoing analysis of legal requirements. Established and implemented climate policy with quantitative CO2 reduction targets. Planning and taking ongoing reduction measures in this regard.
	Operational risk	Risk of increased capital expenditures related to the acquisition of renewable energy sources.	Selection of the most cost-effective solutions for energy production from renewable sources and the analysis and selection of the supplier offering the most favorable commercial and technical terms.
	Opportunity from climate change mitigation	Opportunity to improve profitability due to reduced emission fees, the possibility of obtaining white certificates, meeting customer requirements and improving the Group's image.	Taking advantage of the opportunity by taking measures to increase the energy efficiency of the Group's facilities. At the Reporting Entity, implement the measures written in connection with the Company's Energy Audit.
ESRS E2 - Contamination	Operational risk	Risk of release into the environment of chemicals used in production processes, including hazardous substances. Financial risks in this area arise from potential penalties and the cost of implementing corrective actions and investments.	Prevention includes the application of procedures that define detailed rules of conduct to prevent the occurrence of environmental accidents. At the largest production facilities, i.e.: Sanok Rubber Company, Teknikum, Draftek, an environmental management system has been certified in accordance with the ISO 14001 standard.
	Legal risk	Risk of occurrence of legal changes resulting in a ban on the use of currently used hazardous substances. Risk of incurring costs for activities related to the introduction of substitutes.	Ongoing analysis of legal requirements and changes in this area and planning and implementing necessary adjustments well in advance.
ESRS E3 - Water and marine resources	Physical risk	Risks associated with water shortages and the associated costs of temporarily reducing or stopping production and thereby losing the ability to generate revenue and customer confidence.	Constant monitoring of water consumption combined with water-saving measures and the design of technological processes that reduce its use.
ESRS E4 - Biodiversity and ecosystems	Legal risk	Risks related to changes in legislation and the need for the Group to adapt to changes - introduction of requirements related to the EUDR Regulation	To prevent risks, constant monitoring of legislative changes has been introduced, work has begun on implementing a procedure to ensure compliance of supplies and finished goods, and work has begun on updating internal systems.
ESRS E5 - Closed loop economy	Operational risk	Risks associated with incurring costs for disposal and management of hazardous and non-hazardous waste	To prevent risks, the Group focuses on: <ul style="list-style-type: none"><li>reducing the amount of waste generated through ongoing analysis and optimization of production processes,</li><li>constant monitoring of the amount of waste generated,</li><li>systematically offering waste management,</li><li>searching for opportunities to recycle materials in the production process.</li></ul>
	Operational, opportunity	Using recycled materials in production, introducing closed cooling water circuits and turning materials back in the production process. Consequently, lowering the cost of manufacturing products and reducing the carbon footprint, thereby increasing competitiveness.	Actively conduct activities aimed at increasing the share of recyclates and closed-loop circuits.





▶▶▶TABLE SBM-3 RISK & CHANCES

ISSUE IN ESRS	RISK OR OPPORTUNITY	DESCRIPTION	THE WAY THE RISK OR OPPORTUNITY IS MANAGED
ESRS S1 - Own employee resources	Operational risk	Risks associated with potential increases in labor costs due to deterioration in productivity and quality of work, as well as high staff turnover. It includes costs associated with recruiting and hiring new employees, training processes, the need to work overtime, temporary secondment of employees to new duties, and expenses associated with related to retraining of staff.	Activities to increase business resilience to the availability of employee resources, e.g. automation and efficiency measures. Activities to increase employee satisfaction to reduce turnover.
	Operational, reputational risk	The risk of losing the confidentiality of employees' personal data (e.g., as a result of a data leak) can result in legal consequences such as financial penalties imposed by regulators, loss of employee and stakeholder trust, and damage to the company's reputation. In addition, it can generate costs associated with implementing corrective actions and increase the risk of compensation actions by affected employees.	Implement an information security management system and technical solutions to increase resilience to the risk of sensitive data leakage
	Operational Opportunity	An opportunity to increase operational efficiency by enhancing the competence of the Group's employees. Activities aimed at developing the competence and skills of employees make it possible to maintain the availability of adequate human resources and their continuous improvement, which responds to the dynamically changing needs of the organization. This opportunity contributes to increased operational efficiency and facilitates the process of adaptation to new challenges, such as the development of new processes and products, establishing cooperation with new customers and implementing innovative solutions	Implement a competency model, a culture of competency development and two-way feedback
ESRS S2 - People doing work in the value chain	Job security	Risk of supply chain disruptions and increases in the purchase price of materials and services.	Risk managed by planning production and logistics processes in a way that ensures the smooth flow of raw materials, products and receipt of waste generated at the production stage. Ongoing cooperation with suppliers in the process of adaptation to the requirements of sustainable development.
		The opportunity related to meeting the requirements of the Group's customers with regard to the situation of employees in the supply chain, which affects the company's positive image and makes it easier to attract new business.	Opportunity exploited through the implementation of the Code of Ethical Conduct and the Codes of Ethical Conduct of Product and Service Suppliers that define the Group's basic requirements on environmental, social and business issues.
ESRS S3 - Affected Communities	Economic, social and cultural rights of the community	Risks associated with incurring the costs of ongoing maintenance of the level of supervision and monitoring, impact studies, expertise, implementation and maintenance of mitigation, elimination and prevention solutions related to the impact on the Group's immediate environment, as well as the cost of potential complaints and incidents.	Risk managed through continuous monitoring of the impact on the surrounding environment, introduction of solutions to reduce the impact and ongoing communication and cooperation with local communities regarding their expectations and needs.
		The Group's positive image resulting from from involvement in the local community increases employee identification with the company and attracts new employees. The opportunity associated associated with having a highly qualified workforce.	Opportunity managed through a policy of responsibly engaging with and supporting local communities and communicating actions taken in this regard.
ESRS S4 - Consumers and end users	Security of the person Access to products and services	Cost risk associated with potential product safety incidents. Changing regulations and customer expectations in the market-e.g., recycling, price pressure, sustainable product-may result in a greater redirection of consumer and user attention to products that meet sustainability criteria, which may have a significant impact on manufacturing costs and maintaining competitiveness.	The risks are effectively monitored and eliminated through a system of strict testing and approval procedures for materials and products also in accredited external laboratories and in cooperation with with customers who create or co-create product specifications to take into account the conditions of use. The risk is covered by product liability insurance. Risk managed through medium- and long-term marketing activities that take into account consumer trends and product development activities
ESRS G1 - Business Conduct	Legal risk	Failure to comply with regulatory requirements, which can result in financial penalties, can occur in various areas of business, especially when regulatory changes are misidentified or misinterpreted.	Risk management through ongoing monitoring of regulatory changes, participation in training, training employees to ensure ongoing compliance of the company's operations with applicable regulations.
	Operational, opportunity	Opportunity to enhance reputation, increase employee confidence and partners, and improve competitiveness in the market due to compliance with ethical standards.	Opportunity management through the implementation of the Code of Ethical Conduct and the Code of Ethical Conduct for Product and Service Providers, and the From the introduction of regulations for the protection of whistleblowers.
	Operational, opportunity,	Opportunity arising from active supply risk management through partnerships with suppliers based on transparent terms	The opportunity is exploited by standardizing the process of selecting and vetting suppliers and implementing ongoing cooperation based on best business practices, dialogue and shaping the terms of cooperation on a partnership basis.

No significant financial risks and opportunities have been identified that could result in a material balance sheet adjustment within the next reporting period.

However, due to the volatility and uncertainty associated with future events, such a possibility cannot be excluded. The Group will monitor the situation in this regard on an ongoing basis.

The identified financial risks and opportunities occurring in the short, medium and long term have been based on professional judgement and estimates. Uncertainties in these assumptions and estimates may result in significant adjustments to the carrying amounts of assets and liabilities in the future. The source of the data was the Group's historical data and comparative data.

No comparison was made with the previous reporting period

as the double materiality test was performed for the first time according to ESRS guidelines.

For this report, the Group does not make additional disclosures beyond the ESRS standards. If they are identified in the future, they will be included in subsequent reportss.

**Influences, risks and opportunities vs. Group strategy and business model**

ZThe Group's financial risk management is focused on building resilience strategy i model business model.

To this end, both the strategy and the business model are subject to regular review and modification depending on the occurring conditions.

The strategy and business model are based on a long-term

cooperation with business partners, optimal use of resources and continuous process improvement. To ensure resilience to changing market conditions, key risks such as fluctuations in raw material prices, changing regulations and dynamic customer expectations are analyzed.

In response to these challenges the Group diversifies its supplier base, optimizes production costs and invests in automation and new technologies. In cooperation with its customers, it is adapting solutions to their growing requirements in terms of product durability and sustainability, which is part of the Group's approach to building added value for shareholders and other stakeholders.

To ensure resilience to changing market conditions and regulatory, Group proactively manages key risks and impacts and

seizes opportunities as they arise.

On the environmental front, the Group is focusing on reducing the climate impact of its operations. It is implementing measures to reduce its carbon footprint and increase the share of renewable energy sources, and further plans include the deployment of its own photovoltaic plants and a 2030 emissions reduction target.

In the social area, the Group places great emphasis on relations with employees and the local community. The Group invests in developing the competence of its team, modernizing workplaces and supporting social and cultural initiatives in the region, which strengthens its position as a responsible employer and business partner.



In terms of corporate governance, the Group is committed to transparency and education on sustainability, providing training for employees and management, such as ESG, the code of ethics or data protection. This builds awareness and organizational culture based on accountability and regulatory compliance.

1.4 Managing impacts, risks and opportunities - double materiality study

IRO-1 – Description of the process to identify and assess significant impacts, risks and opportunities

[IRO-1] The double materiality study conducted in 2024 covered the Group with its value chain including the geographic profile of its operations. It was performed based on the requirements of the CSRD and the ESRS Regulation.

The study referred to the 3 time perspectives recommended by the European Sustainability Reporting Standards.

It was carried out in accordance with the principles of dual materiality, i.e., materiality criteria were defined from an impact perspective, materiality criteria from a financial perspective, and material issues were identified from one or both of these perspectives.

The survey was performed using a tool and methodology developed by the Group's ESG team.

Individual sustainability issues were evaluated in a standardized manner across the Group.

Representatives of key areas functional areas of the Parent Company and Subsidiaries, including but not limited to human resources, environmental protection, health and safety, controlling, development, customer service, purchasing, internal audit and other persons with adequate knowledge, as well as representatives of management, participated in the internal study.

The survey was conducted in the following stages:

• Stage I

Understanding the organization's context - analyzing the Group's current business model, identifying key processes and interactions that take place in the value chain, and identifying key stakeholders.

• Stage II

Identification of topics for analysis - based on the list of sustainability issues covered according to ESRS Table AR16 1.

The study also took into account other relevant issues that were identified based on industry knowledge and experience of the study participants.

• Stage III

Identification of significant impacts, which the Group exerts or may exert on people and/or the environment within the scope of the subject under review. These impacts were evaluated using the criterion of their severity taking into account the scale, scope, irreversible nature and, in the case of potential impacts, the criterion of their probability of occurrence. Measurable evaluation parameters were defined for each criterion.

• Stage IV

Identification of financial risks and opportunities that occur or are likely to occur in connection with significant impacts and other risks and opportunities within the analyzed ESRS topics. The identified risks and opportunities were evaluated using the criterion of scale and the likelihood of their occurrence. Measurable evaluation parameters were defined for each criterion.

• Stage V

Consolidation of the results of the double materiality test at the Group level - the criterion for materiality of the Companies was the share of the respective Company in the Group's sales in the year prior to the reporting year, average employment, business profile and share in the Parent Company's value chain..

• Stage VI

Include the voice of key Stakeholders through feedback from selected relevant stakeholder groups.

First of all, adequate stakeholders were selected by assessing how much a party is connected with the topics subject to materiality assessment and thus can provide information on

existing impacts on itself or on sustainability issues also in relation to the value chain.

In order to deepen the analysis, particularly for value chain issues for which access to information was limited, sources of relevant industry and expert information were included, as well as the results of representative benchmarking studies that confirmed the assumptions made.

• Stage VII

Selection of relevant topics - a list of 55 relevant issues covering environmental, social and governance areas. Relevant issues were selected mainly based on the adopted scoring. For issues that received borderline values in the scoring evaluation, the Group deepened the evaluation based on its judgment and considered them important regardless of the scoring value obtained.

• Stage VIII - Report and Board approval

The result of the double materiality Group study in the form of a report containing a list of material topics and a list of identified impacts, risks and opportunities was approved by the Parent Company's Board of Directors in the form of a resolution.

The list of impacts, risks and opportunities, and material issues formed

the basis for the disclosures for this report.

In 2024, the process of double materiality testing was not covered by internal control, such activities are scheduled to be carried out in 2025.

The identified risks and opportunities will be incorporated into the Parent Company's risk and opportunity management system.

Based on the identified significant impacts, risks and opportunities.

The Parent Company will update the Group's strategic directions and set targets and measures of their effectiveness taking into account the monitoring of actual and potential negative impacts on people and the environment as a priority



IRO-2 – ESRS disclosure requirements covered by an entity’s sustainability statement

ESRS compliance table		
Disclosure no.	Name of disclosure	Chapter in the report
ESRS 2 General Disclosure		
BP-1	General basis for making sustainability statements	1.1
BP-2	Disclosure of information with respect to special circumstances	1.1
GOV-1	The role of administrative, management and supervisory bodies	1.2
GOV-2	Information provided to the entity's administrative, management and supervisory bodies and the sustainability issues they undertake	1.2
GOV-3	Integrating sustainability-related outcomes into incentive schemes	1.2
GOV-4	Due diligence statement	1.2
GOV-5	Risk management and internal controls over sustainability reporting	1.2
SBM-1	Strategy, business model and value chain	1.3
SBM-2	Stakeholder interests and opinions	1.3
SBM-3	Significant influences, risks and opportunities and their interrelationship with the strategy and with the business model	1.3
IRO-1	Description of the process used to identify and evaluate significant impacts, risks and opportunities	1.4
IRO-2	ESRS disclosure requirements covered by entity's sustainability statement	1.4
ESRS E1 Climate change		
E1-1	Transition plan for climate change mitigation	2.1
E1-2	Policies related to climate change mitigation and adaptation	2.1
E1-3	Actions and resources in relation to climate policy	2.1
E1-4	Climate change mitigation and adaptation goals	2.1
E1-5	Energy consumption and energy mix	2.1
E1-6	Gross Scope 1, 2 and 3 greenhouse gas emissions and total greenhouse gas emissions	2.1
E1-7	Greenhouse gas removal and mitigation projects financed with carbon credits	2.1
E1-8	Internal carbon pricing	2.1
E1-9	Anticipated financial impacts from significant physical and transition risks and potential climate-related opportunities	2.1
ESRS E2 Pollution		
E2-1	Pollution-related policies	2.2
E2-2	Pollution activities and resources	2.2
E2-3	Pollution targets	2.2
E2-4	Air, water and soil pollution	2.2
E2-5	Substances of potential concern and substances of particularly high concern	2.2
E2-6	Anticipated financial impacts from pollution risks and opportunities	2.2
ESRS E3 Water and Sea Resources		
E3-1	Policies related to water and marine resources	2.3
E3-2	Activities and resources related to water and marine resources	2.3



Disclosure no.	Name of disclosure	Chapter in the report
E3-3	Objectives related to water and marine resources	2.3
E3-4	Water consumption	2.3
E3-5	Anticipated financial impacts from impacts, risks and opportunities related to water and marine resources	2.3
ESRS E4 Biodiversity and ecosystems		
E4-1	Biodiversity and ecosystem transition plan and integration of biodiversity and ecosystems into the strategy and business model	2.4
E4-2	Policies related to biodiversity and ecosystems	2.4
E4-3	Activities and resources related to biodiversity and ecosystems	2.4
E4-4	Objectives related to biodiversity and ecosystems	2.4
E4-5	Impact measures related to biodiversity and ecosystem change	2.4
E4-6	Anticipated financial impacts from biodiversity and ecosystem risks and opportunities	2.4
ESRS E5 Resource use and the circular economy		
E5-1	Policies related to resource use and the circular economy	2.5
E5-2	Activities and resources related to resource utilization and the circular economy	2.5
E5-3	Targets related to resource utilization and a circular economy	2.5
E5-4	Resources introduced	2.5
E5-5	Resources discharged	2.5
E5-6	Anticipated financial impacts from impacts, risks and opportunities related to resource use and the circular economy	2.5
ESRS S1 Own staff resources		
S1-1	Policies related to own employee resources	3.1
S1-2	Procedures for working with your own employee resources and employee representatives on issues of influence	3.1
S1-3	Processes for remediating the effects of negative influences and channels for raising concerns through own employee resources	3.1
S1-4	Taking action on significant impacts on its own employee resources and applying approaches to manage significant risks and opportunities related to its own employee resources, and the effectiveness of these actions	3.1
S1-5	Objectives for managing significant negative impacts, enhancing positive impacts and managing significant risks and opportunities	3.1
S1-6	Characteristics of the unit's employees	3.1
S1-7	Characteristics of non-employees constituting the entity's own employee resources	3.1
S1-8	Scope of collective bargaining and social dialogue	3.1
S1-9	Diversity metrics	3.1
S1-10	Adequate pay	3.1
S1-11	Social protection	3.1
S1-12	People with disabilities	3.1
S1-13	Metrics for training and skills development	3.1
S1-14	Health and safety metrics	3.1
S1-15	Measures of work-life balance	3.1
S1-16	Measures of wages (wage gap and total compensation)	3.1





Disclosure no.	Name of disclosure	Chapter in the report
S1-17	Incidents, complaints and serious human rights impacts	3.1
ESRS S2 Individuals performing work in the value chain		
S2-1	Policies related to people doing work in the value chain	3.2
S2-2	Collaborative processes with those doing work in the influencer value chain	3.2
S2-3	Processes for remediating the effects of negative impacts and channels for those doing work in the value chain to raise concerns	3.2
S2-4	Addressing significant impacts on value chain performers and applying approaches to manage significant risks and opportunities related to value chain performers and the effectiveness of these actions	3.2
S2-5	Objectives for managing significant negative impacts, enhancing positive impacts and managing significant risks and opportunities	3.2
ESRS S3 Affected Communities		
S3-1	Policies related to affected communities	3.3
S3-2	Influence collaboration processes with affected communities	3.3
S3-3	Remediation processes for negative impacts and channels for affected communities to raise concerns	3.3
S3-4	Addressing significant impacts on affected communities and using approaches to manage significant risks and opportunities related to those communities, and the effectiveness of those actions	3.3
S3-5	Objectives for managing significant negative impacts, enhancing positive impacts and managing significant risks and opportunities	3.3
ESRS S4 Consumers and end users		
S4-1	Policies related to consumers and end users	3.4
S4-2	Influencer collaboration processes with consumers and end users	3.4
S4-3	Remediation processes for negative impacts and channels for consumers and end-users to report concerns	3.4
S4-4	Addressing significant consumer and end-user impacts and applying approaches to manage significant risks and capitalize on significant consumer and end-user opportunities, and the effectiveness of these actions	3.4
S4-5	Objectives for managing significant negative impacts, enhancing positive impacts and managing significant risks and opportunities	3.4
ESRS G1 Business conduct		
G1-1	Business conduct policies and corporate culture	4.1
G1-2	Supplier relationship management	4.1
G1-3	Prevention and detection of corruption and bribery	4.1
G1-4	Incidents of corruption or bribery	4.1
G1-5	Political influence and lobbying activities	4.1
G1-6	Payment practices	4.1

List of data points included in cross-cutting standards and thematic standards that result from from other EU regulations	
Disclosure requirement and related data point	Reference to the Regulation on Disclosure of Information Related to Sustainable Development in the Financial Services Sector (No. Chapter)
ESRS 2 GOV-1 Diversity of board members based on gender Section 21(d).	1.2
ESRS 2 GOV-1 Percentage of members of bodies that are independent Section 21(e).	1.2
ESRS 2 GOV-4 Detailed due diligence statement paragraph 30	1.2
ESRS 2 SBM-1 Participation in fossil fuel activities 40(d)(i).	not applicable
ESRS 2 SBM-1 Participation in chemical production activities 40(d)(ii).	not applicable
ESRS 2 SBM-1 Involvement in controversial weapons activities 40(d)(iii).	not applicable
ESRS 2 SBM-1 Participation in tobacco cultivation and production activities 40(d)(iv).	not applicable
ESRS E1-1 Transition plan to achieve climate neutrality by 2050 para. 14	2.1
ESRS E1-1 Units excluded from the scope of the reference indicators adapted to the Paris Agreement paragraph 16(g).	not applicable
ESRS E1-4 Greenhouse gas emission reduction targets paragraph 34	2.1
ESRS E1-5 Fossil energy consumption disaggregated by source (applies only to sectors with significant climate impacts) point 38	2.1
ESRS E1-5 Energy consumption and energy mix paragraph 37	2.1
ESRS E1-5 Energy intensity linked to activities undertaken in sectors with significant climate impacts paragraphs 40-43	2.1
ESRS E1-6 Greenhouse gas emissions of scope 1, 2, 3 gross and total greenhouse gas emissions paragraph 44	2.1
ESRS E1-6 Intensity of gross greenhouse gas emissions paragraphs 53-55	2.1
ESRS E1-7 Greenhouse gas removal and carbon credits paragraph 56	2.1



Disclosure requirement and related data point	Reference to the Regulation on Disclosure of Information Related to Sustainable Development in the Financial Services Sector (No. Chapter)
ESRS E1-9 Reference portfolio exposure to climate-related physical risks paragraph 66	2.1
ESRS E1-9 Disaggregation of monetary amounts according to sudden and long-term physical risk paragraph 66(a).	not applicable
ESRS E1-9 Location of significant assets with significant physical risk paragraph 66(c).	not applicable
ESRS E1-9 Distribution of the book value of real estate by energy efficiency classes paragraph 67(c).	not applicable
ESRS E1-9 Degree of portfolio exposure to climate-related opportunities para 69	not applicable
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	2.2
ESRS E3-1 Water and marine resources paragraph 9	2.3
ESRS E3-1 Special policy paragraph 13	2.3
ESRS E3-1 Sustainable practices in the seas and oceans paragraph 14	2.3
ESRS E3-4 Total amount of water recycled and reused paragraph 28(c).	2.3
ESRS E3-4 Total water consumption in m3 per net income from own operations paragraph 29	2.3
ESRS 2 SBM 3-E4(16)(a)(i).	not applicable
ESRS 2 SBM 3-E4 paragraph 16(b).	not applicable
ESRS 2 SBM 3-E4 paragraph 16(c).	not applicable
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24(b).	not applicable
ESRS E4-2 Sustainable ocean/sea practices or policies paragraph 24(c).	not applicable
ESRS E4-2 Policies to counter deforestation paragraph 24(d).	not applicable



Disclosure requirement and related data point	Reference to the Regulation on Disclosure of Information Related to Sustainable Development in the Financial Services Sector (No. Chapter)
ESRS E5-5 Non-recycled waste paragraph 37(d).	2.5
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	2.5
ESRS 2 SBM-3-S1 Risk of incidents of forced labor section 14(f).	3.1
ESRS 2 SBM-3-S1 Risk of incidents of child labor section 14(g).	3.1
ESRS S1-1 Commitments to respect human rights policy paragraph 20	3.1
ESRS S1-1 Due diligence strategies for issues covered by ILO Core Conventions 1-8, para. 21	4.1
ESRS S1-1 Procedures and measures for the prevention of trafficking in persons paragraph 22	4.1
ESRS S1-1 Policy or management system for prevention of occupational accidents paragraph 23	3.1
ESRS S1-3 Mechanisms for handling complaints paragraph 32(c).	4.1
ESRS S1-14 Number of work-related deaths and the number and rate of work-related accidents 88(b) and (c).	3.1
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illnesses Section 88(e).	3.1
ESRS S1-16 Unadjusted gender wage gap Section 97(a).	3.1
ESRS S1-16 Excessive level of remuneration of the CEO Section 97(b).	3.1
ESRS S1-17 Cases of discrimination 103(a).	3.1
ESRS S1-17 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guiding Principles paragraph 104(a).	3.1
ESRS 2 SBM-3-S2 Significant risk of incidents of child or forced labor in the value chain Section 11(b).	3.2
ESRS S2-1 Commitments to respect human rights policy paragraph 17	3.2





Disclosure requirement and related data point	Reference to the Regulation on Disclosure of Information Related to Sustainable Development in the Financial Services Sector (No. Chapter)
ESRS S2-1 Policies related to persons performing work in the value chain paragraph 18	3.2
ESRS S2-1 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines paragraph 19	4.1
ESRS S2-1 Due diligence strategies for issues covered by ILO Core Conventions 1-8, para. 19	3.2
ESRS S2-4 Human rights issues and incidents related to upstream and downstream value chain paragraph 36	3.2
ESRS S3-1 Human rights policy commitments, para. 16	3.3
ESRS S3-1 Failure to comply with the UN Guiding Principles on Business and Human Rights, the ILO Principles or the OECD Guidelines paragraph 17	4.1
ESRS S3-4 Human rights issues and incidents paragraph 36	3.3
ESRS S4-1 Policy relating to consumers and end-users paragraph 16	not applicable
ESRS S4-1 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines paragraph 17	4.1
ESRS S4-4 Human rights issues and incidents paragraph 35	4.1
ESRS G1-1 United Nations Convention against Corruption paragraph 10(b).	4.1
ESRS G1-1 Protection of whistleblowers paragraph 10(d).	4.1
ESRS G1-4 Fines for violations of anti-corruption and anti-bribery laws Section 24(a).	4.1





Environment



2.1 Climate changes

Climate change is one of today's greatest challenges. With extreme weather events becoming more frequent, climate protection measures, including the reduction of greenhouse gas emissions, are becoming crucial. This is also a significant challenge for the Sanok Rubber Group.

**[E1.IRO-1] [E1.SBM-3]** Description of processes for identifying and assessing climate-related significant impacts, risks and opportunities

Relevant impacts, risks and opportunities and their interrelationships with the strategy and with the business model are listed in [SBM3]. Conducting a resilience analysis of the strategy and business model in relation to climate change is planned to precede the implementation process of the 2025 sustainability strategy update.

Actual and potential impacts, risks and opportunities related to climate change have been identified and analysed as part of a dual materiality assessment.

The analysis showed that climate change is a significant sustainability issue for the Group. Risks related to this issue are monitored as part of the Group's risk management system and included in the Parent Company's matrix of risks and opportunities.

They are subject to regular review, and preventive actions and response plans have been developed.

Climate-related risks were analyzed taking into account material flow and operational processes. In conducting the assessment, no reference was made to high-carbon climate scenarios, and scenarios available in the climate change knowledge base Klimada 2.0 were used. The materiality study in the climate-related section analyzed a list of potential climate risks possible in the region of the Group's business operations. Threats related to temperature, wind, water were taken into account. A detailed analysis of high-carbon climate scenarios is scheduled to be conducted in 2025.

The identified significant climate risks and opportunities are summarized below. The identified impacts are described in SBM-3.

RISK/OPPORTUNITY	TIME HORIZON	MANAGEMENT
RISKS AND PHYSICAL OPPORTUNITIES		
Risks associated with the possibility of flooding due to increased precipitation.	All time horizons with average probability of occurrence	Conducted monitoring of water levels, followed weather reports, developed procedures for dealing with floods.
Risk of hindering the work of employees - reduced work efficiency, possibility of overheating of machinery and equipment due to high air temperatures.	All time horizons with medium probability of occurrence for the short-term perspective and high for the medium- and long-term perspective	Applied air-conditioning equipment in production halls and warehouses, ensuring the availability of cooling drinks for employees.
Risks associated with the possibility of drought - impediments to production due to limited water intake.	All time horizons with low (for short and medium term) and medium (for long term) probability of occurrence	Conducted water monitoring, designed production processes with attention to minimizing water consumption, monitored the amount of water withdrawn and consumed. Use of closed-loop water for cooling processes.
Opportunity associated with mild winter periods to reduce heating costs, fuel consumption and reduce emissions, reduce wastewater, reduce emission fees incurred, reduce operating costs for businesses, meet customer demands.	All time horizons with high probability of occurrence	Carry out thermal modernization measures, measures to reduce emissions.
TRANSITION RISKS		
Risks related to customer preferences generating the potential possibility of losing them due to failure to meet zero-carbon requirements.	All time horizons with low (for the short and medium term) and high (for the long term) probability of occurrence	Developed Climate Policy, actions taken to reduce the volume of emissions, monitoring of carbon footprint.
The risk of increasing CO2 emission fees associated with regulatory changes.	All time horizons with low (for the short term) and high (for the medium and long term) probability of occurrence	Developed Climate Policy, measures taken to reduce the volume of emissions, modernization of the boiler plant at Sanok RC SA, monitoring of the carbon footprint.
Risk of increased capital expenditures related to the acquisition of renewable energy sources.	All time horizons with low (for short and medium term) and medium (for long term) probability of occurrence	Seeking cost-optimal implementation of the construction of photovoltaic farms.
Risk of regulatory changes in restrictive emission limits and associated investments in air protection systems.	All time horizons with high (for short term perspective), low (for medium term perspective) and medium (for long term perspective) probability of occurrence	Regular review of legal acts, tracking of draft regulations, ability to prepare for announced changes.
Opportunity related to the Parent Company's ability to purchase thermal energy from the planned hydrogen valley.	All time horizons with low (for short term), medium (for medium term) and high (for long term) probability of occurrence	Regular review of legislation, follow up on project developments.
Opportunity related to the use of recycled materials in production, including packaging.	All time horizons with medium (for short term), high (for medium and long term) probability of occurrence	Make recommendations to suppliers on recycled materials, introducing returnable packaging where possible.
Opportunity related to the launch of a rubber waste devulcanization project at the Parent Company. Expected to increase the competitiveness of offerings, reduce the size of the carbon footprint, and attract new customers and strengthen the company's image as an innovative and sustainable company.	All time horizons with medium (for short term), high (for medium and long term) probability of occurrence	Launching a rubber waste devulcanization project that will enable the implementation of a closed loop for rubber waste generated in the production process.





Actions with regard to risks and opportunities related to the climate transition in its own operations are described in the section on the Parent Company's Climate Policy and Environmental and Health and Safety Policy.

The Parent Company has no information on climate transformation activities in the value chain.

No assets or business activities have been recognized that may be exposed to physical and climate-related transition risks.

**[E1-1] Transition plan for climate change mitigation needs**

The Group has not developed a transformation plan for climate change. The development of such a plan will be considered in 2025. Actions are already being taken at the Parent Company that contribute to the transformation to climate neutrality. They are described in Section E1-2 of this report. A detailed action plan will be created by 2026 at the latest, and targets and indicators and monitoring rules will be developed for both the Parent Company and the Group.

**[E1-2] [E1.MDR-P] Policies related to climate change mitigation and adaptation**

Climate change issues are addressed in the Climate Policy, the Environmental and Health and Safety Policy, the Code of Ethical Conduct and the Code of Ethical Conduct for Suppliers of Products and Services. On the other hand, at the operational level, processes are carried out in accordance with developed procedures that are consistent with the adopted policy. The manufacturing companies Sanok Rubber Company S.A., Draftex Automotive GmbH and the Teknikum Group have implemented an environmental management system in accordance with ISO 14001, which is subject to certification. In addition, Draftex Automotive GmbH has a certified Energy Management System in accordance with ISO 50001 compliant.

The Climate Policy sets out targets for reducing carbon emissions and the most relevant actions to achieve them. The Environmental and Health and Safety Policy is a commitment to, among other things, the prevention of environmental pollution

and efficient use of raw materials, materials and energy utilities. The Code of Ethical Conduct includes commitments to the prudent use of the environment and the efficient use of natural resources.

The Group communicates the importance of this issue to its business partners by communicating the Code of Ethical Conduct

for Suppliers of Products and Services, requiring acceptance.

The goals contained in the Climate Policy are presented in E1-4.

The most significant actions resulting from the Climate Policy to reduce greenhouse gas emissions for each range:

- 1. **Scope 1** - direct emissions resulting from the combustion of coal and natural gas in buildings and installations and the combustion of fuels in vehicles owned by the Parent Company . The Parent Company plans to reduce greenhouse gas emissions in this scope by:
  - Thermal modernization of buildings,
  - Upgrading the company's boiler plant,
  - changing the types of fuels used in the company's boiler plant,
  - Acquisition of electric or hybrid vehicles when replacing company cars,
  - Acquisition of LPG or electric vehicles when replenishing/ replacing the internal transportation fleet.
- 2. **Scope 2** - indirect emissions associated with the generation of purchased electricity. The Parent Company plans to reduce greenhouse gas emissions in this scope by:
  - Consideration of the share of origin of electricity from renewable sources as one of the criteria when selecting a supplier,
  - RES electricity generation,
  - Improving energy efficiency by taking energy-saving measures identified during energy audits, including but not limited to:
    - ◊ Elimination of compressed air losses,
    - ◊ Thermal modernization of buildings,
    - ◊ Use of only energy-efficient light sources, selection of plant and machinery based on
    - ◊ based on energy efficiency criteria,
    - ◊ striving for the continuous development of employees' climate awareness by conducting campaigns to promote energy efficiency.

As the method of calculating the carbon footprint has been improved and the scope of information obtained for calculations has been increased, it is planned to update the Climate Policy in 2025. Also starting in 2025, the Climate Policy will cover all Group Subsidiaries.

The Climate Policy, Environmental and Health and Safety Policy and Codes of Ethical Conduct are approved by the Chairman of the Board of Directors of the Parent Company's Chief Executive Officer. Operating procedures are approved by the owners of the processes to which these procedures belong.

In developing these documents, the fulfillment of legal requirements, care for the environment, expectations of both customers and local communities were taken into account. The Climate Policy takes into account the expectations for reducing greenhouse gas emissions expressed by key stakeholders: the environment (based on scientific studies and environmental reports), customers (through interviews, meetings and surveys), the local community (in the impact analysis), consumers (based on published publicly available research on their expectations), institutions and shareholders.

The Parent Company makes the Code of Ethical Conduct, as well as the Environmental and Health and Safety Policy, available on its website. Subsidiaries also publish the Code of Ethical Conduct on their websites. Operational documents are published on the internal intranet site, where appropriate, and are also available in hard copy.

**[E1-3] [MDR-A] Actions and resources in relation to climate policy**

Actions taken by the Group's manufacturing companies are the most significant, while the others have little impact on the climate. Actions taken in line with climate change mitigation goals include optimization of energy consumption, installation of PV systems, thermal modernization of facilities, and modernization of the Parent Company's boiler plant.

Tasks whose effect leads to a reduction in environmental nuisance are also part of the Program for achieving the goals and environmental tasks of the Parent Company.

Among the activities carried out, the Group does not distinguish key activities, all issues affecting the climate have equal priority. The expenditures incurred on these activities are presented in the EU Taxonomy section.

At the Parent Company, the main environmental load-reducing activity performed in 2024 was the modernization of boilers and dust removal facilities, as well as the construction of a flue gas desulfurization plant. The undertaking made it possible to reduce

the nominal capacity of the boiler plant to less than 20 MW and to increase the efficiency of boiler operation by 6%, resulting in a reduction in the demand for hard coal, and thus reducing dust and gas emissions.

The Teknikum Group is involved in the Science Based Targets (SBTi) initiative. Teknikum Group activities that have had a significant impact on reducing greenhouse gas emissions are:

- Improving energy efficiency in production facilities,
- Switching to renewable energy sources,
- Installation of energy-efficient lighting and insulation,
- Upgrading equipment to reduce the consumption of self-generated energy.
- The use of processed raw materials in production,
- Making railroad crossing components from TEKNICROSS® rubber and recycled rubber,
- Manufacturing industrial hoses partly from recycled rubber or biogum.
- Thanks to the above measures, the Teknikum Group achieved emission reductions from the 2020 baseline, respectively:
  - In terms of 1 and 2 by 29%,
  - In terms of 3 by 54%.

Advanced research and development work is being carried out at the Parent Company to develop technology for processing rubber waste using the thermomechanical devulcanization process. The implemented project will contribute to reducing CO2 emissions by using rubber production waste for reuse. This will reduce the demand for raw materials.

Resources for the tasks have been planned in the investment plan for 2025 and 2026.

**[E1-4] Climate change mitigation and adaptation goals**

AThe current Climate Policy includes the overall targets set for the Parent Company for Scope 1 and Scope 2 combined:

- By 2030 - a 30% reduction from 2022 to 48,000 t eCO2,
- By 2040 - a 60% reduction from 2022, to a level of 27,400 t eCO2,
- By 2050 - achieving climate neutrality.

As mentioned above, due to the fact that the method of calculating the carbon footprint has been improved and the scope of information obtained for calculations has been increased, it is planned to update the Climate Policy in 2025 and adopt 2024 as



the base year, as well as to cover the entire Group. As part of the update of the Climate Policy, specific targets will be set for the entire Group, which will include Scope 1, 2 and 3.

Targets in the Climate Policy will be defined in measurable terms, expressed in CO2 equivalent and as a % change in emissions relative to the 2024 base year.

The Teknikum Group monitors climate targets from 2021 based on the SBTi initiative. When formulating new climate targets in 2025, the Group will integrate the Teknikum Group's goals into one common policy.

**[E1-5] Energy consumption and energy mix**

All processes in the Group are carried out with care for the efficient use of energy utilities monitoring their current use.

As the energy supplier will publish the fuel structure report for 2024 in March 2025, i.e. after the publication date of this report, the data for renewable electricity was referred to the indicators published for 2023. The data will be updated when the next report is published.

Group's energy consumption and energy mix in 2024		MWh
1	Fuel consumption from coal and coal products	50 768,58
2	Fuel consumption from oil and petroleum products	3 092,53
3	Fuel consumption from natural gas	26 745,989
4	Fuel consumption from other fossil sources	3 042,67
5	Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	53 299,26
6	Total fossil energy consumption (calculated as the sum of lines 1-5)	136 949,03
Share of fossil sources in total energy consumption (%)		84,61 %
7	Energy consumption from nuclear sources	4 656,10
Share of nuclear energy consumption in total energy consumption (%)		2,88 %
8	Fuel consumption for renewable sources, including biomass (which also includes industrial and municipal biological waste, biogas, renewable hydrogen, etc.).	0,00
9	Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	20 240,60
10	Consumption of self-generated renewable energy without fuel	5,38
11	Total renewable and low-carbon energy consumption (MWh) (calculated as the sum of lines 8-10)	20 245,99
Share of renewable sources in total energy consumption (%)		12,51 %
Total energy consumption (calculated as the sum of lines 6, 7 and 11)		16 1851,12
Energy intensity per net revenue		2024
Total energy consumption of operations in sectors with significant climate impacts on net revenue		112
		MWh/1 million PLN



**[E1-6] Gross Scope 1, 2 and 3 greenhouse gas emissions and total greenhouse gas emissions**

For 2024, the carbon footprint for the Group was calculated in three scopes for all Companies, taking into account the most relevant Scope 3 emission categories. Due to the Group’s acquisition of Teknikum in 2024, the total gross carbon footprint has increased in Scopes 1 and 2 at the Group level.

Emissions were calculated in accordance with the international GHG Protocol Corporate Accounting and Reporting Standard.

In order to standardize the method of calculating the Group’s carbon footprint, a guide for calculating the carbon footprint was developed at the Parent Company..

Basic assumptions:

- Emission intensity factors for individual fuels were used to calculate Scope 1 emissions, based on data from the DEFRA (2024) database,
- Scope 2 emissions were calculated using location-based and market-based methods,
  - ◊ calculations based on the location-based method were made using average emission intensity indices published by the National Center for Balancing and Emission Management (emission index for 2023). For European subsidiaries, an index from The European Environment Agency “EEA” was adopted,
  - ◊ calculations based on the market-based method were made using information on fuel structures provided or published on suppliers' websites,
- Scope 3 emissions were calculated using indicators published in publicly available Defra and Climatiq databases (including for selected Ecoinvent and Exiobase data included in the Climatiq database). The specific carbon footprint for materials and products calculated by suppliers was also used.

The calculations for Scope 3 were preceded by a significance analysis of each category.

A detailed materiality test was conducted for the Group’s two largest entities, i.e. the Parent Company and the Teknikum Group, as well as for two companies with a significantly different scope of operations, i.e. Spruce Zdrój Medical SPA Sp. z o.o. and Stomil Sanok Dystrybucja Sp. z o.o. (SSD).

On this basis, significant Scope 3 categories have been

established for the aforementioned Companies, which, together with Scope 1 and 2, contribute to the total coal footprint, respectively:

- At the Parent Company - 98.6% of the total carbon footprint,
- In the Teknikum Group - 97.5% of the total carbon footprint,
- At Spruce Zdrój Rymanów Sp. z o.o.- 98.5% of the total carbon footprint,
- At SSD Ltd. - 99.8% of the total carbon footprint

For the other Manufacturing Companies, materiality levels were determined based on the Parent Company’s survey, and for the Trading Companies based on the SSD Company’s survey.

With materiality determined in this way, the carbon footprint groups selected as material cover 97.3% of the Group’s total carbon footprint.

The Group takes into account 100% of emissions from operations over which it has operational control (operational control approach).

The relevance study showed that in Scope 3, the most important categories are:

Category	Scope
1	purchased materials, products and raw materials
2	capital goods
3	Fuels not included in scope 1 and 2
4	upstream transport
7	employee commuting
9	dawnstream transport

Categories that were identified as insignificant in the carbon footprint materiality study were excluded from Scope 3. Categories whose contribution to emissions was less than 5% were considered such.

For the Parent Company, minor categories with percentages are:

Category	Scope	Percentage share
5	waste resulting from activities	0,03
6	business trips	0,03
8	leased assets	0,0003
10	processing of sold products	1,21
12	handling after their use	0,09
together		1,36

The sum of minor categories accounts for 1.36%.

Categories 11, 13, 14 and 15 do not apply to the Parent Company.



GHG emissions	Unit	Parent Company	Group
Scope 1 greenhouse gas emissions			
Scope 1 gross greenhouse gas emissions	t CO2e	27 734,75	31 064,57
Percentage of Scope 1 greenhouse gas emissions from regulated emissions trading schemes	%	59%	58%
Scope 2 greenhouse gas emissions			
Gross Scope 2 greenhouse gas emissions by location-based method	t CO2e	30 364,13	34 540,01
Gross Scope 2 greenhouse gas emissions by market-based method	t CO2e	34 985,35	45 287,85
Scope 1 and 2 gross greenhouse gas emissions combined by location-based method	t CO2e	58 098,88	65 604,58
Scope 1 and 2 gross greenhouse gas emissions combined by market-based method	t CO2e	62 720,10	76 352,42
Significant Scope 3 greenhouse gas emissions			
Total indirect greenhouse gas emissions (scope 3)	t CO2e	115 034,42	159 420,84
1 Purchased goods and services	t CO2e	78 135,08	113 839,27
2 Investment goods	t CO2e	6 189,25	7 825,32
3 Fuel and energy activities (not included in scope 1 or 2)	t CO2e	15 353,26	17 537,85
4 Upstream transport and distribution	t CO2e	7 765,91	9 212,66
5 Waste generated by the operation	t CO2e	deemed irrelevant	247,50
6 Business travel	t CO2e	deemed irrelevant	deemed irrelevant
7 Commuting of employees to work	t CO2e	1 166,86	1 969,52
8 Leased senior assets	t CO2e	deemed irrelevant	deemed irrelevant
9 Downstream transportation	t CO2e	6 424,06	7 358,46
10 Processing of sold products	t CO2e	deemed irrelevant	878,25
11 Use of products sold	t CO2e	deemed irrelevant	-
12 Processing of sold products at end of life	t CO2e	deemed irrelevant	552,00
13 Leased downstream assets	t CO2e	deemed irrelevant	-
14 Franchises	t CO2e	deemed irrelevant	-
15 Investments	t CO2e	deemed irrelevant	-
Total greenhouse gas emissions			
Total greenhouse gas emissions (location-based method)	t CO2e	173 133,30	225 025,42
Total greenhouse gas emissions (market-based method)	t CO2e	177 754,52	235 773,26

Biogenic emissions outside the ranges amounted to: 40,624 t CO2e. These are due to fuel combustion in company vehicles.

Due to lack of data, biogenic emissions in Scope 2 and 3 were not included in the calculation.

There were no biogenic emissions from biomass combustion or biodegradation in the Group.

Range 3 calculated on the basis of primary data in the Group is: 66,04%.

In the reporting year, the share of contractual instruments used to buy energy was 0%.





Intensity of greenhouse gas emissions per net revenue for the Group	Unit	2024
Total greenhouse gas emissions (according to the location-based method) per net revenue (t CO2 equivalent/monetary unit)	t CO2e/1 million PLN	156
Total greenhouse gas emissions (according to the market-based method) per net revenue (t CO2 equivalent/money unit)	t CO2e/1 million PLN	163

Net revenues used to calculate greenhouse gas emissions intensity	Net sales revenue from core operations disclosed in the consolidated financial statements
Net income	PLN 1,446 million
Net revenue used to calculate greenhouse gas emissions intensity	PLN 1,446 million
Net income other than that used to calculate greenhouse gas intensity	0 million PLN

Greenhouse gas intensity per net revenue by geographic location Total greenhouse gas emissions (by market-based method) per net revenue (t CO2 equivalent/money unit)	GHG emissions t CO2e	t CO2e/1 million PLN
Poland	194 652,96	169
European Union (other countries)	36 596,60	87
Eastern Europe	920,86	36
Mexico	3 602,84	126

**[E1-7] Greenhouse gas removal and mitigation projects financed with carbon credits**

The Group does not engage in greenhouse gas absorption and storage activities.  
In 2024, the Group did not pursue the purchase of offset units or Carbon Credits.

**[E1-8] Internal carbon pricing**

The Group does not use an internal system for determining carbon fees.



2.2 Contamination

[E2.IRO-1] Description of processes for identifying and assessing significant pollution impacts, risks and opportunities

The Group manages pollution issues as part of its day-to-day production activities, a key aspect of its operation in the industrial sector. The dual materiality assessment conducted for this report considered both actual and potential impacts, risks and opportunities related to pollution issues. The results of the analysis were further deepened through consultations with suppliers and the local administration relevant to the Parent Company's area of operations. The expectations of the Group's customers with regard to pollution management were also included.

The main sources of pollution include dust and gas emissions from production processes, discharge of rainwater into the San River (applicable to the Parent Company and subsidiaries located in Sanok) and use of potentially hazardous substances in production. As a result, the Group must take into account both risks and opportunities arising from

from current legal regulations regarding the use of these substances, as well as possible future changes in this area.

Pollution risks are managed in a systematic manner within the framework of the implemented risk and opportunity management system. Regular reviews of the effectiveness of operations are conducted, preventive measures are implemented, and response plans have been developed.

Although a detailed analysis of the materiality of the pollution issue in the Group's entire value chain has not been carried out, based on knowledge of the processing and technological processes used in the production of materials and components, the Group considers pollution to be an important aspect. Accordingly, it also takes preventive measures with regard to its suppliers.

[E2-1] [E2.MDR-P] Pollution-related policies

The Group has not developed a separate pollution policy - these issues are covered by the Group's Code of Ethical Conduct and the Parent Company's adopted Environmental and Health and Safety Policy. At the operational level, consistent operating procedures have been developed in accordance with the policy.

Significant manufacturing companies such as Draftex Automotive GmbH, the Teknikum Group and the Parent Company

have implemented a certified environmental management system in accordance with ISO 14001, which includes monitoring, supervision and reduction of pollutant emissions.

The Parent Company's Environmental and Health and Safety Policy focuses on:

- Effective prevention of environmental pollution,
- Continuous reduction of emissions to air, water and soil,
- eliminating or minimizing the use of substances of concern or hazardous substances by replacing them with safe substitutes or adjusting processes so that their use is not necessary,
- Ensuring the safety of employees and protecting the environment,
- to meet applicable legal and regulatory requirements in this regard.

As part of the adopted policy, procedures have been implemented for the supervision of hazardous substances and their mixtures used in technological processes.

- The basic actions taken to implement the policy goals include:
- Implementation of modern technical and organizational solutions,
- Use of machines and tools that meet safety standards,
- constant supervision of chemical agents, installations and technological processes,
- The use of collective and individual protection measures,
- Replacing hazardous chemicals with their safer counterparts,
- Eliminating hazards and mitigating health, safety and environmental risks,
- Raising awareness among employees, visitors and subcontractors.

The Group has not conducted a detailed analysis of the compatibility of its pollution management policies with the EU Action Plan for the Elimination of Water, Air and Soil Pollution.

The Environmental and Health and Safety Policy and the Code of Ethical Conduct are approved by the Chairman of the Board of Directors of the Parent Company's Chief Executive Officer, while operating procedures are approved by the owners of the relevant processes.

The Group's policies take into account legal compliance, environmental concerns and the expectations of customers and local communities. Documents containing policies for managing

pollution issues are publicly available on the websites of Group companies. Operational documents are published on internal communication channels, made available at workplaces and used during onboarding and refresher training.

[E2-2] [E2.MDR-A] Pollution-related activities and resources

The Group's production companies, particularly the Parent Company, have the greatest impact on the environment in terms of emissions. The Group consistently reduces the negative impact of its operations on the environment by using modern technological solutions. To this end, protective devices such as dust collectors, filters, scrubbers, afterburners and installations for reducing volatile organic compounds (VOCs), including those based on the zeolite wheel, are used. Preventive measures also include proper storage of hazardous materials, including waste, and regular employee training in this area.

The Parent Company has implemented a Program for Achieving Environmental Goals and Objectives, which includes activities aimed at preventing and reducing pollution. The activities currently being implemented include:

- Modernization of the boiler room with a flue gas dedusting system,
- Construction of a flue gas desulfurization plant,
- Ongoing monitoring of the state of soiling,
- Regular replacement of filter cartridges in exhaust systems,
- equipping the tape application line with cutting cassettes to reduce the use of extraction gasoline,
- Replacement of two oil-filled transformers with dry-type transformers
- Periodic inspection and possible replacement of hydraulic lines for leaks

Group companies have implemented strict procedures for the supervision of chemicals, including providing users with access to Material Safety Data Sheets for hazardous substances and mixtures, conducting risk assessments for chemical agents, and verifying compliance with applicable regulations. In addition, the Group's suppliers are required to confirm compliance with legal requirements and make declarations regarding the presence of Substances of Very High Concern (SVHCs) in materials supplied.

In 2024, the Parent Company modernized boilers and dust removal facilities and implemented a flue gas desulfurization

process. Thanks to these measures, the nominal capacity of boiler plants was reduced to less than 20 MW, the efficiency of boiler operation was increased by 6%, which translated into a corresponding reduction in coal consumption and a reduction in dust and gas emissions.

The ZMX plant in Mexico in 2024 carried out soil remediation of a 200-square-meter area as part of its remediation efforts. At the same time, preventive measures were implemented to eliminate the risk of similar incidents in the future, including by increasing the effectiveness of supervision of hazardous substance storage, adjusting storage and transportation procedures, and training employees.

The Group requires its suppliers to reduce pollution under the Group's Code of Ethical Conduct for Suppliers of Products and Services. In addition, suppliers are required to make declarations regarding responsible sourcing of raw materials, management of impacts on air, water and soil, and compliance with regulations on the use of chemicals. Expectations in this regard are also subject to the requirements of the Group's customers.

[E2-3] [E2.MDR-T] Pollution targets

In implementing the Environmental and Health and Safety Policy, the Parent Company has implemented a system for monitoring environmental aspects.

In terms of pollution, measurements are carried out including:

- amount of volatile organic compounds,
- emissions of post-pulcanization gases,
- concentration of carbon monoxide and dioxide, nitrogen oxides, sulfur dioxide,
- Dust levels, including dust at workplaces..

Rainwater is analyzed for hydrocarbons and suspended solids. In the area of chemicals and harmful substances, the goal is to eliminate incidents and accidents.

Industrial and domestic wastewater is sent to a treatment plant, where it undergoes treatment processes.

The Group's goal is to conduct its operations in a way that ensures compliance with legal limits, continuous monitoring of emission levels, use of protective equipment and adherence to procedures that minimize pollution risks. Effective implementation of these measures is supported by regular employee training.

Emission limits are defined in the individual Companies' permits



or are directly derived from legal regulations. In cases required by legal regulations, compliance with the limits is reported to the relevant environmental institutions.

[E2-4] Air, water and soil pollution

W rln 2024, the emission volumes for the Group’s individual units did not exceed the thresholds shown in Annex II to Regulation (EC) No. 166/2006. Where required, emission volumes are monitored by periodic testing by authorized external laboratories in accordance with applicable legal requirements. Methodologies are provided by specialized laboratories performing measurements in accordance with their accreditation.

The Parent Company prepares the following reports:

- report to the national database on emissions of greenhouse gases and other substances KOBiZE,
- a list containing a summary of information on the extent of use of the environment and the amount of fees due,
- PRTR report submitted to the National Pollutant Release and Transfer Register,
- Reporting on measurements of emissions, water intake, quality and quantity of wastewater, rainwater and other discharges in accordance with the requirements of the Integrated Permit.

For reporting purposes, emission test reports and other necessary data are archived. Data are collected internally from process supervisors to ensure their reliability. Based on them, reports are made and submitted to the relevant institutions in accordance with legal requirements.

[E2-5] Substances of concern and substances of very high concern

The following summary presents the type and quantities of potentially hazardous substances used, with a focus on substances of particular concern.

The data relates to Group Companies with a significant impact due to the volume and type of substances used, including the Parent Company, the Teknikum Group and Draftex Automotive GmbH.

Name of the substance	CAS number	Consumption in kg
Toluene	108-88-3	32 528
Butanone	78-93-3	18 550
Heptane	142-82-5	4 165
Hydrocarbons, C7-C9, isoalkanes	no	146
Hydrocarbons, C11-C12, isoalkanes, <2% aromatics	no	2 413
Propan-2-ol	67-63-0	229
Hydrocarbons, C7-C9, n-alkanes, isoalkanes, cyclics	no	6 780
Sodium hypochlorite	7681-52-9	3 040
Aluminium sulphate	7784-31-8	2 400
Hydrogen chloride	7647-01-0	5 701
Acetylene	74-86-2	100
Acetone	67-64-1	4 406
Oxygen	7782-44-7	10 950
4-(1-methyl-1-phenylethyl)-N-[4-(1-methyl-1-phenylethyl)phenyl]aniline	10081-67-1	3 096
2,4,6-triallyloxy-1,3,5-triazine	101-37-1	890
N-isopropyl-N'-phenyl-p-phenylenediamine	101-72-4	30 505
1,3-diethyl-2-thiourea	105-55-5	111
N,N'-dimethyldiphenylthiuram disulphide	10591-84-1	22
Tetrakis(phenylmethyl)thioperoxydi(carbothioamide)	10591-85-2	6 060
N-(2-hydroxyethyl)stearamide	111-57-9	10



Name of the substance	CAS number	Consumption in kg
6,6'-di-tert-butyl-2,2'-methylenedi-p-cresol*	119-47-1	1 560
C,C'-azodi(formamide)*	123-77-3	26 251
Zinc oxide	1314-13-2	367 769
Zinc bis(dibutyldithiocarbamate)	136-23-2	7 751
N-(cyclohexylthio)phthalimide	17796-82-6	2 104
1,2-Dihydro-2,2,4-trimethylquinoline, oligomers	26780-96-1	29 251
Ziram	137-30-4	839
Hexaboron dizinc undecaoxide	138265-88-0	1 164
Zinc bis(diethyldithiocarbamate)	14324-55-1	5 393
Bis(4-(1,1,3,3-tetramethylbutyl)phenyl)amine	15721-78-5	4 167
Poly(oxy-1,2-ethanediyl),α-hydro-ω-hydroxy- Ethane-1,2-diol, ethoxylated	25322-68-3	135 177
2-Mercaptobenzimidazole zinc salt	3030-80-6	1 590
2-Propenoic acid, 2-methyl, 2-ethyl-2-[[[(2-methyl-1-oxo-2-propenyl) oxy] methyl]-1,3-propanediyl ester	3290-92-4	46
Bis(2,2,6,6-tetramethyl-4-piperidyl) sebacate	52829-07-9	407
1,3-dihydro-4(or 5)-methyl-2H-benzimidazole-2-thione	53988-10-6	517
1,3-dihydro-4(or 5)-methyl-2H-benzimidazole-2-thione, zinc salt	61617-00-3	3 675
3,9-dicyclohex-3-enyl-2,4,8,10-tetraoxaspiro[5.5]undecane	6600-31-3	486
Zinc O,O,O',O'-tetrabutyl bis(phosphorodithioate)	6990-43-8	24 443
Phenol, isopropylated, phosphate (3:1)	68937-41-7	1 547
1,4-Benzenediamine, N,N'-mixed Ph and tolyl derivs.	68953-84-4	7 509
Sulfur	7704-34-9	70 131
N-1,3-dimethylbutyl-N'-phenyl-p-phenylenediamine	793-24-8	29 735
N-tert-butylbenzothiazole-2-sulphenamide	95-31-8	5 736
N-cyclohexylbenzothiazole-2-sulfenamide	95-33-0	34 955
Tetramethylthiuram monosulphide	97-74-5	1 359
Tetraethylthiuram disulfide	97-77-8	1 109
Xylene	1330-20-7	405

\* Substancja wzbudzająca szczególnie duże obawy (SVHC)



2.3 Water and sea resources

Water is an important natural resource for the Group's operations. The Group both influences and is influenced by water management, especially in the context of resource availability and regulations on water abstraction, water consumption and wastewater management. This dependence is due to the specific nature of its industrial production and the location of the Group's individual companies.

The greatest impact on water resources comes from the Parent Company, whose production processes are of the largest scale. In turn, the Commercial and Service Companies have a minimal impact on water management – water is used there mainly for social purposes.

The Parent Company's production facility is located in the immediate vicinity of so-called Areas of Community Importance, i.e. areas protected under the Natura 2000 program, such as the Slonne Mountains and the Upper San River Basin in the foothills of the Bieszczady Mountains. This location imposes special responsibility for environmental protection, including the prevention of and minimizing negative impacts on water resources.

The Parent Company's manufacturing plant in Mexico is located in an area threatened by water scarcity, which necessitates particularly rational and economical management of this resource.

[ESRS 2 IRO-1] Description of processes for identifying and assessing significant impacts, risks and opportunities related to water and marine resources

Actual and potential impacts, risks and opportunities related to water and marine resources were analyzed through a dual materiality assessment. The results of the study were deepened through consultations with suppliers and the local administration relevant to the Parent Company's business area. In addition, the expectations of the Group's customers regarding water efficiency were taken into account.

The analysis showed that water abstraction and consumption are key sustainability issues for the Group. In contrast, issues related to water discharges, including to the oceans, and the use of marine resources were not considered significant from the perspective of the Group's impact, as well as potential financial risks and opportunities.

The Group uses water both in its operations and in its supply chain, which may involve potential impacts on natural water resources. At the same time, from the point of view of the impact of the environment on the Group, possible future regulations on water access and management are of key importance, especially in the context of the growing risk of water scarcity, including as a result of climate change.

Risks related to water management are monitored as part of the Group's risk management system and included in the matrix of and opportunities of the Parent Company. They are subject to regular review, and preventive actions and response plans have been developed.

There has been no detailed analysis of the Group's impact on water and marine resources throughout its value chain

[E3-1] [E3.MDR-P] Policies related to water and marine resources

The Group has not developed separate, specific policies on water management. Its approach in this area is expressed in the Code of Ethical Conduct, the Code of Ethical Conduct for Suppliers of Products and Services, and the Parent Company's Environmental and Health and Safety Policy.

The Group declares and expects its business partners to use water resources in a sustainable manner, in accordance with applicable laws and regulations and with respect for the rights and needs of local communities. Water is managed in a cost-effective manner, and closed-loop solutions are implemented where possible. The Group monitors its impact on water resources, exercising due diligence to prevent negative impacts, especially with regard to the volume of consumption and the quality of water discharged. At the same time, it reliably fulfills its reporting obligations in this regard.

At the operational level, processes are carried out in accordance with developed procedures that are consistent with the adopted policy. The manufacturing companies Sanok Rubber Company S.A., Draftex Automotive GmbH and Teknikum Group have implemented an environmental management system in accordance with ISO 14001, which is subject to certification.

Due to the particular importance of the water shortage issue for the Mexico plant, a dedicated policy is planned.

Environmental and Health and Safety Policies and Codes of Ethical Conduct are approved by the Chairman of the Board of

Directors of the Parent Company's Chief Executive Officer and published on the Companies' websites. Operating procedures are approved by the owners of the processes to which the procedures belong.

The Group has no plans to adopt a policy on marine and ocean water resources, as its operations do not have a significant impact on them or involve operational risks.

[E3-2] [E3.MDR-A] Water-related activities and resources

The Group's companies carry out ongoing monitoring of water intake and consumption, and based on the results, they plan optimization measures to improve the efficiency of managing this resource. Due to the scale of consumption, the Group's Production Companies play a key role in reducing water intake.

At the Parent Company, most processes that generate significant water losses have been improved in recent years. Ongoing balancing of water intake and consumption is carried out, and closed cooling water circuits are implemented where possible. At the same time, quality supervision of processes is being carried out, which minimizes the risk of water quality deterioration. Appropriate procedures have also been implemented, including for dealing with emergency situations.

Activities aimed at reducing water consumption are part of the Parent Company's Program for Achieving Environmental Goals and Objectives. The amount of water drawn and wastewater discharged is compared with the limits specified in the permits and reported to the relevant environmental institutions. This data is obtained from meters subject to metrological control. The Parent Company conducts monthly analyses in this regard based on specific consumption targets. In addition, it treats abstracted surface water in accordance with established procedures.

All water management activities are systemic and a standard part of the Group's operations. No key activities have been singled out – all issues related to water management and pollution prevention have equal priority.

ZMX's Mexico plant is preparing a detailed plan to address the risk of water shortages. Key areas include:

- operational activities, such as:
- Optimizing processes to reduce potable water consumption,
- Implementation of water treatment systems and effective wastewater management.

- Temporary activities, involving the implementation of plans in the short and medium term.

The ZMX plant conducts a detailed analysis of risks and impacts in this area and develops a plan for preventive actions and improvement measures. It includes, among other things, treating water by separating oil and grease and increasing its reuse to 20% of total consumption. Detailed implementation dates will be set in 2025.

[E3-3] [E3.MDR-T] Water-related objectives

The Group has not set specific water-related targets. Monitoring of water consumption is carried out at the individual plant level. Where required, results are reported to environmental institutions in accordance with legal requirements, held permits and water supply contracts. Group companies conduct monitoring of relevant water consumption indicators. The results of the monitoring and the effectiveness of the loss reduction measures taken are subject to regular reviews – both monthly and annually – as part of management reviews.

The ZMX plant is at the stage of developing targets and methods for monitoring them. As such, the scope of the target, its nature, baseline, base year and duration have not yet been determined.



[E3-4] Water consumption

The following summary shows water consumption for the Group in 2024:

Total water usage  
**246 948**  
[m<sup>3</sup>]



Total water consumption in water-risk areas, including areas with significant water scarcity [m3]

**4 886**

Total amount of water recycled and reused [m3]

**1 300**

Total amount of water stored; no change from 2023 [m3]

**1 420**

Total water consumption per 1million revenue

**171**

Water consumption data are based on meter readings or invoice information. If it is not possible to collect data from the mentioned sources, estimates based on similar processes are adopted.  
The Parent Company takes readings of data on water consumption, intake and discharge after each billing month. The data is collected on the basis of readings from measuring instruments. These instruments are subject to metrological control



2.4 Biodiversity and ecosystems

Protecting biodiversity is crucial to maintaining ecological balance, and its loss can lead to changes in the environment that threaten both nature and people.

[E4.IRO-1] Description of processes for identifying and assessing significant impacts, risks and opportunities related to biodiversity and ecosystems.

Actual and potential impacts, risks and opportunities related to biodiversity and ecosystems were assessed through a dual materiality analysis. The study identified impacts resulting from the Group's use of natural rubber. The extraction of this raw material may lead to land use conversion and is covered by the Regulation on the release on the EU market and exports from the EU of certain goods and products related to deforestation and forest degradation (EUDR). The Group will implement procedures under this regulation to meet due diligence requirements for responsible rubber sourcing.

In the process of the dual materiality study, biodiversity and ecosystem impact issues were also consulted with suppliers and the local administration using a questionnaire. The group takes into account issues related to related to biodiversity in connection with customer expectations in this regard.

A detailed analysis of the Group's impact on biodiversity and ecosystems in the value chain was not conducted.

[E4-1] Biodiversity and ecosystem transition plan and integrating biodiversity and ecosystems into strategy and business model

As the Group has not identified significant biodiversity aspects, no transition plan or specific consideration of the biodiversity issue in the strategy and business model has been developed. In connection with the issue of natural rubber sourcing, the Group has adopted a plan to implement its obligations under the Regulation on the Release on the EU Market and Export from the EU of Certain Goods and Products Related to Deforestation and Forest Degradation (EUDR).

[E4-2] [E4.MDR-P] Policies related to biodiversity and ecosystems

The Group has not developed separate, specific policies on biodiversity and ecosystem management. Its approach in this area

is expressed in the Group's Code of Ethical Conduct for Suppliers of Products and Services and the Parent Company's Environmental and Health and Safety Policy.

The Group pledges and expects its business partners to protect natural ecosystems and not contribute to their degradation, including illegal deforestation or destruction in any other way.

Environmental and Health and Safety Policies and Codes of Ethical Conduct are approved by the Chairman of the Board of Directors of the Parent Company's Chief Executive Officer and published on the Companies' websites.

The Group does not plan to adopt a separate policy on biodiversity and ecosystems, as its operations do not significantly affect them or involve operational risks.

[E4-3] [E4.MDR-A] Biodiversity and activities and resources

The Group does not directly contribute to influencing factors that result in a change in the use of land, freshwater or seas, but nevertheless takes measures that affect biodiversity conservation. The Group includes ongoing care to reduce emitted pollutants. This primarily applies to Manufacturing Companies. This is described in more detail in sections E1, E2 and E3 of this report.

Given that this issue requires a broader understanding of the impact in the value chain, including the identification of suppliers with a potential impact on biodiversity, the Group intends to take such steps to complete its data over the next three years.

[E4-4] [E3.MDR-T] Biodiversity and objectives

Currently, targets have not been defined. Given that information from suppliers will be obtained, it is taken into account that such targets may need to be developed.

[E4-5] Impact measures related to biodiversity and ecosystem change

Because the Group has not developed targets for biodiversity and ecosystems, metrics have not been established either.





2.5 Resource utilization and a circular economy

The closed-loop economy is becoming an important part of sustainable development, focusing on minimizing waste and maximizing resource utilization. The Group is actively implementing solutions to reduce environmental impact by optimizing production processes and managing resources. The measures taken bring tangible benefits will continue with innovation and recycling solutions.

[E5.IRO-1] Description of processes for identifying and assessing significant impacts, risks and opportunities related to resource use and the circular economy

In the dual materiality study, the Group identified issues related to the closed-loop economy as significant. The identified significant impacts and risks are related to the fact of generating vulcanized waste. In terms of opportunities, the reduction of environmental impacts and costs through the use of recycled raw materials, the operation of closed cooling water circuits, and the opportunity related to the ongoing project to return pre-consumer waste for reprocessing at the Parent Company.

The Group has included its suppliers and representatives of the local administration in the process of identifying influences in this regard as part of consultations on waste management and resource efficiency issues. The purpose of these activities was to obtain additional information on the actual and potential impacts of the Group and its supplier chain on this issue. Conclusions from the analysis of publicly available knowledge bases and environmental reports were also taken into account, as well as current and expected requirements of the Group's customers with regard to increasing the share of recyclates and implementing solutions based on based on resource efficiency.

[E5-1] [MDR-P] Policies related to resource use and the circular economy

The Group has not developed separate policies for managing a circular economy. Its approach in this area is expressed in the Code of Ethical Conduct, the Code of Ethical Conduct of the Group's Product and Service Suppliers and the in the Parent Company's Environmental and Health and Safety Policy.

At the operational level, processes are carried out in accordance with developed procedures that are consistent with the adopted

policy. The manufacturing companies Sanok Rubber Company S.A., Draftex Automotive GmbH and Teknikum Group have implemented an environmental management system in accordance with ISO 14001, which is subject to certification.

Environmental and Health and Safety Policies and Codes of Ethical Conduct are approved by the Chairman of the Board of Directors of the Parent Company's Chief Executive Officer and published on the Companies' websites. Operating procedures are approved by the owners of the processes to which the procedures belong.

In setting standards of conduct in this area, the Company takes into account legal requirements and the opinions and expectations of stakeholders, including in particular:

- Environment - by analysing environmental reports and market trends related to this issue and regulations
- customers - by analysing their inquiries, surveys, requirements specifications and technical standards.

In its Code of Ethical Conduct, the Group has formulated a policy on the prudent use of the environment, identifying the resources used and reporting their consumption. The Group declares that:

- Actively seeks and implements methods that improve the efficiency of their use
- Rationally manages natural resources,
- cares about the quality of water and the amount of water consumption
- Takes measures to improve energy efficiency and makes the necessary investments for this purpose
- Economizes electricity.

A commitment to the efficient use of raw materials, materials and energy utilities is also part of the Parent Company's Environmental and Health and Safety Policy.

The waste hierarchy adopted by the Group is based on legal requirements in this regard.

[E5-2] [E5.MDR-A] Activities and resources related to resource use and the circular economy

The Group's activities mainly focus on reducing the amount of waste generated, ensuring that it can be recycled, and conducting processes in a way that reduces the consumption of primary resources.

The waste management system that has been developed, includes the selective collection of waste to enable its further processing or safe disposal if its use is no longer possible. Management also includes regular recording of waste quantities and types, which allows for ongoing monitoring of waste generation rates and identification of areas requiring optimization.

In addition, when looking for waste recipients, we attach importance to the possibility of recycling, which supports the GOZ goals and reduces the amount of waste going to other processes. Each waste recipient is verified for compliance with legal requirements, which guarantees that the waste is managed in accordance with the law.

The activities undertaken by the Group to promote the successive transition to a closed-loop economy are presented in the table below.

ACTIONS	SCOPE OF ACTIVITIES	TIME HORIZON
Devulcanization project	Advanced research and development work is underway to develop technology for processing vulcanized rubber waste using the thermomechanical devulcanization process. The project will contribute to recovering a significant portion of the pre-consumer rubber waste generated and reusing it in the Group's production process.	medium-term outlook
Transfer of rubber waste to recipients providing recycling	Selective collection of rubber waste, verification of the market of waste recipients.At the Parent Company, 61.99% of rubber waste is sent for recycling.	current activity
Increase the proportion of recycled materials instead of virgin materials	Wherever possible, use recycled materials or materials containing recycled components in production materials and packaging. Promote increasing the share of recycled materials in the supply chain.	current activity
Use of closed cooling water circuits	In production processes, where possible, use closed cooling water circuits	current activity
Waste segregation	Production and municipal waste is collected in a way that segregates the various recyclable fractions.	current activity



**[E5-3] [E5.MDR-T] Targets related to resource utilization and the circular economy**

The Group's goal is to comply with regulations, meet legal limits, monitor the resources used, the amount of waste generated, follow written procedures, and report results. Solutions that increase the efficiency of resource use are actively sought and implemented. In terms of closed-loop resource management, the main targets in 2024 focused on waste volumes, packaging volumes and water consumption. At the Parent Company, these targets are overseen in the process of monitoring environmental aspects and as measures of process effectiveness within the integrated management system. In addition, the Program for Achieving Environmental Goals and Objectives includes tasks related to reducing the amount of waste generated.

**[E5-4] Input resources**

The resources put in place play a key role in ensuring the high quality of the Group's products and maintaining standards in line with customer expectations and applicable regulations.

The Group's input resources include purchased products, materials and raw materials that are used in the production of products, packaging, and consumables for the operation of the business. In addition, Spruce Zdrój Medical Spa Ltd. introduces food products, hygiene products and medicines.

The types of resources introduced are based on the business profile of each Group Company. The following types are listed:

- Technical materials, including production materials, including but not limited to: rubbers, carbon blacks, plasticizers, plastics, steel, aluminium, adhesives, varnishes,
- packaging materials – cardboard boxes, films, wooden and plastic pallets,
- indirect production materials, including IT equipment, furniture, machinery, storage equipment, among others.

The group did not introduce significant biological materials.

ERP systems collect data on the tonnage of technical materials entered. No tonnage estimates are provided for other materials entered due to their diversity.

Resources introduced into the organization	
Total weight of products introduced into the organization [t].	Group does not keep weight records
Total weight of technical materials brought into the organization [t].	40 251,46

Resources introduced into the organization	
Including the total weight of reused components, reused intermediates and recycled raw materials used to manufacture the company's service product [t]	1 593,65
Total mass of biological materials introduced into the organization [t].	0
of which from sustainable sources [t].	0
Total mass of technical and biological materials introduced into the organization [t].	40 251,46
Total weight of products, technical materials and biological materials [t]	40 251,46
Percentage of biological materials from sustainable sources [%].	0
Percentage of materials reused [%].	4%

The Group has incomplete data on the weight of secondary components reused or recycled, secondary intermediate products and secondary materials used in the manufacture of the company's products and services (including packaging), and therefore does not disclose them. The Group is working to obtain this information for presentation in the 2025 report.

**[E5-5] Resources discharged**

Resources drained from the organization are packaged products and waste

**PRODUCTS**

The Group's products are various types of elastomeric components (rubber or plastics) and their combinations with other materials (aluminium, steel, plastics and others) for the automotive, construction, agricultural, industrial, pharmaceutical, household appliance segments.

In addition, the Group also sells rubber compounds.

Specific products are in the portfolio of BSP Bracket System Polska Sp. z o.o., a manufacturer of aluminium substructures for ventilated façades, and Stomet Sp. z o.o., which produces injection moulds and special tools, machinery and equipment related to rubber and plastic processing, and metal parts.

At the Group, every effort is made to produce products of the highest durability by using materials and raw materials from reputable suppliers and adhering to quality standards at every

stage of design and production. The durability of the Group's products varies depending on the type of product range.

Durability benchmarking studies were conducted for V-belts. The results obtained place these products above the industry average and are close to the results achieved by the products of leading V-belt manufacturers. In a benchmarking study performed in 2023 in an in-house laboratory on 22 units of the most popular V-belts, Sanok Rubber Company S.A.'s products achieved mileage that was on average 72% better than the average mileage of the competition.

For automotive products, the design process takes into account the service life expected by customers, taking into account operating parameters and loads. It is confirmed in strength tests using simulated aging of the product in accordance with the requirements of automobile manufacturers, and obtaining results in accordance with the requirements is a condition for release for series production.

Due to the nature of the Group's products, most of them are beyond repair. Only in some cases, depending on the defect, it is possible to repair them or, in individual cases, to restore them to their original state through appropriate rework. Stomet Sp. z o.o.'s products are subject to reconditioning and modernization. The company provides services in this regard.

The content of recyclable materials varies depending on the type of product and is estimated in the range of 2% to 90%. Due to the lack of specific data, this rate is not reported. Work has begun on obtaining such data in the future

Resources drained from the organization	
Total weight of products [t]	39 980,66
Total weight of recyclable materials in products [t].	The Group does not keep records
Total weight of packages [t]	3 171,50
Total weight of recyclable materials in packaging [t].	The Group does not keep records
Rate of recyclable content in products [%].	Group does not provide an indicator for 2024
Rate of recyclable content in packaging [%].	Group does not provide an indicator for 2024





WASTE GENERATED

- Groups of waste generated from operations are:
- non-hazardous industrial waste,
- dangerous,
- municipal.

Waste streams also depend on the business profile of individual Companies. For the Manufacturing Companies, these are primarily rubber waste and waste associated with their processes.

The group collects data on the amount of waste generated. The method of data collection varies and is based on weighing waste after selective collection and then recording it in an internally established manner. The collected data is used for settlements with waste collection companies and environmental institutions. In Companies located in Poland, the legal requirement in this regard is implemented through the BDO system.

The total amount of waste generated in the Group is summarized in the table below:



RESOURCES DRAINED FROM THE ORGANIZATION - WASTE	GROUP
WASTE FOR WHICH DISPOSAL HAS BEEN AVOIDED	
DANGEROUS	
Preparation for reuse [Mg]	64,00
Recycling [Mg]	10,95
Other recovery processes [Mg]	97,67
NON-HAZARDOUS	
Preparation for reuse [Mg]	18,97
Recycling [Mg]	5 361,97
Other recovery processes [Mg]	1 514,87
WASTE SENT FOR DISPOSAL	
DANGEROUS	
Combustion [Mg]	330,64
Storage [Mg]	0,00
Other disposal processes [Mg]	394,28
NON-HAZARDOUS	
Combustion [Mg]	1 881,20
Storage [Mg]	352,54
Other disposal processes [Mg]	6,04
TOTAL VOLUME OF WASTE generated [Mg].	10 033,14
TOTAL QUANTITY OF WASTE NOT RECYCLED [Mg].	4 660,22
TOTAL QUANTITY OF DANGEROUS WASTE [Mg].	897,53
PERCENTAGE OF WASTE NOT RECYCLED [%].	46,45
TOTAL QUANTITY OF RADIOACTIVE WASTE [Mg].	0,00

2.6 EU Taxonomy

Compatibility with Taxonomy

The legal basis for the obligation related to Taxonomy disclosures is Regulation (EU) 2020/852 of the Parliament and the Council of 18 June 2020 on establishing a framework to facilitate sustainable investments. This regulation transposes the European Union’s climate and environmental goals into technical criteria for assessing whether an activity can be considered sustainable with respect to the 6 environmental goals:

- 1. Mitigation of climate change,
- 2. Adaptation to climate change,
- 3. Sustainable use and protection of water and marine resources,
- 4. Transition to a closed-loop economy,
- 5. Prevention and control of pollution,
- 6. Protection and restoration of biodiversity and ecosystems.

Technical qualification criteria (hereinafter “TKK”) are used to determine whether an activity makes a significant contribution to one environmental objective and does not cause serious harm to other environmental objectives.

Legislative acts containing the TCNs:

- 1. Commission Delegated Regulation (EU) 2021/2139, dated June 04, 2021, containing criteria for significant contribution to two environmental goals: mitigation and adaptation to climate change, and criteria for not causing serious damage to other environmental goals. Amendments to this regulation were brought by:
  - ◊ Commission Delegated Regulation (EU) 2022/1214 of March 9, 2022 (introduced requirements for energy generation activities using gaseous fuels and nuclear energy),
  - ◊ Commission Delegated Regulation (EU) 2023/2485 of June 27, 2023 (introduced new activities and changes to certain technical qualification criteria).

2. Commission Delegated Regulation (EU) 2023/2486 of June 27, 2023, defining TKK for significant contribution and not doing serious harm to the other four environmental goals: water conservation, circular economy, pollution reduction and biodiversity protection.

AFor an activity to be considered environmentally sustainable, the Minimum Guarantees must also be met. These are the procedures set forth in Article 18 of Regulation 2020/852 used

to ensure compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Description of the taxonomy compliance testing process

The process of testing compliance with the Taxonomy proceeded in stages:

- 1. Determination of which activities of Group Companies qualify for the Taxonomy. Revenue generated, capital expenditures and operating expenses were reviewed. In the above conducted activities were compared to the descriptions contained in the appendices to the Commission’s Delegated Regulations (EU): 2021/2139 and 2023/2486.
- 2. Assignment to the values of turnover, capital expenditures and operating expenses in the reporting year identified in the first stage of operations.

To calculate the percentage of turnover, capital expenditures (CapEx) and operating expenditures (OpEx) eligible for and compliant with systematics, the accounting rules described in EU Regulation 2021/2178, dated July 6, 2021, as amended 2023/2486, were applied:

- Turnover: the denominator includes the Group’s sales revenue presented in the separate financial statements in the income statement under the heading: sales revenue. The numerator includes revenues from qualifying systematic activities.
- Capital expenditures (CapEx): the denominator includes total capital expenditures incurred by the Group for the purchase of fixed assets and intangible assets. The numerator includes capital expenditures for activities that qualify for systematics.
- Operating expenses (OpEx): the denominator includes the total expenses by type incurred by the Group presented in the separate financial statements in the explanatory note: “Costs by type.” The numerator includes costs by type incurred for activities that qualify for systematics. For expenditures and expenses incurred in currencies other than PLN, conversion rates were adopted as in the

financial statements.

The basic NACE codes for the activities of Group companies, are not included in the delegated regulations describing the technical eligibility criteria. As a result, all of the Group’s revenues are considered to be derived from activities that do not qualify for systematics. In contrast, other activities are qualified under CapEx and OpEx.

The analysis did not identify activities that contribute (make a significant contribution) to more than one environmental objective. Therefore, there was no need for special procedures to avoid double counting.

Verification of compliance with the technical qualification criteria was carried out for all activities eligible for systematization and consisted of an analysis of the individual criteria of significant contribution and not causing serious damage.

The analysis showed that there was no need for detailed disaggregation of key performance indicators between the Group’s operating units in accordance with Section 1.2.2.3. of Annex I to the Commission Delegated Regulation (EU) 2021/2178.

- 3. Conduct an analysis of the fulfillment of the criteria of significant contribution and non-major damage using the technical qualification criteria set forth in the annexes to Commission Delegated Regulation (EU) 2021/2139 and Commission Delegated Regulation (EU) 2023/2486.

The result of the analysis of meeting the criteria is the assignment of the activity to one of the categories:

- Environmentally sustainable activities - activities that qualify for systematics, for which it has been determined that the technical eligibility criteria and Minimum Guarantees are met,
  - Environmentally unsustainable activities - activities that qualify for systematics, for which it was found that at least one of the TKK criteria is not met or the technical qualification criteria were not tested,
  - activities that do not qualify for systematics, for which there are no technical qualification criteria
- 4. Conduct an analysis of the fulfillment of the Minimum Guarantees (Article 18 of Regulation 2020/852).

The process of analyzing the fulfillment of the Minimum Safeguards criteria was based on reference to the recommendations of the EU Sustainable Financing Platform - Final Report on Minimum

([https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards\\_en.pdf](https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf))





Analysis of the rationale for failure to meet the Minimum Guarantees:

PRIDE	ANALYSIS PERFORMED	WHETHER THE MINIMUM GUARANTEES HAVE BEEN MET
Inadequate or non-existent human rights due diligence processes, including labor rights, corruption, taxation and fair competition.	The analysis of due diligence processes was based on an internal verification based on determining compliance with the requirements of the documents listed in the definition of the Minimum Guarantees. A requirements specification performed by an independent law firm was used.After the analysis, it was concluded that the business is conducted in accordance with the Minimum Guarantees, ensures compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.	YES
The Company has been ultimately held liable or found to have violated labor or human rights laws in certain types of labor or human rights court cases.	Group companies have not been definitively held accountable or found to have violated labor or human rights laws.	YES
Failure to cooperate with the OECD National Focal Point (hereafter OECD NCP) on a notification accepted by the OECD NCP.	A check was performed on the OECD NCP filing database [ <a href="http://mneguidelines.oecd.org/database/">http://mneguidelines.oecd.org/database/</a> ] No filings were identified against Group Companies.	YES
The Business and Human Rights Resource Center (BHRRC) took up the charge against the company, and the company did not respond within 3 months.	A check of the Business and Human Rights Resource Center (BHRRC) filing database was conducted [ <a href="https://www.business-humanrights.org/en/companies">https://www.business-humanrights.org/en/companies</a> ] No filings were identified against Group Companies.	YES

As a result of the verification process, it was determined that the Group’s operations are conducted in accordance with the Minimum Guarantees.

5. Preparation of information - reference to nuclear and natural gas activities.

Nuclear energy activities		
1.	The company researches, develops, demonstrates and deploys innovative power generation facilities that produce energy through nuclear processes with minimal fuel cycle waste, finances this activity or has exposure to it.	NO
2.	The company conducts the construction and safe operation of new nuclear facilities for the generation of electricity or process heat, including for district heating or industrial processes such as hydrogen production, as well as their safety upgrades using the best available technologies, finances these activities or has exposure to them.	NO
3.	The company conducts safe operation of existing nuclear facilities generating electricity or process heat, including for district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades, finances these activities or has exposure to them.	NO
Natural gas activities		
4.	The company builds or operates facilities for the generation of electricity using gaseous fossil fuels, finances this activity or has exposure to it.	NO
5.	The company conducts, finances or has exposure to the construction, modernization and operation of facilities for the combined generation of heat/cooling and electricity using gaseous fossil fuels.	NO
6.	The company conducts, finances or has exposure to the construction, modernization and operation of heat generation facilities that produce thermal/cooling energy using gaseous fossil fuels.	NO

As the Group is not engaged in activities related to the activities listed in the table above, the report does not include tables accompanying the disclosure of key performance indicators for activities 4.26-4.31, as indicated by the provisions of Article 8 (6) to (8) of EU Regulation 2021/2178..





6. Presentation of the information obtained..

In carrying out this stage, based on the data obtained, tables and supplementary information were prepared in accordance with the requirements of Annexes I and II to Commission Delegated Regulation (EU) 2021/2178, as amended by EU 2023/2486.

The tables use abbreviations in accordance with the referenced legislation:

T - Yes, activities that qualify for systematics and comply with systematics for the corresponding environmental objective,

N - No, an activity that qualifies for systematics, but does not conform to systematics for the corresponding environmental objective,

EL - Eligible activity for systematics in the case of an appropriate target,

N/EL - Not eligible, activity ineligible for systematics for the corresponding environmental objective.

The code is the abbreviation of the relevant objective for which the business activity is eligible to make a significant contribution to its implementation, as well as the number of the section devoted to the activity in the relevant objective annex:

climate change mitigation	CCM
adaptation to climate change	CCA
water and marine resources	WTR
closed loop economy	CE
pollution prevention and control	PPC
biodiversity and ecosystems	BIO

The development of the methodology and conducting of the assessment for compliance with the Taxonomy was performed by an interdisciplinary team in January-February 2025.





Percentage of turnover from products or services related to systematic business - disclosure is for 2024

Fiscal year 2024	Year		Criteria for significant contribution								Criteria for the DNSH principle ("don't do serious damage")									
Business	Code or codes	Turnover	Part of turnover, year 2024	Mitigating climate change	Adaptation to climate change	Water and marine resources	Pollution	Closed-loop economy	Biodiversity	Mitigating climate change	Adaptation to climate change	Water and marine resources	Pollution	Closed-loop economy	Biodiversity	Minimum guarantees	Share activity consistent in accordance with the systematics (A.1.) Or qualifying for systematics (A.2.) Turnover, year 2023	Supporting activities category	Category transition activities	
	MLN PLN	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. ACTIVITIES THAT QUALIFY FOR SYSTEMATICS																				
A.1 Types of environmentally sustainable activities (according to the systematics)																				
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Turnover from environmentally sustainable activities (in line with the systematic) (A.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Including supporting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Including for the sake of passage		-	-							-	-	-	-	-	-	-	-		-	
A.2 Activities that qualify for systematics but are environmentally unsustainable (activities that do not conform to systematics)																				
			EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL												
	-	-	-	-	-	-	-	-	-								-			
Turnover from systematic-eligible but environmentally unsustainable activities (non-systematic activities) (A.2)	-	-	-	-	-	-	-	-	-								-			
A. Turnover from activities that qualify for systematics (A.1 + A.2)	-	-	-	-	-	-	-	-	-								-			
B. ACTIVITIES THAT DO NOT QUALIFY FOR SYSTEMATICS																				
Turnover from activities that do not qualify for systematics	1446,375	100																		
TOTAL	1446,375	100																		

Percentage of capital expenditures for products or services related to systematic business - disclosure is for 2024																			
Fiscal year 2024		Year		Criteria for significant contribution						Criteria for the DNSH rule ("don't do serious damage")									
Business	Code or codes	Capital expenditures	Percentage of capital expenditures, year 2024	Mitigating climate change	Adaptation to climate change	Water and marine resources	Pollution	Closed-loop economy	Biodiversity	Mitigating climate change	Adaptation to climate change	Water and marine resources	Pollution	Closed-loop economy	Biodiversity	Minimum guarantees	Share Activity complying with systematics (A.1) Or qualifying for systematics (A.2) Expenditures Investment, year 2023	Supporting activities category	Category transition activities
		MLN PLN	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ACTIVITIES THAT QUALIFY FOR SYSTEMATICS																			
A.1 Types of environmentally sustainable activities (according to the systematics)																			
Electricity production using photovoltaic technology	CCM 4.1.	0,26711	0,248	T	N	N/EL	N/EL	N/EL	N/EL		T	T	T	T	T	T	0,00		
Capital expenditures from environmentally sustainable activities (in accordance with the systematic) (A.1)		0,26711	0,248	0,248	0%	0%	0%	0%	0%								0,00		
Including supporting		0,00000	%	%	0%	0%	0%	0%	0%									E	
Including for the sake of passage		0,00000	0%	0%															T
A.2 Activities that qualify for systematics but are environmentally unsustainable (activities that do not conform to systematics)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Modernization of water intake, treatment and supply systems	CCM 5.2.	0,03399	0,032	EL	EL	N/EL	N/EL	N/EL	N/EL								0,00		
Infrastructure for personal mobility, bicycle logistics	CCM 6.13.	0,25463	0,237	T	N	N/EL	N/EL	N	N/EL								0,00		
Renovation of existing buildings	CCM 7.2.	0,51624	0,480	EL	EL	N/EL	N/EL	EL	N/EL								0,00		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	38,93130	36,196	EL	EL	N/EL	N/EL	EL	N/EL								0,41		
Data processing; website management (hosting) and similar activities	CCM 8.1.	0,44923	0,418	EL	EL	N/EL	N/EL	N/EL	N/EL								0,00		
Capital expenditures from systematic-eligible but environmentally unsustainable activities (non-systematic-eligible activities) (A.2)		40,18539	37,362	%	%	%	%	%	%								0,41		
A. Capital expenditures from activities that qualify for systematics (A.1 + A.2)		40,45250	37,610	%	%	%	%	%	%								0,41		
B. ACTIVITIES THAT DO NOT QUALIFY FOR SYSTEMATICS																			
Capital expenditures from activities that do not qualify for systematics		67,106	62,390																
TOTAL		107,558	100																



Percentage of operating expenses for products or services related to systematic business activities - disclosure is for 2024																			
Fiscal year 2024		Year		Criteria for significant contribution						Criteria for the DNSH principle ("don't do serious damage")									
Business	Code or codes	Operating expenses	Percentage of expenditures operating, year 2024	Mitigating climate change	Adaptation to climate change	Water resources and marine	Pollution	A circular economy Closed	Biodiversity	Mitigation of climate change climate	Adaptation to climate change	Water resources and marine	Pollution	A circular economy Closed	Biodiversity	Minimum guarantees	Share of activities conforming to systematics (A.1.) or qualifying for systematics (A.2.) Operating expenses, year 2023	Supporting activities category	Category transition activities
		MLN PLN	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ACTIVITIES THAT QUALIFY FOR SYSTEMATICS																			
A.1 Types of environmentally sustainable activities (according to the systematics)																			
Construction, expansion and operation of water intake, treatment and supply systems	CCM 5.1.	1,89629	0,135	T	N	N/EL	N/EL	N/EL	N/EL		T	T	T	T	T	T	0,19		
Operating expenses from environmentally sustainable activities (in accordance with the systematic) (A.1)		1,89629	0,135	0,135	0%	0%	0%	0%	0%										
Including supporting		0,00000	0%	0%	0%	0%	0%	0%	0%									E	
Including for the sake of passage		0,00000	0%	0%															T
A.2 Activities that qualify for systematics but are environmentally unsustainable (activities that do not conform to systematics)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Generation of heating/cooling energy from waste heat	CCM 4.25.	0,24070	0,017	EL	EL	N/EL	N/EL	N/EL	N/EL								0,02		
Modernization of water intake, treatment and supply systems	CCM 5.2.	0,00491	0,0004	EL	EL	N/EL	N/EL	N/EL	N/EL								0,00		
Modernization of wastewater collection and treatment systems	CCM 5.4.	0,10393	0,007	EL	EL	N/EL	N/EL	N/EL	N/EL								0,00		
Infrastructure for personal mobility, bicycle logistics	CCM 6.13.	0,05474	0,004	EL	EL	N/EL	N/EL	EL	N/EL								0,00		
Renovation of existing buildings	CCM 7.2.	1,08723	0,078	EL	EL	N/EL	N/EL	EL	N/EL								0,00		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	2,69745	0,193	EL	EL	N/EL	N/EL	EL	N/EL								0,00		
Operating expenses from systematic-eligible but environmentally unsustainable activities (non-systematic-eligible activities)(A.2)		4,18896	0,299	%	%	%	%	%	%								0,02		
A. Operating expenditures from activities that qualify for systematics (A.1 + A.2)		6,08525	0,435	%	%	%	%	%	%								0,21		
B. ACTIVITIES THAT DO NOT QUALIFY FOR SYSTEMATICS																			
Operating expenses from non-systematic qualifying activities		1 393,467	99,57																
TOTAL		1 399,552	100																





Society



3.1 Own employee resources

[S1.SBM-2] Stakeholder interests and opinions

In accordance with the ESRS definition, the Group has taken into account for the purposes of this report the interests and opinions of its employees and non-employees who constitute the Group’s own employee resources.

Employees are individuals who have an employment relationship with Group entities in accordance with the national law or practice of the country in which the entity operates.

Non-employees constituting the Group’s own employee resources include both individual contractors providing work for Group units (self-employed persons) and persons provided by Group units engaged primarily in employment-related activities (NACE code N78), such as temporary employment agencies.

The Group incorporates employees’ opinions into its policy and strategy management process with regard to issues of employee needs, motivation and awareness. To this end, it conducts an annual employee satisfaction survey as a source for planning strategic and operational activities. By including employee representatives in the process of examining the dual relevance of issues related to its own employee resources, the Group has identified and assessed its significant influences, both positive and and negative in this regard, taking into account the voice of employees.

Details of how to engage employees are further outlined in Section 14.1.3 of SBM-2 - Stakeholder Interests and Opinions of this report.

[S1.SBM-3] Significant influences, risks and opportunities and their interrelationship with the strategy and with the business model

As part of the dual materiality test for employee-related issues, actual or potential negative impacts were identified, which are standardized by the Group’s scope of operations and, in particular, relate to:

- Occupational health and safety in connection with the risk of accidents, injuries or occupational diseases
- Stability of employment when business indicators deteriorate
- Work-life balance, in incidental cases of increased demand for overtime work
- training and skills development, particularly their availability

and effectiveness.

The identified positive impacts are primarily related to:

- flexible working time arrangements
- taking care of an adequate level of remuneration
- Activities aimed at respecting workers’ rights, including those related to freedom of association and collective bargaining
- taking care of a high level of health and safety solutions

In the area of risks and opportunities, the key issues identified relate to the availability of qualified labor resources, the risk of excessive employee turnover and fluctuation, and the associated costs. Also identified were risks related to related to the confidentiality of personal data.

Opportunities are associated with all activities that increase employee involvement and satisfaction, as well as their level of competence and training.

In this regard, the issue of a culture of cooperation and mutual feedback is of particular importance.

A detailed reference to the issue of influences, risks and opportunities and actions taken in this regard is additionally provided in Section 14.1.3 of SBM-3 - Significant Influences, Risks and Opportunities and their interrelationship with the strategy and business model of this report.

[S1-1] Policies related to own employee resources

The Parent Company is an employer with more than 90 years of experience, which draws its knowledge and management skills not only from current market trends, but also from the long experience and generational diversity of its employees in an effort to combine tradition and modernity. With the global development of the Group, standards and practices relating to employee resources are adopted as Group policy.

The Group’s own workforce includes people with many years of experience, as well as those counted among the so-called “younger generation. The Group is taking steps to manage diversity and create a stable and friendly working environment for everyone without regardless of the form of employment by providing the best possible conditions for work and development, thereby strengthening the brand of the Group and its Companies in the labor market.

The Group’s policy has been adopted to manage the significant impacts, risks and opportunities that are associated with its own employee resources and is expressed in the Group’s Code of Ethical Conduct, which regulates in particular:

- broadly understood personnel strategy
- prohibition of forced labor and human trafficking
- absence of discrimination and harassment
- rights of association
- not employing children
- occupational health and safety
- work-life balance
- conduct with respect to the Group’s assets
- behaviour outside the workplace
- contact with public institutions.

The principles described in the Code comply with national and international laws, conventions and guidelines such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the conventions of the International Labor Organization’s Declaration on Fundamental Principles and Labor Rights, and the International Bill of Human Rights. The document is public and disseminated to all employees using the means and methods of communication in effect at the Group’s various units.

The Group’s units have also implemented relevant internal standards and regulations relating to employee resource management issues, including, in particular:

- company collective bargaining agreements,
- work regulations,
- Regulations relating to social benefit systems,
- competency model

and internal procedures relating to standardized and monitored recruitment, training, employee adaptation in the organization and career progression, as well as the prevention of conflicts of interest and handling of the internal reporting process for violations under the whistleblower protection process and reports to the ethics ombudsman.

The head of the human resources department is responsible for implementing the relevant regulations in this area and, at the Board level, this area reports directly to the CEO.

The Group attaches importance to ensuring that none of the

internal documents shaping employee relations contradicts contradict the policies contained in the Code of Ethical Conduct and do not contain provisions that may restrict or favor any employee group in this regard, and all decisions related to employment or cooperation are based solely on objective criteria.

At each stage of conducting the human resources management process (recruitment, implementation of employment and professional development, termination of employment), the Group makes every effort, also taking into account good market practices, to apply respect for human rights, including labor rights, and to oppose all forms of discrimination, harassment, mobbing, violence, victimization, and bullying.

In accordance with the policy adopted in the Code, the Group strives to ensure that all employees are treated equally regardless of gender, age, color, physical appearance, disability, ethnicity, nationality, religion, creed, sexual orientation, parentage, wealth, political beliefs, union membership, position held, length of service, employment for a fixed or indefinite period, full-time or part-time employment, or other conditions on which discrimination is based. Disclosure of this range of data to the employer is made on a voluntary basis - no data is required or recorded other than that mandated by law. In managing diversity, the Group strives to ensure that each person is treated equally in terms of his or her competence, skills, professional qualifications, so that he or she is not particularly burdened with responsibilities in a given employee group.

No forms of forced labor are allowed or profited from in the Group. The employment relationship is voluntary and based on mutual consent, with no threat of punishment (this applies to both contracting and termination). No work or service is enforced against anyone under the threat of punishment, only the voluntariness of work and contracted services is recognized by referring to national laws and international standards. There are also no employment fees, deposits or salary advances. Neither does it benefit from forced prison labor, slavery or human trafficking. No form of modern slavery is tolerated.

In terms of health and safety issues, the Group’s Code of Ethical Conduct puts the health and lives of employees and occupants of the Group’s units first and makes every effort to prevent accidents and occupational diseases by ensuring proper organization of work

and safety of machinery and tools used. The Group pursues a policy aimed at optimizing the workload at workplaces by implementing improvement measures, streamlining and automation of the work environment, ergonomics, and work culture that can affect an employee's physical and mental comfort while performing work. The Group's major manufacturing companies have additionally adopted separate environmental and occupational health and safety policies and the Parent Company and Teknikum Group have implemented a certified occupational health and safety management system in accordance with ISO 45001.

The group does not employ children. Adopted labor regulations govern juvenile workers and the observance of the minimum age, as well as basic labor principles and rights with regard to the employment of this group of workers in accordance with the in accordance with the conventions of the International Labor Organization.

The Group does not identify specific commitments with regard to the issue of social inclusion of people from vulnerable groups among its own workforce.

**[S1-2] Procedures for working with own employee resources and employee representatives on issues of influence**

The Group incorporates employees' opinions into the policy and strategy management process with regard to the issues of their needs, motivation, and awareness through an annual employee satisfaction survey. Based on the results of the survey conducted by the Parent Company in the year under review, an action plan and priorities for implementation in 2025 have been developed, including the issues of strengthening the role of feedback and appreciation and the effectiveness of training, among others.

Dialogue with employees within the framework of existing communication channels is carried out on an ongoing basis, according to the needs arising from requests, for example.

As for the dialogue held with employee representatives, it is conducted on an as-needed basis and is initiated by both the employee and employer sides. At the Parent Company in the reporting year, contacts were held regularly at a frequency appropriate to the needs of the parties.

Health and safety committee meetings are held at least quarterly and on an ongoing basis as needed.

**[S1-3] Processes for remediating the effects of negative influences and channels for raising concerns through own employee resources**

Cooperation with employees and employee representatives with regard to the remediation of negative impacts takes place through dialogue by management at every level of management. Depending on their roles, assigned responsibilities, authority and level of decision-making, managers nurture relationships and create a culture of good cooperation with respect for the roles and interests of each party to the dialogue. Employees have direct access to their superiors and those representing their social, environmental and business interests, i.e. union representatives and representatives of internal labor inspectors.

Group units have established procedures and channels of communication, in particular, channels for reporting opinions and violations including with impartiality and anonymity. Employees are given access to representatives representing them and direct contact with the Ethics Ombudsman, to whom they can report any complaints, violations in labor matters by email, telephone, letter or individual meetings. Regardless of the nature of the report, whether anonymous or personalized, the Ethics Ombudsman ensures the discretion of all whistleblowers, protecting the identity and the good name of the person to whom the report relates. The investigation of a given report is undertaken promptly, and the case is analyzed independently by the Ombudsman or also by other persons involved by the Ombudsman, who, in his independent judgment, provide support during the process of clarifying the problem and taking appropriate corrective action. Each person appointed to clarify a potential or real violation is obliged to maintain confidentiality. Each employee is informed about the rules and how to use the whistleblower system as part of onboarding training and refresher training during employment. The whistleblower protection procedures implemented are designed to ensure that employees are relieved from suffering any consequences as a result of having signaled in good faith a possible violation. During the reporting period, there was one report of bullying, which was analyzed with due diligence and found to be unfounded

**[S1-4] Addressing significant influences on its own workforce and using approaches to manage significant risks and opportunities related to its own workforce, and the**

**effectiveness of these actions**

As a result of the analysis of feedback from the employee satisfaction survey, the dual relevance survey of employee issues conducted, and the analysis of the risk and opportunity matrix, measures are taken to mitigate or eliminate negative impacts and, where possible, to strengthen the effects of positive impacts on employees.

The Parent Company and other Group entities implement and develop mechanisms and tools that are part of the Group's strategy and personnel policy of the Group and support the creation of a safe and effective work environment, building the position of a reliable and reliable employer.

In response to the need for employee development, the Sanok Rubber Group's Competency Model and employee competency diagnosis system has been in place since 2023, supporting the development of competencies identified by the Board of Directors and management as most needed and supporting the implementation of the Group's strategy and its effective development. These are general competencies that support identification with the company and effective cooperation, specialized competencies tailored to the needs arising from the scope of tasks on the job positions, managerial competencies and key skills for manual labor positions. The operation of the model was first covered by the Parent Company. After evaluating its effectiveness, adequate extension of the model to other units will be considered.

The Group sees its opportunities in building an organizational culture based on competencies aligned with the adopted business model, increasing the level of skills and knowledge of its employees, and continuing to support professional development through multiprofessionalism, promotions and internal recruitment.

A culture of sharing knowledge and experience is promoted in the Group, supported also by a training system for acquiring useful qualifications, authorizations and knowledge necessary for the job. Highly qualified employees implement and train newcomers for their jobs. Employees without experience, who are just starting their careers or changing their career direction, receive support that gives them employment opportunities in various functional areas of the unit. The Parent Company also finances the acquisition of licenses necessary to work in a particular profession.

In pursuing its strategic development directions, the Group places great emphasis on the continuous improvement of managerial competencies and qualifications among its executives. In 2023-2024, an intensive program of diagnosis and development of managerial competencies was carried out, which included those in the middle, senior and top management groups, as well as potential successors. In addition, all managers were included in the building and implementation of the competency model, and trained to carry out employee diagnosis, which is an indispensable element in building a work culture based on giving feedback, providing an opportunity for mutual and satisfactory understanding between the employee and the supervisor, and is an important foundation for building the commitment of each party.

Taking into account the risks with regard to the protection of personal data, the Group also implements measures to ensure adequate and effective protection against data loss. To this end, adequate technical and technological solutions are being applied, measures are being taken to raise the awareness and skills of those employees whose job scope is most at risk of data security loss through training and regulations for managing access to Group resources. Ensuring security is a priority for the Group.

**[S1-5] Objectives for managing significant negative impacts, enhancing positive impacts, and managing significant risks and opportunities**

Objectives for significant influence on issues related to the Group's own employee resources were addressed in the Group's strategic directions for 2022-2024 as creating the best possible working conditions for employees and development, thereby strengthening the brand of the Group and its Companies in the labor market. As part of the strategy's priorities, the issues of developing competencies, in particular the so-called competencies of the future, innovation and entrepreneurship were set. Qualified and competent employee resources involved in and identifying with the Group's activities are key in terms of the Group's achievement of its business, operational and technological goals.

As part of the review and update of the Group's strategy for 2025-2030, further goals will be set and appropriate actions will be taken to achieve them.

As part of its ongoing monitoring of employee issues, the Group also sets measurable indicators and targets for this area.



These targets are monitored as performance measures within the integrated management system on a monthly, quarterly and annual basis, trends and year-on-year dynamics are tracked, and any deviations are analyzed, and then corrective actions established. Targets are set annually based on the previous year’s performance, taking into account the principles of continuous improvement.

The following indicators were monitored in 2024:

- sickness absence
- fluctuation
- overtime
- total accident rate.

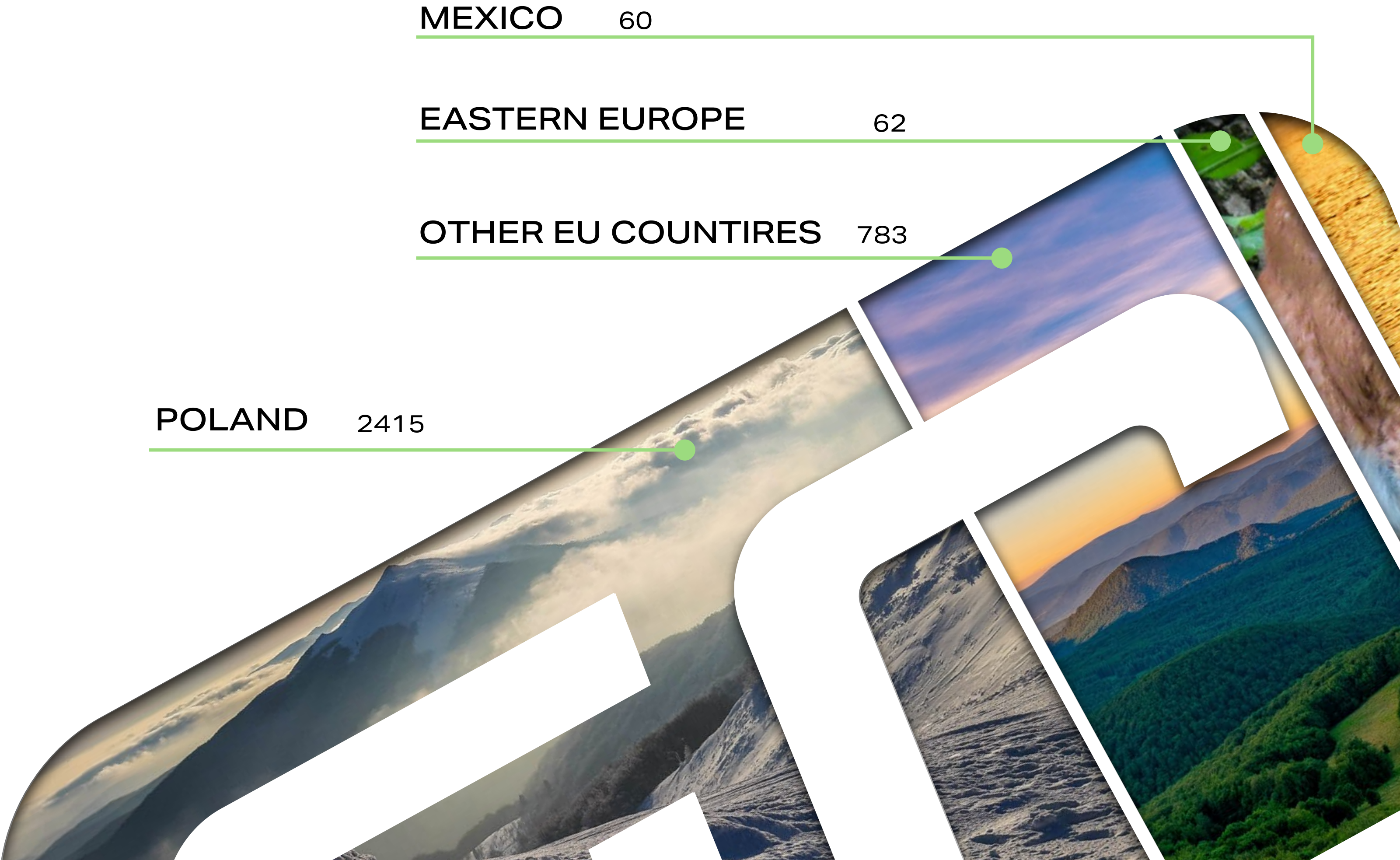
The indicators correlate with the Group’s strategy and the risks that have been identified and classified as relevant to the business and the real activities carried out to minimize risks and strive to eliminate them, and above all to strengthen the positive impact on employees.

In 2025, it is planned to review these indicators in the Parent Company and to include monitoring of competence level indicators in the group of white-collar and blue-collar workers, as well as an indicator of employee satisfaction with conditions and organization of work

**[S1-6] Characteristics of unit employees**

The Parent Company is the largest employer in the Group. Employee headcount as of the last day of the reporting period, i.e. December 31, 2024, was 3320 for the Group. Due to the diversity of its activities, i.e. production, trade or services, the Group has different groups of employees in its structure. Production employees and non-production employees are defined for the purposes of this report as physical and white-collar employees, respectively. Among its own workforce, men are the dominant group. In accordance with the employment policy adopted, employees are hired primarily on employment contracts according to the type specified in the applicable labor laws. Approximately 92% of employees are employed under non-terminal contracts, i.e., for an indefinite period of time, while the remainder are employees on fixed-term contracts (included in the following list as those employed on a fixed-term basis under contracts of probationary and fixed-term contracts). The rules of contracting are public and made known to employees as early as the recruitment process

Accordingly, the geographic structure of employment in the reporting year was as follows:





Employment, in persons by gender at the end of the reporting period (As for 31.12.2024 r.)		
Gender	Number of employees Parent company	Number of employees Group
Women	885	1233
Men	1205	2087
Other	0	0
Not disclosed	0	0
Total employees	2090	3320

	Gender	Woman	Male	Other	Not disclosed	Total
Parent company						
Number of employees (total number in persons)		885	1205	0	0	2090
Number of permanent employees (permanent employees)		828	1088	0	0	1916
Number of temporary employees (temporary workers)		57	117	0	0	174
Number of employees who are not guaranteed working hours		0	0	0	0	0
Group						
Number of employees (total number in persons)		1233	2087	0	0	3320
Number of permanent employees		1164	1856	0	0	3020
Number of temporary employees		73	162	0	0	235
Number of employees who are not guaranteed working hours		0	1	0	0	1

PERIOD 2024	Parent Company	Group
Number of total employees who left the unit during the reporting period	160	351
The Group monitors the reasons for employee departures. Employee departures were significantly influenced by the geopolitical situation, and also resulted from the natural departure of employees for retirement benefits.		

PERIOD 2024	Parent Company	Group
Rotation rate	7.66% (of which in Sanok RC 6.47%).	Group average rate 11.18%
Employee turnover rate calculated as the number of employees who leave voluntarily or as a result of dismissal, retirement or death on the job divided by the average annual employment during the reporting period. Average annual headcount calculated in persons as the average as of the first and last day of each month throughout the reporting period.		

[S1-7] Characteristics of non-employees constituting the entity’s own employee resources

The Group works with people who are not its own employees, who are defined as individual contractors on the basis of civil law contracts (commission, work), student internship contracts, student internship contracts and employees provided by temporary work agencies. At the end of the reporting period, i.e. December 31, 2024, the number of such individuals was 96.

In addition, as part of its cooperation with high schools and colleges under existing internship agreements, the Parent Company implemented internship and apprenticeship programs for students, which covered a total of 118 people throughout 2024.

[S1-8] Scope of collective bargaining and social dialogue

In accordance with the law, the company’s collective bargaining agreement, where applicable, covers all employees. Excluded from the section on remuneration principles are Members of the Management Board, Directors, Chief Accountant and young employees. Separate regulations are applied for this group of employees, resulting from the adopted remuneration policy and the right to form individual employment contracts. Collective agreements are in force in the Parent Company and in Companies registered in the European Union and contain provisions in accordance with the legal regulations required in each country. The other Companies operate on the basis of internal wage and labor regulations, which also cover all employees of these Companies.

Reporting form on the scope of collective bargaining and social dialogue for the reporting year:

Coverage rate	Scope of collective bargaining		Social dialogue
	Employees - EEA (For countries with >50 employees representing >10% of the total workforce)	Employees - non-EEA (estimate for regions >50 employees representing >10% of total workforce)	Representation in the workplace (EEA only) (For countries with >50 employees representing >10% of the total workforce)
0-19 %			
20-30%			
40-59%			Poland, Finland
60-79%			
80-100%	Poland, Finland		

The Group takes into account the need for employees to freely belong to trade union organizations, and does not discourage membership in either one or multiple trade union organizations, nor does it take steps to encourage membership as such or to promote a particular trade union. Five of the Group's companies have formalized trade union organizations, of which the Parent Company has 4 of a plant-based and inter-company. In its activities, the Group respects the right to belong and the resulting obligations of the employer, does not omit the parties from consultations, and takes into account the position presented by them, e.g. in resolving individual employee issues, balancing the interests of each party involved as far as possible.

The Group has not developed a diversity policy for the Company’s management bodies and its key managers, but implements it by evaluating candidates for knowledge, competence and experience.

Senior management includes, as appropriate to each unit, its board of directors and the level of management that is in direct official subordination to the board of directors.



Gender distribution as of December 31, 2024 by number and percentage in the management team.:						
	Gender	Woman	Man	Other	Not disclosed	Total
Parent Company	Number of people in senior management Parent company	7	16	0	0	23
	Percentage of gender in senior management Parent company	30%	70%	0,00%	0,00%	100%
Group	Number of people in senior management Group	17	56	0	0	73
	Percentage of gender in senior management Group	30%	70%	0,00%	0,00%	100%

Employee age structure:			
	Age	Total	% of total
Parent Company	< 30	180	9%
	30-50 yo	1250	60%
	> 50	660	31%
	Parent Company (total)	2090	100%
Group	< 30	292	8%
	30-50 yo	1921	58%
	> 50	1107	34%
	Group (total)	3320	100%

**[S1-10] Adequate pay**

None of the employees of the Parent Company and the Group during the reporting period received remuneration below the minimum wage level regardless of the form of employment.

**[S1-11] Social protection**

All employees of the Group are covered by social protection in accordance with the regulations and solutions in this regard adopted by individual Group Companies. None of the Companies apply exclusions in this regard.

- Social protection applies to loss of income due to:
- diseases
  - unemployment
  - accident at work and inability to work
  - parental leave
  - retirement.

The Group regulates its social protection obligations to all employees in a timely manner and in accordance with accordance with the legal regulations in this regard.

Employees of the Parent Company, as the largest representation

of the Group's employees, are covered by the Company's Social Benefits Fund, the funds of which can be used in accordance with the rules set forth in the Regulations of the Company's Social Benefits Fund. In the reporting year, the Parent Company's employees benefited, among others, from the basic allowance through the Social Committee:

- random benefits, including rehabilitation stays for employees at the Spruce Zdrój Medical sanatorium in Rymanow Zdroj,
- housing loans,
- holiday benefits, camps and holiday camps for employees' children, tourist trips, vacation stays,
- Christmas benefits, Santa Claus packages,
- layettes for first-graders,
- Subsidies for sports and recreational meetings at the Training and Recreation Center in Łączki,
- Subsidized sports cards entitling them to use the pool or gym.

In addition to the benefits available as part of the social package, the Parent Company's employees and their families are offered

Group Life Insurance programs and an employer-sponsored health care program.

**[S1-12] People with disabilities**

The employment structure includes employees with disabilities, and as a result, the Company has implemented a standardized procedure to take measures to adapt the conditions and working environment, to the limitations indicated in the statements.

Percentage of own employees with disabilities:

- in Parent Company 2.9%,
- in Group 3.2%.

**[S1-13] Metrics for training and skills development**

The training system includes training for those who constitute the Group's own employee resources, including those performing work (within the meaning of the ESRS) and employees of third-party companies providing services to the Group on its premises in order to secure the proper conduct of processes in accordance with the adopted procedures and requirements of the quality management, environmental management and health and safety systems, information security and the requirements of AEO authorized economic operator status (the status refers to customs controls relating to safety and security and simplifications provided under customs regulations).

- The group is implementing:
- Periodic training - in the field of occupational health and safety and fire protection, as well as others that require renewal or updating of authorizations necessary to perform the work of the position.
  - Supplementary training - on changes in legislation, changes in processes, changes related to related to the improvement and development of the quality and environmental management system, new processes and new products, new or changing customer requirements, technical advances,
  - in-service and development training - to increase efficiency and effectiveness in achieving the Company's goals, to promote career development and pro-quality and pro-environmental awareness among employees.

The Group also supports employees in acquiring higher education, expanding their knowledge and skills in post-graduate studies, pursuing language courses, and participating in specialized conferences and industry training.

Average number of training hours per employee and by gender in the Group	
Number of hours of training per employee	11.3
average number of hours of training /women/	12.1
average number of hours of training /men/	10.9
Average number of hours of training /other/	0
Average number of hours of training /Not reported/	0

Percentage of employees who participated in performance and development reviews by gender in the Group	
Percentage of employees /woman/ [%]	87%
Odsetek pracowników /men/ [%]	81%
Odsetek pracowników /woman/ [%]	0
Odsetek pracowników /Not reported/ [%]	0

**[S1-14] Occupational health and safety metrics**

Occupational health and safety is a priority for the Group is a key element in managing labor issues.

The Parent Company and Subsidiaries operate occupational health and safety management systems adequate to the specific nature and risk profile of the work. These systems are subject to internal supervision in accordance with legal regulations. Internal audits of the occupational health and safety management system take place in accordance with the adopted procedures. In each of the Companies, the system covers 100% of the Company's own employee resources without exclusions (including both employees and persons performing work as defined by the ESRS).

For the Parent Company and the Teknikum Group, the health



and safety system is certified to ISO 45001.

External audits are conducted annually by an authorized certification body and confirm the compliance of the integrated management system with the requirements of the standard.

	Total in Parent Company	Total in Group
Number of reportable work-related accidents	8	22
Number of reportable cases of work-related ill health	0	3
Number of fatalities due to work-related injuries and work-related ill health	0	0
Number of days lost due to work-related injuries	382	593

[S1-15] Measures of work-life balance

Based on the relevant national laws on the acquisition of parental rights, the Group assumes that all employees may be entitled to family leave, regardless of gender. The category of family leave includes maternity leave, paternity leave, parental leave or, for family reasons, custodial leave. Employees are informed about their rights and privileges in an open and formalized manner

	Woman	Man	Other	Not reported
Percentage of employees eligible to take leave for family reasons [%].	100	100	0	0
Percentage of employees who took leave for family reasons [%].	15,4	10,8	0	0

[S1-16] Wage measures (wage gap and total compensation)

The remuneration system is based on fixed and variable pay components, which are also linked to the performance of a particular Company and/or the Group as a whole. The Group develops transparent bonus and incentive systems based on the achievement of established business goals, verifies their effectiveness and adjusts them to changing economic conditions. The formation of pay policies is influenced by analyses of market standards and trends and data from independent pay surveys, as well as economic and business information. When reviewing and setting salary levels, the Group also refers to the local labor market

and emerging trends.

The Group’s employees receive remuneration determined on the basis of formalized rules and regulations that primarily take into account their qualifications, competencies, authorizations

held, work experience, length of service and commitment. The Group analysed salaries in the reporting year. As a result of the analysis, the level of the wage gap was determined and objective and potential factors affecting the formation of such a level were identified. The Parent Company’s Management Board will continue the analysis and carry out activities aimed at counteracting the formation and existence of the gap, and will continue to pursue

a pay policy shaping an equal level of remuneration regardless of gender. Conclusions from the analysis will be transferred to other Group Subsidiaries.

PERIOD	The gender wage gap, expressed as a percentage of the difference between the average salary of men and women relative to the average salary of men
Parent Company	13,71%
Group	average value of the wage gap 18% Depending on the Company, the wage gap ranges from 110% to 41% and is strictly dependent on the gender structure of total employment and within individual positions as well as the total number of employees and the nature of the business.

PERIOD	total compensation ratio, calculated as the ratio of the salary of the top earner to the median annual compensation of all employees excluding the top earner
Parent Company	18,21 the ratio includes a large group of employees (2090 people) with a large variation in wages due to the type of work performed with a significant share of direct production workers
Group	Group-wide ratio spread is 2.5 to 18.21 Depending on the number of employees in a given Company.

[S1-17] Incidents, complaints and serious human rights impacts

During the reporting year, the Group did not record any serious labor or human rights incidents in terms of impacts on its own employee resources, and was not subject to any sanctions, fines or compensation as a result.

In the Parent Company in 2024, there was one report to the Ethics Ombudsman in connection with suspected bullying, which was handled in accordance with the established procedure taking into account all parties concerned. The report was found to be unfounded.

No cases of discrimination, including harassment, have been reported.

No complaints have been reported to the OECD Guidelines National Contact Points, and there have been no serious incidents of non-compliance with the UN Guiding Principles on Business and Human Rights or the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work.



3.2 People doing work in the value chain

[S2.SBM-3] Significant influences, risks and opportunities and their interrelationship with the strategy and with the business model

The Group's value chain is complex and multi-stage, and includes a variety of players operating in both global and local markets. The Group assumes that it can indirectly influence those doing work both upstream and and lower levels of the value chain. These impacts could potentially include human rights issues and working conditions. Workers involved in the value chain include those employed in the mining, agricultural, manufacturing and processing sectors. In addition, consideration should be given to the logistics, distribution and other B2B services sectors necessary for industrial, research and development (R&D) and business activities.

The Group's current knowledge of those performing work in its value chain is not derived from direct sources. This report is based on estimates derived from a professional analysis of the structure of the value chain, taking into account those who participate or may participate in it. A detailed characterization of employees, especially downstream in the value chain beyond direct business partners, is not possible based on the information currently available. The Group will take steps to expand this knowledge, using tools, data sources and best business practices that the Group believes will develop in the future. It is estimated that these activities will be implemented In a perspective of 3 years (i.e., by 2027)

The group assessed the human rights issues for those performing work in the value chain as relevant taking into account its own professional judgment and:

- Analytical sources providing benchmarking data on relevant ESG issues for various industries that identify human and worker rights as relevant to industries related to the Group's operations (e.g., Material ESG Issues Resource Center, MSCI and others)
- the Group's customers' expected standards for conducting business, which identify human rights as an important issue and require the Group to exercise due diligence in this regard.

The value chain analysis did not reveal areas with significant risks of child labor, forced labor or compulsory labor. However, due to its complexity, especially at higher levels, the Group is unable

to explicitly rule out such occurrences. Therefore, supply chain management is based on the application of a code of ethics that applies both in the area of its own operations and in its relations with business partners. The Group requires its suppliers to respect human rights and labor standards, and commits them to continue to pass these principles down the supply chain. In this way, the Group endeavors to have a positive impact on those performing work upstream in the value chain.

The dual materiality study identified the potential for direct negative impacts on supply chain workers resulting from the need to adapt the work system to sudden events affecting the manner or timing of order fulfillment. These events are incidental and not systemic. In addition, it can be anticipated that the requirements of the climate transition, including the need to meet environmental impact reduction targets, may negatively affect some SME suppliers, especially those for whom the Group is a key customer. The Group monitors the situation of its suppliers and plans adequate preventive measures. As of the date of preparation of this report, no specific risks have been identified in this regard.

The Group has not been provided with detailed information on the increased exposure to risk of harm for people with specific characteristics, working in specific conditions or performing specific activities. However, as part of preventive measures, requirements have been set out for non-discrimination and harassment, as well as principles of equal treatment, regardless of differentiating characteristics. These principles are included in the Code of Ethical Conduct for Suppliers of Products and Services.

[S2-1] [S2.MDR-P] Policies related to people doing work in the value chain

Acting responsibly, the Group has adopted a policy focused on respecting human and labor rights both within its own operations and through preventive measures in the value chain. Accordingly, the Group's business partners, as required by the Code of Ethical Conduct, are obligated not only to respect these principles in their own operations, but also to pass them down their supply chain.

An expression of this policy is the Code of Ethical Conduct for Suppliers of Products and Services, which is publicly available on the Parent Company's and Subsidiaries' websites in Polish and

English. The document defines standards of conduct that form the basis of the Group's relationships with its business partners. These principles are in line with both national and and international legal regulations, conventions and guidelines, including:

- OECD Guidelines for Multinational Enterprises,
- UN Guiding Principles on Business and Human Rights,
- Conventions of the International Labor Organization's Declaration on Fundamental Principles and Rights at Work,
- International Charter on Human Rights.

With regard to those performing work in the value chain, the Code regulates the following:

- respect for human rights,
- ethical recruitment,
- wages and benefits,
- Countering forced labor and human trafficking,
- Work-life balance,
- No discrimination or harassment,
- The right of association,
- non-employment of children and the rights of young workers,
- safe working conditions,
- Rules for the use of private and public security forces.

The policies contained in the Code cover the entire upstream value chain, as well as all areas of the Group's own operations without exclusions.

The Board of Directors supervises the implementation and execution of the policy.

The basis for determining the interests of key stakeholders in this area is national and international regulations on human rights and working conditions.

The Group's business partners are committed to establishing an effective whistleblowing mechanism that allows all stakeholders to report concerns related to business ethics, human rights and other relevant issues confidentially and free from the risk of retaliation.

To the best available knowledge of the Group Companies, no cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration or the OECD Guiding Principles were identified during the reporting year with regard to those performing work in the value chain.

[S2-2] Collaborative processes with those doing work in the influencer value chain

The Group does not currently actively engage with those performing work in the value chain or their representatives in identifying actual and potential impacts and the effects of those impacts. However, the Group's decisions and actions, especially in the area of selecting business partners, take into account compliance with regulations and laws on human rights and working conditions. Confirmation that suppliers meet these requirements is a condition for establishing and continuing cooperation.

[S2-3] Processes for remediation of negative impacts and channels for reporting concerns by those doing work in the value chain

As part of its Code of Ethical Conduct, the Group informs its business partners upstream in the value chain of the available channels for reporting violations regarding ethical conduct, including human rights issues and working conditions. The publicly available communication and reporting channels are located on the Group Companies' websites, and implemented procedures for analyzing violations guarantee confidentiality, impartiality and due diligence.

The Group requires its business partners to establish effective internal mechanisms to confidentially report violations and concerns related to business ethics, human rights and other key areas, while ensuring protection against retaliation. In the case of reports of potential negative impacts of the Group on individuals performing work, the business partner should forward such information to the designated contact person responsible for ethical issues at the relevant Company.

As part of its audit activities, the Group verifies that business partners are meeting their obligations to provide employees with channels for reporting violations.

[S2-4] [S2.MDR-A] Take action on significant impacts on those doing work in the value chain

The Group has implemented a supplier selection and evaluation system covering all suppliers of key materials and services. They are required to adopt the Group's Code of Ethical Conduct for Suppliers of Products and Services, or implement their own code in accordance with international standards and regulations on human rights and working conditions. The Group also requires cascading these principles down the supply chain, and compliance is documented through written declarations and audits.



In 2025, the Group will implement standardized ESG assessment questionnaires for suppliers, which will provide more detailed information on the extent to which they meet sustainability requirements, including human rights standards and working conditions. The Group will also encourage suppliers to undergo an independent assessment of ESG issues as part of the SAQ5.0 questionnaire on Supplier Assurance or a similar platform.

Currently, Group companies are not aware of any serious problems or incidents related to human rights violations in the value chain, either upstream or downstream, that would require support or corrective actions from the Group. At this stage, no specific financial resources have been provided for the implementation of such activities.

Activities related to the identification of significant influences on employees in the value chain are partly carried out by supplier development and management teams. As part of the supplier assessment process and management system audits, selected aspects related to working conditions and downstream supplier management are verified.

**[S2-5] [S2.MDR-T] Objectives for managing significant negative impacts, enhancing positive impacts and managing significant risks and opportunities**

Specific targets will be set for the next three years based on an analysis of data gathered from an assessment of the Group’s supplier sustainability issues.



3.3 Affected communities

[S3.SBM-3] Significant influences, risks and opportunities and their interrelationship with the strategy and with the business model

The Group conducted an analysis of the impact of its operations on affected communities, taking into account the definition of communities as defined by the ESRS, i.e., people and groups living or working in areas directly or indirectly adjacent to the Group’s areas of operations, as well as throughout the value chain, including indigenous peoples.

Analysis of the Group’s value chain and business model indicates that its operations have the greatest impact on local communities through its own production facilities located near where these communities live and work in Europe and Mexico, respectively. For the other levels of the value chain, a detailed study of impacts has not been carried out, but, given the complexity of the chain - especially in the upstream area - the Group assumes that actual or potential impacts on the interests of local communities occur at all levels of the value chain, covering mainly areas in Europe and Asia, and to a lesser extent in North America. The Group is aware of this impact and takes it into account in its business model, especially in its supply chain management. Currently, the Group does not actively monitor ESG impacts in the supply chain, but requires suppliers to declare their compliance with the Code of Ethics for Suppliers of Products and Services.

As part of its analysis of the materiality of local communities as stakeholders, the Group assessed the impact of its operations on these communities, taking into account negative impacts, their severity, as well as the likelihood of their occurrence. The impact of local communities on the Group’s reputation, on the implementation of its strategy, and on its financial performance was also assessed. Given the scale of the Group’s operations, it was determined that local communities are important stakeholders whose impact on the Group is significant, albeit to a medium degree.

In the process of studying the dual relevance of sustainability issues, the Parent Company conducted a survey to better understand the perspective of the local community. On behalf of the community, representatives of the local government administration of the Sanok district responded to the questions, indicating significant

negative systemic impacts related to emissions of pollutants, noise, waste in the conduct of normal industrial activities. This impact was assessed as real, but of low severity because it remains under the strict control of the Unit and meets the applicable legal regulations. The Unit monitors these impacts on an ongoing basis as part of its integrated management system. Above that, respondents pointed to the Parent Unit’s significant contribution to the development of the district, maintaining an adequate standard of living for residents and actively supporting social and cultural initiatives. It was also assessed that the Unit cooperates with the District in a flexible and complementary manner.

The Group also identified risks related to the possibility of an industrial accident that could affect the local community. The probability of its occurrence was assessed as low. Thanks to the implemented technological standards, monitoring, as well as internal and external supervision, including inspections by the State Fire Service and the Inspectorate of Environmental Protection in the case of companies in Poland and adequate authorities in other countries, the Group effectively manages this risk, minimizing the possibility of its occurrence.

Out of concern for the rights of affected communities in the value chain, the Group has implemented a policy of working with responsible parties in the supply chain. It prefers and promotes companies that are ISO 14001 certified and follow a code of ethical conduct that includes respect for human rights, the rights of local communities and indigenous peoples.

A condition of cooperation with suppliers is the responsible sourcing of raw materials from sources that do not contribute to the financing of armed conflicts, guarantee respect for human rights and monitor the legality of the origin of raw materials. Only suppliers that ensure compliance with regulatory requirements such as REACH, RoHS, responsible sourcing of minerals and others applicable to the Group’s business operations can supply its products to the Group.

The Group incurs standard costs to oversee and monitor the impact of its operations on the environment. It invests in expertise, implements preventive solutions and takes measures to minimize potential negative effects.

In the event of a major accident that could significantly affect the environment, there is a risk of temporary cessation of operations, loss of revenue and the imposition of administrative fines and costs associated with repairing the damage. Thanks to the state-of-the-art production technologies employed and close monitoring of safety issues, the Group assesses the likelihood of such a scenario as low. Ensuring operational security and business continuity remains one of its key priorities in the area of risk management.

At the same time, the Group engages in initiatives to support local communities, which has a positive impact on its image as an employer. Such activities increase the involvement and identification of employees with the company, and help attract qualified personnel, which is an important competitive advantage in the labor market.

In the Group’s opinion, the identified negative impacts do not affect any group of the local community in a particular way causing an increased risk of exposure to harm. No detailed studies have been conducted in this regard.

[S3-1] [S3.MDR-P] Policies related to affected communities

The Group defines its policies for managing material impacts, risks and opportunities through the Group Code of Ethical Conduct and the Code of Ethical Conduct for Suppliers of Group Products and Services. The Code is a document made available on the websites of Group companies in various languages.

The policies implemented are based on principles in line with national and international laws, conventions and guidelines, such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the conventions of the International Labor Organization’s Declaration on Fundamental Principles and Labor Rights, and the International Bill of Human Rights.

Operating in a specific community and local environment, the Group primarily seeks to eliminate or mitigate negative impacts on local communities and adopts environmental and health and safety policies to this end.

In terms of positive influence, the Group’s policy is to maintain mutually beneficial relationships by engaging with in the life of local communities.

The Group’s Board of Directors is responsible for implementing

the policy.

The Group does not identify specific regulations in its value chain regarding negative impacts on indigenous peoples. No detailed analysis has been conducted in this area.

Respect for the rights of indigenous peoples is a requirement of the Group to participants in its supply chain and is addressed in the Supplier Code of Ethical Conduct.

Issues concerning respect for the human rights of indigenous and native communities will be further addressed in the next edition of the Group’s Code of Ethical Conduct, which will be published in 2025.

The Group has no plans to introduce a separate policy on impact on and cooperation with local communities. Issues of local communities’ rights will remain an integral part of the Group’s Code of Ethical Conduct and the Code of Ethical Conduct for Suppliers of Products and Services.

[S3-2] Influence collaboration processes with affected communities

The Group takes into account the needs and perspective of local communities indirectly by carrying out tasks related to eliminating, reducing or mitigating negative environmental and safety impacts. Group companies with significant impact in this regard will continue to maintain and certify an environmental management system (ISO 14001) and a health and safety management system (ISO 45001), and monitor their supply chain for the protection of human rights including those of affected communities.

In addition, the Group, particularly the Parent Company, will continue to be open to dialogue and support initiatives aimed at the needs of local communities in a number of areas.

Due to the nature of influences on affected communities, direct cooperation with their representatives is not systemic and organized. It is carried out, in particular, in the framework of individual projects undertaken as needed, primarily at the initiative of local institutions and public benefit organizations. Specific processes of cooperation in this regard have not been established.

The group does not conduct a detailed evaluation of the effectiveness of its cooperation with affected communities.

[S3-3] Processes for remediation of negative impacts and channels for affected communities to raise concerns

The Group has identified and monitors legally required indicators



related to potential negative impacts on local communities in terms of environmental impacts such as emissions and noise. If deviations in this regard are identified, measures will be taken to promptly mitigate or eliminate the impact. The Group has established and publishes information on channels for direct reporting of concerns and needs by stakeholders, including the local community, and has established an internal process for handling reports and communicating the results of this process. The Group also obliges its business partners to establish appropriate channels for reporting violations as part of the provisions in the Code of Conduct.

The Parent Company has provided a contact form at [www.sanokrubber.com/kontakt](http://www.sanokrubber.com/kontakt) and a platform for anonymous whistleblowing [www.whistleblowing.sanokrubber.com](http://www.whistleblowing.sanokrubber.com). Reports can also be made through the Ethics Officer by contacting the relevant Group Company's e-mail address indicated in the Code of Ethical Conduct:

- Bracket System BSP  
[rzeczniketyki@bspsystem.com](mailto:rzeczniketyki@bspsystem.com)
- Colmant Cuvelier RPS  
[ethique@ccrps.fr](mailto:ethique@ccrps.fr)
- Draftex Automotive GmbH  
[ethiksprecher@draftex.de](mailto:ethiksprecher@draftex.de)
- Stomil Sanok Ukraine Ltd.  
[rzeczniketyki@stomilsanok.com.ua](mailto:rzeczniketyki@stomilsanok.com.ua)
- SMX Rubber Company S.A. de C.V. and ZMX  
[ethicsofficer@sanokrubber.mx](mailto:ethicsofficer@sanokrubber.mx)
- Teknikum Group  
<https://teknikum.com/whistleblowing-channel/>
- Sanok RC SA and other companies  
[rzeczniketyki@sanokrubber.pl](mailto:rzeczniketyki@sanokrubber.pl)

Specific procedures for tracking and monitoring the effectiveness of notification channels have not been implemented. The ethics ombudsman is required to record, process and communicate the results of pending reports to interested parties.

The Group does not have data on the awareness of affected communities and their confidence in the existing structures and processes for raising concerns and needs, as well as the effectiveness of the measures taken. At the same time, it assesses that the communication channels implemented meet current

accessibility standards.

The Group guarantees protection from retaliation and the anonymity of all reports made through official communication channels, regardless of their source. Information on this subject is available on the Group's website and in the Group's Code of Ethical Conduct and Code of Ethical Conduct for Suppliers of Products and Services.

**[S3-4] [S3.MDR-A] Take action on significant impacts on affected communities**

The Parent Company actively supports local social, cultural, sports, environmental and educational initiatives. In 2024, it allocated PLN 892,052, a significant portion of which went to nonprofit organizations supporting people in need.

Support was also extended to the Sanok Health Care Foundation, local sports clubs, schools and cultural organizations. Traditionally, the Group has been financially involved in the organization of cyclical cultural events in Sanok and the region, such as the Adam Didur Festival, Stars of Jazz at the Sanok Cultural Center, the International Piano Forum "Bieszczady without Borders" and the "Classics have power!" project.

Spruce Zdrój Medical Spa Ltd. annually organizes a Family Picnic for the local community (in 2024 the 11th edition), the main idea of which is to promote a healthy lifestyle. The event also aims to engage the local and regional business community. In 2024, the Company has allocated PLN 18,483 for this purpose.

Support also went to the Bieszczady National Park and one of the foundations helping those affected by the flooding in Lower Silesia.

Each year, the Parent Company appeals to its business partners to forgo traditional holiday gifts in favor of supporting social initiatives. In 2024, it recommended allocating funds to help flood victims.

The Group focuses on activities that address the key needs of the local community, which at the same time reinforces its image as a responsible and committed company among both current and potential employees.

No significant negative impacts on local communities have been identified, and therefore no action or resources have been allocated to mitigate or eliminate them.

The Parent Company plans to continue its support activities in

future years as well.

In 2024, the Parent Company was awarded the "Company that has made a major contribution to the development of Podkarpackie" award at the 17th Gala of the Podkarpackie Business Club.

The Group has not identified any serious human rights incidents involving local communities impacted by the Group's own operations. There are also no known incidents of negative impacts in the supply chain.

**[S3-5] [S3.MDR-T] Objectives for managing significant negative impacts, enhancing positive impacts and managing significant risks and opportunities**

The Group has not set direct targets for managing impacts on affected communities and the resulting risks and opportunities arising from them.

Maintaining close monitoring of environmental and safety aspects, as well as prevention and mitigation of already existing significant impacts, remains a priority for the Group.

The Group intends to remain active in the area of social responsibility by supporting the local community and responding flexibly to its needs within planned budgets. Involvement in the cultural and social life of the region by supporting local projects, foundations, non-profit organizations, especially in the areas of culture, health care, assistance to the disabled and poor, and sports initiatives will continue.





3.4 Consumers and end users

[S4.SBM-3] Significant influences, risks and opportunities and their interrelationship with the strategy and with the business model

The Group's products are mainly elastomeric components sold for first assembly and to a small extent as spare parts for the automotive (motor vehicles), construction (window joinery), industrial (machinery and equipment) and other sectors.

Typical products sold to the consumer market (consumer products) accounted for 9.4% of the Group's revenue in 2024. This category includes universal self-adhesive gaskets for self-assembly, used to protect gaps and edges, as well as power transmission belts - mainly V-belts used as replacement parts in agricultural machinery, garden mowers and other utility applications. The final customers of consumer products are mainly individual users who use them occasionally.

In addition, Swierkowy Zdrój Medical Spa Sp. z o.o. provides services, which are addressed to private individuals taking advantage of the therapeutic, sanatorium, rehabilitation, hotel and catering offer - both on the basis of a medical referral or a decision of the Social Insurance Institution, as well as privately. Customers represent different age groups, including children. Due to the low share of the Company's sales in the Group's revenues in 2024, it has been considered insignificant from the perspective of the double materiality study of end-user issues.

Impact on consumers and end-users and its effects

As part of the process of identifying key stakeholders, an assessment of the impact of end users of consumer products on the Group and the Group's impact on end users was conducted.

Potential negative impacts on end users have been assessed for consumer products and services.

In the case of products, these impacts may arise mainly from the possible health effects of elastomeric products due to their emissivity. However, these risks are effectively monitored and eliminated through strict testing and approval procedures for materials and products based on technical and regulatory standards and regulations. This process includes testing in accredited third-party laboratories and cooperation with customers who create or co-create product specifications, taking into account their

operating conditions.

In terms of the services offered by the Group, potential significant risks may relate to privacy and data protection issues with respect to services provided by Spruce Spring.

In both cases, both the severity of potential impacts and the likelihood of their occurrence were assessed as low. To date, no violations or damages have been reported in this regard. The Group has implemented and maintains advanced data management IT solutions to ensure effective privacy protection.

The Group is taking all necessary measures to minimize risks and effectively prevent possible negative consequences.

Financial risks for the Group related to consumer and end-user issues

Potential financial risks for the Group arising from potential privacy litigation, the cost of complaints, and potential remediation campaigns in the event that product defects are discovered have also been identified. To date, there have been no significant events in this regard. The costs of warranties and complaint investigations, including recurrence campaigns, are covered under a product liability policy.

Involving consumers and end users in the dual materiality study process

Due to the limited recognition of the Group's products and brand in the consumer market, no survey of the relevance of sustainability issues was conducted directly among this stakeholder group. In the Group's view, the basic rights and needs of consumers and end-users - particularly with regard to access to information and security - were, however, taken into account. To this end, the Group's expertise and the requirements of its direct customers regarding the use of components and also their operating conditions in final products were relied upon.

[S4-2] Influencer collaboration processes with consumers and end users

The Group does not work directly with consumers or end-users to assess impacts and managing them.

A separate analysis of the impact on consumers and users with special needs, who may be more vulnerable or marginalized, has not been conducted. However, the Group believes the likelihood of

such impacts is low.

[S4-3] Processes for remediation of negative impacts and channels for consumers and end users to raise concerns

The Parent Company and Subsidiaries have provided several communication channels for reporting comments and irregularities:

- Contact form available on the website: [www.sanokrubber.com/kontakt](http://www.sanokrubber.com/kontakt)
- platform for anonymous whistleblowing: [www.whistleblowing.sanokrubber.com](http://www.whistleblowing.sanokrubber.com)
- contacting the Ethics Officer via the Group company-specific e-mail address indicated in the in the Code of Ethical Conduct:

Parent company:

[rzeczniketyki@sanokrubber.pl](mailto:rzeczniketyki@sanokrubber.pl)

Draftex Automotive GmbH

[ethiksprecher@draftex.de](mailto:ethiksprecher@draftex.de),

Colmant Cuvelier RPS

[service.rh@ccrps.fr](mailto:service.rh@ccrps.fr),

Stomil Sanok – Dystrybucja Sp. z o.o.

[rzeczniketyki@stomildystrybucja.pl](mailto:rzeczniketyki@stomildystrybucja.pl),

Stomil Sanok Ukraina Sp. z o.o.

[rzeczniketyki@stomilsanok.com.ua](mailto:rzeczniketyki@stomilsanok.com.ua),

Others

[rzeczniketyki@sanokrubber.pl](mailto:rzeczniketyki@sanokrubber.pl)

[S4-4] [S4.MDR-A] Taking action on significant impacts on consumers and end users

Due to its low level of materiality, the Group does not take direct, systemic measures to address the impact on consumers and end users. Indirect actions are outlined in disclosure [S4.SBM-3].

[S4-5] [S4.MDR-T] Objectives for managing significant negative impacts, enhancing positive impacts and managing significant risks and opportunities

As part of the approach outlined in the Group Quality Book regarding consumers and end users, the Parent Company and Subsidiaries have incorporated the following indicators into the integrated management system for monitoring aspects related to impacts on consumers and end users:

- Number of information security incidents,
- number of warranty claims,
- The cost of external non-compliance

Other than ongoing monitoring, no specific targets have been defined for managing impacts and risks and opportunities in this regard.

Measurable performance indicators for the above parameters are monitored on a monthly, quarterly or annual basis, with reference to targets set for the reporting year.





# Corporate governance

The image is a full-page background photograph of a natural landscape. In the foreground, there is a lush green field with a dense line of trees, including some deciduous trees with bright green leaves and some darker evergreens. Behind this, a large, rounded mountain peak rises, its entire surface covered in a thick forest of green trees. The sky above is a clear, deep blue, with a few wispy white clouds scattered across the upper right portion. The overall scene is peaceful and scenic, suggesting a connection to nature and sustainability.



4.1 Business conduct

[G1-1] Business conduct policies and corporate culture

The Group conducts its business in accordance with the principles of social responsibility and due diligence in this regard. Its key values are respect for human rights, partnership, accountability and transparency.

The Group's policy on business ethics and corporate culture is reflected in the Code of Ethical Conduct and the Code of Ethical Conduct for Suppliers of Products and Services. These documents set standards conducive to building an ethical corporate culture.

The codes set the principles for shaping relations with all the Group's stakeholders including employees, customers, suppliers, competitors, the local community and the environment. The Group unequivocally promotes attitudes based on ethical principles and supports responsible decision-making in line with international standards of conduct.

The codes apply to all Group Companies, regardless of their location and business profile. They take into account the interests of key parties based on an analysis of regulations and best business practices.

The Code of Ethical Conduct is the Group's commitment to respecting human rights, ensuring proper working conditions, conducting business in an ethical manner, and managing natural resources responsibly. It covers key issues such as:

- Compliance with the law and internal procedures,
- Decent working conditions, ethical recruitment, dialogue with employees,
- A ban on forced labor and child labor,
- Respect for freedom of association,
- Countering corruption and conflicts of interest,
- Fair competition and stakeholder relations,
- intellectual property protection,
- accountability to local communities,
- Care for the environment and rational management of resources.

The Code contains information on ways and channels for reporting violations. Its observance is the responsibility of every Group employee.

Details of the Code of Ethical Conduct for Suppliers of Products

and Services are presented in Section G1-2 of this report describing supplier relationship management.

The Code of Ethical Conduct and the Code of Ethical Conduct for Suppliers of Products and Services comply with national and international regulations, including:

- OECD Guidelines for Multinational Enterprises,
- UN Guiding Principles on Business and Human Rights,
- International Labor Organization conventions on fundamental principles and labor rights,
- International Charter on Human Rights.

The principles that shape the Group's organizational culture are also enshrined in work regulations and management system policies.

The current version of the Code of Ethical Conduct has been favorably evaluated by the SAQ 5.0 sustainability rating, a globally recognized evaluation standard in the automotive industry (SUPPLIERASSURANCE portal).

Codes of Ethical Conduct, like other Group policies, are approved by the Chief Executive Officer, Chairman of the Board of Directors of the Parent Company Sanok Rubber Company S.A.

Availability and communication of Codes of Ethical Conduct

The Group's Code of Ethical Conduct and the Code of Ethical Conduct for Suppliers of Products and Services are available on the websites of the Parent Company Sanok Rubber Company S.A.( ) and on the websites of individual Subsidiaries.

In addition, the Code of Ethical Conduct for Suppliers of Products and Services is communicated to the Group's suppliers in the process of their qualification, with a request to accept its provisions as a prerequisite for establishing cooperation. Each time the document is updated, suppliers are again informed of the changes.

The codes are available in various languages:

- Code of Ethical Conduct: Polish, English, German, French, Spanish, Ukrainian, Russian
- Code of Ethical Conduct for Suppliers of Products and Services: Polish, English

The Parent Company and Subsidiaries actively communicate the principles of corporate culture to all stakeholders, using both

internal and external tools. This information is communicated through:

- publication on websites,
- e-mail communication,
- informational posters,
- Internal system of communication with employees (Intranet),
- Training.

Elements of corporate culture are regularly assessed, among other things, as part of the annual employee satisfaction survey, and have been included in the 2024 sustainability dual relevance analysis process.

Reporting and investigating violations of the Code of Ethical Conduct

All Group companies have been provided with the ability to report and investigate cases that are illegal or violate the Code of Ethical Conduct, including incidents of corruption and bribery, among others.

All employees and stakeholders of the Group can report identified violations to the Ethics Officer through a face-to-face meeting, phone call or e-mail sent to:

- anonymous application platform:

Parent Company

sanokrubber.whistlelink.com

Stomil Sanok - Dystrybucja Sp. z o.o.

stomil.whistlelink.com

Stomet Sp. z o.o.

stomet.whistlelink.com

Świerkowy Zdrój Medical Spa Sp. z o.o.

swierkowyzdroj.whistlelink.com

BSP Bracket System Sp. z o.o.

bspbracket.whistlelink.com

Draftex Automotive GmbH

draftex-grefrath.hintbox.de

Teknikum Group

technikum.com/whistleblowing-channel

- e-mail contact with the Ethics Officer (addresses for individual companies are indicated in the Code of Ethical Conduct):

Parent Company

rzeczniketyki@sanokrubber.pl

Draftex Automotive GmbH

ethiksprecher@draftex.de

Colmant Cuvelier RPS

service.rh@ccrps.fr

Stomil Sanok – Dystrybucja Sp. z o.o.

rzeczniketyki@stomildystrybucja.pl

Stomil Sanok Ukraina Sp. z o.o.

rzeczniketyki@stomilsanok.com.ua

other companies

rzeczniketyki@sanokrubber.pl

Application processing

Upon receipt of the application, the ethics officer:

- Immediately undertake investigative actions, analyzing the case on its own or involving other persons to support the investigation process ensuring impartiality and independence
- Provides a response to the reporter within no more than one week of the conclusion of the investigation
- guarantees confidentiality - all information on the application is protected, and the identities of those involved remain secure.

Employees may also report violations of the Code directly to their supervisor. In situations where they report to an Ethics Officer, they may refer the report to Human Resources or to a member of top management.

Whistleblower protection and regulatory compliance

The whistleblowing procedure and internal whistleblowing channels were developed in accordance with:

- Directive of the European Parliament and of the Council (EU) 2019/1937 of October 23, 2019 on the protection of persons reporting violations of Union law.
- Law of June 14, 2024 on protection of whistleblowers - implemented at the Parent Company and Polish Group companies.

The reporting platforms operate 24/7, ensuring complete anonymity and security for those making reports. The group guarantees identity protection:

- reporting person,
- the person affected by the notification,
- Any other person named in the application.
- All persons involved in the processing of applications are required to maintain confidentiality with regard to:





- its participation in the proceedings,
- any information obtained, including personal data,
- investigative actions taken.

In Group Companies where the internal notification procedure has been implemented, notification coordinators responsible for receiving and analyzing notifications have been appointed. These individuals have received training from the law firm that co-created the procedure.

Employees were informed about the implementation of the internal reporting policy and the tools available for whistleblowing.

**Animal welfare**

The Code of Ethical Conduct for Suppliers of Products and Services also considers animal welfare issues in the context of the value chain. Although animals are not used in the Group's operations and thus no separate policy has been implemented in this regard, the Group is guided by the principle of due diligence. Accordingly, the Code includes a requirement to respect animal freedoms, as recommended by the World Organization for Animal Health (OIE).

**Training in the principles of corporate culture**

The Parent Company conducts training on the applicability of the Group's Code of Ethical Conduct within:

- The onboarding process for newly hired employees,
- training for all employees - after each update of the Code or the introduction of new policies, such as the implementation of a whistleblower reporting procedure,
- periodic training - once every three years, if no significant changes have been made to the Code.

The Board of Directors is also informed of the principles and standards of conduct under the Code.

Specialized thematic trainings on topics such as:

- anti-corruption,
- bullying,
- discrimination in the workplace.

In 2024, the Parent Company conducted a training course for executives aimed at raising awareness and providing knowledge on how to recognize, prevent and respond to situations that may bear the hallmarks of bullying or discrimination.

In addition, messages are published reminding the public of the possibilities and ways to report violations.

At Subsidiaries, training on the Code of Ethical Conduct is provided as part of adaptation programs for new employees.

**Conflict of interest risk management and anti-corruption**

All processes related to purchasing, sales and other areas where there is a risk of a discrepancy of interest between the Group and its counterparties are subject to oversight procedures and internal approvals. This ensures adequate transparency and protection against fraud.

The Group has a zero-tolerance policy on corruption and bribery. Both accepting and offering unauthorized benefits are strictly prohibited.

The Code of Ethical Conduct sets forth rules regarding conflicts of interest arising from the relationship between the Group's interests

and the personal interest of an employee. The Parent Company has implemented a system for reporting and preventing conflicts of interest. Under it, persons performing work are required to declare potential or actual conflicts of interest.

If a risk of conflict of interest is identified, the supervisor analyses the situation and takes appropriate action to effectively avoid it. Employees make statements:

- annually
- after the occurrence of circumstances that may lead to a conflict of interest.

The rules for dealing with such cases are described in detail in the Instructions for Preventing Conflicts of Interest.

**[G1-2] Supplier Relationship Management**

**Purchasing policy and supply chain management**

The Group's purchasing policy is based on the premise that meeting the requirements and expectations of stakeholders - especially customers and shareholders - requires working with proven and reliable suppliers. Since the share of purchased materials and services in the Group's production costs is significant, building long-term, fair and transparently based relationships with suppliers is key to meeting business challenges.

In accordance with the principles set forth in its Code of Ethical Conduct, the Group is guided by responsibility, trust

and transparency in its relations with its business partners. Their interests and rights are respected, and the process of entering into agreements and contracts is based on partnership negotiations

and transparency, with full respect for the law.

**Tackling delays and financial transparency**

The Parent Company applies Article 4c of the Law on Prevention of Excessive Delays in Commercial Transactions of March 8, 2013 and has the status of a large entrepreneur, which is disclosed when entering into agreements with contractors.

**Risk management in the supply chain**

Supplier relationships play a key role throughout the Group's value chain and are a significant factor in the ability to conduct business. The Group actively manages risks in this area using a due diligence approach.

Identified risks include:

- Availability, quality and timely delivery of materials, products and services,
- Compliance with legal requirements,
- adherence to ESG (environmental, social, corporate governance) standards, including human rights, labor rights and business ethics.

To minimize these risks, the Group is developing a base of both global and local suppliers, promoting high standards of responsibility.

**Code of Ethical Conduct for Suppliers of Products and Services**

In 2024, the Group developed and implemented a Code of Ethical Conduct for Suppliers of Products and Services, which sets out principles for responsible business conduct. Suppliers are required to adhere to it and communicate these principles in their supply chain.

The Code regulates, among other things:

**Human rights and working conditions:**

- respect for human rights,
- ethical recruitment,
- remuneration in accordance with the law,
- A ban on forced labor and child labor,
- Equality of opportunity, no discrimination and no persecution,
- The right of association,
- safe working conditions.

**business ethics standards:**

- fair competition,
- Countering corruption and conflicts of interest,

- trade compliance,
- Transparency in the supply chain,
- Data protection and information security.

**principles of sustainable development:**

- Striving for climate neutrality,
- carbon footprint reduction,
- pollution prevention,
- sustainable use of resources,
- biodiversity conservation,
- animal welfare,
- Managing the negative effects of activities on people and the environment

**International standards**

Suppliers are required to comply with the minimum standards for business and human rights as set forth in:

- OECD Guidelines for Multinational Enterprises,
- UN Guiding Principles on Business and Human Rights,
- Conventions of the International Labor Organization (ILO) and the International Bill of Human Rights.

**Monitoring and audits of suppliers**

SGroup companies conduct periodic assessments and audits of suppliers to monitor compliance with established policies. For detailed information on the protection of human rights and working conditions in the supply chain, see Section S2 on people performing work in the value chain.

**[G1-3] Prevention and detection of corruption and bribery**

The Group unequivocally rejects all forms of corruption and bribery - both in relation to its own employee resources and in its relationships with business partners throughout the value chain.

This position is clearly stated

in the Code of Ethical Conduct and the Code of Ethical Conduct for Suppliers of Products and Services.

**Principles of anti-corruption and whistleblowing**

The Group has implemented comprehensive policies and procedures to prevent, detect and respond to incidents of corrupt or bribery activities. The key document governing these issues is the Internal Reporting Procedure, which specifies:

- whistleblowing channels,
- procedures for the fair processing of applications,
- standards of impartiality, independence, confidentiality and



protection from retaliation.

The person responsible for processing applications is the Ethics Officer or the local coordinator responsible for the respective Group Company.

Business processes that are particularly vulnerable to the risk of corruption or bribery are subject to a multi-level system of approval and supervision by the Companies' management, including the Board of Directors, in accordance with established materiality thresholds.

Mechanisms for identifying, reporting and investigating concerns about illegal behavior, including incidents of corruption, are detailed in Section G1-1 on Business Conduct Policy and Corporate Culture.

- According to the Internal Notification Procedure:
- The Ethics Officer and the coordinator report annually on the status of the whistleblower system at each Subsidiary to the Chairman of the Board of Directors of the respective Company and the Chairman of the Board of Directors of the Parent Company.
  - The flow of information involving personal data is kept to a minimum, and all persons receiving application information are required to keep it confidential.
  - The identity of the whistleblower cannot be disclosed without his or her express consent.

**Communication of the anti-corruption policy**

The Group's anti-corruption and anti-bribery policies set forth in the Codes are publicly available and communicated to all interested parties through the Group Companies' websites.

**[G1-4] Incidents of corruption or bribery**

In 2024, no incidents of corruption or bribery were found at any Group Company.

There were no proceedings against any Group Company related to violations of anti-corruption laws and anti-bribery laws.

No fines or convictions have been imposed in this regard.

Due to the lack of incidents no additional activities have been planned beyond ongoing anti-corruption and bribery training.

**[G1-5] Political influence and lobbying activities**

The Group did not conduct any lobbying or political activities in 2024.

Group companies are members of or cooperate with various industry associations and organizations Parent Company:

- Association of Stock Exchange Issuers (SEG),
- Polish Automotive Group (PGM),
- Subcarpathian Business Club,
- Foundation for the Development of the Agricultural Supply Market AGROMA,
- West Pomeranian Chemical Cluster "Green Chemistry",
- Association of Accountants in Poland.

Subsidiaries:

- Association of Polish Spas,
- International Union of Polish Entrepreneurs in Ukraine,
- Wirtschaftsverband der deutschen Kautschukindustrie e.V. (Association of German Rubber Entrepreneurs),
- Industriegewerkschaft Bergbau, Chemie, Energie (IG BCE) (Trade union for chemical, rubber, mining workers).

**[G1-6] Payment practices**

The terms of payment of liabilities to the Group's suppliers are defined in individual contracts, concluded on the basis of mutual agreements. The Group's companies do not impose payment terms on their counterparties - the agreements entered into are in accordance with applicable laws and best business practices.

The Parent Company applies the provisions of Article 4c of the Law of March 8, 2013 on the prevention of excessive delays in commercial transactions, resulting from its status as a large entrepreneur. This information is disclosed when entering into commercial agreements with contractors.

To streamline the workflow process and increase efficiency, solutions have been implemented to allow the use of electronic invoices.

The Group actively counteracts payment bottlenecks by settling its obligations within a maximum of 60 days in transactions in which the creditor is a micro, small or medium-sized enterprise.

The most common payment term in the Group is 60 days, which applies to about 90% of all liabilities, calculated by value. Other typical payment terms include 14, 21, 30 and 45 days.

The Group's average commitment period is 60 days.



