



2023

CONSOLIDATED
NON-FINANCIAL REPORT

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We present to you the consolidated report on non-financial information of the Sanok Rubber Capital Group. [SRC-16] The report covers the year 2023 and refers to data from 2022. Previous reports covered the years 2017-2022. [SRC-17] The report for 2022 was published on March 23, 2023. [SRC-18] The Group prepares and publishes the report once a year.

This report on the Group’s activities is a collection of information on our sustainable development - how we operate and what results we achieve. In the report, we present our stakeholders with our activities in the social, employee, human rights, environmental protection, and anti-corruption spheres. We refer to the results of the Group’s actions in these areas and present the initiatives we undertake. We also present our business model, applied policies, their results, and significant risks along with how we manage them. In the report, we also address the topic of climate change. We report on greenhouse gas emissions and refer to environmentally sustainable activities concerning criteria arising from the Taxonomy. Due to the global significance of the need to reduce greenhouse gas emissions, we consider our greenhouse gas emissions indicator to be crucial.

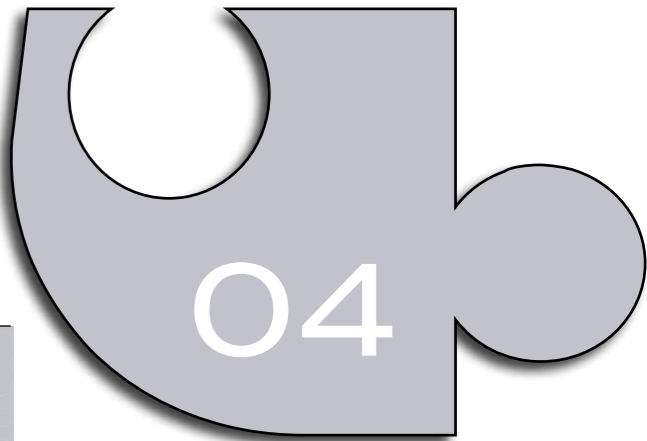
Non-financial indicators, marked in the text with the symbol SRC and consecutive numbers, have been developed for reporting purposes. The indicators were developed using the GRI Standards and SIN guidelines for preparing sustainable development reports. The report also meets the requirements of the Accounting Act of September 29, 1994, and takes into account the recommendations of the European Commission in the Commission Communication - Guidelines on non-financial reporting (methodology for non-financial

reporting), published in notification no. 2017/C 215/01, as well as the supplement concerning reporting on climate-related information (2019/C 209/01). Reporting on the Taxonomy is based on the documents: 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 and delegated regulations of June 4, 2021 (EU) 2021/2139 and July 6, 2021 (EU) 2021/2178.

To maintain transparency in the presentation of data in the report compared to previous years, the structure and numbering of indicators have been retained.

Our efforts in reporting on climate issues have been recognized by the high rating received in last year’s Climate Crisis Awareness survey. Our company was distinguished by the Reporting Standards Foundation, the Association of Stock Exchange Issuers (SEG) and Bureau Veritas as a Climate Awareness Leader. Out of the 152 reports evaluated for reporting on climate issues, the Sanok RC Group Non-Financial Report ranked 10th.

Corporate social responsibility is an important element of modern management. It is an activity based on values that puts people at the center. By meeting the expectations of our stakeholders, we publish this report as confirmation of our actions based on the principles of sustainable development.







Basic data

[SRC-1] Sanok Rubber Company is a global company with a 90-year tradition and extensive technological experience in the production of rubber, rubber-metal, rubber combination with other materials, and rubber compounds.

[SRC-3, SRC-4] Currently, the Sanok Rubber Group consists of 12 subsidiaries in addition to the dominant unit, Sanok RC SA.

Lokalizacje spółek Grupy, przedmiot działalności oraz % udziałów Sanok RC SA przedstawia tabela obok.

[SRC-5] In its current legal form as a joint-stock company, the controlling entity Sanok RC S.A. has been operating since December 29, 1990, and was created as a result of the transformation of a state-owned enterprise. Since 1997, the shares of Sanok RC S.A. (formerly SANOCKIE ZAKŁADY PRZEMYSŁU GUMOWEGO "STOMIL SANOK" S.A.) have been listed on the Warsaw Stock Exchange. As of the date of this report, the fully paid-up share capital amounts to PLN 5,376,384.40 and is divided into 26,881,922 shares with a nominal value of PLN 0.20 each. Sanok RC S.A. is registered with the National Court Register by the District Court in Rzeszów under KRS number 0000099813.

Most of the subsidiaries of the Group (8 business entities) are limited liability companies, with the exception of:

- French company Colmant Cuvelier RPS S.A.S. which is a simplified joint-stock company;
- Russian company Wiatka which is a closed joint-stock company;
- Belarusian unitary enterprise Stomil Sanok BR;
- Mexican variable capital stock corporation SMX Rubber Company S.A. de C.V.

[SRC-11] The share capital of Sanok RC S.A. - the controlling entity - did not change in 2022, but there was a change in the structure of the equity capital, as stated in the Company's financial statements for 2022.

Entity	% shares / % votes	CORE BUSINESS
POLISH COMPANIES		
Stomil Sanok Dystrybucja Ltd. <small>Kostrzyn k. Poznania</small>	100 % / 100 %	Sales of Sanok RC S.A. manufactured products on the secondary market, as well as sales of spare parts, consumables, and machinery for agriculture.
PHU Stomil East Ltd. <small>Sanok</small>	65.7 % / 79.3 %	Trade on the CIS markets (sales of products not only from Sanok RC S.A. but also from other Polish companies) and sales of products from Belarusian and Ukrainian companies on the Polish market..
Stomet Ltd. <small>Sanok</small>	100 % / 100 %	Manufacturing of equipment for the production of rubber and plastic products, as well as performing machine and equipment repairs - mainly on order for the companies within the Group.
Świerkowy Zdrój Medical SPA Ltd. <small>Rymanów - Zdrój</small>	100 % / 100 %	Organizing and providing services in the field of medicine, sanatorium, rehabilitation, recreation, tourism, hospitality and gastronomy.
BSP Bracket System Polska Ltd. <small>Warszawa</small>	54.26 % / 54.26 %	Produkcja i sprzedaż podkonstrukcji aluminiowych do fasad wentylowanych na rynku polskim i europejskim.
FOREIGN COMPANIES		
Stomil Sanok RUS Ltd. <small>Moskwa (Rosja)</small>	100 % / 100 %	Distribution and sale of products manufactured by the Sanok RC Group on the Russian market.
Stomil Sanok Ukraina Ltd. <small>Równe (Ukraina)</small>	100 % / 100 %	Distribution and sale of products manufactured by the Sanok RC Group on the Ukrainian market
Stomil Sanok Wiatka JS <small>Kirow (Rosja)</small>	81.1 % / 81.1 %	Production & sale of products made of rubber and other goods on northern Russian market.
PHUP Stomil Sanok BR <small>Brześć (Białoruś)</small>	100 % / 100 %	Production of extruded products for window joinery and production of molded products for household appliances. Sales are carried out to Sanok RC distribution companies in Russia and Ukraine, as well as directly on the Belarusian and Russian markets.
Colmant Cuvelier RPS JS <small>Villers La Montagne (France)</small>	100 % / 100 %	Production and sale of body sealing systems made of plastics (PVC, PVC+TPE, and TPE) and rubber compounds.
Sanok (Qingdao) Auto Parts Ltd. <small>Qingdao (Chiny)</small>	100 % / 100 %	Marketing activities related to the Chinese market, both for customers and suppliers. The primary focus of their activity is the import, export, and sale of products to customers in the automotive segment on the local market.
Draftex Automotive Ltd. <small>Grefrath (Niemcy)</small>	100 % / 100 %	Production and sale of body seals for the premium car sector in the German market. The company holds shares (14.5%) in the production company Qingdao Masters of Rubber and Plastics Co. Ltd (QMRP) based in Jiaozhou City (China).
SMX Rubber Company VC JS <small>San Luis Potosí (Meksyk)</small>	99 % / 99 %	SMX was established as a separate legal entity, intended to carry out direct sales to customers located in Mexico. SMX remains a dependent company with a minimum scope of operations and minimal resources in order to optimize costs associated with the development of Sanok RC Group. The remaining 1% of shares are owned by Stomet Sp. z o.o.

[SRC-2] The primary activity of Sanok RC S.A. and the entire Sanok Rubber Group is the production and sale of rubber products (according to the Polish Classification of Activities PKD, the Company’s activity is classified as the production of other rubber products), which can be divided into 4 main groups based on the production technology:

- moulded articles,
- extruded articles,
- V-belts,
- rubber compounds.

In addition, the Company conducts research and development work and sells their results related to the launch of new products, as well as, to a small extent, sells energy media and goods and materials



AUTOMOTIVE

sales of rubber, rubber-metal, rubber-thermoplastic elastomer TPE products (mainly used in body sealing systems and suspension systems of cars as well as exhaust system suspensions), as well as the results of R&D, tools and equipment from this area,



BUILDING

sales of system seals used in the production of windows and doors (plastic, wooden, aluminum), gutter and ventilation systems as well as self-adhesive seals used for sealing already installed joinery



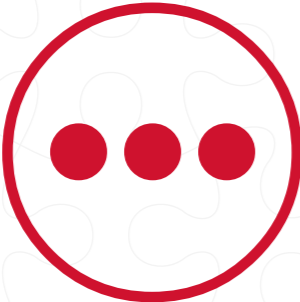
COMPOUNDS

concerns the production of rubber compounds for own production needs and the sale of compounds for rubber product manufacturers, which are produced within production capacities not dedicated to own products



AGRICULTURE & INDUSTRY

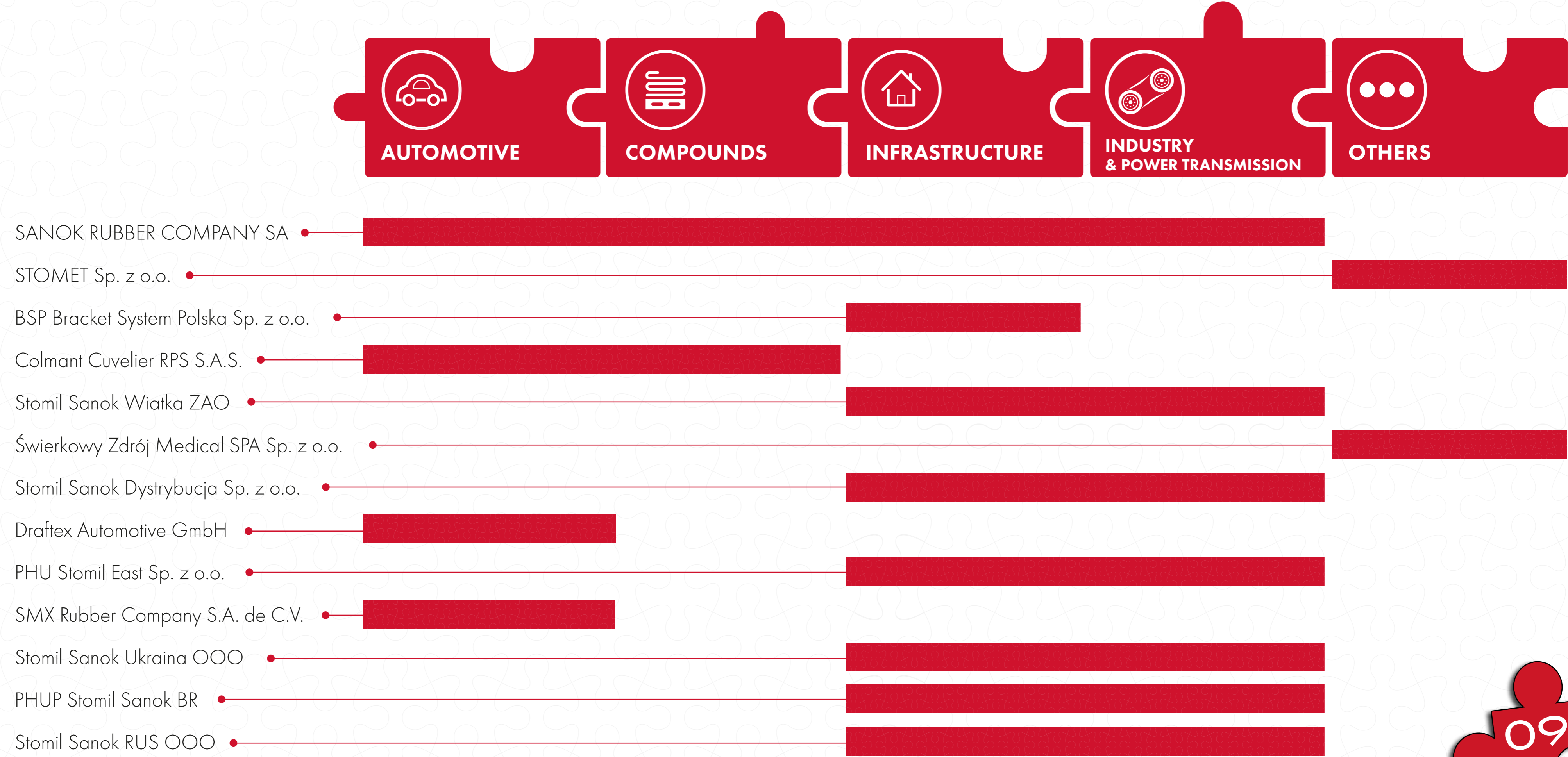
sales of belts under the brand name: Harvest Belts, Garden Belts, Vege Belts, OptimumPro and other accessories (products for agriculture are primarily sold to the subsidiary SSD Sp. z o.o.), as well as products for pharmaceuticals (corks for closing glass vials and plastic packaging with antibiotics, infusion fluids and blood preparations, as well as piston heads for disposable syringes) and rubber products for household appliances,



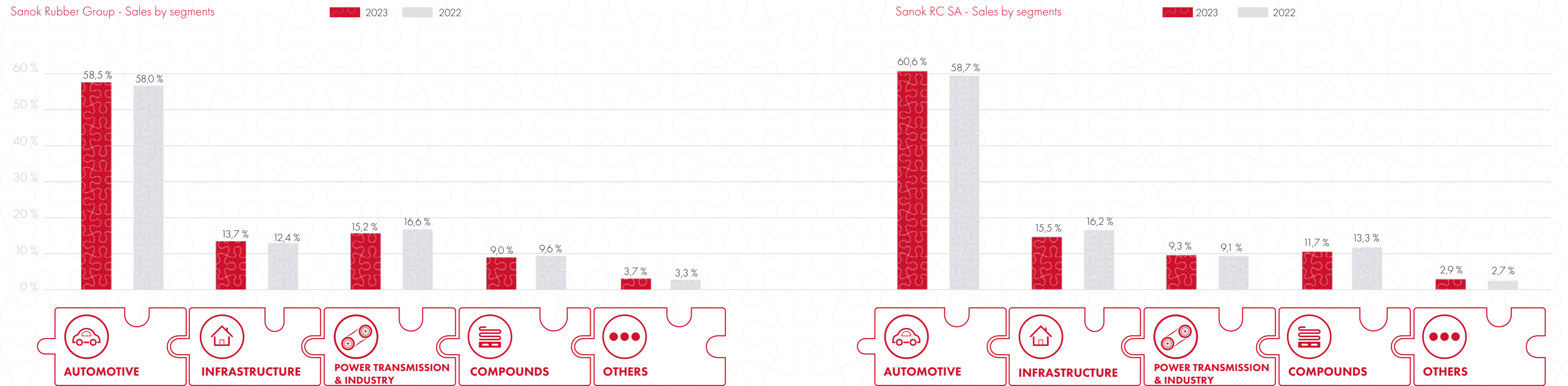
OTHER

concerns the sale of other products and services not included in the activities mentioned in the above segments, and includes, among others, sanatorium and recreation services, as well as industrial services: manufacturing equipment for the production of rubber and plastic products and performing repairs of machines and equipment.

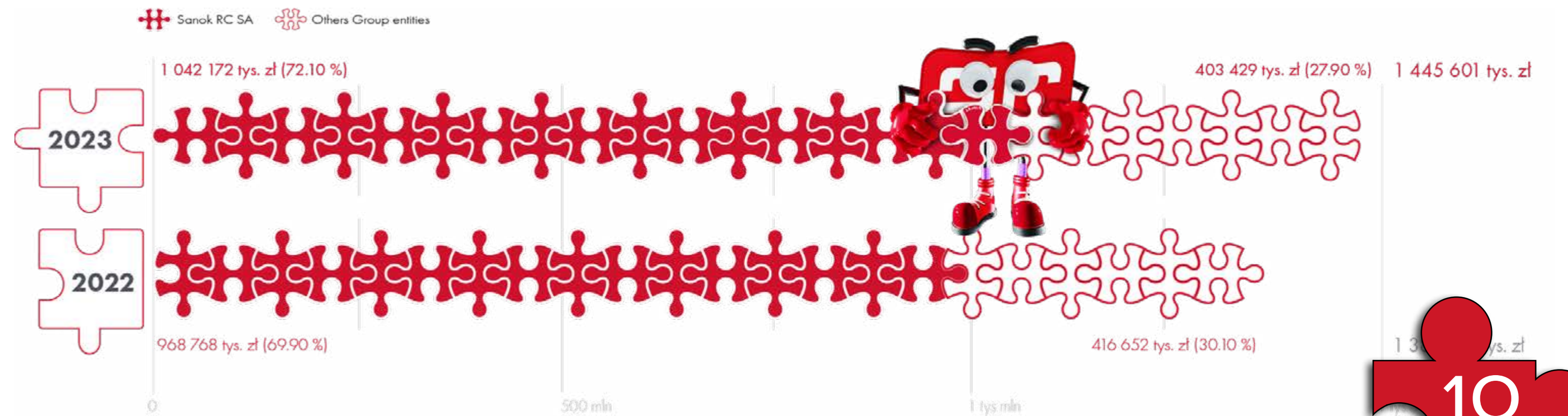




The percentage sales structure in the operating segments of the Sanok Rubber Capital Group and Sanok RC SA in the years 2021-2022 are presented in the charts below:

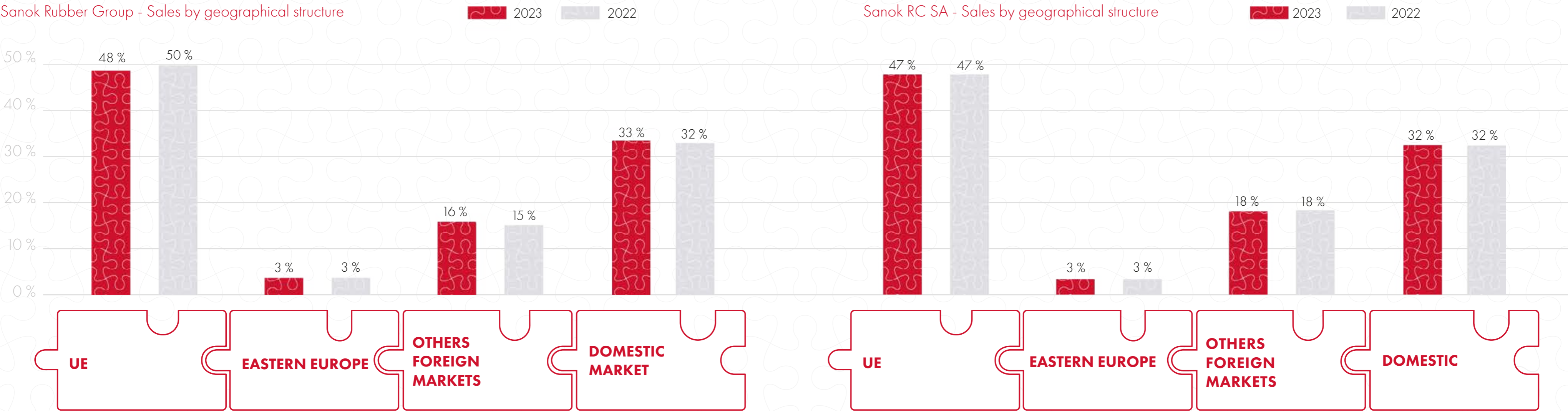


[SRC-7] The main source of revenue for Sanok Rubber Capital Group in 2023, as in the previous year, was the activity of the dominant unit, Sanok RC SA, which accounted for about 70% of the Group’s total sales. Overall, the Group’s sales revenue in 2022 amounted to PLN 1.445 billion, of which PLN 1.042 billion belonged to the dominant unit and PLN 403 million to subsidiary companies. Compared to 2022, sales in the dominant unit were higher by over 8%, while in the Capital Group they were higher by 4%.



[SRC-6] The priority of Sanok Rubber Capital Group and Sanok RC SA is to have a strong brand, which will enable the Group’s companies, based on their locations, to effectively and reliably fulfill customer orders on a global scale.

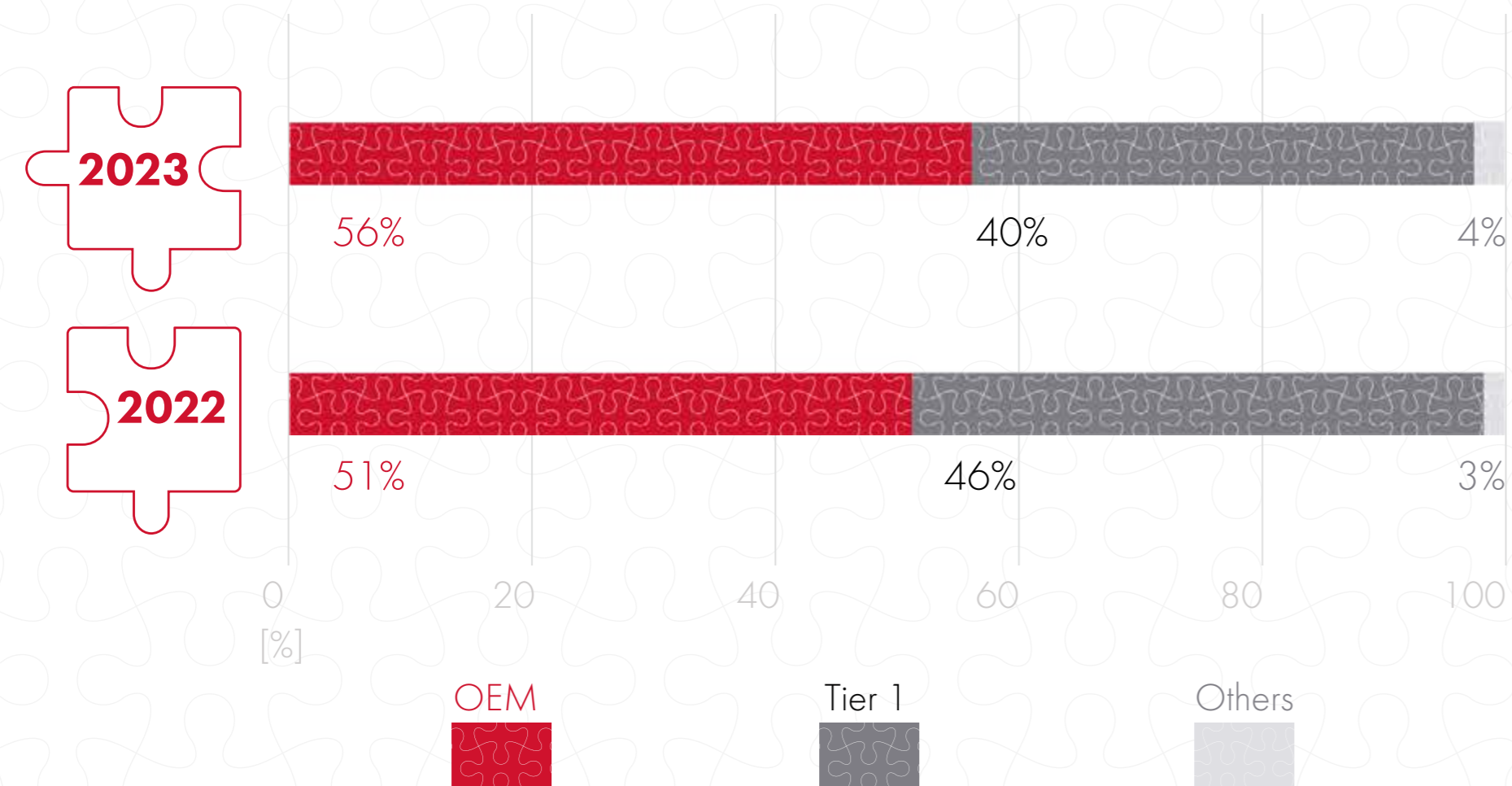
The geographic structure of revenues from the sale of the Group and Sanok RC SA in 2022 - 2023 is presented in the charts.:



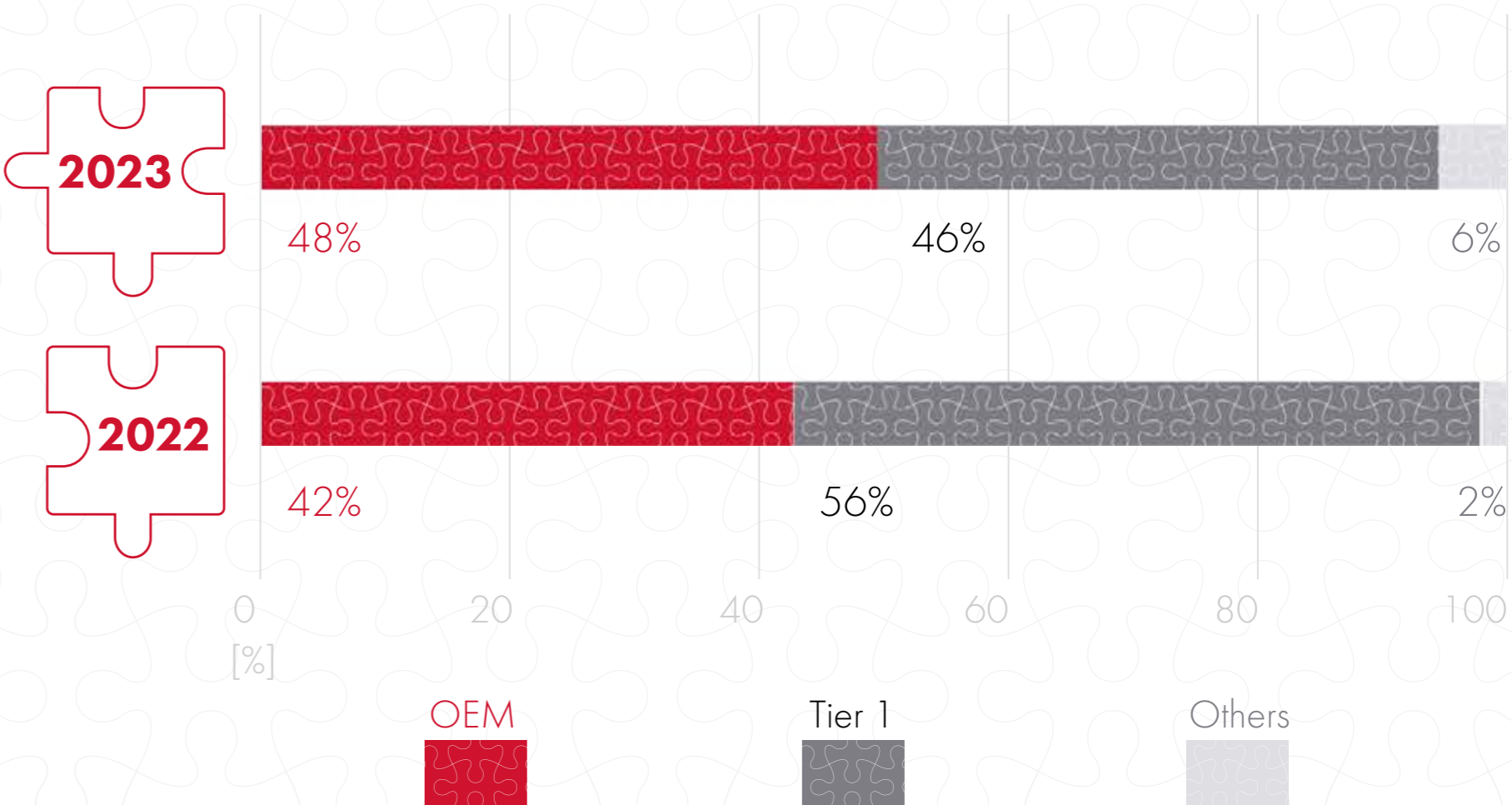
In the year 2023, compared to the previous year, no significant changes were noted in the geographical structure of sales both in the Capital Group and in Sanok RC SA

Below are the diagrams comparing the percentage structure of sales in the years 2022 - 2023 according to the types of automotive customers of the Sanok Rubber Group and the Parent Company:

Sanok Rubber Group - Sales by automotive customers type



Sanok RC SA - Sales by automotive customers type



According to the Warsaw Stock Exchange classification, the activities of the Parent Company of the Capital Group are placed in the automotive sector. The Capital Group’s sales revenues in this segment amounted to about 58% of total sales in 2023. We supply automotive products both to original equipment manufacturers (OEM) and to their suppliers - Tier 1.



[SRC-12] TThe primary goal of the Sanok Rubber Capital Group is to create added value for our shareholders by continuously improving product quality, utilizing the latest technologies, including in the fields of environmental protection, and occupational health and safety. In 2023, Sanok RC SA, as well as other entities within the Group, collaborated with industry associations and organizations:

- Polish Automotive Group (PGM),
- Stowarzyszenie Emitentów Giełdowych (SEG),
- Podkarpacki Klub Biznesu,
- Fundacja Na Rzecz Rozwoju Rynku Zaopatrzenia Rolnictwa AGROMA,
- Zachodniopomorski Klaster Chemiczny „Zielona Chemia”,
- Stowarzyszenie Księgowych w Polsce,
- Stowarzyszenie Uzdrowisk Polskich,
- Międzynarodowa Unia Polskich Przedsiębiorców na Ukrainie,
- Wirtschaftsverband der deutschen Kautschukindustrie e.V.
- Industriegewerkschaft Bergbau, Chemie, Energie (IG BCE)

2023 marked another year of our Capital Group’s participation in the Polish Automotive Group Association (PGM). In April 2023, together with several companies - PGM members, we took part in one of the largest procurement meetings for the automotive industry in Central and Eastern Europe – the 8th edition of the Automotive CEE Day in Opole.

The continuation of Sanok RC SA’s activities within the working groups associated with PGM, such as the Human Resources working group, the Industry 4.0 working group, the Purchasing working group, and the Environmental Protection working group, facilitates easier access to a wealth of information, mutual exchange of experiences, and exposure to interesting solutions in specific areas. Numerous meetings/teleconferences are organized within these

working groups, where experts from various fields are invited. In 2023, we continued our collaboration with scientific centers, particularly in the development of new materials and technologies. Another year of cooperation with the Lodz University of Technology resulted in joint workshops and training sessions

in areas such as elastomer formulation design, advanced research methods, and the latest processing technology solutions. A team of several specialists from Sanok RC SA had the opportunity to familiarize themselves with the most advanced research methodologies available at the Faculty of Chemistry at the Lodz University of Technology. The workshops covered projects that Sanok RC specialists work on daily. The conclusions, knowledge, and experience gained from these workshops will bring mutual benefits to both Sanok RC and the academic staff of the Lodz University of Technology. An example of the collaboration between Sanok RC SA and the Lodz University of Technology is a joint development project aimed at managing vulcanized waste, which is a constant element of production processes. This is a significant step towards a circular economy in our company, aligning well with the new expectations of OEM customers. The increasing number of joint projects in the areas of materials and processing technologies has taken the collaboration between the Lodz University of Technology and Sanok RC to a new level. We have been invited to join the Business Council of the Faculty of Chemistry at the Lodz University of Technology, which aims to support the university in shaping research directions and modernizing educational programs to better align with market needs. The Faculty of Materials Science and Engineering at the Warsaw University of Technology, with whom we have been collaborating for many years, particularly in the design and application of innovative materials and coatings, provides us with significant substantive support in our projects. In 2023, we started a joint research and development project with the Warsaw University of Technology in the

field of products for the medical industry, a particularly interesting direction for the company’s development. The new solutions we plan to work on together will concern flagship products offered by Sanok RC SA for the medical and pharmaceutical industries, including stoppers for packaging and syringe plungers. We hope that our innovative solution will provide a significant competitive advantage in the highly demanding medical industry market. Additionally, the material solutions planned in this project will have a positive impact on the natural environment. Our collaboration with the Warsaw University of Technology is also continued in other projects in the areas of automotive and construction, focusing on the development of new types of elastomeric materials. Achieving the targeted material parameters will determine the potential commercialization of project results.

We are distinguished by awards

In 2023, Sanok RC SA once again received recognition confirming its position as the Market Leader in Joinery 2023 as a supplier of seals for windows and doors. Additionally, the company received the DAF SPM Leader customer award. Our awareness in climate reporting was highly rated in the Climate Crisis Awareness study. The company was recognized by the Reporting Standards Foundation, the Association of Stock Exchange Issuers (SEG), and Bureau Veritas as a Climate-Conscious Company. No distinctions or awards were noted in the other companies of the Group.

[SRC-8.1] Business Model Assumptions
The business model of the Capital Group is determined by a process-oriented approach.

management and is based on:

Our Partners – The Group’s Value Chain

The main part of the Group’s value chain consists of operational processes related to the production of products. An equally important element of our business model is partnership with suppliers of raw materials, materials, utilities, and services. Operations in our value chain performed by other entities include the procurement of raw materials, production of components, tools, machines, packaging production, and energy media generation. Suppliers of raw materials for rubber compound production, as well as a group of suppliers of metal components and fabrics, directly determine both the cost structure of our products and their quality. To mitigate risks arising from raw material price fluctuations, the Group implements a policy of entering into supply contracts for raw materials and materials with an extended, optimal

time perspective. The security of supply in terms of quality, timeliness, and material availability is guaranteed by a policy of not relying on a single source of supply. The procurement policy based on the diversification of supply sources and securing the interests of the Sanok Rubber Group through agreements defining the principles of cooperation is also permanently implemented in the procurement of utilities and heat. Similar principles, including broadly understood competitiveness, are implemented and applied in cooperation with suppliers of IT, design, and logistics services. To responsibly manage the supply chain in terms of sustainable development, the Parent Company includes a clause in contracts with contractors that obliges them to comply with the standards described in the Sanok Rubber Group Code of Ethical Conduct. Each year, a questionnaire is sent to suppliers in which they confirm compliance with the Company’s

requirements regarding applied management systems, legal requirements in chemical management, and adherence to the guidelines contained in the Code of Ethical Conduct. Suppliers are required to pass on the Company’s requirements within their supply chain. The third element of the value chain consists of processes related to the finished product – transport and distribution, the usage phase, and the end-of-use phase.

[SRC-10] In 2023, no significant changes were noted in the supply chain structure of the Capital Group. In 2023, approximately 4,300 suppliers were engaged in cooperation with the Capital Group, including over 1,800 with the Parent Company. The largest number of Sanok RC SA suppliers came from Poland, Germany, the United States of America, Mexico, France, the United Kingdom, and Italy.

**01.
COOPERATION**

long-term cooperation with business partners, both suppliers and customers, building partnership relations that enable mutual benefits in the long term perspective

**04.
IMPROVEMENT**

continuous improvement of both basic activities and all processes carried out by the Group



**02.
ADDED VALUE**

creating added value for our shareholders, customers, and other stakeholders

**03.
OPTIMIZATION**

optimal cost-effective use of key resources

**VISION
& STRATEGY**



Our vision

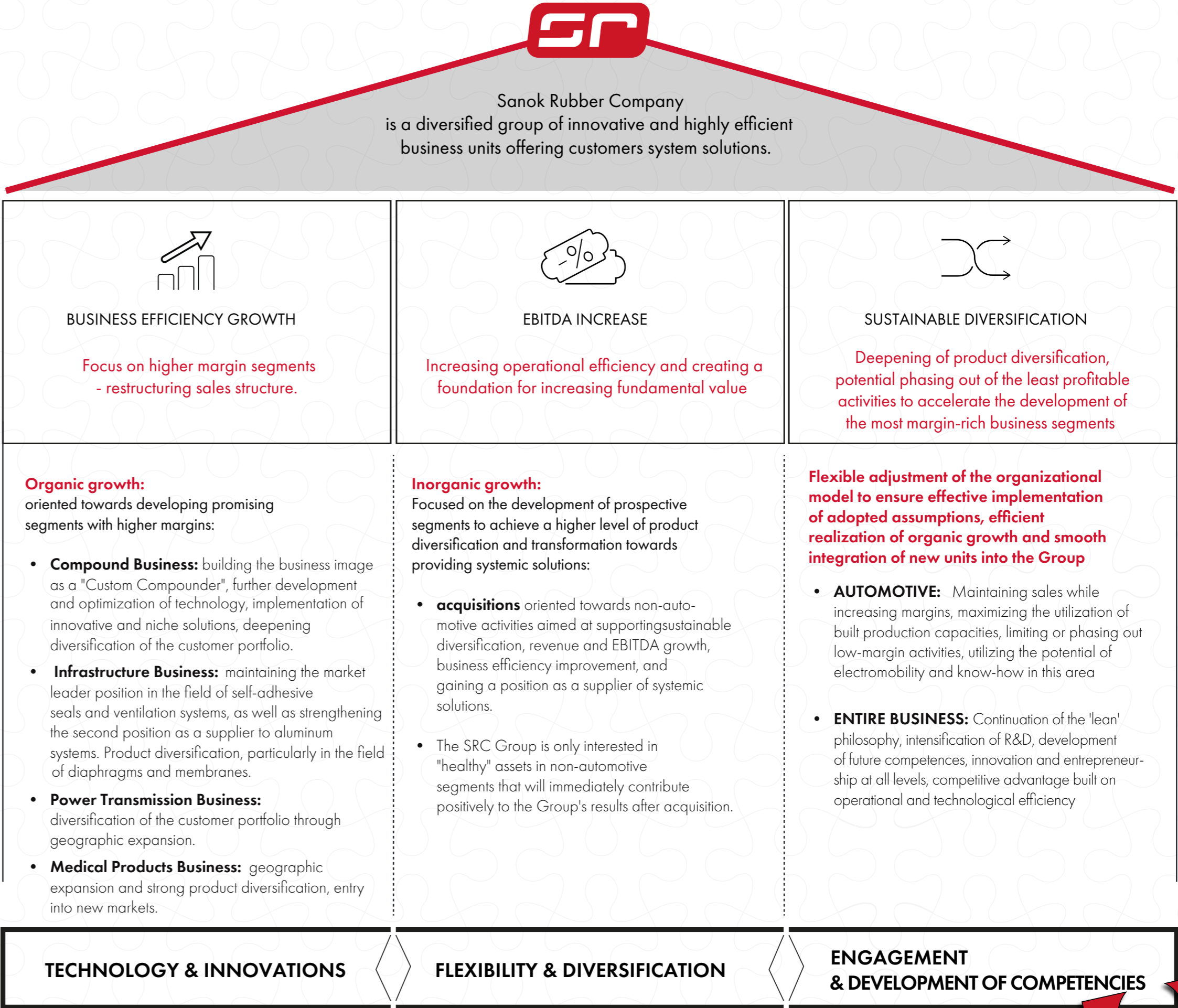
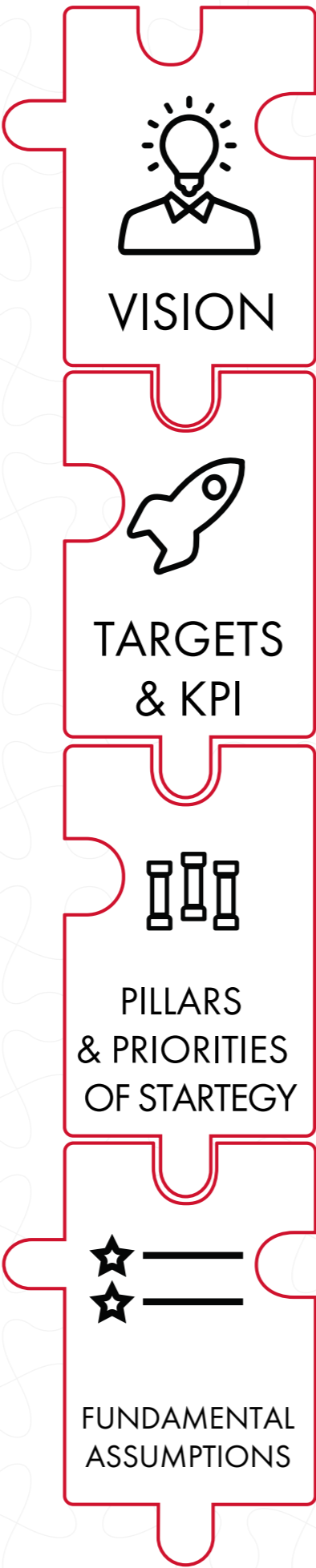
In the mid-term perspective, the Sanok Rubber Capital Group will achieve a leading position in terms of quality, technology, and efficiency in the European market for rubber component manufacturers.

Our Mission

The Sanok Rubber Capital Group is a leading manufacturer of rubber and plastic products, increasing its market share in both European and global markets. Both the Parent Company and the entire Capital Group operate on the principles of partnership with customers in various markets, mainly the automotive, construction, V-belt, and rubber compound markets.

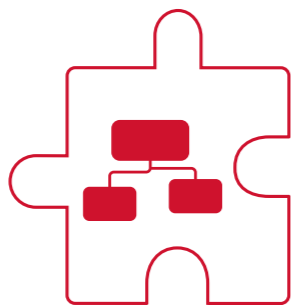
We provide our customers with service and value in the form of material and technical solutions that meet their cost and expected technical parameter needs. Our plans include achieving leading positions in the quality sphere and ensuring profitability that creates conditions for growth exceeding the pace of the markets we serve.

On June 14, 2022, the Company's Management Board passed a resolution approving and adopting the „Strategic Development Directions of the Sanok Rubber Company Group for the years 2022-2024“ („Strategic Directions“). Within the framework of the Strategic Directions, after a long-term focus on the development of the Group in the automotive product segment, the Group will concentrate on developing other business segments, with the focus on maximizing achieved margins.



Strategic Directions: ESG

For years, the SRC Group has conducted its business operations in a socially responsible manner, focused on sustainable growth while maintaining the highest attention to aspects related to safety and hygiene at work, health protection, and the quality of life of its employees, as well as respect for and protection of the natural environment. The strategic goal of the Sanok Rubber Group is to expand the range of actions oriented towards sustainable growth and to consistently implement them.



CORPORATE GOVERNANCE



SOCIETY



ENVIRONMENT

**GOALS
& DIRECTIONS**

The Company’s activities have been, and will continue to be, focused on long-term value creation for shareholders while maintaining transparency and exemplary fulfilment of the obligations of a public company, open to dialogue with stakeholders. In the coming months, the Group will engage in intensified educational activities for its employees aimed at building a high level of awareness regarding sustainable growth aspects. At the same time, the Group has incorporated the aspect of building a positive company image by demonstrating knowledge and application of corporate social responsibility (CSR) principles and sustainable growth by every employee into the competency model.

The Company intends to remain active in social responsibility by supporting the local community and flexibly responding to its needs within the established budgets. Commitment to cultural and social life in the region will continue through support for local projects, foundations, public benefit organizations, particularly in the areas of cultural life, health protection, assistance for the disabled and the poor, and sports initiatives. The Group’s goal is also to create the best possible working and development conditions for its employees, thereby strengthening the Group’s and its companies’ brand in the job market.

The Group plans to continue long-term efforts to reduce its carbon footprint by approximately 9.5% by 2030, with a significant reduction in greenhouse gas emissions. The replacement of the coal-fired boiler with an alternative energy source is being considered, including the potential use of renewable energy sources (RES). By 2025, the Group aims to increase the share of RES in its purchased electricity and to implement projects for its own photovoltaic farm.



**CORPORATE
GOVERNANCE**

The management of Sanok RC SA makes decisions in a transparent manner, adhering to ethical principles and taking into account the opinions of shareholders, employees, local communities, and other groups and institutions indirectly or directly associated with the Company. All shares issued by Sanok RC SA, totaling 26,881,922, are listed on the Warsaw Stock Exchange on the main market. As a result of the share buyback program carried out by Sanok RC SA under the resolution of the General Meeting of Shareholders dated June 28, 2022, on August 30, 2022, the Company acquired a total of 807,457 of its own shares, representing 2.999% of the Company's share capital. Following the adoption of another incentive program by the General Meeting of Shareholders (for the years 2025-2029), on January 11, 2024, the Company invited all shareholders to submit offers to sell shares. Through this process, the Company acquired 1,344,095 of its own shares (4.9999% of the share capital) – the transaction was finalized and settled on January 29, 2024. The Company provides the current list of major shareholders of Sanok RC SA on its website: www.sanokrubber.com/investor-relations. Sanok RC SA is the parent company of the Sanok Rubber Capital Group, which, as of December 31, 2023, includes 12 entities besides the parent company. During the reporting period, BSP Bracket System Polska based in Warsaw was acquired, and the company SQAP in China was removed from the Group following the completion of its closure process. On December 19, 2023, the Company entered into a conditional agreement with the current shareholders of Teknikum Yhtiöt Oy ("Teknikum"), a Finnish limited liability

company (osakeyhtiö, Oy) based in Sastamala, Finland, including members of the Korpela family, for the purchase of 100% of the shares in Teknikum. Teknikum is the parent entity of a group of subsidiaries. The Teknikum Group operates in Finland (four production facilities) and Hungary (through a Hungarian subsidiary with one production facility), and also has a German subsidiary responsible for product sales. According to the Agreement, the acquisition of Teknikum shares by the Company is contingent on obtaining approval from the Finnish Minister of Economic Affairs and Employment for the acquisition by a foreign entity, which was granted on March 4, 2024. Under the Agreement, the finalization of the acquisition of Teknikum shares is expected to occur in the first half of 2024 (details in the Company's current reports 28/2023 and 9/2024). The Group's structure is presented in this report in the section describing the business model. In all subsidiaries, Sanok RC SA holds a significant equity stake (ranging from 54.26% to 100%).

[SRC-20] MANAGEMENT STRUCTURE AND OWNERSHIP SUPERVISION

The management boards of companies are executive and managerial bodies that handle their affairs and represent them externally. Supervisory bodies exercise continuous oversight over the companies' activities and their management boards in all areas of their operations, managing company affairs within their granted competencies. In companies where supervisory boards do not exist, their competencies are held by the Owners and the General Meetings of Shareholders. At Sanok RC SA, the Supervisory Board appoints the President of

the Management Board, and upon his or her recommendation, the other Members of the Management Board. The Management Board consists of three to seven members, including the President of the Management Board. The term of office for Management Board members is collective and lasts for three years. The term is calculated in full financial years. As of December 31, 2023, the Management Board of Sanok Rubber Company SA consisted of five members, including:

The Management Board, in the composition detailed below, was appointed by the Supervisory Board through a resolution dated June 30, 2020. The professional biographies of the Management Board members have been published in a current report, available on the Company's website in the Investor Relations section. The Management Board of Sanok RC SA operates based on the provisions of the Commercial Companies Code, the Company's Articles of Association, and the Management Board Regulations adopted by the Board and approved by the Supervisory Board. In the other companies within the Capital Group, changes in the Management Boards during the reporting period involved either changes in the composition of the boards or the appointment of existing authorities to new terms.



Members of the Supervisory Board of Sanok Rubber Company SA, including the Chairman and the Vice-Chairman (Deputy Chairman), are appointed and dismissed by the General Meeting of Shareholders for a three-year term, calculated in full financial years. The Supervisory Board consists of 5 to 7 members. As of December 31, 2023, the Supervisory Board of Sanok Rubber Company SA included:

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

The current Supervisory Board was appointed by the General Meeting of Shareholders through a resolution dated June 28, 2021. Details of the appointing resolutions and the professional biographies of the Supervisory Board members have been published in current reports available on the Company’s website under the Investor Relations section.

The Supervisory Board exercises ongoing oversight over the Company’s activities in accordance with the provisions of the Commercial Companies Code, the Company’s Articles of Association, and the Supervisory Board Regulations.

The Supervisory Board appoints an Audit Committee from among its members. The Committee consists of 3 to 5

members, including the Chairman of the Audit Committee. The Supervisory Board establishes the Audit Committee’s regulations. The Audit Committee includes:

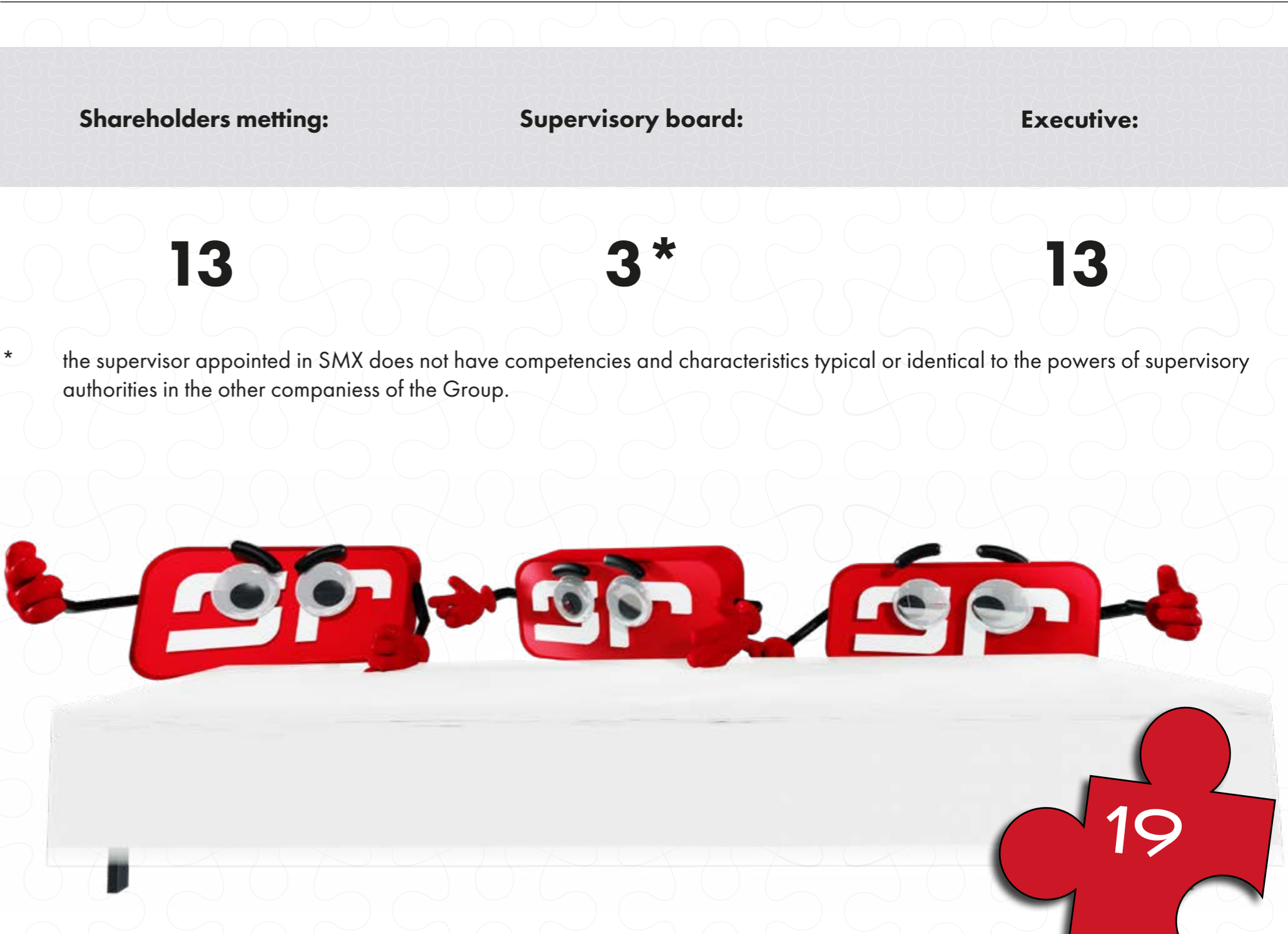
- Grażyna Sudzińska-Amroziewicz – Chairman of the Audit Committee, an Independent Member of the Supervisory Board in accordance with Article 129(3) of the Act of May 11, 2017 on Statutory Auditors, Audit Firms, and Public Supervision (Journal of Laws 2020, item 1415)
 - Radosław Kwaśnicki – Member of the Audit Committee, an Independent Member of the Supervisory Board in accordance with Article 129(3) of the Act of May 11, 2017
 - Marek Łęcki – Member of the Audit Committee
- The Audit Committee has developed policies and procedures required by the Act of May 11, 2017, including the policy and procedure for selecting the audit firm and the policy for providing additional services by the audit firm.

The Supervisory Board has established a Nomination and Remuneration Committee. The Committee includes:

- Jan Woźniak – Chairman of the Nomination and Remuneration Committee
- Marek Łęcki – Member of the Nomination and Remuneration Committee
- Grażyna Sudzińska-Amroziewicz – Member of the Nomination and Remuneration Committee
- Elżbieta Häuser-Schöneich – Member of the Nomination and Remuneration Committee

The Supervisory Board, as a whole, performs the functions assigned to the audit committee as defined by the European

Commission Recommendation No. 2005/162/EC of February 15, 2005, regarding the role of non-executive directors or supervisory board members of listed companies and the committees of such boards.



[SRC-45] In 2023 and 2022, the compositions of the supervisory and executive bodies of the companies of the Sanok Rubber Group (as of the end of the year) were as follows:

Gender	GROUP 2023		including Sanok RC 2023		GROUP 2022		including Sanok RC 2022	
	No. of people	%	No. of people	%	No. of people	%	No. of people	%
Woman	6	16.22 %	4	33.33 %	7	24.14 %	4	33.33 %
Men	31	83.78 %	8	66.67 %	22	75.86 %	8	66.67 %
Total	37	100.00 %	12	100.00 %	29	100.00 %	12	100.00 %

Gender	GROUP 2023		including Sanok RC 2023		GROUP 2022		including Sanok RC 2022	
	No. of people	%	No. of people	%	No. of people	%	No. of people	%
≤ 29 yrs	0	0 %	0	0 %	0	0 %	0	0 %
30 - 50 yrs	21	56.67 %	6	50.00 %	14	48.28 %	6	50.00 %
≥ 51 yrs	16	43.24%	6	50.00 %	15	51.72 %	6	50.00 %
Total	37	100.00 %	12	100.00 %	29	100.00 %	12	100.00 %

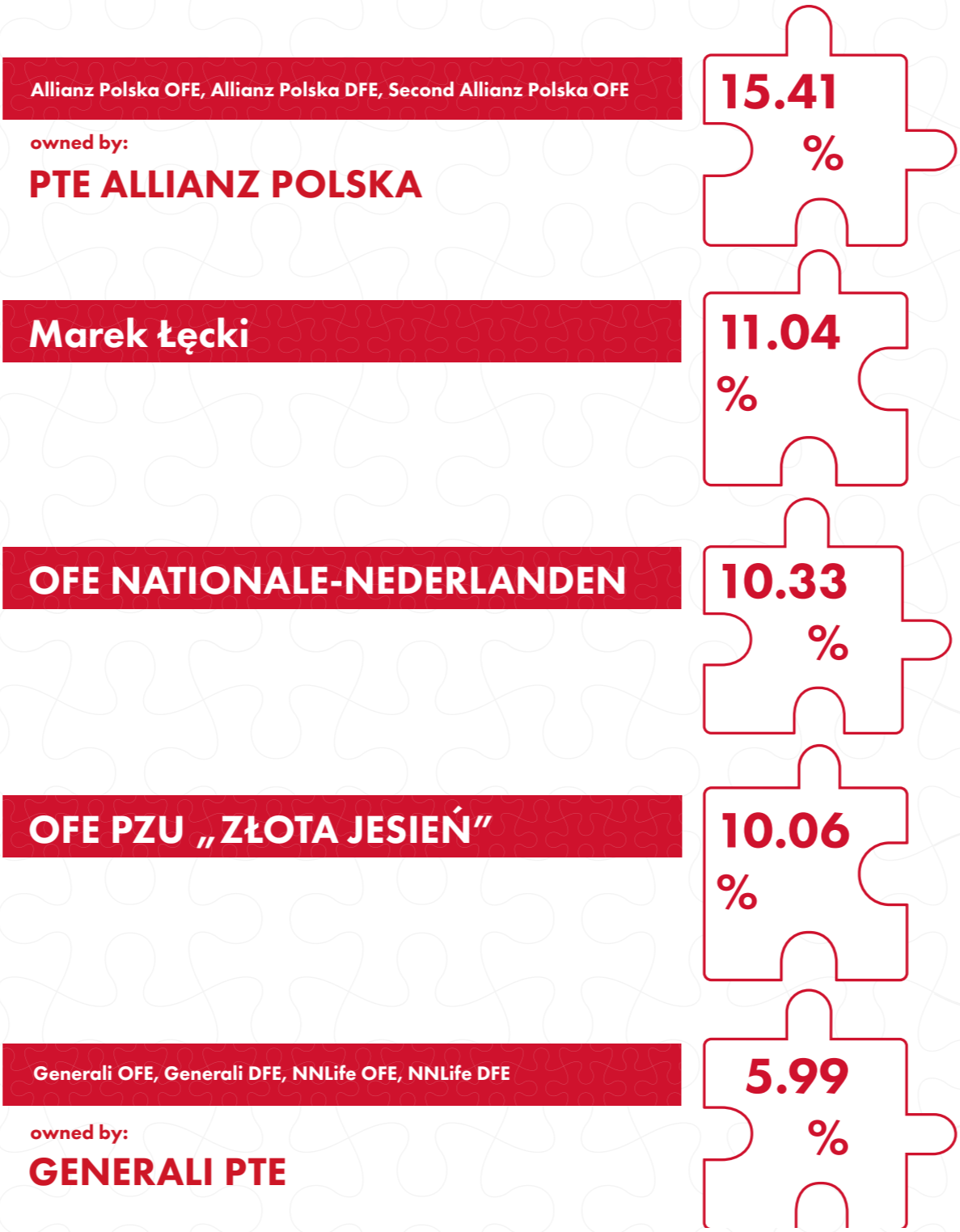
[SRC-45] In 2023 and 2022, the structure of the Management Team of the Group’s companies (as of the end of the year) was as follows (Division Directors and Heads of Departments/Plant Managers, including persons in managerial positions):

Gender	GROUP 2023		including Sanok RC 2023		GROUP 2022		including Sanok RC 2022	
	No. of people	%	No. of people	%	No. of people	%	No. of people	%
Woman	16	20.51 %	7	28.00 %	15	20.55 %	6	25.00 %
Men	62	79.49 %	18	72.00 %	58	79.45 %	18	75.00 %
Total	78	100.00 %	25	100.00 %	73	100.00 %	24	100.00 %

Gender	GROUP 2023		including Sanok RC 2023		GROUP 2022		including Sanok RC 2022	
	No. of people	%	No. of people	%	No. of people	%	No. of people	%
≤ 29 yrs	0	0 %	0	0 %	0	0 %	0	0 %
30 - 50 yrs	49	62.82 %	16	64.00 %	46	63.01 %	16	66.67 %
≥ 51 yrs	29	37.18 %	9	36.00 %	27	36.99 %	8	33.33 %
Total	78	100.00 %	25	100.00 %	73	100.00 %	24	100.00 %

General Meetings of Shareholders/General Meetings of Partners are the most important decision-making bodies in companies, safeguarding the rights of the Owners. They should be held within six months of the end of each financial year. Their most important competencies include passing resolutions on the approval of annual financial statements, distribution of profits, increase of share capital, appointment and dismissal of company authorities, approval of budgets for the upcoming years (for companies other than Sanok RC SA), and granting discharge to the members of the management boards and supervisory boards (audit committees). Extraordinary General Meetings address matters other than those mentioned above and can be convened at any time. The last General Meeting of Sanok RC SA took place on June 26, 2023. The resolutions passed were published on the Company’s website and reported to the Polish Financial Supervision Authority and the press agency. In addition to the typical resolutions for the Annual General Meeting regarding the approval of financial statements and granting discharge, the Shareholders’ Meeting on June 26, 2023, also adopted resolutions concerning amendments to the Company’s Articles of Association and the regulations of the incentive program. In 2023, the Management Board of Sanok Rubber Company SA convened three Extraordinary General Meetings on January 16, September 28, and November 14. The resolutions at these meetings concerned incentive programs, share buybacks for these programs, and amendments to the Articles of Association. Information about the Extraordinary General Meetings was published in the same manner as for the Annual General Meeting..

As of the reporting date, the ownership structure of Sanok RC SA was as follows:



In companies where Sanok RC SA holds less than 100% of the shares, the remaining capital is held by:

- Individuals (in the case of Stomil East and BSP),
- A local industry company (Stomil Sanok Wiatka),
- A subsidiary company (related to SMX Rubber Company)

The form of compensation for owners/shareholders is dividends.

From 2008 to 2023, the parent company only failed to pay dividends three times: from the profits of 2008, 2019, and 2021. In the remaining years, the Ordinary General Meeting of Shareholders decided to allocate part of the profits for dividends – the amounts ranged from PLN 0.45 to PLN 3.60 per share. The Group companies that paid dividends in 2023 were Stomil East, SSD, and Stomil BR. The year before, dividends were paid by Stomil East and SSD..

[SRC-20.1] Certified management systems

Certified management systems in the Group’s companies are summarized in the table below. The audit for compliance with ISO 9001:2015 and IATF 16949:2016 standards, except for Stomet Sp. z o.o., is carried out in the corporate scheme within the Group

	ISO 9001 :2015	IATF 16949 :2016	ISO 14001 :2015	ISO 45001 :2018	ISO 50001 :2018
Spółka	Data ważności certyfikatu				
Sanok RC SA	23.08.2024	23.08.2024	23.07.2024	02.08.2024	-
w tym Z-MX	18.09.2025	18.09.2025	-	-	-
Stomet Sp. z o.o.	24.09.2024	24.09.2024	-	-	-
Draftex Automotive GmbH	06.08.2024	06.08.2024	11.04.2024	-	27.05.2024
Colmant Cuvelier RPS S.A.S	20.10.2025	-	-	-	-

COMMUNICATION WITH THE ENVIRONMENT / STAKEHOLDERS

Stakeholders’ rights are secured, among other things, through maintaining communication with the environment that allows ongoing monitoring of the companies’ activities and results and ensures access to relevant data about them.

The Group companies use the following for communication with the environment:

- Company websites,
- Customer satisfaction surveys and feedback,

- Periodic evaluations conducted by clients,
- Analysis of received requests for quotations,
- Analysis of the types of orders received,
- Meetings and discussions with clients,
- Meetings and discussions with industry suppliers,
- Periodic reports sent to owners,
- Advertisements in industry publications.

The COVID-19 pandemic led to an increased use of online tools for stakeholder interactions. The parent company is obligated to disclose confidential information as defined by Regulation (EU) No 596/2014 (MAR), current and periodic reports. To properly handle information, classify it as confidential, and eliminate unequal access to information, the company has developed procedures/regulations for current and periodic reporting and the circulation of confidential information. In its informational activities, the company does not discriminate against any group of investors regarding data access. After the publication of periodic reports, the Management Board organizes meetings with analysts. In 2023, shareholders were also allowed to participate in General Meetings using electronic communication means (e-GM). Sanok Rubber Company SA utilizes social media and has active accounts on Facebook and LinkedIn, where current company information is posted. Basic information about the company, its history, and offerings are available on the website www.sanokrubber.pl. The website also provides investor relations information: Company Statute, regulations of the Supervisory Board and Management Board, current

and periodic reports, information about convened General Meetings, Group results with Management Board commentary in presentation form. The website also provides basic contact information for Group companies. The company's website (including the Investor Relations section) is mobile-friendly. In 2016, the first edition of the Code of Ethical Conduct was developed, defining ethical standards and behavior patterns within the Group, serving as guidelines in relations with the environment. Since June 15, 2022, the third edition of this document has been in force. The appointment of an Ethics Officer within the Company allows, among other things, the reporting of breaches of the Code. The Code of Ethical Conduct is described in more detail in the chapter on the application of social responsibility policies.

RISK MANAGEMENT IN THE AREA OF CORPORATE GOVERNANCE

Internal control in the companies covers the areas of: financial, personal data processing, work order, information security, and accountability. The processes in individual departments/segments are assessed (whether they are complete, compliant with legal requirements and existing instructions and procedures, and properly documented, etc.). The introduction of an electronic invoice and incoming document circulation system in Sanok RC SA has helped to streamline and expedite their control. Subsidiaries have identified the risk of conflicts of interest, which is mitigated through appropriate provisions in the Company Statutes and employment contracts. Company boards ensure that conflicts of interest and corruption

do not occur and that company operations comply with the law and the principles outlined in the Code of Ethical Conduct. Employees are trained on regulations governing these issues. Any violations are subject to disciplinary action, including termination of employment. The main risks and threats related to the parent company's operations include: market risk arising from the competitiveness of the markets in which the company operates, exchange rate risk resulting from the appreciation of PLN against other currencies, and the risk of changes in the prices of key raw materials. Information such as personal data, financial data, confidential information under MAR, and technology-related information is protected. Failure to ensure such protection can result in legal consequences, loss of competitiveness, or production delays. Therefore, Sanok RC SA ensures information security through effective physical and electronic access control to informational assets, using modern protection methods and means. Information security issues are described in indicator [SRC-62]. The risk of unequal access to information by stakeholders is mitigated through established procedures for confidential information and information security policy. The risk of conflicts of interest is mitigated through appropriate provisions in the Supervisory Board and Management Board regulations and the Sanok Rubber Group Code of Ethical Conduct. The Remuneration Policy for the Management Board and Supervisory Board members adopted by the Extraordinary General Meeting of Shareholders of Sanok RC SA in 2020 aims to contribute to the implementation of business strategy and long-term interests and stability of the company. It also

supports the company in minimizing management risks by shaping the level of remuneration for Management Board and Supervisory Board members in relation to achieving management goals, translating into the implementation of the Strategy and development directions, shaping remuneration levels to attract, retain, and motivate individuals with competencies necessary for proper company management and supervision, ensuring a coherent and motivational remuneration system, and linking remuneration principles with monitoring the implementation and execution of the strategic plan and medium- and short-term plans and key projects for the company's functioning and development. The most significant external factors that may impact the Group companies' activities and results in the near reporting periods include:

- The ongoing war in Ukraine and its impact on the global economy,
- Rising raw material and energy costs,
- Global political situation, including in Eastern Europe, the Middle East, North Africa, and Southeast Asia,
- Economic conditions in the world, Europe, and the primary markets where the Group sells, i.e., automotive (European Union), v-belts (for agriculture and industrial – domestic, Russia, Ukraine), construction (sealing systems and self-adhesive seals – domestic, Russia, Ukraine, EU),
- Inflation and interest rates,
- Exchange rates EUR/PLN; BYN/PLN; UAH/PLN; RUB/PLN, including potential devaluation of UAH, RUB, BYN,
- Availability of credit for direct and indirect customers of the company's products, especially for individuals, including those running businesses.

INFORMATION SECURITY

[SRC-62] Given the importance of information security and personal data protection in business operations, Sanok RC SA has implemented an Information Security System. The company, in compliance with the law, has implemented a Personal Data Protection Policy, based on Regulation (EU) 2016/679 of April 27, 2016 (GDPR) and the Act of May 10, 2018, on Personal Data Protection. The document includes information on the principles of data processing, securing, managing, protecting, and distributing personal data within the organization as well as in business relationships. Its aim is to ensure the security of processed data against internal and external threats. Additionally, Sanok RC SA has implemented an Information Security Policy and an Information Security Management System to protect informational assets through physical and electronic access control using modern protection methods and means. The documentation regulates, among other things, principles regarding business confidentiality, access control, external boundary protection, video surveillance, use of company computers and mobile devices, and email use. To ensure the effectiveness of the ISMS, the company underwent an audit in 2023 and obtained a TISAX (Trusted Information Security Assessment Exchange) certification, an international information security audit standard used in the automotive industry, based on requirements in the VDA-ISA catalog. During the TISAX audit, 4 minor non-conformities and 4 observations were noted. To ensure the highest security of informational assets, the company regularly monitors and analyzes information security incidents and potential threats. In 2023, there

were 2 incidents. One was a social engineering attack, and the other involved the download and execution of a malicious attachment from quarantine. None of these incidents involved personal data breaches, and during the analysis of each, no risk of personal data breaches was found. The incidents were analyzed according to internal procedures, resulting in improvement actions and updates to the training program for Sanok Rubber Group employees. Sanok RC SA conducts and updates risk assessments related to all processing activities to improve the adopted data protection system. The company provides all employees with a continuous training program to raise awareness regarding information security and personal data protection. At the same time, the organization updates the Information Security Management System, strengthening its effectiveness and efficiency. The company has implemented BI alerts, which are distributed via email after each BI incident. Additionally, periodic security newsletters are sent out by the IT department to remind about IT security principles and inform about threats. Outside the reporting period, on January 28, 2024, a cyberattack was detected on Sanok RC SA’s critical systems. Following the cyberattack, actions were taken according to emergency procedures, and by February 8, 2024, all company IT systems were restored, along with processes utilizing IT systems. The company implemented necessary actions described in current report No. 8/2024.



SIGNIFICANCE ASSESSMENT, KEY STAKEHOLDERS, AND KEY PERFORMANCE INDICATORS



[SRC-13] In 2023, an analysis was conducted to assess the relevance of the internal and external stakeholder groups, defined in previous years, that the Capital Group influences and that impact the Group. As a result of this analysis, no changes were identified in the structure of the stakeholders. It was also decided to retain the established key performance indicators. Therefore, the findings of the previous significance assessment were considered current.

[SRC-15] Key Stakeholder Groups of the Sanok Rubber Capital Group:

1. Employees of the Sanok Rubber Group
2. Shareholders
3. Investors from the Warsaw Stock Exchange (GPW)
4. External and internal customers
5. Users (of products or items that include the Group’s products)
6. Suppliers and service providers
7. Local community
8. Scientific institutions, schools
9. Trade unions
10. Media
11. Analysts
12. External institutions (authorities, medical entities, banks, insurance companies)

[SRC-14] Key Non-Financial Performance Indicators of the Group:

- In the Area of Environmental Impact
 - SRC-25 Energy consumption within the organization
 - SRC-32 Number of environmental incidents
 - SRC-61 Greenhouse gas emissions
- In the Area of Employment
 - SRC-35 Number of employees by type of employment
 - SRC-36 Employment distribution by employee category
- In the Area of Occupational Health and Safety
 - SRC-42 Workplace accidents
- In the Social Area
 - SRC-53 Confirmed cases of corruption and actions taken

Reference to specific significant non-financial issues is provided in the later sections of the report.

CLIMATE & POLLUTION

ENVIRONMENT



In 2023, there were no significant changes in the Group’s environmental impact. The environmental impact of individual companies within the Group is determined by the nature of their operations. The largest impact is associated with production companies, including the Parent Company, due to emissions of dust and gases, water consumption, wastewater discharge, and waste generation. The impact of trading companies on the environment is minimal. Given the Parent Company’s location at the foothills of the Bieszczady Mountains, near areas of significance for the Community (Slonne Mountains and the Upper San Basin), particular emphasis is placed on actions to reduce negative environmental impacts. These measures are detailed in the following section of this chapter.

ENVIRONMENTAL POLICY

Due to the linkage between environmental goals and employee matters, the Environmental Policy is integrated with the Occupational Health and Safety Policy. In May 2022, the Policy was updated to clarify provisions related to the continuous reduction of environmental emissions and commitments concerning occupational health and safety. During the reporting year, the Environmental Policy was not updated. The Policy is the Group’s declaration regarding the environmental impacts of its operations and workplace safety. Sanok Rubber Company SA’s policy is to conduct its business activities based on the principles of sustainable development, with respect for the environment and in a manner that ensures a high level of workplace safety..

By implementing our policy, we commit to:

- preventing workplace accidents and occupational diseases,
- preventing environmental pollution,
- continuously reducing emissions of pollutants to air, water, and soil,
- spełniania wymagań prawnych i innych wymagań mających zastosowanie dla Spółki,
- meeting legal requirements and other requirements applicable to the Company,
- efektywnego wykorzystania surowców, materiałów i mediów energetycznych,
- preventing fires and other emergency situations,
- continuous improvement of the Integrated Management System.

We achieve these commitments through:

- implementing modern technical and organizational solutions,
- using machines and tools that meet safety standards requirements,
- designing safe workstations, taking into account ergonomic principles,
- continuous monitoring of chemical factors, installations, and technological processes,
- using collective and individual protective measures,
- replacing hazardous chemicals with safer ones,
- eliminating hazards and reducing risks related to occupational health and safety and the natural environment,
- engaging employees and their representatives in activities related to occupational health and safety and environmental protection,
- raising awareness among employees, guests, and subcontractors

DESCRIPTION OF RESULTS OF POLICY IMPLEMENTATION

Regarding the results of applying the Environmental Policy, considerations were given to energy media consumption, emissions of pollutants into the air, including greenhouse gases, wastewater emissions, the amount of waste generated, as well as the due diligence in monitoring environmental impact. Also considered were the identification of hazards and emergency procedures, compliance with environmental legal requirements, and the promotion of environmental awareness.

Environmental impact monitoring in 2023 was conducted in accordance with local requirements. Trading companies, which only use office spaces, although they are acquiring more information in this area, do not have complete data. However, due to their negligible impact on the environment, the lack of this data does not affect the overall picture of the Group’s environmental impact.

ENERGY CONSUMPTION

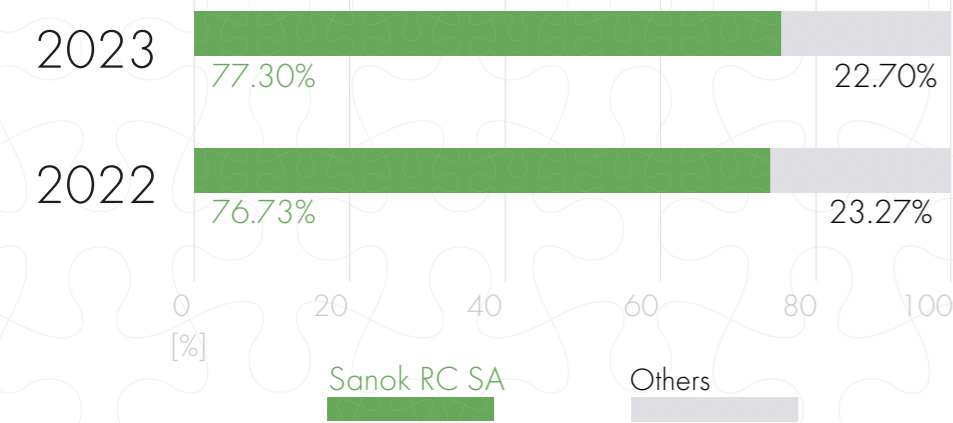
All processes within the Group are conducted with a focus on the efficient use of energy resources. Group companies continuously monitor their energy consumption. In 2023, the total energy consumption of the Parent Company decreased by 2,739,628 kWh compared to the previous year, which is equivalent to 9,863 GJ.

[SRC-25] Total energy consumption in Group 2022 i 2023

Type of energy	Group	
	2023 [kWh]	2022 [kWh]
Electrical	68 560 911	66 782 797
Thermal	28 555 500	33 204 816
Steam	15 058 333	16 588 611
Gas	18 696 941	18 844 712
Total [kWh]	130 871 685	135 420 937
Total [GJ]	471 138	487 515

incl. Sanok RC SA

Type of energy	Sanok RC SA	
	2023 [kWh]	2022 [kWh]
Electrical	52 422 252	51 946 368
Thermal	23 979 444	26 517 778
Steam	15 058 333	16 588 611
Gas	9 702 169	8 849 069
Total [kWh]	101 162 198	103 901 826
Total [GJ]	364 184	374 047



Amount of energy sold by Sanok RC SA:

Type of energy	2023 [kWh]	2022 [kWh]
Electrical	1 099 585	1 096 585
Electrical (donation)	56 284	21 494
Thermal	15 423 333	16 792 500
Thermal (donation)	71 389	78 889
Steam	6 813 333	6 540 556

Green energy (renewable sources)	Sanok RC SA	
	2021	2022
kWh	12 790 334	8 305 934
GJ	46 045	29 901

Electricity from renewable sources at Sanok RC SA.

Due to the fact that the energy supplier reports the fuel structure in March 2024, for the year 2023, and thus after the publication date of this report, data regarding electricity from renewable sources for 2023 are not presented. However, data for 2021 and 2022 have been updated based on fuel structure reports from suppliers for 2021 and 2022 (with 2022 data available after the publication of the previous report).



The table below presents the fuel and other primary energy carriers used to produce electricity in 2021 and 2022 for Sanok RC SA. Data for the year 2023 are not provided due to the energy supplier’s accounting period ending in March 2024, which will occur after the submission of this report.

Energy source	share in electricity [%]	
	2021	2022
Renewable energy source	23.10	15.99
• biomass	8.41	2.98
• hydroelectrical	2.01	2.03
• wind	11.50	6.08
• solar	1.18	4.90
Hard coal	41.43	48.27
Brown coal	22.23	28.72
Natural gas	10.17	6.78
Others	3.07	0.24

Emissions Generated During Electricity Production for Sanok RC SA in 2021 and 2022:

Emmision of:	Emmision gross	
	2021	2022
CO ₂	40 401	34 367
SO ₂	141	26
NO _x	1 032	25

Due to emissions being calculated based on data from the energy supplier, the emissions for the above table are only related to Sanok RC SA. Differences in the data related to fuel structure and emissions generated during electricity production result from variations in the indicators achieved by the energy supplying companies (in 2022, there was a change in the electricity supplier).

EMISSIONS

In the Group’s production companies, there is oversight of the levels of particulate and gaseous emissions, wastewater, and waste generated.

EMISSIONS TO AIR

[SRC-28] In Sanok RC SA and the Group’s production companies, air emissions are monitored in accordance with legal requirements. Significant air emissions result from fuel combustion and production processes. In the parent company, the combustion process is carried out in the Heat Production Department with a nominal installation capacity of 85.38 MW. Sanok RC SA maintains continuous oversight of environmental emissions. Demonstrating due diligence in this area, all measurements of particulate and gaseous emissions are conducted by accredited research laboratories, and the measurement methods are reference methodologies.

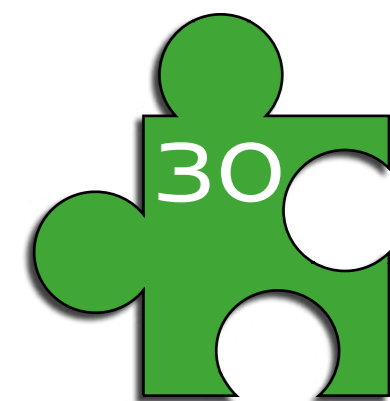
Magnitude of significant air emissions in Group

Type of emission	GROUP		Emission magnitude [kg]		
	2022	2023	incl. Sanok RC		process
Sulphur dioxide	127 189	101 989	127 177	101 979	Coal combustion
Nitrogen oxide	55 601	33 780	54 820	33 254	Coal combustion
Particulate matter	42 449	23 364	42 432	12 760	Coal combustion
Volatile organic compounds	4 866	5 402	3 024	3 691	Application of adhesives, painting, coating

The magnitude of emissions from the process of burning coal depends directly on the quantity consumed and its quality. The magnitude from VOC’s emissions is determined based on measurments

Wielkość emisji CO ₂ [kg]	39 715 235	38 426 333	31 917 700	30 825 477
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In Group comapnies, carbon dioxide amissions were associated with production processes and gas combustion, while in Sanok RC SA with coal combustion.



WATER

WATER EXTRACTION

Most of the Group’s companies use municipal water supply networks for their operations. The parent company and partially DraftexAutomotive GmbH use water extracted from their own sources. Two of the companies use water supplied by Sanok RC SA. In Sanok RC SA, water is extracted from the San River. After treatment, it is used for both technological purposes and for the employees’ social and domestic needs. Water intended for consumption is tested according to legal requirements. The greatest environmental impact due to water consumption is caused by companies that use water for production purposes. In the remaining companies, water is mainly used for social purposes.

[SRC-27] Total water usage

Water intake [m³]	GROUP		incl. Sanok RC	
	2022	2023	2022	2023
Total water usage	336 160	325 822	298 923	286 744*
Percentage of the water intake attribution to Sanok RC SA:			88.92 %	88.01 %

* including 100 743 m³ water sold to third party entity.

WASTEWATER EMISSIONS

[SRC-29] The Group’s wastewater is primarily treated by municipal treatment plants. This is also the case for the parent company. In 2023, Sanok RC SA discharged 81.03% of its wastewater to the municipal treatment plant (80.85% in 2022). These were mainly domestic and industrial wastewater from cleaning production hall floors, the belt test laboratory, the phosphating line treatment plant, and the acid wastewater neutralizers. Rainwater and a small amount of non-contaminated technological wastewater from the parent company, such as water from filter cleaning at the water intake and water from cleaning cooling equipment through the pre-treatment system, are discharged into the river. The volume of wastewater discharges is in accordance with the integrated permit and water law permit held.

[m³]	GROUP		incl. Sanok RC	
	2022	2023	2022	2023
Amount of wastewater discharged	132 675	131 735	94 428	95 985

In 2023, there were no unplanned wastewater discharges.

Water is not reused by any of the companies.

WASTE GENERATED

Both in Sanok RC SA and in other Group companies, the amounts of waste generated and their handling are monitored. In production companies, waste generation is related to the processes conducted. Due to the nature of their activities, trading companies generate only municipal waste. The reporting of waste quantities is based on records required by the local laws of the companies within the Group.

[SRC-30] The total mass of waste by type and waste management method is presented in the tables below.

Danegrous wastes

Treatment type	GROUP		incl. Sanok RC		
	[Mg]	2022	2023	2022	2023
Reprocessing		193.92	103.44	16.84	0.40
Recycling (incl. energy)		367.03	383.56	363.03	377.68
Combustion		19.12	20.02	9.06	12.99
Physico-chemical processing		430.51	389.12	411.96	389.12
Total	1	010.59	896.14	800.89	780.19
Percentage of waste attribution to the Sanok RC SA			79.25 %	87.07%	

Wastes other than dangerous

Treatment type	GROUP		incl. Sanok RC		
	[Mg]	2022	2023	2022	2023
Reprocessing		1 361.23	1 415.89	453.90	513.91
Recycling (incl. energy)		4 139.51	4 492.18	4 137.51	4 489.18
Physico-chemical processing		26.81	6.78	21.81	2.78
Wastes given to third-party entities and individuals for recycling or re-using		4 292.17	3 552.85	3 467.75	2 673.34
Total		9 819.72	9 467.70	8 080.97	7 679.21
Percentage of wastes attribution to the Sanok RC SA			82.29 %	81.11 %	

[SRC-26] ENVIRONMENTAL ACTIONS REDUCING ENVIRONMENTAL IMPACTA

The Group undertakes a range of actions aimed at reducing environmental impact. These actions primarily concern the production companies.

Actions in Subsidiaries

In 2023, Group companies continued actions impacting energy conservation, including the replacement of lamps with energy-efficient ones (Draftex Automotive GmbH, Stomil Sanok – Dystrybucja Sp. z o.o., Stomet Sp. z o.o., Stomil Sanok Ukraina Sp. z o.o.). At Stomil Sanok – Dystrybucja Sp. z o.o., an investment in a photovoltaic installation was started, while Draftex Automotive GmbH continued actions begun in previous years (using frequency converters in vulcanization presses)

Actions in the Parent Company

• Reducing Emissions to the Environment

To reduce the environmental burden generated by coal combustion in the Heat Production Department, in 2023, modernization of boilers, dust removal installations, and the construction of a flue gas desulfurization installation were initiated. By November 2024, modernization of three OKR5 boilers and the WR10 boiler is planned to be completed. The remaining boilers will be decommissioned. This project will reduce the nominal capacity of the boiler house to below 20 MW, increase boiler efficiency, and reduce emissions of particulates, carbon dioxide, and sulfur oxides. Protective devices, such as dust collectors, filters, scrubbers, afterburners, and VOC reduction installations, including a high-class VOC reduction installation based on a zeolite wheel, are also used in other facilities of the company.

• Implementing Kazien projects

Innovations reported by employees in 2023 related to reducing environmental impact primarily concerned eliminating negative environmental effects through reducing electricity consumption, reducing the number of defects, reducing the amount of waste generated, reusing packaging and its components instead of single-use items, and improving packing efficiency by increasing the number of products in cardboard packaging.

Number of environmental Kaizen projects reported and implemented:
In 2022: 20
In 2023: 18

• Implementation of Environmental Goals and Tasks Program

In 2023, the Program for Achieving Environmental Goals and Tasks for the years 2021-2023 was completed. The effects of the tasks carried out include reducing electricity consumption (replacement of devices, components with energy-efficient ones, replacement of electrical installations), reducing thermal energy consumption (improving thermal insulation of buildings), reducing media consumption (installation of equipment affecting water savings, replacement of obsolete devices), reducing air pollution (improving ventilation effectiveness, replacing filters), and reducing the amount of waste generated (purchasing

a solvent distillation device, introducing solutions to extend oil life, modernizing product foil wrapping equipment). Several tasks are ongoing processes, including lighting replacements, replacement of power tools, actions to reduce compressed air losses, and reduction of waste amounts (oil filtration, cleaning service). Some tasks will be finalized in the coming years, including modernization of the flue gas dust removal system in the Heat Production Department, modernization of the cable network, and projects related to building thermo-modernization.

- **Continuous Improvement of the Implemented and Certified Environmental Management System,**
- **Actions Aligned with the Concept of Circular Economy**

The essence of these actions is to increase resource efficiency and uninterrupted access to raw materials. In Sanok RC SA, this involves economical use of circulating-cooling water, raw materials, and recycling of rubber waste.

– Economical Use of Circulating-Cooling Water.

The company has two independent, progressively modernized systems aimed at preparing and delivering coolant with appropriate temperature and pressure parameters to machines and production lines, which require heat removal during production. The circulating-cooling water production and distribution system is closed-loop. Water prepared (cooled) in the fan cooler is delivered to production facilities and returned for re-cooling after use. Water losses due to evaporation and production losses are supplemented from the municipal water supply.

The closed-loop cooling water system aims to:

- Economize on water resources,
- Minimize costs related to water extraction and treatment,
- Protect production equipment from sediment formation,
- Reduce the amount of technological wastewater.

– Using Low-Quality and waste Mixture for Product Production.

At the Formed Articles Production Plant, the mixture is used to produce blades for snow plows.

This approach results in:

- Reducing the amount of production waste intended for disposal,
- Reducing the purchase of raw materials used in the mixtures.

– Economical Use of Raw Materials.

The company uses recycled materials, including steel, aluminum, foil, and cardboard packaging. In 2023, Sanok RC SA used recycled materials in the following proportions (average values based on information from suppliers):

- steel: 18%,
- aluminium: 54%,

- foil: 50%,
- cardboard packaging: 90%.

- Recycling of rubber wastes.

Rubber waste generated by Sanok Rubber Company, which does not contain material, metal, plastic elements, or belts, is fully transferred to recycling entities. The recipients process the waste by grinding it into rubber granules, which are then used for constructing safe sports surfaces in playgrounds and sports fields, infilling artificial grass on sports fields, producing tartan surfaces, and manufacturing rubber products such as parking bumpers, road sign bases, and fitness mats. With this approach, approximately 2,200 tons of rubber waste are recycled annually and used to create new products. The company continuously seeks recycling opportunities for other types of waste by analyzing the waste market, seeking modern technologies for reuse, and conducting tests to assess the effectiveness of offered solutions.

• Actions for the Natural Environment Related to Biodiversity Care

- Flower Meadow

In 2023, a flower meadow covering 2.1 hectares maintained from previous years was preserved on the company’s premises. Each year, the meadow increases its positive impact on air purification from particulate pollution, water retention, and providing food and shelter for insects and small animals. It also enhances the aesthetics of the area and diversifies the landscape. The project used a multi-species seed mixture containing seeds from plants native to areas with a similar climate zone, well-established in Poland’s flora, and characteristic of the habitat where the company is located.

- Compensation for Necessary Tree Removal on the Company’s Premises

As compensation for tree and shrub removal, plantings were made:

- w 2022 roku 4 birches and 16 thuja,
- w 2023 roku 13 thuja and 18 small-leaved employees.

The plantings were carried out by company employees.

- Initiatives for Wildlife Protection and Promoting Environmental Education.

In 2023, cooperation was established with the Association for the Protection of Bieszczady Fauna. This non-profit organization serves as a refuge for animals that cannot survive on their own in the wild. It cares for animals native to the Bieszczady Mountains, including protected species such as lynxes, barn owls, tawny owls, ravens, buzzards, jackdaws, and other mammal and bird species. Supporting the association’s activities, the construction of a modern aviary was financed, which will become a safe and friendly place for various bird species. The aviary, equipped with elements that support natural bird habits such as nests, water pools, and vegetation, not only reflects natural habitats but also provides a safe refuge for birds that could

not survive in natural conditions.ch.

- Educational Signage at the Peat Bog in Bieszczady National Park.

IDENTIFICATION OF RISKS AND EMERGENCY RESPONSE

In the context of environmental impact, the highest risk of emergency situations is associated with processes conducted in production companies. These companies have identified risks and developed and implemented emergency response plans. These plans are regularly reviewed and tested for effectiveness. Issues related to emergency response are covered in employee training. Given this and the fact that the parent company is classified as a facility with an increased risk of a major industrial accident, the indicator SRC-32 Number of Environmental Incidents has been designated as key.

[SRC-32] In 2022 and 2023, no environmental incidents were reported in any of the Group companies.

[SRC-31] During the reporting period, the Group did not record any leaks of materials or waste into the soil and water.

COMPLIANCE WITH ENVIRONMENTAL LEGAL REQUIREMENTS

All Group companies conduct their activities in accordance with applicable legal requirements. These requirements are identified and monitored for compliance within the companies. Identification of other environmental requirements is based on documentation collected by individual companies (received decisions, agreements, resolutions, plans, programs, arrangements, and others) and a review of customer requirements. For the parent company, the primary document regulating environmental effects is the integrated permit. The company has held this permit since March 2007. In 2023, the company received a decision to amend the integrated permit, including updates to equipment and emission sources and the location of a new line for extruding seals made of PVC and PVC combined with steel tape and glass cord. The permit is published on the website: <https://bip.podkarpackie.pl/index.php/informacja-o-srodowisku/pozwolenia-zintegrowane/wydane>.

[SRC-33] In 2022, the Dominant Company was imposed a monetary fine of PLN 1,000 by the Provincial Inspectorate for Environmental Protection, resulting from a violation consisting of transferring waste with code 07 02 80 to an entity that did not have a decision allowing the collection or processing of waste. The fine was imposed despite the fact that the waste recipient was listed in the Waste Database (BDO) as authorized to receive waste with code 07 02 80. The Company challenged the decision of the Podkarpackie Provincial Inspectorate for Environmental Protection in its entirety to the Chief Inspector for Environmental Protection in Warsaw, citing misleading information provided by the Waste Database (BDO) operator and the BDO Administrator, due to the failure of these institutions to fulfill their statutory duty to update the database registers. The deadline for reviewing the appeal has been postponed to the end of June 2024.

In 2023, Sanok RC SA was imposed an administrative monetary fine of PLN 1,000, resulting from a violation consisting of transferring waste with code 15 01 02 to an entity that had lost the legally required decision to collect the said waste. The waste came from packaging material supplied by this entity and was used exclusively for its own needs.

The entity subjected the waste to a recycling process and used it as polyethylene granulate solely for the production of film products in its own plant. As a result of this incident, the Company updated its internal waste management procedure, increased the frequency of verifying the validity of permits presented by entities for the collection/processing of waste.

[SRC-34] In the reported period, no complaints regarding environmental impact were recorded in the Group.

[SRC-55] In 2023, Sanok RC SA recorded two complaints regarding the Company’s impact on society. Both concerned the nuisance of noise emitted by the Company. The first complaint was reported to the Provincial Inspectorate for Environmental Protection. Explanations were conducted by this institution through an inspection at the Company’s headquarters. No shortcomings in noise emission to the environment were found. The second complaint was reported directly to the Company. As a result, noise measurements were conducted and a review of equipment that could potentially be a source of excessive noise. Although internal measurements also did not show noise emission exceedances in this case, the Company planned actions to reduce emissions from identified sources emitting the most noise. No complaints regarding the impact on society were recorded in the remaining companies of the Group.

PROMOTING ECOLOGICAL AWARENESS

In the Sanok Rubber Group, ecological awareness is promoted through discussions of related issues during training sessions for all employee groups. Employees are primarily introduced to the environmental impact of ongoing processes and the safeguards used to prevent environmental pollution. Safe handling of chemicals and their mixtures, as well as packaging from substances and mixtures posing a hazard, is also discussed. The training includes emergency procedures and prevention of the release of hazardous substances into the environment.

The training also emphasizes the importance and method of waste segregation. Examples of the positive impact on environmental protection from actions such as saving paper, energy, or resources are provided.

In 2023, actions promoting energy savings and waste segregation continued among the employees of the Dominant Company.ów.

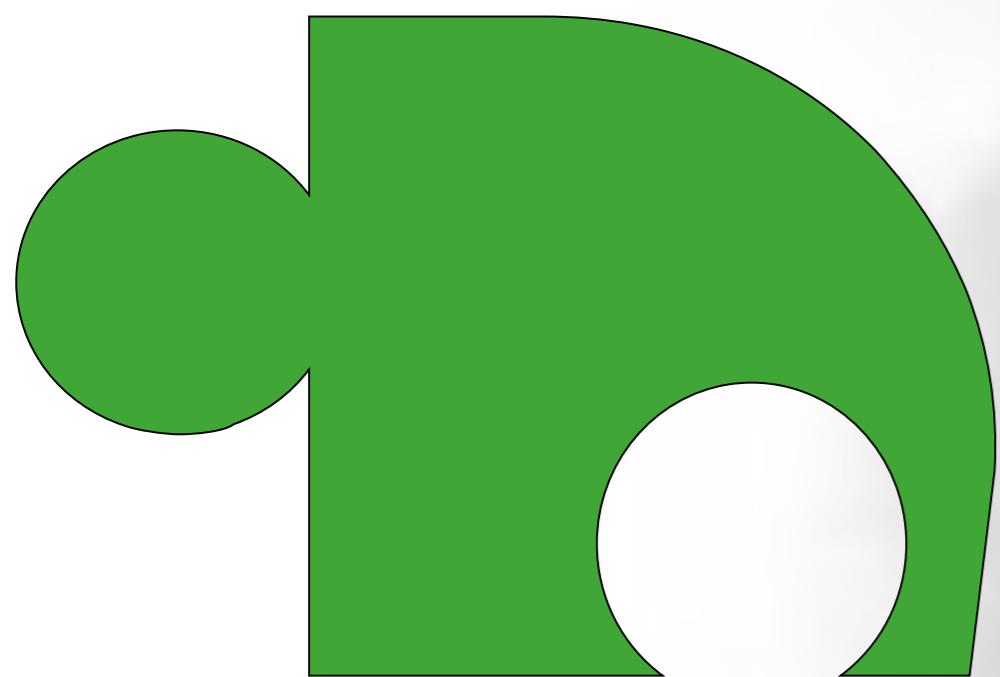


DESCRIPTION OF SIGNIFICANT RISKS AND THEIR MANAGEMENT

Environmental risks primarily concern the production companies and the service company within the Group. However, the commercial companies are not affected by these risks, except for the risk of non-compliance with the law and the imposition of penalties. The most significant environmental risks identified are:



<ul style="list-style-type: none">• Occurrence of Environmental Accidents	<ul style="list-style-type: none">• Improper Management of Investment Processes	<ul style="list-style-type: none">• Non-Compliance with the Law and Imposition of Fines	<ul style="list-style-type: none">• Use of Hazardous Substances/Mixtures in Production	<ul style="list-style-type: none">• Local Community Dissatisfaction Due to Operational Inconvenience
<p>In the event of an environmental accident, the Group has developed procedures in place that are communicated to employees. Processes are carried out in a manner that minimizes the risk of releasing substances or their mixtures into the environment, and the implementation of these processes is monitored</p>	<p>To mitigate this risk, the Capital Group collaborates only with competent companies, with particular attention paid to the diligence and accuracy of documentation preparation. Various environmental impact scenarios are considered at the project conceptual stages</p>	<p>The Group continuously identifies, implements, and complies with legal requirements. Changes in legal requirements are communicated to employees</p>	<p>The use of hazardous substances/mixtures is conducted in a manner that ensures safety for both employees and the environment. This is achieved through employee awareness, which helps in identifying risks and monitoring processes. Procedures for handling hazardous substances have been implemented, regular employee training is conducted, and process supervision is maintained. Protective equipment is used to safeguard the environment from hazardous substances/mixtures.</p>	<p>Our approach to managing this risk involves taking actions to reduce the inconvenience caused by our production activities. This includes using protective equipment (dust collectors, filters), conducting inspections, modernizing equipment that generates noise, and monitoring environmental impact.</p>



**CLIMATE
CHANGES**



Global climate change, along with the necessity to reduce greenhouse gas emissions, also poses a challenge for the Sanok Rubber Group. Recognizing the importance of this issue, the Group has appointed a member of the Management Board of the parent company responsible for managing climate-related matters. The responsible person is the President of the Management Board of Sanok RC SA. As outlined in this section, the impact of climate change on the Group’s operations is significant. There are increasingly stringent legal requirements, which result in the need for costly investments. Additionally, the rise in energy prices and the increase in CO2 emission allowances play a crucial role in making key decisions. Below are the Group’s climate policy objectives, a description of the Group’s impact on climate change, the impact of climate change on the Group, as well as the resulting risks and opportunities. The Taxonomy requirements are referenced, and the greenhouse gas emissions data is presented.

CLIMATE POLICY

- The Group’s climate policy is to achieve climate neutrality by 2050 and continuously take actions to reduce the negative impact on the climate.
- The planned key actions to reduce greenhouse gas emissions include:
- Applying low-emission construction solutions during investment projects,
 - Modernizing the plant’s boiler house and changing the types of fuels used,
 - Selecting installations and machinery based on energy efficiency criteria,
 - Considering the share of electricity from renewable

- sources as one of the criteria when choosing suppliers,
- Generating electricity from renewable energy sources,
 - Improving energy efficiency by implementing energy-saving measures identified during energy audits (e.g., eliminating compressed air losses, using only energy-efficient lighting sources),
 - Considering climate criteria when selecting suppliers,
 - Promoting continuous climate awareness among employees through campaigns encouraging energy efficiency.

[SRC-58] IMPACT OF THE GROUP ON CLIMATE CHANGE AND THE IMPACT OF CLIMATE CHANGE ON THE GROUP

IMPACT OF SANOK RC SA ON CLIMATE CHANGE

Actions resulting in greenhouse gas emissions:

- Acquisition of raw materials and production of components used in production
- transport of raw materials, components products & wastes
- use of electricity, heat and fuels (in production processes and operation of facilities)
- business travels

Actions resulting in reduced greenhouse gas emissions are described in the section on due diligence in reducing negative impact on the environment.

IMPORT OF CLIMATE CHANGE ON GROUP ACTIVITIES

- extreme weather events
- limited access to the natural resource of water
- the emergence of increasingly stringent legal requirements to mitigate climate change klimatycznym
- increased prices of electricity & gas
- increased prices of CO₂ emissions allowances
- changing customer preferences - choosing products from a company that is more environmentally friendly

Supervision of these risks is described in the further part of this chapter.



COMPLIANCE WITH TAXONOMY

Taxonomy sets criteria for contributing significantly to climate change mitigation, adaptation to climate change, and not causing significant harm to other environmental goals. It is based on the following documents: Regulation (EU) 2020/852 of the European Parliament and Council of June 18, 2020, on the establishment of a framework to facilitate sustainable investment, Delegated Regulations and their extensions of June 4, 2021 (EU) 2021/2139, July 6, 2021 (EU) 2021/2178, March 9, 2022 (EU) 2022/1214, June 27, 2023 (EU) 2023/2485, and June 27, 2023 (EU) 2023/2486. [SRC-59] The work on determining the compliance of Sanok RC SA with the Taxonomy was divided into stages including the determination of the NACE sector, analysis of activities, and preparation of data presentation.

NACE code for Sanok RC SA's activity: C Manufacturing; 22.19 Production of other rubber products, is not covered by the delegated regulations specifying technical screening criteria for determining the conditions under which an economic activity qualifies as making a significant contribution to climate change mitigation or adaptation to climate change, while ensuring that this activity does not cause significant harm to other environmental objectives. Therefore, it is considered that all of the company's revenues come from activities not classified under the Taxonomy.

Business activities conducted by the company were analyzed in relation to technical screening criteria, divided into turnover, investment expenditures, and operational expenditures. The activities were verified for significant contribution to one of the environmental objectives and whether they do not cause significant harm to other objectives.

Tables presenting turnover, investment expenditures, and operational expenditures are presented in accordance with the requirements of Delegated Regulation (EU) 2021/2139. Below is an explanation of how turnover, investment expenditures, and operational expenditures were calculated:

Turnover: the denominator includes revenues from sales of Sanok RC presented in the financial statements under „sales revenue“. The numerator includes revenues from taxonomy-eligible activities.

Investment Expenditures (CAPEX): the denominator includes all capital expenditures incurred by Sanok RC for the purchase of tangible and intangible assets. The numerator includes capital expenditures related to taxonomy-eligible activities.

Operational Expenditures (OPEX): the denominator includes all costs by type incurred by Sanok RC presented in the financial statements in the explanatory note: „Costs by type“. The numerator includes costs by type incurred for taxonomy-eligible activities.

The company avoided double counting when allocating turnover, operational costs, and investment expenditures by adjusting financial accounting records and performing detailed analysis.



Percentage of turnover from products or services related to business activities compliant with the taxonomy – disclosure pertains to the year 2023

Działalność gospodarcza	Kod lub kody	Obrót (wartość bezwzględna)	Część obrotu	Kryteria dotyczące istotnego wkładu						Kryteria dotyczące zasady „nie wyrządza poważnych szkód”						Minimalne gwarancje	Udział procentowy obrotu zgodnego z sytematyką, rok 2023	Udział procentowy obrotu zgodnego z sytematyką, rok 2022	Kategoria (działalność wspomagająca)	Kategoria (“działalność na rzecz przejścia”)	
				Łagodzenie zmian klimatu	Adaptacja do zmian klimatu	Zasoby wodne i morskie	Gospodarka o obiegu zamkniętym	Zanieczyszczenie	Różnorodność biologiczna i ekosystemy	Łagodzenie zmian klimatu	Adaptacja do zmian klimatu	Zasoby wodne i morskie	Gospodarka o obiegu zamkniętym	Zanieczyszczenie	Różnorodność biologiczna i ekosystemy						T/N
		tys. zł	%	%	%	%	%	%	%	T/N	T/N	T/N	T/N	T/N	T/N	T/N	%	%	F	T	
A. DZIAŁALNOŚĆ KWALIFIKUJĄCA SIĘ DO SYSTEMATYKI																					
A.1.Rodzaje działalności zrównoważonej środowiskowo (zgodna z systematyką)																					
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Obrót ze zrównoważonej środowiskowo działalności (zgodnej z systematyką) (A.1)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
A.2 Działalność kwalifikująca się do systematyki, ale niezrównoważona środowiskowo (działalność niezgodna z systematyką)																					
—	—	—	—																		
Obrót z działalności kwalifikująca się do systematyki, ale niezrównoważonej środowiskowo (działalności niezgodnej z systematyką) (A.2)	—	—	—																		
Razem (A.1+A.2)	—	—	—														—	—			
B. DZIAŁALNOŚĆ NIEKWALIFIKUJĄCA SIĘ DO SYSTEMATYKI																					
Obrót z działalności niekwalifikującej się do systematyki (B)		1 042 172	100																		
Razem (A+B)		1 042 172	100																		

Percentage of capital expenditures on products or services related to business activities compliant with the taxonomy – disclosure pertains to the year 2023.

Działalność gospodarcza	Kod lub kody	Nakłady inwestycyjne w ujęciu bezwzględnym tys. zł	Udział procentowy nakładów inwestycyjnych %	Kryteria dotyczące istotnego wkładu						Kryteria dotyczące zasady „nie wyrządza poważnych szkód”						Minimalne gwarancje T/N	Udział procentowy obrotu zgodnego z sytematyką, rok 2023 %	Udział procentowy obrotu zgodnego z sytematyką, rok 2022 %	Kategoria (działalność wspomagająca) E	Kategoria ("działalność na ręcz przejścia") T
				Łagodzenie zmian klimatu %	Adaptacja do zmian klimatu %	Zasoby wodne i morskie %	Gospodarka o obiegu zamkniętym %	Zanieczyszczenie %	Różnorodność biologiczna i ekosystemy %	Łagodzenie zmian klimatu T/N	Adaptacja do zmian klimatu T/N	Zasoby wodne i morskie T/N	Gospodarka o obiegu zamkniętym T/N	Zanieczyszczenie T/N	Różnorodność biologiczna i ekosystemy T/N					
A. DZIAŁALNOŚĆ KWALIFIKUJĄCA SIĘ DO SYSTEMATYKI																				
A.1.Rodzaje działalności zrównoważonej środowiskowo (zgodna z systematyką)																				
Rozbudowa systemów poboru, uzdatniania i dostarczania wody – zakup stacji ultrafiltracji wody	5.1	470,9	0,83	0,83	0,00	0,00	0,00	0,00	0,00		T	T	nd.	nd.	T	T	0,83		E	-
Eksploatacja urządzeń do mobilności osobistej, logistyka rowerowa – zakup rowerów	6.4	29	0,05	0,05	0,00	0,00	0,00	0,00	0,00		T	nd.	T	nd.	nd.	T	0,05		E	-
Infrastruktura na potrzeby mobilności osobistej, logistyka rowerowa – wykonanie parkingu dla rowerów	6.13	5,8	0,01	0,01	0,00	0,00	0,00	0,00	0,00		T	T	T	T	T	T	0,01		E	-
Montaż, konserwacja i naprawa sprzętu zwiększającego efektywność energetyczną – wymiana okien, zakup bramy wjazdowej szybkiej oraz drzwi ewakuacyjnych	7.3	89,3	0,16	0,16	0,00	0,00	0,00	0,00	0,00		T	nd.	nd.	T	nd.	T	0,16		E	-
Przetwarzanie danych; zarządzanie stronami internetowymi i podobna działalność – rozbudowa systemu monitoringu w zakresie energii elektrycznej	8.1	14,9	0,03	0,03	0,00	0,00	0,00	0,00	0,00		T	T	T	nd.	nd.	T	0,03		E	-
Nakłady inwestycyjne z tytułu działalności zrównoważonej środowiskowo (zgodnej z systematyką) (A.1)		609,9	1,08	1,08	0,00	0,00	0,00	0,00	0,00								1,08	1,03		
A.2 Działalność kwalifikująca się do systematyki, ale niezrównoważona środowiskowo (działalność niezgodna z systematyką)																				
Transport motocyklami, samochodami osobowymi i lekkimi pojazdami użytkowymi - zakup samochodów służbowych	6.5	686,5	1,21																	
Montaż, konserwacja i naprawa sprzętu zwiększającego efektywność energetyczną - wymiana okien	7.3	230,2	0,41																	
Nakłady inwestycyjne z tytułu działalności kwalifikującej się do systematyki, ale niezrównoważonej środowiskowo (działalność niezgodna z systematyką) (A.2)		916,7	1,62														1,62	1,12		
Razem (A.1+A.2)		1 526,6	2,69														2,69	2,15		
B. DZIAŁALNOŚĆ NIEKWALIFIKUJĄCA SIĘ DO SYSTEMATYKI																				
Nakłady inwestycyjne z działalności niekwalifikującej się do systematyki (B)		55 152,4	97,31																	
Razem (A+B)		56 679	100,00																	

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Percentage of operating expenses on products or services related to business activities compliant with the taxonomy – disclosure pertains to the year 2023.

Działalność gospodarcza	Kod lub kody	Koszty operacyjne w ujęciu bezwzględny tys. zł	Udział procentowy wydatków operacyjnych %	Kryteria dotyczące istotnego wkładu						Kryteria dotyczące zasady „nie wyrządza poważnych szkód”						Minimalne gwarancje T/N	Udział procentowy obrotu zgodnego z sytematyka, rok 2023 %	Udział procentowy obrotu zgodnego z sytematyka, rok 2022 %	Kategoria (działalność wspomagająca) E	Kategoria ("działalność na rzecz przejścia") T
				Łagodzenie zmian klimatu %	Adaptacja do zmian klimatu %	Zasoby wodne i morskie %	Gospodarka o obiegu zamkniętym %	Zanieczyszczenie %	Różnorodność biologiczna i ekosystemy %	Łagodzenie zmian klimatu T/N	Adaptacja do zmian klimatu T/N	Zasoby wodne i morskie T/N	Gospodarka o obiegu zamkniętym T/N	Zanieczyszczenie T/N	Różnorodność biologiczna i ekosystemy T/N					
A. DZIAŁALNOŚĆ KWALIFIKUJĄCA SIĘ DO SYSTEMATYKI																				
A.1.Rodzaje działalności zrównoważonej środowiskowo (zgodna z systematyką)																				
Eksplotacja systemów poboru, uzdatniania i dostarczania wody	5.1	1848,2	0,19	0,19	0,00	0,00	0,00	0,00	0,00		T	T	nd.	nd.	T	T	0,19		E	-
Infrastruktura na potrzeby mobilności osobistej, logistyka rowerowa – naprawa drogi dojazdowej	6.13	6	0,001	0,001	0,00	0,00	0,00	0,00	0,00		T	T	T	T	T	T	0,001		E	-
Montaż, konserwacja i naprawa stacji ładowania pojazdów elektrycznych w budynkach (i na parkingach przy budynkach) – prace konserwacyjne przy ładowarkach elektrycznych	7.4	11,4	0,001	0,001	0,00	0,00	0,00	0,00	0,00		T	nd.	nd.	nd.	nd.	T	0,001		E	-
Przetwarzanie danych; zarządzanie stronami internetowymi i podobna działalność - licencje serwerów	8.1	385,3	0,04	0,04	0,00	0,00	0,00	0,00	0,00		T	T	T	nd.	nd.	T	0,04		E	-
Wydatki operacyjne z tytułu działalności zrównoważonej środowiskowo (zgodnej z systematyką) (A.1)		2 250,9	0,23	0,23	0,00	0,00	0,00	0,00	0,00								0,23	0,18		
A.2 Działalność kwalifikująca się do systematyki, ale niezrównoważona środowiskowo (działalność niezgodna z systematyką)																				
Eksplotacja sieci ciepłowniczej do dystrybucji energii cieplnej	4.15	2 714,6	0,28																	
Eksplotacja instalacji wykorzystującej ciepło odpadowe z pracy sprężarek do produkcji ciepłej wody użytkowej	4.25	237,7	0,02																	
Wydatki operacyjne z tytułu działalności kwalifikującej się do systematyki, ale niezrównoważonej środowiskowo (działalność niezgodna z systematyką) (A.2)		2 952,3	0,31														0,31	0,29		
Razem (A.1+A.2)		5 203,2	0,54														0,54	0,48		
B. DZIAŁALNOŚĆ NIEKWALIFIKUJĄCA SIĘ DO SYSTEMATYKI																				
Wydatki operacyjne działalności niekwalifikującej się do systematyki (B)		958 960,8	99,46																	
Razem (A+B)		964 164	100,00																	

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GREENHOUSE GAS EMISSIONS

In this report, greenhouse gas emissions are reported in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Emissions have been calculated using tools provided by the GHG Protocol (<https://ghgprotocol.org/calculation-tools>). The Global Warming Potential (GWP) factor used in the calculations is consistent with the Sixth IPCC Report (AR6, The Sixth Assessment Report of the IPCC).

Emissions are reported on an annual cycle. In the reporting period, the Sanok Rubber Group did not have biogenic greenhouse gas emissions.

[SRC-60] The organization’s carbon footprint is presented for scopes 1 and 2. Data for scope 3 is collected and analyzed, but due to incomplete information from suppliers, it has been decided not to present it this year.

For the calculations of the organization’s carbon footprint, the cradle-to-gate boundaries were used. Consequently, the individual scopes include:

- Scope 1 (direct emissions) – resulting from the combustion of hard coal and natural gas in buildings and facilities, as well as the combustion of fuels (gasoline, diesel, LPG) in vehicles (related to vehicles owned by the Group),
- Scope 2 (indirect emissions) – resulting from the generation of electricity by an external supplier.
- Scope 2 emissions have been calculated using both location-based and market-based methods. For the location-based method, average emission intensity factors published by the National Centre for Emissions Balancing and Management were used, while for the market-based method, data from the report detailing the

fuel mix used for electricity generation provided by the energy supplier was used.

Due to the inability to obtain data on emission factors for electricity production from companies located outside Poland, calculations were made only based on data obtained from companies located within Poland.

[SRC-61] Greenhouse Gas Emissions by Scope

Scope	Emission source [Mg]	Emission magnitude of Mg CO ₂ e			
		Sanok RC SA		GROUP	
		2022	2023	2022	2023
Scope 1	Fuel consumption in buildings and installations	33 699	32 515	43 545	42 189
	Fuel consumption in transport	630	581	765	845
	Total emissions within scope 1	34 328	33 096	44 311	43 034
	Emissions of scope 1 / 1 mln PLN sales income	35	32	32	30
	Emissions of scope 1 / 1t of produced goods	1.3	1.2	1.3	1.2
Scope 2	Emissions resulting from the generation of purchased electricity (location-based calculation method)	37 571	35 910	39 061	37 270
	Emissions resulting from the generation of purchased electricity (market-based calculation method)	34 324	34 682	35 685	35 996
Scopes 1 & 2	Total emissions within scopes 1 i 2 (location-based calculation method)	71 899	69 006	83 371	80 304
	Total emissions within scopes 1 i 2 (market-based calculation method)	68 652	67 778	79 996	79 030
	Total emissions within scopes 1 i 2 (location-based calculation method) / 1 mln PLN sales income	74	66	60	55
	Total emissions within scopes 1 i 2 (location-based calculation method) / 1t of produced goods	2.7	2.5	2.5	2.2
	Total emissions within scopes 1 i 2 (market-based calculation method) / 1 mln PLN sales income	71	65	58	55
	Total emissions within scopes 1 i 2 (market-based calculation method) / 1t of produced goods	2.6	2.5	2.4	2.2

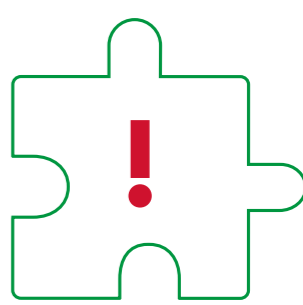
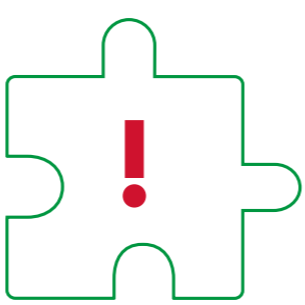
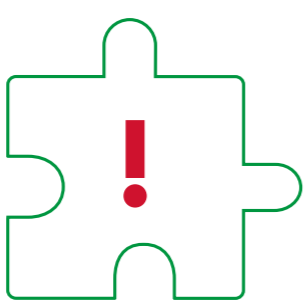
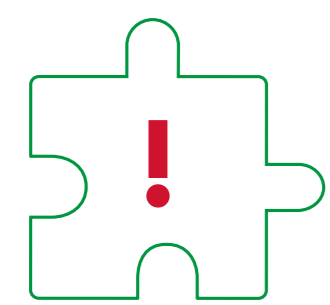
Changes in Greenhouse Gas Emissions at Sanok RC SA:

EMISSIONS TOTAL	2023/2022
Emissions of scope 1 / 1 mln PLN sales income	-8.6 %
Emissions of scope 1 / 1t of produced goods	-7.7 %
Total emissions within scopes 1 i 2 (location-based calculation method) / 1 mln PLN sales income	-10.8 %
Total emissions within scopes 1 i 2 (location-based calculation method) / 1t of produced goods	-7.4 %
Total emissions within scopes 1 i 2 (market-based calculation method) / 1 mln PLN sales income	-8.5 %
Total emissions within scopes 1 i 2 (market-based calculation method) / 1t of produced goods	-3.8 %



DESCRIPTION AND MANAGEMENT OF THE PRINCIPAL RISKS

Due to the increasing climate change affecting the Group, the following risks have been identified related to it:



• **Impact of Extreme Weather Events (Heavy Rains, Storms, Heatwaves) That Could Disrupt Production and Logistics Processes. This Risk Also Includes the Risk of Ensuring the Availability of Raw Materials for Production**

We manage this risk through preparedness for emergencies—checking response procedures, which include characteristics of threats and response methods. Regarding raw material availability, we identify opportunities to source materials from alternative suppliers

• **Limited Water Availability That Could Disrupt Production Processes**

Companies practice water conservation, monitoring its availability, intake, and consumption

• **Business Risk Related to Shifts in Consumer and Business Customer Preferences Toward Products and Services That Are Less Harmful to the Climate, and Reputational Risk Related to Difficulty in Attracting and Retaining Customers, Employees, Business Partners, and Investors if the Company’s Activities Are Considered Harmful to the Climate**

We manage this risk through the use of air protection devices, modern technologies, energy-saving measures, and the gradual replacement of transport means with those less harmful to the environment.

• **Business Risk Related to Meeting Increasingly Restrictive Legal Requirements Against Climate Change, Involving the Need for Significant Financial Outlays**

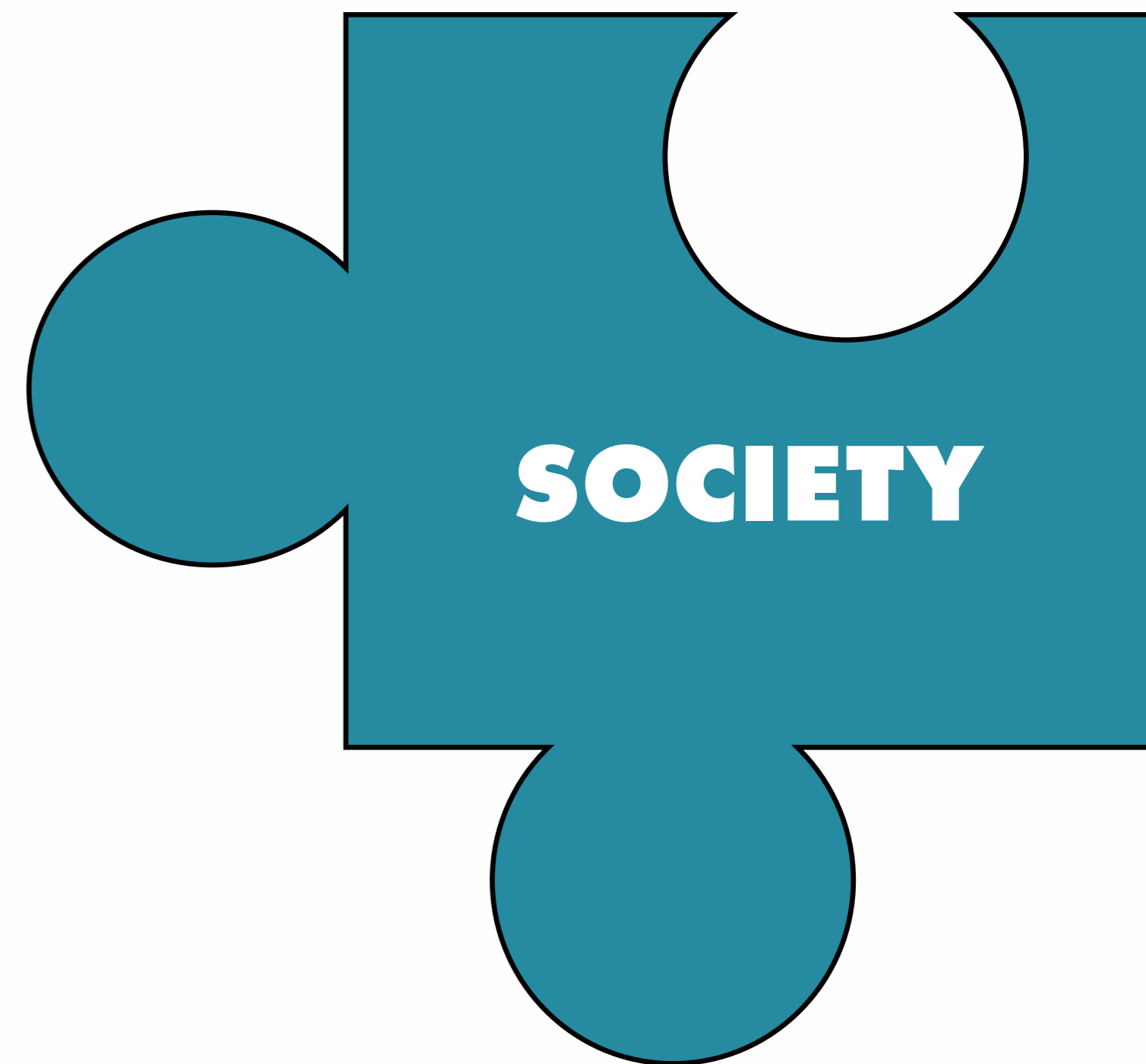
The Group monitors legal requirements and plans investments to meet them. The Group’s budget allocates funds for these investments.

• **Business Risk Related to Significant Increases in Energy Media Prices**

We manage this risk by determining the feasibility of partially sourcing electricity from renewable sources. This is currently at the investment planning stage.

• **Business Risk Related to Significant Increases in CO2 Emission Allowance Prices**

We manage this risk by modernizing the thermal energy production source. Reducing the source’s capacity and improving its efficiency will decrease CO2 emissions and enable the Company to exit the CO2 emission trading system. The modernization began in 2023 and is expected to be completed by the end of 2024.



[SRC-21] The foundation of the policies presented in this report concerning employee relations, environmental, social issues, human rights, and anti-corruption is the Code of Ethical Conduct. The Code has been in effect in the Group since the second half of 2016.

This document defines the core values of the Group and covers

- **Employee Relations**
 - Personnel strategy
 - Forced labor, discrimination, and harassment
 - The right to association
 - Child labor prohibition
 - Occupational health and safety
 - Work-life balance, behavior outside the workplace
 - Handling of Group assets
 - Interaction with public institutions
- **Business partnership**
 - Fair competition
 - Anti-corruption and conflicts of interest
 - Compliance with trade laws
 - Respect for property rights,
- **Environmental**
 - Pollution prevention
 - Sustainable resource use
 - Due diligence in the supply chain,
- **Local communities,**
- **Information handling**
 - Personal data protection and data security
 - Confidentiality and handling of sensitive information
 - Reporting.

The Code also describes the role of the Ethics Officer

and the procedures for reporting violations of the Code’s principles. In June 2022, the third edition of the Code was published. The changes included the addition of chapters on compliance with trade laws and due diligence in the supply chain, updates regarding modern slavery, discrimination criteria, and additions concerning personal and collective protective equipment and subcontractor requirements. No changes were made to the Code in 2023.

The document has been made available across the entire Capital Group and is published on the parent company’s website <https://www.sanokrubber.com/poznaj-nas#responsibility> and on some of the subsidiaries’ websites. All employees, job candidates, and interested parties can access this document.

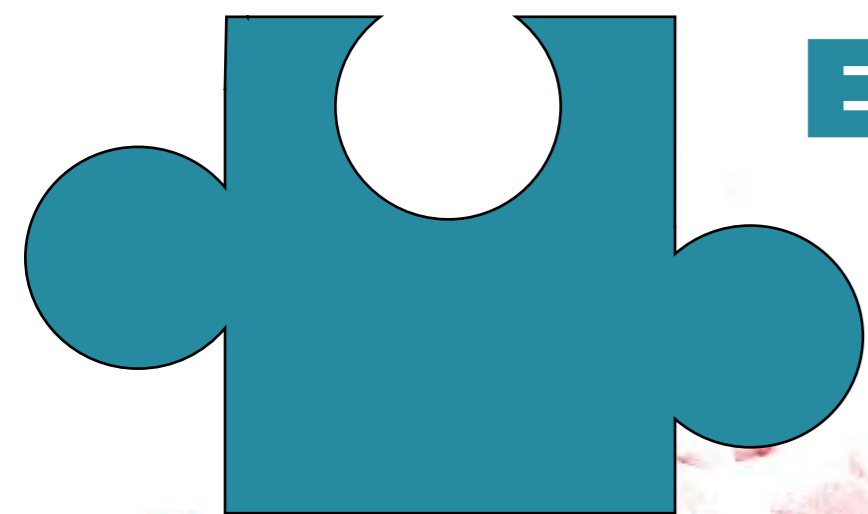
[SRC-22] Mechanisms for reporting ethical violations are included in the Code of Ethical Conduct and the Procedure for Anonymous Reporting of Violations at Sanok Rubber Company SA. Employees can report violations of the Code to the Ethics Officer, supervisors, or management within the companies.

Those reporting violations are assured of discretion, impartial proceedings that protect the identity and reputation of those involved. The Ethics Officer investigates the matter independently or engages other individuals to assist in clarifying the issue and taking action. If necessary, the Ethics Officer informs the Director/Manager of the area where the violation occurred about the violations and actions taken. The person reporting receives a response regarding the handling of the report.

With due diligence, Sanok RC SA, Draftex Automotive GmbH, Colmant Cuvelier RPS S.A.S., and Stomil Sanok

Ukraina Sp. z o.o. have appointed individuals to serve as Ethics Officers. In other companies, this role is filled by the Ethics Officer of the parent company. These individuals disseminate the principles outlined in the Code, support employees in adhering to the Code, clarify doubts regarding compliance, and undertake investigative actions concerning ethical violations. The Code of Ethical Conduct includes the email addresses of all Ethics Officers in the Group.

All stakeholders have the option to report irregularities anonymously through a form available on the Sanok RC SA website.A.



EMPLOYEMENT



The entirety of issues concerning this area is the subject of the developed Employee Policy. The Policy sets out the basic principles regarding relations with employees

EMPLOYEE POLICY

A significant element of the personnel strategy is creating an atmosphere that meets the needs and expectations of both employees and employers through dialogue, resulting in the development of a high-performance work culture.

The Sanok Rubber Group supports and promotes innovation initiatives and employee independence, as well as professional skills improvement in the work process.

We seek, hire, and support the career development of employees based on their qualifications and skills. Both the recruitment process and career development paths, employee evaluations, and promotions occur in a manner ensuring equal treatment of employees and job candidates, as well as enabling the functioning and development of the Sanok Rubber Group under all conditions. We support employees’ career ambitions through professional development and growth. Every employee is obligated to perform tasks using their skills, best knowledge, and capabilities. The Group provides financial resources for employee training and sets the basic training policy.

Employees are prohibited from accepting or demanding benefits, exerting pressure on colleagues, or making favors to secure someone’s employment, change employment conditions, or ensure promotion.

Employment relations are based on honesty, clearly defined requirements, and expectations. We respect employees’ rights to freely associate and participate in political parties and associations.

At Sanok Rubber Group, all employees are treated equally regardless of gender, age, skin color, appearance, disability, ethnic origin, nationality, religion, faith, sexual orientation, parenthood, financial status, political beliefs, union membership, job position, length of service, fixed-term or indefinite-term employment, full-time or part-time employment, or any other conditions on which discrimination is based. We make every effort to oppose all forms of discrimination, harassment, bullying, victimization, and intimidation.

We care for the health and safety of employees and prevent work accidents

DESCRIPTION OF POLICY APPLICATION RESULTS

Describing the results of the policy application, the Sanok Rubber Group referred to employment, development, and education of employees, as well as occupational health and safety

EMPLOYMENT

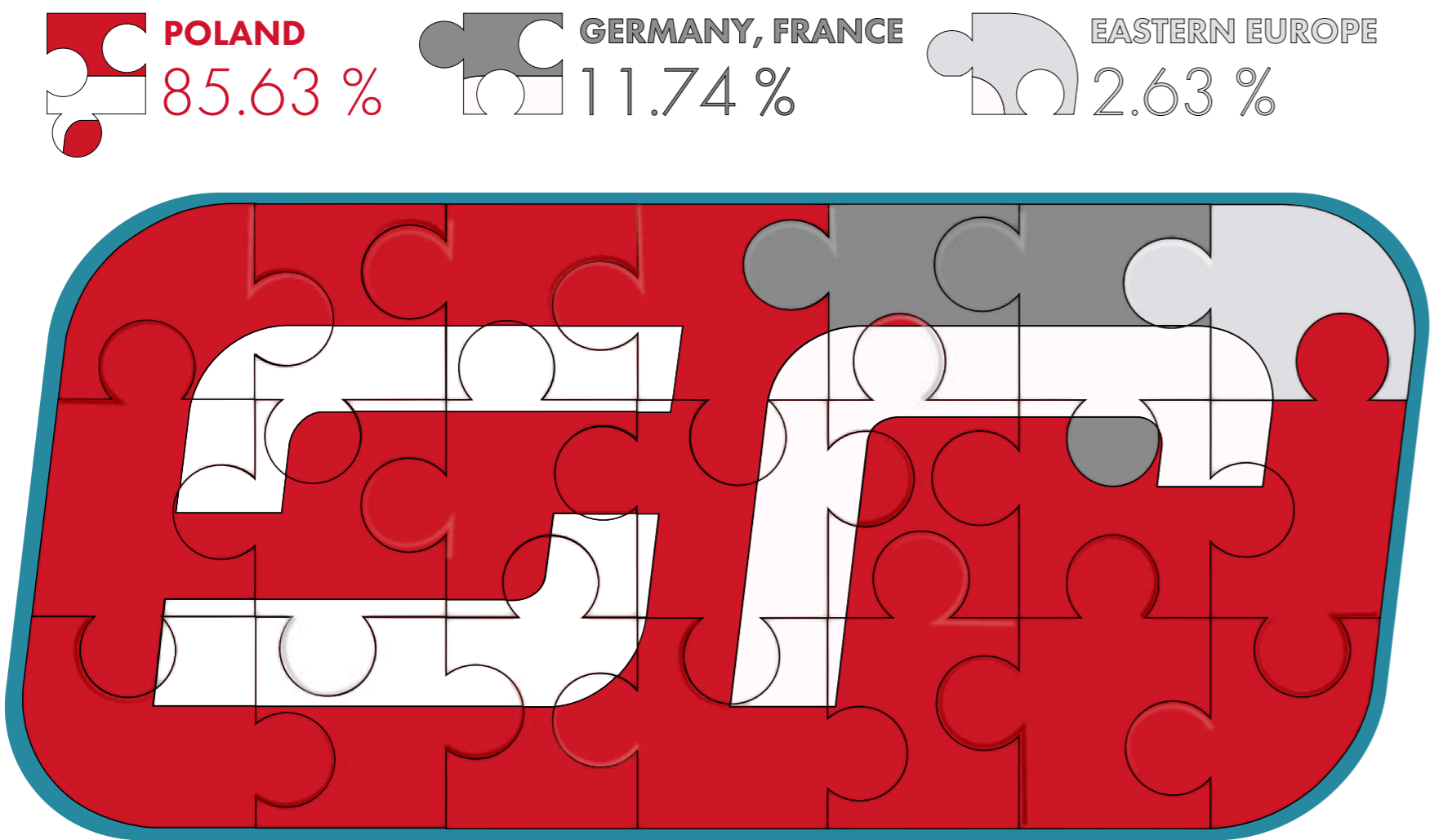
[SRC-9] As of December 31, 2023, employment in the Sanok Rubber Capital Group was 2,929 individuals, including 2,104 people (71.83% of the Group’s employment) at the parent company Sanok RC SA. Due to the diversity of activities such as production, trade, or services, the Group has different employee groups. Production and non-production employees are defined in the report respectively as manual and intellectual workers

The Capital Group implements a common employment policy based on the assumptions of the personnel strategy and values presented in the report. However, individual companies within the Group, operating in different locations and based on different legal regulations, have autonomy

in implementing individual practices and tools in the area of personnel management. The selection of appropriate practices also depends on the size of the company concerning the level of employment and the conducted activity. The overriding principle is adherence to the outlined principles specified in the Code of Ethical Conduct in the employee area. Additionally, each company operates based on the applicable legal regulations in the region concerning employer obligations towards employees. All entities have adopted work regulations and, depending on system and legal requirements, regulations on remuneration or collective agreements.

Employment in the Sanok Rubber Group was based on employment contracts, adapted to the legislation of each country where the Group’s entities are located. Employees were primarily employed full-time, with part-time employees constituting only 1.02% of the total number of employees. Most employees were employed mainly in Poland, representing 85.63% of the total employment, while the lowest level of employment was recorded in Eastern European companies (2.63%). Three companies in the Group collaborate with temporary employment agencies for hiring temporary workers. In the parent company’s facilities located in Poland, temporary employment services amounted to 108 individuals by the end of the reporting period.

Employment structure in various regions:



In 2023, employees of various nationalities, ethnic groups, and religions were hired. Besides Polish, there were also German, French, Russian, Ukrainian, and Belarusian nationalities. In total, the percentage of non-Polish nationalities in the Sanok Rubber Group was 15.09%.

Due to the predominance of production-oriented companies in the Group, the highest level of employment was among manual workers (73.68%), and the dominant age group was between 30 and 50 years old.

Considering the overall number of employees in the Group at the end of the reporting period and their gender structure: 39.47% were women, and 60.53% were men. Detailed numerical distribution in individual groups is presented alongside. In the employment process, the Sanok Rubber Capital Group applies a structured employment contract policy reflecting the legal regulations in force in the country where the company is located. These principles are transparent and communicated to employees during the recruitment process. During the reported period, most individuals worked on indefinite-term contracts. Fixed-term contracts are made to verify the skills and abilities of recruited candidates, ensure replacements for employees on long-term absences (e.g., maternity leave), and secure employment levels during periods of production seasonality or expected changes in volume.

[SRC-35] Number of employees by type of employment

The total number of employees in the Sanok Rubber Group by type of employment as of December 31, 2023r.:

Gender	Full-time employment		Part-time employment		Total	
	2022	2023	2022	2023	2022	2023
Woman	1171	1142	10	14	1181	1156
Men	1754	1757	12	16	1766	1773
Total	2925	2899	22	30	2947	2929

incl. Sanok RC SA:

Gender	Full-time employment		Part-time employment		Total	
	2022	2023	2022	2023	2022	2023
Woman	930	886	0	1	930	887
Men	1243	1216	1	1	1244	1217
Total	2173	2102	1	2	2174	2104

[SRC-36, SRC-37] Employment by employee category and gender

Employment in the Group by employee category and gender as of December 31, 202:

Gender	White-collars		Blue-collars		Total	
	2022	2023	2022	2023	2022	2023
Woman	323	337	858	819	1181	1156
Men	433	434	1333	1339	1766	1773
Total	756	771	2191	2158	2947	2929

incl. Sanok RC SA:

Gender	White-collars		Blue-collars		Total	
	2022	2023	2022	2023	2022	2023
Woman	201	201	729	686	930	887
Men	274	270	970	947	1244	1217
Total	475	471	1699	1633	2174	2104

[SRC-38] Number of newly hired employees

In 2023, the total number of newly hired employees in the Group was 193, including 105 in Sanok RC. Among the companies located outside Poland, the highest new hire rates were noted in Eastern companies. Recruitment and onboarding processes in

the Group mainly resulted from turnover, periodic production increases, and securing the required employment level to meet the development plans of individual entities.

[SRC-39] Number of dismissed employees

During the reporting period, the employee turnover rate relative to the employment level at the end of December 2023 for the entire Sanok Rubber Capital Group was 9.49%, slightly lower than in the previous reporting period. Employee turnover and dismissals mainly concerned production and commercial-service companies in Poland and Germany. The geopolitical situation and natural retirements significantly impacted the turnover rate. The number of dismissed employees in the parent company was 173.

[SRC-40] In the case of contract termination by notice, the minimum notice period results from the applicable legal regulations of the country where the Group company is located.

The Group respects the right to freedom of association and collective bargaining. Collective agreements are in effect in companies registered in the European Union (CC RPS, Draftex Automotive GmbH, Sanok RC SA) and include provisions relating to the legal regulations required in each country. Other companies operate based on internal remuneration regulations.

Trade unions operate in five Group companies.

DEVELOPMENT AND EDUCATION

Sanok RC SA supports the realization of employees’ professional ambitions through vocational training based on a training system. The primary principle of the training system at Sanok RC SA is to ensure the achievement of the

Company’s objectives.

Training at Sanok RC SA is an element of human resources management and is closely related to other elements of this process, such as employment relationships, the motivational system, and the employee evaluation system

The training system at Sanok RC SA includes training for the Company’s employees and employees of external companies providing services to the Company on its premises

The goal of training Sanok RC SA employees is to shape the knowledge, skills, and attitudes necessary to perform tasks arising from the Company’s goals and needs. The goal of training employees of companies providing services to Sanok RC SA on its premises is to ensure the proper execution of processes carried out in the Company in accordance with the accepted procedures and requirements of quality management, environmental management, and occupational health and safety (OHS) management systems.i.

The training system includes:

- Periodic training - in the scope of OHS and fire protection, as well as others requiring renewal or updating of qualifications necessary to perform work at a given position. The frequency of these training sessions results from labor law and implementing regulations,
- Supplementary training - in the scope of changes in legal regulations, process changes, changes related to improving and developing quality management and environmental management systems, new processes and products, new or changing customer requirements, and technical advancements

- Improvement training - to increase the effectiveness and efficiency in achieving the Company’s goals and raising employees’ pro-quality and pro-ecological awareness
- The effectiveness of the training process is monitored by the number of training hours per employee, and training effectiveness is evaluated by managers on an ongoing basis and during annual employee evaluations.

[SRC-44] The average number of training hours per employee in the capital group in 2023 was 16.90 hours and included 2894 training participants. The training rate per employee includes all training except on-the-job training conducted during the reporting period.

As part of the training plan, foreign language courses were organized: English for 8 training groups and German for 1 training group. A total of 960 teaching hours were spent on foreign language learning

[SRC-40.1] In 2023, employee benefits were available in most companies within the Group. Sanok RC SA, through the Social Committee and as part of the basic contribution, provided employees with:

- Emergency assistance, including rehabilitation stays for employees at the Świerkowy Zdrój Medical SPA Sanatorium in Rymanów Zdrój,
- Vacation benefits increased by the amount of the social fund subsidy from the Company’s profit,
- Holiday bonuses,
- School starter kits for first-grade students,
- Christmas gift packages,
- Funding for sports and recreational events at the Training and Leisure Center in Łączki, including a picnic for children from the Orphanage in Sanok and company

trips,

- Summer camps and holiday camps for employees’ children..

OCCUPATIONAL HEALTH AND SAFETY

The parent company operates a certified occupational health and safety management system compliant with ISO 45001 standards. The key goals in the area of OHS are defined in the Environmental and OHS Policy. The policy was consulted with Trade Union Representatives, disseminated, and made available to interested parties. The OHS standards apply to both company employees and entities providing services on the premises of Sanok RC SA. The priority is to prevent workplace accidents and occupational diseases, as well as to take measures to prevent fires and industrial accidents. A constant element in the OHS area is the ongoing update of occupational risk assessment at the workplace to identify hazards. The company employs new technologies, machines, and tools that meet safety standards, designs safe workstations with ergonomics in mind, and provides high-quality collective and individual protective equipment. The OHS system is continuously analyzed for effectiveness, with the ability to implement rapid corrective actions. The responsibilities and authorities of individuals playing key roles within the OHS management system have been assigned and communicated on the company’s intranet and on OHS bulletin boards.

The workplace safety culture cultivated across the Group includes actions focused on protecting the lives and health of employees, as well as implementing organizational and inter-organizational practices aimed primarily at

individual employee protection and safeguarding the work environment.

OHS Activities and Initiatives

The company continuously strives to ensure that its employees have appropriate working conditions, adhering to ergonomic principles, which directly impacts work quality and safety standards. Promoting the OHS policy within the company and raising awareness among employees, guests, and subcontractors through OHS training translates into increased knowledge of potential hazards. This action effectively reduces the risk of adverse events. In 2023, the company conducted educational seminars for employees focused on hearing protection prevention. Understanding the correct use of hearing protectors is key to achieving the required level of protection and comfort. A valuable tool used for this purpose was a device that tests the effectiveness of earplug fit, with a built-in visualization of how to correctly insert a specific earplug. The company also organized a safety awareness campaign targeted at employees’ children. Participation in the competition involved presenting the slogan „Dad, Mom, work safely” in any artistic form. The competition was very popular, and participants received attractive prizes. Effective safety communication is crucial in the company. It is facilitated by allowing employees to report near-miss and emergency events. These reports form the basis for analysis and the implementation of appropriate preventive actions. Each identified hazardous event is recorded, followed by the implementation of relevant preventive and corrective measures. Tools used for this purpose include the intranet and accessible

forms for reporting near-miss and emergency events. Additionally, the company’s intranet publishes OHS instructions and emergency procedures, which provide general rules, guidelines, and tips on safe practices and correct work performance. In the event of a threat or accident, coordination and speed of action are essential, which is why procedures have been developed to cover such situations..

In 2023, the parent company disseminated a presentation on the impact of sedentary and physical work on the occurrence of musculoskeletal disorders, workplace ergonomics, and the prevention of musculoskeletal conditions. Moreover, the „Focus on Health” campaign was conducted to promote health-conscious behaviors.

Training in 2023 at the parent company continued to incorporate modern technology, such as VR goggles. Fire safety and first aid training allowed employees to familiarize themselves with dangers through simulated real-life threats. This training ensured faster retention of information combined with physical practice, and it was met with great interest and positive feedback from employees.

Due to the occurrence of Legionella bacteria infections in the Podkarpackie region in 2023, the entire domestic hot water system at the parent company was subjected to overheating above 70°C, as recommended by the State Sanitary Inspection, to eliminate potential threats. An informational poster about Legionella was distributed within the company.

In compliance with legal regulations regarding fire

protection, the parent company conducted evacuation drills with the participation of the Rescue and Firefighting Unit. The evacuation process went smoothly, with all employees leaving the designated buildings and gathering at the assigned assembly point, where the Commander of the Rescue and Firefighting Unit conducted fire safety training.

In 2023, the parent company held training and exercises on fire extinguishing methods for employees of the Indoor Fire Brigade, with the participation of the local Rescue and Firefighting Unit. As part of the training and exercises, a controlled fire was started in the maneuvering area, which was then extinguished by training participants using various fire-fighting agents, including those used by the Rescue and Firefighting Unit. During the exercises, employees had the opportunity to use portable fire extinguishers and apply hydrants from the resources of Sanok RC. The principles of extinguishing fires in enclosed spaces under smoky conditions and limited visibility, as well as employee evacuation procedures, were discussed.

The aforementioned actions in 2023 in the parent company contributed to maintaining the frequency rate of workplace accidents and the TRR index, as described in relation to the SRC-42 index.

[SRC-41] OHS Committees

OHS Committees operate in companies where their establishment is required by law. During committee meetings, all actions related to occupational health and safety are consulted with employee representatives. In other companies, employees are represented by trade unions,

Social Labor Inspectors, Plant Social Labor Inspectors, or employee representatives. In the parent company, the OHS Committee operates with the participation of employee representatives: trade unions, the Plant Social Labor Inspector, and an occupational medicine doctor providing preventive medical care to employees.

[SRC-42] Workplace Accidents

In 2023, the Group recorded an increase in the number of accidents compared to the previous year. Most of the registered workplace accidents were minor, resulting in temporary incapacity to work. The most common cause of accidents was insufficient attention by the injured person while performing their duties. Throughout the Group, technical and organizational measures aimed at eliminating hazards and reducing risks, prioritizing collective protective measures, are continuously implemented. During the reporting period, no fatal accidents were recorded within the Sanok Rubber Group.

Number of workplace accidents among Sanok Rubber Group employees in 2022 and 2023:

The number of workplace accidents among Group employees increased by three in 2023 compared to the previous year, while the number of accidents in the parent company remained at the same level. In 2023, the most common cause of accidents in the parent company was employees’ failure to exercise proper caution while performing their work.

Number of accidents in 2022–2023 by gender and age groups in the Sanok Rubber Group:

In 2023, there was a decrease in the number of accidents among women in every age group. Among men, there was

an increase in accidents across all age groups compared to the previous year, with the largest increase among men over 50 years old.

Number of Accidents in 2022–2023 by Gender and Age Groups in Sanok RC SA:

In 2023, no workplace accidents were recorded among women in the parent company. However, there was an increase in the number of accidents among men across all age groups, with the largest increase occurring in the 50+ age group.

Number of Days of Work Incapacity Due to Workplace Accidents Among Sanok Rubber Group Employees by Gender in 2022–2023:

In 2023, the number of days of work incapacity for employees injured in workplace accidents decreased among women but increased among men compared to the previous year. In the parent company, there was a significant increase in the number of days of work incapacity for those injured compared to the previous year. Only men were involved in these accidents.

Statistical Analysis of Workplace Accident Indicators for Sanok Rubber Group Employees in 2022–2023:

An important outcome indicator for monitoring safety conditions is the TRR index. The TRR index relates the total number of

	2022	2023
GROUP	23	26
incl. Sanok RC	7	7

workplace accidents recorded during a specific period to 1 million hours worked by employees during that time. In 2023, the TRR index for the Group was 5.45, representing an 18% increase compared to 2022. In the parent company, the TRR index was 2.01 in 2023, a 7% increase compared to 2022.u.

Analyzing the frequency of workplace accidents, it is evident that the rate increased in both the Group and the parent company compared to the previous year. Considering that the most common cause of accidents is the „human factor,“ besides training, the parent company places great emphasis on discussions about safe work methods, visualization of correct and incorrect practices, and employee involvement in creating and maintaining an ergonomic, clean, and safe workplace. Employees’ awareness of the proper assessment of situations, knowledge of potential risks and ways to mitigate

Age	under 30		30 - 50		above 50	
	2022	2023	2022	2023	2022	2023
Woman	1	0	5	2	4	3
Man	2	3	5	8	6	10

them, adherence to procedures and safety rules, proper use of protective equipment, and the need to report observations regarding potential hazardous situations are consistently reinforced.h.

Age	under 30		30 - 50		above 50	
	2022	2023	2022	2023	2022	2023
Woman	1	0	2	0	1	0
Man	0	1	1	2	2	4

System for Reporting and Recording Accident Data:

Practices regarding the recording and reporting of accident data within the Sanok Rubber Group comply with the legal regulations in force in the respective country. Internal procedures or instructions have been developed and implemented

incapacity days	Group		Sanok RC SA	
	2022	2023	2022	2023
Woman	449	170	396	0
Man	441	1163	52	881
Total	890	1333	448	881

to ensure the reporting of all hazardous events, including potential accidents. After an accident, corrective actions are developed and implemented to prevent similar incidents in the future. An accident register, in accordance with local law, is maintained at the headquarters of each Group company.Information about accidents occurring at Sanok RC SA is disseminated in the form of „OHS Alerts“ via email, posted on the intranet, on OHS Management System boards, and displayed on monitors. Additionally, current information on the number of days without an accident is displayed on electronic

Safety performance indicator	GROUP		incl. Sanok RC SA	
	2022	2023	2022	2023
Frequency*	7.80	8.87	3.22	3.33
TRR**	4.60	5.45	1.87	2.01

* Frequency rate = (number of injured workers x 1000) / (total number of employees)
** TRR rate = (number of accidents x million) / (total number of hours worked by employees)

boards in the company’s production areas.

[SRC-43] In 2023, the Group recorded one collective workplace accident.

In the Group’s companies, where harmful factors exist in the work process, environmental conditions are monitored. For identified harmful and burdensome factors that may negatively affect employees’ health, systematic preventive measures have

been implemented, primarily technical and organizational solutions in the form of collective and individual protections. The Group’s production companies have formalized methods for allocating personal protective equipment, work clothing, and footwear for specific job positions. The goal of improving working conditions is to monitor occupational health and safety through environmental factor measurements. At the examined workplaces in the parent company, no exceedances of permissible standards were found, meaning that the harmful factors occur in trace amounts, and the work at these positions is safe concerning the examined factors.

DESCRIPTION OF SIGNIFICANT RISKS AND THEIR MANAGEMENT

The management of the workforce area within the Group was influenced by various risks, the type, and level of which were primarily related to the size of the specific company, the region in which it operates, and the nature of its activities. The level of individual risks increases depending on the company’s location and the threat zone of military actions. These risks are continuously monitored, and actions are adjusted to the situation. The various risks also influenced the shaping of management policies and the implementation of actions aimed at minimizing their effects.

• **Work Absences**

This risk is significant at the Group level, especially for companies located in Poland and the East. The Group continuously strives to mitigate the effects of this risk and takes preventive actions to limit its occurrence and keep it within acceptable levels. The Group aims to minimize the significance of this risk by monitoring absences

and determining their causes, e.g., through interviews and conversations with employees, improving working conditions, or in some companies, by introducing an absenteeism indicator into the financial motivation system.

• **Lack of Workforce in the Labor Market**

This risk was particularly significant for Polish and Eastern companies in 2023. It primarily resulted from demographics and the outflow of workers abroad, but also from geopolitical reasons. The Group manages this risk by offering competitive employment conditions, promoting the image of a reliable employer, and automating production processes.

• **Mismatch of Employees’ Skills and Qualifications Available in the Market to the Group’s Needs**

This risk was recognized as significant, especially in Polish and Eastern companies. In 2023, this risk also emerged in the French company. The Group promotes a culture of knowledge and experience sharing, supported by training systems to acquire the necessary skills. Actions contributing to multi-skilling are being implemented. Highly qualified employees train and mentor new hires.

• **Employee Turnover**

This risk appeared to varying degrees in different Group companies. Companies engaged in production activities in Poland were most exposed to it. To minimize and counteract this risk, the Group undertook various actions, including improving working conditions and the work environment, enhancing work ergonomics, reducing work-related discomfort, and increasing the level of automation. A turnover rate indicator has been introduced into the financial motivation system.

• **Mobbing**

Given the Group’s size and diversity, the risk of mobbing is classified as a significant risk and requires preventive actions. Risk management is based on employee training and the dissemination of the Code of Ethical Conduct’s principles across the value chain. Considering that workplace mobbing can occur at various employment levels and take different forms, all employees are involved in identifying the phenomenon and taking anti-mobbing actions. Any violations can be reported to the Ethics Officer in the parent company, as well as to the supervisor and senior management.

• **Workplace accidents**

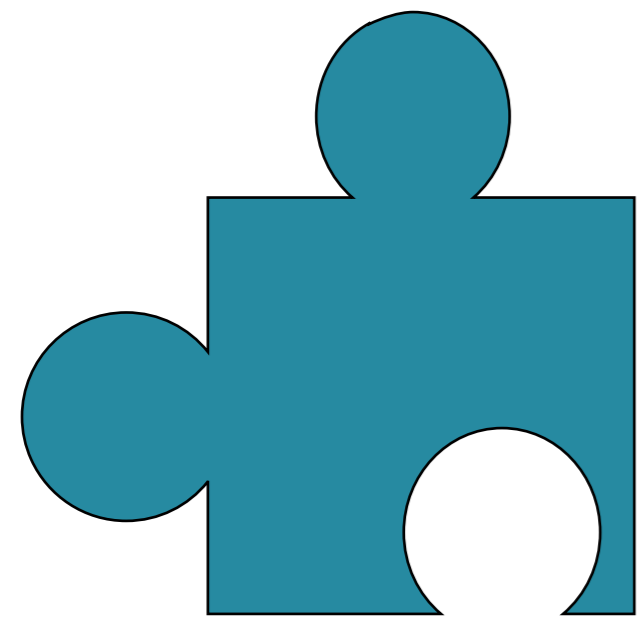
After each accident, a Post-Accident Team is appointed to determine the circumstances and causes of the accident in detail. To prevent similar incidents in the future, preventive measures are identified and implemented. One of the priorities is working towards eliminating accidents caused by human factors by eradicating behaviors and habits that contribute to accidents. Identifying hazards and conducting occupational risk assessments are crucial.

To effectively manage workplace safety, a Potential Accident Event Reporting System (ZPW) was created, which is a part of building a safety culture in the company.

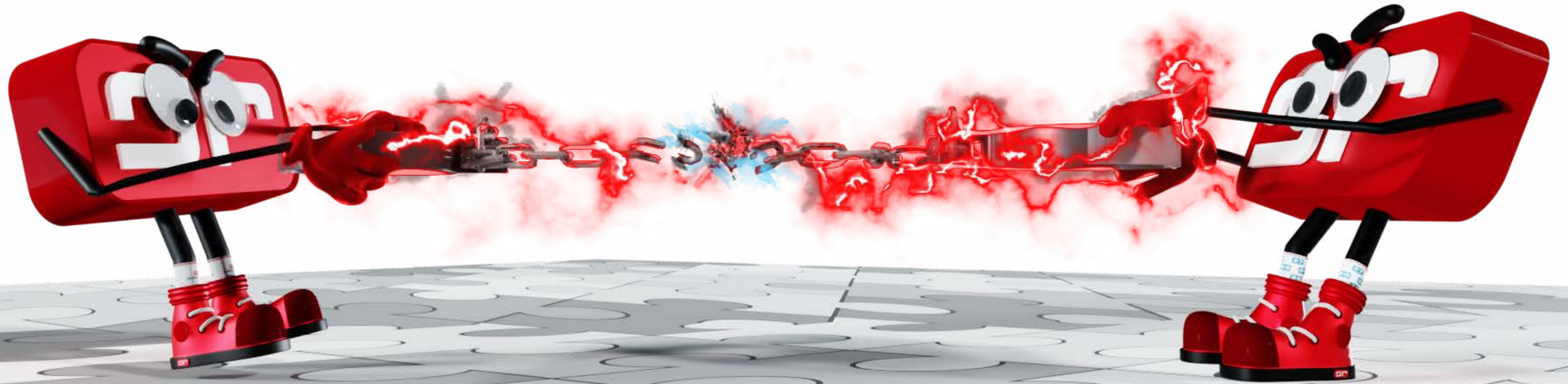
At Sanok RC SA, a three-year program for achieving occupational health and safety (OHS) goals and tasks is prepared to improve working conditions. The program outlines the necessary measures, deadlines, and responsible persons for achieving the goals. The program, which represents opportunities related to OHS, enables the improvement of OHS performance and is periodically reviewed to assess the implementation of the actions

contained within it. Employees can submit their suggestions for improving work safety through so-called Kaizen projects.





HUMAN RIGHTS



Sanok Rubber Group carries out its tasks based on the principles of respecting human rights. The policy in this area is based on the provisions of the Group’s Code of Ethical Conduct.

HUMAN RIGHTS RESPECT POLICY

During the reporting period, there were no changes in the Group’s policy related to this matter. Regarding human rights, the Code of Ethical Conduct addresses issues such as equal treatment, employee development support, respect for the right to association and membership in associations and political parties, prohibition of forced labor, prison labor, child labor, human trafficking, discrimination, and harassment. The Code also covers issues of property rights, ensuring safe working conditions, and personal data protection. It also promotes a balance between work and private life.

DESCRIPTION OF POLICY IMPLEMENTATION RESULTS

In implementing its human rights policy, the Sanok Rubber Group does not tolerate any form of forced labor. Forced labor is defined as work performed by an employee against their will, for which no payment is made or the payment is inconsistent with applicable law. Employee compensation in the Group complies with applicable laws and internal compensation regulations. The Group does not benefit from forced prison labor, slavery, or human trafficking. All forms of discrimination, harassment, mobbing, victimization, and bullying are prohibited. The Group does not employ children or engage in human trafficking. Additionally, the balance between work and private life is promoted by considering employees’ needs

and life situations regarding employment flexibility and working hours (e.g., sharing parental leave and work, variable working hours upon employee request, breaks for breastfeeding). Another aspect to which significant attention is paid is ensuring safe working conditions. Moreover, the Group respects the right to free association and membership in associations, trade unions, and political parties. Employees of the Group are trained on the provisions of the Code, and they are aware of their rights.

[SRC-48, SRC-49, SRC-50] During the reporting period, no violations of the principles described in the Code of Ethical Conduct were found in the Group regarding association and collective bargaining, child labor, or forced and compulsory labor.

[SRC-46] In 2023, a report was made in the parent company regarding unequal treatment of employees in one department. As a result of the report’s review, corrective actions were taken. No such reports were recorded in the other Group companies.

[SRC-47] In 2023, Sanok RC SA received and reviewed a report concerning a violation of the Code’s principles related to building relationships based on mutual respect and trust. The matter was resolved with an apology to the affected person, a reprimand for the employee involved, and a reminder of the principles of good cooperation within the company. No such reports were recorded in the other Group companies.

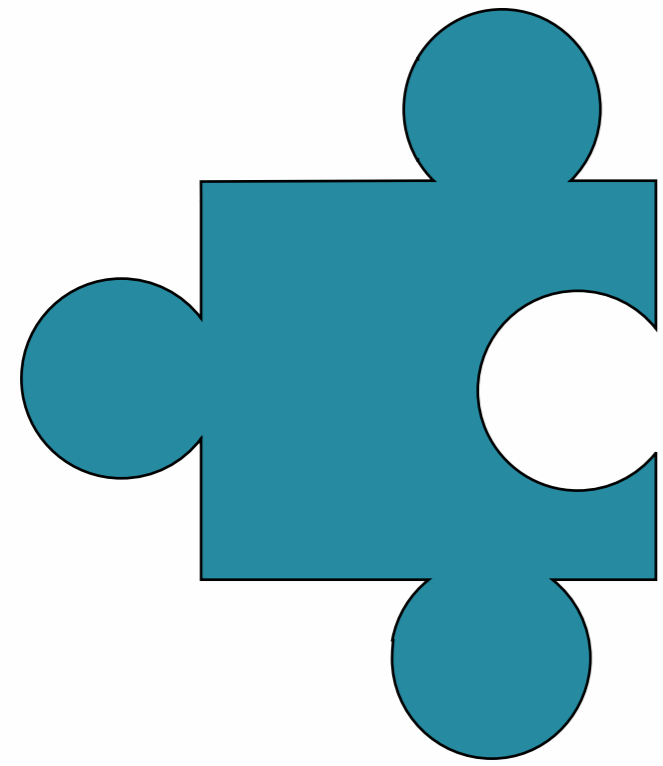
DESCRIPTION OF SIGNIFICANT RISKS AND THEIR MANAGEMENT

During the reporting period, the risks related to the Human Rights Respect Policy were analyzed. The significant risks

are as follows:

- **Cooperation with Suppliers Violating Human Rights**
To mitigate this risk, the Group promotes ethical principles within the supply chain. We obtain declarations from business partners confirming their adherence to the Sanok Rubber Group’s Code of Ethical Conduct. Additionally, we require our contractors to apply these same guidelines within their supply chains.
- **Non-Compliance with the Law and Applicable Social Norms**

We prevent this risk concerning both working hours and working conditions. Regarding working hours, we manage the risk by increasing employment, providing training on work time usage and applicable legal regulations, training for management, monitoring, and accounting for working hours to eliminate overtime. By improving working conditions, we implement process improvements, work automation, and enhance work ergonomics, which reduces the physical burden on employees.



LOCAL COMMUNITY



The Group’s policy on social issues is based on the provisions of the Code of Ethical Conduct. This policy outlines the directions of Sanok Rubber Group’s activities related to social engagement, and its interactions with business partners and customers.

SOCIAL ISSUES POLICY

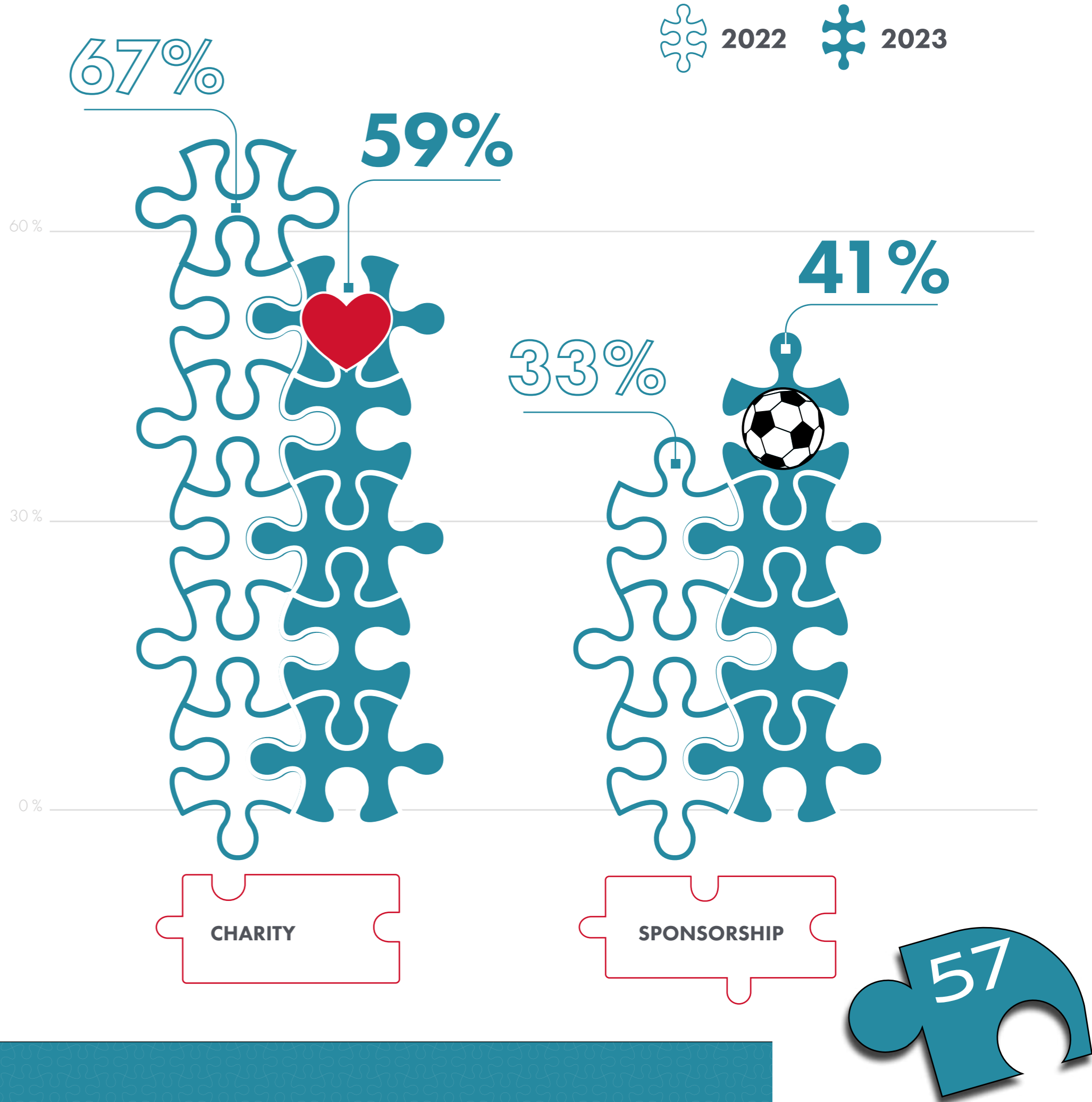
An element of Sanok Rubber Group’s strategy is maintaining good relationships with customers, business partners, and the local community. Our cooperation with customers is characterized by openness and responsible marketing. In relations with business partners, we operate with responsibility and trust, adhering to the principles of fair competition. We compete based on brand, business conditions, and product quality. By operating within specific communities and local environments, we strive to maintain positive, mutually beneficial relationships. By reinforcing the positive impact of our operational activities, we engage in the life of the local community.

DESCRIPTION OF POLICY IMPLEMENTATION RESULTS

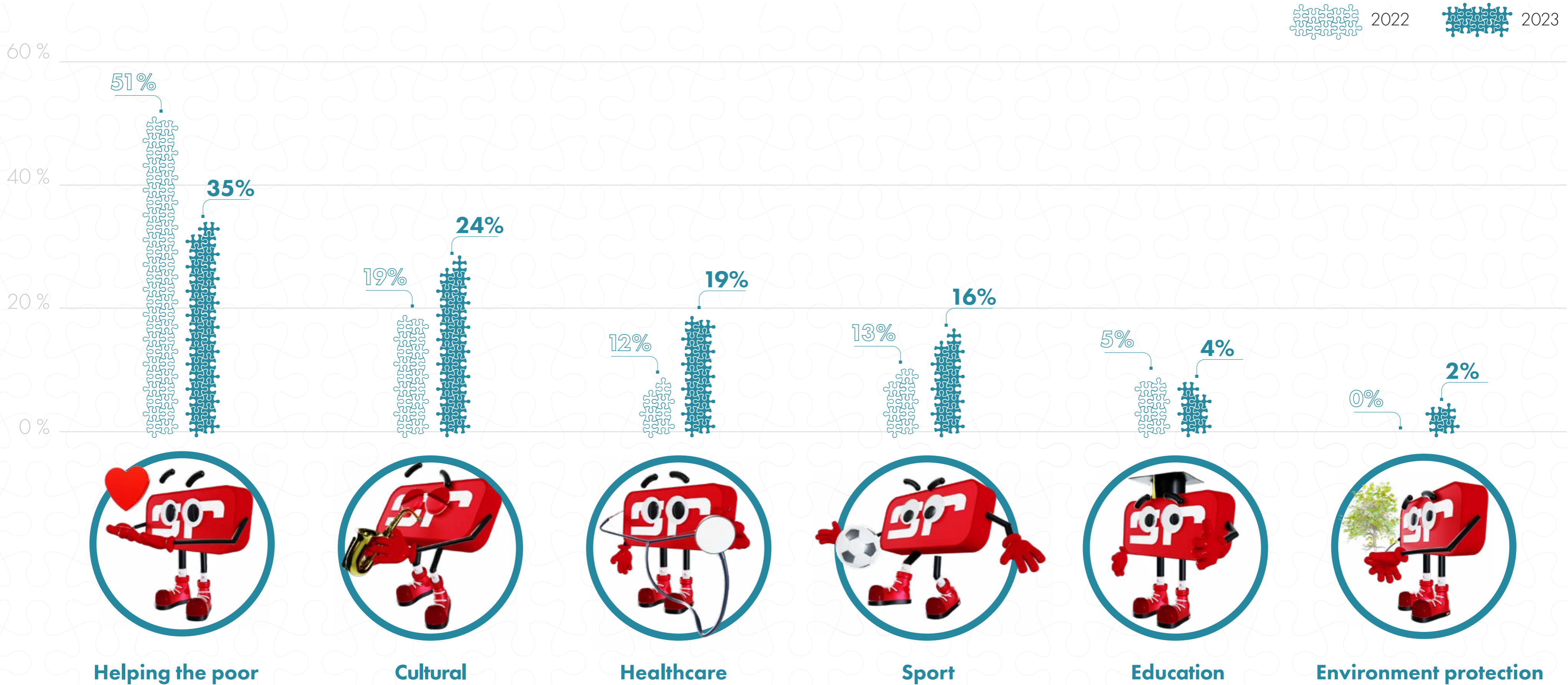
Engagement in the Development of the Local Community
Due to the small scale of business operations in most subsidiaries, the Group’s social activities are primarily concentrated in the parent company. Nevertheless, in 2023, the Polish companies Świerkowy Zdrój Medical Spa Sp. z o. o. and Stomil Sanok Dystrybucja Sp. z o. o., as well as the German company Draftex Automotive GmbH, were also involved in the sports and cultural life of local communities. Our social activities are conducted transparently and responsibly, subject to the financial

and economic stability of the enterprise. Each year, we strive to respond to the needs of organizations, associations, and institutions that approach us for support. In the reporting year, we carried out a range of activities of both charitable and sponsorship nature. In 2023, the fund allocated by the Sanok Rubber Group for social activities amounted to PLN 954,000, an increase of 49% compared to 2022. The Group’s Social Issues Policy has been adopted as the foundation for its social activity. In 2023, the following areas of action were defined: healthcare (foundations supporting hospitals, nursing homes, clinics), assistance to those in need (foundations and societies supporting the poorest), local sports initiatives (sports events, organizations, and sports clubs), culture (local festivals, music events), and education (schools, kindergartens, educational institutions).

Wykres obok przedstawia procentową strukturę podziału funduszy na cele społeczne Grupy Sanok Rubber w latach 2022-2023:



Poniższy wykres przedstawia procentowe lokowanie funduszy przeznaczonych na działalność społeczną Grupy Sanok Rubber w roku sprawozdawczym oraz poprzednim:



The Group’s social activities include direct financial, service, and material support. Similar to previous years, in 2023, Sanok RC SA provided all necessary utilities, such as electricity, heating, and water, for the Brother Albert Aid Society, which has been operating in Sanok for several years. Additionally, as part of our support for local medical services, we donated medical equipment purchased by Sanok RC SA to the Sanok Hospital. In 2023, we established cooperation with the Bieszczady National Park and the Bieszczady Fauna Protection Park by financing the construction of a bird aviary and the installation of an educational board at the Tarnawa Niżna bog. In 2023, we provided financial or material support to the following organizations:

- Towarzystwo Pomocy im. Brata Alberta,
- Sanocką Fundację Ochrony Zdrowia,
- Stowarzyszenie Towarzystwo Sportowe „Volleyball”,
- Sanocki Dom Kultury - Festiwal im. Didura,
- Szpital w Sanoku,
- Podkarpacką Fundację Rozwoju Kultury Forum Pianistyczne „Bieszczady bez granic”,
- Towarzystwo Sportowe Sanoczanka,
- Sanockie Towarzystwo Muzyczne,
- UKS Niedźwiadki MOSIR Sanok
- Sanocki Klub Tenisowy- Sekcje tenisa stołowego
- Park Ochrony Bieszczadzkiej Fauny
- STS Sanok Sp. z o. o.
- Spice Gears Academy
- ZHP Hufiec Ziemi Sanockiej - wodniacy
- Sanocki Dom Kultury - Gwiazdy jazzu
- Klub Sportowy Komunalni - Lekkoatletyka
- SANITAS Stowarzyszenie na rzecz walki z chorobami nowotworowymi
- Rektorat św. Maksymiliana Marii Kolbego - Bieg na Maksa
- Darowizna na pomoc i ochronę zdrowia
- Stowarzyszenie Street Autonomy
- Bieszczadzki Park Narodowy
- Sanockie Szkoły podstawowe i przedszkola
- Fundacja “NAIO” THE MUSIC CONCEPT
- UKS PANTERA SANOK
- Sanocki Ośrodek Szkolno-Wychowawczy
- UKS Rekin MOSIR SANOK
- Uczniowski Klub Sportowy Mechanik
- Bieszczadzkie Pogotowie Ratunkowe
- Fundacja im. Mariana Pankowskiego „Czysta Rzeka”

Sanok RC SA’s social engagement with the local community also took the form of employee volunteering. In 2023, we

organized a Children’s Day picnic for the residents of St. Joseph’s Orphanage in Sanok. At our Training and Recreation Center in Łączki, Sanok RC SA volunteers and the children participated in numerous outdoor activities together. Other Sanok Rubber Group companies are also engaged in local community activities. For instance, in the past year, Stomil Sanok Distribution co-organized harvest festivals with the Agroma Foundation in several locations, and Świerkowy Zdrój Medical Spa Sp. z o. o. organized the 10th Family Picnic for the residents of Rymanów-Zdrój and surrounding areas. In Western Europe, the German subsidiary Draftex provided financial and organizational support to a local children’s aid committee and the local fire department by organizing an annual training session and picnic with Draftex employees. No social policy activities were reported in the other subsidiaries of the Group.

[SRC-23] In 2023, as part of its investment in social infrastructure, the parent company Sanok Rubber Group allocated several hundred thousand PLN for the renovation of the Training and Recreation Center in Łączki. The volleyball court was modernized with a new artificial surface, the kitchen and several rooms were renovated, improving the quality of rest for the employees. At the company’s health clinic, two medical offices, including the X-ray room, were renovated to improve the comfort of periodic examinations for Sanok RC SA employees and clinic patients. To enhance safety and comfort, a new parking lot was constructed for employees and clinic patients.

[SRC-24] As one of the largest employers in the region, Sanok RC SA has an indirect economic impact on local communities primarily through job

creation and taxes paid to local governments. In 2023, the company enabled students from Sanok’s secondary schools, including technical and economic schools, to undertake internships. As part of the ongoing agreement between the Sanok County Council and Sanok RC SA on the partnership for implementing the project „New Quality of Vocational Education at School Complex No. 2 in Sanok,” students from five technical classes with specialties in high demand in the local labor market are undertaking internships. The aim of the agreement is to improve the quality of vocational education and teach trades. As a result of the agreements, students from five classes at School Complex No. 2 in Sanok specializing in Automation Technician and Environmental Protection Technician, as well as students from School Complex No. 3 specializing in IT Technician, have been undertaking paid or unpaid monthly internships at Sanok RC SA from September 1, 2023, to June 23, 2024. The goal of these internships is to enable students to acquire the practical skills necessary to work as Automation Technicians, Environmental Protection Technicians, and IT Technicians, and in the long term, to recruit employees for these in-demand professions. We also facilitated internships and placements for students from universities, including Rzeszów University of Technology, Lublin University of Technology, University of Rzeszów, Catholic University of Lublin, State Higher Vocational School in Sanok, and AGH University of Science and Technology in Kraków. These activities help build a positive image of both the parent company and the entire Group, strengthening the company’s impact on the local community. They directly support social

initiatives, culture, social assistance, and professional and amateur physical and sports activities associations. The management of Sanok RC SA annually plans and approves the funds allocated for these purposes, taking into account the current needs of the local community, the situation of the supported unit, and the possibility of overseeing the expenditure of the funds.

BUSINESS PARTNERS

All business contacts made by the Sanok Rubber Group are conducted with respect for the rights and interests of customers. Our cooperation with business partners is based on fair competition and the application of antitrust laws. We adhere to principles of fair pricing, fair labor practices, and respect for all market participants in our dealings with customers, suppliers, and competitors. In formal matters, we fulfill the terms of agreements fairly and transparently, with both parties agreeing to the terms of cooperation. We maintain constant communication and good relations with business partners, as evidenced by numerous industry meetings and training sessions, our technological support, substantive assistance, and flexibility in our actions. In various, including unexpected, situations, our contacts with business partners are characterized by flexibility and quick response times.

[SRC-54] During the reporting period, no instances of breaches of free competition rules or monopolistic practices occurred in the Sanok Rubber Group. As a result, the Group was not involved in any legal proceedings in this regard.

CUSTOMERS

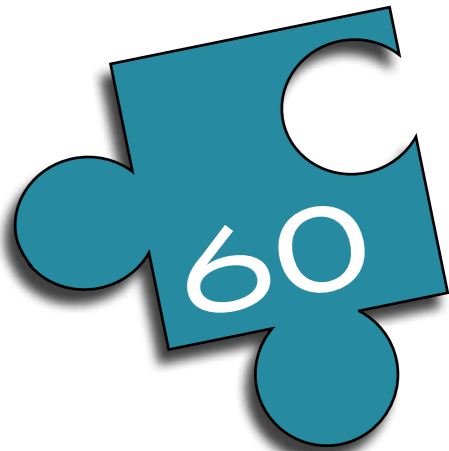
[SRC-57] Customer satisfaction is monitored in

most Group companies through surveys, indicators provided by customers, indicators published on customer portals, and our own indicators. Customer satisfaction surveys are a way to measure their level of satisfaction and monitor changes. They also provide information about expectations and the degree to which customer needs are met, allowing us to identify weaknesses and implement appropriate corrective actions. To ensure the safety of products and consumers, the products manufactured by the Group comply with the REACH regulation (Regulation (EC) No 1907/2006 of the European Parliament and of the Council). We require declarations of REACH compliance for raw materials and components in our supply chain. To confirm the safety of products, the parent company has obtained the following hygiene certificates issued by the National Institute of Public Health:

- a. Hygiene certificate No. B-BK-60211-1242/19, valid until December 5, 2024, for the following product: rubber seals for the automotive industry: solid rubber profile seals, porous rubber profile seals, multi-component profile seals, flocked profile seals,
- b. Hygiene certificate No. B-BK-60211-0077/21, valid until May 25, 2026, for the following product: self-adhesive rubber seals intended for use in construction for: windows and doors, gutter systems, steel and aluminum structures, garage doors, slides, ventilation systems,
- c. Hygiene certificate No. B-BK-60211-0175/21, valid until May 17, 2026, for the following product: EPDM rubber seals, intended for use in construction for sealing: windows, doors, steel and aluminum structures, garage

doors, and other building structures. Furthermore, in all manufacturing companies, products are designed and produced in a way that does not endanger the safety of consumers. The parent company operates a laboratory where tests are conducted according to our customers’ specifications. This laboratory also conducts tests for other companies within the Group. Additionally, tests are outsourced to independent, accredited external laboratories. Moreover, the companies maintain appropriate inventory levels tailored to the requirements and expectations of customers. Products are delivered in accordance with the terms of the contracts. The Group also has appropriate equipment and professionally provides service support. Focusing on brand promotion, the Group conducts responsible marketing by presenting only accurate product information in presentations and advertising materials published in specialized magazines or on the website. The data is regularly updated. When preparing marketing messages, we adhere to the values outlined in the Code of Ethical Conduct.

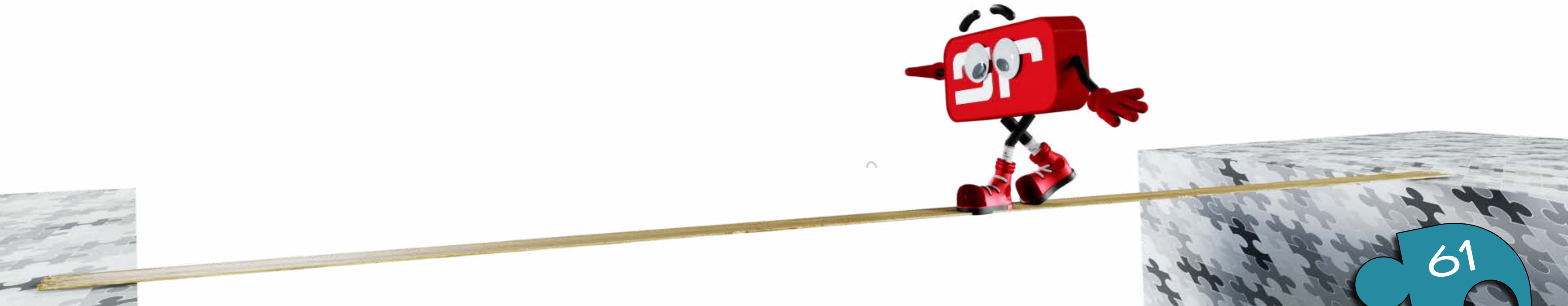
[SRC-56] During the reporting period, no penalties were imposed on the Group for non-compliance with laws and regulations related to the supply and use of products and services.



DESCRIPTION OF SIGNIFICANT RISKS AND MANAGEMENT OF THEM

In the area of implementing the Social Issues Policy, the identified risks from previous years have been analyzed along with the management strategies for these risks. The following risks remain significant:

- Unreliable Social Partner**
To prevent this risk, the reliability of social partners is checked by seeking opinions, conducting interviews, and verifying information on websites.
- Unreliable Business Partner**
Companies verify the credibility of business partners through online databases, history of cooperation, obtaining opinions from other partners, applying internal supplier selection procedures, and signing cooperation contracts.
- Non-compliant and Delayed Deliveries of Products, Leading to Loss of Reputation and Customers**
To minimize the possibility of this risk, the Group supervises and continuously monitors the timeliness and quality of deliveries. Production planning is done in a way that allows for timely ordering of materials. Contractual obligations are analyzed in relation to production volume and production capacity. Additionally, companies within the Group jointly address problems and can rely on mutual support.
- Occurrence of Product Defects, Leading to Loss of Reputation and Customers**
A significant number of the Group's production companies have implemented and certified quality management systems, which reduce the occurrence of this risk. In the remaining companies, quality control procedures are also in place, and a qualified workforce with extensive experience maintains high standards in processes.
- Financial and Tax Risk**
Given this risk, companies identify legal requirements, paying due diligence to the tax qualifications of social projects undertaken, and conduct external and internal audits of the companies.





**BUSINESS
PRACTICES**

ANTICORRUPTION

The assumptions of the Group’s strategy in this area are described in the Sanok Rubber Group’s Code of Ethical Conduct.

ANTICORRUPTION POLICY

Employees of the Sanok Rubber Group are required to adhere to the highest standards of integrity in their relationships with colleagues and business partners. Employees are prohibited from using business contacts to gain personal or third-party benefits or to act to the detriment of the Group. No employee of the Sanok Rubber Group accepts or solicits benefits that could influence decision-making. The Sanok Rubber Group adheres to principles of fair competition, anti-bribery, illegal payments, and corruption prevention. Employees must avoid corrupt behaviors, such as accepting or offering material, personal, or other benefits that could be seen as improper remuneration or benefits in the course of business activities. An improper benefit is one that could be considered a bribe to the recipient, given to influence the performance of their duties in a manner expected by the giver of the material benefit. Such prohibited benefits can include cash, gifts, entertainment or leisure travel, or other services. This does not apply to business meetings (lunches, dinners) with clients and business partners conducted in the course of business tasks or to small token gifts, both received and given to business partners. We recommend that our contractors donate gift funds to a charitable cause specified by us, instead of giving occasional gifts to our employees. We do not engage in activities deemed money laundering and do not accept or use money resulting from criminal acts. Before entering into business relationships, we verify the

credibility of the partner and the legality of their activities. The Group counteracts conflicts of interest and respects property rights.i.

DESCRIPTION OF THE RESULTS OF POLICY IMPLEMENTATION

[SRC-52] In implementing its anti-corruption policy, the Sanok Rubber Group undertakes a range of actions to reduce the risk of such abuses. These actions include:

- Providing employees and contractors with information on the Group’s anti-corruption, bribery, and conflict of interest policies.
- Conducting training on the contents of the Code of Ethical Conduct.
- Supervising the actions of employees by their managers.
- Verifying the credibility of business partners and the legality of their activities.
- Using only legal software in a lawful manner.
- Ensuring fair payment for acquired or used property.
- Employees adhering to confidentiality principles.
- Entering into contracts with contractors.

Additionally, at Sanok RC SA:

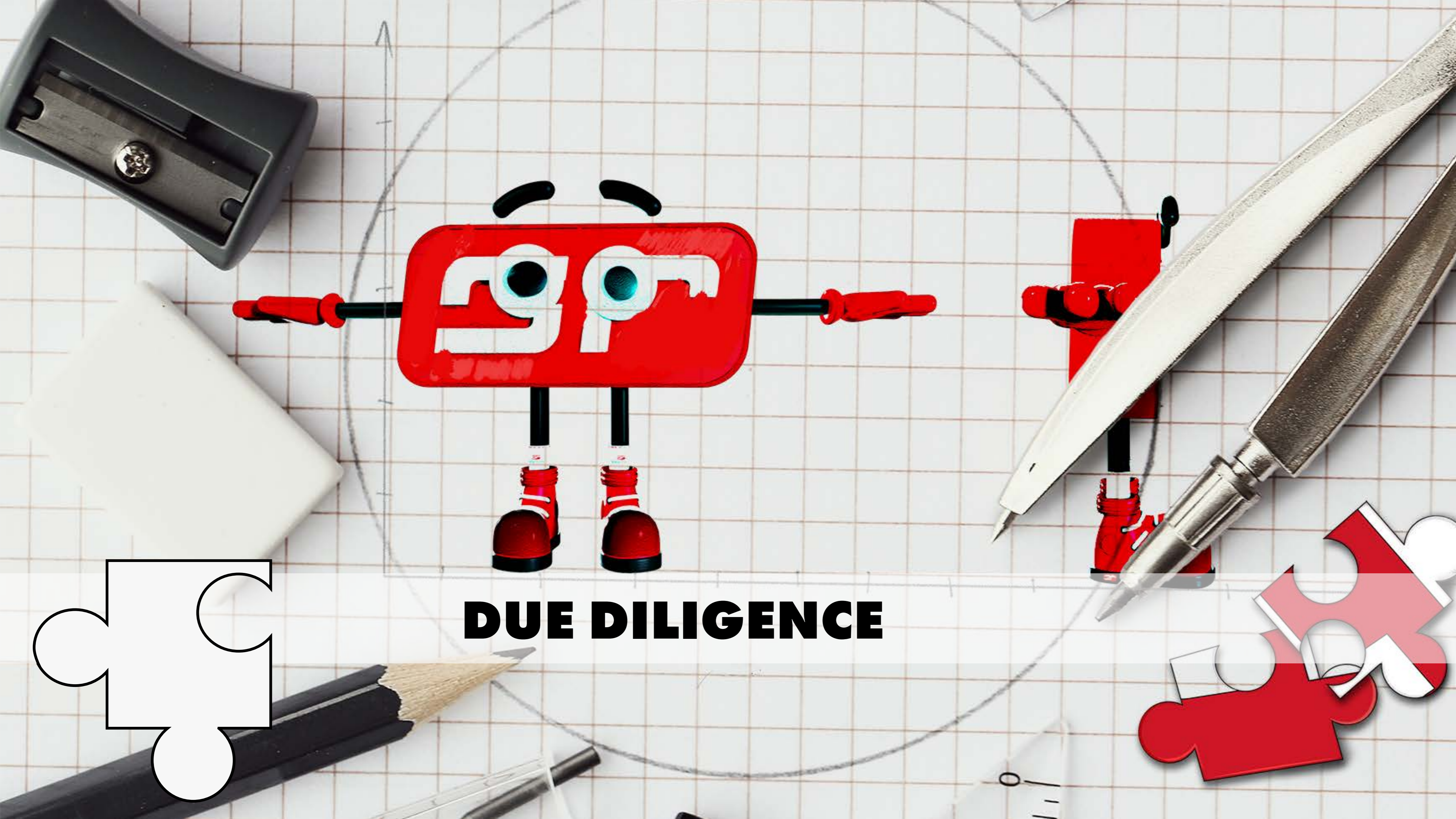
- Anti-corruption clauses have been included in investment contracts and orders.
- An anonymous reporting procedure for violations has been implemented.
- An annual letter to contractors recommending the donation of Christmas funds to a charitable cause supporting public welfare institutions or foundations has been issued.
- A procedure for preventing conflicts of interest has been implemented.

[SRC-53] During the reporting period, there were no recorded cases of corruption within the Sanok Rubber Group, and no actions were taken in this regard. No legal proceedings related to corruption were filed against the organization during the reporting period. Considering the size of the Group, the locations of its subsidiaries, the diversity of its activities, and the number of stakeholders, the indicator SRC-53 Confirmed Cases of Corruption and Actions Taken was considered a key indicator.

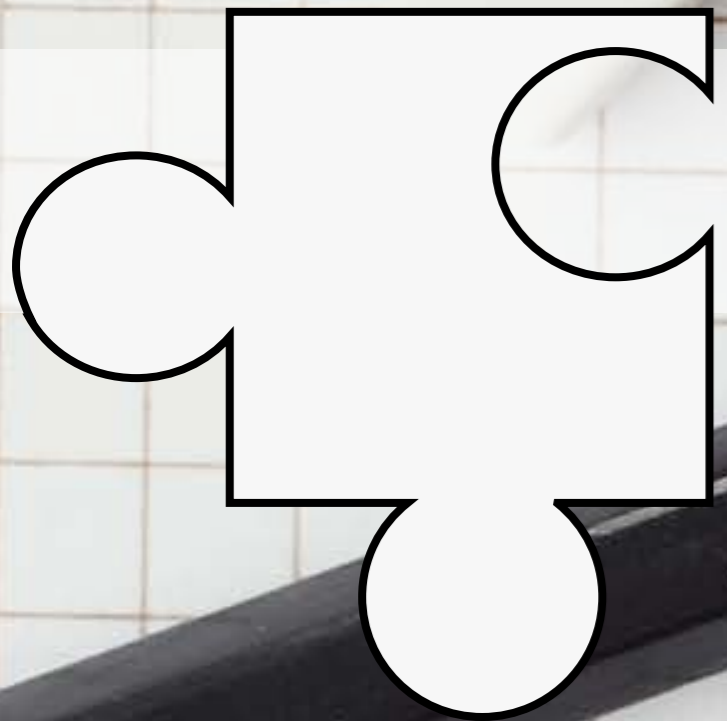
[SRC-51] During the reporting period, due diligence was maintained, and the principles outlined in the Code of Ethical Conduct, including respect for human rights and anti-corruption, were communicated to suppliers. The dominant company requires suppliers to confirm compliance with the Code’s requirements. In the companies audited for suppliers and provided with the Sanok Rubber Group’s Code of Ethical Conduct, no violations of the principles described in the Code were identified.

DESCRIPTION OF SIGNIFICANT RISKS AND RISK MANAGEMENT

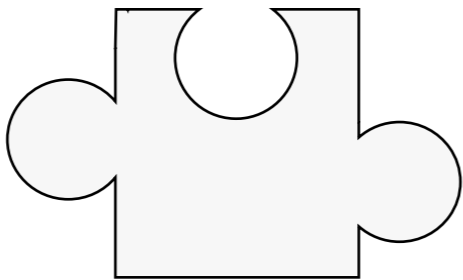
Although there were no recorded cases of corruption within the Group, due to the Group’s size, location, diverse activities, and numerous stakeholders, potential risks of corrupt actions have been identified. The Group manages identified risks by implementing the principles of conduct outlined in the Code and supervising employee actions. Manufacturing companies have procedures ensuring a transparent process for selecting suppliers of goods and services. All employees of the Group, as well as non-employees, have the opportunity to report any irregularities.



DUE DILIGENCE

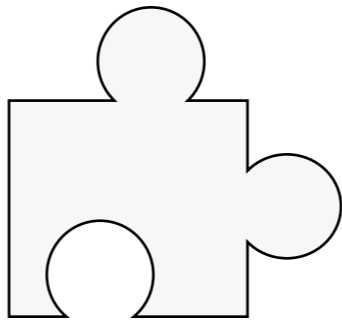


Employees of the Sanok Rubber Group carry out their tasks with due diligence, using the necessary knowledge, skills, and experience. Due diligence is manifested in the conscientious execution of tasks, compliance with legal regulations, client specifications, and technical standards and requirements. Tasks are completed on time and lead to the achievement of set objectives. Processes are carried out based on developed procedures and instructions. In almost all manufacturing companies, a certified quality management system is implemented, in two companies - an environmental management system, and in the parent company - an occupational health and safety management system. One company has implemented an energy management system. In the area related to human rights, social issues, and anti-corruption, the standards of proper conduct are defined by the Sanok Rubber Group's Code of Ethical Conduct. As in previous years, confirming the application of due diligence, we present examples referring to specific areas:



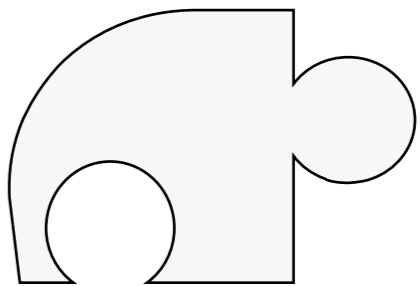
Employment area

The Group undertakes a range of actions aimed at: identifying needs and analyzing employee opinions, conducting recruitment processes based on defined qualifications and skills of potential candidates (including analyzing CVs, conducting interviews, posting job offers both internally and externally), supporting professional development (providing access to training, courses, subsidizing employees' postgraduate studies), and paying salaries in accordance with current legal requirements and deadlines. The Group makes every effort to ensure that training in each area is conducted by experts and specialists in their fields.



Environment area









Manufacturing companies, where required, conduct measurements of particulate and gas emissions, noise, and the quality and quantity of wastewater discharged as specified by local law. Furthermore, all quantitative data are based on actual monitoring, not estimated data. Measurement intervals and permissible limits are described in developed procedures. Adhering to due diligence in monitoring the quantity of water intake and wastewater discharge, we use calibrated meters, and the equipment is subject to inspections. In the event of a failure, the Group has developed procedures communicated to employees. Processes are conducted in a manner that minimizes the risk of releasing substances or mixtures into the environment, and process execution is monitored. Similarly, in the area of chemical handling, procedures have been implemented, ongoing employee training is conducted, and oversight of the processes is maintained. To protect the environment from hazardous substances/mixtures, protective equipment is used.











Society area

The Group communicates ethical principles and the possibility of reporting violations of these principles to all employees. Individuals serving as Ethics Officers disseminate the principles of conduct outlined in the Code of Ethical Conduct, support employees in adhering to the Code, clarify doubts regarding the adherence to principles, and undertake explanatory actions in cases of violations. Employees have the opportunity to report violations to Ethics Officers, supervisors, as well as company management. Following the principle of due diligence, the principles outlined in the Code of Ethical Conduct, including respect for human rights, anti-corruption, and social issues, are communicated throughout the value chain.

[SRC-19] Index of non-financial key performance indicators

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SRC-56	Total amount of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	60
SRC-57	Customer satisfaction survey	60

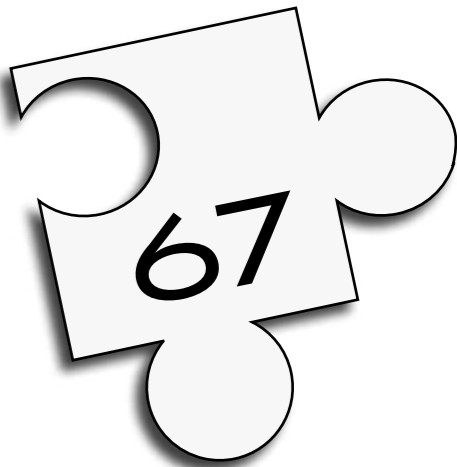
Piotr Szamburski
CEO

Rafał Grzybowski
Vicepresident

Marcin Saramak
Vicepresident

Martijn Merx
Vicepresident

Piotr Dołęga
MB member





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