



CHEMNOVATIC

ESG STRATEGY for 2023-2025

Environmental, Social, and Governance





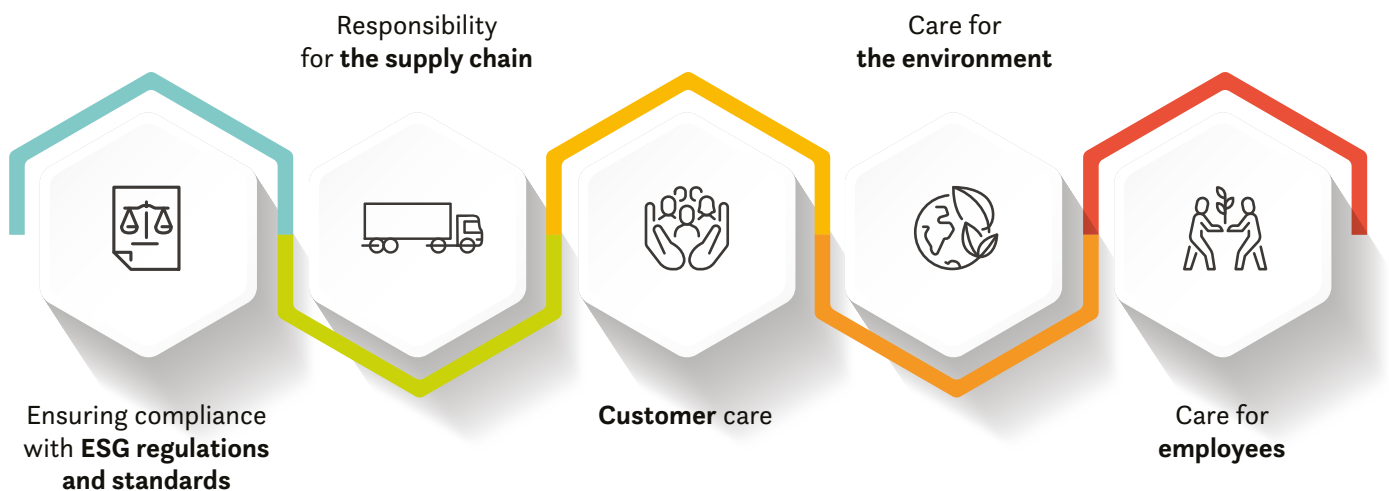
CHEMNOVATIC

ESG STRATEGY for 2023-2025

Environmental, Social, and Governance

Chemnovatic ESG strategy defines a set of environmental, social, and management objectives, which we plan to accomplish in order to develop in a more sustainable way.

We have introduced an ESG strategy to improve environmental, and social standards and company management. We believe that improving the company's non-financial performance will not only make us grow more sustainably but also will help us increase the value we deliver to the customers.



Our ESG strategy covers all three ESG areas – Environmental, Social, and Governance. We have set five areas that we focus on, with specific objectives. Objectives have specific KPIs (quantitative and qualitative), calculation methodology, and defined time frames.

1. Ensuring compliance with ESG regulations and standards

Our ambition is to **ensure compliance with regulations and prevent abuses, as well as to create an organization managed responsibly**. We take formalized actions to ensure compliance with ethics and compliance both within the company and in relations with suppliers.

KPI	Methodology	Deadline
1.1. Prevention of corrupt practices		
Development of the Anti-Corruption Policy	Develop and implement an anti-corruption policy document	2023
1.2. Ensure compliance with ESG minimum standards		
Positive completion of the ESG compliance audit	Receive a minimum rating of 45% or other rating defined by the client in a given program	2024
1.3. Ensure compliance with the ethical minimum standard		
Development of the Code of Ethics and Compliance	Development, publication, and implementation of the document	2023
1.4. Ensure minimum prevention standards		
Creation of a breach reporting mechanism	Creation of a mechanism and registry for reporting violations	2023
1.5. Ensure a corporate culture that supports ethics/prevention of violations		
Introduction of mandatory initial and periodic training on compliance with the code of ethics and compliance	90% of employees are certified in document knowledge	2024
1.6. ESG reporting		
Start of ESG reporting from 2024	Begin ESG reporting from 2024 (first report for 2023)	2024
1.7. Manage ESG risks		
Identification and monitoring of key ESG risks for the business	Identification of key ESG opportunities and risks, along with identification of the tools used to mitigate them	2024

2. Responsibility for the supply chain

We strive to **effectively implement responsible business standards in the value chain**. We respect basic human rights as well as labor rights. We also expect assurances that suppliers with whom we work meet these standards.

KPI	Methodology	Deadline
2.1. Ensuring a standard of cooperation with supply chain partners		
100% of the key suppliers of raw materials from the “nicotine category” will be subject to the cyclical assessment of suppliers, including ESG criteria	Number of key suppliers* that have been assessed including ESG criteria/All suppliers in the “nicotine category” *100%	2023
100% of key suppliers will be subject to cyclical supplier assessment, including ESG criteria	Number of key suppliers* who were assessed including ESG criteria/All suppliers* 100%	2025
2.2. Ensuring respect for basic human and labor rights		
A minimum of 50% of key suppliers will be trained in human rights policies and procedures that take into account human rights aspects	Number of key suppliers* who have been trained on human rights sensitive policies and procedures/ All suppliers* 100%	2024
100% of contracts with suppliers from the "nicotine group" will include provisions on ensuring compliance with human rights	Number of contracts that include provisions for human rights compliance/ All contracts in the “nicotine products” category* 100%	2023
100% of key suppliers of raw materials from the “nicotine group” will be subject to the cyclical assessment of suppliers, including compliance with basic human and labor rights	Number of key suppliers* that have been assessed including criteria on respect for basic human and labor rights/ All suppliers in the “nicotine category” * 100%	2023
100% of key suppliers will be subjected to a cyclical supplier assessment, including compliance with basic human and labor rights	Number of key suppliers* that have been assessed including criteria for respecting basic human and labor rights/All suppliers*100%	2025
2.3. Ensure ethical minimum standards in collaboration with supply chain partners		
Developing a code of ethics for suppliers	Development, implementation, and publication of a supplier code of ethics	2023

* Key suppliers are defined as suppliers that meet the value criterion and achieve a qualifying share of annual turnover

3. Customer care

Our ambition is to ensure **transparency in terms of product quality**. We want to raise customers' awareness of the quality of raw materials, good practices, and proper verification of commercial documentation.

KPI	Methodology	Deadline
3.1. Raising customers' awareness of the quality of raw materials used in e-liquids		
Publication of 6 educational materials on individual raw materials as well as good practices and correct verification of commercial documentation in the year	Publication of 6 educational materials per year	2023 - 2025

4. Care for the environment

We define actions to **reduce the negative impact on the environment** (including calculation and reduction of the carbon footprint), we also modernize the car fleet and strive to increase: the level of recycling, the share of (OZE) Renewable Energy Sources, and energy efficiency.

KPI	Methodology	Deadline
4.1. Increasing the amount of recyclable waste		
Increasing the average level of recycling of selected waste codes to 50%	Amount of waste recycled/amount of waste generated (average value for waste codes 15 01 01 and 15 01 02)	2024
4.2. Increasing the share of renewable energy sources (OZE)		
Use of min. 90 MWh of energy from OZE	Amount of OZE energy used/amount of total energy consumption	2024
4.3. Modernization of the car fleet		
Achieving a share of 50% of hybrid/electric cars in the car fleet	Number of hybrid and electric cars/total number of cars in the car fleet	2024
4.4. Investments in increasing energy efficiency		
Equipping facilities with photovoltaic panels	Implementation of photovoltaic installation	2025
4.5. Obtaining environmental certificates		
Obtaining the ISO 14001 environmental management system	Obtaining an ISO 14001 environmental management system	2025

4.6. Implementation of the environmental policy		
Implementation of the environmental policy	Implementation of an environmental policy	2023
4.7. Including environmental aspects in supplier evaluation		
Implementation of environmental policy in the supply chain	Implementation of an environmental policy in the supply chain	2024
4.8. Carbon footprint calculation		
Calculation of the carbon footprint for all emission ranges (1, 2, and 3)	Calculation of the carbon footprint of the organization and/or product groups	2023
4.9. Carbon footprint reduction		
Estimation of possible carbon footprint reduction levels for all emission bands (1, 2, and 3)	Adoption of specific levels (%) and deadlines (year) for carbon footprint reduction for all emission ranges (1, 2, and 3)	2023

5. Care for employees

We strive to **increase occupational safety and reduce the number of accidents**. We aim to have a team of qualified, responsible, and ambitious employees, whom we will be able to support in their development.

KPI	Methodology	Deadline
5.1. Increasing work safety		
Maintaining the Accident Rate at a level not higher than 1.5 per calendar year (calculated cumulatively)	Index calculated according to the formula ($W = \text{number of accidents} / \text{number of man-hours worked} * 100,000$)	2023 - 2025
Organization at least 2 meetings per year entitled "Leadership Launcher" for managers, aimed at improving health and safety awareness	Organization of a minimum of 2 meetings per year entitled. "Leadership Launcher" for executives to improve awareness of health and safety issues	2023-2025
5.2. Increasing the level of safety culture in the plant		
Maintaining the result at the level of min. 70% of the Plant-wide Safety Culture Survey	Presentation of survey results. The indicator is the number of points from the survey divided by the maximum number of points expressed in %	2023-2025
5.3. Implementation of an occupational health and safety management system		
Implementation of ISO 45001	Implementation of a certified health and safety management system	2025

5.4. Introduction of skills development programs

Number of talent groups implementing development programs	Number of talent groups (7-12 people) in 2023 = 1, 2024 = 2, 2025 = min.2)	2023 = min 50%
% of employees in key positions with an Individual Development Plan	The formula for calculating the indicator: the number of employees in key positions with an Individual Development Plan/the number of all employees in key positions*100%.	2024 = 80% 2025 = 90%

Want to learn more about ESG at Chemnovatic? Contact us at office@chemnovatic.com

