



CHEMNOVATIC

CLIMATE TRANSITION PLAN 2026-2030

Science-Based Decarbonization,
Resilient Value Chains And
Measurable Progress



Prepared On The Basis Of Chemnovatic's 2023 And 2025 GHG Inventories, SBTi-Approved Near-Term Target, Environmental And Climate Policy, Sustainability Strategy 2030 And Current Climate-Related Investment And Value-Chain Programmes.

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Base Year: 2023
Planning Horizon: 2030

Climate Transition at a Glance

Key metrics anchoring Chemnovatic's 2026–2030 climate transition pathway

1.5°C

SBTi alignment

Near-term target aligned with
a 1.5°C pathway

42%

Absolute Scope 1+2 reduction

By 2030 from the 2023
base year

2023

Base Year

Reference year for
the SBTi-validated target

100%

Certified renewable electricity

Achieved in 2025 and
to be maintained

0 tCO₂e

Scope 2 market-based

2025 result through certified
renewable electricity

~99%

GHG footprint in Scope 3

Primary long-term reduction
potential sits in the value chain

EUR 231-253k

Planned transition CAPEX

Solar PV, compressor replacement
and heat recovery

Annual review

Progress monitoring

GHG inventory, target progress
and climate actions

2025 Scope 1 + 2 market-based: 227.93 tCO₂e | 2030 SBTi target level: ≤462.63 tCO₂e

1. Purpose and Scope of the Plan

The Chemnovatic Climate Transition Plan sets out how the Company intends to reduce greenhouse gas emissions, strengthen resilience to climate-related risks and capture opportunities arising from the transition to a low-carbon economy.

The Plan forms part of the Chemnovatic Sustainability Strategy 2030 and covers:

- Chemnovatic operations under operational control;
- Scope 1 and Scope 2 emissions;
- key Scope 3 emissions across the upstream and downstream value chain;
- energy procurement and energy-related investments;
- procurement and supplier management;
- transport and logistics;
- product development and Life Cycle Assessment (LCA);
- responsible sourcing and the agricultural supply chain.

The Plan is linked to the ISO 14001 Environmental Management System, the enterprise risk-management process and the Company's five-year financial planning framework.

2. Starting Point - 2023 Base Year

Chemnovatic uses 2023 as the base year for monitoring progress against its climate targets. It was the first full year for which a comprehensive greenhouse gas inventory covering Scopes 1, 2 and 3 was completed in accordance with the GHG Protocol.

For the SBTi-validated target, Scope 1 and Scope 2 market-based emissions in the 2023 base year were:

Scope	2023 emissions
Scope 1	172.31 tCO ₂ e
Scope 2 - market-based	625.33 tCO ₂ e
Scope 1+2	797.64 tCO ₂ e

3. Overarching Climate Target

Chemnovatic has an emissions-reduction target validated by the Science Based Targets initiative (SBTi), aligned with a 1.5°C pathway:



The target was approved by SBTi Services in 2026. The corresponding maximum Scope 1 + Scope 2 emissions level in 2030 is approximately 462.63 tCO₂e.

Chemnovatic treats the SBTi target as the primary quantitative indicator of operational decarbonization through 2030. The Company does not currently have an SBTi-validated long-term net-zero target.

4. Current Progress

42%

SBTi-validated reduction target Scope 1 + 2 by 2030

100%

Certified renewable electricity achieved in 2025

~71%

Reduction in Scope 1 + 2 MB vs. 2023 base year

In 2025, emissions covered by the SBTi target were:

Scope	2025 emissions
Scope 1	227.93 tCO ₂ e
Scope 2 - market-based	0.00 tCO ₂ e
Scope 1+2	227.93 tCO ₂ e

This represents an approximate 71% reduction compared with the 2023 base year for Scope 1 + Scope 2 market-based emissions. The main driver was the transition to 100% certified renewable electricity. Despite an increase in electricity consumption to 919.99 MWh, Scope 2 market-based emissions decreased to zero.

This result is already below the emissions level required by the SBTi target for 2030. The transition is not considered complete: the priority is to maintain 100% renewable electricity and reduce Scope 1 emissions, which increased from 172.31 tCO₂e in 2023 to 227.93 tCO₂e in 2025.

5. Main Transition Pathways



5.1 Renewable Electricity and Scope 2

Chemnovatic achieved 100% certified renewable electricity in 2025. Maintaining this position is the core mechanism for keeping market-based Scope 2 emissions at or close to zero.

- Maintain 100% certified renewable electricity through 2030;
- verify guarantees of origin and contractual evidence annually;
- monitor electricity consumption and energy efficiency;
- develop own renewable generation where technically and financially justified.

5.2 Solar PV and Energy Efficiency

Chemnovatic plans an investment package comprising Solar PV, replacement of a compressor and recovery of waste heat from production cooling systems, including use of recovered heat for sanitary hot water.

The project was originally planned for 2025 but was not implemented within the expected timeframe. It remains included in the Company's near-term investment plan. The current estimated CAPEX is approximately EUR 231–253k, with expected annual savings of approximately EUR 23–45k and planned PV generation of around 300 MWh per year.

The project is intended to reduce dependence on purchased electricity, improve energy efficiency, strengthen resilience to energy-price volatility and support low-emission production.

5.3 Scope 1 Reduction

In 2025, Scope 1 emissions totalled 227.93 tCO₂e. The main sources were natural gas combustion (166.14 tCO₂e), company fleet fuels (29.09 tCO₂e) and fugitive refrigerant emissions (32.70 tCO₂e).

- reduce natural-gas consumption through energy-efficiency measures and heat recovery;
- modernize energy infrastructure and evaluate further electrification;
- continue gradual fleet modernization toward lower-emission vehicles;
- monitor refrigerant leakage and strengthen preventive maintenance;
- assess lower-GWP refrigerants and technologies where technically feasible.

Scope 1 reduction is the key operational challenge for maintaining long-term alignment with the SBTi pathway.

Management focus: maintain zero market-based Scope 2 while shifting attention to Scope 1 reduction and energy-efficiency CAPEX.

6. Scope 3 and Value Chain Transformation



Scope 3 remains Chemnovatic's largest climate-impact area. In 2025, Scope 3 emissions were 23,884.13 tCO₂e, representing approximately 99% of the Company's market-based carbon footprint. The most material areas are purchased goods and services, upstream transportation and downstream transportation.

The SBTi validation does not establish a quantitative Scope 3 reduction target for Chemnovatic under the SME route; the formal commitment is to measure and reduce Scope 3 emissions. The Company therefore focuses on direct value-chain action rather than carbon offsetting.

6.1 Supplier Engagement and Responsible Sourcing

Chemnovatic is developing a structured supplier-engagement model including ESG self-assessment, risk classification, due diligence, environmental and emissions data collection, product carbon footprint and LCA, on-site audits, corrective actions and improvement monitoring.

For strategic tobacco supply chains, engagement extends beyond Tier 1 to processors, suppliers, farmers and farm workers. The objective is to improve data quality, environmental performance, traceability and resilience at the lowest levels of the supply chain.

6.2 LCA and Product Footprint Reduction

Life Cycle Assessment is being developed for key product categories, particularly nicotine and nicotine derivatives. LCA is used to identify emission hotspots, compare alternatives, engage suppliers, improve Scope 3 data and provide customers with reliable product-level carbon information.

For one key product assessed to date, improvements identified through product-footprint work indicate an estimated carbon-footprint reduction of approximately 15% compared with the previous baseline.

6.3 Sustainable Agriculture and Climate Resilience

Climate risks affecting tobacco cultivation, particularly in India, include drought, irregular rainfall, water availability and extreme weather events. Chemnovatic responds through Responsible Sourcing, the Sustainable Tobacco Programme (STP), supplier and farmer engagement, water and soil-management initiatives, good agricultural practices, training and direct field monitoring.

Engagement also includes farm workers and local communities at the lower levels of the value chain where environmental and social resilience are interconnected.

6.4 Transport

Lower-emission transport solutions are increasingly integrated into regular downstream logistics. Measures include the use of HVO in road transport where available, preference for sea freight over air freight when operationally feasible, route and load optimization, and integration of transport data into product LCAs.

In 2025, downstream transport emissions were approximately 79% below the corrected 2023 baseline, although annual results are also influenced by shipment volumes, routes and transport modes.

Value-chain priority: improve primary data, expand supplier action and translate LCA insights into measurable product-footprint reductions.

7. Products and Innovation



The climate transition also creates product and service opportunities. Chemnovatic is developing its offer toward products with measurable and transparent carbon footprints, solutions supporting customers' Scope 3 reductions, more resource-efficient production, circular-economy concepts and responsible, traceable sourcing.

A key example is STC - Sustainable, Traceable, Compliant - which integrates sustainability, traceability and compliance requirements across strategic nicotine supply chains.

Environmental performance is therefore increasingly embedded in product development and customer value creation, helping Chemnovatic differentiate its offer and respond to procurement criteria focused on carbon transparency, responsible sourcing and lower-emission production.

8. Climate Risks and Opportunities



Climate-related risks and opportunities are integrated into Chemnovatic's enterprise risk-management process. The approach is supported by ISO 31000 principles, FMEA where appropriate, ISO 14001, the Double Materiality Assessment, regulatory and market monitoring and selected forward-looking scenario analysis.

Key risks include:

- indirect impacts of carbon regulation and carbon-related costs on energy and input prices;
- energy-price volatility and transition costs;
- physical climate risks in agricultural sourcing regions;
- supply disruptions caused by extreme weather;
- increasing customer requirements related to decarbonization and Scope 3.

Key opportunities include:

- renewable energy and energy efficiency;
- lower and more predictable energy costs;
- products with lower and transparent carbon footprints;
- LCA and product-level environmental data;
- more resilient sourcing;
- STC and responsible sourcing;
- access to customers and tenders where environmental performance is a purchasing criterion.

The assessment is performed at least annually and is updated whenever material operational, regulatory or external changes occur.

Annual review: climate risks and opportunities are reassessed through the enterprise risk-management and ISO 14001 management-review cycles.

9. Scenario Analysis

Scenario analysis is used as a supporting, forward-looking element of climate-risk management rather than as a stand-alone decision mechanism. Chemnovatic intends to further formalize the assessment of at least two groups of scenarios:

- Transition scenario - accelerated climate regulation, higher energy and carbon-related costs, increasing customer requirements and faster technological transition;
- Physical-risk scenario - higher frequency or severity of drought, irregular rainfall, floods and other events affecting agricultural sourcing and logistics.

Scenario insights will be used to challenge sourcing strategy, investment priorities, budgets and supply-chain resilience measures. The methodology and quantitative assumptions will be progressively strengthened in future updates of this Plan.

10. Financial Planning and Capital Allocation



Climate-related risks and opportunities are incorporated into Chemnovatic's five-year financial planning and influence CAPEX, OPEX, cost of sales, energy and raw-material costs, sourcing decisions, access to capital, technology investments and product development.

A key near-term investment is the planned Solar PV, compressor and heat-recovery project with estimated CAPEX of approximately EUR 231–253k and expected annual savings of approximately EUR 23–45k.

Additional resources are allocated to certified renewable electricity, environmental-management systems, LCA and product-footprint work, supplier engagement, Responsible Sourcing and STP activities. The annual STP budget is approximately EUR 50k.

Investment decisions are assessed not only on short-term financial return but also on emissions impact, operational resilience, customer expectations and contribution to the SBTi target and Sustainability Strategy 2030.

Financial integration: climate-related CAPEX and OPEX are assessed alongside resilience, customer requirements and contribution to the SBTi pathway.

11. Governance and Accountability



The Chemnovatic Management Board provides strategic oversight of the Climate Transition Plan, approves key targets and investment priorities, and reviews progress at least annually.

Responsibilities are distributed across relevant functions:

Function	Primary responsibility
Management Board	Strategic oversight, approval of targets and key investments
Sustainability	Climate strategy, coordination and reporting
EHS & Environment	Operational environmental actions and performance monitoring
Audits & Management Systems	ISO 14001, system assurance and CDP reporting
Procurement / Responsible Sourcing	Scope 3, suppliers and upstream value chain
Logistics	Transport-related emissions and optimization
Production / Engineering	Energy, process efficiency and technical investments
Finance	Budgeting, CAPEX/OPEX and financial evaluation
Risk Owners	Management of assigned climate risks and opportunities

Climate objectives and actions are integrated into the Environmental and Climate Policy, the ISO 14001 management framework and the annual risk-management and management-review cycles.

12. Monitoring and Key Performance Indicators



Implementation of the Plan is monitored at least annually. The core KPIs are:

KPI	2023 baseline	2025	Direction / target
Scope 1 + 2 market-based	797.64 tCO ₂ e	227.93 tCO ₂ e	<= 462.63 tCO ₂ e by 2030
Scope 1	172.31 tCO ₂ e	227.93 tCO ₂ e	Reduction trend
Scope 1 + 2 market-based	625.33 tCO ₂ e	0.00 tCO ₂ e	Maintain at/ near zero
Certified renewable electricity	0%	100%	Maintain 100%
Scope 3	Baseline	23,884.13 tCO ₂ e	Measure and reduce
LCA coverage	Development stage	Implemented for key products	Expand coverage
Primary supplier data	Development stage	Selected supply chains	Increase coverage
Responsible Sourcing on-site verification	Development stage	Implemented	Continue / expand
GHG inventory	Annual	Annual	Annual
External verification	Not performed for 2023 inventory	TÜV Rheinland	Continue independent verification

Chemnovatic does not use carbon offsets to achieve its current emissions-reduction target. No carbon credits were purchased or developed in 2025.

13. Review and Update of the Plan

The Climate Transition Plan is reviewed annually together with the GHG inventory, progress against the SBTi target, the Sustainability Strategy 2030, climate-related risks and opportunities, implementation of investments, CAPEX/OPEX planning, supplier engagement and LCA results.

Material changes in the business model, organizational structure, GHG methodology, regulatory environment or climate-related operating conditions may trigger an earlier update.

14. Development Priorities Beyond 2026

The current Plan is anchored in a science-based near-term target through 2030. Chemnovatic does not currently have an SBTi-validated long-term net-zero target. The next stage of development should therefore focus on:

- assessing the feasibility of establishing a long-term net-zero target under the applicable SBTi framework;
- further formalizing quantitative climate scenario analysis;
- developing more specific Scope 3 reduction KPIs;
- increasing the share of primary supplier data;
- defining a multi-year CAPEX/OPEX pathway directly linked to climate-transition actions.

Chemnovatic's objective is to move progressively from emissions measurement to systematic management and reduction, while strengthening business resilience, product competitiveness and responsible performance across the value chain.

Approval and Review

This Climate Transition Plan becomes effective following approval by the Chemnovatic Management Board. It is reviewed at least annually and updated when material changes affect the Company's emissions profile, climate risks, strategic priorities or investment pathway.

Next scheduled review: 2027

Document owner: Sustainability / Management Board



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