



CHEMNOVATIC

ESG STRATEGY for 2023-2025

Environmental, Social, and Governance





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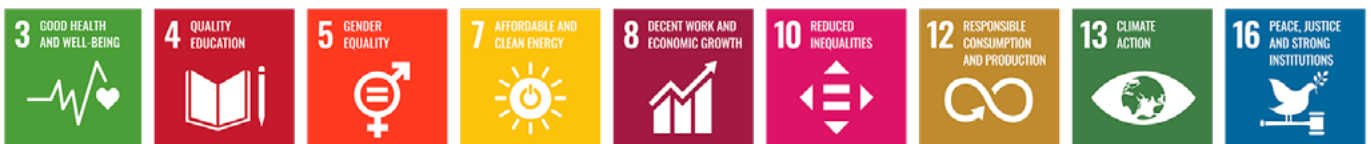
Environmental, Social, and Governance

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 six areas that we focus on, with specific objectives. Objectives have specific KPIs (quantitative and qualitative), calculation methodology, and defined time frames.



As a part of its ESG strategy, Chemnovatic is pursuing as many as 9 of the 17 UN Global Goals to eradicate poverty, protect the planet and ensure prosperity by 2030. By doing so, we are contributing to global sustainable development.



1. ENSURING COMPLIANCE WITH ESG REGULATIONS AND STANDARDS

Our ambition is to ensure compliance with regulations and to prevent abuses, as well as to create a responsibly managed organization. We undertake formalized actions to ensure ethical and regulatory compliance both within the company and in our relationships with suppliers.



KPI	Metodology	Deadline
1.1. Prevention of corrupt practices		
Development of an Anti-Corruption Policy	Drafting and implementation of the anti-corruption policy document	2023, completed
1.2. Ensuring compliance with minimum ESG standards		
Successful completion of ESG compliance audit - 2024	Receiving a score of at least 45% or another client-defined benchmark in the relevant program	2023, completed
1.3. Ensuring compliance with minimum ethical standards		
Development of the Code of Ethics and Compliance	Drafting, publishing, and implementation of the document	2023, completed
1.4. ESG risk management		
Identification and monitoring of key ESG risk factors relevant to the business	Identification of key opportunities and risks in the ESG area, along with the tools used to mitigate them	2023, completed
1.5. Ensuring minimum preventive standards		
Creation of a mechanism for reporting violations	Number of recorded signals	2024, completed
1.6. Building and ensuring a corporate culture supporting employee engagement in adhering to ethical principles		
By 2025, 100% of employees, and by 2024, 90% of employees, certified in knowledge of Chemnovatic compliance policies	<p>% of certificates awarded to employees after familiarization with policies and passing a test on the knowledge and application of the policies in practice. Number of employees participating in training / total number of employees *100%</p> <p><i>*Intended for employees with more than 6 months of service</i></p>	2024-2025 (2024, completed)

1.7. Education and management in anti-corruption and fraud prevention

Education on existing Chemnovatic anti-corruption regulations: 100% of managerial staff trained by 2025 and 100% of employees trained by 2025	Number of employees participating in training / total number of employees *100% <i>*Intended for employees with more than 6 months of service</i>	2025
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1.8. Ensuring compliance with minimum ESG standards

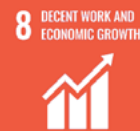
Improving the ESG compliance audit score - Ecovadis 2024	Receiving a score of at least 66%	2024-2025 (2024, completed)
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1.9. Non-financial ESG reporting by ESRS standards

Publication of the ESG report for 2024	Start of ESG reporting	2025
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2. CARE FOR EMPLOYEES

We make sure that our employees have access to initiatives that genuinely support their personal and professional development. Our goal is to build a team of professional, responsible, and satisfied employees who are given the opportunity to pursue their own ambitions within the company.



KPI	Methodology	Deadline
2.1. Implementation of growth initiatives		
Average number of training hours per employee 2025 - 15h Percentage of employees undergoing quality and productivity assessments: 80%	Total training hours / average employment for the period by gender Number of employees undergoing 180 and/or 90 degree HRM assessment / average employment for the period by gender	2024-2025 (2024, completed)
2.2. Ensuring „Living Wage” standards		
100% of employees with wages equal to or higher than the „living wage”	Number of employees with wages in 2024 higher than those reported by GUS (family 2+1 DM) compared to the corresponding period 2024-2025	2024-2025 (2024, completed)
2.3. Fostering a corporate culture supporting continuous development and employee satisfaction		
eNPS at a level ≥ 0 in 2024 and maintained in 2025	eNPS = % promoters - % detractors 2024-2025	2024-2025 (2024, completed)

2.4. Fostering a corporate culture supporting equality in access to leadership positions

Minimum 30% women in leadership positions in 2024 and 2025	The ratio of women to men in leadership positions (i.e., positions overseeing teams of employees) 2024-2025	2024-2025 (2024, completed)
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2.5. Building a diverse and inclusive organizational culture

100% of employees participating in training on inclusivity and discrimination avoidance	Number of employees participating in training / total number of employees *100% <i>*Intended for employees with more than 6 months of service</i>	2025
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3. CARE FOR THE ENVIRONMENT

We define actions aimed at **reducing the negative impact on the environment** (including the calculation and reduction of carbon footprint).

We are also modernizing our vehicle fleet and striving to increase recycling rates, the share of Renewable Energy Sources (RES), and energy efficiency.

7 AFFORDABLE AND CLEAN ENERGY



10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



KPI	Methodology	Deadline
3.1. Implementation of environmental policy		
Development, implementation, and publication of the environmental policy document	Development, implementation, and publication of the document	2023, completed
3.2. Integration of environmental aspects into supplier assessment		
Implementation of Environmental Policy in the Supply Chain	Development, implementation, and publication of the environmental policy in the supply chain	2023, completed
3.3. Fleet modernization		
Achievement of 50% hybrid/electric vehicles in the vehicle fleet by 2024	Calculation formula: Number of hybrid and electric vehicles / total number of vehicles in the vehicle fleet. Base year: 2022	2023, completed
3.4. Calculation of organization's carbon footprint		
Calculation of carbon footprint for all emission scopes (1, 2, and 3)	Determination of the organization's carbon footprint according to GHG Protocol and ISO 14064-1 standards	2023, completed

3.5. Carbon footprint reduction		
Evaluation of potential levels of carbon footprint reduction for all emission scopes (1, 2, and 3)	Adoption of specific reduction levels (%) and timelines (year) for carbon footprint reduction across all emission scopes (1,2,3)	2023, completed
3.6. Implementation and certification of integrated environmental management systems		
Attainment of ISO 14001 environmental management system	Implementation of ISO 14001 environmental management system by the end of 2024	2024, completed
3.7. GHG emission management through product group carbon footprint calculation		
Calculation of carbon footprint for product category	Determination of carbon footprint for „product groups”	2024-2025
3.8. Increase in recycling levels		
Increase in average recycling levels: Plastic film 15 01 02: 55% in 2024 80% in 2025 Paper waste 15 01 01: 80% in 2024 85% in 2025	Percentage of waste volume for a given code subjected to recycling out of the total waste generated in that code. Indicator calculated for each year	2024-2025 (2024, completed)
3.9. Increase in share of electricity from renewable energy sources (RES)		
Utilization: min. 20% of electricity from RES in 2024 min. 60% of electricity from RES in 2025	Calculation formula: Amount of energy used from RES / total energy consumption	2024-2025 (2024, completed)
3.10. Climate change mitigation		
CDP Climate Reporting	Attainment of minimum “B” rating in CDP Climate	2024-2025
3.11. Transition towards green energy		
Installation of photovoltaic panels	Implementation of photovoltaic installation with co-financing from the subsidy program	2025

3.12. Energy transformation		
2030 - 40% emission reduction for Scope 1+2 2030 - 30% emissions reduction for Scope 3 2040 - Achieve net-zero emissions	Percentage reduction relative to base year 2022	2025-2040
3.13. Certified verification of GHG emissions management		
Obtain third-party certification of compliance with the Scope 1, 2, and 3 Carbon Footprint Report	Obtain a certificate of compliance	2025
3.14. Raising awareness of environmental change		
Reporting CDP Water 2026	Conduct an internal audit in preparation for the CDP Water 2026	2025
3.15. Science-based carbon footprint reduction		
Initiation of the project and establishment of a schedule of activities defining specific levels of carbon footprint reduction for all emission ranges (1, 2, and 3)	Adoption of specific levels (%) and timelines (year) of implementation for carbon footprint reduction for all emission scopes (1, 2 and 3)	2025

4. SUSTAINABLE SUPPLY CHAIN

We strive to effectively implement **sustainable business standards in the value chain**. We respect fundamental human and labor rights. We also expect that the suppliers we work with meet these standards.

8 DECENT WORK AND ECONOMIC GROWTH



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



KPI	Methodology	Deadline
4.1. Ensuring minimum ethical standards in collaboration with supply chain partners		
Development of Supplier Code of Conduct	Development, implementation, and publication of document	2023, completed

4.2. Ensuring ESG cooperation standards with supply chain partners

By 2023 - 100% of key suppliers of raw materials from the „nicotine category” will undergo periodic supplier assessments covering ESG criteria

**Key suppliers are defined as those meeting the value criteria and achieving qualifying annual turnover participation*

By 2024 - 100% of component suppliers will undergo periodic supplier assessments covering ESG criteria

% of key suppliers assessed on ESG criteria/all suppliers from „nicotine category” *100%

% of suppliers assessed on ESG criteria/all suppliers *100%

2023-2025
(2024, completed)

4.3. Ensuring compliance with fundamental human rights and labor rights

By 2023 - 100% of key suppliers of raw materials from the „nicotine group” will undergo periodic assessments, including compliance with fundamental human rights and labor rights

By 2023 - 100% of contracts with suppliers in the „nicotine” category will include provisions ensuring compliance with human rights

Min. 50% of key suppliers will be trained in policies respecting human rights and procedures incorporating human rights aspects

**Key suppliers are defined as those meeting the value criteria and achieving qualifying annual turnover*

Number of key suppliers assessed on compliance with fundamental human rights and labor rights/all suppliers from „nicotine category”*100%

Number of contracts including provisions ensuring compliance with human rights/all contracts with suppliers from nicotine product categories 100%

Number of key suppliers trained in policies respecting human rights and procedures incorporating human rights aspects/all suppliers*100%.
Base year 2024

2023-2025
(2024, completed)

4.4. Managing ESG risks in the supply chain

By 2025 - 100% of component suppliers will undergo ESG assessments and will be assigned an ESG risk rating based on this assessment

% of suppliers assessed for ESG risk/all suppliers *100%

2025

5. SAFE WORK ENVIRONMENT

We are committed to creating a **safe work environment**, ensuring the health and safety of our employees. In our company, we respect fundamental labor rights and expect every work area to comply with the highest safety standards.

3 GOOD HEALTH AND WELL-BEING



8 DECENT WORK AND ECONOMIC GROWTH



KPI	Methodology	Deadline
5.1. Increasing workplace safety		
Maintaining the Accident Rate indicator at no more than 1 annually (cumulative count) 2023 ≤ 1 2024 ≤ 1 2025 ≤ 1	Indicator calculated using the formula (W = number of accidents/number of work hours * 100,000)	2023-2025 (2024, completed)
Maintain the rate of accidents resulting in lost time injuries 'LTI I'	LTI I = (Number of accidents resulting in lost working time / number of man-hours worked)*100,000	2024-2025 (2024, completed)
Maintaining the rate of accidents resulting in lost time injuries in employees in the workforce 'LTI II'	LTI II = (Number of accidents resulting in lost working time in blue-collar jobs / number of blue-collar working hours worked)* 100 000	2024-2025 (2024, completed)
Organizing a minimum of 6 meetings/ year/department under „Leadership Launcher” for managerial staff aimed at improving occupational health and safety awareness	Organizing a minimum of 6 meetings/ year/department under „Leadership Launcher” for managerial staff aimed at improving occupational health and safety awareness	2024-2025 (2024, completed)
5.2. Enhancing safety culture level at the plant		
Achieving the appropriate level of General Plant Safety Culture Survey score 2023: min. 70% 2024: min. 80% 2025: min. 80%	Score indicator calculated as points from survey divided by maximum points expressed in %. Survey comprising 17 questions divided into 6 Safety Pillars	2024-2025 (2024, completed)
5.3. Implementation and certification of integrated safety and health management systems		
Implementation of ISO 45001	Implementation of certified safety and health management system by 2024	2024, completed

6. CUSTOMER CARE

Our focus is on ensuring transparency in product quality. We aim to **educate customers about the quality of raw materials, good practices, and proper verification of commercial documentation.**



KPI	Metodology	Deadline
6.1. Raising customer awareness regarding the quality of raw materials used in e-liquids		
Publication of 6 educational materials in written form, each with a minimum of 300 words, covering specific raw materials, good practices, correct verification of commercial documentation, as well as regulatory changes and consumer health safety	Publication of 6 educational materials per year	2023-2025 (2024, completed)
6.2. Ensuring customer safety and health		
Maintaining the product withdrawal rate from the market due to non-compliance with legal requirements 2024: < 0 2025: < 0	Number of product withdrawals from the market. Indicators calculated cumulatively during the year	2024-2025 (2024, completed)

