



...because it's our responsibility to the planet

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An aerial photograph of a paved road winding through a dense, lush green forest. The road is the central focus, stretching from the top of the frame towards the bottom. The surrounding trees are vibrant green, and the lighting suggests a bright, sunny day. The overall mood is serene and natural.

PART 1

INTRODUCTION

INTRODUCTION
MANAGEMENT BOARD'S LETTER
WHO WE ARE
BUSINESS TRANSFORMATION
REASONS FOR PRIDE
COLLABORATING FOR A BETTER WORLD
ESG IN NUMBERS 2023



The report we are presenting, is one of the first reports in Poland created in accordance with the new ESRs standards.

Formika Sp. z o.o. is a flexographic printing house specializing in packaging for the **food, cosmetics and pharmaceutical industries.**

As a family-owned company with **100% Polish capital**, it has been consistently developing on the packaging market for many years. Starting as a small, local initiative founded in 1978, the company has evolved into a leader in innovative packaging solutions.

We produce high-quality flexible packaging such as lids, safety caps, sachets, pharmaceutical blister packs, soap packs, doypacks, stick-packs and laminate tubes.

It is worth noting that Formika is legally required to report starting in 2025.

However, despite the lack of a legal obligation, we have decided to demonstrate our commitment to ESG by publishing this report two years earlier, for 2023.

The Report we are handing over to you is one of the first to be created in Poland according to the new ESRs standards.



food



cosmetics



pharma

Dear Ladies and Gentlemen,

Formika Sp. z o.o. has been involved in sustainable development activities for many years, which play a significant role in the execution of our 4Moon strategy. The business transformation project implemented during 2022-2023 has contributed to achieving our goals. It led to increased productivity, reduced heat loss and waste, and lowered energy consumption by 22%, which in turn reduced greenhouse gas emissions by more than 16%.

We have expanded our range of monomaterial products, which are highly recyclable, and started the commercialization of laminate tubes containing post-consumer recycled (PCR) content. These products not only meet the requirements of evolving legislation but also address the expectations of an increasingly environmentally conscious society.

In parallel with our business activities, and driven by a sense of duty, we established the Formika for Children Foundation in 2014. The foundation not only supports children from the most disadvantaged families but also empowers them by preparing them to face the future independently. Over the years, the foundation has supported a total of 4,268 beneficiaries through the implementation of over 250 aid projects. Among these projects were 26 renovations and modernizations, extracurricular activities for 510 children, and the funding of summer trips for 744 beneficiaries. We believe that such initiatives are crucial in helping young people become independent, active members of our community. Transparency is the foundation of our actions and our relationships with stakeholders. True to this value, we have decided to publish our activities undertaken in 2023 in the form of a Sustainability Report, based on the ESRS (European Sustainability Reporting Standards).

Formika is a company aware of contemporary challenges. We are determined to contribute to creating a better future. Issues of sustainable development will be a significant element of the company's new strategy. This is already reflected in the goals established and described below, and, more importantly, in the actual actions taken. In the coming years, we intend to continue our energy transformation, aiming for a significant reduction in our carbon footprint by purchasing renewable energy from Formika Green Energy and further developing our packaging towards increased recyclability and reduced resource intensity.

The year 2024 is planned to be dedicated to implementing the CSRD directive requirements, which introduce a new approach to sustainability management, so that our next report can be even more accurate and valuable for our stakeholders.

We are aware that the substantial effort needed for a genuine transformation towards sustainable development is not an individual effort, but requires the involvement of our employees and partners at all levels of the value chain.

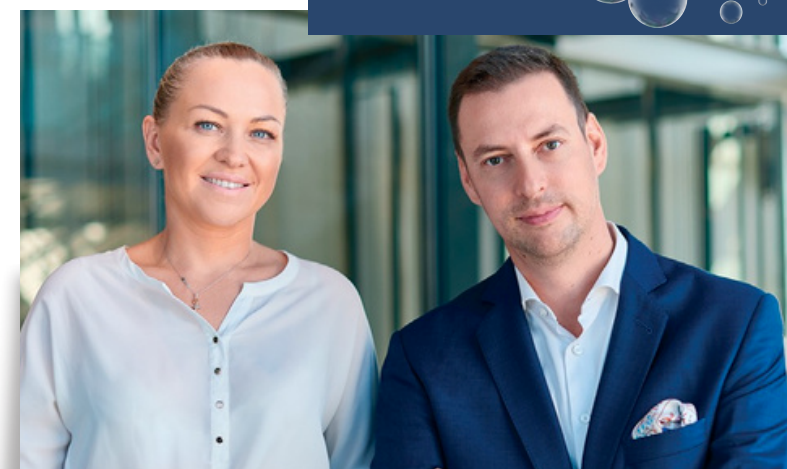
We express our gratitude to everyone who contributed to the creation of the 2023 Report for their commitment. We believe that continued cooperation will enable us to better meet the needs of our Business Partners and jointly address global challenges related to environmental protection, community engagement, and responsible management.

We invite you to read our report and continue the dialogue on sustainable development within our company.



Transparency is the foundation of our conduct and relations with stakeholders. True to this value, we have decided to publish our actions taken in 2023 in the form of a Sustainability Report, based on the ESRS (European Sustainability Reporting Standards) standards.

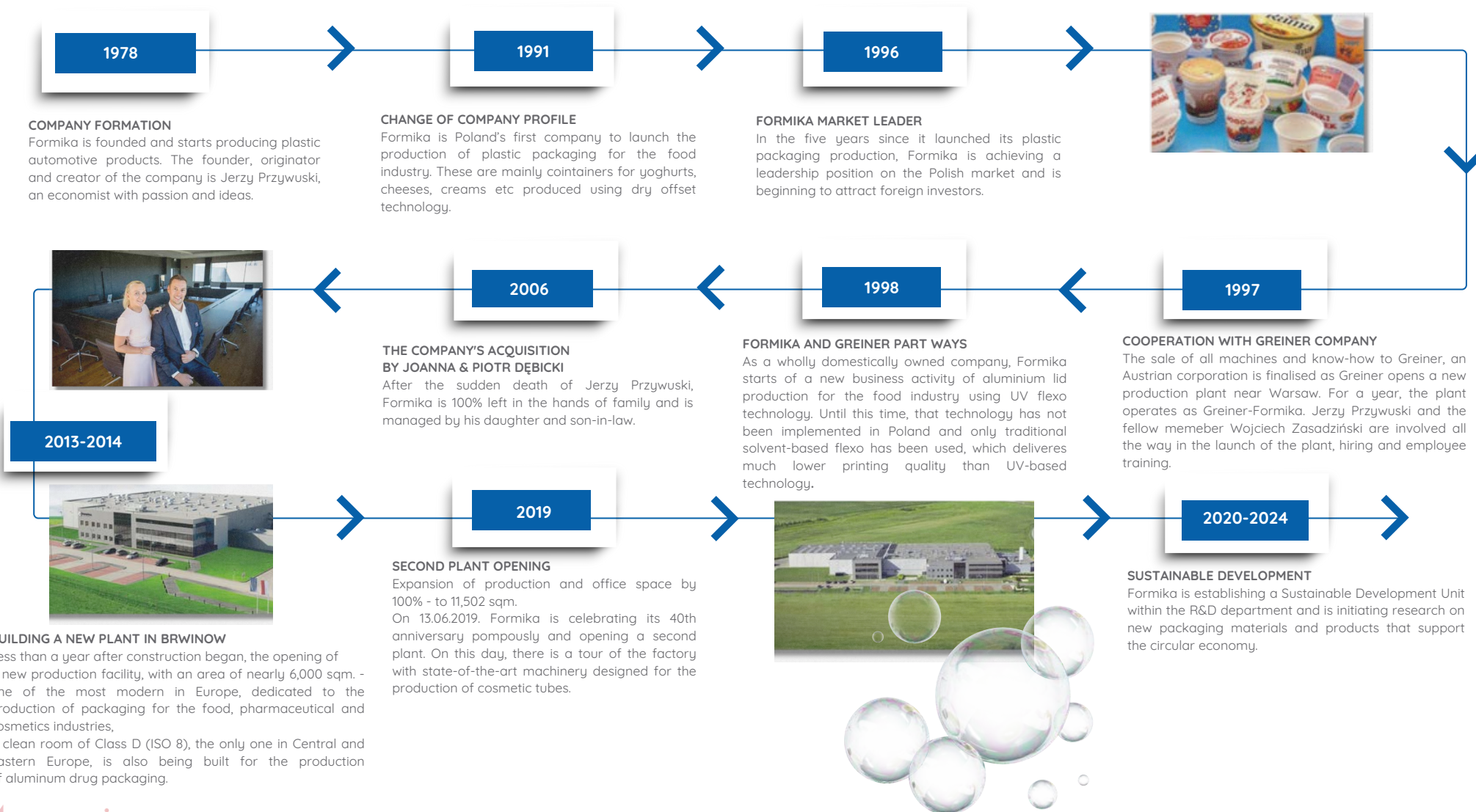
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JOANNA & PIOTR DĘBICCY
MANAGEMENT BOARD

Who we are - our history

Formika was founded in 1978 by Jerzy Przywuski and grew consistently over the following years. After the founder's death, the management of the company was taken over by his daughter Joanna Debicka together with her husband, Piotr Debicki. Thanks to their commitment and vision, Formika has grown dynamically, becoming one of the leading packaging manufacturers in Poland and gaining recognition on international markets.





Who we are -Formika in numbers



Business transformation

4MOON

In 2022-2023, we conducted the 4MOON Business Transformation Project at Formika.

WHO

The sponsor and decision-maker of the project was the CEO - Piotr Dębicki.

The project leader - Paulina Jakubowska.

RPCG

We received substantive support from the consulting partner - RPCG.

TEAM

A team consisting of 4 consultants from RPCG and 4 coordinators from our company worked daily for 12 months.

PROJECT OBJECTIVE

Develop management systems in the organization's key departments, build a meeting grid based on the decision-making pyramid, minimize raw material losses and increase sales.

The project was divided into **three areas** – workstreams.



- Management Systems,
- Processes,
- Employee evaluations and Managerial attitudes.

91 PROCESSES

The project team defined this number of processes. They were:

- mapped,
- streamlined,
- measured.

KPI

We implemented effective metrics and KPIs in every department. **Over 350** meetings were evaluated.

MEETING NETWORK

A network of 37 regular meetings was established, structured in a pyramid to ensure that information flows from daily employee meetings up to the CEO, while decisions are communicated in the opposite direction.

4MOON IN NUMBERS

Conducted **30 managerial workshops** and more than **350 1:1 mentoring sessions** at the managerial level.

4MOON IN NUMBERS

As a result of these actions, Formika achieved, among other things, a **12% increase in efficiency** in the cutting department, process optimization, and a **21% reduction in waste**.

These changes translate directly into better business results. However, the most tangible achievement is the shift in employee behavioral attitudes.

This change took the longest to achieve but is the greatest success of the project, as the permanently transformed attitudes have created a self-learning organization with high organizational effectiveness.



Reasons for pride

The quality and health safety of our packaging are confirmed by the long-held **ISO 9001:2015** and **BRC GS Packaging Materials** certifications.



Business Gazelles- the fastest growing companies in Poland.

Formika has been recognized among the Gazele Biznesu, an award that honors dynamically growing companies.



Dziennik „Puls Biznesu” potwierdza przynależność firmy

FORMIKA Sp. z o.o.

do elitarnego Klubu Gazel Biznesu grona najdynamiczniej rozwijających się firm



Production for pharmaceutical clients is conducted under the highest hygiene standards in a cleanroom (ISO Class 8, pharmaceutical Grade D).



“WOMAN OF BUSINESS 2023”

The nomination of Joanna Debicka - Vice President of the Management Board to the nationwide plebiscite “Woman of Business” is a prestigious award for Formika, which strengthens its position in the market and highlights its achievements and commitment to the development of the company.



Formika's payment morality was assessed at **79 out of 80 points** by an independent business intelligence agency.



70% of customers rate Formika at **9 or 10** on a 10-point scale.

70%



Collaborating for a better world

We established the Formika for Children Foundation in 2014 to provide **support to children and youth** facing difficult life and financial situations.

We strive to equalize developmental and educational opportunities, supporting large families, orphanages, foster families, and community centers. From 2014 to 2023, over **4 000** people in need benefited from our assistance through more than **250 aid projects**.



Every small step in supporting children and youth is a giant leap into a young person's future.



ANNA STANKIEWICZ
Foundation's CEO

... because helping is such a beautiful addiction!



number of renovations and modernization carried out for families and facilities

26

4268

number of beneficiaries who received support from the foundation



number of scholars in development and scholarship projects "Power4Future"

54

foundation's activities in
9 YEARS

744

number of children who went on summer and winter vacations thanks to foundation funding



number of children who received a hot meal at school, thanks to the foundation's help

623

510

number of children who participated in additional and supportive activities





Collaborating for a better world

FPE - Membership in Flexible Packaging Europe (FPE) provides us with access to the latest technologies and best practices in the field of flexible packaging. Together with FPE, we monitor trends and legal regulations, enabling us to effectively implement ESG strategies and strengthen our position as a responsible packaging manufacturer.



PIO - Formika is also a member of the Polish Chamber of Packaging. The organization brings together over 100 manufacturers of packaging, packaging materials, and machinery and equipment for the packaging industry.



PZF - Membership in the Polish Flexographic Association provides access to the advancement of flexographic printing technology, which translates into innovation and high quality in our packaging products.





ESG in numbers 2023

the longest tenure of an employee at Formika

31 years

the number of people with more than 25 years of work experience in Formika

5 pax

the average training time per employee at Formika

23,5 hours

the indicator of employees trained in first aid

20%



reduction in electricity consumption compared to 2022

11%

reduction in natural gas consumption compared to 2022

64%

reduction in consumption of paints, varnishes and solvents compared to 2022

30,6%

reduction in waste compared to 2022, including hazardous waste, non-hazardous waste designated for disposal, waste designated for recycling, and municipal waste

15,86%



4,6 MWp

the total nominal capacity of photovoltaic farms owned by our Business Partner, Formika Green Energy. Renewable energy will be used for Formika's operational purposes starting in 2024.



4268

from the beginning of the foundation's activities until the end of 2023, support was provided to 4 268 beneficiaries.



PART 2

GENERAL INFORMATION ESRS2

- | | | | |
|------|-------|-------|-------|
| BP-1 | GOV-1 | SBM-1 | IRO-1 |
| BP-2 | GOV-2 | SBM-2 | IRO-2 |
| | GOV-3 | SBM-3 | |
| | GOV-4 | | |
| | GOV-5 | | |

BP-1 General basis for preparation of the sustainability statements

For years, Formika has operated in alignment with sustainable development, yet for the first time in its nearly fifty-year history, the company is publishing a Sustainability Report. The report has been prepared based on and corresponds with the European Sustainability Reporting Standards (ESRS).

Our aim is to highlight the intensive changes that have been underway at Formika for years, focusing on a low-emission economy and our commitment to resource conservation. Our target is to grow in line with principles that enable us to combat climate change and, where necessary, adapt to it to help secure a future for the next generations.

This report pertains to the year 2023, with 2022 as the baseline year.

1.1. SCOPE OF CONSOLIDATION

The presented report concerns the non-financial performance of Formika, a company located in Brwinów. The company operates solely at one location and does not have any subsidiaries or additional facilities. The recipients of the report are Formika's employees, our clients, suppliers, and other business partners, as well as local communities and regulatory and governmental bodies.

The data presented in the report come from internal database sources such as computerized production support systems, registers, raw data reading sheets such as energy and gas consumption, waste transfer forms, surveys, and other sources depending on the type of data presented. The data is collected by engaged departments such as the finance department, HR department, administration department, and sales department.

1.4. EXCLUSIONS

The company exercises its right to exclude the ESRS E4 standard from the submitted report.

1.2. VALUE CHAIN INFORMATION

This report considers Formika's value chain with regard to primary direct raw material suppliers and customers. The collected data originates from pre-audit survey forms and direct discussions with business partners. According to the company's established policy, we expect suppliers not only to deliver raw materials and services in compliance with orders or specifications but also to meet current and upcoming legal requirements as well as our adopted ethical standards. We promote our values during regular meetings with clients, organized by sector, where we present, among other things, our commitment to sustainability topics, including the latest advanced solutions in the packaging market that address the needs of the circular economy.

1.3. POLICIES AND THE VALUE CHAIN

The Environmental Policy, Code of Ethics, and Anti-mobbing Policy adopted by Formika apply not only within the company's own operations but also to all business partners, including entities both upstream and downstream. In line with our Procurement Procedure PS B3/1, our suppliers undergo periodic evaluations, during which aspects such as their commitment to sustainability issues are reviewed. We expect the values adopted by Formika to be consistently implemented throughout the entire value chain. General Terms of Purchase (GTP) are attached to each order, and General Terms of Sale (GTS) are included with every order confirmation for clients, clearly outlining our expectations for partners. We require our clients and suppliers to comply with legal regulations, ethical business practices, and, in particular, to operate in accordance with health and safety (H&S) rules, environmental protection, animal welfare, anti-corruption measures, fair competition, and the protection of personal data and privacy.



BP-2 Disclosures in relation to specific circumstances

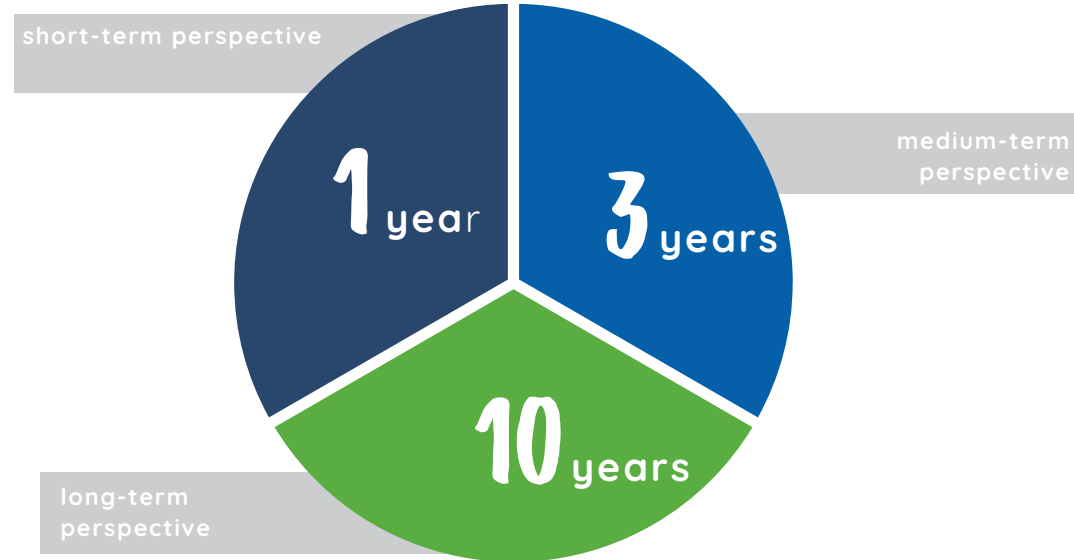
The 2023 Sustainability Report does not include information about changes in the way the content is presented, nor does it contain information about corrections of errors and the expected explanations in such cases, as this is the first report we are preparing.

In preparing the Sustainability Report, the company was inspired by the reporting model proposed in the **European Sustainability Reporting Standards (ESRS)**. Other standards and norms were not used in this process. It should be noted, however, that while the submitted report closely aligns with ESRS, it should not be considered final or fully compliant with all the requirements arising from the Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022, known as the Corporate Sustainability Reporting Directive (CSRD). The referenced directive pertains to corporate sustainability reporting. It imposes an obligation on **Formika to report from the year 2025, with the publication of the report in 2026.**

As a result of the materiality assessment process, the topics covered by ESRS S1, ESRS S2, ESRS S3, and ESRS S4 were deemed material. Therefore, information in these areas has been disclosed below.



In connection with the initial attempts to estimate climate risks, Formika has adopted slightly different time horizons for the aforementioned assessments: a short-term perspective has been set at 1 year, a medium-term perspective at 3 years, and a long-term perspective at over 10 years.



GOV-1 The role of the administrative, management and supervisory bodies

3.1. COMPOSITION OF MANAGEMENT AND SUPERVISORY BODIES:

- SHAREHOLDERS' ASSEMBLY
- MANAGEMENT BOARD

The Supervisory Board was not established in the company. The Shareholders' Meeting was solely composed of the company PPH Formika Sp. z o.o. The Management Board of Formika Sp. z o.o. consisted of two members:

- President of the Management Board, **Piotr Dębicki**
- Vice President of the Management Board, **Joanna Dębicka**, who simultaneously held the position of Chief Operating Officer.

All members of the Management Board were executive and actively involved in the company's day-to-day operational activities.

3.2. EXPERIENCE OF THE MANAGEMENT BOARD MEMBERS:



JOANNA DĘBICKA
VP

Since taking over the family business in 2006, the couple has successfully managed Formika Sp. z o.o. From 2019 to 2023, Piotr Dębicki served as the President of the Management Board, while Joanna Dębicka continued to develop the company and strengthen its position in the flexible packaging market as Vice President. **Thanks to their combined efforts, Formika's turnover grew from PLN 17 million in 2005 to PLN 270 million in 2022.**

She is a graduate of the Warsaw School of Economics, where she studied Economics, Finance, and Banking.

In 2011, she acquired advanced management and strategic competencies by completing the prestigious Management Program at the ICAN Institute, conducted under the license of Harvard Business School.

Joanna is a co-owner and shareholder of Formika Green Energy and Talkin' Things. She is also an active member of the Board of the Formika for Children Foundation, where she supports initiatives for children from underprivileged families.



PIOTR DĘBICKI
CEO

He graduated from the Faculty of Economics at the University of Gdańsk. In 2011, he acquired advanced management and strategic competencies by completing the prestigious Management Program at the ICAN Institute, conducted under the license of Harvard Business School.

He is also the founder and President of Formika Green Energy, established in 2022 to produce renewable energy for Formika Sp. z o.o. Since the same year, he has also served as a member of the Supervisory Board at Talkin' Things, a company specializing in innovative Internet of Things (IoT) solutions and a leader in RFID technology. Since 2014, he has been the Chairman of the Board of the Formika for Children Foundation.

From 2018 to 2023, he was a co-owner of Quatra Development, a company operating in the real estate market. Piotr is also a member of YPO (Young Presidents' Organization), where he has served as a board member in Poland since 2023.

GOV-1 The role of the administrative, management and supervisory bodies

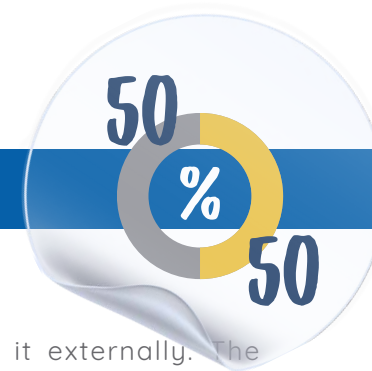
3.3. DIVERSITY OF THE MANAGEMENT BOARD MEMBERS:

Employees are not represented on the Management Board. In accordance with the supervisory principles outlined in the Commercial Companies Code, there was no Supervisory Board functioning in the 2023 reporting year. As per the Commercial Companies Code, oversight of the Management Board's activities was carried out directly by the company's shareholders through the right to individual supervision. In 2023, there were no changes in the composition of the Management Board.

3.4. ROLES AND RESPONSIBILITIES OF THE MANAGEMENT BOARD MEMBERS:

The responsibilities of the Management Board include overseeing the company's day-to-day operations and representing it externally. The detailed duties of individual board members are described in the internal document **"Scope of Responsibilities,"** which is an annex to the procedure **PS C1/1 Recruitment, Employment, and Employment Process of Employees.**

GENDER REPRESENTATION ON THE MANAGEMENT BOARD



Under the supervision of the **Vice President and Chief Operating Officer** since February 2023, Joanna Dębicka, the following areas are managed:

QUALITY DEPARTMENT

HR DEPARTMENT

PRODUCTION

PLANNING

PREPRESS & TECHNOLOGY DEPARTMENT

LOGISTICS & WAREHOUSE DEPARTMENT

- developing the budget and overseeing its implementation
- direct supervision of the Production Manager's work
- implementing IT systems
- overseeing the company's quality policy
- collaborating with the HR Department in implementing personnel policy

Under the supervision of the **CEO Piotr Dębicki**, the following areas are managed:

SALES DEPARTMENT

PURCHASING DEPARTMENT

FINANCE DEPARTMENT

ADMINISTRATION

IT DEPARTMENT

4MOON PROJECT

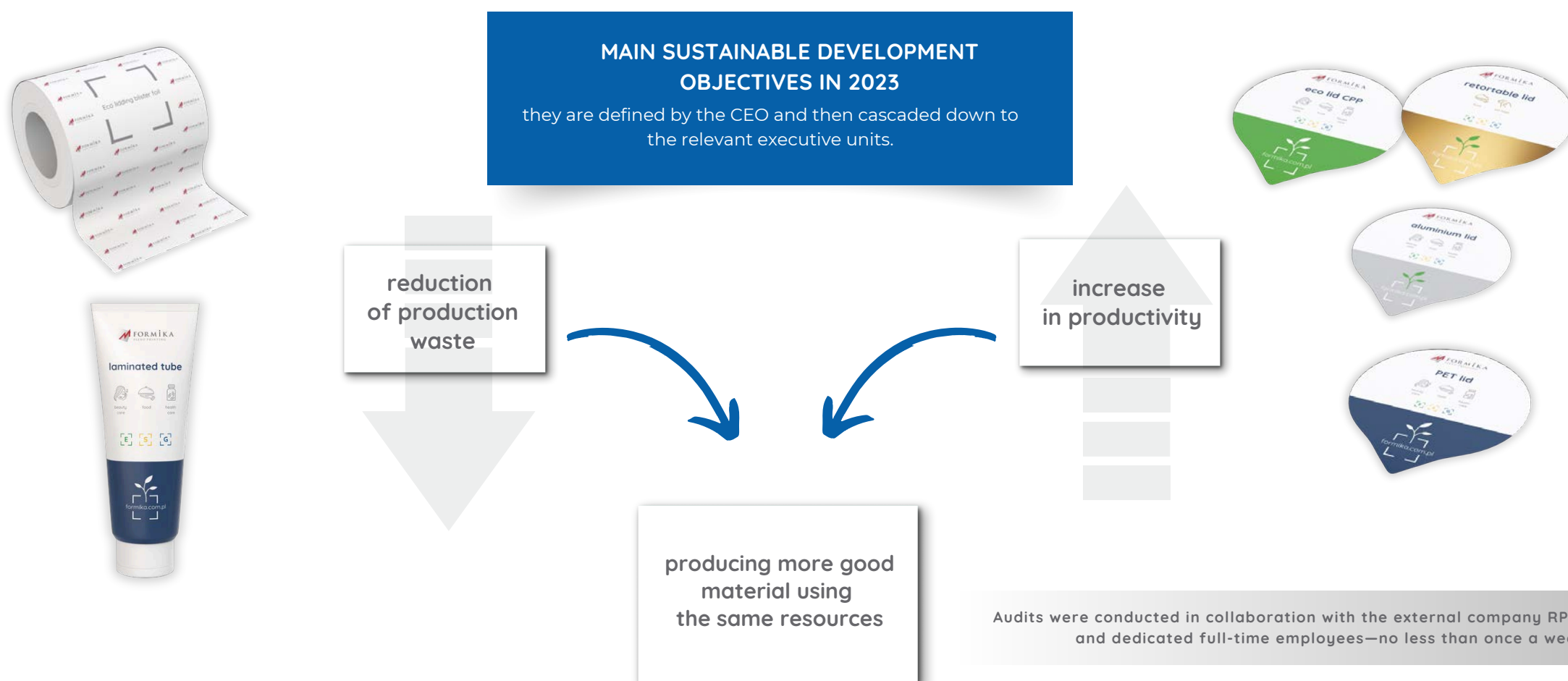
comprising 4 full-time Formika Employees and 4 Consultants from an external company, RPCG

- establishing and building long-term relationships with key business clients
- representing the company in external relations
- monitoring receivables and conducting business negotiations
- hedging the EUR exchange rate on the financial market
- direct supervision of the Sales Department
- marketing
- exploring new markets
- developing the company's investment strategy

GOV-1 The role of the administrative, management and supervisory bodies

3.5. SUSTAINABILITY OBJECTIVES OVERSIGHT

In 2023, the main sustainability objective was to reduce production waste and increase productivity, which translates into a difference in energy consumption by producing a larger amount of quality material with the same resources. The indicators monitoring progress toward this objective were reviewed on a daily, weekly, monthly, and quarterly basis.

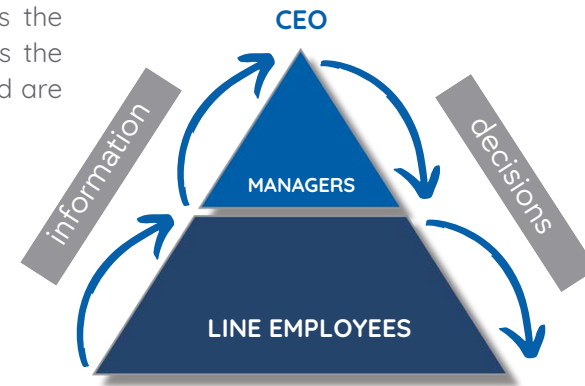
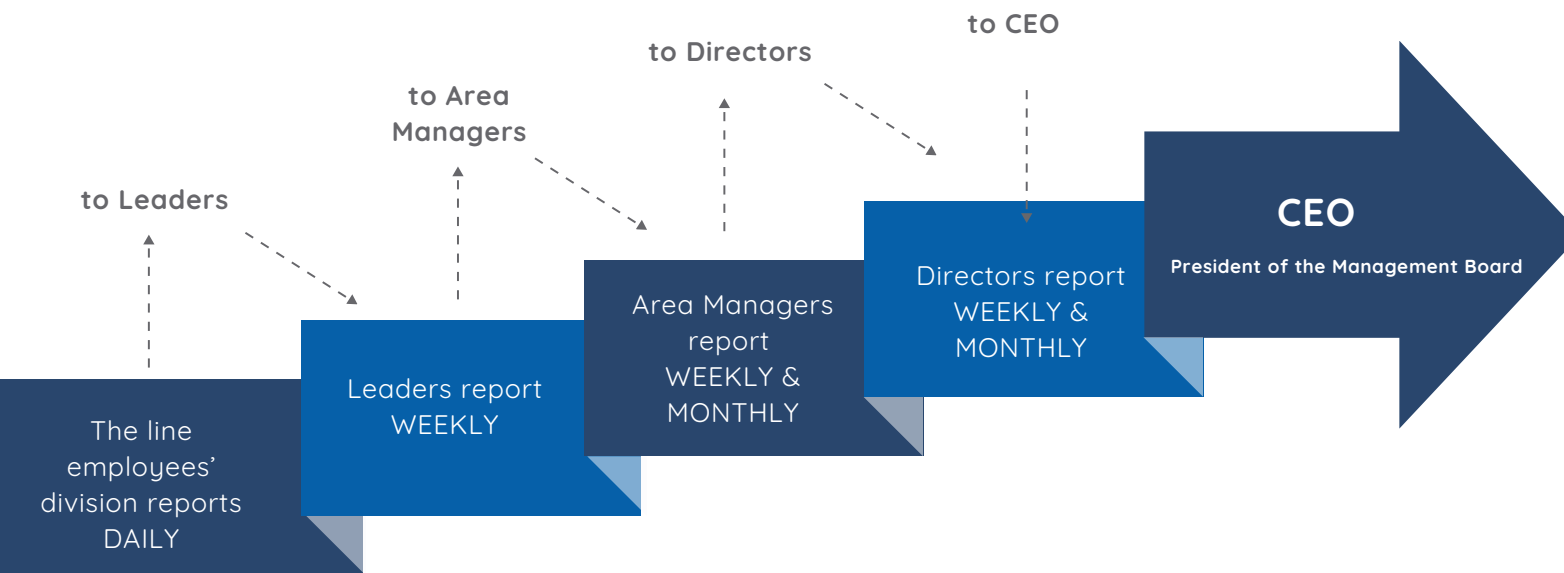




GOV-1 The role of the administrative, management and supervisory bodies

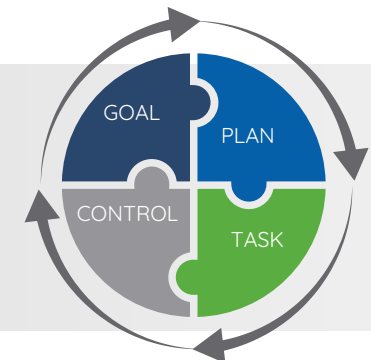
3.6. SUPERVISION OF ROLES AND BUSINESS OBJECTIVES ACHIEVEMENT:

As part of the transformation project, a reporting model based on the decision-making pyramid was implemented. It follows the principle of “information flows from bottom to top, decisions flow from top to bottom.” The meeting network, which serves as the lifeblood of our company, consists of **37 recurring meetings** conducted according to a unified standard (Terms of Reference) and are subject to continuous evaluation.



All data and indicators are aligned with the company’s strategy and objectives based on the wheel model:

According to this model, the President’s objective is translated into a plan for each subordinate department, and the tasks to be completed become objectives for their respective Directors. With this management system in place, we continuously monitor work progress, oversee positions, and track indicators. This approach enables proactive identification of risks to achieving objectives, allowing corrective actions to be implemented to ensure the successful attainment of goals.





GOV-1 The role of the administrative, management and supervisory bodies

3



3.7. MANAGEMENT AND CONTROL IN PROCESSES RELATED TO MATERIAL RISKS AND OPPORTUNITIES

In 2023, the key meetings aimed at minimizing risks or leveraging opportunities included:

Management Group

Risk analysis and opportunity identification at the management level involve monthly monitoring of results and progress, as well as assessing potential risks that could impact the achievement of the company's strategic goals. Management, on the other hand, focuses on allocating the necessary resources and adjusting and adapting strategies as needed.

Financial Risk Management Team

Financial risk analysis, management, and control involve the systematic monitoring of financial risks (including currency, commodity, revenue, and receivables risks) and the implementation of strategies to mitigate these risks, such as hedging and long-term contracts. During monthly meetings, the effectiveness of the actions taken and the results of market change analyses are reported.

CEO, NPI, R&D, Sales Department

Risk management and feedback from sales representatives regarding potential risks and opportunities with our clients are conducted through multiple forms of control. Weekly sales meetings are held to discuss sales results and the current situation with clients. Quarterly, a business review is organized, during which presentations on sales results and strategies are prepared. Annually, we hold a Sales Meeting (in December) to summarize the year and present sales forecasts for the following year.

CEO, Finance and HR

Risks and opportunities related to budget execution and employee turnover are monitored on a monthly basis. During these reviews, actual budget performance is compared to the plan, and any discrepancies are analyzed for underlying causes. The results of these controls are presented at the management group meetings.

CEO, Sales Department, Procurement Department, COO

The main objective of the meeting was to manage risk at the intersection of opportunities and available production capacities versus sales plans, as well as to review and implement corrective actions within the procurement policy aligned with sales performance.

Quality Assurance and Food Safety Team

Risks related to the production of primary packaging for sensitive products are managed through monthly GMP/GHP inspections and internal audits, as well as annual reviews and verification of HACCP plans.





GOV-1 The role of the administrative, management and supervisory bodies

3

3.7. MANAGEMENT AND CONTROL IN PROCESSES RELATED TO MATERIAL RISKS AND OPPORTUNITIES

Controls were provided by the following departments in the organization:

Finance Department

Conducts controls to ensure the highest accuracy of the presented data. The financial department staff carry out monthly consistency checks in the computerized systems used and organize an annual inventory of raw materials, semi-finished products, and finished goods. The results are presented to the Management Board during management group meetings.

Quality Control Department

Conducts compliance checks of raw materials and finished products with specifications through systematic testing in the in-house laboratory as well as outsourced testing, in accordance with the developed testing plan. Additionally, the department verifies certificates of analysis provided by suppliers for each batch of received raw materials.

Purchasing Department

Controls suppliers during the annual supplier evaluation, which assesses various aspects of their operations, including certifications held, environmental and social initiatives, capacity to provide information on the carbon footprint generated by their activities, implemented management systems, audit results, and other relevant factors.

Compliance

Exercises control over the legality of conducting business activities and the legality of published internal documents and contracts or other documents signed with the other party. These activities are performed by an external entity - a law firm.



GOV-1 The role of the administrative, management and supervisory bodies



3.8. BOARD OVERSIGHT OF COMMITTEES

Committees and project teams operate under their own management system. A Project Committee is established with assigned roles, and a so-called one-pager is created, outlining the project's objectives, key indicators, and expected outcomes. **Project management** is conducted through standardized weekly meetings, during which the **Project Leader** reviews the previous week's tasks with **Area Leaders** and plans the work for the upcoming week, recording tasks in the **Central Action Log**. Every two weeks, a **Steering Committee** meeting is held, where results are reported to the Project Sponsor.

3.9. COMMITTEES SUPERVISED BY THE MANAGEMENT BOARD

Management Group - a key body supporting the Board in ongoing supervision of the company's operations and achieving set goals. The group consists of the President and Vice President of the Board, the Chief Operating Officer, Sales Director, Finance Director, and HR Director. The group meets monthly to report on the performance of individual areas and set specific directions for actions over the next 3 to 6 months. This ensures consistency in executing the company's strategy and effective operational management.

Financial Risk Management Team - composed of the Controlling Director, Export Director, and Production Accounting Specialist. Established to identify, assess, and mitigate financial risks. The team's key areas of focus include analyzing currency risks, product and raw material prices, revenue reduction risks, and receivables risks. The team's findings are presented to the Board by the chairperson during Management Group meetings. The team meets monthly.

Quality Assurance and Food Safety Team - composed of the Management Representative for Quality Assurance as the chairperson, Quality Control Manager, Technology Manager, and Technical Customer Support Manager. The team's role is to analyze food safety risks in the context of direct packaging for sensitive products. The team meets at least once a year during the HACCP system review and additionally as needed. The team's work is reported to the Board during annual Management Reviews. In 2023, the team held three meetings.

Internal Auditors Team - led by the lead auditor, the team verifies the organization's compliance with adopted standards, norms, and procedures. Supervision over the team is carried out by the Vice President of the Board, and its work is reported during the Management Review. In 2023, the team conducted 12 audits.

4MOON Business Transformation Project Committee - the introduction of ESG began with a business transformation that changed the company and its management approach. The project was carried out with the consulting firm RPCG, with Piotr Dębicki as the Project Sponsor and Paulina Jakubowska as the Project Leader. The Project Team consisted of 4 full-time Formika employees and 4 external consultants from RPCG. Ongoing tasks were assigned to the involved departments, including Customer Service, Production, Quality, Procurement, and Pre-press, and recorded in the central Action Log. Tasks were reviewed, and new ones assigned during weekly meetings in accordance with the established Terms of Reference (ToR). The Project Committee met a total of 13 times.

Occupational Health and Safety - Safety committee: a monthly meeting conducted by the Occupational Health and Safety Specialist with department managers to discuss resolved or open OHS non-conformities. Summaries are forwarded to the respective Area Director and Employer.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies



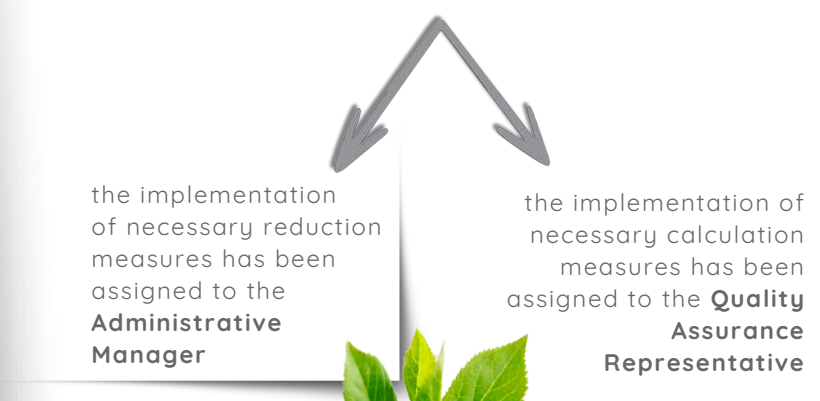
4.1. RESPONSIBILITY OF AUTHORITIES

ENVIRONMENTAL TARGETS

No.	TARGET DESCRIPTION	MEASUREMENT METHOD	SCORE
1	reduction of electricity consumption by 10% compared to the year 2022	$(\text{energy consumption in 2023} / \text{energy consumption in 2022} - 1) * 100\%$	-11%
2	reduction of natural gas consumption by 30% compared to the year 2022	$(\text{gas consumption in 2023} / \text{gas consumption in 2022} - 1) * 100\%$	-64%
3	calculation of emissions using the local method for Scope 1 for the year 2022. The result is expressed in metric tons of CO2 equivalent.	local method	1459
4	calculation of emissions using the local method for Scope 1 for the year 2023. The result is expressed in metric tons of CO2 equivalent.	local method	677
5	calculation of emissions using the local method for Scope 2 for the year 2022. The result is expressed in metric tons of CO2 equivalent.	local method	3879
6	calculation of emissions using the local method for Scope 2 for the year 2023. The result is expressed in metric tons of CO2 equivalent.	local method	3319

Responsibility for achieving the above targets has been entrusted to the **Chief Operating Officer**.

The Chief Operating Officer has allocated the tasks as follows:



the implementation of necessary reduction measures has been assigned to the **Administrative Manager**

the implementation of necessary calculation measures has been assigned to the **Quality Assurance Representative**



GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies



4.1. RESPONSIBILITY OF AUTHORITIES

SOCIAL TARGETS

1. Development of a competency assessment and development system for employees, **divided into the following three groups**, with a deadline by the end of Q2 2023

Groups:

blue-collar employees

white-collar employees

managers

The target has been achieved:

- ✓ In the **blue-collar** and **white-collar** groups, a professional flexibility matrix tool was developed.
- ✓ In the **managers'** group, a 360-degree assessment method was established.

2. Implementation of the developed system for **blue-collar** employees and **managers** by the end of Q4 2023.

The target has been accomplished:

- ✓ A professional flexibility matrix was prepared for all **blue-collar** positions.
- ✓ Employee assessments were conducted in accordance with the matrix developed for their positions.
- ✓ 360-degree assessments were conducted for all **managers**.
- ✓ The **HR Director** was responsible for achieving this goal.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies



4.1. RESPONSIBILITY OF AUTHORITIES

TARGETS RELATED TO CORPORATE GOVERNANCE

1. Integration of ethics and corporate governance throughout the supply chain.



- ✓ Develop a Code of Conduct for Business Partners consistent with Formika's Code of Ethics and its values by the end of Q2024.
- ✓ Signing of the Code of Conduct for Business Partners and the Terms & Conditions (T&C) document by at least 85% of key suppliers of goods and services by the end of 2026.
- ✓ During the reporting year, the targets are in progress.
- ✓ The person responsible for achieving this target: **Purchasing Director**

2. Development, implementation, and achievement of **level 3 Organizational Effectiveness** in each department participating in the **4MOON project**, excluding the Sales Department, which was designated a separate project.

- ✓ **The intended objective was achieved at 100%**, with organizational effectiveness in the production, procurement, customer service, pre-press, quality control, maintenance, and logistics departments reaching **Level 3**.
- ✓ Person responsible for achieving this objective: **Chief Operating Officer** within the 4MOON project.



GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

4

4.2. IMPACT, RISK, AND OPPORTUNITY MANAGEMENT

Annual Management Review meetings are held with participation from senior management. During this meeting, the Quality and Food Safety Representative presents the organizational context developed by the Quality and Food Safety Assurance Team, using the SWOT method to analyze the organization's strengths, weaknesses, opportunities, and threats.

This segment of the meeting also covers changes in external factors that pose potential risks or opportunities for the organization. Additionally, the following topics are discussed:

- Achievement of strategic objectives,
- Effectiveness of processes and product compliance,
- Review of implemented policies.

The 2023 Management Review took place on April 4, 2024.

The outcomes from the Management Review serve as input for overseeing the strategy, making decisions regarding key transactions, and managing risk. The list of risks and opportunities is described in Section XI IRO-1 of the Report.

An appropriate results monitoring mechanism is ensured through a structured meeting framework:

- Operational Staff report daily to Leaders,
- Leaders report weekly to Area Managers,
- Area Managers report weekly and monthly to Directors,
- Directors report weekly and monthly to the CEO.



All data and indicators are aligned with the company's strategy and objectives based on the **goal-plan-task-control** cycle. According to this cycle, the CEO's objective is translated into a plan for the respective departments, and the tasks to be accomplished are defined as goals for the Directors. This approach ensures that the indicators monitoring the progress of work are consistent and interrelated.



GOV-3 Integration of sustainability-related performance in incentive schemes

5

5.1. MANAGEMENT BOARD REMUNERATION

As the Supervisory Board was not operational at Formika in 2023, the remuneration for executive board members was determined by the **General Meeting of Shareholders**. The monthly remuneration of the Management Board members was established based on the following criteria:

- Professional experience,
- Relevant qualifications,
- Scope of responsibilities and accountability,
- Additional achievements.

The remuneration package consisted of a fixed monthly salary and variable remuneration in the form of a bonus. The bonus was tied to factors such as profitability and EBITDA performance.

Additionally, the executive remuneration included non-monetary benefits, such as a healthcare package and the use of a company car. In 2023, each Management Board member was responsible for tasks related to Sustainable Development.



Joanna Dębicka, VP

During the reporting year, she also served as the Chief Operating Officer (COO) and took direct responsibility for the Management System workstream within the 4Moon Project. As part of her duties, she oversaw several key initiatives, including:

- Lean Promotor Academy Program: She supervised activities under this program, which aimed to promote lean management principles among employees at various organizational levels.
- Continuous Improvement Organizational Unit: She made a strategic decision to establish a new organizational unit dedicated to continuous improvement, focusing on enhancing operational efficiency and fostering a culture of ongoing development.

These efforts highlight her commitment to embedding lean practices and continuous improvement within the company's operations.



Piotr Dębicki, CEO

He served as the Project Sponsor for the 4Moon Business Transformation Project. The CEO assumed the responsibility of chairing the project's steering committees, which oversaw numerous initiatives directly related to Sustainability. These initiatives focused on increasing productivity and reducing waste.

In addition to his role as Project Sponsor, the CEO also supervised actions aimed at enhancing the efficiency of heating and ventilation systems, reducing electricity consumption, and sourcing energy from renewable sources. His leadership in these areas underscores the company's commitment to sustainability and operational efficiency improvements.

The responsibilities of the Management Board members were carried out within the scope of their duties and compensated through their standard remuneration packages. In 2024, the company plans to establish a Remuneration Policy for both the Supervisory Board and the Management Board members. This new policy will also incorporate elements related to Sustainability, ensuring that executive compensation aligns with the company's commitment to sustainable development goals.



GOV-4 Statement on due diligence

In its first Sustainability Report, Formika adhered to the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The company identified its potential and actual impacts—both positive and negative—on the environment, society (communities), and governance-related matters.

In 2024, the company plans to conduct a review of its procedures and policies to ensure compliance with the principle of due diligence, reinforcing its commitment to responsible business practices and sustainable development.

In the current report, the principle of due diligence has been incorporated in the following sections:

DUE DILIGENCE:



SCOPE OF ACTIONS WITHIN THE DUE DILIGENCE PRINCIPLE	APPLICATION IN THE REPORT
inclusion of due diligence in strategy and management	S1-1, S2-1, S3-1, S4-1
collaboration with stakeholders impacted by the organization at all key stages of the due diligence process	S1-2, S2-2, S3-2, S4-2
identification and assessment of unutilized impact	IRO-1, SBM-3
taking actions to mitigate identified adverse impacts	S1-3, S2-3, S3-3, S4-3
monitoring the effectiveness of these efforts	S4-3, S1-17, S2-4, S3-4, S4-4

GOV-5 Risk management and internal controls over sustainability reporting

In 2023, Formika did not have an integrated and comprehensive risk management system for Sustainability. Risk assessment and mitigation proposals were the responsibility of individual departments within the company. This is detailed in Section X, SBM-3 of the report, in the part concerning material impacts, risks, and opportunities.

Quality and Food Safety Team

Based on the hazard analysis related to the health safety of food for which the organization produces packaging, the Quality and Food Safety Team identified potential hazards for each stage of the process. These hazards were categorized into physical, chemical, microbiological, unintended migration, potential sabotage, and risks associated with non-compliance with legal regulations. The identified risks were then assessed in terms of the likelihood of occurrence and the significance of their impact. For significant risks, mitigation measures were implemented, including prerequisite programs, control points, and critical control points. The resulting HACCP plan is reviewed annually during the system review meeting to ensure ongoing effectiveness and compliance.



Financial Risk Management Team

The Financial Risk Management Team, supervised by CEO Piotr Dębicki, conducts systematic activities aimed at identifying, assessing, and minimizing significant financial risks that could impact the company's stability and profitability. The risk management processes are closely monitored and controlled to mitigate threats and maximize opportunities.

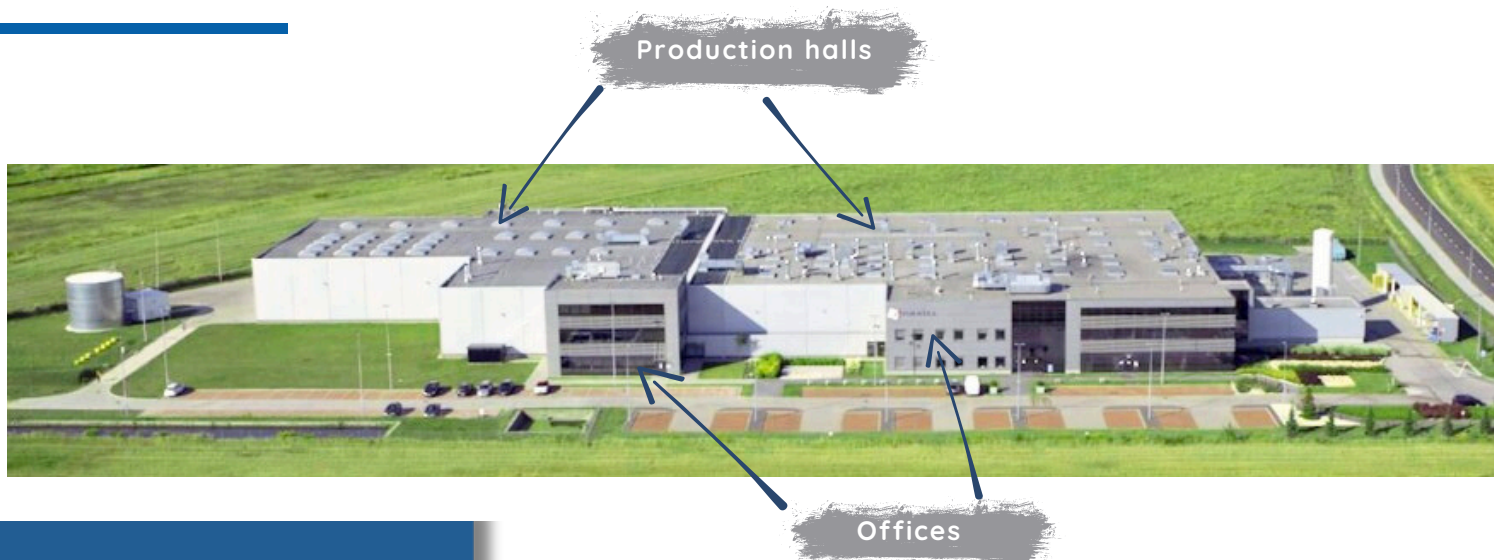
The main areas of risk management include:

- **Currency Risk:** The team continuously monitors and analyzes the impact of currency exchange rate fluctuations on the company's finances, proposing hedging strategies such as forward contracts or options. Control processes include regular reporting on market changes and the effectiveness of the implemented hedging instruments.
- **Commodity and Product Price Risk:** The team assesses the impact of commodity price volatility on margins and profitability, developing protective strategies, such as long-term contracts. Control measures in this area involve ongoing verification of raw material prices and the effectiveness of the applied hedging strategies.
- **Revenue Reduction Risk:** The team identifies and analyzes risks related to changing market conditions and anticipates potential revenue declines, enabling proactive adjustments to commercial strategies. Monitoring is carried out through continuous tracking of market trends and sales performance.
- **Receivables Risk:** The team evaluates the risk of contractor insolvency by managing the credit policy and monitoring the status of at-risk receivables. Regular audits of receivables and credit risk reporting allow for effective receivables risk management.

SBM - 1 Strategy, business model and value chain

8.1. BUSINESS MODEL

Formika operates from a single location in Brwinów, where its offices and production halls are situated.



CTOTAL COMAPNY
REVENUE IN 2023:

267 705 365 PLN

NUMBER OF EMPLOYEES AT THE END
OF 2023:

259 PEOPLE

Formika specializes in the production of direct packaging for sensitive products, primarily aluminum lids, tubes, and sachets. **Our products are utilized in three key sectors: food, pharmaceutical, and cosmetics.** We provide packaging solutions that meet high standards for barrier protection, product safety, and compliance with industry regulations. Customization and the ability to tailor packaging to specific client needs are essential elements of our offering.



SBM - 1 Strategy, business model and value chain

8.1. BUSINESS MODEL

Our customers are **B2B companies** that use our packaging in their finished products. We work with manufacturers such as multinational dairy corporations and Polish cooperatives, manufacturers of canned meat and animal food, global pharmaceutical corporations and Polish drug and dietary supplement companies, leading Polish and international manufacturers of cosmetic and chemical products mainly in the form of creams and all kinds of masks.

PACKAGING FOR THE FOOD MARKET



PACKAGING FOR THE COSMETICS MARKET



PACKAGING FOR THE PHARMACEUTICAL MARKET



SBM - 1 Strategy, business model and value chain

8.2. BUSINESS STRATEGY

For the years 2023-2027, Formika has developed a strategy called **Formika 4Moon**. According to this strategy, **by 2027, we aim to produce as many linear meters of packaging as the distance from the Earth to the Moon.**



The implementation of the strategy involves the following assumptions:

- DEVELOPMENT OF THE TUBE MARKET
- EXPANSION INTO EUROPEAN MARKETS - GERMANY AND FRANCE
- INCREASE IN ORGANIZATIONAL EFFICIENCY
- GROWTH IN PRODUCTIVITY
- REDUCTION OF GENERATED WASTE
- IMPROVEMENT IN MEETING EFFICIENCY AND DECISION-MAKING SPEED

A key action related to Sustainability is the ongoing energy transformation.



In 2022 and 2023, we implemented a series of actions that contributed to:

- a decrease in the energy intensity of production **11%**
- a reduction in greenhouse gas emissions **25%**



In the coming years, we plan to adopt reduction targets aligned with the **Paris Agreement** and base their achievement on the purchase of electricity from our business partner, **Formika Green Energy**, a producer of renewable energy.

SBM - 1 Strategy, business model and value chain

8.3. CONTEXTUAL DESCRIPTION OF OBJECTIVES

The main **sustainability** objective is the continued development of packaging solutions that align with circular economy principles, including packaging designed for recyclability, such as mono-material packaging and packaging containing PCR (Post-Consumer Recycled) content.



... because it's our responsibility to the planet

SBM - 1 Strategy, business model and value chain

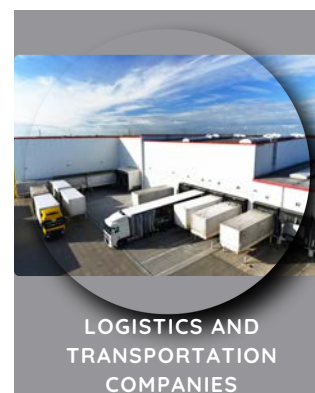
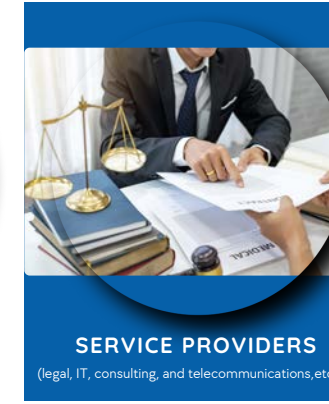
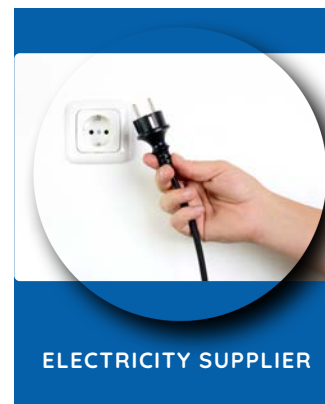
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8.4. DESCRIPTION OF THE VALUE CHAIN: UPSTREAM

As part of the characterization of the value chain, we focus on direct partners (Tier 1). The most significant entities within this segment of Formika's value chain are:

Suppliers of key raw materials and components:

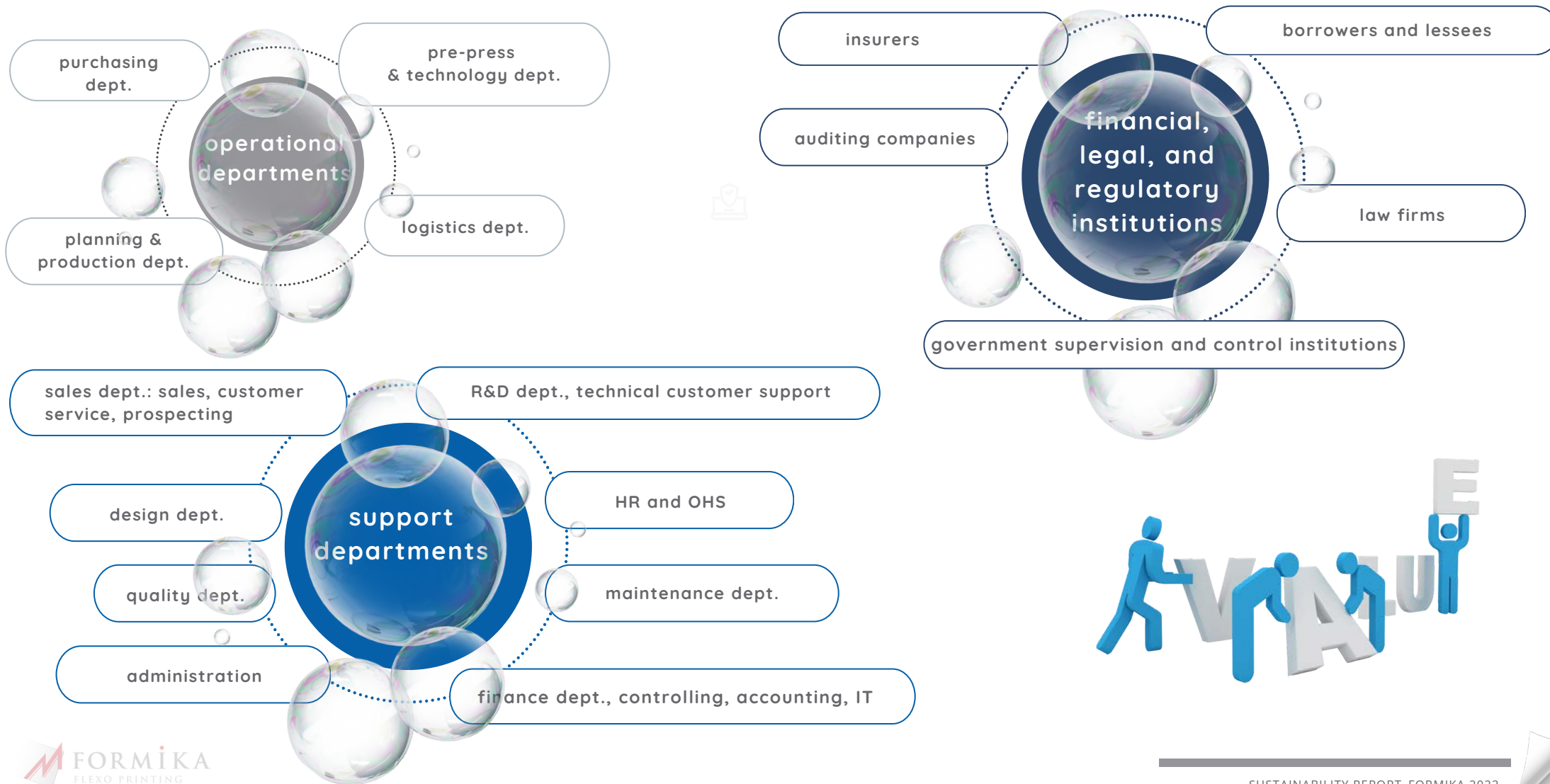
Remaining suppliers



SBM - 1 Strategy, business model and value chain

8.5. DESCRIPTION OF THE VALUE CHAIN: COMPANY'S OWN OPERATIONS

The description of the value chain within the scope of the company's own operations is as follows:



SBM - 1 Strategy, business model and value chain

8

8.6. DESCRIPTION OF THE VALUE CHAIN: DOWNSTREAM

As part of the characterization of the value chain, we focus on direct partners (Tier 1). The most significant entities within this segment of Formika's value chain are key clients, who belong to the following groups within the value chain:

cosmetics industry



Clients in this industry are large and medium-sized companies, operating 90% in the Polish market and 10% in the European market (mainly Germany and Baltic countries). Our clients in this sector produce both personal care products (white cosmetics) and makeup products (color cosmetics).

recycling companies

We sell high-quality aluminum scrap and waste paper to recycling companies.

KEY CLIENTS OF FORMIKA

food industry, dairy and meat industry



50% of clients in this industry are large Polish food corporations, while 50% are European companies, primarily operating in the German market. Dairies account for 75% of clients in this sector, meat canning producers make up 10%, fat industry enterprises 10%, and the remaining clients are mainly producers of sauces and dry food products.

pharmaceutical industry



Clients in this industry are primarily large Polish pharmaceutical companies, with a minority being international corporations. 70% of clients in this sector are drug manufacturers, while the remaining clients are producers of dietary supplements and entities that package drugs and supplements on a contract basis.

SBM - 2 Interests and views of stakeholders

Among our key stakeholders are leading as well as medium and smaller food producers, cosmetics manufacturers, pharmaceutical producers, co-packers, and distributors, both from the Polish and international markets. Our stakeholders also include suppliers of raw materials and components, banks, financial institutions, and subcontractors.

CLIENTS

Surveys

Regular surveys conducted with our stakeholders serve as a source of knowledge and insights that influence our strategy and business model. **In 2023, Formika conducted a Net Promoter Score (NPS) survey among its business partners.** Formika Sp. z o.o. achieved a score of 64%, indicating that **70% of our clients rated Formika 9-10 on a ten-point scale.**



Direct meeting with clients

Another **highly effective and current source of information for the organization are regular meetings between sales employees and business partners** (sales, relationship, and technical meetings). During these meetings, our employees familiarize themselves with the needs of the partner to meet their expectations. The principles of cooperation are established, along with plans for further expansion and development of the partnership, maintaining relationships, and providing support in case of technical issues.



Own events

To meet the needs of our clients, we organize various expert workshops and open days, such as **Cosmetic Days and Pharma Day in 2023**, which were attended by **over 200 clients** from Poland and abroad. These events provide our clients with the opportunity to share their opinions about our company, its products, and service quality. They also serve as a platform for exchanging experiences among our clients.



Trade fairs

A particularly valuable source of information is trade fairs, which, due to the evolving nature of fair-based communication, provide access to current and valuable knowledge. They enable direct contact with clients, suppliers, and competitors. Through interactions with products and the individuals responsible for presenting technologies, we gain access to information about the development of these technologies by competitors or suppliers, emerging global trends, new products, and innovative solutions.



Membership in industry associations

Our membership in industry associations allows us to stay up-to-date with changes and trends in the industry. This enables us to build key relationships with clients and supports the development of innovation and collaboration. Participation in such meetings reflects our commitment to the growth of the sector.

SBM - 2 Interests and views of stakeholders

COMPETITION

One of the key elements is identifying direct competitors.

The process of gathering data about them, followed by analyzing and comparing their strengths and weaknesses to ours, forms the foundation for developing the most effective marketing strategies. We also gather information during trade fair meetings, conferences, and through interactions with industry associations. The company takes these insights into account when making strategic decisions.

SUPERVISORY INSTITUTIONS AND REGULATORY BODIES

The company communicates with supervisory institutions and regulatory bodies through **reports and statements** in compliance with the applicable local laws.

SUPPLIERS

o strengthen environmental, social, and ethical responsibility, we have initiated an analysis of the terms of agreements with our suppliers. Information from suppliers is gathered through personal contact, phone calls, and surveys.

In 2023, we received 37 completed questionnaires, in which suppliers disclosed their commitment to, among other things, ethical matters and climate change.

To maintain a reliable and robust supply chain and ensure continuous information exchange with our suppliers, we organize regular meetings. By engaging suppliers in the early stages of product development or process improvement, Formika leverages their creativity and unique perspectives, often reducing costs. We conduct audits at supplier companies and collect data through surveys.

EMPLOYEES



As a learning organization, Formika implemented a 360-degree feedback system for its management team in 2023. **The 360-degree assessment allows for diagnosing the talents and competencies of employees.**

This feedback provides valuable insights into areas that should be developed to enable employees to achieve outstanding results.

In 2023, Formika launched a contest titled **“What else can we produce at Formika?”** The number of submitted ideas demonstrated the high level of employee engagement in the company’s continuous development. Based on the results of the contest, management strategies can be adjusted, and specific actions can be taken.



Each quarter, we prepare an **internal Newsletter**, which is printed and also distributed electronically among employees. Its engaging format, containing key information, updates, and changes, serves as an excellent communication tool that fosters employee engagement.



SBM - 3 Material impacts, risks and opportunities and their interaction with strategy and business model

10.1. CHARACTERISTICS AND DESCRIPTION OF SIGNIFICANT IMPACTS

The study presented below aimed to identify the areas of impact and influence of the company at various levels of its value chain. In conducting this assessment, we relied on the available versions of ESRS (European Sustainability Reporting Standards) at the end of 2023, which serve as a supplement to Directive 2022/2464 (CSRD - Corporate Sustainability Reporting Directive) of December 14, 2022, amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC, and Directive 2013/34/EU concerning corporate sustainability reporting. In the initial study, we were guided by the provisions of Appendix A (AR16) to ESRS.

DETERMINATION OF MATERIAL IMPACT FOR THE ENTIRE VALUE CHAIN

ESG Standard	Matters identified as material	Type of impact	Locations of major impacts within the value chain
CLIMATE CHANGE	Climate change adaptation	The company has an impact in this area, which includes the use of renewable energy sources, better resource utilization, and improved waste management. The company also exerts influence through the careful selection of business partners and suppliers. Additionally, the company impacts by aligning its operations with emerging legal regulations and fulfilling the resulting obligations.	Own operations, Upstream
	Climate change mitigation	Formika, as a company, has a moderate direct impact on climate change mitigation. The primary impact occurs in the raw material sourcing process at the lower levels of the value chain. Formika's influence lies in seeking out partners who implement new technologies for producing aluminum or PET packaging. This involves selecting manufacturers who utilize renewable energy in the electrolysis process.	Upstream
	Energy	Formika has decided to utilize renewable energy throughout the entire production process.	Own operations
POLLUTION	Air, water, and soil pollution	Bauxite mining is invasive to the environment. The production of aluminum is associated with water pollution (red mud), air pollution (CO2, perfluorocarbons, etc.), and soil contamination (risk of red mud leakage or damage to the land due to open-pit mining). Formika's activities related to its processes are conducted within the framework of approved environmental decisions.	Upstream
	Potentially hazardous substances and substances of particular concern		Upstream
	Microplastics		Own operations
WATER RESOURCES	Water withdrawal and consumption	At Formika, there is no water extraction for production purposes. However, companies within the value chain have a significant impact on water resources, requiring large quantities of water both during extraction and in chemical processes (e.g., converting bauxite into alumina).	Upstream

**SBM - 3 Material impacts, risks and opportunities and their interaction with strategy and business model**

10

10.1. DESCRIPTION AND CHARACTERIZATION OF MATERIAL IMPACTS

ESG Standard	Matters identified as material	Type of impact	Locations of major impacts within the value chain
DIVERSITY	Direct factors impacting biodiversity loss	Formika has only an indirect impact on the issue of biological diversity and ecosystems, which is realized through the selection of suppliers and collaboration with specific clients.	Upstream, Downstream
	Impact on and dependence on ecosystem services		
CIECULAR ECONOMY	CE	Formika influences the circular economy through appropriate product design and collaboration in product design and/or optimization with suppliers.	Own operations
	Resource flows related to products and services		
	Waste	The company has an impact on the efficient use of resources. Formika has taken significant measures to optimize and reduce waste. Aluminum waste is further reused by specialized companies, which significantly contributes to reducing energy demand at the production level.	Own operations
OWN WORKFORCE	Working conditions	The company has a significant and direct impact on its employees. The company's actions in this area are regulated by Polish law. The company significantly influences areas related to equal treatment and non-discrimination, prohibition of bullying, reporting of irregularities, and actions aimed at ensuring equal opportunities. Another important aspect is the company's impact on matters related to occupational health and safety (OHS).	Own operations
	Equal treatment and equal opportunities for all		
	Other labor-related rights		

**SBM - 3 Material impacts, risks and opportunities and their interaction with strategy and business model**

10

10.1. DESCRIPTION AND CHARACTERIZATION OF MATERIAL IMPACTS

ESG Standard	Matters identified as material	Type of impact	Locations of major impacts within the value chain
WORKERS IN THE VALUE CHAIN	Working Conditions Impact on ecosystem services and dependence on them	The impact on employees in the value chain is indirect and results from the type of production conducted by Formika. The indirect impact on employees within the value chain arises from the technologies used by the company and the business model that determines the type of suppliers or subcontractors at various levels of the company's value chain. Formika currently exerts its influence primarily through contractual provisions. These provisions are continuously supplemented and expanded to ensure due diligence. Formika mainly influences the selection of raw material and component suppliers and the requirements set for them. The company has minimal impact on employees in the downstream area.	Upstream, Own operations
AFFECTED COMMUNITIES	Economic, Social, and Cultural Rights of Communities	The company has a limited, direct impact on the local community, primarily due to its location in an industrial area. Formika has minimal interference with water relations, as water is not used for production purposes. As an employer, the company influences the local labor market. For years, Formika has been actively involved in social initiatives through its Formika for Children Foundation, which engages in various activities within local communities.	Upstream, Own operations
CONSUMERS AND USERS	Impact of Information on Consumers or End Users	The company impacts customers and end users by ensuring the safe use of products. Through product quality, the company reduces risks related to food spoilage or user convenience in the case of cosmetic products. Formika focuses on the highest quality by adhering to both external and internal quality standards. The company's actions help prevent issues such as food waste. Formika also influences customers through customer service and the implementation of appropriate practices, such as complaint procedures, eco-design, etc.	Downstream, Own operations

**SBM - 3 Material impacts, risks and opportunities and their interaction with strategy and business model**

10

10.1. DESCRIPTION AND CHARACTERIZATION OF MATERIAL IMPACTS

ESG Standard	Matters identified as material	Type of impact	Locations of major impacts within the value chain
BUSINESS OPERATIONS	Corporate Culture and Ethics	The company has a significant impact on shaping managerial and employee attitudes within the organization, which is implemented, among other things, through the Code of Ethics. The company continuously raises behavioral standards through training and the introduction of new policies.	Own operations
	Whistleblower protection	The company has an impact on whistleblower protection, which it implements in accordance with Polish law and relevant EU regulations in this area.	Own operations
	Animal welfare	Due to Formika's business model, its impact in this area is negligible.	Own operations
	Political engagement and lobbying activities	Due to Formika's activities, its impact in this area is negligible.	Own operations
	Payment practices	The company exerts a significant influence on a small portion of its suppliers, for whom it is an important business partner. The company follows a strict payment policy to prevent payment delays. In the downstream area, it also strives to monitor payment situations and promptly respond to any emerging delays.	Own operations
	Corruption and bribery	The company has an impact in this area by appropriately shaping the organizational culture within the company: incorporating relevant clauses in agreements with business partners, actively implementing new legal regulations, and cooperating in this regard throughout both directions of the value chain.	Own operations

**SBM - 3 Material impacts, risks and opportunities and their interaction with strategy and business model**

10

10.1. DESCRIPTION AND CHARACTERIZATION OF MATERIAL IMPACTS

In the assessment of general risks and opportunities, we used Appendix A (AR16) to the ESRS as the basis.

ESTIMATION OF MATERIAL OPPORTUNITIES AND RISKS

ESG standard	Detailed scope of the standard	Risk	Opportunity
Climate change	Adaptation to climate change	HIGH	MATERIAL
	Climate change mitigation	HIGH	MATERIAL
	Energy	HIGH	VERY MATERIAL
Pollution	Air, water, and soil pollution	LOW	LOW MATERIALITY
	Potentially hazardous substances and substances of particular concern	HIGH	LOW MATERIALITY
	Microplastics	MEDIUM	LOW MATERIALITY
Water resources	Water withdrawal and consumption	LOW	LOW MATERIALITY
Biodiversity	Direct factors and impact on biodiversity loss	LOW	LOW MATERIALITY
	Impact on ecosystem services and dependencies on them	LOW	LOW MATERIALITY
Circular economy	Direct factors and impact on biodiversity loss	MEDIUM	MATERIAL
	Impact on ecosystem services and dependencies on them	LOW	MATERIAL
Own workforce	Working conditions	MEDIUM	VERY MATERIAL
	Equal treatment and equal opportunities for all	LOW	MATERIAL
Workers in the value chain	Water withdrawal and consumption	HIGH	MATERIAL

**SBM - 3 Material impacts, risks and opportunities and their interaction with strategy and business model**

10

10.1. DESCRIPTION AND CHARACTERIZATION OF MATERIAL IMPACTS

In the assessment of general risks and opportunities, we used Appendix A (AR16) to the ESRS as the basis.

ESTIMATION OF MATERIAL OPPORTUNITIES AND RISKS

ESG standard	Detailed scope of the standard	Risk	Opportunity
Affected communities	Economic, social, and cultural rights of communities	LOW	MATERIAL
Consumers and users	Impact of information on consumers or end user	HIGH	MATERIAL
Business operations	Corporate culture and ethics	HIGH	MATERIAL
	Whistleblower protection	MEDIUM	MATERIAL
	Animal welfare	LOW	LOW MATERIALITY
	Political engagement and lobbying activities	HIGH	LOW MATERIALITY
	Payment practices	MEDIUM	MATERIAL
	Corruption and bribery	HIGH	MATERIAL

In its current practice, Formika's risk management has been decentralized, and there was no consolidated risk catalog. This system is multi-tiered and described in procedures that cover the responsibilities of individual departments.

Each department separately identified specific risks within its area of responsibility. The company is now striving to create company-wide mechanisms for identifying and responding to emerging opportunities and threats. The Management Board has been responsible for overseeing risk management.

Additionally, in 2023, the company conducted an internal assessment that identified risks and opportunities, which are described in the following sections of this report.



SBM - 3 Material impacts, risks and opportunities and their interaction with strategy and business model

10.2. KEY IDENTIFIED RISKS

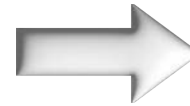
Below are the **key identified risks** that may have a significant impact on our company:



Disrupted supply chains

In the face of global economic disruptions and changing market realities, there is a risk of interruptions or disruptions in supply chains. This can lead to delays in the delivery of raw materials and components essential for production, which in turn can affect our production capabilities and the timely fulfillment of orders.

MITIGATION ACTIONS

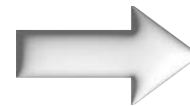


To minimize this risk, we are developing relationships with multiple suppliers, diversifying our supply sources, and building strategic reserves of key raw materials.

High and increasing energy and gas prices

The volatility and rising costs of electricity and gas can significantly impact our operating costs and, consequently, our profit margins. This risk is particularly critical in the context of increasing unpredictability in energy markets and potential changes in energy policies.

MITIGATION ACTIONS



To mitigate this risk, we are investing in technologies that enhance the energy efficiency of our facilities and finalizing efforts to utilize renewable energy sources.

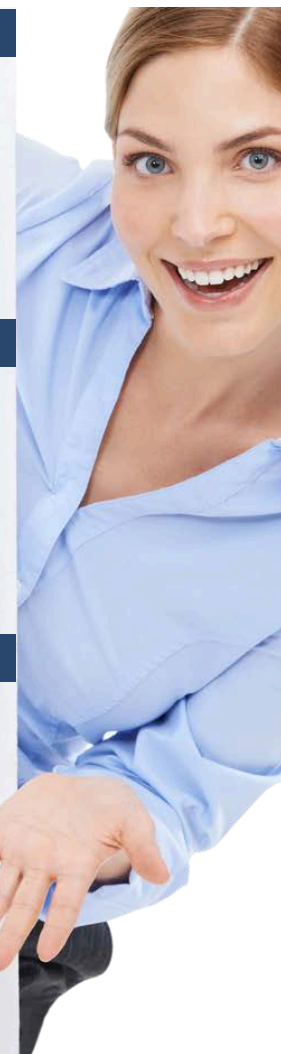
Low availability of workforce

Our company is located in the Warsaw metropolitan area, within an industrial zone surrounded by numerous manufacturing and warehousing companies. Although this region has significant market potential, the high demand for employees from other businesses creates intense competition in the labor market. This situation can lead to challenges in recruiting new employees, particularly in areas requiring specific qualifications, and can also increase labor costs due to the need to offer more attractive employment conditions.

MITIGATION ACTIONS



To counter this risk, we invest in the development of our employees by offering training programs and attractive working conditions, which help attract and retain talent. At the same time, we are advancing process automation initiatives to reduce dependence on manual labor



SBM - 3 Material impacts, risks and opportunities and their interaction with strategy and business model

10.3. KEY IDENTIFIED OPPORTUNITIES

Below are the **key identified opportunities** that may have a significant impact on our company:



Lack of net debt

Our financial situation, characterized by the absence of net debt, creates the flexibility to respond to changing market conditions and invest in growth without the burden of debt servicing costs. This gives us a competitive advantage and the ability to undertake strategic investments for further growth.

OPPORTUNITY UTILIZATION:



We plan to leverage our strong financial position to invest in innovation, new product development, and international market expansion, which can enhance our competitiveness.

Modern production facility with strict hygiene standards

Owning a modern production facility that meets the highest hygiene standards provides a significant advantage, especially in sectors with stringent quality requirements. This allows us to meet rigorous market and regulatory demands, enhancing our appeal as a supplier.

OPPORTUNITY UTILIZATION:



We plan to further develop our offerings by introducing new products that meet the highest quality standards, enabling us to expand into new markets and acquire new customers.

High-Quality Products

Our products are valued for their very high quality, which serves as a strong foundation for building customer loyalty and entering new markets. The quality of our products differentiates us from competitors and is a key element of our offering.

OPPORTUNITY UTILIZATION:



We will continue and expand our efforts to ensure the highest quality while introducing product innovations that can increase value for customers and contribute to further sales growth.

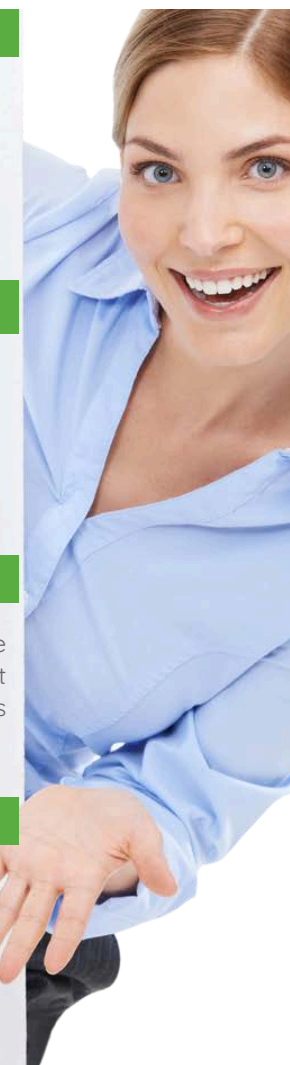
Experienced Long-Term Employees

Our workforce consists of long-serving employees, which translates into a high level of knowledge, experience, and commitment. Team stability and competencies are key to maintaining operational continuity and achieving the company's long-term goals.

OPPORTUNITY UTILIZATION:



We intend to leverage the experience of our employees for the further development of the company, including mentoring younger staff and driving innovative initiatives. We are also focusing on internal development, which will help sustain and strengthen our organizational culture.





IRO - 1 Description of the processes to identify and assess material impacts, risks and opportunities

For the 2023 report, Formika has not yet conducted a comprehensive double materiality assessment. However, various perspectives on the materiality of our company's impact on the environment were considered. To some extent, the financial materiality perspective was also taken into account. This process allowed us to gain experience, which will enable us to fully implement it in the voluntary report for 2024.

11.1. COMPREHENSIVE APPROACH TO IDENTIFYING AND ASSESSING MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES

The identification of risks and opportunities that have or may have financial impacts was based on:

DATA COLLECTION AND ANALYSIS

Financial reports are analyzed during weekly meetings. These reports provide key information on the company's financial health and allow for the identification of potential financial risks. This enables us to anticipate the impact of market changes on our profitability and financial liquidity.

Feedback from our clients, gathered during sales conversations and through surveys, is crucial for identifying risks related to the quality of our products and services. These surveys help us understand market needs and leverage opportunities to improve our offerings and strengthen client relationships.

Consultations and Collaboration with Stakeholders

Weekly meetings with the management team facilitate the exchange of knowledge and experience regarding key operational, strategic, and market risks. These consultations support decision-making in alignment with our long-term goals.

Dialogue with our stakeholders, including suppliers, business partners, and the local community, provides valuable insights into external factors affecting our operations. We consider their perspectives when identifying risks and opportunities, allowing for a more holistic approach to management.

MONITORING THE INDUSTRY ENVIRONMENT

Active participation in industry associations, such as Flexible Packaging Europe, the Polish Chamber of Printing, and the Polish Flexography Chamber, provides us with access to the latest information on industry trends and threats. This enables early detection of regulatory and technological risks and identification of opportunities for innovation.

We monitor publications in industry journals and online platforms, which keep us informed about market changes, competitor activities, and technological advancements. This source of knowledge supports our identification of both risks and opportunities that could impact our market position.

UTILIZATION OF EXPERT KNOWLEDGE

Expert Opinions

Collaboration with external experts allows us to conduct in-depth analysis of specific risks, such as technological changes, environmental risks, or new legal regulations. Their expertise helps us better prepare for potential threats and capitalize on opportunities.

Consulting Firms

We engage consulting firms to support us in analyzing strategic risks and identifying growth opportunities. Their reports and analyses provide independent assessments that are crucial to our risk management strategy.

TRACKING LEGAL REGULATIONS

Monitoring Legal Regulations in the Industry

We regularly track changes in legal regulations that may impact our operations. This enables us to proactively manage regulatory risks by adjusting our operational processes and business strategy to meet new requirements.



IRO - 2 Disclosure requirements in ESRs covered by the undertaking's sustainability statement

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12.1. LIST OF DATA POINTS CONTAINED IN THE CROSS-CUTTING STANDARDS AND THEMATIC STANDARDS, WHICH ARISE FROM OTHER EU REGULATIONS (ESRS2, APPENDIX B)

Disclosure no.	Disclosure title	Page no.
BP-1	General basis for preparation of the sustainability statements	16
BP-2	Disclosures in relation to specific circumstances	17
GOV-1	The role of the administrative, management and supervisory bodies	18
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	25
GOV-3	Integration of sustainability-related performance in incentive schemes	29
GOV-4	Statement on sustainability due diligence	30
GOV-5	Risk management and internal controls over sustainability reporting	31
SBM-1	Market position, strategy, business model(s) and value chain	32
SBM-2	Interests and views of stakeholders	39
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	41
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	49
IRO-2	Disclosure Requirements in ESRs covered by the undertaking's sustainability statements	50
	ESRS E1 Climate change	
GOV-3	Integration of sustainability-related performance in incentive schemes	62
E1-1	Transition plan for climate change mitigation	62
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	63
E1-2	Policies related to climate change mitigation and adaptation	65
E1-3	Actions and resources in relation to climate change policies	67



IRO - 2 Disclosure requirements in ESRs covered by the undertaking's sustainability statement

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12.1. LIST OF DATA POINTS CONTAINED IN THE CROSS-CUTTING STANDARDS AND THEMATIC STANDARDS, WHICH ARISE FROM OTHER EU REGULATIONS (ESRS2, APPENDIX B)

Disclosure no.	Disclosure title	Page no.
E1-4	Targets related to climate change mitigation and adaptation	68
E1-5	Energy consumption and mix	69
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	72
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	73
E1-8	Internal carbon pricing	73
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	n/a
	ESRS E2 Pollution	
E2-1	Policies related to pollution	74
E2-2	Actions and resources related to pollution	74
E2-3	Targets related to pollution	76
E2-4	Pollution of air, water and soil	76
E2-5	Substances of concern and substances of very high concern	77
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	n/a
E3	Water and marine resources	78



IRO - 2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

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12.1. LIST OF DATA POINTS CONTAINED IN THE CROSS-CUTTING STANDARDS AND THEMATIC STANDARDS, WHICH ARISE FROM OTHER EU REGULATIONS (ESRS2, APPENDIX B)

Disclosure no.	Disclosure title	Page no.
	ESRS E4 Biodiversity and ecosystems	
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	80
E4-2	Policies related to biodiversity and ecosystems	n/a
E4-3	Actions and resources related to biodiversity and ecosystems	n/a
E4-5	Targets related to biodiversity and ecosystems	n/a
E4-5	Impact metrics related to biodiversity and ecosystems change	n/a
E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	n/a
	ESRS E5 Resource use and circular economy	
E5-1	Policies related to resource use and circular economy	81
E5-2	Actions and resources related to resource use and circular economy	82
E5-3	Targets related to resource use and circular economy	90
E5-4	Resource inflows	91
E5-5	Resource outflows	93



IRO - 2 Disclosure requirements in ESRs covered by the undertaking's sustainability statement



12.1. LIST OF DATA POINTS CONTAINED IN THE CROSS-CUTTING STANDARDS AND THEMATIC STANDARDS, WHICH ARISE FROM OTHER EU REGULATIONS (ESRS2, APPENDIX B)

Disclosure no.	Disclosure title	Page no.
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	n/a
	ESRS S1 Own workforce	
SBM-2	Interests and views of stakeholders	96
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	98
S1-1	Policies related to own workforce	101
S1-2	Processes for engaging with own workers and workers' representatives about impacts	103
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	n/a
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	104
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	107
S1-6	Characteristics of the undertaking's employees	108
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	109
S1-8	Collective bargaining coverage and social dialogue	110
S1-9	Diversity metrics	111
S1-10	Adequate wages	112
S1-11	Social protection	113



IRO - 2 Disclosure requirements in ESRs covered by the undertaking's sustainability statement

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12.1. LIST OF DATA POINTS CONTAINED IN THE CROSS-CUTTING STANDARDS AND THEMATIC STANDARDS, WHICH ARISE FROM OTHER EU REGULATIONS (ESRS2, APPENDIX B)

Disclosure no.	Disclosure title	Page no.
S1-12	Persons with disabilities	113
S1-13	Training and skills development metrics	114
S1-14	Health and safety metrics	116
S1-15	Work-life balance metrics	117
S1-16	Compensation metrics (pay gap and total compensation)	118
S1-17	Incidents, complaints and severe human rights impacts	119
	ESRS S2 Workers in the value chain	
SBM-2	Interests and views of stakeholders	39
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	120
S2-1	Policies related to value chain workers	122
S2-2	Processes for engaging with value chain workers about impacts	122
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	122
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	123
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	124



IRO - 2 Disclosure requirements in ESR2 covered by the undertaking's sustainability statement



12.1. LIST OF DATA POINTS CONTAINED IN THE CROSS-CUTTING STANDARDS AND THEMATIC STANDARDS, WHICH ARISE FROM OTHER EU REGULATIONS (ESRS2, APPENDIX B)

Disclosure no.	Disclosure title	Page no.
	ESRS S3 Affected communities	
SBM-2	Interests and views of stakeholders	125
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	126
S3-1	Policies related to affected communities	126
S3-2	Processes for engaging with affected communities about impacts	126
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	126
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	127
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	127
	ESRS S4 Consumers and end-users	
SBM-2	Interests and views of stakeholders	39
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	128
S4-1	Policies related to consumers and end-users	129
S4-2	Processes for engaging with consumers and end-users about impacts	129
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	130



IRO - 2 Disclosure requirements in ESRs covered by the undertaking's sustainability statement

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12.1. LIST OF DATA POINTS CONTAINED IN THE CROSS-CUTTING STANDARDS AND THEMATIC STANDARDS, WHICH ARISE FROM OTHER EU REGULATIONS (ESRS2, APPENDIX B)

Disclosure no.	Disclosure title	Page no.
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	130
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ESRS G1 Business conduct		
GOV-1	The role of the administrative, supervisory and management bodies	133
G1-1	Corporate culture and Business conduct policies	135
G1-2	Management of relationships with suppliers	138
G1-3	Prevention and detection of corruption and bribery	139
G1-4	Confirmed incidents of corruption or bribery	139
G1-5	Political influence and lobbying activities	140
G1-6	Payment practices	140



IRO - 2 Disclosure requirements in ESRs covered by the undertaking's sustainability statement

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12.2. DISCLOSURE REQUIREMENT AND RELATED DATA POINT

Disclosure no.	Disclosure title	Page no.
ESRS 2 GOV-1	The board's gender diversity point 21, letter d)	19
ESRS 2 GOV-1	The percentage of independent board members point 21, letter e)	not relevant
ESRS 2 GOV-4	Statement about the due diligence process point 30	30
ESRS 2 SBM-1	Participation in activities related to fossil fuel actions, point 40, letter d), sub-point (i)	69
ESRS 2 SBM-1	Participation in activities related to the production of chemicals, point 40, letter d), sub-point (ii)	not relevant
ESRS 2 SBM-1	Participation in activities related to controversial weapons, point 40, letter d), sub-point (iii)	not relevant
ESRS 2 SBM-1	Participation in activities related to the cultivation and production of tobacco, point 40, letter d), sub-point (iv)	not relevant
ESRS E1-1	Transition plan to achieve climate neutrality by 2050, point 14	62
ESRS E1-1	Entities excluded from the scope of Paris Agreement-aligned benchmark indicators, point 16, letter g)	not relevant
ESRS E1-1	Greenhouse gas emission reduction targets, point 3	68, 70
ESRS E1-5	Energy consumption from fossil sources disaggregated by source (applicable only to sectors with significant climate impact), point 38	not relevant
ESRS E1-5	Energy consumption and energy mix, point 37	69
ESRS E1-5	Energy intensity related to activities undertaken in sectors with significant climate impact, points 40-43	not relevant
ESRS E1-6	Gross greenhouse gas emissions in Scope 1, 2, 3 and total greenhouse gas emissions, point 44	72
ESRS E1-6	Gross greenhouse gas emissions intensity, points 53-55	not relevant
ESRS E1-7	Greenhouse gas removals and carbon dioxide emission units, point 56	not relevant
ESRS E1-9	Exposure of the reference portfolio to physical climate risks, point 66	not relevant
ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risks, point 66, letter a)	not relevant



IRO - 2 Disclosure requirements in ESRs covered by the undertaking's sustainability statement

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12.2. DISCLOSURE REQUIREMENT AND RELATED DATA POINT

Disclosure no.	Disclosure title	Page no.
ESRS E1-9	Location of significant assets exposed to material physical risks, point 66, letter c)	not relevant
ESRS E1-9	Division of the Book Value of Real Estate by Energy Efficiency Classes - Section 67(c)	not relevant
ESRS E1-9	Degree of Portfolio Exposure to Climate-Related Opportunities - Section 69	not relevant
ESRS E2-4	Quantity of Each Pollutant Listed in Annex II of the E-PRTR Regulation Emitted to Air, Water, and Soil - Section 28	not relevant
ESRS E3-1	Water and Marine Resources - Section 9	79
ESRS E3-1	Special Policy - Section 13	not relevant
ESRS E3-1	Sustainable Practices in the Area of Seas and Oceans - Section 14	not relevant
ESRS E3-4	Total Volume of Water Recycled and Reused - Section 28(c)	not relevant
ESRS E3-4	Total Water Consumption in m ³ per Net Revenue from Own Operations - Section 29	not relevant
ESRS 2	IRO1-E4 - Section 16(b)	not relevant
ESRS 2	IRO1-E4 - Section 16(c)	not relevant
ESRS 2	IRO1-E4 - Section 16(a)(i)	not relevant
ESRS E4-2	Sustainable Practices or Policies in Land/Agriculture - Section 24(b)	not relevant
ESRS E4-2	Sustainable Practices or Policies in Oceans/Seas - Section 24(c)	not relevant
ESRS E4-2	Policies for Combating Deforestation - Section 24(d)	not relevant
ESRS E5-5	Non-Recycled Waste - Section 37(d)	93
ESRS E5-5	Hazardous and Radioactive Waste - Section 39	94
ESRS 2 SBM-3-S1	Risk of Occurrence of Forced Labor - Section 14(f)	99
ESRS 2 SBM-3-S1	Risk of Occurrence of Child Labor - Section 14(g)	99



IRO - 2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

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12.2. DISCLOSURE REQUIREMENT AND RELATED DATA POINT

Disclosure no.	Disclosure title	Page no.
ESRS S1-1	Commitments Regarding Human Rights Policy - Point 20	101-102
ESRS S1-1	Due Diligence Strategies Related to Issues Covered by ILO Core Conventions No. 1-8 - Point 21	101-102
ESRS S1-1	Procedures and Measures to Prevent Human Trafficking - Point 22	n/a
ESRS S1-1	Policy or Management System for Preventing Workplace Accidents - Point 23	105
ESRS S1-3	Complaint Handling Mechanisms - Point 32(c)	137
ESRS S1-14	Number of Work-Related Deaths and Number and Rate of Work-Related Accidents - Point 88(b) and (c)	116
ESRS S1-14	Number of Days Lost Due to Injuries, Accidents, Fatalities, or Illnesses - Point 88(e)	117
ESRS S1-16	Unadjusted pay gap between women and men point 97 (a)	118
ESRS S1-16	Excessive level of CEO compensation point 97 (b)	118
ESRS S1-17	Cases of discrimination point 10 (a)	119
ESRS S1-17	Non-compliance with UN Guiding Principles on Business and Human Rights and OECD guidelines point 104 (a)	119
ESRS 2 SBM-3-S2	Significant risk of occurrences of child labor or forced labor in the value chain point 11 (b)	122
ESRS S2-1	Commitments regarding policies related to respect for human rights point 17	122
ESRS S2-1	Policies related to employees in the value chain point 18	122
ESRS S2-1	Non-compliance with UN Guiding Principles on Business and Human Rights and OECD guidelines point 19	139



IRO - 2 Disclosure requirements in ESRs covered by the undertaking's sustainability statement

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12.2. DISCLOSURE REQUIREMENT AND RELATED DATA POINT

Disclosure no.	Disclosure title	Page no.
ESRS S1-4	Due diligence strategies regarding issues covered by the core conventions of the International Labour Organization No. 1-8, point 19	30
ESRS S2-4	Issues and incidents related to respect for human rights connected to the value chain at higher and lower levels point 36	119
ESRS S3-1	Commitments regarding policies related to respect for human rights, point 16	16
ESRS S3-1	Non-compliance with UN Guiding Principles on Business and Human Rights, ILO principles, or OECD guidelines point 17	139
ESRS S3-4	Issues and incidents related to respect for human rights point 36	139
ESRS S4-1	Policy related to consumers and end users point 16	129
ESRS S4-1	Non-compliance with UN Guiding Principles on Business and Human Rights and OECD guidelines point 17	139
ESRS S4-4	Human rights respect issues and incidents point 35	130
ESRS G1-1	Issues and incidents related to respect for human rights point 35	n /a
ESRS G1-1	Protection of whistleblowers point 10 (d)	138
ESRS S4-4	Fines for violations of anti-corruption regulations and anti-bribery laws point 24 (a)	139
ESRS G1-1	Standards for combating corruption and bribery point 24 (b)	139



PART 3

ENVIRONMENT

- E-1 CLIMATE CHANGE
- E-2 POLLUTION
- E-3 WATER RESOURCES
- E-4 BIODIVERSITY AND ECOSYSTEMS
- E-5 CIRCULAR ECONOMY

E-1 Climate change

1.1. GOV-3 INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

Sustainability-related elements were not included in the remuneration policies for board or supervisory body members during the reporting year. They were also not included in the remuneration policy for senior management (director, manager). However, these aspects were considered in the bonuses of production employees, whose remuneration depended, among other factors, on the amount of waste generated, the average changeover time, and the achieved OEE (Overall Equipment Effectiveness). Optimizing these parameters leads to reduced resource consumption, emission limitations, and more efficient use of energy and materials.

A revision of the remuneration policy for Supervisory Board members and Management Board members is planned for 2024. The new document under development aims to link part of the variable remuneration to performance related to the organization's climate change prevention goals.



1.2. E1-1 TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

By the end of 2023, Formika did not have a transformation plan in place; however, numerous measures were undertaken to mitigate climate change, contributing to reducing Formika's impact on global warming in alignment with the Paris Agreement. **Production at Formika is conducted in two buildings, which were commissioned in 2014 and 2019**, respectively. Both buildings are equipped with PIR sensors controlling lighting and water consumption, which is used solely for the sanitary and employee living purposes. In 2023, the heating and ventilation systems were reviewed and upgraded, including the optimization of the heat pump operation and the purchase of new equipment. During the reporting year, the following funds were allocated for climate change mitigation actions:

CAPEX:

8,462.07 EUR- purchase and installation of a Galan furnace

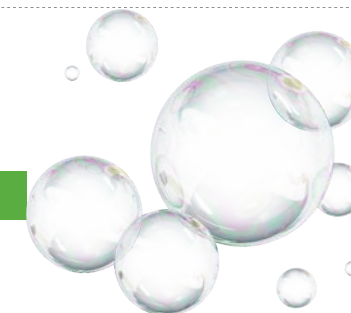
30,244.32 EUR - purchase and installation of a Ceccato DRC compressor.

Investment in the above fixed assets has enabled optimization of electricity and natural gas resource use, resulting in a significant 11% reduction in energy consumption compared to the baseline year 2022, thus contributing to a decrease in Scope 2 emissions. For the upcoming year, the purchase of an additional tubing machine is planned, which will lead to an increase in emissions due to the higher energy demand required to power this equipment during production, as well as increased emissions related to the transport of finished tubes to their recipients. Additionally, production using renewable energy sources provided by our business partner **Formika Green Energy** is planned to commence. Formika is not exempt from the EU benchmarks aligned with the Paris Agreement (PA).



E-1 Climate change

1



1.3. SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

MATERIAL RISKS:

In 2023, Formika focused on building knowledge related to climate change, acquiring relevant materials and publications that will enable us to prepare a risk assessment in the 2024 report. Through in-depth analysis by 2025, activities related to mitigating climate risks will become significant in shaping Formika's Strategy. This Strategy will be aligned with the sustainable development implementation strategy. None of the preliminary analyses below were supported by an assessment of Formika's business model resilience based on climate change scenarios. In 2024, a climate risk analysis is planned in accordance with the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD).

In our preliminary climate risk assessment, we adopted the following time horizons:

- Short-term - up to 2025
- Medium-term - 2026-2030
- Long-term - 2030-2040

Preliminary potential climate and transition risks:

Physical risks:

- Sudden, extreme but short-term weather events that could potentially damage production infrastructure, such as floods or very strong winds.
- Chronic phenomena that do not directly impact infrastructure but have a significant indirect impact on Formika's operations and product portfolio

Within physical risks, we identify the following as probable and significant:

Threats related to extreme weather events impacting the energy transmission infrastructure

- Time horizon: medium to long term

Threats related to chronic phenomena affecting changes in the dairy product market

- Time horizon: medium to long term

Transition risks:

These are primarily associated with the company's operations within a short-term horizon. The most significant identified risks include:

- Market risks – such as an increase or shift in customer expectations regarding product types or challenges in sourcing raw materials. This also includes rising production costs due to a significant increase in energy costs in Poland.
- Regulatory risks – related to the increase or change in legal requirements concerning reporting, restrictions, or bans on the use of certain materials.
- Technological risks – associated with the need to change production methods or implement innovations that may impact the company's operations.

Within transition risks, we identify the following as probable and significant:

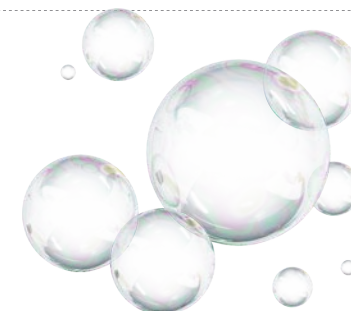
- Risks related to increased raw material costs due to the implementation of the CBAM (Carbon Border Adjustment Mechanism)
Time horizon: short to medium term
- Risks associated with rising costs of raw materials, services, and materials linked to the implementation of the sustainability strategy
Time horizon: short to medium term
- Risks related to the introduction of the PPWR (Packaging and Packaging Waste Regulation) directive
Time horizon: medium term





E-1 Climate change

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1.3. SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

MATERIAL OPPORTUNITIES

MATERIAL IMPACTS:

Key opportunities

The preliminary risk assessment also identified potential opportunities in this area. The primary opportunities include:

- Opportunity to strengthen Formika’s reputation as a reliable, climate-conscious partner

Benefits time horizon: short/medium term

- Opportunity to improve Formika’s ratings from external auditors and scoring firms

Benefits time horizon: short/medium term

- Opportunity to boost sales of innovative products currently offered by the company

Benefits time horizon: short/medium term

- Opportunity to reduce energy costs and lower CO₂ emissions

Benefits time horizon: short/medium/long term

- Competitive advantage through early preparation for ESRS reporting and meeting customer expectations ahead of competitors

Benefits time horizon: short/medium term

Material impacts:

We recognize the significant impact of human activities on climate change. Therefore, Formika is undertaking numerous actions aimed at achieving its decarbonization targets under the Paris Agreement, aiming to meet these targets well before 2050.

In areas of direct impact, actions are being taken that will yield substantial and fundamental positive changes in Scope 1 and Scope 2 emissions over the short term.

The company’s influence on Scope 3 emissions is moderate, largely due to the lack of efficient and more environmentally-friendly methods for sourcing bauxite.

In 2024, climate risk assessments will be incorporated into the risk register under preparation, and these will be analyzed according to the established procedures for these issues.

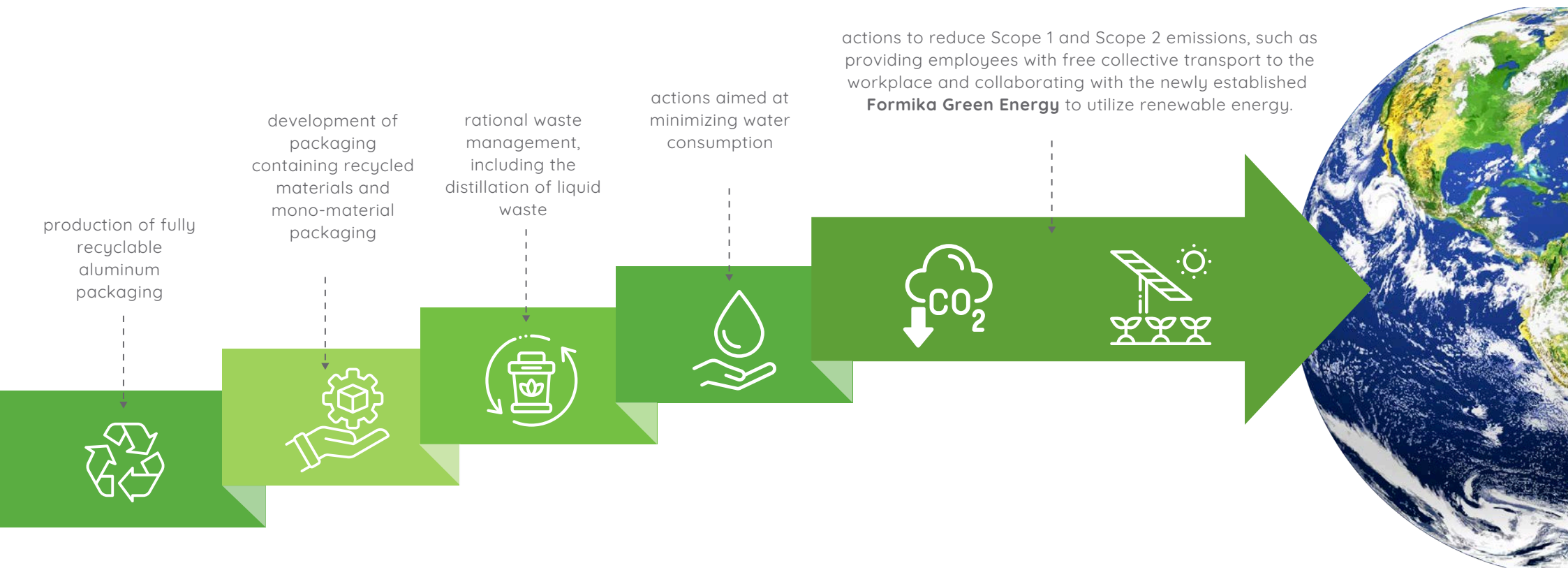


E-1 Climate change

1.4. E1-2 CLIMATE CHANGE MITIGATION AND ADAPTATION POLICIES

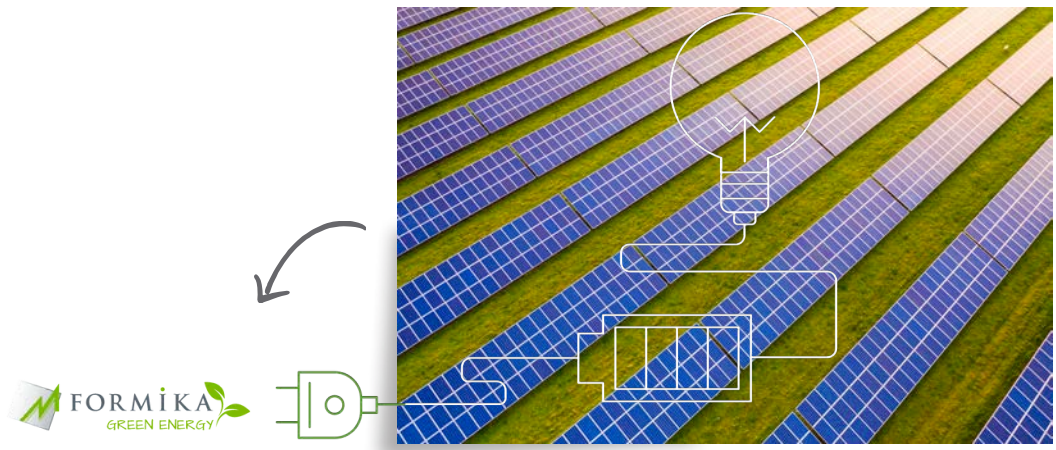
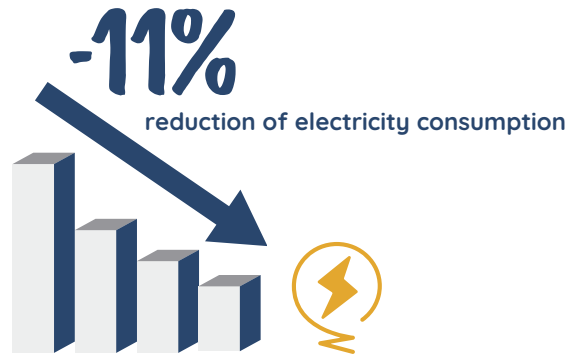
Issues related to actions taken by our organization are included in the Environmental Policy, a document approved by the Vice President of the Management Board, Joanna Dębicka, on February 23, 2022.

INITIATIVES UNDERTAKEN WITHIN THE ENVIRONMENTAL POLICY RELATED TO CLIMATE CHANGE MITIGATION:



E-1 Climate change**1.4. E1-2 CLIMATE CHANGE MITIGATION AND ADAPTATION POLICIES**

Thanks to a thorough review of the heating and air conditioning systems, including the heat pump, combined with investments in new heating equipment, **electricity consumption** in the reporting year was **reduced by 11% compared to the baseline year 2022**.



In the reporting year, the **construction of photovoltaic installations** at Formika Green Energy was also completed, with plans to sign a tripartite agreement between this business partner, Formika, and an intermediary. Following the receipt of the necessary permits, operations can partially rely on renewable energy from photovoltaic installations starting in 2024.

A revision of the Environmental Policy is planned for 2024. The new document is expected to specifically address issues related to energy consumption, greenhouse gas emissions, environmental pollution, water resource management, raw material, waste, and chemical management, as well as matters concerning the promotion of sustainable consumption, environmental impact associated with product use and end-of-life, along with qualitative and quantitative targets set for each of these aspects.

E-1 Climate change

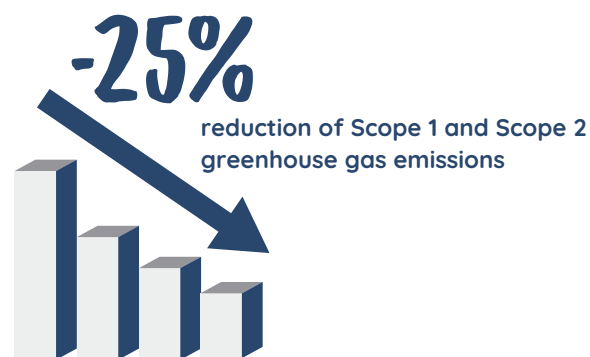
1.5. E1-3 ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

Actions to reduce carbon footprint:

In the reporting year, improved energy efficiency was the only decarbonization lever applied. These efforts, detailed in section **E1-5 Energy Consumption and Energy Mix**, primarily targeted the optimization of electricity and natural gas usage. An investment of 38,706.30 EUR was allocated for these initiatives.

This funding, directed toward the purchase of a modern electric furnace and compressor, enabled enhanced energy efficiency by reducing the need to activate large gas boilers during the summer and transitional winter/summer periods.

The implemented actions allowed the company to achieve its reduction targets in electricity and natural gas consumption. **Total energy consumption decreased by 11%, and natural gas usage dropped by 64%, contributing to a 25% reduction in greenhouse gas emissions.**





E-1 Climate change

1.6. E1-4 TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

Analyzing the impact and opportunities related to climate change mitigation has shown that electricity and natural gas consumption significantly affect carbon dioxide emissions. Comparing this aspect with optimization opportunities in heating and ventilation processes indicated that, with the allocation of appropriate investment resources, it is possible to substantially reduce the frequency of high-power gas boiler activation and increase heat recovery from machines. Improved energy efficiency directly aligns with greenhouse gas reduction targets.

FOR 2023, FORMIKA ADOPTED THE FOLLOWING CLIMATE CHANGE MITIGATION AND ADAPTATION TARGETS:

	Reduction of electricity consumption	Reduction of natural gas consumption	Greenhouse gas emissions
Target	-10%	-30%	calculation of Scope 1 and Scope 2 greenhouse gas emissions
Target outcome	-11%	-64%	scope 1: 677 tCO2e
			scope 2: 3319 tCO2e

How did we achieve these targets? The decarbonization levers applied are described on page 70.

E-1 Climate change



1.7. E1-5 ENERGY CONSUMPTION AND MIX

No.	Energy consumption and mix	Comparative information	Year N
		Baseline year 2022	Year 2023
	Type of energy consumption		
1	Fuel consumption from coal and coal products (MWh)	0,0	0,0
2	Fuel consumption from oil and oil products (MWh)	368,3	391,6
3	Fuel consumption from natural gas (MWh)	1761,3	641,0
4	Fuel consumption from other fossil sources (MWh)	0,0	0,0
5	Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	5663,0	5063,1
6	Total energy consumption from fossil sources (MWh) (calculated as the sum of rows 1-5)	7792,6	6095,7
	Share of fossil sources in total energy consumption (%)		
7	Energy consumption from nuclear sources (MWh)	0,0	0,0
	Share of energy consumption from nuclear sources in total energy consumption (%)		
8	Fuel consumption from renewable sources, including biomass (also covering industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	0,0	0,0
9	Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	0,0	0,0
10	Self-produced renewable energy consumption without fuel use (MWh)	0,0	0,0
11	Total renewable and low-emission energy consumption (MWh) (calculated as the sum of rows 8-10)	0,0	0,0
	Share of renewable sources in total energy consumption (%)		
	Total energy consumption (MWh) (calculated as the sum of rows 6 and 11)	7792,6	6095,7

E-1 Climate change

1.7. E1-5 ENERGY CONSUMPTION

At the company, we consume petroleum-based fuels for company vehicles and for the generator that powers the sprinkler system pump. In 2023, we recorded an increase in consumption due to the purchase of an additional fleet. Natural gas is used for heating the building.

In 2023, natural gas consumption **decreased by 64%** due to numerous extensive initiatives undertaken at Formika.

These actions included:



- **The purchase of a low-power electric furnace** significantly reduced the need for high-power gas boilers, completely eliminating their operation during the summer season. In the transitional seasons (summer/winter), the electric furnace enabled the heat pump to operate at full capacity when heat recovery from the machines was insufficient to heat the premises.
- **Expansion of the heat recovery system** to cover the entire factory and commissioning of a heat pump in the new part of the facility.
- **Reduction of heating/cooling** during non-working days to the necessary minimum.
- **Dynamic adjustment of equipment settings** to changing weather conditions and the demand for cooling/heating.

The implemented decarbonization measures allowed for a 54% reduction in Scope 1 greenhouse gas emissions.

In 2023, we implemented numerous projects aimed at reducing electricity consumption, resulting in an **11% decrease in electricity usage**.

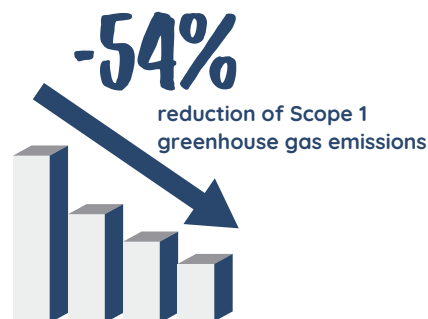
These actions included:



- **Reduction of heating/cooling** during non-working days to the necessary minimum.
- **Dynamic adjustment of equipment settings** in response to changing weather conditions and demand for cooling/heating.
- **Reduction of leaks** in the compressed air system.
- **Implementation of an optimization project** to increase productivity, enabling the same amount of product to be produced in less time, thereby reducing electricity consumption per unit of product.

In total, in 2023, we consumed 22% less energy compared to the previous year.

Considering that a significant portion of energy is used for cooling and heating, the total annual energy consumption is largely dependent on weather conditions.





E-1 Climate change



1.7. E1-5 ENERGY CONSUMPTION

Reconciliation of Net Revenues

Disclosure Requirement E1-6: Gross Greenhouse Gas Emissions for Scopes 1, 2, and 3, and Total Greenhouse Gas Emissions

1	Net revenues used to calculate greenhouse gas emission intensity	267 705 365,19
2	Other net revenues	none
3	Total net revenues (financial statement)	267 705 365,19



The total net revenues of the company amounting to **267,705,365.19 PLN** were used to calculate the greenhouse gas emission intensity.

Greenhouse Gas Emission Intensity

E1-6 Greenhouse Gas Emission Intensity per Net Revenue

Emission Scopes	Unit	Comparative Information	Year N	Year-over-Year Change (%)
			base year 2022	year 2023
Total Greenhouse Gas Emissions (location-based) per 1 million net revenue	Mg CO2e/1 mln PLN	1458,75	676,92	-53,60%

E-1 Climate change

1

1.8. E1-6 GROSS GREENHOUSE GAS EMISSIONS FOR SCOPES 1 AND 2, AND TOTAL GREENHOUSE GAS EMISSIONS

Greenhouse Gas Emissions				
E1-6 gross greenhouse gas emissions for scopes 1 and 2, and total greenhouse gas emissions				
Greenhouse Gas Emission Scopes	Unit	Comparative Information		Year-over-Year Change (%)
		base year 2022	year 2023	
Gross Greenhouse Gas Emissions in Scope 1	Mg CO2e	1459	677	-54%
Gross Greenhouse Gas Emissions in Scope 2	Mg CO2e	3879	3319	-14%
Total Greenhouse Gas Emissions Scope 1+2	Mg CO2e	5338	3996	-25%

Reported Emission Boundaries:

The presented data on Scope 1 and 2 emissions consider Formika as a whole. No exclusions were applied regarding fuel consumption and energy use. Formika operates as an independent entity and is not a participant (nor a parent entity) of any group.

According to the methodology, the CO2 sources are as follows:

Scope 1 - emissions from the direct combustion of fuels in mobile sources (e.g., company vehicles) and stationary sources owned by Formika.

Scope 2 - indirect emissions solely related to energy procurement. The company does not use or purchase cooling or heating energy, as it produces these independently in its energy-efficient installation using heat pump technology. By submitting this report, the company acknowledges that accurate emission calculations for these scopes should be conducted using both the location-based and market-based methods. As this is our first report, the data below are based exclusively on the less favorable location-based method.

This approach was chosen partly because, in 2023, the company undertook significant efforts to shift its energy source from fossil fuels to green energy from renewable sources.

The disclosures below do not include **Scope 3 emissions**. Due to the high complexity of determining emissions in this scope, the first estimates will be conducted in the report for the year 2024.

Scope of Reported Emissions:
The 2023 report will be the first in the company's history to disclose any information related to CO2 or other greenhouse gas emissions. Nevertheless, each year, the company fulfills its obligation to report fuel and energy usage, as mandated by separate regulations in Poland. These reports are submitted to the National Center for Emissions Management at the Institute of Environmental Protection.



E-1 Climate change

Calculation Methodology and Assumptions Adopted:

- > Emissions were calculated using publicly available tools provided by the GHG Protocol, and the calculations included six greenhouse gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) as specified in the relevant European and national regulation.
- > Emission values are reported in tons of the standard unit of carbon dioxide equivalent (CO₂e)
- > For the calculation of Scope 2 emissions using the location-based method, average emission intensity factors for generated electricity and heat were used, as provided by the National Center for Emissions Management and the Regulation of the Minister of Climate and Environment (e.g., the Regulation of the Minister of Climate and Environment of December 15, 2022, on the greenhouse gas emission factor for electricity in 2023).
- > Among other factors, the published greenhouse gas emission factor for electricity in 2023, which is 182.1 gCO₂eq/MJ, was adopted. The Global Warming Potential (GWP) coefficients used in the calculations are consistent with the Fifth Assessment Report of the IPCC (AR5).

1.9. E1-7 GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS

In the reporting year 2023, Formika did not plan or conduct purchases of carbon credits nor did it buy offset units.

1.10. E1-8 INTERNAL CARBON PRICING

During the 2023 reporting year, Formika did not establish an internal price for GHG units to apply in managing the impact on climate change. Such measures have not yet been considered as tools for emission management.

Formika focuses on direct emission reduction initiatives in its operations, such as:

- **optimization of production processes,**
- **initiatives aimed at using renewable energy source.**



E-2 Pollution

2

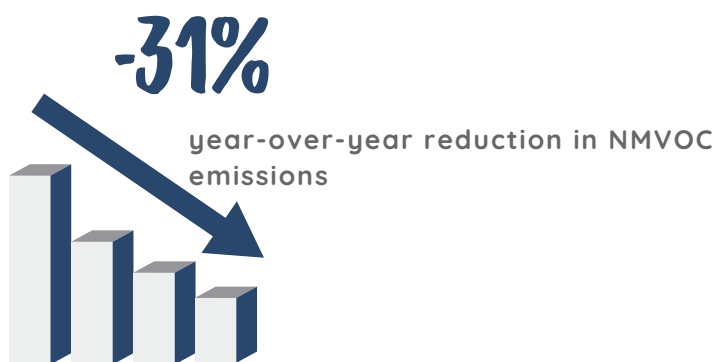
2.1. E2-1 POLICIES RELATED TO POLLUTION

Formika operates in compliance with legal regulations and the permissible parameters set out in relevant decisions and permits. In 2024, a separate policy will be developed based on ESRs regulations.

2.2. E2-2 ACTIONS AND RESOURCES RELATED TO POLLUTION

Formika's production processes **do not result in water or soil contamination**. The liquid waste generated on Formika's premises consists of domestic sewage, which is collected and then transported to a sewage treatment plant. Formika verifies the presence of substances of very high concern in the materials it uses, ensuring that their levels do not exceed permissible limits. The company also takes actions to reduce these substances, collaborating with suppliers on this matter

In addition to activities related to reducing CO2 emissions in Scopes 1 and 2 (see p.70), actions were also taken to reduce non-methane volatile organic compounds (NMVOCs).



The reduction was the result of the complete discontinuation of acetone use in 2023, replacing this chemical with alternative cleaning agents for production equipment.



E-2 Pollution

2.2. E2-2 ACTIONS AND RESOURCES RELATED TO POLLUTION

1) The layer in the mitigation hierarchy to which the action (pollution) can be assigned

Pollution Avoidance:

The highest levels of the hierarchy have been established to prevent pollution associated with non-methane volatile organic compounds (NMVOCs). The UV flexo printing technology used at Formika does not require the use of organic solvents, which in standard printing technologies, such as rotogravure, are removed through evaporation, leading to NMVOC emissions. Thanks to our technology, we avoid this type of emission. Acetone, which was used for cleaning production equipment until 2022, was replaced in the reporting year with other chemical agents that are equally effective in cleaning processes but emit significantly less NMVOCs.

Pollution Reduction:

Air pollution related to carbon monoxide emissions has been mitigated by reducing energy consumption from natural gas, the combustion of which directly contributes to emissions of this compound.

2) Value Chain Engagement

In the reporting year, our **upstream business partners (suppliers)** were required to disclose information on their sustainability activities, including pollution-related efforts. We work closely with our suppliers to reduce the presence of substances of very high concern in the materials they use and supply to us.



3) The layer in the mitigation hierarchy to which resources (pollution) can be allocated

• Prevention

Resources allocated to research and development of pollution-reducing products (mono-material products) and resources dedicated to testing SVHC (Substances of Very High Concern) levels, including migration studies.

• Minimization

Resources allocated for the modernization of the heat recovery, heating, and ventilation systems (purchase of a furnace and compressor).



E-2 Pollution



2.3. E2-3 TARGETS RELATED TO POLLUTION

In the reporting year, the following pollution reduction targets were established:

Targets related to pollution for 2023			
No.	Target Description	Measurement Method	Result
1	a 30% reduction in CO emissions compared to 2022	$(\text{emissions in 2023} / \text{emissions in 2022} - 1) * 100\%$	-64%
2	a 10% reduction in NMVOC emissions compared to 2022	$(\text{emissions in 2023} / \text{emissions in 2022} - 1) * 100\%$	-31%

2.4. E2-4 POLLUTION OF AIR, WATER AND SOIL

Disclosure Requirement E2-4 – Air, Water, and Soil Pollution:

No.			2022 to Air	2023 to Air	2023 to Water	2023 to Soil	Difference 2022/23	Comment
1	Carbon Monoxide (CO)	kg	46,6359	16,6122	0	0	-64%	Reduced gas consumption due to optimization of the heating and ventilation system
2	Non-methane Volatile Organic Compounds (NMVOC)	kg	18940,9492	13140,3206	0	0	-31%	Decrease in chemical consumption, replacement of tool cleaning agents with more environmentally friendly alternatives, and optimization within the Color4Moon framework
3	Nitrogen Oxide (NOx/NO2)	kg	236,28856	84,16848	0	0	-64%	Reduced gas consumption due to optimization of the heating and ventilation system
4	Sulfur Oxides (SOx/SO2)	kg	6,21812	2,21496	0	0	-64%	Reduced gas consumption due to optimization of the heating and ventilation system
5	Polycyclic Aromatic Hydrocarbons (PAHs)	kg	0	0	0	0	0	-
6	Particulate Matter (PM10)	kg	0,00777265	0	0	0	0	-

Report to KOBiZE for 2022 dated February 21, 2023

Report to KOBiZE for 2023 dated February 22, 2024

Explanations - Document E2-4

KOBiZE stands for Krajowy Ośrodek Bilansowania i Zarządzania Emisjami, which translates to National Center for Emissions Management.

E-2 Pollution

2.5. E2-5 SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN

Formika does not use raw materials containing substances of particular concern listed in official national and European documents in quantities above permissible limits. This is continuously monitored by the **Quality Assurance Department**. Due to the nature of its operations, the company has also had no contact with substances of special concern. The company aims to completely eliminate products containing PFAS by 2026. Currently, work is underway to establish indicators that will allow for the monitoring of the number of products containing PFAS.



E-3 Water and marine resources

Water is not used in Formika's production processes, including for cleaning machines, equipment, or production fixtures; therefore, the impact of our facility on local water resources is minimal. Formika's activities are focused on optimizing and rationally using water for employee needs, fire protection, and the irrigation of on-site greenery.



These actions include:

- Reducing the load on municipal water resources: Water for employee needs is drawn from our own sources (two deep wells), which are continuously treated and tested for microbiological and physicochemical parameters.
- Installing touch sensors on faucets: Most of the faucets in the production area are equipped with PIR sensors, enabling automatic control of water flow and ensuring that water is used only as needed. All newly installed and replaced faucets are equipped with such control devices.
- Implementing rainwater dispersion and reuse systems: Rainwater flows from the building roofs into gutters and is directed to special tanks that feed fire safety reservoirs. In case of excess water, perforated pipes distribute the water over a large area of the facility, allowing it to return to the natural water cycle. Rainwater falling on parking areas is collected using surface drainage systems, purified of contaminants such as leaves, sand, oils, and other surface pollutants, and then directed to fire safety reservoirs.
- Actions aimed at minimizing the negative environmental impact of wastewater: Liquid post-production waste, such as leftover dyes or solvents used, is selectively collected and disposed of as hazardous waste by specialized entities. The quality of wastewater is systematically monitored, and its quantity is minimized through the dispersion system.



E-3 Water and marine resources

3



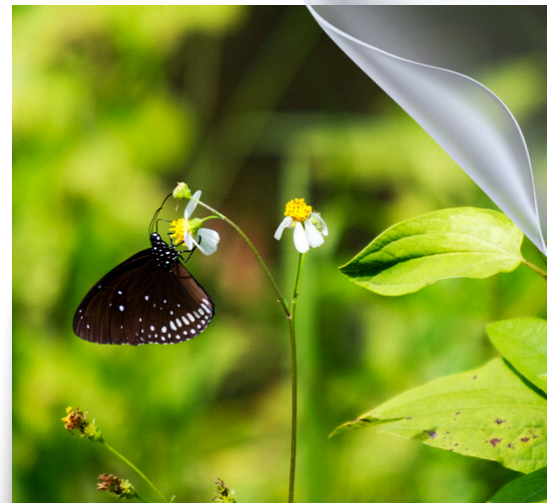
Water management

No.	Water consumption	Comparative information	Year N	
	Data expressed in m ³	Baseline values from 2022	Current year values 2023	Difference
1	Water consumption	4280	4263	0%
2	Water consumption in production processes	0	0	0%
3	Water consumption in machine and equipment cleaning processes	0	0	0%
4	Total volume of discharged liquid waste*	2790	3305	18%
5	Volume of discharged post-production liquid waste	0	0	0%
6	Amount of waste from the grease separator generated from the treatment of canteen wastewater before discharge	3	3	0%
7	Amount of waste generated from the treatment of rainwater collected from paved surfaces (parking lots, roads, sidewalks)	18	18	0%

*The increase in usage is due to the cleaning of the sprinkler tank with a capacity of 487 m³, which required draining the water and then refilling it with well water to ensure proper fire protection.

E-4 Biodiversity and ecosystems

Formika operates in an area designated for industrial activities in the Brwinów municipality. The company's impact on biodiversity within its immediate area of operation is negligible. In 2023, Formika did not undertake any investments that could affect biodiversity and ecosystems. A preliminary analysis determined that Formika's impact on biodiversity and ecosystems is only indirect and occurs through its suppliers at tier 2 or tier 3 levels. This issue requires further analysis.



E-5 Resource use and circular economy

5

5.1. E5-1 POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

In Formika, issues related to the circular economy are regulated in the environmental policy effective since 23.02.2022, approved by VP Joanna Dębicka.

The basic principles are:



rational waste management, including the processing of solid waste and the distillation of liquid waste



production of fully recyclable aluminum and aluminum laminate packaging



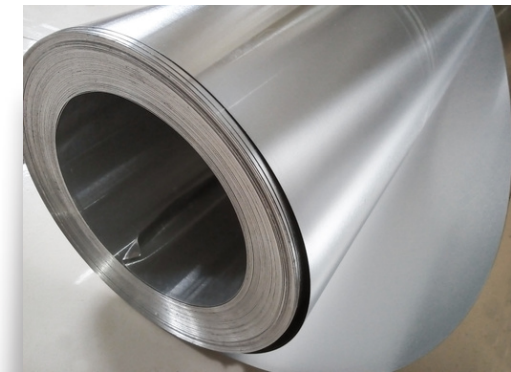
development of packaging containing post-consumer recycled content and mono-material packaging



In 2024, a review and update of the policy is planned in accordance with ESRs regulations



E-5 Resource use and circular economy



5.2. E5-2 ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Initiatives leading to savings

The leading product at Formika is aluminum lids, which accounted for approximately **70% of the total production** in 2023. The aluminum used for lid production is sourced from bauxite ore. Reducing production waste is one of the ways to minimize the consumption of natural resources. As part of the optimization, the company has set targets for reducing production waste: 4.3% in the Printing Department and 2.3% in the Cutting Department. These targets relate to the amount of waste in relation to the total amount of processed raw material in each department.

Key initiatives that supported this process include:

1

Freezing the production plan

for at least 48 hours, allowing for the scheduling of production in an optimal manner with minimal changeovers, which generate waste.

3

Recording settings on the cutting machine

allowing the work to be repeated with correct settings the first time, minimizing material losses.



2

Passing the shift "on the fly"

eliminates the need to stop the machines or reset parameters, which removes the necessity for readjustment and generating additional waste.

4

cyclical daily and weekly meetings

where waste information is communicated very quickly, and optimization actions are implemented immediately.

Numerous optimization efforts, including process standardization, shortening changeover times, and color matching adjustments, have led to a reduction in overall aluminum waste at the facility from 9.57% in 2022 to 8.61% in 2023. This represents a year-on-year reduction of 10%.

E-5 Resource use and circular economy

5.2. E5-2 ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

The second important resource subjected to an optimization process was **crude oil**. Photopolymer plates, which are further used to produce printing plates, are made from crude oil.

A reduction target was set at a savings level of **PLN 150,000** related to the purchase of photopolymer plates. Actions were introduced to extend the lifespan of the plates and reduce the frequency of replacement by:



For 2024, the plan includes continuing to monitor the indicator along with expanding the focus to other causes of plates remaking, such as incorrect cutting, tearing, bending, or stretching. Water is not used in Formika's production processes, including for cleaning machines, equipment, and production fixtures, which means the impact of our facility on local water resources is minimal. Nevertheless, actions are being taken to reduce water consumption for employees' needs. These measures are described in detail in **section E-3 Water Resources**.

E-5 Resource use and circular economy

5.2. E5-2 ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Actions related to increasing the use of recycled materials

In 2022, we initiated research and development efforts within the company to introduce and deliver laminate tubes with PCR (Post-Consumer Recycled) content to the market. During the reporting year, test orders were executed. These efforts will continue in the coming years to commercialize and gradually increase the share of products with PCR additives in overall sales, aiming to reach a target of 10% PCR content in all plastic products by 2030.

- The process of designing products with consideration for the Circular Economy:



Creation of a mono-material or mono-film structure that meets functional requirements for applications within flexible packaging solutions such as pouches (sachets, doypacks, pillow packs, etc.) and lidding packaging (cut lids and lidding films from rolls).



Designing a structure with the required level of gas and water barrier properties for a specific type of application.



Considering the final recyclability class during the design process, which is determined by the level of presence of foreign substances in the packaging (inks, lacquers, adhesives, barrier layers).



E-5 Resource use and circular economy

5.2. E5-2 ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Continuation: The process of designing products with consideration for the Circular Economy:

- **Machine maintenance**



Formika’s business practices focus on repairing and restarting machines as quickly as possible to maximize organizational benefits. Being aware of the costs associated with downtime, the company continuously strives to ensure the uninterrupted operation of its equipment.



Parts are ordered with consideration for both price and delivery time, with offers sourced from various suppliers—machine manufacturers, spare part producers, and also exploring the possibility of manufacturing parts in the company’s own workshop. After gathering offers, the decision is made based on the optimal solution combining the lowest cost and the shortest lead time.



However, a priority in these practices is the commitment to the circular economy. Instead of discarding worn-out parts, Formika focuses on their repair and refurbishment, thereby minimizing waste and extending product life cycles. Additionally, decommissioned machines are put up for sale to other entities, allowing further use, reducing waste, and promoting more efficient resource management.

- **In-house grinding workshop**

The launch of our own grinding workshop allowed for faster and more efficient sharpening of dies, significantly improving order fulfillment due to quicker response times and lower costs. As a result, we reduced downtime by 50%, eliminating the need to send tools out to the manufacturer for sharpening and cutting sharpening costs by 80%.

Comparing 2022 to 2023, the proportion of external service repairs decreased significantly. In 2022, 67% of tools were sharpened internally, while 33% were outsourced to external companies. By 2023, the proportion of internal repairs increased to 82%, with only 18% of tools sharpened externally. This means that over the year, we reduced the use of external services by 45%, reflecting our optimization efforts and increased independence in tool maintenance. Performing work on-site not only shortens lead times but also eliminates the need for transport, reducing emissions associated with logistics.

E-5 Resource use and circular economy

5.2. E5-2 ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Continuation: The process of designing products with consideration for the Circular Economy:

- Self-Maintenance and Repair

We have enhanced our employees' competencies in autonomous machine maintenance and repair

This has reduced downtime in the event of breakdowns, enabling faster order fulfillment for clients and decreasing the amount of waste generated during production

In 2023, the failure rate of key equipment remained at 1%. By using more affordable replacement parts, we achieved net savings of approximately 26,030 EUR on parts purchases. Through skills development and performing maintenance without external services, we reduced maintenance costs by approximately 6,481 EUR net

In 2023, the failure rate of key equipment remained at 1%

PERFORMANCE INDICATORS:



Machine availability

2022: no data available

2023: average machine availability up to 99%



Failure rate indicator

2022: measured by department - printing 374h, cutting 202h, rewinding 50h, tubing 70h.

2023: uptime of key equipment measured as a percentage (Uptime KPI TARGET - 99%), average repair time measured in minutes (MTTF TARGET - 25 min), average response time to a report measured in minutes (MTTR TARGET - 5 min)



More affordable alternatives

In 2023, we initiated a program to use more affordable machine parts and replacements. In 2022, we spent approximately 371,565 EUR net on spare parts and 155,794 EUR net on maintenance



Waste prevention in the value chain:

Optimizing the use of ordered raw materials to reduce the amount of technical waste is one of our key initiatives.

- **Mixpap:** We changed the width from 328 mm to 323 mm, permanently eliminating an overly wide, unprinted portion of the web, which reduced waste in subsequent production processes.
- **Aluminum:** In collaboration with our supplier, we adjust the volume of ordered raw materials to prevent waste from the 'mother roll.' When three units are obtained from a single roll, two do not generate waste, while the third requires adjustments to production volume. We analyze purchase demand and, in most cases, adjust orders by increasing or decreasing volume as needed.
- **PET:** Suppliers optimize the quantity and format of materials (prior to coating) according to our specific requirements. These orders cannot be canceled, as the tailored width of the material is exclusively dedicated to us.
- **Tubular components:** We typically order with a 5% reserve. During production, we manage materials to fully utilize them, ensuring inventory is depleted to zero.
- **Cold stamping foil:** We reduced the width, eliminating waste caused by the use of overly wide foil

E-5 Resource use and circular economy

5.2. E5-2 ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Continuation: Product design process considering the principles of the circular economy

- Optimization of waste management

-----> Reduction of waste during print startup – in 2023, production waste was reduced by 21%, from 9.4% to 7.8%. This result was achieved through continuous process monitoring, regular consultations with employees, and implementing measures such as setting the print on the inner side of the printed web and shift handovers without production stoppage. **The Color4Moon project was also initiated to further reduce waste related to color matching.**



-----> Reduction of ink expiration – the ink dispensing system was improved according to the FIFO principle, along with regular inventory checks of the ink storage. This approach helps prevent ink losses due to expiration.

-----> Recovery of containers from certain ink additives – some emptied containers are reused as packaging for ink formulas mixed internally, with additional ink portions poured into the same containers, forming part of the circular economy. This reduces the need to purchase new plastic buckets and limits plastic waste. Wooden and plastic pallets, as well as cleaning cloths (after washing), are also reused multiple times.

-----> Sorting of multi-material waste – recovery of waste paper and cardboard cores, aluminum, and steel.

-----> Transfer of damaged wooden pallets – damaged wooden pallets are provided to employees for heating purposes, which not only reduces waste but also allows employees to decrease the use of other resources they would otherwise need to purchase for this purpose.

E-5 Resource use and circular economy

5.2. E5-2 ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Continuation: Product design process considering the principles of the circular economy

- External activities

In 2023, Formika organized two events for our clients - 'Cosmetic Days' and 'Pharma Day.' The primary goal of these meetings was to increase client's awareness of our circular economy (CE) solutions and promote the adoption of these solutions within their organizations. During the events, we presented innovative and sustainable products that support resource-efficient, circular, and environmentally neutral economy principles, while highlighting our role as a supplier actively supporting these initiatives within the industry.

Cosmetic Days



Pharma Day



E-5 Resource use and circular economy

5.2. E5-2 ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Continuation: Product design process considering the principles of the circular economy

• Circular Economy (CE) Initiatives

Development of printing, cutting, and sealing technology for lids made of cPP, which, together with the PP cup, form a mono-material closure. This project was carried out in collaboration with the National Centre for Research and Development (NCBiR) and a substrate supplier. Formika developed a printing technology with acceptable ink adhesion and sensory properties, as well as a flat-die cutting technology, and organized tests to determine the optimal sealing condition.

Implementation of PP mono-material structure production for sachets and pillow packs; the project was carried out with a substrate supplier. Formika developed a printing technology with acceptable ink adhesion and sensory properties.

Development of a mono MDO PE/PE structure for pouches (sachets, doypacks, pillow packs) in collaboration with Ela Folie. The project was conducted with a supplier of the structural components; Formika developed a UV ink printing technology with suitable adhesion and laminated the final structure.



E-5 Resource use and circular economy

5.3. E5-3 TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Resource-saving targets

Circular Economy (CE) targets for 2023			
No.	Target description	Measurement method	Result
1	Aluminum - reduce aluminum usage by decreasing production waste by 10% compared to production waste in 2022	(production waste generated in 2023/ production waste generated in 2022-1)*100%	-10%
2	Petroleum - reduce the number of produced plates, leading to savings of approximately 32,051 EUR in photopolymer plate purchases	value of plates reproduced for the same design in 2022 - value of plates reproduced in 2023	34,188 EUR

Actions to prevent resource depletion

- ✓ Introducing mono-material solutions to the market, facilitating selective collection within the appropriate waste stream, followed by recycling and reuse of the recovered material
- ✓ Introducing packaging options in which fossil resources, such as petroleum, have been replaced with renewable materials, such as sugarcane-based PE

- ✓ Resource conservation through minimizing production waste
- ✓ Resource conservation through the reuse of containers from certain ink additives and the repeated use of containers for preparing the same ink formula, as well as pallets and cleaning cloths
- ✓ Damaged wooden pallets are given to employees for use as firewood
- ✓ Sorting of multi-material waste, including the recovery of waste paper and cardboard cores, aluminum, and steel

Metrics

Modifications in existing designs leading to resource savings - data for 2023		
No.	Scope of change	No. of designs
1	Reduction in material intensity	22
2	Reduction in resource intensity of the client's packaging process	28
3	Introduction of a mono-material enabling recycling	13

Share of sustainable materials in the total mass across individual categories - data for 2023		
No.	Type of material	Percentage
1	Percentage share of reduced-weight film for the pharmaceutical film category	90,35
2	Percentage share of reduced-weight film for the yogurt film category	52,39
3	Percentage share of mono-material laminates in all laminate	0,09
4	Percentage share of materials containing PCR in tube laminates	0,02
5	Percentage share of materials with PCR in components - shoulders	0,02
6	Percentage share of materials with PCR in components - caps	0



E-5 Resource use and circular economy

5

5.4. E5-4 RESOURCE INFLOWS

No.	Resource inflows into the organization	Unit	2022	2023	Change %	Comment
1	Total mass of product inflow into the organization					
	Aluminum foil	kgs	4 126 845	3 913 523	-5%	Volume reduction and waste optimization through the transformation program
	PET packaging films	kgs	204 445	221 331	8%	Transition of some clients to plastic packaging instead of aluminum
	Packaging laminates	m2	1 236 107	1 060 887	-14%	Reduction in the production of laminated packaging on the market
		kgs	554 911	487 902	-12%	Decreasing the production of laminated packaging in the market
	Tube components	m2	1 000	1 058	6%	
		pcs	25 413 444	33 173 869	31%	Increasing tube production for new clients – development of this segmen
		rm	2 506 000	2 000 000	-20%	This pertains to the decoseam strip – production of tubes with different dimensions, specifically shorter ones
	unit carton boxes	pcs	1 743 271	1 617 768	-7%	Reduction in volume of lids
	big carton boxes	pcs	228 744	243 889	7%	Increase in tube production
	UV inks	kgs	186 075	156 643	-16%	Reduction in production volume and utilization of ink stocks
	adhesive foam tapes	rm	23 342	503	-98%	Utilization of stocks from 2021 (COVID-era)
	Printing plates	m2	4 463	4 631	4%	
	printing screens	m2	65	155	140%	Increased production of tubes for which screens are produced
Ink buckets	pcs	3 200	2 400	-25%	Lower production volume + increased reuse of bucket	
Palettes	pcs	17 451	11 742	-33%	Palettes used in a closed-loop system	

Source of information: purchase invoices for 2022 and 2023 accepted in EOD and inventory levels recorded in the RADIUS system

E-5 Resource use and circular economy

5.4. E5-4 RESOURCE INFLOWS

No.	Resource inflows into the organization	Unit	2022	2023	Change %	Comment
2	including the total mass of secondary utilized or used components, reused semi-finished products, and secondary raw materials employed in the production of the company's products and services (including packaging)	kg	302 275	290 967	-4%	
3	Total mass of technical materials inflow into the organization					
	White ink, lacquers and hardeners, UV remover, ethyl acetate, methoxypropanol, isopropyl alcohol, flesosol, IGT remover	kg	51 024	35 398	-31%	Standardization of cleaning agents and reduced consumption of white ink
	Chemicals used for cooling	kg	7	3	-57%	
	Glycol	Liters	1 000	1 000	0%	
	Nitrogen	kg	495 737	378122	-24%	Lower production share on MA1 - shorter runs
	Oils and greases	Liters	348	608	75%	Increased consumption due to the necessity of more frequent replacements - alternative service approach
4	Total mass of biological materials inflow into the organization		0	0		
5	Including those sourced from sustainable source		0	0		
6	Total mass of technical and biological materials used within the organization		0	0		
7	Total mass of technical and biological materials inflow into the organization		0	0		
8	Percentage value of biological materials sourced from sustainable sources		0	0		
9	Percentage value of reused materials		0	0		

E-5 Resource use and circular economy

5.5. E5-5 RESOURCE OUTFLOWS

No.	Resource outflows	Unit	2022	2023	Change
Waste destined for recovery					
Hazardous waste					
1	Prepared for reuse	kg	0	0	0
2	Recycling	kg	0	0	0
3	Other recovery processes	kg	45 924	36 259	-21,05%
Waste other than hazardous					
4	Prepared for reuse	kg	0	0	0
5	Recycling	kg	948 982	831 400	-12,39%
6	Other recovery processes	kg	363 342	307 296	-15,43%
7	Total amount of waste destined for recovery (1-6)	kg	1 358 248	1 174 955	-13,49%

The waste from ink and distillation processes, as well as from ink containers and filters, is subjected to other recovery processes (R12/R1) described in line 3. A reduction in waste by over 21% is associated with optimizing ink usage and implementing the reuse of ink containers. Line 6 pertains to multi-material waste. A reduction of this type of waste by over 15% is linked to the project aimed at reducing production waste.

The recycling mentioned in line 5 involves waste generated from selective collection, including aluminum, steel, and paper. A reduction in waste by over 12% results from ongoing waste reduction projects.

Details of the waste reduction projects are described in section E5-2, pages 86 and 87

E-5 Resource use and circular economy

No.	Resource outflows	Unit	2022	2023	Change
Waste sent for disposal					
8	Hazardous waste				
9	Incineration	kg	0	0	0
10	Storage	kg	0	0	0
11	Other neutralization processes	kg	190	188	-1,05%
Waste other than hazardous					
12	Incineration	kg	0	60	
13	Storage	kg	0	0	0
14	Other neutralization processes	kg	406	0	0,00%
15	Total amount of waste directed for treatment (8-14)	kg	596	248	-58,39%
16	Total amount of radioactive waste	kg	0	0	0
17	Total amount of waste generated (7+15)	kg	1358 844	1 175 203	-13,51%
18	Total amount of waste not subjected to recycling (1+3+4+6+9+10+11+12+13+14)	kg	409 862	343 803	-16,12%
Hazardous waste					
19	Total hazardous waste (1+2+3+9+10+11)	kg	46 114	36 447	-20,96%
20	Total non-hazardous waste (4+5+6+12+13+14)	kg	1 312 730	1 138 756	-13,25%
21	Total waste (19+20)	kg	1358 844	1 175 203	-13,51%

Source of information: BDO (Waste Database): Report on generated waste and waste management for 2022 and 2023

*Annex II to Directive 2008/98/EC of November 11, 2008

A photograph of a person's arms and hands hugging a tree trunk in a forest. The person is wearing a red and white plaid shirt. The background is a lush green forest with many trees.

PART 4

SOCIAL

S-1 OWN WORKFORCE

S-2 WORKERS IN THE VALUE CHAIN

S-3 AFFECTED COMMUNITIES

S-4 CONSUMERS AND END-USERS

S-1 Own workforce

1.1. SBM-2 INTERESTS AND VIEWS OF STAKEHOLDERS

Employee satisfaction survey

Employee engagement is a key element in building a values- and competency-based organization that aims for long-term success. This is why our work environment is so important. At Formika, we foster a culture built on mutual respect, honesty, and equality, where there are no divisions between 'US' and 'THEM' – all positions are equally important.

In our daily communication, we address each other without using formal titles such as 'Mr.' or 'Ms.', which helps reduce distance and supports collaboration.

In September 2024, we plan to conduct another engagement survey to better understand how employees evaluate the work environment we create together. As part of this process, workshops will be held within individual teams, and based on the results, we will take actions aimed at increasing employee satisfaction and engagement. This survey is a key tool for gathering feedback from every employee, carried out in collaboration with an external company that guarantees confidentiality and employs a methodology that allows for comparison of results with other companies. This provides an opportunity to apply for the Human Capital Investor emblem.



Quarterly meetings

We regularly organize quarterly meetings with employees, during which individuals at all levels have the opportunity to familiarize themselves with the company's targets and strategy, as well as quarterly, semi-annual, and annual results. During these meetings, every employee can ask questions, clarify doubts, express their opinions, or raise issues. We ensure a comfortable atmosphere that encourages open discussion, and every comment is carefully considered.

Reported issues and actions to be taken are recorded in the Central Action Log, and their implementation is enforced according to the established deadlines. In 2023, eight quarterly meetings were held (two per quarter due to shift work in the production area)

360-degree feedback

A 360-degree feedback system has been implemented, which involves gathering feedback about an employee from various sources – including their supervisors, colleagues, and subordinates. This system provides a more comprehensive view of the employee's competencies and behaviors, allowing for the assessment of leadership, communication, and collaboration skills.

The evaluation covered 17 managers, with a total of 86 individuals participating in the assessment, including colleagues, supervisors, and subordinates. Meetings held every six months provide an excellent opportunity for mutual feedback exchange – supervisors can share their opinions and recognition of the employee, while employees have the chance to express their expectations



S-1 Own workforce

1.1. INTERESTS AND VIEWS OF STAKEHOLDERS

Initiatives Program

The Initiatives Program is currently being revitalized, allowing all employees to easily submit their ideas for process improvements, product enhancements, or other initiatives by filling out a form and placing it in a suggestion box



Employee Representatives



In our company, Employee Representatives are appointed, elected by all employees through voting. These representatives advocate for all employees working at Formika and their interests. Through the Representatives, a dialogue is established between employees and management whenever necessary. This dialogue helps to understand the challenges at the business level and how we can assist employees in specific life situations

Meetings with employees

A company tradition is the annual December holiday gathering for all employees. During this event, through various tasks and shared fun, we have the opportunity to get to know each other better, integrate, and especially appreciate employees with the longest tenure.

In addition to this gathering, **Formika, together with the Formika Foundation for Children**, organizes the campaign 'Make Children's and Youth's Dreams Come True and Become Their Santa Claus,' in which employees participate in preparing gifts for children from orphanages and families in need



Newsletter

employees themselves and includes information about key projects within the company, presented from their perspective. It also features sections dedicated to passions and hobbies, allowing employees to get to know each other better outside of work. In 2023, four issues of the newsletter were published, comprising over 65 articles in total. Approximately 25 employees were involved in creating the newsletter





S-1 Own workforce

1.2. SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Employees

The employees of Formika are the greatest asset of our company. We make every effort to ensure they are adequately motivated, possess the necessary qualifications, and have a desire for continuous learning

259 Employees hired in 2023

Of these, **24%** were foreign nationals, primarily from Ukraine. Five employees (**2%**) were hired through a staffing agency, while the remaining individuals were directly employed by Formika under employment contracts

199 Production employees

The employment structure at Formika in 2023 included 60 administrative employees (23%) and 199 production employees (77%)

60 Administrative employees

Administrative employees were compensated based on monthly rates, while production employees received hourly wages. The management team, consisting of two individuals, also received compensation based on monthly rates. The sales department, located at Formika, maintains regular contact with customers, ensuring sales both in domestic and foreign markets. Half of our sales are conducted in foreign markets, handled by both Formika employees and external agents.

All employees were entitled to an additional bonus linked to the company's financial performance. Individuals working on Formika premises who are not directly employed by the company are subject to the same mandatory training in occupational health and safety (OHS) and good hygiene practices as our employees

Employment structure by citizenship – data for 2023

Total employees	Number	259
	Percentage	100
Citizens of countries other than Poland	Number	63
	Percentage	24,32



S-1 Own workforce

1.2. SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Child labor

Formika operates in Poland, where child labor is legally prohibited, significantly reducing the risk of its occurrence. In accordance with applicable regulations, we thoroughly verify the age of candidates during recruitment to ensure that we employ only adults. According to Polish law, a child is defined as a person who has not yet reached the age of 15, while a minor is someone aged between 15 and 18. Although the law allows for the employment of minors under certain conditions, Formika does not employ individuals in this age category.

Additionally, we require our business partners, both upstream and downstream, to adhere to the prohibition of child labor through appropriate clauses in the General Terms and Conditions of Purchase (OWZ) and the General Terms and Conditions of Sale (OWS). Starting in 2024, we plan to introduce an additional measure – suppliers will be required to sign the Formika Sp. z o.o. Code of Ethics for Business Partners, which explicitly prohibits child labor

Child and minor labor rate by gender – data for 2023

Age group	women	men	other
Below 15 years of age (y.o.)	0	0	0
Between the ages of 15 and 18	0	0	0



Forced labor

We do not accept any form of forced labor. Every employee at Formika works voluntarily, without physical, psychological, or financial coercion. We also require our business partners to operate according to the same ethical standards

Company Social Benefits Fund

All our employees have the opportunity to benefit from various forms of financial assistance through the Company Social Benefits Fund. Additionally, individuals from Ukraine who are employed with us receive financial, material, or housing support through the company's assistance program for Ukraine

S-1 Own workforce

1.2. SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Risks and mitigations

The headquarters of Formika, which includes both office and production areas, is located in Brwinów, near Warsaw, in an industrial and warehouse zone. This location poses certain challenges, including the risk of competition for employee recruitment from other companies. In production positions such as printing, cutting, and tube manufacturing, we are building valuable and increasingly rare skills in the market, which exposes these positions to employee turnover due to direct recruitment by other organizations.

To mitigate or at least minimize the risk of insufficient staffing, we take proactive recruitment actions. We collaborate with selected employment agencies, participate in job fairs, and have implemented an employee referral program. Within the organization, we also practice talent scouting and promote employees through managerial training. We cooperate with companies such as RPCG Sp. z o.o. and MPS Training & Consulting Group in this regard.

An additional challenge is the location of the headquarters on the outskirts of Brwinów, which incurs additional commuting costs for potential and current employees. To minimize this issue, we offer employees free transport by company bus from selected locations. Furthermore, to improve transportation availability, Formika has engaged in dialogue with the municipality, resulting in a public transport bus servicing our headquarters, which significantly facilitates employees' commutes

Pro-environmental actions

The actions taken by Formika to reduce the negative impact on nature and strive for a more sustainable, climate-neutral operation have a positive effect on the team. Our employees are actively encouraged to engage in initiatives for nature conservation and fully understand the need for such actions. They eagerly participate in organized ecological events— in 2023, we celebrated **Car-Free Day**, during which individuals who arrived at work by bicycle, on foot, or by public transport received small gifts.

Additionally, as part of **Honey Day**, one of our team members educated us on the crucial role of bees in maintaining biodiversity.

To reduce the amount of waste generated, we have minimized the purchase of bottled water by introducing water dispensers with filters and reusable bottles, which contributes to reducing plastic consumption and protecting natural resources.



S-1 Own workforce

1.3. S1-1 POLICIES RELATED TO OWN WORKFORCE



1. Management of own workforce

Code of ethics

Code of Ethics was approved by Joanna Dębicka on October 28, 2015, with subsequent updates.

As stated in Formika's Code of Ethics, **we build the organization's value based on the professionalism of our employees. Opportunities related to our own workforce include promoting internal advancement and offering numerous competency development programs.**

Managerial competency standard

implemented across the company is a key element in fostering long-term development. To keep pace with the company's continuous growth, we systematically enhance managerial competencies. In 2023, we completed the first edition of the Trainer Academy—a series of internal training sessions focused on developing training competencies and onboarding new employees at various levels. Fourteen employees participated, equipping them with the essential skills to effectively onboard employees across all areas of the organization.

Anti-mobbing policy

Approved on May 25, 2021, by Joanna Dębicka as Annex No. 5 to the Work Regulations, the Anti-Mobbing Policy defines the framework for creating a work environment free from undesirable behaviors such as discrimination, mobbing, or harassment.

Whistleblower protection

Whistleblower protection measures are implemented based on a formal document equivalent to a policy: **Internal Reporting Regulations for Reporting Violations and Taking Follow-up Actions**—approved on July 20, 2022, by Joanna Dębicka.

The organization operates a system for reporting legal and ethical violations, along with a whistleblower protection program. This system is accessible to both Formika employees and non-employees who are business-related to our organization. The main premise of the program is to establish secure channels for reporting violations, allowing for anonymous reports, and to ensure transparent and fair follow-up actions, including verifying the validity of reports and protecting whistleblowers from retaliatory actions. The available reporting channels are also published on Formika's website under the "Contact" section.

S-1 Own workforce

1.3. S1-1 POLICIES RELATED TO OWN WORKFORCE

2. Respect of human rights

Code of Ethics approved by the CEO on 28.10.2015 with subsequent updates.

The unconditional commitment to respecting Fundamental Human Rights, as outlined in the Declaration of Human Rights, is explicitly stated in our Code of Ethics. In the section dedicated to employees, on page 4 of the document, Formika commits to adhering to Polish labor regulations, maintaining zero tolerance for discrimination, mobbing, and harassment. The Code also includes a commitment to ensuring freedom of employment, prohibiting the employment of minors, and striving to maintain a balance between employees' professional and personal lives by respecting the right to rest.

3. Occupational Health and Safety

- Procedure PS C3/4 Occupational Health and Safety Control and Incident Reporting approved by Joanna Dębicka, then CEO, on 15.07.2020.
- Procedure PS C3/3 Workplace Environment Management approved by Piotr Dębicki, then Vice President of the Management Board, on 16.07.2020.
- Fire Safety Instructions approved by Piotr Dębicki, CEO, on 02.03.2023.

The development and publication of the Occupational Health and Safety (OHS) Policy is one of the organization's targets established for 2024.

Occupational health and safety activities are carried out based on formal documents equivalent to a policy.

The PS C3/4 Procedure for OHS Control and Incident Reporting outlines the principles for monitoring workplace safety, reporting incidents, and handling accidents. This procedure includes systematic workplace inspections, weekly OHS audits, and monthly meetings with management, during which open and closed non-compliances are discussed. It also ensures the reporting of near-miss incidents and defines responsibilities for improving working conditions.

The PS C3/3 Procedure for Workplace Environment Management involves conducting regular workplace environment audits, commissioning measurements of harmful factors, conducting occupational risk assessments, and providing personal protective equipment and OHS training for employees and individuals working on Formika's premises. Additionally, activities include fire prevention and chemical substance management. All these efforts aim to minimize workplace hazards and ensure compliance with OHS and fire protection regulations.

The Fire Safety Instructions describe the measures implemented to prevent fires, explosions, and chemical spills, as well as the procedures to follow in case of a fire.



1



S-1 Own workforce

1.4. S1-2 PROCESSES FOR ENGAGING WITH OWN WORKERS AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

New employees joining the Formika team are thoroughly informed about the company's principles and values. They are provided with the company's Code of Ethics, which is discussed during the onboarding process. Employees are informed of the option to report any negative impacts or behaviors **via the online portal www.formika.liniaetyki.com**. Reports of misconduct can also be made through email at **rzecznik-etyka@formika.com.pl**, by phone contact with the Ethics Officer, or by sending a written report directly to the company's address.



Violation reporting system

At Formika, we create an **ethical work environment** based on our values. In case of observing a breach of rules, everyone should react and report it without fear of any retaliatory actions. We always encourage direct communication with your supervisor or the HR department, or reporting to the **Ethics Committee**, which has been established in the company.

SEE A VIOLATION? → REPORT IT!

REPORTS CAN BE MADE IN 3 WAYS:

- VIA E-MAIL**
rzecznik-etyka@formika.com.pl
- BY PHONE**
Ethics Officer: +48 22 314 53 53
- THROUGH AN ONLINE PLATFORM**
formika.liniaetyki.com
(option to report anonymously available)

The rules related to reporting violations are specified in the internal document: "Procedure for Reporting Violations and Taking Follow-Up Actions."

The document is available for review:

- IN THE HR DEPARTMENT
- ON THE SHARED DRIVE: WYMIANA 2/HR FOLDER
- IN THE SHIFT LEADERS' KIOSKS
- ON THE WEBSITE: WWW.FORMIKA.COM.PL



S-1 Own workforce

1.5. S1-4 TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

1. Impact on employees

Formika runs various projects centered around employees. We strive to support a balance in professional development, mental and physical health, physical activity, and meeting individual needs of employees.

Medical care

- > Formika employees have access to private medical care financed by the employer from the first day of work. After three months of employment, the basic package is expanded to include access to specialist doctors, home visits, vaccinations, and rehabilitation.

Life Insurance

- > Our employees can also join group life insurance on favorable terms and include their family members in the coverage.

Free Transportation

- > We offer free transportation for employees to and from work across all three production shifts, following the schedule provided through internal communication channels.

Subsidized Meals

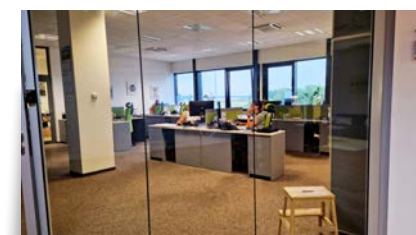
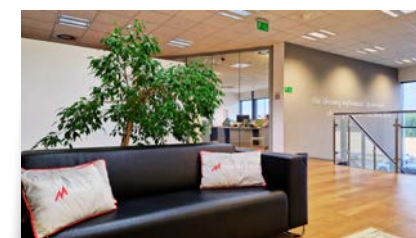
- > Our employees can also enjoy subsidized meals served in the company canteen, "Drukarnia Smaków."

Promotion of Physical Activity

- > The company also offers a subsidy for the Multisport card, and starting in January 2024, plans to open a free, well-equipped gym on-site, accessible to all employees.

Loans and Subsidies

- > Another non-salary benefit is the ability to access the Company Social Benefits Fund, through which the Social Committee grants financial aid, loans, and holiday subsidies.





S-1 Own workforce

1.5. S1-4 TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

2. Mitigating risks related to our workforce

We mitigate risks associated with our workforce by fostering a culture of safety throughout the entire facility. Issues related to risks and their mitigation are described in detail in Section S1 SMB-3.

In 2023, we carried out the following activities:

Safety measures at the human-machine interface

-----> We have implemented modern safety measures at the human-machine interface, including safety curtains, photocells, limit switches, and light barriers. These measures, using invisible light beams, warn against entering potentially hazardous zones. Additionally, safety cable switches are crucial as they stop machines in the event of human entry.

Reducing injury risk and improving work ergonomics

-----> To minimize the negative impact of physical labor on our employees' health, we use various devices that help relieve workers from lifting heavy goods or items. This directly improves the efficiency of tasks performed in the warehouse and production hall. With the use of specialized lifting equipment, stacking goods on shelves and transporting them between workstations is much smoother. This reduces the risk of employee injuries, thereby helping to avoid frequent medical leaves.

Additional safety features

-----> The equipment currently in use is equipped with a range of modern features that increase its functionality and operational safety. These include brakes, stabilization systems, motion sensors, and alarms.

Safety measures

-----> The production process is continuously modernized along with the safety measures used in the manufacturing plant. Only the combination of these two factors ensures optimal and safe, and thus continuous, operation of the facility.

S-1 Own workforce

1.5. S1-4 TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

3. Leveraging key opportunities related to our workforce

Formika undertakes various initiatives that not only mitigate employee turnover risks but also actively capitalize on opportunities to attract valuable team members. Through these efforts, we enhance Formika's appeal in the job market, facilitate internal promotions, and support skill development.

Some of our projects include:

- recruitment programs such as the employee referral system,
- promotion of internal advancement,
- mentoring programs,
- career development programs like the Internal Trainer Academy and Lean Promoter,
- training programs for senior and junior management such as the Manager Academy,
- talent program.



To monitor this area, the following Key Performance Indicators (KPIs) have been established:

Recruitment plan data		
	Number of employees	Percentage by recruitment type
Total completed recruitments	52	100%
Internal promotion	12	23%
External recruitment from referral program	0	0%
External recruitment	40	77%

4. Measuring the Effectiveness of Actions

Our organization periodically measures employee satisfaction levels through regular surveys. Based on the results of these surveys, we implement actions aimed at increasing employee satisfaction. The next survey is scheduled for 2024.



S-1 Own workforce

1.6. S1-5 TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

Targets/ goals:



Development of a Competency Assessment and Development System for Employees, Divided into Groups: Blue Collar/White Collar and Managers by the End of Q2 2023

Regular assessments and development programs that enhance skills increase job satisfaction and help reduce staff turnover. **The goal was achieved** by creating a flexibility matrix for blue collar and white collar groups and implementing a 360-degree evaluation method for managers.



Implementation of the Developed System for Blue Collar Employees and Managers by the End of Q4 2023

The goal was successfully accomplished by preparing flexibility matrices for all blue-collar positions and conducting employee evaluations based on the matrices created for their roles. Additionally, 360-degree assessments were conducted for all managers.



S-1 Own workforce

1.7. S1-6 CHARACTERISTICS OF THE UNDERTAKING'S EMPLOYEES



Employees by type of contract and gender - data for 2023					
No.	FEMALE	MALE	OTHER*	NOT DISCLOSED	TOTAL
1	Total number of employees (headcount/EPC)				
	99	160	0	0	259
	38,22%	61,78%	0%	0%	100%
2	Number of employees with permanent contracts (headcount/EPC)				
	81	133	0	0	214
	31,27%	51,09%	0%	0%	82,63%
3	Number of employees with fixed-term contracts (headcount/EPC)				
	18	27	0	0	45
	6,95%	10,42%	0%	0%	17,37%
4	Number of full-time employees (headcount/EPC)				
	98	160	0	0	258
	37,84%	61,77%	0%	0%	99,61%
5	Number of part-time employees (headcount/EPC)				
	1	0	0	0	1
	0,39%	0%	0%	0%	0,39%

*Gender as self-identified by employees.

Source: HR Report 2023, Data_12_2023



S-1 Own workforce

1.8. S1-7 CHARACTERISTICS OF NON-EMPLOYEE WORKERS IN THE UNDERTAKING'S OWN WORKFORCE

Employment types by gender - data for 2023

No.	Characteristics of other employment types	Female	Male	Other	Total
1	Employment contract	99	160	0	259
		88 %	92 %	0 %	91 %
2	Civil law contract	2	1	0	3
		2 %	1 %	0 %	1 %
3	Temporary employees	2	3	0	5
		2 %	2 %	0 %	2 %
4	Employees on external contracts and B2B	0	0	0	0
		0 %	0 %	0 %	0 %
5	Subcontractor employees providing work at Formika	9	9	0	18
		8 %	5 %	0 %	6 %
	Total number of individuals providing work at Formika	112	173	0	285
		100 %	100 %	100 %	100 %

S-1 Own workforce

1.9. S1-8 COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

In 2023, Formika did not have any collective agreements or other formal arrangements in place. Within the organization, **Employee Representatives** are appointed through an employee voting process.

The Representatives act on behalf of all employees at Formika and advocate for their interests. Through these Representatives, a dialogue is established between the employees and the Management whenever necessary. This dialogue facilitates an understanding of business-level challenges and explores ways in which we can support employees in special life circumstances.



Percentage of employees represented by employee representatives in various employee groups - data for 2023

Employee group	Number of employees	Number of representatives	Percentage of employees represented
Production employees	199	1	100 %
Office employees	60	1	100 %



S-1 Own workforce

1.10. S1-9 DIVERSITY METRICS

Formika employees by position and gender - data for 2023					
No.	FEMALE	MALE	OTHER*	NOT DISCLOSED	TOTAL
1	Management Board				
	1	1	0	0	2
	50,00%	50,00%	0%	0%	100%
2	Senior Management				
	2	3	0	0	5
	40%	60%	100%	0%	100%
3	Managers and Supervisors				
	18	27	0	0	45
	40%	60%	0%	0%	100%
4	Other Employees				
	78	129	0	0	207
	38%	62%	0%	0%	100%
5	Total Employees				
	99	160	0	0	259
	38%	62%	0%	0%	100%

*Gender as self-identified by employees.

Source: HR Report 2023, Data_12_2023

Employees include individuals employed by Formika under an employment contract.

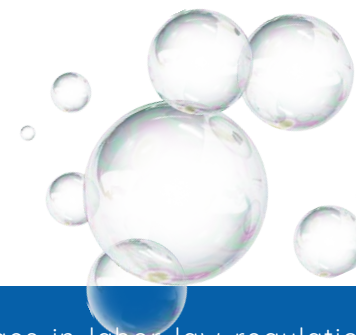
Diversity index			
Year 2022	FEMALE	MALE	OTHER
Total employees hired under employment contracts	103	174	0
Total number of employees, including:			
Age group: over 50 years	4	22	0
Age group: 30-50 years	76	127	0
Age group: under 30 years	23	25	0
Year 2023	FEMALE	MALE	OTHER
Total employees hired under employment contracts	99	159	0
Total number of employees, including:			
Age group: over 50 years	7	29	0
Age group: 30-50 years	79	109	0
Age group: under 30 years	13	21	0

Source: System SAP

S-1 Own workforce

1.11. S1-10 ADEQUATE WAGES

An essential aspect of Formika's intentional impact on its employees is the structuring of compensation. This matter is thoroughly regulated in the **Compensation Policy**.



In 2023, all employees were compensated above the legally established minimum wage in Poland. Changes in labor law regulations are continuously monitored to ensure compliance. **As of December 31, 2023, the minimum wage in Poland was set at PLN 3,490 gross.** During the reporting year, wages were also monitored to meet the threshold of a living wage. According to data published by the **WageIndicator Foundation**, the living wage for the Mazowieckie region, where Formika is headquartered, was **PLN 3,767.10 gross** per month, equivalent to **PLN 21.73 gross** per hour.



Adequate compensation - comparative information for 2023			
Type of contract	Percentage of people receiving the minimum wage	Percentage of people receiving a living wage	Percentage of people paid below the living wage
Employment contract	100%	100%	0%
Civil law contract	100%	100%	0%
Contract with a temporary work agency	100%	100%	0%
Other cooperation terms*	100%	50%	50%

*employees hired by subcontractors

S-1 Own workforce

1.12. S1-11 SOCIAL PROTECTION AND S1-12 PERSONS WITH DISABILITIES

In accordance with Polish law, all employees hired under an employment contract are covered by public insurance programs (ZUS) and legally regulated medical care. Additionally, all Formika employees have access to the offered employee benefits.

S1-11 Value of employee benefits provided per employee (net PLN)

Type of benefit	Comparative information	Year N	Year-on-year change in %
	base year 2022	2023	
Free transportation to the company headquarters	323 080	275 260	-14,80%
Private medical care	265 562	319 771	20,4%
Subsidy for Multisport cards	48 099	64 564	34,23%
Meal subsidy	285 313	288 385	1,08%
Company events for employees	135 600	59 225	-56,32%

S1-12 Percentage of employees with disabilities in the workforce by gender

Employees with disabilities	Comparative information	Year N	Year-on-year change in %
	base year 2022	2023	
Female	0,98%	1,01%	3,03%
Male	0,00%	0,00%	0,00%
Total number:	0,36%	0,39%	6,95%



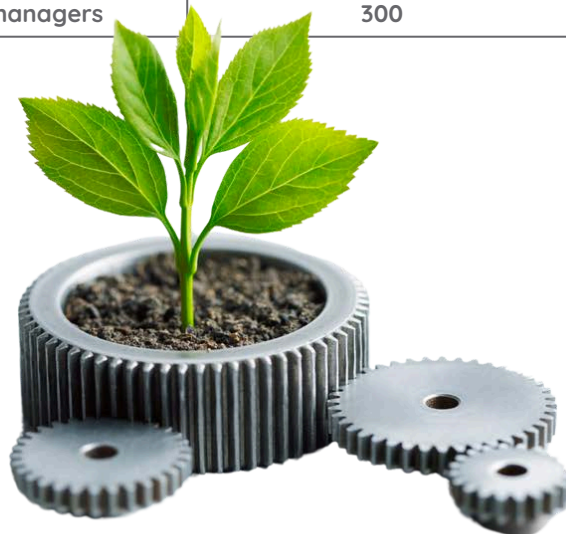
Type of benefit	Comparative information		Year N		Year-on-year change in %
	base year 2022		reporting year 2023		
	percentage of eligible individuals	percentage of participants	percentage of eligible individuals	percentage of participants	
Free transportation to the company headquarters	100%	22 %	100%	23%	8%
Private medical care	100%	100%	100%	100%	0%
Subsidy for Multisport cards	100%	27%	100%	34%	26%
Meal subsidy	100%	100%	100%	100%	0%
Company events for employees	100%	80%	100%	77%	- 3%

S-1 Own workforce

1.13. S1-13 TRAINING AND SKILLS DEVELOPMENT METRICS

Implementation of the training plan - data for 2023

No.	Type of training	Number of planned training sessions	Number of conducted training sessions	Number of trained individuals	Training index
1	Training to enhance professional skills	13	23	236	0,91
2	Data security training	0	5	506	1,95
3	Ethics training	2	2	348	1,34
4	Occupational Health and Safety training	3	5	161	0,62
5	Management training	22	22	424	1,64
6	Lean training	8	8	81	0,31
7	GMP and GHP training	3	3	230	0,89
8	Trainer Academy	4	4	12	0,05
10	Individual mentoring for managers	300	351	351	1,36
TOTAL TRAINING INDEX					9,07
Number of individuals included in index calculation					259





S-1 Own workforce

1.13. S1-13 TRAINING AND SKILLS DEVELOPMENT METRICS

Average number of training hours per employee - data for 2023				
No.	Average number of training hours per employee	Frmale	Male	Others
1	Management Board	45	49	nd
	Directors	48	75	nd
2	Supervisors	32	37	nd
3	Other employees	21	22	nd
	Total	23	24	nd
Regular employee evaluations - percentage of ratings				
1	Senior Management	0	0	nd
2	Managers and Supervisors	100%	100%	nd
3	Other employyes	17,60%	51,40%	nd
	Total	23,2 %	55,7 %	nd
Regular employee evaluations - average number of evaluations conducted per employee				
1	Senior Management	0	0	nd
2	Managers and Supervisors	1	1	nd
3	Other employees	0,17	0,51	nd
	Total	0,23	0,55	nd
Average number of training hours for non-employees				
1	Individuals working under civil law contracts (contracts for specific work)	0	0	0
2	Individuals on external contracts	0	0	0
3	Individuals working under cooperation agreements (B2B)	0	0	0



S-1 Own workforce

1.14. S1-14 HEALTH AND SAFETY METRICS

Health and Safety metrics			
No.	Type of event in the field of safety and hygiene at work	2022	2023
	Name of event	Number of events	Number of events
Accidents among employees			
1	Minor accidents	6	6
2	Serious accidents	0	0
3	Fatal accidents	0	0
4	Collective accidents	0	0
6	Total number of accidents	6	6
Accidents among non-employees			
7	Minor accidents	0	0
8	Serious accidents	0	0
9	Fatal accidents	0	0
10	Collective accidents	0	0
11	Total number of accidents	0	0
Accidents among subcontractor employees working on company premises			
12	Minor accidents	no data available, we do not record accidents or potentially accident-related events involving our subcontractors	no data available, we do not record accidents or potentially accident-related events involving our subcontractors
13	Serious accidents		
14	Fatal accidents		
15	Collective accidents		
16	Total number of accidents		



S-1 Own workforce

1.14. S1-14 HEALTH AND SAFETY METRICS

Other data related to Occupational Safety and Health

No.	Type of event in the field of occupational safety and health	2022	2023
	Description	Number	Number
1	Number of days of work incapacity due to work-related injuries or health issues resulting from work	114	258
2	Number of registered cases of occupational diseases	0	0
Information regarding employees			
3	Total number of hours worked	473 297	427 915
4	Work-related accident rate	12,68	14,02

source of information: WPP Register

Formika guarantees its employees the full rights arising from applicable national regulations, including vacation leave in the appropriate amount for each employee, guaranteed parental leave related to childbirth and child-rearing, as well as special leave.

1.15. S1-15 WORK-LIFE BALANCE METRICS

FAMILY LEAVES (Percentage of eligible employees who took family leaves by gender)

Percentage of employees eligible for and utilizing family leaves	Comparative information	Year N	Year-on-year change in %
	base year 2022	2023	
WOMEN - % of employees eligible for parental leave	26%	24%	- 8,42%
WOMEN - % of employees eligible who took parental leave	48%	38%	- 22,12%
MEN - % of employees eligible for parental leave	17%	18%	2,08%
MEN - % of employees eligible who took parental leave	20%	14%	- 28,57%

Uwzględnione urlopy: wychowawczy, macierzyński, ojcowski, rodzicielski



S-1 Own workforce

1.16. S1-16 COMPENSATION METRICS

Compensation metrics					
S1-16 Compensation metrics (pay gap and total compensation)					
No.	Gender Pay Gap (%) - detailed data		2022	2023	Year-on-year change in %
1	Weighted average gross hourly wage	PLN			
2	Management Boards	%	0	0	
3	Senior Management	%	7,44	16,61	123%
6	Managers and Supervisors	%	1,4	2,33	66%
7	Other employees	%	-0,35	-2,1	500%
8	Weighted average gross hourly wage + fixed bonuses	PLN			
9	Management Boards	%	0	0	
10	Senior Management	%	7,44	16,61	123%
11	Managers and Supervisors	%	4,63	5,19	12%
12	Other employees	%	0,27	-1,5	-656%
13	Weighted average gross hourly wage + variable bonuses	PLN			
14	Management Boards	%	0	0	
15	Senior Management	%	18,76	32,30	72%
16	Managers and Supervisors	%	21,69	13,87	-36%
17	Other employees	%	4,37	2,53	-42%
	CEO Pay Ratio		6,83	6,82	
	Gender Pay Gap (%)		0,01	-1,19	
	Unadjusted gender pay gap		2,84	0,03	

The CEO Pay Ratio is calculated as the ratio of the CEO's compensation to the median compensation of all employees.

The Gender Pay Gap is calculated taking into account the pay gap at each job level and the size of each group.

The unadjusted gender pay gap is an uncorrected indicator calculated as the ratio of the difference between the average pay of men and the average pay of women to the average pay of men, expressed as a percentage.



S-1 Own workforce



1.17. S1-17 INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

In 2023, Formika did not record any instances of reported violations regarding human rights, particularly discrimination or harassment. In the aforementioned year, there were no legal proceedings against the company, it was not fined, nor was it ordered to pay compensation to anyone for failing to uphold human rights.

Formika has implemented a monitoring indicator for violations related to human rights breaches, as outlined in the table below:

Human Rights Violations - data for 2023			
Type of violation reported by whistleblowers	Number of reported cases	Number of cases under investigation	Number of confirmed cases
Discrimination	0	0	0
Harassment	0	0	0
Mobbing	0	0	0
Labor law violation	0	0	0
Personal data security breaches	0	0	0



S-2 Workers in the value chain

2.1. SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL



Characteristics of Employees in the Supplier Value Chain		
SBM-3 (S2) Material impacts, risks and opportunities and their interaction with strategy and business model		
No.	Position particularly vulnerable to influences or marginalization - which the company significantly impacts	Description of the impact on the position
1	Production planning	Pressure to change the established production plan to shorten the availability timeline for ordered raw materials
2	Technology	Pressure to obtain color samples from an external entity within a shortened timeframe
3	Production employees	Working on days off (weekends) to meet order deadlines or to fulfill priority orders
4	Logistics	Working overtime to pack and prepare goods for shipment (outside standard terms of cooperation)
5	Customer service department	Working overtime to prepare the necessary documentation for receiving a delivery
6	Sales department	Pressure to reduce the purchase prices of raw materials and services
7	Customer service department	Working under time pressure to prepare reports for the client (Formika)
8	Transport	Deliveries outside standard employee working hours
9	Transport	Working on days off (weekends)
10	Transport	Just-in-time deliveries - in case of delays, prolonged waiting for unloading
11	Quality department	Working under time pressure to prepare the required quality documentation as quickly as possible

S-2 Workers in the value chain

2.1. SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL



Characteristics of Material Entities - SUPPLIERS				
Disclosure Requirement 5.20: Collaboration process with individuals working in the value chain				
No.	Name of the material entity	Position of the person responsible for collaboration with employees in the value chain	Positions particularly vulnerable	How the company understands the perspective of employees who may be particularly vulnerable
1	Symetal	Strategic procurement specialist	Production planning Quality department Production employees Logistics & Warehouse Department Customer Service Department	Annual satisfaction survey (from January 2025)
2	Siegwerk	Procurement assistant	Logistics & Warehouse Department Sales Department	Annual satisfaction survey (from January 2025)
3	KM Packaging	Procurement officer	Production planning Technology Production employees Warehouse Customer Service Department	Annual satisfaction survey (from January 2025)
4	Orpak	Procurement officer	Production employees Logistics & Warehouse Department Transport	Annual satisfaction survey (from January 2025)
5	Corex	Procurement officer	Sales Department Production employees Transport	Annual satisfaction survey (from January 2025)

S-2 Workers in the value chain

2.2. S2-1 POLICIES RELATED TO VALUE CHAIN WORKERS

Formika's expectations regarding employees in the value chain stem from the Corporate Policy adopted by the company. According to point 16 of the General Purchasing Conditions (OWZ) dated May 31, 2023, available on Formika's website, employees in the upstream value chain are expected to adhere to legal regulations and principles of ethical business conduct, particularly:

- > **work safety in accordance with health and safety regulations**
- > **environmental protection**
- > **proper care for animals**
- > **implementation of anti-corruption measures**
- > **fair competition**
- > **data protection and privacy**

The values and principles that Formika adheres to in relation to entities in the value chain are outlined in the Code of Ethics.



2.3. S2-2 PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

In 2023, Formika did not have a systematically established approach to issues concerning employees in the value chain and collaboration with them. The company is currently conducting analyses to explore ways to influence this area.

2.4. S2-3 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

The procedure for reporting irregularities encompasses both the upper and lower levels of the value chain and establishes a reporting pathway for any violations or irregularities. The communication methods are defined as follows:

- ✓ -----> online platform: www.formika.liniaetyki.com
- ✓ -----> e-mail: rzecznik-etyka@formika.com.pl
- ✓ -----> phone: **22 314 53 53**

In 2024, an analysis of the effectiveness of the mechanism concerning the value chain will be conducted, and appropriate changes will be implemented.

S-2 Workers in the value chain

2.5. S2-4 TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND EFFECTIVENESS OF THOSE ACTION

Despite the lack of policies explicitly addressing the impact on employees in the value chain, Formika has planned or undertaken actions aimed at preventing, mitigating, or remedying significant negative impacts on value chain employees. The key initiatives in this area include:

Production Planning Department and Production Employees:

introduction of a priority list to enable optimal arrangement and freezing of the production plan for upcoming production campaigns

Logistics:

confirmation (notification) of loading with a longer lead time (i.e., 48 hours instead of approximately 24 hours)

Transport:

building inventory in Formika's own warehouse that does not require urgent material deliveries for ongoing production (including weekend deliveries)

coordinating internal collaboration (Purchasing Department - Logistics) for unloading vehicles that arrive before the scheduled notification time

Furthermore, the company has considered introducing the topic of **“ensuring a positive impact on value chain employees”** into regular (monthly/quarterly/annual) meetings with suppliers aimed at gathering feedback on ongoing collaboration, based on which improvements/solutions will be implemented to minimize/eliminate negative impacts.

To better prepare for future actions, we have decided to conduct processes in 2024 that will determine what actions are needed and appropriate in response to specific actual or potential significant negative impacts on value chain employees. This will be achieved through the introduction of an **annual satisfaction survey** (conducted by Formika) and the implementation of corrective actions in daily collaboration to minimize negative impacts on value chain employees.

Training for buyers (procurement officers) - the implementation of training in the areas listed below is planned for 2024.

Sustainable Development in the Purchasing Department

Training Plan for Employees of the Purchasing Department

training on the basics of sustainable development	may - june 2024
training on the code of conduct for business partners	august - september 2024



S-2 Workers in the value chain

2.6. S2-5 TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

The development of **the Code of Conduct for Business Partners** at Formika Sp. z o.o., which is consistent with Formika's Code of Ethics and values, will be completed by the end of 2024. Signing this document by key suppliers will help mitigate the risk associated with child labor and forced labor in the value chain.

By 2026, Formika aims for at least 85% of key suppliers to sign the Code of Conduct for Business Partners. The approach to achieving this target and its implementation are presented in the table below:

Percentage of key suppliers who have signed the code of conduct for business partners				
	2023	2024	2025	2026
Target	0	5%	50%	85%
Execution	0			

Regular monitoring of suppliers regarding their commitment to environmental protection, social issues, and corporate governance is conducted using the following KPIs (Key Performance Indicators):

Percentage of key suppliers assessed by EcoVadis - data for 2023		
	Target	Execution
Aluminium foil suppliers	100 %	100%
Laminate suppliers	>50 %	66%
Paint suppliers	>50 %	100%
Tube component suppliers	>50 %	60%



S-3 Affected communities



3

3.1. SBM-2 INTERESTS AND VIEWS OF STAKEHOLDERS

stakeholders are a key element in the implementation of social projects. The Foundation regularly communicates with parents, teachers, local leaders, municipal authorities, daytime support facilities for children and youth, and local social welfare centers to better understand the needs of children, youth, and families in need. These activities take place through open meetings, workshops, and direct meetings and consultations. Feedback gathered in this way is taken into account when shaping support strategies and creating new initiatives and assistance projects for the Foundation.

Why was the foundation established?

We founded the foundation to help children in Poland, giving them the opportunities they need to succeed in life. Despite many years in the EU, there are still malnourished children in Poland, families living in dire conditions, and on the brink of poverty. Furthermore, there is a highly talented youth who will never be able to change their situation because instead of continuing their education, they take poorly paid jobs. We want to help these children and level the playing field for them in life.

The foundation achieves its goals, among other ways, by:

Funding for the operations of children's homes, shelters for single mothers, social care facilities, and educational institutions such as schools and kindergartens.

Carrying out renovation work in social welfare facilities, children's homes, shelters for single mothers, as well as in institutions such as schools, kindergartens, and homes for large families facing difficult financial and living situations.

Purchasing food, household appliances, furniture, clothing, etc., as well as educational materials for facilities such as children's homes, community centers, and families in difficult life and financial situations.

Financing and co-financing summer and winter trips for children and youth from families in challenging circumstances.

Financing and co-financing additional activities for children and youth aimed at leveling opportunities, including foreign language classes, sports, artistic, and musical activities.

Providing meals for children in schools, kindergartens, and nurseries.

The foundation was founded from a sincere wish to spread goodwill to others.

The mission of the Foundation is to provide assistance to children and youth in difficult life and financial situations, as well as to level the playing field for these individuals. Additionally, the Foundation aims to support their parents, legal guardians, and organizations whose statutory goals align with those of the Foundation, such as children's homes, shelters for single mothers, social care facilities, and educational institutions like schools, kindergartens, and community centers.



S-3 Affected communities



3

3.2. SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The main risks associated with the Foundation's activities include changing community needs, financial constraints, and difficulties in attracting new donors. To address these challenges, the Foundation implements processes to monitor the effectiveness of its actions and conducts regular evaluations of its impact. Consequently, opportunities include the potential to expand the reach of its initiatives through collaboration with business partners and more efficient resource utilization, which positively affects the educational and social development of children and helps level their developmental opportunities.

3.3. S3-1 POLICIES RELATED TO AFFECTED COMMUNITIES

The Formika for Children Foundation conducts activities aimed at supporting local communities, particularly through social and developmental programs targeted at children and youth. As part of these efforts, the foundation considers both current social, educational, and developmental needs while also striving to assess the long-term impact on improving educational and social conditions.



Above: Project management workshops for youth from the Brwinów Municipality as part of the "Power4Future_local" project.

3.4. S3-2 PROCESSES FOR ENGAGING WITH AFFECTED COMMUNITIES ABOUT IMPACTS



The foundation's collaboration with local communities is based on systematic consultations, meetings, and the engagement of partners from various sectors. This process includes regular meetings with representatives from local organizations, municipal authorities, schools, daytime support facilities for children and youth, and social welfare centers to tailor support programs to current needs.

In the photo: The Mayor of the Brwinów Municipality, Sławomir Walendowski, and the CEO of the Formika for Children Foundation, Anna Stankiewicz, during the signing of the agreement for funding the modernization of the community center for children and youth in Brwinów.



Above: Opening of the renovated community center in Brwinów, a project co-financed by the Formika for Children Foundation.

3.5. S3-3 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR AFFECTED COMMUNITIES TO RAISE CONCERNS

The Formika for Children Foundation actively monitors all its activities for potential negative impacts on local communities and beneficiaries.



Above: Employee Volunteer Project "Helping Through Painting" Children's Home in Pruszków.

S-3 Affected communities



3

3.6. S3-4 TAKING ACTION ON MATERIAL IMPACTS ON AFFECTED COMMUNITIES, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO AFFECTED COMMUNITIES, AND EFFECTIVENESS OF THOSE ACTIONS

The Foundation actively monitors the outcomes of its activities, particularly in educational, developmental, and social aspects, ensuring that support programs have a positive impact on the communities of children and youth. The results of the monitoring serve as the basis for modifying strategies and implementing improvements in the projects carried out.

3.7. S3-5 TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

The Formika for Children Foundation aims to minimize any negative impacts of its activities on local communities, children, youth, and other stakeholders.

Key objectives in this regard include:

Monitoring and evaluating activities, conducting reviews and analyses of projects to identify potential negative effects, which allows for prompt responses and the implementation of corrective actions.

Targets related to increasing positive impacts:

Increasing the reach of support programs – The Foundation continually expands the scope of its projects to include a larger number of children and youth from areas in need of educational and social support.

Innovative approach to education – The introduction of new technologies and educational tools that enable children to acquire new skills and better prepare for the future.

Collaboration with Partners – The Foundation consistently develops partnerships with local and national organizations, allowing for more effective resource utilization and the implementation of projects with a greater reach.

Adapting Projects to Local Needs – The Foundation emphasizes direct contact with beneficiaries and local communities to ensure that its actions align with their actual needs and do not produce negative consequences.

Transparency and Communication Channels – The Foundation aims to create an open environment where all feedback, complaints, and suggestions can be reported without hindrance, and responses to them will be effective and prompt.



S-4 Consumers and end-users

4.1. SBM-3 MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Formika positively impacts end customers by providing innovative packaging solutions that address changing consumer needs. The company monitors shifts in consumer attitudes, enabling it to adapt its offerings to the growing demand for higher quality products with environmental considerations. An example of this is aluminum lids, which provide a high protective barrier, safeguarding products from external factors, thereby extending their shelf life and enhancing user safety

Our PET lids can be used in microwave ovens, enhancing consumer convenience. For products requiring pasteurization or sterilization, we offer aluminum lids with a thick layer of polypropylene, allowing for safe and long-lasting storage of both meat preserves and pet food products.



For each category of products we sell, we have introduced **mono-material alternatives** that are recyclable.

For example, **the cPP lid combined with PP cups** creates packaging that allows for selective collection within the same material stream, followed by recycling. Additionally, cPP lids are sealed at lower temperatures, reducing energy consumption in the production process. This material, with its white coloration, ensures excellent print quality, enhancing the aesthetics of the packaging and increasing end consumer satisfaction.

All packaging produced by Formika undergoes regular internal and external testing, and the production takes place in a facility with very high hygiene standards. We have implemented a **HACCP system**, and the production of packaging for pharmaceuticals is carried out in **a clean room classified as ISO 8, which corresponds to pharmaceutical class D dedicated to the production of dry drugs**. During the selection of raw materials, substances subject to restrictions and those posing particular concerns are verified to ensure that the composition of the packaging is always compliant with legal regulations. We confirm this compliance through regular migration tests conducted by external, **accredited laboratories** that are qualified service providers.



With solutions such as **rPET lids that incorporate recycled materials**,

Formika supports sustainability, reducing the environmental impact.





S-4 Consumers and end-users

4.2. S4-1 POLICIES RELATED TO CONSUMERS AND END-USERS



The organization has established a **Quality and Food Safety Policy**, with the latest version of the document dated September 27, 2023, approved by Joanna Dębicka, VP. In this policy, the company commits to producing packaging that complies with ISO 9001 and BRC Packaging standards, and it offers its expertise and support in implementing solutions for clients, which directly impacts the health safety of end users. Consumers receive products packaged according to their needs, and the packaging is functional, safe, and compliant with legal regulations.



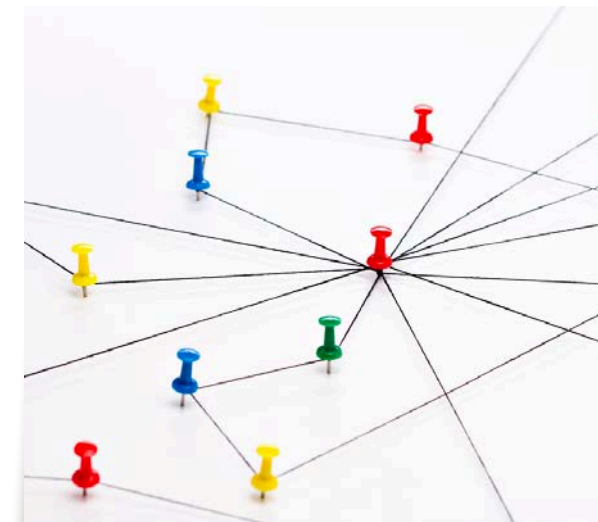
The Product Safety and Quality Culture Policy, approved by Joanna Dębicka on May 17, 2023, directly impacts end users. It emphasizes the continuous development of employees and the introduction of modern control methods, ensuring that consumers receive products packaged in accordance with the highest safety standards. Regular training and inspections of production processes guarantee that the packaging is suitable for food, pharmaceutical, and cosmetic products. Advanced control systems minimize the risk of defects, effectively protecting products from external factors and ensuring their safety.

4.3. S4-2 PROCESSES FOR ENGAGING WITH CONSUMERS AND END-USERS ABOUT IMPACTS

Communication with customers during the preparation of new products, conducting research on innovative products, and implementing new legal requirements is crucial for the company's success.

Before implementation, input is gathered regarding customer requirements and is considered through mutually agreed technical acceptance conditions.

We keep customers informed about project progress through regular updates. Meetings and conference calls are organized to discuss advancements, challenges, and gather customer feedback. Direct communication fosters a better understanding of needs and expectations.





S-4 Consumers and end-users

4.4. S4-3 PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END-USERS TO RAISE CONCERNS

- The implementation of remediation processes for negative impacts and channels for reporting issues by consumers and end users is crucial for maintaining high-quality services and customer satisfaction.
- Whistleblowers have the opportunity to report concerns to a designated individual via email or phone. Each report is registered in the system.
- We organize regular training for staff, such as the "101% Customer Service" program, which prepares our employees to effectively resolve customer issues.
- We conduct remediation processes, analyzing customer reports to identify recurring problems and their causes. Corrective actions are implemented to eliminate the root causes of these issues and prevent their recurrence.

4.5. S4-4 TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS, AND EFFECTIVENESS OF THOSE ACTIONS

- > We conduct regular quality tests of finished products to ensure that they meet all technical and aesthetic requirements.
- > We hold ISO 9001:2015 and BRCGS Packaging Materials certifications, which confirm the high standards of our production.
- > We use mono-materials that are fully recyclable, and in the case of cPP lids combined with PP cups, they allow for recycling within the same material stream.
- > We optimize production processes to minimize waste and recycle materials.
- > We invest in modern printing machines that ensure higher print quality and reduce material consumption.
- > We implement automation systems that enhance the precision and efficiency of production.
- > We design packaging using materials that protect products from damage and contamination.

S-4 Consumers and end-users

4.6. S4-5 TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES

Formika aims to manage significant negative impacts, enhance positive influences, and address risks and opportunities:




We strive to reduce greenhouse gas emissions by investing in renewable energy technologies - **Formika Green Energy.**




We implement a zero waste strategy, recycling, and reusing materials to reduce the amount of waste sent to landfills.



We support social and educational initiatives in the regions where the organization operates - **Formika for Children Foundation.**



We conduct educational campaigns to raise awareness about sustainable development among employees and customers.



We invest in research and development to leverage new technologies and solutions that can benefit the organization and its stakeholders.

A young person wearing a blue long-sleeved shirt is holding a small, vibrant green plant with several leaves. The background is a soft-focus green, suggesting an outdoor setting. The overall mood is positive and growth-oriented.

PART 5

GOVERNANCE

G-1 CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES

G-1 Corporate culture and business conduct policies



1

1.1. GOV-1 THE ROLE OF THE ADMINISTRATIVE, SUPERVISORY AND MANAGEMENT BODIES

Development and approval of the company's strategy

The Management Board is responsible for defining the company's long-term vision and mission. It participates in the strategy development process, collaborating with the management team to establish key directions, priorities, and target. The final approval of the strategy rests with the Board, which must ensure that it is realistic, aligned with the company's values, and adapted to market and competitive conditions.

Monitoring the implementation of the strategy

The Management Board oversees the implementation of the adopted strategy, regularly analyzing progress and financial performance. Monitoring includes assessing key performance indicators (KPIs) and verifying whether the company's operational activities are aligned with strategic objectives. If necessary, the Management Board makes adjustments to ensure that the company can achieve its intended goals.

Making key decisions

The Management Board is responsible for making key decisions of significant importance to the company. These decisions often have a long-term impact on the company, which is why the Management Board thoroughly analyzes risks and potential benefits.

Ensuring compliance with laws and regulations

The Management Board is responsible for overseeing the company's compliance with applicable laws, industry regulations, and ethical standards. It collaborates with the company's management to ensure that the company operates in a legal, ethical, and transparent manner. Compliance includes, among other things, labor laws, data protection regulations, competition law, tax regulations, and legislation related to packaging for direct contact with sensitive products.



G-1 Corporate culture and business conduct policies

1.1. GOV-1 THE ROLE OF THE ADMINISTRATIVE, SUPERVISORY AND MANAGEMENT BODIES

Financial supervision

The Management Board is responsible for overseeing the company's financial health. It approves budgets, analyzes financial reports, and evaluates financial performance in the context of strategy implementation. One of its key tasks is to ensure financial liquidity and optimize costs and revenues.

Risk management

The Management Board identifies and assesses risks that may impact the company's operations, such as changes in the legal environment, market, financial, or operational risks. Based on these assessments, it develops risk management strategies to minimize the negative effects of potential threats.

Ensuring an appropriate organizational structure

The Management Board is also responsible for overseeing the company's organizational structure to ensure its effectiveness and ability to achieve strategic objectives. This includes appointing and monitoring key managers, establishing remuneration policies, and fostering an organizational culture that supports the implementation of the strategy.

Stakeholder communication

The Management Board plays a key role in stakeholder communication. It is responsible for ensuring the transparency of the company's activities and building trust in its operations. The Board regularly communicates financial results, progress in strategy implementation, and key decisions.

G-1 Corporate culture and business conduct policies

1.2. G1-1 COMPANY VALUES

The company's value system was created by the company's top management and then presented to a group of employees to develop definitions that would be clear and understandable for everyone. The process of selecting new values involved the participation of the CEO, Vice President, Sales Director, Purchasing Director, CFO, HR Director, Quality Director, and PMO. During three workshop sessions, new values were established for the company, divided into "cool" values, which are promoted, and "not cool" values, which the organization does not tolerate.



- in love with the customer
- radically honest
- priority-focused
- result-driven :)

- manipulates and gossips
- pretends not to see
- lies

Twelve individuals from various departments were selected to serve as value ambassadors. They began their work with a meeting in mid-November 2023 to define each value. The results of their work were presented during a company integration event and announced to all employees in December 2023.

To further promote and communicate the values, printed posters were created and placed in strategic locations around the company, as well as shared in the form of screensavers for all employees working on computers.

For 2024, workshops with the group of ambassadors are planned to continue efforts related to creating, implementing, and promoting the values.

Employees can assess the organizational culture by providing feedback, among other ways, during **the 360° evaluation on the Dolineo training platform.**

The 360° evaluation is a comprehensive assessment method that allows managers to receive feedback from four perspectives:

- from their supervisor
- from their team
- from colleagues (those they interact with on a daily basis)
- through self-assessment

The aim of this process is to gain a complete perspective on the skills and competencies of managers, which in turn will enable personal and team development planning. The survey focuses on assessing competencies directly linked to our new corporate values. Based on the collected data, managers will have the opportunity to receive multi-source feedback, and the results will also help plan developmental activities regarding managerial competencies for the upcoming year.

If you need any adjustments or additional information, feel free to ask!



G-1 Corporate culture and business conduct policies

1.3. G1-1 ENSURING COMPLIANCE WITH REGULATIONS

The company collaborates permanently with a law firm that plays a key role in ensuring that the company's operations comply with applicable laws. The law firm prepares, analyzes, and verifies company documents for compliance with legal regulations to protect the company's interests and avoid potential legal risks.



1.4. G1-1 DOCUMENTATION OVERSIGHT



Document management is governed by the Internal Procedure PS A2/1 Document Supervision, with the current version being edition 5, dated July 4, 2022.

In accordance with this procedure, the Office Assistant is responsible for maintaining the register of internal orders, while the register of supervised documents is managed by the Quality Assurance Representative.

Formika's activities are linked to the food supply chain, as we produce direct packaging for sensitive products such as food, cosmetics, and pharmaceuticals.

In such production, the compliance of internal and external documentation obtained from suppliers and provided to clients plays a crucial role in meeting Polish and EU food law requirements. The Quality Assurance Department within the organization is responsible for this part of the documentation.

Other registers are maintained within respective organizational units, where data is collected as follows: the Waste Register is maintained by the Administration Manager, while registers related to health and safety issues, including workplace accidents and training, as well as labor law-related registers, are maintained by the HR department.

G-1 Corporate culture and business conduct policies

1.5. G1-1 PROCEDURE FOR REPORTING VIOLATIONS



At Formika, the Procedure for Reporting Violations and Taking Follow-Up Actions is in effect, with the document dated July 20, 2022. This procedure establishes channels for reporting reasonable suspicions or potential violations of law or ethical standards outlined in the Code of Ethics and the Internal Anti-Bullying Policy. Reports can be submitted by any individual in a business relationship with Formika who has witnessed or has knowledge of a violation.

Reports can be identifiable or anonymous. Following a report, follow-up actions are taken, which include verifying the validity of the report and determining actions and decisions arising from this verification, including measures to prevent future violations, decisions regarding the protection of the whistleblower from retaliatory actions, and decisions enforcing employee accountability against individuals engaging in retaliatory actions. Investigative proceedings are conducted by an appointed Ethics Committee unless the Management Board assigns the investigation to an external entity specializing in such services.

As a result of the investigative proceedings, the Ethics Committee prepares a report that includes an assessment of the validity of the report and, for valid reports, recommendations for actions. Decisions arising from the verification of the report's validity are made by the Management Board. Formika protects individuals making internal or external reports from retaliatory actions. Formika maintains a Register of Violations.

In addition to the system for reporting violations of laws and ethical standards described above, clients have the option to submit complaints regarding the quality of delivered products. This mechanism is outlined in the internal procedure PS A5/3 Handling of Products Returned by Clients – Complaints. According to this procedure, all client reports are logged in the production support computer system by Customer Service Department staff and are then addressed by the Quality Assurance Department.

For each non-conformity, a root cause analysis is conducted, and corrective and/or preventive actions are taken. Upon completion of the analytical process, the client receives a written report that also includes a proposed course of action for the non-conforming product, which may involve conditional acceptance of the goods, repair, or return. The preferred course of action is conditional acceptance and repair.



G-1 Corporate culture and business conduct policies

1.6. G1-1 WHISTLEBLOWER PROTECTION POLICY

The procedure for whistleblower protection is described in the Procedure for Reporting Violations and Taking Follow-Up Actions, document dated July 20, 2022. Protection covers individuals making a report, individuals assisting in making a report, and individuals related to the whistleblower (e.g., relatives).

1.7. G1-1 ETHICS TRAINING

As part of the onboarding training, every newly hired employee is trained on the Business Ethics principles in force within the organization. Additionally, the HR department conducts regular refresher training sessions on the applicable principles for all company employees, in accordance with the training plan for the given fiscal year.

1.8. G1-2 MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

We operate in accordance with applicable legal regulations, such as the Accounting Act and the Act on Counteracting Excessive Delays in Commercial Transactions. Our company is characterized by a high level of payment morality—we consistently ensure the timely settlement of obligations. Thanks to effective internal procedures for preventing payment delays, we maintain stable relationships with suppliers and build a reputation as a reliable business partner.

In the company, the Purchasing Department verifies invoices for price compliance with contracts, while the Finance Department checks the accuracy of payment data.

We minimize risks related to the supply chain by qualifying key specifications with all available suppliers. Additionally, we implement Business Continuity Plans (BCPs), which involve diversifying orders to ensure flexibility in access to raw materials in the event of disruptions.

The supplier selection process includes:

- > A thorough evaluation of technical and quality documentation.
- > Testing and qualifying alternative raw materials.
- > Negotiating commercial terms and signing a cooperation agreement.
- > Regular collaboration with suppliers, including periodic assessments of the quality of cooperation, covering quality, commercial, social, and environmental aspects.



G-1 Corporate culture and business conduct policies

When selecting key suppliers of aluminum foils, laminates, inks and varnishes, and tube components, we verify their commitment to conducting business in a socially responsible, ethical, and environmentally friendly manner. The verification is carried out by checking whether the supplier undergoes an assessment with EcoVadis. Key Performance Indicators (KPIs) for this process are described in section S2-5 of the report. Compliance with minimum guarantees in line with the EU Taxonomy will be verified by Formika by requiring key suppliers to sign the “Formika Sp. z o.o. Code of Conduct for Business Partners.” The KPIs in this area are also described in section S2-5 of the report.

1.9. G1-3 PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

In 2023, Formika implemented an anti-corruption policy. A comprehensive review of the anti-corruption policy is planned for 2024. All newly hired employees are informed about the company's rules in this area as part of their onboarding process and through the **Welcome Formika** documentation, which each new employee receives at the start of their employment. For 2024, a detailed analysis is planned to identify positions particularly exposed to issues related to corruption and bribery. Once identified, refresher training sessions in this area will be scheduled.

1.10. G1-4 CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY

In the fiscal year 2023, Formika reported **no incidents related to corruption or bribery**. During the reporting year, as in previous years, there were no recorded convictions or fines related to violations of anti-bribery regulations or corruption-related offenses. During the reporting period, **Formika did not identify any dismissals or penalties** imposed on employees related to corruption or bribery. Additionally, in the context of cooperation with partners throughout the entire value chain, there were no legal proceedings in this area brought against the company or its employees. Formika has implemented an indicator for monitoring violations related to breaches of corporate governance principles, as outlined in the table below:

Corporate Governance Violations - data for 2023			
Type of violation reported by whistleblowers	Number of reported cases	Number of cases under review	Number of confirmed cases
Conflict of interest	0	0	0
Corruption	0	0	0
Anti-competitive practices	0	0	0
Money laundering	0	0	0
Fraud	0	0	0



G-1 Corporate culture and business conduct policies

1.11. G1-5 POLITICAL INFLUENCE AND LOBBYING ACTIVITIES

Formika does not engage in political activities and remains neutral in this regard. In 2023, it did not support any political parties or movements. In 2023, Formika continued its membership in several industry organizations. The primary goal of these organizations is the self-improvement of their members and the efficient exchange of information among members regarding legal regulations or phenomena occurring in the relevant field. An inherent characteristic of industry organizations is also their activity in the area of legislative actions and responding to emerging regulatory proposals. Therefore, to some extent, these organizations have a lobbying character, although this is not their primary purpose and occurs on a limited scale. Determining a portion of the membership fees that could be allocated to lobbying activities is not feasible and would require an unreasonable amount of effort.

1.12. G1-6 PAYMENT PRACTICES

Payment practices are described in section G1-2.

PART 6

FINAL INFORMATION

TAXONOMY
ABOUT THE REPORT



1. TAXONOMY

In the reporting year 2023, the company did not conduct an assessment of compliance with the EU Taxonomy (2020/852). The first assessment in this regard will be conducted for the year 2024.

2. ABOUT THE REPORT

The report was adopted and approved by the Management Board of Formika Sp. z o.o. on September 16, 2024. This report was prepared by Formika's ESG team, with substantive support from RPCG consultants. The report was published on the website www.formika.com.pl.

