

ENVIRONMENTAL POLICY



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ENVIRONMENTAL POLICY

DOCUMENT METRICS

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STATUS	In force
SCOPE	All aspects of own operations are covered, including the selection of raw materials and auxiliary materials, internal production processes, waste management, and the transportation of finished products. Aspects related to supplier management are excluded from this policy as they are addressed in the Sustainable Procurement Policy.
METHOD OF DISCLOSURE	Publication on the website www.formika.com.pl , disclosure in the Sustainability Report in compliance with the ESRS regulation, and training and workshops for employees.
ABSTRACT	<p>The purpose of the Environmental Policy of Formika Sp. z o.o. is to structure activities and define the organization's commitments arising from its pursuit of protecting and minimizing negative impacts on ecosystems and natural resources. The policy outlines engagement in issues identified as material for the organization, such as:</p> <ul style="list-style-type: none"> • Reduction of greenhouse gas emissions, energy consumption, and air pollution • Water resource management • Management of raw materials, chemicals, and waste • Management of environmental impacts arising from sustainable product consumption and end-of-life product disposal <p>For each of the above elements, the policy defines qualitative and quantitative goals aimed at achieving the overall objectives of the policy, as well as the allocation of resources designated for their implementation.</p>
RESPONSIBLE FOR IMPLEMENTATION	CEO (Chief Executive Officer)



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INTRODUCTION

Why does Formika want to engage in issues broadly related to caring for the natural environment?

Organizational Culture at Formika:

The reduction of greenhouse gas emissions and the use of renewable energy sources are integral to Formika's organizational culture, alongside efforts to minimize the quantity and harmfulness of produced waste, non-gaseous pollutant emissions, and initiatives to save water, which is used solely for social purposes. Our company strives to mitigate climate change in alignment with values that include respecting and adhering to applicable laws and fully assuming responsibility for our actions.

Reduction of Operational Costs:

Implementing GHG reduction strategies, relying on renewable energy sources, and undertaking comprehensive actions to reduce waste production—such as 100% recovery of aluminum waste and the distillation of volatile production residues—contribute to lowering operational costs. These initiatives not only enhance our competitiveness but also strengthen our positive image among business partners, clients, and local communities.

Improved Financial Conditions:

Our commitment to reducing emissions opens opportunities to secure more favorable financing conditions from banks and other financial institutions.



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ENERGY CONSUMPTION, GREENHOUSE GAS EMISSIONS, AND AIR POLLUTION

The increase in global greenhouse gas (GHG) emissions significantly impacts climate change. Gases such as carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O) trap heat in the atmosphere, causing our planet to continuously warm. This, in turn, leads to various climate changes worldwide. Extreme weather events, glacier and ice sheet melting, rising sea levels, and ocean acidification due to CO₂ absorption negatively affect marine ecosystems. Since pre-industrial times, the global average temperature has risen by approximately 1.15°C. NASA reports that most of this warming has occurred since 1975, with a rate of increase of about 0.15-0.20°C per decade (NASA, 2021).

Future projections are alarming. The World Meteorological Organization (WMO, 2024) indicates in its report an 80% chance of a temporary exceedance of the 1.5°C threshold between 2024 and 2028. This report, along with other scientific sources, clearly demonstrates that without swift and decisive actions to reduce emissions, the world faces severe consequences of climate change.

These actions include:

- **Reducing greenhouse gas emissions**
- **Investing in renewable energy sources**

Numerous scientific studies have unequivocally confirmed the link between air pollutants—such as nitrogen oxides (NO_x), sulfur oxides (SO_x), particulate matter (PM), and volatile organic compounds (VOC)—and mortality rates. According to the OECD's 2020 report, despite significant improvements in air quality over the past two decades, pollution levels in most Central and Eastern European countries still exceed WHO guidelines, leading to a substantial number of deaths—approximately 346,000 in 2018 alone. The annual losses due to increased mortality, reduced quality of life, lower productivity, and higher healthcare expenditures are estimated at 4.9% of GDP in the EU.

EU and national legislation, including Directive 2024/1785 on industrial emissions, introduces a series of stringent standards and requirements for industrial emissions to create a healthier and more sustainable environment for future generations.



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Assumptions and objectives of the policy:

The provisions of the Paris Agreement aim to limit the temperature increase to 1.5°C above pre-industrial levels. To achieve these ambitious objectives, it is necessary to reduce CO2 emissions by approximately 45% by 2030 compared to 2010 levels across economic sectors such as energy, transportation, industry, and agriculture, as well as achieve net-zero emissions by 2050

Based on the above, Formika has established the following objectives:

- **Reduction of emissions** - Decrease emissions (calculated as eCO2) by 30% for scopes 1+2 and by 15% for scope 3 by the end of 2030, relative to the baseline year 2022.
- **Increase in renewable energy use** - Raise the share of renewable energy sources (RES) in the energy mix to at least 35% by the end of 2025.
- **Improved energy management standards** - Enhance energy management within the organization by implementing selected recommendations from the energy audit, enabling lasting improvements in energy efficiency..
- **Minimization of health risks** - Reduce population exposure to harmful health effects caused by VOC emissions and noise.

Action directions aimed at achieving the objectives of this policy:

- **Photovoltaics:** As of July 1, 2024, up to 100% of the energy demand at our production facility in Brwinów will be supplied by photovoltaic farms operated by our business partner, Formika Green Energy.
- **Energy audits:** Regular energy audits identify potential sources of electricity savings.
- **Heat pump and resource optimization** Utilizing a heat pump and alternating between electric and gas furnaces optimizes resource usage while maintaining optimal temperatures in production halls and office spaces
- **Ventilation system modernization:** Upgrading and automating ventilation systems with adjustable heat recovery capabilities, based on external temperatures, minimizes heat loss.
- **SMED activities** Implementing SMED (Single-Minute Exchange of Dies) methods to reduce setup times, thereby decreasing energy consumption per unit of product.



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- **Motion sensors for lighting:** Motion sensors for automated lighting control ensure that rooms are illuminated only when necessary.
- **Monitoring and reporting** Regular monitoring of VOC concentrations, ozone, and noise levels, along with consistent reporting of results, helps minimize human exposure to their negative effects.

The carbon footprint for scopes 1, 2, and 3 is periodically calculated in accordance with the best practices outlined in the **GHG Protocol Corporate Accounting and Reporting Standard**.

The share of renewable energy in the energy mix and resource consumption are monitored monthly through key performance indicators (KPIs).

The CEO declares the allocation of necessary investment (CAPEX) and operational (OPEX) resources for actions required to implement this policy.

Progress on achieving objectives is reported to the Management Board during regular meetings of the ESG Steering Committee.

The Administrative Manager is responsible for implementing the policy's objectives at the operational level.

WATER RESOURCE MANAGEMENT:

Poland, like many other European countries, faces significant challenges related to water resource management in the context of a changing climate. Many regions in Europe are currently struggling with excessive water resource usage. According to scenarios published by the European Environment Agency, with a temperature increase of 3°C compared to pre-industrial levels, river flows during the summer may decrease by as much as 40% in Southern and Southwestern Europe. Poland, on the other hand, may face both drought periods and heavy rainfall leading to floods, affecting agriculture, industry, and the supply of drinking water.

In light of these forecasts, water resource management becomes a fundamental element of sustainable development strategies. The Water Framework Directive, adopted in 2000 (Directive 2000/60/EC of the European Parliament and Council), established a framework for actions aimed at achieving good status for all surface and groundwater bodies and protecting aquatic ecosystems and water-dependent terrestrial ecosystems.

Production facilities have a critical role in implementing the Directive's provisions. Their business strategies should account for their contribution to water quality degradation, water resource usage, and their impact on flood and drought risks.



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Assumptions and objectives of the policy:

Water is not used in Formika's production processes, nor is it utilized for cleaning machines, equipment, or production fixtures. As a result, the impact of our facility on local water resources remains minimal. This policy, therefore, establishes a framework for optimizing and rationalizing water use for the purposes of employee needs, fire protection, and irrigation of on-site greenery.

The objectives of this policy are to reduce water waste, promote the reuse of rainwater, and minimize the negative environmental impact of wastewater generated by our operations.

Action directions aimed at achieving the objectives of this policy:

- **No burden on municipal resources:** Water for employee use is sourced from private wells (two deep wells), continuously treated and tested for microbiological and physico-chemical parameters.
- **Motion sensors on faucets:** Most faucets are equipped with PIR sensors, enabling automatic water flow control to ensure water is used only when necessary. All newly installed or replaced faucets are equipped with such control devices.
- **Rainwater reuse and infiltration systems** Rainwater collected from building roofs flows into gutters and is directed to special reservoirs, supplying fire protection tanks. Excess water is dispersed across the facility's grounds through perforated pipes, allowing it to return to the natural water cycle. Rainwater from parking areas is collected via surface drainage systems, filtered to remove debris such as leaves, sand, oils, and other surface contaminants, and then directed to fire protection tanks.
- **Minimizing the environmental impact of wastewater:** Liquid production waste, such as leftover inks or solvents, is selectively collected and disposed of as hazardous waste by specialized entities. Wastewater quality is systematically monitored, and its volume is minimized through the infiltration system.



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To monitor and evaluate progress in water resource management, this policy incorporates key performance indicators (KPIs):

- Groundwater consumption
- Volume and quality of wastewater discharged

The CEO commits to allocating the necessary investment (CAPEX) and operational (OPEX) resources for the implementation of this policy.

Progress towards achieving the objectives is reported to the Management Board during regular ESG Steering Committee meetings.

The Administrative Manager is responsible for the operational implementation of the policy's provisions.

MANAGEMENT OF RAW MATERIALS, WASTE, AND CHEMICAL SUBSTANCES

The implementation of policies related to the management of raw materials, waste, and chemical substances aligns with the principles of the circular economy, enhancing resource efficiency and positively contributing to the extended availability of natural resources. It also helps prevent ecosystem degradation and protect biodiversity. Standardized actions regarding the use of chemical substances are crucial for safeguarding human health, protecting the environment, and ensuring compliance with legal regulations.

Formika's primary substrate used in packaging production is aluminum, a raw material derived from bauxite. According to various sources, including the International Energy Agency (IEA) and the United States Geological Survey (USGS), at the current rate of extraction, known bauxite reserves may last approximately 50-100 years. Increasing demand, especially in sectors such as automotive, aerospace, construction, and packaging, may further accelerate the depletion of these reserves.

Optimizing raw material efficiency, minimizing waste with a focus on reuse or safe disposal, is a requirement outlined in the EU Packaging and Packaging Waste Regulation.



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Our Objectives:

- **Increasing** resource utilization **efficiency and minimizing waste.**
- **Reducing** the negative environmental impact caused by generated waste.
- **Achieving a total waste level not exceeding 8%** of annual turnover by the end of 2024 and maintaining this level in subsequent years.

Action directions aimed at achieving the objectives of this policy:

- **Aluminum and paper recovery:** 100% of aluminum waste generated during packaging production is directed to recycling. This is achieved, among other measures, by implementing continuous waste collection systems at the end of production lines. The collected aluminum waste is briquetted and sent for recycling. Similarly, paper waste is also directed into secondary circulation.
- **Segregation and safe disposal of non-recyclable waste:** Across the organization, waste is collected and sorted by material origin. Hazardous waste is collected by specialized companies for safe disposal. Non-hazardous, non-recyclable waste is disposed of through energy recovery processes.
- **Reprocessing and repairs:** Efforts are made to reuse, repair, or repurpose materials wherever possible. Unused printed roll ends are used for print setup. Prepared ink formulations are stored in reusable containers, and cleaning cloths and pallets are part of a closed-loop system. Defective products are repaired whenever feasible. Tools are sharpened and regenerated in the in-house workshop; scrapping occurs only when further repair is impossible.
- **Work standardization and implementation of SMED principles:** All processes are standardized based on best production practices. This minimizes the time, raw materials, and additives required for setup, thereby reducing production waste.
- **Distillation of used fluid:** Used fluids from the production of printing plates are distilled and reused, resulting in over 90% fluid recovery. Only the distillation sludge is sent for disposal.



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- **Closed-loop washing:** The fluids used for washing detachable machine parts and accessories, such as printing and anilox rollers, screens, and printing plates, are processed in closed-loop cleaning systems. This significantly reduces VOC emissions into the atmosphere and decreases the demand for cleaning agents.
- **Handling of chemical substances:** All chemical preparations used in the facility are stored in sealed containers with clear labeling of their contents. Large containers are placed in spill containment trays in rooms designed to operate under explosion-hazard conditions. This prevents accidental use of chemicals and environmental contamination.

To monitor and evaluate progress related to sustainable consumption and end-of-life product management, this policy establishes the following key performance indicators (KPIs):

- The amount of waste produced monthly (in kilograms), categorized by type.
- The total waste value relative to turnover, measured on a monthly basis.

The CEO commits to allocating the necessary investment (CAPEX) and operational (OPEX) resources required to implement this policy.

Progress toward achieving the objectives is reported to the Management Board during regular ESG Steering Committee meetings.

The implementation of the policy's provisions at the operational level is the responsibility of the Chief Operating Officer (COO).

PROMOTION OF SUSTAINABLE CONSUMPTION AND ENVIRONMENTAL IMPACT RELATED TO PRODUCT USE AND END-OF-LIFE MANAGEMENT

EU and Polish legislation emphasize the promotion of sustainable consumption and the minimization of environmental impact related to product use and end-of-life management.

The Packaging and Packaging Waste Regulation (PPWR – currently in the final stages of approval) highlights the producer's responsibility from the design phase of packaging, ensuring it is recyclable and can incorporate recycled materials. Packaging dimensions and weight should be minimized to reduce the amount of waste generated. The regulation promotes reuse and improved processing efficiency.

The regulation also includes requirements to minimize the presence of chemicals or compounds in packaging that are considered potentially harmful to human health or the environment ("Substances of Concern" - SoC).



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Similar requirements have been imposed by the REACH Regulation (1907/2006/EC), adopted to protect human health and the environment from risks associated with chemical substances. This regulation encompasses requirements for the assessment and management of risks related to these substances throughout the entire lifecycle of packaging, including the end-of-life stage.

As a UV flexographic printing company specializing in the production of aluminum lids, PET and PP plastic lids, cosmetic sachets, pharmaceutical blisters, and laminated tubes, Formika is committed to effectively managing the environmental impacts of our packaging. This includes minimizing the negative environmental effects associated with the end-of-life stage of our products, such as waste generation (including hazardous waste), emissions, and microplastic pollution.

We strive to provide our clients with solutions that reduce the environmental impact of packaging. At the same time, we aim to raise their awareness of sustainable packaging solutions.

Assumptions and objectives of the policy:

The goal of this policy is not only to minimize the negative environmental impact of our operations but also to support our customers in pursuing more sustainable production by utilizing environmentally friendly packaging. By implementing clearly defined qualitative and quantitative objectives, we aim to mitigate negative impacts across the entire value chain and build environmental awareness at every stage of the product lifecycle. We aspire to make sustainability principles an integral part of all aspects of our business—from product design to production, distribution, and disposal.

Our Objectives:

- **Reduce post-consumer waste** generated from Formika's packaging by minimizing its size and weight.
- **Support customers** in reducing their emissions and carbon footprint by offering modern and innovative packaging solutions:
- **Achieve at least recyclability class C** for all products by 2030, and a minimum of class B by 2038 (excluding pharmaceutical packaging).
- **Replace primary material** for 100% of our products by 2030.
- **Provide carbon footprint information** for 100% of our products by 2030.
- **Eliminate PFAS compounds** from all packaging by 2026.



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Action directions aimed at achieving the objectives of this policy:

- **Fostering a broad culture of environmental responsibility among clients** through regular meetings promoting our innovative solutions and their environmental advantages.
- **Monomaterials:** Gradual replacement of multi-material structures with single-material packaging across all our product categories:
 - Monomaterial lids
 - Monomaterial sachets
 - Monomaterial tubes
- **Downgaging:** Reducing the thickness of materials used in packaging production while maintaining their functionality and ensuring the full safety of packaged products.
- **Close collaboration with suppliers:**
 - Exploring alternative, more environmentally friendly solutions, including raw materials containing recycled content.
 - Providing necessary data for Life Cycle Assessment (LCA) calculations.
- **Promoting repairs as the first choice** in dealing with non-compliant materials.

To monitor and evaluate progress related to sustainable consumption, product use, and end-of-life management, the following KPIs are included in this policy and monitored annually:

- Percentage of reduced-gauge films in the total film consumption for a given category.
- Percentage of monomaterial laminates for sachets, doypacks, and tubes in total laminate consumption for these categories.
- Percentage of materials with PCR (post-consumer recycled content) in various categories (laminate, tube head, cap).
- Percentage of products containing PFAS.

The CEO commits to providing the necessary investment (CAPEX) and operational (OPEX) resources required to implement this policy.

Progress on achieving objectives is reported to the Management Board during the Management Review.

The implementation of the policy's provisions at the operational level is the responsibility of the Chief Operating Officer (COO).

